



Western Riverside Council of Governments Executive Committee

AGENDA

**Monday, April 3, 2017
2:00 p.m.**

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

The following teleconference number is provided exclusively for members of the public wishing to address the Executive Committee directly during the public hearing portion of item 5.A on the agenda:

**Teleconference: (877) 336-1828
Access Code: 5233066**

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) 955-8320. 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 4080 Lemon Street, 3rd Floor, 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 (Ben Benoit, 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 agenda items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Executive Committee in writing and only pertinent points presented orally.

- 4. 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 items:

- A. **Summary Minutes from the March 6, 2017, Executive Committee meeting are available for consideration.** **P. 1**
- Requested Action:** 1. *Approve Summary Minutes from the March 6, 2017, Executive Committee meeting.*
- B. **Approval of Professional Services and Contractor Agreement with WSP Parsons Brinckerhoff, Inc. to provide TUMF Program technical support** **Ernie Reyna** **P. 13**
- Requested Action:** 1. *Approve the Tenth Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WSP Parsons Brinckerhoff, Inc., to provide TUMF Program technical support in an amount not to exceed \$79,824 for the fiscal year and \$1,916,437 in total.*
- C. **Option to Develop a Subregional Sustainable Communities Strategy as part of SCAG's Regional Transportation Plan** **Jennifer Ward** **P. 23**
- Requested Action:** 1. *Direct WRCOG not to pursue development of a Subregional Sustainable Communities Strategy for the 2020 Regional Transportation Plan Cycle and direct the Executive Director to transmit notification of this decision to SCAG.*
- D. **CEQA Ad Hoc Committee Update** **Christopher Gray** **P. 25**
- Requested Actions:** 1. *Direct staff to work with its partner agencies to support the proposed updates to CEQA legislation as recommended by the CEQA Ad Hoc Committee.*
2. *Direct staff to provide a summary of any CEQA reform / modernization efforts at the conclusion of the Legislative Session.*
3. *Disband the CEQA Modernization Ad Hoc Committee.*
- E. **WRCOG appointment of a representative to a SCAG Policy Committee** **Rick Bishop** **P. 27**
- Requested Action:** 1. *Appoint Councilmember Crystal Ruiz, City of San Jacinto, to the SCAG Transportation Policy Committee to fill a vacancy in WRCOG's appointments to SCAG's Policy Committees.*
- F. **SCAG Sustainability Planning Grant Resolution for Funds** **Christopher Gray** **P. 33**
- Requested Action:** 1. *Adopt WRCOG Resolution Number 07-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments approving the receipt of grant funds or services from the Southern California Association of Governments (SCAG) for the Sustainability Planning Grant Project for SB 743 Implementation.*

G.	3403 Tenth Street Office Lease Agreement	Ernie Reyna	P. 39

Requested Action: 1. Authorize the Executive Director to execute the lease agreement between WRCOG and County EDA for 3403 Tenth Street substantially as to form.

Information items:

H.	Finance Department Activities Update	Ernie Reyna	P. 77

Requested Action: 1. Receive and file.

I.	Financial Report Summary through January 2017	Ernie Reyna	P. 79

Requested Action: 1. Receive and file.

J.	Regional Streetlight Program Activities Update	Tyler Masters	P. 85

Requested Action: 1. Receive and file.

K.	Western Riverside Energy Partnership Update	Tyler Masters	P. 89

Requested Action: 1. Receive and file.

L.	Environmental Department Activities Update	Dolores Sanchez Badillo	P. 103

Requested Action: 1. Receive and file.

M.	Clean Cities Coalition Activities Update	Christopher Gray	P. 107

Requested Action: 1. Receive and file.

N.	Community Choice Aggregation Program Activities Update	Barbara Spoonhour	P. 109

Requested Action: 1. Receive and file.

O.	SANDAG Borders Committee Activities Update	Rick Bishop	P. 117

Requested Action: 1. Receive and file.

5. REPORTS / DISCUSSION

Action Items:

A.	PACE Program Activities Update	Crystal Adams, WRCOG	P. 123

Requested Actions: 1. Receive WRCOG HERO Summary.
2. Conduct a Public hearing Regarding the Inclusion of the Cities of Cupertino and Susanville for purposes of considering the modification of the Program Report for the California HERO Program to increase the Program Area to include such additional jurisdictions and to hear all interested persons that may appear to support or object to, or inquire about the Program.

3. *Adopt WRCOG Resolution Number 08-17; 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.*
4. *Accept the Cities of Maryville and Shasta Lake as Associate Members of the Western Riverside Council of Governments.*
5. *Adopt WRCOG Resolution Number 09-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments Declaring its Intention to Modify the California HERO Program Report so as to Increase the Program Area Within Which Contractual Assessments May Be Offered And Setting A Public Hearing Theron.*
6. *Adopt WRCOG Resolution 10-17; A Resolution of the Western Riverside Council of Governments Authorizing the Issuance of Spruce PACE Bonds, Amending the Program Report and Approving the Forms of a Professional Administration Agreement with Spruce PACE, a Master Indenture and Supplemental Indenture, Bond Purchase Agreement, Professional Services Agreement for Assessment Administration for the Issuance of bonds for the WRCOG Spruce PACE Program and Appointing a Trustee.*

B. Transportation Uniform Mitigation Fee (TUMF) Program Activities Update **Christopher Gray, WRCOG** **P. 729**

Requested Action: 1. *Approve the 2017 5-Year Transportation Improvement Program for the Hemet/San Jacinto, Northwest, Pass, and Southwest Zones.*

C. Legislative Activities Update **Jennifer Ward, WRCOG** **P. 751**

Requested Actions: 1. *Adopt a Support position for Assembly Bill (AB) 1189 (Garcia) and authorize the Executive Director to disseminate a letter on behalf of WRCOG indicating WRCOG's support for AB 1189.*
 2. *Adopt a Support position for Senate Bill (SB) 37 (Roth) and authorize the Executive Director to disseminate a letter on behalf of WRCOG indicating WRCOG's support for SB 37.*

Information Items:

D. Report from the League of California Cities **Erin Sasse, League of California Cities** **P. 757**

Requested Action: 1. *Receive and file.*

6. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE CHAIR **Gary Nordquist**

7. REPORT FROM COMMITTEE REPRESENTATIVES

SCAG Regional Council and Policy Committee representatives
 SCAQMD, Ben Benoit
 CALCOG, Brian Tisdale

8. REPORT FROM THE EXECUTIVE DIRECTOR **Rick Bishop**

9. ITEMS FOR FUTURE AGENDAS

Members

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

10. GENERAL ANNOUNCEMENTS

Members

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

11. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO SECTION 54956.9(d)(1):

- Case Number RIC1211222
- Case Number 30-2010-00357976

- 12. NEXT MEETING:** The next Executive Committee meeting is scheduled for Monday, May 1, 2017, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor Board Chambers.

13. ADJOURNMENT

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Western Riverside Council of Governments

4.A

Regular Meeting

~ Minutes ~

Monday, March 6, 2017

2:00 PM

County Administrative Center

1. CALL TO ORDER / ROLL CALL

The meeting called to order at 2:09 p.m. on March 6, 2017, at County Administrative Center, 4080 Lemon Street, Riverside, CA.

Jurisdiction	Attendee	Status	Arrived / Departed
City of Banning	Debbie Franklin	Present	1:56 PM
City of Calimesa	Jeff Hewitt	Present	2:04 PM
City of Canyon Lake	Jordan Ehrenkranz	Present	2:13 PM / 2:38 PM
City of Corona		Absent	
City of Eastvale	Adam Rush	Present	2:04 PM
City of Hemet	Bonnie Wright	Present	1:57 PM
City of Jurupa Valley	Laura Roughton	Present	2:05 PM
City of Lake Elsinore	Brian Tisdale	Present	1:56 PM
City of Menifee	John Denver	Present	2:00 PM
City of Moreno Valley		Absent	
City of Murrieta	Kelly Seyarto	Present	1:57 PM
City of Norco	Kevin Bash	Present	1:56 PM
City of Perris	Rita Rogers	Present	2:02 PM
City of Riverside	Rusty Bailey	Present	1:57 PM
City of San Jacinto	Crystal Ruiz	Present	1:59 PM
City of Temecula	Mike Naggar	Present	2:13 PM
City of Wildomar	Ben Benoit	Present	1:51 PM
District 1	Keven Jeffries	Present	1:58 PM / 2:36 PM
District 2		Absent	
District 3	Chuck Washington	Present	1:58 PM
District 5	Marion Ashley	Present	1:56 PM / 3:17 PM
EMWD	David Slawson	Present	1:53 PM
WMWD	Brenda Dennstedt	Present	2:39 PM
Morongo Band of Mission Indians	Robert Martin	Present	2:00 PM
Office of Education	Dr. Judy White	Present	1:51 PM
TAC Chair	Gary Nordquist	Present	1:57 PM
Executive Director	Rick Bishop	Present	1:57 PM

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

2. PLEDGE OF ALLEGIANCE

Committee member Chuck Washington led members and guests in the Pledge of Allegiance.

3. PUBLIC COMMENTS

There were no public comments.

4. CONSENT CALENDAR

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

- A. Summary Minutes from the February 6, 2017, Executive Committee meeting are available for consideration.**

Action: *Approved Summary Minutes from the February 6, 2017, Executive Committee meeting.*

- B. 2017/2018 Legislative Platform**

Action: *Adopted the 2017/2018 Legislative Platform.*

- C. Finance Department Activities Update**

Action: *Received and filed.*

- D. Financial Report Summary through December 2016**

Action: *Received and filed.*

- E. Regional Streetlight Program Activities Update**

Action: *Received and filed.*

- F. Western Riverside Energy Leader Partnership Update**

Action: *Received and filed.*

- G. Environmental Department Activities Update**

Action: *Received and filed.*

- H. Clean Cities Coalition Activities Update**

Action: *Received and filed.*

- I. Community Choice Aggregation Program Activities Update**

Action: *Received and filed.*

J. Public Service Fellowship Program

Action: *Received and filed.*

K. BEYOND Framework Fund Program Activities Update

Action: *Received and filed.*

L. Memorandum of Understanding with the Riverside Transit Agency for TUMF Revenue Disbursement

Action: *Received and filed.*

5. REPORTS / DISCUSSION**A. PACE Program Activities Update**

Crystal Adams, WRCOG Staff Analyst, reported that there are 364 jurisdictions participating in the California HERO Program, more than 182,000 project applications have been submitted, and over 66,000 projects have been completed.

At the June 2016 Executive Committee meeting, staff was directed to reach out to reach out to additional PACE providers to gauge their interest in operating under WRCOG's PACE umbrella. Interested providers were vetted by the PACE providers Ad Hoc Committee, staff, and legal counsel. In September 2016, the Executive Committee authorized CaliforniaFIRST to operate under WRCOG's PACE umbrella.

The Cities of Moreno Valley, Riverside, San Jacinto, and the County of Riverside participate in the CSCDA Program; both CaliforniaFIRST and Spruce currently operate in these jurisdictions under the CSCDA Program. When WRCOG brings on additional PACE providers under the WRCOG PACE umbrella, CaliforniaFIRST and Spruce will still remain under the purview of the CSCDA Program in these jurisdictions. If any other jurisdictions opt into the full CSCDA Program, which includes CaliforniaFIRST, Spruce, and additional providers, CaliforniaFIRST and Spruce will then transition from WRCOG's umbrella back to the CSCDA Program.

WRCOG staff will be meeting with member jurisdictions to further discuss the details of opting out of one or all of the PACE Programs under the WRCOG PACE umbrella.

- Actions:**
1. *Accepted the Cities of Cupertino and Susanville as Associate Members of the Western Riverside Council of Governments.*
 2. *Adopted WRCOG Resolution Number 03-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments Declaring Its Intention to Modify the California HERO Program Report so as to Increase the Program Area within Which Contractual Assessments may be Offered and Setting a Public Hearing Thereon.*
 3. *Adopted WRCOG Resolution 04-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments Authorizing the Issuance of CaliforniaFIRST bonds, approving the Forms of a Professional Administration Agreement with Renew Financial Group, LLC, amending the Program Report, approving the Forms of Master Indentures, approving the Form of Bond Purchase Agreement, approving the Form of Master Assignment, approving the Form of Depository and Account Control Agreement, approving the Professional Services*

Agreement for Assessment Administration Services for the Issuance of Bonds for the WRCOG Renew Financial Program, and Appointing a Trustee.

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

B. California Mandatory Conservation Framework Discussion and California WaterFix Update

Paul Jones, Eastern Municipal Water District, reported that 75% of the state is no longer in a drought. Southern California is on the tail end of drought conditions, but not in a state of water supply emergency. The statewide snow pack is currently at 190% of normal. The northern part of the state is at 224% of normal. The southern Sierras are at 205% of normal. The Los Angeles aqueduct supply comes from the eastern Sierra in the southern area of Nevada. The Diamond Valley Lake is at 79% capacity, and anticipated to be at full capacity come August.

The Colorado River has also experienced substantial improvement in local supply. Water is recharged in the San Jacinto River because it contains very sandy soil and percolates quite rapidly. Storm water capture is a key component. The Metropolitan Water District storage will experience an increase in water reserves this year. Water supplies conditions are very good locally, regionally, and throughout the state.

The State Water Resources Control Board has declared that the State is no longer in a water supply emergency. The State has extended emergency regulations for another 270 days, but will reconsider in May 2017. The State is also looking at a long-term conservation framework, which will be introduced by the Governor's Office, the Department of Water Resources, and the State Water Resources Control Board. The framework will look at long-term water conservation practices. There will be four areas of strengthened standards, and will include a different methodology for commercial / industrial.

The State Water Resources Control Board will begin rulemaking processes in 2017, which will require enabling legislation. Targets would be created in 2018, progress reporting would begin in 2019, and ultimate compliance would be achieved by 2025.

John Rossi, Western Municipal Water District, reported that southern California gets much of its water from northern California, as well as the Colorado River. The California WaterFix project will improve, not increase, better secure, and cause less volatility of water transportation. In the 1960s, then Governor Edmond Brown championed a water peripheral canal, and then in the 1980s close to 100% of northern California voters voted no on a peripheral canal.

There are approximately 1,100 miles of levees in the existing Bay-Delta Estuary that are decades old. In the event these levees broke down, water would rush into the Bay, increasing salinity. High amounts of salinity would require shutting down pumps.

There is a misconception in the north that the south receives half of the water from the Bay-Delta. In fact, only an average of 4% of the water from the Bay-Delta is delivered to southern

California. Entities such as WRCOG are being looked at to lead the charge in securing a reasonable water supply from northern California.

Committee member Laura Roughton asked if the monthly \$5 per household water user fee will fund this entire project.

Mr. Rossi responded that households in the Metropolitan service area paying \$5 per month over 30 years will be the incremental difference to build this project. Other entities in the state would contribute, as well. Funding for the project will not come out of a General Fund, it is being paid for by water users.

Committee member Jeff Hewitt asked how the sites reservoirs fit into this project and when will it come online.

Mr. Rossi responded that it would be approximately 10 years before the sites reservoirs would be completed, and would help capture and store some of the water coming out of the Sierras.

Committee member Hewitt asked if fast-changing water levels in dams can trigger earthquakes.

Mr. Rossi responded that the Department of Safety of Dams researches dams and seismic issues very closely.

Chairman Benoit asked about the information on the Oroville Dam being listed as 75% of capacity, yet it was recently overflowing.

Mr. Jones responded that water from the Oroville Dam was released at 100,000 cubic feet per second in order to stabilize the dam.

Committee member David Slawson asked if anyone has tried to determine the amount of wetness in the snow, the amount of water available. If this region experiences normal amounts of rain over the next few years, if ground water reservoirs are being replenished, will this region good for next 2 or 3 years? How does the captured amount of water relate to long-term water supply?

Mr. Jones responded that the water content in the snow is about average. The wetter the snow, the greater runoff now, and less from snowpack later. If there were two more normal years, there would likely be almost full recovery of many of the ground water basins around the state, notwithstanding the Central Valley.

Action: 1. *Adopted WRCOG Resolution Number 05-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments in support of the California WaterFix and California Eco-Restore Projects.*

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

C. Transportation Uniform Mitigation Fee (TUMF) Program Activities Update

Christopher Gray reported that a draft Nexus Study has been released for review and comment and is accompanied by a memo outlining the changes. The Nexus Study will be vetted through the WRCOG Committee structure, with each Committee receiving a presentation three times, and will include any comments received. This Committee will be asked to take an action on the Nexus Study at its June meeting.

The TUMF Nexus Study Ad Hoc Committee would like WRCOG to hold discussions with regard to administration of the TUMF Program.

At a recent RCTC Board meeting, Supervisor Kevin Jeffries requested that discussions on administration of the TUMF Program occur; RCTC has convened an Ad Hoc Committee consisting of seven elected officials to discuss.

WRCOG regularly receives questions and comments on the TUMF Program. In response to some of the questions and/or comments, policies are sometimes created. Sometimes matters arise that staff cannot address. This subject was presented to the Administration & Finance Committee, which directed staff to initiate discussions, but not take any action on any changes until after the Nexus Study is approved. The Technical Advisory Committee recommended the same.

Staff is in the process of finalizing Zone Transportation Improvement Programs (TIPs), which are 5-year plans which illustrate how money can be spent and which projects are eligible for funding. Reimbursement of projects added to the TIPs cannot occur until the TIPs have been approved.

Committee member Chuck Washington asked if the WRCOG Ad Hoc Committee will be discussing the same matter – administration of the TUMF Program – as the RCTC Ad Hoc Committee.

Mr. Gray responded that it will; however, WRCOG's Ad Hoc Committee will be discussing additional matters.

Committee member Kevin Jeffries thanked staff for reviewing valuation, and asked if projects from the City of Beaumont are currently included in the TIP or TUMF Network?

Mr. Gray responded that when the City of Beaumont was removed from the Program, so was funding for projects in that City. If an agreement is reached with that City, eligible TUMF projects will be added back in. Since the City has not been in the Program for approximately six or seven years, there would be a corresponding effect of increasing the fee.

Committee member Jeffries asked if other ongoing disputes on past developer agreements have all been resolved, and will those fees be retro-active.

Mr. Gray responded that the agreement with the City of Lake Elsinore has been resolved, and the City will make contributions to Program.

Committee member Jeffries indicated that it seems mining and compost industries and other industries which do not have a large physical structure, but have an impact on local roads, are either exempt or are paying nominal fees.

Mr. Gray responded that there was an incident in which a recycling facility asked for clarification on an assessment. Staff have created special fee calculations, e.g., for golf courses and wineries, to ensure that all projects are paying their fair share of TUMF.

Committee member Jeffries indicated that the fee structure tends to reward those who build warehouses and punishes those who build retail facilities. This is almost the direct opposite of the direction the County needs to go in. This sends the wrong message that this subregion will have one of the highest retail fee structures in southern California, and one of the lowest on the industrial side. Committee member Jeffries indicated that he cannot support the proposal.

Mr. Gray responded that the retail fee is the highest of those researched. Staff is looking for some way to freeze or phase-in the fee. Staff is researching how other fee programs treat retail. In terms of the industrial fee, a fee increase is being proposed. The Program is not just looking at the number of trips, but trip length. One of the key findings of the fee study was that certain development types are be incentivized / disincentivized.

Committee member Brian Tisdale asked if, with regard to RCTC taking over the administration of the TUMF Program, there have been any concerns expressed by any other Committee member.

Mr. Gray responded that suggestions for Program modifications usually come from either the Technical Advisory Committee (TAC) or Public Works Committee (PWC). The TAC has inquired about programmatic changes, such as prioritizing projects, while the PWC has asked about changing invoices so that the City can be reimbursed faster. Committee member Jeffries request regarding administration is the first comment known since Mr. Gray has worked for WRCOG.

Committee member Tisdale asked about the impact if the Program were to be turned over to RCTC.

Mr. Gray responded that it is a complicated issue. WRCOG is party to hundreds of agreements with developers and other agencies.

Committee member Tisdale asked if RCTC staff have ever asked to take over the TUMF Program.

Mr. Gray responded that they have not.

Committee member Washington indicated that in all his years on this Committee, he has never seen this request come forward.

Actions:

1. *Approved the Administration & Finance Committee recommendation to defer taking action on any potential changes to the TUMF Program until after adoption of the Nexus Study.*
2. *Directed staff to convene a TUMF Program Ad Hoc Committee composed of four members of the Executive Committee, three members of the Technical Advisory Committee, and three members of the Public Works Committee, to discuss potential management and administrative changes to the TUMF Program.*
3. *Appointed the following four members of the Executive Committee to serve on the TUMF Program Ad Hoc Committee:*
 - a. *Brian Tisdale, City of Lake Elsinore*
 - b. *Crystal Ruiz, City of San Jacinto*

- c. *Kelly Seyarto, City of Murrieta*
- d. *Rita Rogers, City of Perris*

RESULT:	APPROVED AS RECOMMENDED [18 TO 0]
MOVER:	Banning
SECONDER:	San Jacinto
AYES:	Banning, Calimesa, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, Wildomar, District 1, District 3, District 5, Morongo
ABSENT:	Canyon Lake, Corona, Moreno Valley, District 2
NON-VOTING:	EMWD, WMWD

D. Regional Homelessness Dialogue

Jennifer Ward reported that ongoing discussions on homelessness are being held throughout the region. Five cities in Southwest Riverside County created the Regional Homelessness Alliance. CVAG is working with various entities regarding transition for Roy's Desert Center, as the current contract expires this June. There are many other efforts to address homelessness ongoing at the County and City level.

WRCOG understands the magnitude of this issue and the myriad of entities which have or are currently working on this issue. The intent is to remain aligned with the mission of respecting local control and local involvement, while providing a regional perspective or platform for these discussions.

The Statement of Principles attached to the staff report were drafted in collaboration with city and county staff as well as a subgroup of the Technical Advisory Committee (TAC). The Principles identify a common set statements related to the issue of homelessness and offer commentary on potential solutions. The Principles are not mandatory requirements or rules. The idea is to allow the conversation on homelessness to continue with everyone beginning on the same page.

The Principles range from standardizing ordinances region-wide to outreach campaigns. Some Committee members have expressed a desire to better emphasize incorporating state-wide best practices.

Committee member Debbie Franklin expressed concern about outside forces coming into local communities, which creates more homeless coming into the communities.

Ms. Ward responded that an educational marketing campaign would address that.

WRCOG's members would benefit from a regional dialogue. WRCOG could potentially serve as a regional collector and clearing house on information in order to facilitate a regional dialogue.

Committee member Brian Tisdale applauded Committee member Franklin for bringing this matter to this body a little over one year ago, as well as Committee member Rusty Bailey for taking a lead in this matter. The issue with people coming into our communities will continue to happen; we have to work together. The goal of the Regional Homelessness Alliance Group is to standardize ordinances and practices so everyone is on the same page.

Committee member Rusty Bailey thanked staff for bringing this forward and stepping in. This is a regional issue which requires regional coordination and leadership. Committee member Bailey would like to see best practices from other regions / COGs as well as pilot programs.

Ms. Ward responded that staff recently met with staff in Orange County to learn about programs in that region.

Committee member Bailey suggested that the Administration & Finance Committee choose one or two of the Principles to focus on.

- Actions:**
1. *Approved the Regional Homelessness Statement of Principles.*
 2. *Requested that the Administration & Finance Committee discuss and provide recommendations to the Executive Committee on the extent, if any, to which WRCOG can provide assistance to members as they continue to address homelessness in their communities and the region.*

RESULT:	APPROVED AS RECOMMENDED [19 TO 0]
MOVER:	District 5
SECONDER:	Perris
AYES:	Banning, Calimesa, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, Wildomar, District 1, District 3, District 5, EMWD, WMWD, Morongo
ABSTAIN:	Eastvale
ABSENT:	Canyon Lake, City of Corona, City of Moreno Valley, District 2

E. Report from the League of California Cities

Erin Sasse reported that the League has resources on homelessness and can send out that information.

Housing is a priority for the legislature this year. The League is organizing a coalition called "Blueprint for more housing." Senator Roth is carrying SB 540 (as amended, Roth. Workforce Housing Opportunity Zone), which the League is supporting. This bill would develop a priority housing area within the city, and allow the city to do all upfront CEQA preparation work and last for five years. When projects are presented for approval, it would then be more of an administrative process.

SB 2 (as amended, Atkins. Building Homes and Jobs Act) would provide \$75 real estate fee on specified documents. This bill would generate money for affordable housing emergency shelters and other housing needs. This bill would not have an impact on PACE programs.

SB 3 (as amended, Beall. Affordable Housing Bond Act of 2018) would put a \$3 billion general obligation bond on the November 2018 ballot. The League is supporting this bill.

The League is opposing SB 35 (as amended, Wiener. Planning and zoning: affordable housing: streamlined approval process), as it would make the city approve multi-family development and accessory dwelling units through an administrative process.

The League has not yet taken a position on AB 199 (as introduced, Chu. Public works: private residential projects). This bill has two trigger points – one, a city must have a formal agreement or contract with a developer; and two money must be given from the city to a developer for a project, which doesn't necessarily mean an incentive.

The League has not yet taken a position on AB 890 (as introduced, Medina. Local land use initiatives: environmental review) and is researching to determine the impact on cities. The bill would require CEQA for initiatives.

The next Division meeting is scheduled for March 13, 2017, in the City of Indian Wells. Topics to be discussed include the state and federal budget.

Action: 1. *Received and filed.*

6. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE CHAIR

Gary Nordquist reported that the Technical Advisory Committee (TAC) met February 16, 2017, and had a lengthy discussion on the TUMF Program and homelessness. The TAC would appreciate consistency amongst all the cities with regard to regional homelessness.

7. REPORT FROM COMMITTEE REPRESENTATIVES

Committee member Debbie Franklin, SCAG Community, Economic & Human Development (CEHD) Committee representative, reported that the CEHD received a presentation on how to present information and know your audience in order to have a better opportunity for collaboration. The presentation can be found on SCAG's website.

Committee member Bonnie Wright, SCAG Energy & Environment (E&E) Committee (representative, reported that the E&E received a presentation on turf replacement programs. Outreach and delivery to communities is important, as there are additional funding mechanisms available. The E&E also received a presentation on state and federal unfunded storm water mandates. The presentation can be found on SCAG's website.

Chairman Benoit, AQMD representative for Cities in Riverside County, reported that Benoit AQMD rep reported that he was recently appointed as a Regional Council member due to SCAG revising requirements for a representative of the five air districts. The AQMD Board recently approved the Air Quality Mitigation Plan, which is good for four years.

Committee member Brian Tisdale, CALCOG representative, reported that the next meeting is scheduled for later this month, and Committee member Laura Roughton will be attending.

8. REPORT FROM THE EXECUTIVE DIRECTOR

Rick Bishop reported that in order to improve the customer experience, WRCOG is adding a quality assurance call directly from WRCOG to the HERO Program participants. Mr. Bishop introduced the three new call center representatives: Jonathan Pineda, Iliana Cuevas and LaNeice Potter.

SCAG has asked WRCOG, in concert with the Riverside County Flood Control and Water Conservation District, to provide a presentation in April to SCAG's E&E Committee on the WROCG and County efforts on a water quality framework.

Each year the California Public Utilities Commission (CPUC) reviews the effectiveness of a number of energy savings programs throughout the state. This year the CPUC reviewed 160 programs, and WRCOG's Western Riverside Energy Leader Partnership ranked 6th. Of all the local energy programs, it was ranked number one.

9. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

10. GENERAL ANNOUNCEMENTS

Committee member Kevin Jeffries indicated that he wanted to correct the record from today's discussion. Regarding TUMF, despite what was heard today, there was an RCTC discussion and vote on whether the two entities should have a discussion as to whether or not consolidation under one roof of the TUMF Program would save funds. Despite what you heard that there was one person who brought it up, which is why we are all acting on this, that is absolutely false. One person brought it up, but an entire commission discussed it and voted on it. The only "no" vote came from representative from the City of Calimesa (not the representative here today); the rest of the votes were "yes." There was skepticism as to whether or not there would be savings found. These discussions can only originate with us. Some who are fearful of it and view it as a hostile takeover – the concept versus looking at it as an opportunity to find efficiencies and save money, whether or not the Program transfers from one entity to another. With regard to the homelessness issue, Committee member Jeffries thanked the Chief of Staff to Committee member Rusty Bailey, and Robin Reid, former staff of former Supervisor Jeff Stone. Ms. Reid has worked on this matter for the last six years or so. So the earlier mention that it has only been discussed over the last year is false. There have been a lot of efforts underway for several years to make improvements. We are now seeing the coalescing of subregional and regional approaches to implement better programs.

Committee member Chuck Washington indicated that in his 18 years on this Committee, he has not heard anyone request that we look at moving the TUMF Program away from WRCOG.

Committee member Laura Roughton announced that on Saturday, April 8, 2017, at Rancho Jurupa Park, the City of Jurupa Valley is holding its 3rd annual healthy living extravaganza from 10 a.m. to 3 p.m. This is a free event; vendor booths are available. Event information can be found online at www.healthylivingextravaganza.com.

Committee member Debbie Franklin announced that the City of Banning is hosting its 11th annual Disaster Preparedness Expo. Guest speakers this year include Dr. Lucy Jones and Glenn Pomeroy. The Expo is for the entire region and is a free event.

Committee member Bonnie Wright announced that the Ramona Bowl play is being shown for the next three weeks.

Committee member Jeff Hewitt announced that he would be happy to serve on TUMF Ad Hoc Committee if one more position is available.

Rick Bishop announced that WRCOG's 2nd annual Future of Cities Conference is scheduled for March 15, 2017.

11. NEXT MEETING

The next WRCOG Executive Committee meeting is scheduled for Monday, April 3, 2017, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor Board Chambers.

12. ADJOURNMENT

The meeting adjourned at 3:39 p.m.

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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Approval of Professional Services and Contractor Agreement with WSP Parsons Brinckerhoff, Inc. to provide TUMF Program technical support

Contact: Ernie Reyna, Chief Financial Officer, reyna@wrcog.cog.ca.us, (951) 955-8432

Date: April 3, 2017

The purpose of this item is to present a Tenth Amendment to a Professional Services Agreement with WSP Parsons Brinckerhoff, Inc., and to request approval thereof.

Requested Action:

1. Approve the Tenth Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WSP Parsons Brinckerhoff, Inc., to provide TUMF Program technical support in an amount not to exceed \$79,824 for the fiscal year and \$1,916,437 in total.

WRCOG administers a number of Consulting Agreements to assist staff in delivering essential elements of the Agency's various programs. WRCOG's contract approval process depends on the amount of the contract; contracts in amounts not exceeding \$50,000 can be approved by the Executive Director, contracts over \$50,000 and up to \$100,000 are approved by the Administration & Finance Committee (A&F), and contracts over \$100,000 are reviewed by the A&F and approved by the Executive Committee.

WSP Parsons Brinckerhoff, Inc., will continue to provide TUMF Program technical assistance services including the development and preparation of the TUMF Nexus Study Update and provide general Program liaison. In particular, the consultant will provide the following assistance:

- Support WRCOG staff to prepare GIS exhibits of the TUMF Network to be incorporated into the Draft TUMF Nexus Study;
- Submit a Draft TUMF Nexus Study document in Word and Adobe Acrobat PDF format for review and comment from WRCOG staff and Public Works Committee members;
- Incorporate comments and changes received during the review period into a final document to be submitted to WRCOG in Microsoft Word and Adobe Acrobat PDF for committee acceptance; and
- Support WRCOG staff with the preparation of presentation materials and technical memoranda summarizing the results of the TUMF Nexus Study update to support committee and stakeholder outreach efforts.

The Tenth Amendment contract of Parsons Brinckerhoff shall not exceed \$79,824 for the fiscal year and \$1,916,437 in total. The Tenth Amendment is included as Attachment 1 to the Staff Report.

Prior Actions:

March 16, 2017: The Technical Advisory Committee recommend the Executive Committee approve the Tenth Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WSP Parsons Brinckerhoff, Inc., to provide TUMF Program technical support in an amount not to exceed \$79,824 for the fiscal year and \$1,916,437 in total.

March 8, 2017: The Administration & Finance Committee recommended that the Executive Committee approve the Tenth Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WSP Parsons Brinckerhoff, Inc., to provide TUMF Program technical support in an amount not to exceed \$79,824 for the fiscal year and \$1,916,437 in total.

Fiscal Impact:

TUMF activities are included in the Agency's adopted Fiscal Year 2016/2017 Budget under the Transportation Department.

Attachment:

1. Tenth Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WSP Parsons Brinckerhoff, Inc.

Item 4.B

Approval of Professional Services and Contractor Agreement with WSP Parsons Brinckerhoff, Inc., to provide TUMF Program technical support

Attachment 1

Tenth Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WSP Parsons Brinckerhoff, Inc.

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**TENTH AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
AND
WSP PARSONS BRINCKERHOFF, INC.**

1. PARTIES AND DATE.

This Tenth Amendment is made and entered into as of the 3rd day of April 2017, by and between the Western Riverside Council of Governments, a public agency with its principal place of business at Riverside County Administrative Center, Annex MS 1032, 4080 Lemon Street 3rd Floor, Riverside, California 92501-3679 ("WRCOG") and WSP Parsons Brinckerhoff, Inc. ("Consultant"), a New York Corporation, whose address is 451 E. Vanderbilt Way, Suite 200, San Bernardino, California 92408, Telephone (909) 888-1106, Fax (909) 889-1884, E-mail hendersond@pbworld.com, Federal Tax Identification Number 11-1531569. WRCOG and Consultant are sometimes individually referred to as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Master Agreement.

WRCOG and Consultant have entered into that certain Professional Services Agreement dated July 1, 2008 ("Master Agreement").

2.2 First Amendment.

WRCOG and Consultant have entered into that certain First Amendment to the Master Agreement dated July 1, 2009, for the purpose of extending the term of the Master Agreement, providing a new Scope of Services and providing additional compensation for the continued performance of the Services, as that term is defined in the Master Agreement.

2.3 Second Amendment.

WRCOG and Consultant have entered into that certain Second Amendment to the Master Agreement dated July 1, 2010, for the purpose of extending the term of the Master Agreement, providing a new Scope of Services and providing additional compensation for the continued performance of the Services.

2.4 Third Amendment.

WRCOG and Consultant have entered into that certain Third Amendment to the Master Agreement dated July 1, 2011, for the purpose of extending the term of the Master Agreement, providing a new Scope of Services and providing additional compensation for the continued performance of the Services.

2.5 Fourth Amendment.

WRCOG and Consultant have entered into that certain Fourth Amendment to the Master Agreement dated July 1, 2012, for the purpose of revising all references to Consultant's former name (PB Americas, Inc.), extending the term of the Master Agreement, providing a new Scope of Services and providing additional compensation for the continued performance of the Services.

2.6 Fifth Amendment.

WRCOG and Consultant have entered into that certain Fifth Amendment to the Master Agreement dated July 1, 2013, for the purpose of extending the term of the Master Agreement, providing a new Scope of Services and providing additional compensation for the continued performance of the Services.

2.7 Sixth Amendment.

WRCOG and Consultant have entered into that certain Sixth Amendment to the Master Agreement dated July 1, 2014, for the purpose of extending the term of the Master Agreement, providing a new Scope of Services and providing additional compensation for the continued performance of the Services.

2.8 Seventh Amendment.

WRCOG and Consultant have entered into that certain Seventh Amendment to the Master Agreement dated July 1, 2015, for the purpose of extending the term of the Master Agreement, providing a new Scope of Services and providing additional compensation for the continued performance of the Services.

2.9 Eighth Amendment.

WRCOG and Consultant have entered into that certain Eighth Amendment to the Master Agreement dated March 15, 2016, for the purpose of providing a new Scope of Services and providing additional compensation for the continued performance of the Services.

2.10 Ninth Amendment.

WRCOG and Consultant have entered into that certain Ninth Amendment to the Master Agreement dated July 1, 2016, for the purpose of providing a new Scope of Services and providing additional compensation for the continued performance of the Services.

2.11 Tenth Amendment.

WRCOG and Consultant desire to enter into this Tenth Amendment for the purpose of extending the term of the Master Agreement, providing a new Scope of Services, and providing additional compensation for the continued performance of the Services.

3. TERMS.

3.1 Term.

The term of the Master Agreement shall be amended to extend the term from January 1, 2017, to June 1, 2017 (the "Tenth Extended Term"), unless earlier terminated as provided in the Master Agreement.

3.2 Scope of Services.

The Services, as that term is defined in the Master Agreement, shall be amended such that Consultant shall provide those services set forth in Exhibit "A" attached hereto and incorporated herein by reference for the Tenth Extended Term.

3.3 Compensation.

Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Tenth Amendment at the rates set forth in Exhibit "B" attached to this Tenth Amendment and incorporated herein by reference. The total compensation for Services performed under this Tenth Amendment shall not exceed Seventy-Nine Thousand, Eight Hundred and Twenty-Four Dollars (\$79,824) without written approval of WRCOG's Executive Director. The total compensation for Services rendered under the Master Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment, the Sixth Amendment, the Seventh Amendment, the Eighth Amendment, the Ninth Amendment, and this Tenth Amendment shall not exceed the maximum amount of One Million Nine Hundred Sixteen Thousand, Four Hundred and Thirty-Seven Dollars (\$1,916,437).

3.4 Continuation of Existing Provisions.

Except as amended by this Tenth Amendment, all provisions of the Master Agreement, as previously amended, including without limitation the indemnity and insurance provisions, shall remain in full force and effect and shall govern the actions of the Parties under this Tenth Amendment.

3.5 Counterparts.

This Tenth Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute one instrument.

[Signatures on the following page]

SIGNATURE PAGE TO
TENTH AMENDMENT TO PROFESSIONAL
SERVICES AGREEMENT BETWEEN
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
AND
WSP PARSONS BRINCKERHOFF, INC.

IN WITNESS WHEREOF, the Parties hereto have made and executed this Tenth Amendment as of the date first written above.

WRCOG

CONSULTANT

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

WSP PARSONS BRINCKERHOFF, INC.

By: _____
Rick Bishop
Executive Director

By: _____

Approved to Form:

By: _____
Steven C. DeBaun
General Counsel

EXHIBIT "A"
Scope of Services for Tenth Amendment

WSP|Parsons Brinckerhoff
WRCOG TUMF Program Management Services
Key Work Tasks for Period from January 1, 2017 to June 30, 2017

General Program Liaison

- Participate in Public Works Directors Committee (PWC) meetings and provide additional support via email, telephone and other correspondence with WRCOG staff and participating agency staff as needed to address technical issues relating to TUMF.
- Advise WRCOG staff, as needed, to support the implementation of the TUMF program and accomplish necessary technical revision to the fee program.

TUMF Nexus Update

- Support WRCOG staff to prepare GIS exhibits of the TUMF network to be incorporated into the draft Nexus Study document.
- Submit a draft TUMF Nexus Study document in Word and Adobe Acrobat PDF format for review and comment from WRCOG staff and PWC members.
- Incorporate comments and changes received during the review period into a final document to be submitted to WRCOG in Microsoft Word and Adobe Acrobat PDF for committee acceptance.
- Support WRCOG staff with the preparation of presentation materials and technical memoranda summarizing the results of the 2016 Nexus Update to support committee and stakeholder outreach efforts.
- Support WRCOG staff for the presentation of the results of the 2016 Nexus Update to the WRCOG City Managers Technical Advisory Committee and the WRCOG Executive Committee to accomplish adoption of the Nexus Update.
- Participate in a series of up to four (4) targeted workshop meetings to present the TUMF 2016 Nexus Study results to various participating jurisdictions and other stakeholders as determined by WRCOG staff.

Exhibit "B"
Compensation for Tenth Amendment

Task Level Budget - WRCOG TUMF Implementation Services (FY 16-17)

Period of Performance: January 1, 2017 to June 30, 2017

WSP | Parsons Brinckerhoff (WSP | PB)

Revised: February 7, 2017

Direct Labor Rate	\$103.34	\$41.29	\$94.93	\$66.30	\$42.67	\$41.21		
Staff Name	Darren Henderson	Kyra Tao	Don Hubbard	Billy Park	Scott Pitera	Trinette Smerko	Total Hours	Total Cost
Project Administration	18	0	0	0	0	18	36	\$2,602
Progress Reports/Invoices	18					18	36	\$2,602
TUMF Nexus Update	108	76	24	8	12	0	228	\$17,619
Preparation of GIS Exhibits	2	28			12		42	\$1,875
Complete Draft Nexus Documentation	16	8					24	\$1,984
Incorporate Review Comments for Final Nexus Document	24	24	4	8			60	\$4,381
Prepare Presentation Materials	18	16	4				38	\$2,900
WRCOG TAC and EC Meetings for Presentation of Results	16						16	\$1,653
Workshops/Meetings for Presentation of Results	32		16				48	\$4,826
General Program Liaison	40	8	4	0	0	0	52	\$4,843
PWC Meetings	16						16	\$1,653
General Support	24	8	4				36	\$3,190
Total Hours	166	84	28	8	12	18	316	
Total Labor								\$25,064
Fringe + Overhead (156.7)								\$39,275
Facilities Cost of Capital (FCC) (0.4%)								\$100
Labor + Fringe + Overhead + FCC								\$64,439
Fee (10% of L+F+O)								\$6,434
Direct Costs								
Other Direct Costs								\$8,951
TOTAL CONTRACT COST								\$79,824

Exhibit B



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Option to Develop a Subregional Sustainable Communities Strategy as part of SCAG's Regional Transportation Plan

Contact: Jennifer Ward, Director of Government Relations, ward@wrcog.cog.ca.us, (951) 955-0186

Date: April 3, 2017

The purpose of this item is to recommend that WRCOG not pursue development of a Subregional Sustainable Communities Strategy for the 2020 Regional Transportation Plan cycle as allowed under Senate Bill 375, and instead participate in the Regional SCS developed by the Southern California Association of Governments.

Requested Action:

1. Direct WRCOG not to pursue development of a Subregional Sustainable Communities Strategy for the 2020 Regional Transportation Plan Cycle and direct the Executive Director to transmit notification of this decision to SCAG.

As the designated Metropolitan Planning Organization (MPO) for Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura Counties, the Southern California Association of Governments (SCAG) is mandated by the federal government to develop a multimodal long-range transportation plan that provides a 20-year vision for investing in our transportation system, and update it at least once every four years. The Regional Transportation Plan / Sustainable Communities Strategy (RTP/SCS) addresses all modes of the transportation systems and reflects research and policy initiatives from each mode: active transportation, aviation and airport ground access, corridor planning, goods movement, high-speed rail, intelligent transportation systems, safety and security, transit, and transportation finance.

2020 RTP/SCS Planning Cycle

The most recently adopted RTP/SCS was for the 2016 planning cycle. In preparation for the 2020 RTP/SCS cycle, SCAG is seeking confirmation from each of its subregional partners (i.e., local councils of governments and associations of governments) to determine whether the subregional entity will develop and submit to SCAG an independent Subregional SCS, as allowable by law. For the past two RTP/SCS cycles (since the passage of SB 375), WRCOG has elected not pursue development of a Subregional SCS, due to the significant financial, time, and staff resource burdens this process entails. In the 2012 cycle, only two subregional entities developed a Subregional SCS, and none pursued this option in 2016.

Based on WRCOG's successful working relationship with SCAG, and due to the burdensome cost challenges development of a Subregional SCS presents, WRCOG staff recommends that the Agency does not pursue a Subregional SCS, and instead partners with SCAG and participates in the Regional 2020 RTP/SCS process. Subsequent to action by this Committee, staff will transmit a letter to SCAG staff formally notifying SCAG of WRCOG's decision.

Prior Actions:

March 16, 2017: The Technical Advisory Committee recommended to the Executive Committee that WRCOG elect not to pursue development of a Subregional Sustainable Communities Strategy for the 2020 Regional Transportation Plan cycle and direct the Executive Director to transmit notification of this decision to SCAG.

March 8, 2017: The Administration & Finance Committee recommended to the Executive Committee that WRCOG elect not to pursue development of a Subregional Sustainable Communities Strategy for the 2020 Regional Transportation Plan cycle and direct the Executive Director to transmit notification of this decision to SCAG.

Fiscal Impact:

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

Attachment:

None.



Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: CEQA Ad Hoc Committee Update

Contact: Christopher Gray, Director of Transportation, gray@wrcog.coq.ca.us, (951) 955-8304

Date: April 3, 2017

The purpose of this item is to update Committee members on discussions of the CEQA Ad Hoc Committee and request that the Committee consider several recommendations that were discussed in the Ad Hoc Committee.

Requested Actions:

1. Direct staff to work with its partner agencies to support the proposed updates to CEQA legislation as recommended by the CEQA Ad Hoc Committee.
2. Direct staff to provide a summary of any CEQA reform / modernization efforts at the conclusion of the Legislative Session.
3. Disband the CEQA Modernization Ad Hoc Committee.

At the request and approval of the Executive Committee, WRCOG convened an Ad Hoc Committee to discuss the topic of CEQA modernization. The Ad Hoc Committee has requested WRCOG and its Committee structure to discuss the recommendations the Committee has made.

CEQA Ad Hoc Committee Summary

The Executive Committee requested and approved the formation of an Ad Hoc Committee to discuss the topic of CEQA modernization. The Executive Committee approved the following members to serve on the Ad Hoc Committee: Kevin Bash (City of Norco), Randon Lane (City of Murrieta), Mike Naggar (City of Temecula), and David Slawson (Eastern Municipal Water District). In addition, staff from SCAG, the Riverside County Transportation Commission (RCTC), City of Murrieta, and Best, Best & Krieger (BB&K) participated in the meetings.

The first meeting of the Ad Hoc Committee occurred in October 2016. At this first meeting, there was a general consensus that CEQA modernization is an issue to continue to track. There was also consensus that taking on CEQA reform in its entirety is not feasible, so it would be more strategic to focus on one key CEQA issue. At that point, WRCOG agreed to continue to monitor the events locally, regionally, and state-wide.

The second meeting occurred in December 2016. This meeting focused on WRCOG's partner agencies (RCTC and SCAG) CEQA-related legislative activities in the past, present, and future. After the presentations, the discussion focused on possible next steps for WRCOG to explore. It was agreed that anything the Ad Hoc Committee explores must focus on a minor tweak on the CEQA modernization issue, and there was general agreement the focus should be on a procedural aspect of CEQA and CEQA challenges. After this discussion, WRCOG requested BB&K to research and present on two-to-three items the Ad Hoc Committee could consider moving forward at the next meeting.

The third meeting occurred in January 2017. This meeting resulted in three distinct recommendations by the Ad Hoc Committee:

1. Recommend WRCOG staff to work with partner agencies (CALCOG, RCTC, SCAG, etc.) to support CEQA-related modernization issues as it relates to the following:
 - a. Petitioners in challenges brought forth who are unincorporated groups must disclose the names and cities of residence of their current membership. In addition, upon written request, all petitioners must disclose to the requesting party the source(s) of any funding for the litigation.
 - b. In the event a petitioner is determined to be a prevailing party and can otherwise satisfy requirements for recovery of reasonable attorney's fees, the petitioner shall be limited to recovering not more than its actual attorney's fees and costs.
 - c. If a public agency prepares the record of proceedings (identified in Section 21167.6) concurrently with the completion of the public agency's administrative process and certifies that record of proceedings within five days of project approval, then any petition must be heard within six months of filing of the CEQA action.
2. Staff or appropriate partner agency will report at the end of this legislative session on any CEQA modernization legislation brought forth.
3. Disband the Ad Hoc Committee.

There are two main reasons to disband the CEQA Ad Hoc Committee. First, the Committee has completed its initial assignment in that it has identified potential CEQA reform / modernization language. Second, it would be more efficient to work collaboratively with other partner agencies such as RCTC who have full-time lobbying staff, lobbyists, and other resources that WRCOG lacks.

Prior Action:

March 8, 2017: The Administration & Finance Committee 1) directed staff to work with its partner agencies to support the proposed updates to CEQA legislation as recommended by the CEQA Ad Hoc Committee; 2) directed staff to provide a summary of any CEQA reform / modernization efforts at the conclusion of the Legislative Session; and 3) disbanded the CEQA Modernization Ad Hoc Committee.

Fiscal Impact:

Transportation related activities are included in the Agency's adopted Fiscal Year 2016/2017 Budget under the Transportation Department.

Attachment:

None.



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: WRCOG appointment of a representative to a SCAG Policy Committee

Contact: Rick Bishop, Executive Director, bishop@wrcog.coq.ca.us, (951) 955-8303

Date: April 3, 2017

The purpose of this item is to present a list of candidates interested in serving on one of SCAG's Policy Committees and request that the Executive Committee make one appointment of a representative to a SCAG Policy Committee.

Requested Action:

1. Appoint Councilmember Crystal Ruiz, City of San Jacinto, to the SCAG Transportation Policy Committee to fill a vacancy in WRCOG's appointments to SCAG's Policy Committees.

WRCOG is responsible for appointing six elected officials to any of SCAG's Policy Committees. SCAG has recently added a Regional Council position for a representative from the South Coast Air Quality Management District, and the District has appointed Mayor Pro Tem Ben Benoit as its Regional Council representative to SCAG. Since Mayor Pro Tem Benoit was one of the six WRCOG appointees to SCAG's Policy Committees, a vacancy now exists.

On February 21, 2017, WRCOG's Executive Director notified elected officials representing jurisdictions in the WRCOG subregion of the opportunity to serve on one of SCAG's three Policy Committees, soliciting correspondence from those elected officials who are interested in serving (see Attachment 1). This appointment will run through December 2018.

Current WRCOG appointees are as follows:

<u>Name</u>	<u>SCAG Policy Committee</u>
Debbie Franklin (Banning)	Community, Economic and Human Development Committee
Jordan Ehrenkranz (Canyon Lake)	Energy and Environment Committee
Bonnie Wright (Hemet)	Energy and Environment Committee
Mike Gardner (Riverside)	Energy and Environment Committee
Linda Krupa (Hemet)	Transportation Committee

Elected officials interested in filling the vacancy, as well as their Policy Committee preference (1 = highest preference, 3 = lowest preference) are listed below. WRCOG can appoint a representative to any SCAG Policy Committee it wishes. Per WRCOG policy, the Executive Committee is to give priority in making its appointments to members of the Executive Committee.

SCAG Policy Committee Interest				
Member Jurisdiction	Interested Member	CEHD	Energy and Environment	Transportation
City of Calimesa	Councilmember Linda Molina	-	-	1
City of Eastvale	Mayor Joe Tessari	-	2	1
City of Eastvale	Councilmember Adam Rush	2	-	1
City of Jurupa Valley	Mayor Pro Tem Micheal Goodland	1	-	-
City of San Jacinto	Councilmember Crystal Ruiz	2	3	1

On March 8, 2017, the Administration & Finance Committee recommended that the Executive Committee appoint Councilmember Crystal Ruiz, City of San Jacinto, to the SCAG Transportation Policy Committee to fill the vacancy.

Prior Actions:

March 8, 2017: The Administration & Finance Committee recommended that the Executive Committee appoint Councilmember Crystal Ruiz, City of San Jacinto, to the SCAG Transportation Policy Committee to fill a vacancy in WRCOG's appointments to SCAG Policy Committees.

December 5, 2016: The Executive Committee made the following appointments:

- Debbie Franklin (Banning): Community, Economic and Human Development
- Jordan Ehrenkranz (Canyon Lake): Energy and Environment
- Bonnie Wright (Hemet): Energy and Environment
- Randon Lane (Murrieta): Transportation
- Ben Benoit (Wildomar): Transportation
- Linda Krupa (Hemet): Transportation

Fiscal Impact:

None; SCAG provides a stipend of \$120 per meeting for its Policy Committee representatives.

Attachment:

1. February 21, 2017, correspondence from WRCOG Executive Director notifying elected officials of Policy Committee vacancy.

Item 4.E

WRCOG appointment of a
representative to a SCAG Policy
Committee

Attachment 1

February 21, 2017, correspondence
from WRCOG Executive Director
notifying elected officials of Policy
Committee vacancy

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From: [Bishop, Rick](#)
Cc: [Leonard, Janis](#)
Subject: One opportunity to serve on SCAG Policy Committee
Date: Tuesday, February 21, 2017 1:57:48 PM
Attachments: [image002.png](#)
[image004.png](#)

The purpose of this correspondence is to notify elected officials representing jurisdictions in the WRCOG Subregion of an opportunity to serve on one of SCAG's three Policy Committees, and to solicit correspondence from those elected officials who are interested in serving.

WRCOG is responsible for appointing six elected officials to any of the Southern California Association of Governments' (SCAG) Policy Committees (*summary descriptions provided below*). **Currently only five of the positions are filled, thus this notice of opportunity to fill one position.** This appointment will run through December 2018.

Current WRCOG appointees are as follows:

<u>Name</u>	<u>SCAG Policy Committee</u>
Debbie Franklin (Banning)	CEHD Committee
Jordan Ehrenkranz (Canyon Lake)	Energy and Environment Committee
Bonnie Wright (Hemet)	Energy and Environment Committee
Mike Gardner (Riverside)	Energy and Environment Committee
Linda Krupa (Hemet)	Transportation Committee

If you are interested in serving on any of the SCAG Policy Committees (summary descriptions of the Policy Committees are below), ***please respond no later than Wednesday, March 1 (responding to this email is fine, or you can call me at 951-258-5047).*** In your response, please indicate which Policy Committee(s) you are interested in serving on, along with a preferred order (for example, if the only Policy Committee you are interested in serving on is Transportation, please indicate that information. If you are willing to serve on any of the three Policy Committees please indicate that information and also provide a ranking of your Policy Committee preferences). WRCOG's Executive Committee can appoint its representatives to any Policy Committee it wishes.

Process / Timeline for Selection:

- March 1: Deadline for individuals to express interest in serving as a WRCOG appointee to SCAG (notify Rick Bishop at bishop@wrcog.cog.ca.us or by phone at 951-258-5047).
- March 8: WRCOG Administration & Finance Committee considers candidates, provides recommendations to Executive Committee for consideration.
- April 3: WRCOG Executive Committee appoints representatives to SCAG Policy Committees.
- April 6: First SCAG Policy Committee meetings for WRCOG appointees to attend (meetings are generally scheduled for first Thursday of each month in Los Angeles 10:00 a.m. and last for 1 ½ to 2 hours).

Summary Description of SCAG Policy Committees

Transportation Committee: The role of the Transportation Committee is to study problems, programs and other matters which pertain to the regional issues of mobility, air quality, transportation control measures and communications, and make recommendations on such matters to the Regional Council. Major programs that are under the purview of Transportation Committee are Regional Transportation Plan (RTP), Regional Transportation Improvement Program (RTIP), Aviation, Highway, Transportation Finance and Transportation Conformity.

Energy and Environment Committee: The Energy & Environment Committee considers environmental and energy issues of regional significance, including but not limited to air quality, water quality, solid and hazardous waste, habitat preservation, environmental justice, and environmental impact analysis.

Community, Economic and Human Development Committee: The role of the Community, Economic and Human Development Committee is to study problems, programs and other matters which pertain to the regional issues of community, economic and human development and growth. This committee reviews projects, plans and programs of regional significance for consistency and conformity with applicable regional plans. The CEHD Committee has oversight of the Growth Visioning and Growth Forecasting processes, as well as the Regional Housing Needs Assessment, the Intergovernmental Review effort and the monitoring and analysis of the Regional Economy.

Stipends, etc.

1. \$120 stipend for SCAG-sponsored meetings (up to 4 meetings per month).
2. Lodging reimbursement not to exceed \$150 + taxes with travel requirement 75 miles or more (one-way) to attend SCAG meeting at SCAG Office in Los Angeles – must make own travel arrangements and submit receipts to SCAG. The SCAG President is authorized to approve higher lodging costs if government rate not available and reservation is made two weeks in advance.

Please do not hesitate to contact me if you have any questions. For more information about SCAG, please go to www.scag.ca.gov.

Regards, Rick

Rick Bishop
Executive Director
Western Riverside Council of Governments
4080 Lemon Street
3rd Floor, MS 1032
Riverside, CA 92501-3609
Phone: (951) 955-8303
Mobile: (951) 258-5047
Fax: (951) 787-7991

"Respect Local Control...Provide Regional Perspective"





Western Riverside Council of Governments Executive Committee

Staff Report

Subject: SCAG Sustainability Planning Grant Resolution for Funds

Contacts: Christopher Gray, Director of Transportation, gray@wrcog.coq.ca.us, (951) 955-8304

Date: April 3, 2017

The purpose of this item is to adopt a Resolution that the Western Riverside Council of Governments (WRCOG) will receive funds to assist in the implementation of a proposed project that will assist WRCOG member agencies in implementing Senate Bill 743.

Requested Action:

1. Adopt WRCOG Resolution Number 07-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments approving the receipt of grant funds or services from the Southern California Association of Governments (SCAG) for the Sustainability Planning Grant Project for SB 743 Implementation.

The Southern California Association of Governments' Sustainability Planning Grant (SPG) Program recently awarded WRCOG a \$175,000 grant for the proposal on SB 743 implementation in the WRCOG region. The resolution is required by SCAG to demonstrate that WRCOG's Executive Committee approves the receipt of the grant funds for completion of the proposed project.

SCAG SPG Program Background

The Sustainability Planning Grant Program (formerly known as Compass Blueprint Grant Program) was established as an innovative vehicle for promoting local jurisdictional efforts to test local planning tools. Since starting in 2005, 133 projects have been completed through the program, with another 69 projects to be completed by the end of 2016. By supporting exemplary projects, the Sustainability Planning Grants Program illustrates the value effective growth planning can bring to our regional partners and the region as a whole.

The Sustainability Planning Grants Program provides direct technical assistance to SCAG member jurisdictions to complete planning and policy efforts that enable implementation of the regional SCS. Grants are available in the following three categories:

- Integrated Land Use – Sustainable Land Use Planning, Transit Oriented Development (TOD) and Land Use & Transportation Integration
- Active Transportation – Bicycle, Pedestrian and Safe Routes to School Plans
- Green Region – Natural Resource Plans, Climate Action Plans (CAPs) and Green House Gas (GHG) Reduction programs

WRCOG's Proposed Project

WRCOG was awarded \$175,000 for the proposal on Senate Bill 743 implementation in the WRCOG region. Senate Bill 743 changes how transportation impacts are measured under CEQA. WRCOG aims to develop localized guidelines, thresholds, and mitigation measures related to SB 743. The project will develop

standardized, off-the-shelf, VMT data for cities to utilize, develop appropriate VMT mitigation measures tailored to Western Riverside County, examine existing WRCOG programs for consistency with SB 743, and develop a VMT calculator.

With the passage of SB 743, agencies in the WRCOG subregion face significant challenges to implement the requirements of the legislation. The overarching issue is that all WRCOG agencies currently implement LOS-based thresholds in their traffic study guidelines and General Plans, so they currently lack VMT-based thresholds to use in an SB 743 analysis. In addition, few projects have performed any kind of rigorous VMT-based analysis, and there is limited VMT information available outside of data at the jurisdictional level, which may also lack comprehensiveness. Finally, there have been no specific studies on the effectiveness of potential VMT mitigation measures in Western Riverside County. The subregion consists largely of greenfield development, and that will continue in certain areas of the subregion. The new SB 743 goals will be a challenge in these areas, and WRCOG aims to assist these areas as early as possible so they can plan accordingly. There are WRCOG jurisdictions who are planning and constructing infill and mixed use development out of desire, demand, and need. These types of projects could benefit from the changes brought forth by SB 743. These jurisdictions are also implementing the goals and strategies outlined in WRCOG's Sustainability Framework and Climate Action Plan. In turn, WRCOG would like to ensure these jurisdictions are prepared to implement SB 743, and to facilitate current planning and development efforts.

WRCOG's primary focus in this effort is to reduce the burden of this legislation on both public sector and private sector stakeholders. WRCOG will also heavily involve the Building Industry Association (BIA), NAIOP, and other stakeholders in this process. Both BIA and NIAOP prepared letters of support for the grant application.

Prior Action:

November 10, 2016: The Public Works Committee received report.

Fiscal Impact:

This item is informational only; therefore, there is no fiscal impact. Project sponsors are not required to provide match to receive funding.

Attachment:

1. WRCOG Resolution Number 07-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments approving the receipt of grant funds or services from the Southern California Association of Governments (SCAG) for the Sustainability Planning Grant Project for SB 743 Implementation.

Item 4.F

SCAG Sustainability Planning Grant
Resolution for Funds

Attachment 1

WRCOG Resolution Number 07-17;
A Resolution of the Executive
Committee of the Western Riverside
Council of Governments approving
the receipt of grant funds or services
from the Southern California
Association of Governments (SCAG)
for the Sustainability Planning Grant
Project for SB 743 Implementation

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Western Riverside Council of Governments

County of Riverside • City of Banning • City of Calimesa • City of Canyon Lake • City of Corona • City of Eastvale • City of Hemet • City of Jurupa Valley
City of Lake Elsinore • City of Menifee • City of Moreno Valley • City of Murrieta • City of Norco • City of Perris • City of Riverside • City of San Jacinto
City of Temecula • City of Wildomar • Eastern Municipal Water District • Western Municipal Water District • Morongo Band of Mission Indians
Riverside County Superintendent of Schools

RESOLUTION NUMBER 07-17

**A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
APPROVING THE RECEIPT OF GRANT FUNDS
OR SERVICES FROM THE SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS (SCAG)
FOR THE SUSTAINABILITY PLANNING GRANT PROJECT
FOR SB 743 IMPLEMENTATION**

WHEREAS, The Southern California Association of Governments (SCAG) has allocated funds for projects that promote the policies and programs of the 2016-2040 Regional Transportation Plan/ Sustainability Communities Strategy (2016 RTP/SCS); and

WHEREAS, SCAG has evaluated, ranked and awarded proposals submitted for Projects under the Program; and

WHEREAS, the grant requires a resolution certifying the approval of the application by the applicant's governing body before receipt of awards; and

WHEREAS, WRCOG will receive funds or services to assist in the implementation of the proposed project.

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

SECTION 1. The receipt of an award for the Sustainability Planning Grant Program is hereby approved.

SECTION 2. The Chair of the Executive Committee is hereby authorized to affix his/her signature to this Resolution signifying approval of the Executive Committee of WRCOG for application for grant funds, and the City Clerk, or his/her duly appointed deputy, is directed to attest thereto.

PASSED AND ADOPTED by the Executive Committee of the Western Riverside Council of Governments on April 3, 2017.

Ben Benoit, Chair
WRCOG Executive Committee

Rick Bishop, Secretary
WRCOG Executive Committee

Approved as to form:

Steven DeBaun
WRCOG Legal Counsel

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



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: 3403 Tenth Street Office Lease Agreement

Contacts: Ernie Reyna, Chief Financial Officer, reyna@wrcog.coq.ca.us, (951) 955-8432

Date: April 3, 2017

The purpose of this item is to present the office lease agreement between WRCOG and County EDA for the 3403 Tenth Street location.

Requested Action:

1. Authorize the Executive Director to execute the lease agreement between WRCOG and County EDA for 3403 Tenth Street substantially as to form.

Background

At its February 6, 2017, meeting, the WRCOG Executive Committee gave approval for staff to relocate its offices to 3403 Tenth Street in Riverside. This location will provide for 10,663 square feet, which would be an increase from the 5,532 square feet WRCOG currently occupies at the County Administrative Center.

The attached lease will cover a 10-year period and the beginning lease rate will be \$2.02. All tenant improvements will be factored into the cost of the monthly lease; it was estimated by WRCOG staff that approximately \$70 per square foot was necessary to construct offices in a suitable manner for staff to occupy. Under the \$70 per square foot assumption, staff estimated that another .58 cents per square foot could be added on top of the \$2.02 lease to properly construct the offices and pay back the tenant improvements over a 10-year period, increasing the new beginning lease rate to \$2.60 square foot. In total, WRCOG would pay a total of approximately \$3,813,868 for the 10-year lease.

Prior Actions:

- February 6, 2017: The Executive Committee approved that WRCOG relocate its offices to the County EDA building located at 3403 Tenth Street, Riverside.
- January 9, 2017: The Executive Committee approved that WRCOG relocate its offices to the Citrus Towers building located at 3390 University Ave., Riverside
- December 14, 2016: The Administration & Finance Committee recommended that WRCOG relocate its offices to the Citrus Tower building located at 3390 University Ave., Riverside.
- August 1, 2016: The Executive Committee directed staff to 1) request the County to hold the space for another 60 days; 2) circle back with WMWD for further discussions; 3) explore the purchase of a building in an expanded area beyond a half-block radius; and 4) revisit options for the 2nd floor within this building.
- July 11, 2016: The Administration & Finance Committee recommended that the Executive Committee approve the relocation of the Agency to space within a County-owned building at 3404 10th Street, Riverside.

Fiscal Impact:

WRCOG estimates the cost of relocating to the Pacific Premiere Bank Building will be \$3,813,868 (excluding an estimated \$312,500 for furniture) over a 10-year period. Costs will be reflected in future annual budgets.

Attachment:

1. Lease Agreement between the County of Riverside and WRCOG.

Item 4.G

3403 Tenth Street Office Lease Agreement

Attachment 1

Lease Agreement between the
County of Riverside and WRCOG

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1 **REVENUE LEASE**

2 County of Riverside and
3 Western Riverside Council of Governments
4 3403 10th Street, Suite 600, 605, 640
5 Riverside, California
6

7 This Revenue Lease ("Lease") is entered into as of the ____ day of
8 _____, 20____ by and between the **COUNTY OF RIVERSIDE** ("Lessor" or
9 "County"), and the **WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS** as
10 ("Lessee" or "WRCOG"), collectively referred to as "the Parties," for property located at
11 Riverside Centre, 3403 10th Street, Riverside, California.

12 In consideration of mutual covenants and other good and valuable
13 consideration, the Parties do hereby agree as follows:

14 **1. Description.** The Premises shall consist of that certain portion of the
15 Project, as defined herein, and as shown on Exhibit "A," attached hereto and
16 incorporated herein (the "Property" or "Premises"), and commonly known as 3403 10th
17 Street, Suites 600, 605, 640, Riverside, California. The leased Premises consist of
18 approximately 10,663 square feet as shown on the floor plan attached designated
19 Exhibit "A-1." Lessee is granted the non-exclusive right to use all Common Areas of
20 the Premises, including but not limited to common restrooms, parking areas, loading
21 and unloading zones, trash areas, roadways, walkways, driveways, and landscaped
22 areas in common with others entitled to such use. Lessee shall have the option to
23 occupy a total of (but not exceeding) thirty (30) unreserved parking spaces, subject to
24 Parking Structure Regulations attached hereto as Exhibit "B." Lessee may purchase
25 parking validations for hourly parking purposes for its customers and invitees at
26 prevailing parking rates established by County.

27 **2. Preparation of Premises/Acceptance.** The rights and obligations of the
28 Parties regarding the construction of the Premises before the commencement of the

1 Lease Term are stated in the attached Leasehold Improvement Agreement, Exhibit "C."
2 If this Lease conflicts with the Leasehold Improvement Agreement, the Leasehold
3 Improvement Agreement shall prevail.

4 **3. Use.**

5 (a) The Premises are leased hereby for the purpose of conducting the
6 business operations of the Western Riverside Council of Governments.

7 (b) The leased Premises shall not be used for any other purpose
8 without first obtaining the written consent of County, which consent shall be in the
9 absolute discretion of County.

10 (c) Lessee shall have the exclusive use of the leased Premises.

11 **4. Term.**

12 (a) This Lease shall be effective upon the date of its full execution by
13 the Parties hereto. The term of this Lease shall be for a period of Ten (10) years
14 ("Original Term") commencing upon the date of substantial completion and acceptance
15 of all tenant improvements of the Premises as defined in Exhibit "C," and shall
16 terminate on the last day of the one hundred twentieth (120th) month of the term.

17 (b) At such time as the commencement Date of this Lease has been
18 determined, County may deliver to Lessee a notice in the form set forth in the attached
19 Exhibit "D" which shall set forth the Commencement Date and which the Lessee shall
20 execute and return to County within ten (10) days after receipt.

21 **5. Options to Extend.**

22 (a) County grants to Lessee two (2) options to extend ("Option(s)") the
23 Lease term. Each extension option shall be for a period for two (2) years, subject to
24 the conditions described in this Section.

25 (b) The Option(s) shall be exercised by Lessee delivering to County
26 written notice thereof no later than one hundred and twenty (120) days prior to the
27 expiration of the original term of the Lease.

1 **6. Rent.**

2 (a) Lessee shall pay the sum of Twenty One Thousand Five Hundred
3 Thirty Nine Dollars & 26/100 (\$21,539.26) per month rent to County for the leased
4 Premises, payable, in advance, on the first day of the month, provided, however, in the
5 event rent for any period during the term hereof which is for less than one full calendar
6 month said base rent shall be pro-rated based upon the actual number of days of said
7 month.

8 (b) Lessee shall pay a Security Deposit in the amount of Twenty One
9 Thousand Five Hundred Thirty Nine Dollars & 26/100 (\$21,539.26) due upon
10 occupancy.

11 (c) In addition to the Rent as set forth in this Section 6 (a), Lessee
12 shall reimburse County for the Leasehold Improvements defined in Section 8 of Exhibit
13 "C," the actual costs on a monthly basis, payable, in advance, on the first day of the
14 month, hereinafter referred to as the Monthly Leasehold Improvement payment, the
15 sum of Six Thousand Two Hundred Twenty Dollars & 08/100 (\$6,220.08).

16 d) Notwithstanding the provisions of this Section, the monthly rent
17 and Leasehold Improvement payment shall be increased on each anniversary of the
18 Lease by an amount equal to Three (3%) percent of such monthly rental, and during
19 any successive option periods.

20 (e) In addition, in the event of any increase to the approved Leasehold
21 Improvement costs pursuant to Section 8.2 of Exhibit "C," Lessee shall reimburse
22 County in the form of a lump sum, or monthly payments pursuant to that Section.

23 **7. On-Site Improvements by Lessee.**

24 (a) Any alterations, improvements or installation of fixtures to be
25 undertaken by Lessee shall be at its sole cost and expense and shall have the prior
26 written consent of County after Lessee has submitted proposed plans for such
27 alterations, improvements or fixtures to County for plan check, permitting and
28 inspection.

1 (b) All alterations and improvements to be made, and fixtures
2 installed, or caused to be made and installed, by Lessee shall become the property of
3 County with the exception of trade fixtures as such term is used in section 1019 of the
4 California Civil Code. At or prior to the expiration of this Lease, Lessee may remove
5 such trade fixtures; provided, however, that such removal does not cause injury or
6 damage to the leased Premises, or in the event it does, Lessee shall restore the
7 Premises to their original shape and condition as nearly as practicable. In the event
8 such trade fixtures are not removed, County may, at its election, either: (1) remove and
9 store such fixtures and restore the Premises for the account of Lessee, and in such
10 event, Lessee shall within thirty (30) days after billing and accounting therefore
11 reimburse County for the costs so incurred, or (2) take and hold such fixtures as its
12 sole property.

13 **8. Signs.** Lessee shall not erect, maintain or display any signs or other
14 forms of advertising upon the leased Premises without first obtaining the written
15 approval of County, which approval shall not be unreasonably withheld.

16 **9. Utilities.**

17 (a) County warrants and represents to Lessee that during the term of
18 this Lease and any extension thereof those sufficient utility services to provide water,
19 electric power, natural gas and sewers necessary to meet Lessee's requirements exist
20 or are available for use by Lessee within the Premises.

21 (b) Lessee shall provide and pay for all telephone/data services used
22 in connection with the Premises. County shall provide, or cause to be provided, and
23 pay for all other utility services, including, but not limited to, electric, water, natural gas,
24 refuse collection and sewer services, as may be required in the maintenance,
25 operation and use of the Premises.

26 **10. Repairs, Maintenance, and Custodial Services.**

27 County shall maintain throughout the term of this Lease in good order
28 and repair the structural portions of the Premises, including the roof and roof

1 membrane, and the non-structural portions of the Premises. County shall also
2 maintain the heating ventilation, and air conditioning system, electrical, lighting,
3 plumbing and fire sprinkler systems, elevators, doors and hardware, ceilings, windows
4 and fenestration. County shall also maintain the exterior portions of the Project
5 including landscaping, driveways, sidewalks, lighting and parking facilities servicing the
6 Premises and the project. It is the intent of this paragraph that the County performs all
7 necessary repairs to the Premises and the Common Areas.

8 In the event any damage or injury to the leased Premises is caused by the
9 negligent acts of Lessee, its officers, employees, clients, agents, guests, invitees,
10 subcontractors or independent contractors, any repairs made, or caused to be made by
11 County as may be necessary to restore the leased Premises as a result of such
12 damage or injury shall be paid forthwith by Lessee to County upon a billing and
13 accounting thereof, in writing, by County to Lessee.

14 In addition, County shall provide, or cause to be provided, at County's sole cost
15 and expense, all custodial services in connection with the Premises and such services
16 shall be provided as set forth in Exhibit "D". County shall have access to the Premises
17 for the purposes of this section.

18 **11. Inspection of Premises.** County, through its duly authorized agents,
19 shall have the right to enter the leased Premises for the purpose of inspecting,
20 monitoring, and evaluating the obligations of Lessee hereunder and for the purpose of
21 doing any and all things which it is obligated and has a right to do under this Lease.

22 **12. Quiet Enjoyment.** Lessee shall have, hold and quietly enjoy the use of
23 the leased Premises so long as it shall fully and faithfully perform the terms and
24 conditions that it is required to do under this Lease.

25 **13. Compliance with Government Regulations.** Lessee shall, at Lessee's
26 sole cost and expense, comply with the requirements of all local, state and federal
27 statutes, regulations, rules, ordinances and orders now in force or which may be
28 hereafter in force, pertaining to the leased Premises. Any final judgment, decree or

1 order of any court of competent jurisdiction, or the admission of Lessee in any action or
2 proceedings against Lessee that Lessee has violated any such statutes, regulations,
3 rules, ordinances or orders in the use of the leased Premises, shall be conclusive of
4 that fact as between County and Lessee.

5 **14. Nondiscrimination.** Lessee herein covenants by and for himself or herself,
6 his or her heirs, executors, administrator, and assigns, and all persons claiming under
7 or through them, that this Lease is made and accepted upon and subject to the
8 following conditions: That there shall be no discrimination against or segregation of any
9 person or group of persons on account of any basis listed in section 12955 of the
10 Government Code, and also defined in sections 12926 and 12926.1 in the leasing,
11 subleasing, transferring, use, occupancy, tenure or enjoyment of the Property herein
12 leased, nor shall the Lessee himself or herself, or any persons claiming under or
13 through him or her, establish or permit any such practice or practices of discrimination
14 or segregation with reference to the selection, location, number, use or occupancy of
15 tenants, lessees, subtenants, subleases or vendees in the Property herein conveyed.
16 The foregoing covenants shall run with the land.

17 **15. Default.**

18 (a) Lessee shall be in default if the Premises is used for any purpose
19 other than that authorized in the Lease, fails to maintain the Premises or the
20 improvements in the manner provided for in the Lease, fails to pay any installment of
21 rent or other sum when due as provided for in the Lease, fails to comply with or
22 perform any other covenant, condition, provision or restriction provided for in the
23 Lease, abandons the Premises, allows the Premises to be attached, levied upon, or
24 seized under legal process; or, if the Lessee files or commits an act of bankruptcy, has
25 a receiver or liquidator appointed to take possession of the Premises, or commits or
26 permits waste on the Premises (collectively referred to as a "Default"), then the Lessee
27 shall be deemed in default under the terms of the Lease.

1 (b) In case of Default, County shall provide a thirty (30) day written
2 notice to Lessee to remedy any and all defaults. Upon the failure of Lessee to promptly
3 remedy such Default, County shall have the right to terminate this Lease and retake
4 possession of the Property together with all additions, alterations, and improvements
5 thereto. County shall also retain all rights to seek any and all remedies at law or in
6 equity.

7 **16. Termination by County.** Notwithstanding the provisions of Default, County
8 shall have the right to immediately terminate this Lease for the following:

9 (a) In the event a petition is filled for voluntary or involuntary
10 bankruptcy for the adjudication of Lessee as debtors.

11 (b) In the event that Lessee makes a general assignment, or Lessee's
12 interest hereunder is assigned involuntarily or by operation of law, for the benefit of
13 creditors.

14 (c) In the event of abandonment of the leased Premises by Lessee.

15 **17. Insurance.** Lessee shall during the term of this Lease procure at its sole
16 cost and expense and keep in full force and effect from the commencement date of this
17 Lease continuing until the end of the term of the Lease the following insurance
18 provisions:

19 (a) Workers' Compensation. Procure and maintain Workers'
20 Compensation Insurance as prescribed by the laws of the State of California.

21 (b) Comprehensive General Liability. Procure and maintain
22 Comprehensive Broad Form General Liability insurance coverage that shall protect
23 Lessee from claims including, but not limited to, damages for Premises liability,
24 contractual liability, personal and advertising injury (broad form) which may arise from
25 or out of Lessee's operation use and management of the leased Premises and grounds
26 or the performance of its obligations hereunder, whether such operations, use or
27 performance be by Lessee, by any subcontractor, vendor, or by anyone employed
28 directly or indirectly by either of them or volunteers serving either of them. Such

1 insurance shall name County of Riverside, its directors, officers, special districts, Board
2 of Supervisors, employees, agents or representatives as additional insureds with
3 respect to this Lease and the obligations hereunder with limits not less than \$1,000,000
4 per occurrence combined single limit. Policy shall provide for \$5,000 in medical
5 payments coverage per occurrence, and fire legal liability in an amount not less than
6 \$50,000 per occurrence.

7 (c) Vehicle Liability. Lessee shall procure auto liability as required by
8 the State of California.

9 (d) All Risk Real and Personal Property.

10 (1) The leased Premises will continue to remain insured by the
11 County Property Program at no additional cost to Lessee. The County of Riverside
12 shall continue to be responsible for all risk, earthquake and flood deductibles.

13 (2) The leased Premises will continue to remain insured by the
14 County Boiler and Machinery Program. The County of Riverside shall continue to be
15 responsible for any and all deductibles relating to Boiler and Machinery insurance
16 coverage.

17 (e) General Insurance Provisions.

18 (1) Any insurance carrier providing insurance coverage
19 hereunder shall be admitted to the State of California unless waived, in writing, by
20 County Risk Manager, and such carrier(s) shall have an A.M. BEST rating of not less
21 than an A:VII (A:8). In addition, any deductibles or self-insured retentions must be
22 declared by such carrier(s) and such deductibles and retentions shall have the prior
23 consent, in writing, from the County Risk Manager and, at the election of the County
24 Risk Manager, such carrier(s) shall be notified in writing and shall either: (1) reduce or
25 eliminate such deductibles or self-insured retentions relating to the County of
26 Riverside, its officers, employees or agents, or (2) procure a bond which guarantees
27 payment of losses and related investigations, claim(s) administration and defense
28 expenses and costs. If no written notice is received from County Risk Manager within

1 ten (10) days of the acceptance of agreement then such deductibles or self-insured
2 retentions shall be deemed acceptable.

3 (2) Lessee shall cause its insurance carrier(s) to furnish the
4 County of Riverside with either (1) properly executed original Certificate(s) of Insurance
5 ("Certificate(s)") and certified original copies of endorsements effecting coverage as
6 required herein, or (2) if requested to do so, in writing, by County Risk Manager,
7 provide original certified copies of policies including all endorsements and any and all
8 attachments thereto, showing that such insurance is in full force and effect, and County
9 of Riverside, its directors, officers, special districts, Board of Supervisors, elected
10 officials, employees, agents or representatives are named as additional insureds with
11 respect to this Lease and the obligations of Lessee hereunder. Further, said
12 Certificate(s) and policies of insurance shall contain the covenant of the insurance
13 carrier(s) that thirty (30) days' written notice shall be given to the County of Riverside
14 prior to any modification, cancellation, expiration or reduction in coverage of such
15 insurance. In the event of any such modification, cancellation, expiration or reduction
16 in coverage and on the effective date thereof, this Lease shall terminate forthwith,
17 unless the County of Riverside receives prior to such effective date another properly
18 executed original Certificate of Insurance and original copies of endorsements or
19 certified original policies including all endorsements and attachments thereto
20 evidencing coverages set forth herein and the insurance required herein is in full force
21 and effect. Lessee shall not take possession or otherwise use the leased Premises
22 until the County of Riverside has been furnished original Certificate(s) of Insurance and
23 certified original copies of endorsements or policies of insurance including all
24 endorsements and any and all other attachments as required in this Section. The
25 original endorsements for each policy and the Certificate(s) of Insurance shall be
26 signed by an individual authorized by the insurance carrier to do so on its behalf.

27 (3) It is understood and agreed to by the parties, and the
28 insurance company(s), Certificate(s) of Insurance and policies shall so covenant and

1 shall be construed as primary and County's insurance and/or deductibles and/or self-
2 insured retentions or self-insured programs shall not be construed as contributory.

3 (f) Professional Liability. Lessee shall procure and maintain
4 professional liability insurance coverage to protect from any liability whatsoever based
5 on or asserted by any claim, act or omission of Lessee, its officers, agents, employees,
6 subcontractors and independent contractors, relating to or in any way connected with
7 or arising from the agreement and/or for any error or omission by Lessee its
8 employees, agents, officers or subcontractors. The amount of such insurance shall not
9 be less than \$1,000,000 per occurrence, combined single limit, and \$2,000,000 in the
10 aggregate.

11 **18. Hold Harmless.**

12 (a) Lessee represents that it has inspected the leased Premises,
13 accepts the condition thereof and fully assumes any and all risks incidental to the use
14 thereof. County shall not be liable to Lessee, its officers, agents, employees,
15 subcontractors or independent contractors for any personal injury or property damage
16 suffered by them which may result from hidden, latent or other dangerous conditions in,
17 on, upon or within the leased Premises, provided, however, that such dangerous
18 conditions are not caused by the sole negligence of County, its officers, agents or
19 employees.

20 (b) The specified insurance limits required in the Lease shall in no
21 way limit or circumscribe Lessee's obligations to indemnify and hold County free and
22 harmless herein.

23 **19. Assignment.** Lessee cannot assign, sublet, mortgage, hypothecate or
24 otherwise transfer in any manner any of its rights, duties or obligations hereunder to
25 any person or entity without the prior written consent of County being first obtained,
26 which consent shall be in the absolute discretion of County. In the event of any such
27 transfer, as provided in this Section, Lessee expressly understands and agrees that it
28

1 shall remain liable with respect to any and all of the obligations and duties contained in
2 this Lease.

3 **20. Indemnification.** Unless due to the active negligence of the County,
4 Lessee shall indemnify and hold harmless the County of Riverside, its agencies,
5 districts, special districts and departments, their respective directors, officers, Board of
6 Supervisors, elected and appointed officials, employees, agents and representatives
7 ("County Parties") from any liability whatsoever, based or asserted upon any act or
8 omission of Lessee, its officers, employees, subcontractors, agents or representatives
9 arising out of or in any way relating to or in any way connected with the leased
10 Premises or this Lease, including but not limited to property damage, bodily injury, or
11 death or any other element of any kind or nature whatsoever. Lessee shall defend, at
12 its sole expense, all costs and fees including, but not limited, to attorney fees, cost of
13 investigation, defense and settlements or awards, County Parties in any claim or action
14 based upon such alleged acts or omissions.

15 With respect to any action or claim subject to indemnification herein by Lessee,
16 Lessee shall, at their sole cost, have the right to use counsel of their own choice and
17 shall have the right to adjust, settle, or compromise any such action or claim without
18 the prior consent of County; provided, however, that any such adjustment, settlement
19 or compromise in no manner whatsoever limits or circumscribes Lessee's
20 indemnification to County as set forth herein.

21 Lessee's obligation hereunder shall be satisfied when Lessee has provided to
22 County the appropriate form of dismissal relieving County from any liability for the
23 action or claim involved.

24 The specified insurance limits required in this Agreement shall in no way limit or
25 circumscribe Lessee's obligations to indemnify and hold harmless the County herein
26 from third party claims.

27 In the event there is conflict between this clause and California Civil Code
28 section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such

1 interpretation shall not relieve the Lessee from indemnifying the County to the fullest
2 extent allowed by law.

3 Survival of Indemnification. The paragraphs of this Section shall survive the
4 expiration or earlier termination of this Lease until all claims against County Parties
5 involving any of the indemnified matters are fully, finally, and absolutely barred by the
6 applicable statutes of limitations.

7 **21. Toxic Materials.** During the term of the Lease and any extensions thereof,
8 Lessee shall not violate any federal, state or local law, ordinance or regulation, relating
9 to industrial hygiene or to the environmental condition on, under or about the leased
10 Premises, including, but not limited to, soil and groundwater conditions. Further,
11 Lessee, its successors, assigns and sublessees, shall not use, generate, manufacture,
12 produce, store or dispose of on, under or about the leased Premises or transport to or
13 from the leased Premises any flammable explosives, asbestos, radioactive materials,
14 hazardous wastes, toxic substances or related injurious materials, whether injurious by
15 themselves or in combination with other materials (collectively, "hazardous
16 substances", "hazardous materials" or "toxic substances") in the Comprehensive
17 Environmental Response, Compensation and Liability Act of 1980, as amended, 42
18 U.S.C. section 9601, et seq; the Hazardous Materials Transportation Act, 49 U.S.C.
19 section 1801, et seq; the Resource Conservation and Recovery Act, 42 U.S.C. section
20 6901, et seq; and those substances defined as "Hazardous Wastes" in section 25117
21 of the California Health and Safety Code or as "Hazardous Substances" in section
22 25316 of the California Health and Safety Code; and in the regulations adopted in
23 publications promulgated pursuant to said laws.

24 **22. Free From Liens.** Lessee shall pay, when due, all sums of money that
25 may become due for any labor, services, material, supplies, or equipment, alleged to
26 have been furnished or to be furnished to Lessee, in, upon, or about the leased
27 Premises, and which may be secured by a mechanics', materialman's or other lien
28 against the leased Premises or County's interest therein, and will cause each such lien

1 to be fully discharged and released at the time the performance of any obligation
2 secured by such lien matures or becomes due; provided, however, that if Lessee
3 desires to contest any such lien, it may do so, but notwithstanding any such contest, if
4 such lien shall be reduced to final enforcement thereof is not promptly stayed, or if so
5 stayed, and said stay thereafter expires, then and in such event, Lessee shall forthwith
6 pay and discharge said judgment.

7 **23. Employees and Agents of Lessee.** It is understood and agreed that all
8 persons hired or engaged by Lessee shall be considered to be employees or agents
9 only of Lessee and not of County.

10 **24. Binding of Successors.** Lessee, its assigns and successors in interest,
11 shall be bound by all the terms and conditions contained in this Lease, and all the
12 parties thereto shall be jointly and severally liable hereunder.

13 **25. Waiver of Performance.** No waiver by County at any time of any of the
14 terms and conditions of this Lease shall be deemed or construed as a waiver at any
15 time thereafter of the same or of any other terms or conditions contained herein or of
16 the strict and timely performance of such terms and conditions.

17 **26. Severability.** The invalidity of any provision in this Lease as determined by
18 a court of competent jurisdiction shall in no way affect the validity of any other provision
19 hereof.

20 **27. Governing Law; Venue.** This Agreement shall be governed by and
21 construed in accordance with the laws of the State of California. The County and
22 Lessee agree that this Agreement has been entered into at Riverside, California, and
23 that any legal action related to the interpretation or performance of the Agreement shall
24 be filed in the Superior Court for the State of California in Riverside, and the parties
25 hereby waive all provisions of law providing for a change of venue in such proceedings
26 to any other county.

27 **28. Notices.** Any notice shall be addressed to the respective parties as set
28 forth below:

1 County:

2 Real Estate Division
3 Economic Development Agency
3403 10th Street, Suite 400
4 Riverside, California 92501

Lessee:

Western Riverside Council of Governments
3403 10th Street, Suite 600
Riverside, California 92501

5 or to such other addresses as from time to time shall be designated by the respective
6 parties.

7 **29. Amendments.** This Lease shall not be modified unless mutually agreed
8 upon in writing by the County and the Lessee and shall be incorporated in executed
9 amendments to this Lease.

10 **30. No Third Party Beneficiaries.** This Lease is made and entered into for
11 the sole protection and benefit of the parties hereto. No other person or entity shall
12 have any right of action based upon the provisions of this Lease.

13 **31. Permits, Licenses and Taxes.** Lessee shall secure and maintain, at its
14 expense, all necessary permits and licenses as it may be required to obtain and/or
15 hold, and Lessee shall pay for all fees and taxes levied or required by any authorized
16 public entity. Lessee shall be responsible for Possessory Interest Taxes.

17 **32. County's Representative.** County hereby appoints the Assistant County
18 Executive Officer of the Economic Development Agency as its authorized
19 representatives to administer this Lease.

20 **33. Agent for Service of Process.** It is expressly understood and agreed that
21 in the event Lessee is not a resident of the State of California or it is an association or
22 partnership without a member or partner resident of the State of California, or it is a
23 foreign corporation, then in any such event, Lessee shall file with the Assistant County
24 Executive Officer of the Economic Development Agency, upon its execution hereof, a
25 designation of a natural person residing in the State of California, giving his or her
26 name, residence and business addresses, as its agent for the purpose of services of
27 process in any court action arising out of or based upon this Lease, and the delivery to
28 such agent of a copy of any process in any such action shall constitute valid service

1 upon Lessee. It is further expressly understood and agreed that if for any reason
2 service of such process upon such agent is not feasible, then, in such event, Lessee
3 may be personally served with such process out of the State and that such service
4 shall constitute valid service upon Lessee. It is further expressly understood and
5 agreed that Lessee is amenable to the process so served, submits to the jurisdiction of
6 the court so obtained and waives any and all objections and protests thereto.

7 **34. Entire Lease.** This Lease is intended by the parties hereto as a final
8 expression of their understanding with respect to the subject matter hereof and as a
9 complete and exclusive statement of the terms and conditions thereof and supersedes
10 any and all prior and contemporaneous leases, agreements and understandings, oral
11 or written, in connection therewith. The Lease may be changed or modified only upon
12 the written consent of the parties hereto.

13 **35. Authority to Execute.** The persons executing this Lease on behalf of the
14 parties to this Lease hereby warrant and represent that they have the authority to
15 execute this Lease and warrant and represent that they have the authority to bind the
16 respective parties to this Lease and to the performance of its obligations hereunder.

17 **36. Approval.** Anything to the contrary notwithstanding, this Lease shall not be
18 binding or effective until its approval and execution by the Chairman of the Riverside
19 County Board of Supervisors.
20
21
22
23
24
25
26
27
28

1 IN WITNESS WHEREOF, COUNTY and LESSEE have executed this Lease on
2 this day _____ of _____, 2017.

3
4 COUNTY:
5 County of Riverside, a Political
6 subdivision of the State of California

LESSEE:
Western Riverside Council of
Governments

7 By: _____
8 Chairman,
9 Board of Supervisors

By: _____
Rick Bishop, Executive Director

10
11 ATTEST: Kecia Harper-Ihem
12 Clerk of the Board

13 By: _____
14 Deputy

15 APPROVED AS TO FORM:
16 Gregory P. Priamos
17 County Counsel

18 By: _____
19 Deputy

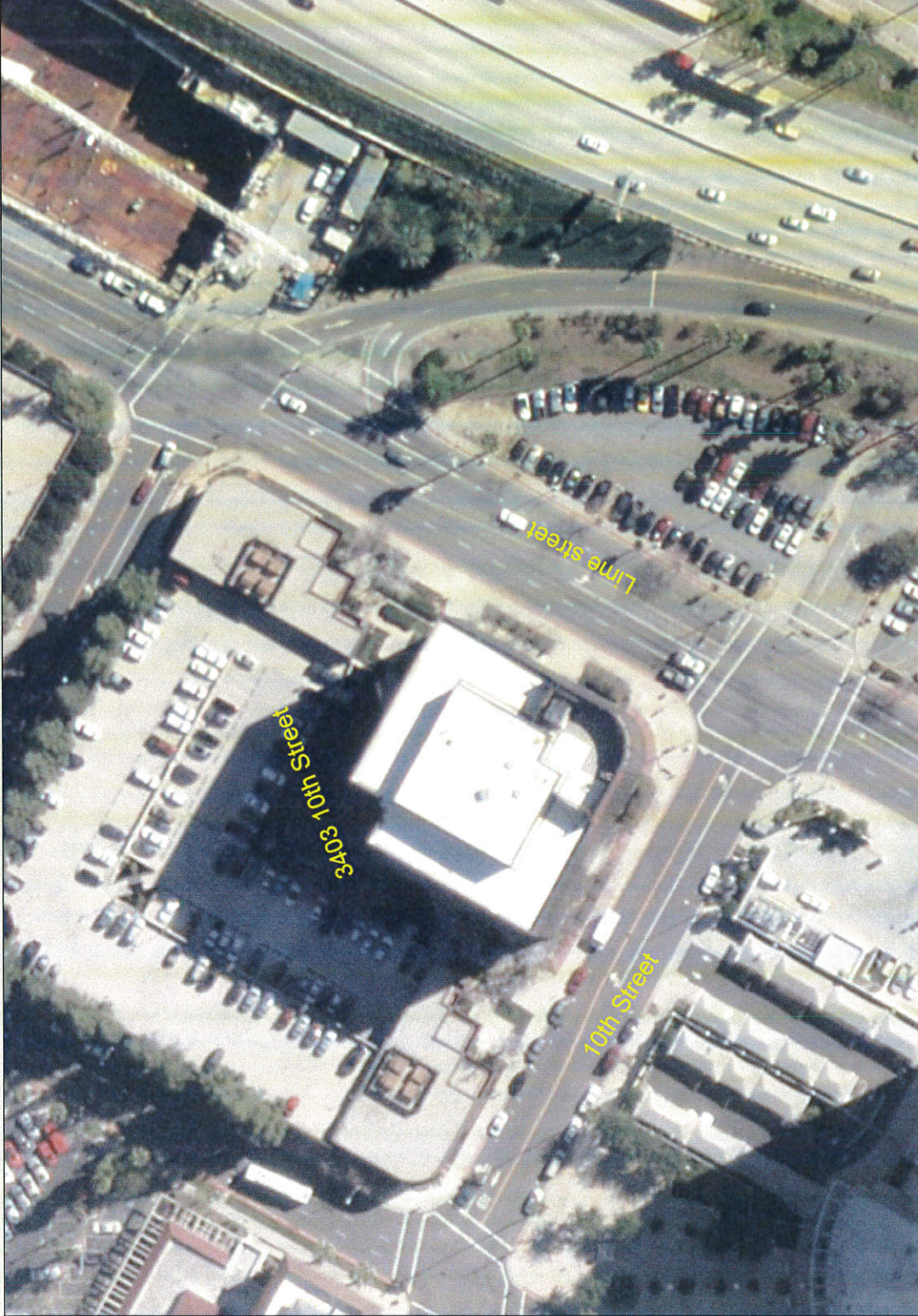
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My Map

Riverside Centre 3403 10th Street, Riverside, California



Legend



0 113 225 Feet



IMPORTANT Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. The County of Riverside makes no warranty or guarantee as to the content (the source is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

REPORT PRINTED ON...8/16/2016 11:13:10 AM

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Notes
Revenue Lease Agreement

EXHIBIT A



COUNTY OF RIVERSIDE

EDA

ECONOMIC DEVELOPMENT AGENCY

DIVISION

OF

SPACE MANAGEMENT

3901 LIME ST. RIVERSIDE, CA 92507

PH: (951)955-0067 FAX: (951)955-3602

PROJECT TITLE:

RV1044 -Riverside Center

3403 10th Street, Riverside CA.

SHEET TITLE:

WRCOG Preliminary Layout

Suites 600, 605 and 640 Layout

REVISIONS	

FILE:

U:\TREASURY\1044-4th Flr- Space Planning

PROJECT NO:

DRAWN BY:

DRB

DATE:

2/9/2017

SCALE:

N/A

PAGE NO:

1 OF 1

SHEET:

A1.0

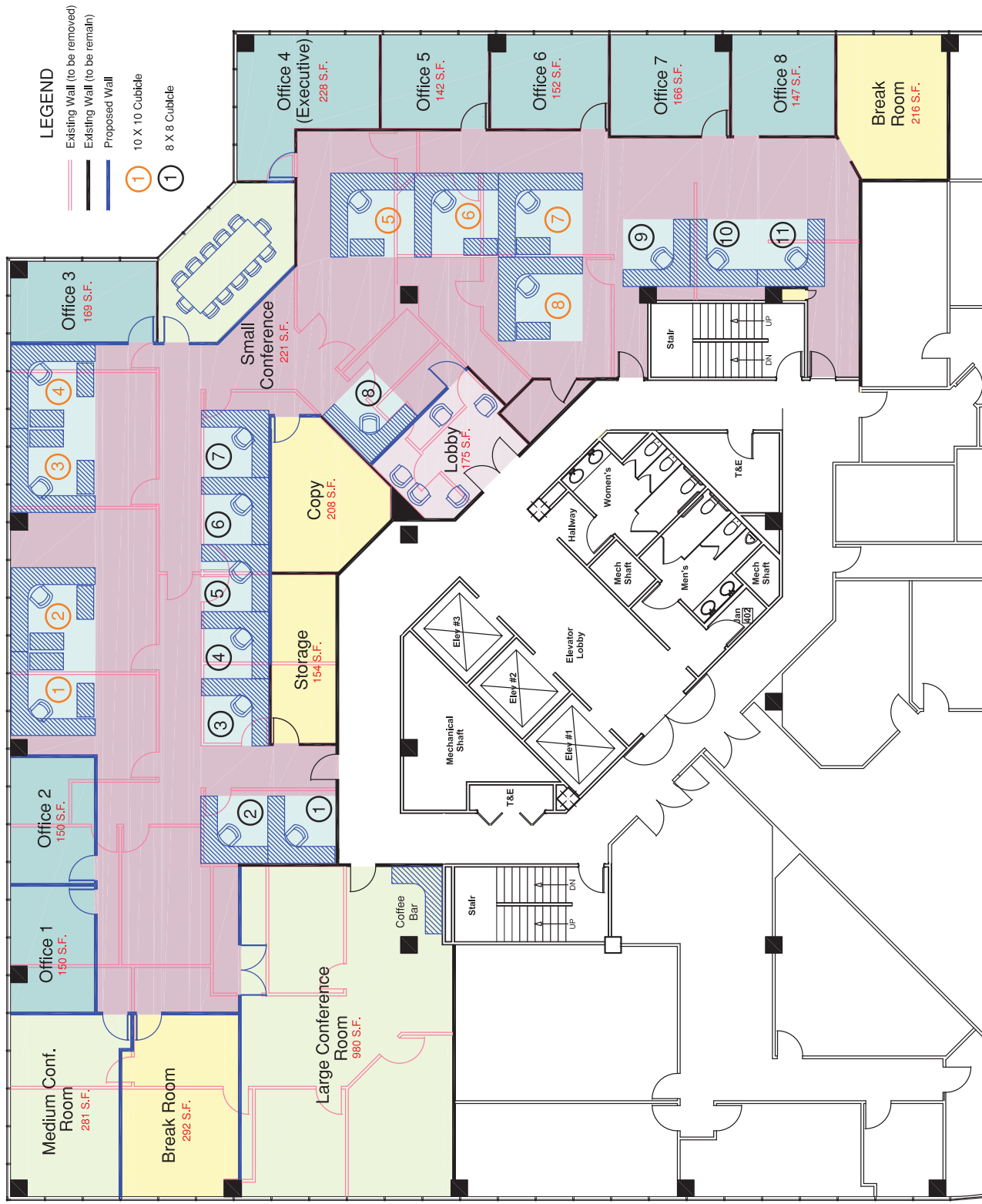




Exhibit B

Parking Structure Regulations

The County of Riverside is pleased to meet the parking needs of employees and visitors in downtown Riverside. The following parking structure regulations have been developed to guide the use of the parking facility by monthly card holders and to effectively manage the resources to maximize the use of the facility.

1. Parking access cards are issued to an individual. ACCESS CARDS ARE NOT TRANSFERABLE. Allowing another individual to use your card SHALL result in the immediate loss of your parking privileges.
2. Your access card allows you to park one vehicle at a time in any unreserved parking space in the assigned parking garage.
3. A \$10.00 fee for the parking access card is required.
4. Lost, stolen or damaged cards will require a \$10.00 replacement fee.
5. Current unreserved County monthly parking fees are \$35.00 per space per month. Reserved parking fees are \$35.00 per space per month, in addition to \$500.00 annually. Fees are past due by the third working day of the month. We do not prorate; full payment for the month is required for each month. Parking fees are subject to change.
6. Monthly payments can be made in person at the Parking Services office or by mail. Cash, checks and credit cards will be accepted for payment. Checks must be made out to COUNTY OF RIVERSIDE. Please indicate your access card number on your check. Do not send cash through the mail. Office hours are Monday thru Friday, 6:00 AM to 7:00 PM (excluding holidays).
7. If payment for Monthly parking is not received by the 3rd working day of the month, the access card may be deactivated. Card holders will then have five working days to bring their account current or their card will be removed from the system. Cards removed from the system will not be reactivated. Failure to pay will result in your forfeiture of parking access. You may re-apply for access but will be placed at the back of the any waiting list. **Initial**
8. Always lock and secure your car and personal belongings. The County of Riverside is not responsible for damage or theft while parking in County facilities.

(Continued)

Parking Structure Regulations
Page 2

9. Card holders who forget their card or cannot find their card at the time of exit will be subject to pay the hourly fee or a lost ticket fee.
10. A Parking attendant is on duty Monday thru Friday, 6:00 AM to 7:00 PM (excluding holidays).
11. Access to the garage before or after the hours listed in item 10 is available only by use of your access card.
12. It is your responsibility to notify the Parking Office is you are no longer parking in the garage. Monthly parking fees will be incurred until notification is in writing or email that you are terminating your account. You will be responsible for any charges to your account whether you have accessed the garage or not. Initial
13. Please be aware that County of Riverside parking ordinance number 626 is strictly enforced in all County of Riverside parking structures and lots.

We appreciate your business and your cooperation in observing these rules and procedures. Please contact the Parking Services Division staff if you have any questions or concerns about the garage at 951-955-5129.

Parking Access Card #

Parker Printed Name

Parker Signature

Date

EXHIBIT C

LEASEHOLD IMPROVEMENT AGREEMENT

(3403 10th Street, Suite 600, 605, 640, Riverside)

This Leasehold Improvement Agreement ("Leasehold Improvement Agreement"), by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County") and the **WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS**, ("Lessee"), sets forth the terms and conditions of the Leasehold Improvements to be completed by County. This Leasehold Improvement Agreement shall set forth the terms and conditions relating to the construction of the County improvements in the Premises. This Leasehold Improvement Agreement is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise during the actual construction of the Premises. All references in this Leasehold Improvement Agreement to Paragraphs or Sections of the "Lease" shall mean the relevant portion of that certain Office Lease to which this Leasehold Improvement Agreement is attached as Exhibit "C" and of which this Leasehold Improvement Agreement forms a part, and all references in the Lease to Sections of "Leasehold Improvement Agreement" shall mean the relevant portion of this Leasehold Improvement Agreement.

SECTION 1 - COUNTY'S INITIAL CONSTRUCTION OF PREMISES

1.1 County will cause the construction of, at its sole cost and expense, or has acquired or constructed, that certain free standing building described in Section 2 of the Lease, hereinafter referred to as the "Base Building".

SECTION 2 - CONSTRUCTION DRAWINGS FOR THE PREMISES

2.1 County shall, at its sole cost and expense, and subject to reimbursement as hereinafter set forth, construct the improvements in the Premises (the "Leasehold Improvements") pursuant to those certain blueprints, floor and space plans, specifications and finalized construction prices, collectively, the approved "Working Drawings" prepared by County's architect approved by Lessee. Lessee shall make no changes or modifications to the approved Working Drawings without the prior written consent of County, which consent may be withheld if such change or modification would materially directly or indirectly delay the "Substantial Completion", as that term is defined in Section 6.1 of this Leasehold Improvement Agreement, of the Premises or materially increase the cost of designing or constructing the Leasehold Improvements.

SECTION 3 - CONSTRUCTION DRAWINGS

3.1 Selection of Architect/Construction Drawings. County shall retain an architect or space planner (the "Architect") to prepare the Construction Drawings. County shall retain the engineering consultants (the "Engineers") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, life

safety, and sprinkler work of the Leasehold Improvements. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "Construction Drawings." All Construction Drawings shall comply with the drawing format and specifications as determined by County, and shall be subject to Lessee's approval. County's Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the Base Building plans, and County's Architect shall be solely responsible for the same, and Lessee shall have no responsibility in connection therewith. Lessee's review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Lessee's review of the same, or obligate Lessee to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Lessee or its agents and consultants, and notwithstanding any advice or assistance which may be rendered to County by Lessee or Lessee's agents or consultants, Lessee shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings, and County's waiver and indemnity set forth in this Lease shall specifically apply to the Construction Drawings.

3.2 Final Space Plan. Prior to execution of the Lease by Lessee, County and the Architect shall prepare the final space plan for Leasehold Improvements in the Premises (collectively, the "Final Space Plan"), which Final Space Plan shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein, and shall deliver the Final Space Plan for Lessee's reasonable approval. The Final Space Plan is attached as Exhibit "C-1".

3.3 Final Working Drawings. Within approximately one hundred eighty (180) days after execution of the Lease by Lessee and delivery of a copy of the Lease to County, County, the Architect and the Engineers shall complete the architectural and engineering drawings for the Leasehold Improvements, and the final architectural working drawings in a form which is complete to allow subcontractors to perform the work and to obtain all applicable permits (collectively, the "Final Working Drawings") and shall submit the same to Lessee for Lessee's approval. Upon completion of the Final Working Drawings, said drawings shall be incorporated into this Lease as Exhibit "C-2".

3.4 Permits. The Final Working Drawings shall be approved by Lessee (the "Approved Working Drawings") prior to the commencement of the construction of the Leasehold Improvements. County shall immediately submit the Approved Working Drawings to the appropriate municipal authorities for all applicable building permits necessary to commence and fully complete the construction of the Leasehold Improvements (the "Permits"). County hereby agrees that neither Lessee nor Lessee's agents or consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Premises and that the obtaining of the same shall be County's responsibility; provided however that Lessee shall, in any event, cooperate with County in executing permit applications and performing other ministerial acts reasonably necessary to enable County to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Lessee, provided that Lessee may withhold its

consent, in its sole discretion, to any change in the Approved Working Drawings if such change would materially directly or indirectly delay the "Substantial Completion" of the Premises as that term is defined in Section 6.1 of this Leasehold Improvement Agreement.

3.5 Lessee shall use its best, good faith, efforts and all due diligence to cooperate with the Architect, the Engineers, and County to complete all phases of the Construction Drawings and the permitting process and to receive the permits, and approval of the "Construction Costs," as set forth in Section 7.1 below, as soon as possible after the execution of the Lease, and, in that regard, shall meet with County on a scheduled basis to be determined by County, to discuss County's progress in connection with the same. Upon Lessee's execution of this Lease, County shall provide Lessee with a construction schedule including time projections for planning, and related preparation and construction of the Leasehold Improvements which construction schedule is attached as Exhibit "C-3." For any item hereunder which requires Lessee's approval, Lessee shall provide its written approval or disapproval within ten (10) working days of receipt of the request.

SECTION 4 - COUNTY COVENANTS

4.1 County recognizes, understands and covenants that any and all improvements shall be undertaken according to the Working Drawings as set forth in Section 3.3 above.

4.2 County recognizes, understands and covenants that improvements contemplated herein may be subject to the provisions contained in the California Labor Code (commencing with Section 1720) relating to general prevailing wage rates and other pertinent provisions therein.

4.3 County shall comply and stay current with all applicable building standards, which may change from time to time, including but not limited to, the Americans with Disabilities Act of 1990 and any regulations issued pursuant thereto in providing improvements contemplated herein.

SECTION 5 - CONSTRUCTION

5.1 County shall notify Lessee, in writing, forthwith when such planning, related preparation and construction of the Leasehold Improvements have been completed, a Certificate of Occupancy has been issued by the Inspector of Record (IOR) for the County, or if no new Certificate of Occupancy is required, then upon acceptance of the improvements by the IOR upon final inspection, the city of Riverside Fire Department has signed off on final inspection, all required permits have been obtained and electrical power has been turned on. Within ten (10) days thereafter, Lessee shall schedule and conduct a "job walk" with County for the purpose of accepting the Premises for occupancy. Lessee shall accept the Premises if the improvements are Substantially Complete in accordance with this Exhibit "C" attached to the Lease (excepting minor punch list items), which County shall complete with due diligence, and Lessee shall not unreasonably withhold or delay approval of construction of same.

5.2 In addition, immediately after the Substantial Completion of the Premises, County shall have prepared and delivered to the Lessee (1) a complete set of "As-Built" drawings showing every detail, latent or otherwise, of such improvements, including but not limited to electrical circuitry and plumbing, and (2) the same complete set of "As-Built" drawings on a computer disk in a CADD format.

SECTION 6 - COMPLETION OF THE LESSEE IMPROVEMENTS; LEASE COMMENCEMENT DATE

6.1 For purposes of this Lease, "Substantial Completion" of the Premises shall occur upon the completion of construction of the Leasehold Improvements in the Premises pursuant to the Approved Working Drawings, with the exception of any punch list items and any Lessee items to be installed by Lessee, and compliance with the requirements of Section 5.1 of this Exhibit, provided however, that such punch list items do not preclude the useful occupancy of the Premises. Useful occupancy is herein defined as the Premises being safe, free of hazard, free of any risk to the safety of Lessee employees, and available in all material respects for the use set forth in the Lease.

6.2 The Lease Commencement Date shall occur as set forth in Section 6.1, above.

SECTION 7 - CONSTRUCTION COSTS

7.1 County has provided Lessee with an itemized cost breakdown of the construction costs of the Leasehold Improvements, attached hereto and made a part hereof as Addendum 1.

The costs of all Leasehold Improvements subject to reimbursement, including but not limited to fixtures, architectural fees and permits, not to exceed \$746,410.00. The cost for the construction shall be calculated with all labor, materials, architectural, permits and insurance included as costs, and shall be calculated at prevailing wages.

7.2 Upon completion of the Leasehold Improvements and within fourteen (14) days of Substantial Completion and acceptance of the Premises by Lessee, County shall provide Lessee with an itemized statement, similar to the cost breakdown form attached as Addendum 1, of the actual costs of the Leasehold Improvements incurred by County, designated as Addendum 1-A, accompanied by vendor, contractor, subcontractor, material man invoices if requested by the Lessee.

SECTION 8 - REIMBURSEMENT FOR LEASEHOLD IMPROVEMENTS

8.1 In addition to the base rent as stated in the Lease, Lessee shall reimburse County, as hereinafter set forth, the actual cost of the Leasehold Improvements on a monthly basis (the "Tenant Improvement Amortization Payment") as substantiated by the Addendum 1-A required in Section 7.2 above and related supporting documentation requested by Lessee. "

8.2 In the event the costs of the leasehold improvements equal the total of the leasehold improvement costs pursuant to Addendum 1, Lessee shall pay to County a Monthly Leasehold Improvement Amortization Payment as set forth under provision 6 Rent, subsection (c) of the lease agreement. Upon completion of the leasehold improvements, in the event the actual costs in Addendum 1-A are greater (the "Additional Leasehold Improvement Costs") than the estimated costs in Addendum 1, Lessee shall reimburse the County a one-time lump sum payment for the Additional Leasehold Improvement Costs, or, upon request by Lessee and upon County's approval, the Additional Leasehold Improvement Costs may be amortized and paid monthly over the term of the lease. The monthly payment shall be calculated by amortizing the Additional Leasehold Improvement Costs over the lease term of one hundred twenty (120) months, with no interest, and Lessee shall pay to County a monthly payment on the first day of each and every month during the lease term. County and Lessee agree that approval by the Board of Supervisors shall be required to approve any one-time lump sum or the amortization of any Additional Leasehold Improvement Costs through an amendment to the lease.

SECTION 9 - MISCELLANEOUS

9.1 Lessee's Entry Prior to Substantial Completion. Provided that Lessee and its agents do not interfere with County's work in the Premises, County shall allow Lessee access to the Premises prior to the Substantial Completion of the Premises for the purpose of Lessee installing over standard equipment or fixtures (including Lessee's data and telephone equipment) in the Premises. Prior to Lessee's entry into the Premises as permitted by the terms of this Section 9.1, Lessee shall submit a schedule to County, for approval, which schedule shall detail the timing and purpose of Lessee's entry. Lessee shall hold County harmless from and indemnify, protect and defend County against any loss or damage to the Premises and against injury to any persons or property caused by Lessee's actions pursuant to this Section 9.1.

9.2 County has designated its Assistant County Executive Officer/EDA as its sole representative with respect to the matters set forth in this Leasehold Improvement Agreement, who, until further notice to Lessee, shall have full authority and responsibility to act on behalf of the County as required in this Leasehold Improvement Agreement.

9.3 Lessee's Representative. Lessee has designated _____ as its sole representative with respect to the matters set forth in this Leasehold Improvement Agreement, who, until further notice to County, shall have full authority and responsibility to act on behalf of the Lessee as required in this Leasehold Improvement Agreement.

9.4 Lessee's Agents. All subcontractors, laborers, material men, and suppliers retained directly by Lessee for purposes of installing Lessee's fixtures and equipment shall conduct their activities in and around the Premises, in a harmonious relationship with all other subcontractors, laborers, material men and suppliers at the Premises.

9.5 Time of the Essence in this Leasehold Improvement Agreement. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. In all instances where Lessee is required to approve, if no written notice of approval is given within the stated time period, or if no timeframe stated, within fifteen (15) days of request the end of such period the item shall automatically be deemed approved.

9.6 Default. A default by either party under this Leasehold Improvement Agreement shall be a default under the Lease, and shall be controlled by the terms of the Lease.

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EXHIBIT "C-1"
FINAL SPACE PLAN

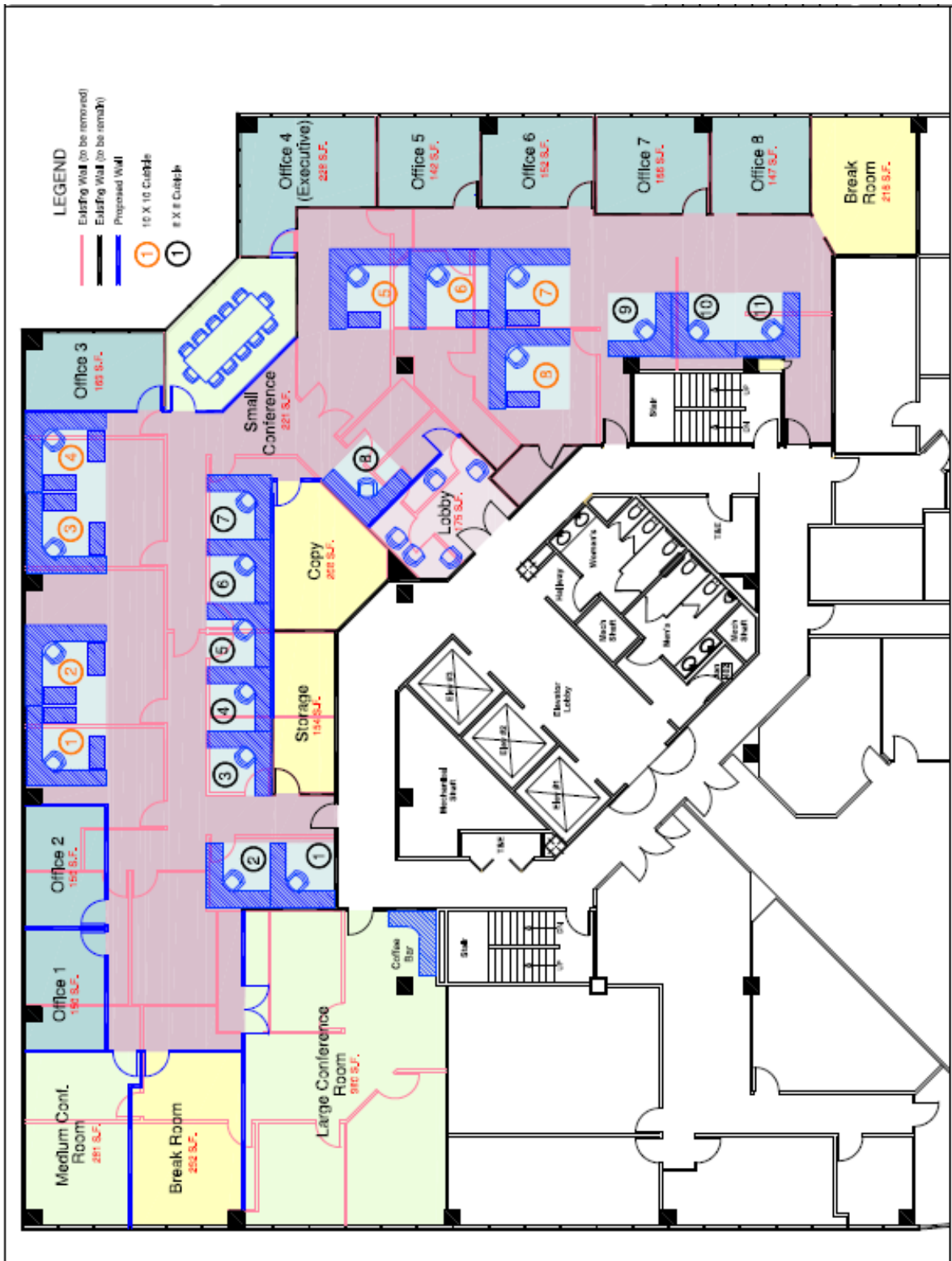


EXHIBIT C-1

EXHIBIT "C-2"
FINAL WORKING DRAWINGS

To be incorporated upon completion.

EXHIBIT C-2

EXHIBIT "C-3"
CONSTRUCTION SCHEDULE

To be incorporated upon completion.

EXHIBIT C-3

ADDENDUM 1

ESTIMATED LEASEHOLD IMPROVEMENTS COSTS

To be incorporated at a future date.

ADDENDUM 1

ADDENDUM 1-A

ACTUAL LEASEHOLD IMPROVEMENTS COSTS

To be incorporated at a future date.

ADDENDUM 1-A

EXHIBIT "D"
CONFIRMATION OF LEASE INFORMATION

1. LEASE REFERENCE DATE: __123_____
2. PREMISES: _____

3. COMMENCEMENT DATE: Construction of the Leasehold Improvements is Substantially Complete and the Lease Term shall commence as of _____, for a term of _____ ending on _____ unless extended as provided in the Lease.
4. RENT: In accordance with the Lease, Rent began to accrue on _____, in the initial amount of _____. Rent is due and payable in advance on the first day of each month during the Lease Term.

AGREED and ACCEPTED

LESSEE:

COUNTY:

Dated: _____

Dated: _____

EXHIBIT D

COUNTY OF RIVERSIDE
Economic Development Agency
Real Estate Division

**CUSTODIAL SERVICES REQUIREMENTS
FOR LEASED FACILITIES**

1. Background checks shall be performed, in a manner specified by County, of all qualified permanent and temporary employees.
2. Provide all required services and supplies.
3. Perform services five days a week during the hours of 5:00 pm to 1:00 am only.
4. Provide and replace all fluorescent light tubes and incandescent light bulbs using only those types of tubes and bulbs that are energy efficient as indicated by manufacturer. Fixture reflectors shall be wiped clean with each relamping.
5. County and custodial staff shall be responsible for key control. Issuing keys to workers, collecting said keys at shift end and retrieving keys at the end of custodian's employment. If keys are lost, stolen or misplaced, rekeying costs are landlord's responsibility.

6. **SPECIFIC SERVICES** – Frequency and coverage:

A. **Daily:**

1. Rest Rooms:

Empty all trash containers, refill dispensers, damp mop floors, clean, sanitize and polish all plumbing fixtures, chrome fittings, flush rings, drain and overflow outlets, clean and polish mirrors, clean wall adjacent to hand basins/urinals, dust metal partitions, remove finger prints from walls, switches, etc.

2. Lobby Area – Main Corridors – Stairways:

Remove trash, vacuum, vacuum/damp mop tile, clean lobby and entrance doors, clean and sanitize drinking fountains.

3. Employee Break Rooms/Kitchen:

Remove trash from building and deposit in dumpster, vacuum rugs and carpet, wipe spills, mop tile floor, remove fingerprints from doors, light switches, etc., and refill dispensers.

4. General and Private Areas:

Remove trash, vacuum carpets, mop tile floors, spot clean interior partition glass, clean counter tops and blackboards, dust desks,

conference tables, credenza/file cabinets and bookcases.

5. Building Security:

- a. Turn off all lights (except security and night lights).
- b. Close windows.
- c. Reset alarms and lock all doors.

B. **Weekly – All Areas:**

Polish buff hard resilient floors in traffic areas, spot clean carpeted areas.

Dust all high and low horizontal surfaces, including sills, ledges, moldings, shelves, locker tops, frames and file cabinets, damp wipe plastic and leather furniture.

Remove fingerprints from doors, elevator walls and controls, frames and light switches in office areas, clean and polish bright metal to 70" height, clean and sanitize waste containers in rest rooms and break rooms.

C. **Monthly – All Areas:**

Clean interior glass partitions/doors, dry dust wood paneling, remove dust/cobwebs from ceiling areas.

Spray buff resilient/hard floor areas, detail vacuum carpet edges, under desk/office furniture.

D. **Quarterly – All Areas:**

Spray buff resilient and hard surface floors and apply floor finish.

Clean interior/exterior windows, clean/polish office furniture, damp clean diffuser outlets in ceiling/wall, wash waste containers, clean/dust blinds, wash sanitize.

E. **Semi-Annually – All Areas:**

1. All Areas:
 - a. Clean and polish all baseboards.
 - b. Damp clean lobby and reception chairs.
 - c. Clean carpeted surfaces-use a water extraction method.

F. **Annually – All Areas:**

1. All resilient and hard surface floors:
 - a. Move furniture, strip, seal and apply floor finish to all resilient and hard surface floors. |



Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: Finance Department Activities Update

Contact: Ernie Reyna, Chief Financial Officer, reyna@wrcog.coq.ca.us, (951) 955-8432

Date: April 3, 2017

The purpose of this item is to provide an update on the WRCOG audit of Fiscal Year 2015/2016, which resulted in a final Comprehensive Annual Financial Report issued on January 31, 2017. This report also provides an update on the next upcoming Agency budget amendment report, an update on the annual TUMF Audit for 2015/2016, and the RFP process of selecting financial auditors.

Requested Action:

1. Receive and file.

Financial Audit

Financial auditors from Vavrinek, Trine, Day, & Co (VTD) have completed the financials of the Comprehensive Annual Financial Report (CAFR). The CAFR was issued with a report date of January 31, 2017, and the Finance Directors' Committee received a report on the audit and financial statements at its March 23, 2017, meeting. The Administration & Finance Committee will receive the report at its April 12, 2017, meeting, the Technical Advisory Committee will receive the report at its April 20, 2017, meeting, and the Executive Committee will receive the report at its May 1, 2017, meeting.

Budget Amendment

March 31, 2017, will mark the end of the third quarter of Fiscal Year 2016/2017, and it is anticipated the Administration & Finance Committee will be presented with a budget amendment at its April 12, 2017, meeting. The Technical Advisory Committee will also consider the amendment report at its April 20, 2017, meeting. The Executive Committee will consider the amendment report at its May 1, 2017, meeting.

Annual TUMF Audit for Fiscal Year 2015/2016

Staff has completed the TUMF audits of each jurisdiction and the final reports were issued the final week of February of 2017. The TUMF audits allow staff to ensure that member agencies are correctly calculating and remitting TUMF funds in compliance with the TUMF Program. There were no findings reported.

Request for Proposal of New Auditors

WRCOG staff has utilized the services of VTD for financial auditing services for the past five years. WRCOG has released a Request for Proposals for future auditing services. Proposals from consultants were due by March 9, 2017. Staff formed an Audit Ad Hoc Committee and has selected its top three firms to be interviewed on March 27, 2017. It is anticipated that staff will be presenting the recommended audit firm to the Administration & Finance Committee at its April 12, 2017, meeting and to the Executive Committee on May 1, 2017.

Prior Actions:

March 16, 2017: The Technical Advisory Committee received report.
March 8, 2017: The Administration & Finance Committee received report.

Fiscal Impact:

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

Attachment:

None.



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Financial Report Summary through January 2017

Contact: Ernie Reyna, Chief Financial Officer, reyna@wrcog.coq.ca.us, (951) 955-8432

Date: April 3, 2017

The purpose of this item is to provide a monthly summary of WRCOG's financial statements in the form of combined Agency revenues and costs.

Requested Action:

1. Receive and file.
-

Attached for Committee review is the Financial Report Summary through January 2017.

Prior Actions:

March 16, 2017: The Technical Advisory Committee received report.
March 8, 2017: The Administration & Finance Committee received report.

Fiscal Impact:

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

Attachment:

1. Financial Report Summary – January 2017.

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Item 4.I

Financial Report Summary through
January 2017

Attachment 1

Financial Report Summary – January
2017

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Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending January 31, 2017

		Approved 6/30/2017 Budget	Thru 1/31/2017 Actual	Remaining 6/30/2017 Budget
Revenues				
40001	Member Dues	309,410	306,410	3,000
42004	General Assembly	300,000	5,000	295,000
40601	WRCOG HERO	1,963,735	833,683	1,130,052
40602	SCE Phase II	57,000		57,000
40603	CA HERO	7,615,461	4,216,360	3,399,101
40605	The Gas Company Partnership	62,000	41,031	20,969
40606	SCE WRELP	4,692	77,698	(73,006)
40607	WRCOG HERO Commercial	27,500	12,067	15,433
40609	SCE Phase III	10,643	10,634	9
40611	WRCOG HERO Recording Revenue	335,555	187,150	148,405
40612	CA HERO Recording Revenue	1,301,300	848,580	452,720
40614	Active Transportation	200,000	50,254	149,746
41201	Solid Waste	107,915	98,415	9,500
41401	Used Oil Opportunity Grants	290,227	264,320	25,907
41402	Air Quality-Clean Cities	228,000	161,750	66,250
40616	CCA Revenue	247,950	98,032	149,918
40617	Energy Admin Revenue	31,678	30,000	1,678
41701	LTF	701,300	701,250	50
43001	Commercial/Service - Admin (4%)	37,074	31,554	5,520
43002	Retail - Admin (4%)	142,224	53,533	88,691
43003	Industrial - Admin (4%)	128,446	97,671	30,775
43004	Residential/Multi/Single - Admin (4%)	1,067,271	421,795	645,476
43005	Multi-Family - Admin (4%)	224,983	58,994	165,989
43001	Commercial/Service	889,786	757,572	132,214
43002	Retail	3,413,375	1,284,794	2,128,581
43003	Industrial	3,082,710	2,344,105	738,605
43004	Residential/Multi/Single	25,614,514	10,122,809	15,491,705
43005	Multi-Family	5,399,595	1,415,859	3,983,736
	Total Revenues	61,237,078	24,531,679	36,506,089
Expenditures				
	Wages and Benefits			
60001	Wages & Salaries	1,981,159	1,326,794	654,365
61000	Fringe Benefits	578,219	765,725	(187,506)
	Total Wages and Benefits	2,619,378	2,092,519	526,859
	General Operations			
63000	Overhead Allocation	1,520,636	906,895	613,741
65101	General Legal Services	450,949	417,812	33,137
65401	Audit Fees	25,000	15,300	9,700
65505	Bank Fees	25,500	113,979	(88,479)
65507	Commissioners Per Diem	46,950	30,750	16,200
73001	Office Lease	145,000	90,826	54,174
73003	WRCOG Auto Fuels Expense	678	353	325
73004	WRCOG Auto Maint Expense	33	33	0
73101	Special Mail Svcs	1,500	1,028	472
73102	Parking Validations	3,755	3,115	640
73104	Staff Recognition	1,200	632	568
73107	Event Support	185,980	73,487	112,494
73108	General Supplies	21,021	9,749	11,272
73109	Computer Supplies	8,937	4,617	4,320

Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending January 31, 2017

		Approved 6/30/2017 Budget	Thru 1/31/2017 Actual	Remaining 6/30/2017 Budget
73110	Computer Software	13,705	24,222	(10,517)
73111	Rent/Lease Equipment	25,000	21,066	3,934
73113	Membership Dues	21,364	17,071	4,293
73114	Subscriptions/Publications	8,539	16,621	(8,082)
73115	Meeting Support/Services	14,809	5,109	9,700
73116	Postage	5,708	1,992	3,716
73117	Other Household Expenditures	2,523	3,101	(578)
73118	COG Partnership Agreement	40,000	17,772	22,228
73122	Computer Hardware	4,000	337	3,663
73126	EV Charging Equipment	49,605	49,605	0
73201	Communications-Regular	2,000	489	1,511
73203	Communications-Long Distance	1,200	133	1,067
73204	Communications-Cellular	11,802	6,715	5,087
73206	Communications-Comp Sv	18,271	42,558	(24,287)
73209	Communications-Web Site	15,600	1,174	14,426
73301	Equipment Maintenance - General	7,070	10,565	(3,495)
73302	Equipment Maintenance - Computers	8,151	14,264	(6,113)
73405	Insurance - General/Business Liason	73,220	73,020	200
73407	WRCOG Auto Insurance	1,570	1,570	-
73502	County RCIT	2,500	545	1,955
73506	CA HERO Recording Fee	1,636,855	883,065	753,790
73601	Seminars/Conferences	23,035	9,749	13,287
73605	General Assembly	300,000	2,125	297,875
73611	Travel - Mileage Reimbursement	21,920	9,831	12,089
73612	Travel - Ground Transportation	8,779	2,355	6,424
73613	Travel - Airfare	22,837	8,456	14,381
73620	Lodging	19,016	5,413	13,603
73630	Meals	10,633	5,186	5,447
73640	Other Incidentals	14,888	7,176	7,712
73650	Training	12,200	40	12,160
73703	Supplies/Materials	41,851	300	41,551
73706	Radio & TV Ads	44,853	41,133	3,720
XXXXX	TUMF Projects	38,399,980	20,908,433	17,491,547
85101	Consulting Labor	3,497,028	1,583,764	1,913,264
85102	Consulting Expenses	245,000	3,613	241,387
85180	BEYOND Expenditures	2,023,000	230,208	1,792,792
90101	Computer Equipment/Software	31,500	21,227	10,273
97005	Benefits Transfer Out	-	(339,003)	339,003
97001	Operating Transfer Out	(1,518,136)	(906,895)	(611,241)
Total General Operations		56,198,774	24,452,681	31,746,093
Total Expenditures		58,818,152	26,545,200	32,272,952



Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: Regional Streetlight Program Activities Update

Contact: Tyler Masters, Program Manager, masters@wrcog.cog.ca.us, (951) 955-8378

Date: April 3, 2017

The purpose of this item is to provide the Committee with an update on the Regional Streetlight Program presentations to City Councils, the next steps that member jurisdictions are taking as they consider acquiring their streetlight and/or participating in the Program, and the release of the Streetlight Retrofit, Operations and Maintenance RFP.

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, which include: 1) streetlight inventory; 2) procurement and retrofitting of streetlights; and 3) ongoing operations and maintenance. The overall goal of the Program is to provide significant cost savings to the member jurisdictions.

Background

At the direction of the Executive Committee, WRCOG is developing a Regional Streetlight Program that will allow jurisdictions (and Community Service Districts) to purchase the streetlights within their boundaries that are currently owned / operated by SCE. Once the streetlights are owned by the member jurisdiction, the lamps will then be retrofitted to Light Emitting Diode (LED) technology to provide more economical operations (i.e., lower maintenance costs, reduced energy use, and improvements in public safety). Local control of the streetlight system allows jurisdictions opportunities to enable future revenue generating opportunities such as digital-ready networks, and telecommunications and IT strategies.

The goal of the Program is to provide cost-efficiencies for local jurisdictions through the purchase, retrofit, and maintain the streetlights within jurisdictional boundaries, without the need of additional jurisdictional resources. As a regional Program, WRCOG is working with jurisdictions to move through the acquisition process, develop financing recommendations, develop / update regional and community-specific streetlight standards, and implement a regional operations and maintenance agreement that will increase the level of service currently being provided by SCE.

City Council Presentations

To support the educational outreach of the Regional Streetlight Program staff has provided a number of presentations, including City Council Study Sessions, Council Member briefings, and City Commission meetings, in addition to over 40 WRCOG Committee update presentations and city-specific cash flow meetings. Staff is working with member staff to set additional presentations and/or meetings as requested.

To date, the following jurisdictions have approved City Council Action to acquire the SCE-owned streetlights in their Jurisdiction's boundaries (this accounts for approximately 42,000 of the 55,000-acquirable streetlights in the region):

October 18, 2016 / March 21, 2017:	City of Moreno Valley
January 24, 2017:	City of Lake Elsinore
February 15, 2017:	City of Menifee
February 28, 2017:	City of Temecula
March 7, 2017:	City of Murrieta
March 8, 2017:	City of Wildomar
March 13, 2017:	Jurupa Community Services District
March 14, 2017:	City of Hemet

Next Steps: Staff has been working with participating member jurisdictions and SCE to support jurisdictions through the acquisition processes to transition current SCE-owned streetlights to jurisdictional ownership. After assessing feasibility of acquiring its streetlights from SCE, one of the next major steps in order to complete the acquisition process is for each interested jurisdiction and SCE to mutually agree on a Purchase and Sales Agreement. The Agreement would then need to be taken to City Council for approval. The following cities have scheduled City Council meetings to consider approval of their Agreement:

March 28, 2017:	City of San Jacinto – Anticipated City Council consideration. (1,180 streetlights)
March 28, 2017:	City of Perris – Anticipated City Council consideration. (4,140 streetlights)
April 13, 2017:	City of Eastvale – Anticipated City Council consideration. (12 streetlights)

Upon jurisdiction approval of the Agreement, SCE will then submit the Agreement to the California Public Utilities Commission (CPUC) for final approval before the transfer of streetlights can occur. The CPUC could take anywhere between two to six months to approve.

Below are the next steps that will be taken by a WRCOG member jurisdiction during 2017:

Jurisdiction	Received SCE evaluation	Sales Agreement Distributed	Council Action on SCE Sales Contract	Selecting financing options	Anticipated CPUC application*	Anticipated CPUC approval*	Anticipated Retrofit*
Calimesa	12/15/15	10/19/16	SCE Deadline to participate in acquisition opportunity expired. Calimesa will not participate in the Program.				
Corona	No	The City already owns most of the streetlights within its City Boundaries					
Eastvale	12/15/15	10/19/16	4/13/17	TBD	June 2017	Sept. 2017	Nov. 2017
Hemet	1/20/16	10/19/16	3/14/17 *Approved*	TBD	June 2017	Sept. 2017	Nov. 2017
Jurupa Valley	2/26/16	10/19/16	SCE Deadline to participate in acquisition opportunity expired. Jurupa Valley will not participate in the Program.				
Lake Elsinore	9/28/15	10/19/16	1/24/17 *Approved*	TBD	April 2017	July 2017	Sept. 2017
Menifee	1/8/16	10/19/16	2/15/17 *Approved*	TBD	May 2017	Aug. 2017	Oct. 2017
Moreno Valley	N/A	N/A	10/18/16 *Approved*	TBD	January 2017	April 2017	June 2017
Murrieta	10/23/15	10/19/16	3/7/17 *Approved*	TBD	May 2017	Nov. 2017	Jan. 2018
Norco	3/14/16	10/19/16	SCE Deadline to participate in acquisition opportunity expired. City of Norco will not participate in the Program.				

Perris	1/19/16	10/19/16	3/28/17	TBD	June 2017	Sept. 2017	Nov. 2017
San Jacinto	1/21/16	10/19/16	3/28/17	TBD	May 2017	Aug. 2017	Oct. 2017
Temecula	9/28/16	10/19/16	2/28/17 *Approved*	TBD	May 2017	Nov. 2017	Jan. 2018
Wildomar	1/19/16	10/19/16	3/8/17 *Approved*	TBD	May 2017	Aug. 2017	Oct. 2017
County of Riverside	3/16/16	10/19/16	County of Riverside will not participate in the Program.				
JCSD	12/15/16	10/19/16	3/13/17 *Approved*	TBD	June 2017	Sept. 2017	Nov. 2017
RCSD	2/26/16	RCSD will support the City of Jurupa Valley if the City chooses to participate in the Regional Program					

**Anticipated CPUC Application, Approval, and Retrofit dates are estimates and subject to change based upon Council approval and execution of the Sales Agreement.*

WRCOG staff continues to schedule meetings with the remaining member cities to work with SCE on the finalization of the Agreement and to assist WRCOG member cities at City Council meetings for decision on the Agreement. If interested in discussing where your jurisdiction is in the process and what the next steps are, please contact Tyler Masters, Program Manager, at (951) 955-8378 or masters@wrcog.coq.ca.us.

To date, eight WRCOG member jurisdictions have approved the Agreement. Upon the signing of the Agreement by the City Manager, city staff will distribute the document to SCE where they will package the Agreement and other items that are needed to be processed by the CPUC. This process can take anywhere between six to twelve months (depending on valuation price). Cities with estimated streetlight sales prices exceeding \$5 million will move forward in the CPUC as a full filing, which require CPUC Commission action and can take upwards of 6 to 12 months for approval. For those cities with estimated streetlights sales prices of under \$5 million will move forward in the CPUC as an advice filing, and can be administratively approved within 2 to 6 months.

During this timeframe, WRCOG staff will be working with the member jurisdictions on the financial process, preparing the member jurisdictions for the transfer of streetlights, and working on providing further information on the Operation & Maintenance aspect of the Program.

Streetlight Retrofit, Operations & Maintenance RFP

As the participating jurisdictions continue to move forward with the acquisition process of the SCE-owned streetlights, WRCOG released a Request for Proposal (RFP) on March 10, 2017, for the Streetlight Retrofit, Operations & Maintenance of the lighting fixtures that are going to be acquired on behalf of the participating jurisdictions. With several jurisdictions moving forward with the acquisition of the streetlights, SCE will no longer provide operations or maintenance on the acquired poles. SCE will continue to maintain any of the underground wiring that connects these streetlights to SCE's grid; however, the city will own, and need to maintain and operate, the streetlight fixture and pole from the base of the pole and up.

The purpose of releasing the RFP is to select a vendor that will provide a cost effective retrofit, operation and maintenance needs to support the transition and upkeep of current streetlight technologies (high and low-pressure sodium vapor) lights to LED lighting, maintain / respond to any streetlight knockdown / damaged poles, keeping in account economies of scales and increasing the level of services to the participating jurisdictions in Western Riverside County. Furthermore, the selected vendor will work with WRCOG and jurisdictional staff to provide supplemental assistance with the recording documents of each streetlight, installation of housing shields, complying with all state mandated laws, and coordinating with the removal and disposal of any existing luminaire heads / hazardous materials.

The following schedule of events provide an outlook of the status of the Streetlight Retrofit, Operations & Maintenance RFP:

Event	Date
1. RFP Distribution	March 10, 2017
2. Questions from Vendors about scope or approach due	March 27, 2017
3. Responses to questions posted on website	March 31, 2017
4. Proposal Due Date	May 4, 2017
5. Review of proposals	Week of May 9, 2017
6. Potential Interviews	Week of May 22, 2017
7. Anticipated decision and selection of Vendor(s)	Week of May 29, 2017
8. Anticipated commencement date of work	Upon approval of contract by Executive Committee

The RFP can be found on the WRCOG website at <http://www.wrcog.cog.ca.us>. To ask any questions to the Operations & Maintenance aspect of the Regional Streetlight Program, please contact Tyler Masters, Program Manager, at (951) 955-8378 or masters@wrcog.cog.ca.us.

Prior Actions:

March 16, 2017: The Technical Advisory Committee received report.
March 9, 2017: The Planning Directors' Committee received report.
March 9, 2017: The Public Works Committee received report.

Fiscal Impact:

Activities for the Regional Streetlight Program are included in the Agency's adopted Fiscal Year 2016/2017 Budget. The additional costs associated with this contract amendment in the amount of \$70,779 will be reflected in an upcoming Agency Budget Amendment.

Attachment:

None.



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Western Riverside Energy Partnership Update

Contact: Tyler Masters, Program Manager, masters@wrcog.cog.ca.us, (951) 955-8378

Date: April 3, 2017

The purpose of this item is to provide the Committee with information on the CPUC's recognition of WREP, provide an update on the upcoming California Green Summit that will be held April 26 – 27, 2017, and to provide an update on the 2017 SEEC Forum that will be held June 14 – 15, 2017.

Requested Action:

1. Receive and file.
-

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

WREP recognized by CPUC

The California Public Utilities Commission (CPUC) has released a report noted as the Nonresidential Energy Efficiency Depth of Retrofit and Cost Effectiveness Analysis Report (DORCE). The purpose of the CPUC creating this report was to provide a performance indicator to highlight the various energy efficiency programs throughout the state of California. The Governor's Executive Order B-30-15 establishes a California greenhouse gas emissions reduction target of 40% below 1990 levels by the year 2030.

The DORCE examined 1) cost effectiveness of energy projects, 2) savings achieved (kWh), and 3) depth of the energy retrofit. Upon completion of this analysis, the CPUC listed WREP as 6th out of the 166 energy programs in the State of California (Attachment 1). WREP was first established in 2010 with SCE and 11 WRCOG member jurisdictions. In 2013, SoCal Gas joined the partnership along with the City of Eastvale. At the start of 2017, both the Cities of Corona and Moreno Valley were transitioned into WREP to further continue their goals of energy efficiency. To date, WREP members have saved over 4.5 million kWh and this number will continue to rise as WREP strives to continue its efforts in assisting its members with the implementation of energy efficiency projects and community outreach / education.

Green Summit

On April 26 and 27, 2017, Green Technology will be hosting the Green California Summit to discuss various items of importance to local governments and educators. This event will be held at the Sacramento Convention Center (1400 J St, Sacramento, CA 95814).

At the Summit, attendees will learn about the innovations in policy, technology, and best practices from speakers. The goal of the Summit is to support the sustainability initiatives that the State of California has set

and looks to accomplish. Further information about this forum can be found on the Green California website at <http://www.green-technology.org/gcsummit17/index.html>.

2017 SEEC Forum

The 8th Annual Statewide Energy Efficiency Forum (SEEC) will be held in Fresno on June 14th and 15th. The theme for this year's event will be "Bridging the Gap" with the overall goal of providing attendees with approaches and strategies to effectively identify energy and sustainability practices that close the gaps in planning / implementation, data & technology, and policy.

This forum is offered at no-cost to California local governments and will feature updates from key state agencies highlighting their innovative energy and sustainability projects, best practices / lessons learned, networking / training, and workshops to engage community / residential customers.

Further information about the event can be found on the Local Government Commission's website at <https://www.lgc.org/caseec/seec-forum/>.

Prior Action:

March 16, 2017: The Technical Advisory Committee received report.

Fiscal Impact:

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

Attachment:

1. CPUC Program Ranking.

Item 4.K

Western Riverside Energy
Partnership Update

Attachment 1

CPUC Program Ranking

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A.4 PROGRAM RANKING

TABLE A-4: PROGRAM SCORE AND RESIDUAL RANKINGS



Itron Program ID	Itron Program Name	Score Rank					Residuals Rank				
		DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved	DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved
SCE-TP-033	Automatic Energy Review for Schools Program	1	5	30	31	33	5	3	24	92	6
SCG3716	SW-IND-Deemed Incentives	2	1	135	133	104	1	1	134	136	110
SCG3715	SW-IND-Calculated Incentives	3	2	115	112	89	22	18	86	54	98
SDGE3118E/ SDGE3222	SW-COM-Savings by Design	4	14	16	9	51	124	65	125	127	94
SCE-13-SW-002G	Savings by Design	5	22	10	32	11	25	50	17	25	22
SCE-13-L-002R	Western Riverside Energy Leader Partnership	6	149	1	113	1	3	68	2	117	1
PGE21019	Enhanced Automation Initiative	7	3	146	157	111	4	2	143	162	61
PGE21029	Refinery Energy Efficiency Program	8	4	159	126	162	8	6	124	64	144
PGE210118	Furniture Store Energy Efficiency	9	97	2	69	3	7	24	4	16	5
SCE-13-TP-005	Lodging EE Program	10	61	8	14	19	12	34	8	17	4
SDGE3117E	Energy Savings Bid (Encumbered)	11	7	112	99	103	51	13	130	114	133
SCE-13-TP-012	Refinery Energy Efficiency Program	12	13	66	56	69	14	16	21	21	32
PGE2110014	Department of Corrections and Rehabilitation	13	42	31	6	87	70	38	94	37	129
PGE210113	Energy Fitness Program	14	62	11	45	9	13	9	55	68	41
PGE21035	Dairy Energy Efficiency Program	15	55	15	20	24	9	21	5	8	7
SCE-13-L-002D	City of Santa Ana Energy Leader Partnership	16	115	5	105	2	41	78	27	99	29
SCE-13-SW-003C	Industrial Deemed Energy Efficiency Program	17	23	53	100	20	75	73	62	124	38
SDGE3226	SW-COM Direct Install	18	133	4	10	13	94	144	43	90	21



Itron Program ID	Itron Program Name	Score Rank					Residuals Rank				
		DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved	DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved
PGE210114	Energy Savers	19	87	9	67	4	78	85	90	61	91
SCE-13-L-003B	California Dept. Of Corrections and Rehabilitation EE Partnership	20	98	7	2	114	36	81	34	42	93
PGE210115	Rightlights	21	100	6	40	5	109	143	56	78	36
PGE210120	Monitoring-Based Commissioning	22	6	136	157	90	2	4	64	116	37
PGE21031	Agricultural Calculated Incentives	23	20	68	111	30	16	80	3	30	3
SCE-13-L-003F	State OF California Energy Efficiency Partnership	24	86	12	35	12	62	110	38	84	14
PGE211010	Fresno	25	71	32	58	17	37	19	65	75	51
SCG3710	SW-COM-Calculated Incentives	26	12	110	131	57	38	96	10	22	15
SCE-13-TP-006	Food & Kindred Products	27	24	73	43	98	53	30	54	62	62
PGE210122	Casino Green	28	60	34	7	95	100	17	149	143	134
SCE-13-L-002B	City of Long Beach Energy Leader Partnership	29	101	17	57	10	17	22	32	111	10
PGE210141	Lincus Commercial Mid-Market Program	30	164	3	2	62	56	103	51	129	8
PGE211025	Savings by Design (SBD)	31	18	103	117	58	45	42	93	57	122
PGE211012	Madera	32	84	26	52	16	39	25	50	48	64
SCE-13-L-003G	UC/CSU Energy Efficiency Partnership	33	88	28	4	140	136	83	148	160	114
SCG3719	SW-AG-Calculated Incentives	34	10	120	136	68	131	133	107	146	73
PGE211014	Mendocino County	35	132	13	62	6	49	88	44	72	42
SCE-TP-027	Monitoring-Based Commissioning	36	8	153	157	135	10	5	161	159	138
SCE-13-L-002T	West Side Energy Leader Partnership	37	135	14	13	38	90	102	48	43	50
PGE210111	Lodgingsavers	38	74	36	12	86	153	128	154	140	156
PGE211019	San Mateo County	39	114	22	39	21	76	64	69	89	43



Itron Program ID	Itron Program Name	Score Rank					Residuals Rank				
		DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved	DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved
PGE21021	Industrial Calculated Incentives	40	9	139	102	163	68	92	71	7	159
SDGE3220	SW-COM-Calculated Incentives-Calculated	41	11	126	121	107	54	46	75	34	108
PGE2110011	California Community Colleges	42	65	48	11	118	107	115	96	36	126
SCE-13-SW-002B	Commercial Calculated Program	43	25	90	82	84	71	59	98	52	103
PGE21032	Agricultural Deemed Incentives	44	15	119	110	106	31	7	141	100	150
SDGE3223	SW-COM-Deemed Incentives-Commercial Rebates	45	35	75	76	73	20	23	26	40	34
PGE2110051	Local Government Energy Action Resources (LGEAR)	46	138	19	41	15	47	97	28	49	33
PGE21022	Industrial Deemed Incentives	47	26	89	106	55	32	33	18	59	19
SCE-13-TP-014	Commercial Utility Building Efficiency	48	31	81	89	63	33	43	19	23	31
SCE-13-SW-002C	Commercial Deemed Incentives Program	49	39	74	92	53	44	26	84	80	74
SCE-13-L-002Q	Ventura County Energy Leader Partnership	50	143	18	65	8	74	120	41	77	28
PGE211021	Sierra Nevada	51	125	27	64	14	58	67	59	102	39
SCE-13-L-002G	Community Energy Leader Partnership	52	110	33	28	37	61	29	77	63	54
SCE-13-SW-003B	Industrial Calculated Energy Efficiency Program	53	21	108	85	116	110	132	68	19	117
SCE-13-SW-002D	Commercial Direct Install Program	54	140	21	24	28	128	141	114	44	132
SCE-13-L-002J	Desert Cities Energy Leader Partnership	55	134	24	23	34	117	136	78	31	107
PGE211022	Sonoma County	56	99	37	66	23	86	79	89	71	87
PGE2110012	University of California/California State University	57	54	61	26	97	139	91	135	123	106
PGE21038	Wine Industry Efficiency Solutions	58	70	54	27	72	77	94	63	51	60



Itron Program ID	Itron Program Name	Score Rank					Residuals Rank				
		DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved	DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved
SCE-TP-015	Industrial Gasses	59	58	59	15	124	34	49	29	15	100
PGE21027	Heavy Industry Energy Efficiency Program	60	41	78	37	130	108	130	23	14	77
PGE211023	Silicon Valley	61	109	35	46	32	73	69	73	96	48
SCE-13-L-003D	County of Riverside Energy Efficiency Partnership	62	137	29	91	7	83	162	9	45	16
PGE210310	Dairy Industry Resource Advantage Pgm	63	72	56	30	75	65	48	91	93	71
SCE-TP-031	Management Affiliates Program	64	107	39	21	54	93	111	83	50	85
PGE21018	Energysmart Grocer	65	28	102	73	117	30	20	101	125	58
SCE-13-TP-007	Primary and Fabricated Metals	66	38	91	60	112	69	89	39	39	76
PGE2227	Cement Production and Distribution Energy Efficiency	67	152	23	2	165	66	125	15	4	160
PGE210311	Process Wastewater Treatment EM Pgm For Ag Food Processing	68	44	83	118	43	21	44	13	28	11
PGE211015	Napa County	69	105	45	70	25	103	82	106	86	104
PGE21011	Commercial Calculated Incentives	70	32	101	86	94	59	86	25	10	56
SCE-13-L-002S	City of Adelanto Energy Leader Partnership	71	158	20	5	99	148	142	159	161	152
PGE211007	Association of Monterey Bay Area Governments (AMBAG)	72	113	43	54	35	52	45	53	73	44
PGE211016	Redwood Coast	73	121	40	42	39	114	104	99	60	101
SCE-13-TP-009	Comprehensive Chemical Products	74	53	72	48	93	96	123	52	47	86
SCE-TP-028	Monitoring-Based Persistence Commissioning Program	75	79	58	25	88	85	149	6	3	65
SCE-13-TP-018	School Energy Efficiency Program	76	92	51	79	31	146	139	137	131	136



Itron Program ID	Itron Program Name	Score Rank					Residuals Rank				
		DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved	DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved
PGE211020	Santa Barbara	77	123	42	18	61	72	72	95	55	128
SCE-13-SW-004B	Agriculture Calculated Energy Efficiency Program	78	45	84	139	26	80	113	31	147	13
PGE211011	Kern	79	130	38	22	52	88	95	104	70	120
SCE-13-L-002P	South Santa Barbara County Energy Leader Partnership	80	157	25	16	42	19	61	22	41	20
SCE-TP-037	Private Schools and Colleges Program	81	119	47	51	46	40	98	16	26	17
SCE-13-L-003E	County of San Bernardino Energy Efficiency Partnership	82	129	44	19	64	84	77	81	87	75
SCE-TP-0608	Coin Operated Laundry Program	83	136	41	71	22	152	151	131	121	97
SCE-13-L-003A	California Community Colleges Energy Efficiency Partnership	84	112	50	8	139	46	60	36	35	66
SCG3793	3P-IDEEA365-Instant Rebates! Point-Of-Sale Foodservice Rebate Program	85	52	82	157	18	119	100	119	109	119
PGE21017	Boiler Energy Efficiency Program	86	47	93	128	41	28	40	11	148	2
SCG3766	3P-SAVEGAS	87	16	143	157	108	87	41	136	132	137
PGE211009	East Bay	88	80	67	97	40	97	53	110	122	95
PGE21012	Commercial Deemed Incentives	89	34	114	96	109	15	14	46	38	84
PGE211024	San Francisco	90	118	55	87	27	130	114	109	115	88
SCE-13-TP-008	Nonmetallic Minerals and Products	91	48	94	47	146	113	117	85	33	140
SCG3711	SW-COM-Deemed Incentives	92	43	105	135	48	116	129	79	79	57
SCG3758	3P-Preps	93	91	64	36	92	6	56	1	1	18
PGE21026	Energy Efficiency Services For Oil Production	94	17	150	145	127	43	55	57	139	12
SCE-13-L-002L	Orange County Cities Energy Leader Partnership	95	85	71	109	36	145	66	157	88	162



Itron Program ID	Itron Program Name	Score Rank					Residuals Rank				
		DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved	DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved
SDGE3231	SW-IND-Calculated Incentives-Calculated	96	30	123	94	152	122	146	49	29	111
SDGE3233	SW-IND-Deemed Incentives	97	57	92	90	83	91	31	126	145	68
PGE211018	San Luis Obispo County	98	145	49	34	59	104	107	113	66	135
SCE-13-L-003C	County of Los Angeles Energy Efficiency Partnership	99	77	77	103	49	147	109	138	135	116
PGE210112	School Energy Efficiency	100	96	69	38	100	48	76	42	83	46
PGE211013	Marin County	101	124	60	72	47	121	84	127	113	124
SCE-13-TP-003	Healthcare EE Program	102	63	96	59	126	18	15	87	101	79
PGE210116	Small Business Commercial Comprehensive	103	49	109	114	79	129	135	103	138	53
SDGE3162	3P-NRes02 - SaveGas - Hot Water Control	104	19	147	157	115	26	37	47	104	27
SCG3757	3P-Small Industrial Facility Upgrades	105	40	122	122	91	158	161	121	157	52
PGE210126	K-12 Private Schools And Colleges Audit Retro	106	144	57	33	74	120	108	128	110	125
SCE-13-TP-011	Oil Production	107	27	134	116	137	79	75	60	56	82
PGE2110013	State of California	108	67	95	104	67	81	74	61	98	40
PGE2189	Cool Controls Plus	109	66	97	74	102	133	150	45	9	123
PGE210110	Monitoring-Based Persistence Commissioning	110	51	107	95	101	98	126	33	32	45
SDGE3221	SW-COM-Calculated Incentives-RCX	111	33	131	115	133	29	11	108	154	30
SCE-13-L-002E	City of Simi Valley Energy Leader Partnership	112	142	62	17	113	134	62	142	103	153
SCE-13-L-002K	Kern County Energy Leader Partnership	113	159	52	29	65	55	57	37	11	112
SCE-13-L-002C	City of Redlands Energy Leader Partnership	114	139	65	78	50	67	87	66	120	23



Itron Program ID	Itron Program Name	Score Rank					Residuals Rank				
		DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved	DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved
PGE21042	Lighting Innovation	115	37	130	147	81	11	8	20	46	26
SCE-13-L-002N	San Joaquin Valley Energy Leader Partnership	116	102	80	81	76	89	12	147	95	154
PGE21016	Air Care Plus	117	78	100	68	122	27	52	14	6	115
PGE21036	Industrial Refrigeration Performance Plus	118	50	121	101	129	154	137	160	137	158
SCE-13-L-002H	Eastern Sierra Energy Leader Partnership	119	165	46	49	45	42	90	30	24	59
SCE-13-L-002M	San Gabriel Valley Energy Leader Partnership	120	104	87	93	70	137	36	158	69	163
SCE-13-L-002F	Gateway Cities Energy Leader Partnership	121	156	63	63	56	112	131	88	67	83
PGE21025	California Wastewater Process Optimization	122	69	111	119	77	106	124	67	27	55
PGE21028	Industrial Compressed Air Program	123	29	149	157	121	95	121	76	155	9
SCE-TP-025	Retail Energy Action Program	124	93	99	132	44	57	28	92	134	67
SCE-13-TP-021	Enhanced Retrocommissioning	125	83	104	61	151	63	112	12	2	146
SCE-13-TP-017	Energy Efficiency for Entertainment Centers	126	131	79	44	119	82	70	102	85	102
PGE2183	Comprehensive Retail Energy Management	127	82	106	75	132	24	10	82	12	141
PGE2201	California High Performance Lighting Program	128	103	98	157	29	159	157	139	165	78
PGE210125	California Preschool Energy Efficiency Program	129	154	70	53	85	138	148	120	106	118
PGE2198	Data Centers Cooling Controls Program	130	64	124	88	154	35	32	58	18	105
PGE2214	Energy Efficiency Program for Entertainment Centers	131	141	88	50	125	64	119	7	5	72
SCE-13-L-002O	South Bay Energy Leader Partnership	132	153	76	84	60	141	93	152	82	161



Itron Program ID	Itron Program Name	Score Rank					Residuals Rank				
		DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved	DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved
SCE-13-SW-004C	Agriculture Deemed Energy Efficiency Program	133	89	116	129	66	135	106	140	156	113
PGE210124	Ozone Laundry Energy Efficiency	134	59	129	157	80	115	118	72	107	47
PGE210131	PECI Aercx	135	151	85	55	110	99	140	35	76	25
SCE-13-TP-004	Data Center Energy Efficiency	136	90	118	98	128	127	71	146	105	147
PGE21039	Comprehensive Food Process Audit & Resource Efficiency Pgm	137	56	138	107	159	162	153	164	74	166
SDGE3239	SW-AG-Deemed Incentives	138	111	113	77	147	143	147	112	20	155
PGE2191	Medical Building Tune-Up	139	75	128	108	149	60	35	80	58	69
PGE210117	Energy-Efficient Parking Garage	140	76	132	134	96	150	155	115	108	90
SCG3720	SW-AG-Deemed Incentives	141	68	137	124	131	102	54	132	97	131
PGE2220	Assessment, Implementation, and Monitoring (AIM) Program	142	36	165	157	161	101	39	155	151	99
SCE-13-L-002A	City of Beaumont Energy Leader Partnership	143	161	86	80	82	123	101	133	144	96
SCE-13-SW-005B	Lighting Innovation Program	144	95	125	143	71	92	51	117	152	49
PGE210123	Healthcare Energy Efficiency Program	145	128	117	83	150	140	145	97	94	92
SCE-TP-008	Comprehensive Beverage Manufacturing & Resource Efficiency	146	46	161	157	155	126	58	162	150	149
PGE210133	Staples Low Pressure Irrigation Di	147	116	127	142	78	118	99	105	81	121
PGE210129	Nexant Aercx	148	120	133	120	123	50	63	40	13	109
PGE2204	SmartVent for Energy-Efficient Kitchens	149	73	157	157	143	23	27	70	128	24



Itron Program ID	Itron Program Name	Score Rank					Residuals Rank				
		DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved	DORCE	Cost Effectiveness	Depth of Retrofit	Technologies Addressed	Savings Achieved
PGE210128	Enovity Smart	150	94	151	140	136	144	158	116	126	81
SCE-13-TP-010	Comprehensive Petroleum Refining	151	126	140	126	144	155	160	118	119	80
SCE-13-SW-002F	Nonresidential HVAC Program	152	122	141	130	142	142	127	145	149	127
SDGE3224	SW-COM-Deemed Incentives-HVAC Commercial	153	117	145	123	153	125	122	111	65	142
PGE210119	LED Accelerator	154	106	154	146	138	165	163	165	164	164
PGE210210	Industrial Recommissioning Program	155	81	162	138	166	160	156	156	141	145
SCE-TP-018	Chemical Products Efficiency Program	156	108	152	157	134	151	138	129	153	63
SCE-13-TP-013	Cool Schools	157	146	144	127	148	105	47	123	91	139
SCE-13-TP-020	IDEEA365 Program	158	150	142	157	105	111	105	100	118	70
PGE21006/PGE21015	Commercial HVAC	159	127	158	137	156	161	164	144	112	143
SDGE3237	SW-AG-Calculated Incentives-Calculated	160	148	156	157	141	132	159	74	53	89
PGE2242	Cool Cash	161	155	148	157	120	156	165	122	158	35
PGE21037	Light Exchange Program	162	160	155	144	145	166	154	166	166	165
PGE210130	RSG AERCX	163	147	163	157	158	157	134	151	130	148
SCE-L-004D	Energy Leader Partnership Program	164	162	164	157	160	149	116	150	133	151
SCE-13-SW-001E	Residential HVAC Program	165	163	160	141	157	163	152	163	163	157
SCG3712	SW-COM-Nonres HVAC	166	166	166	157	164	164	166	153	142	130



Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: Environmental Department Activities Update

Contact: Dolores Sanchez Badillo, Staff Analyst, badillo@wrcog.cog.ca.us, (951) 955-8306

Date: April 3, 2017

The purpose of this item is to provide an update on the Used Oil and Filter Exchange events and the progress of WRCOG's Pilot Litter Program being conducted in the City of Lake Elsinore.

Requested Action:

1. Receive and file.
-

WRCOG assists its member jurisdictions with addressing state mandates, specifically the Integrated Waste Management Act (AB 939, Chapter 1095, Statutes of 1989), which required 25% and 50% diversion of waste from landfills by 1995 and 2000, respectively. While certain aspects of AB 939 have been modified over the years with legislation defining what materials counted towards diversion and how to calculate the diversion rate for jurisdictions, the intent of the bill remains. Each year, a jurisdiction must file an Electronic Annual Report with CalRecycle on the jurisdictions' achievements in meeting and maintaining the diversion requirements. The Environmental Department also has a Regional Used Oil component which is designed to assist member jurisdictions in educating and promoting proper recycling and disposal of used oil, oil filters, and household hazardous waste (HHW) to the community.

Recycling Program Activities Update

Used Oil Events: WRCOG's Used Oil and Oil Filter Exchange events help educate and facilitate the proper recycling of used motor oil and used oil filters in various WRCOG jurisdictions. The primary objective of hosting the events is to educate "Do It Yourself" (DIY) individuals who change their own oil, promoting the recycling of used oil and oil filters; therefore, an auto parts store is a great venue for educating these individuals. In addition to promoting used oil / oil filter recycling, staff informs the DIYer about the County-wide HHW Collection Program in which residents can drop-off other automotive and household hazardous products for free.

WRCOG staff recently hosted three Used Oil events and participated / attended community events in the subregion:

Date	Jurisdiction	Attendance	Filters	Radio / Guests
3/4/17	City of Moreno Valley	35	7	N/A
3/11/17	City of Eastvale	60	55	N/A
3/18/17	City of Corona	20	80	KOLA

Community Outreach

Garden Festival and Arbor Day Celebration with the City of Corona: On March 25, 2017, staff participated in the City of Corona's Annual Arbor Day Garden Festival. With over 1,000 attendees at the event, staff was able to interact with many residents about the Used Oil Program by providing informational brochures and free used oil materials. The event was sponsored by the City's Department of Water and Power.

Environmental Education Symposium at the Western Science Center Museum in the City of Hemet:

The day-long event consisted of break-out sessions and guest speakers, which included a presentation from Riverside County Habitat Conservation Agency Administrative Services Officer, Princess Hester. The event's goal was to "engage, educate, and inspire attendees with an environmental literacy blueprint that will continue to be developed in the coming years." Attendees consisted of educators, government agencies representatives as well as volunteers from Riverside and San Bernardino Counties.

Upcoming Used Oil Events

The following is a list of Used Oil and Oil Filter Exchange events that are presently scheduled. To request an event for your jurisdiction please contact Kyle Rodriguez, WRCOG Intern, at (951) 955-8328 or rodriguez@wrcog.cog.ca.us.

Date	Event	Location	Time
4/1/17	City of Riverside Used Oil Event	AutoZone, 4195 Van Buren Blvd.	9 a.m. - 1 p.m.
4/15/17	City of Hemet Used Oil Event	AutoZone, 1550 W. Florida Ave.	9 a.m. - 12 p.m.
4/29/17	City of San Jacinto Used Oil Event	AutoZone, 1540 S. San Jacinto Ave.	9 a.m. - 12 p.m.
4/29/17	Big Barn Car Show	The Motte Historical Museum, 28380 State Highway 74, Menifee	9 a.m. - 3 p.m.

WRCOG Pilot and Regional Litter Initiative



The City of Lake Elsinore, WRCOG, and Riverside Flood Control and Water Conservation District are prepping for the Saturday, April 22, 2017, Annual Lake Elsinore Clean Extreme event! Plans are in the works for a vendor display at the Clean-Up Site, which will be directly across the highway from the Lake Elsinore Outlets. With more than 700 volunteers expected to clean, clear, and paint on Earth Day 2017, the WRCOG team and its partners will supply

litter kits, have litter pledges available for all, and will provide a free drawing for prizes that all volunteers can participate in. All parties are working together to make the Clean Extreme a successful community event.

The Business Component of the Lake Elsinore Pilot Program is gaining momentum as 30 Main Street businesses have been scheduled for visits by WRCOG staff to discuss their participation in the Pilot Program. Main Street shops will be provided with recycle baskets and anti-litter information. In addition, business owners will receive litter kits that will contain a litter bag, gloves, pet clean-up bags, and hand sanitizer. One goal is to make sure ALL Lake Elsinore businesses have a litter program window sticker prominently displayed for all to see. Later in the Program, staff will follow-up with the businesses and evaluate any changes in the downtown Main Street environment.



Lake Elsinore Litter Program
Business Window Sticker

Prior Action:

March 16, 2017: The Technical Advisory Committee received report.

Fiscal Impact:

Solid Waste and Used Oil Program activities are included in the Fiscal Year 2016/2017 Agency Budget. Costs identified in association with the Pilot Litter Initiative will come from WRCOG carryover funds within the Environment Department and reflected in an upcoming Agency Budget for Fiscal Year 2016/2017, as a quarterly budget amendment.

Attachment:

None.

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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Clean Cities Coalition Activities Update

Contact: Christopher Gray, Director of Transportation, gray@wrcog.cog.ca.us, (951) 955-8304

Date: April 3, 2017

The purpose of this item is to provide a briefing for the Clean Cities Coalition, an on-going Program to encourage the purchase and use of alternative fueled vehicles within the WRCOG subregion.

Requested Action:

1. Receive and file.
-

The Clean Cities Coalition held its quarterly meeting on Tuesday, February 21, 2017. Below is a summary of the items discussed.

Clean Cities Coalition Member Assistance / Deliverables

Besides the quarterly meetings held for the Clean Cities Coalition, WRCOG intends to provide a few items of assistance to Coalition members. The first item is a newsletter that is intended to provide highlights of grant opportunities as it relates to Clean Cities. Grant opportunity announcements come up in a variety of means, such as email, meetings, etc., so it is the goal of WRCOG to have a central location for any and all grant opportunities to be summarized in an email.

WRCOG has also received requests from its member agencies for assistance as it relates to grant writing. Often times member agencies are interested in grant opportunities, but staff resources needed to complete the actual grant application are limited. These grant funding opportunities are not seized by the region, and opportunities to further items such as alternative vehicle infrastructure are not taken advantage of. It is the goal of WRCOG to further the Clean Cities' mission for the subregion; enabling Coalition members to apply for grant funding for projects like electric vehicle (EV) charging station helps achieve that mission.

WRCOG has conducted this assistance before, most recently with its support in applying for funding to purchase EV chargers from the South Coast Air Quality Management District. The funding was provided on a reimbursement basis and was able to fund the entire cost of a typical EV charger. WRCOG staff assisted in the application process and Western Riverside County agencies were able to secure over \$120,000 of the \$300,000 reimbursement opportunity.

At this point in the calendar year, WRCOG anticipates at least three distinct deliverables that will assist Coalition members:

1. In order to formalize this assistance, WRCOG will be offering consultant assistance to each Coalition member agency of up to 20 hours per year to provide grant writing assistance for Clean Cities-related grants. After the firms are hired, WRCOG will follow-up with each Coalition member agency on the process of assistance. This service will be included in WRCOG's On-Call Planning RFP, which was released on

March 27, 2017. The RFP includes tasks related to consultant support of the Clean Cities Coalition, including the preparation of grants for participating agencies.

2. Update to “Good Neighbor Guidelines for Siting New and/or Modified Warehouse / Distribution Facilities.” WRCOG adopted a Good Neighbor Guidelines for Siting New and/or Modified Warehouse / Distribution Facilities to guide local jurisdictions in 2003. The original purpose of these Guidelines was to assist developers, property owners, elected officials, community organizations, and the general public in addressing some of the complicated choices associated with siting warehouse / distribution facilities and understanding the options available when addressing environmental issues.

WRCOG conducted an effort to update these guidelines in the summer of 2016. This update included three key elements:

- Identifying strategies used by other agencies to address similar issues
- Updating references to any technical documents in the guidelines
- Reviewing the guidelines to update them as appropriate

Through this update process, WRCOG noticed that other studies aimed to provide similar guidance are underway. In order to not duplicate efforts, WRCOG will be meeting with other parties, such as the South Coast Air Quality Management District, to further update these guidelines and coordinate efforts.

3. EV Charging Station Analysis. WRCOG would like to conduct an analysis on EV charging stations, so Coalition members are informed of where the EV charging infrastructure is lacking, in order to target areas for future grant opportunities and infrastructure implementation.

WRCOG would also like to ask members of the Coalition to speak at WRCOG’s Planning Directors’ Committee and Public Works Committee meetings in the coming months. WRCOG believes the opportunity to present Coalition topics and discuss with city staff from all over Western Riverside County is a tremendous benefit for all parties involved. Even though staff from an individual jurisdiction may communicate with each other on topics, the opportunity to discuss with staff from different jurisdictions does not present itself consistently. WRCOG will work with the appropriate Coalition members to schedule presentations at the proper time of the Committee agendas.

Volkswagen Group Settlement Discussion: As part of Volkswagen AG’s (VW) First Partial Decree in its Diesel Emissions Settlement Program, VW is required to make an \$800 million investment in California as supplemental investments in zero-emission vehicle (ZEV) market support. This investment is not finalized, so this item is being provided to discuss what is possible, the future of funding for ZEVs, and what Coalition members can accomplish. Below is background information from the California Air Resources Board’s website at https://www.arb.ca.gov/msprog/vw_info/vw_faq.htm.

WRCOG would like to encourage Coalition members to act and get involved in the allocation of monies. Fuel providers, fleet managers, OEMs, and technology providers should review VW’s strategic priorities and geographies. One possibility is to examine where your fleet wants to go and building relationships with state agencies – this will enable you to set the groundwork for advancing your company’s goals and, ultimately, gaining access to the Volkswagen settlement funds.

Prior Action:

March 16, 2017: The Technical Advisory Committee received report.

Fiscal Impact:

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

Attachment:

None.



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Community Choice Aggregation Program Activities Update

Contact: Barbara Spoonhour, Director of Energy and Environmental Programs,
spoonhour@wrcog.cog.ca.us, (951) 955-8313

Date: April 3, 2017

The purpose of this item is to provide the Committee with an update on efforts to examine the feasibility of a Community Choice Aggregation Program for either the Western Riverside subregion, Riverside County, or two Counties (Riverside and San Bernardino).

Requested Action:

1. Receive and file.

Community Choice Aggregation (CCA) allows cities and counties to aggregate their buying power to secure electrical energy supply contracts on a region-wide basis. In California, CCA (Assembly Bill 117) was chaptered in September 2002 and allows for local jurisdictions to form a CCA for this purpose. Several local jurisdictions throughout California are pursuing formation of CCAs as a way to lower energy costs and/or provide "greener" energy supply. WRCOG's Executive Committee has directed staff to pursue the feasibility of Community Choice Aggregation for Western Riverside County. WRCOG, the San Bernardino Council of Governments (SBCOG), formerly known as San Bernardino Associated Governments (SANBAG), and the Coachella Valley Association of Governments (CVAG) have funded a joint, two-county feasibility study in response to the Executive Committee's direction; the study has recently been completed.

CCA Activities Update

In January 2016, staff received direction from the Executive Committee to pursue a Feasibility Study for the potential formation of a CCA Program. To achieve economies of scale and resource efficiencies, SBCOG and CVAG joined WRCOG's effort to complete a multi-county study. To complete the Feasibility Study, WRCOG entered into an agreement with BKi.

On February 6, 2017, the Executive Committee accepted the final draft of the Study and directed staff to release a Request for Proposals (RFP) for CCA Contract Services. The Study concluded that the development and implementation of a CCA at a number of geographic scales and with a number of conservative assumptions will yield savings to CCA participants (residential and business consumers of electricity).

On February 8, 2017, the Administration & Finance Committee was in agreement to move forward with a single county CCA for Riverside County that involves CVAG and WRCOG providing some level of staff support, but will keep the door open so that jurisdictions within San Bernardino County could participate if desired, and all interests can come together on an appropriate governance structure. The Committee also created a CCA Ad Hoc Committee comprised of the WRCOG Chair, Mayor Pro Tem Ben Benoit; Councilmember Brian Tisdale; Councilmember Bonnie Wright; and Councilmember Laura Roughton, to work with WRCOG staff, legal counsel, and CVAG's Ad Hoc Committee (which was created by its Energy and Environment Committee) to

evolve the potential governance structure further. WRCOG staff is in the process of scheduling the first meeting of the CCA Ad Hoc Committee the first week of April 2017.

On March 3, 2017, WRCOG released a RFP for CCA Agency Operational Services. A key factor in moving forward with a CCA is to demonstrate the ability to implement and perform the operational functions of the entity in the most cost-effective manner possible. The purpose of the RFP is to solicit bids from the private sector estimating proposed CCA implementation and operational costs by each of the tasks identified herein, to be presented for the geographies listed below:

- One CCA for both counties combined (referred to as “Inland Choice Power”)
- Two CCA for San Bernardino County and one for Riverside County
- Three CCAs; one for each geographical area corresponding to the three COG geographies.

Depending on Proposals received, staff will be in a better place to recommend a number of options to decision-makers regarding the operational structure, and the potential third-party performance of all, some, or none of future CCA functions.

The deadline to submit proposals is 5:00 p.m., Thursday, April 6, 2017.

Next Steps: The following are steps that need to occur before a CCA can be operational. These steps could take anywhere from 8 to 12 months to complete and include:

1. Release RFP for CCA implementation assistance
2. Develop JPA agreement
3. Outreach to the communities and jurisdictions on JPA agreement
4. CCA Governing Board adopts Resolution of Intent and File Implementation Plan with CPUC
5. Select power supply and data management vendor
6. File Notice of Intent with SCE
7. Arrange financing of start-up costs
8. SCE data testing
9. Opt-out notice – 1 and 2
10. Launch phase 1
11. Opt-out notices – 3 and 4

Outreach and meetings: On March 14, 2017, staff provided an overview of WRCOG’s CCA endeavors to the City of Hemet City Council. Staff will be reaching out to the remaining member jurisdictions to schedule presentations over the next few months.

On March 21, 2017, WRCOG, CVAC, and SBCOG staff attended a meet and greet with top level executives from SCE to provide an update on where the three COGs are in moving forward with a CCA. Overall this was a good meeting to have and showed staff at all the COGs that SCE is continuing to work with the CCA communities to ensure that the transition is smooth. The meeting also provided a great stepping stone to ensure that we are continuing to partner with SCE on these types of Programs, especially since the customer would be both a SCE and a CCA customer.

The Business of Local Energy Symposium

On May 5, 2017, the Center for Climate Protection, along with the partnership between the Local Government Commission and the Local Government Sustainable Energy Coalition, will be hosting its third Business of Clean Energy Symposium at the Hyatt Regency in Long Beach (200 S. Pine Ave, Long Beach, CA 90802) (Attachment 1).

At this event, attendees will learn about California’s goal to accelerate its shift to a clean energy economy. Topics of discussion at this event will include Community Choice Energy Programs, energy policy, regulations, markets, and upcoming technology in the field of energy efficiency. This event is highly recommended for

government officials, businesses, and community leaders. Important Community Choice Energy topics will include:

1. What makes a successful Community Choice Energy (CCE) Program?
2. Starting a Community Choice program: Procurement, risk assessment, financing, community outreach, operations.
3. Different governance and business models for developing CCEs.
4. Policy and regulatory trends that will affect local energy efforts.
5. How to design a program that is an economic development driver, including new business opportunities.
6. Opportunities and challenges of developing distributed energy resources.
7. Reducing emissions and serving customers better through innovative private partnerships.
8. What local energy and efficiency programs are most effective?

Further information about the Business of Local Energy Symposium can be found on the website at <https://climateprotection.org/our-work/symposium-2017/>.

Prior Action:

March 16, 2017: The Technical Advisory Committee received report.

Fiscal Impact:

WRCOG's portion for Phase 1 is estimated to be \$130,000 to cover the costs of the CCA Feasibility Study, SCE data request, and WRCOG staffing. The costs for this will come from existing carryover funds and will be reflected in an upcoming Quarterly Budget Amendment.

Attachment:

1. Business of Local Energy Symposium Flyer.

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Item 4.N

Community Choice Aggregation
Program Activities Update

Attachment 1

Business of Local Energy
Symposium Flyer

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localenergybiz.com
Registration opens in early January

COMMUNITY CHOICE ENERGY

It's All About Impact

THE BUSINESS OF LOCAL ENERGY SYMPOSIUM

FRIDAY, MAY 5, 2017

HYATT REGENCY IN LONG BEACH



ABOUT THE EVENT

Join Community Choice Energy (CCE) experts and leaders from across the state in Spring 2017 for a day-long event about accelerating CCE adoption and creating more benefits for our local communities. This event brings together business, government, and community leaders to exchange ideas, share information, and learn about what's next for CCEs and effective program implementation.

ECONOMIC OPPORTUNITY

Local energy resources present a huge economic development opportunity. Done correctly they can provide business opportunities, create jobs and circulate dollars in the local economy that are now leaving the community. How do we get there? And what do CCE leaders have to share as best practices for this growing sector?

WHO SHOULD ATTEND

CCE operators and advocates, elected officials, electric service providers, cleantech entrepreneurs, businesses in the renewable energy industry and anyone interested in the energy system of the future.

Organized by:



Local
Government
SUSTAINABLE ENERGY
Coalition



Local Government Commission
Leaders for Livable Communities



COMMUNITY CHOICE ENERGY

It's All About Impact

THE BUSINESS OF LOCAL ENERGY SYMPOSIUM

FRIDAY, MAY 5, 2017

HYATT REGENCY IN LONG BEACH

TOPICS COVERED:

1. What makes a successful Community Choice Energy (CCE) program?
2. Starting a Community Choice program: Procurement, risk assessment, financing, community outreach, operations
3. Different governance and business models for developing CCEs
4. Policy and regulatory trends that will affect local energy efforts
5. How to design a program that is an economic development driver, including new business opportunities
6. Opportunities and challenges of developing distributed energy resources
7. Reducing emissions and serving customers better through innovative private partnerships
8. What local energy and efficiency programs are most effective?
9. Innovative program development from storage to electric vehicles
10. CCE 2.0: What does the future look like? How do we get to IDER Nirvana?

SPONSORSHIPS AND PARTNER OPPORTUNITIES

For information about Sponsorship or Promotional Partner opportunities, contact:

Barry Vesser: bvesser@climateprotection.org or Margaret Bruce: mbruce@lgc.org

localenergybiz.com



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: SANDAG Borders Committee Activities Update

Contact: Marsha Swanson, Committee Representative, MSwanson@CityofWildomar.org, (951) 677-7751

Date: April 3, 2017

The purpose of this item is to inform the Committee of activities occurring on the SANDAG Borders Committee.

Requested Action:

1. Receive and file.

Marsha Swanson, Councilmember, City of Wildomar, serves as the WRCOG representative on the SANDAG Borders Committee. Attached is a recap of the meeting held on February 24, 2017.

Prior WRCOG Action:

None.

WRCOG Fiscal Impact:

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

Attachment:

1. SANDAG Borders Committee meeting recap of February 24, 2017.

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Item 4.O

SANDAG Borders Committee
Activities Update

Attachment 1

SANDAG Borders Committee
meeting recap of February 24, 2017

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From: [Marsha Swanson](#)
To: [Bishop, Rick](#)
Subject: Border Committee Meeting 2/24/17
Date: Sunday, February 26, 2017 7:43:40 PM

WRCOG, Executive Committee,

I attended the SANDAG Border Committee on February 24th, 2017.

We have a new Chairman, Serge Dedina Mayor of Imperial Beach

Public Comments:

None

Action Items

Approval of the January 27, 2017 meeting minutes .

Reports at this meeting:

REPORT FROM THE CONSUL GENERAL OF MEXICO, Honorable Rafael Laveaga, Deputy Consul General of Mexico in San Diego. He reported the 12th Annual Binational Delegation to Mexico City will be held March 26-29 2017.

2. UPDATE: INTRAREGIONAL TRANSPORTATION PLANNING EFFORTS (Jane Clough, SANDAG)

- >Transportation project needs were identified through a survey and outreach process.
- >16 tribes completed surveys, 126 projects identified to date.
- >Planning level costs identified
- >Projects mapped using GIS
- >Regional planned and programmed projects identified that overlap with Tribal projects
- >Database / strategy tool developed to sort projects

3. SAN YSIDRO AIR QUALITY STUDY: David Flores, Casa Familiar, and Penelope Quintana, San Diego State University

Presented the progress of the 2016 San Ysidro Air Quality study. They had the 3rd Community meeting. They announced the ten locations of monitoring sites. Several schools near freeways, downtown San Diego and Green-Park. This study is to continue until the Spring of 2018.

4. CITY OF TIJUANA: ECONOMIC DEVELOPMENT PROJECTS, David Moreno, City of Tijuana

He talked about their new government officials and the uncertainty of the future with the United States.

5. 12th ANNUAL BINATIONAL DELEGATION TO MEXICO CITY

Mayra Vazquez, San Diego Regional Chamber of Commerce provided an overview of the 12th Annual Binational Delegation to Mexico City, which focuses on border infrastructure, renewable energy, investment in telecommunications, and crossborder tourism. She also said they would waive the sign up fee for any Border Committee members that wanted to attend.

Next meeting March 24th

Marsha Swanson, Council Member
City of Wildomar
951 313-7472
23873 Clinton Keith Rd. #201
Wildomar CA 92595



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: PACE Program Activities Update

Contact: Crystal Adams, Staff Analyst, adams@wrcog.coq.ca.us, (951) 955-8312

Date: April 3, 2017

The purpose of this item is to provide the Committee with an update on the PACE Programs that WRCOG oversees. This includes the HERO Program, CaliforniaFIRST, and Spruce Finance.

Requested Actions:

1. Receive WRCOG HERO Summary.
2. Conduct a Public hearing Regarding the Inclusion of the Cities of Cupertino and Susanville for purposes of considering the modification of the Program Report for the California HERO Program to increase the Program Area to include such additional jurisdictions and to hear all interested persons that may appear to support or object to, or inquire about the Program.
3. Adopt WRCOG Resolution Number 08-17; 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.
4. Accept the Cities of Marysville and Shasta Lake as Associate Members of the Western Riverside Council of Governments.
5. Adopt WRCOG Resolution Number 09-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments Declaring its Intention to Modify the California HERO Program Report so as to Increase the Program Area Within Which Contractual Assessments May Be Offered And Setting A Public Hearing Theron.
6. Adopt WRCOG Resolution 10-17; A Resolution of the Western Riverside Council of Governments Authorizing the Issuance of Spruce PACE Bonds, Amending the Program Report and Approving the Forms of a Professional Administration Agreement with Spruce PACE, a Master Indenture and Supplemental Indenture, Bond Purchase Agreement, Professional Services Agreement for Assessment Administration for the Issuance of bonds for the WRCOG Spruce PACE Program and Appointing a Trustee.

WRCOG's PACE Programs provide financing to property owners to implement a range of energy saving, renewable energy, and water conserving improvements to their homes and businesses. Improvements must be permanently fixed to the property and must meet certain criteria to be eligible for financing. Financing is paid back through a lien placed on the property tax bill. The HERO Program was initiated in December 2011 and has been expanded (an effort called "California HERO") to allow for jurisdictions throughout the state to join WRCOG's Program and allow property owners in these jurisdictions to participate. The CaliforniaFirst and Spruce Programs are anticipated to launch in the 1st Quarter 2017.

Overall HERO Program Activities Update

Residential: As of March 17, 2017, more than 67,000 projects in both the WRCOG and California HERO Programs have been completed, totaling over \$1.3 billion dollars of eligible renewable energy, energy

efficiency and water efficiency project financing.

WRCOG Subregion: As of March 17, 2017, a total of 22,775 projects, totaling over \$441 million, have been completed (Attachments 1 & 2).

Statewide Program: As of this writing, 368 jurisdictions outside the WRCOG and San Bernardino Council of Governments subregions have adopted Resolutions of Participation for the California HERO Program. Over 44,648 projects have been completed, totaling over \$954 million (Attachment 3).

The table below 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:

Economic and Environmental Impacts Calculations	
KW Hours Saved – Annually	615 GWh
GHG Reductions – Annually	159,600 Tons
Gallons of Water Saved – Annually	416 Million
\$ in Utility Bills Saved – Annually	\$80.6 Million
Projected Annual Economic Impact	\$2.4 Billion
Projected Annual Job Creation/Retention	11,854 Jobs

The table below provides a summary of the estimated work breakdown of projects completed in both the WRCOG and the California HERO Programs:

Project Data	
HVAC	30.2%
Windows / Doors	19.3%
Solar	19.3%
Roofing	10.7%
Landscape	9%

Public Hearing and Related Resolution: On June 3, 2013, the Executive Committee, acting in accordance with Chapter 29 of the Part 3, Division 7 of the Streets and Highways Code (“Chapter 29”), conducted a public hearing to consider formally establishing the Program. At the conclusion of the public hearing the Executive Committee adopted its Resolution Number 10-13 confirming the Program Report for the Program and establishing the Program.

Recently, the Cities of Cupertino and Susanville took action to become Associate Members of WRCOG, thereby enabling the Executive Committee to undertake proceedings to increase the area within which voluntary contractual assessments may be offered pursuant to the Program (the “Program Area”) to include the jurisdictions of such Associate Members.

On March 6, 2017, the Executive Committee adopted its Resolution Number 03-17 setting a public hearing to be held on April 3, 2017, as required pursuant to Chapter 29, to consider the modification of the Program Report to increase the Program Area to include the jurisdictional boundaries of such additional Associate Members.

For the April 3, 2017, Executive Committee meeting, staff is bringing forward the revised Appendix B “Boundary Map” from the Program Report for consideration and potential approval; the Executive Committee will hold a public hearing to consider increasing the Program Area to include all of the aforementioned Associate Members and, following the closing of the public hearing, will be asked to consider the adoption of WRCOG Resolution Number 08-17 (Attachment 4), approving the revised Appendix B “Boundary Map” from

the Program Report (Attachment 5).

California HERO Program Report: The Revised Program Report Boundary Map reflects the addition of the Cities of Pinole, Sausalito, Woodlake, and the Counties of Contra Costa, San Luis Obispo, and Yuba unincorporated areas, into the Program Area.

New Associate Members: The following jurisdictions have adopted or will be adopting resolutions consenting to the inclusion of such city in the California HERO Program and approving the “Amendment to Joint Powers Agreement Adding the City/County of XXX as an Associate Member of the Western Riverside Council of Governments to Permit the Provision of Property Assessed Clean Energy (PACE) Program Services within the City” (the “JPA Amendment”), by and between Authority and such City/County to as an Associate Member of WRCOG for the purposes of implementing the California HERO Program prior to the April 3, 2017, Executive Committee meeting.

City of Marysville – March 3, 2017

City of Shasta Lake – March 21, 2017

The next step in the California HERO Program is for the Executive Committee to adopt Resolution Number 08-17 (Attachment 6), which accepts the above mentioned Cities as Associate Members of WRCOG for the purposes of participating in the Program and approve the execution of the Joint Powers Agreement Amendment for each such City and County and set their public hearing for May 1, 2017.

At the May 1, 2017, Executive Committee meeting, staff will bring forward the revised Appendix B “Boundary Map” from Program Report for consideration and potential approval; the Executive Committee will hold the Program’s required public hearing and, following the closing of the public hearing, will be asked to consider the adoption of a WRCOG resolution approving the revised Appendix B “Boundary Map” from the Program Report.

Additional PACE Providers

Spruce PACE has met with WRCOG’s PACE Ad Hoc Committee and has held multiple site visits and meetings with WRCOG staff to discuss the operations and rollout of the Program in the subregion. Staff have worked with Best Best & Krieger to ensure that all administrative agreements, bond purchase agreements, master indentures, and Program Reports have been updated to reflect these changes for the introduction of the Spruce residential PACE Program. These revisions and redlined version of the Program Report are attached for the Committee’s review and action through Resolution Number 10-17 (Attachments 7-15).

Jurisdictions in Western Riverside County continue to retain the right to allow any PACE Program provider to operate in their city or county, regardless of whether or not that provider is operating under WRCOG’s PACE Program umbrella.

WRCOG is scheduling meetings with staff from each member agency to review the new eligible PACE Programs and to provide opt out resolutions, as needed.

Quality Assurance Call Center Update

WRCOG has begun implementing quality assurance calls with property owners participating in our PACE Programs. WRCOG believes that adding a quality assurance call will provide the homeowner with an additional opportunity to ask questions and/or receive clarification regarding their improvements, funding amounts, payments, etc.

Three technicians have been hired and trained, and WRCOG is initiating quality assurance calls starting in the Western County region. The objective is to “ramp up” the calls so that every Program participant will be contacted by WRCOG.

Prior Action:

March 16, 2017: The Technical Advisory Committee received report.

Fiscal Impact:

HERO revenues and expenditures for the WRCOG and California HERO Programs are allocated in the Fiscal Year 2016/2017 Budget under the Energy Department.

Attachments:

1. WRCOG HERO Program Summary Update.
2. WRCOG HERO Snapshot.
3. CA HERO Snapshot.
4. WRCOG Resolution Number 08-17; 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.
5. Revised Exhibit B of the Revised California HERO Report.
6. WRCOG Resolution Number 09-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments Declaring its Intention to Modify the California HERO Program Report so as to Increase the Program Area Within Which Contractual Assessments May Be Offered And Setting A Public Hearing Theron. Opt Out Resolution.
7. Adopt WRCOG Resolution 10-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments Authorizing the Issuance of Spruce PACE Bonds, Amending the Program Report and Approving the Forms of a Professional Administration Agreement with Spruce PACE, a Master Indenture and Supplemental Indenture, Bond Purchase Agreement, Professional Services Agreement for Assessment Administration for the Issuance of Bonds for the WRCOG Spruce PACE Program and Appointing a Trustee.
8. Redlined WRCOG Energy Efficiency and Water Conservation Administrative Guidelines and Program Report Amended April 3, 2017 - addition of Spruce PACE.
9. Spruce Program Administration Agreement.
10. Spruce PACE Residential Master Indenture.
11. Spruce Bond Master Purchase Agreement.
12. Spruce Residential Assessment Contract.
13. David Taussig & Associates Professional Services Agreement.
14. Spruce PACE Residential Property Owner Program Handbook.

Item 5.A

PACE Program Activities Update

Attachment 1

WRCOG HERO Program Summary
Update

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WRCOG HERO Program Summary Update

(Launch through 3/17/17)

City	Approved Apps	Approved Amount
Banning	511	\$13,950,191
Calimesa	165	\$6,673,856
Canyon Lake	530	\$27,883,992
Corona	3,016	\$165,675,652
County	5,869	\$292,275,467
Eastvale	824	\$52,523,952
Hemet	1,112	\$28,596,678
Jurupa Valley	1,972	\$81,405,141
Lake Elsinore	1,344	\$52,097,976
Menifee	2,445	\$88,064,767
Moreno Valley	4,538	\$154,541,549
Murrieta	2,588	\$122,112,041
Norco	702	\$40,821,148
Perris	932	\$30,323,383
Riverside	5,833	\$249,250,097
San Jacinto	691	\$19,921,698
Temecula	2,444	\$128,039,996
Wildomar	857	\$33,766,084
	36,373	\$1,587,923,667

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Item 5.A

PACE Program Activities Update

Attachment 2

WRCOG HERO Snapshot

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19,470

Homes Improved

12/14/2011

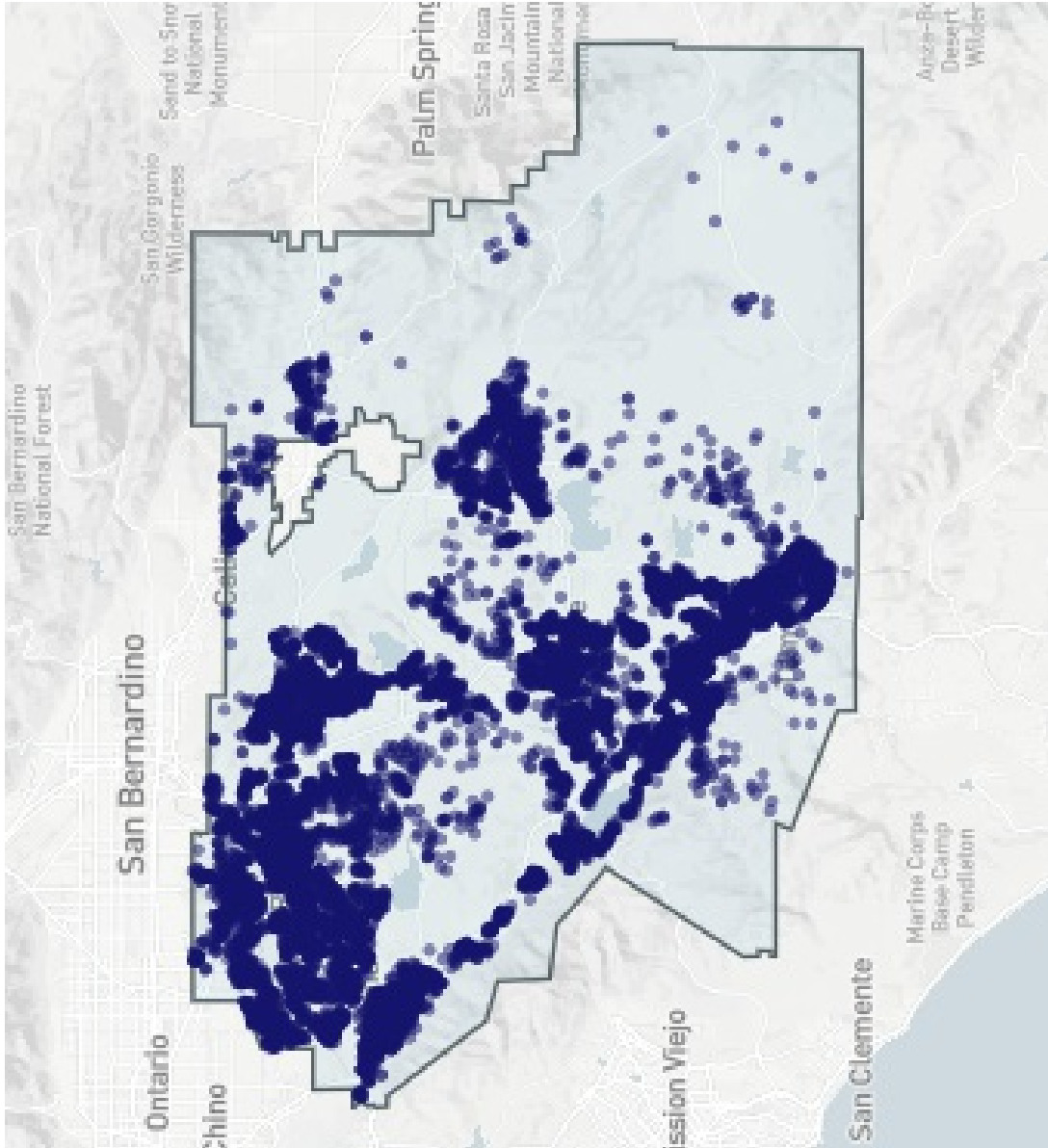
HERO Launch Date

460,761

Housing Count

01/01/2011 - 03/17/2017

Report Range



Improvements

Type	Total Installed	Bill Savings
Energy	26.1K	\$300M
Solar	12.5K	\$528M
Water	1,687	\$13.7M

Lifetime Impact

Applications Submitted	53.5K
Applications Approved	36.4K
Funded Amount	\$441M
Economic Stimulus	\$764M
Jobs Created	3,746
Energy Saved	3.22B kWh
Emissions Reduced	870K tons
Water Saved	1.48B gal

Learn how these numbers are calculated at <https://www.herogov.com/faq>

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Item 5.A

PACE Program Activities Update

Attachment 3

CA HERO Snapshot

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39,534

Homes Improved

02/10/2014

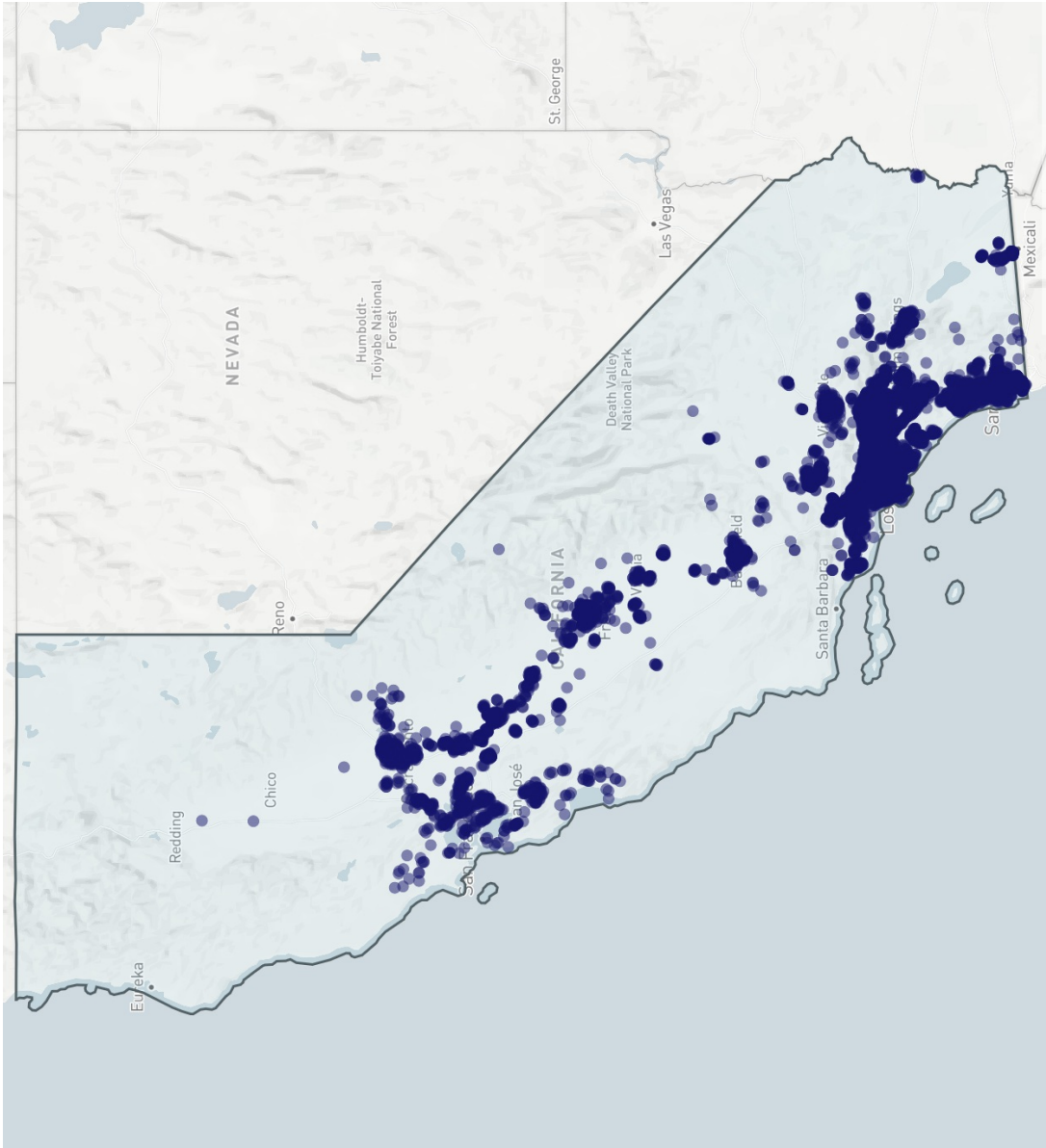
HERO Launch Date

5,894,827

Housing Count

02/10/2014 - 03/17/2017

Report Range



Type	Total Installed	Bill Savings
Energy	558K	\$671M
Solar	22.5K	\$1.04B
Water	4,225	\$34.1M

Lifetime Impact

Applications Submitted	110K
Applications Approved	81.4K
Funded Amount	955M
Economic Stimulus	\$1.65B
Jobs Created	8,108
Energy Saved	6.09B kWh
Emissions Reduced	1.61M tons
Water Saved	3.65B gal

Learn how these numbers are calculated at <https://www.herogov.com/faq>

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Item 5.A

PACE Program Activities Update

Attachment 4

WRCOG Resolution Number 08-17;
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

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Western Riverside Council of Governments

County of Riverside • City of Banning • City of Calimesa • City of Canyon Lake • City of Corona • City of Eastvale • City of Hemet • City of Jurupa Valley
City of Lake Elsinore • City of Menifee • City of Moreno Valley • City of Murrieta • City of Norco • City of Perris • City of Riverside • City of San Jacinto
City of Temecula • City of Wildomar • Eastern Municipal Water District • Western Municipal Water District • Morongo Band of Mission Indians
Riverside County Superintendent of Schools

RESOLUTION NUMBER 08-17

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

WHEREAS, the Executive Committee of the Western Riverside Council of Governments (WRCOG) previously undertook proceedings pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the "Chapter 29") to permit the provision of property assessed clean energy (PACE) services within those cities that had taken action to become Associate Members of WRCOG as of the date of the initiation of such proceedings, ordered the preparation of a report (the "Program Report") addressing all of the matters set forth in Section 5898.22 and 5898.23 of Chapter 29, held a public hearing on June 3, 2013, on the proposed PACE program and the Program Report and did, by the adoption of its Resolution Number 10-13 on such date (the "Resolution Confirming the Program Report") following such public hearing, approve and establish and order the implementation of a voluntary contractual assessment program to be known as the "California HERO Program" (the "Program") to assist property owners within the jurisdictional boundaries of such Associate Members with the cost of installing distributed generation renewable energy sources, energy and water efficient improvements and electric vehicle charging infrastructure that are permanently fixed to their properties ("Authorized Improvements"); and

WHEREAS, in approving the Program Report, the Executive Committee also established the jurisdictional boundaries of such Associate Members as the initial territory within which voluntary contractual assessments may be offered (the "Program Area") to provide for financing of the installation of Authorized Improvements on properties within such Program Area; and

WHEREAS, subsequent to the establishment of the Program, the Executive Committee has undertaken proceedings pursuant to Chapter 29 to expand the Program Area within which contractual assessments may be offered to include the jurisdictions of certain counties and additional cities that had taken action to become Associate Members of WRCOG since the establishment of the Program; and

WHEREAS, now the legislative bodies of the Cities of Cupertino and Susanville, have taken action to become Associate Members of WRCOG and thereby enable the Executive Committee to consider further modifying the Program Report by increasing the Program Area to include the jurisdictions of such new Associate Members so as to enable voluntary contractual assessments to be offered pursuant to the Program to the owners of properties within such jurisdictions to finance the installation of Authorized Improvements on such properties; and

WHEREAS, the Executive Committee did, by the adoption of its Resolution Number 03-17 (the "Resolution of Intention"), initiate proceedings pursuant to Chapter 29 to modify the Program Report to include the jurisdictions of the Cities of Cupertino and Susanville, ordered a public hearing to be held on April 3, 2017, for the purposes of affording all persons who are present an opportunity to comment upon, object to, or present evidence with regard to such proposed modification of the Program Report; and

WHEREAS, as required by Section 5898.24 of Chapter 29 and the Resolution of Intention, the Secretary of the Executive Committee caused publication of notice of public hearing for the purpose of allowing interested persons to comment upon, object to or inquire about the proposed modification of the Program Report; and

WHEREAS, on this date, the Executive Committee held the duly noticed public hearing as required by Chapter 29, at which the proposed modification of the Program Report so as to modify the Program Area to include the Cities of Cupertino and Susanville, was summarized and all persons who were present were given an opportunity to comment upon, object to, or present evidence with regard to the proposed modification of the Program Report.

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

Section 1. Recitals. The above recitals are true and correct.

Section 2. Confirmation of Modification of the Program Report. The modification of the Program Report so as to modify the Program Area to the Cities of Cupertino and Susanville, in the California HERO Program is hereby approved and confirmed.

Section 3. Effective Date of Resolution. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Executive Committee of the Western Riverside Council of Governments held on April 3, 2017.

Ben Benoit, 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: _____

Item 5.A

PACE Program Activities Update

Attachment 5

Revised Exhibit B of the Revised
California HERO Report

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PROGRAM REPORT

CITIES/TOWNS 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, MCFARLAND, MENDOTA, MENLO PARK, MERCED, MILL VALLEY, MILLBRAE, 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, PIEDMONT, PINOLE, PITTSBURG, PLACENTIA, PLACERVILLE, PLEASANT HILL, 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 MARINO, SAN MATEO, SAN PABLO, SAN RAFAEL, San RAMON, SAND CITY, SANGER, SANTA ANA, SANTA CLARA, SANTA CRUZ, SANTA MONICA, SANTA PAULA, SANTEE, SAUSALITO, SCOTTS VALLEY, SEASIDE, SEBASTOPOL, SELMA, SHAFTER, 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, 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, BUTTE, COLUSA, CONTRA COSTA, DEL NORTE, EL DORADO, FRESNO, 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, 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

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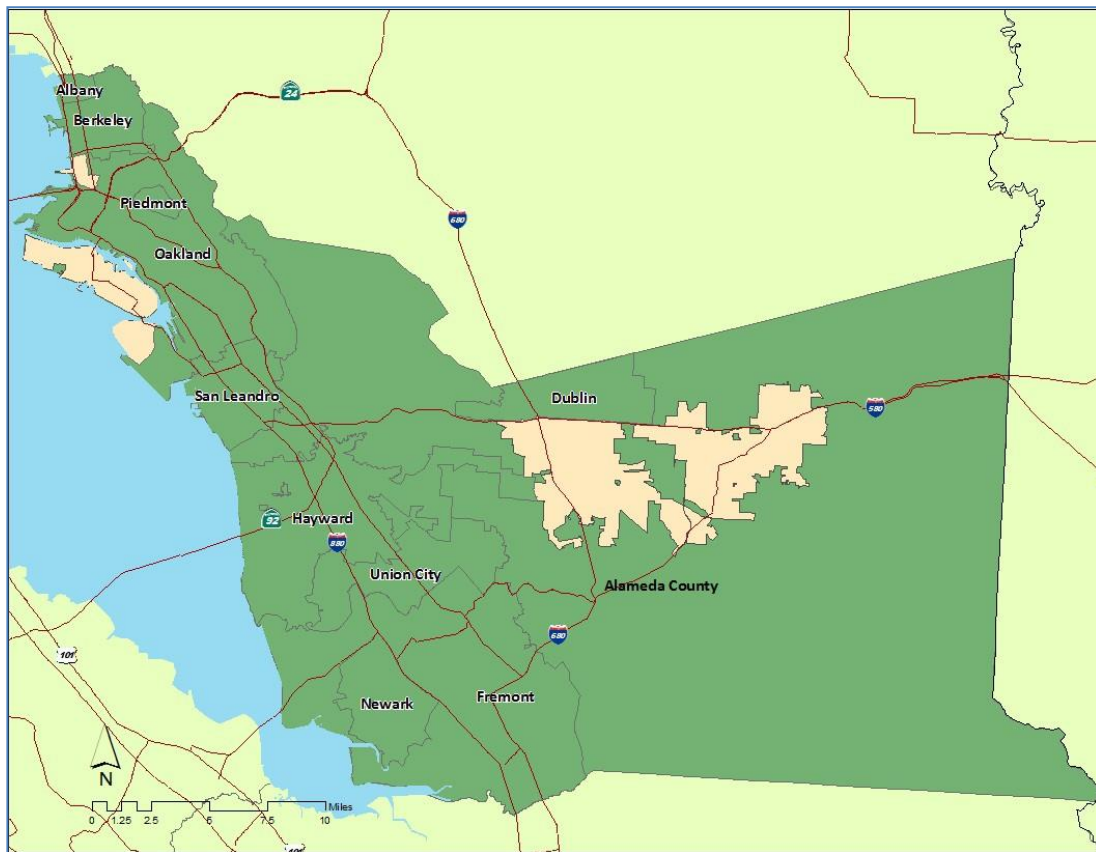
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Appendix B

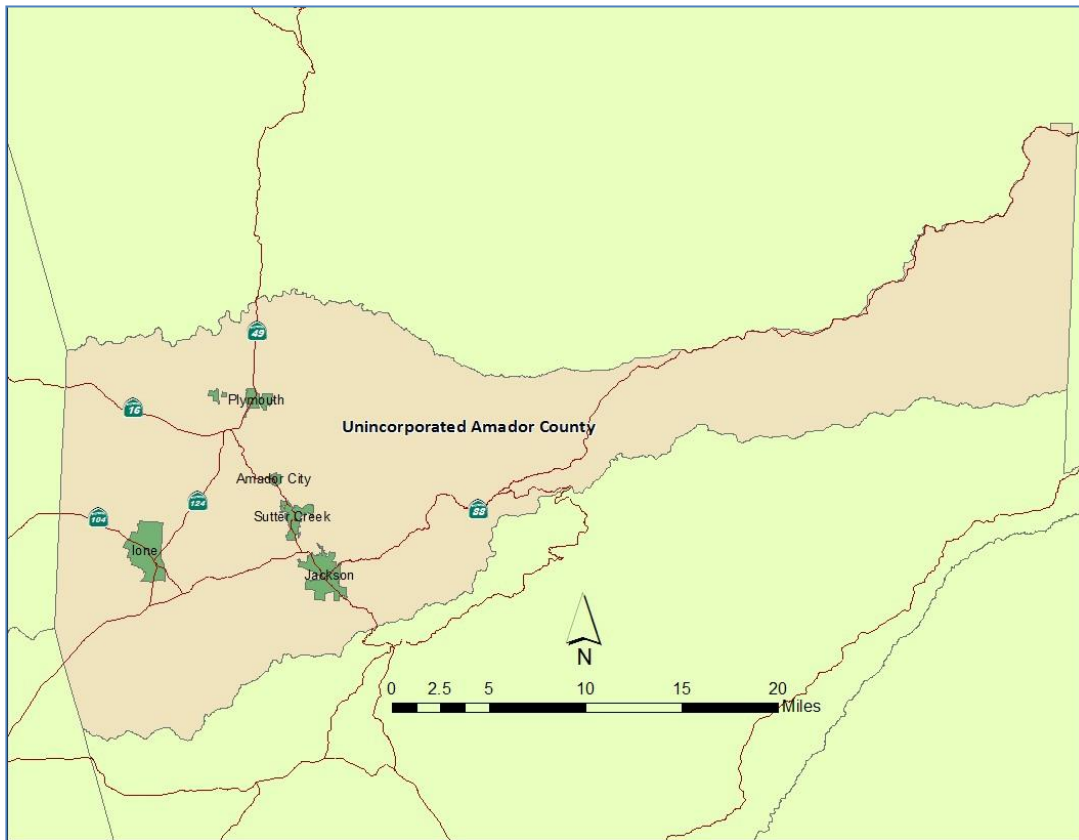
MAP OF PROGRAM AREA (April 3, 2017)

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, McFarland, Mendota, Menlo Park, Merced, Mill Valley, Millbrae, 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, Piedmont, Pinole, Pittsburg, Placentia, Placerville, Pleasant Hill, 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, Santee, Sausalito, Scotts Valley, Seaside, Sebastopol, Selma, Shafter, 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, 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, Butte, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, 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, Yolo, and Yuba.

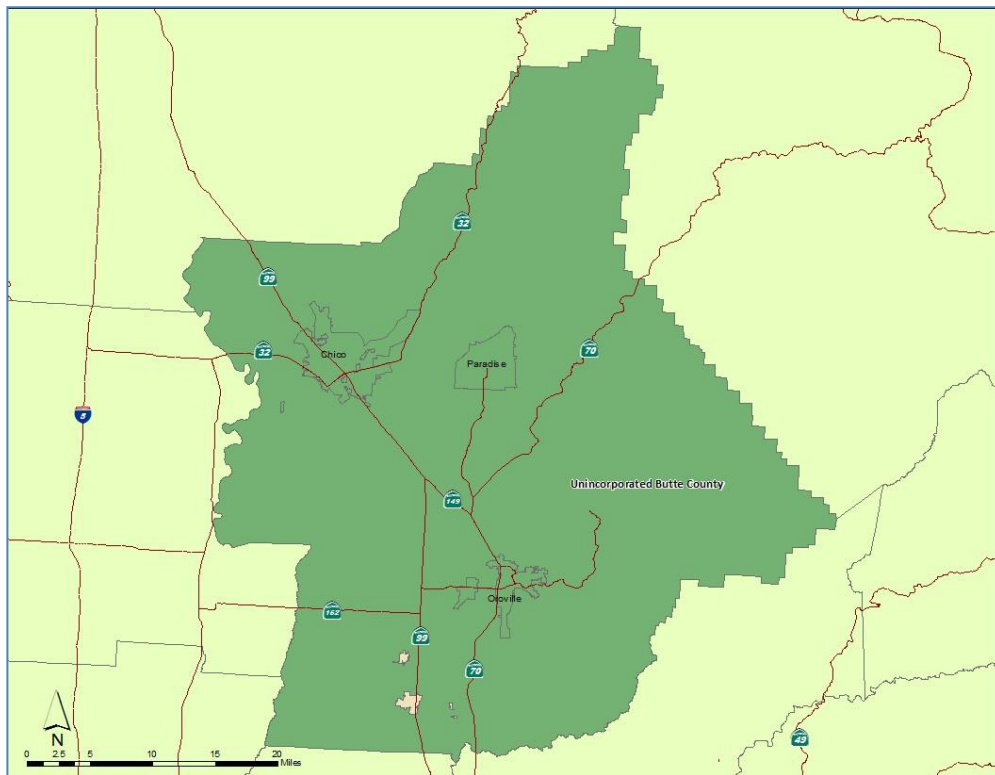
Cities of Albany, Berkeley, Dublin, Fremont, Hayward, Newark, Oakland, Piedmont, San Leandro, Union City, and Alameda County unincorporated areas located in Alameda County, California



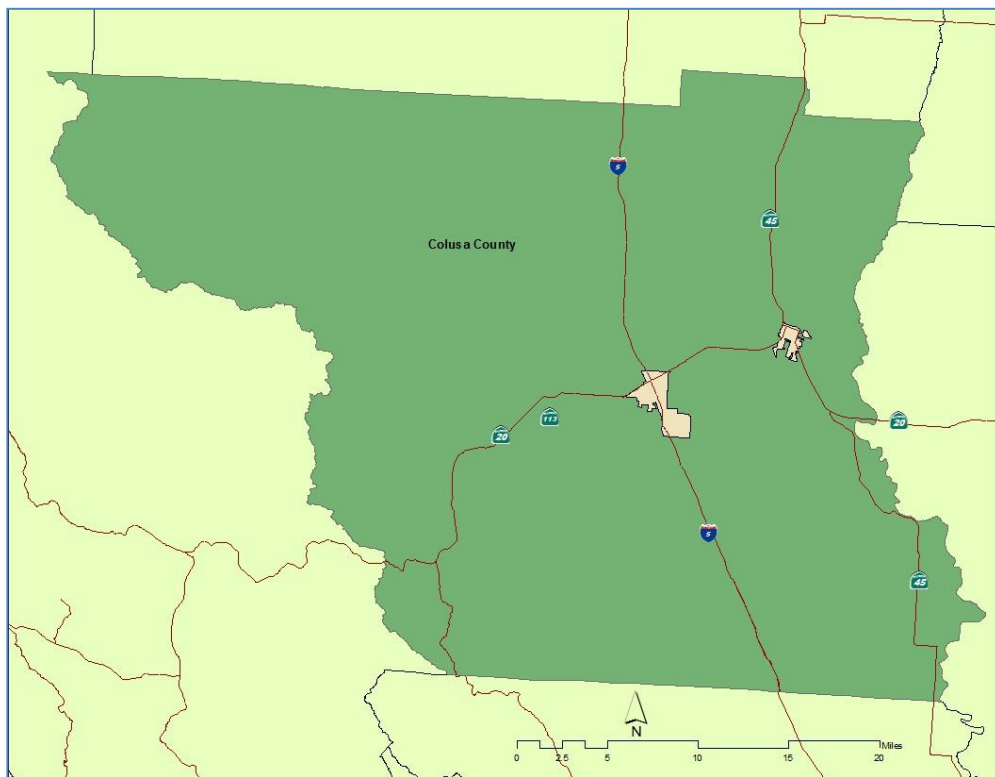
Cities of Amador, Ione, Jackson, Plymouth, and Sutter Creek, in Amador County, California



**Cities of Chico, Paradise, Oroville, and Butte County unincorporated areas, located
in Butte County, California**



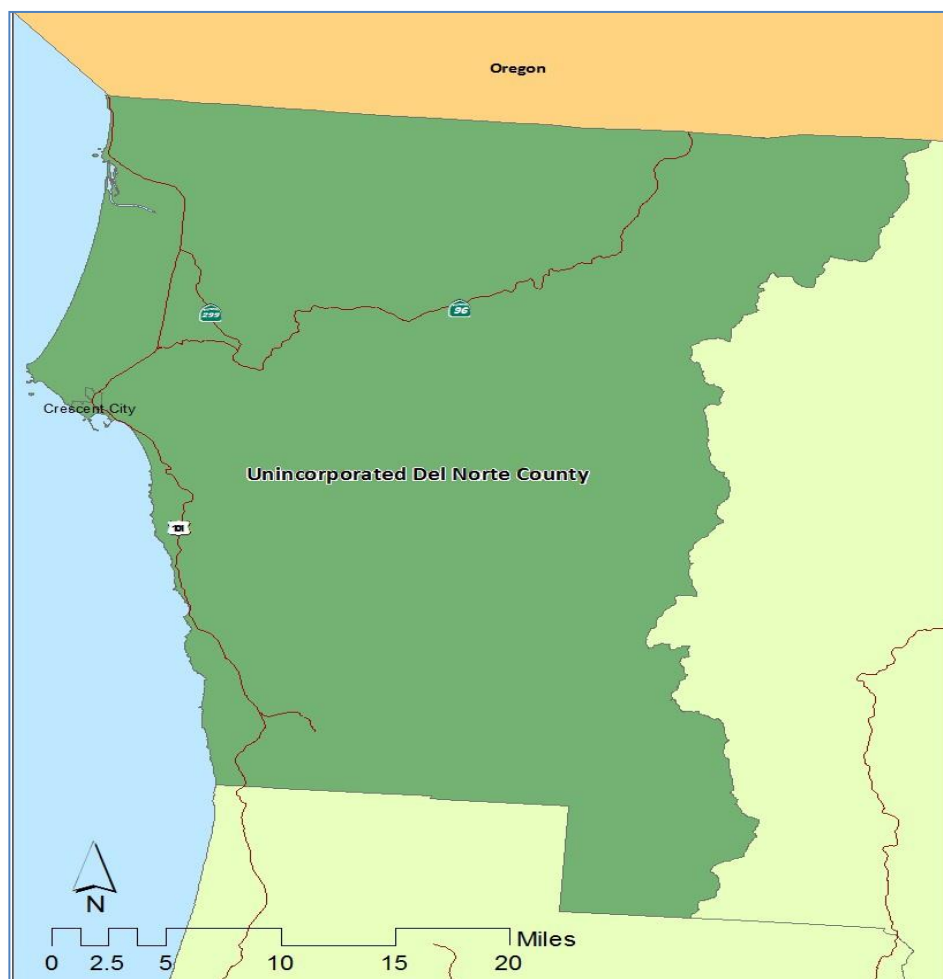
County of Colusa unincorporated areas in Colusa County, California



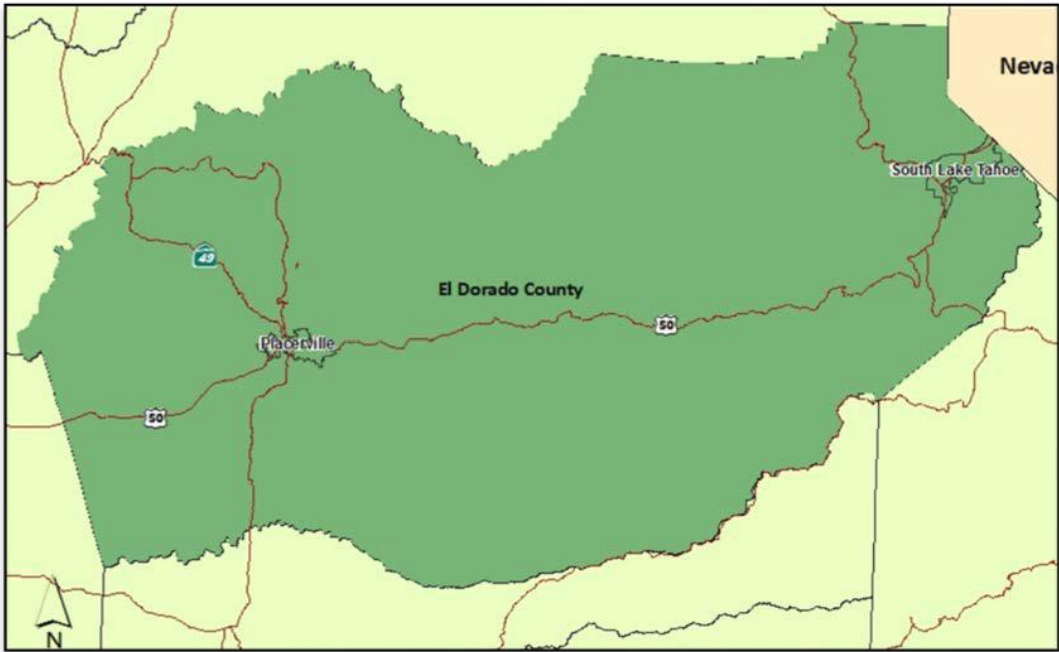
Cities of Antioch, Brentwood, Clayton, Concord, Danville, El Cerrito, Lafayette, Martinez, Town of Moraga, Oakley, Pinole, Pittsburg, Pleasant Hill, Richmond, San Pablo, San Ramon, Walnut Creek, and Contra Costa unincorporated areas, located in Contra Costa County, California



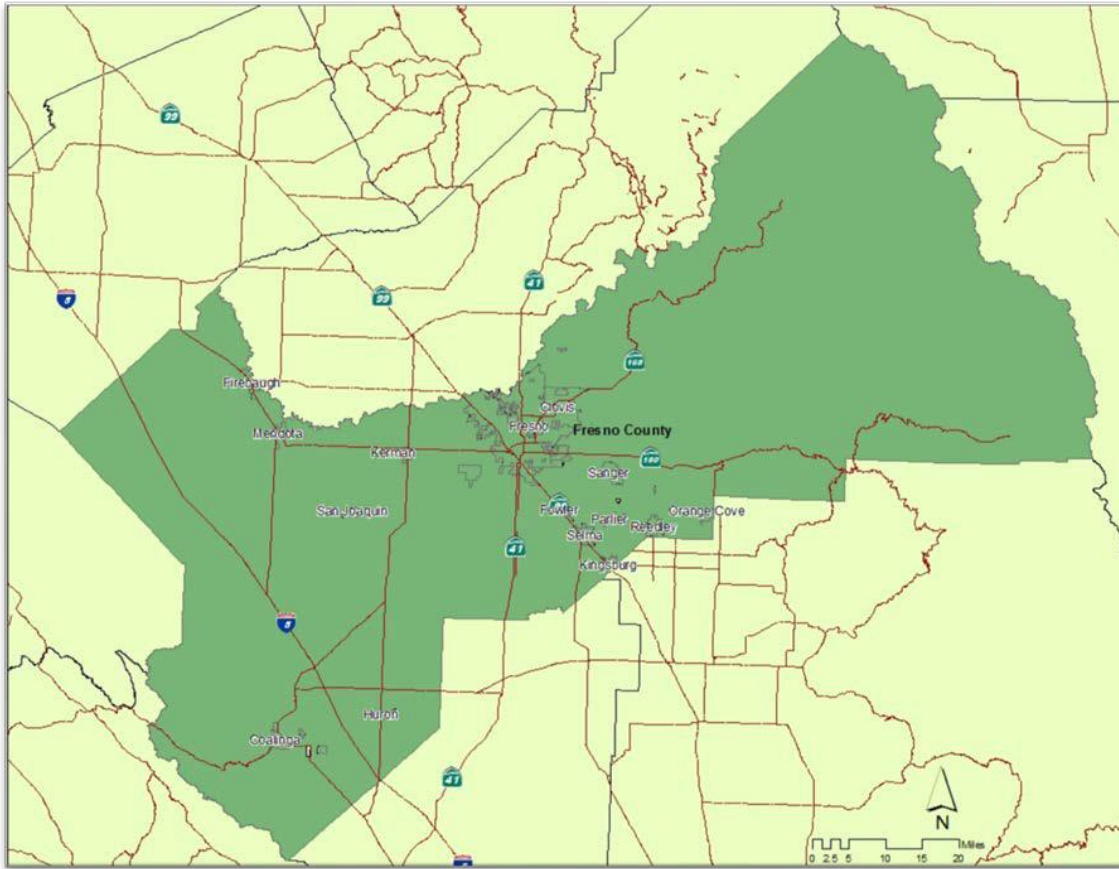
City of Crescent City and County of Del Norte unincorporated areas, located in Del Norte County, California



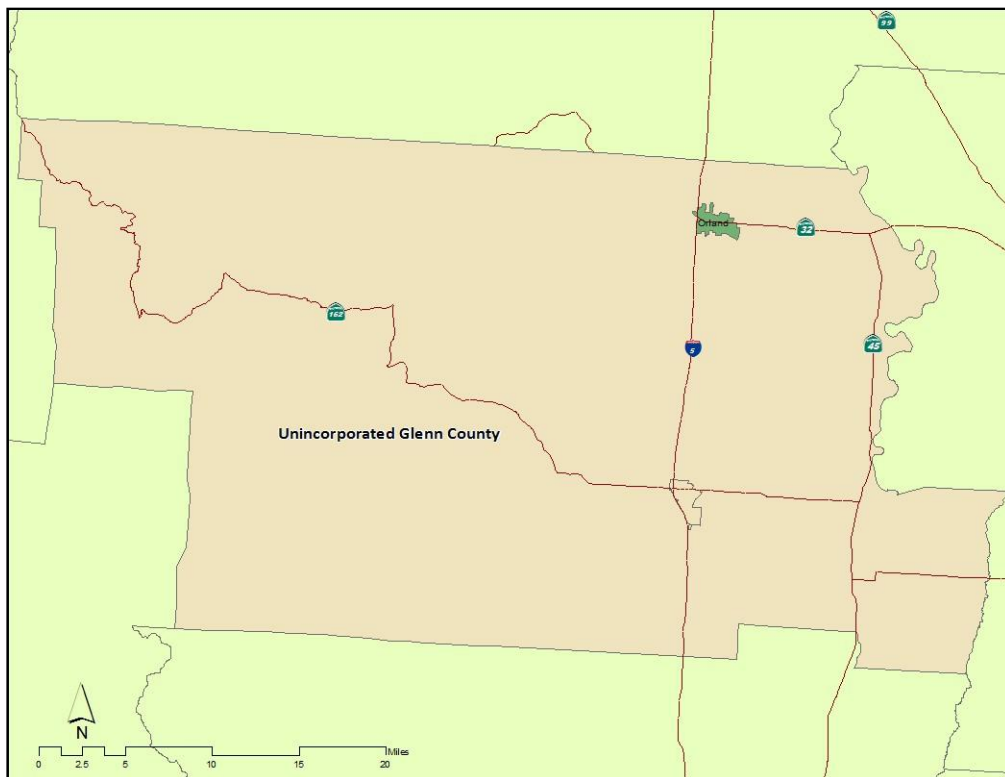
Cities of Placerville and South Lake Tahoe, and El Dorado County Unincorporated areas located in El Dorado County, California



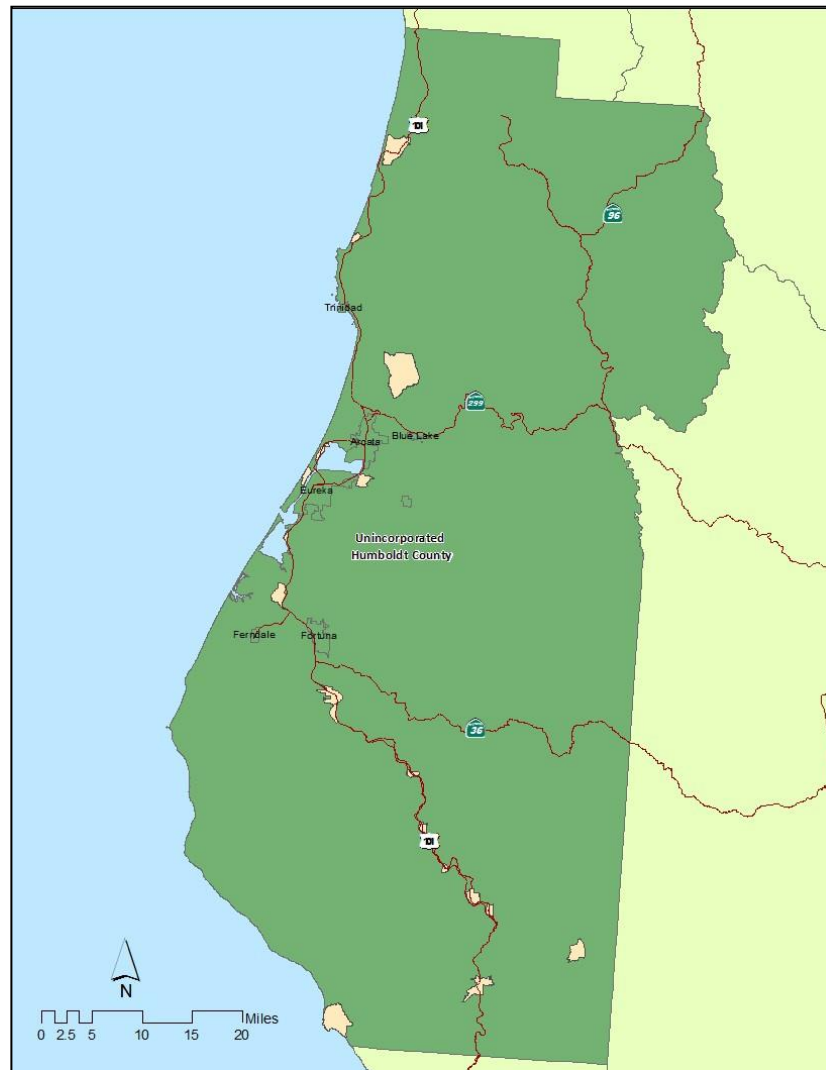
Cities of Clovis, Coalinga, Firebaugh, Fowler, Fresno, Huron, Kerman, Kingsburg, Mendota, Orange Cove, Parlier, Reedley, Sanger, San Joaquin, Selma, and Fresno County unincorporated areas, located in Fresno County, California



City of Orland, located in Glenn County, California



Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Trinidad, and Humboldt County unincorporated areas, located in Humboldt County, California



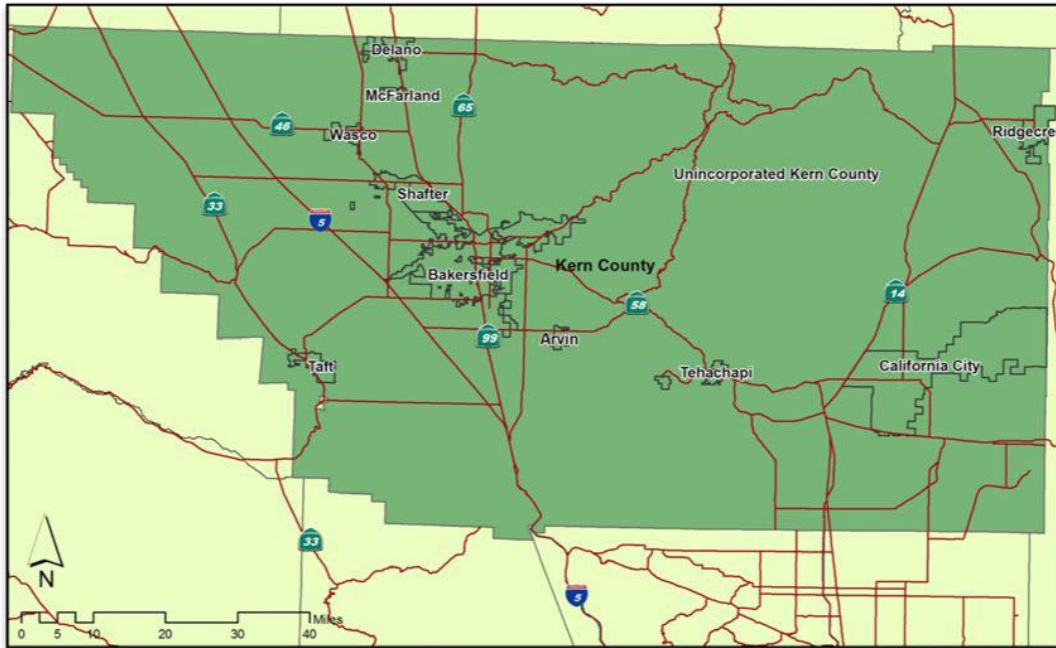
Cities of Brawley, Calexico, Calipatria, El Centro, Holtville, Imperial, and Imperial County unincorporated areas, located in Imperial County, California



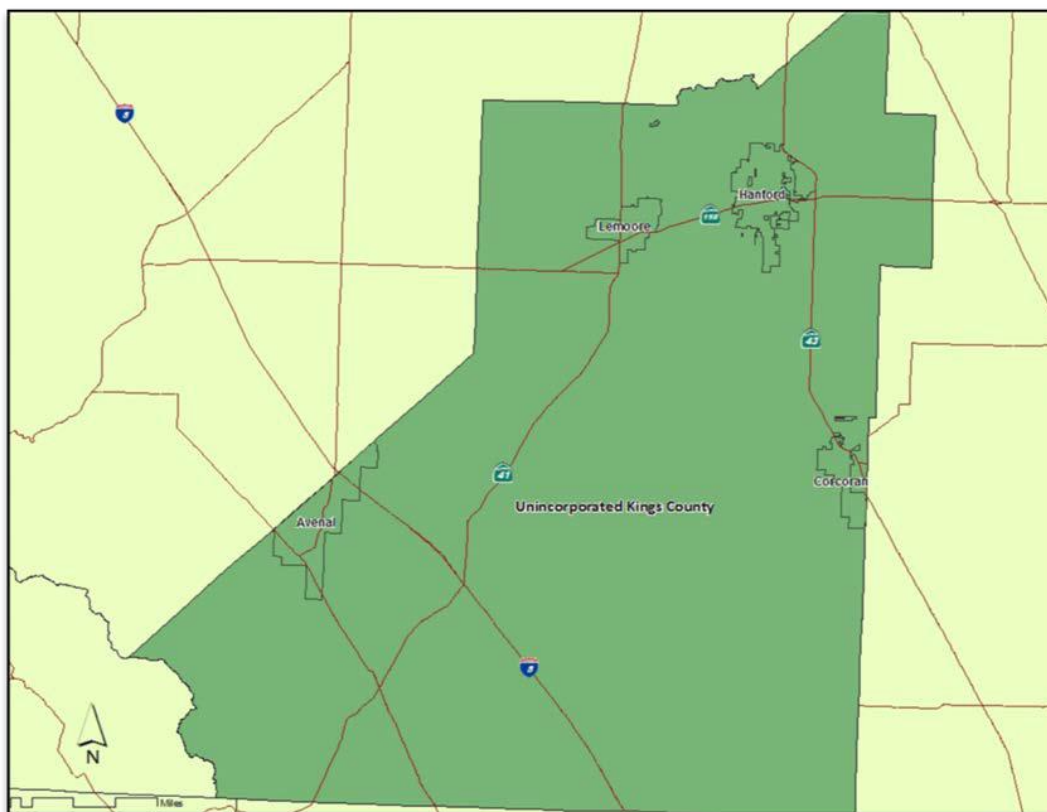
City of Bishop, located in Inyo County, California



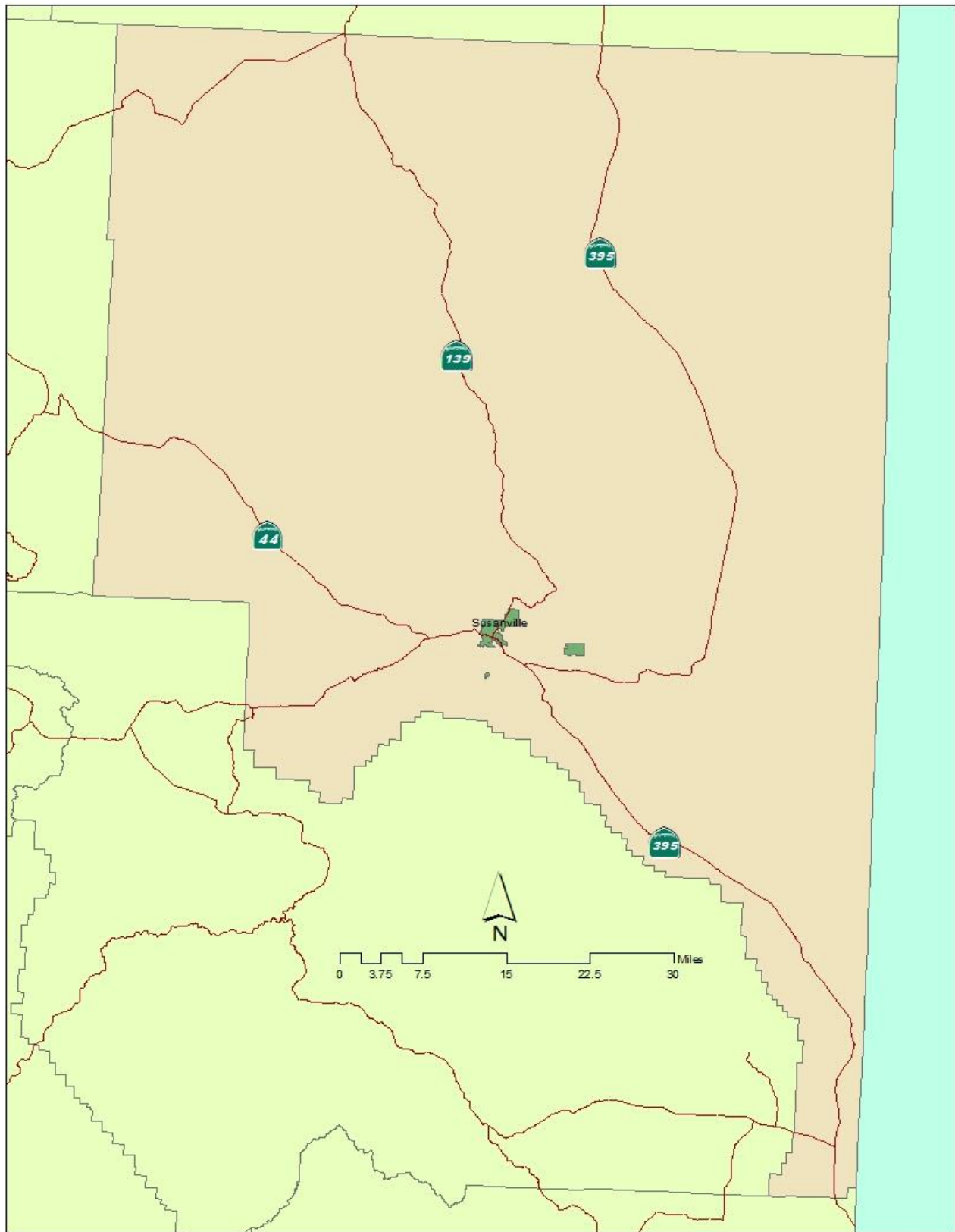
Cities of Arvin, Bakersfield, California City, Delano, McFarland, Ridgecrest, Shafter, Taft, Tehachapi, Wasco, and Kern County unincorporated areas, located in Kern County, California



**City of Susanville, located in Lassen County, California
areas, located in Kings County, California**



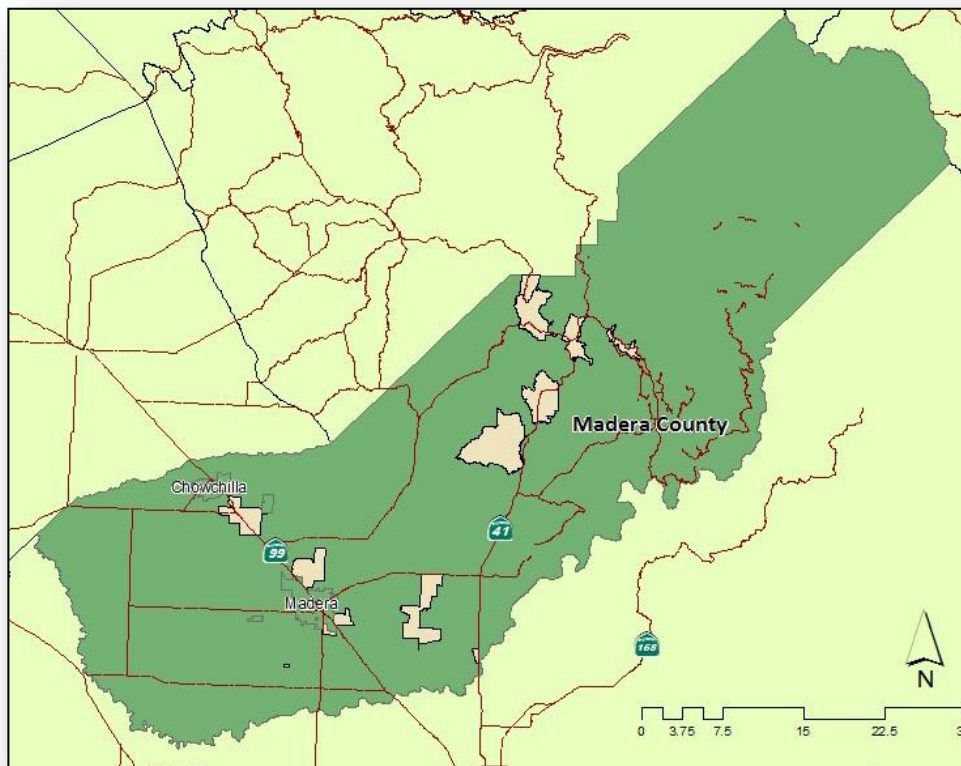
City of Susanville, located in Lassen County, California



Cities of Alhambra, Arcadia, Avalon (Commercial Only), Azusa, Baldwin Park, Bell Garden (Commercial Only), Bellflower, Bradbury, Calabasas (Commercial Only), Carson, Claremont, Commerce, Covina, Diamond Bar, El Monte, El Segundo, Gardena, Glendora, Hawthorne, Hermosa Beach, Industry, Inglewood, Irwindale, La Canada Flintridge, La Verne, Lancaster, Lawndale, Lomita, Long Beach (Commercial Only), Malibu, Monrovia, Montebello, Monterey Park, Palmdale, Pomona, Redondo Beach, Rolling Hills, Rolling Hills Estates, Rancho Palos Verdes, Rosemead, San Dimas, San Fernando, San Gabriel, San Marino, Santa Monica, Sierra Madre, South El Monte, South Pasadena, Temple City, Torrance, Walnut, and West Covina, located in Los Angeles County, California.



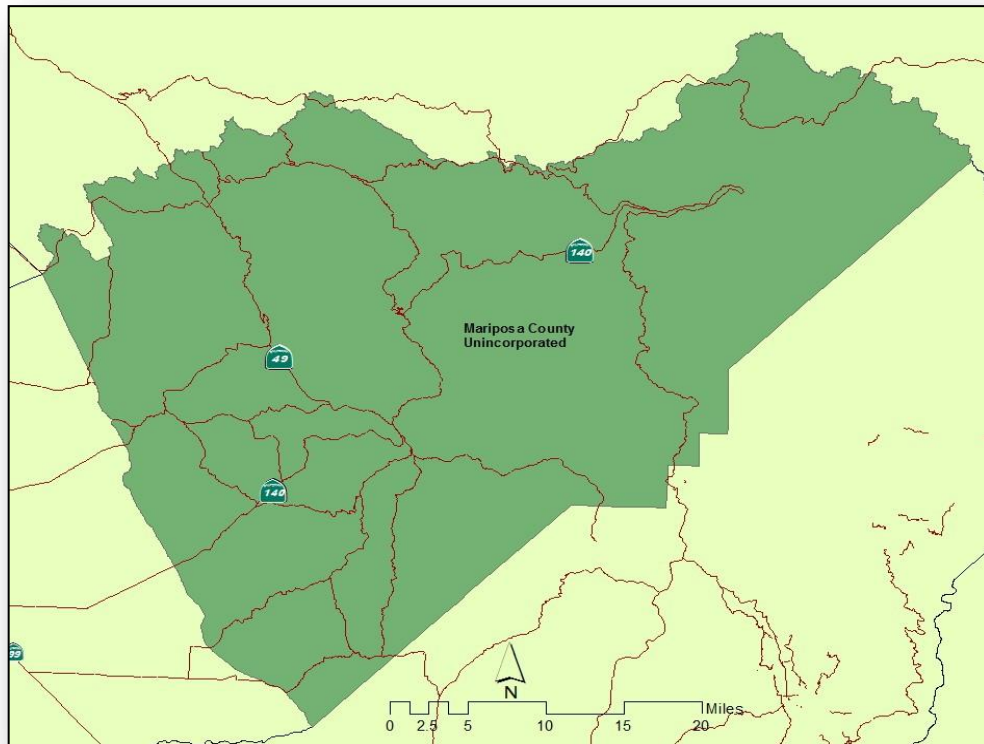
**Cities of Chowchilla, Madera and Madera County unincorporated areas, located in
Madera County, California**



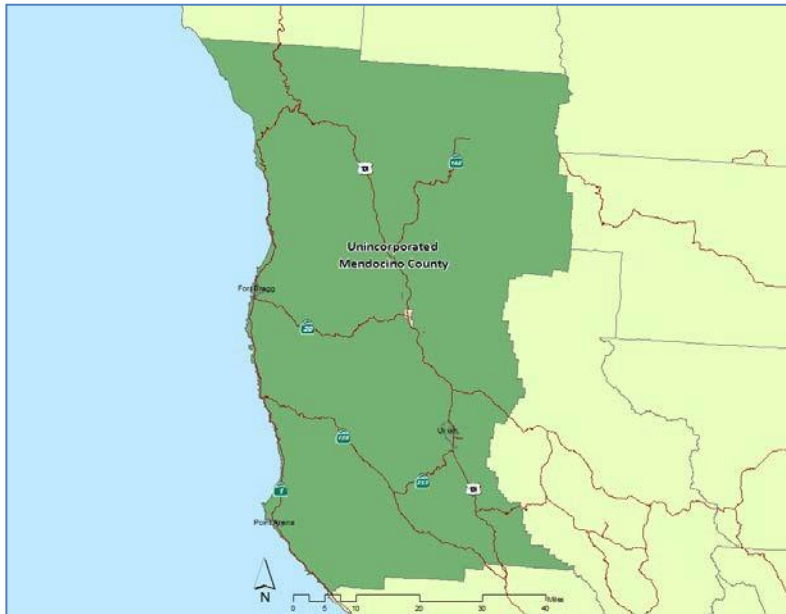
Cities of Belvedere, Larkspur, Mill Valley, Novato, San Anselmo, San Rafael, Sausalito, Tiburon, and County of Marin unincorporated areas, located in Marin County, California



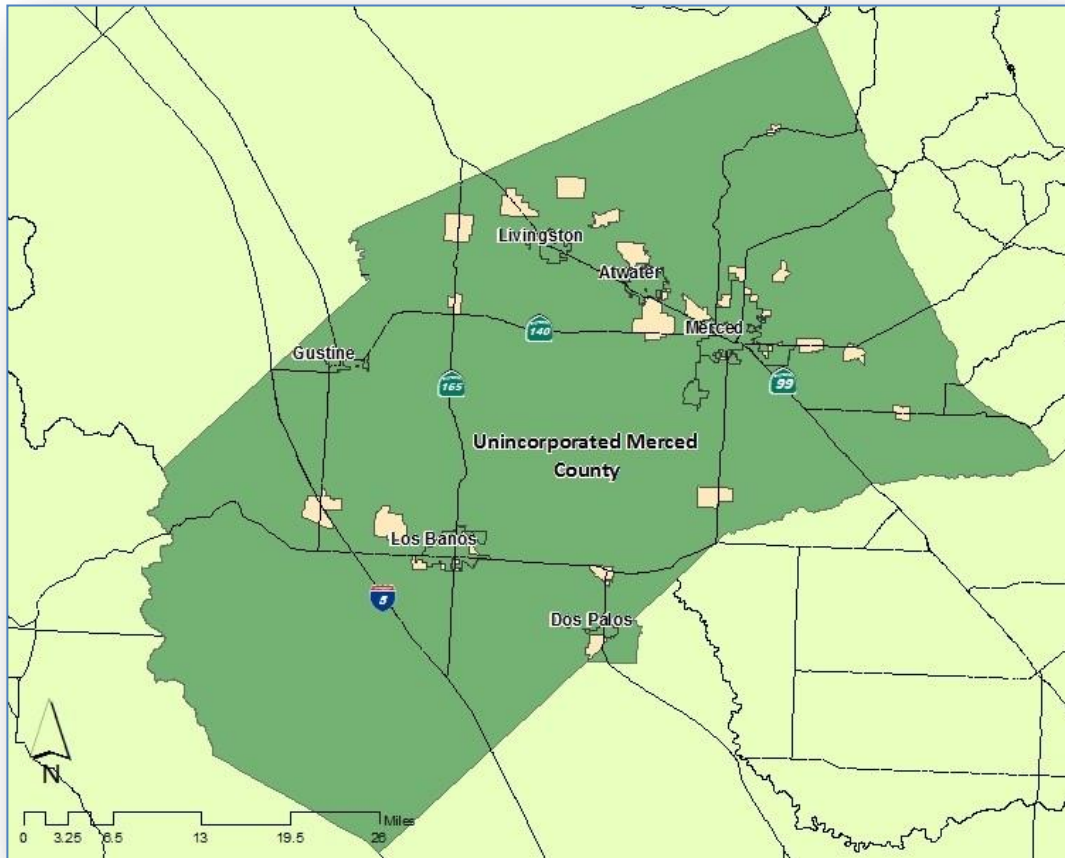
County of Mariposa unincorporated areas, located in Mariposa County, California



Cities of Fort Bragg, Point Arena, Ukiah, and Mendocino County unincorporated areas located in Mendocino County, California



Cities of Atwater, Dos Palos, Gustine, Livingston, Los Banos, Merced, and Merced County unincorporated areas, located in Merced County, California



Town of Mammoth Lakes and Mono County unincorporated areas, located in Mono County, California



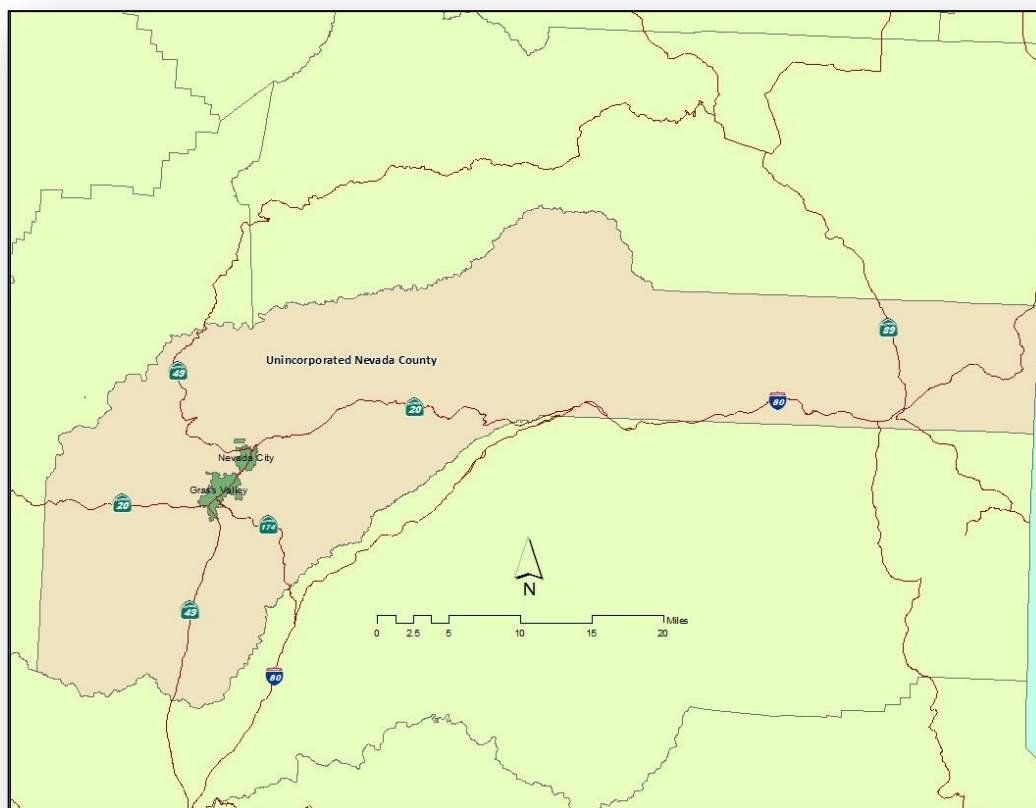
Cities of Carmel-by-the-Sea, Del Rey Oaks, Gonzales, Greenfield, Kings City, Monterey, Pacific Grove, Salinas, Sand City, Seaside, and Monterey County unincorporated areas, located in Monterey County, California



**Cities of American Canyon, Calistoga, Napa St. Helena, Yountville, and the County
of Napa unincorporated areas, located in Napa County, California**



Cities of Grass Valley and Nevada City, located in Nevada County, California



Cities of Aliso Viejo, Anaheim, Brea, Buena Park, Costa Mesa, Cypress, Fountain Valley, Garden Grove, Huntington Beach, La Habra, La Palma, Laguna Beach, Laguna Hills, Lake Forest, Mission Viejo, Newport Beach, Placentia, Rancho Santa Margarita, San Clemente, Santa Ana, Stanton, Tustin, Westminster, and Yorba Linda, located in Orange County, California.



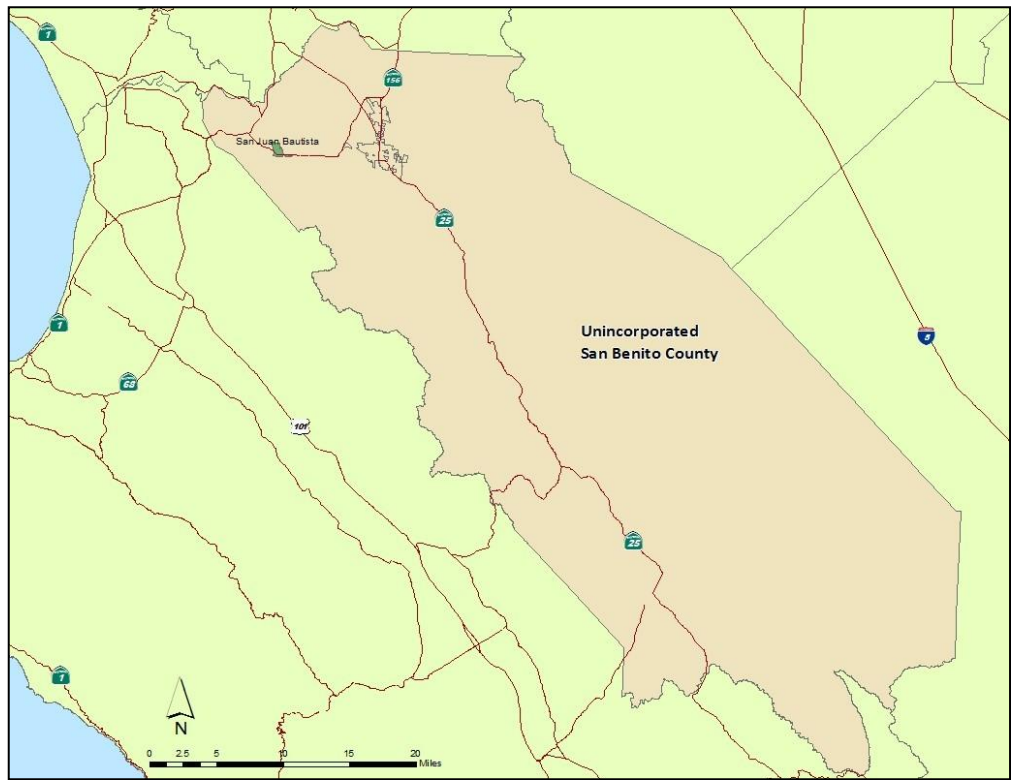
Cities of Beaumont, Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage, and Riverside County unincorporated areas located in Riverside County, California



Cities of Citrus Heights, Elk Grove, Galt, Isleton, Rancho Cordova, and Sacramento, and the County of Sacramento unincorporated areas located in Sacramento County, California



City of San Juan Bautista, located in San Benito County, California



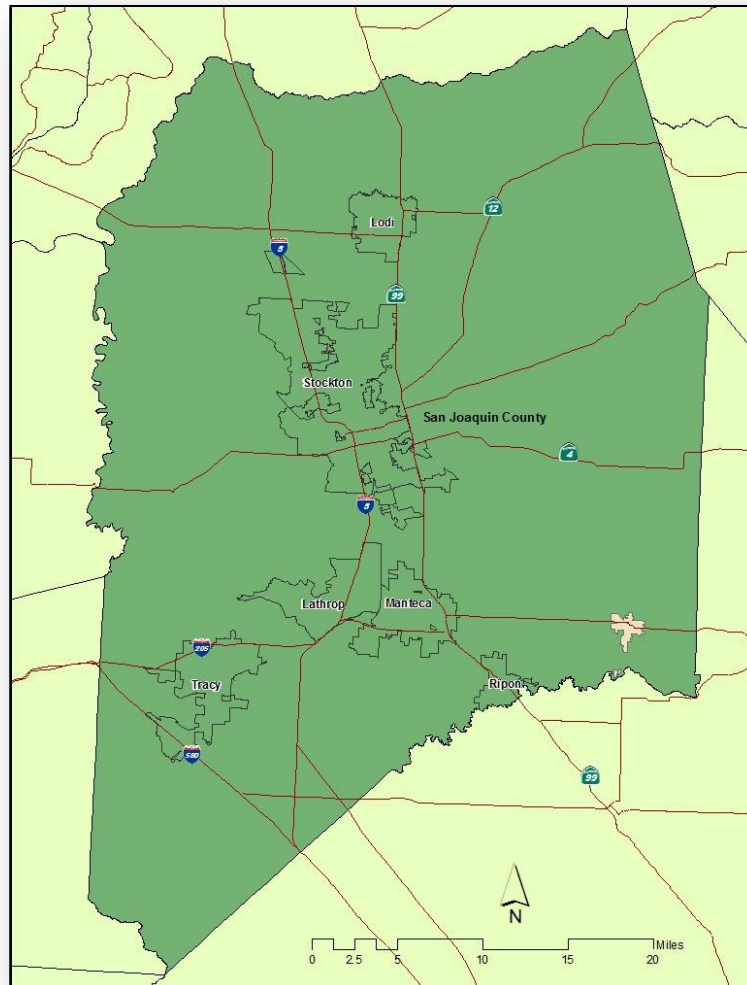
Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, San Marcos, Santee, Solana Beach, and Vista, San Diego County unincorporated areas, located in San Diego County, California



City/County of San Francisco, located in San Francisco County, California



Cities of Lathrop, Lodi, Manteca, Ripon, Stockton, and Tracy, and San Joaquin County unincorporated areas, located in San Joaquin County, California



Cities of Grover Beach, Morro Bay, Paso Robles, San Luis Obispo, and San Luis Obispo County unincorporated areas, located in San Luis Obispo County, California



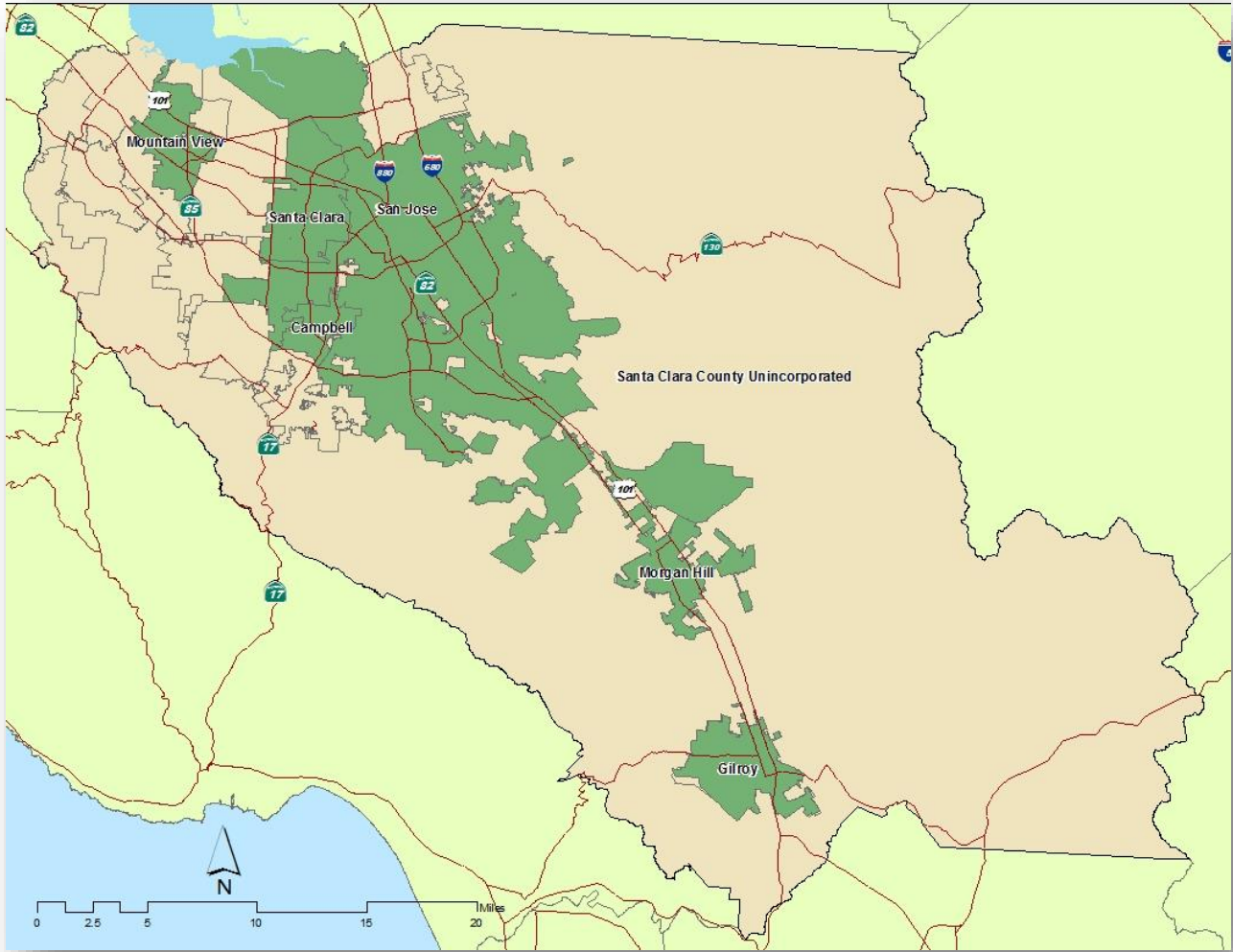
Cities/Towns of Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Millbrae, Pacifica, Portola Valley, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco, and Woodside, and the County of San Mateo unincorporated areas, located in San Mateo County, California



City of Lompoc, located in Santa Barbara County, California



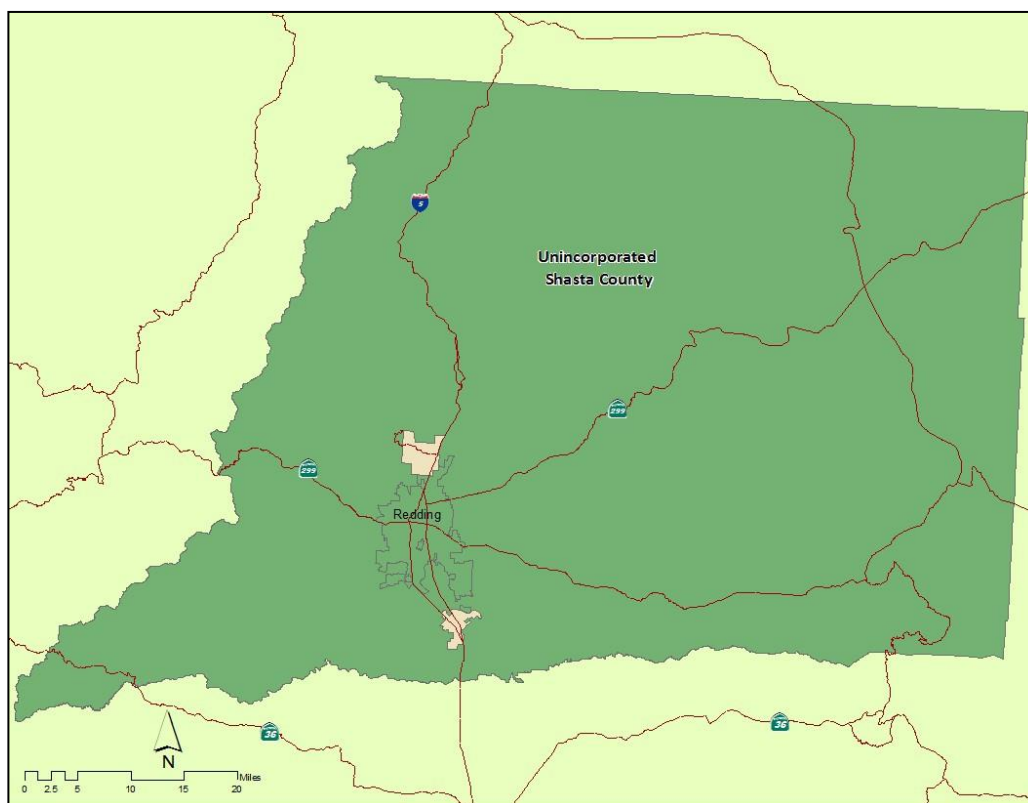
Cities of Campbell, Cupertino, Gilroy, Morgan Hill, Mountain View, San Jose, and Santa Clara located in Santa Clara County, California



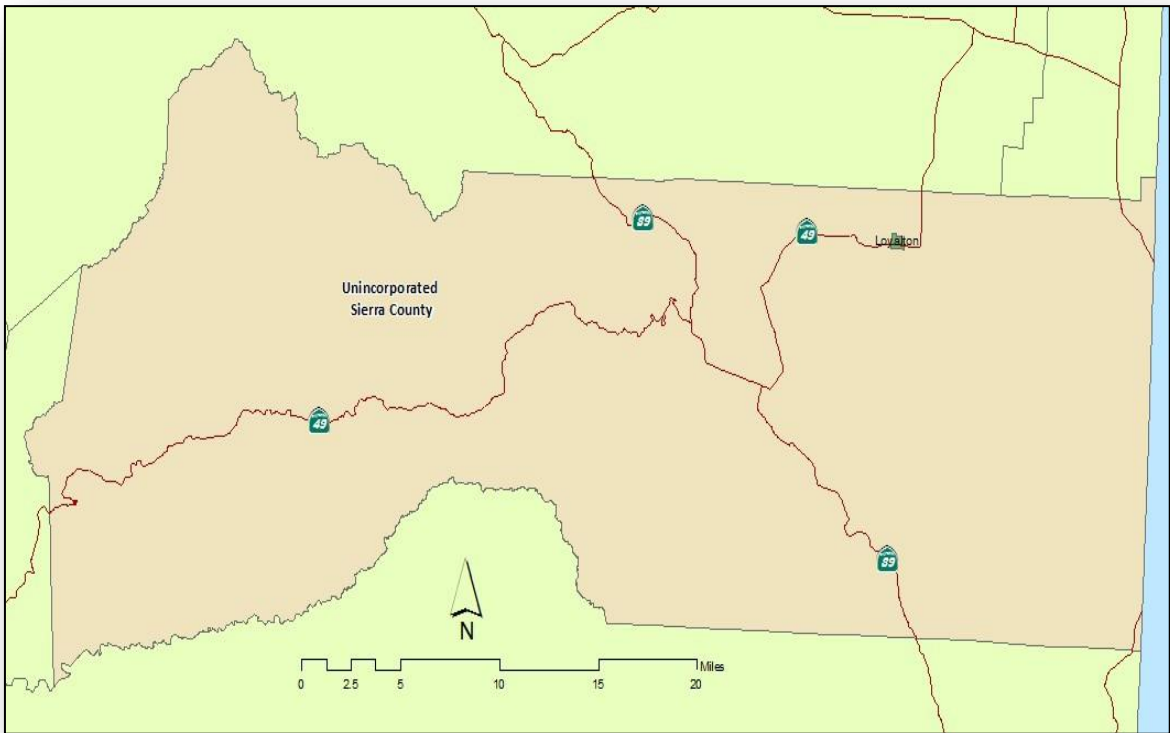
**Cities of Capitola, Santa Cruz, Scotts Valley, Watsonville, and Santa Cruz County
unincorporated areas, located in Santa Cruz County, California**



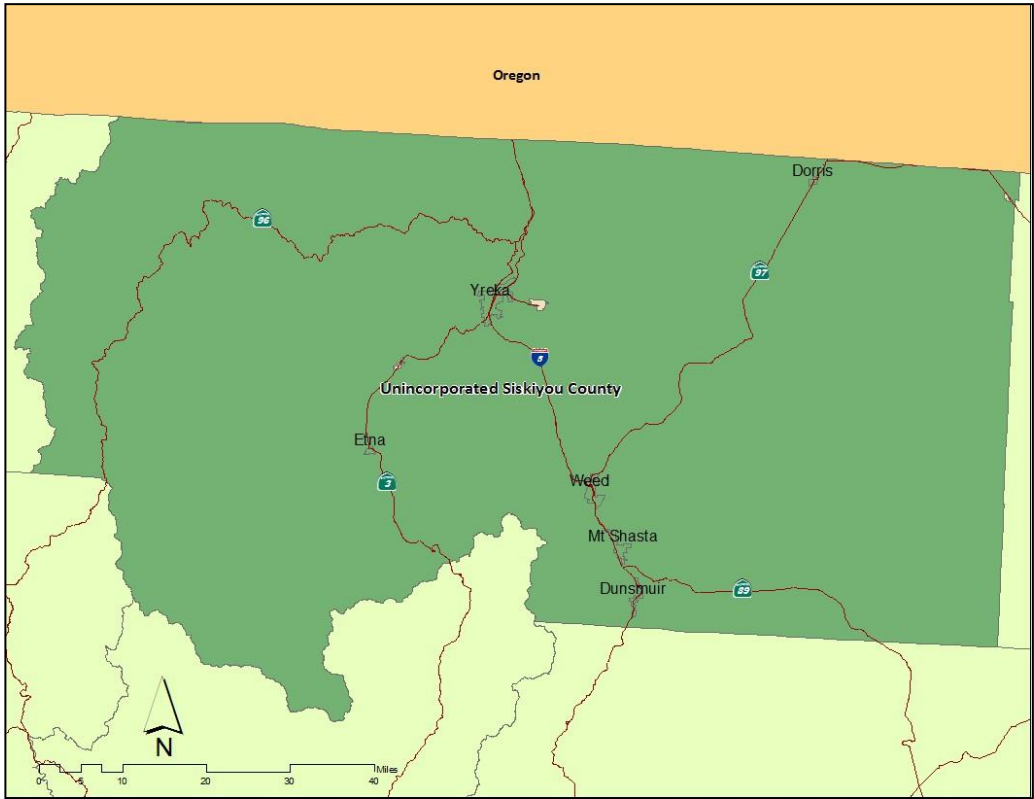
City of Redding and County of Shasta unincorporated areas, located in Shasta County, California



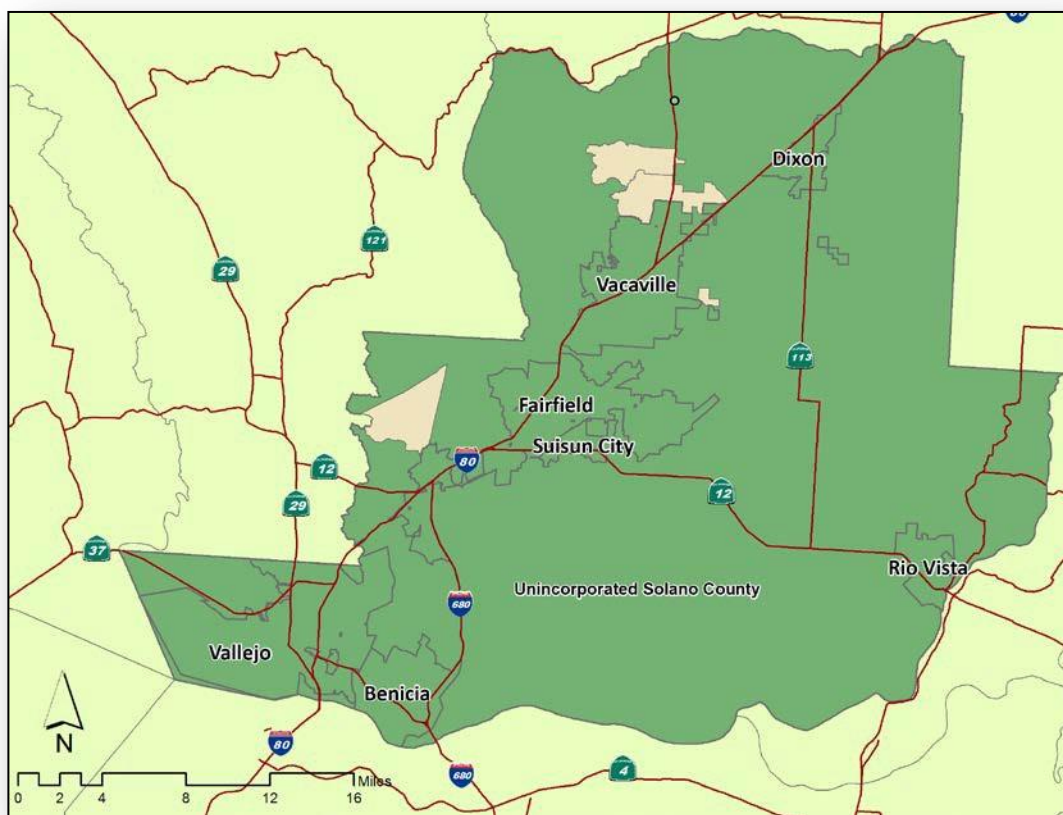
City of Loyalton, located in Sierra County, California



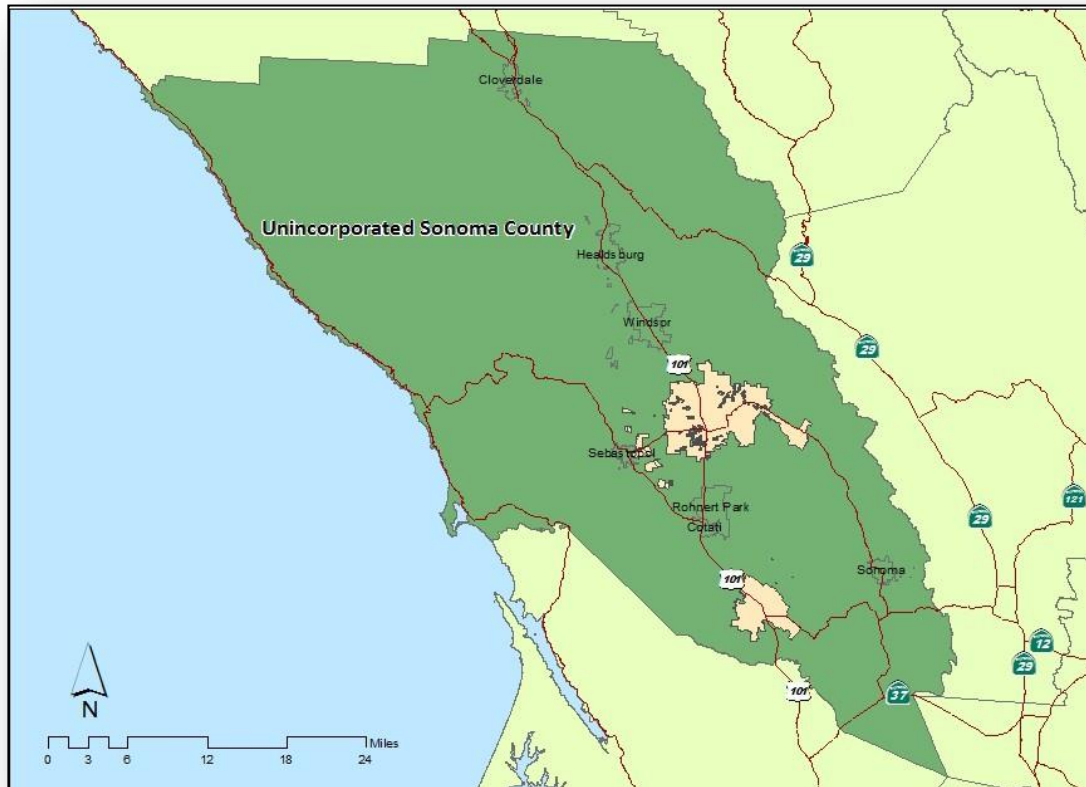
Cities of Dorris, Dunsmuir, Etna, Mount Shasta, Weed, Yreka, and County of Siskiyou unincorporated areas located in Siskiyou County, California



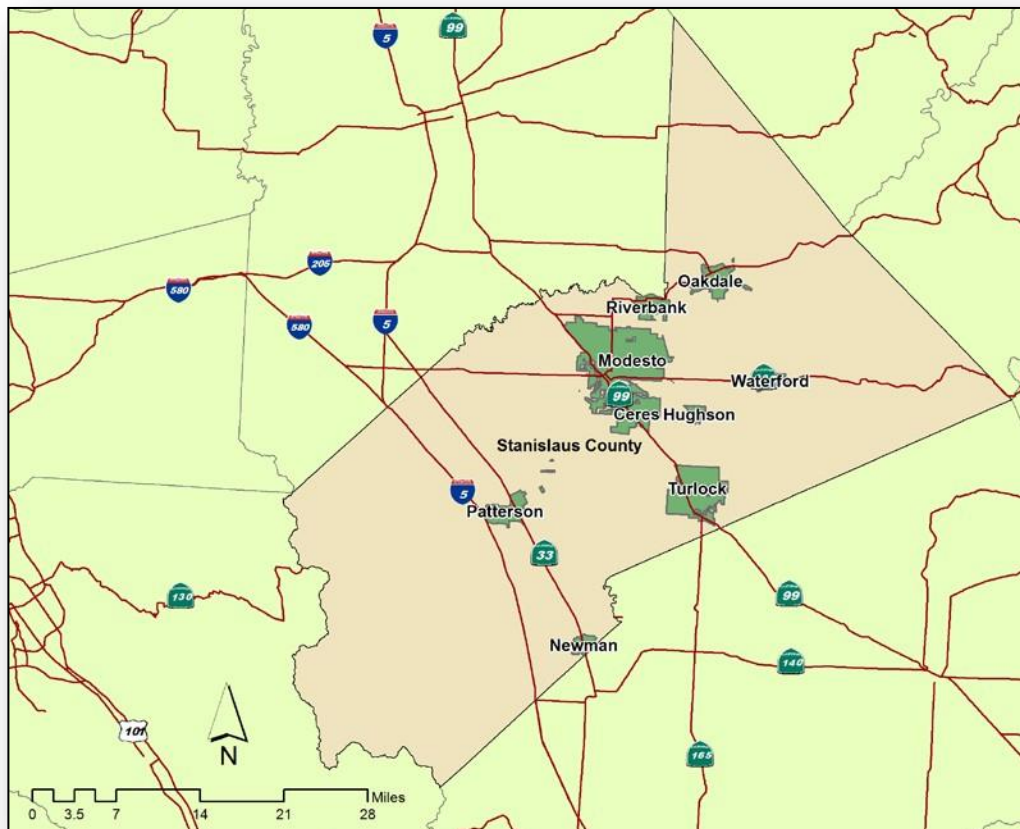
Cities of Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville, Vallejo, and the Solano County unincorporated areas, located in Solano County, California



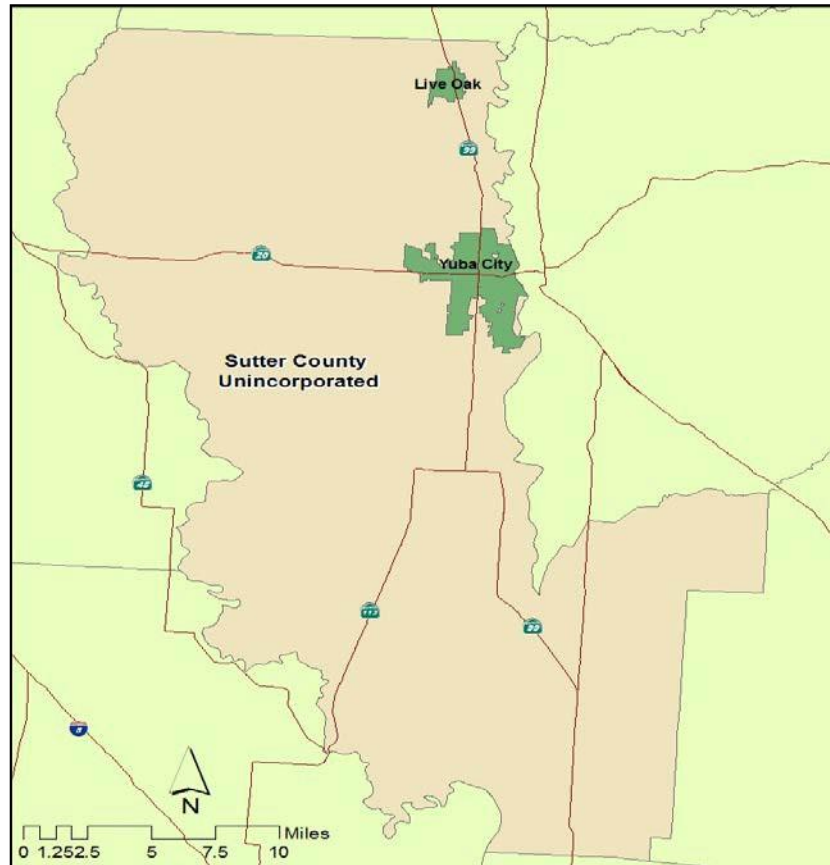
Cities of Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma, Windsor, and Sonoma County unincorporated areas, located in Sonoma County, California



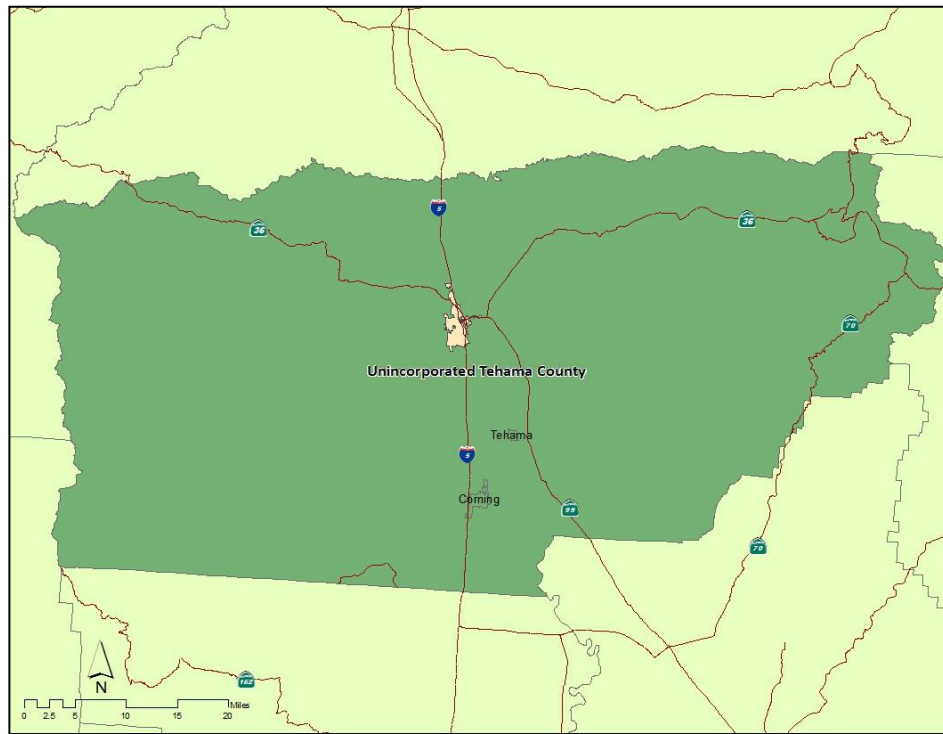
Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford, located in Stanislaus County, California



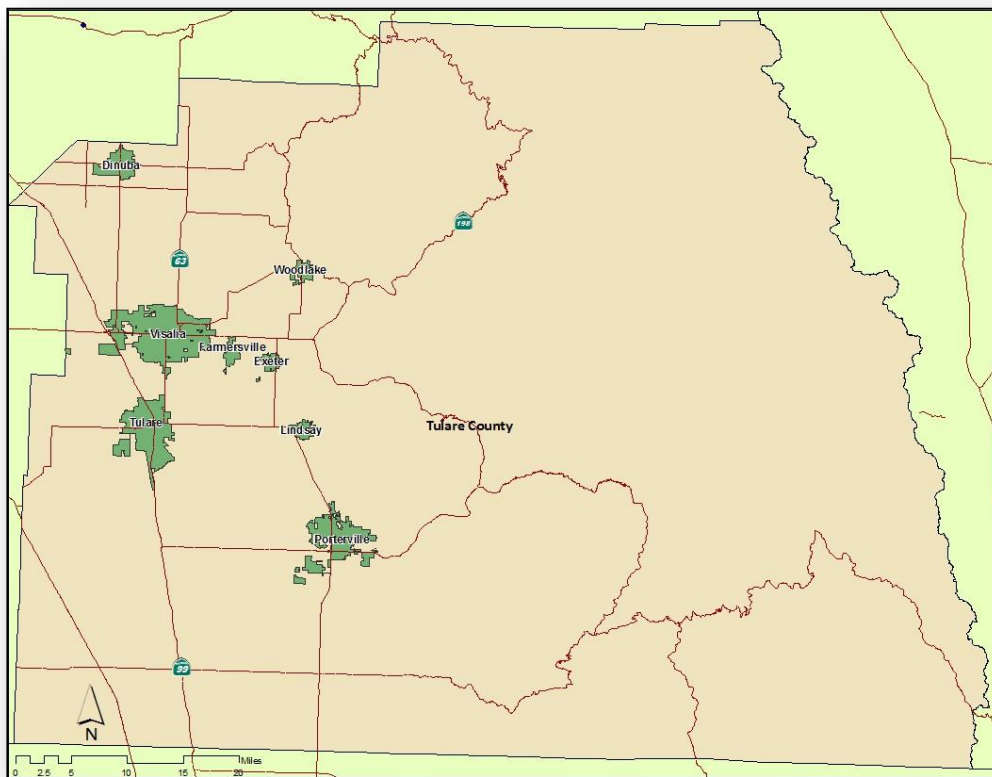
Cities of Live Oak and Yuba City, located in Sutter County, California



Cities of Corning, Tehama, and Tehama County unincorporated areas, located in Tehama County, California



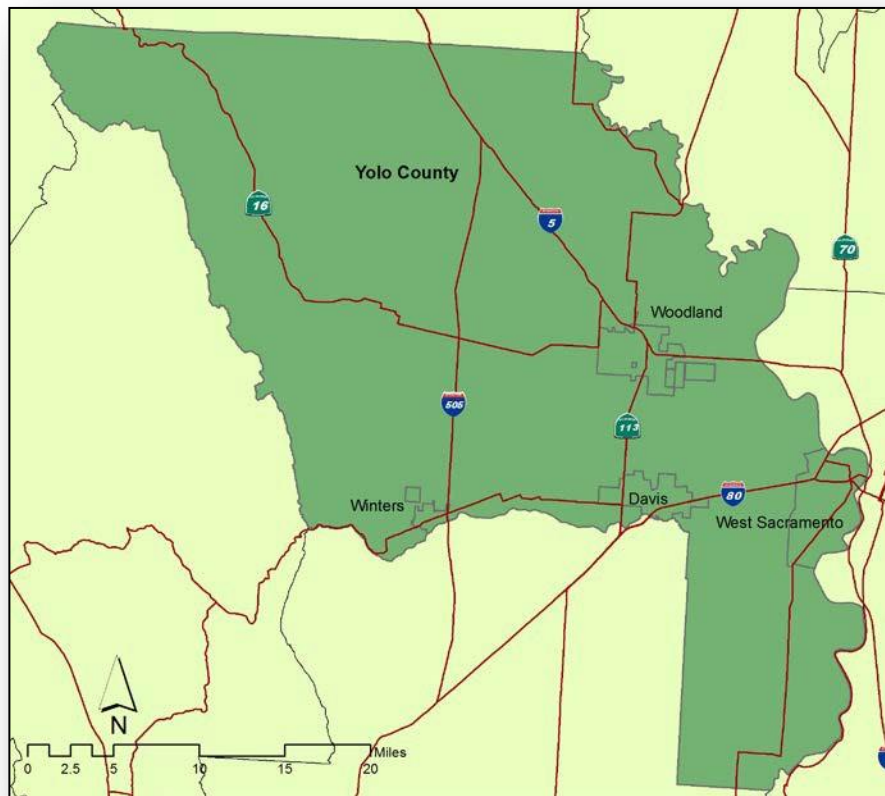
**Cities of Dinuba, Exeter, Farmersville, Lindsay, Porterville, Tulare, Visalia, and
Woodlake, located in Tulare County, California**



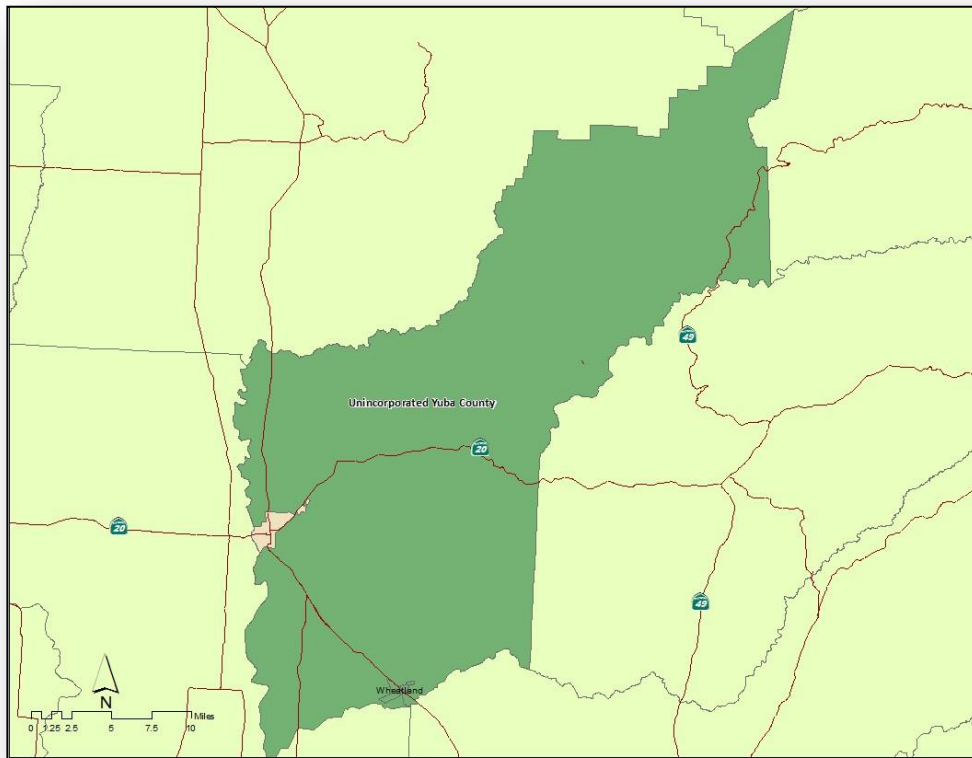
Cities of Camarillo, Fillmore, Moorpark, Ojai, Oxnard, Port Hueneme, San Buenaventura, Santa Paula, Simi Valley, and Thousand Oaks, located in Ventura County, California



**Cities of Davis, West Sacramento, Winters, Woodland, and Yolo County
unincorporated areas, located in Yolo County, California**



City of Wheatland, and Yuba County unincorporated areas, located in Yuba County, California



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Item 5.A

PACE Program Activities Update

Attachment 6

WRCOG Resolution Number 09-17;
A Resolution of the Executive
Committee of the Western Riverside
Council of Governments Declaring its
Intention to Modify the California
HERO Program Report so as to
Increase the Program Area Within
Which Contractual Assessments May
Be Offered And Setting A Public
Hearing Theron. Opt Out Resolution

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RESOLUTION NUMBER 09-17

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS DECLARING ITS INTENTION TO MODIFY THE CALIFORNIA HERO PROGRAM REPORT SO AS TO INCREASE THE PROGRAM AREA WITHIN WHICH CONTRACTUAL ASSESSMENTS MAY BE OFFERED AND SETTING A PUBLIC HEARING THEREON

WHEREAS, the Executive Committee of the Western Riverside Council of Governments (WRCOG) previously initiated proceedings pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the "Chapter 29") to permit the provision of Property Assessed Clean Energy (PACE) services within those cities that had taken action to become Associate Members of WRCOG as of the date of the initiation of such proceedings and did, by the adoption of its Resolution Number 10-13 on June 3, 2013, (the "Resolution Confirming the Program Report"), approve a report (the "Program Report") addressing all of the matters set forth in Section 5898.22 and 5898.23 of Chapter 29 and establish and order the implementation of a voluntary contractual assessment program to be known as the "California HERO Program" (the "Program") to assist property owners within the jurisdictional boundaries of such Associate Members with the cost of installing distributed generation renewable energy sources, energy and water efficient improvements and electric vehicle charging infrastructure that are permanently fixed to their properties ("Authorized Improvements"); and

WHEREAS, in approving the Program Report, the Executive Committee also established the jurisdictional boundaries of such Associate Members as the initial territory within which voluntary contractual assessments may be offered (the "Program Area") to provide for financing of the installation of Authorized Improvements on properties within such Program Area; and

WHEREAS, subsequent to the establishment of the Program, the Executive Committee has undertaken proceedings pursuant to Chapter 29 to expand the Program Area within which contractual assessments may be offered to include the jurisdictions of certain counties and additional cities that had taken action to become Associate Members of WRCOG since the establishment of the Program; and

WHEREAS, now the legislative bodies of the Cities of Marysville and Shasta Lake, have taken action to become Associate Members of WRCOG and thereby enable the Executive Committee to consider modifying the Program Report by increasing the Program Area to include the jurisdictions of such Additional Associate Members so as to enable voluntary contractual assessments to be offered pursuant to the Program to the owners of properties within such jurisdictions to finance the installation of Authorized Improvements on such properties; and

WHEREAS, the Executive Committee desires to initiate proceedings pursuant to Chapter 29 to modify the Program Report to include the jurisdictions of the Cities of Marysville and Shasta Lake, (the "Additional Associate Members") in the Program Area.

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

Section 1. The Executive Committee declares its intention to remove the Counties as Association Members and modify the Program Report so as to modify the Program Area within which contractual assessments may be offered pursuant to the California HERO Program to include the jurisdictions of the Additional Associate Members.

Section 2. Public Hearing. Pursuant to Chapter 29, the Executive Committee hereby orders that a public hearing to be held before the Executive Committee in the First Floor Board Chambers, County of Riverside Administration Center, 4080 Lemon Street, Riverside, California, at 2:00 p.m. on May 1, 2017, on the proposed modification to the Program Report to increase the Program Area. At the public hearing all interested persons may appear and hear and be heard and object to or inquire about the proposed modifications to the Program Report to increase the Program Area.

Section 3. Notice of Public Hearing. The Secretary of the Executive Committee is hereby directed to provide notice of the public hearing by publishing such notice once a week for two weeks, pursuant to Section 6066 of the California Government Code, and the first publication shall occur not later than 20 days before the date of such hearing in a newspaper of general circulation published within the jurisdiction of each of the Additional Associate Members or, if there is no such newspaper of general circulation published within any such jurisdiction of any such Additional Associate Member, then in a newspaper of general circulation published nearest thereto.

Section 4. Effective Date of Resolution. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Executive Committee of the Western Riverside Council of Governments held on April 3, 2017.

Ben Benoit, 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: _____

Item 5.A

PACE Program Activities Update

Attachment 7

Adopt WRCOG Resolution 10-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments Authorizing the Issuance of Spruce PACE Bonds, Amending the Program Report and Approving the Forms of a Professional Administration Agreement with Spruce PACE, a Master Indenture and Supplemental Indenture, Bond Purchase Agreement, Professional Services Agreement for Assessment Administration for the Issuance of bonds for the WRCOG Spruce PACE Program and Appointing a Trustee

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Western Riverside Council of Governments

County of Riverside • City of Banning • City of Calimesa • City of Canyon Lake • City of Corona • City of Eastvale • City of Hemet • City of Jurupa Valley
City of Lake Elsinore • City of Menifee • City of Moreno Valley • City of Murrieta • City of Norco • City of Perris • City of Riverside • City of San Jacinto
City of Temecula • City of Wildomar • Eastern Municipal Water District • Western Municipal Water District • Morongo Band of Mission Indians
Riverside County Superintendent of Schools

RESOLUTION NUMBER 10-17

**A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
AUTHORIZING THE ISSUANCE OF SPRUCE PACE BONDS, AMENDING THE PROGRAM
REPORT AND APPROVING THE FORMS OF A PROFESSIONAL ADMINISTRATION AGREEMENT
WITH SPRUCE PACE, A MASTER INDENTURE AND SUPPLEMENTAL INDENTURE, BOND
PURCHASE AGREEMENT, PROFESSIONAL SERVICES AGREEMENT FOR ASSESSMENT
ADMINISTRATION FOR THE ISSUANCE OF BONDS FOR THE WRCOG SPRUCE PACE
PROGRAM AND APPOINTING A TRUSTEE**

WHEREAS, the Executive Committee of the Western Riverside Council of Governments (the "Executive Committee") has undertaken proceedings to establish and has established the "Western Riverside Council of Governments Energy Efficiency and Water Conservation Program for Western Riverside County" (the "WRCOG Program") pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code ("Chapter 29"), the Joint Exercise of Powers Agreement of the Western Riverside Council of Governments ("WRCOG"), originally made and entered April 1, 1991, as further amended to date (the "Joint Exercise of Powers Agreement"), and, Implementation Agreements by and between WRCOG and its Regular Members, separate voluntary contractual assessment programs to assist property owners within the jurisdictional boundaries of the Program Area (defined below), with the cost of installing distributed generation renewable energy sources, energy and water efficiency improvements and electric vehicle charging infrastructure ("Authorized Improvements"), as further described in the Program Reports (defined below) adopted by the Executive Committee in establishing the Program, that are permanently affixed to their property; and

WHEREAS, by the adoption of Resolution Number 09-10, the Executive Committee provided that one or more series of improvement bonds would be issued under the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of California (the "1915 Act") or other financing relationships would be entered for the purpose of financing the installation Authorized Improvements on properties within the Program Area; and

WHEREAS, on January 12, 2011, the Executive Committee also adopted its Resolution Number 08-11 (the "Original Resolution of Issuance") authorizing the issuance of limited obligation improvement bonds pursuant to Chapter 29, the 1915 Act and the Original Resolution of Issuance upon the security of voluntary contractual assessments levied on participating parcels in the WRCOG Program and approving and directing the execution of related documents and approving related actions; and

WHEREAS, the Executive Committee authorized SPRUCE PACE to serve as an additional program administrator for the WRCOG Program for residential property and there has been a form of Professional Administration Agreement submitted to the Executive Committee for the terms and conditions of such; and

WHEREAS, there has been submitted to the Executive Committee forms of a Master Indenture and a Supplemental Indenture providing for the issuance of limited obligation improvement bonds to be designated as the "WRCOG SPRUCE PACE Limited Obligation Improvement Bonds (First Residential Property Tranche)" (the "SPRUCE PACE Residential Bonds") in one or more series (each such series of bonds referred to as a "Series") pursuant to Chapter 29, the 1915 Act, and the use of the proceeds of

such bonds to finance the installation of Authorized Improvements on residential parcels that are participating in the WRCOG Program, and this Executive Committee, with the aid of its staff, has reviewed those documents and found them to be in proper order; and

WHEREAS, there has been submitted to the Executive Committee the form of a Bond Purchase Agreement providing for the terms and conditions for the purchase of the Bonds by SPRUCE PACE and this Executive Committee, with the aid of its staff, has reviewed those documents and found them to be in proper order; and

WHEREAS, there has been submitted to the Executive Committee the form of a Professional Services Agreement providing for the terms and conditions for the provision of assessment administration services by David Taussig & Associates, Inc.

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

Section 1. Authorization of the Issuance of the Bonds. The Executive Committee hereby authorizes the issuance of one or more Series of the Bonds under and pursuant to Chapter 29, the 1915 Act, the Resolution of Issuance and this Resolution in an amount not to exceed \$150,000,000.

Section 2. Approval of SPRUCE PACE LLC as Program Administrator. The Executive Committee hereby approves (i) SPRUCE PACE LLC as an additional program administrator for the Program; and (ii) the form of Professional 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 and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes the delivery and performance of the Professional Administration Agreement.

Section 3. Approval of Modification of the WRCOG Program Report. The Executive Committee hereby approves the modification of the WRCOG Program Report to incorporate the amendments to the Program Report presented to the Executive Committee at this meeting.

Section 4. Approval of Forms of Master Indenture and Supplemental Indenture for Residential Property and Indenture for Commercial Property. The Executive Committee hereby approves the form of Master Indenture for residential property in substantially the forms on the file with the Secretary of the Executive Committee, together with any changes therein or additions thereto approved by the Executive Director of WRCOG, and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes and directs the Chair or Vice Chair of the Executive Committee (each, an "Authorized Officer") to execute the final forms of the Master Indenture for and in the name of WRCOG. The Executive Committee hereby authorizes the delivery and performance of the Master Indenture.

The Executive Committee hereby approves the form of the Supplemental Indenture for residential properties in substantially the forms on file with the Secretary of the Executive Committee, together with any changes therein or additions thereto approved by the Executive Director of WRCOG, required for the issuance of each Bond (as such term is defined in the Master Indenture), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes and directs an Authorized Officer to execute the final form of each Supplemental Indenture for and in the name of WRCOG for each series of the Bonds. The Executive Committee hereby authorizes the delivery and performance of each Supplemental Indenture.

The Executive Committee hereby approves the form of the Indenture for commercial properties in substantially the forms on file with the Secretary of the Executive Committee, together with any changes therein or additions thereto approved by the Executive Director of WRCOG, required for the issuance of each Bond (as such term is defined in the Master Indenture), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes and directs an Authorized Officer to execute the final form of each Indenture for and in the name of WRCOG for each series of the Bonds. The Executive Committee hereby authorizes the delivery and performance of each Indenture.

Section 5. Approval of Form of Bond Purchase Agreement. The Executive Committee hereby approves the form of Bond Purchase 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 and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes the delivery and performance of the Bond Purchase Agreement.

Section 6. Approval of Form of Professional Services Agreement for Assessment Administration Services. The Executive Committee hereby approves to form of Professional Services Agreement with David Taussig & Associates, Inc. in substantially the form on file with the Secretary of the Executive Committee, together with any charges therein or additions thereby approved by the Executive Director of WRCOG and execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes therein or additions. The Executive Committee hereby authorizes the delivery and performance of the Professional Services Agreement.

Section 7. Appointment of Trustee. Deutsche Bank National Trust Company is appointed as Trustee pursuant to each Master Indenture, Indenture and each Supplemental Indenture, to take any and all actions provided for therein to be taken by the Trustee.

Section 8. Amendment of the Resolution of Issuance. Except as expressly provided in Section 2 hereinabove, all terms and conditions of the Resolution of Issuance shall remain in full force and effect.

Section 9. Additional Action. The Executive Director of WRCOG is hereby authorized and directed to approve any other documents related to the Program necessary in the judgment of the Executive Director of WRCOG to conform such documents to the actions taken by the adoption of this Resolution.

Section 10. Effective Date. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED at a meeting of the Executive Committee of the Western Riverside Council of Governments held on April 3, 2017.

Ben Benoit, 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: _____

Item 5.A

PACE Program Activities Update

Attachment 8

Redlined WRCOG Energy Efficiency
and Water Conservation
Administrative Guidelines and
Program Report Amended April 3,
2017 - addition of Spruce PACE

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ENERGY EFFICIENCY AND WATER CONSERVATION PROGRAM FOR WESTERN RIVERSIDE COUNTY



ADMINISTRATIVE GUIDELINES AND PROGRAM REPORT

ADOPTED: JUNE 7, 2010 - AMENDED: JANUARY 12, 2011 - AMENDED: JUNE 6, 2011
AMENDED: JULY 29, 2011 - AMENDED: SEPTEMBER 12, 2011 - REVISED OCTOBER 7, 2011
REVISED OCTOBER 11, 2011 - REVISED JUNE 3, 2013 - REVISED FEBRUARY 3, 2014
AMENDED JUNE 9, 2014 - AMENDED AUGUST 4, 2014
AMENDED OCTOBER 6, 2014 – REVISED NOVEMBER 4, 2014
AMENDED DECEMBER 1, 2014 – REVISED APRIL 4, 2016 – REVISED – JUNE 6, 2016 —
AMENDED SEPTEMBER 12, 2016 – REVISED MARCH 6, 2017 – AMENDED MARCH 7, 2017 –
REVISED APRIL 3, 2017



PREPARED BY:
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Field Code Changed



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I. INTRODUCTION

This report, as amended, is prepared pursuant to Section 5898.22 and 5898.23 of the California Streets and Highways Code in connection with the establishment of the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County (Program). This is the Guiding Document for the Program and fulfills the Section 5898.22 and 5898.23 requirements and contains:

- A map showing the boundaries of the territory within which contractual assessments are proposed to be offered is provided in Appendix B;
- Draft assessment contracts between an owner of residential or commercial property and WRCOG are provided in Appendix C-1 and C-2, and each assessment contract is incorporated herein in its entirety;
- WRCOG policies required pursuant to Section 5898.22 and 5898.23 concerning contractual assessments are provided in the following Sections:
 - o Identification of types of facilities, distributed generation renewable energy sources, or energy or water conservation products that may be financed through the use of contractual assessments are found in Appendix A-1 and A-2 (Section 5898.22(c)(1);
 - o Identification of public agency official authorized to enter into voluntary contractual assessments is found in Section I.D (Section 5898.22(c)(2);
 - o A maximum aggregate dollar amount of voluntary contractual assessments is found in Section VIII.C. (Section 5898.22(c)(3); and
 - o A method for setting requests from property owners for financing through voluntary contractual assessments in priority order in the event that requests appear likely to exceed the authorization amount is found in Section VIII.B;
 - o The description of the underwriting requirements for contractual assessments, including the safeguards to ensure that the total annual property tax and assessments on a property participation in the Program, is found in Sections II.A, III.A, IV.A, and V.A (Section 5898.23); and.
- The plans for raising the capital amounts to pay for the work performed are provided in Section IX.
- A report on the results of the consultations with the County auditor's office or County controller's office concerning the additional fees, if any, that will be charged to the city or county for incorporating the proposed voluntary contractual assessments into the assessments of the general taxes of the city or county on real property, and a plan for financing the payment of those fees is found in Section II.D, III.D, IV.D, and V.D.

The Program described herein is designed to help property owners save energy and water, considering that these resources are finite, increasingly costly, and are necessary for the region's future growth and prosperity.

A. BACKGROUND

The Program provides an option for residential, commercial and industrial property owners within participating jurisdictions within Western Riverside County to finance the installation of eligible renewable energy, energy efficiency and water conservation/efficiency products under contractual assessment agreements. Property owners will repay the financing through a contractual assessment levied against their property which is payable through their property tax bills. The terms "residential" and "commercial" as used herein shall have the meanings given such terms in Section X.



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. The California Legislature declared that a public purpose will be served by such programs, giving local governments the authority to finance the installation of distributed generation renewable energy sources – such as solar – and energy efficiency products that are permanently affixed to residential, commercial, industrial, or other real property. To make energy efficiency improvements more affordable and to promote their installation, Chapter 29 provides procedures for authorizing voluntary contractual assessments to finance the cost of these improvements (the term “contractual assessment” as used herein means a “voluntary contractual assessment” as such term is used in Chapter 29).

In October, 2009, the California Legislature approved Assembly Bill 474 further amending Chapter 29, which expands provisions to authorize the legislative body of any public agency, as defined, to determine that it would be in the public interest to designate an area within which authorized city officials and free and willing property owners may enter into contractual assessments to finance the installation of water conservation/efficiency improvements that are permanently fixed to real property, as specified. The bill modifies its definitions and requires a legislative body to perform additional record keeping duties and provide specified notice to any entity that provides energy or water within the boundaries of the area within which contractual assessments may be entered into.

In September, 2010, the California Legislature approved AB 44 still further amending Chapter 29 to, among other provisions, require that the report required pursuant Section 5898.23 contain (i) a brief description of criteria for determining the underwriting requirements and (ii) safeguards that will be used to ensure that the total annual property tax and assessments on a property participating in a voluntary contractual assessment program will not exceed 5% of the property's market value.

On June 7, 2010, the WRCOG Executive Committee adopted Resolution 13-10 which formally adopted the Program's Administrative Guidelines and Program Report in accordance with Chapter 29.

On January 12, 2011, the WRCOG Executive Committee formally adopted Resolution 07-11 which formally amended the Program's Administrative Guidelines and Program Report to incorporate provisions related to Home Energy Renovation Opportunity (HERO) and the Structured Finance Associates, LLC (Structured Finance) plans for raising capital to pay for the work performed pursuant to certain contractual assessments described herein and to comply with the requirements of AB 44.

On June 6, 2011, the WRCOG Executive Committee formally adopted Resolution 13-11 which formally amended the Program Administrative Guidelines and Program Report to modify the boundaries of the territory within which assistance would be authorized to be provided to property owners to finance the installation of distributed generation renewable energy sources and energy or water efficiency improvements that are permanently affixed to real property by extending such boundaries to include the City of Eastvale and the City of Riverside.



On July 29, 2011, the WRCOG Executive Committee formally amended the Program Administrative Guidelines and Program Report to bifurcate the Program into two separate programs: the HERO Financing Plan for residential properties and the Commercial Energy Retrofit Application Financing Plan (the "CERA Financing Plan") as for commercial properties.

On September 12, 2011, the WRCOG Executive Committee formally adopted Resolution 06-12 which formally amended the Program Administrative Guidelines and Program Report to modify the boundaries of the territory within which assistance would be authorized to be provided to property owners to finance the installation of distributed generation renewable energy sources and energy or water efficiency improvements that are permanently affixed to real property by extending such boundaries to include the City of Jurupa Valley.

On June 3, 2013, the WRCOG Executive Committee adopted changes to the Program Report to change name of the Commercial Program, offered by Samas Capital, LLC, from CERA Financing to HERO Commercial Financing.

On April 4, 2016, the WRCOG Executive Committee formally adopted Resolution 11-16 which formally amended the Program Administrative Guidelines and Report to provide that the commercial portion of the Program for commercial properties to be administered and financed through Samas Capital, LLC, to be amended from the HERO Financing Plan to the "Samas Commercial."

On June 6, 2016, the WRCOG Executive Committee formally adopted Resolution 14-16 which formally amended the Program Administrative Guidelines and Report to authorize Renovate America, Inc. ("Renovate America") to administer and finance the installation of Eligible Products on Commercial Properties through the HERO Commercial portion of the Program.

On June 6, 2016, the WRCOG Executive Committee authorized WRCOG staff to work with additional PACE Providers to allow them to operate under WRCOG's umbrella for administration and bonding capabilities.

On September 12, 2016, the WRCOG Executive Committee directed and authorized the WRCOG Executive Director to enter into contract negotiations and execution of any necessary documents to include Renew Financial Group LLC ("Renew Financial") under WRCOG's PACE umbrella.

B. GOAL

WRCOG will assist property owners of improved real property with making significant investments in the long-term health of the local, state, and national economy and global environment by providing a financing mechanism for eligible renewable energy, energy efficiency, and water conservation/efficiency improvements.

The overall goal of the Program is to retrofit 10% of pre-2000 constructed homes in the subregion and save the region approximately 464 billion Btu's or 45 million kWhs and assist non-residential property owners with the construction of renewable energy improvements, such as solar photovoltaic systems, that allow the generation of electricity by alternative and renewable resources.



C. PROGRAM BENEFITS

The Program provides multiple benefits by enabling property owners to take responsible energy and conservation actions, and potentially reduce their utility bills. Concurrently, the Program will boost the local economy, maximize the effectiveness of the California power grid and water supply, address protection of national and global energy interests, and make it possible for Western Riverside County to fulfill energy and water conservation/efficiency and climate protection commitments.

From WRCOG's perspective, the Program will be a key element in achieving greenhouse gas reduction and water conservation/efficiency goals. The Program provides a significant tool to provide practical resources in the region's transition to greater energy and water conservation/efficiency and renewable energy. Lower energy and water use translates directly into reduced greenhouse gas emissions and helps secure our energy future.

For property owners, the Program offers:

- Access to financing that may not be readily available through traditional means, such as equity loans
- A low cost means of financing eligible renewable energy, energy efficiency and water conservation/efficiency Products
- Fixed-rate financing over a period not to exceed 25 years for energy efficient and water conservation improvements and not to exceed 30-years for solar generation systems that monitor performance with Renew Financial PACE Financing
- Financing based on a less costly borrower qualification process
- A streamlined financing and repayment process
- Highest set of consumer protections

D. PROGRAM ADMINISTRATION

The WRCOG Executive Director and/or his designee are designated as the Program Administrator and are authorized to enter into contractual assessments on behalf of the participating jurisdictions. The participating jurisdictions initially include the cities of Banning, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Wildomar, Temecula, and the western unincorporated portion of the County of Riverside. Jurisdictions within the Program boundaries that are not currently participating may choose to do so at a later date.

WRCOG's responsibilities will include:

- Community outreach
- Responding to property owner inquiries
- Processing applications
- Managing and tracking available funds
- Tracking individual and collective energy and water conservation/efficiency
- Working and coordinating with participating jurisdictions

The intent of this effort is to provide a "turnkey" service for property owners who would otherwise be unable or unwilling to finance energy and water conservation/efficiency measures and renewable energy options. Their participation is critical for the region to



meet its energy and water conservation/efficiency goals and for the State to meet greenhouse gas commitments to reduce CO2 emissions to 1990 levels by 2020.

E. FINANCING PLANS

There could be up to ~~four~~ seven different plans of financing for the Program.

- 1) *HERO Residential Financing Plan for Residential Properties*
WRCOG intends to utilize HERO financing provided by Renovate America to finance Eligible Products for residential property owners.
- 2) *HERO Commercial Financing Plan for Commercial Properties*
WRCOG intends to utilize financing provided by Renovate America, Inc. to finance renewable energy projects plus eligible energy efficiency and water conservation products for all types of commercial properties.
- 3) *Samas Commercial Financing Plan for Commercial Properties*
WRCOG intends to utilize financing provided by Samas Capital, LLC to finance renewable energy projects plus eligible energy efficiency and water conservation products for all types of commercial properties.
- 4) *Renew Financial PACE Financing for Residential Properties*
WRCOG intends to utilize financing provided by Renew Financial to finance renewable energy projects plus eligible energy efficiency and water conservation products for all types of residential properties.
- 5) *Renew Financial Open-Market Commercial PACE Financing for Commercial Properties*
WRCOG intends to utilize financing facilitated by Renew Financial to finance renewable energy projects plus eligible energy efficiency and water conservation products for all types of commercial properties.
- 6) *Spruce PACE Financing for Residential Properties*
WRCOG intends to utilize financing provided by Spruce to finance renewable energy projects plus eligible energy efficiency and water conservation products for all types of residential properties.
- ~~6~~7) *Standard Financing Plan*
WRCOG further intends to preserve the ability to issue other municipal bonds pursuant to Chapter 29 to finance Eligible Products for residential and commercial properties not encompassed by of the above listed financing plans.

F. CHANGES TO REPORT

The Program Administrator may make changes to this Report determined as reasonable and necessary to clarify its provisions, to effectuate the purposes of the Program or to conform the Program to applicable federal or state law or regulations. Any changes to this Report that materially modify the Program shall only be made after approval by the WRCOG Executive Committee, except as specifically otherwise stated herein. Any changes to the Report will not affect the amounts payable under existing Assessment Contracts between a property owner and WRCOG.

The Program Administrator may modify from time to time the Eligible Products List and Sample Assessment Contract and Application attached hereto as Appendix A-1 ~~and A-~~



2, and A-3 and Appendix C-1, ~~and~~ C-2, and C-3 as deemed reasonable and necessary to effectuate the goal and purposes of the Program.



G. ENERGY AND/OR WATER AUDITS

Residential Properties: Energy and/or water audits of the home are highly recommended but not required. By participating in the Program, the property owner is investing in the future by making improvements to its property that will lead to renewable energy production, reduced energy or water usage, and reduced greenhouse gas emissions. The property owner is also making a financial investment; this decision should be made based on both the energy and/or water conservation/efficiency benefits, and the cost effectiveness of the Eligible Products. WRCOG staff recommends that property owners have an energy and/or water audit to assess water conservation/efficiency, energy efficiency, and renewable energy opportunities for the property.

On-site audits by trained professionals can provide the property owner valuable information on how to maximize energy savings for the dollars invested. The auditor will make an on-site inspection of the property, evaluate the condition of the building, and recommend an energy or water savings priority list which will provide the greatest benefit for the money invested. These audits also provide valuable data on energy usage, water conservation/efficiency, potential savings and GHG emissions reductions, all of which are goals of WRCOG. Costs incurred to conduct onsite audits or surveys can be included in the application for financing. Residential property owners can also obtain an on-site survey by hiring a Building Performance Institute ("BPI") building analyst, Home Energy Rating System ("HERS") rater, or equivalent.

Online surveys can be conducted through Southern California Edison's (SCE) website [<http://www.sce.com>]. Property owners can also check with their local utility and/or water provider to see if free audits are available. Contact information is provided for:

City of Banning: (951) 922-3260
City of Corona: (951) 736-2234
City of Riverside: (951) 782-0330
Elsinore Valley Municipal Water District: (951) 674-3146
Rancho California Water District: (951) 296-6900
Eastern Municipal Water District: (951) 928-3777
Western Municipal Water District: (951) 789-5000
Beaumont Cherry Valley Water District: (951) 845-9581
Jurupa Community Services District: (951) 685-7434
Lee Lake Water District: (951) 277-1414

Commercial Properties: On-site energy and/or water audits are highly recommended but not required for commercial properties. If the local utility offers a free, on-site energy evaluation or audit, commercial properties should complete such energy evaluation or audit prior to applying to the Program. Costs incurred to conduct on-site audits or surveys can be included in the application for financing.

Contact information is provided for:

City of Banning: (951) 922-3260
City of Corona: (951) 736-2234
City of Riverside: (951) 782-0330
Elsinore Valley Municipal Water District: (951) 674-3146
Rancho California Water District: (951) 296-6900



Eastern Municipal Water District: (951) 928-3777
Western Municipal Water District: (951) 789-5000
Beaumont Cherry Valley Water District: (951) 845-9581
Jurupa Community Services District: (951) 685-7434
Lee Lake Water District: (951) 277-1414



II. PROGRAM REQUIREMENTS FOR PARTICIPATION IN HERO FINANCING FOR RESIDENTIAL

If HERO financing is provided for the Program by Renovate America, Inc., the following eligibility requirements will apply to HERO financing applicants:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if the all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

- Property owner(s) must be the property owner(s) of record.
- Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes 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 of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the prior 12 months.
- Property must not have any liens other than lender debt or liens recorded by community facilities districts or similar financing districts.
- The property is not subject to any notices of default.
- Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved.
- Mortgage-related debt on the property must not exceed 90% of the value of the property. For projects funding on or after January 1, 2015, the maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,0000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property. For projects funding prior to January, 2015, the maximum assessment amount shall not exceed the lesser of (a) less than 10% of the value of the property or (b) a combined mortgage and Assessment Contract amount of 100% of the 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.

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. Property owners may make more than one application for funding under the Program if additional energy and water improvements are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.

Manufactured homes or mobile homes on a permanent foundation pursuant to Health & Safety Code Section 18551, and the owner of the manufactured home or mobile home



owns the underlying land upon which the manufactured home or mobile home has been installed, and such manufactured home or mobile home is subject to the payment of real property taxes (not DMV fees nor personal property taxes) are eligible. Mobile homes not meeting the foregoing requirements are not eligible to participate in the Program. Condominium owners and/or property owners with properties subject to HOA regulations are solely responsible for (a) determining (i) if the proposed Eligible Products are authorized to be installed on such owners' properties and (ii) if the installation of such Eligible Products requires the approval or authorization from the applicable association and (b) applying for and obtaining such approval or authorization, if applicable. Such owners may, upon request by the Program Administrator or any financing provider, be required to provide written authorization from the condominium or HOA management or association stating that the applicant is authorized to install certain Eligible Products under the CC&R's or other governing documents.

The eligibility requirements for HERO 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 property owners in Western Riverside County the opportunity to take advantage of a wide range of eligible renewable energy systems and energy-savings and water conservation/efficiency products, 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. However, the Program is also available for purchasers of new homes and businesses that wish to add eligible energy efficiency, renewable energy, and water conservation/efficiency Products to such homes after taking title of the property.
2. The Program provides financing only for Eligible Products that are permanently affixed to real property.
3. The Program provides financing only for Eligible Products specified in Appendix A of the report. Broadly, these include:
 - a. Water Conservation/Efficiency
 - b. Energy Efficiency Eligible Products
 - c. Renewable Energy Systems
 - d. Approved Custom Products
4. The property owner must ensure that any and all permits required by the jurisdiction for the installation of the Eligible Products are acquired.
5. 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.



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 under the HERO Financing Plan only if such installation is completed by a contractor that is registered with the Program or by the property owner if self-installing subject to the limitation in the last sentence of this paragraph. A list of contractors that are 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 home remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with eligible renewable energy, energy efficiency and water conservation/efficiency products. Repairs and/or new construction do not qualify for Program financing except to the extent that the construction is required for the specific approved 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 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 public utility, federal and state rebates should 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 do not need to 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 II.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, however, may be waived by Renovate America. These costs include:



1. An application fee may be required and will not exceed \$100.00 per application or the actual cost of processing the application, whichever is less. 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.
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. 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.
6. The Program may offer multiple disbursements for assessments in excess of \$50,000 if feasible. If multiple disbursements are offered, the partial disbursement funding requests may be subject to an additional processing fee not to exceed \$150 and an inspection fee not to exceed \$300 per partial disbursement; 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 Program will allow for up to two partial disbursements, if available, plus the final payment, as is appropriate for the particular assessment. A draft Assessment Contract is provided in Appendix C of this report.



III. PROGRAM REQUIREMENTS FOR PARTICIPATION IN HERO COMMERCIAL FINANCING FOR COMMERCIAL PROPERTIES

If financing is provided for the Program by Renovate America, Inc. for commercial properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

HERO Commercial financing is available for commercial property owners and will finance alternative energy systems, energy efficiency, and water conservation improvements, using Renovate America 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. 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 90% 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.

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 and water



improvements are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.

The eligibility requirements for HERO 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 and water conservation/efficiency 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. However, the Program is also available for purchasers of new businesses that wish to add eligible energy efficiency, renewable energy, and water conservation/efficiency 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.
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. Approved Custom Eligible Products
4. The property owner must ensure that any and all permits required by the jurisdiction for the installation of the Eligible Products are acquired,
5. Financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency and renewable energy measures. 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.

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 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 III.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 Renovate America.
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 C of this report.



IV. Program Requirements for Participation in SAMAS Commercial Financing for Commercial Properties

If financing is provided for the Program by Samas Capital, LLC for commercial properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

SAMAS Commercial financing is available for commercial property owners and will finance alternative energy systems, energy efficiency, and water conservation improvements, using Samas Capital 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. 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 90% 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.

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 and water



improvements are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.

The eligibility requirements for SAMAS 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 and water conservation/efficiency 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. However, the Program is also available for purchasers of new businesses that wish to add eligible energy efficiency, renewable energy, and water conservation/efficiency 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.
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. Approved Custom Eligible Products
4. The property owner must ensure that any and all permits required by the jurisdiction for the installation of the Eligible Products are acquired,
5. Financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency and renewable energy measures. 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.

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 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 SAMAS Capital.
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 C of this report.



V. Program Requirements for Participating in Renew Financial PACE Financing for Residential Properties

If financing is provided for the Program by Renew Financial for residential properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if the all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

- ☐ Property owner(s) must be the property owner(s) of record.
- ☐ Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes 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 of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the prior 12 months.
- ☐ Property must not have any liens other than lender debt or liens recorded by community facilities districts or similar financing districts.
- ☐ The property is not subject to any notices of default or foreclosure in the past 2 years.
- ☐ Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved.
- ☐ Mortgage-related debt on the property must not exceed 90% of the value of the property. The maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract amount of 100% of the 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.
- ☐ Minimum financing amount is \$5,000 and the maximum financing amount is \$250,000.

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. Property owners may make more than one application for funding under the Program if additional energy and water Eligible Products are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.



Manufactured homes or mobile homes on a permanent foundation pursuant to Health & Safety Code Section 18551, and the owner of the manufactured home or mobile home owns the underlying land upon which the manufactured home or mobile home has been installed, and such manufactured home or mobile home is subject to the payment of real property taxes (not DMV fees nor personal property taxes) are eligible. Mobile homes not meeting the foregoing requirements are not eligible to participate in the Program. Condominium owners and/or property owners with properties subject to HOA regulation are solely responsible for (a) determining (i) if the proposed Eligible Products are authorized to be installed on such owners' properties and (ii) if the installation of such Eligible Products requires the approval or authorization from the applicable association and (b) applying for and obtaining such approval or authorization, if applicable. Such owners may, upon request by the Program Administrator, need to provide written authorization from the condominium management or association stating that the applicant is authorized to install certain Eligible Products under the CC&R's or other governing regulations.

These eligibility regulations 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 requirement.

B. ELIGIBLE PRODUCTS

The Program affords property owners in Western Riverside County the opportunity to take advantage of a wide range of eligible energy-savings and water conservation/efficiency improvements, 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. However, the Program is also available for purchasers of new homes and businesses that wish to add eligible energy efficiency, renewable energy, and water conservation/efficiency Products to such homes after taking title of the property.
2. The Program provides financing only for Eligible Products that are permanently affixed to real property.
3. The Program provides financing only for Eligible Products specified in Appendix A-2 of the report. Broadly, these include:
 - a. Water Conservation/Efficiency
 - b. Energy Efficiency Eligible Products
 - c. Renewable Energy Systems
 - d. Approved Custom Products
4. The property owner must ensure that any and all permits required by the jurisdiction for the installation of the Eligible Products are acquired.
5. 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.

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 C of this report.

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. A list of contractors that are registered with the Program will be located on various Provider's website; however, WRCOG will not make recommendations for contracting assistance.

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 renewable energy, energy efficiency and water conservation/efficiency Eligible Products. 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.

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

No other rebates will be deducted from the assessment amount, except upon written request by the property owner. If the property owner requests the deduction of a rebate that later becomes unavailable, this request is at the property owner's risk. State or federal tax credits and performance-based incentives 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 V.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, an assessment loss reserve (not to exceed 10% and to be added to the assessment amount) may be required by bond holders or other investors. If available, the assessment loss reserve will be applied to payments at the end of the financing term. However, there are six other costs that are not covered in these expense and reserve components and will be borne by the property owners. These costs include:

1. An application fee will be required and will not exceed \$100 per application for residential properties and will not exceed the greater of \$250 or one percent (1%) of the financing amount per application for commercial properties' provided, however, such fees shall not exceed the actual cost to process the applicable 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 the Provider.
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. Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm proposed energy efficiency, water efficiency, and/or renewable generation systems were actually installed prior to funding; provided, however, that such fee may not exceed the actual cost to undertake such validation.
6. If the property owner desires to have multiple disbursements (only on Eligible Products in excess of \$50,000), the multiple disbursements will be subject to an additional processing fee not to exceed \$150 and an inspection fee not to exceed \$300 per partial disbursement, 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 Program will allow for up to two partial disbursements plus the final payment, as is appropriate for the particular assessment. A draft Assessment Contract is provided in Appendix C-2 of this report.



VI. Program Requirements for Participating in Renew Financial Open-Market Commercial PACE Financing for Commercial Properties

If financing is provided by the Renew Financial Open-Market Commercial PACE Financing for commercial properties, Renew Financial Group LLC will work with a variety of investors to provide financing on projects, including investors that a property owner or contractor may identify who are eligible based on regulatory rules and legal requirements. The advantage of open-market financing is that property owners may choose which investor they wish to work with based on financing terms or relationship. Each investor may use additional underwriting criteria, but at a minimum the following eligibility requirements will apply:

A. **ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES**

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. 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 or acknowledgement to Program financing.
- ☐ 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. For properties owned by trusts, trust documents listing trustees are required.
- ☐ Eligible Product costs are reasonable in relation to property value. Typically, Eligible Products must not exceed 20% of the market value of the property, although there may be significantly greater leverage allowed where the property owner presents suitable creditworthiness.
- ☐ Mortgage-related debt on the property plus the principal amount of the contractual assessment does not exceed 90% 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.



- Minimum financing is limited by demand by open-market investors. The current minimum amount of financing is \$200,000. Amounts between \$50,000 - \$199,999 maybe eligible for financing based on investor demand.

Renew Financial may allow for exceptions to the underwriting criteria where there is evidence that the property is otherwise suitable for financing.

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

The eligibility requirements for Renew Financial Open-Market Commercial PACE 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 and water conservation/efficiency 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. However, the Program is also available for purchasers of new businesses that wish to add eligible energy efficiency, renewable energy, and water conservation/efficiency Products to such properties after taking title.
2. The Program provides financing only for Eligible Products that are permanently affixed to real property.
3. The Program provides financing for Eligible Products specified in Appendix A-2 of the report. Broadly, these include:
 - a. Water Conservation/Efficiency Eligible Products
 - b. Energy Efficiency Eligible Products
 - c. Renewable Energy Systems
 - d. Approved Custom Eligible Products

Custom measures proposed by the property owner are available so long as they conform to law and Renew Financial can place the project financing with a qualified investor.

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



5. Financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency and renewable energy measures. 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.

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.

Property owners who elect to engage in broader projects – such as business remodeling – may only receive Program financing for that portion of the cost related to renewable energy, energy efficiency and water conservation/efficiency improvements.

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.

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 and listed in the closing statement to the property owner prior to execution of the Assessment Contract. 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 be reimbursed this cost in the financing. 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 Renew Financial.
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. Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm proposed energy efficiency, water efficiency, and/or renewable generation systems were actually installed prior to funding; provided, however, that such fee may not exceed the actual cost to undertake such validation. Onsite validation fees, if required, shall be identified prior to the execution of the assessment contract and the property owner may elect to include them in the financing or pay them outside of the transaction,
6. Environmental Reports and/or appraisals, as required by the Program.
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 C-2 of this report.



VII. Program Requirements for Participating in Spruce PACE Financing for Residential Properties

If financing is provided for the Program by Spruce PACE for residential properties, the following eligibility requirements will apply:

E. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if the all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

- Property owner(s) must be the property owner(s) of record.
- Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) for less than three (3) years).
- Property owner(s) 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 prior 12 months.
- Property must not have any liens greater than \$1,000 other than lender debt or liens recorded by community facilities districts or similar financing districts.
- The property is not subject to any notices of default.
- Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved.
- Mortgage-related debt on the property must not exceed 90% of the value of the property. The maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract amount of 100% of the 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.

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. Property owners may make more than one application for funding under the Program if additional energy and water Eligible Products are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.



Manufactured homes or mobile homes on a permanent foundation pursuant to Health & Safety Code Section 18551, and the owner of the manufactured home or mobile home owns the underlying land upon which the manufactured home or mobile home has been installed, and such manufactured home or mobile home is subject to the payment of real property taxes (not DMV fees nor personal property taxes) are eligible. Mobile homes not meeting the foregoing requirements are not eligible to participate in the Program. Condominium owners and/or property owners with properties subject to HOA regulation are solely responsible for (a) determining (i) if the proposed Eligible Products are authorized to be installed on such owners' properties and (ii) if the installation of such Eligible Products requires the approval or authorization from the applicable association and (b) applying for and obtaining such approval or authorization, if applicable. Such owners may, upon request by the Program Administrator, need to provide written authorization from the condominium management or association stating that the applicant is authorized to install certain Eligible Products under the CC&R's or other governing regulations.

These eligibility regulations 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 requirement.

F. ELIGIBLE PRODUCTS

The Program affords property owners in Western Riverside County the opportunity to take advantage of a wide range of eligible energy-savings and water conservation/efficiency improvements, 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. However, the Program is also available for purchasers of new homes and businesses that wish to add eligible energy efficiency, renewable energy, and water conservation/efficiency Products to such homes after taking title of the property.
2. The Program provides financing only for Eligible Products that are permanently affixed to real property.
3. The Program provides financing only for Eligible Products specified in Appendix A-3 of the report. Broadly, these include:
 - a. Water Conservation/Efficiency
 - b. Energy Efficiency Eligible Products
 - c. Renewable Energy Systems
 - d. Approved Custom Products
4. The property owner must ensure that any and all permits required by the jurisdiction for the installation of the Eligible Products are acquired.
5. 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.

G. 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. A list of contractors that are registered with the Program will be located on various Provider's website; however, WRCOG will not make recommendations for contracting assistance.

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 renewable energy, energy efficiency and water conservation/efficiency Eligible Products. 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.

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

No other rebates will be deducted from the assessment amount, except upon written request by the property owner. If the property owner requests the deduction of a rebate that later becomes unavailable, this request is at the property owner's risk. State or federal tax credits and performance-based incentives 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.



H. 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 V.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, an assessment loss reserve (not to exceed 10% and to be added to the assessment amount) may be required by bond holders or other investors. If available, the assessment loss reserve will be applied to payments at the end of the financing term. However, there are six other costs that are not covered in these expense and reserve components and will be borne by the property owners. These costs include:

7. An application fee will be required and will not exceed \$100 per application for residential properties and will not exceed the greater of \$250 or one percent (1%) of the financing amount per application for commercial properties' provided, however, such fees shall not exceed the actual cost to process the applicable 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 the Provider.
8. Title and recording costs, including title insurance, where required, will be paid by the property owner.
9. 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.
10. 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.
11. Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm proposed energy efficiency, water efficiency, and/or renewable generation systems were actually installed prior to funding; provided, however, that such fee may not exceed the actual cost to undertake such validation.
12. If the property owner desires to have multiple disbursements (only on Eligible Products in excess of \$50,000), the multiple disbursements will be subject to an additional processing fee not to exceed \$150 and an inspection fee not to exceed \$300 per partial disbursement, 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 Program will allow for up to two partial disbursements plus the final payment, as is appropriate for the particular assessment. A draft Assessment Contract is provided in Appendix C-6 of this report.



VII-VIII. Program Requirements for Participating in Standard-Financing

If financing for the Program (or a particular group of applicants within the Program) is provided through the issuance of municipal bonds other than through the HERO, Samas, ~~or~~ Renew Financial PACE-Financing Plans, or Spruce PACE the following Program requirements will apply:

• ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

For residential properties:

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if the all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

- Property owner(s) must be the property owner(s) of record.
- Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes 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 of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the prior 12 months.
- Property must not have any liens other than lender debt or liens recorded by community facilities districts or similar financing districts.
- Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved.
- Mortgage-related debt on the property must not exceed 90% of the value of the property. The maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract amount of 100% of the 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.

For Commercial properties:

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. 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.
- 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 90% 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.

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. Property owners may make more than one application for funding under the Program if additional energy and water Eligible Products are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.

Manufactured homes or mobile homes on a permanent foundation pursuant to Health & Safety Code Section 18551, and the owner of the manufactured home or mobile home owns the underlying land upon which the manufactured home or mobile home has been installed, and such manufactured home or mobile home is subject to the payment of real property taxes (not DMV fees nor personal property taxes) are eligible. Mobile homes not meeting the foregoing requirements are not eligible to participate in the Program. Condominium owners and/or property owners with properties subject to HOA regulation are solely responsible for (a) determining (i) if the proposed Eligible Products are authorized to be installed on such owners' properties and (ii) if the installation of such Eligible Products requires the approval or authorization from the applicable association and (b) applying for and obtaining such approval or authorization, if applicable. Such owners may, upon request by the Program Administrator, need to provide written authorization from the condominium management or association stating that the applicant is authorized to install certain Eligible Products under the CC&R's or other governing regulations.



These eligibility regulations 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 requirement.

o **ELIGIBLE PRODUCTS**

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

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. However, the Program is also available for purchasers of new homes and businesses that wish to add eligible energy efficiency, renewable energy, and water conservation/efficiency Products to such homes after taking title of the property.

2. The Program provides financing only for Eligible Products that are permanently affixed to real property.
3. The Program provides financing only for Eligible Products specified in Appendix A of the report. Broadly, these include:
 - a. Water Conservation/Efficiency
 - b. Energy Efficiency Eligible Products
 - c. Renewable Energy Systems
 - d. Approved Custom Products
4. The property owner must ensure that any and all permits required by the jurisdiction for the installation of the Eligible Products are acquired.
5. 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.

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 C of this report.

o **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 that are registered with the Program will be located on various Provider's 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 home or 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 Eligible Products. 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.

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

Only CSI-EPBB rebates will be deducted from the assessment amount. No other rebates will be deducted from the assessment amount, except upon written request by the property owner. If the property owner requests the deduction of a rebate that later becomes unavailable, this request is at the property owner's risk. 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.

o **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 V.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, an assessment loss reserve (not to exceed 10% and to be added to the assessment amount) may be required by bond holders or other investors. If available, the assessment loss reserve will be applied to payments at the end of the financing term. However, there are six other costs that are not covered in these expense and reserve components and will be borne by the property owners. These costs include:



- An application fee will be required and will not exceed \$100 per application for residential properties and will not exceed the greater of \$250 or one percent (1%) of the financing amount per application for commercial properties' provided, however, such fees shall not exceed the actual cost to process the applicable 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 the Provider.
- Title and recording costs, including title insurance, where required, will be paid by the property owner.
- 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.
- 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.
- Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm proposed energy efficiency, water efficiency, and/or renewable generation systems were actually installed prior to funding; provided, however, that such fee may not exceed the actual cost to undertake such validation.
- If the property owner desires to have multiple disbursements (only on Eligible Products in excess of \$50,000), the multiple disbursements will be subject to an additional processing fee not to exceed \$150 and an inspection fee not to exceed \$300 per partial disbursement, 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 Program will allow for up to two partial disbursements plus the final payment, as is appropriate for the particular assessment. A draft Assessment Contract is provided in Appendix C of this report.



VIII.IX. 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 following describes the process.

1. The parties who are participating in the Program shall attempt in good faith to promptly resolve any dispute arising out of or relating to any Assessment Contract under the Program by negotiations between the Program Administrator or his or her designated representative and the Property Owner.
2. Either party may give the other party or parties written notice (sent by certified mail) of any dispute. Within thirty (30) calendar days after delivery of the notice, the WRCOG Executive Director and the Property Owner shall meet at a mutually acceptable time and place, and shall attempt to resolve the dispute.
3. If the matter has not been resolved within thirty (30) calendar days of the first meeting, any party may pursue other remedies, including mediation. All negotiations and any mediation conducted pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations, to which Section 1152.5 of the California Evidence Code shall apply, and Section 1152.5 is incorporated herein by reference.
4. Notwithstanding the foregoing provisions, a party may seek a preliminary injunction or other provisional judicial remedy if in its judgment such action is necessary to avoid irreparable damage or to preserve the status quo. Each party is required to continue to perform its obligations under the Assessment Contract pending final resolution of any dispute arising out of or relating to the Assessment Contract.

Property Owners who have not signed a formal assessment contract but who wish to dispute decision(s) made by WRCOG shall use a similar process.

1. Written notice may be sent by certified mail to WRCOG at 4080 Lemon Street, 3rd Floor, Riverside, CA 92501. The notice must identify the issue(s) for resolution, the circumstances that surround the issue(s), the section in the Handbook that the issue(s) pertain(s) to, and a timeline of events.
2. Within thirty (30) calendar days after delivery of the notice, the Program Administrator shall meet at the headquarters of WRCOG office in Riverside with the Property Owner, and shall attempt to resolve the dispute.

The decision of the Program Administrator shall render a written decision in 30 calendar days and send that decision to the Property Owner. The decision of the Program Administrator is final.



IX.X. 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, among other equivalent rating agencies. 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-1 and A-2.

a. WATER CONSERVATION/EFFICIENCY

Water Conservation/Efficiency covers a wide range of water conserving fixtures, including but not limited to, low flow toilets, low flow shower heads, and irrigation controllers.

b. ENERGY EFFICIENCY

Energy Efficiency covers a wide range of energy efficiency fixtures including, but not limited to, windows and doors, attic insulation, and HVAC equipment that are rated by EnergyStar or an equivalent rating agency. Most Eligible Products in this category must meet specified minimum efficiencies.

c. RENEWABLE ENERGY

Solar Systems cover solar energy generation, solar hot water systems, and solar pool heating systems. Small wind turbines, fuel cell system, and advanced energy storage may also be eligible under this category.

d. CUSTOM PRODUCTS

The development of technologies is encouraged by the Program as a means of diversifying the subregion’s energy and water sources. Custom Products will be evaluated and provided funding, if appropriate, for either innovative projects or for more complex, larger projects that require additional review.

Applicants wishing to install a Custom Product must provide a written explanation describing the improvement as well as how the improvement increases energy efficiency, increases water conservation/efficiency and/or produces renewable energy. The Program will then determine what documentation is required to submit an application for the proposed Custom Products. Custom Products will be eligible if approved by the WRCOG Executive Committee. The Applicant will be expected to bear the cost of such consultation. Cost reimbursement and estimates will be discussed with the Applicant before the project is reviewed.



X-XI. PROGRAM PARAMETERS

MINIMUM ENERGY FINANCING AMOUNT AND DURATION OF ASSESSMENT

For HERO (Residential and Commercial) and Samas Commercial - Assessment Contracts are available for up to 25-year terms to accommodate a wide range of efficiency measures and renewable energy investments for residential and commercial. The minimum amount for an Assessment Contract is \$5,000. All residential and commercial assessment contracts are subject to a 5-, 10-, 15-, 20-year, or 25- assessment repayment period, as requested by the property owner and agreed to by the Program Administrator and/or his designee. Assessment repayment periods cannot exceed the estimated reasonable useful life of the installed improvement(s). Solar PV systems may have a 20- or 25-year assessment repayment period. The WRCOG Executive Committee reserves the right to approve a 25-year assessment repayment period for other residential and commercial property Eligible Products if deemed appropriate or amend the minimum energy financing amount and duration of assessment.

For Renew Financial PACE Programs (Residential and Commercial) - Assessment Contracts are available for up to 30-year terms to accommodate a wide range of efficiency measures and renewable energy investments for residential and commercial. The minimum amount for the Residential Assessment Contract is \$5,000. All residential and commercial assessment contracts are subject to a 5-, 10-, 15-, 20-, 25-, or 30-year* assessment repayment period, as requested by the property owner and agreed to by the Program Administrator and/or his designee. Assessment repayment periods cannot exceed the estimated reasonable useful life of the installed improvement(s). Solar PV systems may have a 20-, 25-, or 30-year* assessment repayment period. The WRCOG Executive Committee reserves the right to approve a 25-year assessment repayment period for other residential and commercial property Eligible Products if deemed appropriate or amend the minimum energy financing amount and duration of assessment.

*30-year terms are available solely for projects including solar generation systems that monitor performance within the Renew Financial PACE Financing Plan for Residential Properties. Renew Financial Open-Market Commercial PACE financing for Commercial Properties facilitates 30-year terms for solar generation systems plus other technologies with expected useful lives of 30+ years.

PRIORITY IN APPLICATION PROCESSING

In the case where upfront funding is available, complete and eligible applications will be processed on first-come, first-served basis until funds are no longer available. Once funds are no longer available, additional applications may be placed on a waitlist.

MAXIMUM PORTFOLIO

The maximum aggregate dollar amount of contractual assessments available under the Program is \$3 billion. If this amount is exceeded, WRCOG may, in its sole discretion, pass a resolution to increase the maximum aggregate dollar amount of contractual assessments.



ASSESSMENT INTEREST RATE

Any changes to interest rates proposed by any Program Administrator shall be subject to the approval of the Executive Director and/or Executive Committee of WRCOG.

HERO Financing Plan for Residential: The Program Administrator will set the interest rate for a contract assessment financed through the HERO Financing Plan at the time that the application is approved and when the assessment contract is signed. The current rate will always be available on the Program website and any variations from that estimated rate will be based solely on market fluctuations. The Program Administrator will review the interest rates on an annual basis.

HERO Commercial Financing for Commercial: The Program Administrator will set the interest rate for contract assessment financed at the time that the Eligible Products are funded. Renovate America, Inc., will provide ongoing pricing feedback from the capital markets to aid in adjusting product pricing. The Program Administrator will review the interest rates on an annual basis.

SAMAS Commercial Financing for Commercial: The Program Administrator will set the interest rate for contract assessment financed at the time that the Eligible Products are funded. Samas Capital will provide ongoing pricing feedback from the capital markets to aid in adjusting product pricing. The Program Administrator will review the interest rates on an annual basis.

Renew Financial PACE Financing for Residential Properties. The Program Administrator will set the interest rate for a contract assessment financed through the standard financing plan at the time the application is approved and the assessment contract is signed. The Program Administrator will review the interest rates on an annual basis.

Renew Financial Open-Market Commercial PACE Financing for Commercial Properties: The Program Administrator will set the interest rate for contract assessment financed at the time that the Eligible Products are funded. Renew Financial will provide ongoing pricing feedback from the capital markets to aid in adjusting product pricing. The Program Administrator will review the interest rates on an annual basis.

Spruce PACE Financing for Residential Properties. The Program Administrator will set the interest rate for a contract assessment financed through the standard financing plan at the time the application is approved and the assessment contract is signed. The Program Administrator will review the interest rates on an annual basis.

Standard Financing Plan: The Program Administrator will set the interest rate for a contract assessment financed through the standard financing plan at the time the application is approved and the assessment contract is signed. The interest rate for each of the Providers will be available on their website. The Program Administrator will review the interest rates on an annual basis.

PROPERTY ASSESSMENT LIEN

As part of the approval of the financing amount for each property owner who applies to the Program, the Program will, as part of its application review, calculate the total annual property taxes and assessments on the property, including the maximum assessment amount available through the Program, to ensure that such total will not exceed five



percent (5%) of the market value of the property as required by California law.

All property owners must sign, notarize or provide such verification as may be required by WRCOG, and return the Assessment Contract to WRCOG within the time period specified



in the approval notice. Upon execution of the Assessment Contract, the Program will place a lien for the full amount of the assessment on the property that secures the assessment. If the lien is recorded before the first business day in July, the assessment will appear on the next tax bill. For liens recorded made after the first business day of July, the assessment 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 County Treasurer-Tax Collector, and therefore delinquency information will generally be available from the Treasurer-Tax Collector's office. In order to attract financing, WRCOG 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. If the assessments levied in connection with the Program are covered by the County's Teeter Plan, the County will have an important role in determining the language of the foreclosure covenant.

SUBORDINATIONS

All residential Providers operating will offer the ability to subordinate the assessment upon request from a property owner for a sale and/or refinancing of a property.

DISCLOSURES

All residential Providers operating will offer disclosures to the property owners that are similar in nature to Appendix D or consistent with State law.

PREPAYMENT PENALTIES

All residential Providers will not charge prepayment penalties to property owners for early pay-off. However, the accrued interest until the next payment date to bond holders must be paid by the property owner at time of prepayment. Renew Financial Open-Market Commercial PACE Financing may include prepayment penalties as negotiated with the property owner.



XI.XII. THE FINANCIAL STRATEGIES

The Program includes the following financial strategies. These include the use of one or more of the following: the Riverside County Treasurer Teeter Program, requirement of a 10% reserve fund, participation in the State pooled reserve funding program, the use of the HERO Financing Plan for Residential, the use of the HERO Financing Plan for commercial, SAMAS Commercial Financing Plan for Commercial, Renew Financial PACE Financing for Residential Properties, Renew Financial Open-Market Commercial PACE Financing, and exploration of other potential funding sources. An example of each strategy is provided below. WRCOG is a joint powers agency formed to assist participating jurisdictions with financings. WRCOG intends to cooperate in a financing arrangement whereby the Authority issues a bond or a series of bonds in an aggregate principal amount not to exceed \$3 million.

Strategy One: WRCOG will establish the "WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County Fund" (the "WRCOG Fund") and may accept funds from any available source. Repayments will be made pursuant to Assessment Contracts between the property owners and WRCOG and will be collected through the property assessment mechanism in the Riverside County property tax system, and, if approved by the County of Riverside, included in the Riverside County Teeter Program. WRCOG will manage or cause the County of Riverside to manage the WRCOG Fund in one enterprise fund with multiple sub-funds.

Strategy Two: The Program may require that inclusion of a 10% reserve fund be paid by the property owner and captured through the assessment charges, financing proceeds, grant resources or other sources as necessary and available to support the financing process.

Strategy Three: The Program may modify its eligibility criteria as needed to participate in the State's pooled reserve funding program.

Strategy Four: The Program will, at launch, utilize the HERO Financing Plan to fund installations of Eligible Products for residential properties. Pursuant to such financing plan, Renovate America will provide a revolving credit line to finance the installation of Eligible Products to residential properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in Section II above. In consideration for funding the installation of such Eligible Products WRCOG shall issue and deliver to Renovate America, Inc., one or more municipal bonds secured by the contractual assessments payable by the properties to be improved.

Strategy Five: The Program will utilize the HERO Commercial Financing Plan for Commercial to fund installations of Eligible Products for commercial properties. Pursuant to such financing plans, Renovate America, Inc., 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 III above. In consideration for funding the installation of such Eligible Products WRCOG shall issue and deliver to Renovate America, Inc., as applicable, one or more municipal bonds secured by the contractual assessments payable by the properties to be improved.

Strategy Six: The Program will utilize the SAMAS Commercial Financing Plan for Commercial to fund installations of Eligible Products for commercial properties. Pursuant to such financing



plans, Samas Capital, LLC, 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 IV above. In consideration for funding the installation of such Eligible Products WRCOG shall issue and deliver to Samas Capital, as applicable, one or more municipal bonds secured by the contractual assessments payable by the properties to be improved.

Strategy Seven: The Program will utilize the Renew Financial PACE Financing for Residential Properties to fund installations of Eligible Products for residential properties. Pursuant to such financing plans, Renew Financial will provide a warehouse to finance the installation of Eligible Products to residential properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in Section V above. In consideration for funding the installation of such Eligible Products WRCOG shall issue and deliver to Renew Financial, as applicable, one or more municipal bonds secured by the contractual assessments payable by the properties to be improved.

Strategy Eight: The Program will utilize the Renew Financial Open-Market Commercial PACE Financing for Commercial to fund installations of Eligible Products for commercial properties. Pursuant to such financing plans, Renew Financial, will facilitate private capital investment 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 VI above. In consideration for funding the installation of such Eligible Products WRCOG shall issue and deliver through Renew Financial, as applicable, one or more municipal bonds or assignments secured by the contractual assessments payable by the properties to be improved.

Strategy Nine: The Program will utilize the Spruce PACE Financing for Residential Properties to fund installations of Eligible Products for residential properties. Pursuant to such financing plans, Spruce PACE will provide a warehouse to finance the installation of Eligible Products to residential properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in Section V above. In consideration for funding the installation of such Eligible Products WRCOG shall issue and deliver to Spruce PACEI, as applicable, one or more municipal bonds secured by the contractual assessments payable by the properties to be improved.

Strategy ~~Eight~~Ten: For long-term and additional financing, WRCOG 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 WRCOG Executive Committee, 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.



X. 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, authorizes 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, expands provisions to authorize the legislative body of any public agency, as defined, to determine that it would be in the public interest to designate an area within which authorized city officials and free and willing property owners may enter into contractual assessments to finance the installation of eligible water conservation Products that are permanently fixed to real property.

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.

CALIFORNIA 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.

CALIFORNIA TITLE 20: Title 20, a California law 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.



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 apartment buildings with four units or more and industrial 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 provided in Appendix A-1 and A-2.

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): In 2008-9, systems smaller than 50kW 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. EPBB is available for systems under 30 KW after 2010. 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. **INVESTOR-OWNED UTILITY (IOU):** For purposes of the Program, this refers to Southern California Edison 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 JURISDICTIONS: The initial participating jurisdictions are the Cities of Banning, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, Wildomar, and the western unincorporated portion of the County of Riverside. Other member agencies of WRCOG may elect to participate in the future.

PROGRAM: The WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County.

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 Western Riverside County that is subject to a real property tax.

PERFORMANCE BASED INCENTIVE (PBI): As of January 1, 2008, all systems over 50 kW must take the PBI, and by 2010 all system over 30 kW must be on 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 is looking 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 three (3) 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 SRCC currently administers a certification, rating, and labeling program for solar collectors and a similar program for complete solar water heating systems.

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.

WRCOG: Western Riverside Council of Governments.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS: Is a joint powers authority representing the 16 cities, the Riverside County Board of Supervisors, and the Eastern and Western Municipal Water Districts. Together they take up regional matters critical to our future, from air quality to solid waste and from transportation to the environment.



APPENDIX A-1

ELIGIBLE PRODUCTS

HERO RESIDENTIAL /COMMERCIAL FINANCING

SAMAS COMMERCIAL FINANCING

The WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County offers financing for a number of eligible equipment types, energy efficiency measures, solar systems, and other innovative, energy-saving and energy generation custom products for residential and commercial property owners.

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.

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.



RESIDENTIAL ELIGIBLE PRODUCTS LIST

ENERGY EFFICIENCY PRODUCTS

PRODUCT CATEGORY	PRODUCT TYPE	ELIGIBILITY SPECIFICATIONS	MAXIMUM TERM (YEARS)
Solar Photovoltaic	Solar Panels	Product must be listed as California Solar Initiative incentive-eligible photovoltaic module in compliance with CA-SB1 guidelines. Installation Contractor must be registered with the California Solar Initiative Program and have the correct CSLB licensure to install solar systems. System must be grid connected unless the property is not currently connected to the grid. Installed per manufacturer's specifications.	20
	Solar Inverters	Product must be listed as California Solar Initiative eligible inverter in compliance with CA-SB1 guidelines. Installation contractor must be registered with the California Solar Initiative Program and have the correct CSLB licensure to install solar systems. System must be grid connected unless the property is not currently connected to the grid. Installed per manufacturer's specifications.	20
Solar Thermal	Solar Water Heating	System must have the OG-300 System Certification by either the Solar Rating and Certification Corporation (SRCC) or the International Plumbing and Mechanical Officials (IAPMO). System Solar Fraction (SF) must be ≥ 0.5 . Auxiliary tank must be residential class. Installed per manufacturer's specifications.	15
	Solar Pool Heating	Product must have the OG-100 Collector Certification by the Solar Rating and Certification Corporation (SRCC). Installed per manufacturer's specifications.	15
Alternative Energy	Small Wind Turbines	Product must meet the eligibility requirements outlined in the current California Self-Generation Incentive Program (SGIP) Handbook. System must be grid connected unless the property is not currently connected to the grid. Installed per manufacturer's specifications.	20
	Advanced Energy Storage Systems	Product must meet the eligibility requirements outlined in the current California Self-Generation Incentive Program (SGIP) Handbook. System must be grid connected unless the property is not currently connected to the grid. Installed per manufacturer's specifications.	10



	Electric Vehicle Charging Station	Product must be a Level 2 charger with SAE J1772 standard charging plug. Product must be Underwriters Laboratory (UL) listed. Installation contractor must have the appropriate CSLB licensure to and install in compliance with local codes, permitting, and inspection requirements. Installed per manufacturer's specifications.	10
Heating, Ventilation, and Air Conditioning (HVAC)	Central Air Conditioner	Product must be AHRI Certified and AHRI number must be provided. Product must be ENERGY STAR Qualified: Split System: ≥ 8.2 HSPF and ≥ 14.5 SEER and ≥ 12 EER Packed System: ≥ 8.0 HSPF and ≥ 14 SEER and ≥ 11 EER Product must replace an existing cooling product; no new cooling. Installed per manufacturer's specifications.	15
	Air-Source Heat Pump	Product must be AHRI Certified and AHRI number must be provided. Product must be ENERGY STAR Qualified: Split System: ≥ 14.5 SEER and ≥ 12 EER Packed System: ≥ 14 SEER and ≥ 11 EER Product must replace an existing product. Installed per manufacturer's specifications.	15
	Furnace	Product must be ENERGY STAR Qualified ($\geq 90\%$ AFUE). Natural Gas and Propane systems are eligible. Product must replace an existing product. Installed per manufacturer's specifications.	15
	Boiler	Product must be ENERGY STAR Qualified ($\geq 85\%$ AFUE). Natural Gas and Propane systems are eligible. Product must replace an existing product. Installed per manufacturer's specifications.	20
	Whole House Fan	Product must be listed in California Energy Commission Appliance Efficiency Database. Installed per manufacturer's specifications.	20
Heating, Ventilation, and Air Conditioning (HVAC)	Evaporative Cooler	Product must be listed in California Energy Commission Appliance Efficiency Database. Product must have separate ducting system— independent of the air conditioning and heating duct system. Product must be permanently installed through wall or on the roof; window installed product is not eligible. Installed per manufacturer's specifications.	10
	Ventilating Fans	Product must be ENERGY STAR Qualified. Installed per manufacturer's specifications.	10



	Geothermal Heat Pump	Product must be ENERGY STAR Qualified: Closed Loop Water-to-Air: ≥ 14.1 EER and ≥ 3.3 COP Open Loop Water-to-Air: ≥ 16.2 EER and ≥ 3.6 COP Closed Loop Water-to-Water: ≥ 15.1 EER and ≥ 3.0 COP Open Loop Water-to-Water: ≥ 19.1 EER and ≥ 3.4 COP DGX: ≥ 15.0 EER and ≥ 3.5 COP Product must replace an existing product. Installed per manufacturer's specifications.	15
	Attic Fan	Product must have thermostat control. Fan exterior opening must be properly sealed and insulated during winter months. Solar-powered fans permitted. Installed per manufacturer's specifications.	15
	Ceiling Fan	Product must be ENERGY STAR Qualified. Installed per manufacturer's specifications.	10
	Duct Replacement and/or Sealing	Duct system leakage: Existing system repair: $\leq 10\%$ total system nominal flow New system replacement: $\leq 6\%$ total system nominal flow HERS test is required and copy of the CF6R Form required as part of the Completion Certificate.	20
Heating, Ventilation, and Air Conditioning (HVAC)	Duct Insulation	Installed insulation value must be $\geq R-6$.	15
	Programmable Thermostat Control	Product must be shipped with a default energy saving program that is capable of maintaining two separate programs (to address the different comfort needs of weekdays and weekends) and four temperature settings or more for each day. Installed per manufacturer's specifications.	15
	Radiant Heating and/or Cooling (Floor, Wall, Ceiling)	Product must be powered by a HERO Program-qualified heating or cooling source. Installed per manufacturer's specifications.	15
Windows, Doors, and Skylights	Windows	Product must be ENERGY STAR and NFRC Certified: U-Factor ≤ 0.32 and SHGC ≤ 0.30 . Product must replace existing product; no new windows. NFRC label for each different product to be submitted with Completion Certificate. Installed per manufacturer's specifications.	20
	Doors	Product must be ENERGY STAR and NFRC Certified: Opaque: U-Factor ≤ 0.21 and SHGC = Any $\leq 1/2$ -Lite: ≤ 0.27 and SHGC ≤ 0.30 $1/2$ -Lite: ≤ 0.32 and SHGC ≤ 0.30 Product must replace existing product; no new windows. NFRC label for each different product to be submitted with Completion Certificate. Installed per manufacturer's specifications.	20
Windows, Doors, and Skylights	Skylights and Tubular Daylighting Devices	Product must be ENERGY STAR and NFRC Certified: U-Factor ≤ 0.55 and SHGC ≤ 0.30 NFRC label for each different product to be submitted with Completion Certificate. Installed per manufacturer's specs.	20



	Applied Window Film	Product must be NFRC Certified. NFRC label for each different product to be submitted with Completion Certificate. Installed per manufacturer's specs.	10
Envelope	Cool Roof - Prescriptive	Product must be ENERGY STAR Qualified: Low-Slope Roofs: Aged (3 yrs) Solar Reflectance Steep-Slope Roof: ≥ 0.15 Aged Solar Reflectance Product must comply with applicable standards from the current California Title 24 prescriptive code requirements. Installed per manufacturer's specifications.	20
	Cool Roof - Performance	If ENERGY STAR Qualified roofing product is not specified, one of the following cool roof performance criteria must be met: Air-space of 1" is provided between the top of the roof deck to the bottom of the roofing product The installed roofing product has a profile ratio of rise to width of 1 to 5 for 50 percent or greater of the width of the roofing product. Attic floor is insulated with an R-value ≥ 38 . Existing HVAC duct work in the attic is insulated to R-8 and sealed to $\leq 6\%$ leakage. Radiant barrier is installed per HERO Product specification. Insulation is installed above roof deck with R-value ≥ 8 . Roof construction has thermal mass over the roof membrane with a weight of at least 25 lb/ft ² Any project involving roofing may be subject to additional code compliance requirements such as those prescribed by the California Building Code, Title 24 code, or local codes. Project stakeholder is fully and solely responsible to meet any such additional requirements.	20
	Cool Wall	Product must be included on HERO Cool Wall Eligible Product List. Installed per manufacturer's specifications.	20
	Attic Insulation	R-value ≥ 38 . Installed per CEC QII Standards.	20
Envelope	Wall Insulation	R-value ≥ 13 to full framing cavity depth. Installed per CEC QII Standards.	20
	Floor Insulation (over unconditioned space)	R-value ≥ 19 to full joist depth. Installed per CEC QII Standards.	20
	Radiant Barrier	Product Emissivity ≤ 0.1 and Reflectivity ≥ 0.9 . Installed per manufacturer's specifications.	20
Water Heating	Gas Storage Tank Water Heater	Product must be ENERGY STAR Qualified: EF ≥ 0.67 Installed per manufacturer's specifications.	10
	Electric Heat Pump Tank Water Heater	Product must be ENERGY STAR Qualified: EF ≥ 2.0 Installed per manufacturer's specifications.	10
	Gas Tankless Water Heater	Product must be ENERGY STAR Qualified: EF ≥ 0.82 Installed per manufacturer's specifications.	10
Pool Equipment	Pool Pump & Motor	Product must be ENERGY STAR Qualified: Single Speed Pump: EF ≥ 3.8 for single speed Multi/Variable Speed/Flow: EF ≥ 3.8 for most efficient speed. Installed per manufacturer's specifications.	10



	Gas Pool Heater	Product must be listed in California Energy Commission Appliance Efficiency Database. Product must have Thermal Efficiency $\geq$ 83%. Installed per manufacturer's specifications.	10
Lighting Measures	Indoor Lighting Fixtures	Product must be ENERGY STAR Qualified. Product must be permanently installed. Installed per manufacturer's specifications.	10
	Outdoor Lighting Fixtures	Product must be ENERGY STAR Qualified. Product must be permanently installed. Installed per manufacturer's specifications.	10

Electric Vehicle Infrastructure

Product	Eligibility Specifications	Max. Term
Electric Vehicle Charging Stations	Must be a Level 2 charger with the SAE J1772 charging plug. The charger must be UL (Underwriters Laboratories, Inc.) listed and installed by a qualified and licensed electrician in compliance with local codes, permitting and inspection requirements.	10 years

Water Efficiency Products

PRODUCT CATEGORY	PRODUCT TYPE	ELIGIBILITY SPECIFICATIONS	MAX. TERM
Indoor Water Efficiency	Toilets	Product must be Water Sense Qualified: $\leq$ 1.28 GPF Installed per manufacturer's specifications.	20
	Hot Water Delivery Systems	Product meets the definition of one of the following water delivery options: Dedicated Recirculation Line Whole House Manifold System Demand-initiated Recirculating System Core Plumbing System Installed per manufacturer's specifications.	15
Outdoor Water Efficiency	Weather-Based Irrigation Control Systems	Product must be WaterSense Qualified. Installed per manufacturer's specifications.	10
	Drip Irrigation	Product installed in installed in turf, garden, planter, and/or flower bed areas Installed per manufacturer's specifications.	10
	Rainwater Catchment Systems	Product must be sized to hold all roof water from a 1" rainfall event or 0.62 gallons per square foot of roof area used to capture. Product must be permanently installed. Installed per manufacturer's specifications.	20
	Greywater Systems	Product must meet Chapter 16A of the California Plumbing Code. Product must comply with local code and permitting requirements. Installation contractor must have the appropriate CLSB licensure to install the system. Installed per manufacturer's specifications.	15



Outdoor Water Efficiency	Artificial Turf	Product must be water and air permeable. Product must be non-toxic and lead free. Product must be recyclable. Product installation must carry ≥ 10 year warranty. Installed per manufacturer's specifications. Product infill material must be one of the following: Acrylic Covered Sand Crumb Rubber Zeolite	10



COMMERCIAL ELIGIBLE PRODUCTS LIST

Note: Many Products on the residential list may be eligible for Program financing for commercial properties as well, depending on the size and type of building or property.

ENERGY EFFICIENCY

Improvement		Eligibility Specifications				Max. Term
Lighting	Lighting fixture replacement	Color rendering index and rated life, as reflected in Table 1. Table 1: Eligible Fluorescent Lamp Characteristics (From California IOUs SPC manual)				15 Years
		Lamp Type & Size	Ballast Type	CRI	Minimum Rated Lamp Life (3hrs/start)	
	T8 – 2-ft, 3-ft, 4-ft	Offeringmed Start/ Offeringmed Rapid-start	>=80	24,000 hours		
		T8 – All Sizes	Instant Start	>=82	18, 000 hours	
		T5 – All Sizes	Offeringmed Start/ Offeringmed Rapid-start	>=82	20,000 hours	
	Dimmable Controls Based on Outside Light Intensity	Capable of reducing power consumption in the area by 2/3.				
	Skylight (Addition and Controls)	As reflected in Table 2 and Table 3. Table 2: Fenestration Products and Exterior Door U-factor (From Title 24 table 116-A)				
		FRAME	PRODUCT TYPE	SINGLE PANE U-FACTOR	DOUBLE PANE ¹ U-FACTOR	GLASS BLOCK ² U-FACTOR
		Metal	Operable	1.28	0.79	0.87
			Fixed	1.19	0.71	0.72
			Greenhouse/garden window	2.26	1.40	N.A.
			Doors	1.25	0.77	N.A.
			Skylight	1.98	1.30	N.A.
		Metal, Thermal Break	Operable	N.A.	0.66	N.A.
			Fixed	N.A.	0.55	N.A.
			Greenhouse/garden window	N.A.	1.12	N.A.
			Doors	N.A.	0.59	N.A.
			Skylight	N.A.	1.11	N.A.
		Nonmetal	Operable	0.99	0.58	0.60
			Fixed	1.04	0.55	0.57
			Greenhouse/garden window	0.99	0.53	N.A.
			Doors	1.94	1.06	N.A.
			Skylight	1.47	0.84	N.A.



		1. For all dual-glazed fenestration products, adjust the listed U-factors as follows: a. Add 0.05 for products with dividers between panes if spacer is less than 7/16 inch wide. b. Add 0.05 to any product with true divided lite (dividers through the panes). 2. Translucent or transparent panels shall use glass block values. Table 3: Solar Heat Gain Coefficients (From Title 24 table 116-B) <table><tr><th rowspan="2">FRAME TYPE</th><th rowspan="2">PRODUCT</th><th rowspan="2">GLAZING</th><th colspan="3">TOTAL WINDOW SHGC</th></tr><tr><th>Single Pane</th><th>Double Pane</th><th>Glass Block¹</th></tr><tr><td rowspan="4">Metal</td><td>Operable</td><td>Clear</td><td>0.80</td><td>0.70</td><td>0.70</td></tr><tr><td>Fixed</td><td>Clear</td><td>0.83</td><td>0.73</td><td>0.73</td></tr><tr><td>Operable</td><td>Tinted</td><td>0.67</td><td>0.59</td><td>N.A.</td></tr><tr><td>Fixed</td><td>Tinted</td><td>0.68</td><td>0.60</td><td>N.A.</td></tr><tr><td rowspan="4">Metal, Thermal Break</td><td>Operable</td><td>Clear</td><td>N.A.</td><td>0.63</td><td>N.A.</td></tr><tr><td>Fixed</td><td>Clear</td><td>N.A.</td><td>0.69</td><td>N.A.</td></tr><tr><td>Operable</td><td>Tinted</td><td>N.A.</td><td>0.53</td><td>N.A.</td></tr><tr><td>Fixed</td><td>Tinted</td><td>N.A.</td><td>0.57</td><td>N.A.</td></tr><tr><td rowspan="4">Nonmetal</td><td>Operable</td><td>Clear</td><td>0.74</td><td>0.65</td><td>0.70</td></tr><tr><td>Fixed</td><td>Clear</td><td>0.76</td><td>0.67</td><td>0.67</td></tr><tr><td>Operable</td><td>Tinted</td><td>0.60</td><td>0.53</td><td>N.A.</td></tr><tr><td>Fixed</td><td>Tinted</td><td>0.63</td><td>0.55</td><td>N.A.</td></tr></table> 1. Translucent or transparent panels shall use glass block values.	FRAME TYPE	PRODUCT	GLAZING	TOTAL WINDOW SHGC			Single Pane	Double Pane	Glass Block ¹	Metal	Operable	Clear	0.80	0.70	0.70	Fixed	Clear	0.83	0.73	0.73	Operable	Tinted	0.67	0.59	N.A.	Fixed	Tinted	0.68	0.60	N.A.	Metal, Thermal Break	Operable	Clear	N.A.	0.63	N.A.	Fixed	Clear	N.A.	0.69	N.A.	Operable	Tinted	N.A.	0.53	N.A.	Fixed	Tinted	N.A.	0.57	N.A.	Nonmetal	Operable	Clear	0.74	0.65	0.70	Fixed	Clear	0.76	0.67	0.67	Operable	Tinted	0.60	0.53	N.A.	Fixed	Tinted	0.63	0.55	N.A.	
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Occupancy, Motion, Vacancy Sensors	Automatically turn off all lights in area no more than 30 minutes after the area has been vacated.																																																																										
De-lamping	Only as a part of a retrofit which involves one of the other listed lighting measure.																																																																										
Insulation	Refrigerated Coolers	R-28 minimum for walls and roof/ceiling.																																																																									
	Water Heaters	R-12 minimum.																																																																									
Pipe	As reflected in Table 4.																																																																										
	Table 4: Pipe Insulation Thickness (From Title 24 table 123-A)	<table><tr><th rowspan="2">FLUID TEMPERATURE RANGE (°F)</th><th rowspan="2">CONDUCTIVITY RANGE (in Btu-inch per hour per square foot per °F)</th><th rowspan="2">INSULATION MEAN RATING TEMPERATURE (°F)</th><th colspan="5">NOMINAL PIPE DIAMETER (in inches)</th></tr><tr><th>Run out s up</th><th>1 and less</th><th>1.25-2</th><th>2.50-4</th><th>5-6</th><th>8 and larger</th></tr></table>	FLUID TEMPERATURE RANGE (°F)	CONDUCTIVITY RANGE (in Btu-inch per hour per square foot per °F)	INSULATION MEAN RATING TEMPERATURE (°F)	NOMINAL PIPE DIAMETER (in inches)					Run out s up	1 and less	1.25-2	2.50-4	5-6	8 and larger																																																											
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		INSULATION THICKNESS REQUIRED (in inches)																																																																												
		Space heating systems (steam, steam condensate and hot water)																																																																												
		Above 350	0.32-0.34	250	1.5	2.5	2.5	3.0	3.5	3.5																																																																				
		251-350	0.29-0.31	200	1.5	2.0	2.5	2.5	3.5	3.5																																																																				
		201-250	0.27-0.30	150	1.0	1.5	1.5	2.0	2.0	3.5																																																																				
		141.2	0.25-0.29	125	0.5	1.5	1.5	1.5	1.5	1.5																																																																				
		105.14	0.24-0.28	100	0.5	1.0	1.0	1.0	1.5	1.5																																																																				
		Service water-heating systems (recirculating sections, all piping in electric trace tape systems and the first 8 feet of piping from the storage tank for nonrecirculating systems).																																																																												
		Above 105	0.24-0.28	100	0.5	1.0	1.0	1.5	1.5	1.5																																																																				
		Space cooling systems (chilled water, refrigerant and brine)																																																																												
		40-60	0.23-0.27	75	0.5	0.5	0.5	1.0	1.0	1.0																																																																				
		Below 40	0.23-0.27	75	1.0	1.0	1.5	1.5	1.5	1.5																																																																				
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Pools	High Efficiency Pool	Variable flow and/or multi-speed with controllers (motor must be above NEMA minimal standard as shown in Table 11.)																																																																												



Circulating Pump

Table 11: Minimum Nominal Full-Load Motor Efficiency for Single Speed Poly-Phase Motors

Number of Poles	2	4	6	8	2	4	6	8
Synchronous Speed	3600	1800	1200	900	3600	1800	1200	900
Motor HP	Open Motors				Enclosed			
1.0	-	82.5	90.0	74.0	75.5	82.5	80.0	74.0
1.5	82.5	84.0	84.0	75.5	82.5	84.0	85.5	77.0
2.0	84.0	84.0	85.5	85.5	84.0	84.0	86.5	82.5
3.0	84.0	86.5	86.5	86.5	85.5	87.5	87.5	84.0
5.0	85.5	87.5	87.5	87.5	87.5	87.5	87.5	85.5
7.5	87.5	88.5	88.5	88.5	88.5	89.5	89.5	85.8
10.0	88.5	89.5	90.2	89.5	89.5	89.5	89.5	88.5
15.0	89.5	91.0	90.2	89.5	90.2	91.0	90.2	88.5
20.0	90.2	91.0	91.0	90.2	90.2	91.0	90.2	89.5
25.0	91.0	91.7	91.7	90.2	91.0	92.4	91.7	89.5
30.0	91.0	92.4	92.4	91.0	91.0	92.4	91.7	91.0
40.0	91.7	93.0	93.0	91.0	91.7	93.0	93.0	91.0
50.0	92.4	93.0	93.0	91.7	92.4	93.0	93.0	91.7
60.0	93.0	93.6	93.6	92.4	93.0	93.6	93.6	91.7
75.0	93.0	94.1	93.6	93.6	93.0	94.1	93.6	93.0
100.0	93.0	94.1	94.1	93.6	93.6	94.5	94.1	93.0
125.0	93.6	94.5	94.1	93.6	94.5	94.5	94.1	93.6
150.0	93.6	95.0	94.5	93.6	94.5	95.0	95.0	93.6
200.0	94.5	95.0	94.5	93.6	95.0	95.0	95.0	94.1
250.0	94.5	95.4	95.4	94.5	95.4	95.0	95.0	94.5
300.0	95.0	95.4	95.4	-	95.4	95.4	95.0	-
350.0	95.0	95.4	95.4	-	95.4	95.4	95.0	-
400.0	95.4	95.4	-	-	95.4	95.4	-	-
450.0	95.8	95.8	-	-	95.4	95.4	-	-
500.0	95.8	95.8	-	-	95.4	95.8	-	-

The general formula to calculate the energy savings is: kWh = Baseline kWh – proposed kWh. Often the kWh is calculated by multiplying the power demand (kW) by the number of operation in the year. The calculation of the kW can be the simple difference of power efficiency. For example a lighting retrofit that changes 80W per fixtures with a 56W per fixture and same light output will save 24W. Then you will multiply by the number of fixtures and number of hour of operations to find the kWh savings in a year. In other cases the efficiency of the equipment has to be taken into consideration. For example a chiller retrofit has one more calculation step. First the efficiency in kW/ton has to be established and then the load on the chiller has to be calculated in ton. Finally the result must be multiplied by the number of hours to find again the kWh savings. kWh savings = (baseline efficiency – proposed efficiency) * load * hours.



Water Heating	Natural Gas Storage Water Heater	As reflected in Table 9. Table 9: Gas- and Oil-Fired Boilers (From Energy Star)									
		<table><tr><th>Equipment Type</th><th>Eligible Specifications</th></tr><tr><td>Gas Furnace</td><td>90% AFUE</td></tr><tr><td>Oil Furnace</td><td>85% AFUE</td></tr><tr><td>Gas Boiler</td><td>85% AFUE</td></tr></table>	Equipment Type	Eligible Specifications	Gas Furnace	90% AFUE	Oil Furnace	85% AFUE	Gas Boiler	85% AFUE	
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Gas Hot Water Supply Boilers	As reflected in Table 9. Table 9: Gas- and Oil-Fired Boilers (From Energy Star)										
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Electric Heat Pump Water Heater	Apply either boiler standards (table 9) or Heat Pumps standards (Tables 7 and 8) Table 7: Packaged Terminal Air Conditioners and Heat Pumps (Extract of Title 24 table 112-E)										
	<table><tr><th>Equipment Type</th><th>Eligible Specifications</th></tr><tr><td>Packaged Terminal Air Conditions</td><td>12.5 - (0.213 x Cap./1000) EER</td></tr><tr><td>Packaged Terminal Heat Pumps</td><td>12.3 - (0.213 x Cap./1000) EER</td></tr></table>	Equipment Type	Eligible Specifications	Packaged Terminal Air Conditions	12.5 - (0.213 x Cap./1000) EER	Packaged Terminal Heat Pumps	12.3 - (0.213 x Cap./1000) EER				
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Gas Instantaneous Water Heater	As reflected in Table 9. Table 9: Gas- and Oil-Fired Boilers (From Energy Star)										
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Air Heating, Ventilation, and Air Conditioning Systems	Furnaces and Boilers	As reflected in Table 9. Table 9: Gas- and Oil-Fired Boilers (From Energy Star)	<table><tr><th>Equipment Type</th><th>Eligible Specifications</th></tr><tr><td>Gas Furnace</td><td>90% AFUE</td></tr><tr><td>Oil Furnace</td><td>85% AFUE</td></tr><tr><td>Gas Boiler</td><td>85% AFUE</td></tr></table>	Equipment Type	Eligible Specifications	Gas Furnace	90% AFUE	Oil Furnace	85% AFUE	Gas Boiler	85% AFUE																												
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	Air Conditioners and Condensing Units	As reflected in Table 5. Table 5: Air Conditioners and Condensing Units (From Title 24 Table 112-A)	<table><tr><th rowspan="2">Equipment Type</th><th rowspan="2">Size Category</th><th colspan="2">Efficiency^a</th><th rowspan="2">Test Procedure</th></tr><tr><th>Before 1/1/2010</th><th>After 1/1/10</th></tr><tr><td rowspan="4">Air Conditions, Air Cooled</td><td>≥ 65,000 Btu/h and <135,000 Btu/h</td><td>10.3 EER^b</td><td>11.2 EER^b</td><td>ARI 340/360</td></tr><tr><td>≥ 135,000 Btu/h and < 240,000 Btu/h</td><td>9.7 EER^b</td><td>11.0 EER^b</td><td rowspan="3">ARI 340/360</td></tr><tr><td>≥ 240,000 Btu/h and < 760,000 Btu/h</td><td>9.5 EER^b and 9.7 IPLV^b</td><td>10.0 EER^b and 9.7 IPLV^b</td></tr><tr><td>≥ 760,000 Btu/h</td><td>9.2 EER^b and 9.4 IPLV^b</td><td>9.7 EER^b and 9.4 IPLV^b</td></tr><tr><td>Air Conditioners, Water and Evaporatively Cooled</td><td>> 240,000 Btu/h</td><td colspan="2">11.0 EER^b and 10.3 IPLV^b</td><td>ARI 210-240 ARI 340-360</td></tr><tr><td>Condensing Units, Air Cooled</td><td>≥ 135,000 Btu/h</td><td colspan="2">10.1 EER and 11.2 IPLV</td><td rowspan="2">ARI 365</td></tr><tr><td>Condensing Units, Water or Evaporatively Cooled</td><td>≥ 135,000 Btu/h</td><td colspan="2">13.1 EER and 13.1 IPLV</td></tr></table> ^a IPLVs are only applicable to equipment with capacity modulation. ^b Deduct 0.2 from the required EERs and IPLVs for units with a heating section other than electric resistance heat.	Equipment Type	Size Category	Efficiency ^a		Test Procedure	Before 1/1/2010	After 1/1/10	Air Conditions, Air Cooled	≥ 65,000 Btu/h and <135,000 Btu/h	10.3 EER ^b	11.2 EER ^b	ARI 340/360	≥ 135,000 Btu/h and < 240,000 Btu/h	9.7 EER ^b	11.0 EER ^b	ARI 340/360	≥ 240,000 Btu/h and < 760,000 Btu/h	9.5 EER ^b and 9.7 IPLV ^b	10.0 EER ^b and 9.7 IPLV ^b	≥ 760,000 Btu/h	9.2 EER ^b and 9.4 IPLV ^b	9.7 EER ^b and 9.4 IPLV ^b	Air Conditioners, Water and Evaporatively Cooled	> 240,000 Btu/h	11.0 EER ^b and 10.3 IPLV ^b		ARI 210-240 ARI 340-360	Condensing Units, Air Cooled	≥ 135,000 Btu/h	10.1 EER and 11.2 IPLV		ARI 365	Condensing Units, Water or Evaporatively Cooled	≥ 135,000 Btu/h	13.1 EER and 13.1 IPLV	
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	Water Chilling Packages	As reflected in Table 6. Table 6: Water Chilling Packages (From Title 24 table 112-D)	<table><tr><th>Equipment Type</th><th>Size Category</th><th>Efficiency</th><th>Test Procedure</th></tr><tr><td rowspan="2">Air Cooled, With Condenser, Electrically Operated</td><td><150 Tons</td><td>2.80 COP</td><td rowspan="2">ARI 500-590</td></tr><tr><td>≥ 150 Tons</td><td>3.05 IPLV</td></tr><tr><td rowspan="2">Air cooled, Without condenser, Electrically Operated</td><td rowspan="2">All Capacities</td><td>3.10 COP</td><td rowspan="2">ARI 500-590</td></tr><tr><td>3.45 IPLV</td></tr><tr><td>Water cooled, Electrically Operated,</td><td>All Capacities</td><td>4.20 COP</td><td>ARI 500-590</td></tr></table>	Equipment Type	Size Category	Efficiency	Test Procedure	Air Cooled, With Condenser, Electrically Operated	<150 Tons	2.80 COP	ARI 500-590	≥ 150 Tons	3.05 IPLV	Air cooled, Without condenser, Electrically Operated	All Capacities	3.10 COP	ARI 500-590	3.45 IPLV	Water cooled, Electrically Operated,	All Capacities	4.20 COP	ARI 500-590																	
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	<table><tr><td>Positive Displacement (Reciprocating)</td><td></td><td>5.05 IPLV</td><td></td></tr><tr><td rowspan="3">Water Cooled,</td><td><150 Tons</td><td>4.45 COP 5.20 IPLV</td><td rowspan="3">ARI 500-590</td></tr><tr><td>≥ 150 Tons and < 300 Tons</td><td>4.90 COP 5.60 IPLV</td></tr><tr><td>≥ 300 Tons</td><td>5.5 COP 6.15 IPLV</td></tr><tr><td rowspan="3">Electrically Operated, Positive Displacement (Rotary Screw and Scroll)</td><td><150 Tons</td><td>5.00 COP 5.25 IPLV</td><td rowspan="3">ARI 500-590</td></tr><tr><td>≥ 150 Tons and < 300 Tons</td><td>5.55 COP 5.90 IPLV</td></tr><tr><td>≥ 300 Tons</td><td>6.10 COP 6.40 IPLV</td></tr><tr><td>Air Cooled Absorption Single Effect</td><td>All Capacities</td><td>0.60 COP</td><td rowspan="5">ARI 560</td></tr><tr><td>Water cooled Absorption Single Effect</td><td>All Capacities</td><td>0.70 COP</td></tr><tr><td>Absorption double Effect, Indirect-Fired</td><td>All Capacities</td><td>1.00 COP 1.05 IPLV</td></tr><tr><td>Absorption Double Effect, Direct-Fired</td><td>All Capacities</td><td>1.00 COP 1.00 IPLV</td></tr><tr><td>Water Cooled Gas Engine Driven Chiller</td><td>All Capacities</td><td>1.2 COP 2.0 IPLV</td></tr></table>	Positive Displacement (Reciprocating)		5.05 IPLV		Water Cooled,	<150 Tons	4.45 COP 5.20 IPLV	ARI 500-590	≥ 150 Tons and < 300 Tons	4.90 COP 5.60 IPLV	≥ 300 Tons	5.5 COP 6.15 IPLV	Electrically Operated, Positive Displacement (Rotary Screw and Scroll)	<150 Tons	5.00 COP 5.25 IPLV	ARI 500-590	≥ 150 Tons and < 300 Tons	5.55 COP 5.90 IPLV	≥ 300 Tons	6.10 COP 6.40 IPLV	Air Cooled Absorption Single Effect	All Capacities	0.60 COP	ARI 560	Water cooled Absorption Single Effect	All Capacities	0.70 COP	Absorption double Effect, Indirect-Fired	All Capacities	1.00 COP 1.05 IPLV	Absorption Double Effect, Direct-Fired	All Capacities	1.00 COP 1.00 IPLV	Water Cooled Gas Engine Driven Chiller	All Capacities	1.2 COP 2.0 IPLV	
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Packaged Terminal Air Conditioners and Heat Pumps	As reflected in Table 7. Table 7: Packaged Terminal Air Conditioners and Heat Pumps (Extract of Title 24 table 112-E) <table><tr><th>Equipment Type</th><th>Eligible Specifications</th></tr><tr><td>Packaged Terminal Air Conditions</td><td>12.5 - (0.213 x Cap./1000) EER</td></tr><tr><td>Packaged Terminal Heat Pumps</td><td>12.3 - (0.213 x Cap./1000) EER</td></tr></table>			Equipment Type	Eligible Specifications	Packaged Terminal Air Conditions	12.5 - (0.213 x Cap./1000) EER	Packaged Terminal Heat Pumps	12.3 - (0.213 x Cap./1000) EER																													
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Geothermal and Water Source Heat Pump	As reflected in Table 8. Table 8: Geothermal Heat Pumps (From Energy Star) <table><tr><th>Equipment Type</th><th>Eligible Specifications</th></tr><tr><td>Closed loop water sources heat pump (condenser is a closed loop, closed cooling tower)</td><td>14.1 EER</td></tr><tr><td>Open loop water sources heat pump (open cooling tower)</td><td>16.2 EER</td></tr><tr><td>Ground sourced heat pump (condenser pipes are buried in the ground)</td><td>15 EER</td></tr></table>			Equipment Type	Eligible Specifications	Closed loop water sources heat pump (condenser is a closed loop, closed cooling tower)	14.1 EER	Open loop water sources heat pump (open cooling tower)	16.2 EER	Ground sourced heat pump (condenser pipes are buried in the ground)	15 EER																											
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Heat
Rejection
Equipment
(Replacement)

As reflected in Table 10.

Table 10: Heat Rejection Equipment (From Title 24 table 112-G)

Equipment Type	Total System Heat Rejection Capacity at Rated Conditions	Subcategory or Rating Condition	Performance Required ^{ab}	Test Procedure ^c
Propeller or Axial Fan Open Cooling Tower	All	95°F Entering Water 85°F Leaving Water 75°F wb Outdoor Air	≥ 38.2 gpm/hp	CTI ATC-105 and CTI STD-201
Centrifugal Fan Open Cooling Towers	All	95°F Entering Water 85°F Leaving Water 75°F wb Outdoor Air	≥ 20.0 gpm/hp	CTI ATC-105 and CTI STD-201
Air Cooled Condensers	All	125°F Condensing Temperature R22 Test Fluid 190°F Entering Gas Temperature 15°F Subcooling 95°F Entering Drybulb	≥ 176,000 Btu/h-hp	ARI 460

a For purposes of this table, open cooling tower performance is defined as the maximum flow rating of the tower divided by the fan nameplate rated motor power.

b For the purposes of this table air-cooled condenser performance is defined as the heat rejected from the refrigerant divided by the fan nameplate rated motor power.

c Open cooling towers shall be tested using the test procedures in CTI ABT-105. Performance of factory assembled open cooling towers shall either certified as base models as specified in CTI STD-201 or verified by testing in the field by a CTI approved testing agency. Open factory assembled cooling towers with custom options added to a CTI certified base model for the purpose of safe maintenance or to reduce environmental or noise impact shall be rated at 90% of the CTI certified performance of the associated base model or at the manufacturer's stated performance, whichever is less. Base models of open factory assembled cooling towers are open cooling towers configured in exact accordance with the Data of Record submitted to CTI as specified by CTI-STD-201. There are no certification requirements for field erected cooling towers.

d The efficiencies for open cooling towers listed in Table 112-G are not applicable for closed-circuit cooling towers.



	Compressor Controls Upgrades	Variable Speed Drive retrofit, multiple compressor staging, floating head pressure controls.	
	Condenser Water Pump Upgrades	Variable Speed Drive retrofit, motor upgrade, downsizing.	
	Chilled Water Pump Upgrade	Variable Speed Drive retrofit, motor upgrade, downsizing.	
	Cooling Tower Fan Upgrade	Two speed or variable speed drive upgrade.	
	Air Handler Unit Fan Upgrade	Variable Speed Drive retrofit, motor upgrade.	
	Equipment Scheduling (EMS)	Building occupancy, Optimal start/stop.	
	Economizer	Dry bulb Temperature Reset, Enthalpy Reset.	
	Supply Air Temperature Resets (EMS)	Cold air reset (warmest zone, outside air) and Warm air reset (coldest zone, outside air) if applicable.	
	Condenser Water Temperature Reset	Cooling tower strategy change.	
	Chilled Water Supply	Load Reset, Outside Air Reset.	



	Temperature Reset																																																																																																																																																																																																																																																																							
	Hot Water Supply Temperature Resets	Load Reset, Outside Air Reset.																																																																																																																																																																																																																																																																						
	Programmable Thermostat (EMS)																																																																																																																																																																																																																																																																							
Motors	Premium Efficient Motor Replacements	Must exceed minimum equipment efficiency from Table 11 below. Table 11: Minimum Nominal Full-Load Motor Efficiency for Single Speed Poly-Phase Motors <table><tr><th>Number of Poles</th><th>2</th><th>4</th><th>6</th><th>8</th><th>2</th><th>4</th><th>6</th><th>8</th></tr><tr><th>Synchronous Speed</th><th>3600</th><th>1800</th><th>1200</th><th>900</th><th>3600</th><th>1800</th><th>1200</th><th>900</th></tr><tr><th>Motor HP</th><th colspan="4">Open Motors</th><th colspan="4">Enclosed</th></tr><tr><td>1.0</td><td>-</td><td>82.5</td><td>90.0</td><td>74.0</td><td>75.5</td><td>82.5</td><td>80.0</td><td>74.0</td></tr><tr><td>1.5</td><td>82.5</td><td>84.0</td><td>84.0</td><td>75.5</td><td>82.5</td><td>84.0</td><td>85.5</td><td>77.0</td></tr><tr><td>2.0</td><td>84.0</td><td>84.0</td><td>85.5</td><td>85.5</td><td>84.0</td><td>84.0</td><td>86.5</td><td>82.5</td></tr><tr><td>3.0</td><td>84.0</td><td>86.5</td><td>86.5</td><td>86.5</td><td>85.5</td><td>87.5</td><td>87.5</td><td>84.0</td></tr><tr><td>5.0</td><td>85.5</td><td>87.5</td><td>87.5</td><td>87.5</td><td>87.5</td><td>87.5</td><td>87.5</td><td>85.5</td></tr><tr><td>7.5</td><td>87.5</td><td>88.5</td><td>88.5</td><td>88.5</td><td>88.5</td><td>89.5</td><td>89.5</td><td>85.8</td></tr><tr><td>10.0</td><td>88.5</td><td>89.5</td><td>90.2</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>88.5</td></tr><tr><td>15.0</td><td>89.5</td><td>91.0</td><td>90.2</td><td>89.5</td><td>90.2</td><td>91.0</td><td>90.2</td><td>88.5</td></tr><tr><td>20.0</td><td>90.2</td><td>91.0</td><td>91.0</td><td>90.2</td><td>90.2</td><td>91.0</td><td>90.2</td><td>89.5</td></tr><tr><td>25.0</td><td>91.0</td><td>91.7</td><td>91.7</td><td>90.2</td><td>91.0</td><td>92.4</td><td>91.7</td><td>89.5</td></tr><tr><td>30.0</td><td>91.0</td><td>92.4</td><td>92.4</td><td>91.0</td><td>91.0</td><td>92.4</td><td>91.7</td><td>91.0</td></tr><tr><td>40.0</td><td>91.7</td><td>93.0</td><td>93.0</td><td>91.0</td><td>91.7</td><td>93.0</td><td>93.0</td><td>91.0</td></tr><tr><td>50.0</td><td>92.4</td><td>93.0</td><td>93.0</td><td>91.7</td><td>92.4</td><td>93.0</td><td>93.0</td><td>91.7</td></tr><tr><td>60.0</td><td>93.0</td><td>93.6</td><td>93.6</td><td>92.4</td><td>93.0</td><td>93.6</td><td>93.6</td><td>91.7</td></tr><tr><td>75.0</td><td>93.0</td><td>94.1</td><td>93.6</td><td>93.6</td><td>93.0</td><td>94.1</td><td>93.6</td><td>93.0</td></tr><tr><td>100.0</td><td>93.0</td><td>94.1</td><td>94.1</td><td>93.6</td><td>93.6</td><td>94.5</td><td>94.1</td><td>93.0</td></tr><tr><td>125.0</td><td>93.6</td><td>94.5</td><td>94.1</td><td>93.6</td><td>94.5</td><td>94.5</td><td>94.1</td><td>93.6</td></tr><tr><td>150.0</td><td>93.6</td><td>95.0</td><td>94.5</td><td>93.6</td><td>94.5</td><td>95.0</td><td>95.0</td><td>93.6</td></tr><tr><td>200.0</td><td>94.5</td><td>95.0</td><td>94.5</td><td>93.6</td><td>95.0</td><td>95.0</td><td>95.0</td><td>94.1</td></tr><tr><td>250.0</td><td>94.5</td><td>95.4</td><td>95.4</td><td>94.5</td><td>95.4</td><td>95.0</td><td>95.0</td><td>94.5</td></tr><tr><td>300.0</td><td>95.0</td><td>95.4</td><td>95.4</td><td>-</td><td>95.4</td><td>95.4</td><td>95.0</td><td>-</td></tr><tr><td>350.0</td><td>95.0</td><td>95.4</td><td>95.4</td><td>-</td><td>95.4</td><td>95.4</td><td>95.0</td><td>-</td></tr><tr><td>400.0</td><td>95.4</td><td>95.4</td><td>-</td><td>-</td><td>95.4</td><td>95.4</td><td>-</td><td>-</td></tr><tr><td>450.0</td><td>95.8</td><td>95.8</td><td>-</td><td>-</td><td>95.4</td><td>95.4</td><td>-</td><td>-</td></tr><tr><td>500.0</td><td>95.8</td><td>95.8</td><td>-</td><td>-</td><td>95.4</td><td>95.8</td><td>-</td><td>-</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	Number of Poles	2	4	6	8	2	4	6	8	Synchronous Speed	3600	1800	1200	900	3600	1800	1200	900	Motor HP	Open Motors				Enclosed				1.0	-	82.5	90.0	74.0	75.5	82.5	80.0	74.0	1.5	82.5	84.0	84.0	75.5	82.5	84.0	85.5	77.0	2.0	84.0	84.0	85.5	85.5	84.0	84.0	86.5	82.5	3.0	84.0	86.5	86.5	86.5	85.5	87.5	87.5	84.0	5.0	85.5	87.5	87.5	87.5	87.5	87.5	87.5	85.5	7.5	87.5	88.5	88.5	88.5	88.5	89.5	89.5	85.8	10.0	88.5	89.5	90.2	89.5	89.5	89.5	89.5	88.5	15.0	89.5	91.0	90.2	89.5	90.2	91.0	90.2	88.5	20.0	90.2	91.0	91.0	90.2	90.2	91.0	90.2	89.5	25.0	91.0	91.7	91.7	90.2	91.0	92.4	91.7	89.5	30.0	91.0	92.4	92.4	91.0	91.0	92.4	91.7	91.0	40.0	91.7	93.0	93.0	91.0	91.7	93.0	93.0	91.0	50.0	92.4	93.0	93.0	91.7	92.4	93.0	93.0	91.7	60.0	93.0	93.6	93.6	92.4	93.0	93.6	93.6	91.7	75.0	93.0	94.1	93.6	93.6	93.0	94.1	93.6	93.0	100.0	93.0	94.1	94.1	93.6	93.6	94.5	94.1	93.0	125.0	93.6	94.5	94.1	93.6	94.5	94.5	94.1	93.6	150.0	93.6	95.0	94.5	93.6	94.5	95.0	95.0	93.6	200.0	94.5	95.0	94.5	93.6	95.0	95.0	95.0	94.1	250.0	94.5	95.4	95.4	94.5	95.4	95.0	95.0	94.5	300.0	95.0	95.4	95.4	-	95.4	95.4	95.0	-	350.0	95.0	95.4	95.4	-	95.4	95.4	95.0	-	400.0	95.4	95.4	-	-	95.4	95.4	-	-	450.0	95.8	95.8	-	-	95.4	95.4	-	-	500.0	95.8	95.8	-	-	95.4	95.8	-	-										
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		The general formula to calculate the energy savings is: kWh = Baseline kWh – proposed kWh. Often the kWh is calculated by multiplying the power demand (kW) by the number of operation in the year. The calculation of the kW can be the simple difference of power efficiency. For example a lighting retrofit that changes 80W per fixtures with a 56W per fixture and same light output will save 24W. Then you will multiply by the number of fixtures and number of hour of operations to find the kWh savings in a year. In other cases the efficiency of the equipment has to be taken into consideration. For example a chiller retrofit has one more calculation step. First the efficiency in kW/ton has to be established and then the load on the chiller has to be calculated in ton. Finally the result must be multiplied by the number of hours to find again the kWh savings. kWh savings = (baseline efficiency – proposed efficiency) * load * hours.	



WATER CONSERVATION/EFFICIENCY

All applicable Water Conservation/Efficiency Eligible Products listed for “residential” are eligible for commercial buildings.

Other measures that save water may be eligible under the Custom Eligible Products option.

Improvement		Eligibility Specifications	Max. Term
Indoor	Restrooms and Plumbing		
	Toilet (tank type)	WaterSense qualified (≤ 1.28 gpf).	
	Toilet (flush valve)	EPA high efficiency qualified (≤ 1.28 gpf).	
	Urinal	EPA high efficiency qualified (≤ 0.5 gpf).	
	Waterless Urinals		
	Food Service		
	Return Condensate for Steam Kettles	Note: Requires piping to form the return loop.	
	Industrial Laundries and Dry Cleaning (for institutions such as hospitals, etc.)		
	Recycling Laundry Rinse Water	i.e., stream splitting, gravity settling, or chemical removal	
	Ozone Laundry System		
	Carbon Dioxide or Silicon Based Dry Cleaning System		
	Medical		
	Closed Loop Condenser Water System for Vacuum and Compressor Cooling	Replaces a water cooled heat exchanger using water coming from the municipal water system and then flushed down the drain.	



	Condensate Tempering for Steam Sterilizing	Replaces steam sterilizers (autoclaves) that continuously use cold water to temper the steam condensate.	
	Closed Loop Cooling for Lab Equipment	Replaces a water cooled heat exchanger with water coming from the municipal water system and then flushed down the drain.	
	Dry Hood Exhaust System	Replaces a wet scrubber type system where water is sprayed to collect pollutants and then either flushed down the drain or treated (it depends on the type of chemicals removed).	
	Other		
	Steam Boiler Conductivity Controllers		
	On-site Treatment of Gray and Wastewater	Gray water defined by CA T24 "is untreated waste water which has not come into contact with toilet waste. Gray water includes waste water from bathtubs, showers, bathroom wash basins, clothes washing machines, and laundry tubs, or an equivalent discharge as approved by the Administrative Authority. It also does not include waste water from kitchen sinks, photo-lab sinks, dishwashers, or laundry water from soiled diapers." Requires project by project analysis. Sample usage is to treat effluent to a quality useful for toilet/urinal flushing.	
Outdoor	Storm Water Recovery	Storage in soil, storage in onsite tanks, or storage in a pond.	
	Air Conditioner Condensate Recovery		
	Foundation Drain Water Recovery	With installation of tank and piping for irrigation.	
	Retreat Pool Backwash Water	Must install pool backwash filter to retreat backwash water to be reused in the pool or for other purposes such as irrigation.	
	Cooling Tower Conductivity Controllers		
	Cooling Tower Drift Eliminators		



RENEWABLE ENERGY

Improvement	Eligibility Specifications	Max. Term
Solar Photovoltaic (PV)	System must be installed by a contractor registered with the California Solar Initiative Program who has the correct contractor's license to install solar systems. System owner must utilize equipment that has been approved by the California Solar Initiative rebate program. Systems must be grid-connected unless the property is not connected to the grid.	
Fuel Cells	Fuel Cells capable of producing electrical power through electro-chemical means, including but not limited to Micro Combined Heat and Power ("MicroCHP") systems with ancillary equipment to produce and distribute power created from the system.	.
Small Wind Turbines	Equipment must be listed in on the California Energy Commission List of Eligible Small Wind Turbines. Must have a nameplate capacity of no more than 50 kilowatts.	



CUSTOM PRODUCTS

Custom Products is a process by which WRCOG staff can evaluate and fund projects that are not “off the shelf” Eligible Products listed in the Energy Efficiency, Renewable Energy or Water Conservation/Efficiency Eligible Products. These custom projects may involve large scale industrial or commercial energy efficiency improvement projects, such as process or industrial mechanical systems, renewable energy sources and energy generation, other than the solar system (photovoltaic), such as geothermal, and potentially fuel cells, as well as more complex and cutting edge energy management solutions and emerging technologies. Custom Products will be evaluated and provided funding, if appropriate, for these innovative projects.

Applicants wishing to install Custom Products must provide a written explanation describing the improvement as well as how the improvement increases energy efficiency, increases water conservation/efficiency and/or produces renewable energy. The Program will then determine what documentation is required to submit an application for the proposed Custom Eligible Products. WRCOG will need to meet and review the engineering documents and data for custom and emerging technology projects. WRCOG may require an additional administrative fee for project evaluation by a technical review expert. In all cases, WRCOG reserves the right to decline funding of a Custom Products. Custom Products will be eligible if approved by the WRCOG Executive Committee.

The following types of measures – among others – will be considered for WRCOG funding through Custom Products:

ENERGY EFFICIENCY CUSTOM ELIGIBLE PRODUCTS

- Alternative energy generation (other than photovoltaic)
- Building energy management controls
- HVAC duct zoning control systems
- Irrigation pumps and controls
- Lighting controls
- Industrial and process equipment motors and controls

As these “Custom Products” become Energy Star rated they will be included in the List of Eligible Products.

ENERGY GENERATION CUSTOM ELIGIBLE PRODUCTS

- Fuel Cells
- Natural gas
- Hydrogen fuel
- Other fuel sources (emerging technologies)
- Co-generation (heat and energy)



APPENDIX A-2

ELIGIBLE PRODUCTS [RENEW FINANCIAL PACE FINANCING]

The WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County offers financing for a number of eligible equipment types, energy efficiency measures, solar systems, and other innovative, energy-saving and energy generation custom products for residential and commercial property owners.

Minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards, among other equivalent rating agencies, 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.

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.

Eligible Product List

In addition to the CaliforniaFIRST Product Eligibility Criteria listed below, all product specifications and installation quality must meet or exceed applicable local and state permitting, codes and health and safety standards. CaliforniaFIRST requires permits for many of the products below if required by the local jurisdiction. All products must be installed per manufacturer's specifications. All products must be permanently installed and remain at the property upon sale or transfer.

Product Category	Product Type	Eligibility Criteria	Permit Needed?	Max Term
Drought Tolerant Landscaping	Artificial Turf	Product must be water-permeable. Product must not be installed in the following cities in Los Angeles County: Alhambra, Bellflower, Cerritos, Cudahy, Culver City, El Monte, Glendale, Monrovia, Montebello, Redondo Beach, San Gabriel, San Marino, West Hollywood, Westlake Village.	No	10
Drought Tolerant Landscaping	Hardscape	Product must be installed with a BioRetention Basin.	No	20
Drought Tolerant Landscaping	Permeable Ground Cover	Product must be water-permeable. The following products are eligible: Decomposed granite, Pavers and patio stones with a minimum of 1/4" joint spacing, Gravel/rock/boulders/stone, Artificial Turf underlayment. (Plants and biodegradable material are not eligible.) Product depth must be at least 2".	No	20
Electric Vehicle Charging Station	Electric Vehicle Charging Station	Product must be a Level 2 charger with SAE J1772 standard charging plug.	Yes	10
Fuel Cells	Stationary Fuel Cell Power System	System must be certified as meeting the ANSI/CSA America FC1 standard. Installation must comply with the Standard for the Installation of Stationary Fuel Cell Power Plants (NFPA 853).	Yes	10
HVAC	Air-Source Heat Pump	Product must comply with Title 24.	Yes	15
HVAC	Attic Fan	Product must have a thermostat control.	No	15
HVAC	Boiler	Product must comply with Title 24.	Yes	20
HVAC	Ceiling Fan	Product must comply with Title 24.	No	10
HVAC	Central Air Conditioner	Product must comply with Title 24.	Yes	15
HVAC	Duct Insulation	Product must comply with Title 24.	No	20
HVAC	Duct Replacement	Product must comply with Title 24.	No	20
HVAC	Duct Sealing	Product must comply with Title 24.	No	20
HVAC	Ductless Mini-Split	Product must comply with Title 24.	Yes	15
HVAC	Ductless Mini-Split Air Conditioner	Product must comply with Title 24.	Yes	15
HVAC	Energy Recovery Ventilation (ERV) System	Product must be certified by the Home Ventilating Institute (HVI).	No	15
HVAC	Evaporative Cooler	Product must comply with Title 24. Product must be permanently affixed to the home.	No	15
HVAC	Furnace	Product must comply with Title 24.	Yes	20
HVAC	Gas Fireplace	Product must comply with Title 24.	No	20
HVAC	Geothermal Heat Pump	Product must comply with Title 24.	Yes	20
HVAC	Heat Recovery Ventilation (HRV) System	Product must be certified by the Home Ventilating Institute (HVI).	No	15
HVAC	Heating and Air Conditioning Package Unit	Product must comply with Title 24.	Yes	15
HVAC	Pellet Stove or Insert	Product must be on the List of EPA Certified Wood Stoves.	No	20
HVAC	Programmable	Product must comply with Title 24.	No	15
HVAC	Radiant Heating	Product must comply with Title 24.	Yes	15
HVAC	Ventilating Fans	Product must comply with Title 24.	No	10
HVAC	Whole House Fan	Product must comply with Title 24.	No	20
Indoor Water Efficiency	High-Efficiency Faucet	Product must comply with Title 24.	No	15
Indoor Water Efficiency	High-Efficiency	Product must comply with Title 24.	No	15
Indoor Water Efficiency	Toilets	Product must comply with Title 24.	No	25
Indoor Water Efficiency	Urinal	Product must comply with Title 24.	No	20
Indoor Water Efficiency	Water Delivery Systems	Product must meet the definition of one of the following water delivery options: Dedicated Recirculation Line, Whole House Manifold System, Demand-initiated Recirculating System, Core Plumbing System. Installation cannot include any work on the wastewater system or the city main.	Yes	25

Eligible Product List

Insulation and Air Sealing	Air Sealing	Product must comply with Title 24.	No	20
Insulation and Air Sealing	Attic Insulation	Product must comply with Title 24.	No	25
Insulation and Air Sealing	Floor Insulation	Product must comply with Title 24.	No	25
Insulation and Air Sealing	Foam Insulation - Attic or Roof	Product must comply with Title 24.	No	25
Insulation and Air Sealing	Wall Insulation	Product must comply with Title 24.	No	25
Lighting	Indoor Lighting Fixtures	Product must comply with Title 24.	No	20
Lighting	Lighting Control	Product must comply with Title 24.	No	20
Lighting	Outdoor Lighting Fixtures	Product must comply with Title 24.	No	20
Outdoor Water Efficiency	Drip Irrigation	Product must be installed in turf, garden, planter, or flowerbed areas.	No	10
Outdoor Water Efficiency	Greywater Systems	N/A	Yes	15
Outdoor Water Efficiency	Rainwater Catchment Systems	Product must comply with SoCal Water\$mart Program Guidelines.	No	20
Outdoor Water Efficiency	Rotating Sprinkler Control	Product must comply with SoCal Water\$mart Program Guidelines.	No	10
Outdoor Water Efficiency	Weather-Based Irrigation Control Systems	Product must be WaterSense Certified.	No	10
Pool Equipment	Automatic Pool Covers	Product must be automatic.	No	10
Pool Equipment	Gas Pool Heater	Product must comply with Title 24.	Yes	10
Pool Equipment	Heat Pump Pool Heater	Product must comply with Title 24.	Yes	10
Pool Equipment	Pool Filter	Product must be a cartridge pool filter.	No	5
Pool Equipment	Pool Pump and Motor	Product must comply with Title 24.	No	10
Roofing and Siding	Cool Roof - Performance	One of the following performance criteria must be met in order to be eligible: Eligible Attic Insulation is installed (R38), Eligible Duct Replacement is installed in attic, Eligible Duct Sealing and Duct Insulation is completed in attic, Eligible Radiant Barrier is installed, 1 inch air-space is installed between top of roof deck and bottom of roofing product, Insulation is installed above roof deck with R-value ≥ 2 .	Yes	25
Roofing and Siding	Cool Roof - Prescriptive	Product must comply with Title 24 criteria for cool roofs in ALL climate zones.	Yes	25
Roofing and Siding	Exterior Coating	Product must have solar reflectance ≥ 0.5 as tested by third-party laboratory using ASTM C1549-09 test method. Product color must be listed on the Renew Financial Exterior Coating Pre-Approval List.	No	20
Roofing and Siding	Insulated Siding	One of the following performance criteria must be met to be eligible: The siding includes an insulated backing with R-value ≥ 2 , OR Insulation with R-value ≥ 2 is installed beneath the siding.	No	25
Roofing and Siding	Radiant Barrier	Product must comply with Title 24.	No	25
Solar Photovoltaic	Solar Inverters	Product must be on California Solar Initiative Eligible Products list.	Yes	20
Solar Photovoltaic	Solar Panels - PPA	Product must be on California Solar Initiative Eligible Products list. Product is not eligible in Los Angeles County.	Yes	20
Solar Photovoltaic	Solar Panels - With Monitoring	Product must be on California Solar Initiative Eligible Products list. To be eligible for a 30-year term, the system must monitor performance. (30-year term is not available in Los Angeles County, unincorporated Sacramento County, or the City of Chula Vista)	Yes	30
Solar Photovoltaic	Solar Panels - Without	Product must be on California Solar Initiative Eligible Products list.	Yes	25
Solar Thermal	Solar Pool Heating	System must have OG-100 System Certification by Solar Rating and Certification Corporation (SRCC).	No	15
Solar Thermal	Solar Water Heating	Product must comply with Title 24.	Yes	15
Storage	Advanced Energy Storage Systems	Product must meet the eligibility requirements outlined in the current California Self-Generation Incentive Program (SGIP) Handbook.	Yes	10
Water Heating	Electric Heat Pump Tank	Product must comply with Title 24.	Yes	10
Water Heating	Gas Storage Tank Water	Product must comply with Title 24.	Yes	10
Water Heating	Gas Tankless Water Heater	Product must comply with Title 24.	Yes	20

Eligible Product List

Water Heating	Hot Water Tank Insulation	Product must comply with Title 24.	No	10
Water Heating	Pipe Insulation - Hot Water	Product must comply with Title 24.	No	10
Water Heating	Water Heat Recovery	Heat exchanger must transfer waste heat from drain to hot water tank or hot water delivery system.	No	25
Wind Energy	Small Wind Turbine	Product must meet the eligibility requirements outlined in the current California Self-Generation Incentive Program (SGIP) Handbook.	Yes	20
Windows and Doors	Applied Window Films	Product must be NFRC Certified.	No	10
Windows and Doors	Doors	Product must comply with Title 24.	Yes	25
Windows and Doors	Skylights and Tubular Daylighting Devices	Product must comply with Title 24.	No	20
Windows and Doors	Windows	Product must comply with Title 24.	Yes	25
Enabling Work	Enabling Work	Product must be installed on the property. Product must enable the installation of an eligible product. Product must cost less than 25% of the financed amount, capped at \$10,000.	No	5
Custom Product	Custom Product	Product must be approved by Program Administrator. Submissions can be entered here: https://renewfinancial.com/custom-product-request/	TBD	TBD



APPENDIX A-3

ELIGIBLE PRODUCTS **[Spruce PACE FINANCING]**

The WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County offers financing for a number of eligible equipment types, energy efficiency measures, solar systems, and other innovative, energy-saving and energy generation custom products for residential and commercial property owners.

Minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards, among other equivalent rating agencies, 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.

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.





Eligible Product List

In addition to the Product Eligibility Criteria listed below, all product specifications and installation quality must meet or exceed applicable local and state permitting, codes and health and safety standards. Pulled permits are required for many of the products below (if required by the local jurisdiction). All products must be installed per manufacturer's specifications.

Product Section	Product Category	Product Type	Eligibility Criteria	Maximum Term
Renewable Energy	Electric Vehicle Charging Station	Electric Vehicle Charging Station	1. Product must be a Level 2 charger with SAE J1772 standard charging plug. 2. Product must be Underwriters Laboratory (UL) listed. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	10
Renewable Energy	Energy Storage	Advanced Energy Storage Systems	1. Product must meet the eligibility requirements outlined in the current California Self-Generation Incentive Program (SGIP) Handbook. 2. System must be grid connected unless the property is not currently connected to the grid. System does not need to be interconnected at time of funding. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	10
Renewable Energy	Solar Photovoltaic	Solar Inverters	1. Product must be manufactured by vendor on Spruce's approved vendor list. 2. A copy of the pulled permit or permit number must be submitted for this product prior to funding. 3. System must be grid connected unless the property is not currently connected to the grid. System does not need to be interconnected at time of funding.	20
Renewable Energy	Solar Photovoltaic	Solar Panels - With Monitoring	1. Product must be manufactured by vendor on Spruce's approved vendor. 2. A copy of the pulled permit or permit number must be submitted for this product prior to funding. 3. System must be grid connected unless the property is not currently connected to the grid. System does not need to be interconnected at time of funding. 4. To qualify for a 25-year term, a system must monitor performance.	30
Renewable Energy	Solar Photovoltaic	Solar Panels - Without Monitoring	1. Product must be manufactured by vendor on Spruce's approved vendor. 2. A copy of the pulled permit or permit number must be submitted for this product prior to funding. 3. System must be grid connected unless the property is not currently connected to the grid. System does not need to be interconnected at time of funding.	20
Renewable Energy	Solar Thermal	Solar Pool Heating	1. Product must have OG-100 Collector Certification by the Solar Rating and Certification Corporation (SRCC) or International Association of Plumbing and Mechanical Officials (IAPMO).	15

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Product Section	Product Category	Product Type	Eligibility Criteria	Maximum Term
Renewable Energy	Solar Thermal	Solar Water Heating	1. System must have OG-300 System Certification by Solar Rating and Certification Corporation (SRCC) or International Association of Plumbing and Mechanical Officials (IAPMO). 2. System Solar Fraction (SF) must be ≥ 0.5 in property's climate zone. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	15
Renewable Energy	Wind Energy	Small Wind Turbine	1. Product must meet the eligibility requirements outlined in the current California Self-Generation Incentive Program (SGIP) Handbook. 2. System must be installed to be grid connected unless the property is not currently connected to the grid. System does not need to be interconnected at time of funding. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	20
Energy Efficiency	HVAC	Air-Source Heat Pump	1. SEER ≥ 14.0 , EER ≥ 11.0 , and HSPF ≥ 8.0 . 2. Product must replace an existing product. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	15
Energy Efficiency	HVAC	Attic Fan	1. Product must have thermostat control. 15 Energy Efficiency HVAC Boiler 1. AFUE $\geq 85\%$. 2. Only Natural Gas and Propane systems are eligible. 3. Product must replace an existing product. 4. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	20
Energy Efficiency	HVAC	Ceiling Fan	1. Product must be ENERGY STAR Certified. 1. SEER ≥ 14.0 and EER ≥ 11.0 . 2. Product must replace an existing product. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	10
Energy Efficiency	HVAC	Central Air Conditioner	1. R-value ≥ 6 . 2. Per Title 24, total system leakage must be $\leq 15\%$ of nominal system air flow prior to insulation.	15
Energy Efficiency	HVAC	Duct Insulation	1. Installation must comply with Title 24 Requirements. 2. Final total system leakage must be $\leq 6\%$ of nominal system air flow. 3. Product must be insulated with R-value ≥ 6 . 4. Final total system leakage as a percent of nominal air flow must be submitted on the final invoice. 5. Per Title 24, duct leakage test is required unless asbestos or other health/safety issues are present.	20
Energy Efficiency	HVAC	Duct Replacement	Photo must be submitted to receive exemption.	20

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Product Section	Product Category	Product Type	Eligibility Criteria	Maximum Term
Energy Efficiency	HVAC	Duct Sealing	1. Installation must comply with Title 24 Requirements. 2. Final total system leakage must be $\leq 15\%$ of nominal system air flow. 3. Final total system leakage as a percent of nominal air flow must be submitted on the final invoice. 4. Per Title 24, duct leakage test is required unless asbestos or other health/safety issues are present. Photo must be submitted to receive exemption.	20
Energy Efficiency	HVAC	Ductless Mini-Split	1. SEER ≥ 15.0 and HSPF ≥ 8.2 . 2. Product must replace an existing product. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	15
Energy Efficiency	HVAC	Evaporative Cooler	1. Product must be listed in the CEC Appliance Efficiency Database. 2. Product must have separate ducting system, independent of the air conditioning and heating duct system. 3. Product must be permanently installed through wall or on the roof. Window-installed product is not eligible.	10
Energy Efficiency	HVAC	Furnace	1. AFUE $\geq 90\%$, or AFUE $\geq 80\%$ with ECM. 2. Product must replace an existing product. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	15
Energy Efficiency	HVAC	Geothermal Heat Pump	1. Product must meet the criteria below: a. Closed Loop Water-to-Air: EER ≥ 14.1 and COP ≥ 3.3 b. Open Loop Water-to-Air: EER ≥ 16.2 and COP ≥ 3.6 c. Closed Loop Water-to-Water: EER ≥ 15.1 and COP ≥ 3.0 d. Open Loop Water-to-Water: EER ≥ 19.1 and COP ≥ 3.4 e. DGX: EER ≥ 15.0 and COP ≥ 3.5 . 2. Product must replace an existing product. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	15
Energy Efficiency	HVAC	Heating and Air Conditioning Package Unit	1. SEER ≥ 14.0 , EER ≥ 11.0 , and AFUE $\geq 80\%$ with ECM. 2. Product must replace an existing product. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	15
Energy Efficiency	HVAC	Pellet Stove or Insert	1. Product must be on the List of EPA Certified Wood Stoves.	20
Energy Efficiency	HVAC	Programmable Thermostat		
Energy Efficiency	HVAC	Control	1. Product must be programmable.	15
Energy Efficiency	HVAC	Radiant Heating	1. Distribution must be hydronic, not electric resistance.	15

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		(Floor, Wall, Ceiling)	2. If installing a heat source, the heating equipment must comply with eligibility criteria. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	
<u>Energy Efficiency</u>	<u>HVAC</u>	<u>Ventilating Fans</u>	1. Product must be ENERGY STAR Certified.	10
<u>Energy Efficiency</u>	<u>HVAC</u>	<u>Whole House Fan</u>	1. Product must be listed in the CEC Appliance Efficiency Database. 2. Installation must comply with Title 24 Requirements.	15
<u>Energy Efficiency</u>	<u>Insulation and Air Sealing</u>	<u>Air Sealing</u>	1. Service must be performed to BPI and ASHRAE 62.2 guidelines. 2. Final ACHn ≤ 0.5 OR overall infiltration reduction ≥ 35%. 3. Final ACHn OR infiltration reduction percentage must be submitted on final invoice.	10
<u>Energy Efficiency</u>	<u>Insulation and Air Sealing</u>	<u>Attic Insulation</u>	1. R-value ≥ 38. 2. Installation must comply with CEC QII Standards.	20
<u>Energy Efficiency</u>	<u>Insulation and Air Sealing</u>	<u>Floor Insulation (over unconditioned space)</u>	1. R-value ≥ 19. 2. Installation must comply with CEC QII Standards.	20
<u>Energy Efficiency</u>	<u>Insulation and Air Sealing</u>	<u>Foam Insulation - Attic/Roof</u>	1. R-value ≥ 30. 2. Surface must be insulated with spray foam. 3. Space beneath insulation must be conditioned space. 4. Installation must comply with CEC QII Standards.	20
<u>Energy Efficiency</u>	<u>Insulation and Air Sealing</u>	<u>Wall Insulation</u>	1. R-value ≥ 13. 2. Installation must comply with CEC QII Standards.	20
<u>Energy Efficiency</u>	<u>Lighting</u>	<u>Indoor Lighting Fixtures</u>	1. Product must be ENERGY STAR Certified. 2. Product must be permanently installed.	10
<u>Energy Efficiency</u>	<u>Lighting</u>	<u>Outdoor Lighting Fixtures</u>	1. Product must be ENERGY STAR Certified. 2. Product must be permanently installed.	10
<u>Energy Efficiency</u>	<u>Pool Equipment</u>	<u>Automatic Pool Covers</u>	1. Product must be an automatic (not manual) pool cover. 2. Product must be Underwriters Laboratory (UL) listed.	10
<u>Energy Efficiency</u>	<u>Pool Equipment</u>	<u>Gas Pool Heater</u>	1. Product must be listed in the CEC Appliance Efficiency Database. 2. Thermal Efficiency ≥ 83%. 3. Product must replace an existing product. 4. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	10
<u>Energy Efficiency</u>	<u>Pool Equipment</u>	<u>Pool Pump and Motor</u>	1. Product must be ENERGY STAR Certified. 2. Product must replace an existing product.	10

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Product Section	Product Category	Product Type	Eligibility Criteria	Maximum Term
			1. If the roof does not qualify as a Prescriptive Cool Roof, then ONE of the following performance criteria must be met in order to qualify as a Performance Cool Roof: a. Eligible Attic Insulation is installed b. Eligible Duct Replacement is installed c. Eligible Duct Sealing and Duct Insulation is completed d. Eligible Radiant Barrier is installed e. 1" air-space is installed between top of roof deck and bottom of roofing product f. Insulation is installed above roof deck with R-value ≥ 4. 2. Installation must comply with Title 24 Requirements. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	20
Energy Efficiency	Roofing and Siding	Cool Roof - Performance		
			1. Product must meet ONE of the criteria below. Per Title 24, if Aged Solar Reflectance is not available, it can be calculated using the following equation: Aged Solar Reflectance = $(0.7) \times (\text{Initial Solar Reflectance}) + 0.06$. a. Low-Slope roofs (roof pitch $\leq 2:12$) must have an Aged Solar Reflectance ≥ 0.5. b. Steep-Slope roofs (roof pitch $> 2:12$) must have an Aged Solar Reflectance ≥ 0.15. 2. Installation must comply with Title 24 Requirements. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	20
Energy Efficiency	Roofing and Siding	Cool Roof - Prescriptive		
			1. Product must have solar reflectance ≥ 0.5 as tested by recognized third-party laboratory using ASTM C1549- 09 test method.	20
Energy Efficiency	Roofing and Siding	Insulated Siding	1. R-Value ≥ 2. 20 Energy Efficiency Roofing and Siding Radiant Barrier 1. Emissivity ≤ 0.1 and Reflectivity ≥ 0.9. 2. Product must be installed with an air space $\geq 1"$ on at least one side of the barrier.	20
Energy Efficiency	Water Heating	Electric Heat Pump Tank Water Heater	1. Product must be ENERGY STAR Certified. 2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	10
Energy Efficiency	Water Heating	Gas Storage Tank Water Heater	1. Product must be ENERGY STAR Certified. 2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	10
Energy Efficiency	Water Heating	Gas Tankless Water Heater	1. Product must be ENERGY STAR Certified. 2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	10
Energy Efficiency	Water Heating	Hot Water Tank Insulation	1. R-value ≥ 6. 2. Product must only be installed on water tank with R-value < 24.	20

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Product Section	Product Category	Product Type	Eligibility Criteria	Maximum Term
Energy Efficiency	Water Heating	Pipe Insulation - Hot Water	1. R-value ≥ 3 . 20 Energy Efficiency Water Heating Water Heat Recovery 1. Heat exchanger must transfer waste heat from drain to hot water tank or hot water delivery system.	10
Energy Efficiency	Windows and Doors	Applied Window Films	1. Product must be NFRC Certified.	10
Energy Efficiency	Windows and Doors	Doors	1. Product must meet the criteria below: a. Opaque Doors: U-Factor ≤ 0.21 . b. $\leq 1/2$ -Lite Doors: U-Factor ≤ 0.27 and SHGC ≤ 0.30 . c. $> 1/2$ -Lite Doors: U-Factor ≤ 0.32 and SHGC ≤ 0.30 . 2. Product must replace an existing product.	20
Energy Efficiency	Windows and Doors	Exterior Shade Products	1. Each product must be permanently installed to provide shading to at least one window or door. 2. Product must be installed on the West or South side of property. 3. Qualifying equipment includes: awnings, exterior window shades, solar screens and patio covers. 4. Other exterior structural elements are NOT eligible including, but not limited to sunroom enclosures, exterior decks, balconies, roof overhangs, and/or any freestanding structure. 5. Interior window shades are NOT eligible. 6. Product can ONLY be installed on properties located within California Building Climate Zones 2 and 6-16.	10
Energy Efficiency	Windows and Doors	Skylights and Tubular Daylighting Devices	1. U-Factor ≤ 0.55 and SHGC ≤ 0.30 .	20
Energy Efficiency	Windows and Doors	Windows	1. U-Factor ≤ 0.32 and SHGC ≤ 0.30 . 2. Product must replace an existing product. 3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.	20
Water Efficiency	Drought Tolerant Landscaping	Artificial Turf	1. Product must replace existing, living lawn or hardscape (e.g. asphalt/concrete driveway, patio). 2. Product must be water-permeable. 3. Product must be non-toxic and lead free (including any infill material). 4. Product installation must carry a warranty ≥ 10 years. 5. Artificial turf is not allowed in the following cities in Los Angeles County: Alhambra, Bellflower, Cerritos, Cudahy, Culver City, El Monte, Glendale, Monrovia, Montebello, Redondo Beach, San Gabriel, San Marino, West Hollywood, Westlake Village.	10
Water Efficiency	Drought Tolerant Landscaping	Permeable Ground Cover	1. Product must replace existing, living lawn or hardscape (e.g. asphalt/concrete driveway, patio). 2. Product must be water-permeable.	20

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			<u>3. The following products qualify:</u> <u>a. Decomposed granite</u> <u>b. Pavers and patio stones with a minimum of 1/4" joint spacing</u> <u>c. Gravel/rock/boulders/stone</u> <u>d. Artificial Turf underlayment</u> <u>4. Product depth must be at least 2".</u> <u>5. Plants, biodegradable material, and any other products not listed do not qualify.</u>	
<u>Water Efficiency</u>	<u>Indoor Water Efficiency</u>	<u>High-Efficiency Faucet Fitting</u>	<u>1. Product must be listed in the CEC Appliance Efficiency Database.</u> <u>2. Flow rate ≤ 1.5 GPM.</u> <u>3. Product must be permanently installed.</u>	<u>15</u>
<u>Water Efficiency</u>	<u>Indoor Water Efficiency</u>	<u>High-Efficiency Showerhead</u>	<u>1. Product must be listed in the CEC Appliance Efficiency Database.</u> <u>2. Flow rate ≤ 1.5 GPM.</u> <u>3. Product must be permanently installed.</u>	<u>10</u>
<u>Water Efficiency</u>	<u>Indoor Water Efficiency</u>	<u>Toilets</u>	<u>1. Product must be WaterSense Certified.</u>	<u>20</u>
<u>Water Efficiency</u>	<u>Indoor Water Efficiency</u>	<u>Water Delivery Systems</u>	<u>1. Product must meet the definition of one of the following water delivery options:</u> <u>a. Dedicated Recirculation Line</u> <u>b. Whole House Manifold System</u> <u>c. Demand-initiated Recirculating System</u> <u>d. Core Plumbing System.</u> <u>2. Installation cannot include any work on the sewage system or the city main.</u> <u>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</u>	<u>15</u>
<u>Water Efficiency</u>	<u>Outdoor Water Efficiency</u>	<u>Drip Irrigation</u>	<u>1. Product must be installed in turf, garden, planter, or flower bed areas.</u> <u>1. Installation must comply with Chapter 16A of the California Plumbing Code.</u> <u>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</u>	<u>10</u>
<u>Water Efficiency</u>	<u>Outdoor Water Efficiency</u>	<u>Greywater Systems</u>	<u>1. Product must hold ≥ 50 gallons at one time.</u> <u>2. Product must be permanently installed.</u>	<u>15</u>
<u>Water Efficiency</u>	<u>Outdoor Water Efficiency</u>	<u>Rainwater Catchment Systems</u>	<u>1. Product must hold ≥ 50 gallons at one time.</u> <u>2. Product must be permanently installed.</u>	<u>10</u>
<u>Water Efficiency</u>	<u>Outdoor Water Efficiency</u>	<u>Weather-Based Irrigation Control Systems</u>	<u>1. Product must be WaterSense Certified.</u>	<u>10</u>

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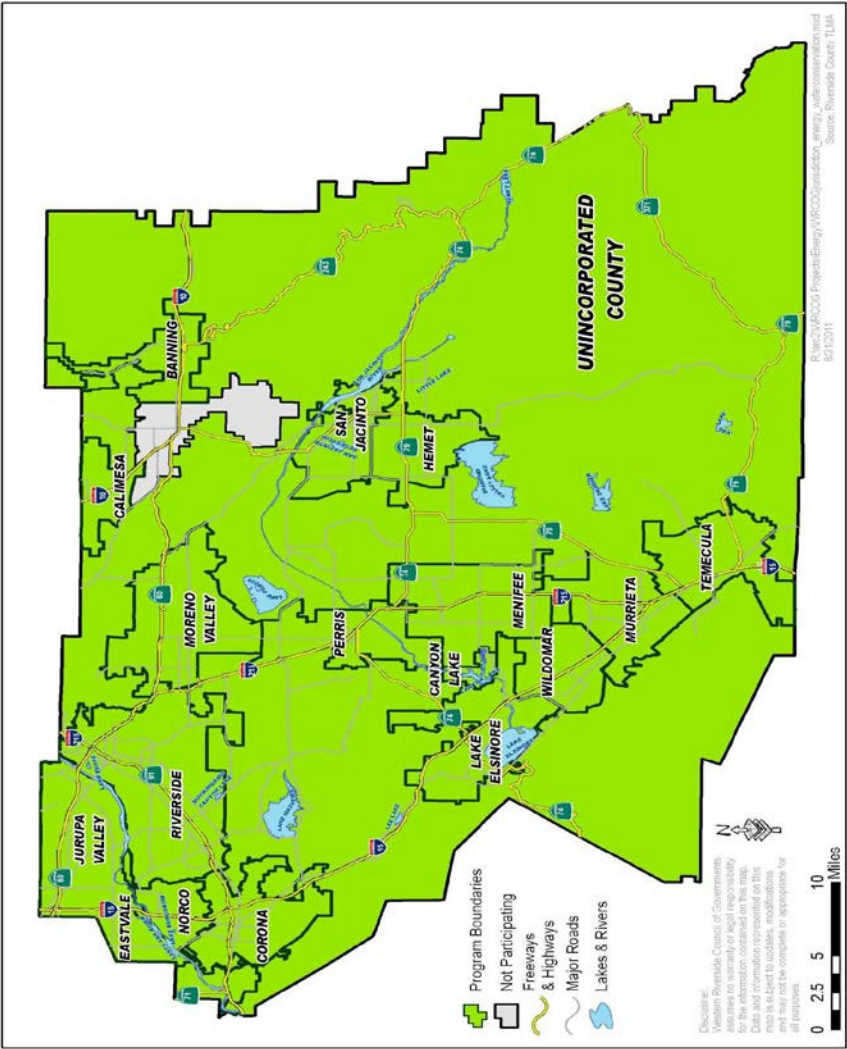
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APPENDIX B

MAP OF AREA





APPENDIX C-1

Draft Assessment Contract

WRCOG 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 within the County of Riverside (the "County") and the County; and

WHEREAS, the Authority has established the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County (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 the unincorporated area of the 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

(a) 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.

(b) 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 WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County Residential HERO Program Handbook, Version 2.3, 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.



(c) 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").

(d) 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.

(e) 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.

(a) 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.



(b) 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.

- (a) Except as otherwise set forth in this Contract, this Contract shall expire upon the final payment or prepayment of the Assessment.
- (b) 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.
- (c) 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 XIID 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.



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:

- a. 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.
- b. 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").
- c. 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 08/01/2014. 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 : Month/Day/Year	Identity Verification Code:



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: 12345 Main St, Riverside, CA 92508
APN: 0000000000
Participating Entity: WRCOG
County: Riverside

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
Riverside County Administrative Center Annex
4080 Lemon St, 3rd Floor, MS1032
Riverside, CA 92501-3609

Jonathon Smith
12345 Main St
Riverside, CA 92508



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 WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County Residential HERO Program Handbook, Version 2.3, 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:

1. WRCOG disburses the Estimated Disbursement Amount to Owner.
2. Interest totaling a maximum of \$_____ will accumulate until your first Payment. That amount will be added to Owner's Estimated Disbursement Amount.
3. WRCOG disburses to Owner on the Estimated Disbursement Date.
4. The Assessment Interest Rate is ____%.
5. 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.
6. 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 RIVERSIDE.

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.



**WRCOG 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: 12345 Main St, Riverside, CA 92508
HERO ID: RWR12345N
Application Date: 08/01/2014
Expiration Date: 11/19/2014

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



APPENDIX C-2

DRAFT ASSESSMENT CONTRACT

WRCOG SAMAS COMMERCIAL ASSESSMENT CONTRACT (COMMERCIAL)



APPENDIX C-3

DRAFT ASSESSMENT CONTRACT

WRCOG HERO COMMERCIAL ASSESSMENT CONTRACT (COMMERCIAL)

PLACE HOLDER



**APPENDIX C-4
RESIDENTIAL ASSESSMENT CONTRACT
RENEW FINANCIAL PACE**

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
CALIFORNIAFIRST
(COUNTY OF RIVERSIDE)**

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "**Agreement**") is made and entered into as of this 17 day of February, 2017, 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**").

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 CaliforniaFIRST program (the "**CaliforniaFIRST 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, 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 county identified on Exhibit A (the "**County**"); and

WHEREAS, the Property is located within the boundaries of unincorporated land of the County, or the incorporated city, identified in Exhibit A as the "**Municipality**" (the "**Municipality**"), and the Municipality has consented to (i) owners of property within its



jurisdiction participating in the CaliforniaFIRST 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 on Exhibit A (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 A on the Property. The Authority will not finance installation of Improvements other than those listed on Exhibit A.

Section 2. The Property. This Agreement 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 Agreement on behalf of the Property Owner.

Section 3. Agreement to Pay Assessment; Prepayment.

(a) Payment of Assessment. The Property Owner hereby freely and willingly agrees to pay the assessment shown as the “Assessment Amount” on Exhibit B, representing the amounts being financed (i) for purposes of installing the Improvements, which are shown as the “Cost of Improvements” in Exhibit B, and (ii) for the purposes described in Section 3(b) (the “**Assessment**”). The Authority will not provide financing for the benefit of the Property Owner in an amount in excess of the Assessment.

Except as otherwise set forth in this Agreement, the Assessment will be paid in the installments of principal (representing the amortization of the Assessment over the period shown on Exhibit B), except as provided in Section 3(b)(vi), and interest on the unpaid principal at the rate set forth on Exhibit B (collectively, the “**Financing Installments**”). Interest will begin to accrue on the date on which the Authority disburses money to the Property Owner, or its designee, to finance the installation of the Improvements. The interest rate is further described in Section 5(b) of this Agreement.



(b) Financing of Upfront Costs. In addition to financing installation of the Improvements, the Authority will finance the following amounts, which are included in the Assessment and shown as “Upfront Costs” on Exhibit B:

(i) Program-Related Fees. These include closing fees paid from a portion of bond proceeds to the Authority, any other entities responsible for program management and administration, and issuer and bond counsel to the Authority, and as well as any other related costs of issuance of any bond.

(ii) Lien Recording Fee. This one-time fee is paid from a portion of bond proceeds to cover the cost associated with recording the lien of the Assessment on the Property.

(iii) Reserve Fund Deposit. This is a one-time deposit from a portion of bond proceeds into a debt service reserve fund for bonds issued by the Authority to finance installation of the Improvements on the Property and other Properties participating in the CaliforniaFIRST Program.

(iv) California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA”) PACE Loss Reserve Program Fee. This is a one-time fee associated with the CAEATFA PACE Loss Reserve Program, which benefits any first mortgage lender on the Property and other Properties participating in the CaliforniaFIRST Program. The fee will be paid from a portion of bond proceeds.

(v) Foreclosure Expense Reserve Account Deposit. This is a one-time deposit from a portion of bond proceeds into a reserve account that the Authority will use to pay for the costs of foreclosing on the Property and other properties participating in the CaliforniaFIRST program as a result of a delinquency in the payment of any Financing Installment or Administrative Expenses.

(vi) Capitalized Interest. The Financing Installments and related Administrative Expenses may be billed either on or (to the extent permitted by law) off the County’s property tax roll at the sole discretion of the Authority. If on-roll billing is utilized, the CaliforniaFIRST Program’s deadline for placing the first year’s Financing Installment and related Administrative Expenses (as defined in Section 3(c)) on the County’s property tax roll is shown on Exhibit B as the “Applicable Tax Roll Deadline” (the “**Applicable Tax Roll Deadline**”). If the Authority issues a bond to finance installation of the Improvements on the Property *before* the Applicable Tax Roll Deadline occurring in the same calendar year of the bond issuance, then the first year’s Financing Installment and related Administrative Expenses will be billed on the Property Owner’s property tax bill for the related Tax Year (as defined in Section 5(c)). However, if the Authority issues such a bond *after* the Applicable Tax Roll Deadline occurring in the



same calendar year of the bond issuance, the first year's Financing Installment will not include a principal component, and a portion of the proceeds of the bond will be used to fund the payment of all of such year's interest component.

(c) Administrative Expenses. The Property Owner hereby acknowledges that, pursuant to the 1915 Act (including Sections 8682(b) and 8682.1(a)), the Authority may add annual amounts to any Financing Installment in order to pay for the costs of collecting that installment and administering the CaliforniaFIRST Program ("**Administrative Expenses**"). Exhibit B shows the estimated Administrative Expenses with the Financing Installments; **however, such estimated Administrative Expenses may increase if the cost of collecting the Financing Installments or administering the CaliforniaFIRST Program increase.** The Property Owner agrees to pay actual Administrative Expenses, which may be higher than such estimates. The Administrative Expenses, together with each Financing Installment and the Assessment, are referred to collectively as the "**Assessment Obligations.**"

(d) Prepayment of the Assessment. The Assessment may be prepaid, in whole or any other amount equal to at least \$2,500, at any time. Prepayments will be applied to cause the discharge of the portion of the lien of the Assessment prepaid at the end of the month in which funds are received. Upon request, the Authority will provide a payoff statement and payment instructions. The prepayment amount will include (i) a credit for any applicable refund of amounts financed for the reserve fund deposit described in Section 3(b)(iii); (ii) a credit for any applicable refund of amounts financed to pay interest described in Section 3(b)(vi), (iii) interest, which continues to accrue on the amount prepaid to the first bond interest payment date that is at least 65 days following the date of the prepayment, and (iv) the reasonable costs of the Authority related to the prepayment. On or prior to the June 30 next following a prepayment, the Authority will provide the Property Owner with an updated payment schedule that reduces subsequent annual installments so that the remaining scheduled payments will be sufficient to pay all amounts due under the Assessment throughout the original remaining term of this Agreement. **As a result of the updated payment schedule, the Property Owner will enjoy a lower annual installment following a prepayment, but the total amount of interest that the Property Owner pays over the term of the Assessment will be higher than if the Property Owner had continued, after the prepayment, to pay annual installments in accordance with the original payment schedule.** Due to circumstances outside the Authority's control, prepayments made after June 30 of any calendar year may result in Property Owner receiving a tax bill that does not reflect that prepayment. In these circumstances, Property Owner must pay the full tax bill and the Authority will refund overpayments to Property Owner when the Authority receives the amount overpaid from the tax collector.



(e) **Absolute Obligation.** The Property Owner hereby agrees that none of the Assessment Obligations will be subject to reduction, offset or credit of any kind in the event that the bonds secured thereby are refunded or for any other reason.

Section 4. **Collection of Assessment; Lien.** The Assessment Obligations, and the interest and penalties thereon imposed by law as a result of a delinquency in the payment of any Financing Installment and Administrative Expenses, shall constitute a lien against the Property until they are paid and shall be collected and have the lien priority set forth in Chapter 29.

The Property Owner acknowledges that if any Financing Installment and related Administrative Expenses are not paid when due, the Authority has the right to have the delinquent installment, 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 installment, 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 the bonds, to exercise its foreclosure rights with respect to delinquent Financing Installments and related Administrative Expenses under specified circumstances. Such a covenant would typically provide that no later than a specific date in each year, the Authority will determine whether the Property is delinquent in the payment of Financing Installments and related Administrative Expenses and, if so, will notify its legal counsel ("**Authority Counsel**") of any such delinquencies. Authority Counsel will commence, or cause to be commenced, the foreclosure proceedings against the Property, including collection actions preparatory to the filing of any complaint, but will file the complaint by a specific date acceptable to the bond owner(s).

Section 5. **Financing of the Improvements.**

(a) **Agreement to Finance Improvements.** The Authority hereby agrees to use the Assessment to finance the Improvements, including the payment of the Authority's reasonable costs of administering the CaliforniaFIRST Program, subject to the Property Owner's compliance with the conditions for such financing established by the Authority. The Property Owner hereby acknowledges that the Improvements confer a special benefit to the Property in an amount at least equal to the Assessment.

(b) **Financing Installments.** The Property Owner agrees to the issuance of bonds by the Authority to finance the installation of the Improvements and other purposes described in Section 3(b). The interest rate used to calculate the interest component of the Financing Installments, as identified on Exhibit B, reflects the interest cost of the bonds. 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 that provides for annual installments that are less than those set forth in the attached Exhibit B. The Property Owner hereby represents to the Authority that the cost of the Improvements as shown in a final invoice provided to the Authority by the Property Owner does not include any costs of constructing the Improvements for which the Property Owner will receive credits, incentives or rebates.

In the event the actual cost of acquisition, construction or installation of the Improvements exceeds the portion of the Assessment expected in this Agreement to be used to finance acquisition, construction and installation of the Improvements, then the Property Owner agrees to pay the additional costs and to complete acquisition, construction or installation of the Improvements.

(c) Initial Tax Year. The Financing Installments and related Administrative Expenses will be placed on the County property tax roll each “**Tax Year**” (being the period beginning July 1 and ending the immediately succeeding June 30), commencing with the first Tax Year in which the Financing Installments and related Administrative Expenses are placed on the Property Owner’s property tax bill prior to the Applicable Tax Roll Deadline for a Tax Year (the “**Initial Tax Year on Roll**”). The estimated Initial Tax Year on Roll is identified on Exhibit B.

Section 6. Term; Agreement Runs with the Land; Subdivision. (a) If the Authority has not received a completion certificate for the Improvements within 150 days of the date hereof, this Agreement shall automatically expire. The date of such expiration is shown as the “Expiration Date” on Exhibit B. Except as otherwise set forth in this Agreement, this Agreement shall also expire upon the final payment or full prepayment of the Assessment Obligations. The Authority will notify the Property Owner in writing (at the address specified in Exhibit A) when the lien of the Assessment Obligations has been removed from the property.

(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) In the event the Property is subdivided while the Assessment Obligations remain unpaid, the Assessment Obligations will be assigned to the newly created parcel on which the Improvements are located. If the Improvements no longer exist, the Assessment Obligations 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 Obligations should be allocated in an alternate manner.

Section 7. 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, including but not limited to the Notice of Assessment and the Payment of Contractual Assessment Required.

Section 8. 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 the purchasers of any subdivisions of the Property) of the obligation to pay the Assessment Obligations pursuant to this Agreement. Neither this Agreement nor the Program imposes limitations nor restrictions on the transfer of the Property and Assessment to a new Property Owner.

Section 9. Waivers, Acknowledgment and Agreement. Because this Agreement reflects the Property Owner's free and willing consent to pay the Assessment Obligations following a noticed public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article XIII D 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 acknowledges its right to cancel this transaction within three (3) business days from the date of its executing this Agreement.

The Property Owner hereby waives its right to repeal the Assessment Obligations by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment Obligations or any aspect of the proceedings of the Authority undertaken in connection with the CaliforniaFIRST 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 Obligations 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 any bond purchaser, the Authority and the city and county in which the Property is located 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 any bond purchaser, the Authority, the city and county in which the Property is located and any and all agents, employees, attorneys, representatives and successors and assigns of the bond purchaser, the Authority and the city and county in which the Property is located 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 bond purchaser, the Authority,



the city and county in which the Property is located and any and all agents, employees, attorneys, representatives and successors and assigns of the bond purchaser, the Authority or the city and county in which the Property is located.

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:

GP

The waivers, releases and agreements set forth in this Section 9 shall survive termination of this Agreement.

Section 10. Arbitration Agreement. Please read this Section 10 ("Arbitration Agreement") carefully. It is part of this Assessment Contract and affects the Property Owner's rights. It contains a JURY TRIAL WAIVER and procedures for MANDATORY BINDING ARBITRATION AND A CLASS ACTION WAIVER.

(a) Informal Dispute Resolution. Before asserting a claim in any proceeding, Property Owner ("Property Owner" includes any successor in interest to the Property Owner) and the Authority ("Authority" includes any of the Authority's parents, subsidiaries, affiliates, agents, privities, employees, predecessors, successors, assigns,



contractors and sub-contractors) agree that they shall engage in good faith to resolve the claim.

(b) **Arbitration.** All claims and disputes arising out of or relating to the CaliforniaFIRST Program, this Assessment Contract and/or the Authorized Improvements that cannot be resolved informally or in small claims court shall be resolved by binding arbitration on an individual basis under the terms of this Arbitration Agreement. This Arbitration Agreement applies to the Property Owner and the Authority.

(c) **Waiver of Jury Trial.** PROPERTY OWNER AND THE AUTHORITY HEREBY WAIVE THEIR CONSTITUTIONAL AND STATUTORY RIGHTS TO GO TO COURT AND HAVE A TRIAL IN FRONT OF A JUDGE OR JURY, instead electing that all claims and disputes shall be resolved by arbitration under this Arbitration Agreement.

(d) **Arbitration Rules.** The Federal Arbitration Act governs the interpretation and enforcement of this dispute resolution provision. Arbitration shall be initiated through JAMS, Inc., an established alternative dispute resolution provider ("ADR Provider"). If the selected provider is not available to arbitrate, the Parties shall select an alternative ADR Provider. The rules of the ADR Provider shall govern all aspects of this arbitration, except to the extent such rules are in conflict with this Assessment Contract ("Arbitration Rules") or to the extent that application of the Assessment Contract provisions would result in the unenforceability of this Arbitration Agreement. The JAMS rules governing the arbitration are available online at www.jamsadr.com or by calling JAMS at 1-800-352-5267. Any arbitration hearing will be held in the Property Owner's federal judicial district. Any judgment on the awarded rendered by the arbitrator may be entered in any court of competent jurisdiction.

(e) **Decision of the Arbitrator.** The arbitrator shall issue a written award and statement of decision describing the essential findings and conclusions of which the award is based. The arbitrator has the same authority to award relief on an individual basis that a judge in a court of law would have. The award of the arbitrator is final and binding upon the Property Owner and WRCOG.

(f) **Waiver of Class or Consolidated Actions.** ALL CLAIMS AND DISPUTES WITHIN THE SCOPE OF THIS ARBITRATION AGREEMENT MUST BE ARBITRATED ON AN INDIVIDUAL BASIS AND NOT ON A CLASS ACTION BASIS, AND ARBITRATION CLAIMS OF MORE THAN ONE PROPERTY OWNER CANNOT BE ARBITRATED OR LITIGATED JOINTLY OR CONSOLIDATED WITH THOSE OF ANY OTHER PROPERTY OWNER.

(g) **Severability.** If any part or parts of this Arbitration Agreement other than the waiver of class or consolidated rights are found under the law to be invalid or



unenforceable, then such specific part or parts shall be of no force and effect and shall be severed and the remainder of the Arbitration Agreement shall continue in full force and effect. If the waiver of class or consolidated rights is found to be unenforceable, then as to the specific dispute in which that ruling of unenforceability was made, this entire Arbitration Agreement shall be unenforceable.

(h) **Survival of Agreement.** This Arbitration Agreement shall survive the termination of this Assessment Contract.

(i) **Small Claims Court.** Notwithstanding the foregoing, either Property Owner or the Authority may bring an individual action in small claims court.

(j) **Property Owner's Right to Opt Out of Arbitration.** Property Owner may opt out of this Arbitration Agreement by sending a written election of the Property Owner's election to do so, signed by all Property Owners, within 15 days of the date of this Assessment Contract. Such election shall be sent to Attn: WRCOG CaliforniaFIRST Program Manager, 4080 Lemon Street, 3rd Floor, MS1032 Riverside, CA 92501.

By initialing below, the Property Owner acknowledges and agrees to the terms set forth in this Section 10.

Property Owner's Initials:

GP

Section 11. Indemnification. The Property Owner agrees to indemnify, defend, protect, and hold harmless the Authority, the city and county in which the Property is located, any bond purchaser and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority, the city and county in which the Property is located or any bond purchaser, 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 CaliforniaFIRST Program, (ii) the Assessment Obligations, (iii) the Improvements, or (iv) any other fact, circumstance or event related to the subject matter of this Agreement, 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 Agreement.



The provisions of this Section 11 shall survive the termination or expiration of this Agreement.

Section 12. Right to Inspect Property. The Property Owner hereby grants the Authority and 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 and its agents and representatives the right to examine and copy any documentation relating to the Improvements.

Section 13. Carbon Credits. The Property Owner hereby agrees that any carbon credits or other similar environmental attributes that are attributable to the Improvements shall be owned by the Authority.

Section 14. CaliforniaFIRST Application. The Property Owner hereby represents and warrants to the Authority that the information set forth in the CaliforniaFIRST 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 CaliforniaFIRST Program Application are true and correct as of the date hereof as if made on the date hereof.

Section 15. Amendment. Except as set forth in Section 5(b), this Agreement may be modified only by the written agreement of the Authority and the Property Owner.

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.

The Authority has the right to assign any or all of its rights and obligations under this Agreement without the consent of the Property Owner. The obligation to pay the Assessment Obligations 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 Obligations lien or the right to enforce the collection of the Assessment Obligations or any installment thereof against the Property.

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. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Agreement.



Section 19. 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 20. 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 Sacramento, State of California; provided, however, that actions to foreclose delinquent Financing Installments and related Administrative Expenses will be instituted in the superior court of the County or as otherwise provided by law.

Section 21. Existing Instruments. BEFORE ENTERING INTO THIS ASSESSMENT CONTRACT, THE PROPERTY OWNER SHOULD CAREFULLY REVIEW ANY MORTGAGE AGREEMENT(S) OR OTHER SECURITY INSTRUMENT(S) ("EXISTING INSTRUMENTS") THAT AFFECT THE PROPERTY OR TO WHICH THE PROPERTY OWNER IS A PARTY. THE PROPERTY OWNER'S ENTERING INTO THIS AGREEMENT WITHOUT THE CONSENT OF AN EXISTING LENDER COULD CONSTITUTE AN EVENT OF DEFAULT UNDER SUCH EXISTING INSTRUMENTS. DEFAULTING UNDER AN EXISTING INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO THE PROPERTY OWNER, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH 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.

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.

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: Authorized Signatory



Prior to executing this Agreement, I have received and understand (a) the Financing Application Disclosures, (b) the Privacy Policy, (c) this Agreement, (d) the Program Handbook, and (e) the Financing Estimate and Disclosures.

The following are the authorized signatories of the Property Owner:

Name: Golden Path

By: _

Its: Authorized Signatory

Date:



APPENDIX C-5
DRAFT COMMERCIAL ASSESSMENT CONTRACTS UTILIZED WITH RENEW
FINANCIAL

- 1. NON RESIDENTIAL PPA**
- 2. PPA ASSIGNMENT**
- 3. NON –RESIDENTIAL NON PPA**
- 4. AGREEMENT TO PAY**



**Sample 1- DRAFT
Agreement to Pay Assessment and Finance Improvements
(Power Purchase Agreement/Lease)**

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
ENERGY EFFICIENCY AND WATER CONSERVATION PROGRAM
FOR WESTERN RIVERSIDE COUNTY
(CALIFORNIA FIRST)**

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "**Agreement**") is made and entered into as of this _____ day of _____, **2017**, 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**").

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 "**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, 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 _____ (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, 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; and

WHEREAS, Section 5899.2 of Chapter 29 provides that, for the purpose of financing the installation of distributed generation renewable energy sources pursuant to Chapter 29, "permanently fixed" includes, but is not limited to, systems attached to a residential, commercial, industrial, agricultural, or other real property pursuant to a power purchase agreement or lease between the owner of the system and the owner of the assessed property, if the power purchase agreement or lease contains certain provisions, including, among other things, that after installation, the power purchase agreement or lease is paid, either partially or in full, using the funds from the contractual assessment program; and

WHEREAS, the Property Owner has informed the Authority that it intends to finance the installation of the Improvements on the Property by entering into a power purchase agreement or lease with a third party selected by the Property Owner and that the power purchase agreement or lease contains the provisions required by Section 5899.2 of Chapter 29;

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. The Authority will not finance installation of Improvements other than those listed on Exhibit B.

Section 2. The Property. This Agreement 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 Agreement on behalf of the Property Owner.

Section 3. Agreement to Pay Assessment; Prepayment; Non-Completion Assessment.

(a) Payment of Initial Assessment. The Property Owner hereby freely and willingly agrees to pay the initial assessment set forth on Exhibit C (the "**Initial Assessment**"). The Authority will not provide financing in an amount in excess of the Initial Assessment.

Except as otherwise set forth in this Agreement, the Initial Assessment will be paid in the installments set forth in Exhibit C. There are two schedules set forth in Exhibit C. If the Authority issues a bond to finance installation of the Improvements on the Property before the County's



deadline for placing the first year's installments of the Initial Assessment on the County's property tax roll, then the first year's installments will be billed on the Property Owner's property tax bill. Schedule 1 shows the amount of the Initial Assessment and the Initial Assessment installments payable in this circumstance.

If the Authority issues a bond to finance installation of the Improvements on the Property after the County's deadline for placing the first year's installments of the Initial Assessment on the County's property tax roll, then the first year's Initial Assessment installments will be financed and will be included in the amount of the Initial Assessment. Schedule 2 shows the amount of the Initial Assessment and the Initial Assessment installments payable in this circumstance.

Interest will accrue on the Initial Assessment at the interest rate set forth on Exhibit A beginning on the date on which the Authority issues bonds to finance the installation of the Improvements (the "**Improvement Bonds**").

(b) **Payment of Non-Completion Assessment.** 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 Program rules or the Property Owner otherwise fails to meet the conditions established by the Authority for financing through the Program. 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.

(c) **Administrative Expenses.** 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 annual installment of the Initial Assessment in order to pay for the costs of collecting the Assessment (the "**Additional Administrative Assessment**"; together with the Initial Assessment and the Non-Completion Assessment, the "**Assessment**").

(d) **Prepayment of the Assessment.** The Assessment may be prepaid, in whole or in part, at any time upon the payment of (a) the whole or a portion of the unpaid Initial Assessment, (b) the accrued but unpaid interest on the unpaid Initial Assessment through the redemption date of the Improvement Bonds, (c) a prepayment premium in the amount set forth on Exhibit A and (d) the reasonable costs of the Authority related to such prepayment. The Authority shall apply the proceeds of any such prepayment to the redemption of the Improvement Bonds.



(e) **Absolute Obligation.** The Property Owner hereby agrees that the Assessment will not be subject to reduction, offset or credit of any kind except to the extent set forth in this Agreement.

Section 4. **Collection of Assessment; Lien.** The Assessment, and the interest and penalties thereon as a result of a delinquency in the payment of any installment of the 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 the delinquent 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 Improvement Bonds are sold to finance the Improvements, the Authority may obligate itself, through a covenant with the owners of the Improvement Bonds, to exercise its foreclosure rights with respect to delinquent Assessment installments under specified circumstances.

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

(a) **Agreement to Finance Improvements.** The Authority hereby agrees to use the Assessment to finance the Improvements, including the payment of the Authority's reasonable costs of administering the Program, subject to the Property Owner's compliance with the conditions for such financing established by the Authority, as set forth in the Program Handbook for the Program.

(b) **Assessment Installments.** The Property Owner agrees to the issuance of the Improvement Bonds by the Authority to finance the installation of the Improvements. The interest rate used to calculate the Initial Assessment installments set forth on Exhibit C is identified on Exhibit A. If the Authority determines in its reasonable discretion that the Initial Assessment installments may be reduced because the applicable interest rate on the Improvement Bonds issued to finance installation of the Improvements is lower than the interest rate specified in Exhibit A, 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 Initial Assessment installments that provides for annual installments that are less than those set forth in the attached Exhibit C.

(c) **Unused Bond Proceeds.** In the event that the Authority concludes that there are proceeds of the Improvement Bonds secured by the Assessment that will not be used to finance installation of the Improvements, the Authority shall use such proceeds to pay the redemption price of all or a portion of the Improvement Bonds. In the event that the Property Owner notifies the Authority that proceeds of the Improvement Bonds will not be used to finance installation of the Improvements, the Authority shall use such proceeds to pay the redemption price of all or a portion of such Improvement Bonds.



(d) Installation of Improvements. The Property Owner agrees to cause installation of the Improvements on the Property by paying all or a portion of a power purchase agreement or lease with the proceeds of the bonds secured by the Assessment. The Property Owner hereby represents and warrants that the terms of the power purchase agreement or lease comply with the provisions of Section 5899.2 of Chapter 29, and that an executed copy of the power purchase agreement has been submitted to the Authority as part of the Property Owner's application for financing from the Program.

Section 6. 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) In the event the Property is subdivided 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 beneficial owner of this Contract or, if Bonds have been issued, the owners of a majority of any Bonds outstanding, determines that the Assessment should be allocated in an alternate manner so as to best assure repayment of the Assessment.

Section 7. 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 8. Notice. To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property of the obligation to pay the Assessment pursuant to this Agreement.

Section 9. 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 XIID 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 9 shall survive termination of this Agreement.

Section 10. Indemnification. The Property Owner agrees to indemnify, defend, protect, and hold harmless the Authority, the [City/County] and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority or the [City/County]



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 Program, (ii) the Assessment, (iii) the Improvements, or (iv) any other fact, circumstance or event related to the subject matter of this Agreement, 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 Agreement.

The provisions of this Section 10 shall survive the termination of this Agreement.

Section 11. 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 12. Carbon Credits. The Property Owner and the Authority hereby agree that any carbon credits or other similar environmental attributes that are attributable to the Improvements shall be owned in the manner set forth in the power purchase agreement or lease.

Section 13. CaliforniaFIRST Application. The Property Owner hereby represents and warrants to the Authority that the information set forth in the 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 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 14. Amendment. Except as set forth in Section 5(b), 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 15. 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.

The Authority has the right to assign any or all 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.



Section 16. 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 17. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Agreement.

Section 18. 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 19. 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 Sacramento, 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 20. 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.

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: _____



The following are the authorized signatories of the Property Owner:

<u>Name:</u> _____	<u>Name:</u> _____
<u>By:</u> _____	<u>By:</u> _____
<u>Its:</u> _____	<u>Its:</u> _____
<u>Name:</u> _____	<u>Name:</u> _____
<u>By:</u> _____	<u>By:</u> _____
<u>Its:</u> _____	<u>Its:</u> _____



EXHIBIT A

Property Owner:

Property (APN/Legal Description):

Prepayment Premium: The prepayment premium shall be equal to the redemption premium, if any, payable on the applicable redemption date for the Improvement Bonds.

Interest Rate Used to Calculate Initial Assessment Installments:

Reserve Fund Deposit: \$ _____. The Authority will fund a deposit to a debt service reserve fund for Improvement Bonds. The reserve fund deposit will be in an amount equal to 0% of the Initial Assessment.



EXHIBIT B

IMPROVEMENTS

The Improvements are described on the attached documentation.

EXHIBIT C
SCHEDULE 1
INITIAL ASSESSMENT INSTALLMENTS

[to come]

[Attach notary pages]

**Sample 2
PPA Assignment**

Draft

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
ENERGY EFFICIENCY AND WATER CONSERVATION PROGRAM
FOR WESTERN RIVERSIDE COUNTY
(CALIFORNIA FIRST)**

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "**Agreement**") is made and entered into as of this _____ day of _____, 20 __, 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**").

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, Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code ("**Chapter 29**") authorizes the financing of the installation of certain renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property (the "**Authorized Improvements**"), which includes, pursuant to Chapter 29, distributed generation renewable energy systems attached to real property pursuant to a power purchase agreement or lease between the owner of the system and the owner of the real property; and

WHEREAS, the Authority has established the Energy Efficiency and Water Conservation Program (the "**Program**") to provide financing for the installation of Authorized Improvements through the levy of contractual assessments pursuant to 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, 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 owner of the real property 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 real property within its jurisdiction participating in the Program and (ii) the Authority conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance the installation of 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, which payment constitutes funds from the contractual assessment program, to satisfy payments due under a lease of the Authorized Improvements entered into between the owner of the Authorized Improvements and the Property Owner 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. The Authority will not finance installation of Improvements other than those listed on Exhibit B. The Authority may finance installation with one or both of the following: (i) bonds it issues that are payable in whole or in part from the installments set forth on Exhibit C (as described below) (“**Improvement Bonds**”) and (ii) as interim financing for the financing of the Improvements in anticipation of the issuance of Improvement Bonds, one or more assignments of all or a portion of the installments set forth on Exhibit C (as described below) (each, an “**Assignment**”). The Property Owner and the Authority acknowledge that, although the Improvements are attached to the Property (within the meaning of Chapter 29), the Improvements constitute personal property, including for purposes of Division 9 of the California Commercial Code, and are not a part of, an accession or addition to, or a fixture on the Property.

Section 2. The Property. This Agreement relates to the 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 Agreement on behalf of the Property Owner.

Section 3. Agreement to Pay Assessment; Prepayment; Non-Completion Assessment.

(a) Payment of Initial Assessment. The Property Owner hereby freely and willingly agrees to pay the initial assessment set forth on Exhibit C (the “**Initial Assessment**”). The Authority will not provide financing in an amount in excess of the Initial Assessment.

Except as otherwise set forth in this Agreement, the Initial Assessment will be paid in the installments set forth in Exhibit C.

(b) Interest Rate. The interest rate used to calculate the Initial Assessment installments set forth on Exhibit C is identified on Exhibit A. Interest will accrue beginning on the date on which the Authority first makes funds available to the Property Owner to finance the installation of the Improvements.

(c) Payment of Non-Completion Assessment. 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

Program rules or the Property Owner otherwise fails to meet the conditions established by the Authority for financing through the Program. 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, including but not limited to any portion of the prepayment premium, that is not paid from the unused cash proceeds of the Improvement Bonds, (ii) if the Authority makes an Assignment as interim financing in anticipation of issuing the Improvement Bonds, the payment of any costs associated with the reassignment of all or a portion of the installments payable under this Agreement, including but not limited to any portion of the prepayment premium, that is not paid from the unused cash proceeds of the Assignment, and (iii) 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.

(d) **Administrative Expenses.** 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 annual installment of the Initial Assessment in order to pay for the costs of collecting the Assessment (the "**Additional Administrative Assessment**"; together with the Initial Assessment and the Non-Completion Assessment, the "**Assessment**").

(e) **Prepayment of the Assessment.** The Assessment may be prepaid, in whole or in part, at any time upon the payment of (i) the whole or a portion of the unpaid principal component of the Initial Assessment, (ii) the accrued but unpaid interest on the unpaid principal component of the Initial Assessment through the redemption date of the Improvement Bonds or the prepayment date if there are no Improvement Bonds outstanding, (iii) a prepayment premium, calculated by multiplying the percentage set forth on Exhibit A by the amount of principal prepaid and (iv) the reasonable costs of the Authority related to such prepayment. Upon any partial prepayment, the amount of the Assessment remaining shall be re-amortized to provide for equal installments over the remainder of the term of this Agreement and Exhibit C shall be revised accordingly. The Authority shall apply the proceeds of any such prepayment to the redemption of the Improvement Bonds or the prepayment of the assignee under an Assignment.

(f) **Absolute Obligation.** The Property Owner hereby agrees that the Assessment will not be subject to reduction, offset or credit of any kind except to the extent set forth in this Agreement.

Section 4. Collection of Assessment; Lien.

(a) The Assessment, and the interest and penalties thereon as a result of a delinquency in the payment of any installment of the 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.

(b) The Property Owner acknowledges that if any Assessment installment is not paid when due, the Authority has the right to have the delinquent installment and its associated penalties and interest removed from 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. Removal of a tax year's delinquent installment and its associated penalties and

interest from the secured property tax roll does not result in the removal of the lien or change the obligation to pay future installments. The Property Owner acknowledges that if Improvement Bonds are sold to finance installation of the Improvements, the Authority may obligate itself, through a covenant with the owners of the Improvement Bonds, to exercise its foreclosure rights with respect to delinquent Assessment installments under specified circumstances and that California law may be amended in the future to grant to the Authority the right to take similar actions for the benefit of an assignee under an Assignment.

Section 5. Financing of the Improvements.

(a) Agreement to Finance Improvements. The Authority hereby agrees to use the Assessment to finance the installation of the Improvements, including the payment of the Authority's reasonable costs of administering the Program, subject to the Property Owner's compliance with the conditions for such financing established by the Authority, as set forth in the Program Handbook for the Program.

(b) Assessment Installments. The Property Owner agrees to one or both of the following to finance the installation of the Improvements: (i) the issuance of the Improvement Bonds by the Authority and (ii) an Assignment of all or a portion of the installments hereunder. If the Authority determines in its reasonable discretion that the Initial Assessment installments (x) should be reduced because the applicable interest rate on the Improvement Bonds issued to finance installation of the Improvements is lower than the interest rate specified in Exhibit A, or (y) should be reduced, if the size (measured in kilowatts) of the Improvements, as shown in a final notice provided to the Authority by either the Property Owner or the installer of the Improvements, is less than the size (measured in kilowatts) of the Improvements shown on Exhibit B, then the Authority shall provide the Property Owner with a revised schedule of annual Initial Assessment installments that provides for annual installments that are less than those set forth in the attached Exhibit C, which revised schedule shall be prepared using the same methodology that is used to prepare the first Initial Assessment under the lease between the installer of the Improvements and the Property Owner.¹

(c) Unused Financing Proceeds. In the event that the Authority concludes that there are proceeds of the Improvement Bonds or an Assignment that will not be used to finance installation of the Improvements, the Authority shall use such proceeds to pay the redemption price of all or a portion of the Improvement Bonds or prepay the assignee under the Assignment, as applicable. In the event that the Property Owner notifies the Authority that proceeds of the Improvement Bonds or an Assignment will not be used to finance installation of the Improvements, the Authority shall use such proceeds to pay the redemption price of all or a portion of such Improvement Bonds or prepay the assignee under the Assignment, as applicable.

Section 6. 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 in full of the Assessment, and any applicable prepayment premium. 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 California Civil Code Section 1462.

(c) In the event the Property is subdivided 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 beneficial owner of this Contract or, if Bonds have been issued, the owners of a majority of any Bonds outstanding, determines that the Assessment should be allocated in an alternate manner so as to best assure repayment of the Assessment.

Section 7. 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 Notice of Assessment and other documents and notices required by Chapter 29 and other applicable laws to be recorded against the Property. Upon the recordation of the Notice of Assessment, the Assessment shall become a lien upon the Property.

Section 8. Notice. To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property of the obligation to pay the Assessment pursuant to this Agreement.

Section 9. Waivers, Acknowledgment and Agreement.

(a) 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 XIII D of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot.

(b) 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 Authority has no responsibility for the installation, operation or maintenance of the Improvements. The Property Owner hereby acknowledges that the Property Owner will be responsible for payment of the Assessment and other charges hereunder regardless of whether the Improvements are properly installed, operated or maintained as expected.

(c) The Property Owner hereby agrees that the Authority is entering into this Agreement solely for the purpose of financing 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, 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].

(d) 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 of the California Civil Code in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner's Initials:

(e) The waivers, releases and agreements set forth in this Section 9 shall survive termination of this Agreement.

Section 10. Indemnification.

(a) The Property Owner agrees to indemnify, defend, protect, and hold harmless the Authority, the [City/County] and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority or the [City/County] 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 Program, (ii) the Assessment, (iii) the Improvements, or (iv) any other fact, circumstance or event related to the subject matter of this Agreement, 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 Agreement.

(b) The provisions of this Section 10 shall survive the termination of this Agreement.

Section 11. 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 prior written 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 12. Carbon Credits. The Property Owner and the Authority hereby agree that any carbon credits or other similar environmental attributes that are attributable to the Improvements shall be owned in the manner set forth in the power purchase agreement.

Section 13. CaliforniaFIRST Application. The Property Owner hereby represents and warrants to the Authority that the information set forth in the 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 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 14. Amendment. Except as set forth in Section 5(b) of this Agreement, 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 or the assignee under an Assignment if the amendment will, in the sole opinion of the owner(s) of the Improvement Bonds or the assignee under the Assignment, adversely impact the owner(s) of the Improvement Bonds or the assignee under the Assignment.

Section 15. Binding Effect; Assignment.

(a) This Agreement inures to the benefit of and is binding upon the Authority, the Property Owner and their respective successors and assigns.

(b) The Authority has the right to assign any or all 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 that runs with 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 16. 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 17. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Agreement.

Section 18. 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 19. 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 Sacramento, 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 20. 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. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

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: _____

The following are the authorized signatories of the Property Owner:

Name: _____	Name: _____
By: _____	By: _____
Its: _____	Its: _____
Name: _____	Name: _____
By: _____	By: _____
Its: _____	Its: _____

EXHIBIT A
THE PROPERTY

Property Owner:

[Prepayment Premium: The prepayment premium shall be equal to []%.]

Property (APN/Legal Description):

Interest Rate Used to Calculate Initial Assessment Installments:

Please note: the interest rate shown on the previous line assumes interest accrues on the unpaid Initial Assessment through the applicable interest payment date for Improvement Bonds, but the Authority initially may provide financing for the Improvements through an Assignment, in which case the interest rate shown above may not reflect the accrual of interest on the unpaid Initial Assessment through the date on which the assignee under an Assignment receives the assigned installments.

Reserve Fund Deposit: \$

EXHIBIT B

IMPROVEMENTS; POWER PURCHASE AGREEMENT

1. Power Purchase Agreement: < name > dated as of _____, 2017
2. Description of Improvements: The Improvements are described below.

EXHIBIT C
SCHEDULE 1
INITIAL ASSESSMENT INSTALLMENTS

[to come]

EXHIBIT C
SCHEDULE 2
INITIAL ASSESSMENT INSTALLMENTS

[Attach notary pages]

**Sample 3
Non PPA**

Draft

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
ENERGY EFFICIENCY AND WATER CONSERVATION PROGRAM
FOR WESTERN RIVERSIDE COUNTY
(CALIFORNIA FIRST)**

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "**Agreement**") is made and entered into as of this _____ day of _____, **2017**, 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**").

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 "**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, 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 _____ (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, 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. The Authority will not finance installation of Improvements other than those listed on Exhibit B.

Section 2. The Property. This Agreement 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 Agreement on behalf of the Property Owner.

Section 3. Agreement to Pay Assessment; Prepayment; Non-Completion Assessment.

(a) Payment of Initial Assessment. The Property Owner hereby freely and willingly agrees to pay the initial assessment set forth on Exhibit C (the "**Initial Assessment**"). The Authority will not provide financing in an amount in excess of the Initial Assessment.

Except as otherwise set forth in this Agreement, the Initial Assessment will be paid in the installments set forth in Exhibit C. There are two schedules set forth in Exhibit C. If the Authority issues a bond to finance installation of the Improvements on the Property before the County's deadline for placing the first year's installments of the Initial Assessment on the County's property tax roll, then the first year's installments will be billed on the Property Owner's property tax bill. Schedule 1 shows the amount of the Initial Assessment and the Initial Assessment installments payable in this circumstance.

If the Authority issues a bond to finance installation of the Improvements on the Property after the County's deadline for placing the first year's installments of the Initial Assessment on the County's property tax roll, then the first year's Initial Assessment installments will be financed and will be included in the amount of the Initial Assessment. Schedule 2 shows the amount of the Initial Assessment and the Initial Assessment installments payable in this circumstance.

Interest will accrue on the Initial Assessment at the interest rate set forth on Exhibit A beginning on the date on which the Authority issues bonds to finance the installation of the Improvements (the "**Improvement Bonds**").

(b) Payment of Non-Completion Assessment. 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 Program rules or the Property Owner otherwise fails to meet the conditions established by the Authority for financing through the Program. 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.

(c) Administrative Expenses. 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 annual installment of the Initial Assessment in order to pay for the costs of collecting the Assessment (the "**Additional Administrative Assessment**"; together with the Initial Assessment and the Non-Completion Assessment, the "**Assessment**").

(d) Prepayment of the Assessment. The Assessment may be prepaid, in whole or in part, at any time upon the payment of (a) the whole or a portion of the unpaid Initial Assessment, (b) the accrued but unpaid interest on the unpaid Initial Assessment through the redemption date of the Improvement Bonds, (c) a prepayment premium in the amount set forth on Exhibit A and (d) the reasonable costs of the Authority related to such prepayment. The Authority shall apply the proceeds of any such prepayment to the redemption of the Improvement Bonds.

(e) Absolute Obligation. The Property Owner hereby agrees that the Assessment will not be subject to reduction, offset or credit of any kind except to the extent set forth in this Agreement.

Section 4. Collection of Assessment; Lien. The Assessment, and the interest and penalties thereon as a result of a delinquency in the payment of any installment of the 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 the delinquent 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 Improvement Bonds are sold to finance the Improvements, the Authority may obligate itself, through a covenant with the owners of the Improvement Bonds, to exercise its foreclosure rights with respect to delinquent Assessment installments under specified circumstances.

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

(a) Agreement to Finance Improvements. The Authority hereby agrees to use the Assessment to finance the Improvements, including the payment of the Authority's reasonable costs of administering the Program, subject to the Property Owner's compliance with the conditions for such financing established by the Authority, as set forth in the Program Handbook for the Program.

(b) Assessment Installments. The Property Owner agrees to the issuance of the Improvement Bonds by the Authority to finance the installation of the Improvements. The interest rate used to calculate the Initial Assessment installments set forth on Exhibit C is identified on Exhibit A. If the Authority determines in its reasonable discretion that the Initial

Assessment installments may be reduced because the applicable interest rate on the Improvement Bonds issued to finance installation of the Improvements is lower than the interest rate specified in Exhibit A, 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 Initial Assessment installments that provides for annual installments that are less than those set forth in the attached Exhibit C.

(c) Unused Bond Proceeds. In the event that the Authority concludes that there are proceeds of the Improvement Bonds secured by the Assessment that will not be used to finance installation of the Improvements, the Authority shall use such proceeds to pay the redemption price of all or a portion of the Improvement Bonds. In the event that the Property Owner notifies the Authority that proceeds of the Improvement Bonds will not be used to finance installation of the Improvements, the Authority shall use such proceeds to pay the redemption price of all or a portion of such Improvement Bonds.

(d) Installation of Improvements. The Property Owner agrees to install the Improvements on the Property and that the Improvements will be permanently fixed to the Property.

Section 6. 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) In the event the Property is subdivided 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.

Section 7. 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 8. Notice. To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property of the obligation to pay the Assessment pursuant to this Agreement.

Section 9. 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 XIID 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 9 shall survive termination of this Agreement.

Section 10. Indemnification. The Property Owner agrees to indemnify, defend, protect, and hold harmless the Authority, the [City/County] and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority or the [City/County]

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 Program, (ii) the Assessment, (iii) the Improvements, or (iv) any other fact, circumstance or event related to the subject matter of this Agreement, 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 Agreement.

The provisions of this Section 10 shall survive the termination of this Agreement.

Section 11. 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 12. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the Authority.

Section 13. CaliforniaFIRST Application. The Property Owner hereby represents and warrants to the Authority that the information set forth in the 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 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 14. Amendment. Except as set forth in Section 5(b), 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 15. 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.

The Authority has the right to assign any or all 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.

Section 16. 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 17. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Agreement.

Section 18. 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 19. 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 Sacramento, 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 20. 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.

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: _____

The following are the authorized signatories of the Property Owner:

Name: _____	Name: _____
By: _____	By: _____
Its: _____	Its: _____
Name: _____	Name: _____
By: _____	By: _____
Its: _____	Its: _____

EXHIBIT A

Property Owner:

Property (APN/Legal Description):

Prepayment Premium: The prepayment premium shall be equal to the redemption premium, if any, payable on the applicable redemption date for the Improvement Bonds.

Interest Rate Used to Calculate Initial Assessment Installments:

Reserve Fund Deposit: \$ _____. The Authority will fund a deposit to a debt service reserve fund for Improvement Bonds. The reserve fund deposit will be in an amount equal to 0% of the Initial Assessment.

EXHIBIT B
IMPROVEMENTS

IMPROVEMENT	AMOUNT
	\$
TOTAL PROJECT AMOUNT TO BE FINANCED	\$

EXHIBIT C

**SCHEDULE 1
INITIAL ASSESSMENT INSTALLMENTS**

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

**Total Assessment accounts for interest accrued from transaction date to first payment date.

***Does not include interest accrued between the Closing Date identified on Exhibit A and [September 2, 2017] (the first date on which the Property Owner will be obligated to make an installment payment pursuant to this Exhibit C). Such interest (\$) was financed and retained by the Transferee on the Closing Date.

[Attach notary pages]

SAMPLE 4
Draft Agreement to Pay

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
ENERGY EFFICIENCY AND WATER CONSERVATION PROGRAM
FOR WESTERN RIVERSIDE COUNTY
(CALIFORNIA FIRST)**

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "**Agreement**") is made and entered into as of this _____ day of _____, 2015, by and between the Western Riverside Council of Governments, a joint exercise of powers authority (the "**Authority**"), and the record owner(s) [Insert name of the property owner] (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 Energy Efficiency and Water Conservation Program for Western Riverside County (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, 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 _____ (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, 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. The Authority will not finance installation of Improvements other than those listed on Exhibit B. The Authority may finance installation with one or both of the following: (i) the proceeds of bonds it issues that are payable in whole or in part from the installments described below ("**Improvement Bonds**") and (ii) as interim financing for the financing of the Improvements in anticipation of the issuance of Improvement Bonds, the proceeds of one or more assignments of all or a portion of the installments described below (each, an "**Assignment**").

Section 2. The Property. This Agreement 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 Agreement on behalf of the Property Owner.

Section 3. Agreement to Pay Assessment; Prepayment; Non-Completion Assessment.

(a) Payment of Initial Assessment. The Property Owner hereby freely and willingly agrees to pay the initial assessment set forth on Exhibit C (the "**Initial Assessment**"). The Authority will not provide financing in an amount in excess of the Initial Assessment.

Except as otherwise set forth in this Agreement, the Initial Assessment will be paid in the installments set forth in Exhibit C. There are two schedules set forth in Exhibit C. If the Authority issues an Improvement Bond to finance installation of the Improvements on the Property before the County's deadline for placing the first year's installments of the Initial Assessment on the County's property tax roll, then the first year's installments will be billed on the Property Owner's property tax bill. Schedule 1 shows the amount of the Initial Assessment and the Initial Assessment installments payable in this circumstance.

If the Authority issues an Improvement Bond or makes an Assignment to finance installation of the Improvements on the Property after the County's deadline for placing the first year's installments of the Initial Assessment on the County's property tax roll, then the first year's Initial Assessment installments will be financed and will be included in the amount of the Initial Assessment. Schedule 2 shows the amount of the Initial Assessment and the Initial Assessment installments payable in this circumstance.

Interest will accrue on the Initial Assessment at the interest rate set forth on Exhibit A beginning on the date on which the Authority first makes funds available to the Property Owner to finance the installation of the Improvements.

(b) Payment of Non-Completion Assessment. 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 Program

rules or the Property Owner otherwise fails to meet the conditions established by the Authority for financing through the Program. 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, (ii) the payment of any costs associated with the assignment and reassignment of all or a portion of the installments payable under this Agreement, including any portion of the prepayment premium that is not paid from the unused Assignment proceeds, and (iii) 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.

(c) **Administrative Expenses.** 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 annual installment of the Initial Assessment in order to pay for the costs of collecting the Assessment (the "**Additional Administrative Assessment**"; together with the Initial Assessment and the Non-Completion Assessment, the "**Assessment**").

(d) **Prepayment of the Assessment.** The Assessment may be prepaid, in whole or in part, at any time upon the payment of (a) the whole or a portion of the unpaid Initial Assessment, (b) the accrued but unpaid interest on the unpaid Initial Assessment through the redemption date of the Improvement Bonds or the prepayment date if there are no Improvement Bonds outstanding, (c) so long as Improvement Bonds are outstanding or an Assignment has not been discharged, a prepayment premium on the amount prepaid in the amount set forth on Exhibit A and (d) the reasonable costs of the Authority related to such prepayment. The Authority shall apply the proceeds of any such prepayment to the redemption of the Improvement Bonds or the prepayment of the assignee under an Assignment.

(e) **Absolute Obligation.** The Property Owner hereby agrees that the Assessment will not be subject to reduction, offset or credit of any kind except to the extent set forth in this Agreement.

Section 4. Collection of Assessment; Lien. The Assessment, and the interest and penalties thereon as a result of a delinquency in the payment of any installment of the 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 the delinquent 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 Improvement Bonds are sold to finance the Improvements, the Authority may obligate itself, through a covenant with the owners of the Improvement Bonds, to exercise its foreclosure rights with respect to delinquent Assessment installments under specified circumstances and that California law may be amended in the future to grant to the Authority the right to take similar actions for the benefit of an assignee under an Assignment.

Section 5. Financing of the Improvements.

(a) Agreement to Finance Improvements. The Authority hereby agrees to use the Assessment to finance the Improvements, including the payment of the Authority's reasonable costs of administering the Program, subject to the Property Owner's compliance with the conditions for such financing established by the Authority, as set forth in the Program Handbook for the Program.

(b) Assessment Installments. The Property Owner agrees to one or both of the following to finance the installation of the Improvements: (i) the issuance of the Improvement Bonds by the Authority and (ii) an Assignment of all or a portion of the installments hereunder. The interest rate used to calculate the Initial Assessment installments set forth on Exhibit C is identified on Exhibit A. If the Authority determines in its reasonable discretion that the Initial Assessment installments may be reduced because the applicable interest rate on the Improvement Bonds issued to finance installation of the Improvements is lower than the interest rate specified in Exhibit A, 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 Initial Assessment installments that provides for annual installments that are less than those set forth in the attached Exhibit C.

(c) Unused Financing Proceeds. In the event that the Authority concludes that there are proceeds of the Improvement Bonds or an Assignment that will not be used to finance installation of the Improvements, the Authority shall use such proceeds to pay the redemption price of all or a portion of the Improvement Bonds or prepay the assignee under the Assignment, as applicable. In the event that the Property Owner notifies the Authority that proceeds of the Improvement Bonds or an Assignment will not be used to finance installation of the Improvements, the Authority shall use such proceeds to pay the redemption price of all or a portion of such Improvement Bonds or prepay the assignee under the Assignment, as applicable.

(d) Installation of Improvements. The Property Owner agrees to install the Improvements on the Property and that the Improvements will be permanently fixed to the Property.

Section 6. 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 in full of the Assessment, and any applicable prepayment premium. 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) In the event the Property is subdivided 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 beneficial owner of this Contract or, if Bonds have been issued, the owners of a majority of any Bonds outstanding, determines that the Assessment should be allocated in an alternate manner so as to best assure repayment of the Assessment.

Section 7. 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 8. Notice. To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property of the obligation to pay the Assessment pursuant to this Agreement.

Section 9. 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 XIII D 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 and other charges hereunder 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 9 shall survive termination of this Agreement.

Section 10. Indemnification. The Property Owner agrees to indemnify, defend, protect, and hold harmless the Authority, the [City/County] and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority or the [City/County] 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 Program, (ii) the Assessment, (iii) the Improvements, or (iv) any other fact, circumstance or event related to the subject matter of this Agreement, 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 Agreement.

The provisions of this Section 10 shall survive the termination of this Agreement.

Section 11. 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 12. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the Authority.

Section 13. CaliforniaFIRST Application. The Property Owner hereby represents and warrants to the Authority that the information set forth in the 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 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 14. Amendment. Except as set forth in Section 5(b), 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 or Assignments secured by the Assessment if the amendment will adversely impact the owner(s) of the Improvement Bonds or Assignments.

Section 15. 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.

The Authority has the right to assign any or all 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.

Section 16. 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 17. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Agreement.

Section 18. 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 19. 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 Sacramento, 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 20. 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.

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: _____

The following are the authorized signatories of the Property Owner:

Property Owner:

[Name of Entity]

By: _____
Name: _____
Title: _____

EXHIBIT A

Property Owner:

Property (APN/Legal Description):

Prepayment Premium: The prepayment premium shall be equal to % of the dollar amount of the Initial Assessment prepaid in accordance with the following schedule:

Year	Prepayment Premium
< Date of Contract > - final installment	%

Interest Rate Used to Calculate Initial Assessment Installments:

Please note: the interest rate shown on the previous line assumes interest accrues on the unpaid Initial Assessment through the applicable interest payment date for Improvement Bonds, but the Authority initially may provide financing for the Improvements through an Assignment, in which case the interest rate shown above may not reflect the accrual of interest on the unpaid Initial Assessment through the date on which the assignee under an Assignment receives the assigned installments.

Reserve Fund Deposit: \$ _____.

EXHIBIT B
IMPROVEMENTS

The Improvements are described on the attached documentation.

Include the capitalized/accrued interest \$ figure.

EXHIBIT C
SCHEDULE 1
INITIAL ASSESSMENT INSTALLMENTS
[to come]

APPENDIX C-6

RESIDENTIAL ASSESSMENT
CONTRACT
Spruce PACE

Spruce PACE Program

ASSESSMENT CONTRACT (RESIDENTIAL)

This Assessment Contract (this "Contract") is made and entered into as of this <Date>, by and between the Western Riverside Council of Governments, a joint exercise of powers authority (the "Authority" or "WRCOG"), and the record owner(s), Joe 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 Energy Efficiency and Water Conservation Program for Western Riverside County (the "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, the Authority subsequently allowed SPRUCE PACE LLC to become an additional administrator of the Program (the "SPRUCE PACE Program"); 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 cities or County of Riverside (the "County") identified in Exhibit A and which has elected to participate in the Spruce PACE 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 Spruce PACE 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

(a) 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 (each, an "Assessment Installment"). The schedule of estimated maximum annual Assessment Installments are set forth in paragraph (c) below. 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.

(b) 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.

(c) Schedule of Estimated Maximum Annual Assessment Installments. The following schedule of estimated maximum annual Assessment Installments is based upon the assumptions provided in Exhibit B hereto, including (without limitation) the 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 below and on Exhibit B.

<u>Tax Year* (commencing July 1)</u>	<u>Total Annual Payment**</u>	<u>Interest Portion of Annual Payment***</u>
<u>2017 – 2018</u>		
<u>2018 – 2019</u>		
<u>2019 – 2020</u>		
<u>2020 – 2021</u>		
<u>2021 – 2022</u>		
<u>2022 – 2023</u>		
<u>2023 – 2024</u>		
<u>2024 – 2025</u>		
<u>2025 – 2026</u>		
<u>2026 – 2027</u>		

* The estimated initial Tax Year is based upon the Estimated Disbursement Date. The actual initial Tax Year will be based upon the actual disbursement date.

** Includes the annual Assessment Installments due in the Tax Year and current annual assessment administrative fee of \$25.00 (subject to change).

*** This column includes annual interest and any prepaid interest if financed. Consult your tax advisor about potential tax deductibility and any other tax benefits.

FOLLOWING THE DISBURSEMENT OF THE ACTUAL DISBURSEMENT AMOUNT, THE SPRUCE PACE 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 RIVERSIDE.

Upon receipt of the fully executed and final Completion Certificate (as described in the current version of the Spruce PACE Program Handbook, 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 5 below, and this Contract shall remain unmodified and the Assessment shall be calculated as described above in this Section 3(c). If, however, any such change meets the provisions of Section 5 below, then an Addendum will be required.

(d) 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").

(e) 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 second business day of the second month following the date the prepayment is made.

(f) 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. Existing Mortgage Disclosure. The Program establishes the manner by which WRCOG may finance, pursuant to Chapter 29, the installation of Authorized Improvements, including the Improvements. The Improvements will be financed pursuant to this Assessment Contract between Property Owner and WRCOG.

BEFORE EXECUTING THIS ASSESSMENT CONTRACT, PROPERTY OWNER SHOULD CAREFULLY REVIEW ANY MORTGAGE AGREEMENT(S) OR OTHER SECURITY INSTRUMENT(S) WHICH AFFECT THE PROPERTY OR TO WHICH THE PROPERTY OWNER IS A PARTY. ENTERING INTO THIS ASSESSMENT CONTRACT WITHOUT THE CONSENT OF 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 THE PROPERTY OWNER, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH AGREEMENT OR SECURITY INSTRUMENT.

IN ADDITION, FANNIE MAE AND FREDDIE MAC, THE OWNERS OF A SIGNIFICANT PORTION OF ALL HOME MORTGAGES, STATED THAT THEY WOULD NOT PURCHASE HOME LOANS WITH ASSESSMENTS SUCH AS THOSE OFFERED BY WRCOG. 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 Property Owner's mortgage lender requires an impound for Property Owner's property taxes, Property Owner acknowledges that Property Owner should consider notifying such lender of the annual Assessment payment amount so such lender can adjust the Property Owner's impound amount to include the annual Assessment payment.

Section 5. 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 SAMPLE Smith, Joe CA073000000 4 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 Spruce PACE 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 Spruce PACE 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 6. 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 7. Financing of the Improvements.

(a) 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 Spruce PACE Program, subject to the Property Owner's compliance with the conditions for such financing established by the Authority.

(b) 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 in Section 3(c) of this Contract 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 8. 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:

a. 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:

- i. 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;
- ii. 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;
- iii. The Authority shall cause all instruments, documents and agreements described in Section 10 of this Contract to be recorded;
- iv. The Authority shall cause the amount reflected in the First Installation Completion Certificate to be disbursed to the Contractor who installed such Improvements; and
- v. The Authority shall cause all administrative, recording and other fees described on line 6 of Exhibit B to be paid.

b. 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.

c. 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:

- i. 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:
 1. 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 5 of this Contract; or
 2. 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.

d. If for any reason any one or more of the categories or types of Improvements planned to be installed under this Section 8 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 9. Term: Contract Runs with the Land: Subdivision.

(a) Except as otherwise set forth in this Contract, this Contract shall expire upon the final payment or prepayment of the Assessment.

(b) 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.

(c) 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 10. 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 11. 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 12. 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 XIII D 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 Spruce PACE 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. The waivers, releases and agreements set forth in this Section 12 shall survive termination of this Contract.

Section 13. Dispute Resolution Procedures

Dispute Resolution Procedures

IMPORTANT – PLEASE READ THIS DISPUTE RESOLUTION PROVISION CAREFULLY AND ENTIRELY. IT IS PART OF THIS CONTRACT AND WILL HAVE A SUBSTANTIAL IMPACT ON THE WAY YOU AND THE AUTHORITY MAY RESOLVE ANY DISPUTES NOW OR IN THE FUTURE. IT CONTAINS A JURY TRIAL WAIVER, PROCEDURES FOR DISPUTE RESOLUTION AND A CLASS OR REPRESENTATIVE ACTION WAIVER.

A. Arbitration and Class or Representative Action Waiver.

1. Before asserting a Dispute in any proceeding Property Owner ("Property Owner") and Authority agree that they shall engage in good faith attempt to resolve the claim.

2. Any claim, dispute, or controversy (together, any "Dispute") arising out of or relating in any way to this Contract, the Spruce PACE Program or any communication or agreement related to the Spruce PACE Program, and/or any financing of products extended to you through the Spruce PACE program shall be resolved by binding arbitration on an individual basis under the terms of the agreement to arbitrate set forth herein. The issues to be arbitrated shall also include, and the arbitrator shall decide, any issues relating to the making, validity, enforceability, and scope of this Arbitration Agreement. Nothing in sub-part A shall be construed to prejudice the right of either party to obtain such provisional relief or remedies as shall otherwise be available judicially pending appointment of the arbitrator or to bring their Dispute in small claims court on an individual basis.

3. For purposes of sub-parts A and B, you agree that: (a) "Authority" means and includes the Authority or WRCOG, any of WRCOG's parents, subsidiaries, affiliates, agents, privities, employees, predecessors, successors, assigns, contractors and sub-contractors and (b) "Property Owner" includes any successor in interest to the Property. In addition, this agreement to arbitrate will also inure to the benefit of any third party named as a co-defendant or co-respondent with the Authority (as defined herein) or whose conduct is challenged by you in a Dispute which is otherwise subject to this dispute resolution clause including without limitation any Contractor, Investor, Participating Entity, Spruce PACE, LLC, ("Spruce PACE"), Spruce Lending,

Inc., ("Spruce Lending"), or Kilowatt Systems, LLC, ("Kilowatt"), 2900 North Loop West, 3rd Floor, Houston, TX 77092 and any of their parents, subsidiaries, affiliates, agents, privities, employees, predecessors, successors, assigns, contractors and sub-contractors

4. PROPERTY OWNER AND AUTHORITY HEREBY WAIVE THEIR CONSTITUTIONAL AND STATUTORY RIGHTS TO GO TO COURT AND HAVE A TRIAL IN FRONT OF A JUDGE OR A JURY, instead electing that all claims and disputes shall be resolved by arbitration under this Dispute Resolution Provision.

5. The arbitration shall be administered by JAMS pursuant to its Streamlined Arbitration Rules (the "Rules") in effect at the time the arbitration is brought. Information about JAMS and a copy of the JAMS Streamlined Arbitration Rules can be obtained from JAMS at <https://www.jamsadr.com/rules-streamlined-arbitration>. Any Dispute shall be resolved by a single arbitrator selected by the parties within (30) days of the commencement of the arbitration in accordance with the criteria set forth herein. The arbitrator shall be selected from the JAMS panel of neutrals then active on the roster maintained by the JAMS office located nearest to where you reside at the time arbitration is commenced and the arbitrator shall be a retired federal judge, a retired state appellate judge, or a retired state trial judge, which state trial judge shall have had 10 or more years of judicial experience. In the event that the parties do not agree on the identity of the arbitrator, JAMS shall appoint an arbitrator in accordance with the Streamlined Rules and these criteria.

6. In the event that JAMS is unable or unwilling to administer any arbitration arising under this agreement to arbitrate, then the arbitration shall be administered by the American Arbitration Association ("AAA") before a single arbitrator and under the AAA's Consumer Arbitration Rules in effect at the time the arbitration is brought as modified by this agreement to arbitrate. Information about the arbitration process can be obtained from the AAA at www.adr.org or (800) 778-7879. In the event AAA refuses or is otherwise unable to administer the arbitration, the arbitration shall be administered by another reputable arbitration service provider agreed to by the parties or, in the event that no agreement is reached, the arbitration service provider shall be selected by a judge of any court of competent jurisdiction. In the event that AAA, or another arbitration service, administers the arbitration, the arbitrator selected can, but need not be, from the JAMS roster but otherwise shall meet the qualifications set forth in paragraph 5, immediately above.

7. All in-person hearings and conferences in the arbitration shall take place at a locale within the federal judicial district in which you reside at the time the arbitration is commenced, unless Property Owner and Authority agree otherwise.

8. This Arbitration Agreement is made pursuant to a transaction involving interstate commerce. The arbitrator shall apply the Federal Arbitration Act (9 U.S.C. §§1-16) (the "FAA"), and no state law governing arbitration shall govern this agreement to arbitrate or any issues relating to the enforcement of the arbitration agreement or the arbitrability of Disputes between the parties.

9. Subject to and without limiting Paragraph 6, in conducting the arbitration and rendering its award, the arbitrator shall apply: (a) the rules of the applicable arbitration service provider identified in Paragraph 5, immediately above, and (b) rules of decision governing the substance of the underlying Dispute. For purposes of sub-part b of this Paragraph, the arbitrator shall apply as rules of decision: (x) federal law (to the extent that the underlying Dispute arises under federal law) and/or (y) the law of the state where the property is located without reference to that state's choice of law rules (to the extent the substance of the underlying dispute does not arise under federal law). The arbitrator shall honor claims of privilege and shall apply statutes of limitations as recognized under applicable law.

10. Each party shall bear the expense of its own counsel, experts, witnesses and preparation and presentation of proofs. Upon request, Authority will pay your portion of the fees and expenses of the arbitrator and administrative fees and expenses of the arbitration imposed by the arbitrator or pursuant to the rules of the arbitration service provider.

11. The arbitrator shall have the authority to award monetary damages and may grant any non-monetary remedy or relief, including injunctive relief, that is available under applicable law and rules of the arbitration service provider. The arbitrator will have no authority to award consequential damages, indirect damages, treble damages or punitive damages, or any monetary damages not measured by the prevailing party's economic damages, unless such an award is expressly authorized under applicable law. The arbitrator will have no authority to award attorney's fees except authorized by law (such as where a party brings a claim under a statute that provides for attorney's fees to be awarded to the prevailing party) in which case such attorney's fees and costs will be available to the claimant or respondent on the same basis as if the Dispute were venued in a court of law. For avoidance of doubt, fees awarded pursuant to fee shifting authorized by law shall not include the fees of the arbitrator or any administrative fee imposed by the arbitration service provider. The arbitrator shall issue a written award and statement of decision describing the essential findings and conclusions on which the award is based. The award of the arbitrator is final and binding upon the Property Owner and WRCOG.

12. THERE SHALL BE NO RIGHT OR AUTHORITY FOR ANY DISPUTES WITHIN THE SCOPE OF THIS ARBITRATION PROVISION TO BE ARBITRATED ON A CLASS OR REPRESENTATIVE BASIS OR FOR CLAIMS TO BE ARBITRATED OR LITIGATED JOINTLY OR CONSOLIDATED WITH THE DISPUTES OF ANY OTHER PROPERTY OWNERS.

13. Any state or federal court with jurisdiction and venue may enter an order enforcing this agreement to arbitrate, enter judgment upon the arbitrator's award and/or take any action authorized under the FAA.

14. If any part or parts of this agreement to arbitrate are found to be invalid or unenforceable by a decision of a court of competent jurisdiction, then such specific part or parts shall be of no force or effect and shall be severed, but the remainder of this agreement to arbitrate shall continue in full force and effect. If, however, the waiver of rights to participate in class, representative or consolidated proceedings or to arbitrate injunctive relief claims is finally determined to be invalid, unenforceable, then part A of this agreement to arbitrate shall be of no force or effect.

15. You may opt out of Arbitration by sending us written notice within 15 days of the date of this contract stating that you wish to "opt out of the agreement to arbitrate disputes." Your written notice must be signed by all Property Owners (including successors in ownership to the signatories below). The opt-out notice should be sent to the following address: Spruce PACE Program 2900 North Loop West, 3rd Floor, Houston TX 77092. (You should retain a copy of your opt-out notice and evidence of mailing or delivery). An opt-out notice is only effective if it is signed by you and sent to us within 15 days (as provided above). I agree that indicating my desire to opt-out of this agreement to arbitrate in any manner other than as provided above is insufficient notice. By opting-out you will not be subject to arbitration. HOWEVER, TO FULLEST EXTENT PERMITTED BY LAW, YOU AGREE TO WAIVE ANY RIGHT TO A JURY TRIAL CONCERNING ANY DISPUTE BETWEEN YOU AND SPRUCE REGARDLESS OF WHETHER YOU OPT OUT OF ARBITRATION. However, your decision to opt out of this Arbitration Provision will not have any other effect on this Contract.

16. Survival of Agreement. This agreement to arbitrate shall survive the termination of this Contract.

17. Small Claims Court. Notwithstanding the foregoing, either Property Owner or Authority may bring an individual action in small claims court.

B. California Judicial Reference Proceeding (California-Related Property Owners Only).

1. This sub-part B applies only to a "California-Related Property Owner." You are a California-Related Property Owner if you are a California resident at the time you enter into this Contract, your property is located in California, or you file suit against Authority in California.

2. To the extent that a California-Related Property Owner opts out of arbitration or (a) his or her agreement to arbitrate claims for injunctive relief is deemed unenforceable or (b) his or her waiver of the right

to participate in class, representative or consolidated proceedings are deemed unenforceable, then any claim, dispute, or controversy (together, any "dispute") arising out of or relating in any way to this Contract, the Spruce PACE Program or any communication or agreement related to the Spruce PACE Program, and/or any financing of products extended to you through the Spruce PACE program shall be resolved pursuant to the provisions for reference and trial by referee (without jury) set forth in California Code of Civil Procedure Section 638 et seq., as expressly modified by the provisions hereof (a "Reference Action").

3. The referee ("Referee") shall be a retired federal judge, a retired state appellate judge, or a retired state trial judge, which state trial judge shall have had 10 or more years of judicial experience. The Referee shall be appointed who is either (i) agreed to by the parties within (30) days of notice by any party to the others of the intention to invoke this judicial reference agreement to resolve the dispute, or (ii) failing such agreement, is appointed pursuant to California Code of Civil Procedure Section 640. The parties agree that an action to obtain appointment of referee may be commenced in the Superior Court of California in and for the county of Property Owner's residence at the time the Property Owner entered into this Contract or for the county in which the property is located. The parties hereto agree that any party may (and, if necessary, the other party shall join in such filing) file with the Clerk of the appropriate Superior Court, and/or with the appropriate judge of such Court, any and all petitions, motions, applications or other documents necessary to obtain the appointment of such a Referee.

4. Property Owner and Authority agree that said Referee shall be appointed for all purposes (including, without limitation, (x) ruling on any and all discovery matters and motions and any and all pretrial or trial motions, (y) setting a schedule of pretrial proceedings, and (z) making any other orders or rulings a sitting judge of the Superior Court would be empowered to make in any action or proceeding in the Superior Court). Any matter before the Referee shall be governed by the substantive law of California including its choice of law rules except as otherwise specifically agreed by the parties and approved by the Referee. The parties intend this general reference agreement to be specifically enforceable in accordance with the California Code of Civil Procedure. Any appeal or writ review of the decisions of the Referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of a Superior Court. The Referee shall in his/her statement of decisions set forth his/her findings of fact and conclusions of law.

5. Pursuant to California Code of Civil Procedure 2016.030, Property Owner and Authority agree that discovery shall be conducted in accordance with the JAMS Streamlined Arbitration Rules identified in sub-part A, above, however the Referee retains discretion, for good cause shown by noticed motion, to require additional discovery. It is the parties' intention and the parties and the Referee shall use their best efforts to be certain that (i) the exchange of documents contemplated in the Streamlined Rules be completed no later than two months from the date (the "Referee Date") the Referee is appointed (whether by stipulation or by the Court), and (ii) trial be set on a date that is within six months after the Referee Date. Property Owner and Authority agree that motions for summary judgment or summary adjudication may be heard on thirty days' notice.

6. Nothing in this judicial reference clause shall prejudice the right of either party to obtain provisional relief or other equitable remedies as shall otherwise be available judicially pending reference of a Dispute to a Referee.

By initialing below, the Property Owner acknowledges and agrees to the terms set forth in Sections 4, 12 and 13 above.

NAME Initials: _____	Initials: _____
Initials: _____	Initials: _____

Section 14. 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 Spruce PACE 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 14 shall survive the termination of this Contract.

Section 15. 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 16. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the Authority.

Section 17. Spruce PACE Program Application. The Property Owner hereby represents and warrants to the Authority that the information set forth in the Spruce PACE Program Application submitted to the Authority in connection with Property Owner's request for financing is true and correct as of the date hereof, and that the representations set forth in the Spruce PACE 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 18. Amendment. Except as set forth in Section 3 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 5) or other written agreement of the Authority and the Property Owner.

Section 19. 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 20. 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 21. 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 22. 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 23. 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.

Section 24. 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 25. Monitoring and Recording of Telephone Calls. The Spruce PACE 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 Spruce PACE Program monitored and/or recorded.

Section 26. Contract Documents. Property Owner understands and acknowledges that the entire agreement between Property Owner and WRCOG 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:

a. 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.

b. Property Owner has reviewed, understands and agrees to each and every additional requirement and term contained in Appendix B to the Spruce PACE Program Handbook (the "Handbook").

c. 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 DATE. If the Property Owner fails to return the signed Assessment Contract to WRCOG by the indicated date the Spruce PACE 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:

<NAME>, Signature

Date: _____
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): <NAME>

Property Address: <ADDRESS>

APN: XXX-XXX-XXX-XXX

Participating Entity: City of San Diego

County: San Diego

Description of Products:

<u>PRODUCT #1</u>
Product Category Type: <u>Heating, Cooling & Ventilation - Air Conditioner</u>

Or similar energy efficient product which is allowed under the Spruce PACE 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: Spruce PACE Program Manager

4080 Lemon Street, 3rd Floor

MS 1032

Riverside, CA 92501

Joe Smith

[Address]

[City, State, Zip]

EXHIBIT B

LIST OF CONTRACT DOCUMENTS, DISBURSEMENT, AND ASSUMPTIONS APPLICABLE TO THE SCHEDULE OF ESTIMATED MAXIMUM ANNUAL ASSESSMENT INSTALLMENTS

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 5 hereto;
- The Right to Cancel;
- The Completion Certificate or, pursuant to Section 8, each applicable Completion Certificate;
- The Assessment Cost and Payment Summary;
- The Notice of Assessment;
- The Payment of Contractual Assessment Required;
- The Spruce Program Handbook, current version; and
- The Spruce PACE Program website located at <https://www.sprucefinance.com/pace>.

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 \$<TOTAL ASSESSMENT AMT>, which is based upon the Improvements and pricing set forth in this Contract. The Estimated Disbursement Date is <DATE>, which date is used in the table in Section 3(c) of the Contract.

Assumptions Applicable to the Schedule of Estimated Maximum Annual Assessment Installments:

The schedule of the estimated maximum Annual Assessment Installments provided in Section 3(c) of the Contract is based on the following assumptions:

1. WRCOG disburses the Estimated Disbursement Amount to Owner.
2. Interest totaling a maximum of \$<CAP I> will accumulate until September 2nd of the year in which you make your first assessment payment, in accordance with the Improvement Bond Act of 1915. That amount will be added to Owner's Estimated Disbursement Amount.
3. WRCOG disburses to Owner on the Estimated Disbursement Date.
4. The Assessment Interest Rate is <RATE>%.
5. The Annual Percentage Rate (APR) of your assessment is <APR>%. The APR is your costs over the term expressed as a rate. This is not your interest rate.
6. The total administrative fees, recording fees and annual assessment added to your assessment is \$<FEES>.

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(e) 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 second business day of the second month following the date the prepayment is made.

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.

Property Owner

STATE OF California }ss.
COUNTY OF _____ }
On _____, before me, _____, Notary Public,
personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed
to the within instrument and acknowledged to me that he/she executed the same in his/her
authorized capacity, and that by his/her signature on the instrument the person or the entity upon
behalf of which the person 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 _____ (This area for official notarial
seal)

MEMORANDUM AGREEMENT OF ASSESSMENT CONTRACT

THIS MEMORANDUM AGREEMENT OF ASSESSMENT CONTRACT is entered into as of <DATE>, between the Western Riverside Council of Governments, a joint exercise of powers of authority (the "Authority") and Joe Smith, (individually and collectively the "Property Owner"), the record owner(s) of the fee title to the real property identified on Exhibit A (the "Property") and constitutes a binding contract of the parties hereto.

1. Authority has established the Energy Efficiency and Water Conservation Program for Western Riverside County (the "Program") to allow 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.

2. Authority subsequently allowed SPRUCE PACE LLC to become an additional administrator of the Program (the "SPRUCE PACE Program").

3. The Authority and the Property Owner are executing in connection herewith, that certain Spruce PACE Program Assessment Contract dated as of the date hereof (the "Assessment Contract").

4. The Property Owner hereby freely and willingly agrees to pay the assessment (the "Assessment") as provided in Exhibit B to the Assessment Contract plus interest and the Additional Administrative Assessment as provided in the Assessment Contract. The Assessment shall equal the total amount disbursed by the Authority to pay for (i) the Improvements identified on Exhibit A to the Assessment Contract, plus (ii) all costs, fees and interest associated therewith as reflected on Exhibit B to the Assessment Contract, which total amount is also known as the Actual Disbursement Amount (defined below).

5. Upon receipt of the fully executed and final Completion Certificate, as described in the current version of The Spruce PACE Program Handbook (referred to herein as the "Handbook"), the Authority shall calculate and disburse payments to those entitled to receive them (the "Actual Disbursement Amount") hereunder subject to such revisions as are agreed to pursuant to the Assessment Contract and subject to any Addendum to the Assessment Contract provided for under the Assessment Contract agreed to and executed by the parties hereto. The Property Owner shall comply with all requirements for contracting for the installation of the Improvements as required in the Assessment Contract and shall deliver such Completion Certificates as are provided for in the Assessment Contract. The Authority shall comply with all disbursement and recording requirements provided for in the Assessment Contract.

6. 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 (the "Assessment Lien") until they are paid and shall be collected and shall have the lien priority as set forth in Chapter 29 and may be enforced through judicial foreclosure action that could result in the sale of the Property for payment of the delinquent installments, and all penalties, interest and costs of suit, including attorneys' fees subject to such forbearance and subordination as may be provided in any Subordination Agreement that may be executed between the Authority and any other lienholder now or hereafter.

7. Except as otherwise set forth herein or in the Assessment Contract, this Contract shall expire upon (i) the final Assessment payment as provided in the Assessment Contract or (ii) any prepayment of the Assessment, provided that such prepayment is meant to be permanent and the party who is then the Property Owner does not execute a document confirming the assumption and continuation of the Assessment Contract and the Assessment Lien.

8. 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. If the Property is subdivided while the Assessment remains unpaid, the Assessment will be assigned to the newly-created parcel as provided in the Assessment Contract.

9. The Property Owner hereby waives (i) any otherwise applicable requirements of Article XIID of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot; (ii) any 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; and (iii) any rights waived in the Assessment Contract.

10. This Memorandum is subject to all of the terms, conditions and understandings of the Assessment Contract, which are incorporated herein by reference as though copied verbatim herein. In the event of a conflict between the terms of this Memorandum and the terms of the Assessment Contract, the terms of the Assessment Contract shall prevail.

Description of Improvements:

PRODUCT #1
Product Category Type: _____

IN WITNESS WHEREOF, the Authority and the Property Owner have duly executed this Memorandum as of the date first above written.

Owner 1:

<NAME>, Signature

Date: _____
Month/Day/Year

WRCOG: Executive Director and/or his or her designee:

Name (Please Print)

WRCOG Signature

Date of Execution by WRCOG

Exhibit A

RESIDENTIAL PROPERTIES PROGRAM APPLICATION



HERO Financing Program™ Application

P: (856) HERO-411 F: (856) 385-0379 E: info@heroprogram.com

A: 4080 Lemon Street 3rd Floor, MS1032
Riverside, CA 92501

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 Riverside 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.



HERO Financing Program™ Application

P: (855) HERO-411 F: (858) 385-0379 E: wrcoog@heroprogram.com

A: 4080 Lemon Street 3rd Floor, MS1032
Riverside, CA 92501

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 5696.10), 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 0.95% 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.



HERO Financing Program™ Application

P: (855) HERO-411 F: (858) 385-0379 E: wroog@heroprogram.com

A: 4080 Lemon Street 3rd Floor, MS1032
Riverside, CA 92501

- 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 as 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:
- 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
 - 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 identifies 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 (i) 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 _____
	_____	Date _____	_____	Date _____
	_____	Date _____	_____	Date _____



HERO Financing Program™ Application

P: (855) HERO-411 F: (858) 385-0379 E: wrcoog@heroprogram.com

A: 4080 Lemon Street 3rd Floor, MS1032
Riverside, CA 92501

FOR CONTRACTOR CALL IN ONLY

Property Address

Property Owner



Ownership Type:

Property Owner 2

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.

Exhibit B

**HERO COMMERCIAL
COMMERCIAL PROPERTIES
PROGRAM APPLICATION**

**SAMAS COMMERCIAL
COMMERCIAL PROPERTIES
PROGRAM APPLICATION**

APPLICATION DATE:

____/____/____

FOR OFFICIAL USE ONLY

DATE

RECEIVED: ____/____/____

FILE #: _____

PROPERTY ADDRESS:

☐ Both **OCCUPANCY TYPE:** ☐ Owner-Occupied ☐ Tenant-Occupied

DESCRIBE OCCUPANTS'

BUSINESSES: _____

PROPERTY TYPE:

☐ Multi-Family ☐ Small ☐ Large ☐ Industrial ☐ Agricultural ☐ Other: _____
 (5+ units) Commercial Commercial

MAILING ADDRESS:

(if different from property address)

PROPERTY OWNER TYPE:

☐ Individual ☐ Trust ☐ Corporation ☐ Partnership ☐ Other: _____

PROPERTY OWNER #1 INFORMATION (Should be person/entity who handles all program contacts):

PROPERTY OWNER #2 INFORMATION:

(If there are additional Property Owners or Trustees, please provide additional sheet(s) with property owner information.)

Assets	Amount	Liabilities	Amount
Cash in Banks		Notes Payable	
Accounts Receivable		Accounts Payable	
Notes Receivable		Income Tax Payable	

Securities Owned		Other Taxes Payable	
Real Estate		Mortgages or Liens on Real Estate	
Other Assets		Other Liabilities	
Total		Total	

Property Income (Annual)	Amount	Property Expenses (Annual)	Amount
Rent		Maintenance and Repairs	
Other Income		Property Taxes	
Interest		Property Insurance	
Total		Total	

Commercial Real Estate Schedule						
Address / Type of Property	Title in Name of	How Held	Cost / Year Acquired	Monthly Income	Present Market Value	Total Balance Owed

Mortgages and Liens on Commercial Real Estate							
Property ID	To Whom Payable	1 st or 2 nd Mtg.?	Monthly Paymt.	Current?	Security	Maturity Date	Principal Remaining

Notes Payable				
Name of Debtor	Collateral	Monthly Paymt.	Maturity Date	Total Amount Due

Commercial Property Insurance						
Property ID	Insured	Coverage	Insurance Co.	Effective Dates	Date Premium Paid Through	Annual Premium

FINANCIAL STATEMENT QUESTIONS

Please explain all "yes" answers on a separate sheet.

- ☐ Do(es) the Property Owner(s) have any outstanding judgment(s)?
☐ Do(es) the Property Owner(s) have any tax obligations, including payroll or real estate taxes, that are past due?

- ☐ ☐ Is/Are the Property Owner(s) a party in any active or threatened lawsuit(s) or other legal action(s)?
☐ ☐ Has(ve) the Property Owner(s) had property foreclosed or give title or deed in lieu thereof?
☐ ☐ Has(ve) the Property Owner(s) compromised a debt or modified a mortgage loan in the last 12 months?
☐ ☐ Is the subject Property cross-collateralized?

PROPOSED BUILDING IMPROVEMENTS

	DESCRIPTION	CONTRACTOR PROVIDING BID	ESTIMATED COST
1	Description: _____ Brand: _____ Model #: _____ Quantity: _____ Efficiency Level: _____	_____	\$ _____
2	Description: _____ Brand: _____ Model #: _____ Quantity: _____ Efficiency Level: _____	_____	\$ _____
3	Description: _____ Brand: _____ Model #: _____ Quantity: _____ Efficiency Level: _____	_____	\$ _____
ITEMIZED ESTIMATED COST OF IMPROVEMENT(S) (i) Construction contract(s) (bid price for cost of materials and labor less any applicable rebates): and/or (ii) If self-installing, cost of equipment (less applicable rebates; do not include any labor costs): Energy assessment/audit costs Draft, engineering and/or plan preparation costs: Estimated Permit fees: Recording Fee for Assessment Lien documents and assessment contract. Set by state law and the County Recorder's Office Title Costs Other Please list (Attach separate sheet(s) explaining other costs if needed.) Other: _____ Other: _____			\$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____
Requested Financing Amount: This requested amount is the maximum amount that can be funded.			\$ _____
Loan Term (5, 10, 15, 20 years):			_____

APPLICANT(S) SIGNATURES

By signing this Application, the undersigned hereby declares under penalty of perjury under the laws of the State of Missouri that all property owner(s) and/or trustees have read, understand, and agree to all sections of the Program Handbook and that all information set forth in this Application is true, accurate, and complete.

_____ (Applicant Signature)	_____ (Date)	_____ (Applicant Signature)	_____ (Date)
_____ (Printed Name, Business Name, Title (if applicable))		_____ (Printed Name, Business Name, Title (if applicable))	
_____ (Applicant Signature)	_____ (Date)	_____ (Applicant Signature)	_____ (Date)
_____ (Printed Name, Business Name, Title (if applicable))		_____ (Printed Name, Business Name, Title (if applicable))	

**COMMERCIAL APPLICATION
RENT ROLL DETAILS FORM**[illegible]

Rent Roll Certification:

I/We certify that the attached rent roll(s) dated _____ for the property located at _____ is/are true and correct.

By: _____

Exhibit C

RENEW FINANCIAL PACE RESIDENTIAL PROGRAM APPLICATION

Formatted: Left

Renew Financial FINANCING APPLICATION

1) Application Information

CF-00065876 Application ID	February 17, 2017 Application Date	

2) Property Information

Single Family Residential Property Type		
978 Stannage Ave Street Address		
Albany City	CA State	94706 Zip

3) Contractor Information

☒ Contractor-Install		☐ Self-Install
180 Solar Power		
Company Name (Not Applicable if Self Install)		
320 east 2nd ave, Suite 101		
Street Address		
escondido	CA	92025
City	State	Zip

4) Owner Information

individual Owner Type		yes Is Primary Contact for Application?
Golden First Name	Path Last Name	XXX-XX-XXXX SSN
XX-XX-XXXX Birth Date	(XXX)XXX-XXXX Phone	mhernandez@renewfinancial.com Email
978 Stannage Ave Mailing Street Address		
Albany Mailing City	CA Mailing State	94706 Mailing Zip

5) Maximum Eligible Project Amount

The Maximum Eligible Project Amount is the highest possible project amount for which you qualify with CaliforniaFIRST financing. Below is a list of requested products you want to install. If your Total Project Amount increases, you may need to re-sign new Financing Documents.	\$99,779.42

6) Eligible Product(s)

	Product Type	Requested Project Amount
1	Solar Panels - With Monitoring	\$10,000.00
Total Project Amount		\$10,000.00

FINANCING APPLICATION DISCLOSURE

Application ID: **CF-00065876**
Property Address: **978 Stannage Ave**
Albany, CA 94706

Under the Energy Efficiency and Water Conservation Program for Western Riverside County ("Program"), the Western Riverside Council of Governments ("WRCOG") finances installation of certain renewable energy, energy efficiency and/or water efficiency products that are permanently fixed to real property ("Eligible Products"). Eligible Products will be financed by levying a contractual assessment and placing a lien on your real property. The assessment will be repaid by collecting payments through annual installments that will be included on your property tax bill, consistent with an assessment contract between WRCOG and the property owner(s) ("Assessment Contract"). As discussed below, these installments will include interest, fees, annual costs and other costs. The Program is administered by Renew Financial Group LLC ("Program Administrator"). The Program Administrator manages the Program Call Center and daily activities of the Program.

All relevant information about the Program can be found in the CaliforniaFIRST Program Residential Property Owner Handbook ("Property Owner Handbook") including a list of Eligible Products and is discussed below. The list of cities and counties participating in the Program ("Participating Communities") is available on the Program website and in the Property Owner Handbook.

Program Requirements and Terms

The following requirements and terms apply to the Program. By signing this application, you acknowledge these requirements and terms and certify that, to the best of your knowledge, all applicable requirements have been satisfied. To verify that certain requirements have been satisfied, you authorize the Program Administrator to obtain a credit report for the property owner(s) and/or trustee(s) whose social security numbers are provided on this application.

The property identified above (the "Property") is within a Participating Community, is used for residential purposes, has three (3) units or fewer, and is not undergoing development.

There is at least 10% equity in the Property (in other words, mortgage-related debt is no more than 90% of the value of the Property). In addition, the amount financed under the Program is the lesser of \$200,000 or 15%² of the value of the Property and, when combined with any other debts or obligations secured by the Property, cannot exceed 100% of the value of the Property.³

Taxes on the Property must be current for the prior twelve (12) months and have not have been paid late more than once during the prior three (3) years (or since the purchase of the Property if owned by the current property owner(s) for less than 3 years). The Property is not subject to any current federal or state income tax liens, judgment liens, mechanic's liens, similar involuntary liens, or other liens/judgments.

All debts and obligations secured by the Property must be current and no mortgage payment can have been more than thirty (30) days late during the previous twelve (12) months. There have been no notices of default or foreclosure filed against the Property within the last two (2) years (or since the purchase of the Property if owned by the current property owner(s) for less than 2 years). The Property cannot be an asset in a bankruptcy proceeding and property owner(s) have not been involved in a bankruptcy proceeding during the past two (2) years.²

The Property's title is not subject to power of attorney, easements, or subordination agreements restricting authority of the property owner(s) to subject the Property to a PACE lien, other than issues related to standard mortgage loan agreements.

All owners of record of the Property have signed this application and all other required Program documentation.

The maximum term of the financing per Property is the lesser of a) the useful economic life of the greatest Eligible Product or approved Custom Product cost financed with respect to such Property and b) thirty (30) years.

The all in tax rate on the Property may not exceed 5% of the subject Property value.

State incentive and rebate programs are available and participating property owners must declare any rebates received for the project.

Program Rates, Fees, and Costs

Below are the rates, fees and costs of the Program. For rates, fees and costs specific to your application please see the Assessment Contract and Financing Statement.

² Note that 15% of Property Value is only available for the first \$700K of the property value, then 10% is applied.

RATES	
Fixed Interest Rate. The rate will be set when the Assessment Contract is issued and will be locked for 90-120 days (depending on the Eligible Products being financed). Installation of the Eligible Products must be completed and a Completion Certificate must be submitted to WRCOG by this date or the interest rate may change.	Set Daily.
Annual Percentage Rate (APR). Interest and certain other costs over the Assessment term expressed as a rate. This is not your interest rate.	Varies. Based on interest rate and other costs.
UPFRONT COSTS	
Program-Related Fees. One-time charges. Includes program administration, origination, program sponsor, bond counsel, and tax administration.	Not to exceed 6.40% of Assessment Amount
Lien Recording. The amount charged by the government for recording notice documents relating to the assessment on the Property.	Varies by county. Not to exceed \$86.
Reserve Fund. One-time charge deposited into debt service reserve fund for bonds issued by WRCOG to finance projects in the Program.	0.25% of Assessment Amount
CAEATFA PACE Loss Reserve Program. One-time charge for participation in the CAEATFA PACE Loss Reserve Program.	\$0
Foreclosure Expense Reserve Account. One-time charge deposited into a reserve account that WRCOG will use to pay for the costs of foreclosing on the Property and other properties participating in the Program as a result of a delinquency in the payment of any Financing Installment or Administrative Expenses.	Varies. Not to exceed \$10 per transaction.
Capitalized Interest. A lump sum interest charge for the period prior to the first tax year in which payment is made.	Varies based on when financing begins.
ANNUAL COSTS	
Estimated Administrative Expenses. An annual charge that will change based on the costs of the Program.	\$XX. May be increased over time.

Additional 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. Additional information regarding the Program is provided in the Assessment Contract and the other Program documents. 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 for copies of any document related to the Program.

- 7) **Existing Mortgage.** The Program establishes the manner by which WRCOG 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 WRCOG. BEFORE COMPLETING A PROGRAM APPLICATION, YOU SHOULD CAREFULLY REVIEW ANY MORTGAGE AGREEMENT(S) OR OTHER SECURITY INSTRUMENT(S) THAT AFFECT THE PROPERTY OR TO WHICH YOU AS THE PROPERTY OWNER ARE A PARTY. ENTERING INTO AN ASSESSMENT CONTRACT WITHOUT THE CONSENT OF YOUR EXISTING LENDER(S) COULD CONSTITUTE AN EVENT OF DEFAULT UNDER SUCH AGREEMENTS OR SECURITY INSTRUMENTS. DEFAULTING UNDER AN EXISTING MORTGAGE AGREEMENT OR SECURITY INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO YOU, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH AGREEMENT OR SECURITY INSTRUMENT. IN ADDITION, FANNIE MAE AND FREDDIE MAC, THE OWNER OF A SIGNIFICANT PORTION OF ALL HOME MORTGAGES, STATED THAT THEY WOULD NOT PURCHASE HOME LOANS WITH ASSESSMENTS SUCH AS THOSE OFFERED BY WRCOG. THIS MAY MEAN THAT PROPERTY OWNERS

WHO SELL OR REFINANCE THEIR PROPERTY MAY BE REQUIRED TO PREPAY SUCH ASSESSMENTS, AND ANY ASSOCIATED PREPAYMENT PENALTIES, AT THE TIME THEY CLOSE THEIR SALE OR REFINANCING. RENEW FINANCIAL DOES NOT CHARGE A PERCENTAGE OF THE OUTSTANDING BALANCE TO THE PROPERTY OWNER AS A PENALTY BASED ON THE YEAR IN WHICH THEY MAKE PAYMENT. HOWEVER, DEPENDING ON WHEN THE PREPAYMENT IS MADE, ACCRUED INTEREST UNTIL THE NEXT PAYMENT DATE TO BOND HOLDERS – TWICE A YEAR IN SEPTEMBER AND MARCH – MUST BE PAID AT TIME OF PREPAYMENT. If your lender requires an impound for your property taxes, you should notify the lender of the annual assessment payment amount so they can adjust your impound amount.

- 8) **Valuation Disclosure.** We will order an automated valuation of the Property. We will promptly give you a copy of this valuation, even if your financing does not close. You can pay for an additional appraisal for your own use and to establish the property value at your own cost.

- 9) **Foreclosure.** Not later than October 1 each year, WRCOG will determine whether any annual assessment obligation is not paid when due and will 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 obligation in the manner provided and to the extent permitted by applicable law. By December 1 of the same year, WRCOG may initiate the order to foreclose.
- 10) **No Endorsement, Warranty or Liability.** WRCOG, purchasers of bonds issued by WRCOG, and the Program Administrator 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. WRCOG, purchasers of bonds issued by WRCOG, and the Program Administrator 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, WRCOG, purchasers of bonds issued by WRCOG, and the Program Administrator shall not be in any way liable for any incidental or consequential damages resulting from the equipment or its installation.
- 11) **Validation.** The Program Administrator 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 Administrator may also conduct an inspection to validate installation of Eligible Products at qualified locations. You, by submitting this application, consent to any such onsite validations, which shall be conducted during normal business hours following advance notice to you. By submitting this application, you also agree to sign the authorization form to participate in billing energy usage analysis to measure Program impact savings and participant satisfaction.
- 12) **Equal Credit Opportunity Act (ECOA).** The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants 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 an applicant's income derives from any public assistance program; or because an 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, Equal Credit Opportunity, Washington, D.C. 20580.
- 13) **Fair Credit Reporting Act.** As part of assembling your Program application, WRCOG has requested a consumer report bearing on your credit worthiness, credit standing and credit capacity. This notice is given to you pursuant to the Fair Credit Reporting Act.
- 14) **Communications with Legal Advisers.** If you have any questions about any agreements or security instruments that affect the Property or to which you are a party, or about your authority to execute this application or enter into an Assessment Contract with WRCOG without the prior consent of your existing lender(s), we strongly encourage 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.
- 15) **Monitoring and Recording Telephone Calls.** The Program Administrator may monitor or record telephone calls for security and customer service purposes. By applying for CaliforniaFIRST Financing, you consent to have any phone conversations with the Program Administrator recorded or monitored.
- 16) **Married Applicants.** A married applicant whose spouse does not have an ownership interest in the Property may apply for a separate account.

THE HOUSING FINANCIAL DISCRIMINATION ACT OF 1977 FAIR LENDING NOTICE

IT IS ILLEGAL TO DISCRIMINATE IN THE PROVISION OF OR IN THE AVAILABILITY OF FINANCIAL ASSISTANCE BECAUSE OF THE CONSIDERATION OF:

- 1) 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
- 2) RACE, COLOR, RELIGION, SEX, MARITAL STATUS, DOMESTIC PARTNERSHIP, NATIONAL ORIGIN OR ANCESTRY.

IT IS ILLEGAL TO CONSIDER THE RACIAL, ETHNIC, RELIGIOUS OR NATIONAL ORIGIN COMPOSITION OF A NEIGHBORHOOD OR GEOGRAPHIC AREA SURROUNDING A HOUSING ACCOMMODATION OR WHETHER OR NOT SUCH COMPOSITION IS UNDERGOING CHANGE, OR IS EXPECTED TO UNDERGO CHANGE, IN APPRAISING A HOUSING ACCOMMODATION OR IN DETERMINING WHETHER OR NOT, OR UNDER WHAT TERMS AND CONDITIONS, TO PROVIDE FINANCIAL ASSISTANCE.

THESE PROVISIONS GOVERN FINANCIAL ASSISTANCE FOR THE PURPOSE OF THE PURCHASE, CONSTRUCTION, REHABILITATION OR REFINANCING OF ONE- TO FOUR-UNIT FAMILY RESIDENCES OCCUPIED BY THE OWNER AND FOR THE PURPOSE OF THE HOME IMPROVEMENT OF ANY ONE- TO FOUR-UNIT FAMILY RESIDENCE.

IF YOU HAVE ANY QUESTIONS ABOUT YOUR RIGHTS, OR IF YOU WISH TO FILE A COMPLAINT, CONTACT THE MANAGEMENT OF THIS FINANCIAL INSTITUTION OR:

SECRETARY OF BUSINESS, TRANSPORTATION AND HOUSING
980 9TH STREET, SUITE 2450
SACRAMENTO, CALIFORNIA 95814

Property Owner Declaration and Signature(s)

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 to the best of my knowledge as of the date set forth opposite my signature below 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 WRCOG, 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 provided information to the Program Administrator regarding other PACE liens on the subject property, if applicable.
- 3) 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.
- 4) I have the authority to authorize the Program Administrator to share relevant information on application and financing status with the contractor(s) indicated on this application. The Program Administrator will not share social security numbers with the contractor(s).
- 5) I understand that it is my responsibility to receive all necessary approvals from my homeowners' association and/or historical review board, as applicable to my Property and project.
- 6) I understand that it is my responsibility to receive, read and understand all documents regarding the Program, which, in addition to the information on the Program website, include without limitation the following:
 - a. Residential Property Owner Handbook;
 - b. Financing Application and Disclosure; c. Assessment Contract;
 - d. Financing Statement;
 - e. Notice of Right to Cancel;
 - f. Electronic Record and Signature Disclosure;
 - g. Privacy Policy Notice;
 - h. Self-Install Agreement (if applicable);
 - i. Notice to Proceed; and
 - j. Completion Certificate.



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, before receiving any funds.

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.

I understand that the financing provided pursuant to the Assessment Contract will be repayable through an assessment levied against the Property. I understand that a special priority assessment lien will be recorded by WRCOG against the Property in the office of the County Recorder of the County in which the Property is located upon execution of the Assessment Contract. The property tax bill for the Property will increase by the amount of installments sufficient to repay the assessment (with interest) and related administrative expenses. The Assessment Contract will specify the amount of the assessment and the assessment obligations (including principal, interest, and estimated administrative expenses) to be collected on the property tax bill for the Property each year during the assessment term specified in the Assessment Contract. The assessment obligations and any associated penalties 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.

I acknowledge receipt of a copy of The Housing Financial Discrimination Act of 1977 Fair Lending Notice.

I declare that: (i) I have the authority, without the consent of any third party which has not been previously obtained, to execute and deliver this application and attest to the accuracy of the information indicated in this application; (ii) I have received, read and understand the risks and characteristics of the Program described above; and (iii) 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 (including, specifically, the terms of any mortgage on the Property) which affects the Property or to which I am a party.

Golden Path signature

Golden Path date

Golden Path Signature

Date



Exhibit D



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 (ENERGY EFFICIENCY AND WATER CONSERVATION PROGRAM FOR WESTERN RIVERSIDE COUNTY)

On January 12, 2011, the Executive Committee of the Western Riverside Council of Governments ("WRCOG"), County of Riverside, State of California, adopted its Resolution No. 07-11 (the "Resolution") whereby the Executive Committee 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 Energy Efficiency and Water Conservation Program for Western Riverside County (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

-1-



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

-2-

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EXHIBIT "A"

IDENTIFICATION OF PROPERTY OWNERS AND PROPERTY DESCRIPTION

Owner(s) Names:

Address:

APN(s):

County:

Legal Description:

A-1

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Exhibit E

PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED

RECORDING REQUESTED BY &
WHEN RECORDED RETURN TO:

Secretary to Executive Committee
Western Riverside Council of Governments
4080 Lemon Street, 3rd Floor. MS1032
Riverside, CA 92501-3609

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 WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County (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, 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 Riverside, on behalf of WRCOG, through the consolidated property tax bill.

Current Owner(s):

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 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 (the "Work").

Contact Information: The specific contact information for WRCOG and more information regarding the Contractual Assessment may be obtained from the Program Manager at 4080 Lemon Street, 3rd Floor, Riverside, California (address), tel: (951) 955-7985.

Dated: Western Riverside Council of Governments
Program Administrator



By: _____ Authorized Officer



Exhibit F

COMBINED NOTICE OF ASSESSMENT AND PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED

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

(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 Record 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 4080 Lemon Street, 3rd Floor, Riverside, California (address), tel: (951) 955-7985.
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, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA: LOT 77, PARK VISTA UNIT NO. 2, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 2900, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY, AUGUST 20, 1952.



EXHIBIT "B"
**SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS, INCLUDING PRINCIPAL, INTEREST AND
THE ANNUAL ASSESSMENT ADMINISTRATIVE FEE**

Tax Year	Principal	Interest	Total Principal and Interest	Current Annual Assessment Administrative Fee**	Total Annual Assessment Installment
2015-2016					
2016-2017					
2017-2018					
2018-2019					
2019-2020					
2020-2021					
2021-2022					
2022-2023					
2023-2024					
2024-2025					

**Subject to increase pursuant to the Assessment Contract.



EXHIBIT "C"
ASSESSMENT CONTRACT

Item 5.A

PACE Program Activities Update

Attachment 9

Spruce Program Administration
Agreement

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SPRUCE PROGRAM

ADMINISTRATION AGREEMENT

1. PARTIES AND DATE.

This Spruce Program Administration Agreement is made and entered into as of April 3, 2017, by and between the Western Riverside Council of Governments, a California public agency (“WRCOG”) and Spruce PACE, LLC, a Delaware limited liability company (“Spruce PACE”). WRCOG and Spruce PACE are sometimes individually referred to as a “Party” and collectively as the “Parties.” This agreement may be referred to herein as the “Administration Agreement” or the “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 Program” or “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 Powers Agreement of WRCOG originally made and entered into April 1, 1991, as further amended to date (as 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 Program (the “Member Agencies”), to assist owners of commercial properties (the “Commercial Properties”) or residential properties (“Residential Properties”) within the jurisdictional boundaries of such Member Agencies to finance the cost of installation of distributed generation renewable energy sources or energy efficiency or water conservation improvements or electric vehicle charging infrastructure (the “Eligible Products”) that are permanently fixed to the properties of such owners.

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 “Program Report”), including a map showing the boundaries of the territory within which the voluntary contractual assessments may be offered (the “WRCOG 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, a “WRCOG PACE Program 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 Products.

2.4 As a part of such proceedings, the Executive Committee provided that one or more Series of Bonds would be issued under the 1915 Bond Act or other financing relationships would be entered for the purpose of financing the installation of Eligible Products.

2.5 Additionally, the Executive Committee WRCOG authorized Spruce PACE to administer and finance a separate program (the “Spruce Program”) to finance the installation of Eligible Improvements on Residential Properties and Commercial Properties within the WRCOG Program Area.

2.6 WRCOG and Spruce PACE now desire and intend to enter into this agreement pursuant to which Spruce PACE shall provide administrative services for the Spruce Program (the “Administration Agreement”) and a Master Bond Purchase Agreement (the “Master BPA”) to provide for and establish the terms and conditions pursuant to which WRCOG will sell to Spruce PACE and Spruce PACE shall purchase from WRCOG the limited obligation improvement bonds issued by WRCOG (the “Bonds”) to finance the installation of Eligible Improvements on Residential Properties and Commercial Properties the owners of which elect to participate in one of the Spruce Program.

2.7 The Parties hereto desire and that this Administration Agreement and this Master BPA taken together represent the operating relationship between the parties pertaining to the Spruce Program.

3. THE PURPOSE OF THE AGREEMENT.

WRCOG and Spruce PACE desire to enter into the Agreement to establish the terms and conditions pursuant to which Spruce PACE shall provide administration services to WRCOG for both the Spruce Program for Commercial Properties participating in such programs (the “Program Administration Services”) as set forth in Exhibit B attached hereto and incorporated herein by this reference. In respect to such services, Spruce PACE desires to perform and assume responsibility for the provision of such Program Administration Services on the terms and conditions set forth in this Agreement. Spruce PACE 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. The Parties intend that terms and conditions providing for the purchase of the limited obligation improvement bonds to be issued by WRCOG to finance the installation of Eligible Products on Commercial Properties and Residential Properties located within the Program Areas shall be incorporated in the Master BPA to be entered into between the Parties concurrently with this Agreement.

WRCOG desires to engage Spruce PACE 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. Spruce PACE 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, this Agreement, the exhibits attached hereto and incorporated herein by reference, and 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 Program Report subsequent to the date hereof, shall be provided to Spruce PACE and Spruce PACE 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 April 3, 2017 and shall terminate on December 31, 2019 and shall automatically extend for an additional year at the end of each succeeding year provided Spruce PACE has at all times performed pursuant to and is in compliance with the terms and conditions of this Agreement or, unless earlier terminated as provided herein.

4.2 Responsibilities of Spruce PACE and WRCOG.

4.2.1 Control and Payment of Subordinates; Independent Contractor and Other Costs. The Program Administration Services shall be performed by Spruce PACE or one of its affiliates, provided that Spruce PACE may delegate to a third party services provider its duties and obligations with respect to the Program Administration Services upon obtaining the written consent of WRCOG, provided that (a) any such delegation by Spruce PACE shall not relieve Spruce PACE of the duties or obligations so delegated and (b) Spruce PACE remain liable for the activities of such affiliate or third party service provider to whom Spruce PACE delegates any such duties or obligations, *provided further however*, in any case, Spruce PACE may use third party services providers to perform support services. Spruce PACE will determine the means, methods and details of performing the Program Administration Services subject to the requirements of this Agreement. WRCOG retains Spruce PACE on an independent contractor basis and not as an employee. Any personnel performing Program Administration Services under this Agreement on behalf of Spruce PACE shall not be employees of WRCOG and shall at all times be under Spruce PACE's exclusive direction and control. Spruce PACE shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Program Administration Services under this Agreement and as required by law. Spruce PACE shall be responsible for all reports and obligations respecting such personnel, 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) Spruce PACE shall market the Spruce Program to cities within the WRCOG Program Area and the County of Riverside (the “County”) only on behalf of WRCOG.

(b) Spruce PACE hereby acknowledges that WRCOG has appointed and may, in its sole discretion, appoint additional administrators for the WRCOG Program.

(c) WRCOG hereby acknowledges that Spruce PACE has entered into a professional services agreement dated August 8, 2016 (the “CSCDA Agreement”) with the California Statewide Communities Development Authority (“CSCDA”) to provide program administration services to a competing PACE program. Pursuant to Section 2G. of such agreement, Spruce PACE must obtain written consent of CSCDA prior to entering into an agreement for services to administer a PACE program with another PACE provider. Spruce PACE has obtained such consent which is attached hereto as Exhibit “D.”

(d) Spruce PACE may continue to provide administrative services to CSCDA outside of the WRCOG Program Area. In the event Spruce PACE is required to originate assessment contracts through CSCDA for any Member Agency pursuant to the terms of the CSCDA Agreement or any consent obtained thereof, Spruce PACE shall immediately cease originating assessment contracts until such time Spruce PACE has obtained approval to originate assessment contracts through CSCDA from the governing board of the Member Agency at a special or regular meeting of such governing board.

(e) Additionally, Spruce PACE may enter into agreements to provide administrative services to other PACE programs within WRCOG’s jurisdiction (each an “Other Issuer”); provided, however, Spruce PACE must (a) obtain prior written consent of WRCOG and (b) any term of such agreement shall not limit Spruce PACE’s ability to originate WRCOG PACE Assessment Contracts through the WRCOG Program.

(f) If a city or county currently part of the WRCOG Program requests, of its own accord, Spruce PACE to provide services similar to Program Administration Services for such city or county through an Other Issuer, Spruce PACE shall have the right, but not the obligation, to perform such services in such city, county or portion thereof for such Other Issuer; provided that (i) Spruce PACE shall provide WRCOG with prior notice of such a request, (ii) WRCOG shall have the right to meet with such city or the County to discuss such request any time within 30 days of such notice and (iii) Spruce PACE shall use commercially reasonable efforts to facilitate and attend such meetings, provided that such right of WRCOG to have such meeting shall not impair Spruce PACE’s efforts to provide the requested services to a city or county 30 days after notice to WRCOG.

4.2.3 Schedule of Responsibilities. Spruce PACE shall perform Program Administration Services and WRCOG shall perform the WRCOG Responsibilities (defined in 4.2.3 below) upon and pursuant to a Schedule of Responsibilities to be agreed upon by the WRCOG Representative (defined in 4.2.7 below) and the Spruce PACE Representative (defined

in 4.2.8 below) which Schedule of Responsibilities shall be executed by both the WRCOG Representative and Spruce PACE Representative indicating the approval and acceptance of such schedule and the incorporation of such schedule into this Agreement, shall thereafter be attached to this Agreement as Exhibit C hereto and shall thereafter be incorporated herein by this reference. Spruce PACE 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 Spruce PACE's performance of Program Administration Services, WRCOG shall respond to Spruce PACE'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.

4.2.5 Compensation for Performance of Program Administration Services. Except as set forth in the Schedule of Responsibilities or otherwise agreed to by the Parties, WRCOG has no responsibility to directly pay Spruce PACE and the only payment to Spruce PACE for the provision or the performance of its Program Administration Services shall be from the proceeds of the Bonds to be issued to finance the Eligible Improvements for a property participating in one of the Spruce Program. Spruce PACE will be compensated for its Program Administration Services performed relating to the administration of the Spruce Program as follows: at the time of the issuance of a Bond or a Series of Bonds to fund Eligible Improvements for a Residential Property or Commercial Property participating in one of the Spruce Program, Spruce PACE will receive a one-time fee for its Program Administration Services in the amounts as shall be mutually agreed to by the Parties from time to time and payable solely from the proceeds of the Bonds. As of the effective date of this Agreement, the Parties agree that such fee shall be equal to 4.99%.

4.2.6 Conformance to Applicable Requirements. At the beginning of each calendar year, Spruce PACE shall meet with the WRCOG Representative and other WRCOG representatives to review and approve Spruce PACE's marketing and customer service plans for the Spruce Program. To the extent there are material changes to the marketing and customer service plans, Spruce PACE shall meet with the WRCOG Representative and other WRCOG representatives to review and approve the revised marketing and customer service plans. Spruce PACE and WRCOG shall schedule monthly meetings at Spruce PACE offices, a location otherwise mutually agreed to by the Parties or via teleconference, for an update on the Spruce Program.

4.2.7 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. Spruce PACE 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 Spruce PACE

of the appointment or the rescission of the appointment of any designee of the WRCOG Representative hereunder.

4.2.8 The Spruce PACE Representative. Spruce PACE hereby designates: Ryan Donovan, Managing Director; James Vergara, Director; Steve Olszewski, Chief Operating Officer, or his or her designee, to act as its representative for the performance of this Agreement (the “Spruce PACE Representative”). The Spruce PACE Representative shall have full authority to represent and act on behalf of Spruce PACE for all purposes under this Agreement. The Spruce PACE 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 Spruce PACE Representative shall provide written notice to the WRCOG Representative of the appointment or the rescission of the appointment of any designee of the Spruce PACE Representative hereunder.

4.2.9 Coordination of Program Administration Services. Spruce PACE agrees to work closely with WRCOG staff and WRCOG’s other consultants engaged to assist WRCOG in the Spruce Program (the “Spruce Program Consultants”) in the performance of Program Administration Services and shall be reasonably available to WRCOG’s staff and the Spruce Program Consultants.

4.2.10 Standard of Care. Spruce PACE 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. Spruce PACE represents and maintains that it is skilled in the professional calling and has the financial resources necessary to perform Program Administration Services. Spruce PACE warrants that all employees and/or agents of Spruce PACE shall have sufficient skill and experience to perform Program Administration Services assigned to them. Finally, Spruce PACE 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. Spruce PACE 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 Spruce PACE’s failure to comply with the standard of care provided for herein.

4.2.11 Laws and Regulations. Spruce PACE 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 Spruce 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. Spruce PACE shall be liable for all violations of such laws, rules and regulations in connection with Program Administration Services. If Spruce PACE performs or fails to perform any work contrary to such laws, rules and regulations, Spruce PACE shall be solely responsible for all costs arising therefrom. Spruce PACE 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 Spruce PACE to comply with such laws, rules or regulations.

4.3 Accounting Records – Maintenance and Inspection.

Spruce PACE shall maintain complete and accurate records, 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 Programs. All such records shall be clearly identifiable. Spruce PACE shall, during Spruce PACE'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. Spruce PACE shall, during Spruce PACE'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. Spruce PACE 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.

4.4 General Provisions.

4.4.1 Grounds for Termination – At Will. Either WRCOG or Spruce PACE 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 ninety (90) days before the effective date of such termination. Upon termination by WRCOG, Spruce PACE shall be compensated only for those services which have been adequately rendered to WRCOG, and Spruce PACE shall be entitled to no further compensation.

4.4.1.1 Effect of Termination. Upon notification of termination Spruce PACE shall be required to notify WRCOG of all pending applications for WRCOG Assessment Contracts to fund Eligible Improvements to be installed on Commercial Properties originated by Spruce PACE during the course of Spruce PACE's provision of Program Administrative Services hereunder (each, a "Pending Spruce Program Assessment Contract") and Spruce PACE 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, Spruce PACE shall be compensated in the amount and from the sources set forth in Section 4.2.4 only for those Program Administration Services which have been adequately rendered, and Spruce PACE shall be entitled to no further compensation. If this Agreement is terminated as provided in this Section 4.4, WRCOG may require Spruce PACE to provide all finished or unfinished documents and data and other information of any kind prepared by Spruce PACE in connection with the performance of services under this Agreement. Spruce PACE 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.

4.4.1 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:

Spruce PACE: Spruce PACE, LLC
201 Mission Street, 11th Floor
San Francisco, CA 94105
Attn: Notices@sprucefinance.com
Facsimile: 415-318-3997

With a copy to: Spruce PACE, LLC
201 Mission Street, 11th Floor
San Francisco, CA 94105
Attn: Legal@sprucefinance.com
Facsimile: 415-318-3997

WRCOG: Western Riverside Council of Governments
4080 Lemon Street, 3rd Floor, MS 1032
Riverside, CA 92373
Attn: Rick Bishop
Facsimile: (951) 787-7991

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 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.

4.4.2 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 Spruce Program 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. Spruce PACE 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 Spruce Program that Spruce PACE 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 Spruce PACE ("Proprietary Software") in performing the Services is proprietary to Spruce PACE or one of its affiliates and Spruce PACE 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 Spruce PACE 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 Spruce PACE (or such licensors) for their own purposes, including, without limitation, sale or distribution to third parties; provided, however, that Spruce PACE 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.

4.4.3 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.

4.4.4 Arbitration and Equitable Relief. This Section shall govern the resolution of all controversies or claims between WRCOG and Spruce PACE 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, Spruce PACE 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 Spruce PACE'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 in accordance with the Comprehensive Arbitration Rules & Procedures (the "Rules") of the Judicial Arbitration and Mediation Services ("JAMS"), 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 arbitrator pursuant to this Section shall be in accordance with the provisions of the Rules, which Rules provide a procedure for the selection of an arbitrator, or arbitration panel if agreed to by the Parties. Spruce PACE 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. Spruce PACE 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 the prevailing Party except as prohibited by law. Costs shall be allocated as set forth in the Rules. Spruce PACE 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 JAMS, 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 Spruce PACE and WRCOG. Accordingly, except as provided for by the Rules and this Agreement, neither Spruce PACE nor WRCOG will be permitted to pursue court action regarding claims that are subject to arbitration.

(c) Availability of Injunctive Relief. Spruce PACE and WRCOG agree that either Spruce PACE or WRCOG may petition a court for provisional relief, including injunctive relief. Spruce PACE 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 Spruce PACE hereby consent to the issuance of an injunction.

4.4.5 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 Bond Purchase Agreement executed between the Parties is dated concurrently herewith and contains related subject matter, which the Parties intend to respect and be bound by.

4.4.6 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

4.4.7 Time of Essence. Time is of the essence for each and every provision of this Agreement.

4.4.8 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

4.4.9 Assignment or Transfer. Spruce PACE shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of WRCOG, provided, however, Spruce PACE 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 and confirms all of the representations and warranties of Spruce PACE hereunder to the extent applicable to such successor or assign. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

4.4.10 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 Spruce PACE include all personnel, employees, agents, and subcontractors of Spruce PACE, 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.

4.4.11 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

4.4.12 Waiver. No waiver of any default 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.

4.4.13 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

4.4.14 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.

4.4.15 Prohibited Interests. Spruce PACE warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Spruce PACE or independent contractors and consultants engaged by Spruce PACE 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, Spruce PACE 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 Spruce PACE, 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.

4.4.16 Equal Opportunity Employment. Spruce PACE 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.

4.4.17 Labor Certification. By its signature hereunder, Spruce PACE 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.

4.4.18 Authority to Enter Agreement. Spruce PACE has all requisite power and authority to conduct its business and to execute, deliver, and perform the 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. Spruce PACE shall not subcontract any portion of Program Administration Services, except as expressly stated herein (including Section 4.2.1), without prior written approval of WRCOG; *provided that* Spruce PACE is not prohibited from hiring individuals that act as independent contractors or consultants with respect to the work such individuals perform for Spruce PACE. 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. Spruce PACE 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, Spruce PACE 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 required under this section.

4.6.2 Minimum Requirements. Spruce PACE 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 Spruce PACE, its agents, representatives, employees or subcontractors. Spruce PACE 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. Spruce PACE 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. Spruce PACE 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. Spruce PACE 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 Spruce PACE 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 Spruce PACE, 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 Spruce PACE's scheduled underlying coverage. Any insurance or self-insurance maintained by WRCOG, its directors, officials, officers, employees, agents and volunteers shall be excess of Spruce PACE'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 Spruce PACE or for which Spruce PACE 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 Spruce PACE's scheduled underlying coverage. Any insurance or self-insurance maintained by WRCOG, its directors, officials, officers, employees, agents and volunteers shall be excess of Spruce PACE'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 Spruce PACE.

(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 Spruce PACE) 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. Spruce PACE 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) Spruce PACE 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. Spruce PACE 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.

Spruce PACE shall defend, indemnify and hold WRCOG, 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 allegedly negligent or wrongful acts or omissions or willful misconduct of Spruce PACE, its officials, officers, employees, agents, consultants, contractors and subcontractors, arising out of or in connection with the performance of the Program Administration Services, the Spruce Program or this Agreement, 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 including without limitation the payment of all consequential damages and attorneys' fees and other related costs and expenses. Spruce PACE shall defend, at Spruce PACE'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, its directors, officials, officers, employees, agents or volunteers. Spruce PACE shall pay and satisfy any judgment, award or decree that may be rendered against WRCOG or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Spruce PACE shall reimburse WRCOG 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. Spruce PACE's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the WRCOG, its directors, officials, officers, employees, agents or volunteers.

WRCOG shall defend, indemnify and hold Spruce PACE, 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 Spruce Program or this Agreement, including without limitation the payment of all consequential damages and 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 Spruce PACE, its directors, officials, officers, employees, agents or volunteers. WRCOG shall pay and satisfy any judgment, award or decree that may be rendered against Spruce PACE or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. WRCOG shall reimburse Spruce PACE 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 Spruce PACE, its directors, officials, officers, employees, agents or volunteers.

No third party shall be a direct beneficiary of this Section 4.7.

4.8 Press Release. Spruce PACE 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

SPRUCE PACE, LLC

By: _____
Rick Bishop, Executive Director

By: _____
Steve Olszewski, Chief Operating Officer

APPROVED AS TO FORM:

By: _____
General Counsel
Best Best & Krieger LLP

Exhibit “A”

**WRCOG
ADMINISTRATIVE GUIDELINES
AND
PROGRAM REPORT**

and

CALIFORNIA HERO PROGRAM REPORT

Exhibit A

EXHIBIT “B”

SCOPE OF PROGRAM ADMINISTRATION SERVICES

Spruce PACE shall provide the following Program Administrative Services:

Program Design	As part of Program Administration Services, Spruce PACE shall provide program design services which include: (1) review and edit all policies relating to commercial and residential 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, issuing and executing contractual assessment agreements (property owner and issuer), recording or causing to be recorded lien documents, issuing and executing Bond documents, and instructing the bond trustee when to issue payment for funding requests, including Spruce Program Guidelines, Eligible Improvement Lists, 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 Spruce Program’ website; (4) integration of Spruce PACE’s origination systems with the Spruce Program website.
Origination	As part of Program Administration Services, Spruce PACE shall provide origination services which include: (1) process all commercial and residential applications, including accepting applications (online and hard copy), entering hard copy applications into online system, pulling all credit, title, valuation and other reports, 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) obtaining or assisting property owners to obtain consent of the first mortgage holder, if any; (3) process all funding requests for Residential Parcels and Commercial Parcels participating in the Spruce Program, including accepting funding request forms, reviewing submitted forms and attachments, providing notification of funding request approval, denial or incomplete status; (4) process and finalize all contractual assessment documentation, including issuance of contractual assessment and financing disclosures; (4) provide telephone and email customer service support; (5) track and report to WRCOG key

Spruce Program statistics, including applications received, approved, assessment contracts issued and signed; (6) periodically assess and/or adjust policies and procedures of the Spruce Program as needed to resolve any recurring issues.

Marketing of Program: As part of Program Administration Services, Spruce PACE shall work with WRCOG and its Members jurisdictions to promote the Spruce Program including notices on appropriate governmental web sites, press interviews and public meetings and announcements. Spruce PACE shall also publicize the Spruce Program on its web site as well as through direct contact with property owners. Spruce PACE shall maintain sufficient resources to answer any questions by potential participants in the Spruce Program. Spruce PACE shall also work with WRCOG and Members within the WRCOG Program Area in order to utilize the Spruce Program to help bring industry and developments to the areas in which the Spruce Program are offered.

Documentation: As part of Program Administration Services, Spruce PACE 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 and the issuance of Bonds, and any other legal requirements of the transaction.

**Assessment
Tax Roll Management:** Spruce PACE shall work with the Program Assessment Administrator, and the counties within which the Spruce 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** Spruce PACE shall provide weekly reports to WRCOG showing all complaints and claims made by property owners who have applied and/or are participants in the Spruce Program and any resolution thereto. In addition, Spruce PACE shall promptly notify WRCOG of any suits that have been filed against Spruce PACE relating to the Program Administration Services.

EXHIBIT “C”

SCHEDULE OF RESPONSIBILITIES

Responsibilities of Spruce PACE

Spruce PACE will prepare closing package and send to owner(s) of a Commercial Property or Residential Property participating in one of the Spruce Program (each, a “Owner”) for signature (the “Spruce PACE Closing Documents”), which package shall include:

- Financing Summary
- Application
- Assessment Contract
 - Exhibit A – Description of Property
 - Exhibit B – List of Documents
- Right to Cancel
- Program Handbook

Upon receipt of signed documents from Owner, Spruce PACE will deliver original documents to WRCOG.

Spruce PACE will electronically send the Contractual Assessment Data File for each Bond or Series of Bonds to be issued, along with all Bond Documents for each Bond or Series of Bonds, to Bond Counsel, the Trustee, David Taussig and Associates, and Public Financial Management for review and set-up.

Spruce PACE shall execute and deliver the Spruce PACE Closing Documents (as such term is defined in this Exhibit C above) to Bond Counsel at the Closing Location on or before the Closing Date.

Upon receipt of verification that all Closing Documents have been properly executed and, if applicable, recorded, Spruce PACE or any assign, affiliate, subsidiary, or any other person or entity that Spruce PACE designates will purchase the Bond or Series of Bonds pursuant to the Master Bond Purchase Agreement. Said purchase will be accomplished via a wire transfer to the Trustee.

Responsibilities of WRCOG

WRCOG shall prepare, or cause to be prepared, the following documents:

- Supplemental Indenture
- Improvement Bond
- Notice of Assessment
- Payment of Contractual Assessment Required
- Omnibus Closing Certificate of WRCOG
- Certificate of Trustee
- Instructions to Trustee Regarding Disbursement of Proceeds of Bond
- Receipt for Bond Proceeds

Receipt for Improvement Bond
Opinion of Bond Counsel
Supplemental Opinion of Bond Counsel
Reliance Letter of Bond Counsel

WRCOG will cause recordation of and notification to the financing team electronically of recordation of:

Notice of Assessment and Assessment Contract
Payment of Contractual Assessment Required

WRCOG will execute and deliver all WRCOG Closing Documents (as such term is defined in the Master Bond Purchase Agreement) to Bond Counsel at the Closing Location or shall cause all such WRCOG Closing Documents to be so executed and delivered, as applicable, on or before the Closing Date.

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 Spruce PACE.

EXHIBIT “D”
CONSENT OF CSCDA

**FIRST AMENDMENT TO
CSCDA OPEN PACE PROGRAM ADMINISTRATOR
PROFESSIONAL SERVICES AGREEMENT**

This First Amendment to CSCDA Open PACE Program Administrator Professional Services Agreement (“Amendment”) is dated as of March 16, 2017 (“Effective Date”) and is between the California Statewide Communities Development Authority, a California joint powers authority (the “Authority” or “CSCDA”) and Spruce PACE, LLC, a Delaware limited liability company (“Administrator”). CSCDA and Administrator are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

RECITALS

- A. The Parties entered into that certain CSCDA Open PACE Program Administrator Professional Services Agreement, dated as of July 1, 2016 (the “Agreement”) for the purpose of retaining Administrator to administer the CSCDA Open PACE Program (the “Program”).
- B. The Agreement prohibits Administrator from entering into an agreement for services to administer a property assessed clean energy program with another joint powers authority or governmental agency that directly competes with the Program, without the prior written consent of CSCDA.
- C. The Parties desire to amend the Agreement to allow Administrator to administer a competing property assessed clean energy program in the County of Riverside under certain conditions.

AGREEMENT

The Parties therefore agree as follows:

- 1. Paragraph G (Exclusivity) of Section 2 (Administrator’s Services) shall be amended in its entirety to read as follows:

“G. Exclusivity. Administrator shall not enter into an agreement for services to administer a property assessed clean energy (“PACE”) program with another joint powers authority or governmental agency that directly competes with the Program, except as permitted in the following subparagraph G1.

G1. County of Riverside. Administrator may offer a competing PACE program in a city within the County of Riverside unless such city has authorized within its jurisdiction the operation of the Program, and only until such time such city has authorized within its jurisdiction the operation of the Program (the date of such authorization being the “Authorization Date”). Any application initiated but not funded under a competing PACE program on the Authorization Date may be funded under the competing PACE program; provided, however, that no such application may be submitted to the competing PACE program on a date that is more than 30 days after the Authorization Date.”

2. Except as hereby amended, the Agreement, remains in full force and effect.
3. This Amendment and all amendments and supplements to it may be executed in counterparts, and all counterparts together shall be construed as one document.
4. The Parties, through their duly authorized representatives, are signing this Amendment as of the Effective Date.

CSCDA: California Statewide Communities
Development Authority,
a California joint powers authority

Administrator: Spruce PACE, LLC,
a Delaware limited liability
company

By: CW Bando

Name: Catherine W. Bando

Title: Executive Director

By: _____

Name: _____

Title: _____

**FIRST AMENDMENT TO
CSCDA OPEN PACE PROGRAM ADMINISTRATOR
PROFESSIONAL SERVICES AGREEMENT**

This First Amendment to CSCDA Open PACE Program Administrator Professional Services Agreement (“Amendment”) is dated as of March 3, 2017 (“Effective Date”) and is between the California Statewide Communities Development Authority, a California joint powers authority (the “Authority” or “CSCDA”) and Spruce PACE, LLC, a Delaware limited liability company (“Administrator”). CSCDA and Administrator are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

RECITALS

- A. The Parties entered into that certain CSCDA Open PACE Program Administrator Professional Services Agreement, dated as of July 1, 2016 (the “Agreement”) for the purpose of retaining Administrator to administer the CSCDA Open PACE Program (the “Program”).
- B. The Agreement prohibits Administrator from entering into an agreement for services to administer a property assessed clean energy program with another joint powers authority or governmental agency that directly competes with the Program, without the prior written consent of CSCDA.
- C. The Parties desire to amend the Agreement to allow Administrator to administer a competing property assessed clean energy program in the County of Riverside under certain conditions.

AGREEMENT

The Parties therefore agree as follows:

- 1. Paragraph G (Exclusivity) of Section 2 (Administrator’s Services) shall be amended in its entirety to read as follows:

“G. Exclusivity. Administrator shall not enter into an agreement for services to administer a property assessed clean energy (“PACE”) program with another joint powers authority or governmental agency that directly competes with the Program, except as permitted in the following subparagraph G1.

G1. County of Riverside. Administrator may offer a competing PACE program in a city within the County of Riverside unless such city has authorized within its jurisdiction the operation of the Program, and only until such time such city has authorized within its jurisdiction the operation of the Program (the date of such authorization being the “Authorization Date”). Any application initiated but not funded under a competing PACE program on the Authorization Date may be funded under the competing PACE program; provided, however, that no such application may be submitted to the competing PACE program on a date that is more than 30 days after the Authorization Date.”

2. Except as hereby amended, the Agreement, remains in full force and effect.
3. This Amendment and all amendments and supplements to it may be executed in counterparts, and all counterparts together shall be construed as one document.
4. The Parties, through their duly authorized representatives, are signing this Amendment as of the Effective Date.

CSCDA: California Statewide Communities
Development Authority,
a California joint powers authority

Administrator: Spruce PACE, LLC,
a Delaware limited liability
company

By: _____

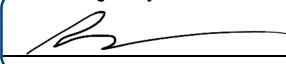
Name: _____

Title: _____

By: _____

Name: Robert N. Kreamer

Title: Chief Executive Officer

DocuSigned by:

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Item 5.A

PACE Program Activities Update

Attachment 10

Spruce PACE Residential Master
Indenture

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MASTER INDENTURE

by and between

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

and

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Trustee

Dated as of April 3, 2017

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche - Phase One)**

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MASTER INDENTURE

THIS MASTER INDENTURE (this “Master Indenture”) is made and entered and into and dated as of April 3, 2017, by and between the WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (“WRCOG”), a joint exercise of powers authority duly organized and existing under the Joint Exercise of Powers Act (the “Act”) being Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (commencing with Section 6500) and a Joint Exercise of Powers Agreement originally made and entered into as of April 1, 1991, as further amended to date (the “Joint Exercise of Powers Agreement”), and DEUTSCHE BANK NATIONAL TRUST COMPANY, a national banking association duly organized and existing under the laws of the United States of America, acting as trustee and not in its individual capacity (the “Trustee”).

R E C I T A L S:

WHEREAS, WRCOG was formed pursuant to the Act and the Joint Exercise of Powers Agreement for the purpose of providing an agency to conduct studies and projects designed to improve and coordinate the common governmental responsibilities and services on an area-wide and regional basis; and

WHEREAS, pursuant to the Joint Exercise of Powers Agreement, WRCOG shall perform all necessary functions to fulfill the purposes of such agreement, including, among other functions, exploring practical avenues for intergovernmental cooperation, coordination and action in the interest of local public welfare, and means of improvements in the administration of governmental services; and

WHEREAS, Chapter 29 of the Improvement Bond Act of 1911, being Division 7 of the California Streets and Highways Code (“Chapter 29”) enables cities and counties within the State of California (the “State”) to establish programs pursuant to which such cities or counties are authorized to enter into contractual assessments with the owners of real property located within the cities or counties to finance the installation of distributed generation renewable energy sources, energy and water efficiency improvements and electric vehicle charging infrastructure (the “Improvements”); and

WHEREAS, cities and counties within the State are 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 Improvements that are permanently fixed to real property in located within such cities or counties; and

WHEREAS, WRCOG entered into Implementation Agreements with the County of Riverside and certain member agency cities to authorize WRCOG, acting pursuant to the Act, the Joint Exercise of Powers Agreement and such Implementation Agreements, to exercise the common power of the County of Riverside and such cities to undertake proceedings pursuant to Chapter 29 to establish the WRCOG Program (defined below) to make contractual assessment financing available to the owners of real property located within the jurisdictions of the western portion of the County of Riverside and such cities (the “WRCOG Program Area”) to finance the installation of Improvements on such real properties; and

WHEREAS, on March 1, 2010, the Executive Committee of WRCOG (the “Executive Committee”) adopted Resolution Number 09-10, entitled “Resolution of the Western Riverside Council of Governments Declaring Its Intention to Finance Distributed Generation Renewable Energy Sources and Energy Efficiency and Water Efficiency Improvements Through the Use of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code and Setting a Public Hearing Thereon” (the “WRCOG Program Resolution of Intention”), to initiate proceedings under Chapter 29 to establish the WRCOG Program for Western Riverside County (the “WRCOG Program”), pursuant to which WRCOG will enter into contractual assessments to finance the installation of Improvements on real property located within the WRCOG Program Area; and

WHEREAS, by the adoption of the WRCOG Program Resolution of Intention, the Executive Committee provided that one or more series of bonds would be issued or other financing relationships would be entered into under the Bond Act for the purpose of financing the installation of such Improvements within the WRCOG Program Area; and

WHEREAS, on June 7, 2010, after holding a duly noticed public hearing at which interested persons were allowed to object to or inquire about the proposed WRCOG Program or any of its particulars, the Executive Committee adopted Resolution Number 13-10, entitled “Resolution of the Western Riverside Council of Governments Confirming the Report Relating to the Financing of the Installation of Distributed Generation Renewable Energy Sources and Energy Efficiency and Water Efficiency Improvements and Approving and Ordering Other Related Matters,” (the “Resolution Confirming WRCOG Program Report”), pursuant to which the Executive Committee, among other things, (i) confirmed and approved a report (as originally approved and subsequently amended, the “WRCOG Program Report”) addressing all of the matters set forth in Section 5898.22 and 5898.23 of Chapter 29, including, but not limited to: (i) (a) identification of the types of Improvements that may be financed through the use of contractual assessments, and (b) a plan for raising a capital amount required to pay for work performed pursuant to voluntary contractual assessments; (ii) establishment of the WRCOG Program; and (iii) authorization for the execution of agreements (“Assessment Contracts”) with the owners of property in the WRCOG Program Area to provide for the levy of contractual assessments to finance installation of Improvements on such properties; and

WHEREAS, the Executive Committee did by the adoption of Resolution Number 08-11 entitled “A Resolution of the Western Riverside Council of Governments Authorizing Issuance of Limited Obligation Improvement Bonds, Approving and Directing the Execution of Related Documents and Approving Related Actions,” Resolution Number 03-11 entitled “Resolution of the Western Riverside Council of Governments Authorizing the Issuance of the Western Riverside Council of Governments Limited Obligation Improvement Bonds (Energy Efficiency and Water Conservation Improvements for Western Riverside County) (First Residential Property Tranche), Approving and Directing the Execution of Related Documents and Approving Related Actions” and Resolution Number 07-12 entitled A Resolution of the Western Riverside Council of Governments Amending Resolutions No. 03-11 and 04-11 to Approve Amended Forms of Master Indentures and Supplemental Indentures and Approving Other Actions in Connection Thereto” (such resolutions collectively, the “WRCOG Program Resolutions of Issuance”), pursuant to which, the Executive Committee, among other actions, (a) authorized the issuance of one or more series of limited obligation improvement bonds pursuant to Chapter 29

and the Bond Act to represent unpaid Assessments levied on Residential properties located within the WRCOG Program Area to finance the installation of Improvements on such parcels; and

WHEREAS, subsequent to the establishment of the WRCOG Program, the Executive Committee authorized SPRUCE PACE LLC to provide administrative services; and

WHEREAS, on April 3, 2017, the Executive Committee adopted Resolution Number _____, pursuant to which the Executive Committee, among other actions, authorized the issuance of one or more series of limited obligation improvement bonds pursuant to Chapter 29 and the Bond Act upon security of voluntary contractual assessments levied on residential property in the WRCOG Program Areas; and

WHEREAS, pursuant to the Original Resolution of Issuance, WRCOG and the Trustee subsequently entered into that certain Master Indenture, dated as of April 3, 2017 (the “First Residential Property Tranche Bonds Master Indenture”), to establish the terms and conditions pursuant to which the Western Riverside Council of Governments Limited Obligation Improvement Bonds (WRCOG Program) (First Residential Property Tranche – Phase One) (the “First Residential Property Tranche Bonds”) and, pursuant to such resolution and such master indenture, did issue the First Residential Property Tranche Bonds and sell such bonds to 400 PACE Bond Holdings LLC; and

WHEREAS, it is in the public interest and for the benefit of WRCOG and the owners of the Residential Parcels that will be participating in the WRCOG Program to finance the installation of Improvements to serve and benefit such parcels that WRCOG enter into this Master Indenture to provide for the issuance of the Bonds to finance such Improvements, the disbursement of proceeds of such Bonds, the disposition of the Assessments (as defined herein) securing such 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 Chapter 29, the Bond Act, Original Resolution of Issuance, Resolution Number _____ and this Master 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 Master 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 1

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.1 Authority for this Master Indenture. This Master Indenture is entered into under Chapter 29, the Bond Act and the Resolutions of Issuance (defined below).

Section 1.2 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.2 will, for all purposes of this Master Indenture, of any Supplemental Indenture (as herein defined), and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“ABS Trustee” means the entity specified by an Owner in a written notice to WRCOG and the Trustee as acting as trustee in respect of an issuance of asset-backed securities by such Owner, where such asset-backed securities are backed in whole or in part by one or more Bonds.

“Administrative Expense Fund” means the fund designated as the “WRCOG Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche - Phase One) Administrative Expense Fund,” established and administered by the Trustee pursuant to Section 4.5 hereof.

“Administrative Expense Payment Account” means the account within the Administrative Expense Fund designated as the “WRCOG Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche – Phase One) Administrative Expense Payment Account,” established and administered by the Trustee pursuant to Section 4.5 hereof.

“Administrative Expenses” means costs directly related to the administration of the Bonds and the Assessments, including: (a) actual fees and costs (including indemnity) of the Trustee (including reasonable expenses of its legal counsel) in the discharge of its duties under the Indenture as evidenced by written documentation provided to WRCOG; and (b) all other costs as determined by WRCOG in its sole discretion, including, but not limited to: the actual costs of preparing the Assessment Installment collection schedules (whether by an employee of WRCOG or a consultant or both); the actual costs of collecting the Assessment Installments (whether by WRCOG or otherwise); the actual costs of remitting the Assessment Installments to the Trustee; the actual costs of WRCOG or its designee of complying with the disclosure provisions of Chapter 29, the Bond Act, federal securities laws, as applicable, 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; an allocable share of the salaries of WRCOG staff directly related to the foregoing; and a proportionate amount of WRCOG general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by WRCOG for any administrative purpose relating to the Bonds and the Assessments, including costs related to prepayments of Assessments and the costs of prosecuting foreclosure of delinquent Assessment Installments. As discussed in more detail in Section 4.5, Administrative Expenses shall be reimbursed and/or paid solely from the Assessment

Administrative Fees collected and deposited into the Administrative Expense Fund and in the foregoing order of priority.

“Administrative Reserve Account” means the account within the Administrative Expense Fund designated as the “WRCOG Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche – Phase One) Administrative Reserve Account,” established and administered by the Trustee pursuant to Section 4.5 hereof.

“Assessment” or **“Assessments”** means each “Assessment” as defined in and levied pursuant to an Assessment Contract against a Participating Parcel to which such Assessment Contract is subject and which Assessment is listed on and identified in Exhibit C to a Supplemental Indenture.

“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 Administrator” means David Taussig & Associates, 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 “WRCOG Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche – Phase One) Assessment Collection Account,” established and administered by the Trustee pursuant to Section 4.1 hereof.

“Assessment and Collection Powers” means all rights of WRCOG in respect of the levy and collection of the Assessments, the recordation of the Assessment liens on the Participating Parcels and all rights (contract rights, rights arising by operation of law, or otherwise), including all rights to receive or collect payments due or to become due, of WRCOG arising from or in connection with such Assessments and the Assessment Contracts.

“Assessment Contract” means a contract, including all Contract Documents, as such term is defined in such contract, that are incorporated by reference in such contract, between WRCOG and the owner or owners of a Participating Parcel pursuant to which such owner or owners agree to pay the Assessment and the Assessment Administration Fee pursuant to the provisions of such contract.

“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.

“Assessment Security Interest” or **“ASI”** means, as to any Assessment, the first priority security interest in and to such Assessment granted, conveyed, pledged, charged, transferred and assigned by WRCOG to the Trustee pursuant to the provisions of Section 3.1 of this Master Indenture, together with the right to receive all payments, proceeds and other economic benefit of such Assessment.

“ASI Purchase Price Payment Date” means the date established by a Designated Purchaser pursuant to Section 5.4.2 on which such Designated Purchaser shall be required to pay the ASI Purchase Price to the Trustee for the purchase of an Assessment Security Interest.

“ASI Purchase Price” means the outstanding principal amount of the applicable Assessment, as of the Designated Redemption Date on which the Bond secured by such Assessment will be subject to extraordinary mandatory redemption pursuant to paragraph (c) of Section 2.3.2, including any delinquent principal installments on the applicable Assessment that remain due and owing to the Owner of the Bond secured by such Assessment, *plus* any delinquent interest on the applicable Assessment that remains due and owing to the Owner of the Bond secured by such Assessment, *plus* that portion of the accrued interest on the related Bond equal to the interest that would accrue on such Assessment to such Designated Redemption Date, *less* any funds on deposit in the Capitalized Interest Account or the Assessment Collection Account representing the payment of interest and/or principal due and owing on such Assessment.

“Associate Member” means any Associate Member of WRCOG that is participating in the WRCOG Program.

“Auditor” means the auditor/controller or tax collector of a County, or such other official of such County who is responsible for preparing real property tax bills.

“Authorized Denominations” means: (i) \$5,000 and any integral multiple thereof; provided, however, that one or more Bonds of each Series may be in an odd amount equal to the unpaid Assessment or Assessments on the Participating Parcel or Participating Parcels securing such Bond or Series of Bonds; and (ii) in the event a Bond or a Series of Bonds are purchased by an accredited investor in reliance on the exemption set forth in Section (d)(1)(i) of Rule 15c2-12 under the Securities Exchange Act of 1934, the entire principal amount of such Bond or Series of the Bonds.

“Authorized Representative” means the WRCOG Programs Administrator or such other representative of WRCOG designated as an Authorized Representative pursuant to an Officer’s Certificate executed by the Executive Director.

“Bond” or **“Bonds”** means the Western Riverside Council of Governments Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche – Phase One) authorized, executed and delivered pursuant to Chapter 29, the Bond Act, this Master Indenture and a Supplemental Indenture.

“Bond Act” means the Improvement Bond Act of 1915, as amended, being Division 10 of the California Streets and Highways Code (commencing with Section 8500 et seq.).

“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 Payment Date” means, as to any Bond or Series of Bonds, March 2 and September 2 of each year (or, if such dates are not a Business Day the next succeeding Business Day), commencing on the date designated in the Supplemental Indenture for the applicable Bond or Series of Bonds.

“Bond Register” means the books maintained by the Trustee pursuant to Section 2.8 for the registration and transfer of ownership of the Bonds.

“Bond Year” means, with respect to any Bond or Series of Bonds, the twelve-month period beginning on September 3 of each year and ending on September 2 of the following year except that (i) the first Bond Year will begin on the Closing Date of such Bond or Series of Bonds and end on the following September 2, and (ii) the last Bond Year may end prior to September 2 if all outstanding Bonds or Series of Bonds are redeemed in full prior to September 2, in which case the last Bond Year will end on the date of such redemption.

“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 within the Redemption Fund designated as the “WRCOG Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche - Phase One) Capitalized Interest Account,” established and administered by the Trustee pursuant to Section 4.1 hereof and shall be funded from the proceeds of each Bond or Series of Bonds in the amount as shall be determined in the applicable Supplemental Indenture.

“Chapter 9” means Chapter 9 of the Bankruptcy Code, being Title 11 of the United States Code.

“Chapter 29” means Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.12 et seq.).

“Closing Date” shall mean, as to a Bond or Series of Bonds, the date of initial issuance and delivery of such Bond or Series of Bonds to the Initial Purchaser or the Designated Transferee thereof, as applicable, pursuant to the Master Indenture and the applicable Supplemental Indenture.

“Collateral” shall have the meaning given such term in Section 3.1 hereof.

“Corporate Trust Office” means the corporate trust office of the Trustee in Santa Ana, California, located at such address as will be specified in a written notice by the Trustee to WRCOG in conformity with Section 10.6 hereof or such other office of the Trustee designated for payment, transfer or exchange of the Bonds.

“Cost of Issuance Fund” means the fund designated as the “WRCOG Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche – Phase One) Cost of Issuance Fund” established and administered by the Trustee pursuant to Section 4.4 hereof and shall be funded from the proceeds of each Bond or Series of Bonds in the amount as shall be determined in the applicable Supplemental Indenture.

“Costs of Issuance” shall mean all expenses directly or indirectly incurred by WRCOG relating to the authorization, issuance, sale and delivery of the Bonds or a Series of Bonds, including but not limited to, printing expenses; rating agency fees; filing and recording fees; reasonable expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee; reasonable fees, charges and disbursements of attorneys, financing advisors, accounting firms, consultants and other professionals; the costs of preparation, execution and safekeeping of the Bonds or a Series of Bonds; and any cost, charge or fee in connection with the original issuance of the Bonds or a Series of Bonds.

“County” means the County of Riverside, California, as to the WRCOG Program, and each county in which Associate Members, which could include the unincorporated area of any county which is an Associate Member.

“Debt Service” means the sum of (i) the interest payable on an Outstanding Bond or Series of Bonds in a Bond Year, assuming that such Bond or such Series of Bonds are retired as scheduled, and (ii) the principal amount of such Bond or Series of Bonds payable in such Bond Year.

“Designated Purchaser” means [BOND OWNER] or any other Person approved in writing by both SPRUCE PACE LLC, as bond administrator, and WRCOG; provided that the Trustee has verified that it may legally transact business with such other Person pursuant to the limitations and requirements of paragraph (o) of Section 7.2 and the Trustee’s “know your customer” rules that may be in effect from time to time. The initial Designated Purchaser is either [BOND OWNER].

“Designated Redemption Date” means the second (2nd) day of each month (or, if any such date is not a Business Day the next succeeding Business Day).

“Designated Transferee” means, as to any Bond or Series of Bonds, SPRUCE PACE LLC.

“Event of Default” means any of the events described in Section 9.1 hereof.

“Excess Program Fund Proceeds” means the proceeds from the issuance of a Bond deposited in the Program Fund for the payment or reimbursement of Improvement Costs for the installation of Improvements on a Participating Parcel that remain following the payment of all such Improvement Costs.

“Executive Committee” means the Executive Committee of WRCOG.

“Executive Director” means the Executive Director of WRCOG.

“Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds)” means the account within the Redemption Fund designated as the “WRCOG Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche – Phase One) Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds),” established by the Trustee pursuant to Section 4.1.1 hereof and administered by the Trustee pursuant to paragraph (d) of Section 4.1.1 hereof.

“Extraordinary Mandatory Redemption Account (ASI Purchase Price)” means the account within the Redemption Fund designated as the “WRCOG Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche – Phase One) Extraordinary Mandatory Redemption Account (ASI Purchase Price),” established by the Trustee pursuant to Section 4.1.1 hereof and administered by the Trustee pursuant to paragraph (e) of Section 4.1.1 hereof.

“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.

“1st DOT” means a mortgage, deed of trust or other similar interest recorded against a Participating Parcel and was in first lien position at the time the Notice of the Assessment applicable to such Participating Parcel was recorded in the office of the County Recorder.

“1st DOT Owner” means the Person that owns a particular 1st DOT.

“Funds” means the Redemption Fund, the Reserve Fund, the Program Fund, the Cost of Issuance Fund and the Administrative Expense Fund.

“Improvement Costs” means the costs of installing the Improvements on Participating Parcels in accordance with the applicable WRCOG Program Report and the applicable Assessment Contract or Assessment Contracts.

“Improvements” means those distributed generation renewable energy sources, energy efficiency and/or water efficiency improvements and/or electric vehicle charging infrastructure to be installed on a Participating Parcel pursuant to the applicable Assessment Contract or Assessment Contracts and as authorized under Chapter 29, the applicable WRCOG Program Report and the Bond Act.

“Indenture” means collectively this Master Indenture, as it may be amended, modified or supplemented from time to time, together with any Supplemental Indenture executed pursuant to the provisions of this Master Indenture.

“Initial Purchaser” means the party designated as the Initial Purchaser pursuant to each Supplemental Indenture.

“Investor Letter” means a letter substantially in the form set forth in Exhibit C to this Master Indenture.

“Master Indenture” means this Master Indenture, dated as of April 3, 2017, between WRCOG and the Trustee, as originally executed or as it may from time to time be supplemented, amended or modified.

“Member” means each party to WRCOG determined pursuant to Section 2.1 of the Joint Exercise of Powers Agreement.

“Officer’s Certificate” or **“Certificate of WRCOG”** means a written certificate signed in the name of WRCOG signed by an Authorized Representative.

“Original Resolution of Issuance” means collectively Resolution Numbers 08-11 and 09-11 adopted by the Executive Committee on January 1, 2011.

“Outstanding” when used as of any particular time with reference to Bonds, means, subject to the provisions of Section 8.3, all Bonds authorized, executed, issued and delivered by WRCOG under the Indenture except:

- (i) Bonds cancelled by the Trustee or surrendered to the Trustee for cancellation;
 - (ii) Bonds paid or deemed to have been paid within the meaning of Article 10;
- 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.

“Participating Parcel” means a Residential Parcel located within one of the WRCOG Program Area that is subject to the lien of an Assessment pursuant to an Assessment Contract financing the installation of Improvements.

“Permitted Investments” means any of the investments listed in Exhibit B attached hereto and incorporated herein by this reference.

“Person” means any individual, corporation, partnership (general or limited), limited liability company, limited liability partnership, firm, joint venture, association, joint-stock company, trust, estate, unincorporated organization, governmental body or other entity.

“Prepayment Account” means the account within the Redemption Fund and designated as the “WRCOG Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche - Phase One) Prepayment Account,” established and administered by the Trustee pursuant to Section 4.1 hereof.

“Prepayment Deposit Lock Box Account” means a lock box account subject to the Prepayment Lock Box Account Agreement in favor of the Trustee maintained at a Prepayment Lock Box Account Provider.

“Prepayment Lock Box Account Agreement” means that blocked account control agreement among WRCOG, the Trustee and the Prepayment Lock Box Account Provider pertaining to the Prepayment Deposit Lock Box Account.

“Prepayment Lock Box Account Provider” means OneWest Bank, N.A., or such other bank as may be approved by the Owners of 60% in principal amount of the Bonds then Outstanding.

“Prepayments” means prepayments of Assessments received by the Trustee pursuant to the provisions of this Master Indenture, less any administrative fees collected as part of any such prepayment of Assessments.

“Program Fund” means the fund designated as the “WRCOG Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche - Phase One) Program Fund” established and administered by the Trustee pursuant to Section 4.3 hereof and shall be funded from the proceeds of each Bond or Series of Bonds in the amount as shall be determined in the applicable Supplemental Indenture.

“Record Date” means, as to any Bond Payment Date, the 15th day of the calendar month immediately preceding such Bond Payment Date, and any date established by the Trustee as a Record Date for the payment of defaulted interest on any Bond. **“Record Date”** means, as to

any Designated Redemption Date, the 15th day of the calendar month immediately preceding such Designated Redemption Date.

“Redemption Fund” means the fund designated as the “WRCOG Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche - Phase One) Redemption Fund,” established and administered by the Trustee pursuant to Section 4.1 hereof.

“Reserve Fund” means the fund designated “WRCOG Limited Obligation Improvement Bonds (WRCOG Program) Spruce PACE (Residential Property Tranche - Phase One) Reserve Fund,” established and administered by the Trustee under Section 4.2 for the benefit of all Bonds and shall be funded from the proceeds of each Bond or Series of Bonds in the amount as shall be determined in the applicable Supplemental Indenture.

“Reserve Fund Cap” means, as of the date of calculation, that amount that equal to ten percent (10.00%) of the Outstanding principal amount of all Bonds.

“Reserve Fund Deposit” means, as to any Bond on the Closing Date thereof, seventy-five hundredths percent (0.075%) of the original principal amount of such Bond.

“Reserve Fund Surplus” means, as of September 3rd of any Bond Year, the amount by which the moneys on deposit in the Reserve Fund exceed the Reserve Fund Cap.

“Residential” shall have the meaning given such term in the WRCOG Program Reports.

“Residential Parcel” shall mean any parcel of Residential property.

“Resolution Confirming Program” means, collectively, the WRCOG Program Resolution Confirming Program Report.

“Resolution Number _____” means Resolution Number _____ adopted by the Executive Committee on April 3, 2017.

“Resolutions of Issuance” means the Original Resolution of Issuance and Resolution Number _____.

“Series” means a series of Bonds issued pursuant to this Master Indenture and any Supplemental Indenture.

“Side Letter Agreement” means that certain Side Letter Agreement, dated as of _____, 20____, by WRCOG, as agreed to by [BOND OWNER], and SPRUCE PACE LLC, as amended, pertaining to the use of the moneys on deposit in the Administrative Reserve Account established pursuant to this Master Indenture and any Administrative Reserve Account established pursuant to any other Master Indenture as such term is defined in the Side Letter Agreement.

“Sold Assessment” means any Assessment for which the Assessment Security Interest has been sold pursuant to Section 5.4.

“Sold Assessment Fund” means the “Sold Assessment Fund” established and administered by the Trustee under Section 4.8 hereof.

“Sold Assessment Holding Account” means the account within the Sold Assessment Fund designated as the “Sold Assessment Holding Account” established and administered by the Trustee pursuant to Section 4.8.

“Sold Assessment Payment Account” means the account within the Sold Assessment Fund designated as the “Sold Assessment Payment Account” established and administered by the Trustee pursuant to Section 4.8.

“Subordination Instrument” means an instrument of subordination substantially in the form set forth in Exhibit G hereto.

“Supplemental Indenture” means an indenture executed and delivered in connection with the issuance of a Bond or Series of Bonds pursuant to this Master Indenture.

“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.

“Trustee” means Deutsche Bank National Trust Company, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.1 hereof.

“WRCOG” means the Western Riverside Council of Governments, a joint exercise of powers authority organized and existing under the Joint Exercise of Power Act and the Joint Exercise of Powers Agreement, as amended.

“WRCOG Counsel” means the attorney or firm of attorneys serving as general counsel to WRCOG.

“WRCOG Program Resolution Confirming Program Report” means Resolution Number 13-10 adopted by the Executive Committee on June 7, 2010.

“WRCOG Program Resolution of Intention” means Resolution Number. 09-10 adopted by the Executive Committee on March 1, 2010.

“WRCOG Program Resolutions of Intention” means, collectively, Resolution Number 08-10 adopted by the Executive Committee on January 12, 2010; Resolution Number 03-12 adopted by the Executive Committee on July 29, 2011; and Resolution Number 07-12 adopted by the Executive Committee on December 5, 2011.

“WRCOG Program” means the WRCOG Program for Western Riverside County as established by the Resolution Confirming Program Report, as such Program may be changed from time to time in accordance with the provisions of Chapter 29, subject to the limitations set forth in the Indenture.

“WRCOG Program Area” means the area designated as part of the WRCOG Program, the boundaries of which are as shown in the WRCOG Program Report.

“WRCOG Program Report” means the WRCOG Program for Western Riverside County Program Report, dated June 7, 2010, as approved pursuant to the Resolution Confirming Program Report establishing the WRCOG Program, and as such Program Report may be changed from time to time pursuant to Chapter 29 and to the provisions of such Program Report and the limitations set forth in the Indenture.

“WRCOG Programs Administrator” means the Executive Director and his or her designees each of whom is authorized pursuant to an Officer’s Certificate executed by the Executive Director to administer the WRCOG Program and to enter into Assessment Contracts for and on behalf of WRCOG.

“Written Request” means a written request signed in the name of WRCOG by an Authorized Representative.

Section 1.3 Interpretation.

1.3.1 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.

1.3.2 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.

1.3.3 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 1.4 Indenture Constitutes Contract. The provisions, covenants and agreements herein set forth to be performed by or on behalf of WRCOG shall be for the equal benefit, protection, and security of the Owners from time to time. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between WRCOG and the Owners; and the covenants and agreements herein set forth to be performed by WRCOG shall be for the equal and proportionate benefit, security, and protection of all Owners without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution, or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE 2

THE BONDS

Section 2.1 Bonds Authorized. WRCOG hereby authorizes the issuance of the Bonds in Authorized Denominations under and subject to the terms of the Resolutions of Issuance, the Indenture, Chapter 29 and other applicable laws of the State of California. Pursuant to the Resolutions 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 Resolutions of Issuance, the Indenture and any applicable Supplemental Indentures.

Section 2.2 Procedures for Issuance of Bonds.

2.2.1 General. 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 such Bonds:

(a) All the requirements of Section 3.3 have been met.

(b) The issuance of such Bonds has been duly authorized pursuant to the Bond Act and all applicable laws, and the issuance of the Bonds has been provided for by a Supplemental Indenture, in substantially the form attached hereto as Exhibit A, duly executed by WRCOG and the Trustee.

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.

2.2.2 Payment of Interest. Interest on the Bonds shall be that rate of interest per annum as provided in the Supplemental Indenture for such Bonds. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day calendar months, and will be payable on each Bond Payment Date or on Designated Redemption Dates upon the mandatory or extraordinary mandatory redemption of such Bond, in whole or in part, pursuant to Section 2.3.2. Each Bond shall bear interest from the Bond Payment Date immediately preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Bond Payment Date, in which event it shall bear interest from such Bond Payment Date; or (b) it is authenticated on or before Record Date occurring immediately before the first Bond Payment Date in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Bond Payment Date to which interest has previously been paid or made available for payment thereon.

2.2.3 Method of Payment. Interest on the Bonds (excluding the final interest payment due upon maturity or earlier redemption) 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 Bond Payment Date by wire transfer of immediately available funds made on such Bond Payment Date to an account designated in writing by such Owner delivered to the Trustee at least five (5) Business Days prior to the applicable Record Date. Such interest shall represent the portion of interest coming due during the period beginning on the immediately preceding Bond Payment Date and ending on the Bond Payment Date (or, in the case of the first Bond Payment Date, during the period commencing on the Closing Date and ending on the first Bond Payment Date).

Principal of any Bond (excluding the final principal payment upon maturity or earlier redemption) 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 Bond Payment Date by wire transfer of immediately available funds made on such Bond Payment Date to an account designated in writing by such Owner delivered to the Trustee at least five (5) Business Days prior to the applicable Record Date.

Payment of principal of and accrued interest and premium, if any, on any Bond upon final maturity or redemption in whole shall be payable in lawful money of the United States of America by the Trustee in immediately available funds, to the person whose name appears on the Bond Register as the Owner thereof, upon surrender of such Bond at the Corporate Trust Office of the Trustee. Upon payment by the Trustee of the principal of and accrued interest and premium, if any, on any Bond, such Bond will be cancelled by the Trustee in accordance with Trustee's standard policy. The Trustee will destroy the cancelled Bonds and, upon the Written Request of WRCOG, issue a certificate of destruction of such Bonds to WRCOG.

Payment of principal of and accrued interest and premium, if any, on any 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 Designated Redemption Date, without surrender of the Bond at the Corporate Trust Office of the Trustee, by wire transfer of immediately available funds on such Designated Redemption Date to an account designated in writing by such Owner delivered to the Trustee at least five (5) Business Days prior to the applicable Record Date. Upon the request of the Owner of Bond redeemed in part only and surrender of such Bond at the Corporate Trust Office of the Trustee, WRCOG will execute and the Trustee will authenticate and deliver to the registered Owner, at the expense of such Owner, a new Bond, of the same series and maturity, of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the Bond.

Section 2.3 Redemption.

2.3.1 General. The Supplemental Indenture with respect to any Bond may provide that any such Bond is subject to optional or mandatory redemption prior to maturity pursuant to the terms thereof.

2.3.2 Mandatory Redemption from Prepayments; Extraordinary Mandatory Redemption.

(a) *Mandatory Redemption from Prepayments.* A Bond identified in a report of the Assessment Administrator delivered to the Trustee pursuant to paragraph (d) of Section 5.2.2 shall be subject to mandatory redemption, in whole or in part, from amounts received by the Trustee as the Prepayment of an Assessment securing such Bond at the redemption price set forth in the applicable Supplemental Indenture. Such mandatory redemption shall be subject to the provisions of Part 11.1 of the Bond Act, except as expressly modified by the provisions of this Master Indenture or the Supplemental Indenture pertaining to any such Bonds. WRCOG shall advise the Trustee of such provisions to the extent not specified herein.

Such mandatory redemption of a Bond shall occur on the Designated Redemption Date occurring in the month following the date of receipt by the Trustee of such report of the Assessment Administrator delivered pursuant to paragraph (d) Section 5.2.2 pertaining to the such Prepayment of an Assessment securing such Bond.

(b) *Extraordinary Mandatory Redemption from Excess Program Fund Proceeds.* A Bond identified in an Officer's Certificate delivered to the Trustee pursuant to Section 4.3.2. will be subject to extraordinary mandatory redemption, in whole or in part, from Excess Program Fund Proceeds transferred by the Trustee to the Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds) pursuant to such Officer's Certificate directing the Trustee to utilize such funds for the extraordinary mandatory redemption of such Bond. Such extraordinary mandatory redemption shall occur (i) on the Designated Redemption Date occurring in the month after the date of receipt by the Trustee of such Officer's Certificate received on or before the second Thursday of the preceding month or (ii) on the Designated Redemption Date occurring in the second month after the date of receipt by the Trustee of such Officer's Certificate received after the second Thursday of such month.

(c) *Extraordinary Mandatory Redemption from the Payment of an ASI Purchase Price.* A Bond identified in a report of the Assessment Administrator delivered to the Trustee pursuant paragraph (e) of Section 5.2.2 will be subject to extraordinary mandatory redemption, in whole or in part, from funds representing the ASI Purchase Price for the Assessment Security Interest of the applicable Assessment securing such Bond on the Designated Redemption Date occurring in the month following the date of receipt by the Trustee of such Assessment Administrator's report.

2.3.3 Optional Redemption. Bonds with terms of ten (10) years or less will not be subject to optional redemption. Bonds with terms in excess of ten (10) years shall be subject to optional redemption, in whole, on any date on or after the tenth year following the Closing Date of such Bonds, from any source of available funds, at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates

Redemption Price

- Any date during the eleventh year following the Closing Date 103%
- Any date during the twelfth year following the Closing Date 102%
- Any date during the thirteenth year following the Closing Date 101%
- Any date thereafter 100%

2.3.4 Selection of Any Bond to be Redeemed; Notice to Trustee. WRCOG shall select any Bond to be redeemed pursuant to the provisions of Section 2.3.3 hereof and the applicable Supplemental Indenture.

WRCOG shall cause the Assessment Administrator to give the Trustee written notice of the mandatory redemption as provided for in paragraph (a) of Section 2.3.2. of any Bond selected for such mandatory redemption. WRCOG shall give the Trustee written notice of extraordinary mandatory redemption as provided for in paragraph (b) of Section 2.3.2. of any Bond selected for such extraordinary mandatory redemption and shall cause the Assessment Administrator to give the Trustee written notice as provided for in paragraph (c) of Section 2.3.2 of any Bond selected for such extraordinary mandatory redemption.

WRCOG shall give the Trustee written notice of the optional redemption pursuant to Section 2.3.3 above of any Bond so selected for redemption not less than 60 days (or such lesser number of days acceptable to the Trustee, in its sole discretion) prior to the applicable redemption date.

2.3.5 Redemption Procedure by Trustee.

(a) *Mailing of Notice.* If any Bond is designated for redemption, in whole or in part, pursuant to Section 2.3 and the terms of the Supplemental Indenture pursuant to which such Bond was issued, the Trustee will cause notice of such redemption to be mailed by first class mail to the Owner of such Bond, at the address of such Owner appearing on the Bond Register in the Corporate Trust Office of the Trustee, at least 30 days but no more than 45 days before the date designated for redemption.

If any Bond is designated for redemption, in whole or in part, pursuant to Section 2.3.2, the Trustee will cause notice of such redemption to be mailed by first class mail to the Owner of such Bond, at the address of such Owner appearing on the Bond Register in the Corporate Trust Office of the Trustee, at least five (5) Business Days before the date designated for redemption.

Any failure to so mail any redemption notice, or the failure of any person or entity to receive any such redemption notice, or any defect in any notice of redemption, will not affect the validity of the proceedings for the redemption of such Bond.

(b) *Contents of Notice.* Such notice will state the following:

- (i) the redemption date;
- (ii) the redemption price;
- (iii) the date of issue of such Bond;
- (iv) as to any Bond called in part, the principal amount thereof to be redeemed;

(v) that any such Bond to be redeemed in whole must be then surrendered at the Corporate Trust Office of the Trustee for redemption at the redemption price, and

(vi) that further interest on the Bond (or portion thereof) called for redemption will not accrue from and after the redemption date.

(c) *Identification of Bonds Redeemed.* Upon the payment of the redemption price of any Bond being redeemed, each wire transfer of immediately available funds issued for such purpose will, to the extent practicable, bear the Bond number identifying, by issue and maturity, the Bond being redeemed.

(d) *Redemption of Bond in Part.* Payments of principal on any Bond redeemed in part shall be made without the requirement for presentation and surrender of such Bond to the Trustee by the Owner thereof, provided, however, that principal which is payable at maturity shall be made only upon presentation and surrender of such Bond at the Corporate Trust Office of the Trustee. Upon the request of the Owner of Bond redeemed in part only and surrender of such Bond at the Corporate Trust Office of the Trustee, WRCOG will execute and the Trustee will authenticate and deliver to the registered Owner, at the expense of such Owner, a new Bond, of the same series and maturity, of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the Bond.

2.3.6 Effect of Redemption. From and after the date fixed for redemption, then such Bond or portion of any such Bond so called for redemption will become due and payable at the redemption price specified in the redemption notice (which redemption price shall include, without limitation, all accrued but unpaid interest up to and, including, the redemption date and premium, if any, applicable to such redemption), and upon presentation and surrender thereof at the Corporate Trust Office of the Trustee specified in the notice of redemption, such Bond or portion of such Bond will be redeemed at the redemption price, and no interest will accrue on such redeemed Bond (or portion thereof) after the redemption date specified in such notice. All moneys held by or on behalf of the Trustee in the Redemption Fund for the redemption of a particular Bond shall be held in trust for the account of the Owner of such Bond to be redeemed.

All Bonds redeemed by the Trustee pursuant to this Section 2.3 will be cancelled by the Trustee in accordance with the Trustee's standard policy.

Section 2.4 Execution of Bonds. The Bonds of each series 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 of the Executive Committee. If any officer whose signature appears on any Bond ceases to be such officer before delivery of such Bond to the Owner, such signature will nevertheless be as effective as if the officer had remained in office until the delivery of such Bond 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 in the applicable Supplemental Indenture, 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 such Bonds have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of the Indenture.

Section 2.5 Application of Proceeds and Other Monies. Upon the sale of the Bonds, the proceeds received by the Trustee from the sale of the Bonds shall be deposited in the funds and accounts established under this Master Indenture. Monies from the sale of the Bonds shall be deposited into said funds and accounts held by the Trustee in the amounts determined pursuant to a Supplemental Indenture:

(a) to the Program Fund for the payment and/or reimbursement of Program Costs in accordance with Section 4.3 hereof;

(b) to the Cost of Issuance Fund to pay the Costs of Issuance for each Bond or Series of Bonds in accordance with Section 4.4 hereof;

(c) to the Administrative Expense Payment Account and the Administrative Reserve Account of the Administrative Expense Fund for the payment or reimbursement of Administrative Expenses and to make other disbursements as authorized pursuant to Sections 4.5.2 or 4.5.3, as applicable; and

(d) to the Redemption Fund to fund the Capitalized Interest Account for the interest payment(s) on the Bonds due on the Bond Payment Dates immediately following the issuance of such Bonds in accordance with Section 4.1 hereof.

Section 2.6 Transfer of Bonds.

2.6.1 Any Bond shall be sold and/or transferred only to persons who execute and deliver an Investor Letter to the Trustee. Any Bond may, in accordance with its terms, be transferred, upon the Bond Register 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 written instrument of transfer in a form acceptable to the Trustee

and of an Investor Letter executed by the transferee of such Bond. 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 surrendered for transfer, WRCOG will execute and the Trustee will authenticate and deliver a new Bond of the same series, for a like aggregate principal amount, maturity, and interest rate in Authorized Denominations. Neither WRCOG nor the Trustee will be required to make such transfer of any Bond (other than from the Initial Purchaser) in the time period beginning on or after a Record Date and ending before the next ensuing Bond Payment Date.

2.6.2 Notwithstanding the requirements for transfer in Section 2.6.1, on the Closing Date for a Bond or Series of Bonds, WRCOG may issue and the Trustee may authenticate such Bond or Series initially in the name of a party identified as a “Designated Transferee” of the Initial Purchaser (if any) in the Supplemental Indenture without first issuing a Bond or Series of Bonds registered in the name of the Initial Purchaser and without instruments of transfer, provided that the Initial Purchaser and each Designated Transferee (other than any bank acting in a trustee capacity on behalf of a Designated Transferee) has delivered an executed Investor Letter for such Bond or Series of Bonds. Except as required by the preceding sentence, the requirements for transfer in Section 2.6.1 shall not apply to a transfer from the Initial Purchaser to a Designated Transferee on the Closing Date. If a Bond or Series of Bonds is issued to a Designated Transferee pursuant to this Section 2.6.2, the Initial Purchaser shall remain the Initial Purchaser for all purposes under this Indenture, the related Supplemental Indenture and the Side Letter Agreement.

Section 2.7 Exchange of Bonds. Subject to Section 2.6 herein, any Bond may be exchanged at the Corporate Trust Office of the Trustee for a new Bond of the same Series with a like aggregate principal amount and maturity in Authorized Denominations. 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 any Bond in the time period beginning on or after a Record Date and ending before the next ensuing Bond Payment Date.

Section 2.8 Bond Register. The Trustee will keep, or cause to be kept, at its Corporate Trust 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 be open to inspection, upon two (2) Business Days written notice, by WRCOG and each Bond Owner during regular business hours on any Business Day; and, 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 provided herein and each Bond Owner is deemed to agree by its acceptance of its Bond that the Trustee shall not have any liability with respect to the release of such information to each such Bond Owner.

Section 2.9 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 Authorized Denominations, 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 and thereupon the temporary Bonds will be surrendered, for cancellation, in exchange for the definitive Bonds at the Corporate Trust 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 2.10 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 Series, 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 cancelled by it in accordance with its standard policy.

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 reasonably satisfactory to the Trustee and indemnity reasonably 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 2.10 and of the expenses which 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 3 SECURITY; ISSUANCE OF BONDS

Section 3.1 Security for the Bonds; Pledge of Assessments and Funds. WRCOG hereby grants, assigns, conveys, pledges, charges and transfers to the Trustee, for the equal and ratable benefit of the Bond Owners, a first priority security interest (which security interest will be effected and perfected in the manner and to the extent herein provided) in and to: (i) the Assessment or Assessments and the Assessment and Collection Powers and related ASIs together with all revenues, moneys, accounts receivable, contractual rights to payment, and other rights to payment of whatever kind with respect to such Assessment or Assessments (except amounts required hereunder to be deposited into the Administrative Expense Fund) that are or may be owed to, or collected or received by, WRCOG or any other entity acting on WRCOG's behalf; (ii) the Redemption 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 (including the Capitalized Interest Account, Assessment Collection Account, the Prepayment Account, the Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds) and the Extraordinary Mandatory Redemption Account (ASI Purchase Price) therein), or owed to, or collected, 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 Master Indenture in each case, derived from the Assessment Installments, Prepayments, the foreclosure on a Participating Parcel on which an Assessment has been levied, payments pursuant to the County's Teeter Plan (as more fully described in Section 5.3), if applicable, or a judgment in an action brought pursuant to clause (g) of Section 5.14 representing damages suffered by the Owner recovered in such action; (iii) 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 Reserve Fund; and (iv) the Prepayment Lock Box Account and all monies, securities or contractual or other rights to payment that are or may be owed or credited to, or deposited in the Prepayment Lock Box Account (the foregoing items in (i) through (iv) above are 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 Master Indenture.

The Assessments together with all monies collected or received by WRCOG or any other entity acting on WRCOG's behalf with respect to the Assessments (excluding the Assessment Administrative Fees) shall constitute a trust fund for the redemption and payment of the principal of and premium, if any, on the Bonds and the interest thereon.

WRCOG hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Assessments and all of the right, title and interest of WRCOG or any other person acting on behalf of WRCOG to the receipt of all monies owed to or collected or received by WRCOG or any other person acting on WRCOG's behalf with respect to the Assessments hereunder. The Trustee shall be entitled to and shall receive all of the Assessment Installments and any other amounts collected or received with respect to the Assessments (except the Assessment Administrative Fee), and any Assessment Installments or other monies collected or received by WRCOG or any other person acting on WRCOG's behalf with respect to the Assessments (except the Assessment Administrative Fee) shall be deemed to be held, and to have been collected or received, by WRCOG or such other person as the agent of the Trustee and shall forthwith be paid by WRCOG or such other person to the Trustee.

Each Assessment and all moneys that have been or pursuant to the terms of the Indenture should have been deposited into the Redemption Fund derived from the Assessment Installments, Prepayments, the foreclosure on a Participating Parcel on which an Assessment has been levied or payments pursuant to a Teeter Plan of the County in which such Participating Parcel is located (as more fully described in Section 5.3) with respect to such Assessment are hereby dedicated to the payment of the principal of, and interest and premium, if any, on, the Bond secured by such Assessment as provided herein and in the Bond Act until such Bond has been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Article 10 hereof.

Amounts on deposit in the Redemption Fund, the Reserve Fund and the Prepayment Lock Box Account shall be considered as Collateral pledged to payment of Debt Service on the Bonds and shall be used only for such purpose.

Section 3.2 Limited Obligation. All obligations of WRCOG under the Indenture, the applicable Supplemental Indenture and each Bond for the payment of principal of or interest on the Bonds, or premiums, if any, thereon, are not general obligations of WRCOG, but are limited obligations, payable solely from the Assessment or Assessments securing such Bond and the other Collateral purported to be pledged and assigned therefor hereunder. Neither the faith and credit of WRCOG, the Members, the Associate Members, the Counties nor of the State of California or any political subdivision thereof, is pledged for the payment of the Bonds.

Each Bond is a “Limited Obligation Improvement Bond” pursuant to section 8769 of the Bond Act and is payable solely from and secured solely by the Assessment or Assessments securing such Bond and the other Collateral purported to be pledged and assigned therefore hereunder. Notwithstanding any other provision of the Indenture, neither WRCOG nor any Member or any Associate Member is obligated to advance available surplus funds from the WRCOG treasury or the treasury of any Member or any Associate Member to cure any deficiency in the Redemption Fund.

Section 3.3 Requirements for Issuance of Bonds. Each Bond or Series of Bonds issued under a Supplemental Indenture will constitute a Bond hereunder and 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 Series of Bonds hereunder. WRCOG may issue a Bond or Series of Bonds 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 or Series of Bonds 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 or Series of Bonds 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 or Series of Bonds in the manner and form provided in this Master Indenture.

(b) Compliance. WRCOG shall be in compliance with all covenants set forth in the Indenture, and issuance of such Bond or Series of Bonds will not cause WRCOG to exceed the bonded indebtedness limit established for the WRCOG Program or the maximum Bond authorization set forth in the Resolutions of Issuance. 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) Payment Dates. The Supplemental Indenture providing for the issuance of such Bond or Series of Bonds provides that interest thereon will be payable on the Bond Payment Dates, and principal thereof will be payable on the same date in any year in which principal is payable on any outstanding Bond or Series of Bonds.

(d) Subaccounts. The Trustee may establish subaccounts within any of the funds or accounts established under this Master Indenture at the written request of WRCOG or if the Trustee determines in its sole discretion that such subaccounts are beneficial for record-keeping purposes.

(e) Reserve Fund Deposit. The Supplemental Indenture providing for the issuance of a Bond or Series of Bonds shall provide for a deposit into the Reserve Fund of an amount equal to the Reserve Fund Deposit applicable to such Bond or Series of Bonds. The amount deposited into the Reserve Fund pursuant to any Supplemental Indenture shall be available to pay Debt Service for all Outstanding Bonds as provided for in Section 4.2, including the Bond or Series of Bonds issued pursuant to such Supplemental Indenture.

(f) 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 pursuant to the applicable WRCOG Program requirements set forth in the WRCOG Program Report for Residential properties applicable to the WRCOG Program Area in which such Participating Parcel is located.

(g) Coverage. The aggregate Assessment Installments payable under each applicable Assessment Contract or Assessment Contracts specified in such Supplemental Indenture shall be at least 100% of the cumulative Debt Service on the Bond or Series of Bonds to be secured by the Assessment or Assessments levied pursuant to such Assessment Contract or Assessment Contracts, as applicable, through the final maturity date of such Bond or Series of Bonds and the Assessment Administrative Fee or aggregate 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 or Series of Bonds.

In addition, the scheduled Assessment Installments payable pursuant to the applicable Assessment Contract or Assessment Contracts in every Bond Year with respect to a Bond secured by an Assessment or Assessments levied pursuant to such Assessment Contract or Assessment Contracts, as applicable, shall be at least 100% of the annual Debt Service on such

Bond through its final maturity date and the scheduled Assessment Administrative Fees levied pursuant to the Assessment Contract or Assessment Contracts in every Bond Year shall be sufficient to pay the anticipated Administrative Expenses for such Bond Year.

(h) 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 Master Indenture.

(i) Certificates. WRCOG will deliver to the Trustee an Officer's Certificate certifying that the conditions precedent to the issuance of such Bond or Series of Bonds set forth in paragraphs (a) through (g) of this Section 3.3 have been satisfied; provided, however, such Officer's Certificate need not refer to the conditions set forth in (e) and (f) of this Section 3.3 in the case of the issuance of refunding bonds.

(j) Opinion of Bond Counsel. On the Closing Date of each Bond or Series of Bonds, 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 and the Designated Transferee (if applicable) may rely upon such opinions as if they had been addressed to the Initial Purchaser and the Designated Transferee (if applicable).

(k) Investor Letter. An Investor Letter shall have been executed by the Initial Purchaser and the Designated Transferee (if applicable) and received by the Trustee.

Notwithstanding the foregoing, WRCOG may issue a Series of Bonds as refunding bonds without the need to satisfy the requirements of paragraphs (e) or (f) above, and, in connection therewith, the Officer's Certificate in paragraph (i) above need not make reference to said paragraphs (e) and (f).

Section 3.4 No Acceleration. The principal of the Bonds will not be subject to acceleration hereunder. Nothing in this Section 3.4 will in any way prohibit the redemption of Bonds pursuant to Section 2.3 hereof, the refunding of Bonds at par plus a redemption premium pursuant to Section 3.5 hereof, or the defeasance of the Bonds and discharge of the Indenture pursuant to Article 10 hereof or affect in any way the powers or remedies conferred upon the Owners elsewhere in the Indenture or by Chapter 29 or the Bond Act.

Section 3.5 Refunding of Bonds. Any Bond 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 Bond 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 Assessment or Assessments securing such Bond. In the event that any Bond is refunded by WRCOG pursuant to this Section 3.5 or for any other reason, nothing contained herein shall limit or eliminate the requirement that such Bond be repaid at par plus such mandatory prepayment redemption premium, if any, as may be set forth in the Supplemental Indenture governing such Bond together with accrued interest to the redemption date of such Bond. Notwithstanding the foregoing, the provisions of this Section 3.5 shall, as to any Bond, be subject to the limitations of Section 2.3 hereto and the redemption provisions of the applicable Supplemental Indenture.

Section 3.6 Indenture 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 benefit, protection and security of the registered Owner of each Bond.

ARTICLE 4

FUNDS AND ACCOUNTS

Section 4.1 Redemption Fund.

4.1.1 Establishment of Redemption Fund. The Redemption Fund is hereby established as a separate fund to be held in trust by the Trustee for the benefit of the Owners of the Bonds, within which there shall be established: (a) a Capitalized Interest Account; (b) an Assessment Collection Account; (c) a Prepayment Account; (d) an Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds) and (e) an Extraordinary Mandatory Redemption Account (ASI Purchase Price). The Redemption Fund and the accounts established thereunder shall be kept separate and apart from all other funds, monies and accounts held by the Trustee. So long as any Bonds are Outstanding, neither WRCOG nor the Trustee shall have any beneficial right or interest in the Redemption Fund or the moneys and/or securities deposited therein, except only as provided in this Master Indenture, and such moneys and/or securities shall be used and applied by the Trustee as provided in this Master Indenture. Moneys received by the Trustee and deposited in the Redemption Fund representing: (a) capitalized interest on the Bonds; (b) the Assessment Installments received by the Trustee; (c) any amount transferred from the Reserve Fund to the Assessment Collection Account of the Redemption Fund pursuant to Section 4.2.2; (d) the Prepayment of any Assessment, in whole or in part, securing a Bond; (e) proceeds of delinquent Assessment Installments collected as a result of a foreclosure proceeding conducted pursuant to Section 5.3 against the Participating Parcel on which the applicable Assessment has been levied or otherwise (excluding (i) amounts identified as representing attorney's fees and costs incurred by WRCOG or such other person in prosecuting such foreclosure proceeding initiated pursuant to Section 5.3 and (ii) amounts transferred to the Trustee pursuant to Section 4.2.2 to replenish the Reserve Fund); (f) any amounts paid pursuant to the County's Teeter Plan with respect to the Assessment or Assessments securing a Bond or Bonds; (g) amounts in the Redemption Fund transferred thereto pursuant to clause; (g) of Section 5.14 hereto; (h) Excess Program Fund Proceeds transferred to the Extraordinary Redemption Fund Account (Excess Program Fund Proceeds) and (i) ASI Purchase Price, will be held by the Trustee for the benefit of the Owner or Owners of such Bond or Bonds, as applicable, and will be disbursed to the accounts established within the Redemption Fund for the payment of the principal of, and interest and premium, if any, on, such Bond or Bonds as provided below.

(a) *Capitalized Interest Account.* The Trustee will deposit in the Capitalized Interest Account the proceeds from the issuance of a Bond or Series of Bonds as set forth in a Supplemental Indenture and such amounts within the Capitalized Interest Account shall be allocated to the Bond or each such Bond within a Series in the same proportion as the principal amount of such Bond compares to the total principal amount of all of the Outstanding Bonds within the Series. The amounts in the Capitalized Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the applicable Bond or Bonds as the same shall become due and payable on the relevant Bond Payment Date, until the amounts in the Capitalized Interest Account credited to such Bond or Bonds has been depleted. All amounts in the Capitalized Interest Account, including any earnings on the amounts held in the Capitalized Interest Account, shall be held in trust for the benefit of the Bond Owners.

(b) *Assessment Collection Account.* Except for Prepayments which shall be deposited in the Prepayment Account pursuant to paragraph (c) below, Excess Program Fund Proceeds which shall be deposited into the Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds) or the Administrative Expense Payment Account pursuant to Section 4.3.2, ASI Purchase Price proceeds or certain penalties and interest accrued on delinquent Assessment Installments which shall be deposited in the Extraordinary Mandatory Redemption Account (ASI Purchase Price) pursuant to paragraph (e) below, 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 Reserve Fund pursuant to Section 4.2.2;
- (iii) any proceeds from the collection of delinquent Assessment Installments as a result of a foreclosure proceeding conducted pursuant to Section 5.3 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 pursuant to Section 4.2.2 to replenish the Reserve Fund);
- (iv) any amounts received pursuant to the County's Teeter Plan with respect to the Assessments securing the Bonds;
- (v) any amount transferred to the Assessment Collection Account from the Program Fund pursuant to an Officer's Certificate delivered to the Trustee pursuant to Section 4.3.2;
- (vi) any amount transferred to the Assessment Collection Account pursuant to an Officer's Certificate delivered to the Trustee pursuant to paragraph (c)(ii) of Section 5.3.1; and
- (vii) amounts in the Redemption Fund transferred thereto pursuant to clause (g) of Section 5.14 hereto.

All amounts in the Assessment Collection Account shall be used and withdrawn by the Trustee solely for the purpose of:

- (i) paying the Debt Service on the Bonds on a Bond Payment Date;
- (ii) the payment of remaining principal with respect to the Bonds on the respective maturity date thereof; or

(iii) the payment of the principal of and the accrued but unpaid interest and premium, if any, on any Bond upon the redemption thereof as provided in a Supplemental Indenture (excluding mandatory redemptions occurring as a result of a Prepayment or application of Excess Program Fund Proceeds or ASI Purchase Price proceeds, which are governed by paragraph (c), paragraph (d) or paragraph (e), respectively, below).

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.

(c) *Prepayment Account.* The Trustee shall, upon receipt of a Prepayment from the Prepayment Lock Box Account Provider with respect to an Assessment, deposit in the Prepayment Account that portion of such Prepayment specified in the report provided by the Assessment Administrator pertaining to such Prepayment pursuant to Section 5.2.2. Except as provided in Section 5.2.2, pertaining to Prepayment overpayments, all amounts in the Prepayment Account shall be used and withdrawn by the Trustee solely for the purpose of paying the redemption price set forth in a Supplemental Indenture governing the Bond secured by the prepaid Assessment, which shall be the principal amount of such Bond subject to redemption, the applicable redemption premium, if any, and any accrued but unpaid interest on such Bond. 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 Prepayment Account, including any earnings on the amounts held in the Prepayment Account, shall be held in trust for the benefit of the Bond Owners. If WRCOG shall notify the Trustee by an Officer's Certificate that all of the Assessments are paid in full, the Prepayment Account will be closed.

(d) *Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds).* The Trustee shall, upon receipt of an Officer's Certificate pursuant to Section 4.3.2 directing the Trustee to transfer Excess Program Fund Proceeds to the Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds) from the Program Fund, deposit such proceeds in such account. Amounts deposited in the Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds) shall be credited to the Bond specified in such Officer's Certificate and used and withdrawn by the Trustee solely for the purpose of redeeming such Bond, in whole or in part, on the Designated Redemption Date occurring in month following the month in which the Trustee receives such Officer's Certificate on or before the second Thursday of such month or on the Designated Redemption Date occurring in the second month following the month in which the Trustee receives such Officer's Certificate after the second Thursday of such month. The principal amount of the Bond to be redeemed shall equal the amount of the Excess Program Fund Proceeds *plus* the amount, if any, as specified in such Officer's Certificate 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 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 Fund 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 (Excess Program Fund Proceeds), including any earnings on the amounts held therein, shall be held in trust for the benefit of the applicable Bond Owners.

(e) *Extraordinary Mandatory Redemption Account (ASI Purchase Price).* The Trustee shall, upon receipt of funds representing ASI Purchase Price proceeds and a report of the Assessment Administrator pursuant to paragraph (e) of Section 5.2.2 directing the Trustee to take receipt of and deposit such funds in the Extraordinary Mandatory Redemption Account (ASI Purchase Price). Such amounts deposited in such account shall be credited to the Bond as specified in such report of the Assessment Administrator and used and withdrawn by the Trustee solely for the purpose of redeeming such Bond, in whole or in part, on the Designated Redemption Date occurring in the month following the date of receipt by the Trustee of such report of the Assessment Administrator. The redemption price for such Bond or the portion thereof to be subject to extraordinary mandatory redemption pursuant to this paragraph (e) shall be the principal amount of such Bond that is equal to the unpaid principal amount of the Assessment, *plus* any delinquent principal installments and/or interest installments on the applicable Assessment that remain due and owing to the Owner of the Bond, *plus* accrued interest on the Bond equal to the interest that would be due and owing on such Assessment to the applicable Designated Redemption Date, without premium. Interest shall cease to accrue on such Bond, or the principal amount of such Bonds that is subject to redemption, from and after the date of redemption. All amounts in the Extraordinary Mandatory Redemption Account (ASI Purchase Price), including any earnings on the amounts held therein, shall be held in trust for the benefit of the Owner of the applicable Bond.

4.1.2 Disbursements.

(a) On the applicable Bond Payment Date, the Trustee will withdraw from the amounts contained in the applicable account within the Redemption Fund credited to each Bond and pay to the Owner of such Bond the principal of, and interest and premium, if any, then due and payable on, such Bond. WRCOG shall cause the Assessment Administrator to provide to the Trustee written information, upon which the Trustee may conclusively rely, as to amounts that are for the credit of each Bond for purposes of this Master 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 premium, if any, on, any other Bond.

(b) If there are insufficient funds in the Redemption Fund credited to a Bond to pay to the Owner thereof the principal of, and interest and premium, if any, then due and payable on, such Bond, the Trustee will apply the available funds first to the payment of interest on such Bond, then to the payment of principal due on such Bond, and then to payment of principal and premium, if any, due on such Bond by reason of such Bond being called for optional redemption or mandatory redemption, as applicable.

(c) On each September 2 (or, if such date is not a Business Day, the next succeeding Business Day), the Trustee will, upon receipt of an Officer's Certificate so directing the Trustee, use any amounts remaining in the Assessment Collection Account credited to a Bond

(after payment of all interest and principal due and payable with respect to such Bond through such date) for the following purposes in the following priority:

(i) amounts in the Redemption Fund transferred thereto pursuant to clause (g) of Section 5.14 hereto shall be paid to the Owner of the specified Bond or Bonds;

(ii) amounts in the Redemption Fund credited to a Bond that represent penalties and interest with respect to a delinquent Assessment Installment that was collected as a result of a foreclosure proceeding conducted pursuant to Section 5.3 shall be paid to the Owner of the Bond secured by the delinquent Assessment Installment; and

(iii) (A) any remaining amount equal to or greater than \$5,000 in the Assessment Collection Account and credited to a Bond may be used to redeem all or a portion of the outstanding principal amount of such Bond; provided that such redemption is permitted pursuant to the terms of this Master Indenture and the applicable Supplemental Indenture, and, if so, that the applicable redemption price is paid to the Owner of such Bond (as set forth in a Supplemental Indenture) and that the redemption follows the procedures set forth in Section 2.3 and the applicable Supplemental Indenture; or

(B) any such remaining amounts less than \$5,000 shall remain in the Assessment Collection Account and shall be credited to such Bond for the payment of Debt Service on such Bond on the next Bond Payment Date.

4.1.3 Investment. Moneys in the Redemption Fund (and the accounts therein) will be invested and deposited in accordance with Section 6.1. Interest earnings and profits resulting from such investment and deposit will be credited to and retained in the Redemption Fund and the accounts therein, as applicable.

4.1.4 Transfers from Reserve Fund. Amounts transferred to the Redemption Fund from a Reserve Fund will be used in accordance with Part 16 of the Bond Act as directed in an appropriate Officer's Certificate and in conformity with the terms and conditions set forth in this Master Indenture.

Section 4.2 Reserve Fund.

4.2.1 General. The Reserve Fund is hereby established as a separate fund to be held in trust by the Trustee for the benefit of the Owners of the Bonds. With the issuance of a Bond or Series of Bonds, the Trustee shall, pursuant to the provisions of the Supplemental Indenture applicable to such Bond or Series of Bonds, deposit in the Reserve Fund from the proceeds of such Bond or Series of Bonds an amount equal to the Reserve Fund Deposit as specified in such Supplemental Indenture. The Trustee shall also deposit in the Reserve Fund that portion of any Prepayment specified in the report provided by the Assessment Administrator pertaining to such Prepayment pursuant to Section 5.2.2. The Trustee shall also deposit in the Reserve Fund any funds transferred thereto pursuant to an Officer's Certificate deliver to the Trustee pursuant to paragraph (c)(ii) of Section 5.3.1 and the report thereon provided by the Assessment Administrator pursuant to paragraph (c)(ii) of Section 5.2.2.

4.2.2 Transfers and Replenishment. Except as otherwise provided in this Section 4.2, all moneys in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Redemption Fund in the event of any deficiency at any time in the Redemption Fund of the amount then required for payment of the principal of, and interest on the Bonds.

Amounts transferred from the Reserve Fund to the Redemption Fund pursuant to this Section shall be replenished from the collection of the delinquent Assessment Installments that resulted in such transfer (and to the extent necessary, from penalties and interest thereon) whether such collection resulted from judicial foreclosure proceedings or otherwise, as soon as is reasonably possible following the receipt by WRCOG of such delinquent Assessment Installments, penalties and interest.

Notwithstanding the foregoing, if, in the event of the sale of an Assessment Security Interest of an Assessment, the Trustee shall transfer to WRCOG an amount equal to the Reserve Fund Deposit on the Bond secured by such Assessment allocable to such Assessment on the Designated Redemption Date pursuant to a report of the Assessment Administrator delivered to the Trustee pursuant to paragraph (h) of Section 5.2.2.

4.2.3 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 years as directed in a Certificate of WRCOG or, in the absence of direction, the Trustee shall invest such funds in accordance with Section 6.1.1. The Trustee shall retain in the Reserve Fund all earnings on amounts on deposit in the Reserve Fund. Interest earnings and profits resulting from such investment will, except as provided in Section 4.2.4 below, be retained by the Trustee in the Reserve Fund and used for the purposes of the Reserve Fund.

4.2.4 Reserve Fund Cap. If the amount on deposit in the Reserve Fund on September 3rd of any Bond Year exceeds the Reserve Fund Cap, the Trustee shall, within ten (10) business days of such determination, transfer the amount equal to the Reserve Fund Surplus to the Administrative Expense Fund.

Section 4.3 Program Fund.

4.3.1 Establishment of Program Fund. The Program Fund is hereby established as a separate fund to be held in trust by the Trustee. The Trustee shall, pursuant to the provisions of the Supplemental Indenture applicable to a Bond or Series of Bonds, deposit in the Program Fund the amount of the proceeds from the issuance of such Bond or Series of Bonds as is specified in such Supplemental Indenture. The Program Fund shall be kept separate and apart from all other funds, monies and accounts held by the Trustee. Moneys in the Program Fund will be disbursed as provided in Section 4.3.2 for the payment or reimbursement of Improvement Costs.

4.3.2 Disbursement. The Trustee shall, from time to time, disburse monies from the Program Fund for the payment or reimbursement of Improvement Costs pursuant to this Section 4.3.2. Upon receipt by the Trustee of an Officer's Certificate duly executed by an Authorized Representative, in substantially the form attached hereto as Exhibit D, the Trustee shall pay or reimburse such Improvement Costs from amounts in the Program Fund directly to the

contractor or such other person, corporation or entity entitled to payment hereunder. The Trustee may rely on an executed Officer's Certificate containing the amounts to be paid or reimbursed to the designated payees and delivered to the Trustee as complete authorization for said payments. The Trustee may rely on each such certificate as 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 Fund until as directed in an Officer's Certificate: (a) notifying the Trustee that all Improvement Costs to be paid from such funds pursuant to a particular Assessment Contract have been paid and directing the Trustee to transfer the Excess Program Fund Proceeds allocable to such Assessment Contract remaining on deposit in the Program Fund specified in such Officer's Certificate from the Program Fund as follows: (i) transfer such Excess Program Fund Proceeds in the amount of \$100 or more as specified in such Officer's Certificate to the Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds) of the Redemption Fund to be applied to the redemption pursuant to paragraph (d) of Section 4.1.1 of the Bond, in whole or in part, specified in such Officer's Certificate to which such amount is allocable, or (ii) transfer the Excess Program Fund Proceeds to the Administrative Expense Payment Account if the amount of such funds is less than \$100, or (b) directing the Trustee to close the Program Fund and to transfer any moneys remaining on deposit therein, including any investment earnings thereon, to the Assessment Collection Account of the Redemption Fund for the credit of the Bond(s) to which such amount(s) are allocable. Funds on deposit in the Program Fund 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 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 Bond of the same Series or otherwise.

Notwithstanding the foregoing, if, in the event of the sale of an Assessment Security Interest of an Assessment, there is on deposit in the Program Fund money allocated to the Assessment Contract applicable to the Participating Parcel upon which such Assessment was levied for the payment of Improvement Costs for Improvements installed or to be installed on such Participating Parcel, the Trustee shall transfer such moneys to the Sold Assessment Holding Account on the Designated Redemption Date pursuant to a report of the Assessment Administrator delivered to the Trustee pursuant to paragraph (h) of Section 5.2.2.

4.3.3 Investment. Moneys in the Program Fund shall be invested as directed in accordance with Section 6.1. Interest earnings and profits resulting from said investment will be credited to and retained in the Program Fund to be used for the purposes of the Program Fund.

Section 4.4 Cost of Issuance Fund.

4.4.1 Establishment of the Cost of Issuance Fund; Deposit. The Cost of Issuance Fund is hereby established as a separate fund to be held in trust by the Trustee. The Trustee shall, pursuant to the provisions of the Supplemental Indenture applicable to a Bond or Series of Bonds, deposit in the Cost of Issuance Fund the amount of the proceeds from the issuance of such Bond or Series of Bonds as is specified in such Supplemental Indenture. Regardless of the number of individual Bonds within a Series, the Cost of Issuance Fund established for such Series of Bonds shall be used for all Costs of Issuance in connection with the issuance of such Series of Bonds. The Cost of Issuance Fund shall be kept separate and apart from all other funds, monies and accounts held by the Trustee. Moneys in the Cost of Issuance Fund will be disbursed as provided in Section 4.4.2 below.

4.4.2 Disbursement. Amounts in the Cost of Issuance Fund will be disbursed from time to time to pay or reimburse Costs of Issuance incurred in the issuance of a Bond or Series of Bonds. Upon receipt by the Trustee of an Officer's Certificate duly executed by an Authorized Representative in substantially the form attached hereto as Exhibit E, the Trustee shall pay or reimburse directly to the designated payees such Costs of Issuance from amounts in the Cost of Issuance Fund. 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 maintain funds on deposit in the Cost of Issuance Fund until all such funds are expended or until as directed in an Officer's Certificate directing the Trustee to close the Cost of Issuance Fund and to transfer any moneys remaining on deposit therein, including any investment earnings thereon, to the Assessment Collection Account of the Redemption Fund, and such amounts in the Assessment Collection Account shall, as shown in such Officer's Certificate, be credited to the account of each Bond or each Bond within a Series in the same proportion as the principal amount of such Bond compares to the total principal amount of all of the Outstanding Bonds within the Series.

4.4.3 Investment. Moneys in the Cost of Issuance Fund shall be invested in Permitted Investments as directed in accordance with Section 6.1, and earnings and profits resulting from such investment shall be credited to and retained by the Trustee in the Cost of Issuance Fund to be used for the purposes of such fund.

Section 4.5 Administrative Expense Fund.

4.5.1 Establishment of Administrative Expense Fund. The Administrative Expense Fund is hereby established as a separate fund to be held in trust by the Trustee, within which there shall be established an Administrative Expense Payment Account and an Administrative Reserve Account. The Trustee shall pursuant to Section 5.1.2 deposit into the Administrative Expense Payment Account and the Administrative Reserve Account the Assessment Administrative Fees received by WRCOG with respect to each Participating Parcel. The Administrative Expense Fund and the accounts therein shall be kept separate and apart from all other funds, monies and accounts held by the Trustee. Moneys in the Administrative Expense Fund shall be disbursed as provided in Section 4.5.2 below. All monies on deposit in the Administrative Expense Payment Account shall be used for, and are pledged for, the payment or reimbursement of Administrative Expenses when due and payable. All monies on deposit in the Administrative Reserve Account shall be used for, and are pledged for, the payment or reimbursement of Administrative Expenses due and owing to the Trustee if and to the extent that there are inadequate funds to pay such Administrative Expenses in the Administrative Expense Payment Account when the same shall be due and payable.

4.5.2 Disbursement from the Administrative Expense Payment Account. Amounts in the Administrative Expense Payment Account will be disbursed from time to time to pay or reimburse Administrative Expenses. Upon receipt by the Trustee of an Officer's Certificate duly executed by an Authorized Representative in substantially the form attached hereto as Exhibit F, the Trustee shall pay or reimburse directly to the designated payee such Administrative Expenses from amounts in the Administrative Expense Payment Account. 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 or reimburse all Administrative Expenses after receipt of an invoice from any such payee set forth in the Officer's Certificate which requests payment in an amount that is less than or equal to the amount set forth under such payee's name in the Officer's Certificate and all Administrative Expenses owed to the Trustee subject to Section 7.5.

Notwithstanding the foregoing, if, in the event of the sale of an Assessment Security Interest of an Assessment, there are on deposit in the Administrative Expense Payment Account moneys representing Assessment Administrative Fees paid for the applicable Participating Parcel upon which such Assessment was levied, the Trustee shall transfer such moneys to the Sold Assessment Holding Account on the applicable Designated Redemption Date pursuant to a report of the Assessment Administrator delivered to the Trustee pursuant to paragraph (h) of Section 5.2.2.

4.5.3 Disbursement from the Administrative Reserve Account. Amounts in the Administrative Reserve Account will be disbursed from time to time to pay or reimburse Administrative Expenses due and owing to the Trustee in the event that there are insufficient funds available in the Administrative Expense Payment Account for such purpose. In the event that there are insufficient funds available in the Administrative Expense Payment Account for such purpose, the Trustee shall first send a written notice to WRCOG requesting that WRCOG pay such Administrative Expenses. In the event that WRCOG fails to pay such Administrative Expenses within ten (10) Business Days of delivery by the Trustee to WRCOG of such notice requesting

payment or reimbursement of such Administrative Expenses, the Trustee may make such payment or reimbursement from the Administrative Reserve Account and shall immediately notify WRCOG in writing of such payment or reimbursement and the purpose therefor. In the event that there are insufficient funds available in this Administrative Reserve Account to make any payments or reimbursement pursuant to this Section 4.5.3, the Trustee may, pursuant to the Side Letter Agreement, withdraw funds from the Administrative Reserve Account provided for in each other Master Indenture (as such term is defined in the Side Letter Agreement) in an amount not to exceed that amount, which together with any funds on deposit in the Administrative Reserve Account, will be sufficient to make such payment or reimbursement in full.

4.5.4 Investment. Moneys in the Administrative Expense Payment Account or the Administrative Reserve Account shall be invested as directed in accordance with Section 6.1, and earnings and profits resulting from such investment shall be retained by the Trustee in the applicable account to be used for the purposes of such account.

4.5.5 Disposition of Amounts Remaining on Deposit Upon Payment of All Bonds or Resignation or Removal of the Trustee. Upon the payment of all Bonds and surrender thereof to the Trustee for cancellation and payment of all outstanding Administrative Expenses due and payable hereunder [or making adequate provision for the payment thereof as mutually agreed], WRCOG shall deliver to the Trustee an Officer's Certificate declaring that: (a) all obligations of WRCOG have been satisfied [or adequate provision has been made with respect thereof]; (b) WRCOG shall not issue any additional Bonds pursuant to this Master Indenture; and (c) all conditions precedent to the satisfaction and discharge of this Master Indenture have been complied with. Upon receipt thereof, this Master Indenture shall be discharged and the Trustee shall deliver all amounts then remaining in the Administrative Expense Fund, if any, to WRCOG and any outstanding Administrative Expenses shall be payable solely by WRCOG. All such amounts delivered to WRCOG and not required to pay outstanding Administrative Expenses may be used for any lawful purpose of WRCOG.

Section 4.6 Funds and Accounts Established by the Trustee. The Trustee may establish one Redemption Fund, one Reserve Fund, one Program Fund, one Cost of Issuance Fund and one Administrative Expense Fund, in each case and their related accounts as described in this Master Indenture, to be used for all Bonds and all Series of Bonds issued pursuant to this Master Indenture. All monies deposited in any such Funds and related accounts, and investment earning thereon, may be comingled without regard to a particular Bond or Series. The Trustee shall conclusively rely on information received by it pursuant to Section 5.2 and specific disbursement instructions received by it pursuant to this Article IV as to the proper allocation within, and payment from, each Fund and account therein. The Trustee shall not have any responsibility or liability for allocating or segregating any monies on a Series or Bond basis.

Section 4.7 Prepayment Lock Box Account.

4.7.1 Establishment of Prepayment Lock Box Account. The Prepayment Lock Box Account shall be established pursuant to Section 5.15 and the Prepayment Lock Box Account Agreement.

4.7.2 Transfers from the Prepayment Lock Box Account. Upon receipt of a Prepayment from the Prepayment Lock Box Provider and a report from the Assessment Administrator pursuant to Section 5.2.2, the Trustee shall deposit such Prepayment received from the Prepayment Lock Box Account pursuant to such report. If the amount of the Prepayment received from the Prepayment Lock Box Provider is different from the amount of the Prepayment reflected in such report, the Trustee shall notify the Assessment Administrator of such discrepancy and the Assessment Administrator shall notify the Prepayment Lock Box Provider to determine the correct amount and provide such corrected information to the Trustee.

Section 4.8 Sold Assessment Fund.

4.8.1 Establishment of the Sold Assessment Fund. The Sold Assessment Fund is hereby established as a separate fund to be held by the Trustee for the benefit of the Designated Purchaser of any Sold Assessment pending the issuance by WRCOG of a bond the payment of which is secured by such Sold Assessment, within which there shall be established the Sold Assessment Holding Account and the Sold Assessment Payment Account. The Sold Assessment Fund and the accounts therein shall be kept separate and apart from all other funds, monies and accounts of the Trustee.

4.8.2 Deposits.

(a) *Deposits to the Sold Assessment Holding Account.* The Trustee shall deposit in the Sold Assessment Holding Account the amounts transferred thereto from the Reserve Fund, the Program Fund and the Administrative Expense Fund, respectively, pursuant to the direction provided by the Assessment Administrator pursuant to clause (vii) of paragraph (h) of Section 5.2.2.

(b) *Deposits to the Sold Assessment Payment Account.* The Trustee shall deposit in the Sold Assessment Payment Account the amounts transferred thereto pursuant to the direction provided by the Assessment Administrator pursuant to clause (iii) of paragraph (a), clause (v) of paragraph (b), paragraph (d) and paragraph (f) of Section 5.2.2(a)(iii).

4.8.3 Disbursements.

(a) *Disbursements from the Sold Assessment Holding Account.*

(i) The Trustee shall, from time to time, disburse monies from the Sold Assessment Holding Account for the payment or reimbursement of Improvement Costs pursuant to this paragraph (a)(i) of Section 4.8.3. Upon receipt by the Trustee of an Officer's Certificate duly executed by an Authorized Representative, in substantially the form attached hereto as Exhibit D with the exception that references in Exhibit D to the Program Fund shall be revised to refer to the Sold Assessment Holding Account of the Sold Assessment Fund, the Trustee shall pay or reimburse such Improvement Costs from amounts in the Sold Assessment Holding Account directly to the contractor or other such Person entitled to payment hereunder. The Trustee may rely on an executed Officer's Certificate containing the amounts to be paid or reimbursed to the designated payees and delivered to the Trustee as complete authorization for said payments. The Trustee may rely on each such certificate as sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts.

(ii) The Trustee shall transfer all amounts then on deposit in the Sold Assessment Holding Account upon receipt of an Officer's Certificate notifying the Trustee that WRCOG intends to issue limited subordinate obligation bonds secured by Sold Assessments for which the Assessment Security Interests therein were sold pursuant to this Master Indenture and directing the Trustee to transfer such amounts to the trustee for such limited subordinate improvement bonds for deposit in the applicable funds and accounts established for such bonds.

(b) *Disbursement from the Sold Assessment Payment Account.* Monies received by the Trustee and deposited in the Sold Assessment Fund will be withdrawn and disbursed by the Trustee pursuant to a report of the Assessment Administrator delivered to the Trustee pursuant to paragraph (b)(v), (d) or (f) of Section 5.2.2.

4.8.4 Investment. Moneys in the Sold Assessment Fund shall be invested as directed in accordance with Section 6.1, and earnings and profits resulting from such investment shall be retained by the Trustee in the Sold Assessment Fund to be used for the purposes of the Sold Assessment Payment.

Section 4.9 Information Provided to the Trustee Pursuant to Article IV. All information and written directions and all Officer's Certificates and Certificates of WRCOG provided to the Trustee pursuant to Article IV shall be provided electronically (such format to be uploadable, unlocked and not corrupted) in a format reasonably acceptable to the Trustee.

ARTICLE 5

COVENANTS, REPRESENTATIONS AND WARRANTIES OF WRCOG

Section 5.1 Collection of Assessments and Assessment Administrative Fees.

5.1.1 Assessment Installments. WRCOG will comply with all requirements of Chapter 29, the Bond Act and the Indenture to assure the timely collection of the Assessment Installments for each Assessment, including, without limitation, the enforcement of delinquent Assessment Installments. To that end, the following will apply:

(a) The Assessment levied upon each Participating Parcel, together with the interest thereon, will be payable in the Assessment Installments specified in the Assessment Contract applicable to such Participating Parcel. Each Assessment Installment will be payable pro rata with and 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. WRCOG shall cause sums received by each County from the collection of the Assessment Installments and of the interest and penalties thereon to be transferred by such County directly to the Trustee for deposit in the Assessment Collection Account of the Redemption Fund.

(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 Assessment Installments on the next secured tax roll. WRCOG is hereby authorized to employ consultants, including the Assessment Administrator, to assist in computing the Assessment Installments 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 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 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 Assessment Administrative Fees by directly billing the owners of the Participating Parcels for their respective Assessment Installments and Assessment Administrative Fees.

WRCOG makes no representation or warranty regarding its ability to collect such Assessment Installments and 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 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 Assessment Administrative Fees.

5.1.2 Assessment Administrative Fee. WRCOG will comply with all requirements of Chapter 29, the Bond Act and the Indenture to assure the timely collection of the Assessment Administrative Fees pertaining to each Assessment Contract. WRCOG shall take such action as is necessary to assure that the Assessment Administrative Fees are sufficient to pay all Administrative Expenses as the same shall be due and payable. WRCOG shall, in addition to the amount of Assessment Administrative Fees collected annually to assure that such fees are sufficient to annually pay all Administrative Fees as the same shall become due and payable, include in the Assessment Administrative Fee to be collected annually from each Participating Parcel an additional sum of \$10 per Participating Parcel to be deposited in the Administrative Reserve Account. Moneys representing the Assessment Administrative Fees shall, immediately upon receipt thereof by WRCOG, be deposited in the Administrative Expense Payment Account or the Administration Reserve Account, as applicable and directed by the Assessment Administrator pursuant to Section 5.2.2(a)(i) and shall be administered as provided for in Section 4.5.

Section 5.2 Retention of Assessment Administrator; Reports to the Trustee Regarding the Collection of Assessment Installments and Prepayments of Assessments.

5.2.1 Employment of Services of an Assessment Administrator. So long as any Bonds remain Outstanding, WRCOG shall employ the services of an Assessment Administrator. Should WRCOG fail to employ the services of an Assessment Administrator during any period that any Bonds remain Outstanding, the Trustee shall employ, on behalf of WRCOG, at the written direction of the Owners of a majority in principal amount of the Outstanding Bonds, an Assessment Administrator identified by such Owners in their direction for the purpose of providing all services of such Assessment Administrator as specified herein. The costs and expenses incurred by the Trustee and WRCOG in employing such Assessment Administrator shall be deemed to be Administrative Expenses and shall be payable pursuant to Section 4.4 hereto; provided, however, if WRCOG does not provide payment of such costs and expenses in a timely manner, the Trustee shall be entitled to withdraw to the extent available amounts owed from the Administrative Expense Payment Account to pay the Assessment Administrator. It is understood that the Assessment Administrator is an agent of WRCOG and not the Trustee and the Trustee has no responsibility or liability for any amounts owed to the Assessment Administrator. Under no circumstances shall the Trustee act as Assessment Administrator, handle any of its duties or obligations, or be responsible to monitor, track, supervise or otherwise have any obligation with respect to the Assessment Administrator, or be required to pay any amounts due to the Assessment Administrator from amounts on deposit in the Administrative Reserve Account.

5.2.2 Reports to the Trustee Regarding the Collection of Assessment Installments and Prepayments of Assessments. WRCOG hereby covenants with and for the benefit of the Owners of the Bonds, the Trustee and the Designated Purchasers of the Assessment Security Interests of any Sold Assessments that it will cause the Assessment Administrator, acting for and on behalf of WRCOG, to provide electronic written reports to the Trustee of the following:

(a) Reports Pertaining to the Remittance of Assessment Installments and Assessment Administrative Fees. Not later than four (4) Business Days after the date of remittance by the County to the Trustee of any amounts representing Assessment Installments and/or Assessment Administrative Fees, the Assessment Administrator shall notify and direct the Trustee with respect to:

(i) the amount of such remittance to be deposited by the Trustee to the Administrative Expense Payment Account and to the Administrative Reserve Account of the Administrative Expense Fund;

(ii) the amount of such remittance to be deposited by the Trustee to the Assessment Collection Account of the Redemption Fund; and

(iii) the amount of such remittance to be deposited by the Trustee to the Sold Assessment Payment Account of the Sold Assessment Fund.

(b) Reports Preceding Each Bond Payment Date. Not later than five (5) Business Days after each Record Date preceding a Bond Payment Date, the Assessment Administrator shall notify and direct the Trustee with respect to the amounts on deposit as of such Record Date in the following funds and accounts:

(i) the amount on deposit in the Capitalized Interest Account of the Redemption Fund, the amounts therein to be credited by the Trustee to the payment of scheduled Debt Service on such Outstanding Bonds on the next succeeding Bond Payment Date;

(ii) the amount on deposit in the Assessment Collection Account of the Redemption Fund, the amounts therein to be credited by the Trustee to the payment of scheduled Debt Service on such Outstanding Bonds on the next succeeding Bond Payment Date;

(iii) the amount on deposit in the Reserve Fund, the amounts therein to be credited by the Trustee to the payment of scheduled Debt Service on such Outstanding Bonds on the next succeeding Bond Payment Date;

(iv) the amount on deposit in the Prepayment Account of the Redemption Fund, the amounts therein to be credited by the Trustee to the redemption (in whole or in part) any Outstanding Bond secured by the Assessment that has been prepaid (in whole or in part) on the next succeeding Bond Payment Date; and

(v) the amount on deposit in the Sold Assessment Payment Account of the Sold Assessment Fund to be credited by the Trustee to the payment on the Bond Payment Date occurring immediately following such Record Date to the applicable Designated

Purchasers of principal and/or interest on the Sold Assessments specified in such report to the Trustee.

(c) Report Regarding Redemption of Delinquent Assessment Installments of Assessments other than Sold Assessments. Not later than four (4) Business Days after the date of the remittance by WRCOG to the Trustee of any amount representing the redemption of any delinquent Assessment Installment of an Assessment (other than a delinquent Assessment Installment of a Sold Assessment), the Assessment Administrator shall notify and direct the Trustee with respect to:

(i) the amount thereof, if any, to be transferred by the Trustee to the Assessment Collection Account for the purpose of paying any delinquent principal of, or interest on, the Bond resulting from the delinquency in the payment of such Assessment Installment;

(ii) the amount thereof, if any, to be transferred by the Trustee to the Reserve Fund pursuant to Section 4.2.2 to replenish the Reserve Fund for amounts previously transferred from the Reserve Fund to the Assessment Collection Account of the Redemption Fund as a result of the delinquency of such Assessment Installment;

(iii) the amount thereof, if any, representing penalties and interest on such Assessment Installment that is to be transferred by the Trustee to the Assessment Collection Account be credited to the Bond secured by such Assessment Installment;

(iv) the amount thereof representing the reimbursement of advances made by WRCOG or a third party pursuant to Section 5.3.1 and the amount, if any, representing penalties and interest on such Assessment Installment that is to be transferred by the Trustee to WRCOG or such third party as directed by the Executive Committee pursuant to Section 5.3.1;

(v) the amount thereof, if any, representing penalties and interest on such Assessment Installment that is to be transferred by the Trustee to the Reserve Fund pursuant to Section 5.3.1 as directed by the Executive Committee pursuant to Section 5.3.1; and

(vi) the amount thereof, if any, representing Administrative Expense Fees collected with such Assessment Installment that is to be transferred to the Administrative Expense Payment Account and/or the Administrative Reserve Account.

(d) Report Regarding Redemption of Delinquent Assessment Installments of Sold Assessments. Not later than four (4) Business Days after the date of the remittance by WRCOG to the Trustee of any amount representing the redemption of any delinquent Assessment Installment of a Sold Assessment, the Assessment Administrator shall notify and direct the Trustee to transfer such amount to the Sold Assessment Payment Account of the Sold Assessment Fund, provide the Trustee with the name of the Designated Purchaser of such Sold Assessment and wiring instructions for such Designated Purchaser and direct that the Trustee pay such delinquent principal of, or interest on, such Sold Assessment to the Designated Purchaser of the Assessment Security Interest in such Sold Assessment.

(e) Report Regarding Prepayment of Assessments (Other than Sold Assessment). Not later than the 20th day of each month (or the following Business Day if the 20th day of any month is not a Business Day), the Assessment Administrator shall deliver to the Trustee a report providing the Trustee with the following information and direction regarding the Prepayments of Assessments (other than Prepayments of Sold Assessments) received by the Trustee during the month preceding the date of each such report (the “Prepayment Reporting Month”):

(i) the amount of each Prepayment received during the Prepayment Reporting Month;

(ii) the identity of each Bond secured by each Assessment for which any such Prepayment was received by the Trustee during such Prepayment Reporting Month and notifying the Trustee that each such Bond shall be subject to mandatory redemption, in whole or in part, pursuant to paragraph (a) of Section 2.3.2 on the Designated Prepayment Date occurring in the month following the date of the applicable report;

(iii) the amount of each such Prepayment representing the principal of, and the prepayment premium, if any, on such Assessment to be deposited by the Trustee in the Prepayment Account of the Redemption Fund and to be used for the mandatory redemption, in whole or in part, of the Bond identified pursuant to paragraph (d)(ii)(A);

(iv) the amount of each such Prepayment representing the interest on such Assessment to be deposited by the Trustee in the Prepayment Account of the Redemption Fund and to be used for the payment of interest on the principal amount of the Bond pursuant to paragraph (d)(ii)(A) to the redemption date of such Bond;

(v) the amount of each such Prepayment representing delinquent Assessment Installments, if any, included in such Prepayment to be deposited as follows:

(A) the amount thereof to be deposited by the Trustee in the Assessment Collection Account for the purpose of paying any delinquent principal of, or interest on, the Bond identified pursuant to paragraph (d)(ii)(A);

(B) the amount thereof to be deposited by the Trustee in the Assessment Collection Account representing penalties and interest related to such delinquent Assessment Installments and to be disbursed to the Owner of the Bond identified pursuant to paragraph (d)(ii)(A); and

(C) the amount thereof, if any, to be deposited by the Trustee in the Reserve Fund pursuant to Section 4.2.2 to replenish the Reserve Fund for amounts previously transferred from the Reserve Fund to the Assessment Collection Account of the Redemption Fund as a result of the delinquency of such Assessment Installment;

(vi) the amount of such Prepayment representing delinquent Assessment Administrative Fees, if any, included in such Prepayment to be deposited as follows:

(A) the amount thereof to be deposited by the Trustee in the Administrative Expense Payment Account; and

(B) the amount thereof to be deposited by the Trustee in the Administrative Reserve Account.

(f) Report Regarding Prepayment of Sold Assessments. Not later than the 20th day of each month (or the following Business Day if the 20th day of any month is not a Business Day), the Assessment Administrator shall deliver to the Trustee a report providing the Trustee with the following information and direction regarding the Prepayments of Sold Assessments received by the Trustee during the Prepayment Reporting Month:

(i) the amount of each Prepayment of Sold Assessments received during the Prepayment Reporting Month;

(ii) the identity of each such Sold Assessment for which any such Prepayment was received by the Trustee during such Prepayment Reporting Month and which is payable from such Prepayment, the Designated Purchaser of the Assessment Security Interest of the Sold Assessment that has been prepaid and wiring instructions for such Designated Purchaser;

(iii) the amount of each such Prepayment representing the principal of the interest on each Sold Assessment, directing the Trustee to deposit such amount in the Sold Assessment Payment Account and directing the Trustee to pay such amount to the applicable Designated Purchaser on the Designated Redemption Date occurring in the month following the date of the applicable report;

(iv) the amount thereof, if any, of each such Prepayment representing delinquent principal of, or interest on, each such Sold Assessment and the penalties and interest related to such delinquent Assessment Installments of each such Sold Assessment, directing the Trustee to deposit such amount in the Sold Assessment Payment Account and directing the Trustee to pay such amount to the applicable Designated Purchaser on the Designated Redemption Date occurring in the month following the date of the applicable report; and

(v) the amount of such Prepayment representing Assessment Administrative Fees, if any, included in such Prepayment of each such Sold Assessment, directing the Trustee to deposit:

(A) the amount thereof to be deposited by the Trustee in the Administrative Expense Payment Account; and

(B) the amount thereof to be deposited by the Trustee in the Administrative Reserve Account.

(g) Report Regarding Overpayment of Prepayments. In addition to the reports provided for in the preceding paragraphs, the Assessment Administrator shall notify the Trustee of the overpayment of a Prepayment for any Parcel if the Assessment Administrator determines that the Trustee has received an amount to prepay such Assessment, in whole or in part,

that the Assessment Administrator determines is in excess of the amount necessary to prepay such Assessment, in whole or in part, and the Assessment Administrator shall direct the Trustee to refund such excess amount to the payee of such amount if such amount exceeds the Trustee's cost to refund such amount to such payee or to transfer such amount to the Administrative Expense Payment Account if such amount is equal to or less than the Trustee's cost to refund such amount to such payee. In such notification the Assessment Administrator shall notify the Trustee of the name and mailing address of such payee to whom such refund is to be sent and such other information as the Trustee may request in order to facilitate such refund.

(h) Report Regarding ASI Purchase Price Payments. Not later than the 20th day of each month (or the following Business Day if the 20th day of any month is not a Business Day), the Assessment Administrator shall deliver to the Trustee a report providing the Trustee with the following information and direction regarding the ASI Purchase Price payments received by the Trustee during the calendar month preceding the date of each such report (the "ASI Purchase Price Prepayment Reporting Month"):

(i) the amount of the ASI Purchase Payments received during the ASI Purchase Price payments during the ASI Purchase Price Payment Reporting Month;

(ii) the identity of each Bond to be subject to extraordinary mandatory redemption pursuant to paragraph (c) of Section 2.3.2 from the ASI Purchase Price payments;

(iii) the principal amount of each such Bond to be so redeemed whether in whole or in part;

(iv) the Designated Redemption Date of each such Bond which shall be the Designated Redemption Date occurring in the month following receipt by the Trustee of such report;

(v) the redemption price of each such Bond as provided for in paragraph (e) of Section 4.1.1;

(vi) directing the Trustee to transfer from the Assessment Collection Account to the Extraordinary Mandatory Redemption Account (ASI Purchase Price), the amount, if any, on deposit in the Capitalized Interest Account and/or the Assessment Collection Account allocated to Assessment Installments of such Assessment to be credited to the payment of principal or interest on the Bond on the applicable Designated Redemption Date;

(vii) directing the Trustee to transfer to the Sold Assessment Holding Account of the Sold Assessment Fund the following amounts to be specified in such report following the redemption of the applicable Bond, in whole or in part, on the applicable Designated Redemption Date:

(A) from the Reserve Fund, the unutilized portion of the Reserve Fund Deposit for such Bond allocated to the Assessment that was levied on the applicable Participating Parcel upon which the Assessment was levied;

(B) from the Program Fund, the amount of unutilized funds, if any, on deposit in the Program Fund funded from the proceeds of such Bond and allocated to the Assessment Contract applicable to the applicable Participating Parcel upon which such Assessment was levied for the payment of Improvement Costs for Improvements installed or to be installed on such Participating Parcel; and

(C) from the Administrative Expense Payment Account, the amount of unutilized funds, if any, representing Assessment Administrative Fees paid for the applicable Participating Parcel upon which such Assessment was levied.

The Trustee shall provide the Assessment Administrator with access to such electronic data as may be held by the Trustee and is reasonably necessary to enable the Assessment Administrator to provide the reports as required pursuant to this Section 5.2.2.

The Trustee may conclusively rely upon the information provided to the Trustee pursuant to this Section 5.2.2. A Bond Owner may request in writing that the Trustee furnish such Bond Owner, at such Bond Owner's expense, with a copy of any of the written reports set forth in this Section 5.2.2.

Section 5.3 Foreclosure.

5.3.1 Covenant to Commence Judicial Foreclosure Proceedings.

(a) WRCOG hereby covenants with and for the benefit of the Owners of the Bonds that it will, as required pursuant to this Section 5.3.1, order, and cause to be commenced, and thereafter diligently prosecute an action in the superior court to foreclose the lien of any Assessment or Assessment Installment thereof (each such action, a "Foreclosure Proceeding") 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 5.3. The costs of the prosecution by WRCOG or on behalf of WRCOG shall be borne by WRCOG.

(b) Not later than October 1 each year, WRCOG will determine whether any single Participating Parcel is delinquent in the payment of any Assessment Installment of the applicable Assessment (the "Delinquency Determination"). Unless WRCOG is able and elects to defer the initiation of Foreclosure Proceedings pursuant to the paragraph (c) below, WRCOG will notify WRCOG Counsel and the Owners of any Bond for which any Assessment Installment is delinquent of such delinquency and order WRCOG Counsel to 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 within 60 days from the date of receipt by WRCOG of the Delinquency Determination. Subject to further direction from the Executive Committee, WRCOG Counsel is hereby authorized to employ counsel to conduct any such foreclosure proceedings.

(c) Notwithstanding the foregoing, WRCOG may elect, in its sole discretion, to defer foreclosure proceedings on all Participating Parcel that are determined pursuant to paragraph (a) above to be delinquent in the payment of any Assessment Installment if:

(i) the funds then on deposit in the Reserve Fund are sufficient for the purpose of making the transfer from the Reserve Fund pursuant to Section 4.2.2. to the Redemption Fund to make up any deficiency in the Redemption Fund resulting from the delinquency of each such Participating Parcel in the payment of Assessment Installments for the timely payment of scheduled Debt Service on the Bonds that otherwise would have been paid from such delinquent Assessment Installments; or

(ii) WRCOG has received funds equal to the delinquent Assessment Installments for each such Participating Parcel from any other source, including, but not limited to, funds received pursuant to the Teeter Plan of the County in which any such Participating Parcel is located, and such funds are sufficient to make timely payment of scheduled Debt Service on the Bonds that otherwise would have been paid from the delinquent Assessment Installments. In the event WRCOG elects to advance funds from its treasury or enters into an agreement pursuant to which a third party agrees to advance funds for the purpose of enabling WRCOG to defer foreclosure proceedings pursuant to this paragraph, WRCOG may, in its discretion, direct, by an Officer's Certificate delivered to the Trustee and the Assessment Administrator, that the penalties and interest on the delinquent Assessment Installments for which such funds were advanced be transferred by the Trustee to WRCOG or such third party, as applicable, upon receipt thereof by the Trustee. In the event that WRCOG does not direct that such penalties and interest be so transferred, such penalties and interest shall be transferred to the Reserve Fund.

If WRCOG elects to defer the initiation of such Foreclosure Proceedings, WRCOG shall, pursuant to Section 5.3.2, notify the Owners of any Bond for which any Assessment Installment is delinquent of such election by WRCOG. The deferral of the initiation of judicial foreclosure proceedings pursuant to the provision of this paragraph and the use of the funds described in clause (i) or (ii) above to make payment of Debt Service shall not absolve or relieve the liability and obligation for the payment of the delinquent Assessment Installments for such Participating Parcels nor does such deferral or payment in any way defer, enjoin or prohibit the County to exercise any rights or remedies conferred or provided to the County by law to collect such delinquent Assessment Installments and the penalties, interests thereon and the costs incurred by the County in the exercise of such remedies.

(d) In the event that a foreclosure judgment is entered in favor of WRCOG in any foreclosure proceeding undertaken pursuant to this Section 5.3.1 and the applicable Participating Parcel fails to sell for the minimum price required by Streets and Highways Code Section 8832, WRCOG shall not petition the court to modify the judgment and authorize such Participating Parcel to be sold at a lesser minimum price or without a minimum price without the prior written consent of the Owner of the Bond secured by the Assessment levied against such Participating Parcel.

(e) Amounts collected by WRCOG or any other person pursuant to this Section 5.3.1 shall be held in trust by such person for the benefit of the Owner of the Bond secured by a delinquent Assessment Installment until all such amounts have been deposited into the Redemption Fund (excluding amounts identified as representing attorney's fees and costs incurred by WRCOG or such other person in prosecuting any action initiated pursuant to this Section 5.3.1).

(f) Notwithstanding paragraph (b) of this Section 5.3.1, WRCOG shall assign the causes of action and the foreclosure proceedings to a trustee upon receipt of a written request for assignment from the Owner of any Bond secured by an Assessment for which the Assessment Installments are delinquent, identification of the trustee to which such assignment is to be made, the agreement by such Owner to assume all costs and expenses of such foreclosure proceedings and the release of WRCOG of its obligations pursuant to this Section 5.3.1 to prosecute such foreclosure proceedings.

5.3.2 Disclosure Regarding Delinquencies and Foreclosure Proceedings. WRCOG shall provide or cause an electronic Officer's Certificate to be provided to the Trustee no earlier than the first Business Day of the month preceding each Bond Payment Date and no later than the Record Date prior to such Bond Payment Date the following information with respect to any delinquent Assessment Installment or Assessment Installments:

(a) the identity of the Participating Parcel for which each such Assessment Installment is delinquent and the Bond that is secured by the Assessment levied against such Participating Parcel;

(b) the date upon which each such Assessment Installment became delinquent;

(c) the amount of each such delinquent Assessment Installment;

(d) the date upon which the complaint initiating judicial foreclosure proceedings against each such Participating Parcel was filed or if such complaint has not been filed, the date on which such complaint is required to be filed pursuant to Section 5.3.1;

(e) the date on which the delinquent Assessment Installment was redeemed;

(f) the date that judgment in judicial foreclosure proceedings was entered against any such Participating Parcel and the party in whose favor such judgment was entered; and

(g) the date that any such Participating Parcel was sold at a judicial foreclosure sale.

A Bond Owner may request in writing that the Trustee furnish it with a copy of any of the written reports set forth in this Section 5.3.2.

Section 5.4 Sale of Assessment Security Interests.

5.4.1 Sale of Assessment Security Interests. WRCOG may cause the Trustee to release from the lien of this Master Indenture and cease to treat as Collateral securing the related Bond any Assessment and all related property and proceeds as to which the conditions specified in Section 5.4.2 pertain, and in relation thereto WRCOG may sell or grant interests in such Assessment, ASI and proceeds of such Assessment to a Designated Purchaser pursuant to the provisions of this Section 5.4. Each Owner of a Bond secured in whole or in part by an Assessment

levied on a Particular Parcel shall, in consideration of the covenants of WRCOG set forth in this Master Indenture and the receipt of payment of the ASI Purchase Price for the ASI represented by such Assessment, be deemed hereby to consent to WRCOG's sale or grant of interests in any such Assessment, ASI and proceeds to the relevant Designated Purchaser pursuant to this Section 5.4.

No other person or entity, including WRCOG, shall have the right to purchase or be granted interests in any Assessment, ASI and any related property and proceeds pursuant to this Section 5.4 without the express prior written consent of SPRUCE PACE LLC.

5.4.2 Authorized Purposes for the Sale of an Assessment Security Interest. WRCOG may (at its option) sell the Assessment Security Interest in any Assessment to a Designated Purchaser following receipt by WRCOG of the Designated Purchaser's written certification that it is requesting such purchase (a) for an Assessment levied on a Participating Parcel the fee owner of which is in the process of selling or refinancing such Participating Parcel, (b) for the purpose of enabling the Designated Purchaser, as the owner of such Assessment Security Interest, to subordinate its interest in the Assessment Lien pursuant to a Subordination Instrument to the 1st DOT Owner of the 1st DOT on the Participating Parcel against which such Assessment was levied so that neither WRCOG nor the Designated Purchaser shall: (i) commence an action in Superior Court to foreclose ("Judicial Foreclosure Action") upon the Assessment Lien if any installment of the Assessment, or of any interest thereon, together with any penalties, costs, fees, and other charges accruing thereon, are not paid when due, unless and until (A) WRCOG has obtained written authorization, consent or a letter of non-objection from the 1st DOT Owner regarding such action, or (B) the 1st DOT has been reconveyed; and (ii) have the right to receive proceeds from any foreclosure sale as a result of a judgment entered in any such Judicial Foreclosure Action in favor of WRCOG, but only to the extent necessary to enable 1st DOT Owner to recover full payment of all amounts expressly owed and due under the obligation secured by the 1st DOT; provided, however, that such subordination shall not in any other way affect (A) the foreclosure rights of WRCOG, the Designated Purchaser or other owner of the right to receive all payments and economic benefit of such Assessment Lien, (B) the right of WRCOG, the Designated Purchaser or other owner of the rights to receive all payments and economic benefit of such Assessment Security Interest thereafter to receive payments of Assessment installments of such Assessment Security Interest as the same become due and payable, or (C) reduce the amount of any such Assessment installments. WRCOG and the Designated Purchaser do not otherwise waive or subordinate the priority of the Assessment Security Interest to the 1st DOT nor do WRCOG or the Designated Purchaser waive any other right or remedy to the enforcement of Assessment Security Interest, including but not limited to, the right of collection as to delinquent installments of the Assessment, or of any interest thereon, together with any penalties, costs, fees, and other charges accruing thereon, through the tax sale of the Participating Parcel as authorized and permitted pursuant to the laws of the State of California.

5.4.3 ASI Purchase Price. In the event that a Designated Purchaser requests to purchase an Assessment Security Interest in an Assessment, the Designated Purchaser, shall notify WRCOG, the Trustee and the Assessment Administrator of such request and specify the ASI Purchase Price Payment Date (the "Notice of Election") together with the Designated Purchaser's certification described in Section 5.4.2. The ASI Purchase Price Payment Date shall be not less than ten (10) Business Days after the date of the Notice of Election. Not later than five (5) Business Days after the receipt of a Notice of Election, the Assessment Administrator shall notify the

Designated Purchaser, WRCOG and the Trustee of the ASI Purchase Price and the Designated Redemption Date determined pursuant to paragraph (c) of Section 2.3.2.

5.4.4 Payment of the ASI Purchase Price. If the Designated Purchaser's request and Notice of Election are accepted by WRCOG, the Designated Purchaser shall make payment of the ASI Purchase Price to the Prepayment Lock Box Account on or before the ASI Purchase Price Payment Date by wire transfer to the Trustee pursuant to such wire instructions as may be provided to Designated Purchaser by the Trustee. If Designated Purchaser fails to make the payment of the ASI Purchase Price on or before the ASI Purchase Price Payment Date, the Designated Purchaser may submit a new Notice of Election pursuant to Section 5.4.3 together with a new ASI Purchase Price Payment Date and the Assessment Administrator shall provide notice of the new ASI Purchase Price pursuant to Section 5.4.3 and if the new request and Notice of Election are accepted by WRCOG, the Designated Purchaser shall make payment of the new ASI Purchase Price pursuant to this Section 5.4.4. In addition, it shall be a condition to the sale by WRCOG of the Assessment Security Interest, that, to the extent not included in the ASI Purchase Price, all delinquent Assessment Installments together with delinquent interest and penalties shall have been paid in full by or on behalf of the owner of the Participating Parcel on or before the ASI Purchase Price Payment Date.

5.4.5 Receipt of the ASI Purchase Price. Upon receipt of funds representing the payment of the ASI Purchase Price, the Trustee shall deposit such funds in the Extraordinary Mandatory Redemption Account (ASI Purchase Price) and shall apply such funds pursuant to a notification by the Assessment Administrator delivered to the Trustee as provided in paragraph (e) of Section 5.2.2 to the extraordinary mandatory redemption of such applicable Bond as the Assessment Administrator shall identify in such notification.

5.4.6 Effect of Extraordinary Mandatory Redemption of a Bond from the Payment of the ASI Purchase Price. Upon the extraordinary mandatory redemption of a Bond pursuant to paragraph (c) of Section 2.3.2 from the proceeds of the ASI Purchase Price for the purchase of the Assessment Security Interest of an Assessment securing the payment of such Bond, the Designated Purchaser shall become the sole owner of such Assessment Security Interest in such Assessment, such Bond shall no longer be payable from or secured by such Assessment or the Assessment Security Interest in such Assessment and the terms and conditions of this Master Indenture, the applicable Supplemental Indenture and such Bond shall not apply to such Assessment or the Assessment Security Interest in such Assessment except as such terms and conditions of this Master Indenture apply to Sold Assessments.

Section 5.5 Punctual Payment. WRCOG will punctually pay or cause to be paid the principal of, and interest and premium, if any, on, the Bonds when and as due in strict conformity with the terms of the Indenture, and it will faithfully and timely observe and perform all of the conditions, covenants and requirements of the Indenture and of the Bonds.

Section 5.6 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 or principal of 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 or principal of any of the Bonds, or in any other manner.

Section 5.7 Against Encumbrance. WRCOG will not encumber, pledge or place any charge or lien upon any of the Assessments or other Collateral pledged to the Owners hereunder except for any such encumbrance, pledge or placement of a lien or charge approved in writing by the Owner of such Bond.

Section 5.8 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 proceeds of the Bonds, the Assessments and the application of amounts disbursed from the funds and accounts established hereunder, which records will be subject to inspection by the Trustee and the Owners (who shall have no duty to so inspect) upon reasonable prior notice on any Business Day.

Section 5.9 Protection of Security and Rights of Owners. WRCOG will preserve and protect the first priority security interest in the Assessments and the rights of the Owners thereto, and will warrant and defend their rights to such security interest 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. The cost of any such action shall be borne by WRCOG except for foreclosure proceedings undertaken by a trustee appointed by WRCOG at the request of the Owner of a Bond pursuant to Section 5.3.1.

In the event that a County files a petition pursuant to Chapter 9, WRCOG shall, in addition to the actions specified in Section 5.1.1(c) and as an integral and material part of its obligations under this covenant, seek such post-petition relief as shall be necessary to, (a) obtain relief from the automatic stay as to all Assessment Installments received by such County prior to the filing of such petition and held by such County at the time of filing of such petition to enable such Assessment Installments to be paid to the Trustee, and (b) ensure that all Assessment Installments received by such County post-petition are timely paid to the Trustee.

Section 5.10 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 the Improvements in excess of the proceeds of the Bonds available therefor.

Section 5.11 Modification of or Supplement to the WRCOG or the WRCOG Program Reports. WRCOG shall not modify or supplement the WRCOG Program collectively or individually or the WRCOG Program Report collectively or individually so as to adversely affect any Outstanding Bond in any material respect without the written consent of the Owner of such Bond then Outstanding, exclusive of any Bond disqualified as provided in Section 8.3. The procedure set forth in Section 8.2 to obtain the written consent of the Owner to the amendment or modification of the Indenture shall apply to any procedure to obtain the written consent of the Owner to any modification of or supplement to the WRCOG Program or the WRCOG Program Report or individually requiring such consent.

Section 5.12 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 5.13 Financial Information. Promptly after such information is available, but in any event not later than January 1st following the end of each fiscal year of WRCOG, WRCOG shall provide to each Owner in electronic format, or make available to each Owner on WRCOG's website, WRCOG's comprehensive annual financial report (including the annual financial statements).

Section 5.14 Representations and Warrants of WRCOG. WRCOG hereby represents and warrants as follows:

(a) All Assessment Contracts and transactions related thereto shall comply with, and be completed and entered into in compliance with the requirements of Chapter 29, the Program Report and all other relevant and applicable laws and regulations of federal government and the State of California, all relevant and applicable resolutions of WRCOG and such transactions, the related Participating Parcels and owners of such Participating Parcels shall satisfy all eligibility criteria under and underwriting requirements of Chapter 29, the Program Report and all other relevant and applicable laws and regulations of federal government and the State of California, all relevant and applicable resolutions of WRCOG necessary to participate in the Program.

(b) All Bonds shall be limited obligation improvement bonds governed by the provisions of Indenture, Chapter 29 and the Bond Act and shall be issued in accordance with and in satisfaction of all applicable terms and underwriting criteria for such bonds of the Indenture, Chapter 29, the Bond Act and all other relevant and applicable laws and regulations of the federal government and the State of California, the Program Report and all relevant and applicable resolutions of WRCOG.

(c) WRCOG, either directly or through the Assessment Administrator or its other agents, shall adhere to all required procedures and processes of the County and shall take all commercially reasonable steps necessary to insure that all amounts owed under any and all Assessment Contracts are accurately and timely entered on the tax roll of the County.

(d) In addition to Assessment Installments and Assessment Administration Fees, all fees, premiums, if any, and other amounts collected with respect to the Assessment Contracts, including, but not limited to, Prepayments, penalties and interest on delinquent Assessment Installments and corrections to Assessment Installments, that are payable to the Owners shall be determined, assessed and collected in appliance with all relevant and applicable laws and regulations.

(e) All notices required to be provided by WRCOG or the Trustee to the Owners shall be provided to the ABS Trustee pursuant to the same terms and provisions of the Indenture that are applicable to the provision of such notices to the Owners.

(f) WRCOG shall provide or cause notice to be provided to the Owners and the ABS Trustee of any change in the collection procedures for the Assessment Contracts and the related Assessments, including, without limitation, the initiation or termination of the collection of Assessment Installments through a Teeter Program.

(g) To the extent within the control of WRCOG, WRCOG shall renew all contracts with its Program service partners, including, but not limited to, SPRUCE PACE LLC, the Trustee, Bond Counsel, the Assessment Administrator, the Program manager and the private placement agent in the absence of fraud, negligence, willful misconduct or reckless disregard of obligations by the service provider. In addition, WRCOG shall diligently enforce its contractual rights against its Program service partners (including, without limitations, the Program service partners listed in the preceding sentence) and seek any available contract damages from any of such provider in the case of a breach of contract by such provider that has an adverse effect on the amount or timing of collections in respect of the Assessments. In the event any amounts are received by or on behalf of WRCOG in respect of such damages resulting to the Owners, such amounts shall be deposited in the Redemption Fund and applied in accordance with Section 4.1.2.

Section 5.15 Establishment and Maintenance of Prepayment Lock Box Account.

5.15.1 Establishment and Maintenance of Prepayment Lock Box Account. So long as any Bonds remain Outstanding, WRCOG shall maintain a Prepayment Lock Box Account for the sole purpose of receiving Prepayments and providing for the subsequent disbursement of such Prepayments to the Trustee. Should WRCOG fail to maintain such Prepayment Lock Box Account during any period that any Bonds remain Outstanding, the Trustee shall establish and maintain, on behalf of WRCOG, at the written direction of the Owners of 60% in principal amount of the Outstanding Bonds, such a Prepayment Lock Box Account at a successor Prepayment Lock Box Account Provider identified by such Owners in their direction, upon which the Trustee may conclusively rely. The costs and expenses incurred by the Trustee and WRCOG in establishing and maintaining such Prepayment Lock Box Account shall be deemed to be Administrative Expenses and shall be payable pursuant to Section 4.5.2 hereto; provided, however, if WRCOG does not provide payment of such costs and expenses in a timely manner, the Trustee shall be entitled to withdraw to the extent available amounts owed to the Prepayment Lock Box Account Provider. It is understood that the Prepayment Lock Box Account Provider is an agent of WRCOG and not the Trustee and the Trustee has no responsibility or liability for any amounts owed to the Prepayment Lock Box Account Provider. Under no circumstances shall the Trustee act as Prepayment Lock Box Account Provider, handle any of its duties or obligations, or be required to pay any amounts due to the Prepayment Lock Box Account provider from amounts on deposit in the Administrative Reserve Account.

5.15.2 Requirements of the Prepayment Lock Box Account. The Prepayment Lock Box Account must satisfy the following requirements:

(a) The Prepayment Lock Box Account may be provided only by a Prepayment Lock Box Account Provider. WRCOG will change the Prepayment Lock Box Provider within sixty (60) calendar days of receipt of a written request from the Owners of 60% in aggregate principal amount of Bonds then Outstanding.

(b) The duties and obligations of the Prepayment Lock Box Account Provider shall be set forth in a blocked account control agreement among WRCOG, the Trustee and the Prepayment Lock Box Account Provider that shall be subject to the consent of the Owners of at least 60% in the aggregate principal amount of the Bonds then Outstanding.

ARTICLE 6

INVESTMENTS; LIABILITY OF WRCOG AND ITS MEMBERS OR ASSOCIATE MEMBERS; DEPOSIT AND INVESTMENT OF MONEYS IN FUNDS. THE FOLLOWING WILL APPLY TO THE INVESTMENT OF FUNDS HELD BY THE TRUSTEE:

Section 6.1 Investment. 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 an Officer's Certificate filed with the Trustee, at least two Business Days in advance of the making of such investments. Notwithstanding the foregoing, moneys on deposit in the Redemption Fund shall be invested only in Federal Securities specified in clause (i) of the definition thereof or in Permitted Investments specified in clause (h) of the definition thereof, in each case as identified in the Officer's Certificate. In the absence of any such Officer's Certificate, the Trustee shall invest any such moneys in Deutsche Bank Government Funds Government & Agency Securities Portfolio - Cash Managed Shares, 254/DCMXX.

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.

The Trustee may act as principal or agent in the acquisition or disposition of any investment. The Trustee will incur no liability for losses arising from any investments made pursuant to this Section unless such losses arise as a result of the Trustee's failure to make investments as set forth in investment directions from WRCOG or as a result of such investments violating the terms of this Master Indenture. The Trustee will be entitled to rely upon any investment directions from WRCOG as conclusive evidence that the investments described therein are so authorized under the laws of the State of California.

Except as set forth above, 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 responsible for the selection of investments.

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.

The Trustee will sell, or present for redemption, any investment security whenever it is necessary to provide moneys one Business Day prior 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.

WRCOG acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant WRCOG the right to receive brokerage confirmations of security transactions as they occur, WRCOG specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish WRCOG periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder, and will furnish to any Bond Owner, upon such Bond Owner's written request, a cash transaction statement detailing investment transactions made by the Trustee hereunder with respect to the deposits in the Redemption Fund; provided that such Bond Owner also pays the cost of preparation of such statement.

Section 6.2 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.

ARTICLE 7

THE TRUSTEE

Section 7.1 Appointment of Trustee. Deutsche Bank National Trust Company, at the Corporate Trust Office, is hereby appointed trustee (including registrar and transfer agent) 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 paragraph (b) of this Section 7.1) will be the successor to such Trustee provided that such bank or company expressly assumes in writing the duties of the Trustee under the Indenture without the execution or filing of any other 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 remove the Trustee initially appointed and any successor thereto, and may appoint a successor thereto, but any successor 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 7.1, 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 7.1(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 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 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 that satisfies the requirements of paragraph (b) of this Section 7.1.

Section 7.2 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 request and 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, the 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 and none of the provisions contained in this Master Indenture shall in any event require the Trustee to perform, or be responsible for the manner of performance of, any of the obligations of any other party including, without limitation, any employee, staff member, consultant, or agent of WRCOG, under this Master Indenture.

(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 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.

(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 agrees to accept and act upon instructions or directions pursuant to the Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Trustee has received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If WRCOG elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee’s understanding of such instructions will be deemed controlling. The Trustee will 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 instructions conflict or are inconsistent with a subsequent written instruction. WRCOG agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions 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.

(i) 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.

(j) The obligations of the Trustee shall be determined solely by the express provisions of this Master Indenture and no implied covenants or obligations shall be read into this Master Indenture against the Trustee.

(k) For all purposes under this Master Indenture, the Trustee shall not be deemed to have notice or knowledge of any Event of Default described in clauses (c), (d) or (e) of Section 9.1 of this Master Indenture unless an officer assigned to and working in the Corporate Trust Office of the Trustee having responsibility for the administration of this Master Indenture has actual knowledge thereof or unless written notice of any event which is in fact such an Event of Default is received by the Trustee at the Corporate Trust Office and such notice references the Bonds generally or WRCOG.

(l) Whether or not therein expressly so provided, every provision of this Master Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of Section 7.1 and this Section 7.2.

(m) In no event shall the Trustee be liable for special, punitive, indirect or consequential loss or damage (including lost profits) even if the Trustee has been advised of the likelihood of such damages and regardless of the form of such action.

(n) The rights, protections, benefits, immunities and indemnities afforded to the Trustee pursuant to this Master Indenture shall be afforded to it acting in each of its capacities under this Master Indenture or other related document.

(o) In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including, without limitation, those relating to the funding of terrorist activities and money laundering, including Section 326 of the USA PATRIOT Act of the United States (“Money Laundering Law”), the Trustee is required to obtain, verify, record and update certain information relating to individuals and entities which maintain a business relationship with the Trustee. Accordingly, WRCOG agrees to provide to the Trustee upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Trustee to comply with the Money Laundering Law.

Section 7.3 Information; Books and Accounts. The Trustee will provide to WRCOG and the Owners of the Bonds such information relating to the Bonds and the funds and accounts maintained by the Trustee hereunder as WRCOG or such Owners may reasonably request, including, but not limited to, periodic 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 7.4 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 having been signed or presented by the proper party or proper parties.

The Trustee may consult with counsel, who may be Bond Counsel or other counsel to WRCOG, with regard to legal questions, and the advice or written 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 as reflected on the Bond Register 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 bad faith 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; provided that the Trustee shall be responsible for any such action taken or suffered in a manner constituting gross negligence or willful misconduct.

Section 7.5 Compensation; Indemnification. WRCOG will pay out of its funds, which shall include, but not be limited to, the proceeds of Assessment Administrative Fees deposited in the Administrative Expense Fund and the interest earnings on the investment of such proceeds, 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. If WRCOG fails to pay amounts owed to the Trustee (whether fees, expenses or indemnities) in a timely manner, the Trustee shall be entitled to withdraw such amounts from the Administrative Expense Fund. Such compensation for services rendered by the Trustee and such expenses incurred by the Trustee shall conform to the Trustee's _____ dated _____, 20__ the body thereof (the "Trustee's Fee Proposal") as accepted by WRCOG as evidenced by the Notice of Acceptance executed by the Deputy Executive Director of WRCOG and dated _____, 20__. Such Trustee's Fee Proposal shall be subject to amendment from time to time by mutual agreement of the Trustee and WRCOG. As security for the performance of WRCOG under this Section 7.5, the Trustee shall have a lien on all monies deposited in the Administrative Expense Fund.

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. All such amounts may be paid from the Administrative Expense Fund to the extent of funds available.

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.

ARTICLE 8

AMENDMENT OR MODIFICATION OF THE INDENTURE

Section 8.1 Conditions for Amendment.

8.1.1 Amendment with Consent of Bond Owners. The Indenture and the rights and obligations of WRCOG and of the Owners of the Bonds may be amended or modified at any time 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 8.3.

No such amendment or modification may:

(a) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter, reduce or impair the obligation of WRCOG to pay the principal of, and the interest and premium, if any, on, any Bond, without the express consent of the Owner of such Bond; or

(b) permit the creation by WRCOG, the Trustee or any other person of any pledge or lien upon the Assessments or the other Collateral superior to or on a parity with the pledges and liens created for the benefit of the Bonds; or

(c) reduce the percentage of Bonds required for the amendment of this Master Indenture or to take any action on behalf of all Bond Owners; or

(d) amend this Section 8.1.

Any such amendment or modification may not modify any of the rights or obligations of the Trustee without its written consent.

8.1.2 Amendment without Consent of Bond Owners. The Indenture and the rights and obligations of WRCOG and of the Owners may also be amended or modified at any time, without the consent of any Owners, only to the extent permitted by law (as evidenced by an opinion of Bond Counsel delivered to the Trustee) and only for any one or more of the following purposes:

(a) *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.

(b) *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, unless the requirement for such opinion is waived by the Owners of the Bonds that would be affected by such modifications.

(c) *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, unless the requirement for such opinion is waived by the Owners of the Bonds that would be affected by such modification.

(d) *Issuance of Bonds.* To issue Bonds in accordance with the Indenture.

(e) *Credit Enhancements.* To provide for the delivery of credit enhancements for one or more Bonds or Series of Bonds.

The Trustee shall be entitled to receive, and be fully protected in relying upon: (i) an Officer's Certificate of WRCOG as to the determination of whether an Owner of a Bond would be affected by any proposed amendment or modification pursuant to clauses (b) or (c) above and any such determination shall be conclusive and binding upon all present and future Owners of the Bonds; and (ii) an opinion of Bond Counsel stating that the execution of such amendment or modification is authorized and permitted under the Indenture and all conditions precedent thereto have been satisfied. The Trustee shall not be liable for any such determination made in good faith and in reliance upon such Officer's Certificate and opinion of Bond Counsel delivered to the Trustee.

Section 8.2 Procedure for Amendment with Written Consent of Owners. WRCOG and the Trustee may, at any time, amend or modify the provisions of the Bonds or of the Indenture, to the extent that such amendment or modification is permitted by Section 8.1, to take effect when and as provided in this Section. With respect to such amendment or modification under this Section, the following will apply:

(a) A copy of such amendment or modification, together with a request to Owners for their consent thereto, will be mailed by first class mail, by the Trustee to each Owner of Bonds Outstanding, but failure to mail copies of such amendment or modification and request will not affect the validity of the amendment or modification when assented to as provided in this Section.

(b) Such amendment or modification 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 8.3) and a notice has been mailed as described in paragraph (a) above. Each such consent will be effective only if accompanied by proof of ownership of the Bonds in satisfaction of Section 10.4 for which such consent is given.

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 provided for in subsection (c) below has been mailed.

(c) After the Owners of the required percentage of Bonds have filed their consents to the amendment or modification, the Trustee will mail a notice to the Owners in the manner described in paragraph (a) above for the mailing of the amendment or modification, stating in substance that the amendment or modification 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 amendment or modification 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 8.2 to be filed with the Trustee, will be proof of the matters therein stated until the contrary is proved.

The amendment or modification will become effective upon the filing with the Trustee of (i) the proof of the required notice, and (ii) an approving opinion of Bond Counsel to the effect that the amendment or modification complies with this Section 8.2. The amendment or modification 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 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 8.3 Disqualified Bonds. Bonds owned or held for the account of WRCOG, or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with, WRCOG (except any Bonds held in a 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 Master Indenture, and will not be entitled to vote upon, consent to, or take any other action provided for in this Master Indenture; 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 or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with, WRCOG (except any Bonds held in a 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 8.4 Effect of Amendment or Modification. From and after the time any amendment or modification becomes effective pursuant to this Article 8, the Indenture will be deemed to be amended or modified in accordance therewith, the respective rights, duties and obligations under the Indenture of WRCOG, the Trustee and all Owners of Bonds Outstanding will thereafter be determined, exercised and enforced hereunder subject in all respects to such amendments and modifications, and all the terms and conditions of any such amendment or modification will be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Section 8.5 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 8 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 Corporate Trust 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 reasonable 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 Corporate Trust Office of the Trustee, without cost to any Owner, for Bonds of the same character then Outstanding, upon surrender of such Bonds.

Section 8.6 Amendatory Endorsement of Bonds. The provisions of this Article 8 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 8.7 Execution of Amendment or modification. Prior to executing any amendment or modification hereunder, the Trustee shall receive an opinion of Bond Counsel stating that the execution of such amendment or modification is authorized and permitted by the Indenture and that all conditions precedent to the execution of such amendment or modification have been met.

ARTICLE 9

EVENTS OF DEFAULT; REMEDIES

Section 9.1 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, from proceedings for redemption or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond when and as the same will become due and payable;

(c) Failure of the Owners of the Bonds to have a perfected first priority security interest in the Assessments and the other Collateral;

(d) Default by WRCOG in the observance of any of the other agreements, conditions, representations, covenants, or warranties on its part in the Indenture, any Supplemental Indenture, any Officer’s Certificate or in the Bonds contained; or

(e) The filing by WRCOG of a voluntary petition in bankruptcy, or failure by WRCOG promptly to lift any execution, garnishment or attachment, or adjudication of WRCOG as bankrupt, or assignment by WRCOG for the benefit of creditors, or the entry by WRCOG an agreement of composition with creditors, or the approval by a court of competent jurisdiction of petition applicable to WRCOG in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereinafter be amended.

If an Event of Default under clause (c) or (d) above occurs, the Trustee or an Owner or Owners shall give WRCOG notice of such Event of Default. If such Event of Default is reasonably capable of being cured within thirty (30) days from the date of such notice, WRCOG shall have such period to affect a cure prior to the exercise of remedies by the Trustee or the Owners hereunder. If the Event of Default is such that it is reasonably capable of being cured, but not within such thirty (30) day period and WRCOG, (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 WRCOG shall have such additional time, as is reasonably necessary, to cure the Event of Default prior to the exercise of any remedies by the Trustee or the Owners. However, in no event shall the Trustee or the Owners be precluded from exercising remedies if the security interest in the Collateral for the Bonds becomes or is about to become materially jeopardized by any failure to cure an Event of Default, or if the Event of Default is not cured within one hundred and twenty (120) days after the first notice of default is given.

Section 9.2 Remedies of Owners. Following the occurrence of an Event of Default, any Owner will have the right 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 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 which are unlawful or violate the rights of the Owners.

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 and redemption premium, if any, 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.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

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 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 9.3 Agreement to Pay Attorneys' Fees and Expenses. In the event any party to the Indenture, other than the Trustee, should default under any of the provisions hereof and a non-defaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will, on demand therefor, pay

to the non-defaulting party or parties the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party or parties.

Section 9.4 Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring pursuant to Section 9.2 to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners, and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the Owners as a class or classes, as may be necessary or advisable; provided, however, the Trustee shall have no duty or obligation to enforce any right or remedy unless it has been indemnified to its satisfaction by the Owners from any liability or expense including, without limitation, fees and expenses of its attorneys.

ARTICLE 10

MISCELLANEOUS

Section 10.1 Discharge of Indenture. Subject to the provisions of Section 2.3 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 and interest and premium, if any, 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 4.1, is fully sufficient to pay such Bonds Outstanding, including all principal, interest and applicable premiums, if any; 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 4.1, be fully sufficient, without reinvestment, to pay and discharge the indebtedness on such Bonds, including all principal, interest and applicable premiums, if any, 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 Collateral 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 from amounts set aside for such purpose as set forth above; and (ii) the obligation of WRCOG to pay or cause to be paid all amounts owing to the Trustee pursuant to Section 7.5 hereof.

If all Bonds outstanding are discharged pursuant to this Section, thereafter Assessments will not be payable to the Trustee. Notice of election to discharge the Indenture 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 10.2 Benefits of Indenture 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 10.3 Successor is Deemed Included in All Reference to Predecessor.

Whenever in this Master 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 10.4 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 Bond Register.

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 10.5 Waiver of Personal Liability. No officer, agent or employee of WRCOG or officer, agent or employee of any Member or Associate Member will be individually or personally liable for the payment of the principal of, or interest or the premium, if any, on, the Bonds; but nothing herein contained will relieve any such officer, agent or employee from the performance of any official duty provided by law.

Section 10.6 Notices to and Demand on WRCOG 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
4080 Lemon Street
3rd Floor, MS 1032
Riverside, California 92501-3609
Attention: Executive Director

If to the Trustee for
purposes of transfer,
exchange or surrender:

Deutsche Bank National Trust Company
c/o DB Services Americas, Inc.
5022 Gate Parkway, Suite 200
Jacksonville, Florida 32256
Attention: Transfer Unit

If to the Trustee:

Deutsche Bank National Trust Company
1761 East St. Andrew Place
Santa Ana, California 92705
Attention: Trust Administration – WR1603

Section 10.7 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 10.8 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 years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two 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 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 shall (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 Bond Register, 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 10.9 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 Master 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 Bonds pursuant to the Indenture will constitute conclusive evidence of the regularity of all proceedings under Chapter 29 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 (and 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, (and premium, if any) 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 Bond Payment Date until such Business Day.

Section 10.13 Counterparts. This Master 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 Master Indenture to be executed, all as of the date first written above.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____

Attest: _____

DEUTSCHE BANK NATIONAL TRUST COMPANY, acting as Trustee and not in its individual capacity

By: _____

Title: _____

By: _____

Title: _____

MASTER INDENTURE
EXHIBIT A
FORM OF SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE SERIES NO. []
BETWEEN THE
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
AND
DEUTSCHE BANK NATIONAL TRUST COMPANY,
as Trustee
DATED AS OF THE CLOSING DATE
RELATING TO

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(WRCOG Program)
([] Residential Property Tranche - Phase One)
Series No. 20[]

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Supplemental Indenture Series No. []

This Supplemental Indenture Series No. [], dated as of Closing Date (the “Supplemental Indenture”), between the WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (“WRCOG”), a joint exercise of powers authority duly organized and existing under the Joint Exercise of Powers Act, being Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (commencing with Section 6500) and a Joint Exercise of Powers Agreement originally made and entered into by the parties thereto as of April 1, 1991, and DEUTSCHE BANK NATIONAL TRUST COMPANY, acting solely as trustee (the “Trustee”) and not in its individual capacity, a national banking association organized and existing under the laws of the United States of America;

BACKGROUND:

WHEREAS, WRCOG and the Trustee have executed and delivered a Master Indenture, dated as of April 3, 2017 (the “Master Indenture”), to provide for the terms and conditions of the issuance by WRCOG of one or more Series of Bonds (as defined in the Master Indenture) from time to time;

WHEREAS, in order to provide for the authentication and delivery of the Series No. [] Bonds (defined below), to establish and declare the terms and conditions upon which the Series No. [] Bonds are to be issued, to secure the Series No. [] Bonds by a first priority perfected lien and charge upon the Assessments, the Collateral and the other respective funds and accounts established under the Master Indenture, the Executive Committee of WRCOG has authorized the execution and delivery of this Supplemental Indenture; and

WHEREAS, all acts and proceedings required by law and the Master Indenture necessary to make the Series No. [] Bonds, when executed by WRCOG, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of WRCOG, and to constitute this Supplemental Indenture Series No. [] a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Supplemental Indenture have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE 1

DEFINITIONS; AUTHORIZATION AND PURPOSE OF SERIES NO. [] BONDS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context clearly otherwise requires or unless otherwise defined in the Master Indenture, the capitalized terms in this Supplemental Indenture will have the respective meanings specified herein.

“Bond Payment Dates” means March 2 and September 2 of each year (or, if such date is not a Business Day, the next succeeding Business Day), commencing on the date set forth in each respective Series No. [] Bond Form set forth in Exhibit B hereto.

“Closing Date” means the date of initial issuance and delivery of each Series No. [] Bonds hereunder, as set forth in each respective Series No. [] Bond Form set forth in Exhibit B attached hereto and incorporated herein by this reference.

“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 Series No. [] Bonds, including, but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees; reasonable expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee; fees, reasonable charges and disbursements of attorneys, financing advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Series No. [] Bonds; and any cost, charge or fee in connection with the original issuance of the Series No. [] Bonds.

“Designated Transferee” means, with respect to the Series No. [] Bonds,
_____.

“Initial Purchaser” means SPRUCE PACE LLC, or the assignee thereof, pursuant to an assignment made pursuant to the WRCOG Program Master Bond Purchase Agreement, dated as of April 3, 2017, by and between WRCOG and SPRUCE PACE LLC, as the initial purchaser of each Bond issued hereunder.

“Series No. [] Bonds” means the Bonds designated as set forth in Section 2.1(a) hereof.

“Series No. [] Bond Form” means the form of each respective **Series No. []** Bond set forth in Exhibit B.

“Series No. [] Bond Assessments” means the Assessments levied on the **Series No. []** Bond Participating Parcels.

“Series No. [] Bonds Participating Parcels” means the Participating Parcels identified in Exhibit C attached hereto.

“Series No. [] Bonds Reserve Fund Deposit” shall mean the amount of the Reserve Fund Deposit, if any, for the **Series No. [] Bonds** set forth in Exhibit A hereto.

Section 1.02. Interpretation. Section 1.3 of the Master Indenture shall govern interpretation of this Supplemental Indenture.

Section 1.03. Authorization. Each of the parties represents and warrants that it has full legal authority and is duly empowered to enter into this Supplemental Indenture and has taken all actions necessary to authorize the execution of this Supplemental Indenture by the officers and persons signing it.

Section 1.04. Security. As a Bond issued pursuant to Section 2.2 of the Master Indenture, each the Series No. [] Bond will be secured by a first priority perfected lien and charge upon the applicable Series No. [] Bond Assessments identified in Exhibit C hereto levied on the corresponding Participating Parcel or Participating Parcels identified in Exhibit C pursuant to the applicable Assessment Contracts, Chapter 29 and the Bond Act and the other Collateral established under the Indenture, Chapter 29 and the Bond Act securing such Series [] Bonds.

ARTICLE 2

ISSUANCE OF SERIES NO. [] BONDS

Section 2.01. Terms of Series No. [] Bonds.

(a) There is hereby created a Series of Bonds to be issued by WRCOG under and subject to Chapter 29, the Bond Act and the terms of the Master Indenture, as supplemented and amended, and this Supplemental Indenture, which will be designated the “Western Riverside Council of Governments, Limited Obligation Improvement Bond (WRCOG Program) SPRUCE PACE (Residential Property Tranche - Phase One) Series No. [].” The Series [] Bonds will be issued in the aggregate original principal amount of \$_____, with each Bond issued as part of the Series [] Bonds having the original principal amount, as set forth in Exhibit A hereto.

(b) Each Series No. [] Bond will be numbered as set forth in Exhibit A hereto, dated the Closing Date, issued in fully registered form without coupons, and will mature on the date and will bear interest at the rates per annum (payable on each Bond Payment Date) set forth in the Series No. [] Bond Form.

Except as otherwise set forth in this Section 2.01, Article II of the Master Indenture will govern the Series No. [] Bonds.

Section 2.02. Redemption of Series No. [] Bonds. The Series No. [] Bonds shall be subject to redemption as provided for in the Master Indenture and the applicable **Series No. []** Bond Form.

Section 2.03. Forms of Series No. [] Bonds. Each Series No. [] Bond, the Trustee’s certificate of authentication, and the assignment to appear thereon will be substantially as set forth in the applicable Series No. [] Bond Form (each, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Supplemental Indenture, the Resolutions of Issuance, Chapter 29 and the Bond Act.)

Section 2.04. Validity of Series No. [] Bonds. The validity of the authorization and issuance of the Series No. [] Bonds will not be dependent upon the installation of the Improvements or upon the performance by any person of such person’s obligation with respect to the Improvements.

ARTICLE 3

ISSUANCE OF SERIES NO. [] BONDS; USE OF PROCEEDS

Section 3.01. Issuance of Series No. [] Bonds. Upon the execution and delivery of this Supplemental Indenture No. [], and satisfaction of the requirements for issuance of Bonds pursuant to Section 2.2 of the Master Indenture, WRCOG will execute and deliver each Series No. [] Bond in the principal amount set forth in Exhibit A hereto.

Section 3.02. Application of Proceeds of Sale of the Series No. [] Bonds. Upon the receipt of payment for the Series No. [] Bonds on the Closing Date, the Trustee will apply the proceeds of sale thereof, as set forth in Exhibit A hereto.

Section 3.03. Capitalized Interest Account of the Redemption Fund. Moneys (in the amount set forth in Exhibit A hereto) deposited in the Capitalized Interest Account of the Redemption Fund pursuant to this Supplemental Indenture will be held by the Trustee and applied pursuant to Section 4.1 of the Master Indenture to the payment of interest coming due on the Series No. [] Bonds until such amount is expended.

Section 3.04. Reserve Fund. Moneys (in the amount set forth in Exhibit A hereto) deposited in the Reserve Fund pursuant to this Supplemental Indenture will be held by the Trustee and disbursed, as provided in Section 4.2 of the Master Indenture.

Section 3.05. Program Fund. Moneys (in the amount set forth in Exhibit A hereto) deposited in the Program Fund pursuant to this Supplemental Indenture will be held by the Trustee and be disbursed, as provided in Section 4.3 of the Master Indenture.

Section 3.06. Cost of Issuance Fund. Moneys (in the amount set forth in Exhibit A hereto) deposited in the Cost of Issuance Fund pursuant to this Supplemental Indenture will be held by the Trustee and disbursed, as provided in Section 4.4 of the Master Indenture.

Section 3.07. Administrative Expense Payment Account. Moneys (in the amount set forth in Exhibit A hereto) deposited in the Administrative Expense Payment Account of the Administrative Expense Fund pursuant to this Supplemental Indenture will be held by the Trustee and disbursed, as provided in Section 4.5 of the Master Indenture.

Section 3.08. Administrative Reserve Account. Moneys (in the amount set forth in Exhibit A hereto) deposited in the Administrative Reserve Account of the Administrative Expense Fund pursuant to this Supplemental Indenture will be held by the Trustee and disbursed, as provided in Section 4.5.3 of the Master Indenture.

ARTICLE 4

ADDITIONAL PROVISIONS

Section 4.01. Applicable Law. This Supplemental 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 4.02. Conflict with Chapter 29 or the Bond Act. In the event of a conflict between any provision of this Supplemental Indenture with any provision of Chapter 29 or the Bond Act as in effect on the Closing Date, the provision of Chapter 29 or the Bond Act will prevail over the conflicting provision of this Supplemental Indenture except as to any such conflicts to which the Owners of the Series No. [] Bonds have consented by the purchase of such Series No. [] Bonds.

Section 4.03. Conclusive Evidence of Regularity. The Series No. [] Bond issued pursuant to this Supplemental Indenture will constitute conclusive evidence of the regularity of all proceedings under Chapter 29 and the Bond Act relative to its issuance and the levy of the Assessments against Participating Parcels.

Section 4.04. Confirmation of Master Indenture; Conflict With Master Indenture. All representations, covenants, warranties, and other provisions of the Master Indenture, as previously amended and supplemented, unless specifically amended, modified or supplemented by this Supplemental Indenture, are hereby confirmed as applicable to this Supplemental Indenture. In the event of any conflict between the provisions of this Supplemental Indenture and the Master Indenture, as previously amended and supplemented, the provisions of this Supplemental Indenture will govern.

Section 4.05. Counterparts. This Supplemental Indenture may be executed in counterparts, each of which will be deemed an original.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, WRCOG and the Trustee have caused this Supplemental Indenture to be executed, all as of the date first written above.

WESTERN RIVERSIDE COUNCIL OF
GOVERNMENTS

By: _____
Authorized Representative

DEUTSCHE BANK NATIONAL TRUST
COMPANY, acting solely as Trustee and not in its
individual capacity

By: _____
Title: _____

By: _____
Title: _____

EXHIBIT A

APPLICATION OF PROCEEDS OF THE SERIES NO. [] BONDS AND REVIEW AND ACCEPTANCE THEREOF

Application of Proceeds:

The Trustee shall apply the proceeds of the Series No. [] Bonds as follows:

<u>Fund</u>	<u>R-05B</u>	<u>R-10B</u>	<u>R-15B</u>	<u>R-20B</u>	<u>R-25B</u>	<u>R-30B</u>	<u>Total</u>
CAPI Redemption ¹	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Program	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Reserve	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
CAEATFA Insurance*	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Administrative Expense ²	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Administrative Reserve ³	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Cost of Issuance	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
[Early Funding Fee**	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____]
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

¹ Capitalized Interest Account of the Redemption Fund.

² Administrative Expense Payment Account of the Administrative Expense Fund.

³ Administrative Reserve Account of the Administrative Expense Fund.

* Deposited into Administrative Expense Payment Account.

[** The proceeds representing the Early Funding Fee shall be deposited in the Cost of Issuance Fund. Such amount shall be subject to requisition and payment on or about September 2, _____, pursuant to a duly executed Officer's Certificate.]

Language in parenthesis in the above table is to be inserted in any Supplemental Indenture for Bonds with a Closing Date falling between July 1 and September 2 of each year.

Issuance of Series [] Bonds:

The Series [] Bonds shall bear the following identification numbers and be issued to the registered owners and in the aggregate principal amounts set forth below:

<u>Bond Number</u>	<u>Registered Owner</u>	<u>Principal Amount</u>
R-5		\$_____
R-10		\$_____
R-15		\$_____
R-20		\$_____
R-25		\$_____
R-30		\$_____

[The remainder of this page has been intentionally left blank.]

Review and Acceptance:

The Application of Proceeds of the Series No. [] Bonds and the identification of Bonds that will comprise the Series [] Bonds, the registered owners thereof and the principal amount of such Bonds set forth above and the interest rate, Closing Date, Bond Payment Dates, debt service schedule and the redemption provisions applicable to each Series No. [] Bond, as set forth in the applicable Series No. [] Bond Form set forth in Exhibit B hereto, have been reviewed and accepted by the following representatives of WRCOG, SPRUCE PACE LLC, as the Initial Purchaser of the Series No. [] Bonds and _____ as the Designated Transferee of the Series No. [] Bonds.

Reviewed and Accepted by WRCOG:

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____

Title: Authorized Representative

Reviewed and Accepted by the Initial Purchaser:

SPRUCE PACE LLC

By: _____

Title: Authorized Representative

Reviewed and Accepted by the Designated Transferee:

By: _____

Title: Authorized Representative

EXHIBIT B

Attachment 1.

FORM BOND OF NUMBER R-05

**[THIS BOND MAY NOT BE TRANSFERRED PRIOR TO SEPTEMBER 3, 20__.
THEREAFTER,]* THIS BOND MAY BE TRANSFERRED ONLY TO "ACCREDITED
INVESTORS" AS SUCH TERM IS DEFINED IN SECTION 230.501 OF REGULATION
D OF THE SECURITIES AND EXCHANGE COMMISSION ACT OF 1933. THE
TRUSTEE MAY BE PROHIBITED FROM REGISTERING THE TRANSFER OF
OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF AN
EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE
INDENTURE DESCRIBED HEREIN.**

Number R-05 _____ **\$ ***
Cert. ____

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche - Phase One)
Series No. []**

INTEREST RATE

__._%

MATURITY DATE

September 2, 20__

CLOSING DATE

REGISTERED OWNER: Investor

PRINCIPAL AMOUNT: _____ Dollars and 00/100 Dollars

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the Streets and Highways Code (the "Bond Act"), the Western Riverside Council of Governments (the "WRCOG"), will, out of the Redemption Fund established pursuant to a Master Indenture, dated as of April 3, 2017, by and between WRCOG and Deutsche Bank National Trust Company, acting as trustee (the "Trustee") and not in its individual capacity, as supplemented and amended, including as supplemented by a Supplemental Indenture Series No. ____ (as amended and supplemented, the "Indenture"), pay to the registered owner named above or registered assigns, the principal installments specified below, in lawful money of the United States of America and in like manner will pay interest at the rate per annum stated above in the installments specified below, on each March 2 and September 2 (or the next succeeding Business Day, if such dates are not a Business Day) (each "Bond Payment Date") in each year commencing on _____ 2, 201__:

* This language to be added to form of bonds with a Closing Date between June 1 and September 2 of each year.

Bond Payment Date	Principal Installment	Interest Installment	Total

Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

This Series No. ☐ Bond bears interest from the Bond Payment Date next preceding its date of authentication and registration unless it is authenticated and registered (i) prior to an Bond Payment Date and after the close of business of the 15th day of the calendar month preceding such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or (ii) prior to the close of business on the 15th day of the calendar month preceding the first Bond 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 the Series No. ☐ 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 Bond Payment Date by wire transfer of immediately available funds made on such Bond 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 and accrued interest and premium, if any, on this Series No. ☐ 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 Series No. ☐ Bond at the Corporate Trust Office of the Trustee.

Payment of principal of and accrued interest and premium, if any, on this Series No. ☐ 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 Designated Redemption Date, without surrender of this Series No. ☐ Bond at the Corporate Trust Office of the Trustee, by wire transfer of immediately available funds made on such Designated Redemption 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 Series No. ☐ Bond will continue to bear interest after maturity at the rate above stated if this Series No. ☐ Bond is presented at maturity and payment hereof is refused for any reason. If this Series No. ☐ Bond is not presented at maturity, interest hereon will run only until maturity.

This Series No. ☐ Bond will not be entitled to any benefit under Chapter 29, 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 Series No. [] Bond is issued by the Western Riverside Council of Governments under Chapter 29, the Bond Act and the Indenture for the purpose of providing means for paying for the Improvements described in the Indenture, and is secured by a perfected first priority security interest in the Assessments recorded against the Participating Parcels identified in Exhibit C to the Series No. [] Supplemental Indenture with respect to this Series No. [] Bond and the Collateral, as described in the Indenture. Amounts payable with respect to the Series No. [] Bond, including principal and interest, shall be paid from the funds and accounts, and in the manner set forth in the Indenture.

This Series No. [] Bond is transferable [on or after September 3, ____],* by the registered Owner hereof, in person or by the Owner's attorney duly authorized in writing, at the Corporate Trust Office of the Trustee, subject to the terms and conditions provided in the Resolutions 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 Series No. [] Bond, 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.

Neither WRCOG nor the Trustee will be required to make such exchange or registration of transfer of the Series No. [] Bond in the period beginning on or after a Record Date and ending before the next ensuing Bond 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.

Mandatory Prepayment Redemption. The Series No. [] Bond will be redeemed and paid in advance of maturity, in whole or in part in the minimum amount of \$2,500, from amounts received by WRCOG as Prepayments, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture, by paying the principal amount thereof, plus interest to the date of redemption, without premium, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in Chapter 29 or the Bond Act.

Extraordinary Mandatory Redemption. This Series No. [] Bond will be subject to extraordinary mandatory redemption in advance of maturity, in whole or in part, from Excess Program Fund Proceeds, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture following the deposit of such Excess Program Fund Proceeds in the Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds). The redemption price for such Bond, or such portion thereof that is to be redeemed, shall be established pursuant to the provisions of the Master Indenture.

* This language to be added to form of bonds with a Closing Date between June 1 and September 2 of each year.

This Series No. [] Bond will be subject to extraordinary mandatory redemption in advance of maturity, in whole or in part, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture from funds representing the payment of the ASI Purchase Price for the purchase of an Assessment Security Interest in an Assessment securing such Bond following the deposit of such funds in the Extraordinary Mandatory Redemption Account (ASI Purchase Price). The redemption price of such Bond, or such portion thereof that is to be redeemed, shall be established pursuant to the terms of the Master Indenture.

This Series No. [] Bond is a Limited Obligation Improvement Bond because, under the Indenture, WRCOG, the Members and Associate Members thereof are not obligated to advance funds from the WRCOG treasury or the treasury of any such Member or Associate Member to cover any deficiency which may occur in the redemption fund for the Series No. [] Bond.

IN WITNESS WHEREOF, WRCOG has caused this Series No. [] Bond to be executed in its name and on its behalf by the facsimile signatures of its Treasurer and the Secretary of the Executive Committee all as of the Original Issue Date identified above.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____
Treasurer

Attest:

By: _____
Secretary of the Executive Committee

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Series No. [] Bond described in the within mentioned Indenture.

Dated: _____, 20__

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Trustee

By: _____
Authorized Signatory

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 -

(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.

Attachment 2.

FORM OF SERIES NO. [] BOND MATURING SEPTEMBER __, 20__.

[THIS BOND MAY NOT BE TRANSFERRED PRIOR TO SEPTEMBER 3, 20__. THEREAFTER,]* THIS BOND MAY BE TRANSFERRED ONLY TO "ACCREDITED INVESTORS" AS SUCH TERM IS DEFINED IN SECTION 230.501 OF REGULATION D OF THE SECURITIES AND EXCHANGE COMMISSION ACT OF 1933. THE TRUSTEE MAY BE PROHIBITED FROM REGISTERING THE TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

Number R-10 _____
Cert. ____

*****\$ ***

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche - Phase One)
Series No. []**

INTEREST RATE

__%

MATURITY DATE

September 2, 20__

CLOSING DATE

REGISTERED OWNER: Investor

PRINCIPAL AMOUNT: _____ Dollars and 00/100 Dollars

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the Streets and Highways Code (the "Bond Act"), the Western Riverside Council of Governments (the "WRCOG"), will, out of the Redemption Fund established pursuant to a Master Indenture, dated as of April 3, 2017, by and between WRCOG and Deutsche Bank National Trust Company, acting as trustee (the "Trustee") and not in its individual capacity, as supplemented and amended, including as supplemented by a Supplemental Indenture Series No. ____ (as amended and supplemented, the "Indenture"), pay to the registered owner named above or registered assigns, the principal installments specified below, in lawful money of the United States of America and in like manner will pay interest at the rate per annum stated above, on each March 2 and September 2 (each "Bond Payment Date") in each year commencing on _____ 2, 201__:

Bond Payment Date	Principal Installment	Interest Installment	Total

* This language to be added to form of bonds with a Closing Date between June 1 and September 2 of each year.

Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

This Series No. [] Bond bears interest from the Bond Payment Date next preceding its date of authentication and registration unless it is authenticated and registered (i) prior to an Bond Payment Date and after the close of business of the 15th day of the calendar month preceding such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or (ii) prior to the close of business on the 15th day of the calendar month preceding the first Bond 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 the Series No. [] 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 Bond Payment Date by wire transfer of immediately available funds made on such Bond 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 and accrued interest and premium, if any, on this Series No. [] 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 Series No. [] Bond at the Corporate Trust Office of the Trustee.

Payment of principal of and accrued interest and premium, if any, on this Series No. [] 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 Designated Redemption Date, without surrender of this Series No. [] Bond at the Corporate Trust Office of the Trustee, by wire transfer of immediately available funds made on such Designated Redemption 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 Series No. [] Bond will continue to bear interest after maturity at the rate above stated if this Series No. [] Bond is presented at maturity and payment hereof is refused for any reason. If this Series No. [] Bond is not presented at maturity, interest hereon will run only until maturity.

This Series No. [] Bond will not be entitled to any benefit under Chapter 29, 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 Series No. [] Bond is issued by the Western Riverside Council of Governments under Chapter 29, the Bond Act and the Indenture for the purpose of providing means for paying for the Improvements described in the Indenture, and is secured by a perfected

first priority security interest in the Assessments recorded against the Participating Parcels identified in Exhibit C to the Series No. [] Supplemental Indenture with respect to this Series No. [] Bond and the Collateral, as described in the Indenture. Amounts payable with respect to the Series No. [] Bond, including principal and interest, shall be paid from the funds and accounts, and in the manner set forth in the Indenture.

This Series No. [] Bond is transferable [on or after September 3, _____,]* by the registered Owner hereof, in person or by the Owner's attorney duly authorized in writing, at the Corporate Trust Office of the Trustee, subject to the terms and conditions provided in the Resolutions 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 Series No. [] Bond, 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.

Neither WRCOG nor the Trustee will be required to make such exchange or registration of transfer of the Series No. [] Bond in the period beginning on or after a Record Date and ending before the next ensuing Bond 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.

Mandatory Prepayment Redemption. The Series No. [] Bond will be redeemed and paid in advance of maturity, in whole or in part in the minimum amount of \$2,500, from amounts received by WRCOG as Prepayments, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture, by paying the principal amount thereof, plus interest to the date of redemption, without premium, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in Chapter 29 or the Bond Act.

Extraordinary Mandatory Redemption. This Series No. [] Bond will be subject to extraordinary mandatory redemption in advance of maturity, in whole or in part, from Excess Program Fund Proceeds, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture following the deposit of such Excess Program Fund Proceeds in the Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds). The redemption price for such Bond, or such portion thereof that is to be redeemed, shall be established pursuant to the provisions of the Master Indenture.

This Series No. [] Bond will be subject to extraordinary mandatory redemption in advance of maturity, in whole or in part, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture from funds representing the payment of the ASI Purchase Price for the purchase of an Assessment Security Interest in an Assessment securing such Bond following the deposit of such funds in the Extraordinary Mandatory Redemption Account (ASI Purchase Price). The redemption price of such Bond, or such portion thereof that is to be redeemed, shall be established pursuant to the terms of the Master Indenture.

* This language to be added to form of bonds with a Closing Date between June 1 and September 2 of each year.

This Series No. [] Bond is a Limited Obligation Improvement Bond because, under the Indenture, WRCOG, the Members and the Associate Members thereof are not obligated to advance funds from the WRCOG treasury or the treasury of any such Member or Associate Member to cover any deficiency which may occur in the redemption fund for the Series No. [] Bond.

IN WITNESS WHEREOF, WRCOG has caused this Series No. [] Bond to be executed in its name and on its behalf by the facsimile signatures of its Treasurer and the Secretary of the Executive Committee all as of the Original Issue Date identified above.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____
Treasurer

Attest:

By: _____
Secretary of the Executive Committee

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Series No. [] Bond described in the within mentioned Indenture.

Dated: _____, 20__

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Trustee

By: _____
Authorized Signatory

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 -

(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.

Attachment 3.

FORM OF SERIES NO. [] BOND MATURING SEPTEMBER __, 20__.

[THIS BOND MAY NOT BE TRANSFERRED PRIOR TO SEPTEMBER 3, 20__. THEREAFTER,]* THIS BOND MAY BE TRANSFERRED ONLY TO "ACCREDITED INVESTORS" AS SUCH TERM IS DEFINED IN SECTION 230.501 OF REGULATION D OF THE SECURITIES AND EXCHANGE COMMISSION ACT OF 1933. THE TRUSTEE MAY BE PROHIBITED FROM REGISTERING THE TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

Number R-15 _____
Cert. ____

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche - Phase One)
Series No. []**

INTEREST RATE

__%

MATURITY DATE

September 2, 20__

CLOSING DATE

REGISTERED OWNER: Investor

PRINCIPAL AMOUNT: *** DOLLARS***

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the Streets and Highways Code (the "Bond Act"), the Western Riverside Council of Governments (the "WRCOG"), will, out of the Redemption Fund established pursuant to a Master Indenture, dated as of April 3, 2017, by and between WRCOG and Deutsche Bank National Trust Company, acting as trustee (the "Trustee") and not in its individual capacity, as supplemented and amended, including as supplemented by a Supplemental Indenture Series No. ____ (as amended and supplemented, the "Indenture"), pay to the registered owner named above or registered assigns, the principal installments specified below, in lawful money of the United States of America and in like manner will pay interest at the rate per annum stated above, on each March 2 and September 2 (each "Bond Payment Date") in each year commencing on _____ 2, 201__:

Bond Payment Date	Principal Installment	Interest Installment	Total

* This language to be added to form of bonds with a Closing Date between June 1 and September 2 of each year.

Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

This Series No. [] Bond bears interest from the Bond Payment Date next preceding its date of authentication and registration unless it is authenticated and registered (i) prior to an Bond Payment Date and after the close of business of the 15th day of the calendar month preceding such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or (ii) prior to the close of business on the 15th day of the calendar month preceding the first Bond 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 the Series No. [] 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 Bond Payment Date by wire transfer of immediately available funds made on such Bond 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 and accrued interest and premium, if any, on this Series No. [] 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 Series No. [] Bond at the Corporate Trust Office of the Trustee.

Payment of principal of and accrued interest and premium, if any, on this Series No. [] 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 Designated Redemption Date, without surrender of this Series No. [] Bond at the Corporate Trust Office of the Trustee, by wire transfer of immediately available funds made on such Designated Redemption 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 Series No. [] Bond will continue to bear interest after maturity at the rate above stated if this Series No. [] Bond is presented at maturity and payment hereof is refused for any reason. If this Series No. [] Bond is not presented at maturity, interest hereon will run only until maturity.

This Series No. [] Bond will not be entitled to any benefit under Chapter 29, 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 Series No. [] Bond is issued by the Western Riverside Council of Governments under Chapter 29, the Bond Act and the Indenture for the purpose of providing means for paying for the Improvements described in the Indenture, and is secured by a perfected

first priority security interest in the Assessments recorded against the Participating Parcels identified in Exhibit C to the Series No. [] Supplemental Indenture with respect to this Series No. [] Bond and the Collateral, as described in the Indenture. Amounts payable with respect to the Series No. [] Bond, including principal and interest, shall be paid from the funds and accounts, and in the manner set forth in the Indenture.

This Series No. [] Bond is transferable [on or after September 3, _____,]* by the registered Owner hereof, in person or by the Owner's attorney duly authorized in writing, at the Corporate Trust Office of the Trustee, subject to the terms and conditions provided in the Resolutions 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 Series No. [] Bond, 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.

Neither WRCOG nor the Trustee will be required to make such exchange or registration of transfer of the Series No. [] Bond in the period beginning on or after a Record Date and ending before the next ensuing Bond 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. This Series No. [] Bond shall be subject to optional redemption, in whole, on any date after the tenth year following the Closing Date of such Bonds, from any source of available funds, at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
_____, 20__ through _____, 20__	103%
_____, 20__ through _____, 20__	102%
_____, 20__ through _____, 20__	101%
_____, 20__ through maturity	100%

* This language to be added to form of bonds with a Closing Date between June 1 and September 2 of each year.

Mandatory Prepayment Redemption. The Series No. [] Bond will be redeemed and paid in advance of maturity, in whole or in part in the minimum amount of \$2,500, from amounts received by WRCOG as Prepayments, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture, by paying the principal amount thereof, plus interest to the date of redemption, without premium, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in Chapter 29 or the Bond Act.

Extraordinary Mandatory Redemption. This Series No. [] Bond will be subject to extraordinary mandatory redemption in advance of maturity, in whole or in part, from Excess Program Fund Proceeds, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture following the deposit of such Excess Program Fund Proceeds in the Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds). The redemption price for such Bond, or such portion thereof that is to be redeemed, shall be established pursuant to the provisions of the Master Indenture.

This Series No. [] Bond will be subject to extraordinary mandatory redemption in advance of maturity, in whole or in part, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture from funds representing the payment of the ASI Purchase Price for the purchase of an Assessment Security Interest in an Assessment securing such Bond following the deposit of such funds in the Extraordinary Mandatory Redemption Account (ASI Purchase Price). The redemption price of such Bond, or such portion thereof that is to be redeemed, shall be established pursuant to the terms of the Master Indenture.

This Series No. [] Bond is a Limited Obligation Improvement Bond because, under the Indenture, WRCOG, the Members and the Associate Members thereof are not obligated to advance funds from the WRCOG treasury or the treasury of any such Member or Associate Member to cover any deficiency which may occur in the redemption fund for the Series No. [] Bond.

IN WITNESS WHEREOF, WRCOG has caused this Series No. [] Bond to be executed in its name and on its behalf by the facsimile signatures of its Treasurer and the Secretary of the Executive Committee all as of the Original Issue Date identified above.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____
Treasurer

Attest:

By: _____
Secretary of the Executive Committee

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Series No. [] Bond described in the within mentioned Indenture.

Dated: _____, 20__

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Trustee

By: _____
Authorized Signatory

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 - _____
(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.

Attachment 4.

FORM OF SERIES NO. [] BOND MATURING SEPTEMBER __, 20__.

[THIS BOND MAY NOT BE TRANSFERRED PRIOR TO SEPTEMBER 3, 20__. THEREAFTER,]* THIS BOND MAY BE TRANSFERRED ONLY TO "ACCREDITED INVESTORS" AS SUCH TERM IS DEFINED IN SECTION 230.501 OF REGULATION D OF THE SECURITIES AND EXCHANGE COMMISSION ACT OF 1933. THE TRUSTEE MAY BE PROHIBITED FROM REGISTERING THE TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

Number R-20 _____
Cert. ____

*****\$ ***

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche - Phase One)
Series No. []**

INTEREST RATE

__%.

MATURITY DATE

September 2, 20__

CLOSING DATE

REGISTERED OWNER: Investor

PRINCIPAL AMOUNT: _____ Dollars and 00/100 Dollars

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the Streets and Highways Code (the "Bond Act"), the Western Riverside Council of Governments (the "WRCOG"), will, out of the Redemption Fund established pursuant to a Master Indenture, dated as of April 3, 2017, by and between WRCOG and Deutsche Bank National Trust Company, acting as trustee (the "Trustee") and not in its individual capacity, as supplemented and amended, including as supplemented by a Supplemental Indenture Series No. ____ (as amended and supplemented, the "Indenture"), pay to the registered owner named above or registered assigns, the principal installments specified below, in lawful money of the United States of America and in like manner will pay interest at the rate per annum stated above, on each March 2 and September 2 (each "Bond Payment Date") in each year commencing on _____ 2, 201__:

Bond Payment Date	Principal Installment	Interest Installment	Total

* This language to be added to form of bonds with a Closing Date between June 1 and September 2 of each year.

Capitalized terms that are not otherwise defined in this Bond shall have the respective meanings prescribed to them in the Indenture.

This Series No. [] Bond bears interest from the Bond Payment Date next preceding its date of authentication and registration unless it is authenticated and registered (i) prior to an Bond Payment Date and after the close of business of the 15th day of the calendar month preceding such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or (ii) prior to the close of business on the 15th day of the calendar month preceding the first Bond 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 the Series No. [] 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 Bond Payment Date by wire transfer of immediately available funds made on such Bond 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 and accrued interest and premium, if any, on this Series No. [] 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 Series No. [] Bond at the Corporate Trust Office of the Trustee.

Payment of principal of and accrued interest and premium, if any, on this Series No. [] 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 Designated Redemption Date, without surrender of this Series No. [] Bond at the Corporate Trust Office of the Trustee, by wire transfer of immediately available funds made on such Designated Redemption 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 Series No. [] Bond will continue to bear interest after maturity at the rate above stated if this Series No. [] Bond is presented at maturity and payment hereof is refused for any reason. If this Series No. [] Bond is not presented at maturity, interest hereon will run only until maturity.

This Series No. [] Bond will not be entitled to any benefit under Chapter 29, 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 Series No. [] Bond is issued by the Western Riverside Council of Governments under Chapter 29, the Bond Act and the Indenture for the purpose of providing means for paying for the Improvements described in the Indenture, and is secured by a perfected

first priority security interest in the Assessments recorded against the Participating Parcels identified in Exhibit C to the Series No. [] Supplemental Indenture with respect to this Series No. [] Bond and the Collateral, as described in the Indenture. Amounts payable with respect to the Series No. [] Bond, including principal and interest, shall be paid from the funds and accounts, and in the manner set forth in the Indenture.

This Series No. [] Bond is transferable [on or after September 3, ____]* by the registered Owner hereof, in person or by the Owner's attorney duly authorized in writing, at the Corporate Trust Office of the Trustee, subject to the terms and conditions provided in the Resolutions 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 Series No. [] Bond, 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.

Neither WRCOG nor the Trustee will be required to make such exchange or registration of transfer of the Series No. [] Bond in the period beginning on or after a Record Date and ending before the next ensuing Bond 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. This Series No. [] Bond shall be subject to optional redemption, in whole, on any date after the tenth year following the Closing Date of such Bonds, from any source of available funds, at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
_____, 20__ through _____, 20__	103%
_____, 20__ through _____, 20__	102%
_____, 20__ through _____, 20__	101%
_____, 20__ through maturity	100%

* This language to be added to form of bonds with a Closing Date between June 1 and September 2 of each year.

Mandatory Prepayment Redemption. The Series No. [] Bond will be redeemed and paid in advance of maturity, in whole or in part in the minimum amount of \$2,500, from amounts received by WRCOG as Prepayments, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture, by paying the principal amount thereof, plus interest to the date of redemption, without premium, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in Chapter 29 or the Bond Act.

Extraordinary Mandatory Redemption. This Series No. [] Bond will be subject to extraordinary mandatory redemption in advance of maturity, in whole or in part, from Excess Program Fund Proceeds, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture following the deposit of such Excess Program Fund Proceeds in the Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds). The redemption price for such Bond, or such portion thereof that is to be redeemed, shall be established pursuant to the provisions of the Master Indenture.

This Series No. [] Bond will be subject to extraordinary mandatory redemption in advance of maturity, in whole or in part, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture from funds representing the payment of the ASI Purchase Price for the purchase of an Assessment Security Interest in an Assessment securing such Bond following the deposit of such funds in the Extraordinary Mandatory Redemption Account (ASI Purchase Price). The redemption price of such Bond, or such portion thereof that is to be redeemed, shall be established pursuant to the terms of the Master Indenture.

This Series No. [] Bond is a Limited Obligation Improvement Bond because, under the Indenture, WRCOG, the Members and the Associate Members thereof are not obligated to advance funds from the WRCOG treasury or the treasury of any such Member or Associate Member to cover any deficiency which may occur in the redemption fund for the Series No. [] Bond.

IN WITNESS WHEREOF, WRCOG has caused this Series No. [] Bond to be executed in its name and on its behalf by the facsimile signatures of its Treasurer and the Secretary of the Executive Committee all as of the Original Issue Date identified above.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____
Treasurer

Attest:

By: _____
Secretary of the Executive Committee

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Series No. [] Bond described in the within mentioned Indenture.

Dated: _____, 20__

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Trustee

By: _____
Authorized Signatory

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 -

(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.

Attachment 5.

FORM OF SERIES NO. [] BOND MATURING SEPTEMBER __, 20__.

[THIS BOND MAY NOT BE TRANSFERRED PRIOR TO SEPTEMBER 3, 20__. THEREAFTER,]* THIS BOND MAY BE TRANSFERRED ONLY TO "ACCREDITED INVESTORS" AS SUCH TERM IS DEFINED IN SECTION 230.501 OF REGULATION D OF THE SECURITIES AND EXCHANGE COMMISSION ACT OF 1933. THE TRUSTEE MAY BE PROHIBITED FROM REGISTERING THE TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

Number R-25 _____
Cert. ____

*****\$ ***

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche - Phase One)
Series No. []**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CLOSING DATE</u>
__._%	<u>September 2, 20__</u>	

REGISTERED OWNER: Investor

PRINCIPAL AMOUNT: _____ Dollars and 00/100 Dollars

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the Streets and Highways Code (the "Bond Act"), the Western Riverside Council of Governments (the "WRCOG"), will, out of the Redemption Fund established pursuant to a Master Indenture, dated as of [DATE], by and between WRCOG and Deutsche Bank National Trust Company, acting as trustee (the "Trustee") and not in its individual capacity, as supplemented and amended, including as supplemented by a Supplemental Indenture Series No. ____ (as amended and supplemented, the "Indenture"), pay to the registered owner named above or registered assigns, the principal installments specified below, in lawful money of the United States of America and in like manner will pay interest at the rate per annum stated above, on each March 2 and September 2 (each "Bond Payment Date") in each year commencing on _____ 2, 201__:

Bond Payment Date	Principal Installment	Interest Installment	Total

* This language to be added to form of bonds with a Closing Date between June 1 and September 2 of each year.

Capitalized terms that are not otherwise defined in this Bond shall have the respective meanings prescribed to them in the Indenture.

This Series No. [] Bond bears interest from the Bond Payment Date next preceding its date of authentication and registration unless it is authenticated and registered (i) prior to an Bond Payment Date and after the close of business of the 15th day of the calendar month preceding such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or (ii) prior to the close of business on the 15th day of the calendar month preceding the first Bond 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 the Series No. [] 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 Bond Payment Date by wire transfer of immediately available funds made on such Bond 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 and accrued interest and premium, if any, on this Series No. [] 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 Series No. [] Bond at the Corporate Trust Office of the Trustee.

Payment of principal of and accrued interest and premium, if any, on this Series No. [] 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 Designated Redemption Date, without surrender of this Series No. [] Bond at the Corporate Trust Office of the Trustee, by wire transfer of immediately available funds made on such Designated Redemption 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 Series No. [] Bond will continue to bear interest after maturity at the rate above stated if this Series No. [] Bond is presented at maturity and payment hereof is refused for any reason. If this Series No. [] Bond is not presented at maturity, interest hereon will run only until maturity.

This Series No. [] Bond will not be entitled to any benefit under Chapter 29, 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 Series No. [] Bond is issued by the Western Riverside Council of Governments under Chapter 29, the Bond Act and the Indenture for the purpose of providing means for paying for the Improvements described in the Indenture, and is secured by a perfected

first priority security interest in the Assessments recorded against the Participating Parcels identified in Exhibit C to the Series No. [] Supplemental Indenture with respect to this Series No. [] Bond and the Collateral, as described in the Indenture. Amounts payable with respect to the Series No. [] Bond, including principal and interest, shall be paid from the funds and accounts, and in the manner set forth in the Indenture.

This Series No. [] Bond is transferable [on or after September 3, _____,]* by the registered Owner hereof, in person or by the Owner's attorney duly authorized in writing, at the Corporate Trust Office of the Trustee, subject to the terms and conditions provided in the Resolutions 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 Series No. [] Bond, 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.

Neither WRCOG nor the Trustee will be required to make such exchange or registration of transfer of the Series No. [] Bond in the period beginning on or after a Record Date and ending before the next ensuing Bond 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. This Series No. [] Bond shall be subject to optional redemption, in whole, on any date after the tenth year following the Closing Date of such Bonds, from any source of available funds, at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
_____, 20__ through _____, 20__	103%
_____, 20__ through _____, 20__	102%
_____, 20__ through _____, 20__	101%
_____, 20__ through maturity	100%

* This language to be added to form of bonds with a Closing Date between June 1 and September 2 of each year.

Mandatory Prepayment Redemption. The Series No. [] Bond will be redeemed and paid in advance of maturity, in whole or in part in the minimum amount of \$2,500, from amounts received by WRCOG as Prepayments, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture, by paying the principal amount thereof, plus interest to the date of redemption, without premium, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in Chapter 29 or the Bond Act.

Extraordinary Mandatory Redemption. This Series No. [] Bond will be subject to extraordinary mandatory redemption in advance of maturity, in whole or in part, from Excess Program Fund Proceeds, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture following the deposit of such Excess Program Fund Proceeds in the Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds). The redemption price for such Bond, or such portion thereof that is to be redeemed, shall be established pursuant to the provisions of the Master Indenture.

This Series No. [] Bond will be subject to extraordinary mandatory redemption in advance of maturity, in whole or in part, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture from funds representing the payment of the ASI Purchase Price for the purchase of an Assessment Security Interest in an Assessment securing such Bond following the deposit of such funds in the Extraordinary Mandatory Redemption Account (ASI Purchase Price). The redemption price of such Bond, or such portion thereof that is to be redeemed, shall be established pursuant to the terms of the Master Indenture.

This Series No. [] Bond is a Limited Obligation Improvement Bond because, under the Indenture, WRCOG, the Members and the Associate Members thereof are not obligated to advance funds from the WRCOG treasury or the treasury of any such Member or Associate Member to cover any deficiency which may occur in the redemption fund for the Series No. [] Bond.

IN WITNESS WHEREOF, WRCOG has caused this Series No. [] Bond to be executed in its name and on its behalf by the facsimile signatures of its Treasurer and the Secretary of the Executive Committee all as of the Original Issue Date identified above.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____
Treasurer

Attest:

By: _____
Secretary of the Executive Committee

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Series No. [] Bond described in the within mentioned Indenture.

Dated: _____, 20__

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Trustee

By: _____
Authorized Signatory

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 -

(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

Attachment 6.

FORM OF SERIES NO. [] BOND MATURING SEPTEMBER __, 20__.

[THIS BOND MAY NOT BE TRANSFERRED PRIOR TO SEPTEMBER 3, 20__. THEREAFTER,]* THIS BOND MAY BE TRANSFERRED ONLY TO "ACCREDITED INVESTORS" AS SUCH TERM IS DEFINED IN SECTION 230.501 OF REGULATION D OF THE SECURITIES AND EXCHANGE COMMISSION ACT OF 1933. THE TRUSTEE MAY BE PROHIBITED FROM REGISTERING THE TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

Number R-30 _____
Cert. ____

*****\$ ***

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche - Phase One)
Series No. []**

INTEREST RATE

__%.

MATURITY DATE

September 2, 20__

CLOSING DATE

REGISTERED OWNER: Investor

PRINCIPAL AMOUNT: _____ Dollars and 00/100 Dollars

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the Streets and Highways Code (the "Bond Act"), the Western Riverside Council of Governments (the "WRCOG"), will, out of the Redemption Fund established pursuant to a Master Indenture, dated as of [DATE], by and between WRCOG and Deutsche Bank National Trust Company, acting as trustee (the "Trustee") and not in its individual capacity, as supplemented and amended, including as supplemented by a Supplemental Indenture Series No. ____ (as amended and supplemented, the "Indenture"), pay to the registered owner named above or registered assigns, the principal installments specified below, in lawful money of the United States of America and in like manner will pay interest at the rate per annum stated above, on each March 2 and September 2 (each "Bond Payment Date") in each year commencing on _____ 2, 201__:

Bond Payment Date	Principal Installment	Interest Installment	Total

* This language to be added to form of bonds with a Closing Date between June 1 and September 2 of each year.

Capitalized terms that are not otherwise defined in this Bond shall have the respective meanings prescribed to them in the Indenture.

This Series No. [] Bond bears interest from the Bond Payment Date next preceding its date of authentication and registration unless it is authenticated and registered (i) prior to an Bond Payment Date and after the close of business of the 15th day of the calendar month preceding such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or (ii) prior to the close of business on the 15th day of the calendar month preceding the first Bond 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 the Series No. [] 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 Bond Payment Date by wire transfer of immediately available funds made on such Bond 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 and accrued interest and premium, if any, on this Series No. [] 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 Series No. [] Bond at the Corporate Trust Office of the Trustee.

Payment of principal of and accrued interest and premium, if any, on this Series No. [] 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 Designated Redemption Date, without surrender of this Series No. [] Bond at the Corporate Trust Office of the Trustee, by wire transfer of immediately available funds made on such Designated Redemption 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 Series No. [] Bond will continue to bear interest after maturity at the rate above stated if this Series No. [] Bond is presented at maturity and payment hereof is refused for any reason. If this Series No. [] Bond is not presented at maturity, interest hereon will run only until maturity.

This Series No. [] Bond will not be entitled to any benefit under Chapter 29, 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 Series No. [] Bond is issued by the Western Riverside Council of Governments under Chapter 29, the Bond Act and the Indenture for the purpose of providing means for paying for the Improvements described in the Indenture, and is secured by a perfected

first priority security interest in the Assessments recorded against the Participating Parcels identified in Exhibit C to the Series No. [] Supplemental Indenture with respect to this Series No. [] Bond and the Collateral, as described in the Indenture. Amounts payable with respect to the Series No. [] Bond, including principal and interest, shall be paid from the funds and accounts, and in the manner set forth in the Indenture.

This Series No. [] Bond is transferable [on or after September 3, ____]* by the registered Owner hereof, in person or by the Owner's attorney duly authorized in writing, at the Corporate Trust Office of the Trustee, subject to the terms and conditions provided in the Resolutions 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 Series No. [] Bond, 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.

Neither WRCOG nor the Trustee will be required to make such exchange or registration of transfer of the Series No. [] Bond in the period beginning on or after a Record Date and ending before the next ensuing Bond 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. This Series No. [] Bond shall be subject to optional redemption, in whole, on any date after the tenth year following the Closing Date of such Bonds, from any source of available funds, at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
_____, 20__ through _____, 20__	103%
_____, 20__ through _____, 20__	102%
_____, 20__ through _____, 20__	101%
_____, 20__ through maturity	100%

* This language to be added to form of bonds with a Closing Date between June 1 and September 2 of each year.

Mandatory Prepayment Redemption. The Series No. [] Bond will be redeemed and paid in advance of maturity, in whole or in part in the minimum amount of \$2,500, from amounts received by WRCOG as Prepayments, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture, by paying the principal amount thereof, plus interest to the date of redemption, without premium, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in Chapter 29 or the Bond Act.

Extraordinary Mandatory Redemption. This Series No. [] Bond will be subject to extraordinary mandatory redemption in advance of maturity, in whole or in part, from Excess Program Fund Proceeds, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture following the deposit of such Excess Program Fund Proceeds in the Extraordinary Mandatory Redemption Account (Excess Program Fund Proceeds). The redemption price for such Bond, or such portion thereof that is to be redeemed, shall be established pursuant to the provisions of the Master Indenture.

This Series No. [] Bond will be subject to extraordinary mandatory redemption in advance of maturity, in whole or in part, on any Designated Redemption Date established pursuant to the applicable terms of the Master Indenture from funds representing the payment of the ASI Purchase Price for the purchase of an Assessment Security Interest in an Assessment securing such Bond following the deposit of such funds in the Extraordinary Mandatory Redemption Account (ASI Purchase Price). The redemption price of such Bond, or such portion thereof that is to be redeemed, shall be established pursuant to the terms of the Master Indenture.

This Series No. [] Bond is a Limited Obligation Improvement Bond because, under the Indenture, WRCOG, the Members and the Associate Members thereof are not obligated to advance funds from the WRCOG treasury or the treasury of any such Member or Associate Member to cover any deficiency which may occur in the redemption fund for the Series No. [] Bond.

IN WITNESS WHEREOF, WRCOG has caused this Series No. [] Bond to be executed in its name and on its behalf by the facsimile signatures of its Treasurer and the Secretary of the Executive Committee all as of the Original Issue Date identified above.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____
Treasurer

Attest:

By: _____
Secretary of the Executive Committee

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Series No. [] Bond described in the within mentioned Indenture.

Dated: _____, 20__

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Trustee

By: _____
Authorized Signatory

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 -

(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

EXHIBIT C

ASSESSMENTS SECURING THE SERIES NO. [] BONDS

Assessments securing the Series [-] Bond numbered as Number [] and maturing September __, 20__:

Series No. [] Bond

Bond Number []

Participating Parcel(s)

(Name/Assessor's Parcel No.)

MASTER INDENTURE

EXHIBIT B

PERMITTED INVESTMENTS

“Permitted Investments” shall include 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, and bankers’ acceptances (having maturities of not more than 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; and
 - (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 having a rating in the highest investment category granted by S&P and 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 having a rating in the highest investment category granted thereby from S&P and 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, notwithstanding that: (i) the Trustee or an affiliate of the Trustee receives 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”).

MASTER INDENTURE

EXHIBIT C

INVESTOR LETTER

_____, 20__

Western Riverside Council of Governments
4080 Lemon Street
3rd Floor, MS 1032
Riverside, California 92501-3609
Attention: Executive Director

Deutsche Bank National Trust Company
c/o DB Services Americas, Inc.
5022 Gate Parkway, Suite 200
Jacksonville, Florida 32256
Attention: Transfer Unit

Re: Western Riverside Council of Governments
Limited Obligation Improvement Bonds
(WRCOG Program) SPRUCE PACE
(Residential Property Tranche - Phase One)

Ladies and Gentlemen:

The undersigned (the “Investor”) proposes to purchase the limited obligation improvement bonds as listed on the attached Schedule I (the “Bonds”) from the Western Riverside Council of Governments (“WRCOG”). Capitalized terms used in this Investor Letter and not otherwise defined herein shall have the meanings ascribed to such terms in the Master Indenture, dated as of [DATE] (the “Master Indenture”), by and between WRCOG and Deutsche Bank National Trust Company, as trustee (the “Trustee”)

In connection with the sale of the Bonds to the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.
2. The Investor is an “accredited investor” under Regulation D of the Securities Act of 1933 and, therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

3. The Bonds are being acquired by the Investor for investment and not for more than one account or with a view to distribution of the Bonds, except as provided for in paragraph 8 below. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

4. The Investor understands that the Bonds are not registered under the 1933 Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds: (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (b) will not be listed on any stock or other securities exchange; (c) will not carry a rating from any rating service; and (d) will be delivered in a form which may not be readily marketable.

5. The Investor understands that: (a) the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the State of California or any political subdivision thereof and that WRCOG has no taxing power; (b) the Bonds do not and will not represent or constitute a general obligation or a pledge of the faith and credit of WRCOG, the State of California or any political subdivision thereof; and (c) the liability of WRCOG with respect to each Bond is limited to first priority perfected security interest granted in the applicable Assessment and all other Collateral securing such Bond and all moneys deposited in the Redemption Fund (including the Capitalized Interest Account, the Assessment Collection Account and the Prepayment Account therein) are derived from the issuance of the Bonds, the installments of such Assessments or from the prepayment of such Assessment received by WRCOG as set forth in the Indenture.

6. The Investor acknowledges that it has either been supplied with or been given access to such information, to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning WRCOG, the WRCOG Program, the Assessment Contract, the Assessments, the Participating Parcels, the Master Indenture, the Supplemental Indenture, the Bonds and the security therefor and the Side Letter Agreement so that, as a reasonable investor, the Investor has been able to make its decision to purchase the Bonds.

7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. The Investor, with assistance of counsel, has reviewed the Bonds, the Master Indenture and the Supplemental Indenture. The Investor acknowledges, consents and agrees to all terms of such documents including, without limitation, the provisions relating to the redemption of the Bonds and the sale of Assessment Security Interests in Assessments securing the Bonds as provided for in the Master Indenture.

8. The Investor acknowledges that it has the right to sell and transfer the Bonds, in accordance with the terms of the Master Indenture and the Supplemental Indenture, subject to the delivery to the Trustee of a letter from the transferee in the form attached to the Master Indenture as Exhibit C, with no material revisions except as may be approved in writing by WRCOG. Failure to deliver such letter shall cause the purported transfer to be null and void.

The Investor acknowledges that it has received a copy of the Side Letter Agreement and agrees and obligates itself to provide a copy of the Side Letter Agreement to any subsequent purchaser or assignee of the Bonds.

9. The Investor understands that neither the members, directors, officers, employees or agents of the WRCOG, nor any person executing the Bonds, the Master Indenture or the Supplemental Indenture, shall be subject to any personal liability or accountability by reason of or in connection with the issuance, offering, execution and delivery of the Bonds.

10. The Investor has obtained what it considers adequate information regarding WRCOG, the WRCOG Program, the Assessment Contracts, the Assessments, the Participating Parcels, the Master Indenture, the Supplemental Indenture and the Bonds to make an informed investment decision to purchase the Bonds. Except as set forth in the Indenture, the Investor acknowledges that WRCOG and its agents, representatives and attorneys are under no duty to provide, and the Investor acknowledges that it is not entitled to receive, (i) any additional information regarding WRCOG, the WRCOG Program, the Assessment Contract, the Assessments, the Participating Parcels, the Master Indenture, the Supplemental Indenture or the Bonds, or (ii) an update to the information previously provided by such persons to the Investor; provided, however, that such acknowledgement does not extend to information provided by WRCOG, its agents, representatives and/or attorneys that would have the effect of correcting (a) any untrue statement of a material fact made in the Bonds, the Master Indenture or the Supplemental Indenture or in any of the other information provided to the Investor by WRCOG or its agents, representatives or attorneys or (b) any omission of a material fact necessary to make a statement made in such documents not misleading in light of the circumstances under which it was made.

[Following paragraph to be inserted if applicable.]

11. The Initial Purchaser, by its execution hereof, hereby authorizes and requests WRCOG and the Trustee to issue the Series No. [] Bonds in the name of the Designated Transferee identified in the Supplemental Indenture, as permitted by Section 2.6.2 of the Master Indenture.

Very truly yours,

[Insert] _____

By: _____
Name:
Title:

Schedule I

<u>Series of Bonds</u>	Principal Amount of <u>Bonds</u>

MASTER INDENTURE

EXHIBIT D

OFFICER'S CERTIFICATE - REQUISITION FROM PROGRAM FUND

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche - Phase One)
Series No. []**

**OFFICER'S CERTIFICATE NO. __ -
REQUISITION FOR DISBURSEMENTS
FROM THE PROGRAM FUND FOR THE PAYMENT OR REIMBURSEMENT OF
IMPROVEMENT COSTS**

The undersigned hereby states and certifies:

(i) that the undersigned is an Authorized Representative of WRCOG within the meaning of such term as set forth in the Master Indenture hereinafter defined;

(ii) that, pursuant to Section 4.3.2 of the Master Indenture, dated as of [DATE] (the "Master Indenture"), by and between Western Riverside Council of Governments ("WRCOG") and Deutsche Bank National Trust Company, as trustee (the "Trustee"), the undersigned hereby requests that the Trustee disburse from the Program Fund established pursuant to the Master Indenture to each of the payees designated on Attachment "A" attached hereto and incorporated herein by this reference, the respective sums set forth opposite such designated payees, in payment or reimbursement of Improvement Costs;

(iii) the amounts to be disbursed shall pay or reimburse Improvement Costs for the Participating Parcels identified in Attachment "A" and such amounts shall be amounts on deposit in the Program Fund secured by the Assessments levied against such Participating Parcels;

(iv) the amounts to be disbursed are being used solely to pay or reimburse the Improvement Costs associated with the Participating Parcels identified in Attachment "A" and are not being used to pay the Improvement Costs associated with any other Participating Parcel; and

(v) that the amounts to be disbursed are properly chargeable to the Program Fund.

Capitalized terms used in this Officer's Certificate shall have the meaning given such terms in the Master Indenture unless specified otherwise herein.

Dated: _____, 20__

WESTERN RIVERSIDE COUNCIL OF
GOVERNMENTS

By: _____
Authorized Officer

Attachment "A"

OFFICER'S CERTIFICATE NO. __

**PROGRAM FUND
DISBURSEMENT INFORMATION**

<u>Re :Owner/APN</u>	<u>Payee</u>	<u>Payment Instructions</u>	<u>Amount</u>

MASTER INDENTURE

EXHIBIT E

OFFICER'S CERTIFICATE - REQUISITION FROM COST OF ISSUANCE FUND

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche - Phase One)
Series No. []**

**OFFICER'S CERTIFICATE NO. __ -
REQUISITION FOR DISBURSEMENTS
FROM THE COST OF ISSUANCE FUND FOR PAYMENT OR REIMBURSEMENT OF
COSTS OF ISSUANCE**

The undersigned hereby states and certifies:

(i) that the undersigned is an Authorized Representative of WRCOG within the meaning of such term as set forth in the Master Indenture hereinafter defined;

(ii) that, pursuant to Section 4.4.2 of the Master Indenture, dated as of [DATE] (the "Master Indenture"), by and between Western Riverside Council of Governments ("WRCOG") and Deutsche Bank National Trust Company as trustee (the "Trustee"), the undersigned hereby requests that the Trustee disburse from the Cost of Issuance Fund established for the above referenced Series of Bonds pursuant to the Master Indenture to each of the payees designated on Attachment "A" attached hereto and incorporated herein by this reference, the respective sums set forth opposite such designated payees, in payment or reimbursement of actual Costs of Issuance; and

(iii) that the amounts to be disbursed are properly chargeable to the Cost of Issuance Fund.

Capitalized terms used in this Officer's Certificate shall have the meaning given such terms in the Master Indenture unless specified otherwise herein.

Dated: _____, 20__

WESTERN RIVERSIDE COUNCIL OF
GOVERNMENTS

By: _____
Authorized Officer

Attachment "A"

OFFICER'S CERTIFICATE NO. __

**COST OF ISSUANCE FUND
DISBURSEMENT INFORMATION**

<u>Payee</u>	<u>Payment Instructions</u>	<u>Amount</u>

MASTER INDENTURE

EXHIBIT F

**OFFICER'S CERTIFICATE - REQUISITION FROM
ADMINISTRATIVE EXPENSE FUND**

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche - Phase One)
Series No. []**

**OFFICER'S CERTIFICATE NO. __ -
REQUISITION FOR DISBURSEMENTS
FROM THE ADMINISTRATIVE EXPENSE FUND FOR PAYMENT OR
REIMBURSEMENT OF ADMINISTRATIVE EXPENSES**

The undersigned hereby states and certifies:

(i) that the undersigned is an Authorized Representative of WRCOG within the meaning of such term as set forth in the Master Indenture hereinafter defined;

(ii) that, pursuant to Section 4.5.2 of the Master Indenture, dated as of [DATE] (the "Master Indenture"), by and between Western Riverside Council of Governments ("WRCOG") and Deutsche Bank National Trust Company as trustee (the "Trustee"), the undersigned hereby requests that the Trustee disburse from the Administrative Expense Fund established for the above referenced Series of Bonds pursuant to the Master Indenture to each of the payees designated on Attachment "A" attached hereto and incorporated herein by this reference, the respective sums set forth opposite such designated payees, in payment or reimbursement of actual Administrative Expenses; and

(iii) that the amounts to be disbursed are properly chargeable to the Administrative Expense Fund.

Capitalized terms used in this Officer's Certificate shall have the meaning given such terms in the Master Indenture unless specified otherwise herein.

Dated: _____, 20__

WESTERN RIVERSIDE COUNCIL OF
GOVERNMENTS

By: _____
Authorized Officer

Attachment "A"

OFFICER'S CERTIFICATE NO. __

**ADMINISTRATIVE EXPENSE FUND
DISBURSEMENT INFORMATION**

<u>Payee</u>	<u>Payment Instructions</u>	<u>Amount</u>

MASTER INDENTURE

EXHIBIT G

Limited Subordination Agreement

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

SPRUCE PACE LLC
c/o Scott McKinlay
15073 Avenue of Science
San Diego, CA 92128

THIS SPACE FOR RECORDER'S USE ONLY

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT

THIS SUBORDINATION AGREEMENT (the “**Agreement**”), dated as of [DATE], is made by and among [OWNER1, OWNER2, OWNER3, OWNER4], buyer(s) or owner(s) of the Property (defined below) and hereinafter referred to as “**Owner**,” SPRUCE PACE LLC, a _____ corporation, the owner of the right to receive all payments and economic benefit of the Assessment Lien (defined below) and hereinafter referred to as [“____,”] the Western Riverside Council of Governments (“**WRCOG**”). The term “Owner” shall mean the existing owner of the Property if this Agreement is executed in connection with a refinancing transaction, and shall mean the buyer/new owner of the Property if this Agreement is executed in connection with a sale transaction.

RECITALS:

A. On [ISSUER SIGNATURE DATE], the record owner(s) (“**Record Owner(s)**”) of the fee title to the real property (“**Property**”) described in the Assessment Lien documentation and WRCOG voluntarily entered into an Assessment Contract (the “**Assessment Contract**”) pursuant to which Record Owner(s) agreed to pay a voluntary contractual assessment in the sum of [TOTAL FINANCING AMOUNT] (the “**Assessment**”), with annual Assessment installments as reflected in the Notice of Assessment and Payment of Contractual Assessment Required, recorded on [NOTICE OF ASSESSMENT RECORDING DATE], with the county recorder of the county

in which the Property is located, Document Number [[NOTICE OF ASSESSMENT/PCAR RECORDED DOCUMENT NUMBER] (the “**Notice of Assessment/PCAR**”), and covering the Property described as follows:

APN: [APN]

SEE EXHIBIT ‘A’ ATTACHED HERETO AND MADE A PART HEREOF

The term “**Assessment Lien**” as used herein refers collectively to the Assessment, the Notice of Assessment/PCAR, the Assessment Contract and all documentation related thereto.

B. On or about [SETTLEMENT DATE], RA acquired from WRCOG the right to receive all payments and economic benefit of the Assessment Lien and such rights appurtenant thereto and is the present holder of such rights.

C. Owner has executed, or is about to execute, a deed of trust and note in the original principal amount of approximately \$[NEW FIRST DEED OF TRUST AMOUNT] (the “**Note**”) dated, or anticipated to be dated, on or around [SETTLEMENT DATE] (the “**Deed of Trust**”), in favor of [LENDER NAME] (“**Lender**”), with its principal place of business located at [LENDER ADDRESS], payable with interest and upon the terms and conditions described therein, which Deed of Trust is being recorded concurrently herewith.

D. It is in the mutual benefit of the parties hereto that the Lender make to Owner the loan set forth in the Note and secured by the Deed of Trust, and to induce Lender to make such loan, WRCOG and RA agree to the subordination of the Assessment Lien to such Deed of Trust in the manner described below in this Agreement.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce Lender to make the loan referred to above, it is hereby declared, understood and agreed as follows:

1. Solely as an accommodation to Owner, WRCOG and RA agree to the subordination of the Assessment Lien, on the terms specified below, to the lien under the Deed of Trust upon the recordation thereof as follows: Neither WRCOG nor RA shall (i) commence an action in Superior Court to foreclose (“**Judicial Foreclosure Action**”) upon the Assessment Lien if any installment of the Assessment, or of any interest thereon, together with any penalties, costs, fees, and other charges accruing thereon, are not paid when due, unless and until (A) WRCOG has obtained written authorization, consent or a letter of non-objection from the Lender regarding such action, or (B) the Deed of Trust has been reconveyed; and (ii) have the right to receive proceeds from any foreclosure sale under the Deed of Trust, but only to the extent necessary to enable Lender to recover full payment of all amounts expressly owed and due under the obligation secured by the Deed of Trust; provided, however, that subject to the foregoing, such subordination shall not in any other way (A) affect the right of WRCOG, RA or other owner of the right to receive all payments and economic benefit of such Assessment Lien thereafter and to receive payments of

Assessment installments of such Assessment Lien as the same become due and payable, and (B) reduce the amount of any such Assessment installments. Subject to the provisions and limitations of this Agreement, WRCOG and RA do not otherwise waive any other right or remedy to the enforcement of such Assessment Lien, including but not limited to, the right of collection as to delinquent installments of the Assessment, or of any interest thereon, together with any penalties, costs, fees, and other charges accruing thereon, as established and required pursuant to the laws of the State of California.

2. The Lender under the Deed of Trust is an intended third party beneficiary of this Agreement and the terms of the subordination set forth herein shall apply solely to the Deed of Trust and shall terminate upon the termination or reconveyance of the Deed of Trust and shall have no application, force or effect pertaining to any further refinancing of the Property or the sale or other transfer of the Property by Owner. Neither WRCOG nor RA shall have any obligation to further subordinate the Assessment Lien to any extent whatsoever.

3. The terms of this Agreement shall apply solely to the Assessment Lien and do not apply to any other fixed lien assessment, special tax lien or other lien that may be imposed on the Property by any other public agency.

4. By executing the Agreement, Owner hereby reaffirms the validity and continued effectiveness of the Assessment Contract and all documents related thereto and acknowledges it is bound by their terms, including but not limited to, each and every obligation, covenant, promise, declaration, representation and warranty made by Record Owner(s) in the Assessment Lien documentation.

5. Owner verifies that (i) Owner has carefully read this Agreement and has discussed its legal effect with Owner's attorney(s); (ii) Owner has discussed this Agreement's financial effect with Owner's accountant(s); (iii) Owner understands the content of this Agreement and that in executing the Agreement, Owner has not relied on the advice, opinions or statements by WRCOG's and RA's officers, directors, agents, contractors, employees, affiliates, subsidiaries, or attorneys; and (iv) Owner signs this Agreement of Owner's own free will and accord. To the extent Owner has not consulted with Owner's own attorney(s) or accountant(s), Owner acknowledges that Owner was given a reasonable opportunity to do so and, by executing the Agreement, expressly waives such opportunity of Owner's own free will and accord.

6. This Agreement 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 RA shall preserve undestroyed, shall together constitute but one and the same instrument.

[Signature page follows]

“WRCOG”
Western Riverside Council of Governments

By:
Its:

[“____”
SPRUCE PACE LLC, a _____ corporation

By:
Its:

“Owner”

[OWNER 1]

“Owner”

[OWNER 2]

“Owner”

[OWNER 3]

“Owner”

[OWNER 4]

EXHIBIT A
PROPERTY DESCRIPTION

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Item 5.A

PACE Program Activities Update

Attachment 11

Spruce Bond Master Purchase
Agreement

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WRCOG PROGRAM MASTER BOND PURCHASE AGREEMENT

1. PARTIES AND DATE

THIS MASTER BOND PURCHASE AGREEMENT, dated as of _____, 2017 (the “Master BPA”), is entered into by and between the WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS, a California public agency (“WRCOG”) and SPRUCE PACE LLC, a Delaware limited liability corporation (“SPRUCE PACE”) to arrange for the sale by WRCOG and the purchase by SPRUCE PACE or its designee of all of the Bonds described below, which are being issued by WRCOG.

2. RECITALS.

2.1 The Executive Committee of WRCOG (the “Executive Committee”) has undertaken proceedings to establish and did thereby establish a voluntary contractual assessment program designated as the Energy Efficiency and Water Conservation Program for Western Riverside County (the “WRCOG 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 Powers Agreement of WRCOG originally made and entered into April 1, 1991, as further amended to date (as 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 Program (the “Member Agencies”), to assist owners of residential properties (the “Residential Properties”) within the jurisdictional boundaries such Member Agencies to finance the cost of installation of distributed generation renewable energy sources or energy efficiency or water conservation improvements or electric vehicle charging infrastructure (the “Eligible Products”) that are permanently fixed to the properties of such owners.

2.2 As a part of such proceedings, the Executive Committee did, by the adoption of Resolution No. 09-10 on March 1, 2010, provide that one or more series of 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”) (the “Bonds” or “Series of Bonds”) or other financing relationships would be entered for the purpose of financing the installation of Eligible Products.

2.3 As a further part of such proceedings, the Executive Committee initially approved on June 7, 2010, by the adoption of Resolution Number 13-10, 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 Program Report”), including a map showing the boundaries of the territory within which the voluntary contractual assessments may be offered (the “WRCOG 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, a “WRCOG Program 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.

2.4 On June 6, 2016, WRCOG's Executive Committee authorized WRCOG to engage with additional program administrators under the WRCOG Program.

2.5 On April 3, 2017, the Executive Committee did, by the adoption of Resolution No. _____ (the "Resolution of Issuance"), authorize the issuance of the Western Riverside Council of Governments Limited Obligation Improvement Bonds (WRCOG Program) SPRUCE PACE (Residential Property Tranche) (the "Bonds") in one or more series pursuant to Chapter 29, the 1915 Bond Act, Resolution Numbers 08-11, 03-12, 07-12 and 08-13, as amended and supplemented by the Resolution of Issuance, and the use of the proceeds of such bonds to finance the installation of Eligible Products (also referred to in the Resolution of Issuance as "Authorized Improvements") on Residential (as such term is defined in the WRCOG Program Report) parcels that are participating in the WRCOG Programs and are located in the WRCOG Program Area within which such WRCOG Program has been implemented, providing that each such Bond shall be issued pursuant to a Master Indenture (the "Master Indenture"), by and between WRCOG and Deutsche Bank National Trust Company, as trustee (the "Trustee"), the form of which was approved by the Resolution of Issuance, to be supplemented by a Supplemental Indenture, the form of which was approved by the Resolution of Issuance, applicable to the Bond or Bonds identified in such Supplemental Indenture, dated as of the Closing Date (as defined in the Master Indenture) of such Bond or Bonds, entered into by and between WRCOG and the Trustee (each, a "Supplemental Indenture").

2.6 WRCOG and SPRUCE PACE desire and intend to enter into this Master BPA to provide for and establish the terms and conditions pursuant to which WRCOG will sell to SPRUCE PACE and SPRUCE PACE shall purchase from WRCOG the Bonds issued by WRCOG. WRCOG and SPRUCE PACE further desire and intend that this Master BPA shall supercede and replace those provisions of the BPAA pertaining to the purchase by SPRUCE PACE of improvement bonds to be issued by WRCOG pursuant to such BPAA.

3. DEFINITIONS.

Capitalized terms that are used in this Master BPA and not otherwise defined herein shall have the respective meanings ascribed to them in the Master Indenture.

4. PURCHASE AND SALE AND DELIVERY OF THE BONDS.

4.1 Subject to the terms and conditions set forth in this Master BPA and any supplement to this Master BPA entered into by and between the parties hereto (each, a "Supplement to Master BPA"), and in reliance upon the representations, warranties and agreements set forth herein and in any Supplement to Master BPA, SPRUCE PACE hereby agrees to purchase, or cause its designee to purchase (as used herein the term "SPRUCE PACE" shall include any designee thereof), all (but not less than all) of the Bonds, from WRCOG and WRCOG hereby agrees to sell to SPRUCE PACE, when as and if issued, all (but not less than all) of the Bonds associated with the WRCOG Program and the California HERO Program or any similar program that the Parties may develop, implement or offer (collectively, the "Programs") in an aggregate principal amount not to exceed \$150,000,000.

WRCOG understands that SPRUCE PACE, before and in reliance upon WRCOG's issuance of Bonds associated with Residential Properties, will be advancing funds to owners of such Properties (including but not limited to their contractors, equipment suppliers, installers and other service and materials providers) who have sought and who qualify for financing under one of the Programs. Accordingly and in recognition of such reliance, WRCOG agrees promptly and timely, upon receipt of duly executed Notices of Completion, to issue Bonds in the amount of any financing for the Properties SPRUCE PACE and WRCCOG have approved under any such Program.

4.2 WRCOG and the Trustee shall enter into a Supplemental Indenture pertaining to each Bond or Series of Bonds which Supplemental Indenture shall set forth and establish the Closing Date for such Bond or Series of Bonds, the date from which such Bond or Series of Bonds shall bear interest and the dates on which the principal of and interest on such Bond or Series of Bonds shall be payable, the rate of interest per annum payable on such Bond or Series of Bonds, the maturity date of such Bond or Series of Bonds, the redemption provisions pertaining to such Bond or Series of Bonds and the Purchase Price (defined below) for such Bond or Series of Bonds. Each such Supplemental Indenture shall be subject to the approval of SPRUCE PACE and WRCOG.

4.3 Each Bond or Series of Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable and be subject to redemption as provided in, the Master Indenture and the Supplemental Indenture pertaining to such Bond or Series of Bonds.

4.4 The "Purchase Price" of a Bond or Series of Bonds shall be the sum equal to the principal amount of such Bond or Series of Bonds.

4.5 At 10:00 A.M., Pacific Daylight Time, on the Closing Date for each Bond or Series of Bonds, or at such other time as shall be agreed upon by WRCOG and SPRUCE PACE, (i) WRCOG will deliver or cause to be delivered the Bond or Series of Bonds to SPRUCE PACE, duly executed by WRCOG and authenticated by the Trustee as provided in the Master Indenture, (ii) WRCOG will deliver the WRCOG Closing Documents (as designated in Exhibit "H" for delivery by or on behalf of WRCOG) to Bond Counsel at the offices of Bond Counsel or another place to be mutually agreed upon by WRCOG and SPRUCE PACE (the "Closing Location") and SPRUCE PACE shall accept such delivery and pay the purchase price of the Bond or Series of Bonds in federal funds payable to the order of WRCOG or its designee and deliver SPRUCE PACE's Closing Documents (as designated in Exhibit "H" for delivery by SPRUCE PACE or such individual or entity to which SPRUCE PACE has assigned its rights hereunder to purchase such Bond or Series of Bonds) to Bond Counsel at the Closing Location. This payment and these deliveries, together with the delivery of the WRCOG Closing Documents and the SPRUCE PACE Closing Documents, are herein called the "Closing." Each Bond or Series of Bonds shall be made available to SPRUCE PACE for inspection not later than two (2) days before the Closing Date.

5. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF WRCOG. WRCOG represents, warrants and covenants to and agrees with SPRUCE PACE as to each Bond or Series of Bonds that:

5.1 WRCOG is a joint exercise of powers authority duly organized and existing under the Constitution of the State of California (the “Constitution”) and laws of the State of California (the “State”), and has, and at each Closing Date will have, full legal right, power and authority, to adopt the Resolution of Issuance:

5.1.1 to enter into this Master BPA and the Supplement to Master BPA, if any, pertaining to each Bond or Series of Bonds;

5.1.2 to enter into the Master Indenture and the Supplemental Indenture with respect to each Bond or Series of Bonds;

5.1.3 to issue, sell and deliver each Bond or Series of Bonds to SPRUCE PACE as provided herein;

5.1.4 to enter into each Assessment Contract as such term is defined in the Master Indenture and that is identified in a Supplemental Indenture; and

5.1.5 to carry out and consummate the transactions as to each Bond or Series of Bonds on its part contemplated by this Master BPA and the Supplement to Master BPA, if any, the Master Indenture, the Supplemental Indenture and such Bond or Series of Bonds.

As to each Bond or Series of Bonds, this Master BPA, the applicable Supplement to Master BPA, if any, the Master Indenture, the applicable Supplemental Indenture and such Bond or Series of Bonds are collectively referred to herein as the “WRCOG Documents.”

5.2 By all necessary official action of WRCOG, WRCOG has duly authorized and approved the adoption or execution and delivery by WRCOG of, and the performance by WRCOG of the obligations contained in, the WRCOG Documents and the Resolution of Issuance and such authorizations and approvals are and shall, as of each Closing Date, be in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the parties thereto, each Bond or Series of Bonds and the WRCOG Documents will constitute the legally valid and binding obligations of WRCOG enforceable against WRCOG in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally. WRCOG has complied, and as of each Closing Date, shall be in compliance in all respects, with the obligations on its part to be performed on or prior to each Closing Date under the WRCOG Documents.

5.3 The Executive Committee has duly established the Program pursuant to Chapter 29. The Executive Committee has duly authorized the issuance and sale of each Bond or Series of Bonds pursuant to the Resolution of Issuance, adopted by the Executive Committee, the Master Indenture and the applicable Supplemental Indenture.

5.4 WRCOG is not and, as of each Closing Date, will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States of America, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which WRCOG is

a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have a material adverse effect on WRCOG's ability to perform its obligations under each Bond or Series of Bonds or the WRCOG Documents; and, as of such times, the authorization, execution and delivery of each Bond or Series of Bonds and the WRCOG Documents and compliance by WRCOG with the obligations on its part to be performed in each of such agreements or instruments does not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States of America, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which WRCOG (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the WRCOG Documents.

5.5 There is, and as of each Closing Date, there shall be no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending with respect to which WRCOG has been served with process or to the best knowledge of WRCOG threatened, in which any such Action (i) in any way questions the corporate existence of WRCOG or the titles of the officers of WRCOG to their respective offices, (ii) in any way questions the establishment of the Program or the titles of the Executive Committee of WRCOG, (iii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of each Bond or Series of Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on each Bond or Series of Bonds, or in any way contests or affects the validity of the WRCOG Documents or the consummation of the transactions on the part of WRCOG contemplated thereby, or contests the exclusion of the interest on any Bond from state income taxation or contests the powers of WRCOG, or its authority, to levy and collect the applicable Assessments, (iv) may result in any material adverse change relating to the financial condition of WRCOG; and as of the time of acceptance hereof and as of each Closing Date, to the knowledge of WRCOG, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

5.6 Each Bond or Series of Bonds, when issued, executed and delivered in accordance with the Master Indenture and the applicable Supplemental Indenture and sold to SPRUCE PACE, will be validly issued and an outstanding limited obligation of WRCOG, entitled to the benefits of the Master Indenture and the applicable Supplemental Indenture and the security of the pledge of the proceeds of the levy of the applicable Assessment or Assessments. The Master Indenture and the applicable Supplemental Indenture create a valid pledge of the moneys in certain funds and accounts established pursuant to such Master Indenture, including the investments thereof subject in all cases to the provisions of such Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

5.7 Each Assessment constituting the security for a Bond has been duly and lawfully authorized and levied under Chapter 29 and the Constitution and the applicable laws of the State, and pursuant to Chapter 29 such Assessment, when levied, will constitute a valid and legally binding lien on the Participating Parcel upon which it has been levied.

5.8 All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by each Closing Date for the due authorization of, or which would constitute a condition precedent to or the absence of which would adversely affect the due performance by WRCOG of its obligations in connection with the WRCOG Documents have been duly obtained or made and are in full force and effect.

5.9 WRCOG will apply the proceeds of each Bond or Series of Bonds in accordance with the Master Indenture and the applicable Supplemental Indenture.

6. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF SPRUCE PACE. The obligations of SPRUCE PACE to accept delivery of and pay for each Bond or Series of Bonds on the Closing Date thereof shall be subject, at the option of SPRUCE PACE, to the accuracy in all material respects of the representations and warranties on the part of WRCOG contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of WRCOG made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by WRCOG of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

6.1 At each such Closing Date, the WRCOG Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by SPRUCE PACE, and there shall have been taken in connection therewith, with the issuance of each Bond or Series of Bonds and with the transactions contemplated thereby and by this Master BPA, all such actions as, in the opinion of Best, Best & Krieger, LLP, as Bond Counsel for WRCOG, shall be necessary and appropriate;

6.2 Between the date hereof and the Closing Date applicable to each Bond or Series of Bonds, the market price or marketability of such Bond at the prices set forth in the Supplemental Indenture applicable thereto shall not have been materially adversely affected, in the judgment of SPRUCE PACE (evidenced by a written notice to WRCOG terminating the obligation of SPRUCE PACE to accept delivery of and pay for the Bonds), which judgment shall be formed (to the maximum extent reasonably practicable under the circumstances) only after consultation with WRCOG's financial advisor, by reason of any of the following:

6.2.1 legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, or such Bond, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as

amended, or that the Master Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, or of the Bonds as contemplated hereby or otherwise is or would be in violation of the federal securities laws, rules or regulations as amended and then in effect;

6.2.2 any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the validity or enforceability of the Assessments or the ability of WRCOG to construct or acquire the improvements as contemplated by WRCOG Documents.

6.3 On each Closing Date, SPRUCE PACE shall have received counterpart originals or certified copies of the following documents, in each case satisfactory in form and substance to SPRUCE PACE:

6.3.1 WRCOG Documents, together with a certificate dated as of the Closing Date of WRCOG Secretary to the effect that each such document is a true, correct and complete copy of the one duly approved by the Executive Committee; provided, however, the Master BPA and the Master Indenture need not be provided so long as such certificate specifies that such document or documents have not be amended since such document or documents were previously received by SPRUCE PACE;

6.3.2 Unqualified approving opinion for each Bond or Series of Bonds delivered on such Closing Date, dated such Closing Date and addressed to WRCOG, of Best Best & Krieger LLP, Bond Counsel for WRCOG, in the form attached as Exhibit A hereto and a reliance letter dated such Closing Date and addressed to SPRUCE PACE, or any assign, affiliate, subsidiary, or any other person or entity that in the form attached as Exhibit B hereto, to the effect that such approving opinion addressed to WRCOG may be relied upon by SPRUCE PACE to the same extent as if such opinion was addressed to them;

6.3.3 Supplemental opinion, dated the Closing Date and addressed to WRCOG, SPRUCE PACE and the Trustee, of Best Best & Krieger LLP, Bond Counsel for WRCOG, in the form attached as Exhibit C hereto;

6.3.4 A certificate, dated such Closing Date and signed by an authorized representative of WRCOG, in substantially the form attached hereto as Exhibit D;

6.3.5 A certificate of the Trustee dated such Closing Date in substantially the form attached hereto as Exhibit E;

6.3.6 An executed copy of the Assessment Contract pertaining to the Participating Property upon which the Assessment securing such Bond has been levied.

6.3.7 A conformed copy of the Notice of Assessment pertaining to the Assessment levied against the Participating Parcel as recorded in the office of the Auditor-County Clerk-Recorder of the County of Riverside (the "County Recorder").

6.3.8 A conformed copy of the Notice of Payment of Assessment Required pertaining to the Participating Parcel as recorded in the office of the County Recorder.

7. CONDITIONS OF WRCOG’S OBLIGATIONS. WRCOG’s obligations hereunder as to the sale of any Bond are subject to SPRUCE PACE’s performance of their obligations hereunder, and are also subject to the following conditions:

7.1 As of the Closing Date, no litigation shall be pending or, to the knowledge of the duly authorized officer of WRCOG executing the certificate referred to in Section 6.3.4 hereof, threatened, to restrain or enjoin the issuance or sale of such Bond or in any way affecting any authority for or the validity of such Bond or WRCOG Documents or the existence or powers of WRCOG;

7.1.1 As of the Closing Date, WRCOG shall receive the approving opinions of Bond Counsel referred to in Section 6.3.2 and 6.3.3 hereof, dated as of the Closing Date;

7.1.2 Receipt by WRCOG of a duly executed letter of SPRUCE PACE dated as of the Closing Date and in substantially the form attached hereto as Exhibit F;

7.1.3 Receipt by WRCOG of a duly executed certificate of SPRUCE PACE regarding the receipt of the Bond in substantially the form attached as Exhibit G hereto.

8. EXPENSES. Whether or not the Bonds are delivered to SPRUCE PACE as set forth herein:

8.1 The SPRUCE PACE shall be under no obligation to pay, and WRCOG shall pay or cause to be paid (out of the proceeds of each Bond or Series of Bonds all expenses incidental to the performance of WRCOG’s obligations hereunder in the following amounts or percentages of the principal amount of each such Bond:

8.1.1 _____% payable to WRCOG as issuer of the Bonds;

8.1.2 \$_____ per Bond payable to Public Financial Management, LLC, as Program manager;

8.1.3 _____% payable to Westhoff, Cone and Holmstedt, as placement agent (the “Placement Agent”);

8.1.4 _____% payable to David Taussig & Associates as assessment administrator;

8.1.5 _____% payable to Best Best & Krieger LLP as bond counsel;

8.1.6 _____% payable to SPRUCE PACE, Inc., in payment for the provision by SPRUCE PACE, Inc. of its Residential HERO Program Administrative Services as defined in and payable pursuant to the WRCOG Program by and between WRCOG and SPRUCE PACE; and in payment for the purchase of the Bonds by SPRUCE PACE.

8.1.7 \$_____ per Bond payable to Deutsche Bank National Trust Company, as Trustee.

8.2 WRCOG shall be under no obligation to pay, and SPRUCE PACE shall pay any and all expenses incurred by SPRUCE PACE, including but not limited to, the fees and disbursements of its counsel pertaining to the issuance of any Bond.

8.3 Neither WRCOG nor SPRUCE PACE shall be under any obligation to pay, and the Placement Agent shall pay, any fees of the California Debt and Investment Advisory Commission pertaining to any Bond.

9. AUTHORITY OF SPRUCE PACE TO ISSUE ASSET BACKED SECURITIES AND SELL IMPROVEMENT BONDS.

SPRUCE PACE will purchase the Bonds by utilizing source of funds as SPRUCE PACE may in its discretion elect to utilize. From time to time SPRUCE PACE may elect at its own expense to securitize its interest in Bonds and sell such securities to the investment community or sell any Bond, provided that any such sale is to an Accredited Investor (as such term is defined in Regulation D – Rules Governing the Limited Offer and sale of Securities Without Registration under the Securities Act of 1933, being 17 CFR 230.501 through 230.508) and that all subsequent buyers of such Bond agree to be bound by this provision. No further action or acknowledgment by WRCOG will be required to authorize such securitization or sale by SPRUCE PACE. All fees, costs and liabilities arising directly or indirectly from or associated with SPRUCE PACE's issuance of asset-backed securities or selling the Bonds, including without limitation costs of issuance and annual disclosure costs, will be borne by SPRUCE PACE.

WRCOG will provide any reasonable assistance requested by SPRUCE PACE, including without limitation, the provision of relevant WRCOG Program data and reports as may be deemed reasonably necessary by SPRUCE PACE for the securitization or other sale of Bonds by SPRUCE PACE. Nothing contained in this paragraph shall, however, require WRCOG to prepare any disclosure documents pertaining to such securitization or other sale of Bonds as may be required pursuant to securities laws and regulations of the federal government or the State of California or any agency, department or office of either such government. The SPRUCE PACE shall pay all reasonable expenses incurred by WRCOG in providing such data and reports.

1. General Provisions.

(a) Termination of Agreement. Should (a) SPRUCE PACE (i) breach one or more of its material obligations as outlined herein or in the Contract #C _____ by and between WRCOG and SPRUCE PACE, INC for Services to Assist in the Implementation and Administration of Financing Mechanisms for the WRCOG Program, a Property Assessed Clean Energy (PACE) Program, for Residential Properties in Participating Cities and Riverside County (the "Services Contract") or (ii) fail during any calendar year to purchase Bonds which have met the underwriting guidelines identified in the Program Report applicable to Residential Properties participating in the Program with an aggregate principal amount of \$1 million or more by August 30, 2018 or (b) WRCOG terminate the Services Contract pursuant to the provisions thereof, WRCOG may, by written notice to SPRUCE PACE, terminate the whole or any part of this Master BPA by giving

written notice to SPRUCE PACE of such termination, and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. SPRUCE PACE may, by written notice to WRCOG, terminate this Master BPA for cause which shall include, but not be limited to, the determination by SPRUCE PACE, in the exercise of its reasonable professional judgment after consultation with the WRCOG Representative, that WRCOG cannot reasonably be expected to be able to issue Bonds pursuant to this Master BPA.

(b) Delivery of Notices. All notices permitted or required under this Master BPA 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:

SPRUCE PACE:

SPRUCE PACE
1201 Mission Street
San Francisco, CA 94105

With copy to:

WRCOG: Western Riverside Council of Governments
1170 W. 3rd St., 2nd Floor
Riverside, CA 92410
Attn: Rick Bishop, Executive Director

and

Best Best & Krieger LLP
3390 University Avenue, 5th Floor
Riverside, CA 92501
Attn: Mrunal Shah

Such notice shall be deemed made when 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.

(c) 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 necessary, appropriate or convenient to attain the purposes of this Master BPA.

(d) Availability of Injunctive Relief. SPRUCE PACE and WRCOG agree that either SPRUCE PACE or WRCOG may petition a court for provisional relief, including injunctive relief, as permitted by the Rules, including, but not limited to, where either SPRUCE PACE or WRCOG alleges or claims a violation of this Master BPA between WRCOG and SPRUCE PACE. SPRUCE PACE and WRCOG understand that any breach or threatened breach of such an agreement (including this Master BPA) will cause irreparable injury and that money damages will not provide an adequate remedy therefor and both WRCOG and SPRUCE PACE hereby consent to the issuance of an injunction.

(e) Indemnification and Hold Harmless. SPRUCE PACE shall defend, indemnify and hold WRCOG, 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 alleged negligent or wrongful acts, omissions or willful misconduct of SPRUCE PACE, its officials, officers, employees, agents, consultants, contractors and subcontractors, arising out of or in connection with the performance of the Program Administration Services, the Program or this Agreement, including without limitation the payment of all consequential damages and attorneys' fees and other related costs and expenses. SPRUCE PACE shall defend, at SPRUCE PACE'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, its directors, officials, officers, employees, agents or volunteers. SPRUCE PACE shall pay and satisfy any judgment, award or decree that may be rendered against WRCOG or its directors, officials, officers, employees, agents or

volunteers, in any such suit, action or other legal proceeding. SPRUCE PACE shall reimburse WRCOG 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. SPRUCE PACE's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the WRCOG, its directors, officials, officers, employees, agents or volunteers. No third party shall be a direct beneficiary of this Section 8(e).

(f) Entire Agreement. This Master BPA contains the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Master BPA may only be modified by a writing signed by both Parties.

(g) Governing Law. This Master BPA shall be governed by the laws of the State of California. Venue shall be in Riverside County.

(h) Time of Essence. Time is of the essence for each and every provision of this Master BPA.

(i) Successors and Assigns. This Master BPA shall be binding on the successors and assigns of the Parties.

(j) Assignment or Transfer. SPRUCE PACE shall not assign, hypothecate, or transfer, either directly or by operation of law, this Master BPA or any interest herein without the prior written consent of WRCOG; provided, however, SPRUCE PACE may assign this Master BPA in connection with the merger or the sale of all or substantially all of its assets provided that the successor entity expressly assumes all of the obligations and confirms all of the representations and warranties of SPRUCE PACE hereunder. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

(k) Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Master BPA, the language of this Master BPA 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. All references to SPRUCE PACE include all personnel, employees, agents, and subcontractors of SPRUCE PACE, except as otherwise specified in this Master BPA. All references to WRCOG include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Master BPA. 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 Master BPA.

(l) Amendment; Modification. No supplement, modification, or amendment of this Master BPA shall be binding unless executed in writing and signed by both Parties.

(m) Waiver. No waiver of any default 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.

(n) No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

(o) Invalidity; Severability. If any portion of this Master BPA is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

(p) Prohibited Interests. SPRUCE PACE warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for SPRUCE PACE, or independent contractors and consultants engaged by SPRUCE PACE to perform SPRUCE PACE's obligations and duties under this Master BPA to solicit or secure this Master BPA. Further, other than its outside counsel, SPRUCE PACE 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 SPRUCE PACE, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Master BPA. For breach or violation of this warranty, WRCOG shall have the right to rescind this Master BPA without liability. For the term of this Master BPA, no member, officer or employee of WRCOG, during the term of his or her service with WRCOG, shall have any direct interest in this Master BPA, or obtain any present or anticipated material benefit arising therefrom.

(q) Survival of Representations, Warranties and Agreements. The representations, warranties and agreements of WRCOG set forth in or made pursuant to this Master BPA shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of SPRUCE PACE (or statements as to the results of such investigations) concerning such representations and statements of WRCOG and regardless of delivery of and payment for the Bonds.

(r) Equal Opportunity Employment. SPRUCE PACE 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.

(s) Authority to Enter Master BPA. SPRUCE PACE has all requisite power and authority to conduct its business and to execute, deliver, and perform the Master BPA. Each Party warrants that the individuals who have signed this Master BPA have the legal power, right, and authority to make this Master BPA and bind each respective Party.

2. Effective. This Master BPA shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by WRCOG and shall be valid and enforceable as of the time of such acceptance.

3. Counterparts. This Master BPA may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have made and executed this Master BPA as of the date first written above.

WESTERN RIVERSIDE COUNCIL OF
GOVERNMENTS

SPRUCE PACE LLC

By: _____

By: _____

Title: _____,
Chair

Title: _____

EXHIBIT A

FORM OF BOND COUNSEL OPINION

[Closing Date]

Executive Committee
Western Riverside Council of Governments
4080 Lemon Street, 3rd Floor Annex
Riverside, California

Re: Western Riverside Council of Governments
Limited Obligation Improvement Bonds
(WRCOG Program) SPRUCE PACE (Residential Property Tranche - Phase One)

Bond Counsel Opinion

Ladies and Gentlemen:

We have acted as bond counsel to the Western Riverside Council of Governments (“WRCOG”) in connection with the issuance by WRCOG of those Western Riverside Council of Government Limited Obligation Improvement Bonds (WRCOG Program) SPRUCE PACE (Residential Property Tranche - Phase One) listed on the attached Schedule I (the “Bonds”). In such capacity we have examined the proceedings taken by WRCOG for the levy of assessments and the authorization and issuance of the Bonds with respect to the WRCOG Program (collectively, the “Program Proceedings”). Additionally, we have examined such law, certifications, and other documents as we have deemed necessary to render this opinion.

The Program Proceedings were taken pursuant to the provisions of Chapter 29 of Part 3, Division 7 of the Streets and Highways Code of the State of California (“Chapter 29”). Each Bond has been issued pursuant to Chapter 29, the Municipal Improvement Act of 1915 (Division 10 of the Streets and Highways Code of the State of California), Resolution No. 08-11 adopted by the Executive Committee of WRCOG (the “Executive Committee”) on January 12, 2011 (the “WRCOG Program Resolution of Issuance”), Resolution No. 03-12 adopted by the Executive Committee on July 29, 2011, Resolution No. ____ adopted by the Executive Committee on April 3, 2016 (collectively, the “Resolutions of Issuance”), Resolution No. ____ adopted by the Executive Committee on April 3, 2017, approving the form of a new Master Indenture for the Western Riverside Council of Governments Limited Obligation Improvement Bonds SPRUCE PACE (Residential Property Tranche – Phase One), the Master Indenture, dated as of April 3, 2017 (the “Master Indenture”), by and between WRCOG and Deutsche Bank National Trust Company, as Trustee (the “Trustee”), and the Supplemental Indenture, dated as of [CLOSING DATE] (the “Supplemental Indenture”), by and between WRCOG and the Trustee, pertaining to the Bonds. Capitalized terms used herein and not defined herein shall have the meanings given such terms in the Master Indenture or the Supplemental Indenture, as appropriate.

As to questions of fact material to our opinion, we have relied upon representations of WRCOG, the certified proceedings and other certifications or documents furnished to the WRCOG or to us, including, without limitation, the Investor Letter dated as of [CLOSING DATE] from [BOND OWNER], without undertaking to verify the same by independent investigation.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions, including the default judgments rendered on: July 1, 2011, by the Superior Court of the County of Riverside in the validation action entitled Superior Court of the County of Riverside as *Western Riverside Council of Governments v. All Persons Interested, etc.*, Case No. RIC 1103280 and cover certain matters not directly addressed by such authorities. We call attention to the fact that the opinions contained herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. This opinion is given as of the date hereof and we assume no obligation to revise and supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may thereafter occur.

Based upon the foregoing, we are of the opinion that the Program Proceedings have been undertaken in accordance with the law and the Constitution of the State of California and that the Bonds, having been duly issued, executed and delivered in the manner provided by law, and the Master Indenture and the Supplemental Indenture having been duly authorized and executed by the proper official, constitute the legally valid and binding limited obligations of WRCOG, enforceable in accordance with their terms subject to the qualifications specified below. Each Bond is secured by a first pledge of the Assessment or Assessments, as applicable, securing such Bond levied upon the Participating Parcel or Participating Parcels (except amounts deposited into the Administrative Expense Fund established pursuant to the Master Indenture) as identified and set forth in the Supplemental Indenture and all moneys deposited in the Redemption Fund (including the Capitalized Interest Account and the Prepayment Account therein) established pursuant to the Master Indenture derived from the installments of such Assessment or Assessments, as applicable, or from the prepayment of such Assessment or Assessments, as applicable, received by WRCOG.

We are further of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of California, however, we observe that interest on the Bonds is not excludable from gross income for federal income tax under Section 103 of the Internal Revenue Code of 1986 (the "Code"). We express no opinion regarding other federal tax consequences with respect to the Bonds.

Any federal tax advice contained herein with respect to the Bonds is not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties under the Code. The federal tax advice contained herein with respect to the Bonds was written to support the promoting and marketing of the Bonds. Before purchasing the Bonds, all potential purchasers should consult their independent tax advisors with respect to the tax consequences relating to the Bonds and the taxpayer's particular circumstances.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction

and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

The rights of the owner of the Bonds and the enforceability of the Bonds, the Master Indenture and the Supplemental Indenture may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principals of equity.

Respectfully submitted,

BEST BEST & KRIEGER LLP

EXHIBIT B

FORM OF RELIANCE LETTER OF BOND COUNSEL

[Closing Date]

Executive Committee
Western Riverside Council of Governments
4080 Lemon Street, 3rd Floor
Riverside, California 92501

[Purchaser of the Bonds]

Deutsche Bank National Trust Company
1761 East Saint Andrew Place
Santa Ana, CA, 92705

Re: Western Riverside Council of Governments Limited Obligation Improvement
Bonds (WRCOG Program) SPRUCE PACE (Residential Property Tranche –
Phase One)

RELIANCE LETTER

Ladies and Gentlemen:

We are delivering to you on the date of this letter a copy of our opinion dated [Closing Date] that is attached hereto, and addressed to the Executive Committee of the Western Riverside Council of Governments with respect to the bonds listed on the attached Schedule I (the “Bonds”). This is to confirm that you may rely on that opinion as though it were addressed to you.

Respectfully submitted,

BEST BEST & KRIEGER LLP

EXHIBIT C

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[Closing Date]

Executive Committee
Western Riverside Council of Governments
4080 Lemon Street, 3rd Floor Annex
Riverside, California

Deutsche Bank National Trust Company
1761 E Street Andrew Place
Santa Ana, California

[Purchaser of the Bonds]

Re: Western Riverside Council of Governments
Limited Obligation Improvement Bonds
(WRCOG Program) SPRUCE PACE (Residential Property Tranche - Phase One)

Supplemental Opinion of Bond Counsel

Ladies and Gentlemen :

This opinion is rendered in our capacity as bond counsel for Western Riverside Council of Governments (“WRCOG”) and in conjunction with and pertaining to the proceedings conducted by WRCOG for the levy of assessments and the authorization and in connection with the issuance of the Western Riverside Council of Governments Limited Obligation Improvement Bonds (WRCOG Program) SPRUCE PACE (Residential Property Tranche - Phase One) listed on the attached Schedule I (the “Bonds”), with respect to the WRCOG Program (the “Program”) taken pursuant to the provisions of Chapter 29 of Part 3, Division 7 of the Streets and Highways Code of the State of California (“Chapter 29”) and the sale and delivery of the Bonds by WRCOG pursuant to the provisions of Chapter 29, the Improvement Bond Act of 1915 (Division 10 of the Streets and Highways Code of the State of California) (the “Bond Act”), Resolution No. 08-11 adopted by the Executive Committee of WRCOG (the “Executive Committee”) on January 12, 2011 (the “WRCOG Program Resolution of Issuance”) and Resolution No. 03-12 adopted by the Executive Committee on July 29, 2011, Resolution No. ____ adopted by the Executive Committee on April 3, 2016 (collectively, the “Resolutions of Issuance”), Resolution No. ____ adopted by the Executive Committee on April 3, 2017, approving the form of a new Master Indenture for the Western Riverside Council of Governments Limited Obligation Improvement Bonds SPRUCE PACE (Residential Property Tranche – Phase One), the Master Indenture, dated as of April 3, 2017 (the “Master Indenture”), by and between WRCOG and Deutsche Bank National Trust Company, as trustee (the “Trustee”) and the Supplemental Indenture, dated as of [CLOSING DATE] (the “Supplemental Indenture”), by and between WRCOG and the Trustee, pertaining to such Bonds.

On February 18, 2011, WRCOG filed a judicial validation proceeding pursuant to the provisions of Section 860 *et seq.* of the California Code of Civil Procedure (the “Validation Statute”) in the Superior Court of the County of Riverside (the “Superior Court”) entitled *Western Riverside Council of Governments v. All Persons Interested, et al.*, Case No. RIC 1103280 (the “Validation Action”) to validate the WRCOG Program and all proceedings relating to or leading up to the WRCOG Program, the contractual assessments to be levied by WRCOG and the issuance and sale of limited obligation improvement bonds related thereto. On July 1, 2011, a default judgment was entered in the Validation Action (the “Defaulted Judgment”) in which the Superior Court ordered, judged and decreed, in part, that all proceedings by and for WRCOG in connection with the WRCOG Program, the contractual assessment agreements, and all proceedings related to or leading up to the issuance of such limited obligation improvement bonds, and all matters related thereto, and the execution and delivery of such limited obligation improvement bonds were and are, legal and binding obligations in accordance with their terms and were and are in conformity with all applicable provisions of all laws and enactments at any time in force or controlling upon such proceedings, whether imposed by law, constitution, statute or ordinance, and whether federal, state or local.

Capitalized terms used herein and not defined herein shall have the meanings given such terms in the Master Indenture or the Supplemental Indenture.

As to questions of fact material to our opinion, we have relied upon representations of WRCOG, the certified proceedings and other certifications or documents furnished to the WRCOG or to us, including, without limitation, the Investor Letter, dated as of [CLOSING DATE], from [BOND OWNER], without undertaking to verify the same by independent investigation.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions, including the Default Judgments, and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof.

As used in this opinion, the phrase “current actual knowledge” means knowledge of facts or other information that is in the conscious awareness of lawyers currently in our firm who have performed legal services for WRCOG. Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. WRCOG is duly created and validly existing as a joint exercise of powers authority organized and existing under the Constitution and laws of the State of California.
2. WRCOG has full legal power and lawful authority to adopt the Resolutions of Issuance and approve and enter into the Master Indenture and the Supplemental Indenture, and the Resolutions of Issuance, Resolution No. _____, the Master Indenture, the Supplemental Indenture and such Bonds were duly approved by the Executive Committee of WRCOG.
3. The execution of the Supplemental Indenture relating to the Bonds is

authorized and permitted by the terms of the Master Indenture and that all conditions precedent to the execution of the Supplemental Indenture have been met.

4. Each Bond has been duly authorized, issued, executed and delivered by WRCOG and constitutes the legal, valid and binding agreement of WRCOG, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles and the exercise of judicial discretion in appropriate cases. The Master Indenture and the Supplemental Indenture have been duly authorized, executed and delivered by WRCOG, and, assuming due authorization, execution and delivery where applicable by the other parties thereto, constitute the legal, valid and binding agreements of WRCOG, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles and the exercise of judicial discretion in appropriate cases.

5. The Validation Action was duly filed and the Default Judgments duly entered in accordance with all applicable, laws, rules and regulations of the State of California.

6. Notice of the Validation Action was duly made in accordance with the Validation Statute and the order of the Superior Court.

7. The Default Judgment is final and in full force and effect

8. Pursuant to its terms and the Validation Statute, the Default Judgments are, notwithstanding any other provisions of law, forever binding and conclusive, as to all matters adjudicated or which could have been adjudicated, against all persons interested, and such Default Judgments shall permanently enjoin the institution by any person of any proceeding raising any issue as to which the judgments are binding and conclusive.

9. Each Assessment, as specified in the Supplemental Indenture, has been duly and validly authorized in accordance with the laws of the State of California and a lien to secure payment of such Assessment has been imposed on the applicable Participating Parcel.

10. The lien of each Assessment is 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 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 of California, the County of Riverside or the city, special district or other local agency, if any, within which the applicable Participating Parcel is located; (b) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of such Assessment; (c) easements constituting servitudes upon or burdens to the applicable Participating Parcel; (d) water rights, the record title to which is held separately from the title to the applicable Participating Parcel; and (e) restrictions of record. The lien of each Assessment has the same priority as the lien for general taxes or *ad valorem* assessments in the nature of and collected as taxes levied by the State of California, the County of Riverside or the city, special district or other local agency, if any,

within which the applicable Participating Parcel is located.

11. To our actual knowledge, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body (except for the Validation Actions) is pending or threatened, in any way affecting the existence of WRCOG or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Master Indenture and the Supplemental Indenture, the collection or application of the Assessments pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Assessments, the Bonds, the Master Indenture, the Supplemental Indenture, any other applicable agreements, or any action of the WRCOG contemplated by any of those documents, or in any way contesting the powers of the WRCOG or its authority with respect to the Bonds, the Master Indenture, the Supplemental Indenture, any other applicable agreements, or any action of the WRCOG contemplated by any of those documents, or which would adversely affect the exemption of interest on the Bonds from California personal income taxation; nor to our actual knowledge, is there any basis for any of the foregoing actions.

12. The Programs, the Assessment Contracts, the levy of the Assessments and the issuance of the Bonds do not violate the prohibition against “impairing the obligation of contracts” as provided in the United States Constitution, Article I, Section 10, clause 1, or the California Constitution, Article I, Section 9, do not constitute a taking of a pre-existing lender’s property and do not constitute a taking of private property without due process of law in violation of the Fifth and Fourteenth Amendments to the United States Constitution or the California Constitution, Article I, Section 19.

13. The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Master Indenture and the Supplemental Indenture are exempt from qualification under the Trust Indenture of 1939, as amended.

The opinions expressed above do not constitute a guarantee of the outcome of any particular litigation, and there can be no assurance that no action may be taken in federal or state court challenging the constitutionality of Chapter 29 and/or the Bond Act relating to the Bonds. Furthermore, given the lack of judicial precedent directly on point, and the novelty of the transactions pertaining to Chapter 29, the Programs and/or the Bonds, the outcome of any such litigation cannot be predicted with certainty. In the event of any claim and/or action which adversely impacts the rights of the holder of the Bonds, costly and time-consuming litigation could ensue, adversely affecting, at least temporarily, the price and liquidity of the Bonds.

The opinions set forth herein is intended for the information solely of the addressees hereof and is not to be relied upon by any other person or entity, or for any other purpose, or quoted as a whole or in part, or otherwise referred to, in any document, or to be filed with any governmental or other administrative agency or other person or entity for any purpose without our prior express written consent. We do not undertake to advise you of matters that may come to our attention subsequent to the date hereof that may affect the opinions expressed herein.

Respectfully submitted,

BEST BEST & KRIEGER LLP

EXHIBIT D

OMNIBUS CERTIFICATE OF WRCOG

Name and address of purchaser of Bond Deutsche Bank National Trust Company
1761 E Street Andrew Place
Santa Ana, California 92705

Re: Western Riverside Council of Governments
 Limited Obligation Improvement Bonds
 (WRCOG Program)
 SPRUCE PACE (Residential Property Tranche - Phase One)

The undersigned hereby certifies that he is an Authorized Representative of the Western Riverside Council of Governments (“WRCOG”) and that the undersigned is authorized to execute this Omnibus Certificate of WRCOG on behalf of WRCOG in connection with the issuance of the Western Riverside Council of Governments Limited Obligation Improvement Bonds (WRCOG Program) SPRUCE PACE (Residential Property Tranche - Phase One) listed on the attached Schedule I (the “Bonds”). All capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Master Indenture, dated as of April 3, 2017 (the “Master Indenture”), by and between WRCOG and Deutsche Bank National Trust Company, as trustee (the “Trustee”).

1. The Western Riverside Council of Governments (“WRCOG”) is a joint exercise of powers authority duly organized and existing under the Constitution of the State of California (the “Constitution”) and laws of the State of California (the “State”), and has, and at the Closing Date will have, full legal right, power and authority, for and on behalf of the Member Agencies:

- (a) to adopt the Resolutions of Issuance;
- (b) to enter into the Master Bond Purchase Agreement, dated as of April 3, 2017 (the “Bond Purchase Agreement”), by and between WRCOG and SPRUCE PACE LLC (“SPRUCE PACE”);
- (c) to enter into the Master Indenture, dated as of April 3, 2017 and the Supplemental Indenture, dated as of [CLOSING DATE], (the “Supplemental Indenture”), by and between WRCOG and the Trustee with respect to the Bonds;

(d) to issue, sell and deliver the Bonds to [BOND OWNER] as provided herein;

(e) to enter into the Assessment Contract for each Participating Parcel as identified in the Supplemental Indenture; and

(f) to carry out and consummate the transactions on its part contemplated by the Bond Purchase Agreement, the Master Indenture, the Supplemental Indenture, the Bonds and the Assessment Contracts.

The Bond Purchase Agreement, the Master Indenture, the Supplemental Indenture and the Assessment Contracts are collectively referred to herein as the “WRCOG Documents.”

2. By all necessary official action of WRCOG, WRCOG has duly authorized and approved the adoption or execution and delivery by WRCOG of, and the performance by the WRCOG of the obligations on its contained in, the Bonds, the WRCOG Documents and the Resolutions of Issuance and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. The Bonds and, when executed and delivered by the parties thereto, the WRCOG Documents will constitute the legally valid and binding obligations of WRCOG enforceable against WRCOG in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally. WRCOG has complied, and will at the Closing (as such term is defined in the Bond Purchase Agreement, be in compliance in all respects, with the obligations on its part to be performed on or prior to the Closing Date under the Bonds and the WRCOG Documents.

3. The Executive Committee has duly established the Programs pursuant to the Resolutions Confirming Program Report and Chapter 29. The Executive Committee has duly authorized the issuance and sale of the Bonds pursuant to Resolutions of Issuance, adopted by the Executive Committee, the Master Indenture and the Supplemental Indenture.

4. As of the Closing Date, WRCOG is not or will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States of America, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which WRCOG is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have an adverse effect on WRCOG’s ability to perform its obligations under the Bonds or the WRCOG Documents; and, as of such times, the authorization, execution and delivery of the Bonds and the WRCOG Documents and compliance by WRCOG with the obligations on its part to be performed in each of such agreements or instruments does not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States of America, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which WRCOG (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of

any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the WRCOG Documents.

5. As of the Closing Date there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an “Action”) pending with respect to which WRCOG has been served with process or to the best knowledge of WRCOG threatened, in which any such Action: (i) in any way questions the corporate existence of WRCOG or the titles of the officers of WRCOG to their respective offices; (ii) in any way questions the establishment of the Programs or the titles of the Executive Committee of WRCOG; (iii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the WRCOG Documents or the consummation of the transactions on the part of WRCOG contemplated thereby, or contests the exclusion of the interest on the Bonds from state income taxation or contests the powers of WRCOG, or its authority, to levy and collect the Assessments; and (iv) may result in any material adverse change relating to the financial condition of WRCOG; and as of the time of acceptance hereof and as of the Closing Date, to the knowledge of WRCOG, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

6. The Bonds, when issued, executed and delivered in accordance with the Indenture and sold to [BOND OWNER], will be validly issued and an outstanding limited obligation of WRCOG, entitled to the benefits of the Master Indenture and the Supplemental Indenture and the security of the pledge of the proceeds of the levy of the applicable Assessments identified in the Supplemental Indenture. The Indenture creates a valid pledge of the moneys in certain funds and accounts established pursuant to such Indenture, including the investments thereof subject in all cases to the provisions of such Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

7. Each Assessment constituting security for the applicable Bond has been duly and lawfully authorized and levied under Chapter 29 and the Constitution and the applicable laws of the State, and pursuant to Chapter 29 such Assessment, when levied, will constitute a valid and legally binding lien on the Participating Parcel upon which it has been levied.

8. All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, or which would constitute a condition precedent to or the absence of which would adversely affect the due performance by WRCOG of its obligations in connection with the WRCOG Documents have been duly obtained or made and are in full force and effect.

9. WRCOG will apply the proceeds of each of the Bonds in accordance with the Master Indenture and the Supplemental Indenture.

Respectfully submitted,

By: _____
Authorized Representative

EXHIBIT E

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche - Phase One)

Certificate of Trustee

I, an authorized signer of Deutsche Bank National Trust Company (“Deutsche Bank”), the Trustee under the Master Indenture, dated as of April 3, 2017 (the “Master Indenture”), by and between Western Riverside Council of Governments (the “Issuer”) and Deutsche Bank, and the Supplemental Indenture, dated as of [CLOSING DATE] (the “Supplemental Indenture”), by and between the Deutsche Bank, as Trustee and Issuer related to the bonds listed in the attached Schedule I (the “Bonds”), hereby certify the following information. Capitalized terms used but not defined herein shall have the meanings set forth in the Master Indenture.

(a) Deutsche Bank is a national banking association duly organized, validly existing and in good standing under the laws of the United States and is authorized to execute the Master Indenture and Supplemental Indenture (collectively, the “Transaction Documents”), and accept the trust and perform its obligations under the Transaction Documents.

(b) The individuals listed on the attached Exhibit A are duly authorized to execute the Agreement and are the duly elected and qualified incumbents of the office set forth opposite his or her name.

(c) The Bonds dated the date hereof and provided for by the Transaction Documents have been authenticated by Authorized Officers of Deutsche Bank.

(d) The Bonds have, on or before this date, been delivered by Deutsche Bank to or upon the Issuer Order.

IN WITNESS WHEREOF, Deutsche Bank National Trust Company has caused this certificate to be executed in its name by a duly authorized officer, as of the [CLOSING DATE].

DATED:

DEUTSCHE BANK NATIONAL TRUST COMPANY,
as Trustee

By: _____
Title:

EXHIBIT F

LETTER OF PURCHASER

Western Riverside Council of Governments
4080 Lemon Street
3rd Floor, MS 1032
Riverside, California 92501-3609
Attention: Executive Director

Deutsche Bank National Trust Company
c/o DB Services Americas, Inc.
5022 Gate Parkway, Suite 200
Jacksonville, Florida 32256
Attention: Transfer Unit

Re: Western Riverside Council of Governments
Limited Obligation Improvement Bonds
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche – Phase One)

Ladies and Gentlemen:

The undersigned (the “Investor”) proposes to purchase the limited obligation improvement bonds as listed on the attached Schedule I (the “Bonds”) from the Western Riverside Council of Governments (“WRCOG”). Capitalized terms used in this Investor Letter and not otherwise defined herein shall have the meanings ascribed to such terms in the Master Indenture, dated as of April 3, 2017 (the “Master Indenture”), by and between WRCOG and Deutsche Bank National Trust Company, as trustee (the “Trustee”).

In connection with the sale of the Bonds to the Investor, the Investor hereby makes the following representations upon which you may rely:

2 The Investor has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.

3 The Investor is an “accredited investor” under Regulation D of the Securities Act of 1933 and, therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

4 The Bonds are being acquired by the Investor for investment and not for more than one account or with a view to distribution of the Bonds, except as provided for in paragraph 8 below. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

5 The Investor understands that the Bonds are not registered under the 1933 Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds: (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (b) will not be listed on any stock or other securities exchange; (c) will not carry a rating from any rating service; and (d) will be delivered in a form which may not be readily marketable.

6 The Investor understands that: (a) the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the State of California or any political subdivision thereof and that WRCOG has no taxing power; (b) the Bonds do not and will not represent or constitute a general obligation or a pledge of the faith and credit of WRCOG, the State of California or any political subdivision thereof; and (c) the liability of WRCOG with respect to each Bond is limited to first priority perfected security interest granted in the applicable Assessment and all other Collateral securing such Bond and all moneys deposited in the Redemption Fund (including the Capitalized Interest Account, the Assessment Collection Account and the Prepayment Account therein) are derived from the issuance of the Bonds, the installments of such Assessments or from the prepayment of such Assessment received by WRCOG as set forth in the Indenture.

7 The Investor acknowledges that it has either been supplied with or been given access to such information, to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning WRCOG, the Programs, the Assessment Contract, the Assessments, the Participating Parcels, the Master Indenture, the Supplemental Indenture, the Bonds and the security therefor, and the Side Letter Agreement so that, as a reasonable investor, the Investor has been able to make its decision to purchase the Bonds.

8 The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. The Investor, with assistance of counsel, has reviewed the Bonds, the Master Indenture and the Supplemental Indenture. The Investor acknowledges, consents and agrees to all terms of such documents including, without limitation, the provisions relating to the redemption of the Bonds and the sale of Assessment Security Interests in Assessments securing the Bonds as provided for in the Master Indenture.

9 The Investor acknowledges that it has the right to sell and transfer the Bonds, in accordance with the terms of the Master Indenture and the Supplemental Indenture, subject to the delivery to the Trustee of a letter from the transferee, in the form attached to the Master Indenture as Exhibit C, with no material revisions except as may be approved in writing by WRCOG. Failure to deliver such letter shall cause the purported transfer to be null and void.

The Investor acknowledges that it has received a copy of the Side Letter Agreement and agrees and obligates itself to provide a copy of the Side Letter Agreement to any subsequent purchaser or assignee of the Bonds.

10. The Investor understands that neither the members, directors, officers, employees, or agents of the WRCOG, nor any person executing the Bonds, the Master Indenture or the Supplemental Indenture, shall be subject to any personal liability or accountability by reason of or in connection with the issuance, offering, execution, and delivery of the Bonds.

11. The Investor has obtained what it considers adequate information regarding WRCOG, the Programs, the Assessment Contracts, the Assessments, the Participating Parcels, the Master Indenture, the Supplemental Indenture and the Bonds to make an informed investment decision to purchase the Bonds. Except as set forth in the Indenture, the Investor acknowledges that WRCOG and its agents, representatives and attorneys are under no duty to provide, and the Investor acknowledges that it is not entitled to receive, (i) any additional information regarding WRCOG, the Programs, the Assessment Contract, the Assessments, the Participating Parcels, the Master Indenture, the Supplemental Indenture or the Bonds, or (ii) an update to the information previously provided by such persons to the Investor; provided, however, that such acknowledgement does not extend to information provided by WRCOG, its agents, representatives and/or attorneys that would have the effect of correcting, (a) any untrue statement of a material fact made in the Bonds, the Master Indenture or the Supplemental Indenture or in any of the other information provided to the Investor by WRCOG or its agents, representatives or attorneys, or (b) any omission of a material fact necessary to make a statement made in such documents not misleading in light of the circumstances under which it was made.

[BOND OWNER]

By: _____
Authorized Representative

EXHIBIT G

RECEIPT FOR BONDS

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BOND
(WRCOG Program)
SPRUCE PACE
(Residential Property Tranche – Phase One)

Receipt is hereby acknowledged of the Western Riverside Council of Governments Limited Obligation Improvement Bonds (WRCOG Program) SPRUCE PACE (Residential Property Tranche - Phase One) listed on the attached Schedule I (the “Bonds”) by [BOND OWNER] (the “Purchaser”), as the initial purchaser of such Bonds.

The undersigned hereby states and certifies on behalf of the Purchaser that the Purchaser has received on this date from Deutsche Bank National Trust Company, as Trustee (the “Trustee”), under the Master Indenture, dated as of April 3, 2017 (the “Master Indenture”), by and between the Trustee and the Western Riverside Council of Governments (“WRCOG”), as supplemented by the Supplemental Indenture pertaining to the applicable Bond, dated as of [CLOSING DATE] (the “Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), by and between the Trustee and WRCOG, such Bonds, as authenticated and delivered by the Trustee pursuant to the Indenture.

The undersigned further states and certifies that all certificates, opinions and agreements requested by the Purchaser as the assignee of SPRUCE PACE (“SPRUCE PACE”) under the Master Bond Purchase Agreement, dated _____, 20____ (the “Bond Purchase Agreement”), between SPRUCE PACE and WRCOG, have been delivered and that all conditions precedent for the Purchaser to accept delivery of such Bonds under the Master Bond Purchase Agreement and the Indenture have been met or waived.

Dated: [CLOSING DATE]

[BOND OWNER]

By: _____
Authorized Representative

Item 5.A

PACE Program Activities Update

Attachment 12

Spruce Residential Assessment
Contract

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Spruce PACE Program**ASSESSMENT CONTRACT (RESIDENTIAL)**

This Assessment Contract (this "Contract") is made and entered into as of this <Date>, by and between the Western Riverside Council of Governments, a joint exercise of powers authority (the "Authority" or "WRCOG"), and the record owner(s), **Joe 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 Energy Efficiency and Water Conservation Program for Western Riverside County (the "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, the Authority subsequently allowed SPRUCE PACE LLC to become an additional administrator of the Program (the "SPRUCE PACE Program"); 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 cities or County of Riverside (the "County") identified in Exhibit A and which has elected to participate in the Spruce PACE 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 Spruce PACE 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

(a) 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 (each, an "Assessment Installment"). The schedule of estimated maximum annual Assessment Installments are set forth in paragraph (c) below. 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.

(b) 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.

(c) Schedule of Estimated Maximum Annual Assessment Installments. The following schedule of estimated maximum annual Assessment Installments is based upon the assumptions provided in Exhibit B hereto, including (without limitation) the 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 below and on Exhibit B.

Tax Year* (commencing July 1)	Total Annual Payment**	Interest Portion of Annual Payment***
2017 – 2018		
2018 – 2019		
2019 – 2020		
2020 – 2021		
2021 – 2022		
2022 – 2023		
2023 – 2024		
2024 – 2025		
2025 – 2026		
2026 – 2027		

* The estimated initial Tax Year is based upon the Estimated Disbursement Date. The actual initial Tax Year will be based upon the actual disbursement date.

** Includes the annual Assessment Installments due in the Tax Year and current annual assessment administrative fee of \$25.00 (subject to change).

*** This column includes annual interest and any prepaid interest if financed. Consult your tax advisor about potential tax deductibility and any other tax benefits.

FOLLOWING THE DISBURSEMENT OF THE ACTUAL DISBURSEMENT AMOUNT, THE SPRUCE PACE 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 RIVERSIDE.

Upon receipt of the fully executed and final Completion Certificate (as described in the current version of the Spruce PACE Program Handbook, 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 5 below, and this Contract shall remain unmodified and the Assessment shall be calculated as described above in this Section 3(c). If, however, any such change meets the provisions of Section 5 below, then an Addendum will be required.

(d) 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").

(e) 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 second business day of the second month following the date the prepayment is made.

(f) 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. Existing Mortgage Disclosure. The Program establishes the manner by which WRCOG may finance, pursuant to Chapter 29, the installation of Authorized Improvements, including the Improvements. The Improvements will be financed pursuant to this Assessment Contract between Property Owner and WRCOG.

BEFORE EXECUTING THIS ASSESSMENT CONTRACT, PROPERTY OWNER SHOULD CAREFULLY REVIEW ANY MORTGAGE AGREEMENT(S) OR OTHER SECURITY INSTRUMENT(S) WHICH AFFECT THE PROPERTY OR TO WHICH THE PROPERTY OWNER IS A PARTY. ENTERING INTO THIS ASSESSMENT CONTRACT WITHOUT THE CONSENT OF 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 THE PROPERTY OWNER, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH AGREEMENT OR SECURITY INSTRUMENT.

IN ADDITION, FANNIE MAE AND FREDDIE MAC, THE OWNERS OF A SIGNIFICANT PORTION OF ALL HOME MORTGAGES, STATED THAT THEY WOULD NOT PURCHASE HOME LOANS WITH ASSESSMENTS SUCH AS THOSE OFFERED BY WRCOG. 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 Property Owner's mortgage lender requires an impound for Property Owner's property taxes, Property Owner acknowledges that Property Owner should consider notifying such lender of the annual Assessment payment amount so such lender can adjust the Property Owner's impound amount to include the annual Assessment payment.

Section 5. 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 SAMPLE Smith, Joe CA073000000 4 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 Spruce PACE 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 Spruce PACE 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 6. 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 7. Financing of the Improvements.

(a) 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 Spruce PACE Program, subject to the Property Owner's compliance with the conditions for such financing established by the Authority.

(b) 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 in Section 3(c) of this Contract 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 8. 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:

- a. 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:
- i. 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;
 - ii. 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;
 - iii. The Authority shall cause all instruments, documents and agreements described in Section 10 of this Contract to be recorded;
 - iv. The Authority shall cause the amount reflected in the First Installation Completion Certificate to be disbursed to the Contractor who installed such Improvements; and
 - v. The Authority shall cause all administrative, recording and other fees described on line 6 of Exhibit B to be paid.
- b. 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.
- c. 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:
- i. 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:
 1. 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 5 of this Contract; or
 2. 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.
- d. If for any reason any one or more of the categories or types of Improvements planned to be installed under this Section 8 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 9. Term: Contract Runs with the Land: Subdivision.

(a) Except as otherwise set forth in this Contract, this Contract shall expire upon the final payment or prepayment of the Assessment.

(b) 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.

(c) 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 10. 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 11. 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 12. 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 XIII D 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 Spruce PACE 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. The waivers, releases and agreements set forth in this Section 12 shall survive termination of this Contract.

Section 13. Dispute Resolution Procedures

Dispute Resolution Procedures

IMPORTANT – PLEASE READ THIS DISPUTE RESOLUTION PROVISION CAREFULLY AND ENTIRELY. IT IS PART OF THIS CONTRACT AND WILL HAVE A SUBSTANTIAL IMPACT ON THE WAY YOU AND THE AUTHORITY MAY RESOLVE ANY DISPUTES NOW OR IN THE FUTURE. IT CONTAINS A JURY TRIAL WAIVER, PROCEDURES FOR DISPUTE RESOLUTION AND A CLASS OR REPRESENTATIVE ACTION WAIVER.

A. Arbitration and Class or Representative Action Waiver.

1. Before asserting a Dispute in any proceeding Property Owner ("Property Owner") and Authority agree that they shall engage in good faith attempt to resolve the claim.

2. Any claim, dispute, or controversy (together, any "Dispute") arising out of or relating in any way to this Contract, the Spruce PACE Program or any communication or agreement related to the Spruce PACE Program, and/or any financing of products extended to you through the Spruce PACE program shall be resolved by binding arbitration on an individual basis under the terms of the agreement to arbitrate set forth herein. The issues to be arbitrated shall also include, and the arbitrator shall decide, any issues relating to the making, validity, enforceability, and scope of this Arbitration Agreement. Nothing in sub-part A shall be construed to prejudice the right of either party to obtain such provisional relief or remedies as shall otherwise be available judicially pending appointment of the arbitrator or to bring their Dispute in small claims court on an individual basis.

3. For purposes of sub-parts A and B, you agree that: (a) "Authority" means and includes the Authority or WRCOG, any of WRCOG's parents, subsidiaries, affiliates, agents, privities, employees, predecessors, successors, assigns, contractors and sub-contractors and (b) "Property Owner" includes any successor in interest to the Property. In addition, this agreement to arbitrate will also inure to the benefit of any third party named as a co-defendant or co-respondent with the Authority (as defined herein) or whose conduct is challenged by you in a Dispute which is otherwise subject to this dispute resolution clause including without limitation any Contractor, Investor, Participating Entity, Spruce PACE, LLC, ("Spruce PACE"), Spruce Lending, Inc., ("Spruce Lending"), or Kilowatt Systems, LLC, ("Kilowatt"), 2900 North Loop West, 3rd Floor, Houston, TX 77092 and any of their parents, subsidiaries, affiliates, agents, privities, employees, predecessors, successors, assigns, contractors and sub-contractors

4. PROPERTY OWNER AND AUTHORITY HEREBY WAIVE THEIR CONSTITUTIONAL AND STATUTORY RIGHTS TO GO TO COURT AND HAVE A TRIAL IN FRONT OF A JUDGE OR A JURY, instead electing that all claims and disputes shall be resolved by arbitration under this Dispute Resolution Provision.

5. The arbitration shall be administered by JAMS pursuant to its Streamlined Arbitration Rules (the "Rules") in effect at the time the arbitration is brought. Information about JAMS and a copy of the JAMS Streamlined Arbitration Rules can be obtained from JAMS at <https://www.jamsadr.com/rules-streamlined-arbitration>. Any Dispute shall be

resolved by a single arbitrator selected by the parties within (30) days of the commencement of the arbitration in accordance with the criteria set forth herein. The arbitrator shall be selected from the JAMS panel of neutrals then active on the roster maintained by the JAMS office located nearest to where you reside at the time arbitration is commenced and the arbitrator shall be a retired federal judge, a retired state appellate judge, or a retired state trial judge, which state trial judge shall have had 10 or more years of judicial experience. In the event that the parties do not agree on the identity of the arbitrator, JAMS shall appoint an arbitrator in accordance with the Streamlined Rules and these criteria.

6. In the event that JAMS is unable or unwilling to administer any arbitration arising under this agreement to arbitrate, then the arbitration shall be administered by the American Arbitration Association ("AAA") before a single arbitrator and under the AAA's Consumer Arbitration Rules in effect at the time the arbitration is brought as modified by this agreement to arbitrate. Information about the arbitration process can be obtained from the AAA at www.adr.org or (800) 778-7879. In the event AAA refuses or is otherwise unable to administer the arbitration, the arbitration shall be administered by another reputable arbitration service provider agreed to by the parties or, in the event that no agreement is reached, the arbitration service provider shall be selected by a judge of any court of competent jurisdiction. In the event that AAA, or another arbitration service, administers the arbitration, the arbitrator selected can, but need not be, from the JAMS roster but otherwise shall meet the qualifications set forth in paragraph 5, immediately above.

7. All in-person hearings and conferences in the arbitration shall take place at a locale within the federal judicial district in which you reside at the time the arbitration is commenced, unless Property Owner and Authority agree otherwise.

8. This Arbitration Agreement is made pursuant to a transaction involving interstate commerce. The arbitrator shall apply the Federal Arbitration Act (9 U.S.C. §§1-16) (the "FAA"), and no state law governing arbitration shall govern this agreement to arbitrate or any issues relating to the enforcement of the arbitration agreement or the arbitrability of Disputes between the parties.

9. Subject to and without limiting Paragraph 6, in conducting the arbitration and rendering its award, the arbitrator shall apply: (a) the rules of the applicable arbitration service provider identified in Paragraph 5, immediately above, and (b) rules of decision governing the substance of the underlying Dispute. For purposes of sub-part b of this Paragraph, the arbitrator shall apply as rules of decision: (x) federal law (to the extent that the underlying Dispute arises under federal law) and/or (y) the law of the state where the property is located without reference to that state's choice of law rules (to the extent the substance of the underlying dispute does not arise under federal law). The arbitrator shall honor claims of privilege and shall apply statutes of limitations as recognized under applicable law.

10. Each party shall bear the expense of its own counsel, experts, witnesses and preparation and presentation of proofs. Upon request, Authority will pay your portion of the fees and expenses of the arbitrator and administrative fees and expenses of the arbitration imposed by the arbitrator or pursuant to the rules of the arbitration service provider.

11. The arbitrator shall have the authority to award monetary damages and may grant any non-monetary remedy or relief, including injunctive relief, that is available under applicable law and rules of the arbitration service provider. The arbitrator will have no authority to award consequential damages, indirect damages, treble damages or punitive damages, or any monetary damages not measured by the prevailing party's economic damages, unless such an award is expressly authorized under applicable law. The arbitrator will have no authority to award attorney's fees except authorized by law (such as where a party brings a claim under a statute that provides for attorney's fees to be awarded to the prevailing party) in which case such attorney's fees and costs will be available to the claimant or respondent on the same basis as if the Dispute were venued in a court of law. For avoidance of doubt, fees awarded pursuant to fee shifting authorized by law shall not include the fees of the arbitrator or any administrative fee imposed by the arbitration service

provider. The arbitrator shall issue a written award and statement of decision describing the essential findings and conclusions on which the award is based. The award of the arbitrator is final and binding upon the Property Owner and WRCOG.

12. **THERE SHALL BE NO RIGHT OR AUTHORITY FOR ANY DISPUTES WITHIN THE SCOPE OF THIS ARBITRATION PROVISION TO BE ARBITRATED ON A CLASS OR REPRESENTATIVE BASIS OR FOR CLAIMS TO BE ARBITRATED OR LITIGATED JOINTLY OR CONSOLIDATED WITH THE DISPUTES OF ANY OTHER PROPERTY OWNERS.**

13. Any state or federal court with jurisdiction and venue may enter an order enforcing this agreement to arbitrate, enter judgment upon the arbitrator's award and/or take any action authorized under the FAA.

14. If any part or parts of this agreement to arbitrate are found to be invalid or unenforceable by a decision of a court of competent jurisdiction, then such specific part or parts shall be of no force or effect and shall be severed, but the remainder of this agreement to arbitrate shall continue in full force and effect. If, however, the waiver of rights to participate in class, representative or consolidated proceedings or to arbitrate injunctive relief claims is finally determined to be invalid, unenforceable, , then part A of this agreement to arbitrate shall be of no force or effect.

15. You may opt out of Arbitration by sending us written notice within 15 days of the date of this contract stating that you wish to "opt out of the agreement to arbitrate disputes." Your written notice must be signed by all Property Owners (including successors in ownership to the signatories below). **The opt-out notice should be sent to the following address: Spruce PACE Program 2900 North Loop West, 3rd Floor, Houston TX 77092. (You should retain a copy of your opt-out notice and evidence of mailing or delivery). An opt-out notice is only effective if it is signed by you and sent to us within 15 days (as provided above).** I agree that indicating my desire to opt-out of this agreement to arbitrate in any manner other than as provided above is insufficient notice. By opting-out you will not be subject to arbitration. **HOWEVER, TO FULLEST EXTENT PERMITTED BY LAW, YOU AGREE TO WAIVE ANY RIGHT TO A JURY TRIAL CONCERNING ANY DISPUTE BETWEEN YOU AND SPRUCE REGARDLESS OF WHETHER YOU OPT OUT OF ARBITRATION.** However, your decision to opt out of this Arbitration Provision will not have any other effect on this Contract.

16. Survival of Agreement. This agreement to arbitrate shall survive the termination of this Contract.

17. Small Claims Court. Notwithstanding the foregoing, either Property Owner or Authority may bring an individual action in small claims court.

B. California Judicial Reference Proceeding (California-Related Property Owners Only).

1. This sub-part B applies only to a "California-Related Property Owner." You are a California- Related Property Owner if you are a California resident at the time you enter into this Contract, your property is located in California, or you file suit against Authority in California.

2. To the extent that a California-Related Property Owner opts out of arbitration or (a) his or her agreement to arbitrate claims for injunctive relief is deemed unenforceable or (b) his or her waiver of the right to participate in class, representative or consolidated proceedings are deemed unenforceable, then any claim, dispute, or controversy (together, any "dispute") arising out of or relating in any way to this Contract, the Spruce PACE Program or any communication or agreement related to the Spruce PACE Program, and/or any financing of products extended to you through the Spruce PACE program shall be resolved pursuant to the provisions for reference and trial by referee (without jury) set forth in California Code of Civil Procedure Section 638 et seq., as expressly modified by the provisions hereof (a "Reference Action").

3. The referee ("Referee") shall be a retired federal judge, a retired state appellate judge, or a retired state trial judge, which state trial judge shall have had 10 or more years of judicial experience. The Referee shall be appointed

who is either (i) agreed to by the parties within (30) days of notice by any party to the others of the intention to invoke this judicial reference agreement to resolve the dispute, or (ii) failing such agreement, is appointed pursuant to California Code of Civil Procedure Section 640. The parties agree that an action to obtain appointment of referee may be commenced in the Superior Court of California in and for the county of Property Owner's residence at the time the Property Owner entered into this Contract or for the county in which the property is located. The parties hereto agree that any party may (and, if necessary, the other party shall join in such filing) file with the Clerk of the appropriate Superior Court, and/or with the appropriate judge of such Court, any and all petitions, motions, applications or other documents necessary to obtain the appointment of such a Referee.

4. Property Owner and Authority agree that said Referee shall be appointed for all purposes (including, without limitation, (x) ruling on any and all discovery matters and motions and any and all pretrial or trial motions, (y) setting a schedule of pretrial proceedings, and (z) making any other orders or rulings a sitting judge of the Superior Court would be empowered to make in any action or proceeding in the Superior Court). Any matter before the Referee shall be governed by the substantive law of California including its choice of law rules except as otherwise specifically agreed by the parties and approved by the Referee. The parties intend this general reference agreement to be specifically enforceable in accordance with the California Code of Civil Procedure. Any appeal or writ review of the decisions of the Referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of a Superior Court. The Referee shall in his/her statement of decisions set forth his/her findings of fact and conclusions of law.

5. Pursuant to California Code of Civil Procedure 2016.030, Property Owner and Authority agree that discovery shall be conducted in accordance with the JAMS Streamlined Arbitration Rules identified in sub-part A, above, however the Referee retains discretion, for good cause shown by noticed motion, to require additional discovery. It is the parties' intention and the parties and the Referee shall use their best efforts to be certain that (i) the exchange of documents contemplated in the Streamlined Rules be completed no later than two months from the date (the "Referee Date") the Referee is appointed (whether by stipulation or by the Court), and (ii) trial be set on a date that is within six months after the Referee Date. Property Owner and Authority agree that motions for summary judgment or summary adjudication may be heard on thirty days' notice.

6. Nothing in this judicial reference clause shall prejudice the right of either party to obtain provisional relief or other equitable remedies as shall otherwise be available judicially pending reference of a Dispute to a Referee.

By initialing below, the Property Owner acknowledges and agrees to the terms set forth in Sections 4, 12 and 13 above.

NAME Initials: _____	Initials: _____
Initials: _____	Initials: _____

Section 14. 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 Spruce PACE 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 14 shall survive the termination of this Contract.

Section 15. 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 16. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the Authority.

Section 17. Spruce PACE Program Application. The Property Owner hereby represents and warrants to the Authority that the information set forth in the **Spruce PACE Program Application** submitted to the Authority in connection with Property Owner's request for financing is true and correct as of the date hereof, and that the representations set forth in the **Spruce PACE 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 18. Amendment. Except as set forth in Section 3 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 5) or other written agreement of the Authority and the Property Owner.

Section 19. 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 20. 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 21. 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 22. 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 23. 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.

Section 24. 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 25. Monitoring and Recording of Telephone Calls.** The Spruce PACE 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 Spruce PACE Program monitored and/or recorded.

Section 26. Contract Documents. Property Owner understands and acknowledges that the entire agreement between Property Owner and WRCOG 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:

- a. 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.
- b. Property Owner has reviewed, understands and agrees to each and every additional requirement and term contained in Appendix B to the Spruce PACE Program Handbook (the “Handbook”).
- c. 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 **DATE. If the Property Owner fails to return the signed Assessment Contract to WRCOG by the indicated date the Spruce PACE 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:

<NAME>, Signature

Date: _____
Month/Day/Year

<HOMEOWNER NAME>

Proposal ID: <ID>

Spruce PACE

<DATE>

WRCOG: Executive Director and/or his or her designee:

Name (Please Print)

WRCOG Signature

Date of Execution by WRCOG

<HOMEOWNER NAME>

Proposal ID: <ID>

Spruce PACE

<DATE>

EXHIBIT A

DESCRIPTION OF PROPERTY, DESCRIPTION OF THE PRODUCTS, AND NOTICE INFORMATION

Description of Property:

Property Owner Name(s): <NAME>

Property Address: <ADDRESS>

APN: xxx-xxx-xxx-xxx

Participating Entity: City of San Diego

County: San Diego

Description of Products:

PRODUCT #1
Product Category Type: Heating, Cooling & Ventilation - Air Conditioner

Or similar energy efficient product which is allowed under the Spruce PACE 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: Spruce PACE Program Manager

4080 Lemon Street, 3rd Floor

MS 1032

Riverside, CA 92501

Joe Smith

[Address]

[City, State, Zip]

EXHIBIT B**LIST OF CONTRACT DOCUMENTS, DISBURSEMENT, AND ASSUMPTIONS APPLICABLE TO THE SCHEDULE OF ESTIMATED
MAXIMUM ANNUAL ASSESSMENT INSTALLMENTS****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 5 hereto;
- The Right to Cancel;
- The Completion Certificate or, pursuant to Section 8, each applicable Completion Certificate;
- The Assessment Cost and Payment Summary;
- The Notice of Assessment;
- The Payment of Contractual Assessment Required;
- The Spruce Program Handbook, current version; and
- The Spruce PACE Program website located at <https://www.sprucefinance.com/pace>.

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 \$<TOTAL ASSESSMENT AMT>, which is based upon the Improvements and pricing set forth in this Contract. The Estimated Disbursement Date is <DATE>, which date is used in the table in Section 3(c) of the Contract.

Assumptions Applicable to the Schedule of Estimated Maximum Annual Assessment Installments:

The schedule of the estimated maximum Annual Assessment Installments provided in Section 3(c) of the Contract is based on the following assumptions:

1. WRCOG disburses the Estimated Disbursement Amount to Owner.
2. Interest totaling a maximum of \$<CAP I> will accumulate until September 2nd of the year in which you make your first assessment payment, in accordance with the Improvement Bond Act of 1915. That amount will be added to Owner's Estimated Disbursement Amount.
3. WRCOG disburses to Owner on the Estimated Disbursement Date.
4. The Assessment Interest Rate is <RATE>%.
5. The Annual Percentage Rate (APR) of your assessment is <APR>%. The APR is your costs over the term expressed as a rate. This is not your interest rate.
6. The total administrative fees, recording fees and annual assessment added to your assessment is \$<FEES>.

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(e) 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 second business day of the second month following the date the prepayment is made.

<HOMEOWNER NAME>

Proposal ID: <ID>

Spruce PACE

<DATE>

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 }ss.

COUNTY OF _____ }

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person 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 _____

(This area for official notarial seal)

MEMORANDUM AGREEMENT OF ASSESSMENT CONTRACT

THIS MEMORANDUM AGREEMENT OF ASSESSMENT CONTRACT is entered into as of <DATE>, between the Western Riverside Council of Governments, a joint exercise of powers of authority (the "Authority") and Joe Smith, (individually and collectively the "Property Owner"), the record owner(s) of the fee title to the real property identified on Exhibit A (the "Property") and constitutes a binding contract of the parties hereto.

1. Authority has established the Energy Efficiency and Water Conservation Program for Western Riverside County (the "Program") to allow 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.
2. Authority subsequently allowed SPRUCE PACE LLC to become an additional administrator of the Program (the "SPRUCE PACE Program").
3. The Authority and the Property Owner are executing in connection herewith, that certain Spruce PACE Program Assessment Contract dated as of the date hereof (the "Assessment Contract").
4. The Property Owner hereby freely and willingly agrees to pay the assessment (the "Assessment") as provided in Exhibit B to the Assessment Contract plus interest and the Additional Administrative Assessment as provided in the Assessment Contract. The Assessment shall equal the total amount disbursed by the Authority to pay for (i) the Improvements identified on Exhibit A to the Assessment Contract, plus (ii) all costs, fees and interest associated therewith as reflected on Exhibit B to the Assessment Contract, which total amount is also known as the Actual Disbursement Amount (defined below).
5. Upon receipt of the fully executed and final Completion Certificate, as described in the current version of The Spruce PACE Program Handbook (referred to herein as the "Handbook"), the Authority shall calculate and disburse payments to those entitled to receive them (the "Actual Disbursement Amount") hereunder subject to such revisions as are agreed to pursuant to the Assessment Contract and subject to any Addendum to the Assessment Contract provided for under the Assessment Contract agreed to and executed by the parties hereto. The Property Owner shall comply with all requirements for contracting for the installation of the Improvements as required in the Assessment Contract and shall deliver such Completion Certificates as are provided for in the Assessment Contract. The Authority shall comply with all disbursement and recording requirements provided for in the Assessment Contract.
6. 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 (the "Assessment Lien") until they are paid and shall be collected and shall have the lien priority as set forth in Chapter 29 and may be enforced through judicial foreclosure action that could result in the sale of the Property for payment of the delinquent installments, and all penalties, interest and costs of suit, including attorneys' fees subject to such forbearance and subordination as may be provided in any Subordination Agreement that may be executed between the Authority and any other lienholder now or hereafter.
7. Except as otherwise set forth herein or in the Assessment Contract, this Contract shall expire upon (i) the final Assessment payment as provided in the Assessment Contract or (ii) any prepayment of the Assessment, provided that such prepayment is meant to be permanent and the party who is then the Property Owner does not execute a document confirming the assumption and continuation of the Assessment Contract and the Assessment Lien.

<HOMEOWNER NAME>

Proposal ID: <ID>

Spruce PACE

<DATE>

8. 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. If the Property is subdivided while the Assessment remains unpaid, the Assessment will be assigned to the newly-created parcel as provided in the Assessment Contract.

9. The Property Owner hereby waives (i) any otherwise applicable requirements of Article XIID of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot; (ii) any 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; and (iii) any rights waived in the Assessment Contract.

10. This Memorandum is subject to all of the terms, conditions and understandings of the Assessment Contract, which are incorporated herein by reference as though copied verbatim herein. In the event of a conflict between the terms of this Memorandum and the terms of the Assessment Contract, the terms of the Assessment Contract shall prevail.

Description of Improvements:

PRODUCT #1

Product Category Type:

IN WITNESS WHEREOF, the Authority and the Property Owner have duly executed this Memorandum as of the date first above written.

Owner 1:

<NAME>, Signature

Date: _____
Month/Day/Year

WRCOG: Executive Director and/or his or her designee:

Name (Please Print)

WRCOG Signature

Date of Execution by WRCOG

<HOMEOWNER NAME>
Proposal ID: <ID>

Spruce PACE
<DATE>

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Item 5.A

PACE Program Activities Update

Attachment 13

David Taussig & Associates
Professional Services Agreement

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
PROFESSIONAL SERVICES AGREEMENT
(SPRUCE)**

1. PARTIES AND DATE.

This Agreement is made and entered into this 3rd day of April, 2017, by and between the Western Riverside Council of Governments, a California public agency (“WRCOG”) and David Taussig and Associates, Inc., a California corporation (“Consultant”). WRCOG and Consultant are sometimes individually referred to as “Party” and collectively as “Parties.”

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional services required by WRCOG on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing services for the formation and annual administration of an assessment district and micro-bond sales to fund authorized PACE program facilities, is licensed in the State of California, and is familiar with the plans of WRCOG.

2.2 Project.

WRCOG desires to engage Consultant to render such professional services for Assessment Administration for the WRCOG Energy Efficiency and Water Conservation Program administered by Spruce PACE, LLC (“Project”) as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to WRCOG all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the services necessary for the formation and annual administration of an assessment district and micro-bond sales to fund authorized PACE program facilities for the Project (“Services”). The Services are more particularly described in Exhibit “A” attached hereto and incorporated herein by reference, and which are stated in the proposal to WRCOG and approved by WRCOG’s Executive Committee. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from the date first hereinabove written and shall end three (3) year later, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement, and shall meet any other

established schedules and deadlines. The term of this Agreement may be extended by written agreement between the Consultant and the Executive Director of WRCOG.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. WRCOG retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of WRCOG and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, to ensure timely implementation of the Project. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, WRCOG shall respond to Consultant's submittals in a timely manner. Upon request of WRCOG, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of WRCOG.

3.2.4 Substitution of Key Personnel. Consultant has represented to WRCOG that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of WRCOG. In the event that WRCOG and Consultant cannot agree as to the substitution of key personnel, WRCOG shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to WRCOG, or who are determined by the WRCOG to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the WRCOG. The key personnel for performance of this Agreement are as follows: Andrea Roess, Managing Director; Nehal Thumar, Manager.

3.2.5 WRCOG's Representative. WRCOG hereby designates Barbara Spoonhour, Program Manager, or her designee, to act as its representative for the performance of this Agreement ("WRCOG's Representative"). WRCOG's Representative shall have the power to act on behalf of WRCOG for all purposes under this Contract. Consultant shall not accept direction or orders from any person other than WRCOG's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates Andrea Roess, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his 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 the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with WRCOG staff in the performance of Services and shall be available to WRCOG's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all 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. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant 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 the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its subcontractors who is determined by WRCOG to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to WRCOG, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the WRCOG, Consultant shall be solely responsible for all costs arising therefrom. Consultant 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 to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence the Services under this Agreement until it has provided evidence satisfactory to WRCOG that it has secured all insurance required under this section. In addition, Consultant 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 required under this section.

3.2.10.2 Minimum Requirements. Consultant 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 the Consultant, its agents, representatives, employees or subcontractors. Consultant 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 Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant 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 Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

3.2.10.3 Professional Liability. Consultant shall procure and maintain, and require its sub-consultants to procure and maintain, for a period of five (5) years following completion of the 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.

3.2.10.4 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant 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 the Services or operations performed by or on behalf of the Consultant, 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 the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by WRCOG, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant'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 the Consultant or for which the Consultant 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 the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by WRCOG, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant'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 the Consultant.

(D) All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be canceled except after thirty (30) days prior written notice, except ten (10) days notice for non-payment cancellation, has been given to WRCOG; and (B) 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.

3.2.10.5 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.

3.2.10.6 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the WRCOG. Consultant 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) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.2.10.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VII, licensed to do business in California, and satisfactory to WRCOG.

3.2.10.8 Verification of Coverage. Consultant 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.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.2.12 Accuracy of Information Obtained by Consultant. WRCOG, public agencies, landowners, consultants, and other parties dealing with WRCOG or involved in the Project shall furnish to Consultant various data, reports, studies, computer printouts and other information and representations as to the facts involved in the Project which WRCOG understands Consultant shall be using and relying upon in preparing the reports, studies, computer printouts, and other work products required as part of the Services. Consultant shall not be obligated to establish or verify the accuracy of the information furnished by or on behalf of WRCOG, nor shall Consultant be responsible for the impact or effort on its work products of the information furnished by or on behalf of WRCOG, in the event that such information is in error and therefore introduces error into Consultant's work products.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B" attached hereto and incorporated herein by reference. Extra Work may be authorized, as described below; and if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to WRCOG a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. WRCOG shall, within forty-five (45) days of receiving such statement, review the statement and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by WRCOG.

3.3.4 Extra Work. At any time during the term of this Agreement, WRCOG may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by WRCOG to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from WRCOG's Representative.

3.3.5 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Sections 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., (“Prevailing Wage Laws”), which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects. If the Services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. WRCOG shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant’s principal place of business and at the project site. Consultant shall defend, indemnify and hold the WRCOG, its elected officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall 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. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. WRCOG may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to WRCOG, and for which Consultant has not been previously compensated, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, WRCOG may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, WRCOG may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 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:

Consultant: David Taussig & Associates, Inc.
5000 Birch Street, Suite 6000
Newport Beach, CA 92660
Attn: Mitch Mosesman
Facsimile: (949) 955-1590

WRCOG: Western Riverside Council of Governments
4080 Lemon Street, 3rd Floor, MS 1032
Riverside, CA 92373
Attn: Executive Director
Facsimile: (951) 787-7991

Such notice shall be deemed made when 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.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for WRCOG to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement (“Documents & Data”). Consultant shall require all subcontractors to agree in writing that WRCOG is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by WRCOG. WRCOG shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at WRCOG’s sole risk.

Notwithstanding the previous paragraph, all computer software (including without limitation financial models, compilations of formulas and spreadsheet models), inventions, designs, programs, improvements, processes and methods (collectively, the “Proprietary Models”) used or development by Consultant in performing its work is proprietary and shall remain property owned solely by, or licensed by a third party to the Consultant. WRCOG acknowledges that any Proprietary Model that Consultant uses to generate reports pursuant to the Services is owned by, or is duly licensed from a third party to Consultant and is not being provided to WRCOG hereunder.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of WRCOG, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use WRCOG's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of WRCOG.

Notwithstanding the previous paragraph, WRCOG acknowledges and agrees that Consultant has the right to use reports and analyses that Consultant authors pursuant to this Agreement as base works or templates for reports and analyses that Consultant authors for Consultant's other clients, provided, however, that Consultant shall not use any confidential information provided by Consultant in such future reports and analyses. In addition, WRCOG acknowledges and agrees that Consultant has spent substantial time and effort in collecting and compiling data and information (the "Data Compilations") in connection with the Services and that such Data Compilations may be used by Consultant for its own purposes, including, without limitation, sale or distribution to third parties; provided, however, that Consultant shall 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.

3.5.4 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 necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.5 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.6 Indemnification. Consultant shall defend, indemnify and hold the WRCOG, 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 alleged negligent or wrongful acts, omissions or willful misconduct of Consultant, its officials, officers, employees, agents, consultants and contractors and subcontractors, arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages and attorneys fees and other related costs and expenses. Consultant shall defend, at Consultant'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, its directors, officials, officers, employees, agents or volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against

WRCOG or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse WRCOG 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. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the WRCOG, its directors, officials, officers, employees, agents or volunteers. No third party shall be a direct beneficiary of this Section 3.5.6. The covenants contained in this Section 3.5.6 shall survive the termination of this Agreement.

3.5.7 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. This Agreement may only be modified by a writing signed by both Parties.

3.5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

3.5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.10 WRCOG's Right to Employ Other Consultants. WRCOG reserves right to employ other consultants in connection with this Project.

3.5.11 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

3.5.12 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of WRCOG. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.13 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 work days. All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, 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.

3.5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.15 Waiver. No waiver of any default 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.

3.5.16 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.5.17 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.

3.5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant 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 Consultant, 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.

3.5.19 Equal Opportunity Employment. Consultant 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. Consultant shall also comply with all relevant provisions of any WRCOG's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.5.20 Labor Certification. By its signature hereunder, Consultant 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 the Services.

3.5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the 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.

3.5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.6 Subcontracting.

3.6.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of WRCOG. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

IN WITNESS WHEREOF, the Parties hereby have made and executed this Agreement as of the date first written above.

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

DAVID TAUSSIG AND ASSOCIATES,
INC.

By: _____
Rick Bishop
Executive Director

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

By: _____
General Counsel
Best Best & Krieger LLP

EXHIBIT “A”

SCOPE OF WORK

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS SPRUCE FINANCE RESIDENTIAL PACE PROJECT

Consultant's Services in connection with the Project may include (i) database setup, (ii) enrollment of assessment installment payments, (iii) tracking and reporting of assessment installment payments, (iv) assessment payoff calculations and coordination on bond redemptions, (v) responses to property owner inquiries, and (vi) Project reports. The tasks associated with the Consulting Services as described below.

A. DATABASE SETUP AND REVIEW OF BOND CLOSING DATA

Following each bond closing, Consultant will review and process the electronic data file to be provided by Spruce Finance and set up the assessment and bond data in Consultant's PACE software. The data file is anticipated to contain the following:

- Assessment Lien Information which may include Assessor's Parcel Number, lien amount, lien recordation date, assessment contract ID, and bond ID;
- Assessment Collection Information which may include a breakdown of the annual administrative collection charge; and
- Bond Information which may include bond closing date, bond ID, uses of proceeds (i.e., project amount, capitalized interest, reserve amount(s), issuance costs), payment schedule, coupon rate(s), redemption premium, and minimum principal redemption increments.

B. ENROLL ASSESSMENT INSTALLMENT PAYMENTS

1. Fund Number Requests

As necessary and subject to the limitations imposed by each county, Consultant will prepare requests for fund numbers and coordinate the submittal of fund number request packages to the County of Riverside.

2. Prepare and Submit Enrollment Packages

Consultant will prepare and submit annual assessment installment enrollment packages in accordance with each county's direct assessment enrollment procedures. The enrollment packages will typically include a transmittal memorandum, Proposition 218 compliance agreement or form, billing agreement, and certified resolutions and/or ordinances authorizing the levy and collection of assessment installments.

Consultant will submit enrollment packages on or about August 10, or such other date specified by the applicable county. Following submittal of the enrollment packages, Consultant will prepare and transmit to Spruce Finance a summary administration report in Excel format indicating the total number of parcels and amount of assessment installments enrolled, grouped by fund number and bond. Unless otherwise specified by mutual agreement, Spruce Finance and Consultant agree that assessment installments will be enrolled for all assessments for which the bond closing occurs as of the June 30 preceding the fiscal year in which the assessments installments are to be enrolled.

3. Research and Resubmit Rejected Parcels

Consultant will review and research rejections, if any, and resubmit as necessary. This process involves manually validating parcel status and parcel change information.

C. ASSESSMENT INSTALLMENT COLLECTIONS

1. Assessment Installment Payment Monitoring and Reporting

Consultant will process county parcel payment status data and prepare parcel level payment status reports following each non-advance apportionment of assessments. Parcel payment data may be reported Project-wide or grouped by fund number and/or by bond. In addition, county source data may be supplemented, as available and as needed, with property tax payment status data posted on the applicable county Treasurer-Tax Collector's website.

2. Assessment Installment Distribution Reconciliation

Consultant will reconcile non-advance assessment installment distributions which are made lump sum by fund number with parcel level assessment installment payment status to segregate actual distributions for each fund number by bond. The accuracy of such breakdown is subject to the availability of sufficient information to reconcile the transaction dates of distributions and payments.

3. Delinquency Notices

Consultant and Spruce Finance will cooperatively develop the form of the delinquency notice to be mailed to property owners that are delinquent in the payment of assessment installments. Unless otherwise specified by mutual agreement, Consultant will mail notices of delinquency following each property tax installment due date and at fiscal year-end.

4. Pre-Foreclosure Assistance

As directed by foreclosure counsel, Consultant will coordinate the removal of delinquent assessment installments from the property tax roll and record the notice evidencing the removal of such assessment installments.

D. ASSESSMENT PAYOFFS AND BOND REDEMPTIONS

Upon request, Consultant will prepare and provide to property owners payoff calculations and instructions for remitting prepayments. In the event of a partial prepayment, Consultant will prepare a revised bond schedule to be reviewed and approved by the trustee and Spruce Finance. Consultant will provide the trustee and/or Spruce Finance a monthly report of property owners that have requested payoff quotes. Following notification by trustee of the receipt of prepayment funds, Consultant will confirm amount of prepayment and prepare and record the notice of discharge.

Consultant will also coordinate with the trustee and Spruce Finance to establish and/or document prepayment and bond redemption procedures, including but not limited to, deadlines for property owners to remit prepayments, internal team notification of the receipt of prepayment funds and the provision of copies of notices for redemption, and batch recording of notices of discharge.

E. PUBLIC INFORMATION

Consultant will respond via telephone or email to property owner inquiries concerning assessment balance, assessment installments, etc. If applicable, Consultant will also prepare and provide the notice of assessment for resale properties pursuant to Section 53754 of the Government Code.

F. PROJECT REPORTS

As described above, Consultant will provide an annual assessment installment enrollment report, periodic collection reports, and periodic reports of requests for assessment payoffs. In addition and as applicable, Consultant will annually prepare and file the report required pursuant to Revenue and Taxation Code Section 163 indicating the following for each parcel subject to an assessment:

- The assessment lien amount at the time the lien was created;
- In the case in which a lien has been completely satisfied, the date and amount of the payment in satisfaction of the lien, and the identity of the party that made that payment; and
- The principal balance of the assessment lien

EXHIBIT “B”

FEE SCHEDULE

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS SPRUCE FINANCE RESIDENTIAL PACE PROJECT

Consultant's compensation, including expenses, for completion of the tasks under the Scope of Work is set forth in Table 1 below:

**TABLE 1
FEE SCHEDULE**

<u>TASK</u>	<u>FEE</u>
A. Database Setup and Review of Bond Closing Data	0.525% of Project Amount
B. Enroll Assessment Installment Payments ¹	One-Time \$1,000 Fixed Fee Per County Plus
C. Assessment Installment Collections ¹	\$1,750 Fixed Annual Fee Per County If Non-Residential Only Or \$2,500 Fixed Annual Fee Per County If Residential and Non-Residential
E. Public Information ¹	\$8.50 Fixed Annual Fee Per Parcel
F. Project Reports ¹	
D. Assessment Payoffs and Bond Redemptions	\$100 Fixed Fee Per Calculation 2

¹ Fee for Tasks B, C, E, and F equals the sum of the one-time fixed fee per county, the fixed annual fee per county, and the fixed annual fee per parcel.

² To be paid by Spruce Finance or property owner.

General Terms and Conditions

Fees for Task A shall be paid at closing. Fees and expenses for Task D shall be invoiced on or about the first two weeks of each month. Fees for Tasks B, C, E, and F shall be invoiced twice a year after annual assessments are received by the County.

Limitations

Any consulting services not included within the Scope of Work shall be charged on a time and materials basis. Additional tasks may include, but are not limited to, the following:

- o Consulting services after the removal of assessment installments from the property tax roll pertaining to the collection of delinquent assessment installments and/or assistance with foreclosure actions/proceedings; and
- o Consulting services and/or database setup/updates pertaining to bond refundings, securitizations, exchanges, and/or restructurings.

Item 5.A

PACE Program Activities Update

Attachment 14

Spruce PACE Residential Property
Owner Program Handbook

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SPRUCE PACE

Residential Property Owner Program Handbook

MARCH 2017
Version 1.31



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Glossary of Terms

Assessment: The principal amount of your Spruce PACE financing, minus any down payment, plus any other amounts that are financed by you, the property owner(s), and not part of the finance charge; but excluding any prepaid finance charges.

Assessment Contract: The contract between you, the property owner(s), and the Authority providing for financing of the purchase and installation of Eligible Products at the designated property under the Spruce PACE Program.

Assessment Installment: The annual or semi-annual payment of the property tax assessment as set forth in the Assessment Contract and as determined by the property tax collection cycle in the Participating Entity where your property is located.

Authority: The entity responsible for the issuance of Property Assessed Clean Energy (PACE) bonds; for the Spruce PACE Program this is the WRCOG.

Building Permits: Documents issued by the relevant local government agency authorizing a property owner and Contractor to proceed with the installation of the Eligible Products as described in the approved plans, drawings and specifications.

Capitalized Interest: The amount of interest that is added to the principal amount of such assessment for the period between the Closing Date and September 2nd of the year in which the property owner makes the first assessment payment, in accordance with the Improvement Bond Act of 1915. Depending on the date the assessment is recorded on the property owner's property, the first assessment payment may not be due until the following tax year.

Closing Date: The date on which funds are distributed to pay the costs of the purchase and installation of Eligible Products.

Commercial (Property): Any non-residential property, including apartment buildings, multi-family housing with four (4) or more units, industrial properties and agricultural properties.

Completion Certificate: A document signed by the property owner and Contractor certifying completion of the installation of the Eligible Products.

Contractor: A person or business entity which installs Eligible Products, erects buildings, or portions of buildings or systems within buildings.

CSLB: California Contractors State License Board, the entity responsible for licensing contractors in California. Contractors must meet bonding and workers' compensation insurance requirements established by the CSLB as well as demonstrate certain skills and experience related to their license. Additional information on the CSLB may be found at www.cslb.ca.gov.

Down Payment: any payment paid by a property owner at the time of execution of an Assessment Contract.

Effective Useful Life: The expected useful lifetime of an Eligible Product determined according to Construction Specifications Institute (CSI) or equivalent standards.

Energy Audit: An evaluation of the energy consumption of a home or business to determine ways in which energy can be saved.

Eligible Products: The products which are eligible for financing under the Spruce PACE Program. Approved Vendors are listed in Appendix D.

Final Completion: Completion of the installation of the Eligible Products by the Contractor,

Financing Estimates and Disclosures: A document signed by the property owner(s) confirming the risks and financing terms of their Financing Documents.

Financing Documents: All the documents that the property owner must sign relating to their Spruce PACE Financing, as set forth in the application, Completion Certificate and Assessment Contract.

Market Value: The estimate of the value of the property owner's property. See Section 2.6 for information on how the Market Value is calculated.

Participating Entity: A City or county that is a member of WRCOG and has elected to participate in the PACE Program.

Program: The Spruce PACE Program.

Renewable Energy: 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 (property): Single-family home or a structure with three (3) or fewer residential units.

Title 24: California Code of Regulations (CCR), Title 24, also known as the California Building Standards Code.

Total Amount Financed: The amount financed is calculated by: (1) the cost of the installed Eligible Products; (2) Adding any financed administrative fees, other upfront fees and Capitalized Interest; and (3) Subtracting any Down Payment.

Water Audit: A qualitative and quantitative analysis of water consumption to identify ways to reduce, reuse or recycle water.

Welcome Call: a call between a property owner and the Spruce Confirmation Call Center to confirm that the property owner understands the Program and the terms of their Financing Documents.

WRCOG: Western Riverside Counsel of Governments (WRCOG), the entity responsible for issuing PACE bonds for the Spruce PACE Program in California. Additional information on WRCOG may be found at <http://www.wrcog.cog.ca.us>.

1. INTRODUCTION TO SPRUCE PACE

1.1 OVERVIEW

Spruce PACE is a financing program for property owners who want to take advantage of the equity in their home make renewable energy, energy efficiency or water conservation improvements (called “Eligible Products”). It provides for repayment of the amounts financed (called an “Assessment”) through annual or semi-annual installments collected through the property owners’ property tax bill. The repayment term of the Assessment varies between five and 30 years, depending on the projected useful life of the Eligible Products. Spruce Pace is offered by Spruce PACE LLC, a subsidiary of Spruce Finance Inc., a national consumer finance company, which has offered financing for clean energy improvements since 2007. Property owners can access Spruce PACE and our other finance products through our local contractor partners.

Spruce PACE is offered through the Western Riverside Council of Governments’ Energy Efficiency and Water Conservation Program for Western Riverside County. The Open PACE Program allows participating cities and counties to offer Spruce PACE financing to their property owners. Participation in Spruce PACE is completely voluntary.

1.2 OTHER TERMS AND DISCLAIMERS

All property owners applying for Spruce PACE financing must read the Additional Requirements and Terms in Appendix A. When you apply you will be required to answer questions related to the Spruce PACE Program, the legal structure of Spruce Pace Financing, and the risks involved, and certify that you have read Appendix A. We strongly recommend that Contractors and other interested parties also read Appendix A.

PROPERTY OWNERS ARE SOLELY RESPONSIBLE FOR AND MUST INDEPENDENTLY CHOOSE AND CONTRACT WITH CONTRACTORS TO INSTALL THEIR ELIGIBLE PRODUCTS. THE PROGRAM, THE AUTHORITY, SPRUCE, AND EACH OF THE PARTICIPATING ENTITIES, THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS AND ASSIGNS NEITHER ENDORSE NOR RECOMMEND THE CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANT OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS OR THE OPERATION OF THE ELIGIBLE PRODUCTS, ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, OR THE DESIGN OF SUCH PRODUCTS, OR WARRANT THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF THE ELIGIBLE PRODUCTS.

For purposes of the handbook, all references to “days” are in calendar days, unless otherwise specified.

1.3 CHANGES TO SPRUCE PACE

Spruce PACE financing Program terms may change at any time. However, any such changes will not affect previously executed Assessment Contracts. Participation in the Program is subject to the regulations and terms set forth in this Handbook, the Assessment Contract and the other Financing

Documents. Any provision of this Handbook determined to be unlawful, void, or for any reason unenforceable shall be deemed severable from the Handbook and shall not affect the validity and enforceability of any remaining provisions.

2. SPRUCE PACE ELIGIBILITY REQUIREMENTS

This section describes the requirements a property owner must satisfy to be eligible for Spruce PACE financing. Please review this information before applying to the Program online.

2.1 WHAT PROPERTIES ARE ELIGIBLE FOR SPRUCE PACE FINANCING?

The property owner must be assessed property taxes to be eligible for Spruce PACE financing. Most Residential properties are eligible, with the following limitations:

2.1.1 Improved Property; New Construction

Properties must be “improved”, i.e. with a building. New construction is only eligible once ownership has been transferred from the developer to the property owner. New construction includes new homes under construction and additions to existing structures.

2.1.2 Mobile Homes, Manufactured Homes, Condominiums and HOAs

Mobile homes and manufactured homes are eligible only if they are permanently attached to the real property and the property owner(s) also own the underlying land and pay real property taxes (not DMV fees).

Condominiums are generally eligible, but limitations may be imposed by condominium association rules and the physical design of your unit. Condominium owners who apply for Spruce PACE financing must provide written authorization from the condominium or townhome association’s Board of Directors that the condominium owner is allowed to install the requested Eligible Product. Single-family homes that are subject to Homeowner Association (HOA) restrictions may also be required to provide written documentation that the Eligible Products meet applicable HOA guidelines or requirements.

2.1.3 Property Must Be Located in a Participating Community

All financed properties must be located in a city or county that has signed up to be a Participating Entity.

2.1.4 Maximum Debt and Amount of Spruce PACE Financing

The mortgage-related debt on your property must not exceed 90% of the property’s Market Value, and the combination of the mortgage-related debt and the Assessment for your Spruce PACE financing cannot exceed 100% of Market Value. These rules are intended to prevent property owners from taking on obligations in excess of the Market Value of their property.

There are additional restrictions on the maximum amount of your Spruce Pace Financing. These restrictions as well as the methods for determining your property's Market Value, are set forth in Section 2.6 below.

2.1.5 Liens on Property

Your property must not have any unresolved federal or state income tax liens, judgment liens, mechanic's liens or similar involuntary liens on the property. The property also cannot be an asset in a bankruptcy proceeding. Special taxes, assessments or other financing district liens placed on all properties in your financing district are permissible. If you can document 12 months of on-time payments under a pay arrangement for an outstanding lien, you may be still be eligible for Spruce PACE financing provided that and the sum of all lien balances and mortgage balance are less than 90% of the Market Value of the property.

2.2 WHO QUALIFIES FOR SPRUCE PACE FINANCING?

In addition to the property eligibility requirements in Section 2.1, each homeowner must meet the following requirements in order to be eligible for Spruce PACE financing.

2.2.1 Property Owners:

1. The applicant(s) must be the owner(s) of record of the property where the Eligible Products are to be installed.
2. The property owner(s) must be current on their property taxes for the property and have had no more than one late payment in the past three years (or the period they have owned the property).
3. At the time of application, the property owner(s) must be current on all mortgage and other debt payments for the property and have had no more than one 30-day late payment during the past 12 months.
4. The property owner(s) must not have the subject of a bankruptcy proceeding within the past seven (7) years, or must meet certain additional requirements. If the property owner(s) have been subject to a bankruptcy proceeding that was completed between two and seven years ago, they may still be eligible for Spruce Pace financing provided that they have not had any additional late payments more than 60 days past due in the last 24 months.
5. Each property owner must sign all of the Financing Documents.

2.2.2 Trust Ownership of the Property

Properties owned by a Trust are eligible for Spruce PACE financing, provided that the property owner(s) can provide adequate documentation of the Trust and their authority under the Trust with their application. At least one Trustee and one resident of the property, if not a trustee, must sign all Financing Documents.

2.2.3 Business Entity Ownership of the Property

Properties owned by a business entity are eligible for Spruce PACE financing, provided that the property owner(s) can provide adequate documentation of the nature and existence of the business entity and their authorization to act on behalf of the entity with their application, such as a corporate resolution authorizing named officers to apply for the Program and sign all Financing Documents on behalf of the entity.

2.3 WHAT ARE ELIGIBLE PRODUCTS FOR SPRUCE PACE FINANCING?

Spruce PACE financing may be used for a variety of energy efficiency and renewable energy products (Eligible Products).

2.3.1 Eligible Products Must Be Permanently Fixed, New Products

Products that are not new or permanently fixed to the property are not eligible for Spruce Pace financing. Examples of products **not eligible** for financing under the Program include:

- Remanufactured, refurbished, or used equipment (even if only slightly used)
- Equipment transferred from a previous location
- Previously installed products
- Products such as appliances and light bulbs that are not permanently fixed to the property
- Any work or alteration of the roof, the building, or the property beyond that necessary to install the Eligible Products

2.3.2 Proposed Products Must Meet Minimum Eligibility Requirements

Eligible Products must meet minimum efficiency and/or other requirements. A list of Approved Vendors is available from your Contractor and also included in Appendix D.

2.3.3 Requirements and Recommendations for Renewable Energy Systems

All solar PV systems must consist of components from Spruce's approved vendor list. Approved Vendors are available to your Contractor and in Appendix D of this Handbook.

In addition, Spruce Pace strongly recommends that any energy efficiency measures identified by your Contractor or in an Energy Audit be completed prior to the installation of a solar or other Renewable Energy System, since these measures may reduce your property's energy demands therefore the size and cost of any renewable energy system that you install.

2.4 WHAT DOES SPRUCE PACE FINANCING COVER?

Spruce PACE financing covers both the purchase price and the installation of the Eligible Products. Installation costs may include (but are not limited to): energy/water audit costs, appraisals, labor,

design, drafting, engineering, permit fees and inspection charges. All work must be performed by a licensed contractor registered with the Spruce PACE Program.

If you elect to do other work such as re-roofing or remodeling at the same time, Spruce PACE financing may only be used for the portion of the work involving the Eligible Products. If you are considering doing additional work, please contact your Contractor to determine what costs will be eligible for financing. The cost of installing the Eligible Products must be reasonable and accomplished within industry cost guidelines, as determined by Spruce PACE. We have the right to refuse to finance any portion of costs exceeding such guidelines, and/or to request additional documentation or other information to determine the reasonableness of any such costs.

2.5 WHAT CONTRACTORS CAN I WORK WITH?

Property owners may work with any Contractors who: (1) have registered with the Spruce PACE Program, (2) have an active license with the CSLB covering the work involved in installing the Eligible Products and meet the CSLB's bonding and workers compensation insurance requirements, and (3) meet Spruce's specific requirements and agree to all our terms and conditions.

2.6 HOW MUCH CAN I FINANCE?

Minimum amount: \$2,500.

Maximum amount: The lowest of the following:

- 15% on the first \$700,000 of Market Value of the property plus 10% of the Market Value of the property above \$700,000, if any;
- The Market Value of the property minus all outstanding mortgage debt; or
- The maximum amount of Spruce PACE financing permitted for the type of Eligible Product. See www.sprucefinancing/financing/PACE for the current maximum amount permitted for each type of Eligible Product.

In addition, your total annual assessments, including your property tax assessments, Assessments related to your Spruce PACE financing, and any other assessments, cannot exceed 5% of the Market Value of your property.

The Market Value of a property is generally determined by an automated valuation model (AVM) value provided by a third-party independent vendor that we select. If an AVM value is not available for a particular property, we will generally use the assessed value. If you disagree with Spruce' determination of the Market Value, you may submit an appraisal prepared by a licensed appraiser within the last 12 months or pay for an appraisal and submit it to Spruce PACE for our consideration. However, the final determination of the maximum amount of Spruce PACE financing available will be determined solely by Spruce.

2.7 HOW LONG DO I HAVE TO PAY BACK SPRUCE PACE FINANCING?

The financing term of your Spruce PACE financing is between five and 30 years, but may not exceed the Effective Useful Life (EUL) of the Eligible Product. When multiple Eligible Products are installed, the maximum financing term available is the financing term associated with the longest EUL. Spruce reserves the right to determine the EUL of the specific Eligible Product(s) to be installed, and approve a different assessment term than the one you request.

2.8 ARE THERE REBATES AND TAX CREDITS FOR ELIGIBLE PRODUCTS?

There may be various federal tax credits, state and local government or utility rebates, and incentive programs for available for Eligible Products. However, not all Eligible Products available for Spruce PACE financing will qualify for potential federal tax credits and/or state or local rebates. Spruce PACE cannot confirm or guarantee that Eligible Products will qualify for any tax credits, rebates or other incentive programs.

For information on rebates and tax credits, please visit the rebate pages listed in Appendix B, including Energy Upgrade California at EnergyUpgradeCa.org/county, which allows a ZIP code search for a comprehensive list of different types of rebates available in the area. Other resources include a rebate locator on the Energy STAR website (EnergyStar.gov), and a rebate finder at Epa.gov/WaterSense/. We encourage you to consult with your tax advisor to determine what, if any, tax benefits you may be eligible to receive in connection with your Spruce PACE financing.

2.8.1 Potential Deductions from Total Amount Financed

Any upfront federal, state or utility rebates that are assignable to the registered Contractor must be deducted from your Total Amount Financed at the time of financing. As the property owner, you (and your Contractor) will be responsible for notifying Spruce of the qualification, award or grant of the Eligible Products for any such assignable rebates. Incentives that are paid over time will not be deducted. State or federal tax credits and rebates that are not assignable to the Contractor will also not be deducted from your Assessment, but you may wish to consider these additional benefits in determining the amount of your financing request.

2.8.2 Solar Rebates and Program Participation

If you plan to install a solar PV or solar thermal water heating system, it must meet the requirements of the California Solar Initiative unless the property is currently not connected to the utility grid (solar PV only). Your Contractor can assist you with applying for any rebate that may be available under the California Solar Initiative program or your municipal utility.

2.9 HOW MANY IMPROVEMENTS CAN I MAKE TO MY PROPERTY?

As the property owner, you may apply for another assessment under the Program for the same property or an additional property(s), as long as all assessments under the Program still meet all Program requirements, including, but not limited to, guidelines as to maximum assessment limits.

3. SPRUCE PACE FINANCING STEPS

There are five steps to obtaining Spruce PACE financing:

1. **Apply.** Submit application online through a Contractor to Spruce PACE.
2. **Application Results.** When you complete your application you will be immediately notified whether it is approved or declined. If your application is approved, your Assessment Contract and other Financing Documents will be generated for your review and approval.
3. **Sign Financing Documents.** Sign electronically, accepting the Terms & Conditions and related disclosures associated with your application. You may sign with your Contractor on their device, or receive an email from Spruce with a link to sign online.
4. **Install Eligible Products.** Your Contractor will survey your property and install the Eligible Products.
5. **Payment Issued.** You and your Contractor sign and submit a Completion Certificate and other required documentation. Once Spruce receives these documents and accepts them we issue payment to the Contractor and the Assessment is placed on your property.

A more detailed explanation of each step is included in Appendix C.

4. SPRUCE PACE FINANCING COSTS; PREPAYMENT

4.1 COSTS TO APPLY

There are no costs to apply for Spruce PACE financing.

4.2 PACE ASSESSMENT

Once you are approved for Spruce PACE financing, the cost of the Eligible Products and the interest on that amount are divided into equal annual payments over the approved term of your Spruce PACE financing (five to 30 years). This amount will appear as a separate line item on your property tax bill and paid through that mechanism. As with other property taxes, the Assessment payment is due in one or two installments each year. The estimated payment schedule will be attached to your Assessment Contract, which sets forth the estimated maximum annual payments due during the term. We will provide you with the final payment schedule pertaining to your Assessment Contract at the time your installation is completed. Failure to pay the Assessment Installments or the Annual Administrative Assessment Fees described in Section 4.3 below when due will result in the accrual of additional interest and penalties and may result in judicial foreclosure on and the sale of your property.

4.3 SPRUCE PACE FINANCING COSTS

Spruce PACE financing costs are specified in the Assessment Contract and other Financing Document, and are as follows:

4.3.1 Interest

Interest is charged on the Total Amount Financed based on market rates. Your participating Contractor can provide you with the current estimated interest rate(s). The final interest rate is specified in the Financing Documents when they are issued.

4.3.2 Capitalized Interest

Based on the date Spruce PACE financing is disbursed (Closing Date), you may not have to make payments on an assessment until the following year's tax bill. Capitalized Interest is the amount of interest that is added to the principal amount of such assessment for the period between the Closing Date and September 2nd of the year in which the property owner makes the first assessment payment, in accordance with the Improvement Bond Act of 1915. . The amount of Capitalized Interest added to the principal amount of the assessment will be included in the Financing Documents.

4.3.3 Recording Fees

Your county charges fees to record the lien documents and related notices associated with your Spruce PACE financing. These fees are added to the Assessment amount and listed on the Assessment Contract.

4.3.4 Annual Assessment Administrative Fee

The Annual Assessment Administrative fee covers the annual costs to place the Assessment Installment on the property tax bill, administer collection and disbursement of the Assessment payments and to administer the bonds issued to finance the installation of Eligible Products. The maximum annual Assessment administrative fee varies depending on the county, the amount of your Spruce PACE financing, and other factors. Your specific Annual Assessment Administrative Fee is listed in the Financing Documents.

4.3.5 Refinancing and Resale Expenses

Additional costs can arise if you refinance or resell your property. In particular, you may be required to pay the principal and interest due on your Spruce PACE financing through your next scheduled Assessment Installment payment as well as processing or other prepayment fees imposed by the mortgage lenders involved. See Section 7.4, below for additional information.

4.4 PREPAYMENTS

You may choose 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 2nd or September 2nd occurring on the second business day of the second month after the prepayment is made. To be clear, this means that your payoff amount may include a required payment of interest on the principal balance for a time period after your payoff date. **You will need to contact Spruce if you want to initiate the prepayment process. Contact information may be found at sprucefinance.com/Contact**

4.1 WHAT PROPERTIES ARE ELIGIBLE FOR SPRUCE PACE FINANCING?

To be eligible for Spruce PACE financing, the property owner must be assessed property taxes. Residential properties are generally eligible, with the following limitations:

4.1.1 No New Construction

Only improved properties are eligible for Spruce PACE financing. New construction is not eligible, unless ownership has been transferred from the developer to the property owner. New construction includes new homes under construction and additions to existing structures.

4.1.2 Mobile Homes, Manufactured Homes, Condominiums and HOAs

Mobile homes and manufactured homes are eligible if the homes are permanently attached to the real property, and if the mobile/manufactured homeowner(s) also own the underlying land and pay real property taxes (not DMV fees).

Condominiums are eligible. However, the Eligible Products may be restricted depending on condominium association rules and physical design of the unit. Condominium owners who are approved for Spruce PACE financing must provide written authorization from the condominium or townhome association's Board of Directors (when the condominium owner requests approval for Eligible Products) that the condominium owner is allowed to install the requested Eligible Product. Single-family homes that are subject to Homeowner Association (HOA) restrictions may also be required to provide written documentation that any Eligible Products meet applicable HOA guidelines or requirements.

4.1.3 Property Must Be Located in a Participating Community

All financed properties must be located in a city or county that has signed up to be a Participating Entity.

4.1.4 Maximum Assessment to Value Amount

Mortgage-related debt on the property must not exceed 90% of the value of the property. The maximum amount eligible to be financed by Spruce PACE must be less than 15% of the value of the property on the first \$700,000 of value, and less than 10% of any value of the property thereafter. The combined amount to be financed by Spruce PACE plus the mortgage-related debt must not exceed 100% of the value of the property. This credit criterion is intended to protect homeowners from taking on a PACE assessment obligation that will result in property-related debt in excess of 100% of the value of the property.

4.1.5 Liens on Property

The property must not have any unresolved federal or state income tax liens, judgment liens, mechanic's liens or similar involuntary liens on the property. Prohibited liens do not include special taxes, assessments or other financing district liens placed on all properties in that particular financing district. If you can document a payment arrangement, 12 months of on-time payments on the payment arrangement, and the sum of all lien balances and mortgage balance are less than 90% of the value of the property on the liens mentioned in this section, then you may be approved. The property cannot currently be an asset in a bankruptcy proceeding.

4.2 WHO QUALIFIES FOR SPRUCE PACE FINANCING?

In addition to the property eligibility requirements above, as a residential property owner, you must meet specific criteria in order to be eligible for Spruce PACE financing. The eligibility criteria for residential property owners are simple.

4.2.1 Property Owners:

1. You, the applicant(s), must be the owner(s) of record of the property upon which the Eligible Products are to be installed.
2. You must be current on your property taxes for the property upon which the Eligible Products will be installed and there must be no more than one late payment in the past three years.
3. At the time of application, you must be current on all property debt for the property upon which you want to install the Eligible Products and cannot have had more than one 30-day late payment of your mortgage over the previous 12 months.
4. You must not have had any active bankruptcies within the last three years, and the property must not be an asset in an active bankruptcy. However, if a bankruptcy was discharged between two and seven years prior, and you have not had any additional late payments more than 60 days past due in the last 24 months, you may be approved.

5. You must sign all required documentation, including but not limited to the application, the Financing Estimate and Disclosures, the Completion Certificate and the Assessment Contract, with all other required Financing Documents.

4.2.2 Trust Ownership of the Property

If the property is owned by a Trust, the property is eligible for Spruce PACE financing if adequate documentation of the Trust and your authority under the Trust is provided with the application. At least one Trustee and a resident of the property, if not a trustee, must sign all Financing Documents, including the Assessment Contract.

4.2.3 Business Entity Ownership of the Property

If the property is owned by a business entity, the property is eligible for Spruce PACE financing if adequate documentation of the nature and existence of the business entity and the your authorization to act on behalf of the entity is provided with the application, such as a corporate resolution authorizing named officers to apply and sign the Assessment Contract and other Spruce PACE required documents on behalf of the corporation.

4.3 WHAT ARE ELIGIBLE PRODUCTS FOR SPRUCE PACE FINANCING?

Spruce PACE financing may be used for a variety of energy efficiency and renewable energy products (Eligible Products).

4.3.1 Eligible Products Must Be Permanently Fixed, New Products

Only permanently fixed, new Eligible Products can be financed by Spruce PACE. The following are not eligible for Program financing:

- Remanufactured, refurbished, slightly used, or new equipment transferred from a previous location
- Previously installed products
- Products that are not permanently fixed, including appliances, light bulbs and other non-fixtures
- Any structural alteration of the roof, the building, or the property related to the installation of a solar photovoltaic (PV) system or solar thermal system (in addition to the work necessary to install the PV system)

4.3.2 Proposed Products Must Meet Minimum Eligibility Requirements

There are minimum efficiency and/or other requirements for each Eligible Product. A complete list of Eligible Products with minimum efficiency and other specifications for

residential properties is available from your Contractor, and also in Appendix E of this Handbook.

4.3.3 Eligible Products and Measures

All solar PV systems must consist of components from Spruce's approved vendor list. Eligible Products are available to your Contractor and in Appendix E of this Handbook.

The Program recommends that energy efficiency measures be completed prior to installing solar PV systems, as reducing a property's energy demands may also reduce the recommended size of the solar PV systems, solar thermal systems and other renewable energy systems.

4.3.4 Solar Systems Must Meet Spruce Requirements

All solar PV systems must use equipment from Spruce's approved vendor list. If you are considering energy efficiency measures as well, we strongly recommend that you complete those prior to installing solar PV systems. Reducing your property's energy demands may also reduce the recommended size of the solar PV systems, solar thermal systems and other renewable energy systems. Spruce will not finance any structural alteration of the roof, the building or the property related to the installation of a solar PV system or solar thermal system.

4.4 WHAT DOES SPRUCE PACE FINANCING PAY FOR?

Costs covered by Spruce PACE financing include both the cost and installation of the Eligible Products. Installation costs may include (but are not limited to): energy/water audit costs, appraisals, labor, design, drafting, engineering, permit fees and inspection charges. If you are the property owner, you must use a licensed contractor who is registered with the Spruce PACE Program to complete the installation.

If you elect to complete your Spruce PACE-financed retrofits at the same time as a larger remodeling project, financing is only available for the retrofitting of the existing structure with Eligible Products. Repairs to the existing building's envelope, systems, and/or infrastructure are not eligible except where they are necessary to install the Eligible Product. If you're a property owner and you want to finance Eligible Products as part of a larger remodeling project, you should contact your contractor to determine what costs will be eligible for financing. The cost of installing the Eligible Products must be reasonable and accomplished within industry cost guidelines, as determined by Spruce PACE. We have the right to refuse to finance any portion of costs reflected in a Completion Certificate that exceeds such guidelines, and/or to request additional documentation or other information to determine the reasonableness of any Completion Certificate.

4.5 WHO CAN I WORK WITH?

Only contractors who have registered with the Spruce PACE Program may undertake Spruce PACE - financed installation work. Contractors may register with us if they have an active license with the California Contractors State License Board (CSLB), meet the CSLB's bonding and workers compensation insurance requirements, meet Spruce's specific requirements, and agree to all our terms and conditions. In addition, contractors may only install Eligible Products for which they have the appropriate CSLB license. All solar PV and solar thermal systems must be installed by a CSI-registered installer holding the appropriate contractor's license.

4.6 HOW MUCH CAN I FINANCE?

The minimum assessment amount is \$2,500. The maximum assessment amount may be one of two options (whichever is less):

- Less than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter; or
- A combined mortgage and Assessment Contract amount of 100% of the value of the property.

For residential properties, the value of the property will be the market value based on an automated valuation model (AVM) value provided by a third-party independent vendor we select. If an AVM value is not available for a particular property, we will use the assessed value, unless the property owner can provide an appraisal prepared by a licensed appraiser within the last 12 months. In addition, if you disagree with the AVM value, you may pay for an appraisal from a licensed appraiser approved by Spruce PACE. We will review the appraisal and its value and provide a final determination as to whether it may be used for eligibility calculations.

4.7 HOW LONG DO I HAVE TO PAY BACK THE ASSESSMENT?

Assessment Contracts may include financing with a five to 30-year term, but the financing term may not exceed the effective useful life of the installed Eligible Product. We reserve the right to approve a different assessment term than requested, depending on the effective useful life of the Eligible Product(s) to be installed. When installing multiple Eligible Products, the maximum financing term available is the financing term associated with the greatest effective useful life. A list of Eligible Products and maximum financing terms is provided in Appendix E.

4.8 WHAT REBATES AND TAX CREDITS DO I QUALIFY FOR?

There may be various federal tax credits, state and local rebates, and incentive programs for energy efficiency, renewable energy and water efficiency Eligible Products. However, not all Eligible Products available for Spruce PACE financing will qualify for potential federal tax credits and/or state or local utility rebates. For example, some of the federal tax credit specifications require a higher energy efficiency standard than those we offer. As such, we cannot confirm or guarantee that Eligible Products will qualify for any tax credits, rebates or other incentive programs¹. We encourage you to consult with your tax advisor to determine what, if any, tax benefits you may or may not be eligible to receive in connection with Spruce PACE financing.

For information on rebates and tax credits, please visit the rebate pages listed in Appendix A, including Energy Upgrade California at EnergyUpgradeCa.org/county, which allows a ZIP code search for a comprehensive list of different types of rebates available in the area.

4.8.1 Potential Deductions from Total Amount Financed

All available upfront federal, state or utility rebates that are assignable to the registered contractor must be deducted from the Total Amount Financed at the time of financing. As the property owner, you (and your contractor) will be responsible for notifying Spruce of the qualification, award or grant of the Eligible Products for any such assignable rebates. Performance-based incentives that are paid over time, such as the CSI PBI rebate, will not be deducted. State or federal tax credits and rebates that are not assignable to the contractor will also not be deducted from the assessment amount, but you may wish to consider these additional benefits in determining the amount of your financing request.

4.8.2 Solar Rebates and Program Participation

If you plan to install solar PV or solar thermal water heating systems, they must be eligible for and should participate in the appropriate CSI rebate program, unless rebates are not available or the property is currently not connected to the utility grid (solar PV only). Most solar installers can assist you with applying for these rebates.

4.9 HOW MANY IMPROVEMENTS CAN I MAKE TO MY PROPERTY?

As the property owner, you may apply for another assessment under the Program for the same property or an additional property(s), as long as all assessments under the Program still meet all Program requirements, including, but not limited to, guidelines as to maximum assessment limits.

5. CONTRACTOR REQUIREMENTS

This section explains the requirements for Contractors to participate in the Spruce PACE Program.

5.1 CONTRACTOR REGISTRATION

Contractors wishing to install Eligible Products utilizing Spruce PACE financing must first register with Spruce. Contractors must be licensed by the State of California and in good standing with the CSLB, including all applicable bonding and insurance requirements, and pass a fraud check in order to apply for registration. In addition, Contractors must meet and agree to abide by all Spruce PACE program requirements, including:

- Pulling any required permits from the local building department for the installation of the Eligible Products
- Obtaining advanced approval before ordering or installing Eligible Products
- Installing only products that meet the required eligibility specifications
- Installing only the Eligible Products for which the contractor has the appropriate license from the CSLB
- Agreeing to abide by Spruce Sales & Marketing Guidelines and all applicable federal, state and local regulations

5.2 BUILDING PERMITS, COMPLETION CERTIFICATE AND INSPECTION

Although property owners are legally responsible for obtaining any required building permits for Eligible Products, Spruce expects Contractors participating in the Spruce PACE program to determine what permits are required to install the Eligible Products and to obtain any necessary permits and approvals. Contractors must provide the completed permit documentation and sign the Completion Certificate along with the property owner(s) before funds are released under the Spruce Pace Program. Spruce may also require an on-site validation visit to confirm the complete and satisfactory installation of all Eligible Products before approving a submitted Completion Certificate and releasing funds.

5.3 FRAUDULENT ACTIVITY

Any misrepresentations made in the application for Spruce PACE financing, the Contractor's bid or any other document at any time during the financing process may cause the Contractor or property owner be terminated from the Spruce PACE program and may result in legal action. Misrepresentations may result in a denial of an application or render an installed Eligible Products ineligible for Spruce PACE financing. In addition, Spruce may initiate civil or criminal legal proceedings to recover any fraudulently obtained funds.

5.4 REQUIRED DOCUMENTS

Documents must be submitted at different steps in the Spruce PACE financing process. For a list of required documents and when they need to be submitted, please see Section 3 above.

6. FINANCIAL TERMS

6.1 RIGHT TO VALIDATE PRODUCTS AND MONITOR PERFORMANCE

The Program reserves the right to perform independent on-site validation(s) of any Eligible Products financed by the Program. If we elect to conduct an on-site validation, Program staff will schedule this validation with you at a reasonable time and with reasonable notice. In addition, the Program reserves the right to perform online monitoring of any installed renewable energy systems' energy generation, if applicable, and to track the energy consumption impacts and utility usage of your installed Eligible Products by obtaining your utility bill data.

6.2 RECORD LIEN ON PROPERTY AND ISSUE PAYMENT

After receiving the executed Completion Certificate, Spruce PACE will record the Assessment lien documents with the County in which the property is located and issue bonds to finance the cost of the installation of the Eligible Products and other costs of the financing. These steps must be completed before payment is issued to your Contractor.

6.3 ANNUAL ASSESSMENTS TO REPAY YOUR SPRUCE PACE FINANCING

Each year the Program will submit the Assessment Installment and Annual Assessment Administrative Fee for your Spruce PACE financing to the County where your property is located. These amounts will appear as a separate line item on your annual property tax bills for the term of your financing.

6.4 IMPLICATIONS OF USING SPRUCE PACE FINANCING

You must be able to pay the agreed-upon Assessment Installment and Annual Assessment Administrative fee even if there is a change in your personal financial circumstances, the condition of the property, or the condition or operation of the installed Eligible Products. As with other property taxes, failure to pay your Assessment will result in penalties, interest, and, eventually, judicial foreclosure of the property by the Authority or tax sale of the property by the County Tax Collector. Recordation of the contractual assessment on the property will constitute a lien perfected annually for the term of financing.

As with other property taxes, you may pay the entire annual amount on the date the first installment is due OR pay in two installments on the dates they are due.

If you sell or refinance your property, the Authority and the County in which your property is located will permit your assessment to stay with the property along with the other property taxes. **However, your lender or the buyer's lender may require that you pay off the remaining outstanding assessment balance as well as interest through the bond interest payment date when you refinance your home or sell your property. In other words, depending on their policies, the lender may require you to repay your Spruce PACE financing in full, together with interest, at the time of transfer or refinance.** You should consult the lender to determine whether your assessment will need to be paid in full. In addition, by law, you must provide notice to the buyer of your property of the PACE Assessment. If you do not wish to fully pay the Assessment amount as part of a refinancing or sale of your property, please contact us to determine other alternatives that may be available to you.

Important Note: If you use an impound account to pay your taxes, you should contact your lender to increase your monthly impound payment to cover the Assessment Installment and Annual Assessment Administrative Fee. Failing to add these amounts to your impound escrow may result in a shortfall to which you would be required to pay at a later date.

6.5 FHFA AND REAL ESTATE TRANSACTIONS

The Federal Housing Finance Agency (FHFA), the independent agency of the U.S. government that oversees certain secondary mortgage markets, has expressed concern that PACE financing could adversely affect first mortgage liens held by Fannie Mae and Freddie Mac because PACE Assessments could be deemed to have certain superior rights to those liens. The industry has taken major steps to address these concerns, including limiting the size of PACE Assessments. In addition, in 2014 California created the PACE Loss Reserve Program, which established a \$10 million reserve to protect mortgage lenders against losses in foreclosures as a result of PACE assessments with superior lien rights. The Program will participate in the PACE Loss Reserve Program.

Nevertheless, the FHFA's policy is to prohibit Freddie Mae and Fannie Mac from purchasing mortgages with PACE Financing in the secondary mortgage market. . The FHA's policy may impact the marketability of your home or result in you having to paying off your PACE financing before selling or refinancing your property (see Section 6.4 above). The Authority requires that property owners be made aware of the FHFA's policy and the possibility that you will have to pay off your PACE financing if you sell or refinance your home. For further information on the FHFA's policy on PACE financing, please see the FHFA's Statement of the Federal Housing Finance Agency on Certain Super-Priority Liens issued December 22, 2014 and available on the FHFA web site at www.fhfa.gov/Media/PublicAffairs.

6.6 ADDITIONAL REQUIREMENTS AND TERMS

ALL PROGRAM APPLICANTS, BORROWERS, AND CONTRACTORS ARE SUBJECT TO THE ADDITIONAL REQUIREMENTS AND TERMS SET FORTH IN APPENDIX A AND THE FINANCING DOCUMENTS. AS APPLICABLE, AND ARE RESPONSIBLE FOR REVIEWING AND UNDERSTANDING THESE ADDITIONAL REQUIREMENTS AND TERMS. APPLICANTS, BORROWERS AND CONTRACTORS ARE RESPONSIBLE FOR CONTACTING THE PROGRAM STAFF FOR CLARIFICATION OF ANY ADDITIONAL REQUIREMENT OR TERM THAT IS NOT UNDERSTOOD AND/OR SEEKING ADVICE FROM THEIR OWN ATTORNEY REGARDING ANY SUCH ADDITIONAL REQUIREMENT OR TERM.

6.7 PROGRAM CONTACT INFORMATION

PACE Support on our website

Information about Spruce PACE, including how the Program works, answers to common questions and availability by county and municipality is available at sprucefinance.com/financing/pace-california.

Residential property owners can apply for Spruce PACE financing through any registered Contractor partner. Contractors must apply for registration with the Program through Spruce, at sprucefinance.com/join.

Spruce PACE Call Center

Property owners and contractors may call 888.636.6574 to obtain information about Spruce PACE.

Program call center hours are:
Monday-Friday 5am-6pm

Please visit sprucefinance.com/contact for updates on call center operation times, phone numbers and other relevant contact information.

APPENDIX A: ADDITIONAL REQUIREMENTS AND TERMS

In addition to the Spruce PACE eligibility criteria and requirements described in the Handbook, the following additional terms are required of property owners who participate in the Spruce PACE Program.

Property Owner Agrees to All Spruce Terms

By execution of the Assessment Contract documents, each executing property owner certifies that they have read, understood and agreed to the terms of Spruce PACE as outlined in this Handbook and the Assessment Contract. The property owner also thereby certifies that the property owner(s), the property and the products meet all Spruce PACE eligibility requirements.

Authority to Install Products

By execution of the Assessment Contract documents, each property owner represents that he or she has the authority to install the approved products on the property named in the Assessment Contract documents.

No Endorsement by WRCOG or Spruce PACE

The property owner(s) understand, acknowledge and agree that review of the proposed products, the determination that such products are Eligible Products and authorization for Spruce PACE funding of the installation of such products by WRCOG shall not be construed as a confirmation or endorsement of the qualifications, efficiency or performance of such products, the contractors that installed such products, the manufacturer of or any other person involved with the products; or the design of the products; or a warranty or guaranty the performance, economic value, energy savings, safety, durability or reliability of such products.

Property Owner Is Responsible for Products, Permits and Inspections

The property owner is solely responsible for all products installed on his or her property, including the selection of any contractor(s), energy auditor(s), or equipment, including manufacturers. Any performance related issues are the responsibility of the property owner and the property owner's contractor(s). Neither Spruce PACE, WRCOG nor their agents are responsible for the performance of the products.

THE AUTHORITY, SPRUCE, EACH OF THE PARTICIPATING ENTITIES AND THEIR RESPECTIVE OFFICERS, EMPLOYEES AND AGENTS DO NOT ENDORSE OR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS BY SUCH CONTRACTORS OR THE OPERATION OF THE ELIGIBLE PRODUCTS OR ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, THE DESIGN OR MANUFACTURE OF SUCH PRODUCTS, OR THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF SUCH PRODUCTS.

Completion of all city and county permitting and inspections are the responsibility of the property owner.

Spruce PACE May Inspect Products

Spruce PACE reserves the right to inspect any and all products financed by the Program at any time during installation or when a Completion Certificate is submitted to ensure compliance with the Program.

Defaults on Assessment Payments

After written notification, defaults in payment of assessments will result in the initiation of foreclosure proceedings on the December 1st following such default.

Rebates and Tax Credits

Federal, state, or local laws or rebate programs may change at any time. Therefore, Spruce PACE is not liable for any loss of or change in a rebate or tax credit. Property owners should consult with their tax advisors and/or accountants as to the applicability of any federal tax credits to their personal tax situation.

Tax Deductibility of Contractual Assessment

Please confer with your tax advisor as to whether deducting any part of your contractual assessment on your tax return.

Spruce Database

All information obtained from property owners through the Program will be used only for purposes of the Program, CSI or other utility rebate programs, energy savings tracking and federal or state grant program funds tracking and surveys.

Releases and Indemnification

By submitting a Spruce PACE application, property owner thereby acknowledges that WRCOG has established the PACE Program solely for the purpose of assisting the property owners in the Participating Entity where their property is located with the financing of Eligible Products and that WRCOG, each Participating Entity, Spruce and their respective officers, employees, agents and assigns have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of such Eligible Products. Property owner agrees that property owner and his or her successors in interest to the fee simple title in the subject property shall be solely responsible for the installation, operation, financing, refinancing or maintenance of such Eligible Products. Participation in the Program does not in any way obligate Agent, any Participating Entity, Spruce Finance and/or their respective officers, employees, agents and assigns to guarantee or ensure

the performance of any Eligible Products. Property owner thereby acknowledges that the subject property will be responsible for payment of the contractual assessment regardless of whether the products are properly installed or operate as expected. Property owner also agrees to release, defend, indemnify, and hold harmless Agent, the Participating Entities, their respective officers, employees, agent assigns, from and against any claims, actions, demands, costs, damages or lawsuits, including the payment of attorney fees and cost of court, arising out of or in any way connected with his or her participation in the Program, including, without limitation, the installation, maintenance or repair of the products or compliance with any applicable federal, state or local laws.

Disclosure of Participant Information

By submitting a Program application, property owner agrees that the Agent may disclose his or her personal information to Program staff, and that the Agent and Program staff may disclose that information to third parties when such disclosure is essential to the conduct of the Agent's or its member agencies' business or to provide services to property owner, including, but not limited to, where such disclosure is necessary to (i) comply with the law, legal process or our regulators, (ii) enable the Agent or the Program staff or consultants to provide services to property owner and to otherwise perform their duties, and (iii) obtain and provide credit reporting information. In order to receive funding for this Program and to enable communication regarding the State of California's rebate program, property owner consents to the release of his or her name and contact information to the California Solar Initiative or the utility solar rebate program operated by the local Utility. Property owner further agrees to the release of his or her name and contact information and the subject property's utility usage data as well as data from the online monitoring of any renewable energy system installed for 12 months before installation of the improvements and up to 24 months after installation of the improvements from the local utility company to the Agent, Program staff, its grantors, and its designated contractors for the purpose of conducting surveys and evaluating the Program and its impact. The Program reserves the right to access utility bill information and online monitoring of installed renewable energy systems (if the property owner or system owner has elected to set up online monitoring). In addition, property owner understands that the Agent is a public agency which, in certain circumstances, may have an obligation to release information under the California Public Records Act or pursuant to court order. Please refer to the Spruce PACE Privacy Policy for additional information.

Renewable Energy Certificates and other Green Attributes

For those property owners who install solar PV or non-PV electricity generating systems, Renewable Energy Certificates (RECs) and all related green attributes will be assigned to the Program for the length of the financing term. RECs can only be registered and tracked for properties with monitoring systems.

Contractor Sales & Marketing Guidelines

The Agent has provided Contractor Trademark and Logo Usage Guidelines for any third party wishing to reference the Program in that third party's marketing materials. These guidelines should be strictly adhered to or such third party will risk being excluded from participating in the Program in the most severe instances.

APPENDIX B: OTHER USEFUL INFORMATION

This is a list of organizations, standards, and informational websites that can provide more information and resources about solar, financing, and home upgrades.

Building Performance Institute

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.org

877.274.1274

CalCERTS

CalCERTS is an approved California Energy Commission (CEC) Home Energy Rating System (HERS) Provider. CalCERTS, Inc. is a private organization that provides service, support, training and certification to HERS raters.

calcerts.com

877.437.7787

California Building Performance Contractors Association

CBPCA is a non-profit 501c-6 trade association that develops, trains and promotes whole house energy-efficient retrofitting for contractors and professionals in the building performance industry. BPI and HERS training and certification are available.

thebpca.org

510.433.5042

California Solar Initiative (Go Solar California)

The California Solar Initiative is the solar rebate program for California consumers that are customers of the investor-owned utilities, including Southern California Edison (SCE).

GoSolarCalifornia.ca.gov

SC Edison, technical solar PV: 866.584.7436

SC Edison, general solar PV: 800.799.4177

SC Edison, solar thermal: 800.799.4177

SoCalGas, solar thermal: 800.GAS.2000

Contractors State License Board

The CSLB protects consumers by licensing and regulating California's construction industry.

cslb.ca.gov

CLSB LicenseCheck

800.321.2752

DSIRE

DSIRE is a comprehensive source of information on state, federal, local, and utility incentives and policies that support renewable energy and energy efficiency.

dsireusa.org

Energy STAR

Energy STAR is a government-backed program helping businesses and individuals protect the environment through superior energy efficiency. Energy STAR provides energy efficiency standards, qualified and labeled energy efficiency products and recommended installation methods, among other things.

EnergyStar.gov

Energy Star Hotline: 888.782.7937

Federal Tax Credits

Information page about federal tax credits available for energy efficiency and renewable energy improvements.

EnergySavers.gov/financial/70010.html

State and Local Rebates

See your local utility company information above. See also, Energy Upgrade California to search for rebates by zip code. See local utility company information above.

EnergyUpgradeCa.org

SC Edison EUC Program: 800.736.4777

SoCalGas EUC Program: 800.427.2200

Title 24 Hotline

The Title 24 Hotline is provided by the CEC and is intended to help contractors and others interpret and understand the rules in California Code of Regulations Title 24 regulations for new construction of and retrofitting of residential and commercial buildings.

energy.ca.gov/title24/

800.772.3300

Western Riverside Counsel of Governments (WRCOG)

4080 Lemon Street, 3rd Floor. MS1032

Riverside, CA 92501-3609

(951) 955-7985

<http://www.wrcog.cog.ca.us/>

APPENDIX C: DETAILED APPLICATION PROCESS

Step 1: Apply

You will need to complete an application for Spruce PACE financing through a Contractor registered with the Program. Submission of an application does not guarantee that you will be approved for financing. By submitting an application, you are specifically authorizing and agreeing that the Program staff has permission to obtain your credit report as well as any other informational reports needed to verify bankruptcy and current property debt, obtain a property valuation, verify your declarations regarding title to the property and current and historical property tax status, and complete any other necessary record checks to verify information in the application or confirm eligibility for the Program. You are also authorizing Spruce to share the results of your application with your Contractor.

Secure Online Application

A secure online application for the Program is available through approved Contractors. The application provides a step-by-step process for you to provide personal and property information. If your application is approved, your Contractor sales representative will walk you through the next steps to complete your Spruce PACE financing documents. In some cases, your application will require additional information, which your Contractor rep will help you collect. You will receive notification emails regarding your application status and your Contractor rep will be updated as to the status of your application through the SpruceFlow platform.

Step 2: Application Results

You will receive immediate notification of your application status when you apply through the SpruceFlow online system. There are two possible application review results:

- Approved
- Declined

Step 3: Sign Financing Documents

After your application is approved, your Contractor will generate the Financing Documents in SpruceFlow. You have the option to sign these documents on the Contractor's device, or use your own computer to sign electronically. Financing Documents include:

1. Signed Financing Estimates and Disclosures form
2. Signed Assessment Contract with exhibits
3. Acknowledged Right to Cancel

The due date on the signature page of the Assessment Contract will generally be ten (10) calendar days from the date of issuance of the Financing Documents. This means that the Program must

receive the executed Financing Documents by the close of business on the stated due date. If all property owner(s) for a particular property fail to sign and submit Financing Documents by the required date, new Financing Documents will need to be issued with a new and potentially higher interest rate. Repeated delays requiring repeated reissuance of Financing Documents may result in a cancelation of approval or processing fee charges for Program financing.

Once you have signed your Financing Documents, you will receive an email with copies of the fully executed versions. Your Contractor will then guide you through the installation process.

After Financing Documents have been submitted, you must complete a Welcome Call with Spruce to review the financing terms.

Step 4: Install Eligible Product(s)

Building Permit Requirements

You are responsible for obtaining building permits and completing inspections, including final inspection sign-off, by the appropriate City or County Building Department. You are also responsible for ensuring that your Eligible Products have met all other applicable federal, state and local laws and regulations, including Title 24. You should speak with your Contractor to determine if Eligible Products need a building permit and/or inspection or other requirements. The Program has the right to schedule an on-site validation visit once the Completion Certificate is submitted for any installed, Program-financed Eligible Products.

Step 5: Payment Issued

Spruce PACE issues payment to the Contractor who performed the installation of your Eligible Product(s).

Submit Completion Certificate

Once installation is complete, you must submit an executed Completion Certificate and all required attachments to Spruce PACE for approval.

In executing the Completion Certificate, you certify, among other things, that:

- The products installed on your property are completed to your satisfaction
- You understand that the selection of the Contractor and acceptance of the materials used and the work performed is your responsibility and that WRCOG, purchasers of any bonds issued by WRCOG, and Spruce PACE, do not endorse any contractor or any other person involved with the sale of products, products, the design of the products, or warrant the economic value, energy savings, safety, durability or reliability of the products
- Spruce PACE has the right to inspect any installed products listed on the Completion Certificate

- It is your responsibility to pay the Contractor for the full invoiced cost of the product(s) even if it is greater than the amount financed through the Program

APPENDIX D: APPROVED VENDOR LIST

Jinko Solar	Renesola	S-Energy	Kyocera
GCL Systems	China Sunergy	Waaree	Mitsubishi
Trina	REC Solar	Tata	Panasonic
JA Solar	HT-SAAE	Au Optronics	REC
Canadian Solar	LG	Aleo Solar	Samsung
Hanwha Q Cells	Solar Frontier	Anjitek	Sharp
First Solar	Phono Solar	Winaico	Suniva
Risen Energy	ET Solar	CentroSolar	Flex
Talesun	BYD	Hanwha SolarOne	ZNShine
Suntech / Shufeng	Hyundai Heavy	SunPower	SolarWorld
Seraphim	Hareon	Chint / Astronergy	

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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Transportation Uniform Mitigation Fee (TUMF) Program Activities Update

Contact: Christopher Gray, Director of Transportation, gray@wrcog.cog.ca.us, (951) 955-8304

Date: April 3, 2017

The purpose of this item is to provide Committee members with an update on the progress of the TUMF Nexus Study Update and approve the 2017 5-Year Transportation Improvement Program (TIP) for the Hemet/San Jacinto, Northwest, Pass, and Southwest Zones.

Requested Action:

1. Approve the 2017 5-Year Transportation Improvement Program for the Hemet/San Jacinto, Northwest, Pass, and Southwest Zones.

WRCOG's 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 JPA participates in the Program through an adopted ordinance, collects fees from new development, and remits the fees to WRCOG. WRCOG, as administrator of the TUMF Program, allocates TUMF to the Riverside County Transportation Commission (RCTC), groupings of jurisdictions – referred to as TUMF Zones – based on the amounts of fees collected in these groups, and the Riverside Transit Agency (RTA). The TUMF Nexus Study is intended to satisfy the requirements of California Government Code Chapter 5 Section 66000-66008 (also known as the California Mitigation Fee Act) which governs imposing development impact fees in California. The Study establishes a nexus or reasonable relationship between the development impact fee's use and the type of project for which the fee is required. The TUMF Program is a development impact fee and is subject to the California Mitigation Fee Act (AB 1600, Govt. Code § 6600), which mandates that a Nexus Study be prepared to demonstrate a reasonable and rational relationship between the fee and the proposed improvements for which the fee is used. AB 1600 also requires the regular review and update of the Program and Nexus Study to ensure the validity of the Program. The last TUMF Program Update was completed in October 2009.

TUMF Nexus Study Update

Draft TUMF Nexus Study: On February 28, 2017, WRCOG released the draft TUMF Nexus Study for review and comment through April 14, 2017 (http://www.wrcog.cog.ca.us/uploads/media_items/tumfnexusstudy-170228-draft.original.pdf). Staff requests that all comments be submitted in writing to the WRCOG office and/or via e-mail to Christopher Gray at gray@wrcog.cog.ca.us by the comment period deadline.

Key aspects of the Nexus Study include the following:

Growth forecast: In April 2016, SCAG approved the 2016-2040 Regional Transportation Plan / Sustainable Communities Strategy; updated growth projections confirms that updated demographic data indicates that the subregion will add more than 650,000 people, 250,000 households, and 400,000 jobs. Current projections estimate the population is projected to grow from a level of approximately 1.77 million in 2012 to a future level

of approximately 2.43 million by the year 2040. The projected growth in households include 173,000 single-family units and 77,000 multi-family units, representing a 48% increase in households between the 2012 base year and 2040 horizon year. By employment sector, the TUMF land use categories are projected to increase by the following amounts:

- Industrial – 81,000 employees
- Retail – 36,000 employees
- Service – 275,000 employees

The growth in employment of all TUMF land use categories represents an 87% increase in employees between 2012 and 2040. WRCOG staff requested that University of California, Riverside (UCR), staff review the growth projections for the subregion. UCR concurred with the level of projected growth based on available sources.

TUMF Network: The balance of the unfunded TUMF system improvement needs is \$3.14 billion, which is the maximum value attributable to the mitigation of the cumulative regional transportation impacts of future new development in the WRCOG region, and will be captured through the TUMF Program. This figure accounts for obligated funding and unfunded existing need. The TUMF Network cost was reduced by \$210 million in obligated funding, which included state and federal funding secured by member jurisdictions for the implementation of TUMF facilities. Additionally, an amount of \$510 million in TUMF Network costs was removed due to existing need. As the Program is based on transportation improvements necessary to accommodate future growth, TUMF cannot fund facilities on the TUMF system which currently experience congestion and operate at unacceptable levels of service. Through the process of updating the Nexus Study, staff has consulted with member jurisdictions and stakeholders to ensure that all facilities included in the Program meet the criteria for inclusion. The minimum criteria for inclusion in the TUMF Network includes:

- At least 4 travel lanes
- Carries at least 20,000 vehicles per day by the year 2040
- Roadway is projected to operate at a volume to capacity ratio of 0.91 or worse by the year 2040

Similar to the arterials, staff coordinated with the Riverside Transit Agency to review transit facilities against criteria developed for the transit component of the Program.

Unit cost assumptions: As part of the Nexus Study update, WRCOG developed a new set of unit costs with the latest available construction cost, labor cost, and land acquisition cost values. The unit cost assumptions are based on recent project costs and reflect recent data from Caltrans, RCTC, and local agencies as summarized by the Nexus Study Consultant. The TUMF Program uses a series of average costs to determine the costs of specific improvements to the TUMF Network, such as interchanges and bridges. Increases in unit costs since adoption of the 2009 Nexus Study are approximately 30%, on average. If the Nexus Study was updated by simply applying the changes in the cost factors, then it would result in an across the board increase in fees of 30%.

Application of fee to residential and non-residential developments: To calculate the fair share proportionality of future traffic impacts associated with residential and non-residential developments, the Nexus Study aggregates, by trip purpose, the growth in peak period Vehicle Miles Traveled (VMT) between the base and horizon years. The split between residential and non-residential developments is 71% and 29%, respectively, meaning that 71% (\$2.23 billion) will be assigned to future residential development and 29% (\$910.3 million) will be assigned to future non-residential development.

Proposed TUMF schedule: The TUMF Nexus Study indicates the maximum “fair share” fee for each of the various use types defined in the TUMF Program, which is shown below:

Land Use Type	Current Fee	Proposed TUMF Schedule
Single-Family Residential	\$8,873	\$9,985
Multi-Family Residential	\$6,231	\$6,503
Industrial	\$1.73	\$1.88
Retail	\$10.49	\$13.05
Service	\$4.19	\$4.84

Though the TUMF Nexus Study indicates the maximum fee that is assigned to each land use category, the Executive Committee has the option of adopting either the maximum fee, adopting a fee less than the maximum, or phasing-in the fee over a designated period. In September 2016, the Executive Committee convened an Ad Hoc Committee with the ultimate goal of selecting a preferred option for implementation of the TUMF Nexus Study. The Ad Hoc Committee has recommended that the WRCOG Committee structure consider a 2-year freeze and subsequent 2-year phase-in for the proposed maximum retail fee, plus a 2-year single-family residential phase-in option for implementation. The proposed fee schedule based on the Ad Hoc Committee's recommendation is below.

Land Use Type	Current Fee	July 1, 2017*	July 1, 2018	July 1, 2019	July 1, 2020
Single-Family Residential	\$8,873	\$9,429	\$9,985	\$9,985	\$9,985
Multi-Family Residential	\$6,231	\$6,503	\$6,503	\$6,503	\$6,503
Industrial	\$1.73	\$1.88	\$1.88	\$1.88	\$1.88
Retail	\$10.49	\$10.49	\$10.49	\$11.77	\$13.05
Service	\$4.19	\$4.84	\$4.84	\$4.84	\$4.84

*Depending on each member jurisdictions approval of TUMF Ordinance / Fee Resolution

Staff has begun presenting key components, along with the proposed fee schedule, from the Nexus Study to the WRCOG Committee structure. Additionally, staff is available to meet individually with member jurisdictions and stakeholders regarding the Program update upon request.

Draft TUMF Nexus Study Comment Period: To date, WRCOG has received one formal comment letter on the Draft TUMF Nexus Study. In mid-March, NAIOP (Commercial Real Estate Development Association) submitted a letter of support for the Draft TUMF Nexus Study. Staff held a meeting with the Building Industry Association (BIA) to discuss questions regarding the soft cost allocations included in the Program. The discussion with the BIA also included the review of approximately ten segments of the TUMF Network that may be partially or fully complete. This review may result in WRCOG adjusting the TUMF Network accordingly. Staff expects to continue meeting with member jurisdictions and stakeholders to discuss the Draft TUMF Nexus Study.

Fiscal Year 2015/2016 TUMF Audit

As part of its administrative duties, WRCOG is required to audit each participating agency to ensure that the correct TUMF is being properly collected and transmitted to WRCOG. In October through December 2016, WRCOG's Chief Financial Officer performed this function with existing fiscal and TUMF staff and conducted site visits with all 17 member jurisdictions, the County of Riverside, and March JPA to complete the audits. Staff performed the duties of ensuring TUMF monies were properly calculated and remitted to WRCOG within the time limits set forth in the Administrative Plan.

No problems were encountered during the course of the audit and WRCOG has distributed individual letters to all member jurisdictions outlining the audit.

2017 TUMF Zone Transportation Improvement Program (TIP) Update

The Zone TIP updates provide an opportunity for member jurisdictions to revise any aspect of the 5-Year TIPs, including the addition of new projects. In fall 2016, WRCOG staff completed the following: year-end close of the fiscal year; determined the carryover from Fiscal Year (FY) 2015/2016 to FY 2016/2017; prepared a 5-year revenue forecast through FY 2020/2021; and distributed project worksheets and draft Zone TIPs to all members. WRCOG staff received all of the revised worksheets by the due date and prepared the Draft 2017 TIP based on the requests submitted. The Zone actions are as follows:

Hemet/San Jacinto Zone: The Zone TAC met on November 14, 2016, and approved its 5-year revised program of projects to be presented to the Zone Committee. The Hemet/San Jacinto Zone Committee met on March 16, 2017, and approved its proposed TIP and revenue forecast. There are three projects on the proposed 2017 5-Year TIP, totaling \$8.3 million, programmed over the next five years. The Hemet/San Jacinto Zone Committee discussed how the SR-79 Realignment Project can be prioritized for funding.

Northwest Zone: The Zone TAC met on November 8, 2016, and approved its 5-year program of projects to be presented to the Zone Committee. The Northwest Zone Committee met on March 20, 2017, and approved its proposed TIP and revenue forecast. There are 17 jurisdiction projects and two developer reimbursement projects for a total of 19 projects on the proposed 2017 5-Year TIP, totaling \$43 million, programmed over the next five years.

Pass Zone: The Zone TAC met on October 31, 2016, and approved its 5-year program of projects to be presented to the Zone Committee. The Pass Zone Committee met on March 20, 2017, and approved its proposed TIP and revenue forecast. Currently there is insufficient funding in the Pass Zone to fully fund projects in the near-term. However, staff informed the Pass Zone member jurisdictions that funding could be provided to reimburse agencies for expenses as funds become available. The Pass Zone Committee made a recommendation that the I-10 Bypass project in the unincorporated County be reviewed as a regional project to be funded through the Regional Arterial Program.

Southwest Zone: The Zone TAC met on October 31, 2016, and approved its 5-year program of projects to be presented to the Zone Committee. The Southwest Zone Committee met on March 22, 2017, and approved its proposed TIP and revenue forecast. There are 14 jurisdiction projects and two developer reimbursement projects for a total of 16 projects on the proposed 2017 5-Year TIP, totaling \$54.8 million, programmed over the next five years.

Central Zone: The Zone TAC met on October 24, 2016, and approved its 5-year program of projects to be presented to the Zone Committee. Staff is scheduling a meeting date for the Zone Committee that accommodates the schedules of member jurisdiction representatives. Once the Zone Committee has approved its respective 5-Year TIP, it will be forwarded to the Executive Committee for action.

Prior Actions:

March 9, 2017: The Public Works Committee appointed representatives from the Cities of Menifee, Moreno Valley, and Wildomar to serve on the TUMF Program Ad Hoc Committee.

March 8, 2017: The Administration & Finance Committee received report.

Fiscal Impact:

TUMF activities are included in the Agency's adopted Fiscal Year 2016/2017 Budget under the Transportation Department.

Attachments:

1. 2017 Hemet/San Jacinto Zone 5-Year TIP.
2. 2017 Northwest Zone 5-Year TIP.
3. 2017 Pass Zone 5-Year TIP.
4. 2017 Southwest Zone 5-Year TIP.

Item 5.B

Transportation Uniform Mitigation
Fee (TUMF) Program Activities
Update

Attachment 1

2017 Hemet/San Jacinto Zone 5-
Year TIP

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Draft 2017 Hemet/San Jacinto Zone 5-Year Transportation Improvement Program

Fiscal Year	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	Current Phase Balance	Total Phase Payments/ Expenditures	Original Programmed Phase Cost
Forecast Revenues	\$ 1,000,000	\$ 1,010,000	\$ 1,020,100	\$ 1,030,301	\$ 1,040,604	\$ 8,374,516	\$ (6,752,470)	\$ 15,126,986
Carryover Revenues (As of 6/30/2016)	\$ 4,220,565	\$ 4,491,439	\$ 4,101,439	\$ 1,876,149	\$ 406,450			
Available Revenues	\$ 5,220,565	\$ 5,501,439	\$ 5,121,539	\$ 2,906,450	\$ 1,447,054			
Phase **								
Funded Expenditures								
City of Hemet								
16-HS-HEM-1180	Warren Road, Stetson Ave. to Domenigoni Parkway (2 mi. 2 to 4 lanes)	PLN	PA&ED	\$ -	\$ -	\$ 345,390	\$ -	\$ -
		PLN	ROW	\$ -	\$ -	\$ 500,000	\$ -	\$ -
City of San Jacinto								
07-HS-SJC-1122	Ramona Expressway, Sanderson St to Main St. Phase I & II (5.05 mi. 2 to 4 & 2 to 6 lanes)	CPL	PA&ED	\$ 0	\$ -	\$ -	\$ 0	\$ (380,428)
		CPL	ENG	\$ (0)	\$ -	\$ -	\$ (0)	\$ (419,573)
		STD	CON	\$ 88,800	\$ -	\$ -	\$ 88,800	\$ (5,822,770)
Cities of San Jacinto and Hemet								
05-HS-SJC-1025	Esplanade Ave, Warren Road to State St (Phase I & II) (3.53 mi. 2 to 4 lanes)	STD	PA&ED	\$ 223,350	\$ -	\$ -	\$ 223,350	\$ (70,675)
		STD	ENG	\$ 416,975	\$ 400,000	\$ -	\$ 816,975	\$ (59,025)
		PLN	ROW	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
		PLN	CON	\$ -	\$ 2,900,000	\$ 2,500,000	\$ 5,400,000	\$ -
Total Funded Capital Expenditures								
Total Funded Balance Carryover*								

Summary Table						
Fiscal Year	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	
Available Revenues	\$ 5,220,565	\$ 5,501,439	\$ 5,121,539	\$ 2,906,450	\$ 1,447,054	5-Year Total Available Revenue
Programmed Projects	\$ 729,126	\$ 1,400,000	\$ 3,245,390	\$ 2,500,000	\$ 500,000	5-Year Total Programmed
Carryover Balance	\$ 4,491,439	\$ 4,101,439	\$ 1,876,149	\$ 406,450	\$ 947,054	5-Year Balance
						\$ 947,054

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 6/30/16.

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Item 5.B

Transportation Uniform Mitigation
Fee (TUMF) Program Activities
Update

Attachment 2

2017 Northwest Zone 5-Year TIP

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Draft 2017 Northwest Zone 5-Year Transportation Improvement Program

Fiscal Year			FY16-17		FY17-18	FY18-19	FY19-20	FY20-21	Current Programmed Phase Balance	Total Phase Payments/ Expenditures	Original Programmed Phase Cost			
Forecast Revenues			\$	7,500,000	\$	7,575,000	\$	7,650,750	\$	7,727,258	\$	7,804,530		
Carryover Revenues (As of 6/30/2016)			\$	10,097,325	\$	1,476,013	\$	255,388	\$	2,066,216	\$	6,943,474		
			\$	17,597,325	\$	9,051,013	\$	7,906,138	\$	9,793,474	\$	14,748,004		
Available Revenues			Phase**											
Programmed Expenditures			Status*											
City of Corona														
05-NW-COR-1046	CLD	PA&ED	\$	(0)	\$	-	\$	-	\$	-	\$	(74,238)	\$	74,238
	CLD	ENG	\$	0	\$	-	\$	-	\$	-	\$	0	\$	295,057
	PND	ROW	\$	705,316	\$	-	\$	-	\$	-	\$	705,316	\$	1,681,012
	PND	CON	\$	69,694	\$	-	\$	-	\$	-	\$	69,694	\$	-
05-NW-COR-1048	CLD	PA&ED	\$	(0)	\$	-	\$	-	\$	-	\$	(0)	\$	175,582
	STD	ENG	\$	1,454,532	\$	-	\$	-	\$	-	\$	1,454,532	\$	1,454,532
16-NW-COR-1181	STD	CON	\$	1,040,000	\$	533,150	\$	-	\$	-	\$	1,573,150	\$	1,573,150
	County of Riverside													
06-NW-RCY-1094	CLD	PA&ED	\$	-	\$	-	\$	-	\$	-	\$	-	\$	648,000
	CLD	ENG	\$	-	\$	-	\$	-	\$	-	\$	-	\$	500,000
	CLD	ROW	\$	1,639,000	\$	-	\$	-	\$	-	\$	1,639,000	\$	3,639,000
	STD	CON	\$	1,700,000	\$	1,186,000	\$	-	\$	-	\$	2,886,000	\$	8,386,000
05-NW-RCY-1027	PND	CON	\$	-	\$	3,449,000	\$	-	\$	-	\$	-	\$	3,449,000
City of Jurupa Valley														
11-NW-JVL-1150	STD	PA&ED	\$	50,563	\$	-	\$	-	\$	-	\$	50,563	\$	103,000
	STD	ENG	\$	34,416	\$	-	\$	-	\$	-	\$	34,416	\$	442,000
	PLN	CON	\$	658,000	\$	-	\$	-	\$	-	\$	658,000	\$	-
16-NW-JVL-1182	STD	PA&ED	\$	110,000	\$	-	\$	-	\$	-	\$	110,000	\$	-
	PLN	ENG	\$	-	\$	350,000	\$	-	\$	-	\$	350,000	\$	-
	PLN	ROW	\$	-	\$	-	\$	400,000	\$	-	\$	400,000	\$	-
	PLN	CON	\$	-	\$	-	\$	-	\$	850,000	\$	850,000	\$	-
16-NW-JVL-1183	STD	PA&ED	\$	225,000	\$	-	\$	-	\$	-	\$	225,000	\$	-
	PLN	ENG	\$	-	\$	-	\$	240,000	\$	-	\$	240,000	\$	-
	PLN	CON	\$	-	\$	-	\$	-	\$	-	\$	4,750,000	\$	-
16-SW-JVL-1184	STD	PA&ED	\$	70,000	\$	60,000	\$	-	\$	-	\$	130,000	\$	-
	PLN	ENG	\$	180,000	\$	145,000	\$	-	\$	-	\$	325,000	\$	-
City of Norco														
16-NW-NOR-1185	PLN	PA&ED	\$	-	\$	31,000	\$	-	\$	-	\$	31,000	\$	-
	PLN	ENG	\$	-	\$	79,000	\$	-	\$	-	\$	79,000	\$	-
	PLN	ROW	\$	-	\$	402,000	\$	-	\$	-	\$	402,000	\$	-
	PLN	CON	\$	-	\$	386,000	\$	-	\$	-	\$	386,000	\$	-
05-NW-NOR-1049	CLD	PA&ED	\$	-	\$	-	\$	-	\$	-	\$	-	\$	70,320
	CLD	ENG	\$	-	\$	-	\$	-	\$	-	\$	-	\$	185,241
	CLD	ROW	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1,722,700
	CPL	CON	\$	-	\$	-	\$	-	\$	-	\$	-	\$	451,779



Draft 2017 Northwest Zone 5-Year Transportation Improvement Program

Fiscal Year		FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	Current Programmed Phase Balance	Total Phase Payments/ Expenditures	Original Programmed Phase Cost	
Forecast Revenues		\$ 7,500,000	\$ 7,575,000	\$ 7,650,750	\$ 7,727,258	\$ 7,804,530	\$ 43,856,859	\$ (30,184,078)	\$ 74,040,937	
Carryover Revenues (As of 6/30/2016)		\$ 10,097,325	\$ 1,476,013	\$ 255,388	\$ 2,066,216	\$ 6,943,474	TIP Adopted January 2016			
							5-Year Avail Forecast/Cash	5-Year Programmed	5-Year Balance	
Available Revenues		\$ 17,597,325	\$ 9,051,013	\$ 7,906,138	\$ 9,793,474	\$ 14,748,004	\$ 26,497,698	\$ 19,352,905	\$ 7,144,793	
County of Riverside/Cities of Norco and Eastvale										
05-NW-NOR-1050	Hamner Avenue Bridge (1,200' over Santa Ana River)/2 to 6 lanes	PA&ED	\$ 592,852	\$ -	\$ -	\$ -	\$ 592,852	\$ (157,148)	\$ 750,000	
		CON	\$ -	\$ -	\$ 500,000	\$ -	\$ 5,500,000	\$ 6,000,000	\$ -	\$ 6,000,000
City of Riverside										
06-NW-RIV-1097	Magnolia Ave/UP Grade Sep. Beatty Dr. to Elizabeth St (0.177 mi. to 4 lanes)	ROW	\$ 1,560,000	\$ -	\$ -	\$ -	\$ 1,660,000	\$ (14,000,000)	\$ 15,660,000	
16-NW-RIV-1186	Adams Street/SR-91 Interchange	PA&ED	\$ 250,000	\$ 750,000	\$ 1,000,000	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	
		ENG	\$ 600,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ -	\$ 2,100,000	\$ -	\$ 2,100,000
16-NW-RIV-1189	Iowa Avenue, University to Martin Luther King (.51 mi. 2 to 4 lanes)	PA&ED	\$ 70,000	\$ -	\$ -	\$ -	\$ 70,000	\$ -	\$ 70,000	
		PLN	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ 175,000	\$ -	\$ 175,000
		ROW	\$ 2,287,000	\$ -	\$ -	\$ -	\$ -	\$ 2,287,000	\$ -	\$ 2,287,000
		CON	\$ 998,000	\$ -	\$ -	\$ -	\$ -	\$ 998,000	\$ -	\$ 998,000
16-NW-RIV-1190	Third Street Grade Separation	PA&ED	\$ -	\$ 250,000	\$ 1,250,000	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000	
		PLN	\$ -	\$ -	\$ 1,000,000	\$ 1,500,000	\$ -	\$ 2,500,000	\$ -	\$ 2,500,000
March JPA										
05-NW-JPA-1052	Van Buren Blvd, Barton St to 1,000' w/o I-215 (2,707 mi. 4 to 6 lanes)(LNR)	ENG	\$ 207,184	\$ -	\$ -	\$ -	\$ 207,184	\$ (792,816)	\$ 1,000,000	
		ROW	\$ -	\$ -	\$ 222,000	\$ -	\$ -	\$ 222,000	\$ -	\$ 222,000
		CON	\$ 622,122	\$ 674,475	\$ 727,922	\$ -	\$ -	\$ 2,024,519	\$ (2,175,481)	\$ 4,200,000
City of Eastvale										
16-NW-EAV-1187	Schleisman Rd, Scholar Road to Hammer Avenue (0 to 6 lanes) (DR Horton Los Angeles Holding Company, Inc)	CON	\$ 489,488	\$ -	\$ -	\$ -	\$ 489,488	\$ -	\$ 489,488	
10-NW-EAV-9014	Schleisman Rd, 1,476' E of Hellman Ave to 2,728' East (1 lane) (Parkview Meadows Holdings, LLC)	CON	\$ 233,145	\$ -	\$ -	\$ -	\$ 233,145	\$ -	\$ 233,145	
Total Programmed Capital Expenditures		\$	16,121,312	\$ 8,795,625	\$ 5,839,922	\$ 2,850,000	\$ 10,250,000			
Total Programmed Balance Carryover*		\$	1,476,013	\$ 255,388	\$ 2,066,216	\$ 6,943,474	\$ 4,498,004			

Summary Table									
Fiscal Year		FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	5-Year Total Available Revenue	5-Year Total Programmed	5-Year Balance
Available Revenues		\$ 17,597,325	\$ 9,051,013	\$ 7,906,138	\$ 9,793,474	\$ 14,748,004			
Programmed Phases		\$ 16,121,312	\$ 8,795,625	\$ 5,839,922	\$ 2,850,000	\$ 10,250,000	\$ 48,354,863	\$ 43,856,859	\$ 4,498,004
Carryover Balance		\$ 1,476,013	\$ 255,388	\$ 2,066,216	\$ 6,943,474	\$ 4,498,004			

Status: PLN=Planned, STD=Started, PND=Pending final invoice, CPL=Completed, CLD= Phase Closed, TER=Terminated.
Actual Revenue Forecasts, Carryover, and Payments thru 6/30/16.

Item 5.B

Transportation Uniform Mitigation
Fee (TUMF) Program Activities
Update

Attachment 3

2017 Pass Zone 5-Year TIP

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Draft 2017 Pass Zone 5-Year Transportation Improvement Program

Fiscal Year		FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	Current Programmed Phase Balance	Total Phase Payments/ Expenditures	Original Programmed Phase Cost
Forecast Revenues Carryover Revenues (As of 6/30/2016)	tm5	\$ 100,000	\$ 101,000	\$ 102,010	\$ 103,030	\$ 104,060	\$ 6,157,299	\$ (3,490,701)	\$ 9,648,000
		\$ 399,719	\$ (300,281)	\$ (2,218,591)	\$ (3,605,725)	\$ (3,851,540)			
Available Revenues		\$ 499,719	\$ (199,281)	\$ (2,116,581)	\$ (3,502,695)	\$ (3,747,480)	\$ 1,301,236	\$ 2,213,298	\$ (912,062)
Status* Phase**									
Programmed/Expenditures									
County of Riverside/City of Banning									
06-PS-BAN-1109	PND	PA&ED	\$ 0	\$ -	\$ -	\$ -	0	\$ (1,413,284)	\$ 1,413,285
	PND	ENG	\$ 450,000	\$ 750,000	\$ 490,299	\$ -	\$ 1,690,299	\$ (1,017,000)	\$ 2,707,299
	CLD	CON	\$ (0)	\$ -	\$ -	\$ -	\$ (0)	\$ (79,417)	\$ 79,417
	CLD	PA&ED	\$ (0)	\$ -	\$ -	\$ -	\$ (0)	\$ (981,000)	\$ 981,000
06-PS-RCY-1110	PLN	ENG	\$ -	\$ 669,310	\$ 248,845	\$ 148,845	\$ 1,067,000	\$ -	\$ 1,067,000
	PLN	ROW	\$ -	\$ 350,000	\$ 150,000	\$ -	\$ 500,000	\$ -	\$ 500,000
City of Calimesa									
16-PS-CAL-1189	PLN	PA&ED	\$ 350,000	\$ 250,000	\$ 400,000	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
	PLN	ENG	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 1,900,000	\$ -	\$ 1,900,000
	PLN	ROW	\$ -	\$ -	\$ -	\$ 1,100,000	\$ 1,100,000	\$ -	\$ 1,100,000
Total Programmed Capital Expenditures		\$ 800,000	\$ 2,019,310	\$ 1,489,144	\$ 348,845	\$ 1,500,000			
Total Programmed Carryover Balance*		\$ (300,281)	\$ (2,218,591)	\$ (3,605,725)	\$ (3,851,540)	\$ (5,247,480)			

Summary Table						
Fiscal Year	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	
Available Revenues	\$ 499,719	\$ (199,281)	\$ (2,116,581)	\$ (3,502,695)	\$ (3,747,480)	
Funded Programmed	\$ 800,000	\$ 2,019,310	\$ 1,489,144	\$ 348,845	\$ 1,500,000	
Carryover Balance	\$ (300,281)	\$ (2,218,591)	\$ (3,605,725)	\$ (3,851,540)	\$ (5,247,480)	

NOTES:

*Total Funded Carryover Balance does not reflect actual available cash.

** Phase: planning=PA&ED, engineering=ENG, right-of-way=ROW, construction=CON.

Status: PLN=planned, STD=started, PND=pending final invoice, CPL=completed, CLD= Phase Closed, TER=terminated. Actual Forecasts, Carryover, and Payments thru 6/30/16.

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Item 5.B

Transportation Uniform Mitigation
Fee (TUMF) Program Activities
Update

Attachment 4

2017 Southwest Zone 5-Year TIP

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Draft 2017 Southwest Zone 5-Year Transportation Improvement Program

Fiscal Year	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	Current Programmed Phase Balance	Total Phase Payments/ Expenditures	Original Programmed Phase Cost
Revised Forecast Revenues	\$ 4,400,000	\$ 4,510,000	\$ 4,622,750	\$ 4,738,319	\$ 4,856,777	\$ 49,119,903	\$ (36,423,955)	\$ 85,543,858
Carryover Revenues (As of 6/30/2016)*	\$ 26,377,245	\$ 9,897,780	\$ 618,265	\$ (1,824,908)	\$ (586,589)	TIP Adopted January 2016		
						5-Year Avail Forecast/Cash	5-Year Programmed	5-Year Delta
Available Revenues	\$ 30,777,245	\$ 14,407,780	\$ 5,241,015	\$ 2,913,411	\$ 4,270,187	\$ 41,032,440	\$ 43,028,712	\$ (1,996,272)
Programmed Expenditures								
County of Riverside								
06-SW-RCY-1073	Clinton Keith Rd, I-215 to SR-79 (3.191 m. 4 to 6 lanes)	STD ROW CON	(0) \$ \$	- \$ \$	- \$ \$	- \$ \$	(0) \$ \$	\$ 7,000,000 \$ \$
City of Lake Elsinore								
05-SW-LEL-1060	SR-74/I-15 Interchange	PLN CLD STD	- \$ \$	2,634,251 \$ \$	- \$ \$	- \$ \$	- \$ \$	\$ 2,634,251 \$ \$
13-SW-LEL-1175	Railroad Canyon Road/I-15 Interchange	PLN ENG ROW	972,179 \$ \$	- \$ \$	- \$ \$	- \$ \$	- \$ \$	\$ 972,179 \$ \$
City of Murrieta								
09-SW-MUR-1134	Whitewood (Meadowmark) (Clinton Keith to Keller) Phase I & II (2.0 mi 2 to 4 lanes)	PND CON	- \$	- \$	- \$	- \$	- \$	\$ 3,000,000 \$
16-SW-MUR-1188	Keller Road/I-215 Interchange	PLN PA&ED ENG	- \$ \$	750,000 \$ \$	250,000 \$ \$	- \$ \$	- \$ \$	\$ 1,000,000 \$ \$
City of Temecula								
05-SW-TEM-1063	SR-79 Western Bypass Bridge, over Murrieta Creek (300' 0 to 4 lanes)	PND STD PLN	- \$ \$	- \$ \$	- \$ \$	- \$ \$	- \$ \$	\$ 431,140 \$ \$
05-SW-TEM-1064	SR-79 Winchester Rd/I-15 Interchange	CLD STD PLN	(0) \$ \$	- \$ \$	- \$ \$	- \$ \$	(0) \$ \$	\$ 108,724 \$ \$
06-SW-TEM-1079	French Valley Parkway/I-15 Overcrossing & Interchange (300')	CLD STD STD	(0) \$ \$	- \$ \$	- \$ \$	- \$ \$	(0) \$ \$	\$ 975,752 \$ \$
13-SW-TEM-1163	SR-79/I-15 South Overcrossing & Interchange	PLN CON	2,265,778 \$	3,759,466 \$	4,000,000 \$	- \$	- \$	\$ 10,025,244 \$
City of Lake Elsinore/County of Riverside								
07-SW-LEL-1115	Temescal Canyon Road Bridge (2 to 4 lanes)	STD STD PLN PLN	154,670 \$ \$ \$	- \$ \$ \$	- \$ \$ \$	- \$ \$ \$	- \$ \$ \$	\$ 264,535 \$ \$ \$ \$



H:\Programs\Transportation\TUMF\Annual TIP Reviews by Zone\2017 TIP Reviews by Zone\2017 Zone Draft TIPs\2017 Draft Southwest Zone 5-Year TIP with Balance 2013-2016 TAC



Draft 2017 Southwest Zone Developer Reimbursements

Fiscal Year	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	25% Reimbsmnt Programmed	25% Reimbursemt Expenditures	Total 25% Reimbursemt Programmed Cost
Developer Reimbursements						\$ 5,814,093	\$ (3,314,414)	\$ 9,128,506
Reimbursements								
09-SW-RCY-9003A Benton Road, Pourroy to 4,054' North (0.768 mi. 2 to 3 lanes) (Shea Homes LP)	(0) \$	- \$	- \$	- \$	- \$	(0) \$	(570,016) \$	570,016
09-SW-RCY-9003B Pourroy Rd (Butterfield Stage Rd), (Benton Rd to 1,265' North) (0.240 mi. 0 to 2 lanes) (Shea Homes LP)	- \$	- \$	- \$	- \$	- \$	- \$	(179,050) \$	179,049
09-SW-RCY-9003C (SR-79 Eastern Bypass) Washington St., (576' n/of Benton to 1,349' North) (0.146 mi. 2 to 3 lanes) (Shea Homes LP)	- \$	- \$	- \$	- \$	- \$	- \$	(110,145) \$	110,145
09-SW-RCY-9004 Winchester Road, (Jean Nicholas to 1,025' South) (0.194 mi. 2 to 6 lanes) (Meritage Home - CA)	- \$	- \$	- \$	- \$	- \$	- \$	(450,346) \$	450,346
11-SW-RCY-9015 Indian Truck Trail/I-15 Interchange Improvements (Starfield Sycamore LLC)	- \$	456,667 \$	456,667 \$	456,667 \$	- \$	1,370,001 \$	- \$	1,370,001
11-SW-RCY-9016 Clinton Keith, Trois Valley to Leon Rd (0.41 mi. 0 to 6 lanes) (DR Horton L.A.)	0 \$	- \$	- \$	- \$	- \$	0 \$	(1,779,378) \$	1,779,378
16-SW-MUR-9017 Whitewood Road, Keller Road to 1,575' south (0.41 mi. 0 to 4 lanes) (DR Horton)	- \$	- \$	- \$	- \$	- \$	- \$	(225,480) \$	225,480
13-SW-RCY-1172 Butterfield Stage Road, Pourroy Rd to Approx. 2,007' North of Pourroy Rd. 0-2 lanes of road (0- 4 lanes of bridge) (Lennar Homes of California, Inc.)	- \$	1,111,023 \$	1,111,023 \$	1,111,023 \$	1,111,023 \$	4,444,092 \$	- \$	4,444,092
Total Capital Reimbursement Expenditures	\$ (0)	\$ 1,567,690	\$ 1,567,690	\$ 1,567,690	\$ 1,111,023	\$ 5,814,093	\$ (3,314,414)	\$ 9,128,506

Programmed Carryover Balance does not reflect actual Zone

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 6/30/16.

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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Legislative Activities Update

Contact: Jennifer Ward, Director of Government Relations, ward@wrcog.cog.ca.us, (951) 955-0186

Date: April 3, 2017

The purpose of this item is to seek Executive Committee support on two pieces of legislation pending in the 2017-2018 legislative cycle that are relevant to the positions listed within WRCOG's adopted Legislative Platform.

Requested Actions:

1. Adopt a Support position for Assembly Bill (AB) 1189 (Garcia) and authorize the Executive Director to disseminate a letter on behalf of WRCOG indicating WRCOG's support for AB 1189.
2. Adopt a Support position for Senate Bill (SB) 37 (Roth) and authorize the Executive Director to disseminate a letter on behalf of WRCOG indicating WRCOG's support for SB 37.

Overview of AB 1189

AB 1189, authored by Assembly Member Eduardo Garcia, is clarifying legislation to enable the Riverside County Transportation Commission (RCTC) to implement a second "self-help" sales tax in addition to Measure A, subject to approval of two-thirds of the electorate in a future election, possibly as soon as 2018. The Commission voted in favor, with one abstention, on Friday, January 27, 2017, to sponsor such legislation. Exploration of an additional self-help sales tax for transportation has been an explicit goal of the Commission since January 2016. The legislation is an essential "housekeeping" item to ensure RCTC can move forward if the Commission votes to place a measure on any future ballot.

RCTC's authorizing statutes have been amended from time to time to modernize the agency, ranging from expansion of the Board of Commissioners to bestowing tolling and bonding authority, and imposition of a sales tax. In this instance, RCTC seeks to amend Public Utilities Code (PUC) Section 240306, which speaks specifically to RCTC's sales tax authority. The bill would make it explicitly clear that RCTC may implement a sales tax above the half-cent in Measure A, should two-thirds of the voters pass a measure to do so.

Transportation commissions throughout California also have their own authorizing statutes separate and apart from RCTC's. Counties throughout California have sought similar legislation in recent years to allow them to pursue additional transportation sales taxes. These bills have been approved by the Governor and have met little resistance beyond the Howard Jarvis Taxpayers Association.

WRCOG Support of AB 1189

WRCOG is seeking authorization to sign and disseminate a letter indicating WRCOG's support of AB 1189. This bill is supported by the statements within the Transportation section of WRCOG's adopted 2017-2018 Legislative Platform.

Overview of SB 37

SB 37, authored by Senator Richard Roth, restores funding stability to four recently incorporated Cities - Eastvale, Jurupa Valley, Menifee and Wildomar, which have suffered financial hardship since the State redirected all remaining shares of the city vehicle license fee (VLF) revenues.

SB 37 resolves this problem for the four cities with a statutory formula that provides cities that incorporated between 2004 and 2012 with shares of property tax to offset the amount of VLF revenue they would have received. In future years, the amount will be adjusted according to the same rules applied to other cities. Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2017–18 fiscal year and for each fiscal year thereafter, by providing for a VLF adjustment amount calculated on the basis of changes in assessed valuation. In short, these cities will be treated equally with all other cities. SB 37 would restore and stabilize funding for the affected cities and their residents with policy benefits to both local public safety and compact growth.

WRCOG Support of SB 37

WRCOG is seeking authorization to sign and disseminate a letter indicating WRCOG's support of SB 37. This bill is supported by the General Advocacy goals and the statements within the Local Government section of WRCOG's adopted 2017-2018 Legislative Platform. In previous legislative cycles, WRCOG has adopted positions of support and sent letters on similar bills authored by Senator Roth on this issue.

Prior Action:

None.

Fiscal Impact:

This item has no impact on WRCOG's Agency budget.

Attachment:

1. Coachella Valley Association of Governments Support Letter for AB 1189.

Item 5.C

Legislative Activities Update

Attachment 1

Coachella Valley Association of
Governments Support Letter for AB
1189

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February 27, 2017

Hon. Assemblymember Eduardo Garcia
California State Legislature
State Capitol, Room 4162
Sacramento, CA 94249

Subject: Legislation sponsored by Riverside County Transportation Commission (RCTC) regarding transportation sales tax

Dear Assemblymember Garcia:

On behalf of the Coachella Valley Association of Governments (CVAG), I would like to extend our support for the clarifying legislation to enable the Riverside County Transportation Commission (RCTC) to implement a second “self-help” sales tax in addition to Measure A. This is a simple, but important, clarifying statute that will give RCTC flexibility to pursue local funding for our region’s priority transportation projects.

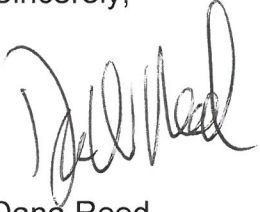
CVAG and RCTC work closely together to make critical investments in our region’s transportation network and ensure that residents and visitors can travel safely and efficiently across Riverside County. Our respective roles in this important mission were outlined in Measure A, which voters first approved in 1988 to create a half-cent sales tax to fund transportation projects. Measure A was extended by voters in 2002 and, in 2010, voters approved Measure K to increase RCTC’s debt limitation to \$975 million.

With funding committed to improving Interstate 15 and other projects, RCTC is now nearing its debt limit and has expressed concerns about its ability to finance other local priorities in our regional transportation network. We applaud the RCTC for taking a thoughtful approach in its exploration of a second sales tax. They have spent more than a year reaching out to residents to discuss their priorities for our regional transportation network. The RCTC staff will continue to engage the public throughout this year before the Commission decides whether to move forward with another transportation-related sales tax.

Thank you for your leadership on amending the state statute and clarifying the Commission’s “self-help” taxing status. RCTC has a strong track record, spanning more than 40 years, of keeping its promises to voters and effectively using our tax dollars.

Please do not hesitate to contact CVAG Executive Director Tom Kirk at (760) 346-1127 or tkirk@cvag.org if you have questions or need additional information.

Sincerely,



Dana Reed

Chairman, Coachella Valley Association of Governments

CC: Hon. Senator Jeff Stone
Hon. Assemblymember Chad Mayes
Anne Mayer, Riverside County Transportation Commission Executive Director





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 3, 2017

The purpose of this item is to inform the Committee 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.

Prior Action:

March 16, 2017: The Technical Advisory Committee received report.

Fiscal Impact:

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

Attachment:

None.