



Western Riverside Council of Governments WRCOG Executive Committee

AGENDA

Monday, December 1, 2025
2:00 PM

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

Members of the public are welcome to participate remotely from any location. Committee member participation is limited to locations that are listed on the published agenda.

[Public Zoom Link](#)

Meeting ID: 893 7088 6219
Passcode: 20252025

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Executive Committee meeting, please contact WRCOG at (951) 405-6706. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting. In compliance with Government Code Section 54957.5, agenda materials distributed within 72 hours prior to the meeting which are public records relating to an open session agenda item will be available for inspection by members of the public prior to the meeting at 1955 Chicago Avenue, Riverside, CA, 92507.

In addition to commenting at the Committee meeting, members of the public may also submit written comments before or during the meeting, prior to the close of public comment to jleonard@wrcog.us. To ensure distribution to Committee members prior to the meeting, please submit comments no later than two hours before the meeting is scheduled to begin. Public comments will also be accepted in person and via Zoom during the meeting.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact Lucy Felix at least 72 hours prior to the meeting at (951) 405-6706

or lfelix@wrcog.us. Later requests will be accommodated to the extent feasible.

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

1. **CALL TO ORDER (Brenda Dennstedt, Chair)**
2. **PLEDGE OF ALLEGIANCE (Daniel Soltero, WRCOG Program Manager)**
3. **ROLL CALL**
4. **SPECIAL PRESENTATION**
 - **Presentation of the Best Sustainable and Green Development Award**
 - **Presentation of an Environmental Champion Leadership Award**
 - **Presentation of the Public Relations Society of America Polaris Award**

5. PUBLIC COMMENTS

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

6. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Committee, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Committee request specific items be removed from the Consent Calendar.

A. Action Minutes from the November 3, 2025, Meeting of the Executive Committee

Requested Action(s): 1. Approve the Action Minutes from the November 3, 2025, meeting of the Executive Committee.

B. WRCOG Committees and Agency Activities Update

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

C. Report out of WRCOG Representatives on Various Committees

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

D. I-REN Monthly Activities Update

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

E. Single Signature Authority Report

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

F. TUMF Program Activities Update: One TUMF Credit Agreement, Two TUMF Reimbursement Agreements, and Two TUMF Reimbursement Agreement Amendments

Requested Action(s): 1. Authorize the Executive Director to execute a TUMF Credit Agreement between the City of Menifee, the City

of Perris, Core5 Industrial Partners, LLC., and WRCOG for the construction of improvements on Ethanac Road from I-215 to Antelope Road.

2. Authorize the Executive Director to execute a TUMF Reimbursement Agreement with the City of Murrieta for the Engineering, Right-of-Way, and Construction Phases of the Jefferson Avenue Improvements Project from Nutmeg Street to Palomar Street in an amount not to exceed \$1,500,000.
3. Authorize the Executive Director to execute a TUMF Reimbursement Agreement with the City of Murrieta for the Engineering and Construction Phases of the Whitewood Road Improvements Project from Hunter Road to Clinton Keith Road in an amount not to exceed \$2,500,000.
4. Authorize the Executive Director to execute a TUMF Reimbursement Agreement Amendment No. 1 between the City of Murrieta and WRCOG for the planning, engineering, right-of-way, and construction of Keller Road / I-215 Interchange in an amount not to exceed \$17,250,000.
5. Authorize the Executive Director to execute a TUMF Reimbursement Agreement Amendment No. 1 with the City of Murrieta for the Right-of-Way and Construction Phases of the Murrieta Hot Springs Road Improvements Project in an amount not to exceed \$3,050,000.

G. Fiscal Activities Update

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

7. REPORTS / DISCUSSION

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

A. Consideration of a New Commercial PACE Program Provider: PACE Loan Group, LLC

Requested Action(s): 1. Adopt WRCOG Resolution Number 25-25; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing PACE Loan Group, LLC, to administer and finance eligible improvements to be installed on commercial properties located within the boundaries of both the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the California HERO Program, and in connection with such authorization, approving amendments to the Program Report for such Programs, an Assessment Contract, Administration Agreement, Master Indenture and Bond Purchase Agreement, and authorizing the Issuance of Bonds pursuant to such Master Indenture secured by assessments levied on commercial properties to finance the installation of eligible improvements on such commercial properties and approving other actions in connection thereto.

B. TUMF Construction Cost Index Adjustment for 2025

Requested Action(s):

1. Approve the implementation of an automatic Construction Cost Index adjustment for all TUMF land uses tied to the September indices of the National Association of Realtors and Engineering News Record (ENR) with a cap at 5% on any annual adjustments.

C. I-REN 2028-2035 Business Plan Application

Requested Action(s):

1. Receive and file.

D. WRCOG Website Redesign and Launch

Requested Action(s):

1. Receive and file.

8. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE (TAC) CHAIR

Craig Miller, Western Water

9. REPORT FROM COMMITTEE REPRESENTATIVES

CALCOG, Brian Tisdale

SANDAG Borders Committee, Colleen Wallace

SAWPA OWOW Steering Committee, Wes Speake

SCAG Regional Council and Policy Committee Representatives

[WRCOG Ad Hoc Committees](#)

I-REN Executive Committee

10. REPORT FROM THE EXECUTIVE COMMITTEE CHAIR

Brenda Dennstedt, Western Water

11. REPORT FROM THE DEPUTY EXECUTIVE DIRECTOR

Chris Gray

[Access the report here.](#)

12. ITEMS FOR FUTURE AGENDAS

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

13. GENERAL ANNOUNCEMENTS

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

14. NEXT MEETING

The next Executive Committee meeting is scheduled for Monday, February 2, 2026, at 2:00 p.m., in the County of Riverside Administrative Center, 4080 Lemon Street, 1st Floor, Board Chambers, Riverside.

15. ADJOURNMENT

WRCOG Executive Committee

Action Minutes

1. CALL TO ORDER

The meeting of the WRCOG Executive Committee was called to order by Chair Brenda Dennstedt at 2:04 p.m., on Monday, November 3, 2025, at the at the Riverside County Administrative Center, 1st Floor Board Chambers.

2. PLEDGE OF ALLEGIANCE

WRCOG Administrative Services Manager Janis Leonard led Committee members and guests in the Pledge of Allegiance.

3. ROLL CALL

- City of Banning - Sheri Flynn
- City of Beaumont - Mike Lara
- City of Calimesa - Jeff Cervantez*
- City of Canyon Lake - Mark Terry
- City of Corona - Jacque Casillas
- City of Hemet - Connie Howard-Clark*
- City of Jurupa Valley - Chris Barajas
- City of Lake Elsinore - Brian Tisdale
- City of Menifee - Bob Karwin
- City of Murrieta - Lori Stone
- City of Norco - Kevin Bash
- City of Perris - Michael Vargas
- City of Riverside - Chuck Conder
- City of San Jacinto - Valerie Vandever
- City of Wildomar - Joseph Morabito
- County of Riverside, District 1 - Jose Medina
- County of Riverside, District 2 - Karen Spiegel
- County of Riverside, District 5 - Yxstian Gutierrez
- EMWD - David Slawson
- Western Water - Brenda Dennstedt

*Arrived after Roll Call

Absent:

- City of Eastvale
- City of Moreno Valley
- City of Temecula
- County of Riverside, District 3

- Riverside Co. Sup. of Schools

4. PUBLIC COMMENTS

Cyndi Stafford introduced herself as WRCOG's acting Human Resources Director in light of the recent retirement of Princess Hester.

Princess Hester offered clarification and perspective on any matters of WRCOG Executive Director Dr. Kurt Wilson which may be under review regarding any discrepancies that may have recently come to light.

Deputy Executive Director Chris Gray introduced new WRCOG Fellows Cindy Nieto, Chase Abramson, and Sara Fuentes, and returning, second year Fellow, Giovanni Valencia-Baxter.

5. CLOSED SESSION

There were no reportable actions.

6. CONSENT CALENDAR

RESULT:	APPROVED AS RECOMMENDED
MOVER:	Perris
SECONDER:	Wildomar
AYES:	Banning, Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Perris, Riverside, San Jacinto, Wildomar, Dist. 1, Dist. 2, Dist. 5, EMWD, Western Water

A. Action Minutes from the October 6, 2025, Meeting of the Executive Committee

Action:

1. Approved the Action Minutes from the October 6 2025, meeting of the Executive Committee.

B. WRCOG Committees and Agency Activities Update

Action:

1. Received and filed.

C. Report out of WRCOG Representatives on Various Committees

Action:

1. Received and filed.

D. I-REN Monthly Activities Update

Action:

1. Received and filed.

E. TUMF Program Activities Update: Two TUMF Reimbursement Agreements and One TUMF

Reimbursement Agreement Amendment

Actions:

1. Authorized the Executive Director to execute a TUMF Reimbursement Agreement with the City of Eastvale for the Planning, Engineering, and Right-of-Way Phases of Hellman Avenue Street Widening Project from River Road to 500' North of Walter Street in an amount not to exceed \$5,000,000.
2. Authorized the Executive Director to execute a TUMF Reimbursement Agreement with the City of Menifee for the Engineering, Right-of-Way, and Construction Phases of Holland Road Street Widening Project from Bradley Road to Haun Road in an amount not to exceed \$4,279,000.
3. Authorized the Executive Director to execute a TUMF Reimbursement Agreement Amendment No. 2 with the City of Temecula for the Planning, Engineering, and Construction Phases of Diaz Road Expansion Project (Western Bypass - Rancho California to Cherry) in an amount not to exceed \$7,565,923.

F. TUMF Refund Agreement for Murrieta Marketplace

Action:

1. Authorized the Executive Director to execute a TUMF Refund Agreement between J&T Investments, Inc., the City of Murrieta, and WRCOG for the refund of TUMF Credits to the Developer for the Murrieta Marketplace Project.

G. First Amendment to a Professional Services Agreement with ICF Resources, LLC, for IREN Marketing Support Through 2027

Action:

1. Authorized the Executive Director to execute a First Amendment to the Professional Services Agreement with ICF Resources, LLC, for marketing services through December 2027.

H. Professional Services Agreements for On-Call Planning Services with Dudek

Action:

1. Authorized the Executive Director to execute an On-Call Professional Services Agreement between WRCOG and Dudek for support to WRCOG and its member agencies with land use planning services in an amount not-to exceed \$400,000, for a term through June 30, 2028; any changes to the Agreement are subject to consultation by legal counsel.

I. First Amendment to a Professional Services Agreement with Frontier Energy for ongoing Codes & Standards Program Activities

Action:

1. Authorized the WRCOG Executive Director to execute a First Amendment to the Professional Services Agreement between WRCOG and Frontier Energy for ongoing support in the I-REN Codes & Standards Program Sector in an amount not-to-exceed \$3,956,195.00, for a term through December 31, 2027.

J. First Amendment to Professional Services Agreement with Alternative Energy Systems Consulting for ongoing Public Sector Program Activities

1. Authorized the WRCOG Executive Director to execute a First Amendment to the Professional Services Agreement between WRCOG and Alternative Energy Services Consulting for ongoing support in the I-REN Public Sector Program in an amount not-to-exceed \$855,000.00, for a term through December 31, 2027.

7. REPORTS / DISCUSSION

A. First Amendment to an Agreement for Services with Public Health Institute to support the I-REN Energy Fellowship Program for Service Year 2025/2026

Action:

1. Authorized the Executive Director to execute a First Amendment to an Agreement for Services with Public Health Institute to support the I-REN Energy Fellowship and to identify, recruit, and place up to 24 full-time Fellows, and up to 11 three-quarter term Fellows, within the I-REN service territory for program service year 2025/2026.

RESULT:	APPROVED AS RECOMMENDED
MOVER:	Dist. 2
SECONDER:	Riverside
AYES:	Banning, Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Riverside, San Jacinto, Wildomar, Dist. 1, Dist. 2 Dist. 5, EMWD, Western Water

B. Vehicle Miles Traveled Mitigation Program Update

Action:

1. This item was tabled for a future discussion.

8. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE (TAC) CHAIR

The TAC Chair was not in attendance.

9. REPORT FROM COMMITTEE REPRESENTATIVES

There were no reports from Committee Representatives.

10. REPORT FROM THE EXECUTIVE COMMITTEE CHAIR

Chair Dennstedt announced a Happy Veterans Day to all who have served, as well as a Happy Marine Corps birthday, and a Happy Thanksgiving to all.

11. REPORT FROM THE EXECUTIVE DIRECTOR

Deputy Executive Director Chris Gray reported that WRCOG will be hosting a Gratitude & Giving Sponsorship luncheon on November 6, 2025, at the March Air Base Museum.

12. ITEMS FOR FUTURE AGENDAS

There were no items requested for future agendas.

13. GENERAL ANNOUNCEMENTS

Committee member Chuck Conder announced that Duane Roberts, owner of the Mission Inn hotel, recently passed away and asked Committee members to keep the family in their thoughts and prayers.

14. NEXT MEETING

The next Executive Committee meeting is scheduled for Monday, December 1, 2025, at 2:00 p.m., in the County of Riverside Administrative Center, 4080 Lemon Street, 1st Floor, Board Chambers, Riverside.

15. ADJOURNMENT

The meeting was adjourned at 3:19 p.m.



Western Riverside Council of Governments WRCOG Executive Committee

Staff Report

Subject: WRCOG Committees and Agency Activities Update
Contact: Chris Gray, Deputy Executive Director, cgray@wrcog.us, (951) 405-6710
Date: December 1, 2025

Recommended Action(s):

1. Receive and file.
-

Summary:

Attached are summary recaps of actions and activities from recent WRCOG standing Committee meetings that occurred during the month of November 2025.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to inform the Committee of actions and activities from WRCOG standing Committee meetings. This item aligns with WRCOG's 2022-2027 Strategic Plan Goal #4 (Communicate proactively about the role and activities of the Council of Governments).

Discussion:

A summary is provided for the following meetings that occurred in November 2025:

- November 3, 2025: Executive Committee
- November 12, 2025: Administration & Finance Committee
- November 20, 2025: Technical Advisory Committee

Prior Action(s):

None.

Financial Summary:

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

Attachment(s):

[Attachment 1 - WRCOG Committees Activities Update November 2025](#)



Western Riverside Council of Governments
Executive Committee Meeting Recap
November 3, 2025

Following is a summary of key items discussed at the last Executive Committee meeting.

Agenda Packet: <https://wrcog.us/DocumentCenter/View/10882/EC-revised-AP-1125>

PowerPoint Presentation: <https://wrcog.us/DocumentCenter/View/10891/EC-PPT-1125>

First Amendment to an Agreement for Services with Public Health Institute to Support the I-REN Energy Fellowship Program for Service Year 2025/2026

- This year marks the 3rd program service year for the I-REN Energy Fellowship. The goal of the Program is to recruit local talent (from local universities and community colleges) and place the Fellows directly at public sector agencies to work on the agencies' important energy initiatives
- During the 1st year, 11 Fellows were placed, followed by 13 the second year.
- The 3rd cohort started in October 2025, and 24 Fellows were placed at our local public sector agencies. Another (up to) 11 Fellows will start an 8-month Fellowship in January 2026.
- These Fellows work full-time (40 hours a week) for 11- or 8-month terms. They get paid, receive benefits, and professional development opportunities. This Fellowship is more akin to an entry level opportunity and the first step in many of these individuals' careers.

Next Meeting

The next Executive Committee meeting is scheduled for Monday, December 1, 2025, at 2:00 p.m., in the County of Riverside Administrative Center, 4080 Lemon Street, 1st Floor, Board Chambers, Riverside.



Western Riverside Council of Governments
Administration & Finance Committee Meeting Recap
November 12, 2025

Following is a summary of key items discussed at the last Administration & Finance Committee meeting.

Agenda Packet: <https://wrcog.us/DocumentCenter/View/10886/Revised-AF-1125-AP>

PowerPoint Presentation: <https://wrcog.us/DocumentCenter/View/10892/AF-PPT-1125>

Consideration of a New Commercial PACE Program Provider: PACE Loan Group, LLC

- PLG submitted a questionnaire to staff expressing its desire to join WRCOG's statewide C-PACE Program. PLG currently has an agreement with California Statewide Communities Development Authority, which expires in December.
- The PACE Ad Hoc Committee met and approved supporting PLG as an additional C-PACE provider.
- The Administration & Finance Committee approved moving the item forward to the Executive Committee for approval.

TUMF Construction Cost Index Adjustment for 2025

- The TUMF Administrative Plan requires that WRCOG bring forward an annual CCI adjustment to TUMF fees for those years outside of a Nexus Study update.
- Using data from the National Association of Realtors (NAR) and the Engineering News Record (ENR), the CCI for 2025 was calculated to be 2.7%.
- While many location agencies use automatic CCIs for their fees, WRCOG does not.
- The Administration & Finance Committee recommended that the Executive Committee approve an automatic CCI to be implemented in 2026, based on NAR and ENR data, with a 5% cap.

Next Meeting

The next Administration & Finance Committee meeting is scheduled for Wednesday, December 10, 2025, at 12:00 p.m., in WRCOG's office at 3390 University Avenue, Suite 200.



Western Riverside Council of Governments Technical Advisory Committee Meeting Recap November 20, 2025

Following is a summary of key items discussed at the last Technical Advisory Committee meeting.

Agenda Packet: <https://www.wrcog.us/wp-content/uploads/2025/11/tac-1125-ap.pdf>

PowerPoint Presentation: <https://www.wrcog.us/wp-content/uploads/2025/11/tac-ppt-1125.pdf>

TUMF Construction Cost Index Adjustment for 2025

- A 2.6% Construction Cost Index adjustment is proposed for 2025, ensuring TUMF fees keep pace with rising construction, labor, and land costs while maintaining the Program's purchasing power.
- WRCOG recommends adopting an automatic annual CCI adjustment—capped at 5%—to provide consistency, reduce political/administrative burden, and avoid major fee spikes during future Nexus Study updates.
- The adjustment has a small impact on development costs but meaningfully strengthens transportation funding, typically increasing total development costs by less than 0.1% while generating 3–5% more revenue for regional infrastructure.

I-REN 2028-2035 Business Plan Application

- I-REN's business plan will be filed on February 15, 2026, and will continue to focus on three Sectors: Public, Codes & Standards, and Workforce Education & Training.
- I-REN's current budget is \$65.5M for 6 years. I-REN is required to submit the next business plan on an 8-year budget, but funding will be granted for a 4-year cycle. The 8-year budget is expected to be around \$138.5M, and I-REN expects to receive around \$58M for its 4-year cycle.
- The increase in budget is due to the rapid growth of the Workforce Sector and to accommodate AB 39, which is new legislation requiring all agencies above a population of 75K to develop and incorporate into their general plan a decarbonization and electrification plan by 2030.

Next Meeting

The next Technical Advisory Committee meeting is scheduled for January 15, 2026, at 9:30 a.m., at WRCOG's office located at 1955 Chicago Avenue, Riverside, CA 92507.



Western Riverside Council of Governments WRCOG Executive Committee

Staff Report

Subject: Report out of WRCOG Representatives on Various Committees
Contact: Chris Gray, Deputy Executive Director, cgray@wrcog.us, (951) 405-6710
Date: December 1, 2025

Recommended Action(s):

1. Receive and file.

Summary:

One key function of the Executive Committee is to appoint representatives to various external agencies, groups, and committees on behalf of WRCOG. This Staff Report provides a summary of activities related to appointments for CALCOG, the SANDAG Borders Committee, and the SAWPA OWOW Steering Committee.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item to provide information regarding various external agencies, groups, and committees related to WRCOG where WRCOG has appointed one or more representative(s) to serve as its representative. This item supports WRCOG's 2022-2027 Strategic Plan Goal #4 (Communicate proactively about the role and activities of the Council of Governments).

Discussion:

CALCOG Board of Directors (Brian Tisdale)

The CALCOG Board of Directors met on November 7, 2025. The full agenda packet can be viewed at www.wrcog.us/wp-content/uploads/2025/11/Attachment-1-CALCOG-Board-of-Directors-agenda-November-7-2025. Agenda highlights are as follows:

1. ProcureWorks Program Overview.
2. Exploring the Establishment of a 501(c)(3).
3. RIA Grant Contract Amendment.
4. Legislative Year in Review.
5. Legislative Advocacy Principles.
6. SB 375 Reform Discussions.
7. Board officer Elections.

The next CALCOG Board of Directors meeting is scheduled for March 9 - 11, 2026, at the annual Regional Leadership Forum.

SANDAG Borders Committee (Colleen Wallace)

The SANDAG Borders Committee has not met since its last meeting on October 24, 2025. The next SANDAG Borders Committee meeting has not yet been scheduled.

SAWPA OWOW Steering Committee (Wes Speake)

The SAWPA OWOW Steering Committee met on November 20, 2025. The full agenda packet can be viewed at

www.wrcog.us/wp-content/uploads/2025/11/Attachment-1-SAWPA-OWOW-Steering-Committee-agenda-Novembrer-20-2025. Agenda highlights are as follows:

1. Grand Funded Project Highlights - Riverside County Flood Control and Water Conservation District 2015 Integrated Watershed protection Program Update.
2. Proposition 4 Overview.
3. Santa Ana River Watershed Climate Adaptation and Resilience Plan - Optional Tasks and Updates.

The next SAWPA OWOW Steering Committee meeting is scheduled for February 26, 2026.

Prior Action(s):

None.

Financial Summary:

Appointed Committee members are paid \$150 to attend their respective meetings. WRCOG stipends are included in the Agency's adopted Fiscal Year 2025/2026 Budget under the Administration Department in the General Fund (Fund 110).

Attachment(s):

None.



Western Riverside Council of Governments WRCOG Executive Committee

Staff Report

Subject: I-REN Monthly Activities Update
Contact: Benjamin Druyon, Program Manager, bdruyon@wrcog.us, (951) 405-6727
Date: December 1, 2025

Recommended Action(s):

1. Receive and file.

Summary:

The Inland Regional Energy Network (I-REN) is a coalition of three councils of government - WRCOG, the Coachella Valley Association of Governments (CVAG), and the San Bernardino Council of Governments (SBCOG) - encompassing Riverside and San Bernardino Counties, and all their respective jurisdictions within the region. These organizations have joined to establish locally administered, designed, and delivered energy efficiency programs. This report will be provided at each meeting to inform the Committee of I-REN's progress.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to provide regular updates on I-REN activities. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #6 (Develop and implement programs that support resilience for our region).

Discussion:

Background

In February 2021, I-REN applied for REN Program Administrator status in order to offer a portfolio of programs serving the Public, Codes & Standards, and Workforce Education & Training Sectors, with governance from WRCOG as the lead agency. In November 2021, I-REN was approved in Decision (D.) 21-11-013, Approval of Inland Regional Energy Network Energy Efficiency Business Plan, which funded I-REN to offer energy efficiency programs through program year 2027.

Present Situation

Public Sector (PS) Programs: I-REN offers two PS programs - the Technical Assistance and Strategic Energy Planning (TA) Program, and the Normalized Metered Energy Consumption (NMEC) Incentive Program. The TA Program helps agencies secure funding and financing to implement projects and

provide support through construction and project close-out. The NMEC Program (publicly known as Cash for Kilowatts) provides technical support such as eligibility screening and measurement & verification, as well as incentives for meter-based energy savings. Combined with technical assistance and reinforcement of operations and management best practices, public agencies will experience maximized savings for their communities. Attachment 1 to this Staff Report highlights the Cash For Kilowatt projects currently being processed. Below are notable activities for the Public Sector this past month.

- I-REN collaborated with 3C-REN and CCR-REN to educate attendees at the League of California Cities Annual Conference about regional energy networks and the range of no-cost services that can be leveraged throughout the state
- Three Cash for Kilowatts incentive applications were approved in October, facilities include SBCOG's Santa Fe Train Depot, Norco's City Hall, and Apple Valley's Police Department. Additionally, I-REN delivered Preliminary Energy Resilience Roadmaps to Jurupa Community Services Department and the City of Corona!
- The City of Calimesa completed construction at its City Hall - the first of two facilities participating in I-REN's Cash for Kilowatts incentive program.

Codes & Standards (C&S) Programs: The shared goal of I-REN's C&S Programs is to work closely with local building departments and the building industry to support, train, and enable long-term streamlining of energy code compliance. I-REN's programs will nurture the confidence, skills, and existing C&S knowledge of local building department staff, provide technical assistance to jurisdictions pursuing reach codes and local ordinances, and support building and construction industry actors to foster increased compliance. Below are updates for the C&S Programs this past month.

- I-REN partnered with the California Energy Commission on November 13, 2025, to offer a training on 2025 Code Updates for Single-family Buildings.
- I-REN has drafted a C&S training schedule for 2026 that includes new training topic offerings, such as a series on Passive House, and is in the process of securing trainers.
- I-REN plans to double the number of C&S events offered in 2026, as compared to 2025.

Workforce Education & Training (WE&T) Programs: The goal of I-REN's WE&T cross-cutting Sector activities is to ensure there is a trained workforce to support and realize energy efficiency (EE) savings goals across all market sectors. I-REN is committed to identifying the most effective and accessible ways to increase the number of skilled EE workers, especially those within underserved, hard-to-reach, tribal, and disadvantaged communities. Below are updates for the WE&T Programs for this past month.

- The WE&T Team attended 23 events in the month of October which included 11 State of the City events, and seven career fairs and info sessions promoting the I-REN Energy Fellowship Program.
- The WE&T Team also participated in the Student STEPCon (Science, Technology, and Education Partnership Conventions) and unveiled the Eco-Hero performances as a way to inspire the youth to engage in careers related to energy and environment. At Student STEPCon, over 300 students watched the Eco-Hero show and over 600 students interacted with I-REN representatives to learn more about I-REN and programs related to energy efficiency.
- The I-REN team also attended EducatorvSTEPCon and Counselor STEPCon in order to engage teachers and councilors from both Riverside and San Bernardino Counties.

I-REN Events / Activities Around the Region: In the coming months, I-REN activities update reports will

include member agency updates and spotlights on successes achieved throughout the I-REN territory.

Other Activities: [Sign up for I-REN updates](#) and learn more about all the programs, services, and resources I-REN has to offer by visiting www.iren.gov or emailing info@iren.gov.

Prior Action(s):

None.

Financial Summary:

All costs associated with I-REN Program activities are included in WRCOG's adopted Fiscal Year 2025/2026 Agency Budget under I-REN Program (Fund 180) in the Energy & Environmental Department.

Attachment(s):

[Attachment 1 - Cash for Kilowatts Dashboard November 2025](#)



iren.gov

Cash for Kilowatts November 2025 Dashboard

Incentives Update¹

The table below shows all Cash for Kilowatts projects that have received incentive application approval. * indicates that construction start / end dates are estimated

Project	Incentive Payment	Application Approval Date	Construction Start	Construction End	Estimated Payment Date	Incentive Amount	Actual Payment Date
Joe Baca Middle School LED Lighting Retrofit	1	7/5/2024	6/4/2024	12/20/2024	June 2025	\$88,348.99	6/30/2025
	2				Jan. 2026	\$132,523.49	
SBCCD Lighting SBVC North Hall	1	2/7/2025	2/12/2025	9/12/2025	Jan. 2026	\$49,947.23	
	2				Oct. 2026	\$74,920.85	
SBCCD Lighting SBVC Library	1	2/24/2025	2/12/2025	9/12/2025	Jan. 2026	\$40,684.40	

¹ As of 11/10/2025

The Coachella Valley Association of Governments and San Bernardino Council of Governments have partnered with the Western Riverside Council of Governments to develop I-REN to serve the cities and communities of our region.



	2				Oct. 2026	\$61,026.60	
Calimesa WB Senior Center	1	4/4/2025	7/1/2025	9/27/2025	Feb. 2026	\$2,368.44	
	2				Nov. 2026	\$3,552.66	
Calimesa WB City Hall	1	4/7/2025	7/1/2025	11/15/2025*	Mar. 2026	\$3,220.20	
	2				Dec. 2026	\$4,830.31	
Housing Authority of the County of San Bernardino WB Victorville Office	1	4/14/2025	9/2/2025	11/21/2025*	Feb. 2026	\$5,287.75	
	2				Nov. 2027	\$7,931.62	
Indian Wells Fire Station #55	1	5/21/2025	12/1/2025*	2/1/2026*	June 2026	\$8,516.80	
	2				Mar. 2027	\$12,775.20	
Indian Wells Public Works Yard	1	5/21/2025	12/1/2025*	2/1/2026*	June 2026	\$1,861.60	
	2				Mar. 2027	\$2,792.40	
Housing Authority of the County of San Bernardino WB San	1	7/16/2025	10/2/2025	11/30/2025*	Mar. 2026	\$9,960.02	
	2				Dec. 2026	\$14,940.02	



Bernardino Admin Office HVAC & Lighting							
Rancho Mirage-I-REN-WB-Library Observatory	1	8/13/2025	11/15/2025*	12/31/2025*	April 2026	\$9,056.48	
	2				Jan. 2027	\$13,584.72	
Rancho Mirage-I-REN-WB-City Hall	1	8/15/2025	11/15/2025*	12/31/2025*	April 2026	\$22,964.65	
	2				Jan. 2027	\$34,446.98	
Town of Apple Valley WB Corporate Yard	1	9/4/2025	1/1/2026*	10/21/2026*	Feb. 2027	\$17,270.71	
	2				Nov. 2027	\$25,906.07	
Town of Apple Valley WB Dev. Services & Conf. Center	1	9/4/2025	1/1/2026*	10/21/2026*	Feb. 2027	\$63,899.12	
	2				Nov. 2027	\$95,848.68	
SBCOG Whole Building Santa Fe Train Depot	1	10/1/2025	12/1/2025*	1/1/2026*	May 2026	\$47,423.36	
	2				Feb. 2027	\$71,135.04	
Town of Apple Valley Police Department	1	10/10/2025	1/1/2026*	10/1/2026*	Feb. 2027	\$37,904.76	
	2				Nov. 2027	\$56,857.14	
Norco WB City Hall	1	10/27/2025	12/1/2025*	4/17/2026*	Aug. 2026	\$16,693.92	
	2				May 2027	\$11,129.28	
Total Committed (includes disbursed)						\$1,049,609.49	



Total Incentives Disbursed		\$88,348.99
-----------------------------------	--	--------------------

Predictability Analyses Update²

The table below shows Cash for Kilowatts projects that have completed a predictability analysis for the current dashboard reporting period.

Project	Pass/Fail	If failed, notes on why
Rancho Mirage I-REN WB Fire Station 50	Pass	
Northwest Mosquito Vector Control District I-REN Headquarters NMEC WB	Pass	
City of Beaumont Community Center (Lighting)	Pass	
City of Murrieta Whole Building Library	Pass	

Incentive Rates

Base Rates

Energy Savings	Base Incentive Rate
kWh	\$0.50
kW	\$200.00
therms	\$1.00

² From 10/9/2025 - 11/10/2025



Incentive Kickers

Tiered kWh incentive “kickers” will also be available to encourage deep energy savings (over 15% total savings at the meter) and holistic projects. Additionally, kWh incentives will be doubled for projects that occur at a critical cooling or resiliency center.

In 2024-2025, I-REN offered its maximum incentive rate of \$2.00/kWh for projects that submitted an application.

Total Savings Percentage*	Incentive Rate	Critical/Cooling/Resiliency Center Rate
Up to 15%	\$0.50/kWh	\$1.00/kWh
16-30%	\$0.60/kWh	\$1.20/kWh
31-50%	\$0.70/kWh	\$1.40/kWh
Over 50%	\$1.00/kWh	\$2.00/kWh

* Total project savings will have to pass eligibility criteria as per the NMEC Rulebook

Incentive Payout Timeline

- 3 month project completion incentive - 40% of incentive amount
 - Measures installed and post-installation inspection completed
 - 3 months of data is analyzed and incentive amount determined
- 12 month final incentive - remaining incentive payout
 - 12 months of data is analyzed and remaining incentive amount determined





Western Riverside Council of Governments WRCOG Executive Committee

Staff Report

Subject: Single Signature Authority Report
Contact: Julian Brambila, Management Analyst, jbrambila@wrcog.us, (951) 405-6703
Date: December 1, 2025

Recommended Action(s):

1. Receive and file.

Summary:

This report offers insight into contracts facilitated by WRCOG under the jurisdiction of the Executive Director. WRCOG regularly engages in contractual agreements to support its operational functions. Contracts under \$100,000 are within the Single Signature Authority of the Executive Director. As these approvals typically happen outside of public meetings, this report serves to disseminate pertinent information. During the period from July 2025 to September 2025, one contract was authorized by the Executive Director.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to provide information regarding Administrative Services Department activities and to provide visibility of contracts entered into by WRCOG using the authority of the Executive Director. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #4 (Communicate proactively about the role and activities of the Council of Governments and its members).

Discussion:

Background

In the process of conducting regular business, WRCOG enters into a number of contracts on an ongoing basis. The process for approving those contracts varies, primarily by amount, and occasionally for other reasons. The Executive Committee has an uncapped level of approval authority (within the constraints of the budget approved by the General Assembly) and the Administration & Finance (A&F) Committee has a limit of \$200k.

Actions taken by either the Executive or A&F Committees are taken during public meetings and subject to public review and scrutiny. The Executive Director has Single Signature Authority for contracts up to \$100,000, but because that process generally happens outside of a public meeting, this report is provided in order to share the information.

For the months of July 2025 to September 2025, one contract was signed by the Executive Director. Additional information is provided below.

1. In July 2025, an Agreement was executed with the Riverside Convention Center. The Agreement has a period of performance through August 27, 2025, at an amount not to exceed \$23,815.23. The purpose of this Agreement was to secure venue space for the inaugural Inland ZEV Network Forum.

Prior Action(s):

None.

Financial Summary:

The listed contract(s) approved under the Executive Director's single signature authority corresponds with an existing budget, which is included in the Agency's Fiscal Year 2025/2026 budget.

Attachment(s):

None.



Western Riverside Council of Governments WRCOG Executive Committee

Staff Report

Subject: TUMF Program Activities Update: One TUMF Credit Agreement, Two TUMF Reimbursement Agreements, and Two TUMF Reimbursement Agreement Amendments

Contact: Brian Piche-Cifuentes, Transportation Analyst I, bpiche-cifuentes@wrcog.us, (951) 405-6705

Date: December 1, 2025

Recommended Action(s):

1. Authorize the Executive Director to execute a TUMF Credit Agreement between the City of Menifee, the City of Perris, Core5 Industrial Partners, LLC., and WRCOG for the construction of improvements on Ethanac Road from I-215 to Antelope Road.
2. Authorize the Executive Director to execute a TUMF Reimbursement Agreement with the City of Murrieta for the Engineering, Right-of-Way, and Construction Phases of the Jefferson Avenue Improvements Project from Nutmeg Street to Palomar Street in an amount not to exceed \$1,500,000.
3. Authorize the Executive Director to execute a TUMF Reimbursement Agreement with the City of Murrieta for the Engineering and Construction Phases of the Whitewood Road Improvements Project from Hunter Road to Clinton Keith Road in an amount not to exceed \$2,500,000.
4. Authorize the Executive Director to execute a TUMF Reimbursement Agreement Amendment No. 1 between the City of Murrieta and WRCOG for the planning, engineering, right-of-way, and construction of Keller Road / I-215 Interchange in an amount not to exceed \$17,250,000.
5. Authorize the Executive Director to execute a TUMF Reimbursement Agreement Amendment No. 1 with the City of Murrieta for the Right-of-Way and Construction Phases of the Murrieta Hot Springs Road Improvements Project in an amount not to exceed \$3,050,000.

Summary:

The Cities of Menifee and Perris are requesting to enter into a TUMF Credit Agreement with Core5 Industrial Partners and WRCOG for the construction of 5,300 linear feet of improvements on Ethanac Road from I-215 to Antelope Road.

The City of Murrieta is requesting to enter into two TUMF Reimbursement Agreements for the road improvements of Jefferson Avenue, from Nutmeg Street to Palomar Street, and Whitewood Road, from Hunter Road to Clinton Keith Road, respectively. The city is also requesting to enter into two TUMF Reimbursement Agreement Amendments for the Keller Road / I-215 Interchange and Murrieta Hot Springs projects.

The total allocation of money across all projects is \$27,950,303.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to request the approval of one TUMF Credit Agreement, two TUMF Reimbursement Agreements, and two TUMF Reimbursement Agreement Amendments. This effort supports WRCOG's 2022-2027 Strategic Plan Goal #5 (Develop projects and programs that improve infrastructure and sustainable development in our subregion).

Discussion:

Background

WRCOG's TUMF Program is a subregional fee program designed to provide transportation and transit infrastructure that mitigates the impact of new growth in western Riverside County. A Reimbursement Agreement is a document between WRCOG and a member agency that allows WRCOG to provide funding for TUMF expenses incurred for the Planning, Design, Engineering, and/or Construction Phase(s) of a TUMF project. To enter into a Reimbursement Agreement, the funding for the project must first be allocated in the appropriate TUMF Zone Transportation Improvement Program (TIP). TUMF Agreements and Amendments are initiated by their respective agencies when that agency is ready for the infrastructure development.

A TUMF Credit Agreement is a document between WRCOG, a member agency, and a developer, and allows WRCOG to provide credit towards TUMF fees. This credit is established by work completed for the Planning, Design, Engineering, and/or Construction Phase(s) of a TUMF facility. To enter into a Credit Agreement, the project must have eligible funding identified in WRCOG's current TUMF Nexus Study. TUMF Credit Agreements give credit for eligible infrastructure built as part of new development. Developers contribute to the TUMF Program through direct work on facilities. The maximum amount of credit a developer can receive is determined through the TUMF Nexus Study project list.

Present Situation

TUMF Credit Agreement:

1. The TUMF Credit Agreement between the City of Menifee, the City of Perris, Core5 Industrial Partners and WRCOG will have project work done for improvements on Ethanac Road, from I-215 to Antelope Road. The developer has an estimated TUMF obligation of \$4,783,472, with a maximum available reimbursement amount of \$3,650,303 for TUMF-eligible work.

TUMF Reimbursement Agreements:

1. The Jefferson Avenue Road Improvement Project set the amount of funding in the Engineering, Right-of-Way, and Construction Phases to an amount not to exceed \$1,500,000. The proposed Project will perform road improvements from Nutmeg Street to Palomar Street.
2. The Whitewood Road, Road Improvement Project set the amount of funding in the Engineering and Construction Phases to an amount not to exceed \$2,500,000. The proposed Project will perform road improvements from Hunter Road to Clinton Keith Road.

TUMF Reimbursement Agreement Amendments:

1. The Keller Road / I-215 Interchange project set the funding in the Planning and Engineering Phases to an amount not to exceed \$2,250,000. An increase in project funding has been requested by the City of Murrieta in an Amendment for \$15,000,000, for a total not to exceed the amount of \$17,250,000.
2. The Murrieta Hot Springs Road Improvement Project set the funding in the Right-of-Way and Construction Phases to an amount not to exceed \$2,700,000. An increase in project funding has been requested by the City of Murrieta in an Amendment for \$350,000, for a total not to exceed the amount of \$3,050,000.

Prior Action(s):

August 7, 2023: The Executive Committee authorized the Executive Director to execute a TUMF Reimbursement Agreement with the City of Murrieta for the Right-of-Way and Construction Phases of the Murrieta Hot Springs Road Improvement project in an amount not to exceed \$2,700,000

September 11, 2017: The Executive Committee authorized the Executive Director to execute a TUMF Reimbursement Agreement with the City of Murrieta for the Planning and Engineering Phases of the Keller Road/I-215 Interchange project in an amount not to exceed \$2,250,000.

Financial Summary:

The Reimbursement Agreements noted are consistent and included within the respective Zone TIP. These liabilities are reflected as fiduciary fund long-term debt in WRCOG's financials under the TUMF Fund.

Attachment(s):

[Attachment 1 - TUMF Credit Agreement - Ethanac Road Extension](#)

[Attachment 2 - TUMF Reimbursement Agreement - Jefferson Avenue \(25-SW-MUR-1409\)](#)

[Attachment 3 - TUMF Reimbursement Agreement - Whitewood Road \(24-SW-MUR-1313\)](#)

[Attachment 4 - TUMF Reimbursement Agreement - Amendment No. 1 - Keller Road-I-215 Interchange \(16-SW-MUR-1188\)](#)

[Attachment 5 - TUMF Reimbursement Agreement - Amendment No. 1 - Murrieta Hot Springs \(Margarita Rd to Winchester Rd\) \(\(23-SW-MUR-1191\)\)](#)

Attachment

TUMF Improvement and Credit
Liability Agreement – City of Menifee,
City of Perris, Core5 Industrial
Partners, LLC. – Ethanac Road

**IMPROVEMENT AND CREDIT / REIMBURSEMENT AGREEMENT
TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM**

This **IMPROVEMENT AND CREDIT AGREEMENT** (“Agreement”) is entered into this ___ day of _____, 2025, (the “Effective Date”) by and between the City of Menifee a California municipal corporation (“MENIFEE”), and the City of Perris a California municipal corporation (“PERRIS”), and together with MENIFEE referred to collectively or individually, as the context requires, “AGENCY”, the Western Riverside Council of Governments, a joint powers Agency, (“WRCOG”), Core5 Industrial Partners, LLC, a Delaware limited liability company with its principal place of business at 300 Spectrum Center Drive, Suite 880, Irvine, CA 92618 (“Developer”). AGENCY and Developer are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”.

RECITALS

WHEREAS, Developer owns 147.5 acres of real property located within the city of Menifee in the County of Riverside, California, which is more specifically described in the legal description set forth in Exhibit “A”, attached hereto and incorporated herein by this reference (“Property”);

WHEREAS, Developer has requested from MENIFEE-certain entitlements and/or permits for the construction of improvements on the Property, which are more particularly described as construction of Industrial Buildings within Tentative Parcel Map Nos. 38156, 38432, and 39292 (“Project”);

WHEREAS, the AGENCY is a member agency of WRCOG, a joint powers agency comprised of the County of Riverside and 18 cities located in Western Riverside County. WRCOG is the administrator for the Transportation Uniform Mitigation Fee (“TUMF”) Program;

WHEREAS, as part of the TUMF Program, the AGENCY has adopted “Transportation Uniform Mitigation Fee Nexus Study: 2025 Update” (“2025 Nexus Study”)

WHEREAS, as a condition to MENIFEE’s approval of the Project, MENIFEE has required Developer to construct certain street and transportation system improvement(s) of regional importance (“TUMF Improvements”);

WHEREAS, pursuant to the TUMF Program, the MENIFEE requires Developer to pay the TUMF which covers the Developer’s fair share of the costs to deliver those TUMF Improvements that help mitigate the Project’s traffic impacts and burdens on the Regional System of Highways and Arterials (also known as the “TUMF Network”), generated by the Project and that are necessary to protect the safety, health and welfare of persons that travel to and from the Project using the TUMF Network;

WHEREAS, the TUMF Improvements have been designated as having Regional or Zonal Significance as further described in the 2025 Nexus Study and the 5 year Transportation Improvement Program as may be amended;

WHEREAS, AGENCY, WRCOG and Developer now desire to enter into this Agreement for the following purposes: (1) to provide for the timely delivery of the TUMF Improvements, (2) to ensure that delivery of the TUMF Improvements is undertaken as if the TUMF Improvements were constructed under the direction and authority of MENIFFEE AND PERRIS, as applicable to improvements within each jurisdiction I, (3) to provide a means by which the Developer's costs for project delivery of the TUMF Improvements and related right-of-way is offset against Developer's obligation to pay the applicable TUMF for the Project in accordance with the TUMF Administrative Plan adopted by WRCOG, and (4) to provide a means, subject to the separate approval of WRCOG, for Developer to be reimbursed to the extent the actual and authorized costs for the delivery of the TUMF Improvements exceeds Developer's TUMF obligation.

NOW, THEREFORE, for the purposes set forth herein, and for good and valuable consideration, the adequacy of which is hereby acknowledged, Developer and AGENCY hereby agree as follows:

TERMS

1.0 Incorporation of Recitals. The Parties hereby affirm the facts set forth in the Recitals above and agree to the incorporation of the Recitals as though fully set forth herein.

2.0 Construction of TUMF Improvements. Developer shall construct or have constructed at its own cost, expense, and liability certain street and transportation system improvements generally described as street and transportation system improvements generally described as 5,300 linear feet of improvements (two lanes, curb and gutter, drainage, traffic signal improvements, pole relocation and other appurtenant improvements) on Ethanac Road from I-215 to Antelope Road, and as shown more specifically on the plans, profiles, and specifications which have been or will be prepared by or on behalf of Developer and approved by AGENCY, and which are incorporated herein by this reference ("TUMF Improvements"). Construction of the TUMF Improvements shall include any transitions and/or other incidental work deemed necessary for drainage or public safety. Developer shall be responsible for the replacement, relocation, or removal of any component of any existing public or private improvement in conflict with the construction or installation of the TUMF Improvements. Such replacement, relocation, or removal shall be performed to the complete satisfaction of AGENCY and the owner of such improvement. Developer further promises and agrees to provide all equipment, tools, materials, labor, tests, design work, and engineering services necessary to fully and adequately complete the TUMF Improvements.

2.1 Pre-approval of Plans and Specifications. Developer is prohibited from commencing work on any portion of the TUMF Improvements until all plans and specifications for the TUMF Improvements have been submitted to and approved by AGENCY. Approval by AGENCY shall not relieve Developer from ensuring that all TUMF Improvements conform with all other requirements and standards set forth in this Agreement.

2.2 Permits and Notices. Prior to commencing any work, Developer shall, at its sole cost, expense, and liability, obtain all necessary permits and licenses and give all necessary and incidental notices required for the lawful construction of the TUMF Improvements and

performance of Developer's obligations under this Agreement. Developer shall conduct the work in full compliance with the regulations, rules, and other requirements contained in any permit or license issued to Developer.

2.3 Public Works Requirements. In order to insure that the TUMF Improvements will be constructed as if they had been constructed under the direction and supervision, or under the authority of, AGENCY, Developer shall comply with all of the following requirements with respect to the construction of the TUMF Improvements:

(a) Developer shall obtain bids for the construction of the TUMF Improvements, in conformance with the standard procedures and requirements of AGENCY, with respect to its public works projects, or in a manner which is approved by the Public Works Department.

(b) The contract or contracts for the construction of the TUMF Improvements shall be awarded to the responsible bidder(s) submitting the lowest responsive bid(s) for the construction of the TUMF Improvements.

(c) Developer shall require, and the specifications and bid and contract documents shall require, all such contractors to pay prevailing wages (in accordance with Articles 1 and 2 of Chapter 1, Part 7, Division 2 of the Labor Code) and to otherwise comply with applicable provisions of the Labor Code, the Government Code and the Public Contract Code relating to public works projects of cities/counties and as required by the procedures and standards of AGENCY with respect to the construction of its public works projects or as otherwise directed by the Public Works Department.

(d) All such contractors shall be required to provide proof of insurance coverage throughout the term of the construction of the TUMF Improvements which they will construct in conformance with AGENCY's standard procedures and requirements.

(e) Developer and all such contractors shall comply with such other requirements relating to the construction of the TUMF Improvements which AGENCY may impose by written notification delivered to Developer and each such contractor at any time, either prior to the receipt of bids by Developer for the construction of the TUMF Improvements, or, to the extent required as a result of changes in applicable laws, during the progress of construction thereof.

Developer shall provide proof to AGENCY, at such intervals and in such form as AGENCY may require that the foregoing requirements have been satisfied as to the TUMF Improvements.

2.4 Quality of Work; Compliance With Laws and Codes. The construction plans and specifications for the TUMF Improvements shall be prepared in accordance with all applicable federal, state and local laws, ordinances, regulations, codes, standards, and other requirements. The TUMF Improvements shall be completed in accordance with all approved maps, plans, specifications, standard drawings, and special amendments thereto on file with AGENCY, as well as all applicable federal, state, and local laws, ordinances, regulations, codes, standards, and other requirements applicable at the time work is actually commenced.

2.5 Standard of Performance. Developer and its contractors, if any, shall perform all work required, constructing the TUMF Improvements in a skillful and workmanlike manner, and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Developer represents and maintains that it or its contractors shall be skilled in the professional calling necessary to perform the work. Developer warrants that all of its employees and contractors shall have sufficient skill and experience to perform the work assigned to them, and that they shall have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the work, and that such licenses, permits, qualifications and approvals shall be maintained throughout the term of this Agreement.

2.6 Alterations to TUMF Improvements. All work shall be done and the TUMF Improvements completed as shown on approved plans and specifications, and any subsequent alterations thereto. If during the course of construction and installation it is determined that the public interest requires alterations in the TUMF Improvements, Developer shall undertake such design and construction changes as may be reasonably required by AGENCY. Any and all alterations in the plans and specifications and the TUMF Improvements to be completed may be accomplished without first giving prior notice thereof to Developer's surety for this Agreement.

3.0 Maintenance of TUMF Improvements. AGENCY shall not be responsible or liable for the maintenance or care of the TUMF Improvements until the applicable AGENCY approves and accepts them. AGENCY shall exercise no control over the TUMF Improvements until accepted. Any use by any person of the TUMF Improvements, or any portion thereof, shall be at the sole and exclusive risk of Developer at all times prior to AGENCY's acceptance of the TUMF Improvements. Developer shall maintain all of the TUMF Improvements in a state of good repair until they are completed by Developer and approved and accepted by AGENCY, and until the security for the performance of this Agreement is released. It shall be Developer's responsibility to initiate all maintenance work, but if it shall fail to do so, it shall promptly perform such maintenance work when notified to do so by AGENCY. If Developer fails to properly prosecute its maintenance obligation under this section, AGENCY may do all work necessary for such maintenance and the cost thereof shall be the responsibility of Developer and its surety under this Agreement. AGENCY shall not be responsible or liable for any damages or injury of any nature in any way related to or caused by the TUMF Improvements or their condition prior to acceptance. In no event shall WRCOG be responsible for the maintenance, operation or care of the TUMF Improvements

4.0 Fees and Charges. Developer shall, at its sole cost, expense, and liability, pay all fees, charges, and taxes arising out of the construction of the TUMF Improvements, including, but not limited to, all plan check, design review, engineering, inspection, sewer treatment connection fees, and other service or impact fees established by AGENCY.

5.0 AGENCY Inspection of TUMF Improvements. Developer shall, at its sole cost, expense, and liability, and at all times during construction of the TUMF Improvements, maintain reasonable and safe facilities and provide safe access for inspection by AGENCY of the TUMF Improvements and areas where construction of the TUMF Improvements is occurring or will occur.

6.0 Liens. Upon the expiration of the time for the recording of claims of liens as prescribed by Sections 8412 and 8414 of the Civil Code with respect to the TUMF Improvements, Developer

shall provide to AGENCY such evidence or proof as AGENCY shall require that all persons, firms and corporations supplying work, labor, materials, supplies and equipment to the construction of the TUMF Improvements, have been paid, and that no claims of liens have been recorded by or on behalf of any such person, firm or corporation. Rather than await the expiration of the said time for the recording of claims of liens, Developer may elect to provide to AGENCY a title insurance policy or other security acceptable to AGENCY guaranteeing that no such claims of liens will be recorded or become a lien upon any of the Property.

7.0 Acceptance of TUMF Improvements; As-Built or Record Drawings. If the TUMF Improvements are properly completed by Developer and approved by AGENCY, and if they comply with all applicable federal, state and local laws, ordinances, regulations, codes, standards, and other requirements, AGENCY shall be authorized to accept the TUMF Improvements. AGENCY may, in its sole and absolute discretion, accept fully completed portions of the TUMF Improvements prior to such time as all of the TUMF Improvements are complete, which shall not release or modify Developer's obligation to complete the remainder of the TUMF Improvements. Upon the total or partial acceptance of the TUMF Improvements by AGENCY, Developer shall file with the Recorder's Office of the County of Riverside a notice of completion for the accepted TUMF Improvements in accordance with California Civil Code sections 8182, 8184, 9204, and 9208 ("Notice of Completion"), at which time the accepted TUMF Improvements shall become the sole and exclusive property of AGENCY without any payment therefore. Notwithstanding the foregoing, AGENCY may not accept any TUMF Improvements unless and until Developer provides one (1) set of "as-built" or record drawings or plans to the AGENCY for all such TUMF Improvements. The drawings shall be certified and shall reflect the condition of the TUMF Improvements as constructed, with all changes incorporated therein.

8.0 Warranty and Guarantee. Developer hereby warrants and guarantees all the TUMF Improvements against any defective work or labor done, or defective materials furnished in the performance of this Agreement, including the maintenance of the TUMF Improvements, for a period of one (1) year following completion of the work and acceptance by AGENCY ("Warranty"). During the Warranty, Developer shall repair, replace, or reconstruct any defective or otherwise unsatisfactory portion of the TUMF Improvements, in accordance with the current ordinances, resolutions, regulations, codes, standards, or other requirements of AGENCY, and to the approval of AGENCY. All repairs, replacements, or reconstruction during the Warranty shall be at the sole cost, expense, and liability of Developer and its surety. As to any TUMF Improvements which have been repaired, replaced, or reconstructed during the Warranty, Developer and its surety hereby agree to extend the Warranty for an additional one (1) year period following AGENCY's acceptance of the repaired, replaced, or reconstructed TUMF Improvements. Nothing herein shall relieve Developer from any other liability it may have under federal, state, or local law to repair, replace, or reconstruct any TUMF Improvement following expiration of the Warranty or any extension thereof. Developer's warranty obligation under this section shall survive the expiration or termination of this Agreement.

9.0 Administrative Costs. If Developer fails to construct and install all or any part of the TUMF Improvements, or if Developer fails to comply with any other obligation contained herein, Developer and its surety shall be jointly and severally liable to AGENCY for all administrative expenses, fees, and costs, including reasonable attorney's fees and costs, incurred in obtaining

compliance with this Agreement or in processing any legal action or for any other remedies permitted by law.

10.0 Default; Notice; Remedies.

10.1 Notice. If Developer neglects, refuses, or fails to fulfill or timely complete any obligation, term, or condition of this Agreement, or if AGENCY determines there is a violation of any federal, state, or local law, ordinance, regulation, code, standard, or other requirement, AGENCY may at any time thereafter declare Developer to be in default or violation of this Agreement and make written demand upon Developer or its surety, or both, to immediately remedy the default or violation (“Notice”). Developer shall substantially commence the work required to remedy the default or violation within five (5) days of the Notice. If the default or violation constitutes an immediate threat to the public health, safety, or welfare, AGENCY may provide the Notice verbally, and Developer shall substantially commence the required work within twenty-four (24) hours thereof. Immediately upon AGENCY’s issuance of the Notice, Developer and its surety shall be liable to AGENCY for all costs of construction and installation of the TUMF Improvements and all other administrative costs or expenses as provided for in this Section 10.0 of this Agreement.

10.2 Failure to Remedy; AGENCY Action. If the work required to remedy the noticed default or violation is not diligently prosecuted to a completion acceptable to AGENCY within the time frame contained in the Notice, AGENCY may complete all remaining work, arrange for the completion of all remaining work, and/or conduct such remedial activity as in its sole and absolute discretion it believes is required to remedy the default or violation. All such work or remedial activity shall be at the sole and absolute cost, expense, and liability of Developer and its surety, without the necessity of giving any further notice to Developer or surety. AGENCY’s right to take such actions shall in no way be limited by the fact that Developer or its surety may have constructed any of the TUMF Improvements at the time of AGENCY’s demand for performance. In the event AGENCY elects to complete or arrange for completion of the remaining work and the TUMF Improvements, AGENCY may require all work by Developer or its surety to cease in order to allow adequate coordination by AGENCY.

10.3 Other Remedies. No action by AGENCY pursuant to this Section 10.0 *et seq.* of this Agreement shall prohibit AGENCY from exercising any other right or pursuing any other legal or equitable remedy available under this Agreement or any federal, state, or local law. AGENCY may exercise its rights and remedies independently or cumulatively, and AGENCY may pursue inconsistent remedies. AGENCY may institute an action for damages, injunctive relief, or specific performance.

11.0 Security; Surety Bonds. Prior to the commencement of any work on the TUMF Improvements, Developer or its contractor shall provide AGENCY with surety bonds in the amounts and under the terms set forth below (“Security”). The amount of the Security shall be based on the estimated actual costs to construct the TUMF Improvements, as determined by AGENCY after Developer has awarded a contract for construction of the TUMF Improvements to the lowest responsive and responsible bidder in accordance with this Agreement (“Estimated Costs”). If AGENCY determines, in its sole and absolute discretion, that the Estimated Costs have changed, Developer or its contractor shall adjust the Security in the amount requested by

AGENCY. Developer's compliance with this Section 11.0 et seq. of this Agreement shall in no way limit or modify Developer's indemnification obligation provided in Section 12.0 of this Agreement.

11.1 Performance Bond. To guarantee the faithful performance of the TUMF Improvements and all the provisions of this Agreement, to protect AGENCY if Developer is in default as set forth in Section 10.0 et seq. of this Agreement, and to secure the one-year guarantee and warranty of the TUMF Improvements, Developer or its contractor shall provide AGENCY a faithful performance bond in an amount which sum shall be not less than one hundred percent (100%) of the Estimated Costs. The AGENCY may, in its sole and absolute discretion, partially release a portion or portions of the security provided under this section as the TUMF Improvements are accepted by AGENCY, provided that Developer is not in default on any provision of this Agreement and the total remaining security is not less than ten (10%) of the Estimated Costs. All security provided under this section shall be released at the end of the Warranty period, or any extension thereof as provided in Section 11.0 of this Agreement, provided that Developer is not in default on any provision of this Agreement.

11.2 Labor & Material Bond. To secure payment to the contractors, subcontractors, laborers, materialmen, and other persons furnishing labor, materials, or equipment for performance of the TUMF Improvements and this Agreement, Developer or its contractor shall provide AGENCY a labor and materials bond in an amount which sum shall not be less than one hundred percent (100%) of the Estimated Costs. The security provided under this section may be released by written authorization of AGENCY after six (6) months from the date AGENCY accepts the TUMF Improvements. The amount of such security shall be reduced by the total of all stop notice or mechanic's lien claims of which AGENCY is aware, plus an amount equal to twenty percent (20%) of such claims for reimbursement of AGENCY's anticipated administrative and legal expenses arising out of such claims.

11.3 Additional Requirements. The surety for any surety bonds provided as Security shall have a current A.M. Best rating of at least "A" and FSC-VIII, shall be licensed to do business in California, and shall be satisfactory to AGENCY. As part of the obligation secured by the Security and in addition to the face amount of the Security, Developer, its contractor or the surety shall secure the costs and reasonable expenses and fees, including reasonable attorney's fees and costs, incurred by AGENCY in enforcing the obligations of this Agreement. Developer, its contractor and the surety shall stipulate and agree that no change, extension of time, alteration, or addition to the terms of this Agreement, the TUMF Improvements, or the plans and specifications for the TUMF Improvements shall in any way affect its obligation on the Security.

11.4 Evidence and Incorporation of Security. Evidence of the Security shall be provided on the forms set forth in Exhibit "B", unless other forms are deemed acceptable by the AGENCY, and when such forms are completed to the satisfaction of AGENCY, the forms and evidence of the Security shall be attached hereto as Exhibit "B" and incorporated herein by this reference.

12.0 Indemnification. Developer shall defend, indemnify, and hold harmless PERRIS AND MENIFEE, the Western Riverside Council of Governments (WRCOG), their elected officials, board members, employees, and agents from any and all actual or alleged claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death,

whether imposed by a court of law or by administrative action of any federal, state, or local governmental agency, arising out of or incident to any acts, omissions, negligence, or willful misconduct of Developer, its employees, contractors, or agents in connection with the performance of this Agreement, or arising out of or in any way related to or caused by the TUMF Improvements or their condition prior to PERRIS and MENIFEE's approval and acceptance of the TUMF Improvements ("Claims"). This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorney fees, and related costs or expenses, and the reimbursement of PERRIS, MENIFEE, WRCOG, their elected officials, board members, employees, and/or agents for all legal expenses and costs incurred by each of them. This indemnification excludes only such portion of any Claim which is caused solely and exclusively by the gross negligence or willful misconduct of PERRIS or MENIFEE, with respect to each of their jurisdictions, as determined by a court or administrative body of competent jurisdiction. Developer's obligation to indemnify shall survive the expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by PERRIS, MENIFEE, WRCOG, their elected officials, board members, employees, or agents.

13.0 Insurance.

13.1 Types; Amounts. Developer shall procure and maintain, and shall require its contractors to procure and maintain, during performance of this Agreement, insurance of the types and in the amounts described below ("Required Insurance"). If any of the Required Insurance contains a general aggregate limit, such insurance shall apply separately to this Agreement or be no less than two times the specified occurrence limit.

13.1.1 General Liability. Occurrence form general liability insurance at least as broad as Insurance Services Office Form CG 00 01, or equivalent form, with an occurrence limit of Two Million Dollars (\$2,000,000) and aggregate limit of Four Million Dollars (\$4,000,000) for bodily injury, personal injury, and property damage.

13.1.2 Business Automobile Liability. Business automobile liability insurance at least as broad as Insurance Services Office Form CA 00 01 (coverage symbol 1 – any auto), or equivalent form, with a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall include coverage for the ownership, operation, maintenance, use, loading, or unloading of any auto owned, leased, hired, or borrowed by the insured or for which the insured is responsible.

13.1.3 Workers' Compensation. Workers' compensation insurance with limits as required by the Labor Code of the State of California and employers' liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence, at all times during which insured retains employees.

13.1.4 Professional Liability. For any consultant or other professional who will engineer or design the TUMF Improvements, liability insurance for errors and omissions with limits not less than Two Million Dollars (\$2,000,000) per occurrence, shall be procured and maintained for a period of five (5) years following completion of the TUMF Improvements. Such insurance shall be endorsed to include contractual liability.

13.2 Deductibles. Any deductibles or self-insured retentions must be declared to and approved by AGENCY. At the option of AGENCY, either: (a) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects AGENCY, its elected officials, officers, employees, agents, and volunteers; or (b) Developer and its contractors shall provide a financial guarantee satisfactory to AGENCY guaranteeing payment of losses and related investigation costs, claims, and administrative and defense expenses.

13.3 Additional Insured; Separation of Insureds. The Required Insurance, except for the professional liability and workers' compensation insurance, shall name AGENCY, WRCOG, their elected officials, board members, officers, employees, and agents as additional insureds with respect to work performed by or on behalf of Developer or its contractors, including any materials, parts, or equipment furnished in connection therewith. For Required Insurance provided by Developer's contractors, WRCOG shall be added as an additional insured using ISO CG 2038 or an exact equivalent. The Required Insurance shall contain standard separation of insureds provisions, and shall contain no special limitations on the scope of its protection to AGENCY, WRCOG, their elected officials, board members, officers, employees, or agents.

13.4 Primary Insurance; Waiver of Subrogation. The Required Insurance, except for the professional liability and workers' compensation insurance shall be primary with respect to any insurance or self-insurance programs covering AGENCY, WRCOG, their elected officials, board members, officers, employees, or agents. The Required Insurance, except for the professional liability insurance, shall provide that the insurance company waives all right of recovery by way of subrogation against AGENCY and WRCOG in connection with any damage or harm covered by such policy.

13.5 Certificates; Verification. Developer and its contractors shall furnish AGENCY with original certificates of insurance and endorsements effecting coverage for the Required Insurance. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements must be received and approved by AGENCY before work pursuant to this Agreement can begin. AGENCY reserves the right to require complete, certified copies of all required insurance policies, at any time.

13.6 Term; Cancellation Notice. Developer and its contractors shall maintain the Required Insurance for the term of this Agreement and shall replace any certificate, policy, or endorsement which will expire prior to that date. All policies shall be endorsed to provide that the Required Insurance shall not be suspended, voided, reduced, canceled, or allowed to expire except on thirty (30) days' prior written notice to AGENCY. If such notice of cancellation endorsements are unavailable, Developer shall provide such thirty (30) days' written notice of cancellation.

13.7 Insurer Rating. Unless approved in writing by AGENCY, all Required Insurance shall be placed with insurers licensed to do business in the State of California and with a current A.M. Best rating of at least "A" and FSC-VIII.

14.0 TUMF Credit.

14.1 Developer's TUMF Obligation. Developer hereby agrees and accepts that as of the date of this Agreement, the amount Developer is obligated to pay to MENIFEE pursuant to Ordinance No. 2025- _____ as part of the TUMF Program is FOUR MILLION SEVEN HUNDRED EIGHTY THREE THOUSAND FOUR HUNDRED SEVENTY TWO AND 00/100 DOLLARS (\$4,783,472) ("TUMF Obligation"). This TUMF Obligation shall be initially determined under the TUMF fee schedule in effect for MENIFEE at the time the Developer submits a building permit application for the TUMF Improvement. Notwithstanding, this TUMF Obligation does not have to be paid until the Certificate of Occupancy is obtained.

14.2 Fee Adjustments. Notwithstanding the foregoing, Developer agrees that this Agreement shall not estop MENIFEE from adjusting the TUMF in accordance with the provisions of Ordinance No. 2025- _____.

14.3 Credit Offset Against TUMF Obligation. Pursuant to Ordinance No. 2025- _____ and in consideration for Developer's obligation under this Agreement for the delivery of TUMF Improvements, credit shall be applied by MENIFEE to offset the TUMF Obligation ("Credit") subject to adjustment and reconciliation under Section 14.5 of this agreement. Developer hereby agrees that the amount of the Credit shall be applied after Developer has initiated the process of project delivery of TUMF Improvements to the lowest responsible bidder in accordance with this Agreement. Developer further agrees that the dollar amount of the Credit shall be equal to the lesser of: (A) the bid amount set forth in the contract awarded to the lowest responsible bidder, or (B) the unit cost assumptions for the TUMF Improvement in effect at the time of the contract award, as such assumptions are identified and determined in the most recent TUMF Nexus Study and the TUMF Administrative Plan adopted by WRCOG ("Unit Cost Assumptions").

The bid amount and the Unit Cost Assumptions are estimated at \$8,433,776 as shown in Exhibit "G" and shall hereafter be collectively referred to as the "Estimated Credit". At no time will the Credit exceed the Developer's TUMF Obligation. If the dollar amount of the Estimated Credit exceeds the dollar amount of the TUMF Obligation, Developer will be deemed to have completely satisfied its TUMF Obligation for the Project and may apply for a reimbursement agreement, to the extent applicable, as provided in Section 14.6 of this Agreement and estimated in Exhibit "G". If the dollar amount of the Estimated Credit is less than the dollar amount of the TUMF Obligation, the Developer agrees the Credit shall be applied to offset the TUMF Obligation as follows:

(i) For residential units in the Project, the Credit shall be applied to all residential units to offset and/or satisfy the TUMF Obligation. The residential units for which the TUMF Obligation has been offset and/or satisfied by use of the Credit, and the amount of offset applicable to each unit, shall be identified in the notice provided to the Developer by AGENCY pursuant to this section.

(ii) For commercial and industrial structures in the Project, the Credit shall be applied to all commercial and industrial development to offset and/or satisfy the TUMF Obligation. The commercial or industrial structure(s) for which the TUMF Obligation has been offset and/or satisfied by use of the Credit, and the amount of offset applicable to such structure(s), shall be identified in the notice provided to the Developer by AGENCY pursuant to this section.

AGENCY shall provide Developer written notice of the determinations that AGENCY makes pursuant to this section, including how the Credit is applied to offset the TUMF Obligation as described above.

14.4 Verified Cost of the TUMF Improvements. Upon recordation of the Notice of Completion for the TUMF Improvements and acceptance of the TUMF Improvements by AGENCY, Developer shall submit to the AGENCY Public Works Director the information set forth in the attached Exhibit “C”. The AGENCY Public Works Director, or his or her designee, shall use the information provided by Developer to calculate the total actual costs incurred by Developer in delivering the TUMF Improvements covered under this Agreement (“Verified Costs”). The AGENCY Public Works Director will use his or her best efforts to determine the amount of the Verified Costs and provide Developer written notice thereof within thirty (30) calendar days of receipt of all the required information from Developer. The Agency may request that WRCOG calculate the amount of the Verified Cost. In this case, the AGENCY shall provide WRCOG written notice and all necessary documentation and allow WRCOG fifteen (15) days to determine costs. Agency will notify the Developer within the previous thirty (30) day deadline

14.5 Reconciliation; Final Credit Offset Against TUMF Obligation. The Developer is aware of and accepts the fact that Credits are speculative and conceptual in nature. The actual amount of Credit that shall be applied by AGENCY to offset the TUMF Obligation shall be equal to the lesser of: (A) the Verified Costs or (B) Unit Cost Assumptions for the TUMF Improvements as determined in accordance with Section 14.3 of this Agreement (“Actual Credit”). No Actual Credit will be awarded until the Verified Costs are determined through the reconciliation process. Please be advised that while a Developer may use an engineer’s estimates in order to estimate Credits for project planning purposes, the Actual Credit awarded will only be determined by the reconciliation process.

(a) TUMF Balance. If the dollar amount of the Actual Credit is less than the dollar amount of the TUMF Obligation, the AGENCY Public Works Director shall provide written notice to Developer of the amount of the difference owed (“TUMF Balance”) and Developer shall pay the TUMF Balance in accordance with (insert appropriate reference for city or county) to fully satisfy the TUMF Obligation (see Exhibit “F” - Example “A”).

(b) TUMF Reimbursement. If the dollar amount of the Actual Credit exceeds the TUMF Obligation, Developer will be deemed to have fully satisfied the TUMF Obligation for the Project and may apply for a reimbursement agreement, to the extent applicable, as provided in Section 14.6 of this Agreement. AGENCY shall provide Developer written notice of the determinations that AGENCY makes pursuant to this section (see Exhibit “F” - Example “B”).

(c) TUMF Overpayment. If the dollar amount of the Actual Credit exceeds the Estimated Credit, but is less than the TUMF Obligation, but the Actual Credit plus additional monies collected by MENIFEE from Developer for the TUMF Obligation exceed the TUMF Obligation (“TUMF Overpayment”), Developer will be deemed to have fully satisfied the TUMF Obligation for the Project and may be entitled to a refund. MENIFEE’s Public Works Director shall provide written notice to WRCOG and the Developer of the amount of the TUMF

Overpayment and MENIFEE shall direct WRCOG to refund the Developer in accordance with (insert appropriate reference for city or county) (see Exhibit “F” - Example C)

14.6 Reimbursement Agreement. If authorized under either Section 14.3 or Section 14.5 Developer may apply to MENIFEE and WRCOG for a reimbursement agreement for the amount by which the Actual Credit exceeds the TUMF Obligation, as determined pursuant to Section 14.3 of this Agreement, Ordinance No. (insert appropriate reference for city or county), and the TUMF Administrative Plan adopted by WRCOG (“Reimbursement Agreement”). If MENIFEE and WRCOG agree to a Reimbursement Agreement with Developer, the Reimbursement Agreement shall be executed on the form set forth in Exhibit “D,” and shall contain the terms and conditions set forth therein. The Parties agree that the Reimbursement Agreement shall be subject to all terms and conditions of this Agreement, and that upon execution, an executed copy of the Reimbursement Agreement shall be attached hereto and shall be incorporated herein as a material part of this Agreement as though fully set forth herein.

15.0 Miscellaneous.

15.1 Assignment. Developer may, as set forth herein, assign all or a portion of its rights pursuant to this Agreement to a purchaser of a portion or portions of the Property ("Assignment"). Developer and such purchaser and assignee ("Assignee") shall provide to AGENCY such reasonable proof as it may require that Assignee is the purchaser of such portions of the Property. Any assignment pursuant to this Section shall not be effective unless and until Developer and Assignee have executed an assignment agreement with AGENCY in a form reasonably acceptable to AGENCY, whereby Developer and Assignee agree, except as may be otherwise specifically provided therein, to the following: (1) that Assignee shall receive all or a portion of Developer's rights pursuant to this Agreement, including such credit as is determined to be applicable to the portion of the Property purchased by Assignee pursuant to Section 14.0 et seq. of this Agreement, and (2) that Assignee shall be bound by all applicable provisions of this Agreement.

15.2 Relationship Between the Parties. The Parties hereby mutually agree that this Agreement shall not operate to create the relationship of partnership, joint venture, or agency between or among AGENCY, WRCOG and Developer. Developer’s contractors are exclusively and solely under the control and dominion of Developer. Nothing herein shall be deemed to make Developer or its contractors an agent or contractor of AGENCY. This Agreement shall be interpreted and administered in a manner consistent with the TUMF Administrative Plan in effect at the time this Agreement is executed.

15.3 Warranty as to Property Ownership; Authority to Enter Agreement. Developer hereby warrants that it owns fee title to the Property and that it has the legal capacity to enter into this Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority make this Agreement and bind each respective Party.

15.4 Prohibited Interests. Developer warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for Developer, to solicit or secure this Agreement. Developer also warrants that it has not paid or agreed to pay any company or person, other than a bona fide employee working solely for Developer, any fee, commission, percentage, brokerage fee, gift, or other consideration contingent upon the making of this

Agreement. For breach of this warranty, AGENCY shall have the right to rescind this Agreement without liability.

15.5 Notices. All notices, demands, invoices, and written communications shall be in writing and delivered to the following addresses or such other addresses as the Parties may designate by written notice:

To AGENCY: City of Menifee
Attn: Public Works Director
29844 Haun Road
Menifee, CA 92586
Telephone: (951) 672-6777

City of Perris
Attn: Public Works Director
101 N. D Street
Perris, CA 92570
Telephone: (951) 943-6100

To WRCOG: Western Riverside Council of Governments
3390 University Avenue, Suite 200
Riverside, CA 92501
Attention: Executive Director
Telephone: (951) 405-6700
Fax No. (951) 223-9720

To Developer: Core5 Industrial Partners, LLC
Attn: Jon Kelly
300 Spectrum Center Drive, Suite 880
Irvine, CA 92618
Telephone: (949) 467-3290

Depending upon the method of transmittal, notice shall be deemed received as follows: by facsimile, as of the date and time sent; by messenger, as of the date delivered; and by U.S. Mail first class postage prepaid, as of 72 hours after deposit in the U.S. Mail.

15.6 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.

15.7 Construction; References; Captions. It being agreed the Parties or their agents have participated 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 Developer include all personnel, employees, agents, and contractors of

Developer, except as otherwise specified in this Agreement. All references to AGENCY 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.

15.8 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

15.9 Termination. This Agreement shall terminate 10 years after the Effective Date, unless extended in writing by the Parties. In addition, this Agreement shall terminate 5 years after the Effective Date in the event that the TUMF Improvements as specified in the Credit Agreement is not commenced within 5 years of the Effective Date.

15.9.1 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 right by custom, estoppel, or otherwise.

15.9.2 Binding Effect. Each and all of the covenants and conditions shall be binding on and shall inure to the benefit of the Parties, and their successors, heirs, personal representatives, or assigns. This section shall not be construed as an authorization for any Party to assign any right or obligation.

15.9.3 No Third-Party Beneficiaries. There are no intended third-party beneficiaries of any right or obligation assumed by the Parties.

15.9.4 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.

15.9.5 Consent to Jurisdiction and Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of California. Any legal action or proceeding brought to interpret or enforce this Agreement, or which in any way arises out of the Parties' activities undertaken pursuant to this Agreement, shall be filed and prosecuted in the appropriate California State Court in the County of Riverside, California. Each Party waives the benefit of any provision of state or federal law providing for a change of venue to any other court or jurisdiction including, without limitation, a change of venue based on the fact that a governmental entity is a party to the action or proceeding, or that a federal right or question is involved or alleged to be involved in the action or proceeding. Without limiting the generality of the foregoing waiver, Developer expressly waives any right to have venue transferred pursuant to California Code of Civil Procedure Section 394.

15.9.6 Time is of the Essence. Time is of the essence in this Agreement, and the Parties agree to execute all documents and proceed with due diligence to complete all covenants and conditions.

15.9.7 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one instrument.

15.9.8 Entire Agreement. This Agreement contains the entire agreement between AGENCY and Developer and supersedes any prior oral or written statements or agreements between AGENCY and Developer.

[SIGNATURES OF PARTIES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

DEVELOPER:

CORE5 INDUSTRIAL PARTNERS, LLC,
a Delaware limited liability company

By: _____

Its: _____

WESTERN RIVERSIDE COUNCIL OF
GOVERNMENT:

By: _____

Its: Executive Director- _____

APPROVED TO FORM:

By: _____

Its: _____

AGENCY:
CITY OF MENIFEE

By: _____
Its: _____

ATTEST:

By: _____
Its: _____

AGENCY:
CITY OF PERRIS

By: _____
Its: _____

ATTEST:

By: _____
Its: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

[ATTACH BEHIND THIS PAGE]

LEGAL DESCRIPTION

Real property in the City of Menifee, County of Riverside, State of California, described as Assessor Parcel Numbers:

Parcel Map No. 38156

APNs:

331-140-010

331-140-018

331-140-021

331-140-025

Parcel Map No. 38432

APNs:

331-150-036

331-150-037

331-150-039

331-150-040

331-150-041

331-150-042

331-150-044

331-150-045

Parcel Map No. 39292

APNs:

331-110-023

331-110-024

331-110-025

331-110-026

331-110-031

331-110-038

331-110-039

331-110-041

EXHIBIT “B”

FORMS FOR SECURITY

[ATTACHED BEHIND THIS PAGE]

EXHIBIT B-1

BOND NO. _____
INITIAL PREMIUM: _____
SUBJECT TO RENEWAL

PERFORMANCE BOND

WHEREAS, the [INSERT "City" OR "County"] of _____ ("AGENCY") has executed an agreement with _____ (hereinafter "Developer"), requiring Developer to perform certain work consisting of but not limited to, furnishing all labor, materials, tools, equipment, services, and incidentals for the construction of street and transportation system improvements (hereinafter the "Work");

WHEREAS, the Work to be performed by Developer is more particularly set forth in that certain TUMF Improvement and Credit/Reimbursement Agreement dated _____, (hereinafter the "Agreement"); and

WHEREAS, the Agreement is hereby referred to and incorporated herein by this reference; and

WHEREAS, Developer or its contractor is required by the Agreement to provide a good and sufficient bond for performance of the Agreement, and to guarantee and warranty the Work constructed thereunder.

NOW, THEREFORE, we the undersigned, _____, as Principal and _____, a corporation organized and existing under the laws of the State of _____ and duly authorized to transact business under the laws of the State of California, as Surety, are held and firmly bound unto the AGENCY in the sum of _____ (\$_____), said sum being not less than one hundred percent (100%) of the total cost of the Work as set forth in the Agreement, we bind ourselves, our heirs, executors and administrators, successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such, that if Developer and its contractors, or their heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions, agreements, guarantees, and warranties in the Agreement and any alteration thereof made as therein provided, to be kept and performed at the time and in the manner therein specified and in all respects according to their intent and meaning, and to indemnify and save harmless AGENCY, its officers, employees, and agents, as stipulated in the Agreement, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by AGENCY in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

The said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or additions to the terms of the said Agreement or to the Work to be performed

thereunder or the specification accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Agreement or to the Work.

IN WITNESS WHEREOF, we have hereto set our hands and seals this ____ day on _____, 20__.

Principal

By: _____
President

Surety

By: _____
Attorney-in-Fact

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE §1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, before me,
_____,
Date

Here Insert Name and Title of the Officer

personally appeared _____,
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title of Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Signer's Name: _____

Corporate Officer – Title(s): _____

Corporate Officer – Title(s): _____

Partner - Limited General

Partner - Limited General

Individual Attorney in Fact

Individual Attorney in Fact

Trustee Guardian or Conservator

Trustee Guardian or Conservator

Other: _____

Other: _____

Signer is Representing: _____

Signer is Representing: _____

CERTIFICATE AS TO CORPORATE PRINCIPAL

I, _____, certify that I am the _____ Secretary of the corporation named as principal in the attached bond, that _____ who signed the said bond on behalf of the principal was then _____ of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed and attested for and in behalf of said corporation by authority of its governing Board.

(Corporate Seal)

Signature

Date

NOTE: A copy of the power of attorney to local representatives of the bonding company may be attached hereto.

BOND NO. _____
INITIAL PREMIUM: _____
SUBJECT TO RENEWAL

LABOR & MATERIAL BOND

WHEREAS, the [INSERT "City" OR "County"] of _____ ("AGENCY") has executed an agreement with _____ (hereinafter "Developer"), requiring Developer to perform certain work consisting of but not limited to, furnishing all labor, materials, tools, equipment, services, and incidentals for the construction of street and transportation system improvements (hereinafter "Work");

WHEREAS, the Work to be performed by Developer is more particularly set forth in that certain Improvement and Credit / Reimbursement Agreement dated _____, (hereinafter the "Agreement"); and

WHEREAS, Developer or its contractor is required to furnish a bond in connection with the Agreement providing that if Developer or any of his or its contractors shall fail to pay for any materials, provisions, or other supplies, or terms used in, upon, for or about the performance of the Work contracted to be done, or for any work or labor done thereon of any kind, or for amounts due under the provisions of 3248 of the California Civil Code, with respect to such work or labor, that the Surety on this bond will pay the same together with a reasonable attorney's fee in case suit is brought on the bond.

NOW, THEREFORE, we the undersigned, _____, as Principal and _____, a corporation organized and existing under the laws of the State of _____ and duly authorized to transact business under the laws of the State of California, as Surety, are held and firmly bound unto the AGENCY and to any and all material men, persons, companies or corporations furnishing materials, provisions, and other supplies used in, upon, for or about the performance of the said Work, and all persons, companies or corporations renting or hiring teams, or implements or machinery, for or contributing to said Work to be done, and all persons performing work or labor upon the same and all persons supplying both work and materials as aforesaid, the sum of

(\$ _____), said sum being not less than 100% of the total amount payable by Developer under the terms of the Agreement, for which payment well and truly to be made, we bind ourselves, our heirs, executors and administrators, successors and assigns jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH that if Developer or its contractors, or their heirs, executors, administrators, successors, or assigns, shall fail to pay for any materials, provisions, or other supplies or machinery used in, upon, for or about the performance of the Work contracted to be done, or for work or labor thereon of any kind, or fail to pay any of the persons named in California Civil Code Section 9100, or amounts due under the Unemployment Insurance Code with respect to work or labor performed by any such claimant, or for any amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of the contractor and his subcontractors pursuant to Section 13020 of the

Unemployment Insurance Code with respect to such work and labor, and all other applicable laws of the State of California and rules and regulations of its agencies, then said Surety will pay the same in or to an amount not exceeding the sum specified herein.

In case legal action is required to enforce the provisions of this bond, the prevailing party shall be entitled to recover reasonable attorneys' fees in addition to court costs, necessary disbursements and other consequential damages. In addition to the provisions hereinabove, it is agreed that this bond will inure to the benefit of any and all persons, companies and corporations entitled to make claims under Sections 8024, 8400, 8402, 8404, 8430, 9100 of the California Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

The said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or additions to the terms of the Agreement or to the Work to be performed thereunder or the specification accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Agreement or to the Work.

IN WITNESS WHEREOF, we have hereto set our hands and seals this ____ day on _____, 20__.

Principal

By: _____
President

Surety

By: _____
Attorney-in-Fact

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE §1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, before me,
_____,
Date

Here Insert Name and Title of the Officer

personally appeared _____,
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title of Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Signer's Name: _____

Corporate Officer – Title(s): _____

Corporate Officer – Title(s): _____

Partner - Limited General

Partner - Limited General

Individual Attorney in Fact

Individual Attorney in Fact

Trustee Guardian or Conservator

Trustee Guardian or Conservator

Other: _____

Other: _____

Signer is Representing: _____

Signer is Representing: _____

CERTIFICATE AS TO CORPORATE PRINCIPAL

I, _____, certify that I am the _____ Secretary of the corporation named as principal in the attached bond, that _____ who signed the said bond on behalf of the principal was then _____ of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed and attested for and in behalf of said corporation by authority of its governing Board.

(Corporate Seal)

Signature

Date

NOTE: A copy of the power of attorney to local representatives of the bonding company may be attached hereto.

EXHIBIT “C”

DOCUMENTATION TO BE PROVIDED TO AGENCY BY DEVELOPER FOR DETERMINATION OF VERIFIED COSTS

To assist AGENCY in determining the Verified Costs for a completed TUMF Improvement, Developer shall provide the following documents to AGENCY:

1. Plans, specifications and Developer’s civil engineer’s cost estimate;
2. If Developer is seeking Credit for such costs, documentation evidencing cost of any required environmental studies, preparation of designs, plans and specifications, required right of way acquisition, and other costs directly related to the development of the TUMF Improvement. Only actual, documented and reasonable costs directly related to the TUMF Improvement will be considered. Costs should be documented as specified below.
3. Costs claimed for right of way acquisition must be accompanied by an appraisal (no more than two years old at the time of acquisition) completed by an MAI appraiser, and documentation of transfer of such right of way to the AGENCY, or applicable public agency. The appraisal must be approved by the AGENCY as valid and acceptable.
4. List of bidders from whom bids were requested;
5. Construction schedules and progress reports;
6. Contracts, insurance certificates and change orders with each contractor, consultant, service provider or vendor;
7. Invoices received from all contractors, consultants, service providers and vendors;
8. Canceled checks for payments made to contractors, consultants, service providers and vendors (copy both front and back of canceled checks);
9. Spreadsheet showing total costs incurred in and related to the construction of each TUMF Improvement and the check number for each item of cost and invoice;
10. Final lien releases from each contractor and vendor; and
11. Such further documentation as may be reasonably required by AGENCY to evidence the completion of construction and the payment of each item of cost and invoice.

EXHIBIT “D”

**REIMBURSEMENT AGREEMENT
TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM**

THIS REIMBURSEMENT AGREEMENT (“Agreement”) is entered into this ___ day of _____, 20___, by and between the [INSERT “City” OR “County”] of _____, [**INSERT “a California municipal corporation” FOR CITY OR “a subdivision of the State of California” FOR COUNTY**] (“AGENCY”), the Western Riverside Council of Governments (“WRCOG”), a Joint Powers Agency and _____, a California [**INSERT TYPE OF ENTITY - corporation, partnership, sole proprietorship or other legal entity**], with its principal place of business at [**ENTER ADDRESS**] (“Developer”). AGENCY and Developer are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”.

RECITALS

WHEREAS, AGENCY, WRCOG and Developer are parties to an agreement dated _____, 20___, entitled “Improvement and Credit Agreement - Transportation Uniform Mitigation Fee Program” (hereinafter “Credit Agreement”);

WHEREAS, Sections 14.1 through 14.3 of the Credit Agreement provide that Developer is obligated to pay AGENCY the TUMF Obligation, as defined therein, but shall receive credit to offset the TUMF Obligation if Developer constructs and AGENCY accepts the TUMF Improvements in accordance with the Credit Agreement;

WHEREAS, Section 14.5 of the Credit Agreement provides that if the dollar amount of the credit to which Developer is entitled under the Credit Agreement exceeds the dollar amount of the TUMF Obligation, Developer may apply to AGENCY and WRCOG for a reimbursement agreement for the amount by which the credit exceeds the TUMF Obligation;

WHEREAS, Section 14.5 additionally provides that a reimbursement agreement executed pursuant to the Credit Agreement (i) shall be executed on the form attached to the Credit Agreement, (ii) shall contain the terms and conditions set forth therein, (iii) shall be subject to all terms and conditions of the Credit Agreement, and (iv) shall be attached upon execution to the Credit Agreement and incorporated therein as a material part of the Credit Agreement as though fully set forth therein; and

WHEREAS, AGENCY and WRCOG have consented to execute a reimbursement agreement with Developer pursuant to the Credit Agreement, (insert appropriate reference for city or county), and the TUMF Administrative Plan adopted by WRCOG.

NOW, THEREFORE, for the purposes set forth herein, and for good and valuable consideration, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

TERMS

1.0 Incorporation of Recitals. The Parties hereby affirm the facts set forth in the Recitals above and agree to the incorporation of the Recitals as though fully set forth herein.

2.0 Effectiveness. This Agreement shall not be effective unless and until the Credit Agreement is effective and in full force in accordance with its terms.

3.0 Definitions. Terms not otherwise expressly defined in this Agreement, shall have the meaning and intent set forth in the Credit Agreement.

4.0 Amount of Reimbursement. Subject to the terms, conditions, and limitations set forth in this Agreement, the Parties hereby agree that Developer is entitled to receive the dollar amount by which the Actual Credit exceeds the dollar amount of the TUMF Obligation as determined pursuant to the Credit Agreement, (insert appropriate reference for city or county), and the TUMF Administrative Plan adopted by WRCOG (“Reimbursement”). The Reimbursement shall be subject to verification by WRCOG. AGENCY and Developer shall provide any and all documentation reasonably necessary for WRCOG to verify the amount of the Reimbursement. The Reimbursement shall be in an amount not exceeding [INSERT DOLLAR AMOUNT] (“Reimbursement Amount”). WRCOG shall, upon receipt and approval of information requested by WRCOG, shall be responsible for transmitting the Reimbursement Amount to the Developer. In no event shall the dollar amount of the Reimbursement exceed the difference between the dollar amount of all credit applied to offset the TUMF Obligation pursuant to Section 14.3, 14.4, and 14.5 of the Credit Agreement, and one hundred (100%) of the approved unit awarded, as such assumptions are identified and determined in the Nexus Study and the TUMF Administrative Plan adopted by WRCOG.

5.0 Payment of Reimbursement; Funding Contingency. The payment of the Reimbursement Amount shall be subject to the following conditions:

5.1 Developer shall have no right to receive payment of the Reimbursement unless and until (i) the TUMF Improvements are completed and accepted by AGENCY in accordance with the Credit Agreement, (ii) the TUMF Improvements are scheduled for funding pursuant to the five-year Transportation Improvement Program adopted annually by WRCOG, (iii) WRCOG has funds available and appropriated for payment of the Reimbursement amount.

5.2 Developer shall not be entitled to any interest or other cost adjustment for any delay between the time when the dollar amount of the Reimbursement is determined and the time when payment of the Reimbursement is made to Developer by WRCOG through AGENCY.

6.0 Affirmation of Credit Agreement. AGENCY and Developer represent and warrant to each other that there have been no written or oral modifications or amendments of the Credit Agreement, except by this Agreement. AGENCY and Developer ratify and reaffirm each and every one of their respective rights and obligations arising under the Credit Agreement. AGENCY and Developer represent and warrant that the Credit Agreement is currently an effective, valid, and binding obligation.

7.0 Incorporation Into Credit Agreement. Upon execution of this Agreement, an executed original of this Agreement shall be attached as Exhibit “D” to the Credit Agreement and shall be incorporated therein as a material part of the Credit Agreement as though fully set forth therein.

8.0 Terms of Credit Agreement Controlling. Each Party hereby affirms that all provisions of the Credit Agreement are in full force and effect and shall govern the actions of the Parties under this Agreement as though fully set forth herein and made specifically applicable hereto, including without limitation, the following sections of the Credit Agreement: Sections 10.0 through 10.3, Section 12.0, Sections 13.0 through 13.7, Sections 14.0 through 14.6, and Sections 15.0 through 15.17.

[SIGNATURES OF PARTIES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

("Developer")

By: _____

Its: _____

ATTEST:

By: _____

Its: _____

[INSERT "City" OR "County") of _____

By: _____

Its: _____

ATTEST:

By: _____

Its: _____

EXHIBIT “E”

TUMF CREDIT / REIMBURSEMENT ELIGIBILITY PROCESS

1. Prior to the construction of any TUMF Improvement, Developer shall follow the steps listed below:

- (a) Prepare a separate bid package for the TUMF Improvements.
- (b) The plans, cost estimate, specifications and contract document shall require all contractors to pay prevailing wages and to comply with applicable provisions of the Labor Code, Government Code, and Public Contract Code relating to Public Works Projects.
- (c) Bids shall be obtained and processed in accordance with the formal public works bidding requirements of the AGENCY.
- (d) The contract(s) for the construction of TUMF Improvements shall be awarded to the lowest responsible bidder(s) for the construction of such facilities in accordance with the AGENCY’s requirements and guidelines.
- (e) Contractor(s) shall be required to provide proof of insurance coverage throughout the duration of the construction.

2. Prior to the determination and application of any Credit pursuant to a TUMF Improvement and Credit Agreement executed between AGENCY and Developer ("Agreement"), Developer shall provide the AGENCY and WRCOG with the following:

- (a) Copies of all information listed under Item 1 above.
- (b) Surety Bond, Letter of Credit, or other form of security permitted under the Agreement and acceptable to the AGENCY and WRCOG, guaranteeing the construction of all applicable TUMF Improvements.

3. Prior to the AGENCY’s acceptance of any completed TUMF Improvement, and in order to initiate the construction cost verification process, the Developer shall comply with the requirements as set forth in Sections 7, 14.2 and 14.3 of the Agreement, and the following conditions shall also be satisfied:

- (a) Developer shall have completed the construction of all TUMF Improvements in accordance with the approved Plans and Specifications.
- (b) Developer shall have satisfied the AGENCY’s inspection punch list.
- (c) After final inspection and approval of the completed TUMF Improvements, the AGENCY shall have provided the Developer a final inspection release letter.

(d) AGENCY shall have filed a Notice of Completion with respect to the TUMF Improvements pursuant to Section 3093 of the Civil Code with the County Recorder's Office, and provided a copy of filed Notice of Completion to WRCOG.

(e) Developer shall have provided AGENCY a copy of the As-Built plans for the TUMF Improvements.

(f) Developer shall have provided AGENCY copies of all permits or agreements that may have been required by various resource/regulatory agencies for construction, operation and maintenance of any TUMF Improvements.

(g) Developer shall have submitted a documentation package to the AGENCY to determine the final cost of the TUMF Improvements, which shall include at a minimum, the following documents related to the TUMF Improvements:

(i) Plans, specifications, and Developer's Civil Engineer's cost estimates; or Engineer's Report showing the cost estimates.

(ii) If DEVELOPER is seeking Credit for such costs, documentation evidencing cost of any required environmental studies, preparation of designs, plans and specifications, required right of way acquisition, and other costs directly related to the development of the TUMF Improvements. Only actual, documented and reasonable costs directly related to the TUMF Improvements will be considered. Costs should be documented as specified below.

(iii) Costs claimed for right of way acquisition must be accompanied by an appraisal (no more than two years old at the time of acquisition) completed by an MAI appraiser, and documentation of transfer of such right of way to the AGENCY, or applicable public agency. The appraisal must be approved by the AGENCY as valid and acceptable.

(iv) Contracts/agreements, insurance certificates and change orders with each vendor or contractor.

(v) Invoices from all contractors, consultants, service providers and vendors.

(vi) Copies of cancelled checks, front and back, for payments made to contractors, consultants, service providers and vendors.

(vii) Final lien releases from each contractor and vendor (unconditional waiver and release).

(viii) Certified contract workers payroll for AGENCY verification of compliance with prevailing wages.

(ix) A total cost summary, in spreadsheet format (MS Excel is preferred) and on disk, showing a breakdown of the total costs incurred. The summary should include for each item claimed the check number, cost, invoice numbers, and name of payee. See

attached sample for details. [ATTACH SAMPLE, IF APPLICABLE; OTHERWISE DELETE
REFERENCE TO ATTACHED SAMPLE

EXHIBIT "F"

RECONCILIATION
EXAMPLES

All examples are based on a single family residential development project of 200 dwelling units:
200 SF dwelling units @ \$6,650 / dwelling unit = \$1,330,000 in fees (TUMF Obligation)

Example A: "TUMF BALANCE"

CREDIT

TUMF Obligation: \$1,330,000
Estimated Credit: Bid (\$1,500,000) or unit Cost Assumption (\$1,600,000) whichever is less \$1,500,000
Potential Reimbursement: (\$170,000)

RECONCILIATION

TUMF Obligation: \$1,330,000
Actual Credit: \$1,200,000
TUMF Balance (Payment to TUMF): **\$130,000**

Example B: "REIMBURSEMENT"

CREDIT

TUMF Obligation: \$1,330,000
Estimated Credit: Bid (\$1,500,000) or unit Cost Assumption (\$1,600,000) whichever is less \$1,500,000
Potential Reimbursement: (\$170,000)

RECONCILIATION

TUMF Obligation: \$1,330,000
Actual Credit: \$1,500,000
Reimbursement Agreement with Developer (Based on Priority Ranking): **(\$170,000)**

Example C: "TUMF OVERPAYMENT"

CREDIT

TUMF Obligation: \$1,330,000
Estimated Credit: Bid (\$1,200,000) or unit Cost Assumption (\$1,500,000) whichever is less \$1,200,000
Remaining TUMF Obligation: \$130,000
Prorated Fee: \$130,000 / 200 du = \$650 / du

RECONCILIATION

Actual Credit: \$1,300,000
TUMF payments from Developer (\$650 per unit x 200 units) \$130,000
Actual Credit plus TUMF Payment \$1,430,000

TUMF Obligation: \$1,330,000
Actual Credit plus TUMF Payment \$1,430,000
TUMF Overpayment (Refund to Developer): **(\$100,000)**

EXHIBIT "G"

Estimated TUMF Credit / Reimbursement Summary

**Menifee Commerce Center I, LLC / Menifee Commerce Center II, LLC
Parcel Map No. 38156, 38432, & 39292**

List of Eligible Streets/Facilities under TUMF Network:

Ethanac Raod: I-215 to Antelope Road

TUMF Credit Cost Factors:

Paid TUMF (see next page for details)	\$ -
Estimated TUMF Obligation (see next page for details)	\$ 4,783,472
TUMF Cost Assumptions (see next page for details)	\$ 8,433,776

TUMF Reimbursement:

Estimated TUMF Obligation	\$ 4,783,472
Maximum Cost (Lesser of Bid Amount or Unit Cost Assumptions)	\$ 8,433,776
Estimated TUMF Reimbursement (Cost exceeding Obligation amount)	\$ 3,650,303

Note: The amounts shown in this Exhibit are subject to cost validation and reconciliation.

EXHIBIT "G"

Maximum TUMF Cost Assumptions

Menifee Commerce Center I, LLC / Menifee Commerce Center II, LLC

Parcel Map No. 38156, 38432, & 39292

ESTIMATED TUMF OBLIGATION CALCULATION

TUMF Obligation	Fee per SF (1)	Bldg 1 SF (PM No. 38156)	Bldg 2 SF (PM No. 38432)	Bldg 3 SF (PM No. 39292)	Total TUMF Amount
High-Cub Warehouse/Distribution Center		1,116,940	1,138,638	829,000	
Gross Floor Area (Less 200,000)		916,940	938,638	629,000	
Multiplied by 0.52		476,809	488,092	327,080	
Plus 200,000 = TUMF Assessed SF (2)	\$2.33	676,809	688,092	688,092	
Total TUMF Fee Obligation (1) x (2)		\$1,576,965	\$1,603,254	\$1,603,254	\$4,783,472

TUMF UNIT COST ASSUMPTION CALCULATION

TUMF Network Road Segment applicable to Proposed Improvements			Cost Item	Amount
Ethanac Street (I-215 to Sherman)				
Network Distance: *	0.52		Road Const	\$2,593,000
Existing Lanes:	2		ROW Cost	\$3,793,000
Increase in Lanes:	2		Planning (10%)	\$259,000
			Engineering (25%)	\$648,000
			Contingency (10%)	\$638,000
* Revised network length and total costs per Cameron Brown.			Network Road Segment Cost Est *	\$7,931,000
			Network Unit Cost per Lane mile	\$7,625,962
			Network Unit Cost per Lane foot	\$1,444

Road Improvement Cost Estimate (based on Network Unit Cost per Lane foot)

Lane	Construction Limits (Sta. to Sta.)		Total Linear Feet	Segment Amount
1	76+39.45	100+00.00	2,360.55	\$3,409,368
2	76+39.45	100+00.00	2,360.55	\$3,409,368
TUMF Road Total			4,721.10	\$6,818,736

TUMF Network Road Segment applicable to Proposed Improvements

TUMF Network Road Segment applicable to Proposed Improvements			Cost Item	Amount
Ethanac Street (Sherman to Mathews)				
Network Distance:	0.61		Road Const	\$1,388,000
Existing Lanes:	2		ROW Cost	\$601,000
Increase in Lanes:	2		Planning (10%)	\$139,000
			Engineering (25%)	\$347,000
			Contingency (10%)	\$199,000
			Network Road Segment Cost Est	\$2,674,000
			Network Unit Cost per Lane mile	\$2,191,803
			Network Unit Cost per Lane foot	\$415

Road Improvement Cost Estimate (based on Network Unit Cost per Lane foot)

Lane	Construction Limits (Sta. to Sta.)		Linear Feet	Amount
1	100+00.00	122+50.59	2,250.59	\$934,252
2	100+00.00	116+40.00	1,640.00	\$680,787
TUMF Road Total			3,890.59	\$1,615,039

TOTAL TUMF UNIT COST ASSUMPTION FOR ELIGIBLE IMPROVEMENTS

\$8,433,776

Attachment

TUMF Reimbursement Agreement –
Jefferson Avenue Improvements

25-SW-MUR-1409

**TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM
AGREEMENT TO REIMBURSE TUMF FUNDS
JEFFERSON AVENUE IMPROVEMENTS**

THIS REIMBURSEMENT AGREEMENT (“Agreement”) is entered into as of this _____ day of _____, 20__, by and between the Western Riverside Council of Governments (“WRCOG”), a California joint powers authority and the City of Murrieta, a California municipal corporation (“AGENCY”). WRCOG and AGENCY are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”.

RECITALS

A. WRCOG is the Administrator of the Transportation Uniform Mitigation Fee Program of Western Riverside County (“TUMF Program”).

B. WRCOG has identified and designated certain transportation improvement projects throughout Western Riverside County as projects of regional importance (“Qualifying Projects” or “Projects”). The Qualifying Projects are more specifically described in that certain WRCOG study titled “TUMF Nexus Study”, as may be amended from time to time. Qualifying Projects can have Regional or Zonal significance as further described in the TUMF Nexus Study.

C. The TUMF Program is funded by TUMF fees paid by new development in Western Riverside County (collectively, “TUMF Program Funds”). TUMF Program Funds are held in trust by WRCOG for the purpose of funding the Qualifying Projects.

D. The AGENCY proposes to implement a Qualifying Project, and it is the purpose of this Agreement to identify the project and to set forth the terms and conditions by which WRCOG will release TUMF Program Funds.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and subject to the conditions contained herein, the Parties hereby agree as follows:

1. Description of the Qualifying Project. This Agreement is intended to distribute TUMF Program Funds to the AGENCY for **Jefferson Avenue Improvements**, (the “Project”), a Qualifying Project. The Work, including a timetable and a detailed scope of work, is more fully described in Exhibit “A” attached hereto and incorporated herein by reference and, pursuant to Section 20 below, is subject to modification if requested by the AGENCY and approved by WRCOG. The work shall be consistent with one or more of the defined WRCOG Call for Projects phases detailed herein as follows:

- 1) PA&ED – Project Approvals & Environmental Document
- 2) PS&E – Plans, Specifications and Estimates
- 3) R/W – Right of Way Acquisition and Utility Relocation
- 4) CON – Construction

2. WRCOG Funding Amount. WRCOG hereby agrees to distribute to AGENCY, on the terms and conditions set forth herein, a sum not to exceed **One Million, Five Hundred Thousand Dollars (\$1,500,000)**, to be used for reimbursing the AGENCY for eligible Project expenses as described in Section 3 herein (“Funding Amount”). The Parties acknowledge and agree that the Funding Amount may be less than the actual cost of the Project. Nevertheless, the Parties acknowledge and agree that WRCOG shall not be obligated to contribute TUMF Program Funds in excess of the maximum TUMF share identified in the TUMF Nexus Study (“Maximum TUMF Share”), as may be amended from time to time.

3. Project Costs Eligible for Advance/Reimbursement. The total Project costs (“Total Project Cost”) may include the following items, provided that such items are included in the scope of work attached hereto as Exhibit “A” (“Scope of Work”): (1) AGENCY and/or consultant costs associated with direct Project coordination and support; (2) funds expended in preparation of preliminary engineering studies; (3) funds expended for preparation of environmental review documentation for the Project; (4) all costs associated with right-of-way acquisition, including right-of-way engineering, appraisal, acquisition, legal costs for condemnation procedures if authorized by the AGENCY, and costs of reviewing appraisals and offers for property acquisition; (5) costs reasonably incurred if condemnation proceeds; (6) costs incurred in the preparation of plans, specifications, and estimates by AGENCY or consultants; (7) AGENCY costs associated with bidding, advertising and awarding of the Project contracts; (8) construction costs, including change orders to construction contract approved by the AGENCY; (9) construction management, field inspection and material testing costs; and (10) any AGENCY administrative cost to deliver the Project.

4. Ineligible Project Costs. The Total Project Cost shall not include the following items which shall be borne solely by the AGENCY without reimbursement: (1) any AGENCY administrative fees attributed to the reviewing and processing of the Project; and (2) expenses for items of work not included within the Scope of Work in Exhibit “A”.

5. Procedures for Distribution of TUMF Program Funds to AGENCY.

(a) Initial Payment by the AGENCY. The AGENCY shall be responsible for initial payment of all the Project costs as they are incurred. Following payment of such Project costs, the AGENCY shall submit invoices to WRCOG requesting reimbursement of eligible Project costs. Each invoice shall be accompanied by detailed contractor invoices, or other demands for payment addressed to the AGENCY, and documents evidencing the AGENCY’s payment of the invoices or demands for payment. Documents evidencing the AGENCY’S payment of the invoices shall be retained for four (4) years and shall be made available for review by WRCOG. The AGENCY shall submit invoices not more often than monthly and not less often than quarterly.

(b) Review and Reimbursement by WRCOG. Upon receipt of an invoice from the AGENCY, WRCOG may request additional documentation or explanation of the Project costs for which reimbursement is sought. Undisputed amounts shall be paid by WRCOG to the AGENCY within thirty (30) days. In the event that WRCOG disputes the eligibility of the AGENCY for reimbursement of all or a portion of an invoiced amount, the Parties shall meet and confer in an attempt to resolve the dispute. If the meet and confer process is unsuccessful in

resolving the dispute, the AGENCY may appeal WRCOG's decision as to the eligibility of one or more invoices to WRCOG's Executive Director. The WRCOG Executive Director shall provide his/her decision in writing. If the AGENCY disagrees with the Executive Director's decision, the AGENCY may appeal the decision of the Executive Director to the full WRCOG Executive Committee, provided the AGENCY submits its request for appeal to WRCOG within ten (10) days of the Executive Director's written decision. The decision of the WRCOG Executive Committee shall be final. Additional details concerning the procedure for the AGENCY's submittal of invoices to WRCOG and WRCOG's consideration and payment of submitted invoices are set forth in Exhibit "B", attached hereto and incorporated herein by reference.

(c) Funding Amount/Adjustment. If a post Project audit or review indicates that WRCOG has provided reimbursement to the AGENCY in an amount in excess of the Maximum TUMF Share of the Project, or has provided reimbursement of ineligible Project costs, the AGENCY shall reimburse WRCOG for the excess or ineligible payments within 30 days of notification by WRCOG.

6. Increases in Project Funding. The Funding Amount may, in WRCOG's sole discretion, be augmented with additional TUMF Program Funds if the TUMF Nexus Study is amended to increase the maximum eligible TUMF share for the Project. Any such increase in the Funding Amount must be approved in writing by WRCOG's Executive Director. In no case shall the amount of TUMF Program Funds allocated to the AGENCY exceed the then-current maximum eligible TUMF share for the Project. No such increased funding shall be expended to pay for any Project already completed. For purposes of this Agreement, the Project or any portion thereof shall be deemed complete upon its acceptance by WRCOG's Executive Director which shall be communicated to the AGENCY in writing.

7. No Funding for Temporary Improvements. Only segments or components of the construction that are intended to form part of or be integrated into the Project may be funded by TUMF Program Funds. No improvement which is temporary in nature, including but not limited to temporary roads, curbs, tapers or drainage facilities, shall be funded with TUMF Program Funds, except as needed for staged construction of the Project.

8. AGENCY's Funding Obligation to Complete the Project. In the event that the TUMF Program Funds allocated to the Project represent less than the total cost of the Project, the AGENCY shall provide such additional funds as may be required to complete the Project.

9. AGENCY's Obligation to Repay TUMF Program Funds to WRCOG; Exception For PA&ED Phase Work. Except as otherwise expressly excepted within this paragraph, in the event that: (i) the AGENCY, for any reason, determines not to proceed with or complete the Project; or (ii) the Project is not timely completed, subject to any extension of time granted by WRCOG pursuant to the terms of this Agreement; the AGENCY agrees that any TUMF Program Funds that were distributed to the AGENCY for the Project shall be repaid in full to WRCOG, and the Parties shall enter into good faith negotiations to establish a reasonable repayment schedule and repayment mechanism. If the Project involves work pursuant to a PA&ED phase, AGENCY shall not be obligated to repay TUMF Program Funds to WRCOG relating solely to PA&ED phase work performed for the Project.

10. Term/Notice of Completion. The term of this Agreement shall be from the date first herein above written until the earlier of the following: (i) the date WRCOG formally accepts the Project as complete, pursuant to Section 6; (ii) termination of this Agreement pursuant to Section 15; or (iii) the AGENCY has fully satisfied its obligations under this Agreement. All applicable indemnification provisions of this Agreement shall remain in effect following the termination of this Agreement.

11. Representatives of the Parties. WRCOG's Executive Director, or his or her designee, shall serve as WRCOG's representative and shall have the authority to act on behalf of WRCOG for all purposes under this Agreement. The AGENCY hereby designates **Justin Clifton, City Manager** or his designee, as the AGENCY's representative to WRCOG. The AGENCY's representative shall have the authority to act on behalf of the AGENCY for all purposes under this Agreement and shall coordinate all activities of the Project under the AGENCY's responsibility. The AGENCY shall work closely and cooperate fully with WRCOG's representative and any other agencies which may have jurisdiction over or an interest in the Project.

12. Expenditure of Funds by AGENCY Prior to Execution of Agreement. Nothing in this Agreement shall be construed to prevent or preclude the AGENCY from expending funds on the Project prior to the execution of the Agreement, or from being reimbursed by WRCOG for such expenditures. However, the AGENCY understands and acknowledges that any expenditure of funds on the Project prior to the execution of the Agreement is made at the AGENCY's sole risk, and that some expenditures by the AGENCY may not be eligible for reimbursement under this Agreement.

13. Review of Services. The AGENCY shall allow WRCOG's Representative to inspect or review the progress of the Project at any reasonable time in order to determine whether the terms of this Agreement are being met.

14. Termination.

(a) Notice. Either WRCOG or AGENCY may, by written notice to the other party, terminate this Agreement, in whole or in part, in response to a material breach hereof by the other Party, by giving written notice to the other party of such termination and specifying the effective date thereof. The written notice shall provide a 30 day period to cure any alleged breach. During the 30 day cure period, the Parties shall discuss, in good faith, the manner in which the breach can be cured.

(b) Effect of Termination. In the event that the AGENCY terminates this Agreement, the AGENCY shall, within 180 days, repay to WRCOG any unexpended TUMF Program Funds provided to the AGENCY under this Agreement and shall complete any portion or segment of work for the Project for which TUMF Program Funds have been provided. In the event that WRCOG terminates this Agreement, WRCOG shall, within 90 days, distribute to the AGENCY TUMF Program Funds in an amount equal to the aggregate total of all unpaid invoices which have been received from the AGENCY regarding the Project at the time of the notice of termination; provided, however, that WRCOG shall be entitled to exercise its rights

under Section 5(b), including but not limited to conducting a review of the invoices and requesting additional information. Upon such termination, the AGENCY shall, within 180 days, complete any portion or segment of work for the Project for which TUMF Program Funds have been provided. This Agreement shall terminate upon receipt by the non-terminating Party of the amounts due to it hereunder and upon completion of the segment or portion of Project work for which TUMF Program Funds have been provided.

(c) Cumulative Remedies. The rights and remedies of the Parties provided in this Section are in addition to any other rights and remedies provided by law or under this Agreement.

15. Prevailing Wages. The AGENCY and any other person or entity hired to perform services on the Project are alerted to the requirements of California Labor Code Sections 1770 et seq., which would require the payment of prevailing wages were the services or any portion thereof determined to be a public work, as defined therein. The AGENCY shall ensure compliance with these prevailing wage requirements by any person or entity hired to perform the Project. The AGENCY shall defend, indemnify, and hold harmless WRCOG, its officers, employees, consultants, and agents from any claim or liability, including without limitation attorneys, fees, arising from its failure or alleged failure to comply with California Labor Code Sections 1770 et seq.

16. Progress Reports. WRCOG may request the AGENCY to provide WRCOG with progress reports concerning the status of the Project.

17. Indemnification.

(a) AGENCY Responsibilities. In addition to the indemnification required under Section 16, the AGENCY agrees to indemnify and hold harmless WRCOG, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to negligent acts, errors or omissions or willful misconduct of the AGENCY or its subcontractors. The AGENCY will reimburse WRCOG for any expenditures, including reasonable attorneys' fees, incurred by WRCOG, in defending against claims ultimately determined to be due to negligent acts, errors or omissions or willful misconduct of the AGENCY.

(b) WRCOG Responsibilities. WRCOG agrees to indemnify and hold harmless the AGENCY, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to negligent acts, errors or omissions or willful misconduct of WRCOG or its sub-consultants. WRCOG will reimburse the AGENCY for any expenditures, including reasonable attorneys' fees, incurred by the AGENCY, in defending against claims ultimately determined to be due to negligent acts, errors or omissions or willful misconduct of WRCOG.

(c) Effect of Acceptance. The AGENCY shall be responsible for the professional quality, technical accuracy and the coordination of any services provided to

complete the Project. WRCOG's review, acceptance or funding of any services performed by the AGENCY or any other person or entity under this Agreement shall not be construed to operate as a waiver of any rights WRCOG may hold under this Agreement or of any cause of action arising out of this Agreement. Further, the AGENCY shall be and remain liable to WRCOG, in accordance with applicable law, for all damages to WRCOG caused by the AGENCY's negligent performance of this Agreement or supervision of any services provided to complete the Project.

18. Insurance. The AGENCY shall require, at a minimum, all persons or entities hired to perform the Project to obtain, and require their subcontractors to obtain, insurance of the types and in the amounts described below and satisfactory to the AGENCY and WRCOG. Such insurance shall be maintained throughout the term of this Agreement, or until completion of the Project, whichever occurs last.

(a) Commercial General Liability Insurance. Occurrence version commercial general liability insurance or equivalent form with a combined single limit of not less than \$1,000,000.00 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to the Project or be no less than two times the occurrence limit. Such insurance shall:

(i) Name WRCOG and AGENCY, and their respective officials, officers, employees, agents, and consultants as insured with respect to performance of the services on the Project and shall contain no special limitations on the scope of coverage or the protection afforded to these insured;

(ii) Be primary with respect to any insurance or self-insurance programs covering WRCOG and AGENCY, and/or their respective officials, officers, employees, agents, and consultants; and

(iii) Contain standard separation of insured provisions.

(b) Business Automobile Liability Insurance. Business automobile liability insurance or equivalent form with a combined single limit of not less than \$1,000,000.00 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

(c) Professional Liability Insurance. Errors and omissions liability insurance with a limit of not less than \$1,000,000.00 Professional liability insurance shall only be required of design or engineering professionals.

(d) Workers' Compensation Insurance. Workers' compensation insurance with statutory limits and employers' liability insurance with limits of not less than \$1,000,000.00 each accident.

19. Project Amendments. Changes to the characteristics of the Project, including the deadline for Project completion, and any responsibilities of the AGENCY or WRCOG may be requested in writing by the AGENCY and are subject to the approval of WRCOG's

Representative, which approval will not be unreasonably withheld, provided that extensions of time for completion of the Project shall be approved in the sole discretion of WRCOG's Representative. Nothing in this Agreement shall be construed to require or allow completion of the Project without full compliance with the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*; "CEQA") and the National Environmental Policy Act of 1969 (42 USC 4231 *et seq.*), if applicable, but the necessity of compliance with CEQA and/or NEPA shall not justify, excuse, or permit a delay in completion of the Project.

20. Conflict of Interest. For the term of this Agreement, no member, officer or employee of the AGENCY or WRCOG, during the term of his or her service with the AGENCY or WRCOG, as the case may be, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

21. Limited Scope of Duties. WRCOG's and the AGENCY's duties and obligations under this Agreement are limited to those described herein. WRCOG has no obligation with respect to the safety of any Project performed at a job site. In addition, WRCOG shall not be liable for any action of AGENCY or its contractors relating to the condemnation of property undertaken by AGENCY or construction related to the Project.

22. Books and Records. Each party shall maintain complete, accurate, and clearly identifiable records with respect to costs incurred for the Project under this Agreement. They shall make available for examination by the other party, its authorized agents, officers or employees any and all ledgers and books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or related to the expenditures and disbursements charged to the other party pursuant to this Agreement. Further, each party shall furnish to the other party, its agents or employees such other evidence or information as they may require with respect to any such expense or disbursement charged by them. All such information shall be retained by the Parties for at least four (4) years following termination of this Agreement, and they shall have access to such information during the four-year period for the purposes of examination or audit.

23. Equal Opportunity Employment. The Parties represent that they are equal opportunity employers and they shall not discriminate against any employee or applicant of reemployment because of race, religion, color, national origin, 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.

24. Governing Law. This Agreement shall be governed by and construed with the laws of the State of California.

25. Attorneys' Fees. If either party commences an action against the other party 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 attorneys' fees and costs of suit.

26. Time of Essence. Time is of the essence for each and every provision of this Agreement.

34. Severability. If any term, provision, condition or covenant of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby.

35. Conflicting Provisions. In the event that provisions of any attached appendices or exhibits conflict in any way with the provisions set forth in this Agreement, the language, terms and conditions contained in this Agreement shall control the actions and obligations of the Parties and the interpretation of the Parties' understanding concerning the Agreement.

36. Independent Contractors. Any person or entities retained by the AGENCY or any contractor shall be retained on an independent contractor basis and shall not be employees of WRCOG. Any personnel performing services on the Project shall at all times be under the exclusive direction and control of the AGENCY or contractor, whichever is applicable. The AGENCY or contractor shall pay all wages, salaries and other amounts due such personnel in connection with their performance of services on the Project and as required by law. The AGENCY or consultant shall be responsible for all reports and obligations respecting such personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance and workers' compensation insurance.

37. Effective Date. This Agreement shall not be effective until executed by both Parties. The failure of one party to execute this Agreement within forty-five (45) days of the other party executing this Agreement shall render any execution of this Agreement ineffective.

38. No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

39. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one instrument.

40. Electronic Signatures. Each Party to this Agreement agrees to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act ("CUETA") Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Agreement as well as any amendments to this Agreement. The Parties further agree that the electronic signatures of the Parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record pursuant to the CUETA as amended from time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among parties in California, including a government agency. Digital signature means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature, and shall be reasonably relied upon by the parties. For purposes of this Section, a digital signature is a type of "electronic signature" as defined in subdivision (i) of Section 1633.2 of the Civil Code.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives to be effective on the day and year first above-written.

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

CITY OF MURRIETA

By: _____ Date: _____

By: _____ Date: _____
Cindy Warren
Mayor

Approved to Form:

By: _____ Date: _____
Steven C. DeBaun
General Counsel

By: _____ Date: _____
Tiffany Israel
City Attorney

EXHIBIT “A”

SCOPE OF WORK

SCOPE OF WORK: The scope of work for the Jefferson Avenue improvement project, spanning from Nutmeg Street to Palomar Street, encompasses the preparation and revision of comprehensive street improvement plans. This includes the design and construction of new sidewalks, curbs, and gutters, as well as the installation of street lighting to enhance safety and visibility. The project also involves pavement widening to improve traffic flow and accessibility. Signing and striping plans will also be developed and implemented to enhance traffic control and safety, ensuring compliance with all applicable local, state, and federal regulations.

EXHIBIT "A-1"**ESTIMATE OF COST**

Phase	TUMF	LOCAL	TOTAL
PA&ED	\$0	\$0	\$0
PS&E	\$500,000	\$700,000	\$1,200,000
RIGHT OF WAY	\$500,000	\$300,000	\$800,000
CONSTRUCTION	\$500,000	\$3,800,000	\$4,300,000
TOTAL	\$1,500,000	\$4,800,000	\$6,300,000

EXHIBIT "A-2"
PROJECT SCHEDULE

TIMETABLE:

Phase	Estimated Completion Date	Estimated Cost	Comments
PA&ED	N/A	\$0	
PS&E	6/27	\$1,200,000	
RIGHT OF WAY	3/28	\$800,000	
CONSTRUCTION	12/28	\$4,300,000	
TOTAL		\$6,300,000	

Elements of Compensation

EXHIBIT “B”

PROCEDURES FOR SUBMITTAL, CONSIDERATION AND PAYMENT OF INVOICES

1. For professional services, WRCOG recommends that the AGENCY incorporate this Exhibit “B-1” into its contracts with any subcontractors to establish a standard method for preparation of invoices by contractors to the AGENCY and ultimately to WRCOG for reimbursement of AGENCY contractor costs.
2. Each month the AGENCY shall submit an invoice for eligible Project costs incurred during the preceding month. The original invoice shall be submitted to WRCOG’s Executive Director with a copy to WRCOG’s Project Coordinator. Each invoice shall be accompanied by a cover letter in a format substantially similar to that of Exhibit “B-2”.
3. For jurisdictions with large construction projects (with the total construction cost exceeding \$10 million) under construction at the same time, may with the approval of WRCOG submit invoices to WRCOG for payment at the same time they are received by the jurisdiction. WRCOG must receive the invoice by the 5th day of the month in order to process the invoice within 30 days. WRCOG will retain 10% of the invoice until all costs have been verified as eligible and will release the balance at regular intervals not more than quarterly and not less than semi-annually. If there is a discrepancy or ineligible costs that exceed 10% of the previous invoice WRCOG will deduct that amount from the next payment.
4. Each invoice shall include documentation from each contractor used by the AGENCY for the Project, listing labor costs, subcontractor costs, and other expenses. Each invoice shall also include a monthly progress report and spreadsheets showing the hours or amounts expended by each contractor or subcontractor for the month and for the entire Project to date. Samples of acceptable task level documentation and progress reports are attached as Exhibits “B-4” and “B-5”. All documentation from the Agency’s contractors should be accompanied by a cover letter in a format substantially similar to that of Exhibit “B-3”.
5. If the AGENCY is seeking reimbursement for direct expenses incurred by AGENCY staff for eligible Project costs, the AGENCY shall provide the same level of information for its labor and any expenses as required of its contractors pursuant to Exhibit “B” and its attachments.
6. Charges for each task and milestone listed in Exhibit “A” shall be listed separately in the invoice.
7. Each invoice shall include a certification signed by the AGENCY Representative or his or her designee which reads as follows:

“I hereby certify that the hours and salary rates submitted for reimbursement in this invoice are the actual hours and rates worked and paid to the contractors or subcontractors listed.

Signed _____

Title _____

Date _____

Invoice No. _____

8. WRCOG will pay the AGENCY within 30 days after receipt by WRCOG of an invoice. If WRCOG disputes any portion of an invoice, payment for that portion will be withheld, without interest, pending resolution of the dispute, but the uncontested balance will be paid.
9. The final payment under this Agreement will be made only after: (I) the AGENCY has obtained a Release and Certificate of Final Payment from each contractor or subcontractor used on the Project; (ii) the AGENCY has executed a Release and Certificate of Final Payment; and (iii) the AGENCY has provided copies of each such Release to WRCOG.

**EXHIBIT “B-1”
[Sample for Professional Services]**

For the satisfactory performance and completion of the Services under this Agreement, Agency will pay the Contractor compensation as set forth herein. The total compensation for this service shall not exceed (____INSERT WRITTEN DOLLAR AMOUNT____) (\$__INSERT NUMERICAL DOLLAR AMOUNT__) without written approval of Agency’s City Manager [or applicable position] (“Total Compensation”).

1. ELEMENTS OF COMPENSATION.

Compensation for the Services will be comprised of the following elements: 1.1 Direct Labor Costs; 1.2 Fixed Fee; and 1.3 Additional Direct Costs.

1.1 DIRECT LABOR COSTS.

Direct Labor costs shall be paid in an amount equal to the product of the Direct Salary Costs and the Multiplier which are defined as follows:

1.1.1 DIRECT SALARY COSTS

Direct Salary Costs are the base salaries and wages actually paid to the Contractor's personnel directly engaged in performance of the Services under the Agreement. (The range of hourly rates paid to the Contractor's personnel appears in Section 2 below.)

1.1.2 MULTIPLIER

The Multiplier to be applied to the Direct Salary Costs to determine the Direct Labor Costs is _____, and is the sum of the following components:

1.1.2.1 Direct Salary Costs _____

1.1.2.2 Payroll Additives _____

The Decimal Ratio of Payroll Additives to Direct Salary Costs. Payroll Additives include all employee benefits, allowances for vacation, sick leave, and holidays, and company portion of employee insurance and social and retirement benefits, all federal and state payroll taxes, premiums for insurance which are measured by payroll costs, and other contributions and benefits imposed by applicable laws and regulations.

1.1.2.3 Overhead Costs _____

The Decimal Ratio of Allowable Overhead Costs to the Contractor Firm's Total Direct Salary Costs. Allowable Overhead Costs include general, administrative and overhead costs of maintaining and operating established offices, and consistent with established firm policies, and as defined in the Federal Acquisitions Regulations, Part 31.2.

Total Multiplier
 (sum of 1.1.2.1, 1.1.2.2, and 1.1.2.3) _____

1.2 FIXED FEE.

1.2.1 The fixed fee is \$ _____.

1.2.2 A pro-rata share of the Fixed Fee shall be applied to the total Direct Labor Costs expended for services each month, and shall be included on each monthly invoice.

1.3 ADDITIONAL DIRECT COSTS.

Additional Direct Costs directly identifiable to the performance of the services of this Agreement shall be reimbursed at the rates below, or at actual invoiced cost.

Rates for identified Additional Direct Costs are as follows:

<u>ITEM</u>	<u>REIMBURSEMENT RATE</u>
	<i>[__ insert charges __]</i>
Per Diem	\$ /day
Car mileage	\$ /mile
Travel	\$ /trip
Computer Charges	\$ /hour
Photocopies	\$ /copy
Blueline	\$ /sheet
LD Telephone	\$ /call
Fax	\$ /sheet
Photographs	\$ /sheet

Travel by air and travel in excess of 100 miles from the Contractor's office nearest to Agency's office must have Agency's prior written approval to be reimbursed under this Agreement.

2. DIRECT SALARY RATES

Direct Salary Rates, which are the range of hourly rates to be used in determining Direct Salary Costs in Section 1.1.1 above, are given below and are subject to the following:

- 2.1 Direct Salary Rates shall be applicable to both straight time and overtime work, unless payment of a premium for overtime work is required by law, regulation or craft agreement, or is otherwise specified in this Agreement. In such event, the premium portion of Direct Salary Costs will not be subject to the Multiplier defined in Paragraph 1.1.2 above.
- 2.2 Direct Salary Rates shown herein are in effect for one year following the effective date of the Agreement. Thereafter, they may be adjusted annually to reflect the Contractor's adjustments to individual compensation. The Contractor shall notify Agency in writing prior to a change in the range of rates included herein, and prior to each subsequent change.

POSITION OR CLASSIFICATION RANGE OF HOURLY RATES

[__sample__]

Principal	\$.00 - \$.00/hour
Project Manager	\$.00 - \$.00/hour
Sr. Engineer/Planner	\$.00 - \$.00/hour
Project Engineer/Planner	\$.00 - \$.00/hour
Assoc. Engineer/Planner	\$.00 - \$.00/hour
Technician	\$.00 - \$.00/hour
Drafter/CADD Operator	\$.00 - \$.00/hour
Word Processor	\$.00 - \$.00/hour

- 2.3 The above rates are for the Contractor only. All rates for subcontractors to the Contractor will be in accordance with the Contractor's cost proposal.

3. INVOICING.

- 3.1 Each month the Contractor shall submit an invoice for Services performed during the preceding month. The original invoice shall be submitted to Agency's Executive Director with two (2) copies to Agency's Project Coordinator.
- 3.2 Charges shall be billed in accordance with the terms and rates included herein, unless otherwise agreed in writing by Agency's Representative.
- 3.3 Base Work and Extra Work shall be charged separately, and the charges for each task and Milestone listed in the Scope of Services, shall be listed separately. The charges for each individual assigned by the Contractor under this Agreement shall be listed separately on an attachment to the invoice.

- 3.4 A charge of \$500 or more for any one item of Additional Direct Costs shall be accompanied by substantiating documentation satisfactory to Agency such as invoices, telephone logs, etc.
- 3.5 Each copy of each invoice shall be accompanied by a Monthly Progress Report and spreadsheets showing hours expended by task for each month and total project to date.
- 3.6 If applicable, each invoice shall indicate payments to DBE subcontractors or supplies by dollar amount and as a percentage of the total invoice.
- 3.7 Each invoice shall include a certification signed by the Contractor's Representative or an officer of the firm which reads as follows:

I hereby certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed.

Signed _____
Title _____
Date _____
Invoice No. _____

4. PAYMENT

- 4.1 Agency shall pay the Contractor within four to six weeks after receipt by Agency of an original invoice. Should Agency contest any portion of an invoice, that portion shall be held for resolution, without interest, but the uncontested balance shall be paid.
- 4.2 The final payment for Services under this Agreement will be made only after the Contractor has executed a Release and Certificate of Final Payment.

EXHIBIT B-2
Sample Cover Letter to WRCOG

Date
Western Riverside Council of Governments
3390 University Avenue; Suite 450
Riverside, California 92501
Attention: Deputy Executive Director
ATTN: Accounts Payable

Re: Project Title - Invoice #__

Enclosed for your review and payment approval is the AGENCY’s invoice for professional and technical services that was rendered by our contractors in connection with the 2002 Measure “A” Local Streets and Roads Funding per Agreement No. _____ effective (Month/Day/Year) . The required support documentation received from each contractor is included as backup to the invoice.

Invoice period covered is from Month/Date/Year to Month/Date/Year .

Total Authorized Agreement Amount:	\$0,000,000.00
Total Invoiced to Date:	\$0,000,000.00
Total Previously Invoiced:	\$0,000,000.00
Balance Remaining:	\$0,000,000.00

Amount due this Invoice:	\$0,000,000.00 =====
---------------------------------	--------------------------------

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the contractors listed.

By: _____
Name
Title

cc:

EXHIBIT B-3
Sample Letter from Contractor to AGENCY

Month/Date/Year

Western Riverside Council of Governments
3390 University Avenue; Suite 200
Riverside, California 92501
Attention: Deputy Executive Director
Attn: Accounts Payable

Invoice # _____

For **[type of services]** rendered by **[contractor name]** in connection with **[name of project]**
This is per agreement No. XX-XX-XXX effective Month/Date/Year .

Invoice period covered is from Month/Date/Year to Month/Date/Year .

Total Base Contract Amount:	\$000,000.00
Authorized Extra Work (if Applicable)	\$000,000.00

TOTAL AUTHORIZED CONTRACT AMOUNT:	\$000,000.00
Total Invoice to Date:	\$000,000.00
Total Previously Billed:	\$000,000.00
Balance Remaining:	\$000,000.00
Amount Due this Invoice:	\$000,000.00
	=====

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed,

By: _____
Name
Title

**EXHIBIT B-4
SAMPLE TASK SUMMARY SCHEDULE
(OPTIONAL)**

EXHIBIT B-5
Sample Progress Report

REPORTING PERIOD: Month/Date/Year to Month/Date/Year
PROGRESS REPORT: #1

A. Activities and Work Completed during Current Work Periods

TASK 01 – 100% PS&E SUBMITTAL

1. Responded to Segment 1 comments from Department of Transportation
2. Completed and submitted Segment 1 final PS&E

B. Current/Potential Problems Encountered & Corrective Action

Problems	Corrective Action
None	None

C. Work Planned Next Period

TASK 01 – 100% PS&E SUBMITTAL

1. Completing and to submit Traffic Signal and Electrical Design plans
2. Responding to review comments

Attachment

TUMF Reimbursement Agreement –
Whitewood Road Improvements

24-SW-MUR-1313

**TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM
AGREEMENT TO REIMBURSE TUMF FUNDS
WHITEWOOD ROAD IMPROVEMENTS**

THIS REIMBURSEMENT AGREEMENT (“Agreement”) is entered into as of this _____ day of _____, 20__, by and between the Western Riverside Council of Governments (“WRCOG”), a California joint powers authority and the City of Murrieta, a California municipal corporation (“AGENCY”). WRCOG and AGENCY are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”.

RECITALS

A. WRCOG is the Administrator of the Transportation Uniform Mitigation Fee Program of Western Riverside County (“TUMF Program”).

B. WRCOG has identified and designated certain transportation improvement projects throughout Western Riverside County as projects of regional importance (“Qualifying Projects” or “Projects”). The Qualifying Projects are more specifically described in that certain WRCOG study titled “TUMF Nexus Study”, as may be amended from time to time. Qualifying Projects can have Regional or Zonal significance as further described in the TUMF Nexus Study.

C. The TUMF Program is funded by TUMF fees paid by new development in Western Riverside County (collectively, “TUMF Program Funds”). TUMF Program Funds are held in trust by WRCOG for the purpose of funding the Qualifying Projects.

D. The AGENCY proposes to implement a Qualifying Project, and it is the purpose of this Agreement to identify the project and to set forth the terms and conditions by which WRCOG will release TUMF Program Funds.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and subject to the conditions contained herein, the Parties hereby agree as follows:

1. Description of the Qualifying Project. This Agreement is intended to distribute TUMF Program Funds to the AGENCY for **Whitewood Road Improvements**, (the “Project”), a Qualifying Project. The Work, including a timetable and a detailed scope of work, is more fully described in Exhibit “A” attached hereto and incorporated herein by reference and, pursuant to Section 20 below, is subject to modification if requested by the AGENCY and approved by WRCOG. The work shall be consistent with one or more of the defined WRCOG Call for Projects phases detailed herein as follows:

- 1) PA&ED – Project Approvals & Environmental Document
- 2) PS&E – Plans, Specifications and Estimates
- 3) R/W – Right of Way Acquisition and Utility Relocation
- 4) CON – Construction

2. WRCOG Funding Amount. WRCOG hereby agrees to distribute to AGENCY, on the terms and conditions set forth herein, a sum not to exceed **Two Million, Five Hundred Thousand Dollars (\$2,500,000)**, to be used for reimbursing the AGENCY for eligible Project expenses as described in Section 3 herein (“Funding Amount”). The Parties acknowledge and agree that the Funding Amount may be less than the actual cost of the Project. Nevertheless, the Parties acknowledge and agree that WRCOG shall not be obligated to contribute TUMF Program Funds in excess of the maximum TUMF share identified in the TUMF Nexus Study (“Maximum TUMF Share”), as may be amended from time to time.

3. Project Costs Eligible for Advance/Reimbursement. The total Project costs (“Total Project Cost”) may include the following items, provided that such items are included in the scope of work attached hereto as Exhibit “A” (“Scope of Work”): (1) AGENCY and/or consultant costs associated with direct Project coordination and support; (2) funds expended in preparation of preliminary engineering studies; (3) funds expended for preparation of environmental review documentation for the Project; (4) all costs associated with right-of-way acquisition, including right-of-way engineering, appraisal, acquisition, legal costs for condemnation procedures if authorized by the AGENCY, and costs of reviewing appraisals and offers for property acquisition; (5) costs reasonably incurred if condemnation proceeds; (6) costs incurred in the preparation of plans, specifications, and estimates by AGENCY or consultants; (7) AGENCY costs associated with bidding, advertising and awarding of the Project contracts; (8) construction costs, including change orders to construction contract approved by the AGENCY; (9) construction management, field inspection and material testing costs; and (10) any AGENCY administrative cost to deliver the Project.

4. Ineligible Project Costs. The Total Project Cost shall not include the following items which shall be borne solely by the AGENCY without reimbursement: (1) any AGENCY administrative fees attributed to the reviewing and processing of the Project; and (2) expenses for items of work not included within the Scope of Work in Exhibit “A”.

5. Procedures for Distribution of TUMF Program Funds to AGENCY.

(a) Initial Payment by the AGENCY. The AGENCY shall be responsible for initial payment of all the Project costs as they are incurred. Following payment of such Project costs, the AGENCY shall submit invoices to WRCOG requesting reimbursement of eligible Project costs. Each invoice shall be accompanied by detailed contractor invoices, or other demands for payment addressed to the AGENCY, and documents evidencing the AGENCY’s payment of the invoices or demands for payment. Documents evidencing the AGENCY’S payment of the invoices shall be retained for four (4) years and shall be made available for review by WRCOG. The AGENCY shall submit invoices not more often than monthly and not less often than quarterly.

(b) Review and Reimbursement by WRCOG. Upon receipt of an invoice from the AGENCY, WRCOG may request additional documentation or explanation of the Project costs for which reimbursement is sought. Undisputed amounts shall be paid by WRCOG to the AGENCY within thirty (30) days. In the event that WRCOG disputes the eligibility of the AGENCY for reimbursement of all or a portion of an invoiced amount, the Parties shall meet and confer in an attempt to resolve the dispute. If the meet and confer process is unsuccessful in

resolving the dispute, the AGENCY may appeal WRCOG's decision as to the eligibility of one or more invoices to WRCOG's Executive Director. The WRCOG Executive Director shall provide his/her decision in writing. If the AGENCY disagrees with the Executive Director's decision, the AGENCY may appeal the decision of the Executive Director to the full WRCOG Executive Committee, provided the AGENCY submits its request for appeal to WRCOG within ten (10) days of the Executive Director's written decision. The decision of the WRCOG Executive Committee shall be final. Additional details concerning the procedure for the AGENCY's submittal of invoices to WRCOG and WRCOG's consideration and payment of submitted invoices are set forth in Exhibit "B", attached hereto and incorporated herein by reference.

(c) Funding Amount/Adjustment. If a post Project audit or review indicates that WRCOG has provided reimbursement to the AGENCY in an amount in excess of the Maximum TUMF Share of the Project, or has provided reimbursement of ineligible Project costs, the AGENCY shall reimburse WRCOG for the excess or ineligible payments within 30 days of notification by WRCOG.

6. Increases in Project Funding. The Funding Amount may, in WRCOG's sole discretion, be augmented with additional TUMF Program Funds if the TUMF Nexus Study is amended to increase the maximum eligible TUMF share for the Project. Any such increase in the Funding Amount must be approved in writing by WRCOG's Executive Director. In no case shall the amount of TUMF Program Funds allocated to the AGENCY exceed the then-current maximum eligible TUMF share for the Project. No such increased funding shall be expended to pay for any Project already completed. For purposes of this Agreement, the Project or any portion thereof shall be deemed complete upon its acceptance by WRCOG's Executive Director which shall be communicated to the AGENCY in writing.

7. No Funding for Temporary Improvements. Only segments or components of the construction that are intended to form part of or be integrated into the Project may be funded by TUMF Program Funds. No improvement which is temporary in nature, including but not limited to temporary roads, curbs, tapers or drainage facilities, shall be funded with TUMF Program Funds, except as needed for staged construction of the Project.

8. AGENCY's Funding Obligation to Complete the Project. In the event that the TUMF Program Funds allocated to the Project represent less than the total cost of the Project, the AGENCY shall provide such additional funds as may be required to complete the Project.

9. AGENCY's Obligation to Repay TUMF Program Funds to WRCOG; Exception For PA&ED Phase Work. Except as otherwise expressly excepted within this paragraph, in the event that: (i) the AGENCY, for any reason, determines not to proceed with or complete the Project; or (ii) the Project is not timely completed, subject to any extension of time granted by WRCOG pursuant to the terms of this Agreement; the AGENCY agrees that any TUMF Program Funds that were distributed to the AGENCY for the Project shall be repaid in full to WRCOG, and the Parties shall enter into good faith negotiations to establish a reasonable repayment schedule and repayment mechanism. If the Project involves work pursuant to a PA&ED phase, AGENCY shall not be obligated to repay TUMF Program Funds to WRCOG relating solely to PA&ED phase work performed for the Project.

10. Term/Notice of Completion. The term of this Agreement shall be from the date first herein above written until the earlier of the following: (i) the date WRCOG formally accepts the Project as complete, pursuant to Section 6; (ii) termination of this Agreement pursuant to Section 15; or (iii) the AGENCY has fully satisfied its obligations under this Agreement. All applicable indemnification provisions of this Agreement shall remain in effect following the termination of this Agreement.

11. Representatives of the Parties. WRCOG's Executive Director, or his or her designee, shall serve as WRCOG's representative and shall have the authority to act on behalf of WRCOG for all purposes under this Agreement. The AGENCY hereby designates **Justin Clifton, City Manager** or his designee, as the AGENCY's representative to WRCOG. The AGENCY's representative shall have the authority to act on behalf of the AGENCY for all purposes under this Agreement and shall coordinate all activities of the Project under the AGENCY's responsibility. The AGENCY shall work closely and cooperate fully with WRCOG's representative and any other agencies which may have jurisdiction over or an interest in the Project.

12. Expenditure of Funds by AGENCY Prior to Execution of Agreement. Nothing in this Agreement shall be construed to prevent or preclude the AGENCY from expending funds on the Project prior to the execution of the Agreement, or from being reimbursed by WRCOG for such expenditures. However, the AGENCY understands and acknowledges that any expenditure of funds on the Project prior to the execution of the Agreement is made at the AGENCY's sole risk, and that some expenditures by the AGENCY may not be eligible for reimbursement under this Agreement.

13. Review of Services. The AGENCY shall allow WRCOG's Representative to inspect or review the progress of the Project at any reasonable time in order to determine whether the terms of this Agreement are being met.

14. Termination.

(a) Notice. Either WRCOG or AGENCY may, by written notice to the other party, terminate this Agreement, in whole or in part, in response to a material breach hereof by the other Party, by giving written notice to the other party of such termination and specifying the effective date thereof. The written notice shall provide a 30 day period to cure any alleged breach. During the 30 day cure period, the Parties shall discuss, in good faith, the manner in which the breach can be cured.

(b) Effect of Termination. In the event that the AGENCY terminates this Agreement, the AGENCY shall, within 180 days, repay to WRCOG any unexpended TUMF Program Funds provided to the AGENCY under this Agreement and shall complete any portion or segment of work for the Project for which TUMF Program Funds have been provided. In the event that WRCOG terminates this Agreement, WRCOG shall, within 90 days, distribute to the AGENCY TUMF Program Funds in an amount equal to the aggregate total of all unpaid invoices which have been received from the AGENCY regarding the Project at the time of the notice of termination; provided, however, that WRCOG shall be entitled to exercise its rights

under Section 5(b), including but not limited to conducting a review of the invoices and requesting additional information. Upon such termination, the AGENCY shall, within 180 days, complete any portion or segment of work for the Project for which TUMF Program Funds have been provided. This Agreement shall terminate upon receipt by the non-terminating Party of the amounts due to it hereunder and upon completion of the segment or portion of Project work for which TUMF Program Funds have been provided.

(c) Cumulative Remedies. The rights and remedies of the Parties provided in this Section are in addition to any other rights and remedies provided by law or under this Agreement.

15. Prevailing Wages. The AGENCY and any other person or entity hired to perform services on the Project are alerted to the requirements of California Labor Code Sections 1770 et seq., which would require the payment of prevailing wages were the services or any portion thereof determined to be a public work, as defined therein. The AGENCY shall ensure compliance with these prevailing wage requirements by any person or entity hired to perform the Project. The AGENCY shall defend, indemnify, and hold harmless WRCOG, its officers, employees, consultants, and agents from any claim or liability, including without limitation attorneys, fees, arising from its failure or alleged failure to comply with California Labor Code Sections 1770 et seq.

16. Progress Reports. WRCOG may request the AGENCY to provide WRCOG with progress reports concerning the status of the Project.

17. Indemnification.

(a) AGENCY Responsibilities. In addition to the indemnification required under Section 16, the AGENCY agrees to indemnify and hold harmless WRCOG, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to negligent acts, errors or omissions or willful misconduct of the AGENCY or its subcontractors. The AGENCY will reimburse WRCOG for any expenditures, including reasonable attorneys' fees, incurred by WRCOG, in defending against claims ultimately determined to be due to negligent acts, errors or omissions or willful misconduct of the AGENCY.

(b) WRCOG Responsibilities. WRCOG agrees to indemnify and hold harmless the AGENCY, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to negligent acts, errors or omissions or willful misconduct of WRCOG or its sub-consultants. WRCOG will reimburse the AGENCY for any expenditures, including reasonable attorneys' fees, incurred by the AGENCY, in defending against claims ultimately determined to be due to negligent acts, errors or omissions or willful misconduct of WRCOG.

(c) Effect of Acceptance. The AGENCY shall be responsible for the professional quality, technical accuracy and the coordination of any services provided to

complete the Project. WRCOG's review, acceptance or funding of any services performed by the AGENCY or any other person or entity under this Agreement shall not be construed to operate as a waiver of any rights WRCOG may hold under this Agreement or of any cause of action arising out of this Agreement. Further, the AGENCY shall be and remain liable to WRCOG, in accordance with applicable law, for all damages to WRCOG caused by the AGENCY's negligent performance of this Agreement or supervision of any services provided to complete the Project.

18. Insurance. The AGENCY shall require, at a minimum, all persons or entities hired to perform the Project to obtain, and require their subcontractors to obtain, insurance of the types and in the amounts described below and satisfactory to the AGENCY and WRCOG. Such insurance shall be maintained throughout the term of this Agreement, or until completion of the Project, whichever occurs last.

(a) Commercial General Liability Insurance. Occurrence version commercial general liability insurance or equivalent form with a combined single limit of not less than \$1,000,000.00 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to the Project or be no less than two times the occurrence limit. Such insurance shall:

(i) Name WRCOG and AGENCY, and their respective officials, officers, employees, agents, and consultants as insured with respect to performance of the services on the Project and shall contain no special limitations on the scope of coverage or the protection afforded to these insured;

(ii) Be primary with respect to any insurance or self-insurance programs covering WRCOG and AGENCY, and/or their respective officials, officers, employees, agents, and consultants; and

(iii) Contain standard separation of insured provisions.

(b) Business Automobile Liability Insurance. Business automobile liability insurance or equivalent form with a combined single limit of not less than \$1,000,000.00 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

(c) Professional Liability Insurance. Errors and omissions liability insurance with a limit of not less than \$1,000,000.00 Professional liability insurance shall only be required of design or engineering professionals.

(d) Workers' Compensation Insurance. Workers' compensation insurance with statutory limits and employers' liability insurance with limits of not less than \$1,000,000.00 each accident.

19. Project Amendments. Changes to the characteristics of the Project, including the deadline for Project completion, and any responsibilities of the AGENCY or WRCOG may be requested in writing by the AGENCY and are subject to the approval of WRCOG's

Representative, which approval will not be unreasonably withheld, provided that extensions of time for completion of the Project shall be approved in the sole discretion of WRCOG's Representative. Nothing in this Agreement shall be construed to require or allow completion of the Project without full compliance with the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*; "CEQA") and the National Environmental Policy Act of 1969 (42 USC 4231 *et seq.*), if applicable, but the necessity of compliance with CEQA and/or NEPA shall not justify, excuse, or permit a delay in completion of the Project.

20. Conflict of Interest. For the term of this Agreement, no member, officer or employee of the AGENCY or WRCOG, during the term of his or her service with the AGENCY or WRCOG, as the case may be, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

21. Limited Scope of Duties. WRCOG's and the AGENCY's duties and obligations under this Agreement are limited to those described herein. WRCOG has no obligation with respect to the safety of any Project performed at a job site. In addition, WRCOG shall not be liable for any action of AGENCY or its contractors relating to the condemnation of property undertaken by AGENCY or construction related to the Project.

22. Books and Records. Each party shall maintain complete, accurate, and clearly identifiable records with respect to costs incurred for the Project under this Agreement. They shall make available for examination by the other party, its authorized agents, officers or employees any and all ledgers and books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or related to the expenditures and disbursements charged to the other party pursuant to this Agreement. Further, each party shall furnish to the other party, its agents or employees such other evidence or information as they may require with respect to any such expense or disbursement charged by them. All such information shall be retained by the Parties for at least four (4) years following termination of this Agreement, and they shall have access to such information during the four-year period for the purposes of examination or audit.

23. Equal Opportunity Employment. The Parties represent that they are equal opportunity employers and they shall not discriminate against any employee or applicant of reemployment because of race, religion, color, national origin, 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.

24. Governing Law. This Agreement shall be governed by and construed with the laws of the State of California.

25. Attorneys' Fees. If either party commences an action against the other party 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 attorneys' fees and costs of suit.

26. Time of Essence. Time is of the essence for each and every provision of this Agreement.

27. Headings. Article and Section Headings, paragraph captions or marginal headings contained in this Agreement are for convenience only and shall have no effect in the construction or interpretation of any provision herein.

28. Public Acknowledgement. The AGENCY agrees that all public notices, news releases, information signs and other forms of communication shall indicate that the Project is being cooperatively funded by the AGENCY and WRCOG TUMF Program Funds.

29. No Joint Venture. This Agreement is for funding purposes only and nothing herein shall be construed to make WRCOG a party to the construction of the Project or to make it a partner or joint venture with the AGENCY for such purpose.

30. Compliance With the Law. The AGENCY shall comply with all applicable laws, rules and regulations governing the implementation of the Qualifying Project, including, where applicable, the rules and regulations pertaining to the participation of businesses owned or controlled by minorities and women promulgated by the Federal Highway Administration and the Federal Department of Transportation.

31. Notices. All notices hereunder and communications regarding interpretation of the terms of this Agreement or changes thereto shall be provided by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to AGENCY: City of Murrieta
 1 Town Square
 Murrieta, CA 92562
 Attn: City Manager
 Telephone: 951-461-6010
 Facsimile: 951-698-9885

If to WRCOG: Western Riverside Council of Governments
 3390 University Avenue; Suite 200
 Riverside, California 92501
 Attention: Christopher Gray, Deputy Executive Director
 Telephone: (951) 405-6710
 Facsimile: (951) 223-9720

Any notice so given shall be considered served on the other party three (3) days after deposit in the U.S. mail, first class postage prepaid, return receipt requested, 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.

33. Integration; Amendment. This Agreement contains the entire agreement between the PARTIES. Any agreement or representation respecting matters addressed herein that are not expressly set forth in this Agreement is null and void. This Agreement may be amended only by mutual written agreement of the PARTIES.

34. Severability. If any term, provision, condition or covenant of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby.

35. Conflicting Provisions. In the event that provisions of any attached appendices or exhibits conflict in any way with the provisions set forth in this Agreement, the language, terms and conditions contained in this Agreement shall control the actions and obligations of the Parties and the interpretation of the Parties' understanding concerning the Agreement.

36. Independent Contractors. Any person or entities retained by the AGENCY or any contractor shall be retained on an independent contractor basis and shall not be employees of WRCOG. Any personnel performing services on the Project shall at all times be under the exclusive direction and control of the AGENCY or contractor, whichever is applicable. The AGENCY or contractor shall pay all wages, salaries and other amounts due such personnel in connection with their performance of services on the Project and as required by law. The AGENCY or consultant shall be responsible for all reports and obligations respecting such personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance and workers' compensation insurance.

37. Effective Date. This Agreement shall not be effective until executed by both Parties. The failure of one party to execute this Agreement within forty-five (45) days of the other party executing this Agreement shall render any execution of this Agreement ineffective.

38. No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

39. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one instrument.

40. Electronic Signatures. Each Party to this Agreement agrees to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act ("CUETA") Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Agreement as well as any amendments to this Agreement. The Parties further agree that the electronic signatures of the Parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record pursuant to the CUETA as amended from time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among parties in California, including a government agency. Digital signature means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature, and shall be reasonably relied upon by the parties. For purposes of this Section, a digital signature is a type of "electronic signature" as defined in subdivision (i) of Section 1633.2 of the Civil Code.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives to be effective on the day and year first above-written.

**WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS**

CITY OF MURRIETA

By: _____ Date: _____

By: _____ Date: _____
Cindy Warren
Mayor

Approved to Form:

By: _____ Date: _____
Steven C. DeBaun
General Counsel

By: _____ Date: _____
Tiffany Israel
City Attorney

EXHIBIT “A”**SCOPE OF WORK**

SCOPE OF WORK: The scope of work for the Whitewood Road Improvements spanning from Hunter Road to Clinton Keith Road, encompasses the preparation and revision of comprehensive street improvement plans. This includes the design and construction of new sidewalks, curbs, and gutters, as well as the installation of street lighting to enhance safety and visibility. The project also involves pavement widening to improve traffic flow and accessibility. Additionally, the scope includes the design and construction of one new storm drain line with a catch basin, which will be integrated into the existing storm drain system on the east side of the street. Signing and striping plans will also be developed and implemented to enhance traffic control and safety, ensuring compliance with all applicable local, state, and federal regulations.

EXHIBIT "A-1"**ESTIMATE OF COST**

Phase	TUMF	LOCAL	TOTAL
PA&ED	\$0	\$0	\$0
PS&E	\$500,000	\$335,000	\$835,000
RIGHT OF WAY	\$0	\$0	\$0
CONSTRUCTION	\$2,000,000	\$5,001,000	7,001,000
TOTAL	\$2,500,000	\$5,211,000	7,836,000

EXHIBIT “A-2”
PROJECT SCHEDULE

TIMETABLE:

Phase	Estimated Completion Date	Estimated Cost	Comments
PA&ED	3/27	\$0	
PS&E	7/27	\$710,000	
RIGHT OF WAY	N/A	\$0	
CONSTRUCTION	8/28	7,001,000	
TOTAL		7,711,000	

Elements of Compensation

EXHIBIT “B”

PROCEDURES FOR SUBMITTAL, CONSIDERATION AND PAYMENT OF INVOICES

1. For professional services, WRCOG recommends that the AGENCY incorporate this Exhibit “B-1” into its contracts with any subcontractors to establish a standard method for preparation of invoices by contractors to the AGENCY and ultimately to WRCOG for reimbursement of AGENCY contractor costs.
2. Each month the AGENCY shall submit an invoice for eligible Project costs incurred during the preceding month. The original invoice shall be submitted to WRCOG’s Executive Director with a copy to WRCOG’s Project Coordinator. Each invoice shall be accompanied by a cover letter in a format substantially similar to that of Exhibit “B-2”.
3. For jurisdictions with large construction projects (with the total construction cost exceeding \$10 million) under construction at the same time, may with the approval of WRCOG submit invoices to WRCOG for payment at the same time they are received by the jurisdiction. WRCOG must receive the invoice by the 5th day of the month in order to process the invoice within 30 days. WRCOG will retain 10% of the invoice until all costs have been verified as eligible and will release the balance at regular intervals not more than quarterly and not less than semi-annually. If there is a discrepancy or ineligible costs that exceed 10% of the previous invoice WRCOG will deduct that amount from the next payment.
4. Each invoice shall include documentation from each contractor used by the AGENCY for the Project, listing labor costs, subcontractor costs, and other expenses. Each invoice shall also include a monthly progress report and spreadsheets showing the hours or amounts expended by each contractor or subcontractor for the month and for the entire Project to date. Samples of acceptable task level documentation and progress reports are attached as Exhibits “B-4” and “B-5”. All documentation from the Agency’s contractors should be accompanied by a cover letter in a format substantially similar to that of Exhibit “B-3”.
5. If the AGENCY is seeking reimbursement for direct expenses incurred by AGENCY staff for eligible Project costs, the AGENCY shall provide the same level of information for its labor and any expenses as required of its contractors pursuant to Exhibit “B” and its attachments.
6. Charges for each task and milestone listed in Exhibit “A” shall be listed separately in the invoice.
7. Each invoice shall include a certification signed by the AGENCY Representative or his or her designee which reads as follows:

“I hereby certify that the hours and salary rates submitted for reimbursement in this invoice are the actual hours and rates worked and paid to the contractors or subcontractors listed.

Signed _____

Title _____

Date _____

Invoice No. _____

8. WRCOG will pay the AGENCY within 30 days after receipt by WRCOG of an invoice. If WRCOG disputes any portion of an invoice, payment for that portion will be withheld, without interest, pending resolution of the dispute, but the uncontested balance will be paid.
9. The final payment under this Agreement will be made only after: (I) the AGENCY has obtained a Release and Certificate of Final Payment from each contractor or subcontractor used on the Project; (ii) the AGENCY has executed a Release and Certificate of Final Payment; and (iii) the AGENCY has provided copies of each such Release to WRCOG.

**EXHIBIT “B-1”
[Sample for Professional Services]**

For the satisfactory performance and completion of the Services under this Agreement, Agency will pay the Contractor compensation as set forth herein. The total compensation for this service shall not exceed (____INSERT WRITTEN DOLLAR AMOUNT____) (\$__INSERT NUMERICAL DOLLAR AMOUNT__) without written approval of Agency’s City Manager [or applicable position] (“Total Compensation”).

1. ELEMENTS OF COMPENSATION.

Compensation for the Services will be comprised of the following elements: 1.1 Direct Labor Costs; 1.2 Fixed Fee; and 1.3 Additional Direct Costs.

1.1 DIRECT LABOR COSTS.

Direct Labor costs shall be paid in an amount equal to the product of the Direct Salary Costs and the Multiplier which are defined as follows:

1.1.1 DIRECT SALARY COSTS

Direct Salary Costs are the base salaries and wages actually paid to the Contractor's personnel directly engaged in performance of the Services under the Agreement. (The range of hourly rates paid to the Contractor's personnel appears in Section 2 below.)

1.1.2 MULTIPLIER

The Multiplier to be applied to the Direct Salary Costs to determine the Direct Labor Costs is _____, and is the sum of the following components:

1.1.2.1 Direct Salary Costs _____

1.1.2.2 Payroll Additives _____

The Decimal Ratio of Payroll Additives to Direct Salary Costs. Payroll Additives include all employee benefits, allowances for vacation, sick leave, and holidays, and company portion of employee insurance and social and retirement benefits, all federal and state payroll taxes, premiums for insurance which are measured by payroll costs, and other contributions and benefits imposed by applicable laws and regulations.

1.1.2.3 Overhead Costs _____

The Decimal Ratio of Allowable Overhead Costs to the Contractor Firm's Total Direct Salary Costs. Allowable Overhead Costs include general, administrative and overhead costs of maintaining and operating established offices, and consistent with established firm policies, and as defined in the Federal Acquisitions Regulations, Part 31.2.

Total Multiplier
 (sum of 1.1.2.1, 1.1.2.2, and 1.1.2.3) _____

1.2 FIXED FEE.

1.2.1 The fixed fee is \$ _____.

1.2.2 A pro-rata share of the Fixed Fee shall be applied to the total Direct Labor Costs expended for services each month, and shall be included on each monthly invoice.

1.3 ADDITIONAL DIRECT COSTS.

Additional Direct Costs directly identifiable to the performance of the services of this Agreement shall be reimbursed at the rates below, or at actual invoiced cost.

Rates for identified Additional Direct Costs are as follows:

<u>ITEM</u>	<u>REIMBURSEMENT RATE</u>
	<u>[<i>insert charges</i>]</u>
Per Diem	\$ /day
Car mileage	\$ /mile
Travel	\$ /trip
Computer Charges	\$ /hour
Photocopies	\$ /copy
Blueline	\$ /sheet
LD Telephone	\$ /call
Fax	\$ /sheet
Photographs	\$ /sheet

Travel by air and travel in excess of 100 miles from the Contractor's office nearest to Agency's office must have Agency's prior written approval to be reimbursed under this Agreement.

2. DIRECT SALARY RATES

Direct Salary Rates, which are the range of hourly rates to be used in determining Direct Salary Costs in Section 1.1.1 above, are given below and are subject to the following:

- 2.1 Direct Salary Rates shall be applicable to both straight time and overtime work, unless payment of a premium for overtime work is required by law, regulation or craft agreement, or is otherwise specified in this Agreement. In such event, the premium portion of Direct Salary Costs will not be subject to the Multiplier defined in Paragraph 1.1.2 above.
- 2.2 Direct Salary Rates shown herein are in effect for one year following the effective date of the Agreement. Thereafter, they may be adjusted annually to reflect the Contractor's adjustments to individual compensation. The Contractor shall notify Agency in writing prior to a change in the range of rates included herein, and prior to each subsequent change.

POSITION OR CLASSIFICATION RANGE OF HOURLY RATES

[__sample__]

Principal	\$.00 - \$.00/hour
Project Manager	\$.00 - \$.00/hour
Sr. Engineer/Planner	\$.00 - \$.00/hour
Project Engineer/Planner	\$.00 - \$.00/hour
Assoc. Engineer/Planner	\$.00 - \$.00/hour
Technician	\$.00 - \$.00/hour
Drafter/CADD Operator	\$.00 - \$.00/hour
Word Processor	\$.00 - \$.00/hour

- 2.3 The above rates are for the Contractor only. All rates for subcontractors to the Contractor will be in accordance with the Contractor's cost proposal.

3. INVOICING.

- 3.1 Each month the Contractor shall submit an invoice for Services performed during the preceding month. The original invoice shall be submitted to Agency's Executive Director with two (2) copies to Agency's Project Coordinator.
- 3.2 Charges shall be billed in accordance with the terms and rates included herein, unless otherwise agreed in writing by Agency's Representative.
- 3.3 Base Work and Extra Work shall be charged separately, and the charges for each task and Milestone listed in the Scope of Services, shall be listed separately. The charges for each individual assigned by the Contractor under this Agreement shall be listed separately on an attachment to the invoice.

- 3.4 A charge of \$500 or more for any one item of Additional Direct Costs shall be accompanied by substantiating documentation satisfactory to Agency such as invoices, telephone logs, etc.
- 3.5 Each copy of each invoice shall be accompanied by a Monthly Progress Report and spreadsheets showing hours expended by task for each month and total project to date.
- 3.6 If applicable, each invoice shall indicate payments to DBE subcontractors or supplies by dollar amount and as a percentage of the total invoice.
- 3.7 Each invoice shall include a certification signed by the Contractor's Representative or an officer of the firm which reads as follows:

I hereby certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed.

Signed _____
Title _____
Date _____
Invoice No. _____

4. PAYMENT

- 4.1 Agency shall pay the Contractor within four to six weeks after receipt by Agency of an original invoice. Should Agency contest any portion of an invoice, that portion shall be held for resolution, without interest, but the uncontested balance shall be paid.
- 4.2 The final payment for Services under this Agreement will be made only after the Contractor has executed a Release and Certificate of Final Payment.

EXHIBIT B-2
Sample Cover Letter to WRCOG

Date
Western Riverside Council of Governments
3390 University Avenue; Suite 450
Riverside, California 92501
Attention: Deputy Executive Director
ATTN: Accounts Payable

Re: Project Title - Invoice #__

Enclosed for your review and payment approval is the AGENCY’s invoice for professional and technical services that was rendered by our contractors in connection with the 2002 Measure “A” Local Streets and Roads Funding per Agreement No. _____ effective (Month/Day/Year) . The required support documentation received from each contractor is included as backup to the invoice.

Invoice period covered is from Month/Date/Year to Month/Date/Year .

Total Authorized Agreement Amount:	\$0,000,000.00
Total Invoiced to Date:	\$0,000,000.00
Total Previously Invoiced:	\$0,000,000.00
Balance Remaining:	\$0,000,000.00

Amount due this Invoice:	\$0,000,000.00 =====
---------------------------------	--------------------------------

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the contractors listed.

By: _____
Name
Title

cc:

EXHIBIT B-3
Sample Letter from Contractor to AGENCY

Month/Date/Year

Western Riverside Council of Governments
3390 University Avenue; Suite 200
Riverside, California 92501
Attention: Deputy Executive Director
Attn: Accounts Payable

Invoice # _____

For **[type of services]** rendered by **[contractor name]** in connection with **[name of project]**
This is per agreement No. XX-XX-XXX effective Month/Date/Year .

Invoice period covered is from Month/Date/Year to Month/Date/Year .

Total Base Contract Amount:	\$000,000.00
Authorized Extra Work (if Applicable)	\$000,000.00

TOTAL AUTHORIZED CONTRACT AMOUNT:	\$000,000.00
Total Invoice to Date:	\$000,000.00
Total Previously Billed:	\$000,000.00
Balance Remaining:	\$000,000.00
Amount Due this Invoice:	\$000,000.00
	=====

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed,

By: _____
Name
Title

**EXHIBIT B-4
SAMPLE TASK SUMMARY SCHEDULE
(OPTIONAL)**

EXHIBIT B-5
Sample Progress Report

REPORTING PERIOD: Month/Date/Year to Month/Date/Year
PROGRESS REPORT: #1

A. Activities and Work Completed during Current Work Periods

TASK 01 – 100% PS&E SUBMITTAL

1. Responded to Segment 1 comments from Department of Transportation
2. Completed and submitted Segment 1 final PS&E

B. Current/Potential Problems Encountered & Corrective Action

Problems	Corrective Action
None	None

C. Work Planned Next Period

TASK 01 – 100% PS&E SUBMITTAL

1. Completing and to submit Traffic Signal and Electrical Design plans
2. Responding to review comments

Attachment

TUMF Reimbursement Agreement –
Amendment No. 1 –
Keller Road/I-215 Interchange

16-SW-MUR-1188

**AMENDMENT NO. 1 TO TRANSPORTATION UNIFORM MITIGATION FEE
PROGRAM AGREEMENT
KELLER ROAD / I-215 INTERCHANGE**

This Amendment No. 1 to Transportation Uniform Mitigation Fee Program Agreement (“Amendment No. 1”) is entered into this ____ day of ____, 2025, by and between the WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (“WRCOG”) and the City of Murrieta (“AGENCY”). WRCOG and the AGENCY are sometimes referred to individually as “Party” and collectively as “Parties.”

RECITALS

A. WRCOG and AGENCY have entered into an agreement titled “Transportation Uniform Mitigation Fee Program Agreement” that is dated August 1, 2017 (“Agreement”). The Agreement provides the terms and conditions, scope of work, schedule and funding amount for the construction of the **Keller Road / I-215 Interchange** (hereinafter the “Project”).

B. The Parties desire to amend the Agreement to include the right-of-way and construction phases of the Qualifying Project.

C. The Parties also desire to amend the Agreement by increasing the funding amount pursuant to Sections 6 and 33 of the Agreement.

D. The purpose of this Amendment No. 1 is to facilitate the initiation of the right-of-way and construction phases for the Project. This amendment ensures that necessary funding, resources, and approvals are aligned to support the project's progression. It enables the coordination of stakeholders to advance infrastructure development efficiently and in compliance with regional transportation goals. Funds are being increased for this Project because new funding

has become available.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and subject to the conditions contained herein, the Parties hereby agree as follows:

1. The Funding Amount contained in Section 2 of the Agreement as amended by Amendment No. 1 is hereby increased **Fifteen Million Dollars (\$15,000,000)** from **Two Million, Two Hundred Fifty Thousand Dollars (\$2,250,000.00)** to an amount not to exceed **Seventeen Million, Two Hundred Fifty Thousand Dollars (\$17,250,000)**.

2. The foregoing increase in the Funding Amount is within the Maximum TUMF Share.

3. Exhibits “A”, “A-1”, and “A-2” of the Agreement are hereby replaced in their entirety by Exhibits “A”, “A-1”, and “A-2” of this Amendment No. 1, which are attached hereto and incorporated by reference.

4. The above-stated Recitals are hereby fully incorporated into this Amendment No. 1.

5. Except to the extent specifically modified or amended hereunder, all of the terms, covenants and conditions of the Agreement as amended shall remain in full force and effect between the Parties hereto.

6. Section 40 is hereby added to the Agreement to read as follows:

“40. Electronic Signatures. Each Party to this Agreement agrees to the use of electronic

signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act (“CUETA”) Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Agreement as well as any amendments to this Agreement. The Parties further agree that the electronic signatures of the Parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record pursuant to the CUETA as amended from time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among parties in California, including a government agency. Digital signature means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature, and shall be reasonably relied upon by the parties. For purposes of this Section, a digital signature is a type of "electronic signature" as defined in subdivision (i) of Section 1633.2 of the Civil Code.”

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be executed by their duly authorized representatives to be effective on the day and year first written above.

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

CITY OF MURRIETA

By: _____

By: _____
Cindy Warren
Mayor

Approved to Form:

Approved to Form:

By: _____
Steven C. DeBaun
General Counsel

By: _____
Tiffany Israel
City Attorney

Attest:

By: _____
Cristal McDonald
City Clerk

Exhibit A

SCOPE OF SERVICES

SCOPE OF WORK: Widen existing two lane 1-215/Keller Road underpass to four lanes (two in each direction), add auxiliary lanes between Keller Road and Scott Road, add north bound and southbound on/off ramps and 2 lane traffic circles at the ramp termini. Widen the existing bridge over Keller Road to accommodate new southbound loop off ramp. Provide new access roads to service the properties affected by the closure of Antelope Road.

EXHIBIT "A-1"**ESTIMATE OF COST**

Phase	TUMF	LOCAL	TOTAL
PA&ED	\$1,000,000	\$922,000	\$1,922,000
PS&E	\$1,250,000	\$2,930,000	\$4,180,000
RIGHT OF WAY	\$6,000,000	\$4,000,000	\$10,000,000
CONSTRUCTION	\$9,000,000	\$31,000,000	\$40,000,000
TOTAL	\$17,250,000	\$38,852,000	\$56,102,000

EXHIBIT "A-2"
PROJECT SCHEDULE

TIMETABLE:

Phase	Estimated Completion Date	Estimated Cost	Comments
PA&ED	12/2025	\$1,922,000	
PS&E	6/2026	\$4,180,000	
RIGHT OF WAY	12/2026	\$10,000,000	
CONSTRUCTION	12/2027	\$40,000,000	
TOTAL		\$56,102,000	

Attachment

TUMF Reimbursement Agreement –
Amendment No. 1 –
Murrieta Hot Springs Road
Improvements

23-SW-MUR-1191

**AMENDMENT NO. 1 TO TRANSPORTATION UNIFORM MITIGATION FEE
PROGRAM AGREEMENT
MURRIETA HOT SPRINGS ROAD IMPROVEMENTS**

This Amendment No. 1 to Transportation Uniform Mitigation Fee Program Agreement (“Amendment No. 1”) is entered into this ____ day of ____, 2025, by and between the WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (“WRCOG”) and the City of Murrieta (“AGENCY”). WRCOG and the AGENCY are sometimes referred to individually as “Party” and collectively as “Parties.”

RECITALS

A. WRCOG and AGENCY have entered into an agreement titled “Transportation Uniform Mitigation Fee Program Agreement” that is dated September 13, 2023 (“Agreement”). The Agreement provides the terms and conditions, scope of work, schedule and funding amount for the construction of the **Murrieta Hot Springs Road Improvements** (hereinafter the “Project”)

B. The Parties desire to amend the Agreement by increasing the funding amount pursuant to Sections 6 and 33 of the Agreement.

C. The purpose of this Amendment No. 1 is to increase the funding for the Project. This amendment ensures that necessary funding, resources, and approvals are aligned to support the project's progression. It enables the coordination of stakeholders to advance infrastructure development efficiently and in compliance with regional transportation goals. Funds are being increased for this Project because new funding has become available.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and subject to the conditions contained herein, the Parties hereby agree as follows:

1. The Funding Amount contained in Section 2 of the Agreement as amended by Amendment No. 1 is hereby increased by **Three Hundred Fifty Thousand Dollars (\$350,000)** from **Two Million, Seven Hundred Thousand Dollars (\$2,700,000.00)** to an amount not to exceed **Three Million, Fifty Thousand Dollars (\$3,050,000)**.

2. The foregoing increase in the Funding Amount is within the Maximum TUMF Share.

3. Exhibits “A”, “A-1”, and “A-2” of the Agreement are hereby replaced in their entirety by Exhibits “A”, “A-1”, and “A-2” of this Amendment No. 1, which are attached hereto and incorporated by reference.

4. The above-stated Recitals are hereby fully incorporated into this Amendment No. 1.

5. Except to the extent specifically modified or amended hereunder, all of the terms, covenants and conditions of the Agreement as amended shall remain in full force and effect between the Parties hereto.

6. Section 40 is hereby added to the Agreement to read as follows:

“40. Electronic Signatures. Each Party to this Agreement agrees to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform

Electronic Transactions Act (“CUETA”) Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Agreement as well as any amendments to this Agreement. The Parties further agree that the electronic signatures of the Parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record pursuant to the CUETA as amended from time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among parties in California, including a government agency. Digital signature means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature, and shall be reasonably relied upon by the parties. For purposes of this Section, a digital signature is a type of "electronic signature" as defined in subdivision (i) of Section 1633.2 of the Civil Code.”

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be executed by their duly authorized representatives to be effective on the day and year first written above.

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

CITY OF MURRIETA

By: _____

By: _____
Cindy Warren
Mayor

Approved to Form:

Approved to Form:

By: _____
Steven C. DeBaun
General Counsel

By: _____
Tiffany Israel
City Attorney

Attest:

By: _____
Cristal McDonald
City Clerk

Exhibit A

SCOPE OF SERVICES

SCOPE OF WORK: The Murrieta Hot Springs Road Improvement project, CIP 8079, consists of numerous improvements to Murrieta Hot Springs Road between Margarita Road and Winchester Road. The roadway will be widened from a four-lane roadway to a six-lane roadway between Via Princesa (East) and Winchester Road. Improvements include installation of asphalt concrete pavement, concrete curb and gutter, concrete sidewalk, raised landscaped medians, street lighting, signage and striping, storm drain, water quality devices, retaining walls, and a traffic signal at Calle Del Lago. The widening will also require the realignment of private driveways and a portion of Via Frontera Road within the Ridgeway Community as well as relocation of various existing utilities including electric, gas, water, sewer, and communications.

EXHIBIT "A-1"**ESTIMATE OF COST**

Phase	TUMF	LOCAL	TOTAL
PA&ED	\$0	\$850,000	\$850,000
RIGHT OF WAY	\$347,000	\$203,000	\$550,000
CONSTRUCTION	\$2,703,000	\$12,797,000	\$15,500,000
TOTAL	\$3,050,000	\$13,850,000	\$16,900,000

EXHIBIT "A-2"
PROJECT SCHEDULE

TIMETABLE:

Phase	Estimated Completion Date	Estimated Cost	Comments
PA&ED	12/2024	\$850,000	
RIGHT OF WAY	3/2024	\$550,000	
CONSTRUCTION	6/2026	\$15,500,000	
TOTAL	10/2026	\$16,900,000	



Western Riverside Council of Governments

WRCOG Executive Committee

Staff Report

Subject: Fiscal Activities Update
Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6741
Date: December 1, 2025

Recommended Action(s):

1. Receive and file.

Summary:

The Finance Department is undergoing its annual audit as required by government standards, focusing on ensuring accurate and transparent financial reporting. Auditors are reviewing the Department's internal controls, compliance with financial policies, and accuracy of reported transactions. This audit is essential for validating the integrity of the Department's financial management and identifying areas for improvement.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

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

Discussion:

Background

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

Present Situation

Fiscal Year 2024/2025 Year-End Audit: WRCOG staff have closed the books for Fiscal Year 2024/2025, with the audit process beginning in October. Staff anticipate completing the audit by December and are also preparing the Agency's Annual Comprehensive Financial Report (ACFR). The ACFR provides a

comprehensive overview of the Agency's financial condition and involves consolidating financial data, preparing disclosures, and ensuring compliance with standards set by the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA). Attached for review is the audit planning letter provided by WRCOG's auditors.

Accounting System Conversion: Over the past two years, WRCOG has undertaken a comprehensive initiative to transition its financial accounting system from Financial Edge by Blackbaud to ERP Pro by Tyler Technologies. This system modernization aligns with best practices in public sector financial management and represents a significant investment in improving the efficiency, accuracy, and reliability of WRCOG's fiscal operations. The new ERP Pro platform will enhance a broad range of financial functions, including accounts payable, accounts receivable, general ledger, payroll, contract management, and financial reporting. In addition to improving workflow and internal controls, the system will provide greater analytical capabilities and transparency, supporting WRCOG's ongoing commitment to accountability and sound financial stewardship.

Financial Documents

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

Prior Action(s):

None.

Financial Summary:

Fiscal Department activities are included in the Agency's adopted Fiscal Year 2025/2026 Budget under the Finance Department under Fund 110.

Attachment(s):

[Attachment 1 - Audit Planning Letter](#)

November 4, 2025

To the Executive Committee
Western Riverside Council of Governments
Riverside, CA

We are engaged to audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Riverside Council of Governments (WRCOG) for the year ended June 30, 2025. Professional standards require that we provide you with the following information related to our audit. We also encourage further discussion of this information since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of WRCOG. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of WRCOG's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the combining statements and individual fund statements, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for

Van Lant & Fankhanel, LLP

29970 Technology Drive, Suite 105 A
Murrieta, CA 92563
909.856.6879

determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

We have identified the following significant risk of material misstatement as part of our audit planning: management override of controls. It should be noted that this is a presumed risk in all audit engagements and is required to be communicated to you as part of your oversight over WRCOG's financial statements.

Also, audit standards require that we inquire with Executive Committee Members regarding the issue of fraud and compliance with laws, regulation, etc. Please provide us with any information you may have regarding the following, by emailing Greg Fankhanel, Partner, at gfankhanel@vifcpa.com:

- Your views about the risks of fraud.
- Whether you have knowledge of any actual, suspected, or alleged fraud affecting the entity.
- Whether you have knowledge of any possible or actual noncompliance or abuses of broad programs and controls occurring during the period being audited or the subsequent period.
- Whether you have an active role in oversight of management's processes for identifying and responding to fraud risks and of the controls established to mitigate those risks, and if so, how you exercise such oversight activities.
- Whether the entity is in compliance with laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We began our audit in October of 2025 and to issue our reports in December of 2025.

This information is intended solely for the use of the Executive Committee and management of the Western Riverside Council of Governments and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Van Lant + Fankhanel, LLP



Western Riverside Council of Governments WRCOG Executive Committee

Staff Report

Subject: Consideration of a New Commercial PACE Program Provider: PACE Loan Group, LLC

Contact: Casey Dailey, Director of Energy & Environmental Programs, cdailey@wrcog.us, (951) 405-6722

Date: December 1, 2025

Recommended Action(s):

1. Adopt WRCOG Resolution Number 25-25; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing PACE Loan Group, LLC, to administer and finance eligible improvements to be installed on commercial properties located within the boundaries of both the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the California HERO Program, and in connection with such authorization, approving amendments to the Program Report for such Programs, an Assessment Contract, Administration Agreement, Master Indenture and Bond Purchase Agreement, and authorizing the Issuance of Bonds pursuant to such Master Indenture secured by assessments levied on commercial properties to finance the installation of eligible improvements on such commercial properties and approving other actions in connection thereto.

Summary:

WRCOG's Commercial Property Assessed Clean Energy (C-PACE) Program, which finances energy and water efficiency improvements through property tax-secured funding, currently partners with one provider, Nuveen Green Capital. Following Executive Committee direction in March 2024 to open the Program to additional providers, staff reviewed an application from PACE Loan Group (PLG), a national C-PACE administrator active in 40 states.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to consider adding PLG as an additional Commercial PACE Provider to the WRCOG C-PACE Program. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #5 (To develop projects and programs that improve infrastructure and sustainable development in the subregion).

Discussion:

Background

PACE Programs are authorized by several states to offer property-based financing assistance to residential and/or commercial property owners seeking to implement energy savings, renewable energy, water conservation, new construction, electric vehicle charging station, and seismic strengthening improvements. For both residential and commercial projects, improvements installed utilizing PACE financing are secured by placing a lien on the secured property tax bill. California began authorizing PACE financing in 2008 and is currently one of 40 states to authorize this type of financing for commercial projects and one of only three states offering the Program for residential projects.

WRCOG began offering PACE financing for local residential and commercial projects in 2011. In 2014, the WRCOG Program offerings expanded beyond the WRCOG boundaries to include much of the state - 384 cities of the 482 cities and 47 of the 58 counties in California. This was accomplished by enrolling in the extra-territorial jurisdictions as Associate Members of WRCOG. The Residential Program was closed to new participants in 2020 at the direction of the Executive Committee; however, the Commercial Program remains active, and the Associate Member designations also remain active.

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

Present Situation

On March 4, 2024, the Executive Committee directed staff to open the Program to additional C-PACE Providers. This year, staff received interest from PLG to participate in WRCOG's C-PACE Program. This decision to bring additional providers into the Program requires approval from the Executive Committee.

When a PACE Provider expresses interest, the following process is initiated:

1. WRCOG sends the interested Provider a C-PACE Provider Questionnaire to be filled out and returned to WRCOG staff for review.
2. WRCOG staff schedules a PACE Ad Hoc Committee meeting consisting of the interested potential Provider, WRCOG staff, legal counsel, and certain members of the WRCOG Executive Committee to consider, discuss, and answer any questions.
3. If the PACE Ad Hoc Committee recommends the Provider, the item will move forward to WRCOG's Administration & Finance (A&F) Committee for consideration.
4. If the A&F Committee recommends the Provider, the recommendation will move forward to and be considered by the Executive Committee.
5. If approved, the Executive Committee will take action to adopt a resolution authorizing the Provider to participate in both the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the California HERO Program.

New Commercial PACE Provider – PACE Loan Group

Founded in 2017, with headquarters in Minneapolis, Minnesota, PLG is a leading C-PACE administrator

across the country and has been active in California with the California Statewide Communities Development Authority (CSCDA). PLG's agreement with CSCDA expires in December 2025 and PLG has expressed interest in joining WRCOG instead renewing its agreement with CSCDA. PLG is authorized to finance C-PACE projects in 40 states. The company has unlimited capital available for C-PACE financing at which a dedicated team of 30 - 32 employees who are focused solely on all servicing and underwriting being done completely in-house. On September 22, 2025, PLG submitted the C-PACE Questionnaire to WRCOG staff.

Based on WRCOG's discussions with PLG, staff is recommending setting the maximum bond capacity amount at not to exceed \$300M. Staff will review and assess the remaining capacity on an annual basis after having conversations with PLG staff. Staff will then provide similar annual updates to the following Committees: Finance Directors Committee, Technical Advisory Committee, A&F Committee, and finally the Executive Committee. This aligns with our current Provider Greenworks / Nuveen Green Capital's C-PACE Program bonding capacity review process.

On October 24, 2025, the PACE Ad-Hoc Committee met with PLG, who provided a presentation on their organization, program, capabilities and experience. The PACE Ad Hoc Committee supported forwarding this item to the A&F Committee, recommending it be considered by the Executive Committee for approval as an additional C-PACE Provider. The presentation to the PACE Ad Hoc Committee is attached to this Staff Report (Attachment 2) for reference and additional information.

On November 12, 2025, the A&F Committee recommended that the Executive Committee approve the finalized agreements and adopt Resolution Number 25-25 (Attachment 1) to formally incorporate PLG in the WRCOG Commercial PACE Program.

If the Executive Committee elects to add PLG as an additional provider, PLG will automatically be able to operate in each WRCOG PACE-authorized member jurisdiction unless the jurisdiction acts to prohibit its inclusion. If a jurisdiction desires NOT to include PLG as an additional provider, it must adopt a resolution to opt-out of the Program, which is available upon request.

Prior Action(s):

November 12, 2025: The Administration & Finance Committee recommended that the Executive Committee adopt WRCOG Resolution Number 25-25; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing PACE Loan Group, LLC, to administer and finance eligible improvements to be installed on commercial properties located within the boundaries of both the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the California HERO Program, and in connection with such authorization, approving amendments to the Program Report for such Programs and the forms of a Commercial Handbook, Assessment Contract, Administration Agreement, Master Indenture and Bond Purchase Agreement, and authorizing the Issuance of Bonds Pursuant to such Master Indenture Secured by Assessments Levied on commercial properties to finance the installation of eligible improvements on such commercial properties to finance the installation of eligible improvements on such commercial properties and approving other actions in connection thereto.

March 4, 2024: The Executive Committee adopted Resolution Number 01-24, A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing WRCOG to issue

and directly place bonds to finance eligible improvements to be installed on commercial properties located within the boundaries of both the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the California HERO Program with Direct Capital Providers, and in connection with such authorization, approving amendments to the Program Report for such programs, Assessment Contract, Indenture and Bond Purchase Agreement, and authorizing the issuance of bonds pursuant to such Indenture or secured by assessments levied on commercial properties to finance the installation of eligible improvements on such commercial properties and approving other actions in connection thereto.

Financial Summary:

PACE Program activities are included in the Agency's adopted FY 2025/2026 Budget under the Energy & Environmental Department (Fund 110). If a new PACE provider is added, the additional provider may facilitate the completion of more projects, resulting in increased program revenue. Although WRCOG serves as the bond issuer, the Agency does not carry the associated bond liabilities on its financial statements. These activities are classified as fiduciary in nature and are reported as a custodial fund in accordance with GASB Statement No. 84.

Attachment(s):

[Attachment 1 - Resolution Number 25-25 Authorizing PLG Commercial PACE Programs and Issuance of Bonds](#)

[Attachment 2 - PACE Loan Group PowerPoint](#)

[Attachment 3 - WRCOG Subregional Program Report](#)

[Attachment 4 - CA HERO Program Report](#)

[Attachment 5 - Assessment Contract template for PLG](#)

[Attachment 6 - PLG CPACE Administration Agreement](#)

[Attachment 7 - Master Indenture template for PLG](#)

[Attachment 8 - Bond Purchase Agreement template for PLG](#)

Attachment

Resolution Number 25-25 authorizing
PLG Commercial PACE Programs
and Issuance of Bonds

RESOLUTION NUMBER 25-25

**A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
AUTHORIZING PACE LOAN GROUP, LLC TO ADMINISTER AND FINANCE
ELIGIBLE IMPROVEMENTS TO BE INSTALLED ON COMMERCIAL PROPERTIES
LOCATED WITHIN THE BOUNDARIES OF BOTH THE WRCOG ENERGY
EFFICIENCY AND WATER CONSERVATION PROGRAM FOR WESTERN
RIVERSIDE COUNTY AND THE CALIFORNIA HERO PROGRAM, AND IN
CONNECTION WITH SUCH AUTHORIZATION, APPROVING AMENDMENTS TO THE
PROGRAM REPORT FOR SUCH PROGRAMS, AN ASSESSMENT CONTRACT,
ADMINISTRATION AGREEMENT, MASTER INDENTURE AND BOND PURCHASE
AGREEMENT, AND AUTHORIZING THE ISSUANCE OF BONDS PURSUANT TO
SUCH MASTER INDENTURE SECURED BY ASSESSMENTS LEVIED ON
COMMERCIAL PROPERTIES TO FINANCE THE INSTALLATION OF ELIGIBLE
IMPROVEMENTS ON SUCH COMMERCIAL PROPERTIES AND APPROVING
OTHER ACTIONS IN CONNECTION THERETO**

WHEREAS, since the establishment of the Energy Efficiency and Water Conservation Program for Western Riverside County (commonly referred to as the “WRCOG HERO Program”) and the subsequent establishment of the California HERO Program (together with the WRCOG HERO Program, the “Programs”) the administration and financing of the installation of Eligible Improvements (“Eligible Improvements”) on commercial properties (“Commercial Properties”) located within the program area of each Program (the “Program Areas”) as authorized under and defined by each Program); and

WHEREAS, PACE Loan Group, LLC (“PLG”), has requested that PLG be authorized to serve as an additional administrator for the Programs and finance the installation of Eligible Improvements on Commercial Properties for each Program; and

WHEREAS, at its December 1, 2025 meeting the Executive Committee determined that it would be in the best interests of the Programs and the owners of Commercial Properties within the Program Areas to enable PLG to administer and finance a program as a part of each of the Programs (each, a “PLG Commercial PACE Program” and together, the “PLG Commercial PACE Programs”), to finance the installation of Eligible Improvements on Commercial Properties in each of the Program Areas and the Executive Committee directed and authorized the Executive Director to enter into contract negotiations to include PLG as a commercial program administrator for both Programs; and

WHEREAS, in order to provide for and implement such authorization for the establishment of a PLG Commercial PACE Program as a part of each Program, it will be necessary to modify the Program Reports for each of the Programs (together, the “Program Reports”), [a handbook (the “Commercial Handbook”)] and a form of an assessment contract for use with respect to each commercial property participating in one of the PLG Commercial PACE Programs (the “Commercial Assessment Contract”) to be incorporated into each Program Report; and

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

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

WHEREAS, there has been submitted to the Executive Committee the form of a Master Bond Purchase Agreement providing for the terms and conditions for the purchase of the Limited Obligation Improvement Bonds by PLG; and

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

WHEREAS, PFM Financial Advisors, LLC, WRCOG’s financial advisors have provided such good faith estimate in Exhibit A attached hereto; and

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

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

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

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

Section 2. Approval of the Amended Program Reports, the Commercial Assessment Contract [and the Commercial Handbook]. The Executive Committee hereby approves the forms of the amended Program Reports and the Commercial Assessment Contract, the final forms of which shall be incorporated in the Program Reports, [and the Commercial Handbook], each as presented to the Executive Committee at this meeting together with any changes therein and additions thereto approved by the Executive Director or another Authorized Representative and reviewed and concurred in by Bond Counsel.

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

Section 4. Authorization of Issuance of Limited Obligation Improvement Bonds. The Executive Committee hereby authorizes the issuance of one or more Series of the Limited Obligation Improvement Bonds under and pursuant to Chapter 29, the 1915 Act and this Resolution in the maximum aggregate principal amount not to exceed \$300,000,000 to finance the installation of Eligible Improvements to be installed or caused to be installed on commercial properties that are participating in one of the PLG Commercial PACE Programs and are located in the Program Area of such PLG Commercial PACE Program.

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

The Executive Committee hereby approves the form of the Supplemental Indenture substantially in the form contained in the Master Indenture, together with any changes therein or additions thereto approved by an Authorized Representative and reviewed and concurred in by Bond Counsel, required for the issuance of each Limited Obligation Improvement Bond or Series of Limited Obligation Improvement Bonds, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes and directs an Authorized Representative to execute the final form of each Supplemental Indenture for and in the name of WRCOG for each Series of Limited Obligation Improvement Bonds. The Executive Committee hereby authorizes the delivery and performance of each Supplemental Indenture for each Series of Limited Obligation Improvement Bonds.

Section 6. Sale of the Limited Obligation Improvement Bonds. WRCOG hereby authorizes the negotiated sale of the Limited Obligation Improvement Bonds to PLG Lending LLC or an assignee thereof approved by Executive Director (the "Purchaser") provided that the conditions for issuance of each such Limited Obligation Improvement Bond set forth in the Master Indenture and the applicable Supplemental Indenture have been satisfied. Each Limited Obligation Improvement Bond shall be sold to the Purchaser pursuant to the Master Indenture and the applicable Supplemental Indenture applicable to such bond or Series thereof. The Executive Committee hereby delegates to the Executive Director or another Authorized Representative the authority to establish and agree with the Purchaser to the final terms for each Limited Obligation Improvement Bond or Series thereof including, but not

limited to, the principal amount thereof, the interest rate on such Limited Obligation Improvement Bond or Series thereof and the redemption provisions.

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

Section 8. Form of Limited Obligation Improvement Bonds. The form of Limited Obligation Improvement Bonds as set forth in the form of [the Master Indenture and] each Supplemental Indenture is approved. The Treasurer of WRCOG and the Secretary of the Executive Committee are authorized and directed to execute by manual or facsimile signature, in the name and on behalf of WRCOG, the Limited Obligation Improvement Bonds or Series thereof in either temporary or definitive form and to deliver or cause the delivery of each Limited Obligation Improvement Bond or Series thereof to the applicable purchaser pursuant to the Master Indenture and the applicable Supplemental Indenture.

Section 9. No Obligation of WRCOG, its Regular Members or Associate Members. Pursuant to Streets and Highways Code Section 8769, this Executive Committee does hereby determine that WRCOG will not obligate itself to advance funds from the WRCOG treasury to cure any deficiency in the Redemption Fund (as such term is defined in the Master Indenture) for the Limited Obligation Improvement Bonds established pursuant to the Master Indenture or the Redemption Fund. The Executive Committee further declares and determines that no Regular Member or Associate Member shall be obligated to advance funds from the treasury of such Regular Member or Associate Member to cure any such deficiency in such Redemption Fund.

Section 10. Conditions of Approval. The approvals, authorization and direction given by this Resolution related to the Limited Obligation Improvement Bonds are conditioned upon the satisfaction of the requirements hereof and of the Master Indenture with respect to the issuance and sale of the Limited Obligation Improvement Bonds. The Authorized Officers and shall not be required to take any action with respect to the execution and delivery of a Supplemental Indenture or the issuance, sale or delivery of any Limited Obligation Improvement Bond unless and until such conditions are satisfied; provided, however, that upon satisfaction of such conditions as to any Limited Obligation Improvement Bond, this Resolution shall be fully effective and shall be carried out as to such Limited Obligation Improvement Bonds or Series thereof without the further approval or action of the Executive Committee.

Section 11. Official Actions with Regard to the Limited Obligation Improvement Bonds. Each officer of WRCOG or Authorized Representative is hereby authorized and directed, for and in the name and on behalf of WRCOG, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the issuance and sale of the Limited Obligation Improvement Bonds. All actions heretofore taken by the officers and agents of WRCOG with respect to the sale and issuance of the Limited Obligation Improvement Bonds are hereby approved, confirmed and ratified.

Section 12. Other Additional Action. All actions heretofore taken by the officers and agents of WRCOG with respect to the other matters contemplated by this Resolution and the Program Reports are hereby approved, confirmed and ratified, and the proper officers of WRCOG, including but not limited to the Executive Director, the Secretary, and the Director of Energy and Environmental Programs, and their designees, are hereby authorized, for and in the name and on behalf of WRCOG, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements, assignments, notes and other documents which they, or any of them, may deem necessary or advisable with respect to the establishment of the PLG PACE Programs and in order to consummate the matters contemplated by this Resolution and the Program Report. The Executive

Director or any Authorized Representative is hereby authorized and directed to approve any other documents related to the PLG Commercial PACE Programs necessary in the judgment of the Executive Director or such Authorized Representative to conform such documents to the actions taken by the adoption of this Resolution.

Section 13. Effective Date. This Resolution shall take effect upon the date of its adoption.

PASSED AND ADOPTED at a meeting of the Executive Committee of the Western Riverside Council of Governments on December 1, 2025.

Brenda Dennstedt, Chair
WRCOG Executive Committee

Christopher Gray, Secretary
WRCOG Executive Committee

Best Best & Krieger, LLP
WRCOG Bond Counsel

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

EXHIBIT A

GOOD FAITH ESTIMATE

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the WRCOG by PFM Financial Advisors LLC, WRCOG's financial advisors.

Principal Amount. The Municipal Advisor has informed the WRCOG that, based on the financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$300,000,000 (the "Estimated Principal Amount"), which excludes approximately \$0 (of net premium estimated to be generated based on current market conditions. Net premium is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for such bonds is higher than the face value of the bonds.

True Interest Cost of the Bonds. The Municipal Advisor has informed WRCOG that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 8.272949%.

Finance Charge of the Bonds. The Municipal Advisor has informed the WRCOG that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$7,500,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed WRCOG that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by WRCOG, for the sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$292,500,000.

Total Payment Amount. The Municipal Advisor has informed WRCOG that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all debt service payments on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$603,143,333.33 (excluding any offsets from reserves or capitalized interest).

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

Attachment

PACE Loan Group (PLG) PowerPoint
Presentation



The WRCOG and PLG alliance



About PACE Loan Group

- Founded in 2017, PLG is a pioneer in the C-PACE industry nationwide and one of few balance sheet lenders.
- Headquartered in Minneapolis with offices in:
 - New York
 - Chicago
 - Denver
 - Southern California
 - San Francisco / Bay Area
- PLG is a portfolio company of AB CarVal, a part of Alliance Bernstein.
- All servicing and underwriting is done completely in-house.

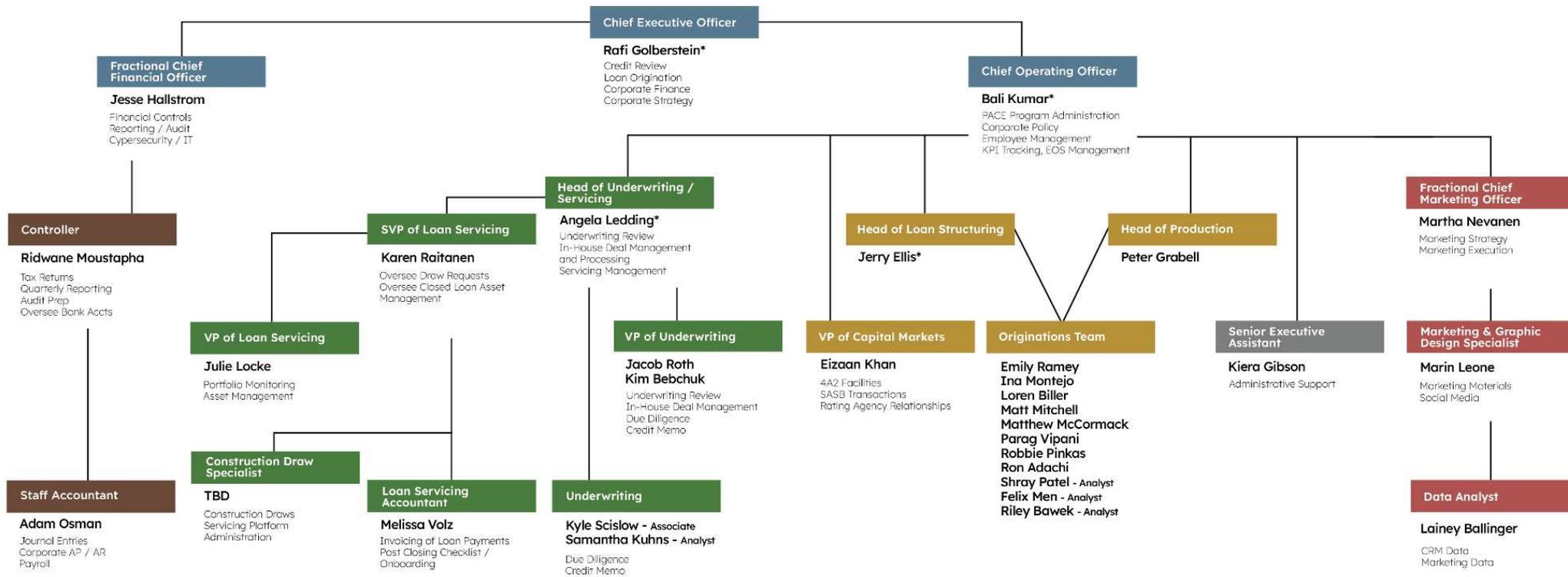


PLG's Institutional Balance Sheet

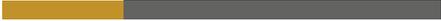
- AB CarVal is a leading alternative investment fund manager with approximately \$19B in assets under management.
- AB CarVal has over \$4.5B invested in clean energy.
- AB CarVal's investment in PLG allows us to directly originate C-PACE loans on our balance sheet.



Organization Structure



*Note: Credit Review



Management & Staff

PLG Leadership Experience

Rafi Golberstein | *CEO:*

15+ years experience in CRE debt and capital markets

Josh Krsnak | *Board member:*

20+ years experience in CRE as owner / operator / developer

Jeff Hinck | *Board member:*

27+ years experience in Capital Markets / Start Ups / Institutional AM

Jesse Hallstrom | *CFO:*

15+ years experience in Accounting / CRE Management

Bali Kumar | *COO:*

10+ years of experience in law, consulting, and CRE

PLG Key Employee Experience

Jerry Ellis | *Head of Loan Structuring:*

25+ years experience in CRE debt and capital markets

Peter Grabell | *Head of Production:*

25+ years experience in CRE debt and capital markets

Angela Ledding | *Head of Underwriting:*

15+ years of experience in CRE lending

Ridwane Moustapha | *Controller:*

10+ years of experience in corporate and CRE accounting

Karen Raitanen | *SVP, Loan Servicing:*

20+ years of experience in banking / CRE

LA Office Tower

C-PACE retroactively financed major capex projects undertaken over the last three years to free up capital for TIs / LCs and future upgrades to the property.

Key Fact: Refinance infused liquidity into the office tower.

LOCATION	Los Angeles, CA
ASSET TYPE	Office
PROJECT TYPE	Retroactive
SENIOR LENDER	Life Co.
C-PACE AMOUNT	\$24,000,000
MEASURES	Elevator Modernization Building Envelope Domestic Hot Water Plumbing Fixtures Lighting Central Plant



Reset Hotel

Reset Hotel is an independent, luxury, 65 room hotel located near the entrance of Joshua Tree National Park. The hotel was constructed using modular construction.

Key Fact: Financed energy efficiency and seismic resiliency upgrades.

LOCATION	Twentynine Palms, CA
-----------------	----------------------

ASSET TYPE	Hospitality
-------------------	-------------

PROJECT TYPE	New Construction
---------------------	------------------

SENIOR LENDER	Debt Fund
----------------------	-----------

C-PACE AMOUNT	\$11,200,000
----------------------	--------------

TOTAL COST	\$26,700,000
-------------------	--------------

LTC	41.9%
------------	-------

MEASURES	HVAC LED Lighting Electrical Building Envelope Seismic Measures
-----------------	---



Culver City Office

C-PACE was used to retroactively finance energy conservation improvements for Culver City Office, which is a three-story creative office building in Los Angeles.

Key Fact: Payoff maturing construction loan.

LOCATION	Los Angeles, CA
ASSET TYPE	Office
PROJECT TYPE	New Construction
LOAN TERM	30 Years
C-PACE AMOUNT	\$22,400,000
MEASURES	HVAC Plumbing Lighting Building Envelope Seismic Measures



Home2 Suites Pittsburg

The C-PACE proceeds were used to fund seismic resiliency measures tied to the property, which is an extended-stay Home2 Suites hotel in the Northern Bay Area.

Key Fact: Blended down cost of capital.

LOCATION	Pittsburg, CA
ASSET TYPE	Hospitality
PROJECT TYPE	New Construction
SENIOR LENDER	Debt Fund
C-PACE AMOUNT	\$10,600,000
TOTAL COST	\$28,470,786
LTC	37.2%
MEASURES	HVAC Lighting Systems Building Envelope Roofing Plumbing Fixtures Seismic Retrofits



Home2 Suites Vacaville

The C-PACE proceeds were used to fund seismic resiliency and energy conservation measures tied to the property, which is an extended-stay Home2 Suites hotel.

Key Fact: Blended down cost of capital.

LOCATION	Vacaville, CA
ASSET TYPE	Hospitality
PROJECT TYPE	New Construction
SENIOR LENDER	Debt Fund
C-PACE AMOUNT	\$8,750,000
TOTAL COST	\$29,149,297
LTC	30.0%
MEASURES	HVAC Lighting Systems Building Envelope Roofing Plumbing Fixtures Seismic Retrofits



Lawson's Landing

Lawson's Landing is a generational family-owned campground and RV park. C-PACE financed the expansion of the project, including adding cottages, solar PV, and a wastewater treatment system.

Key Fact: Financed upgrades expected to save \$1.1M annually.

LOCATION	Dillon Beach, CA
-----------------	------------------

ASSET TYPE	Special Use
-------------------	-------------

PROJECT TYPE	Renovation
---------------------	------------

LOAN TERM	30 Years
------------------	----------

C-PACE AMOUNT	\$4,200,000
----------------------	-------------

MEASURES	Water Systems Electrical Insulation Solar PV Systems
-----------------	---



Let's Connect



Peter Grabell

Managing Director, Head of Production

(760) 212-5100

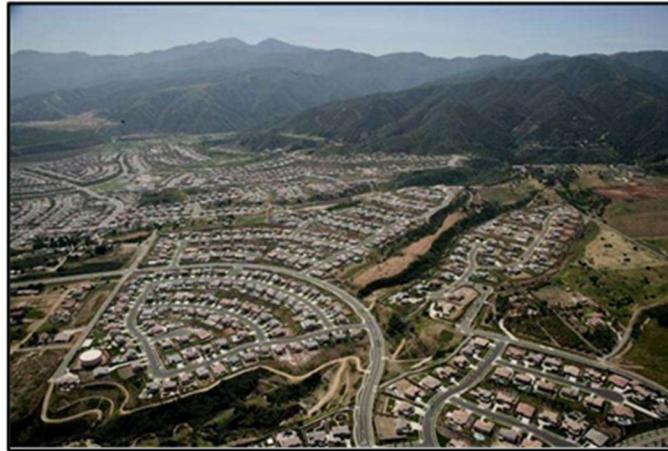
peter@paceloangroup.com



Attachment

WRCOG Subregional Program
Report Amended December 1, 2025,
Redlines

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 – AMENDED APRIL 4, 2017 – REVISED
JULY 11, 2017 – REVISED OCTOBER 2, 2017 – REVISED APRIL 2, 2018 – JUNE 4, 2018 –
REVISED AUGUST 6, 2018 – REVISED APRIL 1, 2019 – REVISED JUNE 3, 2019
REVISED AUGUST 1, 2019 – AMENDED MARCH 4, 2024 – AMENDED JUNE 21, 2024 –
AMENDED DECEMBER 1, 2025



Prepared By:
Western Riverside Council of Governments
33901955 University Chicago Avenue, Suite 200
Riverside, CA 925047
Phone: (951) 405-6700
Fax: (951) 223-9720

Table of Contents

Introduction	1
Background	1
Goal	2
Program Requirements	2
Program Administration	3
Financing Plans.....	3
Program Requirements for Participation in Financing for Residential Properties	4
Program Requirements for Participation in Standard Financing.....	10
Program Requirements for Participation in Greenworks Commercial Financing for Commercial Properties	16
Program Requirements for Participation in WRCOG’S Direct Capital Provider Commercial Financing for Commercial Properties	22
Program Requirements for Participation in Renew Financial Open-Market Commercial PACE Financing for Commercial Properties.....	23
Program Requirements for Participation in CleanFund Commercial Financing for Commercial Properties	27
Program Requirements for Participation in Twain Financial Partners Commercial Financing for Commercial Properties	32
<u>Program Requirements for Participation in PACE Loan Group, LLC Commercial Financing for Commercial Properties.....</u>	<u>37</u>
Financial Strategies	<u>437</u>
Appeal Process	<u>4539</u>
Tracks for Participation	<u>5239</u>
Program Parameters.....	<u>5241</u>
Glossary of Terms.....	<u>5946</u>
Appendix A-1: Eligible Products (Residential).....	<u>6350</u>
Appendix A-2: Eligible Products (Commercial)	<u>6855</u>
Appendix B: Map of Area	<u>7461</u>
Appendix C: Draft Assessment Contracts	<u>7562</u>
Appendix C-1: WRCOG HERO Program Assessment Contract	<u>7663</u>
Appendix C-2: WRCOG PACE Funding Group Program Assessment Contract.....	<u>9178</u>
Appendix C-3: WRCOG CaliforniaFIRST Program Assessment Contract	<u>10794</u>
Appendix C-4: WRCOG Ygrene Program Assessment Contract	<u>132120</u>
Appendix C-5: WRCOG Greenworks Commercial Program Assessment Contract	<u>147135</u>

Appendix C-6: WRCOG CleanFund Commercial Program Assessment Contract..... ~~173~~~~161~~

Appendix C-7: WRCOG Twain Financial Partners Program Assessment Contract..... ~~2~~~~21~~~~09~~

Appendix C-8: WRCOG PACE Loan Group, LLC Program Assessment Contract..... 264

Introduction

This report, as amended and revised, is prepared pursuant to Section 5898.22 and 5898.23 of the California Streets and Highways Code in connection with the establishment of the Western Riverside Council of Governments (“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 of the California Streets and Highway Code 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 and each assessment contract is incorporated herein in its entirety;
- WRCOG policies required pursuant to Section 5898.22 and 5898.23 of the California Streets and Highway Code concerning contractual assessments are provided in the following:
 - Identification of types of facilities, including distributed generation renewable energy sources, energy or water conservation products, electric vehicle charging stations, and seismic strengthening improvements, that may be financed through the use of contractual assessments are found in Appendix A-1 and A-2 (Section 5898.22(c)(1)),
 - Identification of public agency official authorized to enter into voluntary contractual assessments.
 - A maximum aggregate dollar amount of voluntary contractual assessments.
 - 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.
 - 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 under individual Provider sections.

The Program described herein is designed to help residential and commercial 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. Additionally, the Program outlines the ability for seismic strengthening improvements and new construction projects to be implemented within the Commercial Program parameters to fortify the existing infrastructure of the region.

BACKGROUND

The Program provides an option for residential and commercial property owners within participating jurisdictions in Western Riverside County to finance the installation of eligible renewable energy, energy efficiency and water conservation/efficiency, new construction, electric vehicle charging stations, and seismic strengthening 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 the Glossary of Terms provided below.

Program Report Overview Statement

It is the intent of the Program Report to comply with all applicable laws and regulations of the State of California (the “State”) and federal government. To the extent this Program Report contains language which is contrary to existing State or federal laws and regulations, the Program shall conform to any such laws and regulations.

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 sub region 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.

PROGRAM REQUIREMENTS

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.

The Program further provides an alternative means of financing seismic strengthening improvements that otherwise may not be affordable due to the upfront costs of making such improvements. For property owners, the Program offers: Access to financing that may not be readily available through traditional means, such as:

- a. A low cost means of financing eligible renewable energy, energy efficiency and water conservation/efficiency, and seismic strengthening Products;
- b. Fixed-rate financing over a period not to exceed 25 years for energy efficient, water conservation and seismic strengthening improvements and not to exceed 30-years for solar generation systems that monitor performance with Renew Financial PACE Financing;
- c. Equity loans;
- d. Financing based on a less costly borrower qualification process;

- e. A streamlined financing and repayment process;
- f. Highest set of consumer protections; and
- g. A refinancing option for commercial projects within certain parameters set by the Executive Director.

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, Beaumont, 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. Jurisdictions within the Program boundaries that are not currently participating may choose to do so at a later date.

WRCOG's responsibilities will include:

- a. Community outreach;
- b. Responding to property owner inquiries;
- c. Processing applications;
- d. Managing and tracking available funds;
- e. Tracking individual and collective energy and water conservation/efficiency and other improvements; and
- f. 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.

FINANCING PLANS

The WRCOG PACE Program offers the following financing:

- 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.
- HERO Commercial Financing Plan for Commercial Properties
WRCOG intends to utilize HERO financing provided by Renovate America to finance Eligible Products for commercial property owners.
- 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, water conservation and seismic strengthening products for all types of residential properties.

- Renew Financial Open-Market Commercial PACE Financing for Commercial Properties
WRCOG intends to utilize financing facilitated by Renew Financial to finance and refinance renewable energy projects plus eligible energy efficiency, water conservation and seismic strengthening products for all types of commercial properties.
- PACE Funding Group Financing for Residential Properties
WRCOG intends to utilize financing provided by PACE Funding to finance renewable energy projects plus eligible energy efficiency, water conservation and seismic strengthening products for all types of residential properties.
- Greenworks PACE Financing for Commercial Properties
WRCOG intends to utilize financing provided by Greenworks Lending, LLC to finance and refinance renewable energy projects plus eligible energy efficiency, water conservation and seismic strengthening products for all types of commercial properties.
- Ygrene Energy Fund Financing for Residential Properties
WRCOG intends to utilize financing provided by Ygrene Energy Fund to finance renewable energy projects plus eligible energy efficiency, water conservation and seismic strengthening products for all types of residential properties.
- Ygrene Energy Fund Financing for Commercial Properties
WRCOG intends to utilize financing provided by Ygrene Energy Fund to finance renewable energy projects plus eligible energy efficiency, water conservation and seismic strengthening products for all types of commercial properties.
- CleanFund Commercial PACE Capital
WRCOG intends to utilize financing provided by CleanFund Commercial PACE Capital to finance and refinance renewable energy projects plus eligible energy efficiency, water conservations, and seismic strengthening products for all types of Commercial Properties
- Twain Financial Partners Financing for Commercial Properties
WRCOG intends to utilize financing provided by Twain Financial Partners, LLC to finance and refinance renewable energy projects plus eligible energy efficiency, water conservation and seismic strengthening products for all types of commercial properties.
- Ygrene Energy Fund Financing for Commercial Properties
WRCOG intends to utilize financing provided by Ygrene Energy Fund to finance and refinance renewable energy projects plus eligible energy efficiency, water conservation and seismic strengthening products for all types of residential properties.
- PACE Loan Group, LLC Financing for Commercial Properties
WRCOG intends to utilize financing provided by PACE Loan Group, LLC to finance and refinance renewable energy projects plus eligible energy efficiency, water conservation and seismic strengthening products for all types of commercial properties.
- Standard Financing Plan
WRCOG further intends to preserve the ability to issue other municipal bonds pursuant to Chapter 29 to finance and refinance (commercial properties only) Eligible Products for residential and commercial properties not encompassed by of the above listed financing plans.

PROGRAM REQUIREMENTS FOR PARTICIPATION IN PACE LOAN GROUP, LLC COMMERCIAL FINANCING FOR COMMERCIAL PROPERTIES

If financing is provided for the Program by PACE Loan Group, LLC for commercial properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

PACE Loan Group, LLC Commercial financing is available for commercial property owners and will finance alternative energy systems, energy efficiency, water conservation and seismic strengthening improvements, using PACE Loan Group, LLC Commercial financing.

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

- Applicant property owner(s) must be the property owner(s) of record.
- Only Property Owners who are current on their property taxes for the applicable property shall be considered for Program approval. The Program Administrator will review the previous three years property tax and any assessment bills to evaluate the Property Owner's history of paying property tax and any required assessments. The property cannot have had a serious tax delinquency within the past 3 years. However, prior tax delinquencies will be reviewed and may be allowed by the Program Administrator in their sole discretion. Property owners must be current on all property debt.
- 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.
- If the property is owned by a Trust, the property is eligible for Program participation if adequate documentation of the Trust and the applicants' authority under the Trust is provided with application. All Trustees must meet underwriting requirements and sign all Financing Documents, including the Assessment Contract.
- 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 50% of the market value of the property.
- Mortgage-related debt on the property plus the principal amount of the contractual assessment does not exceed 95% of the market value of the property. Property value may be determined by a recent appraisal (within one year), desktop appraisal, or in many cases the tax assessed value.
- 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.
- Property value must exceed \$1,000,000
- If there is an existing mortgage or loan secured by the property, the Property Owner must obtain the written consent of any existing lender(s) utilizing the lender consent form. Such

written consent must be received prior to final approval and issuance of the Financing Documents, exempting projects that are 4-units or less.

- Property title cannot be subject to power of attorney, easements or subordination agreements restricting authority of the Property Owner(s) to a PACE lien.
- Property owners may refinance Eligible Improvements in accordance with parameters set by WRCOG staff in their sole discretion.

Program financing is not currently available for properties that are not subject to secured property taxes, such as governmental entities and certain non-profit corporations. Program financing may, however, be available to such properties if assessments levied on such properties may be placed on the tax roll. Property owners may make more than one application for funding under the Program if additional energy, water or seismic strengthening improvements are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.

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

B. ELIGIBLE PRODUCTS

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

1. The Program is intended principally for retrofit activities to replace outdated inefficient equipment and to install new equipment that reduces energy or water consumption or produces renewable energy or provides seismic strengthening to existing structures. However, the Program is also available for purchasers of new businesses that wish to add eligible energy efficiency, renewable energy, water conservation/efficiency and seismic strengthening Products to such homes or businesses after taking title to the property.
2. The Program provides financing only for Eligible Products that are permanently affixed to real property.
 - a. Remanufactured, refurbished, slightly used, or new equipment transferred from a previous location;
 - b. Previously installed products; and
 - c. Products that are not permanently affixed, including appliances, light bulbs and other non-fixtures.
 - d. Renewable energy systems structured as a lease or power purchase agreement may be eligible subject to additional conditions of the Program Administrator and subject to the requirements of the PACE Act.
3. The Program provides financing only for Eligible Products specified in Appendix A of the report. Broadly, these include:
 - a. Water Conservation/Efficiency Eligible Products
 - b. Energy Efficiency Eligible Products
 - c. Renewable Energy Systems
 - d. Seismic Strengthening Products
 - e. Approved Custom Eligible Products

f. Approved New Construction Projects

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

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

Proposed Products Must Meet Minimum Eligibility Requirements

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

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

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

For new construction projects, 100% of the cost of any individual Water Conservation/Efficiency Products and Energy Efficiency Eligible Products Eligible Improvements that meets the minimum specifications for retrofit projects as set forth above is eligible for C-PACE financing. Alternatively, 100% of the cost of Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products in the construction of a new building that meets or exceeds California Title 24 and Title 20 or Energy Star/Watersense on a whole building level, is eligible for C-PACE financing. Renewable Energy Systems are eligible in a new construction project. However, any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

Property Owners and their Contractors must submit supporting documentation to the Program Administrator to summarize their proposed project and to demonstrate that the proposed Eligible Improvements or whole building, as applicable, meet the minimum efficiency specifications. Program Administrator will require supporting documentation in the form of cut sheets, a professional energy efficiency audit, project analysis, and/or a renewable energy feasibility study. New construction projects

specifically will require additional supporting documentation including building plans, equipment cut sheets, and code compliance certificates as required by the Program Administrator. The supporting documentation will be reviewed by the Program Administrator to ensure the installation of the product(s) is designed to meet the minimum energy efficiency specifications listed above. Costs incurred to conduct audits or feasibility studies can be included in the financing.

C. PROPERTY TYPE EXCLUSIONS

The following property types are excluded from the eligible properties list; exceptions will be made by the Program Administrator in its sole discretion, subject to applicable California law including the PACE Act:

- Properties owned by governmental entities (e.g. public schools, municipal buildings)
- Residential condominium buildings
- Dry cleaners
- Gas stations
- Waste/Transfer-Related Properties

D. ELIGIBLE COSTS

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

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

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

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

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

E. ADMINISTRATIVE COSTS/FEEES

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.

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 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 PACE Loan Group, LLC.
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 set by the Executive Director and can escalate annually in accordance with the terms set forth by the Assessment Contract.
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.

8. The property owner may be subject to prepayment calculation fee in the event that a payoff estimate is requested for the PACE assessment.

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 reserve fund, participation in the State pooled reserve funding program, the use of the HERO Financing Plan for Residential, Ygrene Energy Fund for Residential Properties, Renew Financial PACE Financing for Residential Properties, Renew Financial Open-Market Commercial PACE Financing and Commercial PACE Refinancing, PACE Funding Residential PACE financing, Greenworks Commercial Financing and Commercial Refinancing, Twain Financial Partners for Commercial Financing and Commercial Refinancing, Ygrene Energy Fund for Commercial Financing and Commercial Refinancing, CleanFund Commercial PACE Capital for Commercial Financing and Commercial Refinancing, PACE Loan Group, LLC Commercial Financing and Commercial Refinancing, 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, PACE Funding Group, Renew Financial, and Ygrene Energy Fund to fund installations of Eligible Products for residential properties in the statewide residential Program. Pursuant to such financing plan, Renovate America, PACE Funding Group, Renew Financial, and Ygrene Energy Fund, 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 above. In consideration for funding the installation of such Eligible Products WRCOG shall issue and deliver to Renovate America, Inc., PACE Funding Group, Renew Financial, and Ygrene Energy Fund one or more municipal bonds secured by the contractual assessments payable by the properties to be improved.

Strategy Five: The Program will utilize the CleanFund PACE Capital Inc. Commercial Financing Plan, Twain Financial Partners, Renew Financial Commercial, Ygrene Energy Fund, ~~and~~ Greenworks, and PACE Loan Group, LLC for Commercial to fund installations of Eligible Products for commercial properties. Pursuant to such financing plans, Twain, CleanFund, Renew Financial, Ygrene Energy Fund, ~~and~~ Greenworks, and PACE Loan Group, LLC Commercial Financing will provide a revolving credit line to finance and refinance the installation of Eligible Products to commercial properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth above. In consideration for funding the installation of such

Eligible Products WRCOG shall issue and deliver to Greenworks, Renew Financial, Twain, Ygrene Energy Fund, ~~and~~ CleanFund, and PACE Loan Group, LLC as applicable, one or more municipal bonds secured by the contractual assessments payable by the properties to be improved.

Strategy Six: 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.

Appendix C
Draft
Assessment
Contracts

Appendix C-8: PACE Loan Group, LLC Commercial PACE Program Agreement to Pay Assessment and Finance Improvements

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
WRCOG PACE PROGRAM AND CALIFORNIA PACE PROGRAM
(PACE Loan Group, LLC Commercial PACE Program)**

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "Agreement") is made and entered into as of this _____ day of _____, 20____ (the "Effective Date") by and between the Western Riverside Council of Governments, a joint exercise of powers authority (the "Authority"). [Property Owner], a [Type of Entity], the record owner(s) (the "Property Owner") of the fee title to the real property, together with all improvements thereon, known as [Address], and more fully described in Exhibit A attached hereto and acknowledged and accepted by PACE Loan Group, LLC ("PLG" or the "PACE Program Administrator"), in its role as the Program administrator.

RECITALS

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

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

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

WHEREAS, the Authority executed an Administration Agreement with PACE Loan Group, LLC, to provide program administrative services to owners of commercial properties participating in the PACE Loan Group, LLC, Commercial PACE Program (the "PACE Loan Group, LLC Program") of the Program, including but not limited to reviewing and approving application materials subject to the Program Report, including a project which has been or will be developed upon the Property (hereafter defined) (the "Approved Project"), processing all disbursement requests, including accepting disbursement request forms, reviewing submitted forms and attachments, and providing for the disbursement of funds for the Approved Project;

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

WHEREAS, the Authority has conducted the proceedings required by Chapter 29 with respect to the territory within the boundaries of the _____ (the "City/County");

WHEREAS, the Property described in Section 2 below is located in the boundaries of the City and the City has consented to (i) owners of property within its jurisdiction (the "Participating Property Owners") participating in the Program and (ii) the Authority conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance the Authorized Improvements;

WHEREAS, the Property Owner has submitted application materials including a description of the Authorized Improvements that have been acquired, constructed on and/or installed on the Property and are to be financed pursuant

to the PACE Loan Group, LLC. Program and the PACE Program Administrator has determined it is an Approved Project; and

WHEREAS, pursuant to Chapter 29, the Authority and the Property Owner wish to enter into a contract pursuant to which the Property Owner would agree to pay an assessment in order to finance the installation on the Property of the Approved Project 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 on the Property.

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

Section 3. Assessment and Lien.

(a) Pursuant to the terms of this Agreement, the Authority shall disburse funds, or cause funds to be disbursed, in one or more installments (each, an “Advance”) to or on behalf of the Property Owner in a principal amount not to exceed [Amount] (the “Financing”), of which \$[Amount] shall be for the actual cost of the design, approval, acquisition, construction, financing, and/or installation of the Improvements (the “Project Cost”), and of which \$[Amount] shall be for capitalized interest (the “Capitalized Interest”). On the Effective Date, Property Owner shall pay to PACE Program Administrator \$[Amount] for Authority and PACE Program Administrator fees and expenses (less the \$50,000.00 good faith deposit). If the actual cost of the Improvements exceeds the Project Cost, the Property Owner shall be solely responsible for the payment of such excess costs.

(b) Capitalized Interest is computed from _____, 20 (“Interest Start Date”) to [September 2 or March 2], 20 (“First Interest Accrual Date”) at the Interest Rate (as hereafter defined). Capitalized Interest is fully accrued and payable to the Authority on the Effective Date.

(c) Interest shall accrue on a simple interest basis on the outstanding principal balance of the Financing from the First Interest Accrual Date at [Interest Rate]% per annum (the “Interest Rate”) until all outstanding obligations under the Financing are paid in full. Interest shall be computed on the basis of a 360-day year of twelve 30-day calendar months. The Assessment Installments set forth in Exhibit C hereto are presented on a county tax year basis. Pursuant to Chapter 29 and the 1915 Act, interest is computed and collected up to the September 2 next succeeding the end of each tax year and no deduction is made by reason of any Assessment Installment being due or paid prior thereto in such tax year.

(d) The Property Owner agrees that upon the execution of this Agreement by the parties, the Property is subject to a voluntary contractual assessment levied against the Property pursuant to this Agreement, Chapter 29 and other applicable law in an amount equal to the Financing plus any administration fees, accrued interest and penalties thereon (the “Assessment”). Upon execution of this Agreement, the Authority will execute and cause to be recorded in the office of the County Recorder of the County within which the Property is located (the “County”) a Notice of Assessment and Payment of Contractual Assessment Required (the “Notice of Assessment”) as required pursuant to Chapter 29, together with a copy of this Agreement. The recordation of the Notice of Assessment will create a lien against the Property and shall be payable as specified on Exhibit C.

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

(f) The Property Owner hereby promises to pay the Assessment for a period of 30 years annually, in two installments (“Installments”) as permitted by the County tax collector, together with annual assessment administrative

fees as defined in paragraph (g) below (collectively, "**Assessment Installment**") on the due dates set forth in Exhibit C (the "**Assessment Schedule**"). The Property Owner agrees to pay each Assessment Installment by its due date in order to avoid delinquencies and related penalties.

(g) The Property Owner hereby acknowledges that, pursuant to the 1915 Act, including Sections 8682(b) and 8682.1(a), the Authority may add amounts to an Installment each year in order to pay for the costs of collecting and administering the Assessment (the "**Annual Assessment Administrative Fees**"). The estimated Annual Assessment Administrative Fee shall not exceed \$500 in tax year commencing on July 1, 20 . The Annual Assessment Administrative Fee shall thereafter be adjusted by the greater of (a) any increases in the cost of administration of the Assessment, or (b) annually, commencing on July 1 of each subsequent tax year for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers applicable to the West Census Region. The PACE Program Administrator shall annually determine the amount of the Annual Assessment Administrative Fee.

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

Section 4. Collection of Assessment; Other Remedies.

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

(b) The Assessment Installments shall commence on [December or April] , 20 .

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

(d) The Property Owner acknowledges and understands that, no later than October 1st of each year, if the Property is delinquent in the payment of any Assessment Installment or any accrued interest and penalties thereon, the Property will be subject to the commencement of foreclosure proceedings. The Authority has the ability to commence, or cause to be commenced, judicial foreclosure proceedings against the Property, including collection actions preparatory to the filing of any complaint, but will file the complaint not later than sixty (60) days following the determination that the Property is delinquent in the payment of such Assessment Installments. Failure of such a complaint to be filed by such date shall not, however, invalidate any judicial foreclosure proceedings commenced after such date. The Property Owner acknowledges that the Authority shall have the delinquent Assessment Installment and its associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent Assessment Installments, associated penalties and interest, and all costs of suit, including attorneys' fees. The Property Owner acknowledges that, if bonds are sold to finance the Improvements, the Authority may obligate itself, through a covenant with the owners of such bonds, to exercise its foreclosure rights with respect to delinquent Assessment Installments under specified circumstances. Additionally, if no action is taken by the Authority and the Property Owner remains delinquent on the payment of any Assessment Installment for a period of five (5) years, the County may commence foreclosure proceedings.

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

(a) The Authority hereby approves the disbursement of funds against the Financing subject to the provisions of this Section. The funds will be disbursed by the PACE Program Administrator on behalf of the Authority, pursuant to the terms of this Agreement and applied by Property Owner to pay for the Improvements. For the avoidance of doubt, the parties to this Agreement agree that the Improvements installed on the Property are intended to be permanently affixed to the Property and such improvements are therefore part of the Property.

(b) Notwithstanding anything to the contrary contained herein, the PACE Program Administrator's obligation to make an Advance of the Project Cost to Property Owner or its Contractor ("Contractor") shall be subject to the satisfaction of the following conditions precedent, in the PACE Program Administrator's sole discretion, or any such condition precedent is expressly waived in writing by the PACE Program Administrator:

i) _____ the Interest Start Date has occurred;

ii) _____ the Property Owner shall have furnished to the PACE Program Administrator an executed Guaranty of Payment (the "Guaranty") provided by _____ (the "Guarantor")

iii) _____ the Property Owner shall have provided to the PACE Program Administrator a payoff statement executed by the mortgage lender to be refinanced with the proceeds of the Financing and/or the Loan (as hereafter defined) as well as an executed release of such existing mortgage lender's security interest in the Property;

iv) _____ the Property Owner shall have provided to Lender executed copies of the Loan Agreement (as hereafter defined) and any other agreements executed in connection therewith; and

v) _____ the Property Owner shall have provided to PACE Program Administrator the written consent to the Assessment Lien of (i) Mortgage Holder (as hereafter defined) and (ii) any other existing mortgage holder to the Assessment, in form reasonably acceptable to PACE Program Administrator.

vi) _____ the Property Owner shall have provided copies of all Permits (as hereinafter defined) required by law to the PACE Program Administrator;

vii) _____ the PACE Program Administrator shall have determined that the representations of Property Owner contained in this Agreement are true and correct in all material respects, and no Default (as defined in Section 14 below) shall have occurred and be continuing hereunder;

viii) _____ reserved;

ix) _____ the Property Owner shall have submitted to the Authority and the PACE Program Administrator a request for the disbursement in form and substance reasonably satisfactory to the Authority and the PACE Program Administrator;

x) _____ the Property Owner shall have furnished to the PACE Program Administrator partial waivers and releases of liens (for labor, services or materials which have been performed and paid for or such lien waiver will be subject to payment) from the Contractor and all other contractors, subcontractors and suppliers performing labor, services or materials in connection with the Improvements in form and substance satisfactory to PACE Program Administrator;

xi) _____ the Property Owner has provided to the PACE Program Administrator evidence reasonably satisfactory to the PACE Program Administrator of the Required Insurance (as hereafter defined);

xii) _____ the Property Owner shall have provided PACE Program Administrator and the Authority original, executed copies of this Agreement, any related certificates and such additional documents, as reasonably required by PACE Program Administrator and/or the Authority;

xiii) The PACE Program Administrator shall have received a title report reasonably satisfactory to PACE Program Administrator showing that the Property Owner is current in the payment of real property taxes and that there are no involuntary liens on the Property, including, but not limited to, construction liens but excluding: (i) the lien for real property taxes, special taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency; (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment; (iii) easements constituting servitudes upon or burdens the Property; (iv) water rights, the record title to which is held separately from the title to the Property; and (v) Permitted Encumbrances (as hereafter defined);

xiv) If requested by PACE Program Administrator, the Property Owner shall have furnished to PACE Program Administrator copies of all documentation relating to the Approved Project's hard and soft costs as may be reasonably acceptable to PACE Program Administrator including, but not limited to, any and all invoices, purchase orders, pictures and other evidence of the items paid or to be reimbursed;

xv) receipt by the PACE Program Administrator of the final unconditional Certificate of Occupancy for the Property and all improvements or a conditional Certificate of Occupancy which conditions are punch-list items only or other satisfactory evidence, in the PACE Program Administrator's sole discretion; and

xvi) receipt by the PACE Program Administrator of final waivers and releases of liens, in form and substance reasonably satisfactory to the PACE Program Administrator, from the Contractor and all other contractors, subcontractors and suppliers performing labor, services or materials in connection with the Property.

Section 6. Prepayment of the Assessment.

The outstanding principal balance of the Financing may be prepaid, in whole or in any amount of at least \$5,000, inclusive of all fees and expenses and any accrued and unpaid interest as of the date of prepayment, at any time upon the payment of a premium in an amount equal to a percentage of the amount of the principal to be prepaid as calculated pursuant to the processing fee and schedule of prepayment premiums set forth in Exhibit F hereto (the "Prepayment Premium"). In addition, prepayment costs may also include any applicable recorder's fees, trustee fees, bond interest (if bonds have been issued), administrative fees and other related charges incurred by the Authority in connection with the processing of the prepayment. Any refunds due as a result of a prepayment of the Financing may incur a delay which is dependent on the Authority's receipt of such amounts from the Treasurer-Tax Collector's office of the County.

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

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

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

(c) Property Owner shall not, without the express written consent of the Authority and the PACE Program Administrator, in their sole discretion, by act or omission, subdivide the Property, consolidate the Property with adjoining Property, or otherwise impair the integrity of the Property as a single, separate, subdivided and zoned lot separate and apart from all other property which is owned by Property Owner. Property Owner hereby acknowledges that, in the event of a subdivision of the Property is approved by the Authority and PACE Program Administrator, no subdivision of the Property subject to this Agreement shall be valid unless an amendment to this Agreement divides the Assessment between the newly subdivided parcels pro rata to the special benefit realized by each subdivided parcel. Until the Financing has been repaid in full in accordance with the Transaction Documents the Property Owner shall not, without the prior written consent of PACE Program Administrator, sell, devise, assign or otherwise transfer all or any

portion of the Property except in its entirety, and any such transfer of less than all of the Property shall be null and void. The Property Owner shall not pursue or permit (i) the creation of any new tax parcel affecting the property, or any portion thereof, or (ii) any subdivision or conversion to condominium of the Property, or any portion thereof.

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

Section 9. Representations and Warranties of Property Owner. Property Owner represents and warrants to the Authority and PACE Program Administrator as follows, which representations and warranties are true and correct as of the date of this Agreement:

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

(b) Authorization; Enforceable Obligations.

i. Property Owner has all necessary power and authority to own the Property, to conduct its business, to lease the Property as lessor, and to enter into the transactions contemplated hereby. This Agreement, and the execution, delivery and performance of this Agreement and all other documents executed by Property Owner in connection therewith or required thereby (collectively, the “**Transaction Documents**”) have been duly authorized, executed and delivered by Property Owner and constitute valid, legal and binding obligations of Property Owner, each enforceable in accordance with its respective terms (subject to creditors rights and principles of equity). The delivery and performance of the Transaction Documents does not conflict and is not inconsistent with, and will not result in the breach of or constitute a default or require any consent that has not already been obtained under any organizational documents, credit agreement, indenture, mortgage, purchase agreement, deed of trust, security agreement, guarantee or other material instrument to which the Property Owner is a party, by which the Property Owner is bound, or to which the Property Owner or its property is subject.

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

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

(c) No Legal Bar. The execution, delivery and performance of the Transaction Documents by the Property Owner, the financing hereunder and the use of the proceeds thereof do not violate any applicable law, the Property Owner’s organizational documents or any material agreement of the Property Owner.

(d) Financial Statements. All financial statements delivered to the Authority and the PACE Program Administrator are true and correct in all material respects, have been prepared in accordance with United States generally accepted accounting principles (or such alternate accounting method acceptable to the Authority) (with such variations therefrom as have been disclosed in writing by Property Owner to PACE Program Administrator) consistently applied, fairly represent the financial condition of Property Owner as of the date thereof, and no change has occurred in the financial condition presented therein that would reasonably be expected to have a Material Adverse Effect which change has not been disclosed by Property Owner to PACE Program Administrator. As used herein, “**Material Adverse Effect**” shall mean any event or condition, whether affecting Property Owner or the Property, that has a material adverse effect on (i) the Property taken as a whole, (ii) the business, profits, operations or financial condition of Property Owner, taken as a whole, (iii) the ability of Property Owner to repay the principal and interest of the Financing as it becomes due or to perform and satisfy when due or required any of Property Owner’s other material obligations under any of the Transaction Documents (taking into consideration any applicable grace, notice and cure periods), (iv) the enforceability or validity of any Transaction Document or the perfection or priority of the Assessment Lien, (v) the rights, interests and

remedies of the Authority or Program Administrator under the Transaction Documents, or (vi) the ability of Property Owner to own the Property and to operate the Property as intended as of the Effective Date under applicable laws.

(e) No Litigation. There are no actions, suits, claims or proceedings pending, or to the knowledge of Property Owner threatened in writing, against it or the Property which would reasonably be likely to materially adversely affect Property Owner, (including its financial condition), the Property, or the construction of the Project. The Property Owner is not subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any Governmental Authority. As used herein, “Governmental Authority” shall mean any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental or judicial authority, body, agency, bureau or entity (including any zoning authority, the Federal Deposit Insurance Corporation, any central bank or any comparable authority) or any arbitrator with authority to bind the party at law.

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

(g) Marijuana and Environmental Matters. Property Owner does and will not engage (nor does it knowingly allow any tenants of the Property to engage) in operations that involve the growth, testing, production or distribution of marijuana, nor the generation, manufacture, refining, transportation, treatment, storage or handling of hazardous materials or hazardous wastes, as defined under 40 C.F.R. Parts 260-270 or any state equivalent or any other federal, state or local environmental laws or regulations, except in strict compliance with all such laws and regulations. Except as disclosed in that certain [List] (the _____), and, to Property Owner’s knowledge, (i) the Property has not been so used previously; (ii) there are no underground storage tanks located on the Property; (iii) there is no present and to Property Owner’s knowledge there has been no past, non-compliance with environmental laws, or with permits issued pursuant thereto, in connection with the Property, which has not been fully remediated in accordance with environmental laws; (iv) there is no environmental remediation required (or anticipated to be required) with respect to the Property; (v) Property Owner does not know of, and has not received, any written notice or other written communication from any firms, associations, partnerships (including without limitation, general and limited partnerships), limited liability companies, joint ventures, societies, estates, trusts, corporations, Governmental Authorities, other legal entities, or natural persons (each a “Person”) relating to hazardous substances or remediation thereof, of possible liability of Property Owner of any person pursuant to any environmental law, other environmental condition in connection with the Property, or any actual or potential administrative or judicial proceedings in connection with the foregoing; and (vi) Property Owner has not received any letter or written request for information under Section 104 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 USC. § 9604) or any comparable state law.

(h) No Default. No foreclosure action is currently threatened or has been commenced with respect to the Property. Property Owner is not currently in default on any mortgage or deed of trust loan(s), financing statements, or other debt instruments secured by the Property.

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

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

(k) Commercial Purpose. Property Owner will use the proceeds from the disbursements of funds for the Improvements only for the purposes specified in the Recitals to this Agreement. The primary purpose of the funds

disbursed pursuant to this Agreement is for a commercial and business purpose, and said funds will not be used primarily for personal, family or household purposes.

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

(m) Insolvency Event. No Insolvency Event has occurred or is continuing with respect to the Property Owner. Property Owner is not aware of any circumstances or conditions with respect to the Property Owner, its properties, the Project, the Property, the Financing, the Assessment or the Assessment Lien that would reasonably be expected to have a Material Adverse Effect. For purposes hereunder, (i) "Insolvency Event" shall mean the occurrence of any one or more of the following: (a) Property Owner files a voluntary petition under the Bankruptcy Code or any other Creditor's Rights Laws; (b) Property Owner colludes with or otherwise assists in the filing of, files, or joins in the filing of, an involuntary petition against Property Owner under the Bankruptcy Code or any other Creditor's Rights Laws, or solicits or causes to be solicited petitioning creditors for any involuntary petition against Property Owner from any Person; (c) Property Owner files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against Property Owner by any other Person under the Bankruptcy Code or any other Creditor's Rights Laws; (d) Property Owner consents to or acquiesces in or joins in an application for the appointment of a custodian, receiver, trustee, or examiner for Property Owner or any portion of the Property (except to the extent requested (or otherwise supported) in writing by PACE Program Administrator); and (e) Property Owner makes an assignment for the benefit of creditors, or admits, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due, (ii) "Bankruptcy Code" shall mean Title 11 of the United States Code, 11U.S.C. Sec. 101, et seq., as the same may be amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors' rights or any other federal or state bankruptcy or insolvency law, and (iii) "Creditor's Rights Laws" shall mean with respect to any Person, any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors.

(n) Fraud. No fraud, error, omission, misrepresentation, or negligence with respect to the Property, Plans or Improvements has taken place on the part of the Property Owner or, to Property Owner's knowledge, any other person, including, without limitation, any appraiser, title company, closing or settlement agent, realtor, builder or developer or any other party involved in the Property, Plans or Improvements, that would materially impair in any way the rights of the Authority in the Property or Improvements or that violated applicable law.

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

(p) Authorized Representatives. The individuals whose names appear in the "Property Owner's Authorized Representatives", attached hereto as Exhibit E, are authorized representatives of the Property Owner on whose instructions and directions the PACE Program Administrator and the Authority may rely until such time as an updated list has been provided in writing.

(q) Payment of Taxes. All material tax returns and reports of Property Owner required to be filed have been timely filed or caused to be timely filed, and all material taxes shown on such tax returns to be due and payable and all other material taxes upon Property Owner and upon its properties, assets, income, businesses and franchises which are due and payable have been paid or caused to be duly and timely paid before delinquency.

(r) Governmental Consents. The execution, delivery and performance by Property Owner of the Transaction Documents related to the Assessment to which Property Owner is a party and the consummation of the transactions contemplated by Property Owner do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority, except pursuant to and in accordance with this Agreement.

(s) Patriot Act and OFAC Regulations. Property Owner hereby represents and warrants that neither Property Owner, nor to Property Owner's knowledge, any owner of a direct or indirect interest in Property Owner: (i) is a person

who has been determined by competent authority to be subject to economic sanctions administered or enforced by the Office of Foreign Assets Control (“OFAC”) of the Department of the Treasury, the Department of State, or other relevant sanctions authority or be subject to any sanctions covered by the European Union consolidated list of sanctions or any sanctions of the United Nations Security Council consolidated list (“Sanctions”); (ii) has been previously indicted for or convicted of, or pled guilty or no contest to, any felony or crimes under the USA PATRIOT Act or other applicable anti-money laundering laws and regulations, (iii) has been previously found to violate any Sanctions; (iv) fails to operate (or have operated) under policies, procedures and practices, if any, that are in compliance with the USA PATRIOT Act and other applicable anti-money laundering laws and regulations and Sanctions; (v) be (or have been) in receipt of any notice from OFAC, the Secretary of State or the Attorney General of the United States or any other department, agency or office of the United States, in each case, claiming a violation or possible violation of applicable anti-money laundering laws and regulations and/or Sanctions; (vi) be (or have been) the subject of Sanctions, including those listed as a “specially designated national” or as a “blocked” Person on any lists issued by OFAC and those owned or controlled by or acting for or on behalf of such “specially designated national” or “blocked” Person; (vii) be (or have been) a Person who has been determined by competent authority to be subject to any of the prohibitions contained in the USA PATRIOT Act; or (viii) be (or have been) owned or controlled by or be (or have been) acting for or on behalf of, in each case, any Person who has been determined to be subject to the prohibitions contained in the USA PATRIOT Act.

(t) No Plan Assets. As of the date hereof, (a) Property Owner is not and will not be an “employee benefit plan”, as defined in Section 3(3) of ERISA, subject to Title I of ERISA, (b) Property Owner is not and will not be a “governmental plan” within the meaning of Section 3(32) of ERISA, (c) assuming that the assets used to fund the Financing do not constitute assets of a governmental plan, transactions by or with Property Owner hereunder or under the other Transaction Documents are not and will not be in violation of any state statute regulating investments of, or fiduciary obligations with respect to, governmental plans and (d) none of the assets of Property Owner constitute “plan assets” of one or more such plans described in clause (a) above within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA. Neither Property Owner nor any member of a “controlled group of corporations” (within the meaning of Section 414 of the IRS Code), maintains, sponsors or contributes to or otherwise has any obligation in respect of a “defined pension benefit plan” within the meaning of Section 3(35) of ERISA or a “multiemployer pension plan” (“Multiemployer Plan”) within the meaning of Section 3(37)(A) of ERISA (collectively, “Regulatory Plan”). “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as the same may heretofore have been or shall be amended, restated, replaced or otherwise modified.

(u) Not a Foreign Person. Property Owner (and if either is treated as a disregarded entity for U.S. federal income tax purposes, its regarded owner) is not a “foreign person” within the meaning of Section 1445(f)(3) of the IRS Code.

(v) CFIUS. Each of Property Owner, the Property and the acquisition thereof have complied with and are in compliance with CFIUS Laws. No non-U.S. government (including any state owned enterprises or sovereign wealth funds) owns any equity interests (direct or indirect) in Property Owner. Property Owner has not made any voluntary filings relating to CFIUS Laws and Property Owner is not required to make any mandatory filings relating to CFIUS Laws. “CFIUS Laws” shall mean the Defense Production Act of 1950, as amended (50 U.S.C. § 4565), the Foreign Investment Risk Review Modernization Act (Pub. L. No. 115-232, Title XVII, Subtitle A), all regulations promulgated pursuant to the foregoing, and all orders issued pursuant to such statutes and regulations.

Section 10. Covenants of Property Owner.

The Property Owner covenants and agrees as follows:

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

the amount or the validity of the Assessment Lien that is levied. Notwithstanding the foregoing, Property Owner's agreement in this Section 10(a) not to contest the amount and validity of the Assessment Lien is subject to and conditioned on such Assessment Lien complying with the terms of this Agreement and the other Transaction Documents.

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

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

(d) Payment of All Charges. The Property Owner shall pay before delinquency all taxes, assessments, water charges, sewer charges, and shall promptly discharge or bond off all liens for taxes past due with respect to the Property, carrier's, warehousemen's, mechanics', materialmen's, repairmen's or other liens and all other charges levied on or against the Property, as well as any payments required pursuant to a mortgage, deed of trust, financing statement, or any other loan agreement or debt instrument. Property Owner shall, promptly following receipt of a written request from the Authority or PACE Program Administrator, submit to the Authority and/or PACE Program Administrator evidence of such payments, discharges and bonds.

(e) Compliance with Law and Agreements. The Property Owner has complied with, and will continue to comply with, all Legal Requirements (as hereafter defined) and has obtained all requisite inspections, licenses, certificates, permits, consents, approvals and authorizations required in connection with the Property and construction and operation of the Improvements (collectively, the "Permits"). The Property Owner will use the proceeds of the Financing only for the purposes specified in the Recitals to this Agreement. The Property Owner will remain in good standing under the laws of the State of Delaware. The Property Owner, upon the request of the Authority or the PACE Program Administrator, shall deliver within fifteen (15) days, copies of all current permits, licenses and approvals to the Authority or the PACE Program Administrator. The Property Owner and its respective affiliates shall, at all times, be in full compliance with all applicable laws of OFAC and Sanctions. Property Owner covenants and agrees that in the event Property Owner receives any written notice that any beneficial owner or affiliate of Property Owner became the subject of Sanctions or is indicted, arraigned, or custodially detained on charges involving Sanctions, money laundering or predicate crimes to money laundering, Property Owner shall promptly notify PACE Program Administrator. As used herein, "Legal Requirements" shall mean all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Property or any part thereof, or the construction, use, alteration or operation thereof, or any part thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments of record, at any time in force affecting the Property or any part thereof, including, without limitation, any which may (i) require repairs, modifications or alterations in or to the Property or any part thereof, or (ii) in any way limit the use and enjoyment thereof.

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

(g) Notices. Property Owner shall promptly notify the Authority and the PACE Program Administrator in writing of any potential Insolvency Event and all pending or threatened (in writing) litigation or proceedings or other matters that would reasonably be likely to have a Material Adverse Effect. The Property Owner shall promptly notify the

Authority and the PACE Program Administrator in writing of any Default or any event which with the passage of time would constitute a Default hereunder.

(h) Damage or Destruction. Property Owner shall promptly notify the Authority and the PACE Program Administrator if the Property is damaged or destroyed by fire, casualty, injury or any other cause (each such occurrence, a "Casualty"). The PACE Program Administrator shall have no obligation to make additional disbursements upon the occurrence of a Casualty. Upon the occurrence of such Casualty, the insurance proceeds will be applied to repayment of the total outstanding balance of the Assessment plus any applicable fees, unless the Authority and the PACE Program Administrator agree in their commercially reasonable discretion to the application of the insurance proceeds to the restoration of the Property. In the event restoration of the Property is permitted, Property Owner shall immediately proceed with the restoration thereof in accordance with the Plans. If, in the Authority and PACE Program Administrator's commercially reasonable judgment, said insurance proceeds are insufficient to complete the restoration, Property Owner shall deposit with the PACE Program Administrator or Mortgage Holder (if the Loan (as hereafter defined) is outstanding) an amount necessary, in the Authority and PACE Program Administrator's sole judgment, to complete the restoration in accordance with the Plans. For so long as the Loan Agreement (as hereafter defined) is in effect, (a) as between PACE Program Administrator and Mortgage Holder, the provisions of the Intercreditor Agreement by and between PACE Program Administrator and Mortgage Holder (the "Intercreditor Agreement") with respect to the application of insurance proceeds and restoration following a Casualty shall apply and (b) as to Property Owner's right to receive insurance proceeds following a Casualty and its right or obligation to restore the Property, the provisions of the Loan Agreement will supersede and control over the three immediately preceding sentences of this Section 10(h). "Loan" shall mean that certain mortgage loan in the original principal amount of up to \$[Amount] from _____ (together with its successors and assigns, "Mortgage Holder") to Property Owner pursuant to that certain Loan Agreement dated as of the Effective Date (the "Loan Agreement").

(i) Changes to Ownership. Property Owner shall not sell, transfer or convey ownership of the Property without (a) prior written notice to the Authority and the PACE Program Administrator, and (b) execution by the transferee of the Property of an assignment of the Transaction Documents in the form and substance reasonably acceptable to the Authority and the PACE Program Administrator, and (c) delivery by the transferee of the Property of a completed ultimate beneficial ownership declaration in form and substance reasonably acceptable to PACE Program Administrator. Notwithstanding the foregoing or anything contained herein to the contrary, the Property Owner shall not sell, transfer, or convey the Property to any Governmental Authority nor remove the Improvements from the Property at any time (other than in connection with a repair, replacement, or restoration following a Casualty or Condemnation). Any violation of the foregoing contained in this Section 10(i) shall be a default of this Agreement. Upon a default under this Section 10(i), Property Owner shall, within fifteen (15) days of receipt of written demand from Authority or PACE Program Administrator, pay to Authority or PACE Program Administrator an amount necessary to prepay the Financing in full. Funds paid to Authority or PACE Program Administrator shall be applied in the following order: (a) to any due and owing expenses and indemnities under the Transaction Documents, (b) to any accrued and unpaid interest then due under the Transaction Documents, (c) to any Prepayment Premiums in accordance with the schedule set forth in Exhibit F, and (d) to the outstanding balance of the Financing. The Property Owner hereby covenants and agrees to use the proceeds received from any sale, transfer or conveyance of ownership in the Property in violation of this Section 10(i) to satisfy its prepayment obligations hereunder.

(j) Omitted.

(k) Insurance. Until the Financing is paid in full, the Property Owner shall obtain and maintain, or caused to be maintained, for the benefit of the PACE Program Administrator, insurance policies issued by such insurance companies authorized to do business in the state and having a claims paying ability rating of at least "A-" by S&P, or "A-, VIII" by AM Best, or "A3" by Moody's, in such amounts, in such form and substance, as reasonably acceptable to the PACE Program Administrator, providing the following types of insurance covering the Property and Property Owner, such policies to (i) provide that the insurer shall give the PACE Program Administrator at least thirty (30) days written notice of cancellation or termination, except ten (10) days for non-payment of premium, and (ii) name PACE Program Administrator, the Authority and their successors and other assigns as their interests may appear as an additional insured or as a lender's loss payable (as applicable): the Required Business Interruption Insurance Coverage, the Required Property Insurance Coverage, the Required Public Liability Insurance Coverage, and the Required Flood Insurance Coverage (if any) (collectively, the "Required Insurance"), each as defined below:

i. "Required Builder's Risk Insurance Coverage" means, beginning no later than the commencement of construction activity on the Property, to the extent applicable, and continuing through the completion date of

the Project, insurance coverage maintained with generally recognized, responsible insurance companies qualified to do business in the State of California in the minimum amount 100% of the replacement value of the Project and Property, insuring the Project against loss or damage during construction, per the requirements within sections 10(k)(ii) and (iii) herein, on a replacement cost basis, containing loss deductible provisions not to exceed \$[_____].

ii. “Required Business Interruption Insurance Coverage” means, at all times after completion of construction of the Project, business interruption and rent loss insurance maintained with generally recognized, responsible insurance companies qualified to do business in the State of California covering lost income and ongoing expenses (e.g., payroll, rent, taxes, and other operating costs) for the maximum restoration period (not less than 12 months).

iii. “Required Flood Insurance Coverage” means, as applicable, if the Property or any part of the Property is identified by the Federal Emergency Management Agency as being situated in an area now or subsequently designated as having special flood hazards (including, without limitation, those areas designated as Zone A or Zone V), flood insurance in an amount equal to: (x) the unpaid balance of the Assessment (if replacement cost coverage is not available for the type of building insured); or (y) if permitted by the PACE Program Administrator, such lesser amount as may be required by the PACE Program Administrator (but in no event less than \$500,000), and containing a loss deductible not in excess of \$100,000 per occurrence.

iv. “Required Property Insurance Coverage” means at any time insurance coverage evidenced on Acord 28 and maintained with generally recognized, responsible insurance companies qualified to do business in the State of California in the amount of the full replacement value of the Approved Project and Property, insuring the Property against loss or damage by fire, windstorm, tornado, hail, named storm, and equipment breakdown extended coverage risks on a comprehensive all risk/special form insurance policy and containing loss deductible provisions not in excess of \$25,000 per occurrence.

v. “Required Public Liability Insurance Coverage” means at any time commercial general and excess/umbrella liability insurance coverage evidenced on Acord 25 and maintained with generally recognized, responsible insurance companies qualified to do business in the State of California with coverage limits in the minimum amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate for death or bodily injury and property damage liability and including acts of terrorism as well as “Dram Shop” or other liquor liability coverage if alcoholic beverages are sold, manufactured or distributed from the Property, with loss deductible provisions not in excess of \$50,000 per occurrence. Such coverage applicable for the construction operations at the Property must include completed operations coverage for a period no less than the statute of repose or limitations in the State of California.

(l) Condemnation. If the Improvements or the Property or any part thereof are taken temporarily or permanently by any Governmental Authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof (a “Condemnation”), or are subject to an imminent threat in writing of Condemnation, the PACE Program Administrator’s obligation to make further disbursements hereunder shall immediately terminate unless, in the Authority and the PACE Program Administrator’s sole but reasonable judgment (taking into account Property Owner’s rights to replace and restore under its mortgage loan documents), the Property and the Improvements can be replaced and restored in a manner which will enable the Improvements to be functionally and economically utilized and occupied as originally intended. If the Authority and the PACE Program Administrator so decide that the Improvements can be so restored, then the rights and obligations of the PACE Program Administrator, the Authority and the Property Owner subsequent to a taking by Condemnation or imminent threat thereof and the disbursement of any Condemnation proceeds actually paid to the Authority and undisbursed funds hereunder, shall be the same as described in Section 10(h) hereof with regard to insurance proceeds. For so long as the Loan Agreement is in effect, (a) as between PACE Program Administrator and Mortgage Holder, the provisions of the Intercreditor Agreement shall apply with respect to the application of condemnation proceeds and restoration following a Condemnation and (b) as to Property Owner’s right to receive condemnation proceeds and its right or obligation to restore the Property following a Condemnation, the provisions of the Loan Agreement will supersede and control over the immediately preceding sentence of this Section 10(l).

(m) Indemnification.

i. Without limitation of any other obligation or liability of the Property Owner or any right or remedy of the Authority contained herein, the Property Owner agrees to indemnify, defend and hold harmless the Authority and PACE Program Administrator, as well as each of the respective directors, officers, employees, agents, subsidiaries and affiliates, and the successors and assigns of the foregoing (each, an “Indemnified Person”), from and against all damages, losses, settlement payments, obligations, liabilities, claims, suits, penalties, fines, assessments, citations, directives, demands, judgments, actions or causes of action, whether statutorily created or under the common law, including all costs and expenses (including, without limitation, reasonable fees and disbursements of attorneys, engineers and consultants) and all other liabilities whatsoever (including, without limitation, liabilities under any applicable environmental laws, regulations or rules) which shall at any time or times be incurred, suffered, sustained or required to be paid by any such indemnified Person (except any of the foregoing to the extent it results from the gross negligence or willful misconduct of the indemnified Person) (collectively, the “Indemnified Amounts”) on account of or in relation to or in any way in connection with (i) any of the arrangements or transactions contemplated by, associated with or ancillary to this Agreement, or any other Transaction Documents, all as the same may be amended from time to time, or any action taken or omitted to be taken by any Indemnified Person in connection with or under any of the foregoing, whether or not all or part of the transactions contemplated by, associated with or ancillary to this Agreement or any such other Transaction Documents are ultimately consummated, (ii) any violation or alleged violation of, non-compliance with or liability under any requirements of law or regulation in connection with the Financing, the Property, or the Project, (iii) ownership of, liens on, security interests in or the exercise of rights or remedies under any of the Transaction Documents, (iv) any taxes attributable to the execution, delivery, filing or recording of any of the Transaction Documents or any memorandum of any of the foregoing, (v) any lien or claim arising on or against the Property under any requirements of law or any liability asserted against any Person with respect thereto, (vi) (1) a past, present or future violation or alleged violation of any environmental laws in connection with the Property by any Person or other source, whether related or unrelated to Property Owner, (2) any presence of any hazardous, toxic or harmful substances, materials, wastes, pollutants or contaminants defined as such in or regulated under any environmental law (“Materials of Environmental Concern”) in, on, within, above, under, near, affecting or emanating from the Property, (3) the failure to timely perform any investigation, inspection, site monitoring, containment, clean-up, removal, response, corrective action, mitigation, restoration or other remedial work required under any environmental laws of any kind or nature because of, or in connection with, the current or future presence, suspected presence, Release (as hereafter defined) or threatened Release in or about the air, soil, ground water, surface water or soil vapor at, on, about, under or within all or any portion of the Property of any Materials of Environmental Concern, including any action to comply with any applicable environmental laws or directives of any Governmental Authority with regard to any environmental Laws, (4) any past, present or future activity by any Person or other source, whether related or unrelated to Property Owner in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Property of any Materials of Environmental Concern at any time located in, under, on, above or affecting the Property, (5) any past, present or future actual generation, treatment, use, storage, transportation, manufacture, refinement, handling, production, removal, remediation, disposal, presence or migration of Materials of Environmental Concern on, about, under or within all or any portion of the Property (a “Release”) (whether intentional or unintentional, direct or indirect, foreseeable or unforeseeable) to, from, on, within, in, under, near or affecting the Property by any Person or other source, whether related or unrelated to Property Owner, (6) the imposition, recording or filing or the threatened imposition, recording or filing of any lien on the Property with regard to, or as a result of, any Materials of Environmental Concern or pursuant to any environmental law, or (7) any misrepresentation or failure to perform any obligations pursuant to any Transaction Document relating to environmental matters, or (vii) Property Owner’s conduct, activities, actions and/or inactions in connection with, relating to or arising out of any of the foregoing clauses of this Section 10(m), that, in each case, results from any conduct, act or failure to act by the Property Owner or its affiliates or related parties or the use or intended use of the proceeds of any disbursements made pursuant to this Agreement. To the extent that the undertaking to indemnify and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Property Owner shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all liabilities set forth in the preceding sentence incurred by any Indemnified Person. If an Indemnified Person becomes aware of any claim for indemnification under this Section 10(m)(i), such Indemnified Person will give Property Owner prompt written notice of such claim. In the case of an investigation, litigation or other proceeding to which the indemnification in this Section 10(m) applies, such indemnification shall be effective whether or not such investigation, litigation

or proceeding is brought by Property Owner, an Indemnified Person or any other Person or any Indemnified Person is otherwise a party thereto and whether or not any transactions contemplated by this Agreement are entered into. In any investigation, proceeding or litigation, or the preparation therefor, an Indemnified Person shall select its own counsel and, in addition to the foregoing indemnity, the Property Owner agrees to pay promptly the reasonable fees and expenses of such counsel. In the event of the commencement of any such proceeding or litigation, the Property Owner shall be entitled to participate in such proceeding or litigation with counsel of its choice at its own expense, provided that such counsel shall be reasonably satisfactory to the Authority and PACE Program Administrator. This section shall survive the execution, delivery, performance and repayment of this Agreement, and the extinguishment of the Assessment Lien.

ii. If for any reason the indemnification provided in this Section 10(m) is unavailable to any Indemnified Person or is insufficient to hold an Indemnified Person harmless, even though such Indemnified Person is entitled to indemnification under the express terms thereof, the Property Owner shall contribute to the amount paid or payable by such Indemnified Person as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of such Indemnified Person on the one hand and Property Owner on the other hand, and any other relevant equitable considerations.

iii. An Indemnified Person may at any time send Property Owner a notice showing in reasonable detail the basis for and calculation of Indemnified Amounts, and Property Owner shall pay such Indemnified Amounts to such Indemnified Person within fifteen (15) days after Property Owner receives such notice. The obligations of Property Owner under this Section 10(m) shall apply to assignees and survive the termination of this Agreement.

iv. Neither the Authority nor the PACE Program Administrator shall have any liability to the Property Owner or any other Person on account of (i) the Property Owner engaging a contractor from the list of contractors submitted by the Authority or the PACE Program Administrator to the Property Owner, (ii) the services performed by the Contractor, or (iii) any neglect or failure on the part of the Contractor to perform or properly perform its services. Neither the Authority nor the PACE Program Administrator assumes any obligation of the Property Owner concerning Contractor, the quality of construction of the Improvements or the absence thereof of defects. The authorization by the Authority of an Advance shall not constitute the Authority's approval or acceptance of the construction theretofore completed. The Authority and/or PACE Program Administrator's inspection and approval of the Budget, the construction work, the Improvements, or the workmanship and materials used therein, shall impose no liability of any kind on the Authority or the PACE Program Administrator, the sole obligation of the Authority and/or PACE Program Administrator as the result of such inspection and approval being to authorize the Advances if, and to the extent, required by this Agreement. Any disbursement authorized by the Authority and/or PACE Program Administrator without the Authority and/or PACE Program Administrator having received each of the items to which it is entitled under this Agreement shall not constitute breach or modification of this Agreement, nor shall any written amendment to this Agreement be required as a result thereof.

(n) Change of Control. Prior to completion of the Improvements, Property Owner shall not, without PACE Program Administrator's prior written consent, which may be withheld in its sole discretion, sell, transfer or convey its interest in the Property or the Improvements, or permit a Change of Control (collectively, a "Transfer"). "Change of Control", as used herein, means a change in ownership of Property Owner such that the Principals, or any entity or entities directly or indirectly controlled by the Principals lacks the power to control or direct or cause the direction of the management and policies of Property Owner, whether through the ownership of ownership interests in such entity, by contract or otherwise. "Principals" as used herein shall mean []. Any Change of Control made in violation of this Section 10(n) shall be a default of this Agreement. Upon a default under this Section 10(n), Property Owner shall, within thirty (30) days of such Transfer, pay to PACE Program Administrator all outstanding amounts pursuant to the Assessment in full, including any prepayment penalties set forth in Section 6 of this Agreement upon Property Owner's receipt of written demand accompanied by a reasonable accounting of the amounts owed..

(o) Additional Assessments. Property Owner covenants that it will not consent to the levying of any additional assessments pursuant to Chapter 29 (and "Additional Assessment") without first obtaining the written consent of the Authority and the PACE Program Administrator. Any violation of the foregoing contained in this Section 10(o) shall be a default of this Agreement. Upon a default under this Section 10(o), Property Owner shall, within fifteen (15) days of receipt of written demand from PACE Program Administrator, pay to PACE Program Administrator an amount necessary to prepay the Financing in full. Funds paid to PACE Program Administrator shall be applied in the following order: (i) to any due and owing expenses and indemnities under the Transaction Documents, (ii) to any accrued and unpaid interest

then due under the Transaction Documents, (iii) to any Prepayment Premiums in accordance with the schedule set forth in Exhibit F, and (iv) to the outstanding balance of the Financing. The Property Owner hereby covenants and agrees to use the proceeds received from any Additional Assessments levied in violation of this Section 10(o) to satisfy its prepayment obligations hereunder.

(p) Environmental Matters. Property Owner will not engage on the Property (nor will it knowingly allow any tenants on the Property to engage) in operations that involve the growth, testing, production or distribution of marijuana, nor the generation, manufacture, refining, transportation, treatment, storage, disposal or handling of hazardous materials or hazardous wastes, as defined under 40 C.F.R. Parts 26-270 or any state equivalent, or any other federal, state or local environmental laws or regulations, except in strict compliance with all such laws and regulations. Property Owner covenants and agrees to comply in all material respects with all environmental laws and regulations. Property Owner shall promptly notify the Authority and PACE Program Administrator in writing of any letter or written request for information under Section 104 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 USC. § 9604) or any comparable state law.

(q) Payment of Costs and Expenses. Property Owner shall pay within fifteen (15) days of receipt of written demand all fees, costs and expenses of the Authority and PACE Program Administrator in connection with the preparation, execution, delivery and administration, modification, amendment and termination of this Agreement and the Transaction Documents (including, without limitation, any costs or fees actually and reasonably incurred associated with inspection of the Property and the reasonable fees and expenses of counsel). Property Owner shall pay when due all costs incurred by the Authority (including any agent) in connection with the removal of the Assessment Lien. Property Owner acknowledges that PACE Program Administrator shall have the right to deduct such inspection fees or costs from the related Advance.

(r) Mortgage Liens. Property Owner covenants that it will not further encumber the Property with any mortgages, deeds of trust, or financing statements (other than those in favor of Mortgage Holder pursuant to the Loan) prior to the recordation of the Notice of Assessment in the land records of the applicable County Recorder.

(s) ERISA.

a) Property Owner shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by PACE Program Administrator of any of its rights hereunder or under the other Transaction Documents) to be a non-exempt prohibited transaction under ERISA.

b) Property Owner further covenants and agrees to deliver to PACE Program Administrator such certifications or other evidence from time to time throughout the term of the Financing, as requested by PACE Program Administrator in its reasonable discretion, that (i) Property Owner is not an “employee benefit plan” as defined in Section 3(3) of ERISA, or other retirement arrangement, which is subject to Title I of ERISA or Section 4975 of the IRS Code, or a “governmental plan” within the meaning of Section 3(32) of ERISA; (ii) transactions with Property Owner hereunder or under the other Transaction Documents are not in violation of state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (iii) one or more of the following circumstances is true:

(i) Equity interests in Property Owner are publicly offered securities, within the meaning of 29 C.F.R. § 2510.3-101(b)(2);

(ii) Less than twenty-five percent (25%) of the value of each outstanding class of equity interests in Property Owner are held by “benefit plan investors” within the meaning of 29 C.F.R. § 2510.3-101(f)(2), as modified by Section 3(42) of ERISA; or

(iii) Property Owner qualifies as an “operating company” or a “real estate operating company” within the meaning of 29 C.F.R. § 2510.3-101(c) or (e) or an investment company registered under The Investment Company Act of 1940, as amended.

c) Property Owner shall not maintain, sponsor, contribute to or become obligated to contribute to any Regulatory Plan. Property Owner shall not (i) engage, and will exercise commercially reasonable efforts not to permit any of its ERISA Affiliates to engage, in any prohibited transaction (within the meaning of ERISA Section 406 or IRS Code Section 4975) for which an exemption is not available or has not previously been obtained from the United States Department of Labor, (ii) fail to meet the minimum funding standard set forth in Section 302(a) of ERISA and Section 412(a) of the IRS Code with respect to any Plan other than a Multiemployer Plan or (iii) without limiting the first sentence of this Section, fail to make any payments to a Multiemployer Plan that Property Owner or any ERISA Affiliate may be required to make under the agreement relating to such Multiemployer Plan or any law pertaining thereto. Property Owner shall notify the PACE Program Administrator promptly if it becomes aware that any of the foregoing clauses in this paragraph becomes untrue. "ERISA Affiliate" shall mean a group of entities that are under common control within the meaning of Section 414(c) of the IRS Code or, for purposes of Section 302 of ERISA and Section 412 of the IRS Code, an affiliated service group within the meaning of Section 414(m) of the IRS Code.

(t) Access to Adjacent Property. The Property Owner shall not, without the express written consent of PACE Program Administrator, in PACE Program Administrator's sole discretion, consent to the termination or material modification of or terminate, waive or convey its rights to adjacent property, if any, which rights are reasonably necessary for the operation of the Property as intended as of the Effective Date (the "Adjacent Property"). To the extent the Property Owner owns the Adjacent Property, the Property Owner hereby covenants not to sell the Adjacent Property without simultaneously selling the Property to the same purchaser unless it first receives the express written consent of the PACE Program Administrator, which consent may be withheld in PACE Program Administrator's sole discretion.

(u) Reporting. The Property Owner covenants and agrees to promptly furnish to PACE Program Administrator within thirty (30) days of receipt of written request (the "Reporting Deadline"), information regarding its business affairs and financial condition as well as such other information regarding the Property Owner (including nonfinancial information) and the Property as the PACE Program Administrator may reasonably request, in reasonable detail reasonably acceptable to PACE Program Administrator including, but not limited to, financial statements, rent rolls, property profit & loss statements, pro forma projections, and pre-leasing information; provided that, so long as the Loan Agreement is in effect, Property Owner's delivery to PACE Program Administrator of the financial reporting required to be delivered to Mortgage Holder under the Loan Agreement will satisfy Property Owner's obligations under this Section 10(u).

(v) Sale of Participation Interests. PACE Program Administrator shall have the unrestricted right at any time and from time to time, and without the consent of or notice of the Property Owner, to grant to one or more persons (each, a "Participant") participating interests in PACE Program Administrator's obligation to lend hereunder and/or any or all of the loans held by PACE Program Administrator hereunder. In the event of any such grant by PACE Program Administrator of a participating interest to a Participant, whether or not upon notice to Property Owner, PACE Program Administrator shall remain responsible for the performance of its obligations hereunder and Property Owner shall continue to deal solely and directly with PACE Program Administrator in connection with PACE Program Administrator's rights and obligations hereunder.

(w) Zoning. The Property Owner shall not initiate or affirmatively consent to any zoning reclassification of any portion of the Property or use or permit the use of any portion of the Property in any manner that would reasonably be likely to result in such use becoming a non-conforming use under any zoning ordinance or any other applicable law, without the prior written consent of the Authority or PACE Program Administrator, which consent shall not be unreasonably withheld.

(x) Books, Records and Accounts. The Property Owner will keep and maintain or will cause to be kept and maintained proper and accurate books, records and accounts reflecting all items of income and expense in connection with the ownership and operation of the Property or any part thereof including, but not limited to, any services, equipment or furnishings provided in connection therewith, and will make the same available to PACE Program Administrator in accordance with the immediately succeeding sentence. PACE Program Administrator or its designee shall have the right from time to time during normal business hours, upon reasonable prior written notice, to examine such books, records and accounts at the office of the Property Owner or other Person holding such books, records and accounts and to make such copies or extracts thereof as PACE Program Administrator shall desire.

(y) CFIUS. Property Owner shall (and shall cause each direct or indirect constituent owner that is controlled by or under common control with property Owner to) comply with any applicable obligation under the CFIUS Laws.

(z) Appraisals. PACE Program Administrator shall have the right to obtain a new or updated appraisal of the Property (and/or any portions thereof) from time to time. Property Owner shall cooperate with PACE Program Administrator in this

regard, provided, however, only if the appraisal is obtained at such time as an Event of Default exists shall Property Owner pay for any such appraisal upon PACE Program Administrator's request.

(aa) Integrity of the Property as a Single Parcel. The Property Owner shall not, without the express written consent of PACE Program Administrator, in PACE Program Administrator's sole discretion, impair by act or omission, the integrity of the Property as a single, separate, and subdivided lot separate and apart from all other property which is owned by Property Owner. The Property Owner shall not, (i) initiate or affirmatively consent to any change or modification to any procedure whereby any taxes are assessed or levied or charged to any portion of the Property, including the creation of any new tax parcel affecting the Property, or any portion thereof, or (ii) cause the Property, or any portion thereof, to be subdivided or converted to a condominium.

Section 11. Waivers, Acknowledgment and Agreement. Because this Agreement reflects the Property Owner's free and willing consent to pay the Assessment following a noticed public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article XIIIID 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 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 and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority and the City 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 and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority or the City.

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 OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner's Initials: _____

The waivers, releases and agreements set forth in this Section 11 shall survive termination of this Agreement.

Section 12. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the Authority.

Section 13. PACE Loan Group, LLC. Application. The Property Owner hereby represents and warrants to the Authority that all information submitted to the Authority and/or the PACE Program Administrator in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in such information with respect to the Property and the Property Owner are true and correct as of the date hereof as if made on the date hereof.

Section 14. Events of Default and Remedies.

a) The occurrence of any of the following events and Property Owner's receipt of notice of such occurrence in accordance with Section 19 shall constitute a "Default" hereunder:

(i) Any of Property Owner's representations or warranties made to the Authority or the PACE Program Administrator in any of the Transaction Documents shall have been false or misleading in any material respect as of the date when made; ; provided that, if the failure of such representation or warranty to be true and correct in all material respects is inadvertent, is otherwise capable of cure, and would not result in a material adverse effect on the Property, Property Owner, or the Approved Project, then Property Owner will have thirty (30) days following written notice of such false statement from the PACE Program Administrator to cure such failure;

(ii) Any material breach by the Property Owner of any of the covenants in Section 10 or any other term of the Transaction Documents shall occur other than with respect to the payment of the Assessment, the Annual Administrative Fees, or other amount payable by Property Owner shall occur which breach continues for a period of thirty (30) days after notice of such failure by the PACE Program Administrator; provided, however, if Property Owner's breach is of the nature that it cannot be cured within thirty (30) days after such notice from the PACE Program Administrator but reasonably could be cured within ninety (90) days, as determined by the PACE Program Administrator in its sole discretion, then Property Owner will have additional time as determined by the PACE Program Administrator, not to exceed an additional sixty (60) days, in which to cure such default, provided that Property Owner has diligently commenced to cure such default during the initial thirty (30)-day cure period and diligently pursues the cure of such default);;

(iii) Failure to make any payment required under the Transaction Documents within five (5) days of when due;

(iv) An Insolvency Event occurred with respect to the Property Owner or the Property Owner becomes insolvent or unable to pay its debts as they mature and such has not been cured within thirty (30) days of the event;

(v) reserved;

(vi) Any encumbrance on any portion of the Property is created, other than current liens for real estate property taxes or special assessments, which encumbrance purports to have priority over the Assessment Lien; and

(vii) The existence of any liens for taxes past due with respect to the Property, or carrier's, warehousemen's, mechanics', materialmen's, repairmen's or other liens which have not been dismissed, escrowed (subject to the Authority's sole approval) or bonded for sixty (60) days after the filing or recording thereof.

b) During the continuance of a Default, the Authority may in addition to any other remedies which it may have pursuant to Section 4 hereof and state law, at its option and without prior demand or notice, take any of the following actions:

(i) The Authority may, in addition to any other remedies which it may have, at its option and without prior demand or notice, immediately cause the cancellation of any pending Advance (and the PACE Program Administrator shall have no obligation to make further Advances) and from time to time apply all or any part of

any undisbursed funds to payment of amounts owing on the Assessment and/or to any other obligations of the Property Owner hereunder;

(ii) Exercise any other rights and remedies available to it hereunder or at law or in equity;

(iii) Except as otherwise expressly provided in this Agreement, no remedy provided for by this Agreement shall be exclusive of any other remedy, each and every remedy shall be cumulative and in addition to any other remedy, and no delay or omission to exercise any right or remedy shall impair any such right or remedy or shall be deemed to be a waiver of a Default;

(iv) Property Owner agrees to pay all costs of collection within fifteen (15) days of receipt of written demand from the PACE Program Administrator therefor (together with reasonable backup documentation), by the Authority, including but not limited to reasonable attorneys' fees and all related costs actually and reasonably incurred. If any suit or action is instituted to enforce this Agreement, Property Owner promises to pay, in addition to the costs and disbursements otherwise allowed by law, such sum as the court may adjudge reasonable attorneys' fees and costs in such suit or action to the Authority as the prevailing party;

(v) Should Property Owner fail to maintain the Required Insurance, PACE Program Administrator shall have the right but not the obligation to obtain such Required Insurance in amounts and limits sufficient to protect PACE Program Administrator and Authority (but in no greater amounts or limits than the Required Insurance), and Property Owner shall be obligated to pay PACE Program Administrator for the cost of such insurance; and

(vi) All remedies of the Authority provided for herein are cumulative.

c) Upon the occurrence of a Default, the PACE Program Administrator may, at its option and without prior demand or notice, take any of the following actions on its own behalf or on behalf of the owner(s) of any Improvement Bonds:

(i) Intentionally omitted.

(ii) Immediately cause the cancellation of any pending Advance and from time to time apply all or any part of any undisbursed funds to payment of amounts owing on the Financing and/or to any other obligations of the Property Owner hereunder;

(iii) Intentionally omitted;

(iv) Exercise any other rights and remedies available to it hereunder or at law or in equity;

(v) Except as otherwise expressly provided in this Agreement, no remedy provided for by this Agreement shall be exclusive of any other remedy, each and every remedy shall be cumulative and in addition to any other remedy, and no delay or omission to exercise any right or remedy shall impair any such right or remedy or shall be deemed to be a waiver of a Default;

(vi) Property Owner agrees to pay all actual and reasonable costs of collection incurred by the PACE Program Administrator or Authority within fifteen (15) days of receipt of written demand from the PACE Program Administrator therefor (together with reasonable backup documentation), including but not limited to reasonable attorneys' fees and all related costs actually and reasonably incurred. If any suit or action is instituted to enforce this Agreement, Property Owner promises to pay, in addition to the costs and disbursements otherwise allowed by law, such sum as the court may adjudge reasonable attorneys' fees and costs in such suit or action to the PACE Program Administrator or the Authority if the PACE Program Administrator or the Authority is the prevailing party; provided that if both the PACE Program Administrator and the Authority are involved in such suit or action, Property Owner will not be responsible for the payment of legal fees of more than one set of legal counsel.

(vii) Apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without regard for the adequacy of the security of the Assessment Lien and without regard for the solvency of Property Owner, any guarantor, or any indemnitor with respect to the Financing or any Person liable for the payment of the Financing; and

(viii) All remedies of the PACE Program Administrator provided for herein are cumulative.

(d) Preferences. PACE Program Administrator shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Property Owner to any portion of the obligations of Property Owner hereunder. To the extent Property Owner makes a payment or payments pursuant to the Transaction Documents, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any Creditor's Rights Laws, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received.

Section 15. Amendment. This Agreement may be modified only by the written agreement of the Authority and the Property Owner, and a copy of such amendment shall promptly be provided to any owner(s) of the Improvement Bonds. A modification of this Agreement shall be approved in writing by the owner(s) of any Improvement Bonds secured by the Assessment if the amendment will adversely impact the owner(s) of the Improvement Bonds.

Section 16. Binding Effect; Assignment. This Agreement inures to the benefit of and is binding upon the Authority, PACE Program Administrator and the Property Owner and their respective successors and assigns.

(a) 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. Any assignee shall be a party to this Agreement and shall have all of the rights and obligations of the Authority hereunder to the extent that such rights and obligations have been assigned by the Authority pursuant to the assignment documentation between the Authority and the assignee. The Authority may furnish any information concerning the Property Owner in its possession from time to time to prospective assignees.

(b) In no event shall Property Owner assign or transfer any portion of this Agreement or Property Owner's obligations under this Agreement without the prior express written consent of the Authority, which consent may be granted or withheld in the sole and absolute discretion of the Authority. Sale, transfer, or rental of the Property or any parcel thereof is not an assignment or transfer of this Agreement.

Section 17. Exhibits. The Exhibits to this Agreement are incorporated into this Agreement by this reference as if set forth in their entirety in this Agreement.

Section 18. Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable by any court of competent jurisdiction, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

Section 19. Notices. All notices or other communications hereunder shall be in writing, addressed as set forth below, and delivered by certified mail (return receipt requested, postage pre-paid), by hand, by nationally recognized overnight commercial courier service, or by e-mail with read-receipt confirmation of transmission (provided notice by other permitted means is sent contemporaneously). Notices which shall be served in the manner aforesaid shall be deemed to have been received for all purposes hereunder at the time such notice shall have been: (i) if hand delivered to a Party, on the date of actual delivery or refusal thereof; (ii) if given by nationally recognized overnight delivery service, on the next business day after the notice is deposited with the overnight delivery service; (iii) if given by certified mail, return receipt requested, postage prepaid, on the date of actual delivery or refusal thereof; or (iv) if given by e-mail on the earlier of the date when receipt of such electronic mail is acknowledged or upon receipt of the contemporaneous paper copy delivered as set forth in this provision. If notice is tendered under the terms of this Agreement and is refused by the intended recipient of the notice, the notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this Agreement. Notices and other communications shall be addressed as set forth below.

If to Authority: Western Riverside Council of Governments
1955 Chicago Avenue, Suite 200
Riverside, CA 92507
Attention: Executive Director
cdailey@wrcog.us

If to PACE Program Administrator: PACE Loan Group, LLC.
[Address & Contact Information]

If to Property Owner: [Name of Administrator]
[Address & Contact Information]

Section 20. Corrective Instruments. The Authority and the Property Owner agree that they will, from time to time, at the request of PACE Program Administrator (i) promptly correct any defect, error or omission which may be discovered in the contents of any of the Transaction Documents or in the execution or acknowledgment thereof; and (ii) execute, acknowledge, deliver, or cause to be executed, acknowledged and delivered, record and/or file such further instruments and perform such further acts and provide such further assurances as may be necessary, in PACE Program Administrator's reasonable opinion, in order to carry out more effectively the purposes of the Transaction Documents.

Section 21. Governing Law; Venue. This Agreement is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Riverside, State of California; provided, however, actions to foreclose delinquent installments of the Assessment will be instituted in the superior court of the County or as otherwise required by law.

Section 22. Counterparts. This Agreement may be executed and delivered in original, via facsimile or email with PDF attachment, or other commercially acceptable electronic form, in any number of counterparts, each of which shall be deemed an original, and all of which shall together constitute but one and the same instrument, which instrument shall for all purposes be sufficiently evidenced by any such counterpart. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this agreement using an electronic signature, it is signing, adopting, and accepting this agreement and that signing this agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this agreement on paper, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 23. No Waiver; Amendments. No waiver of any default or breach by Property Owner hereunder shall be implied from any failure by the PACE Program Administrator or the Authority to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by Property Owner and the Authority. The Authority and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonable be required in order to carry out the expressed intention of this Agreement.

Section 24. Waiver of Jury Trial and Class Action. TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH PARTY WAIVES THE RIGHT TO LITIGATE IN COURT OR ARBITRATE ANY CLAIM OR DISPUTE AS A CLASS ACTION, EITHER AS A MEMBER OF A CLASS OR AS A REPRESENTATIVE, OR TO ACT AS A PRIVATE ATTORNEY GENERAL.

Section 25. Consultation with Counsel. Property Owner acknowledges that, in executing this Agreement, Property Owner has had the opportunity to seek the advice of independent legal counsel and has read and understood

all of the terms and provisions of this Agreement. This Agreement shall not be construed against the PACE Program Administrator or the Authority by reason of the drafting or preparation hereof.

Section 26. Privacy. The Authority or PACE Program Administrator may furnish any information concerning the Property Owner, the Property and the Improvements in its possession from time to time to prospective assignees and participants as well as rating agencies, third-party consultants, and counsel who have a need to know. Property Owner hereby permits the Authority and PACE Program Administrator to use the Property and the Improvements for marketing purposes, including the use of images and descriptors of the Property and Project in various media forums provided that Program Administrator must not disclose any economic or business terms with respect to the Property, the Project, or the Transaction Documents or any terms of the Loan or the Loan Documents. Property Owner hereby waives any claim of privacy with respect to such information.

Section 27. Interest Rate Limitation. In no event shall the amount of interest payable with respect to the outstanding principal balance of the Financing, together with all other charges which are required to be treated as interest under applicable laws, exceed the amount of interest allowable by such laws. Any change in the applicable laws or the maximum rate thereunder shall be effective as to the determination of the amount of allowable interest as of the effective date of such change. In the event that any sum is collected in excess of the applicable allowable rate, the excess amount collected shall be applied to reduce the principal balance of the Financing.

Section 28. Survival: Conditional Lien Granted. If Chapter 29, the 1915 Act or any material provision thereof or hereof is found by a court of competent jurisdiction to be illegal or otherwise unenforceable such that the Assessment, Assessment Lien and/or any of the Transaction Documents are not enforceable or otherwise not collectible in the manner set forth in Chapter 29 or the 1915 Act, then the rest of this Agreement shall be deemed to be a consensual lien against the Property granted by the Property Owner to secure the Assessment, together with all of the PACE Program Administrator and Authority's costs and expenses (including, without limitation, collection costs, court costs and reasonable attorneys' fees) to which the PACE Program Administrator is entitled under the Transaction Documents, which consensual lien may be foreclosed as a mortgage lien in the State of California.

Section 29. Further Assurances. Upon request of the Authority or PACE Program Administrator, the Property Owner will take any actions and execute any further documents as either the Authority or PACE Program Administrator reasonably deems necessary to carry out the purposes of this Agreement.

Section 30. California Public Records Act. Property Owner acknowledges that the Authority is a "local agency" for purposes of the California Public Records Act ("FOIA"), and therefore, any information received by the Authority pursuant to this Agreement will be considered public records and will be subject to disclosure under FOIA, except for information falling within one of the exemptions to disclosure. Property Owner acknowledges that it is Property Owner's responsibility to consult with the Authority should Property Owner wish to prevent the disclosure of any information related to this Agreement pursuant to a FOIA request.

Section 31. No Joint Venture. Property Owner, the Authority and PACE Program Administrator intend that the relationships created under this Agreement and the other Transaction Documents be solely that of a property owner, an authority conducting assessment proceedings, and capital provider. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between or among Property Owner, the Authority and PACE Program Administrator, nor to grant PACE Program Administrator any interest in the Property other than that of a capital provider.

Section 32. Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the transactions contemplated herein, superseding all oral statements and prior writings, and such understanding shall not be modified except in writing signed by or on behalf of the parties hereto.

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.

AUTHORITY:

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____

Its: _____

PROPERTY OWNER:

[Name and Type of Entity].

By: _____

Its: _____

ACKNOWLEDGED AND ACCEPTED BY:

PACE PROGRAM ADMINISTRATOR:

PACE Loan Group, LLC.

By: _____

Its: _____

[Signature page ___ of 3]

STATE OF _____)
_____) ss. _____
COUNTY OF _____)

On this the _____ day of _____, 20____, before me _____ the undersigned officer, personally appeared _____ of the company, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained and that she acknowledged the same to be his/her free act and deed, before me, in his/her capacity as said _____.

Notary Public
My Commission Expires:

EXHIBIT A

PROPERTY LEGAL DESCRIPTION

EXHIBIT B
IMPROVEMENTS

<u>IMPROVEMENT</u>	<u>AMOUNT</u>
	\$

EXHIBIT C

Annual ASSESSMENT SCHEDULE

*Annual Assessment Administrative Fees subject to change pursuant to Section 3(g) of the Agreement.

EXHIBIT D

PERMITTED ENCUMBRANCES

EXHIBIT E

PROPERTY OWNER'S AUTHORIZED REPRESENTATIVES

Authorized Representatives for Property Owner

The following individuals are authorized to provide instructions and directions to PACE Loan Group, LLC. ("PLG") and/or Western Riverside Council of Governments ("WRCOG") on behalf of the Property Owner until such time as an updated list has been provided. The Property Owner may change, modify, or amend, the list of authorized individuals by providing five (5) days prior written notice to PACE Loan Group, LLC.. Instructions may be provided via electronic mail and are valid so long as one of the individuals below are copied thereto.

Name: _____ Name: _____

Title: _____ Title: _____

Email:

Phone:

Name: _____ Name: _____

Title: _____ Title: _____

Email: _____ Email: _____

Phone: _____ Phone: _____

EXHIBIT F

SCHEDULE OF PREPAYMENT PREMIUMS

The Assessment may not be prepaid, in whole or in part, without payment of a Prepayment Premium based on the following schedule:

[Pre-payment within ten years
of the Effective Date _____ 1%

Pre-payment after ten years
of the Effective Date _____ 0%]

Attachment

California HERO Program Report
Amended December 1, 2025,
Redlines



PROGRAM REPORT

CITIES/TOWNS OF ALAMEDA, ALBANY, ALHAMBRA, ALISO VIEJO, AMADOR, AMERICAN CANYON, ANAHEIM, ANTIOCH, ARCADIA, ARCATA, ARVIN, ATHERTON, ATWATER, AVALON (COMMERCIAL ONLY), AVENAL, AZUSA BAKERSFIELD, BALDWIN PARK, BEAUMONT, BELL GARDENS (COMMERCIAL ONLY), BELLFLOWER, BELMONT, BELVEDERE, BENICIA, BERKLEY, BISHOP, BLUE LAKE, BLYTHE, BRADBURY, BRAWLEY, BREA, BRENTWOOD, BRISBANE, BUENA PARK, BURLINGAME, CALABASAS (COMMERCIAL ONLY), CALEXICO, CALIFORNIA CITY, CALIPATRIA, CALISTOGA, CAMARILLO, CAMPBELL, CAPITOLA, CARLSBAD, CARMEL, CARSON, CATHEDRAL CITY, CERES, CHICO, CHOWCHILLA, CHULA VISTA, CITRUS HEIGHTS, CLAREMONT, CLAYTON, CLOVERDALE, CLOVIS, COACHELLA, COALINGA, COLMA, COMMERCE, CONCORD, CORCORAN, CORNING, CORONADO, COSTA MESA, COTATI, COVINA, CRESCENT CITY, CUPERTINO, CYPRESS, DALY CITY, DANVILLE, DAVIS, DEL MAR, DEL REY OAKS, DELANO, DESERT HOT SPRINGS, DIAMOND BAR, DINUBA, DIXON, DORRIS, DOS PALOS, DUBLIN, DUNSMUIR, EL CAJON, EL CENTRO, EL CERRITO, EL MONTE, EL SEGUNDO, ELK GROVE, ENCINITAS, ESCONDIDO, ETNA, EUREKA, EXETER, FAIRFAX, FAIRFIELD, FARMERSVILLE, FERNDALE, FILLMORE, FIREBAUGH, FORT BRAGG, FORTUNA, FOSTER, FOUNTAIN VALLEY, FOWLER, FREMONT, FRESNO, GALT, GARDEN GROVE, GARDENA, GILROY, GLENDORA, GONZALES, GRASS VALLEY, GREENFIELD, GROVER BEACH, GUSTINE, HALF MOON BAY, HANFORD, HAWTHORNE, HAYWARD, HEALDSBURG, HERMOSA BEACH, HILLSBOROUGH, HOLTVILLE, HUGHSON, HUNTINGTON BEACH, HURON, IMPERIAL BEACH, IMPERIAL, INDIAN WELLS, INDIO, INDUSTRY, INGLEWOOD, IONE, IRWINDALE, ISLETON, JACKSON, KERMAN, KING CITY, KINGSBURG, LA CANADA FLINTRIDGE, LA HABRA, LA MESA, LA PALMA, LA QUINTA, LA VERNE, LAFAYETTE, LAGUNA BEACH, LAGUNA HILLS, LAKE FOREST, LANCASTER, LARKSPUR, LATHROP, LAWDALE, LEMON GROVE, LEMOORE, LINDSAY, LIVE OAK, LIVINGSTON, LODI, LOMITA, LOMPOC, LONG BEACH (COMMERCIAL ONLY), LOS BANOS, LOYALTON, MADERA, MALIBU, MAMMOTH LAKES, MANTECA, MARTINEZ, MARYSVILLE, MCFARLAND, MENDOTA, MENLO PARK, MERCED, MILL VALLEY, MILLBRAE, MILPITAS, MISSION VIEJO, MODESTO, MONROVIA, MONTEBELLO, MONTEREY PARK, MONTEREY, MOORPARK, MORAGA, MORGAN HILL, MORRO BAY, MOUNT SHASTA, MOUNTAIN VIEW, NAPA, NATIONAL CITY, NEVADA CITY, NEWARK, NEWMAN, NEWPORT BEACH, NOVATO, OAKDALE, OAKLAND, OAKLEY, OCEANSIDE, OJAI, ORANGE COVE, ORLAND, OROVILLE, OXNARD, PACIFIC GROVE, PACIFICA, PALM DESERT, PALM SPRINGS, PALMDALE, PARADISE, PARLIER, PASO ROBLES, PATTERSON, PETALUMA, PIEDMONT, PINOLE, PITTSBURG, PLACENTIA, PLACERVILLE, PLEASANT HILL, PLEASANTON, PLYMOUTH, POINT ARENA, POMONA, PORT HUENEME, PORTERVILLE, PORTOLA VALLEY, POWAY, RANCHO CORDOVA, RANCHO MIRAGE, RANCHO PALOS VERDES, RANCHO SANTA MARGARITA, REDDING, REDONDO BEACH, REDWOOD CITY, REEDLEY, RICHMOND, RIDGECREST, RIO VISTA, RIPON, RIVERBANK, ROHNERT PARK, ROLLING HILLS ESTATES,

ROLLING HILLS, ROSEMEAD, SACRAMENTO, SALINAS, SAN ANSELMO, SAN BRUNO, SAN BUENAVENTURA, SAN CARLOS, SAN CLEMENTE, SAN DIEGO, SAN DIMAS, SAN FERNANDO, SAN GABRIEL, SAN JOAQUIN, SAN JOSE, SAN JUAN BAUTISTA, SAN LEANDRO, SAN LUIS OBISPO, SAN MARCOS, SAN MARINO, SAN MATEO, SAN PABLO, SAN RAFAEL, SAN RAMON, SAND CITY, SANGER, SANTA ANA, SANTA BARBARA, SANTA CLARA, SANTA CRUZ, SANTA MONICA, SANTA PAULA, SANTA ROSA, SANTEE, SAUSALITO, SCOTTS VALLEY, SEASIDE, SEBASTOPOL, SELMA, SHAFTER, SHASTA LAKE, SIERRA MADRE, SIMI VALLEY, SOLANA BEACH, SONOMA, SOUTH EL MONTE, SOUTH LAKE TAHOE, SOUTH PASADENA, SOUTH SAN FRANCISCO, ST. HELENA, STANTON, STOCKTON, SUISUN CITY, SUSANVILLE, SUTTER CREEK, TAFT, TEHACHAPI, TEHAMA, T_{EMPLE} CITY, THOUSAND OAKS, TIBURON, TORRANCE, TRACY, TRINIDAD, TRUCKEE, TULARE, TURLOCK, TUSTIN, UKIAH, UNION CITY, VACAVILLE, VALLEJO, VISALIA, VISTA, WALNUT, WALNUT CREEK, WASCO, WATERFORD, WATSONVILLE, WEED, WEST COVINA, WEST SACRAMENTO, WESTMINSTER, WHEATLAND, CITY OF WINDSOR, AND, WINTERS, WOODLAKE, WOODLAND, WOODSIDE, YORBA LINDA, YOUNTVILLE, YREKA, AND YUBA. THE UNINCORPORATED COUNTIES OF ALAMEDA, AMADOR, BUTTE, COLUSA, CONTRA COSTA, DEL NORTE, EL DORADO, FRESNO, GLENN, HUMBOLDT, IMPERIAL, KERN, KINGS, MADERA, MARIN, MARIPOSA, MENDOCINO, MERCED, MONO, MONTEREY, NAPA, NEVADA, RIVERSIDE, SACRAMENTO, SAN DIEGO, SAN FRANCISCO, SAN JOAQUIN, SAN LUIS OBISPO, SAN MATEO, SANTA CRUZ, SHASTA, SISKIYOU, SOLANO, SONOMA, TEHAMA, TULARE, YOLO, AND YUBA.

ADOPTED JUNE 3, 2013 - REVISED JULY 15, 2013 - REVISED AUGUST 5, 2013 - REVISED SEPTEMBER 9, 2013 – REVISED NOVEMBER 4, 2013 - REVISED DECEMBER 2, 2013 - REVISED JANUARY 6, 2014 - REVISED FEBRUARY 3, 2014 - REVISED MARCH 3, 2014 - REVISED APRIL 7, 2014 - REVISED MAY 5, 2014 - REVISED JUNE 2, 2014 – AMENDED JUNE 9, 2014 - REVISED JULY 7, 2014 – REVISED AUGUST 4, 2014 – REVISED SEPTEMBER 8, 2014 – REVISED OCTOBER 6, 2014 - REVISED NOVEMBER 3, 2014 - REVISED DECEMBER 1, 2014 – REVISED JANUARY 5, 2015 - REVISED FEBRUARY 2, 2015 - REVISED MARCH 2, 2015 - REVISED APRIL 6, 2015 – REVISED MAY 4, 2015 – REVISED JUNE 1, 2015 – REVISED JULY 6, 2015 – REVISED AUGUST 3, 2015 – REVISED SEPTEMBER 14, 2015 – REVISED OCTOBER 5, 2015 – REVISED NOVEMBER 2, 2015 – REVISED DECEMBER 7, 2015 – REVISED JANUARY 4, 2016 – REVISED FEBRUARY 1, 2016 – REVISED MARCH 7, 2016 – REVISED APRIL 4, 2016 – REVISED MAY 2, 2016 – REVISED JUNE 6, 2016 – REVISED JULY 11, 2016 – REVISED AUGUST 1, 2016 – REVISED DECEMBER 5, 2016 – REVISED JANUARY 9, 2017 – REVISED APRIL 3, 2017 – REVISED JUNE 5, 2017– REVISED JULY 10, 2017 – REVISED AUGUST 7, 2017 – REVISED SEPTEMBER 11, 2017— REVISED OCTOBER 2, 2017— REVISED DECEMBER 4, 2017 – REVISED FEBRUARY 5, 2018 – REVISED APRIL 2, 2018 – REVISED JULY 2, 2018 - REVISED MARCH 4, 2019 – REVISED MARCH 22, 2019 – REVISED APRIL 1, 2019 - REVISED MAY 6, 2019 - AMENDED JUNE 3, 2019 - REVISED JULY 1, 2019 – AMENDED DECEMBER 2, 2019 – AMENDED MARCH 4, 2024 – AMENDED JUNE 21, 2024 – AMENDED DECEMBER 1, 2025

TABLE OF CONTENTS

I.	PROGRAM INTRODUCTION	5
	Overview Statement for Program Report	5
	Purpose of the California HERO Program	5
	HERO Financing	6
	Purpose of the Program Report	7
II.	RESIDENTIAL AND COMMERCIAL PROGRAM REQUIREMENTS	7
	Eligible Property Owners and Eligible Properties	7
	Eligible Products, Contractors and Costs	8
III.	APPEAL PROCESS	13
IV.	TRACKS FOR PARTICIPATION	13
V.	PROGRAM PARAMETERS	14
	Minimum Energy Financing Amount and Duration of Assessment	14
	Maximum Portfolio	14
	Assessment Interest Rate	14
	Property Assessment Lien	15
	Delinquent Assessment Collections	15
	Direct Capital Provider	15
	Refinancing	16
VI.	THE FINANCIAL STRATEGIES	16
VII.	GLOSSARY OF TERMS	189

APPENDICES

APPENDIX A – ELIGIBLE PRODUCTS	<u>1823</u>
APPENDIX B – MAP OF AREA	<u>1924</u>
APPENDIX C – RESIDENTIAL PROPERTIES PROGRAM APPLICATION	<u>70</u>
APPENDIX D – COMMERCIAL PROPERTIES PROGRAM APPLICATION	<u>75</u>
APPENDIX <u>EC</u> - DRAFT ASSESSMENT CONTRACTS	<u>109164</u>
APPENDIX <u>FD</u> - NOTICE OF ASSESSMENT (NOA)	<u>138215</u>
APPENDIX <u>GE</u> - PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED (PCA)	<u>144218</u>
APPENDIX <u>HF</u> – COMBINED NOA AND PCAR	<u>143220</u>

PROGRAM INTRODUCTION

This California HERO Program Report (this "Program Report") provides an overview of a property assessed clean energy ("PACE") municipal financing program called the California HERO Program (the "California HERO Program", "HERO," "Twain Financial Partners", "Greenworks", "[PACE Loan Group, LLC](#)" or "Program") for cities and counties that elect to participate in the California HERO Program.

A Residential Program Handbook and a Commercial Program Handbooks (collectively "Handbooks") are incorporated herein by reference into this Program Report and supplement and provide further details on the Program.

OVERVIEW STATEMENT FOR PROGRAM REPORT

It is the intent of the Program Report to comply with all applicable laws and regulations of the State of California (the "State") and federal government. To the extent this Program Report contains language which is contrary to existing State or federal laws and regulations, the Program shall conform to any such laws and regulations.

PURPOSE OF THE CALIFORNIA HERO PROGRAM

The Western Riverside Council of Governments ("WRCOG" or "Agent") is making the California HERO Program available to every city and county in California to encourage installation of distributed generation renewable energy sources, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure for residential and commercial property owners. The Agent has partnered with Renovate America for residential and Twain Financial Partners, ~~and~~ Greenworks LLC ~~and~~ [PACE Loan Group, LLC](#) for commercial to make HERO available throughout the State.

The California HERO Program is an economic development program available at no cost to participating cities and counties. HERO finances improvements which decrease energy, create clean renewable energy, or decrease water consumption, make properties wildfire resilient with fire hardening eligible products per the California Street and Highways Code section 5899.4, and increase seismic strengthening. In addition to these direct benefits, HERO helps create local jobs, save money, increase property values and lower greenhouse gas emissions.

HERO first launched its residential program in western Riverside County in December 2011 and has received several awards across the state. The commercial Program launched in December 2012.



Southern California Association of Governments
2012 President's Award for Excellence (Highest Honor)
<http://www.compassblueprint.org/toolbox/videos/12awards/wrcog>



U.S. Green Building Council
2012 Best Residential Partnership Program in California
<http://www.usgbc.org/ShowFile.aspx?DocumentID=18852>



Urban Land Institute
2012 Best of the Best

HERO FINANCING

In July 2008, the California Legislature approved Assembly Bill 811 amending Chapter 29 of the Improvement Act of 1911 (Streets and Highways Code Section 5898.12 and following) ("Chapter 29"), authorizing cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners. Assembly Bill 474 was subsequently passed in October 2009 to further amend Chapter 29 to add water efficiency improvements to the list of eligible improvements. Finally, SB 1340 was enacted in 2010 to amend Chapter 29 to authorize the installation of electric vehicle charging infrastructure.

Under the California HERO Program, a contractual assessment is entered into between the property owner and the Agent. Participation by a property owner in such a contractual assessment is 100% voluntary. The contractual assessment is memorialized in a contract between the participating property owner and WRCOG (an "Assessment Contract"). The separate forms of Assessment Contract for Residential properties, i.e., a property developed for a single-family home or fewer than three (3) residential dwelling units, or Commercial properties, i.e., all non-residential properties, including apartment buildings with four (4) units or more, are set forth in substantially the forms attached to this Program Report as Appendix E. The amount of the contractual assessment is equal to the cost to pay for the eligible improvements ("Eligible Products"), the costs to pay for the issuance of the bonds that will finance the Program, and the costs to administer the Program. Like most assessments, the amounts are billed and collected on the County property tax bill. If the property is sold, the obligation to make the remaining payments on the assessment may remain on the property or may be required to be paid off when the primary mortgage is refinanced or when the property is sold. Additionally, if a property owner fails to pay the annual contractual assessment installments, the Agent is obligated to strip the delinquent

installments off the property tax bill and commence judicial proceedings to foreclose the lien of the delinquent installments. This is an expedited procedure that can result in the public sale of the property in less than a year. This process is disclosed to the property owner in the applicable Assessment Contract.

PURPOSE OF THE PROGRAM REPORT

This Program Report is prepared pursuant to Sections 5898.22 and 5898.23 of the California Streets and Highways Code in connection with the establishment of the California HERO Program. This Program Report is supplemented by separate handbooks prepared for the residential and the commercial programs (each, a “Handbook”) which are incorporated in this Program Report by reference. This is the document, together with the Handbooks, that establishes the parameters of the Program and the requirements for property owner participation in the California HERO Program and fulfills the requirements of Sections 5898.22 and 5898.23. The California HERO Program is offered to property owners in participating Cities and Counties.

Cities and the County can make HERO, Twain Financial Partners, ~~and~~ Greenworks and PACE Loan Group, LLC available to their constituents by adopting a resolution and entering into an amendment to the WRCOG joint exercise of powers agreement (the “JPA Amendment”) pursuant to which such City or County becomes an Associate Member of WRGOG authorizing the Agent to offer the California HERO Program within the respective boundaries of such Cities and Counties. The Associate Members within which the California HERO Program may be implemented are set forth in Exhibit “B” hereto which delineates the boundaries of the territory within which voluntary contractual assessments may be offered pursuant to the California HERO Program.

WRCOG has established a Consumer Protections Policy that is available at www.wrcog.us. All Providers that participate in the Program shall adhere to all protections outlined in the Consumer Protections Policy.

RESIDENTIAL AND COMMERCIAL PROGRAM REQUIREMENTS

This section identifies the California HERO Program requirements relating to improvements made on residential and commercial properties.

ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

In order for properties to be eligible to participate in the California HERO Program, the applicant must meet the eligibility requirements listed below. The Handbooks provides additional detail on each criteria.

- a. Applicant. Applicant(s) must be the property owner(s) of record.

- b. Address. The applicant's property must be located within the boundaries of the California HERO Program. If a property is located in a city, the city must adopt a resolution and enter into the JPA Amendment authorizing the Agent to offer the California HERO Program within its boundaries. If a property is located within the unincorporated territory of a County, the County must adopt a resolution and enter into the JPA Amendment authorizing the Agent to offer the Program within its boundaries. A map showing the areas within which the California HERO Program may be offered is attached hereto as Appendix B.
- c. Property Taxes. The property owners must be current on their property taxes within the time period specified in the applicable Handbook.
- d. Involuntary Liens. The property must not be subject to involuntary liens, judgments or defaults or judgments in excess of the amount identified in the applicable Handbook.
- e. Mortgage Debt. The mortgage debt on the property must not exceed that certain percentage of the value of the property as set forth in the applicable Handbook.
- f. Annual Property Taxes. The total annual property tax and assessments, including the contractual assessment, on the property must not exceed 5% of the property's market value, as determined at the time of approval of the Assessment Contract.
- g. Bankruptcy. The property owner must not have declared bankruptcy within the time period specified in the applicable Handbook.
- h. New Commercial Construction. Commercial properties which are the site of new construction are eligible properties so long as they are meeting the criteria set forth in the section entitled "Eligible Products, Contractors and Costs" for new constructions.

ELIGIBLE PRODUCTS, CONTRACTORS AND COSTS

Eligible Products

Property owners are responsible for installation, operation, and maintenance of the Eligible Products installed on their property. Property owners must address performance and other system-related issues directly with the contractor installing the Eligible Products according to the terms of the contract between the property owner and the contractor. The California HERO Program is a financing program only. Neither the Agent or the City or the County in which the property is located, nor their employees or agents are responsible for the Eligible Products, their installation or their performance.

The California HERO Program affords property owners the opportunity to take advantage of a wide range of eligible renewable energy, energy-saving, and water conservation/efficiency products that are included among the Eligible Products, consistent with the following provisions:

- a. The California HERO Program is intended principally to encourage the adoption of renewable energy, energy efficiency and water efficiency measures.
- b. The California HERO Program provides financing only for Eligible Products that are permanently affixed to real property.
- c. The California HERO Program provides financing only for Eligible Products specified in Appendix A of the report. The list of Eligible Products will be updated from time to time and published in the Handbooks. Broadly, these include:
 - a. Water Conservation/Efficiency Products
 - b. Energy Efficiency Products
 - c. Renewable Energy Systems
 - d. Electric vehicle charging infrastructure
- d. Custom Products
- e. The property owner must ensure that any and all permits and inspections required by the jurisdiction within which such property is located for the installation of the Eligible Products are obtained.
- f. 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. For new construction commercial projects, Eligible Products must exceed the minimum energy efficiency specifications of EnergyStar set forth in California Title 24 and Title 20, and WaterSense standards, or other new standards or other new standards as may be appropriate and as agreed upon by WRCOG. Any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available. 100% of the cost of any individual Eligible Products in the construction of a new building that exceeds the minimum specifications is eligible for financing. Renewable energy systems are eligible in new construction projects; however any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available. New construction projects specifically will require additional supporting

documentation including: building plans, equipment cut sheets, and code compliance certificates as required by the Program Administrator.

Contractors

The cost of installation of Eligible Products shall be eligible to be financed under the California HERO Program only if such installation is completed by a contractor that is registered with the Program or by the property owner if self-installing such Eligible Products. A list of contractors that are registered with the Program shall also be located on the Program website. Registration of a contractor with the Program is neither a recommendation of such contractor nor a guaranty of or acceptance of responsibility for work of such contractor by the Agent, Renovate America, Twain Financial Partners, Greenworks LLC, or the City or County in which the property upon which the Eligible Products are installed is located or the officers, employees or agents of such entities. Neither the Agent, Renovate America, Twain Financial Partners, Greenworks LLC or the City or County in which the property upon which the Eligible Products are installed is located, their officers, employees nor agents any have responsibility whatsoever for the selection by a property owner of a registered contractor or the work performed by such registered contractor.

Improvement Costs

Eligible costs of the improvements include the cost of equipment and installation of such equipment. Installation costs may include, but are not limited to, energy and water audit consultations, labor, design, drafting, engineering, permit fees, and inspection charges. Eligible costs do not include labor costs for property owners that elect to do the work themselves.

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

Program staff will evaluate conditions in the construction and installation market for the proposed Eligible Products, including the pricing of Eligible Products, and may require the property owner to obtain additional bids to determine whether costs are reasonable. While the property owner may choose the contractor, the amount available for financing may be limited as set forth in the applicable Handbook.

Administrative Costs/Fees. The Program will cover all or a portion of its costs of establishing the Program; processing, reviewing and approving a property owner's application; processing the Assessment Contract and other related financing and contract documents and issuing the bonds that will finance the Program through an expense component to be added to the amount of the financing request as set forth in the applicable Handbook. In addition, there may be other costs that are not covered in the expense component and will be borne by the property owners as set forth in the applicable Handbook. These costs may include:

Application Fee. An application fee may be required. The owner may not include this cost in the financing request. Except as otherwise provided in applicable federal or state law, the application fee is nonrefundable, unless the property owner is deemed ineligible and the unused portion of the application fee may be prorated.

Title and Recording Costs. Title and recording costs, including title insurance, where required, may be paid by the property owner.

Permitting Costs. Property owners are required to verify whether or not a permit and/or inspections are required by the jurisdiction in which such owner's property is located. Any such permit and/or inspection costs will be paid by the property owner and are an eligible cost to include in the financing.

Ongoing Administration Costs. Annual assessment administration, collection, County treasurer- tax collector and auditor-controller and trustee costs will be added each year to the annual assessment on property tax bills and will be adjusted in subsequent years for cost-of-living increases using the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for the County or region.

Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm that approved Eligible Products were actually installed prior to funding; provided, however, such fee may not exceed the actual cost to undertake such validation.

Multiple Disbursement Fees. The Program may offer multiple disbursements for assessments if feasible. If multiple disbursements are offered, the partial disbursement funding requests may be subject to an additional processing fee per partial disbursement as set forth in the applicable Handbook; provided, however, that such fee may not exceed the actual cost of providing such service.

Capitalized Interest. Because each County has established a deadline for placing the contractual assessments on such County's property tax bill, the principal component of the contractual assessment may also include an amount equal to the first tax year's contractual assessment installments if the deadline cannot be met.

Deposit to a Debt Service Reserve Fund. The Agent or project investors may require property owners to fund a deposit to a debt service reserve fund as set forth in the

applicable Handbook. The reserve fund would be used to pay debt service on bonds issued to finance the installation of Eligible Products in the event of contractual assessment installment delinquencies.

As required pursuant to Section 5898.22 of Chapter 29, the Agent has met and consulted with the staff of the Counties of the Alameda, Contra Costa, El Dorado, Fresno, Imperial, Kern, Los Angeles, Madera, Merced, Mono, Monterey, Napa, Orange, Riverside, Sacramento, San Diego, San Francisco, San Mateo, San Joaquin, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Tulare, Ventura, and Yolo Auditor's office concerning the additional fees, if any, that will be charged to the Agent for incorporating the proposed assessment installments into the assessments of the general taxes on real property. The payment of such fees shall be included as a part of ongoing administration costs which will be added each year to the annual assessment on property tax bills.

APPEAL PROCESS

The Program allows property owners to go through an appeal process if their application is denied or if the property owner or property is deemed ineligible to participate in the Program. The process is set forth in the applicable Handbook.

TRACKS FOR PARTICIPATION

There are four categories of improvements under which property owners may participate in this Program. Minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards, as applicable. Efficiency standards will “ratchet-up” with EnergyStar, WaterSense, California Title 24 and Title 20 standards, or other new standards as may be appropriate and as agreed upon by WRCOG Executive Committee. A complete list of Eligible Products can be found in Appendix A.

WATER CONSERVATION/EFFICIENCY

Water Conservation/Efficiency covers a wide range of water conserving fixtures, such as low flow toilets, low flow shower heads, and irrigation controllers.

ENERGY EFFICIENCY

Energy Efficiency covers a wide range of energy efficiency fixtures such as windows and doors, attic insulation, and HVAC equipment that are EnergyStar rated. Most Eligible Products in this category must meet specified minimum efficiencies.

RENEWABLE ENERGY

Solar Photovoltaic or Solar Thermal Systems provide for solar energy generation and solar hot water systems, respectively. Small wind turbines, fuel cell systems or geothermal systems may also be eligible under this category.

CUSTOM PROJECTS

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

PROGRAM PARAMETERS

MINIMUM FINANCING AMOUNT AND DURATION OF ASSESSMENT

Assessment Contracts are available for varying terms as set forth in the applicable Handbook.

Minimum and maximum financing amounts are set forth in the applicable Handbook.

REFINANCING

The Program may refinance Authorized Improvements for commercial properties in accordance with parameters approved by the Executive Director.

MAXIMUM PORTFOLIO

The maximum aggregate dollar amount of contractual assessments authorized under the Greenworks Statewide Program is \$580 million.

The maximum aggregate dollar amount of contractual assessments authorized under the Twain Financial Partners Statewide Program is \$150 million.

The maximum aggregate dollar amount on contractual assessments authorized under the Renovate America Residential HERO Program is \$3,000,000,000.

The maximum aggregate dollar amount on contractual assessments authorized under the Renovate America Residential HERO Program is \$250,000,000.

The maximum aggregate dollar amount on contractual assessments authorized under the CaliforniaFirst Renew Financial Program is \$150,000,000.

The maximum aggregate dollar amount on contractual assessments authorized under the Ygrene Program is \$50,000,000.

The maximum aggregate dollar amount of contractual assessments authorized under the PACE Loan Group, LLC Statewide Program is \$300 million.

ASSESSMENT INTEREST RATE

Residential Properties: The interest rate for a contractual assessment on a residential property is set at the time that the Assessment Contract is delivered to the property owner. An estimated, current rate will always be available on the Program website and any variations from that estimated rate will be based solely on market fluctuations.

Commercial Properties: The interest rate for a contractual assessment on a commercial property is set at the time the Assessment Contract is entered into.

The Program interest rate(s) will be set with the intention of creating a self-sustaining Program at rates that are competitively priced to compare to financing options available through banking or other financial institutions, balanced with the ability to remarket the bonds issued to finance the installation of Eligible Products on participating properties and encourage the future liquidity of the Program.

PROPERTY ASSESSMENT LIEN

All property owners must sign, and return the Assessment Contract within the time period specified in the notice of approval of a property owner's application. Upon completion of the project and execution of the Assessment Contract, the Agent will place a lien for the full amount of the contractual assessment on the property that secures such assessment. If the lien is recorded before the first business day in July, the assessment installment will appear on the next tax bill. For liens recorded after the first business day of July, the assessment installment will not appear on the tax bill until the following tax year, but interest will accrue on the outstanding balance. A direct bill and/or additional tax bill or other method of payment (including capitalized interest) may be required, as determined by the Program, during the first tax year.

DELINQUENT ASSESSMENT COLLECTIONS

In general, it is expected that assessment installments will be collected on the *ad valorem* tax bills sent to property owners by the Treasurer-Tax Collector of the County in which such owner's property is located, and therefore delinquency information will generally be available from such the Treasurer-Tax Collector's office. In order to attract financing, the Agent will covenant to commence and pursue judicial foreclosure proceedings with respect to parcels that are delinquent in the payment of assessment installments. The precise terms of such a covenant will be determined at the time of bond issuance.

DIRECT CAPITAL PROVIDER

Capital Providers may provide financing for commercial property owners and will finance alternative energy systems, energy efficiency, water conservation, fire hardening and seismic strengthening improvements, using financing provided by such Capital Provider meeting the following minimum requirements and is authorized by the Executive Director of WRCOG:

- Minimum of \$10M in capital available for financing C-PACE loans. Availability of capital needs to be evidenced by a capital commitment letter or letter of intent
- Capital Provider agrees that the financing team must include WRCOG selected assessment administrator and bond counsel, and fiscal agent / trustee to be determined upon mutual agreement between Capital Provider and WRCOG selected bond counsel
- Minimum 2 years of C-PACE and 10 years of commercial banking experience
- Federally regulated bank or financial institution

Property owners may be individuals, associations, business entities, cooperatives, and any owner of Commercial property for which real property taxes are paid or assessments may otherwise be collected on the property tax bill. New construction of eligible properties are subject to additional underwriting and technical requirements.

All projects must, at a minimum, meet the following requirements, unless expressly waived by authorized personnel of WRCOG:

- Applicant must be the property owner of record
- Property Owner must be current on the payment of special taxes and not have had any major delinquencies for the past three years
- No bankruptcy of property owner or affiliated companies for seven years
- No liens except mortgage debt for which lender consent has been obtained, except liens of community facilities district and assessments district
- Must finance or refinance products improvements authorized under program report
- Total effective tax rate not to exceed 5%
- Value to Lien requirement 95% (includes PACE plus existing debt)
- Minimum transaction size of \$2M, unless otherwise approved by the Executive Director or his designee
- Energy savings report (if applicable)

REFINANCING

- Authorized to refinance existing debt or cash financed-eligible improvements
- Improvements installed three years prior to date of application of PACE refinancing
- Useful life of improvements is equal to or greater than the term of the PACE refinancing
- Compliance with parameters established for commercial program in Program Report

THE FINANCIAL STRATEGIES

The Program includes the following financial strategies.

Strategy One: The Program will, at launch, utilize Renovate America to fund installations of Eligible Products for Residential and Commercial properties. Renovate America will provide a revolving credit line to finance the installation of Eligible Products for such Residential and Commercial properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in above and in the Residential Handbook. In consideration for funding the installation of such Eligible Products the Agent shall issue and deliver to Renovate America one or more municipal bonds secured by the contractual assessments payable by the Residential and Commercial and to be improved.

Strategy Two: The Program will, at launch, utilize the Twain Financial Partners to fund installations of Eligible Products for Commercial properties, under Twain. Twain Financial Partners will provide a revolving credit line to finance and refinance the installation of

Eligible Products to Commercial properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in above and the Commercial Handbook. In consideration for funding the installation of such Eligible Products the Agent shall issue and deliver to Twain Financial Partners one or more municipal bonds secured by the contractual assessments payable by the Commercial properties to be improved.

Strategy Three: The Program will, at launch, utilize Greenworks Lending, LLC to fund installations of Eligible Products for Commercial properties, under Greenworks Commercial. Greenworks will provide a revolving credit line to finance and refinance the installation of Eligible Products to Commercial properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in above and the Commercial Handbook. In consideration for funding the installation of such Eligible Products the Agent shall issue and deliver to Greenworks one or more municipal bonds secured by the contractual assessments payable by the Commercial properties to be improved.

Strategy Four: The Program will, at launch, utilize the Ygrene Energy Fund to fund installations of Eligible Products for Commercial properties, under Ygrene Commercial. Ygrene will provide a revolving credit line to finance and refinance the installation of Eligible Products to Commercial properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in above and the Commercial Handbook. In consideration for funding the installation of such Eligible Products the Agent shall issue and deliver to Ygrene one or more municipal bonds secured by the contractual assessments payable by the Commercial properties to be improved.

Strategy Five: The Agent may establish the “Statewide PACE Financing Fund” (the “PACE Fund”) and may accept funds from any available source. Repayments will be made pursuant to Assessment Contracts between the property owners and the Agent and will be collected through the property assessment mechanism in the County property tax system in which the properties of such owners are located. The Agent will manage or cause the Trustee or other qualified third-party administrator to manage the PACE Fund in one enterprise fund with multiple sub-funds.

Strategy Six: For additional financing, the Agent will continue to explore funding opportunities from a number of other potential funding sources, and combinations of sources, which may include but are not limited to additional funding from any funds under the control of the Agent, the issuance of notes, bonds, or agreements with utilities or public or private lenders, other governmental entities and quasi-governmental entities such as SCERA, CALPERS, Nationwide Retirement Solutions, funding from private entities, or any financing structure allowed by law.

Strategy Seven: The Program will utilize PACE Loan Group, LLC to fund installations of Eligible Products for Commercial properties, under PACE Loan Group, LLC Commercial. PACE Loan Group, LLC will provide a revolving credit line to finance and refinance the installation of Eligible Products to Commercial properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in above and the Commercial Handbook. In consideration for funding the installation of such Eligible Products the Agent shall issue and deliver to PACE Loan Group, LLC one or more municipal bonds

secured by the contractual assessments payable by the Commercial properties to be improved.

PACE Loan Group, LLC Commercial PACE Program Agreement to Pay Assessment and Finance Improvements

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
WRCOG PACE PROGRAM AND CALIFORNIA PACE PROGRAM
(PACE Loan Group, LLC Commercial PACE Program)**

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "**Agreement**") is made and entered into as of this _____ day of _____, 20____ (the "**Effective Date**") by and between the Western Riverside Council of Governments, a joint exercise of powers authority (the "**Authority**"). [Property Owner], a [Type of Entity], the record owner(s) (the "**Property Owner**") of the fee title to the real property, together with all improvements thereon, known as [Address], and more fully described in Exhibit A attached hereto and acknowledged and accepted by PACE Loan Group, LLC ("**PLG**" or the "**PACE Program Administrator**"), in its role as the Program administrator.

RECITALS

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

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

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

WHEREAS, the Authority executed an Administration Agreement with PACE Loan Group, LLC, to provide program administrative services to owners of commercial properties participating in the PACE Loan Group, LLC, Commercial PACE Program (the "**PACE Loan Group, LLC Program**") of the Program, including but not limited to reviewing and approving application materials subject to the Program Report, including a project which has been or will be developed upon the Property (hereafter defined) (the "**Approved Project**"), processing all disbursement requests, including accepting disbursement request forms, reviewing submitted forms and attachments, and providing for the disbursement of funds for the Approved Project;

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

WHEREAS, the Authority has conducted the proceedings required by Chapter 29 with respect to the territory within the boundaries of the _____ (the "**City/County**"):

WHEREAS, the Property described in Section 2 below is located in the boundaries of the City and the City has consented to (i) owners of property within its jurisdiction (the "**Participating Property Owners**") participating in the Program and (ii) the Authority conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance the Authorized Improvements;

WHEREAS, the Property Owner has submitted application materials including a description of the Authorized Improvements that have been acquired, constructed on and/or installed on the Property and are to be financed pursuant

to the PACE Loan Group, LLC. Program and the PACE Program Administrator has determined it is an Approved Project; and

WHEREAS, pursuant to Chapter 29, the Authority and the Property Owner wish to enter into a contract pursuant to which the Property Owner would agree to pay an assessment in order to finance the installation on the Property of the Approved Project 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 on the Property.

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

Section 3. Assessment and Lien.

(a) Pursuant to the terms of this Agreement, the Authority shall disburse funds, or cause funds to be disbursed, in one or more installments (each, an "Advance") to or on behalf of the Property Owner in a principal amount not to exceed [Amount] (the "Financing"), of which \$[Amount] shall be for the actual cost of the design, approval, acquisition, construction, financing, and/or installation of the Improvements (the "Project Cost"), and of which \$[Amount] shall be for capitalized interest (the "Capitalized Interest"). On the Effective Date, Property Owner shall pay to PACE Program Administrator \$[Amount] for Authority and PACE Program Administrator fees and expenses (less the \$50,000.00 good faith deposit). If the actual cost of the Improvements exceeds the Project Cost, the Property Owner shall be solely responsible for the payment of such excess costs.

(b) Capitalized Interest is computed from _____, 20 ("Interest Start Date") to [September 2 or March 2], 20 ("First Interest Accrual Date") at the Interest Rate (as hereafter defined). Capitalized Interest is fully accrued and payable to the Authority on the Effective Date.

(c) Interest shall accrue on a simple interest basis on the outstanding principal balance of the Financing from the First Interest Accrual Date at [Interest Rate]% per annum (the "Interest Rate") until all outstanding obligations under the Financing are paid in full. Interest shall be computed on the basis of a 360-day year of twelve 30-day calendar months. The Assessment Installments set forth in Exhibit C hereto are presented on a county tax year basis. Pursuant to Chapter 29 and the 1915 Act, interest is computed and collected up to the September 2 next succeeding the end of each tax year and no deduction is made by reason of any Assessment Installment being due or paid prior thereto in such tax year.

(d) The Property Owner agrees that upon the execution of this Agreement by the parties, the Property is subject to a voluntary contractual assessment levied against the Property pursuant to this Agreement, Chapter 29 and other applicable law in an amount equal to the Financing plus any administration fees, accrued interest and penalties thereon (the "Assessment"). Upon execution of this Agreement, the Authority will execute and cause to be recorded in the office of the County Recorder of the County within which the Property is located (the "County") a Notice of Assessment and Payment of Contractual Assessment Required (the "Notice of Assessment") as required pursuant to Chapter 29, together with a copy of this Agreement. The recordation of the Notice of Assessment will create a lien against the Property and shall be payable as specified on Exhibit C.

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

(f) The Property Owner hereby promises to pay the Assessment for a period of 30 years annually, in two installments (“Installments”) as permitted by the County tax collector, together with annual assessment administrative fees as defined in paragraph (g) below (collectively, “Assessment Installment”) on the due dates set forth in Exhibit C (the “Assessment Schedule”). The Property Owner agrees to pay each Assessment Installment by its due date in order to avoid delinquencies and related penalties.

(g) The Property Owner hereby acknowledges that, pursuant to the 1915 Act, including Sections 8682(b) and 8682.1(a), the Authority may add amounts to an Installment each year in order to pay for the costs of collecting and administering the Assessment (the “Annual Assessment Administrative Fees”). The estimated Annual Assessment Administrative Fee shall not exceed \$500 in tax year commencing on July 1, 20 . The Annual Assessment Administrative Fee shall thereafter be adjusted by the greater of (a) any increases in the cost of administration of the Assessment, or (b) annually, commencing on July 1 of each subsequent tax year for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers applicable to the West Census Region. The PACE Program Administrator shall annually determine the amount of the Annual Assessment Administrative Fee.

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

Section 4. Collection of Assessment; Other Remedies.

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

(b) The Assessment Installments shall commence on [December or April] , 20 .

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

(d) The Property Owner acknowledges and understands that, no later than October 1st of each year, if the Property is delinquent in the payment of any Assessment Installment or any accrued interest and penalties thereon, the Property will be subject to the commencement of foreclosure proceedings. The Authority has the ability to commence, or cause to be commenced, judicial foreclosure proceedings against the Property, including collection actions preparatory to the filing of any complaint, but will file the complaint not later than sixty (60) days following the determination that the Property is delinquent in the payment of such Assessment Installments. Failure of such a complaint to be filed by such date shall not, however, invalidate any judicial foreclosure proceedings commenced after such date. The Property Owner acknowledges that the Authority shall have the delinquent Assessment Installment and its associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent Assessment Installments, associated penalties and interest, and all costs of suit, including attorneys’ fees. The Property Owner acknowledges that, if bonds are sold to finance the Improvements, the Authority may obligate itself, through a covenant with the owners of such bonds, to exercise its foreclosure rights with respect to delinquent Assessment Installments under specified circumstances. Additionally, if no action is taken by the Authority and the Property Owner remains

delinquent on the payment of any Assessment Installment for a period of five (5) years, the County may commence foreclosure proceedings.

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

(a) The Authority hereby approves the disbursement of funds against the Financing subject to the provisions of this Section. The funds will be disbursed by the PACE Program Administrator on behalf of the Authority, pursuant to the terms of this Agreement and applied by Property Owner to pay for the Improvements. For the avoidance of doubt, the parties to this Agreement agree that the Improvements installed on the Property are intended to be permanently affixed to the Property and such improvements are therefore part of the Property.

(b) Notwithstanding anything to the contrary contained herein, the PACE Program Administrator's obligation to make an Advance of the Project Cost to Property Owner or its Contractor ("Contractor") shall be subject to the satisfaction of the following conditions precedent, in the PACE Program Administrator's sole discretion, or any such condition precedent is expressly waived in writing by the PACE Program Administrator:

i) _____ the Interest Start Date has occurred;

ii) _____ the Property Owner shall have furnished to the PACE Program Administrator an executed Guaranty of Payment (the "Guaranty") provided by _____ (the "Guarantor")

iii) _____ the Property Owner shall have provided to the PACE Program Administrator a payoff statement executed by the mortgage lender to be refinanced with the proceeds of the Financing and/or the Loan (as hereafter defined) as well as an executed release of such existing mortgage lender's security interest in the Property;

iv) _____ the Property Owner shall have provided to Lender executed copies of the Loan Agreement (as hereafter defined) and any other agreements executed in connection therewith; and

v) _____ the Property Owner shall have provided to PACE Program Administrator the written consent to the Assessment Lien of (i) Mortgage Holder (as hereafter defined) and (ii) any other existing mortgage holder to the Assessment, in form reasonably acceptable to PACE Program Administrator.

vi) _____ the Property Owner shall have provided copies of all Permits (as hereinafter defined) required by law to the PACE Program Administrator;

vii) _____ the PACE Program Administrator shall have determined that the representations of Property Owner contained in this Agreement are true and correct in all material respects, and no Default (as defined in Section 14 below) shall have occurred and be continuing hereunder;

viii) _____ reserved;

ix) _____ the Property Owner shall have submitted to the Authority and the PACE Program Administrator a request for the disbursement in form and substance reasonably satisfactory to the Authority and the PACE Program Administrator;

x) _____ the Property Owner shall have furnished to the PACE Program Administrator partial waivers and releases of liens (for labor, services or materials which have been performed and paid for or such lien waiver will be subject to payment) from the Contractor and all other contractors, subcontractors and suppliers performing labor, services or materials in connection with the Improvements in form and substance satisfactory to PACE Program Administrator;

xi) _____ the Property Owner has provided to the PACE Program Administrator evidence reasonably satisfactory to the PACE Program Administrator of the Required Insurance (as hereafter defined);

xii) the Property Owner shall have provided PACE Program Administrator and the Authority original, executed copies of this Agreement, any related certificates and such additional documents, as reasonably required by PACE Program Administrator and/or the Authority;

xiii) The PACE Program Administrator shall have received a title report reasonably satisfactory to PACE Program Administrator showing that the Property Owner is current in the payment of real property taxes and that there are no involuntary liens on the Property, including, but not limited to, construction liens but excluding: (i) the lien for real property taxes, special taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency; (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment; (iii) easements constituting servitudes upon or burdens the Property; (iv) water rights, the record title to which is held separately from the title to the Property; and (v) Permitted Encumbrances (as hereafter defined);

xiv) If requested by PACE Program Administrator, the Property Owner shall have furnished to PACE Program Administrator copies of all documentation relating to the Approved Project's hard and soft costs as may be reasonably acceptable to PACE Program Administrator including, but not limited to, any and all invoices, purchase orders, pictures and other evidence of the items paid or to be reimbursed;

xv) receipt by the PACE Program Administrator of the final unconditional Certificate of Occupancy for the Property and all improvements or a conditional Certificate of Occupancy which conditions are punch-list items only or other satisfactory evidence, in the PACE Program Administrator's sole discretion; and

xvi) receipt by the PACE Program Administrator of final waivers and releases of liens, in form and substance reasonably satisfactory to the PACE Program Administrator, from the Contractor and all other contractors, subcontractors and suppliers performing labor, services or materials in connection with the Property.

Section 6. Prepayment of the Assessment.

The outstanding principal balance of the Financing may be prepaid, in whole or in any amount of at least \$5,000, inclusive of all fees and expenses and any accrued and unpaid interest as of the date of prepayment, at any time upon the payment of a premium in an amount equal to a percentage of the amount of the principal to be prepaid as calculated pursuant to the processing fee and schedule of prepayment premiums set forth in Exhibit F hereto (the "**Prepayment Premium**"). In addition, prepayment costs may also include any applicable recorder's fees, trustee fees, bond interest (if bonds have been issued), administrative fees and other related charges incurred by the Authority in connection with the processing of the prepayment. Any refunds due as a result of a prepayment of the Financing may incur a delay which is dependent on the Authority's receipt of such amounts from the Treasurer-Tax Collector's office of the County.

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

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

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

(c) Property Owner shall not, without the express written consent of the Authority and the PACE Program Administrator, in their sole discretion, by act or omission, subdivide the Property, consolidate the Property with adjoining Property, or otherwise impair the integrity of the Property as a single, separate, subdivided and zoned lot separate and apart from all other property which is owned by Property Owner. Property Owner hereby acknowledges that, in the event of a subdivision of the Property is approved by the Authority and PACE Program Administrator, no subdivision of the Property subject to this Agreement shall be valid unless an amendment to this Agreement divides the Assessment between the newly subdivided parcels pro rata to the special benefit realized by each subdivided parcel.

Until the Financing has been repaid in full in accordance with the Transaction Documents the Property Owner shall not, without the prior written consent of PACE Program Administrator, sell, devise, assign or otherwise transfer all or any portion of the Property except in its entirety, and any such transfer of less than all of the Property shall be null and void. The Property Owner shall not pursue or permit (i) the creation of any new tax parcel affecting the property, or any portion thereof, or (ii) any subdivision or conversion to condominium of the Property, or any portion thereof.

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

Section 9. Representations and Warranties of Property Owner. Property Owner represents and warrants to the Authority and PACE Program Administrator as follows, which representations and warranties are true and correct as of the date of this Agreement:

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

;
(b) Authorization; Enforceable Obligations.

i. Property Owner has all necessary power and authority to own the Property, to conduct its business, to lease the Property as lessor, and to enter into the transactions contemplated hereby. This Agreement, and the execution, delivery and performance of this Agreement and all other documents executed by Property Owner in connection therewith or required thereby (collectively, the “**Transaction Documents**”) have been duly authorized, executed and delivered by Property Owner and constitute valid, legal and binding obligations of Property Owner, each enforceable in accordance with its respective terms (subject to creditors rights and principles of equity). The delivery and performance of the Transaction Documents does not conflict and is not inconsistent with, and will not result in the breach of or constitute a default or require any consent that has not already been obtained under any organizational documents, credit agreement, indenture, mortgage, purchase agreement, deed of trust, security agreement, guarantee or other material instrument to which the Property Owner is a party, by which the Property Owner is bound, or to which the Property Owner or its property is subject.

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

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

(c) No Legal Bar. The execution, delivery and performance of the Transaction Documents by the Property Owner, the financing hereunder and the use of the proceeds thereof do not violate any applicable law, the Property Owner’s organizational documents or any material agreement of the Property Owner.

(d) Financial Statements. All financial statements delivered to the Authority and the PACE Program Administrator are true and correct in all material respects, have been prepared in accordance with United States generally accepted accounting principles (or such alternate accounting method acceptable to the Authority) (with such variations therefrom as have been disclosed in writing by Property Owner to PACE Program Administrator) consistently applied, fairly represent the financial condition of Property Owner as of the date thereof, and no change has occurred in the financial condition presented therein that would reasonably be expected to have a Material Adverse Effect which change has not been disclosed by Property Owner to PACE Program Administrator. As used herein, “**Material Adverse Effect**” shall mean any event or condition, whether affecting Property Owner or the Property, that has a material adverse effect on (i) the Property taken as a whole, (ii) the business, profits, operations or financial condition of Property Owner, taken as a whole, (iii) the ability of Property Owner to repay the principal and interest of the Financing as it becomes due or to perform and satisfy when due or required any of Property Owner’s other material obligations under any of the Transaction Documents (taking into consideration any applicable grace, notice and cure periods), (iv) the enforceability

or validity of any Transaction Document or the perfection or priority of the Assessment Lien, (v) the rights, interests and remedies of the Authority or Program Administrator under the Transaction Documents, or (vi) the ability of Property Owner to own the Property and to operate the Property as intended as of the Effective Date under applicable laws.

(e) No Litigation. There are no actions, suits, claims or proceedings pending, or to the knowledge of Property Owner threatened in writing, against it or the Property which would reasonably be likely to materially adversely affect Property Owner, (including its financial condition), the Property, or the construction of the Project. The Property Owner is not subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any Governmental Authority. As used herein, “Governmental Authority” shall mean any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental or judicial authority, body, agency, bureau or entity (including any zoning authority, the Federal Deposit Insurance Corporation, any central bank or any comparable authority) or any arbitrator with authority to bind the party at law.

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

(g) Marijuana and Environmental Matters. Property Owner does and will not engage (nor does it knowingly allow any tenants of the Property to engage) in operations that involve the growth, testing, production or distribution of marijuana, nor the generation, manufacture, refining, transportation, treatment, storage or handling of hazardous materials or hazardous wastes, as defined under 40 C.F.R. Parts 260-270 or any state equivalent or any other federal, state or local environmental laws or regulations, except in strict compliance with all such laws and regulations. Except as disclosed in that certain [List] (the _____), and, to Property Owner’s knowledge, (i) the Property has not been so used previously; (ii) there are no underground storage tanks located on the Property; (iii) there is no present and to Property Owner’s knowledge there has been no past, non-compliance with environmental laws, or with permits issued pursuant thereto, in connection with the Property, which has not been fully remediated in accordance with environmental laws; (iv) there is no environmental remediation required (or anticipated to be required) with respect to the Property; (v) Property Owner does not know of, and has not received, any written notice or other written communication from any firms, associations, partnerships (including without limitation, general and limited partnerships), limited liability companies, joint ventures, societies, estates, trusts, corporations, Governmental Authorities, other legal entities, or natural persons (each a “Person”) relating to hazardous substances or remediation thereof, of possible liability of Property Owner of any person pursuant to any environmental law, other environmental condition in connection with the Property, or any actual or potential administrative or judicial proceedings in connection with the foregoing; and (vi) Property Owner has not received any letter or written request for information under Section 104 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 USC. § 9604) or any comparable state law.

(h) No Default. No foreclosure action is currently threatened or has been commenced with respect to the Property. Property Owner is not currently in default on any mortgage or deed of trust loan(s), financing statements, or other debt instruments secured by the Property.

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

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

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

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

(m) Insolvency Event. No Insolvency Event has occurred or is continuing with respect to the Property Owner. Property Owner is not aware of any circumstances or conditions with respect to the Property Owner, its properties, the Project, the Property, the Financing, the Assessment or the Assessment Lien that would reasonably be expected to have a Material Adverse Effect. For purposes hereunder, (i) “Insolvency Event” shall mean the occurrence of any one or more of the following: (a) Property Owner files a voluntary petition under the Bankruptcy Code or any other Creditor’s Rights Laws; (b) Property Owner colludes with or otherwise assists in the filing of, files, or joins in the filing of, an involuntary petition against Property Owner under the Bankruptcy Code or any other Creditor’s Rights Laws, or solicits or causes to be solicited petitioning creditors for any involuntary petition against Property Owner from any Person; (c) Property Owner files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against Property Owner by any other Person under the Bankruptcy Code or any other Creditor’s Rights Laws; (d) Property Owner consents to or acquiesces in or joins in an application for the appointment of a custodian, receiver, trustee, or examiner for Property Owner or any portion of the Property (except to the extent requested (or otherwise supported) in writing by PACE Program Administrator); and (e) Property Owner makes an assignment for the benefit of creditors, or admits, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due. (ii) “Bankruptcy Code” shall mean Title 11 of the United States Code, 11U.S.C. Sec. 101, et seq., as the same may be amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors’ rights or any other federal or state bankruptcy or insolvency law, and (iii) “Creditor’s Rights Laws” shall mean with respect to any Person, any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors.

(n) Fraud. No fraud, error, omission, misrepresentation, or negligence with respect to the Property, Plans or Improvements has taken place on the part of the Property Owner or, to Property Owner’s knowledge, any other person, including, without limitation, any appraiser, title company, closing or settlement agent, realtor, builder or developer or any other party involved in the Property, Plans or Improvements, that would materially impair in any way the rights of the Authority in the Property or Improvements or that violated applicable law.

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

(p) Authorized Representatives. The individuals whose names appear in the “Property Owner’s Authorized Representatives”, attached hereto as Exhibit E, are authorized representatives of the Property Owner on whose instructions and directions the PACE Program Administrator and the Authority may rely until such time as an updated list has been provided in writing.

(q) Payment of Taxes. All material tax returns and reports of Property Owner required to be filed have been timely filed or caused to be timely filed, and all material taxes shown on such tax returns to be due and payable and all other material taxes upon Property Owner and upon its properties, assets, income, businesses and franchises which are due and payable have been paid or caused to be duly and timely paid before delinquency.

(r) Governmental Consents. The execution, delivery and performance by Property Owner of the Transaction Documents related to the Assessment to which Property Owner is a party and the consummation of the transactions contemplated by Property Owner do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority, except pursuant to and in accordance with this Agreement.

(s) Patriot Act and OFAC Regulations. Property Owner hereby represents and warrants that neither Property Owner, nor to Property Owner's knowledge, any owner of a direct or indirect interest in Property Owner: (i) is a person who has been determined by competent authority to be subject to economic sanctions administered or enforced by the Office of Foreign Assets Control ("OFAC") of the Department of the Treasury, the Department of State, or other relevant sanctions authority or be subject to any sanctions covered by the European Union consolidated list of sanctions or any sanctions of the United Nations Security Council consolidated list ("Sanctions"); (ii) has been previously indicted for or convicted of, or pled guilty or no contest to, any felony or crimes under the USA PATRIOT Act or other applicable anti-money laundering laws and regulations, (iii) has been previously found to violate any Sanctions; (iv) fails to operate (or have operated) under policies, procedures and practices, if any, that are in compliance with the USA PATRIOT Act and other applicable anti-money laundering laws and regulations and Sanctions; (v) be (or have been) in receipt of any notice from OFAC, the Secretary of State or the Attorney General of the United States or any other department, agency or office of the United States, in each case, claiming a violation or possible violation of applicable anti-money laundering laws and regulations and/or Sanctions; (vi) be (or have been) the subject of Sanctions, including those listed as a "specially designated national" or as a "blocked" Person on any lists issued by OFAC and those owned or controlled by or acting for or on behalf of such "specially designated national" or "blocked" Person; (vii) be (or have been) a Person who has been determined by competent authority to be subject to any of the prohibitions contained in the USA PATRIOT Act; or (viii) be (or have been) owned or controlled by or be (or have been) acting for or on behalf of, in each case, any Person who has been determined to be subject to the prohibitions contained in the USA PATRIOT Act.

(t) No Plan Assets. As of the date hereof, (a) Property Owner is not and will not be an "employee benefit plan", as defined in Section 3(3) of ERISA, subject to Title I of ERISA, (b) Property Owner is not and will not be a "governmental plan" within the meaning of Section 3(32) of ERISA, (c) assuming that the assets used to fund the Financing do not constitute assets of a governmental plan, transactions by or with Property Owner hereunder or under the other Transaction Documents are not and will not be in violation of any state statute regulating investments of, or fiduciary obligations with respect to, governmental plans and (d) none of the assets of Property Owner constitute "plan assets" of one or more such plans described in clause (a) above within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA. Neither Property Owner nor any member of a "controlled group of corporations" (within the meaning of Section 414 of the IRS Code), maintains, sponsors or contributes to or otherwise has any obligation in respect of a "defined pension benefit plan" within the meaning of Section 3(35) of ERISA or a "multiemployer pension plan" ("**Multiemployer Plan**") within the meaning of Section 3(37)(A) of ERISA (collectively, "**Regulatory Plan**"). "**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as the same may heretofore have been or shall be amended, restated, replaced or otherwise modified.

(u) Not a Foreign Person. Property Owner (and if either is treated as a disregarded entity for U.S. federal income tax purposes, its regarded owner) is not a "foreign person" within the meaning of Section 1445(f)(3) of the IRS Code.

(v) CFIUS. Each of Property Owner, the Property and the acquisition thereof have complied with and are in compliance with CFIUS Laws. No non-U.S. government (including any state owned enterprises or sovereign wealth funds) owns any equity interests (direct or indirect) in Property Owner. Property Owner has not made any voluntary filings relating to CFIUS Laws and Property Owner is not required to make any mandatory filings relating to CFIUS Laws. "**CFIUS Laws**" shall mean the Defense Production Act of 1950, as amended (50 U.S.C. § 4565), the Foreign Investment Risk Review Modernization Act (Pub. L. No. 115-232, Title XVII, Subtitle A), all regulations promulgated pursuant to the foregoing, and all orders issued pursuant to such statutes and regulations.

Section 10. Covenants of Property Owner.

The Property Owner covenants and agrees as follows:

(a) Completion and Maintenance of the Improvements. The Property Owner shall commence construction of the Project and shall diligently proceed with construction in accordance with the approved Plans and Budget in a good, substantial and workmanlike manner in accordance with all applicable laws, ordinances, codes, rules and regulations. Construction of the Project shall be completed on or prior to the completion date set forth in the Construction Contract. If, in the Authority or PACE Program Administrator's opinion, after thirty (30) days' written notice to Property Owner,

the construction is not proceeding with reasonable dispatch, the Authority or PACE Program Administrator may (i) request that Property Owner remove and replace the general contractor with a general contractor acceptable to the Authority or PACE Program Administrator, the failure of which by Property Owner shall be a default under this Agreement, (ii) utilize funds and continue construction of the Improvements and such funds shall be considered disbursements of the Financed Amount, and/or (iii) deny any disbursements of the Financed Amount until such time as the construction resumes proceeding with reasonable dispatch. The Property Owner covenants that it will not contest the amount or the validity of the Assessment Lien that is levied. Notwithstanding the foregoing, Property Owner's agreement in this Section 10(a) not to contest the amount and validity of the Assessment Lien is subject to and conditioned on such Assessment Lien complying with the terms of this Agreement and the other Transaction Documents.

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

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

(d) Payment of All Charges. The Property Owner shall pay before delinquency all taxes, assessments, water charges, sewer charges, and shall promptly discharge or bond off all liens for taxes past due with respect to the Property, carrier's, warehousemen's, mechanics', materialmen's, repairmen's or other liens and all other charges levied on or against the Property, as well as any payments required pursuant to a mortgage, deed of trust, financing statement, or any other loan agreement or debt instrument. Property Owner shall, promptly following receipt of a written request from the Authority or PACE Program Administrator, submit to the Authority and/or PACE Program Administrator evidence of such payments, discharges and bonds.

(e) Compliance with Law and Agreements. The Property Owner has complied with, and will continue to comply with, all Legal Requirements (as hereafter defined) and has obtained all requisite inspections, licenses, certificates, permits, consents, approvals and authorizations required in connection with the Property and construction and operation of the Improvements (collectively, the "Permits"). The Property Owner will use the proceeds of the Financing only for the purposes specified in the Recitals to this Agreement. The Property Owner will remain in good standing under the laws of the State of Delaware. The Property Owner, upon the request of the Authority or the PACE Program Administrator, shall deliver within fifteen (15) days, copies of all current permits, licenses and approvals to the Authority or the PACE Program Administrator. The Property Owner and its respective affiliates shall, at all times, be in full compliance with all applicable laws of OFAC and Sanctions. Property Owner covenants and agrees that in the event Property Owner receives any written notice that any beneficial owner or affiliate of Property Owner became the subject of Sanctions or is indicted, arraigned, or custodially detained on charges involving Sanctions, money laundering or predicate crimes to money laundering, Property Owner shall promptly notify PACE Program Administrator. As used herein, "Legal Requirements" shall mean all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Property or any part thereof, or the construction, use, alteration or operation thereof, or any part thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments of record, at any time in force affecting the Property or any part thereof, including, without limitation, any which may (i) require repairs, modifications or alterations in or to the Property or any part thereof, or (ii) in any way limit the use and enjoyment thereof.

(f) Site Visits. Property Owner grants the Authority and the PACE Program Administrator, their agents and representatives the right to enter and visit the Property at any reasonable time, after giving reasonable notice to Property Owner, for the purposes of observing the Improvements, subject to the rights of tenants under leases and residents under resident agreements. The Authority and the PACE Program Administrator, their agents and representatives will make reasonable efforts during any site visit to avoid interfering with Property Owner's use of the Property. Property Owner shall also allow Authority or the PACE Program Administrator to examine and copy records and other documents of Property Owner which relate to the Improvements. The Authority and the PACE Program

Administrator are under no duty to visit the Property, or observe any aspects of the Improvements, or examine any records, and the Authority and the PACE Program Administrator shall not incur any obligation or liability by reason of not making any such visit or examination. Any site visit, observation or examination by the Authority or the PACE Program Administrator shall be solely for the purposes of protecting the PACE Program Administrator and the Authority's rights under the Agreement.

(g) Notices. Property Owner shall promptly notify the Authority and the PACE Program Administrator in writing of any potential Insolvency Event and all pending or threatened (in writing) litigation or proceedings or other matters that would reasonably be likely to have a Material Adverse Effect. The Property Owner shall promptly notify the Authority and the PACE Program Administrator in writing of any Default or any event which with the passage of time would constitute a Default hereunder.

(h) Damage or Destruction. Property Owner shall promptly notify the Authority and the PACE Program Administrator if the Property is damaged or destroyed by fire, casualty, injury or any other cause (each such occurrence, a "Casualty"). The PACE Program Administrator shall have no obligation to make additional disbursements upon the occurrence of a Casualty. Upon the occurrence of such Casualty, the insurance proceeds will be applied to repayment of the total outstanding balance of the Assessment plus any applicable fees, unless the Authority and the PACE Program Administrator agree in their commercially reasonable discretion to the application of the insurance proceeds to the restoration of the Property. In the event restoration of the Property is permitted, Property Owner shall immediately proceed with the restoration thereof in accordance with the Plans. If, in the Authority and PACE Program Administrator's commercially reasonable judgment, said insurance proceeds are insufficient to complete the restoration, Property Owner shall deposit with the PACE Program Administrator or Mortgage Holder (if the Loan (as hereafter defined) is outstanding) an amount necessary, in the Authority and PACE Program Administrator's sole judgment, to complete the restoration in accordance with the Plans. For so long as the Loan Agreement (as hereafter defined) is in effect, (a) as between PACE Program Administrator and Mortgage Holder, the provisions of the Intercreditor Agreement by and between PACE Program Administrator and Mortgage Holder (the "Intercreditor Agreement") with respect to the application of insurance proceeds and restoration following a Casualty shall apply and (b) as to Property Owner's right to receive insurance proceeds following a Casualty and its right or obligation to restore the Property, the provisions of the Loan Agreement will supersede and control over the three immediately preceding sentences of this Section 10(h). "Loan" shall mean that certain mortgage loan in the original principal amount of up to \$[Amount] from _____ (together with its successors and assigns, "Mortgage Holder") to Property Owner pursuant to that certain Loan Agreement dated as of the Effective Date (the "Loan Agreement").

(i) Changes to Ownership. Property Owner shall not sell, transfer or convey ownership of the Property without (a) prior written notice to the Authority and the PACE Program Administrator, and (b) execution by the transferee of the Property of an assignment of the Transaction Documents in the form and substance reasonably acceptable to the Authority and the PACE Program Administrator, and (c) delivery by the transferee of the Property of a completed ultimate beneficial ownership declaration in form and substance reasonably acceptable to PACE Program Administrator. Notwithstanding the foregoing or anything contained herein to the contrary, the Property Owner shall not sell, transfer, or convey the Property to any Governmental Authority nor remove the Improvements from the Property at any time (other than in connection with a repair, replacement, or restoration following a Casualty or Condemnation). Any violation of the foregoing contained in this Section 10(i) shall be a default of this Agreement. Upon a default under this Section 10(i), Property Owner shall, within fifteen (15) days of receipt of written demand from Authority or PACE Program Administrator, pay to Authority or PACE Program Administrator an amount necessary to prepay the Financing in full. Funds paid to Authority or PACE Program Administrator shall be applied in the following order: (a) to any due and owing expenses and indemnities under the Transaction Documents, (b) to any accrued and unpaid interest then due under the Transaction Documents, (c) to any Prepayment Premiums in accordance with the schedule set forth in Exhibit F, and (d) to the outstanding balance of the Financing. The Property Owner hereby covenants and agrees to use the proceeds received from any sale, transfer or conveyance of ownership in the Property in violation of this Section 10(i) to satisfy its prepayment obligations hereunder.

(j) Omitted.

(k) Insurance. Until the Financing is paid in full, the Property Owner shall obtain and maintain, or caused to be maintained, for the benefit of the PACE Program Administrator, insurance policies issued by such insurance companies authorized to do business in the state and having a claims paying ability rating of at least "A-" by S&P, or "A-, VIII" by AM

Best, or "A3" by Moody's, in such amounts, in such form and substance, as reasonably acceptable to the PACE Program Administrator, providing the following types of insurance covering the Property and Property Owner, such policies to (i) provide that the insurer shall give the PACE Program Administrator at least thirty (30) days written notice of cancellation or termination, except ten (10) days for non-payment of premium, and (ii) name PACE Program Administrator, the Authority and their successors and other assigns as their interests may appear as an additional insured or as a lender's loss payable (as applicable); the Required Business Interruption Insurance Coverage, the Required Property Insurance Coverage, the Required Public Liability Insurance Coverage, and the Required Flood Insurance Coverage (if any) (collectively, the "Required Insurance"), each as defined below:

i. "Required Builder's Risk Insurance Coverage" means, beginning no later than the commencement of construction activity on the Property, to the extent applicable, and continuing through the completion date of the Project, insurance coverage maintained with generally recognized, responsible insurance companies qualified to do business in the State of California in the minimum amount 100% of the replacement value of the Project and Property, insuring the Project against loss or damage during construction, per the requirements within sections 10(k)(ii) and (iii) herein, on a replacement cost basis, containing loss deductible provisions not to exceed \$[].

ii. "Required Business Interruption Insurance Coverage" means, at all times after completion of construction of the Project, business interruption and rent loss insurance maintained with generally recognized, responsible insurance companies qualified to do business in the State of California covering lost income and ongoing expenses (e.g., payroll, rent, taxes, and other operating costs) for the maximum restoration period (not less than 12 months).

iii. "Required Flood Insurance Coverage" means, as applicable, if the Property or any part of the Property is identified by the Federal Emergency Management Agency as being situated in an area now or subsequently designated as having special flood hazards (including, without limitation, those areas designated as Zone A or Zone V), flood insurance in an amount equal to: (x) the unpaid balance of the Assessment (if replacement cost coverage is not available for the type of building insured); or (y) if permitted by the PACE Program Administrator, such lesser amount as may be required by the PACE Program Administrator (but in no event less than \$500,000), and containing a loss deductible not in excess of \$100,000 per occurrence.

iv. "Required Property Insurance Coverage" means at any time insurance coverage evidenced on Acord 28 and maintained with generally recognized, responsible insurance companies qualified to do business in the State of California in the amount of the full replacement value of the Approved Project and Property, insuring the Property against loss or damage by fire, windstorm, tornado, hail, named storm, and equipment breakdown extended coverage risks on a comprehensive all risk/special form insurance policy and containing loss deductible provisions not in excess of \$25,000 per occurrence.

v. "Required Public Liability Insurance Coverage" means at any time commercial general and excess/umbrella liability insurance coverage evidenced on Acord 25 and maintained with generally recognized, responsible insurance companies qualified to do business in the State of California with coverage limits in the minimum amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate for death or bodily injury and property damage liability and including acts of terrorism as well as "Dram Shop" or other liquor liability coverage if alcoholic beverages are sold, manufactured or distributed from the Property, with loss deductible provisions not in excess of \$50,000 per occurrence. Such coverage applicable for the construction operations at the Property must include completed operations coverage for a period no less than the statute of repose or limitations in the State of California.

(l) Condemnation. If the Improvements or the Property or any part thereof are taken temporarily or permanently by any Governmental Authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof (a "Condemnation"), or are subject to an imminent threat in writing of Condemnation, the PACE Program Administrator's obligation to make further disbursements hereunder shall immediately terminate unless, in the Authority and the PACE Program Administrator's sole but reasonable judgment (taking into account Property Owner's rights to replace and restore under its mortgage loan documents), the Property and the Improvements can be replaced and restored in a manner which will enable the Improvements to be functionally and economically utilized and occupied as originally

intended. If the Authority and the PACE Program Administrator so decide that the Improvements can be so restored, then the rights and obligations of the PACE Program Administrator, the Authority and the Property Owner subsequent to a taking by Condemnation or imminent threat thereof and the disbursement of any Condemnation proceeds actually paid to the Authority and undisbursed funds hereunder, shall be the same as described in Section 10(h) hereof with regard to insurance proceeds. For so long as the Loan Agreement is in effect, (a) as between PACE Program Administrator and Mortgage Holder, the provisions of the Intercreditor Agreement shall apply with respect to the application of condemnation proceeds and restoration following a Condemnation and (b) as to Property Owner's right to receive condemnation proceeds and its right or obligation to restore the Property following a Condemnation, the provisions of the Loan Agreement will supersede and control over the immediately preceding sentence of this Section 10(l).

(m) Indemnification.

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

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

ii. If for any reason the indemnification provided in this Section 10(m) is unavailable to any Indemnified Person or is insufficient to hold an Indemnified Person harmless, even though such Indemnified Person is entitled to indemnification under the express terms thereof, the Property Owner shall contribute to the amount paid or payable by such Indemnified Person as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of such Indemnified Person on the one hand and Property Owner on the other hand, and any other relevant equitable considerations.

iii. An Indemnified Person may at any time send Property Owner a notice showing in reasonable detail the basis for and calculation of Indemnified Amounts, and Property Owner shall pay such Indemnified Amounts to such Indemnified Person within fifteen (15) days after Property Owner receives such notice. The obligations of Property Owner under this Section 10(m) shall apply to assignees and survive the termination of this Agreement.

iv. Neither the Authority nor the PACE Program Administrator shall have any liability to the Property Owner or any other Person on account of (i) the Property Owner engaging a contractor from the list of contractors submitted by the Authority or the PACE Program Administrator to the Property Owner, (ii) the services performed by the Contractor, or (iii) any neglect or failure on the part of the Contractor to perform or properly perform its services. Neither the Authority nor the PACE Program Administrator assumes any obligation of the Property Owner concerning Contractor, the quality of construction of the Improvements or the absence thereof of defects. The authorization by the Authority of an Advance shall not constitute the Authority's approval or acceptance of the construction theretofore completed. The Authority and/or PACE Program Administrator's inspection and approval of the Budget, the construction work, the Improvements, or the workmanship and materials used therein, shall impose no liability of any kind on the Authority or the PACE Program Administrator, the sole obligation of the Authority and/or PACE Program Administrator as the result of such inspection and approval being to authorize the Advances if, and to the extent, required by this Agreement. Any disbursement authorized by the Authority and/or PACE Program Administrator without the Authority and/or PACE Program Administrator having received each of the items to which it is entitled under this Agreement shall not constitute breach or modification of this Agreement, nor shall any written amendment to this Agreement be required as a result thereof.

(n) Change of Control. Prior to completion of the Improvements, Property Owner shall not, without PACE Program Administrator's prior written consent, which may be withheld in its sole discretion, sell, transfer or convey its interest in the Property or the Improvements, or permit a Change of Control (collectively, a "Transfer"). "Change of Control", as used herein, means a change in ownership of Property Owner such that the Principals, or any entity or entities directly or indirectly controlled by the Principals lacks the power to control or direct or cause the direction of the management and policies of Property Owner, whether through the ownership of ownership interests in such entity, by contract or otherwise. "Principals" as used herein shall mean [_____]. Any Change of Control made in violation of this Section 10(n) shall be a default of this Agreement. Upon a default under this Section 10(n), Property Owner shall, within thirty (30) days of such Transfer, pay to PACE Program Administrator all outstanding amounts

pursuant to the Assessment in full, including any prepayment penalties set forth in Section 6 of this Agreement upon Property Owner's receipt of written demand accompanied by a reasonable accounting of the amounts owed.

(o) Additional Assessments. Property Owner covenants that it will not consent to the levying of any additional assessments pursuant to Chapter 29 (and "Additional Assessment") without first obtaining the written consent of the Authority and the PACE Program Administrator. Any violation of the foregoing contained in this Section 10(o) shall be a default of this Agreement. Upon a default under this Section 10(o), Property Owner shall, within fifteen (15) days of receipt of written demand from PACE Program Administrator, pay to PACE Program Administrator an amount necessary to prepay the Financing in full. Funds paid to PACE Program Administrator shall be applied in the following order: (i) to any due and owing expenses and indemnities under the Transaction Documents, (ii) to any accrued and unpaid interest then due under the Transaction Documents, (iii) to any Prepayment Premiums in accordance with the schedule set forth in Exhibit F, and (iv) to the outstanding balance of the Financing. The Property Owner hereby covenants and agrees to use the proceeds received from any Additional Assessments levied in violation of this Section 10(o) to satisfy its prepayment obligations hereunder.

(p) Environmental Matters. Property Owner will not engage on the Property (nor will it knowingly allow any tenants on the Property to engage) in operations that involve the growth, testing, production or distribution of marijuana, nor the generation, manufacture, refining, transportation, treatment, storage, disposal or handling of hazardous materials or hazardous wastes, as defined under 40 C.F.R. Parts 26-270 or any state equivalent, or any other federal, state or local environmental laws or regulations, except in strict compliance with all such laws and regulations. Property Owner covenants and agrees to comply in all material respects with all environmental laws and regulations. Property Owner shall promptly notify the Authority and PACE Program Administrator in writing of any letter or written request for information under Section 104 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 USC. § 9604) or any comparable state law.

(q) Payment of Costs and Expenses. Property Owner shall pay within fifteen (15) days of receipt of written demand all fees, costs and expenses of the Authority and PACE Program Administrator in connection with the preparation, execution, delivery and administration, modification, amendment and termination of this Agreement and the Transaction Documents (including, without limitation, any costs or fees actually and reasonably incurred associated with inspection of the Property and the reasonable fees and expenses of counsel). Property Owner shall pay when due all costs incurred by the Authority (including any agent) in connection with the removal of the Assessment Lien. Property Owner acknowledges that PACE Program Administrator shall have the right to deduct such inspection fees or costs from the related Advance.

(r) Mortgage Liens. Property Owner covenants that it will not further encumber the Property with any mortgages, deeds of trust, or financing statements (other than those in favor of Mortgage Holder pursuant to the Loan) prior to the recordation of the Notice of Assessment in the land records of the applicable County Recorder.

(s) ERISA.

a) Property Owner shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by PACE Program Administrator of any of its rights hereunder or under the other Transaction Documents) to be a non-exempt prohibited transaction under ERISA.

b) Property Owner further covenants and agrees to deliver to PACE Program Administrator such certifications or other evidence from time to time throughout the term of the Financing, as requested by PACE Program Administrator in its reasonable discretion, that (i) Property Owner is not an "employee benefit plan" as defined in Section 3(3) of ERISA, or other retirement arrangement, which is subject to Title I of ERISA or Section 4975 of the IRS Code, or a "governmental plan" within the meaning of Section 3(32) of ERISA; (ii) transactions with Property Owner hereunder or under the other Transaction Documents are not in violation of state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (iii) one or more of the following circumstances is true:

(i) Equity interests in Property Owner are publicly offered securities, within the meaning of 29 C.F.R. § 2510.3-101(b)(2);

(ii) Less than twenty-five percent (25%) of the value of each outstanding class of equity interests in Property Owner are held by “benefit plan investors” within the meaning of 29 C.F.R. § 2510.3-101(f)(2), as modified by Section 3(42) of ERISA; or

(iii) Property Owner qualifies as an “operating company” or a “real estate operating company” within the meaning of 29 C.F.R. § 2510.3-101(c) or (e) or an investment company registered under The Investment Company Act of 1940, as amended.

c) Property Owner shall not maintain, sponsor, contribute to or become obligated to contribute to any Regulatory Plan. Property Owner shall not (i) engage, and will exercise commercially reasonable efforts not to permit any of its ERISA Affiliates to engage, in any prohibited transaction (within the meaning of ERISA Section 406 or IRS Code Section 4975) for which an exemption is not available or has not previously been obtained from the United States Department of Labor, (ii) fail to meet the minimum funding standard set forth in Section 302(a) of ERISA and Section 412(a) of the IRS Code with respect to any Plan other than a Multiemployer Plan or (iii) without limiting the first sentence of this Section, fail to make any payments to a Multiemployer Plan that Property Owner or any ERISA Affiliate may be required to make under the agreement relating to such Multiemployer Plan or any law pertaining thereto. Property Owner shall notify the PACE Program Administrator promptly if it becomes aware that any of the foregoing clauses in this paragraph becomes untrue. “ERISA Affiliate” shall mean a group of entities that are under common control within the meaning of Section 414(c) of the IRS Code or, for purposes of Section 302 of ERISA and Section 412 of the IRS Code, an affiliated service group within the meaning of Section 414(m) of the IRS Code.

(t) Access to Adjacent Property. The Property Owner shall not, without the express written consent of PACE Program Administrator, in PACE Program Administrator’s sole discretion, consent to the termination or material modification of or terminate, waive or convey its rights to adjacent property, if any, which rights are reasonably necessary for the operation of the Property as intended as of the Effective Date (the “Adjacent Property”). To the extent the Property Owner owns the Adjacent Property, the Property Owner hereby covenants not to sell the Adjacent Property without simultaneously selling the Property to the same purchaser unless it first receives the express written consent of the PACE Program Administrator, which consent may be withheld in PACE Program Administrator’s sole discretion.

(u) Reporting. The Property Owner covenants and agrees to promptly furnish to PACE Program Administrator within thirty (30) days of receipt of written request (the “Reporting Deadline”), information regarding its business affairs and financial condition as well as such other information regarding the Property Owner (including nonfinancial information) and the Property as the PACE Program Administrator may reasonably request, in reasonable detail reasonably acceptable to PACE Program Administrator including, but not limited to, financial statements, rent rolls, property profit & loss statements, pro forma projections, and pre-leasing information; provided that, so long as the Loan Agreement is in effect, Property Owner’s delivery to PACE Program Administrator of the financial reporting required to be delivered to Mortgage Holder under the Loan Agreement will satisfy Property Owner’s obligations under this Section 10(u).

(v) Sale of Participation Interests. PACE Program Administrator shall have the unrestricted right at any time and from time to time, and without the consent of or notice of the Property Owner, to grant to one or more persons (each, a “Participant”) participating interests in PACE Program Administrator’s obligation to lend hereunder and/or any or all of the loans held by PACE Program Administrator hereunder. In the event of any such grant by PACE Program Administrator of a participating interest to a Participant, whether or not upon notice to Property Owner, PACE Program Administrator shall remain responsible for the performance of its obligations hereunder and Property Owner shall continue to deal solely and directly with PACE Program Administrator in connection with PACE Program Administrator’s rights and obligations hereunder.

(w) Zoning. The Property Owner shall not initiate or affirmatively consent to any zoning reclassification of any portion of the Property or use or permit the use of any portion of the Property in any manner that would reasonably be

likely to result in such use becoming a non-conforming use under any zoning ordinance or any other applicable law, without the prior written consent of the Authority or PACE Program Administrator, which consent shall not be unreasonably withheld.

(x) Books, Records and Accounts. The Property Owner will keep and maintain or will cause to be kept and maintained proper and accurate books, records and accounts reflecting all items of income and expense in connection with the ownership and operation of the Property or any part thereof including, but not limited to, any services, equipment or furnishings provided in connection therewith, and will make the same available to PACE Program Administrator in accordance with the immediately succeeding sentence. PACE Program Administrator or its designee shall have the right from time to time during normal business hours, upon reasonable prior written notice, to examine such books, records and accounts at the office of the Property Owner or other Person holding such books, records and accounts and to make such copies or extracts thereof as PACE Program Administrator shall desire.

(y) CFIUS. Property Owner shall (and shall cause each direct or indirect constituent owner that is controlled by or under common control with property Owner to) comply with any applicable obligation under the CFIUS Laws.

(z) Appraisals. PACE Program Administrator shall have the right to obtain a new or updated appraisal of the Property (and/or any portions thereof) from time to time. Property Owner shall cooperate with PACE Program Administrator in this

regard, provided, however, only if the appraisal is obtained at such time as an Event of Default exists shall Property Owner pay for any such appraisal upon PACE Program Administrator's request.

(aa) Integrity of the Property as a Single Parcel. The Property Owner shall not, without the express written consent of PACE Program Administrator, in PACE Program Administrator's sole discretion, impair by act or omission, the integrity of the Property as a single, separate, and subdivided lot separate and apart from all other property which is owned by Property Owner. The Property Owner shall not, (i) initiate or affirmatively consent to any change or modification to any procedure whereby any taxes are assessed or levied or charged to any portion of the Property, including the creation of any new tax parcel affecting the Property, or any portion thereof, or (ii) cause the Property, or any portion thereof, to be subdivided or converted to a condominium.

Section 11. Waivers, Acknowledgment and Agreement. Because this Agreement reflects the Property Owner's free and willing consent to pay the Assessment following a noticed public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article 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 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 and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority and the City 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 and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority or the City.

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 OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner's Initials: _____

The waivers, releases and agreements set forth in this Section 11 shall survive termination of this Agreement.

Section 12. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the Authority.

Section 13. PACE Loan Group, LLC. Application. The Property Owner hereby represents and warrants to the Authority that all information submitted to the Authority and/or the PACE Program Administrator in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in such information with respect to the Property and the Property Owner are true and correct as of the date hereof as if made on the date hereof.

Section 14. Events of Default and Remedies.

a) The occurrence of any of the following events and Property Owner's receipt of notice of such occurrence in accordance with Section 19 shall constitute a "Default" hereunder:

(i) Any of Property Owner's representations or warranties made to the Authority or the PACE Program Administrator in any of the Transaction Documents shall have been false or misleading in any material respect as of the date when made; ; provided that, if the failure of such representation or warranty to be true and correct in all material respects is inadvertent, is otherwise capable of cure, and would not result in a material adverse effect on the Property, Property Owner, or the Approved Project, then Property Owner will have thirty (30) days following written notice of such false statement from the PACE Program Administrator to cure such failure;

(ii) Any material breach by the Property Owner of any of the covenants in Section 10 or any other term of the Transaction Documents shall occur other than with respect to the payment of the Assessment, the Annual Administrative Fees, or other amount payable by Property Owner shall occur which breach continues for a period of thirty (30) days after notice of such failure by the PACE Program Administrator; provided, however, if Property Owner's breach is of the nature that it cannot be cured within thirty (30) days after such notice from the PACE Program Administrator but reasonably could be cured within ninety (90) days, as determined by the PACE Program Administrator in its sole discretion, then Property Owner will have additional time as determined by the PACE Program Administrator, not to exceed an additional sixty (60) days, in which to cure such default, provided that Property Owner has diligently commenced to cure such default during the initial thirty (30)-day cure period and diligently pursues the cure of such default);:

(iii) Failure to make any payment required under the Transaction Documents within five (5) days of when due;

(iv) An Insolvency Event occurred with respect to the Property Owner or the Property Owner becomes insolvent or unable to pay its debts as they mature and such has not been cured within thirty (30) days of the event;

(v) reserved;

(vi) Any encumbrance on any portion of the Property is created, other than current liens for real estate property taxes or special assessments, which encumbrance purports to have priority over the Assessment Lien; and

(vii) The existence of any liens for taxes past due with respect to the Property, or carrier's, warehousemen's, mechanics', materialmen's, repairmen's or other liens which have not been dismissed, escrowed (subject to the Authority's sole approval) or bonded for sixty (60) days after the filing or recording thereof.

b) During the continuance of a Default, the Authority may in addition to any other remedies which it may have pursuant to Section 4 hereof and state law, at its option and without prior demand or notice, take any of the following actions:

(i) The Authority may, in addition to any other remedies which it may have, at its option and without prior demand or notice, immediately cause the cancellation of any pending Advance (and the PACE Program Administrator shall have no obligation to make further Advances) and from time to time apply all or any part of any undisbursed funds to payment of amounts owing on the Assessment and/or to any other obligations of the Property Owner hereunder;

(ii) Exercise any other rights and remedies available to it hereunder or at law or in equity;

(iii) Except as otherwise expressly provided in this Agreement, no remedy provided for by this Agreement shall be exclusive of any other remedy, each and every remedy shall be cumulative and in addition to any other remedy, and no delay or omission to exercise any right or remedy shall impair any such right or remedy or shall be deemed to be a waiver of a Default;

(iv) Property Owner agrees to pay all costs of collection within fifteen (15) days of receipt of written demand from the PACE Program Administrator therefor (together with reasonable backup documentation), by the Authority, including but not limited to reasonable attorneys' fees and all related costs actually and reasonably incurred. If any suit or action is instituted to enforce this Agreement, Property Owner promises to pay, in addition to the costs and disbursements otherwise allowed by law, such sum as the court may adjudge reasonable attorneys' fees and costs in such suit or action to the Authority as the prevailing party;

(v) Should Property Owner fail to maintain the Required Insurance, PACE Program Administrator shall have the right but not the obligation to obtain such Required Insurance in amounts and limits sufficient to protect PACE Program Administrator and Authority (but in no greater amounts or limits than the Required Insurance), and Property Owner shall be obligated to pay PACE Program Administrator for the cost of such insurance; and

(vi) All remedies of the Authority provided for herein are cumulative.

c) Upon the occurrence of a Default, the PACE Program Administrator may, at its option and without prior demand or notice, take any of the following actions on its own behalf or on behalf of the owner(s) of any Improvement Bonds:

(i) Intentionally omitted.

(ii) Immediately cause the cancellation of any pending Advance and from time to time apply all or any part of any undisbursed funds to payment of amounts owing on the Financing and/or to any other obligations of the Property Owner hereunder;

(iii) Intentionally omitted;

(iv) Exercise any other rights and remedies available to it hereunder or at law or in equity;

(v) Except as otherwise expressly provided in this Agreement, no remedy provided for by this Agreement shall be exclusive of any other remedy, each and every remedy shall be cumulative and in addition to any other remedy, and no delay or omission to exercise any right or remedy shall impair any such right or remedy or shall be deemed to be a waiver of a Default;

(vi) Property Owner agrees to pay all actual and reasonable costs of collection incurred by the PACE Program Administrator or Authority within fifteen (15) days of receipt of written demand from the PACE Program Administrator therefor (together with reasonable backup documentation), including but not limited to reasonable attorneys' fees and all related costs actually and reasonably incurred. If any suit or action is instituted to enforce this Agreement, Property Owner promises to pay, in addition to the costs and disbursements otherwise allowed by law, such sum as the court may adjudge reasonable attorneys' fees and costs in such suit or action to the PACE Program Administrator or the Authority if the PACE Program Administrator or the Authority is the prevailing party; provided that if both the PACE Program Administrator and the Authority are involved in such suit or action, Property Owner will not be responsible for the payment of legal fees of more than one set of legal counsel.

(vii) Apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without regard for the adequacy of the security of the Assessment Lien and without regard for the solvency of Property Owner, any guarantor, or any indemnitor with respect to the Financing or any Person liable for the payment of the Financing; and

(viii) All remedies of the PACE Program Administrator provided for herein are cumulative.

(d) Preferences. PACE Program Administrator shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Property Owner to any portion of the obligations of Property Owner hereunder. To the extent Property Owner makes a payment or payments pursuant to the Transaction Documents, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any Creditor's Rights Laws, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received.

Section 15. Amendment. This Agreement may be modified only by the written agreement of the Authority and the Property Owner, and a copy of such amendment shall promptly be provided to any owner(s) of the Improvement Bonds. A modification of this Agreement shall be approved in writing by the owner(s) of any Improvement Bonds secured by the Assessment if the amendment will adversely impact the owner(s) of the Improvement Bonds.

Section 16. Binding Effect; Assignment. This Agreement inures to the benefit of and is binding upon the Authority, PACE Program Administrator and the Property Owner and their respective successors and assigns.

(a) 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. Any assignee shall be a party to this Agreement and shall have all of the rights and obligations of the Authority hereunder to the extent that such rights and obligations have been assigned by the Authority pursuant to the assignment documentation between the Authority and the assignee. The Authority may furnish any information concerning the Property Owner in its possession from time to time to prospective assignees.

(b) In no event shall Property Owner assign or transfer any portion of this Agreement or Property Owner's obligations under this Agreement without the prior express written consent of the Authority, which consent may be granted or withheld in the sole and absolute discretion of the Authority. Sale, transfer, or rental of the Property or any parcel thereof is not an assignment or transfer of this Agreement.

Section 17. Exhibits. The Exhibits to this Agreement are incorporated into this Agreement by this reference as if set forth in their entirety in this Agreement.

Section 18. Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable by any court of competent jurisdiction, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

Section 19. Notices. All notices or other communications hereunder shall be in writing, addressed as set forth below, and delivered by certified mail (return receipt requested, postage pre-paid), by hand, by nationally recognized overnight commercial courier service, or by e-mail with read-receipt confirmation of transmission (provided notice by other permitted means is sent contemporaneously). Notices which shall be served in the manner aforesaid shall be deemed to have been received for all purposes hereunder at the time such notice shall have been: (i) if hand delivered to a Party, on the date of actual delivery or refusal thereof; (ii) if given by nationally recognized overnight delivery service, on the next business day after the notice is deposited with the overnight delivery service; (iii) if given by certified mail, return receipt requested, postage prepaid, on the date of actual delivery or refusal thereof; or (iv) if given by e-mail on the earlier of the date when receipt of such electronic mail is acknowledged or upon receipt of the contemporaneous paper copy delivered as set forth in this provision. If notice is tendered under the terms of this Agreement and is refused by the intended recipient of the notice, the notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this Agreement. Notices and other communications shall be addressed as set forth below.

If to Authority: Western Riverside Council of Governments
1955 Chicago Avenue, Suite 200
Riverside, CA 92507
Attention: Executive Director
cdailey@wrcog.us

If to PACE Program Administrator: PACE Loan Group, LLC
[Address & Contact Information]

If to Property Owner: [Name of Administrator]
[Address & Contact Information]

Section 20. Corrective Instruments. The Authority and the Property Owner agree that they will, from time to time, at the request of PACE Program Administrator (i) promptly correct any defect, error or omission which may be discovered in the contents of any of the Transaction Documents or in the execution or acknowledgment thereof; and (ii) execute, acknowledge, deliver, or cause to be executed, acknowledged and delivered, record and/or file such further instruments and perform such further acts and provide such further assurances as may be necessary, in PACE Program Administrator's reasonable opinion, in order to carry out more effectively the purposes of the Transaction Documents.

Section 21. Governing Law; Venue. This Agreement is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Riverside, State of California; provided, however, actions to foreclose delinquent installments of the Assessment will be instituted in the superior court of the County or as otherwise required by law.

Section 22. Counterparts. This Agreement may be executed and delivered in original, via facsimile or email with PDF attachment, or other commercially acceptable electronic form, in any number of counterparts, each of which shall be deemed an original, and all of which shall together constitute but one and the same instrument, which instrument shall for all purposes be sufficiently evidenced by any such counterpart. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this agreement using an electronic signature, it is signing, adopting, and accepting this agreement and that signing this agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this agreement on paper, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 23. No Waiver; Amendments. No waiver of any default or breach by Property Owner hereunder shall be implied from any failure by the PACE Program Administrator or the Authority to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by Property Owner and the Authority. The Authority and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonable be required in order to carry out the expressed intention of this Agreement.

Section 24. Waiver of Jury Trial and Class Action. TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH PARTY WAIVES THE RIGHT TO LITIGATE IN COURT OR ARBITRATE ANY CLAIM OR DISPUTE AS A CLASS ACTION, EITHER AS A MEMBER OF A CLASS OR AS A REPRESENTATIVE, OR TO ACT AS A PRIVATE ATTORNEY GENERAL.

Section 25. Consultation with Counsel. Property Owner acknowledges that, in executing this Agreement, Property Owner has had the opportunity to seek the advice of independent legal counsel and has read and understood

all of the terms and provisions of this Agreement. This Agreement shall not be construed against the PACE Program Administrator or the Authority by reason of the drafting or preparation hereof.

Section 26. Privacy. The Authority or PACE Program Administrator may furnish any information concerning the Property Owner, the Property and the Improvements in its possession from time to time to prospective assignees and participants as well as rating agencies, third-party consultants, and counsel who have a need to know. Property Owner hereby permits the Authority and PACE Program Administrator to use the Property and the Improvements for marketing purposes, including the use of images and descriptors of the Property and Project in various media forums provided that Program Administrator must not disclose any economic or business terms with respect to the Property, the Project, or the Transaction Documents or any terms of the Loan or the Loan Documents. Property Owner hereby waives any claim of privacy with respect to such information.

Section 27. Interest Rate Limitation. In no event shall the amount of interest payable with respect to the outstanding principal balance of the Financing, together with all other charges which are required to be treated as interest under applicable laws, exceed the amount of interest allowable by such laws. Any change in the applicable laws or the maximum rate thereunder shall be effective as to the determination of the amount of allowable interest as of the effective date of such change. In the event that any sum is collected in excess of the applicable allowable rate, the excess amount collected shall be applied to reduce the principal balance of the Financing.

Section 28. Survival; Conditional Lien Granted. If Chapter 29, the 1915 Act or any material provision thereof or hereof is found by a court of competent jurisdiction to be illegal or otherwise unenforceable such that the Assessment, Assessment Lien and/or any of the Transaction Documents are not enforceable or otherwise not collectible in the manner set forth in Chapter 29 or the 1915 Act, then the rest of this Agreement shall be deemed to be a consensual lien against the Property granted by the Property Owner to secure the Assessment, together with all of the PACE Program Administrator and Authority's costs and expenses (including, without limitation, collection costs, court costs and reasonable attorneys' fees) to which the PACE Program Administrator is entitled under the Transaction Documents, which consensual lien may be foreclosed as a mortgage lien in the State of California.

Section 29. Further Assurances. Upon request of the Authority or PACE Program Administrator, the Property Owner will take any actions and execute any further documents as either the Authority or PACE Program Administrator reasonably deems necessary to carry out the purposes of this Agreement.

Section 30. California Public Records Act. Property Owner acknowledges that the Authority is a "local agency" for purposes of the California Public Records Act ("FOIA"), and therefore, any information received by the Authority pursuant to this Agreement will be considered public records and will be subject to disclosure under FOIA, except for information falling within one of the exemptions to disclosure. Property Owner acknowledges that it is Property Owner's responsibility to consult with the Authority should Property Owner wish to prevent the disclosure of any information related to this Agreement pursuant to a FOIA request.

Section 31. No Joint Venture. Property Owner, the Authority and PACE Program Administrator intend that the relationships created under this Agreement and the other Transaction Documents be solely that of a property owner, an authority conducting assessment proceedings, and capital provider. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between or among Property Owner, the Authority and PACE Program Administrator, nor to grant PACE Program Administrator any interest in the Property other than that of a capital provider.

Section 32. Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the transactions contemplated herein, superseding all oral statements and prior writings, and such understanding shall not be modified except in writing signed by or on behalf of the parties hereto.

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.

AUTHORITY:

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____

Its: _____

PROPERTY OWNER:

[Name and Type of Entity].

By: _____

Its: _____

ACKNOWLEDGED AND ACCEPTED BY:

PACE PROGRAM ADMINISTRATOR:

PACE Loan Group, LLC.

By: _____

Its: _____

[Signature page ___ of 3]

STATE OF _____)
_____) ss.
COUNTY OF _____)

On this the _____ day of _____, 20____, before me _____ the undersigned officer, personally appeared _____ of the company, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained and that she acknowledged the same to be his/her free act and deed, before me, in his/her capacity as said _____.

Notary Public
My Commission Expires:

EXHIBIT A
PROPERTY LEGAL DESCRIPTION

EXHIBIT B
IMPROVEMENTS

<u>IMPROVEMENT</u>	<u>AMOUNT</u>
	\$

EXHIBIT C

Annual ASSESSMENT SCHEDULE

*Annual Assessment Administrative Fees subject to change pursuant to Section 3(g) of the Agreement.

EXHIBIT D
PERMITTED ENCUMBRANCES

EXHIBIT E

PROPERTY OWNER'S AUTHORIZED REPRESENTATIVES

Authorized Representatives for Property Owner

The following individuals are authorized to provide instructions and directions to PACE Loan Group, LLC (“PLG”) and/or Western Riverside Council of Governments (“WRCOG”) on behalf of the Property Owner until such time as an updated list has been provided. The Property Owner may change, modify, or amend, the list of authorized individuals by providing five (5) days prior written notice to PACE Loan Group, LLC.. Instructions may be provided via electronic mail and are valid so long as one of the individuals below are copied thereto.

Name: _____ Name: _____

Title: _____ Title: _____

Email:

Phone:

Name: _____ Name: _____

Title: _____ Title: _____

Email: _____ Email: _____

Phone: _____ Phone: _____

EXHIBIT F

SCHEDULE OF PREPAYMENT PREMIUMS

The Assessment may not be prepaid, in whole or in part, without payment of a Prepayment Premium based on the following schedule:

[Pre-payment within ten years
of the Effective Date _____ 1%

Pre-payment after ten years
of the Effective Date _____ 0%]

Attachment

Assessment Contract Template for PLG

Agreement to Pay Assessment and Finance Improvements

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS WRCOG PACE PROGRAM AND CALIFORNIA PACE PROGRAM (PACE Loan Group, LLC. Commercial PACE Program)

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "**Agreement**") is made and entered into as of this ___ day of _____, 20__ (the "**Effective Date**") by and between the Western Riverside Council of Governments, a joint exercise of powers authority (the "**Authority**"), [Property Owner], a [Type of Entity], the record owner(s) (the "**Property Owner**") of the fee title to the real property, together with all improvements thereon, known as [Address], and more fully described in Exhibit A attached hereto and acknowledged and accepted by PACE Loan Group, LLC. ("**Name**" or the "**PACE Program Administrator**"), in its role as the Program administrator.

RECITALS

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

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

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

WHEREAS, the Authority executed an Administration Agreement with PACE Loan Group, LLC. to provide program administrative services to owners of commercial properties participating in the PACE Loan Group, LLC. Commercial PACE Program (the "**PACE Loan Group, LLC. Program**") of the Program, including but not limited to reviewing and approving application materials subject to the Program Report, including a project which has been or will be developed upon the Property (hereafter defined) (the "**Approved Project**"), processing all disbursement requests, including accepting disbursement request forms, reviewing submitted forms and attachments, and providing for the disbursement of funds for the Approved Project;

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

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

WHEREAS, the Property described in Section 2 below is located in the boundaries of the City and the City has consented to (i) owners of property within its jurisdiction (the "**Participating Property Owners**") participating in the Program and (ii) the Authority conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance the Authorized Improvements;

WHEREAS, the Property Owner has submitted application materials including a description of the Authorized Improvements that have been acquired, constructed on and/or installed on the Property and are to be financed pursuant to the PACE Loan Group, LLC. Program and the PACE Program Administrator has determined it is an Approved Project; and

WHEREAS, pursuant to Chapter 29, the Authority and the Property Owner wish to enter into a contract pursuant to which the Property Owner would agree to pay an assessment in order to finance the installation on the Property of the

Approved Project 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 on the Property.

Section 2. The Property. This Agreement relates to the property described in Exhibit A attached hereto (the “**Property**”). The Property Owner has supplied to the Authority current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Agreement as or on behalf of the Property Owner.

Section 3. Assessment and Lien.

(a) Pursuant to the terms of this Agreement, the Authority shall disburse funds, or cause funds to be disbursed, in one or more installments (each, an “**Advance**”) to or on behalf of the Property Owner in a principal amount not to exceed [Amount] (the “**Financing**”), of which \$[Amount] shall be for the actual cost of the design, approval, acquisition, construction, financing, and/or installation of the Improvements (the “**Project Cost**”), and of which \$[Amount] shall be for capitalized interest (the “**Capitalized Interest**”). On the Effective Date, Property Owner shall pay to PACE Program Administrator \$[Amount] for Authority and PACE Program Administrator fees and expenses (less the \$50,000.00 good faith deposit). If the actual cost of the Improvements exceeds the Project Cost, the Property Owner shall be solely responsible for the payment of such excess costs.

(b) Capitalized Interest is computed from _____, 20__ (“**Interest Start Date**”) to [September 2 or March 2], 20__ (“**First Interest Accrual Date**”) at the Interest Rate (as hereafter defined). Capitalized Interest is fully accrued and payable to the Authority on the Effective Date.

(c) Interest shall accrue on a simple interest basis on the outstanding principal balance of the Financing from the First Interest Accrual Date at [Interest Rate]% per annum (the “**Interest Rate**”) until all outstanding obligations under the Financing are paid in full. Interest shall be computed on the basis of a 360-day year of twelve 30-day calendar months. The Assessment Installments set forth in Exhibit C hereto are presented on a county tax year basis. Pursuant to Chapter 29 and the 1915 Act, interest is computed and collected up to the September 2 next succeeding the end of each tax year and no deduction is made by reason of any Assessment Installment being due or paid prior thereto in such tax year.

(d) The Property Owner agrees that upon the execution of this Agreement by the parties, the Property is subject to a voluntary contractual assessment levied against the Property pursuant to this Agreement, Chapter 29 and other applicable law in an amount equal to the Financing plus any administration fees, accrued interest and penalties thereon (the “**Assessment**”). Upon execution of this Agreement, the Authority will execute and cause to be recorded in the office of the County Recorder of the County within which the Property is located (the “**County**”) a Notice of Assessment and Payment of Contractual Assessment Required (the “**Notice of Assessment**”) as required pursuant to Chapter 29, together with a copy of this Agreement. The recordation of the Notice of Assessment will create a lien against the Property and shall be payable as specified on Exhibit C.

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

(f) The Property Owner hereby promises to pay the Assessment for a period of 30 years annually, in two installments (“**Installments**”) as permitted by the County tax collector, together with annual assessment administrative fees as defined in paragraph (g) below (collectively, “**Assessment Installment**”) on the due dates set forth in Exhibit C (the “**Assessment**”).

Schedule”). The Property Owner agrees to pay each Assessment Installment by its due date in order to avoid delinquencies and related penalties.

(g) The Property Owner hereby acknowledges that, pursuant to the 1915 Act, including Sections 8682(b) and 8682.1(a), the Authority may add amounts to an Installment each year in order to pay for the costs of collecting and administering the Assessment (the “**Annual Assessment Administrative Fees**”). The estimated Annual Assessment Administrative Fee shall not exceed \$500 in tax year commencing on July 1, 20___. The Annual Assessment Administrative Fee shall thereafter be adjusted by the greater of (a) any increases in the cost of administration of the Assessment, or (b) annually, commencing on July 1 of each subsequent tax year for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers applicable to the West Census Region. The PACE Program Administrator shall annually determine the amount of the Annual Assessment Administrative Fee.

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

Section 4. Collection of Assessment; Other Remedies.

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

(b) The Assessment Installments shall commence on [December or April]_____, 20__.

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

(d) The Property Owner acknowledges and understands that, no later than October 1st of each year, if the Property is delinquent in the payment of any Assessment Installment or any accrued interest and penalties thereon, the Property will be subject to the commencement of foreclosure proceedings. The Authority has the ability to commence, or cause to be commenced, judicial foreclosure proceedings against the Property, including collection actions preparatory to the filing of any complaint, but will file the complaint not later than sixty (60) days following the determination that the Property is delinquent in the payment of such Assessment Installments. Failure of such a complaint to be filed by such date shall not, however, invalidate any judicial foreclosure proceedings commenced after such date. The Property Owner acknowledges that the Authority shall have the delinquent Assessment Installment and its associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent Assessment Installments, associated penalties and interest, and all costs of suit, including attorneys’ fees. The Property Owner acknowledges that, if bonds are sold to finance the Improvements, the Authority may obligate itself, through a covenant with the owners of such bonds, to exercise its foreclosure rights with respect to delinquent Assessment Installments under specified circumstances. Additionally, if no action is taken by the Authority and the Property Owner remains delinquent on the payment of any Assessment Installment for a period of five (5) years, the County may commence foreclosure proceedings.

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

(a) The Authority hereby approves the disbursement of funds against the Financing subject to the provisions of this Section. The funds will be disbursed by the PACE Program Administrator on behalf of the Authority, pursuant to the terms of this Agreement and applied by Property Owner to pay for the Improvements. For the avoidance of doubt, the parties to this Agreement agree that the Improvements installed on the Property are intended to be permanently affixed to the Property and such improvements are therefore part of the Property.

(b) Notwithstanding anything to the contrary contained herein, the PACE Program Administrator's obligation to make an Advance of the Project Cost to Property Owner or its Contractor ("**Contractor**") shall be subject to the satisfaction of the following conditions precedent, in the PACE Program Administrator's sole discretion, or any such condition precedent is expressly waived in writing by the PACE Program Administrator:

- i) the Interest Start Date has occurred;
- ii) the Property Owner shall have furnished to the PACE Program Administrator an executed Guaranty of Payment (the "**Guaranty**") provided by _____ (the "**Guarantor**")
- iii) the Property Owner shall have provided to the PACE Program Administrator a payoff statement executed by the mortgage lender to be refinanced with the proceeds of the Financing and/or the Loan (as hereafter defined) as well as an executed release of such existing mortgage lender's security interest in the Property;
- iv) the Property Owner shall have provided to Lender executed copies of the Loan Agreement (as hereafter defined) and any other agreements executed in connection therewith; and
- v) the Property Owner shall have provided to PACE Program Administrator the written consent to the Assessment Lien of (i) Mortgage Holder (as hereafter defined) and (ii) any other existing mortgage holder to the Assessment, in form reasonably acceptable to PACE Program Administrator.
- vi) the Property Owner shall have provided copies of all Permits (as hereinafter defined) required by law to the PACE Program Administrator;
- vii) the PACE Program Administrator shall have determined that the representations of Property Owner contained in this Agreement are true and correct in all material respects, and no Default (as defined in Section 14 below) shall have occurred and be continuing hereunder;
- viii) reserved;
- ix) the Property Owner shall have submitted to the Authority and the PACE Program Administrator a request for the disbursement in form and substance reasonably satisfactory to the Authority and the PACE Program Administrator;
- x) the Property Owner shall have furnished to the PACE Program Administrator partial waivers and releases of liens (for labor, services or materials which have been performed and paid for or such lien waiver will be subject to payment) from the Contractor and all other contractors, subcontractors and suppliers performing labor, services or materials in connection with the Improvements in form and substance satisfactory to PACE Program Administrator;
- xi) the Property Owner has provided to the PACE Program Administrator evidence reasonably satisfactory to the PACE Program Administrator of the Required Insurance (as hereafter defined);

xii) the Property Owner shall have provided PACE Program Administrator and the Authority original, executed copies of this Agreement, any related certificates and such additional documents, as reasonably required by PACE Program Administrator and/or the Authority;

xiii) The PACE Program Administrator shall have received a title report reasonably satisfactory to PACE Program Administrator showing that the Property Owner is current in the payment of real property taxes and that there are no involuntary liens on the Property, including, but not limited to, construction liens but excluding: (i) the lien for real property taxes, special taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency; (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment; (iii) easements constituting servitudes upon or burdens the Property; (iv) water rights, the record title to which is held separately from the title to the Property; and (v) Permitted Encumbrances (as hereafter defined);

xiv) If requested by PACE Program Administrator, the Property Owner shall have furnished to PACE Program Administrator copies of all documentation relating to the Approved Project's hard and soft costs as may be reasonably acceptable to PACE Program Administrator including, but not limited to, any and all invoices, purchase orders, pictures and other evidence of the items paid or to be reimbursed;

xv) receipt by the PACE Program Administrator of the final unconditional Certificate of Occupancy for the Property and all improvements or a conditional Certificate of Occupancy which conditions are punch-list items only or other satisfactory evidence, in the PACE Program Administrator's sole discretion; and

xvi) receipt by the PACE Program Administrator of final waivers and releases of liens, in form and substance reasonably satisfactory to the PACE Program Administrator, from the Contractor and all other contractors, subcontractors and suppliers performing labor, services or materials in connection with the Property.

Section 6. Prepayment of the Assessment.

The outstanding principal balance of the Financing may be prepaid, in whole or in any amount of at least \$5,000, inclusive of all fees and expenses and any accrued and unpaid interest as of the date of prepayment, at any time upon the payment of a premium in an amount equal to a percentage of the amount of the principal to be prepaid as calculated pursuant to the processing fee and schedule of prepayment premiums set forth in Exhibit F hereto (the "**Prepayment Premium**"). In addition, prepayment costs may also include any applicable recorder's fees, trustee fees, bond interest (if bonds have been issued), administrative fees and other related charges incurred by the Authority in connection with the processing of the prepayment. Any refunds due as a result of a prepayment of the Financing may incur a delay which is dependent on the Authority's receipt of such amounts from the Treasurer-Tax Collector's office of the County.

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

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

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

(c) Property Owner shall not, without the express written consent of the Authority and the PACE Program Administrator, in their sole discretion, by act or omission, subdivide the Property, consolidate the Property with adjoining

Property, or otherwise impair the integrity of the Property as a single, separate, subdivided and zoned lot separate and apart from all other property which is owned by Property Owner. Property Owner hereby acknowledges that, in the event of a subdivision of the Property is approved by the Authority and PACE Program Administrator, no subdivision of the Property subject to this Agreement shall be valid unless an amendment to this Agreement divides the Assessment between the newly subdivided parcels pro rata to the special benefit realized by each subdivided parcel. Until the Financing has been repaid in full in accordance with the Transaction Documents the Property Owner shall not, without the prior written consent of PACE Program Administrator, sell, devise, assign or otherwise transfer all or any portion of the Property except in its entirety, and any such transfer of less than all of the Property shall be null and void. The Property Owner shall not pursue or permit (i) the creation of any new tax parcel affecting the property, or any portion thereof, or (ii) any subdivision or conversion to condominium of the Property, or any portion thereof.

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

Section 9. Representations and Warranties of Property Owner. Property Owner represents and warrants to the Authority and PACE Program Administrator as follows, which representations and warranties are true and correct as of the date of this Agreement:

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

(b) Authorization; Enforceable Obligations.

i. Property Owner has all necessary power and authority to own the Property, to conduct its business, to lease the Property as lessor, and to enter into the transactions contemplated hereby. This Agreement, and the execution, delivery and performance of this Agreement and all other documents executed by Property Owner in connection therewith or required thereby (collectively, the “**Transaction Documents**”) have been duly authorized, executed and delivered by Property Owner and constitute valid, legal and binding obligations of Property Owner, each enforceable in accordance with its respective terms (subject to creditors rights and principles of equity). The delivery and performance of the Transaction Documents does not conflict and is not inconsistent with, and will not result in the breach of or constitute a default or require any consent that has not already been obtained under any organizational documents, credit agreement, indenture, mortgage, purchase agreement, deed of trust, security agreement, guarantee or other material instrument to which the Property Owner is a party, by which the Property Owner is bound, or to which the Property Owner or its property is subject.

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

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

(c) No Legal Bar. The execution, delivery and performance of the Transaction Documents by the Property Owner, the financing hereunder and the use of the proceeds thereof do not violate any applicable law, the Property Owner’s organizational documents or any material agreement of the Property Owner.

(d) Financial Statements. All financial statements delivered to the Authority and the PACE Program Administrator are true and correct in all material respects, have been prepared in accordance with United States generally accepted accounting principles (or such alternate accounting method acceptable to the Authority) (with such variations therefrom as have been disclosed in writing by Property Owner to PACE Program Administrator) consistently applied, fairly represent the

financial condition of Property Owner as of the date thereof, and no change has occurred in the financial condition presented therein that would reasonably be expected to have a Material Adverse Effect which change has not been disclosed by Property Owner to PACE Program Administrator. As used herein, “**Material Adverse Effect**” shall mean any event or condition, whether affecting Property Owner or the Property, that has a material adverse effect on (i) the Property taken as a whole, (ii) the business, profits, operations or financial condition of Property Owner, taken as a whole, (iii) the ability of Property Owner to repay the principal and interest of the Financing as it becomes due or to perform and satisfy when due or required any of Property Owner’s other material obligations under any of the Transaction Documents (taking into consideration any applicable grace, notice and cure periods), (iv) the enforceability or validity of any Transaction Document or the perfection or priority of the Assessment Lien, (v) the rights, interests and remedies of the Authority or Program Administrator under the Transaction Documents, or (vi) the ability of Property Owner to own the Property and to operate the Property as intended as of the Effective Date under applicable laws.

(e) No Litigation. There are no actions, suits, claims or proceedings pending, or to the knowledge of Property Owner threatened in writing, against it or the Property which would reasonably be likely to materially adversely affect Property Owner, (including its financial condition), the Property, or the construction of the Project. The Property Owner is not subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any Governmental Authority. As used herein, “**Governmental Authority**” shall mean any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental or judicial authority, body, agency, bureau or entity (including any zoning authority, the Federal Deposit Insurance Corporation, any central bank or any comparable authority) or any arbitrator with authority to bind the party at law.

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

(g) Marijuana and Environmental Matters. Property Owner does and will not engage (nor does it knowingly allow any tenants of the Property to engage) in operations that involve the growth, testing, production or distribution of marijuana, nor the generation, manufacture, refining, transportation, treatment, storage or handling of hazardous materials or hazardous wastes, as defined under 40 C.F.R. Parts 260-270 or any state equivalent or any other federal, state or local environmental laws or regulations, except in strict compliance with all such laws and regulations. Except as disclosed in that certain [List] (the _____), and, to Property Owner’s knowledge, (i) the Property has not been so used previously; (ii) there are no underground storage tanks located on the Property; (iii) there is no present and to Property Owner’s knowledge there has been no past, non-compliance with environmental laws, or with permits issued pursuant thereto, in connection with the Property, which has not been fully remediated in accordance with environmental laws; (iv) there is no environmental remediation required (or anticipated to be required) with respect to the Property; (v) Property Owner does not know of, and has not received, any written notice or other written communication from any firms, associations, partnerships (including without limitation, general and limited partnerships), limited liability companies, joint ventures, societies, estates, trusts, corporations, Governmental Authorities, other legal entities, or natural persons (each a “**Person**”) relating to hazardous substances or remediation thereof, of possible liability of Property Owner of any person pursuant to any environmental law, other environmental condition in connection with the Property, or any actual or potential administrative or judicial proceedings in connection with the foregoing; and (vi) Property Owner has not received any letter or written request for information under Section 104 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 USC. § 9604) or any comparable state law.

(h) No Default. No foreclosure action is currently threatened or has been commenced with respect to the Property. Property Owner is not currently in default on any mortgage or deed of trust loan(s), financing statements, or other debt instruments secured by the Property.

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

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

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

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

(m) Insolvency Event. No Insolvency Event has occurred or is continuing with respect to the Property Owner. Property Owner is not aware of any circumstances or conditions with respect to the Property Owner, its properties, the Project, the Property, the Financing, the Assessment or the Assessment Lien that would reasonably be expected to have a Material Adverse Effect. For purposes hereunder, (i) "**Insolvency Event**" shall mean the occurrence of any one or more of the following: (a) Property Owner files a voluntary petition under the Bankruptcy Code or any other Creditor's Rights Laws; (b) Property Owner colludes with or otherwise assists in the filing of, files, or joins in the filing of, an involuntary petition against Property Owner under the Bankruptcy Code or any other Creditor's Rights Laws, or solicits or causes to be solicited petitioning creditors for any involuntary petition against Property Owner from any Person; (c) Property Owner files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against Property Owner by any other Person under the Bankruptcy Code or any other Creditor's Rights Laws; (d) Property Owner consents to or acquiesces in or joins in an application for the appointment of a custodian, receiver, trustee, or examiner for Property Owner or any portion of the Property (except to the extent requested (or otherwise supported) in writing by PACE Program Administrator); and (e) Property Owner makes an assignment for the benefit of creditors, or admits, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due, (ii) "**Bankruptcy Code**" shall mean Title 11 of the United States Code, 11U.S.C. Sec. 101, et seq., as the same may be amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors' rights or any other federal or state bankruptcy or insolvency law, and (iii) "**Creditor's Rights Laws**" shall mean with respect to any Person, any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors.

(n) Fraud. No fraud, error, omission, misrepresentation, or negligence with respect to the Property, Plans or Improvements has taken place on the part of the Property Owner or, to Property Owner's knowledge, any other person, including, without limitation, any appraiser, title company, closing or settlement agent, realtor, builder or developer or any other party involved in the Property, Plans or Improvements, that would materially impair in any way the rights of the Authority in the Property or Improvements or that violated applicable law.

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

(p) Authorized Representatives. The individuals whose names appear in the "Property Owner's Authorized Representatives", attached hereto as Exhibit E, are authorized representatives of the Property Owner on whose instructions and directions the PACE Program Administrator and the Authority may rely until such time as an updated list has been provided in writing.

(q) **Payment of Taxes.** All material tax returns and reports of Property Owner required to be filed have been timely filed or caused to be timely filed, and all material taxes shown on such tax returns to be due and payable and all other material taxes upon Property Owner and upon its properties, assets, income, businesses and franchises which are due and payable have been paid or caused to be duly and timely paid before delinquency.

(r) **Governmental Consents.** The execution, delivery and performance by Property Owner of the Transaction Documents related to the Assessment to which Property Owner is a party and the consummation of the transactions contemplated by Property Owner do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority, except pursuant to and in accordance with this Agreement.

(s) **Patriot Act and OFAC Regulations.** Property Owner hereby represents and warrants that neither Property Owner, nor to Property Owner's knowledge, any owner of a direct or indirect interest in Property Owner: (i) is a person who has been determined by competent authority to be subject to economic sanctions administered or enforced by the Office of Foreign Assets Control ("**OFAC**") of the Department of the Treasury, the Department of State, or other relevant sanctions authority or be subject to any sanctions covered by the European Union consolidated list of sanctions or any sanctions of the United Nations Security Council consolidated list ("**Sanctions**"); (ii) has been previously indicted for or convicted of, or pled guilty or no contest to, any felony or crimes under the USA PATRIOT Act or other applicable anti-money laundering laws and regulations, (iii) has been previously found to violate any Sanctions; (iv) fails to operate (or have operated) under policies, procedures and practices, if any, that are in compliance with the USA PATRIOT Act and other applicable anti-money laundering laws and regulations and Sanctions; (v) be (or have been) in receipt of any notice from OFAC, the Secretary of State or the Attorney General of the United States or any other department, agency or office of the United States, in each case, claiming a violation or possible violation of applicable anti-money laundering laws and regulations and/or Sanctions; (vi) be (or have been) the subject of Sanctions, including those listed as a "specially designated national" or as a "blocked" Person on any lists issued by OFAC and those owned or controlled by or acting for or on behalf of such "specially designated national" or "blocked" Person; (vii) be (or have been) a Person who has been determined by competent authority to be subject to any of the prohibitions contained in the USA PATRIOT Act; or (viii) be (or have been) owned or controlled by or be (or have been) acting for or on behalf of, in each case, any Person who has been determined to be subject to the prohibitions contained in the USA PATRIOT Act.

(t) **No Plan Assets.** As of the date hereof, (a) Property Owner is not and will not be an "employee benefit plan", as defined in Section 3(3) of ERISA, subject to Title I of ERISA, (b) Property Owner is not and will not be a "governmental plan" within the meaning of Section 3(32) of ERISA, (c) assuming that the assets used to fund the Financing do not constitute assets of a governmental plan, transactions by or with Property Owner hereunder or under the other Transaction Documents are not and will not be in violation of any state statute regulating investments of, or fiduciary obligations with respect to, governmental plans and (d) none of the assets of Property Owner constitute "plan assets" of one or more such plans described in clause (a) above within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA. Neither Property Owner nor any member of a "controlled group of corporations" (within the meaning of Section 414 of the IRS Code), maintains, sponsors or contributes to or otherwise has any obligation in respect of a "defined pension benefit plan" within the meaning of Section 3(35) of ERISA or a "multiemployer pension plan" ("**Multiemployer Plan**") within the meaning of Section 3(37)(A) of ERISA (collectively, "**Regulatory Plan**"). "**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as the same may heretofore have been or shall be amended, restated, replaced or otherwise modified.

(u) **Not a Foreign Person.** Property Owner (and if either is treated as a disregarded entity for U.S. federal income tax purposes, its regarded owner) is not a "foreign person" within the meaning of Section 1445(f)(3) of the IRS Code.

(v) **CFIUS.** Each of Property Owner, the Property and the acquisition thereof have complied with and are in compliance with CFIUS Laws. No non-U.S. government (including any state owned enterprises or sovereign wealth funds) owns any equity interests (direct or indirect) in Property Owner. Property Owner has not made any voluntary filings relating to CFIUS Laws and Property Owner is not required to make any mandatory filings relating to CFIUS Laws. "**CFIUS Laws**" shall mean the Defense Production Act of 1950, as amended (50 U.S.C. § 4565), the Foreign Investment Risk Review Modernization Act (Pub. L. No. 115-232, Title XVII, Subtitle A), all regulations promulgated pursuant to the foregoing, and all orders issued pursuant to such statutes and regulations.

Section 10. Covenants of Property Owner.

The Property Owner covenants and agrees as follows:

(a) Completion and Maintenance of the Improvements. The Property Owner shall commence construction of the Project and shall diligently proceed with construction in accordance with the approved Plans and Budget in a good, substantial and workmanlike manner in accordance with all applicable laws, ordinances, codes, rules and regulations. Construction of the Project shall be completed on or prior to the completion date set forth in the Construction Contract. If, in the Authority or PACE Program Administrator's opinion, after thirty (30) days' written notice to Property Owner, the construction is not proceeding with reasonable dispatch, the Authority or PACE Program Administrator may (i) request that Property Owner remove and replace the general contractor with a general contractor acceptable to the Authority or PACE Program Administrator, the failure of which by Property Owner shall be a default under this Agreement, (ii) utilize funds and continue construction of the Improvements and such funds shall be considered disbursements of the Financed Amount, and/or (iii) deny any disbursements of the Financed Amount until such time as the construction resumes proceeding with reasonable dispatch. The Property Owner covenants that it will not contest the amount or the validity of the Assessment Lien that is levied. Notwithstanding the foregoing, Property Owner's agreement in this Section 10(a) not to contest the amount and validity of the Assessment Lien is subject to and conditioned on such Assessment Lien complying with the terms of this Agreement and the other Transaction Documents.

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

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

(d) Payment of All Charges. The Property Owner shall pay before delinquency all taxes, assessments, water charges, sewer charges, and shall promptly discharge or bond off all liens for taxes past due with respect to the Property, carrier's, warehousemen's, mechanics', materialmen's, repairmen's or other liens and all other charges levied on or against the Property, as well as any payments required pursuant to a mortgage, deed of trust, financing statement, or any other loan agreement or debt instrument. Property Owner shall, promptly following receipt of a written request from the Authority or PACE Program Administrator, submit to the Authority and/or PACE Program Administrator evidence of such payments, discharges and bonds.

(e) Compliance with Law and Agreements. The Property Owner has complied with, and will continue to comply with, all Legal Requirements (as hereafter defined) and has obtained all requisite inspections, licenses, certificates, permits, consents, approvals and authorizations required in connection with the Property and construction and operation of the Improvements (collectively, the "Permits"). The Property Owner will use the proceeds of the Financing only for the purposes specified in the Recitals to this Agreement. The Property Owner will remain in good standing under the laws of the State of Delaware. The Property Owner, upon the request of the Authority or the PACE Program Administrator, shall deliver within fifteen (15) days, copies of all current permits, licenses and approvals to the Authority or the PACE Program Administrator. The Property Owner and its respective affiliates shall, at all times, be in full compliance with all applicable laws of OFAC and Sanctions. Property Owner covenants and agrees that in the event Property Owner receives any written notice that any beneficial owner or affiliate of Property Owner became the subject of Sanctions or is indicted, arraigned, or custodially detained on charges involving Sanctions, money laundering or predicate crimes to money laundering, Property Owner shall promptly notify PACE Program Administrator. As used herein, "Legal Requirements" shall mean all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Property or any part thereof, or the construction, use, alteration or operation thereof, or any part thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and

regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments of record, at any time in force affecting the Property or any part thereof, including, without limitation, any which may (i) require repairs, modifications or alterations in or to the Property or any part thereof, or (ii) in any way limit the use and enjoyment thereof.

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

(g) Notices. Property Owner shall promptly notify the Authority and the PACE Program Administrator in writing of any potential Insolvency Event and all pending or threatened (in writing) litigation or proceedings or other matters that would reasonably be likely to have a Material Adverse Effect. . The Property Owner shall promptly notify the Authority and the PACE Program Administrator in writing of any Default or any event which with the passage of time would constitute a Default hereunder.

(h) Damage or Destruction. Property Owner shall promptly notify the Authority and the PACE Program Administrator if the Property is damaged or destroyed by fire, casualty, injury or any other cause (each such occurrence, a "**Casualty**"). The PACE Program Administrator shall have no obligation to make additional disbursements upon the occurrence of a Casualty. Upon the occurrence of such Casualty, the insurance proceeds will be applied to repayment of the total outstanding balance of the Assessment plus any applicable fees, unless the Authority and the PACE Program Administrator agree in their commercially reasonable discretion to the application of the insurance proceeds to the restoration of the Property. In the event restoration of the Property is permitted, Property Owner shall immediately proceed with the restoration thereof in accordance with the Plans. If, in the Authority and PACE Program Administrator's commercially reasonable judgment, said insurance proceeds are insufficient to complete the restoration, Property Owner shall deposit with the PACE Program Administrator or Mortgage Holder (if the Loan (as hereafter defined) is outstanding) an amount necessary, in the Authority and PACE Program Administrator's sole judgment, to complete the restoration in accordance with the Plans. For so long as the Loan Agreement (as hereafter defined) is in effect, (a) as between PACE Program Administrator and Mortgage Holder, the provisions of the Intercreditor Agreement by and between PACE Program Administrator and Mortgage Holder (the "**Intercreditor Agreement**") with respect to the application of insurance proceeds and restoration following a Casualty shall apply and (b) as to Property Owner's right to receive insurance proceeds following a Casualty and its right or obligation to restore the Property, the provisions of the Loan Agreement will supersede and control over the three immediately preceding sentences of this Section 10(h). "**Loan**" shall mean that certain mortgage loan in the original principal amount of up to \$[Amount] from _____ (together with its successors and assigns, "**Mortgage Holder**") to Property Owner pursuant to that certain Loan Agreement dated as of the Effective Date (the "**Loan Agreement**").

(i) Changes to Ownership. Property Owner shall not sell, transfer or convey ownership of the Property without (a) prior written notice to the Authority and the PACE Program Administrator, and (b) execution by the transferee of the Property of an assignment of the Transaction Documents in the form and substance reasonably acceptable to the Authority and the PACE Program Administrator, and (c) delivery by the transferee of the Property of a completed ultimate beneficial ownership declaration in form and substance reasonably acceptable to PACE Program Administrator. Notwithstanding the foregoing or anything contained herein to the contrary, the Property Owner shall not sell, transfer, or convey the Property to any Governmental Authority nor remove the Improvements from the Property at any time (other than in connection with a repair, replacement, or restoration following a Casualty or Condemnation). Any violation of the foregoing contained in this Section 10(i) shall be a default of this Agreement. Upon a default under this Section 10(i), Property Owner shall, within fifteen (15) days of receipt of written demand from Authority or PACE Program Administrator, pay to Authority or PACE Program Administrator an amount necessary to prepay the Financing in full. Funds paid to Authority or PACE Program Administrator

shall be applied in the following order: (a) to any due and owing expenses and indemnities under the Transaction Documents, (b) to any accrued and unpaid interest then due under the Transaction Documents, (c) to any Prepayment Premiums in accordance with the schedule set forth in Exhibit F, and (d) to the outstanding balance of the Financing. The Property Owner hereby covenants and agrees to use the proceeds received from any sale, transfer or conveyance of ownership in the Property in violation of this Section 10(i) to satisfy its prepayment obligations hereunder.

(j) Omitted.

(k) Insurance. Until the Financing is paid in full, the Property Owner shall obtain and maintain, or caused to be maintained, for the benefit of the PACE Program Administrator, insurance policies issued by such insurance companies authorized to do business in the state and having a claims paying ability rating of at least "A-" by S&P, or "A-, VIII" by AM Best, or "A3" by Moody's, in such amounts, in such form and substance, as reasonably acceptable to the PACE Program Administrator, providing the following types of insurance covering the Property and Property Owner, such policies to (i) provide that the insurer shall give the PACE Program Administrator at least thirty (30) days written notice of cancellation or termination, except ten (10) days for non-payment of premium, and (ii) name PACE Program Administrator, the Authority and their successors and other assigns as their interests may appear as an additional insured or as a lender's loss payable (as applicable): the Required Business Interruption Insurance Coverage, the Required Property Insurance Coverage, the Required Public Liability Insurance Coverage, and the Required Flood Insurance Coverage (if any) (collectively, the "**Required Insurance**"), each as defined below:

i. "*Required Builder's Risk Insurance Coverage*" means, beginning no later than the commencement of construction activity on the Property, to the extent applicable, and continuing through the completion date of the Project, insurance coverage maintained with generally recognized, responsible insurance companies qualified to do business in the State of California in the minimum amount 100% of the replacement value of the Project and Property, insuring the Project against loss or damage during construction, per the requirements within sections 10(k)(ii) and (iii) herein, on a replacement cost basis, containing loss deductible provisions not to exceed \$[_____].

ii. "*Required Business Interruption Insurance Coverage*" means, at all times after completion of construction of the Project, business interruption and rent loss insurance maintained with generally recognized, responsible insurance companies qualified to do business in the State of California covering lost income and ongoing expenses (e.g., payroll, rent, taxes, and other operating costs) for the maximum restoration period (not less than 12 months).

iii. "*Required Flood Insurance Coverage*" means, as applicable, if the Property or any part of the Property is identified by the Federal Emergency Management Agency as being situated in an area now or subsequently designated as having special flood hazards (including, without limitation, those areas designated as Zone A or Zone V), flood insurance in an amount equal to: (x) the unpaid balance of the Assessment (if replacement cost coverage is not available for the type of building insured); or (y) if permitted by the PACE Program Administrator, such lesser amount as may be required by the PACE Program Administrator (but in no event less than \$500,000), and containing a loss deductible not in excess of \$100,000 per occurrence.

iv. "*Required Property Insurance Coverage*" means at any time insurance coverage evidenced on Acord 28 and maintained with generally recognized, responsible insurance companies qualified to do business in the State of California in the amount of the full replacement value of the Approved Project and Property, insuring the Property against loss or damage by fire, windstorm, tornado, hail, named storm, and equipment breakdown extended coverage risks on a comprehensive all risk/special form insurance policy and containing loss deductible provisions not in excess of \$25,000 per occurrence.

v. "*Required Public Liability Insurance Coverage*" means at any time commercial general and excess/umbrella liability insurance coverage evidenced on Acord 25 and maintained with generally recognized, responsible insurance companies qualified to do business in the State of California with coverage limits in the minimum amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate for death or bodily injury and property damage liability and including acts of terrorism as well as "Dram Shop" or other liquor liability coverage if alcoholic beverages are sold, manufactured or distributed from the Property, with loss deductible provisions not in

excess of \$50,000 per occurrence. Such coverage applicable for the construction operations at the Property must include completed operations coverage for a period no less than the statute of repose or limitations in the State of California.

(l) Condemnation. If the Improvements or the Property or any part thereof are taken temporarily or permanently by any Governmental Authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof (a “**Condemnation**”), or are subject to an imminent threat in writing of Condemnation, the PACE Program Administrator’s obligation to make further disbursements hereunder shall immediately terminate unless, in the Authority and the PACE Program Administrator’s sole but reasonable judgment (taking into account Property Owner’s rights to replace and restore under its mortgage loan documents), the Property and the Improvements can be replaced and restored in a manner which will enable the Improvements to be functionally and economically utilized and occupied as originally intended. If the Authority and the PACE Program Administrator so decide that the Improvements can be so restored, then the rights and obligations of the PACE Program Administrator, the Authority and the Property Owner subsequent to a taking by Condemnation or imminent threat thereof and the disbursement of any Condemnation proceeds actually paid to the Authority and undisbursed funds hereunder, shall be the same as described in Section 10(h) hereof with regard to insurance proceeds. For so long as the Loan Agreement is in effect, (a) as between PACE Program Administrator and Mortgage Holder, the provisions of the Intercreditor Agreement shall apply with respect to the application of condemnation proceeds and restoration following a Condemnation and (b) as to Property Owner’s right to receive condemnation proceeds and its right or obligation to restore the Property following a Condemnation, the provisions of the Loan Agreement will supersede and control over the immediately preceding sentence of this Section 10(l).

(m) Indemnification.

i. Without limitation of any other obligation or liability of the Property Owner or any right or remedy of the Authority contained herein, the Property Owner agrees to indemnify, defend and hold harmless the Authority and PACE Program Administrator, as well as each of the respective directors, officers, employees, agents, subsidiaries and affiliates, and the successors and assigns of the foregoing (each, an “**Indemnified Person**”), from and against all damages, losses, settlement payments, obligations, liabilities, claims, suits, penalties, fines, assessments, citations, directives, demands, judgments, actions or causes of action, whether statutorily created or under the common law, including all costs and expenses (including, without limitation, reasonable fees and disbursements of attorneys, engineers and consultants) and all other liabilities whatsoever (including, without limitation, liabilities under any applicable environmental laws, regulations or rules) which shall at any time or times be incurred, suffered, sustained or required to be paid by any such indemnified Person (except any of the foregoing to the extent it results from the gross negligence or willful misconduct of the indemnified Person) (collectively, the “**Indemnified Amounts**”) on account of or in relation to or in any way in connection with (i) any of the arrangements or transactions contemplated by, associated with or ancillary to this Agreement, or any other Transaction Documents, all as the same may be amended from time to time, or any action taken or omitted to be taken by any Indemnified Person in connection with or under any of the foregoing, whether or not all or part of the transactions contemplated by, associated with or ancillary to this Agreement or any such other Transaction Documents are ultimately consummated, (ii) any violation or alleged violation of, non-compliance with or liability under any requirements of law or regulation in connection with the Financing, the Property, or the Project, (iii) ownership of, liens on, security interests in or the exercise of rights or remedies under any of the Transaction Documents, (iv) any taxes attributable to the execution, delivery, filing or recording of any of the Transaction Documents or any memorandum of any of the foregoing, (v) any lien or claim arising on or against the Property under any requirements of law or any liability asserted against any Person with respect thereto, (vi) (1) a past, present or future violation or alleged violation of any environmental laws in connection with the Property by any Person or other source, whether related or unrelated to Property Owner, (2) any presence of any hazardous, toxic or harmful substances, materials, wastes, pollutants or contaminants defined as such in or regulated under any environmental law (“**Materials of Environmental Concern**”) in, on, within, above, under, near, affecting or emanating from the Property, (3) the failure to timely perform any investigation, inspection, site monitoring, containment, clean-up, removal, response, corrective action, mitigation, restoration or other remedial work required under any environmental laws of any kind or nature because of, or in connection with, the current or future presence, suspected presence, Release (as hereafter defined) or threatened Release in or about the air, soil, ground water, surface water or soil vapor at, on, about, under or within all or any portion of the Property of

any Materials of Environmental Concern, including any action to comply with any applicable environmental laws or directives of any Governmental Authority with regard to any environmental Laws, (4) any past, present or future activity by any Person or other source, whether related or unrelated to Property Owner in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Property of any Materials of Environmental Concern at any time located in, under, on, above or affecting the Property, (5) any past, present or future actual generation, treatment, use, storage, transportation, manufacture, refinement, handling, production, removal, remediation, disposal, presence or migration of Materials of Environmental Concern on, about, under or within all or any portion of the Property (a "Release") (whether intentional or unintentional, direct or indirect, foreseeable or unforeseeable) to, from, on, within, in, under, near or affecting the Property by any Person or other source, whether related or unrelated to Property Owner, (6) the imposition, recording or filing or the threatened imposition, recording or filing of any lien on the Property with regard to, or as a result of, any Materials of Environmental Concern or pursuant to any environmental law, or (7) any misrepresentation or failure to perform any obligations pursuant to any Transaction Document relating to environmental matters, or (vii) Property Owner's conduct, activities, actions and/or inactions in connection with, relating to or arising out of any of the foregoing clauses of this Section 10(m), that, in each case, results from any conduct, act or failure to act by the Property Owner or its affiliates or related parties or the use or intended use of the proceeds of any disbursements made pursuant to this Agreement. To the extent that the undertaking to indemnify and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Property Owner shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all liabilities set forth in the preceding sentence incurred by any Indemnified Person. If an Indemnified Person becomes aware of any claim for indemnification under this Section 10(m)(i), such Indemnified Person will give Property Owner prompt written notice of such claim. In the case of an investigation, litigation or other proceeding to which the indemnification in this Section 10(m) applies, such indemnification shall be effective whether or not such investigation, litigation or proceeding is brought by Property Owner, an Indemnified Person or any other Person or any Indemnified Person is otherwise a party thereto and whether or not any transactions contemplated by this Agreement are entered into. In any investigation, proceeding or litigation, or the preparation therefor, an Indemnified Person shall select its own counsel and, in addition to the foregoing indemnity, the Property Owner agrees to pay promptly the reasonable fees and expenses of such counsel. In the event of the commencement of any such proceeding or litigation, the Property Owner shall be entitled to participate in such proceeding or litigation with counsel of its choice at its own expense, provided that such counsel shall be reasonably satisfactory to the Authority and PACE Program Administrator. This section shall survive the execution, delivery, performance and repayment of this Agreement, and the extinguishment of the Assessment Lien.

ii. If for any reason the indemnification provided in this Section 10(m) is unavailable to any Indemnified Person or is insufficient to hold an Indemnified Person harmless, even though such Indemnified Person is entitled to indemnification under the express terms thereof, the Property Owner shall contribute to the amount paid or payable by such Indemnified Person as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of such Indemnified Person on the one hand and Property Owner on the other hand, and any other relevant equitable considerations.

iii. An Indemnified Person may at any time send Property Owner a notice showing in reasonable detail the basis for and calculation of Indemnified Amounts, and Property Owner shall pay such Indemnified Amounts to such Indemnified Person within fifteen (15) days after Property Owner receives such notice. The obligations of Property Owner under this Section 10(m) shall apply to assignees and survive the termination of this Agreement.

iv. Neither the Authority nor the PACE Program Administrator shall have any liability to the Property Owner or any other Person on account of (i) the Property Owner engaging a contractor from the list of contractors submitted by the Authority or the PACE Program Administrator to the Property Owner, (ii) the services performed by the Contractor, or (iii) any neglect or failure on the part of the Contractor to perform or properly perform its services. Neither the Authority nor the PACE Program Administrator assumes any obligation of the Property Owner concerning Contractor, the quality of construction of the Improvements or the absence therefrom of defects. The authorization by the Authority of an Advance shall not constitute the Authority's approval or acceptance of the construction theretofore completed. The Authority and/or PACE Program Administrator's inspection and approval of the Budget, the construction work, the Improvements, or the workmanship and materials used therein, shall impose no liability

of any kind on the Authority or the PACE Program Administrator, the sole obligation of the Authority and/or PACE Program Administrator as the result of such inspection and approval being to authorize the Advances if, and to the extent, required by this Agreement. Any disbursement authorized by the Authority and/or PACE Program Administrator without the Authority and/or PACE Program Administrator having received each of the items to which it is entitled under this Agreement shall not constitute breach or modification of this Agreement, nor shall any written amendment to this Agreement be required as a result thereof.

(n) Change of Control. Prior to completion of the Improvements, Property Owner shall not, without PACE Program Administrator's prior written consent, which may be withheld in its sole discretion, sell, transfer or convey its interest in the Property or the Improvements, or permit a Change of Control (collectively, a "Transfer"). "Change of Control", as used herein, means a change in ownership of Property Owner such that the Principals, or any entity or entities directly or indirectly controlled by the Principals lacks the power to control or direct or cause the direction of the management and policies of Property Owner, whether through the ownership of ownership interests in such entity, by contract or otherwise. "Principals" as used herein shall mean [_____]. Any Change of Control made in violation of this Section 10(n) shall be a default of this Agreement. Upon a default under this Section 10(n), Property Owner shall, within thirty (30) days of such Transfer, pay to PACE Program Administrator all outstanding amounts pursuant to the Assessment in full, including any prepayment penalties set forth in Section 6 of this Agreement upon Property Owner's receipt of written demand accompanied by a reasonable accounting of the amounts owed..

(o) Additional Assessments. Property Owner covenants that it will not consent to the levying of any additional assessments pursuant to Chapter 29 (and "Additional Assessment") without first obtaining the written consent of the Authority and the PACE Program Administrator. Any violation of the foregoing contained in this Section 10(o) shall be a default of this Agreement. Upon a default under this Section 10(o), Property Owner shall, within fifteen (15) days of receipt of written demand from PACE Program Administrator, pay to PACE Program Administrator an amount necessary to prepay the Financing in full. Funds paid to PACE Program Administrator shall be applied in the following order: (i) to any due and owing expenses and indemnities under the Transaction Documents, (ii) to any accrued and unpaid interest then due under the Transaction Documents, (iii) to any Prepayment Premiums in accordance with the schedule set forth in Exhibit F, and (iv) to the outstanding balance of the Financing. The Property Owner hereby covenants and agrees to use the proceeds received from any Additional Assessments levied in violation of this Section 10(o) to satisfy its prepayment obligations hereunder.

(p) Environmental Matters. Property Owner will not engage on the Property (nor will it knowingly allow any tenants on the Property to engage) in operations that involve the growth, testing, production or distribution of marijuana, nor the generation, manufacture, refining, transportation, treatment, storage, disposal or handling of hazardous materials or hazardous wastes, as defined under 40 C.F.R. Parts 26-270 or any state equivalent, or any other federal, state or local environmental laws or regulations, except in strict compliance with all such laws and regulations. Property Owner covenants and agrees to comply in all material respects with all environmental laws and regulations. Property Owner shall promptly notify the Authority and PACE Program Administrator in writing of any letter or written request for information under Section 104 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 USC. § 9604) or any comparable state law.

(q) Payment of Costs and Expenses. Property Owner shall pay within fifteen (15) days of receipt of written demand all fees, costs and expenses of the Authority and PACE Program Administrator in connection with the preparation, execution, delivery and administration, modification, amendment and termination of this Agreement and the Transaction Documents (including, without limitation, any costs or fees actually and reasonably incurred associated with inspection of the Property and the reasonable fees and expenses of counsel). Property Owner shall pay when due all costs incurred by the Authority (including any agent) in connection with the removal of the Assessment Lien. Property Owner acknowledges that PACE Program Administrator shall have the right to deduct such inspection fees or costs from the related Advance.

(r) Mortgage Liens. Property Owner covenants that it will not further encumber the Property with any mortgages, deeds of trust, or financing statements (other than those in favor of Mortgage Holder pursuant to the Loan) prior to the recordation of the Notice of Assessment in the land records of the applicable County Recorder.

(s) ERISA.

a) Property Owner shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by PACE Program Administrator of any of its rights hereunder or under the other Transaction Documents) to be a non-exempt prohibited transaction under ERISA.

b) Property Owner further covenants and agrees to deliver to PACE Program Administrator such certifications or other evidence from time to time throughout the term of the Financing, as requested by PACE Program Administrator in its reasonable discretion, that (i) Property Owner is not an “employee benefit plan” as defined in Section 3(3) of ERISA, or other retirement arrangement, which is subject to Title I of ERISA or Section 4975 of the IRS Code, or a “governmental plan” within the meaning of Section 3(32) of ERISA; (ii) transactions with Property Owner hereunder or under the other Transaction Documents are not in violation of state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (iii) one or more of the following circumstances is true:

- (i) Equity interests in Property Owner are publicly offered securities, within the meaning of 29 C.F.R. § 2510.3-101(b)(2);
- (ii) Less than twenty-five percent (25%) of the value of each outstanding class of equity interests in Property Owner are held by “benefit plan investors” within the meaning of 29 C.F.R. § 2510.3-101(f)(2), as modified by Section 3(42) of ERISA; or
- (iii) Property Owner qualifies as an “operating company” or a “real estate operating company” within the meaning of 29 C.F.R. § 2510.3-101(c) or (e) or an investment company registered under The Investment Company Act of 1940, as amended.

c) Property Owner shall not maintain, sponsor, contribute to or become obligated to contribute to any Regulatory Plan. Property Owner shall not (i) engage, and will exercise commercially reasonable efforts not to permit any of its ERISA Affiliates to engage, in any prohibited transaction (within the meaning of ERISA Section 406 or IRS Code Section 4975) for which an exemption is not available or has not previously been obtained from the United States Department of Labor, (ii) fail to meet the minimum funding standard set forth in Section 302(a) of ERISA and Section 412(a) of the IRS Code with respect to any Plan other than a Multiemployer Plan or (iii) without limiting the first sentence of this Section, fail to make any payments to a Multiemployer Plan that Property Owner or any ERISA Affiliate may be required to make under the agreement relating to such Multiemployer Plan or any law pertaining thereto. Property Owner shall notify the PACE Program Administrator promptly if it becomes aware that any of the foregoing clauses in this paragraph becomes untrue. “**ERISA Affiliate**” shall mean a group of entities that are under common control within the meaning of Section 414(c) of the IRS Code or, for purposes of Section 302 of ERISA and Section 412 of the IRS Code, an affiliated service group within the meaning of Section 414(m) of the IRS Code.

(t) Access to Adjacent Property. The Property Owner shall not, without the express written consent of PACE Program Administrator, in PACE Program Administrator’s sole discretion, consent to the termination or material modification of or terminate, waive or convey its rights to adjacent property, if any, which rights are reasonably necessary for the operation of the Property as intended as of the Effective Date (the “**Adjacent Property**”). To the extent the Property Owner owns the Adjacent Property, the Property Owner hereby covenants not to sell the Adjacent Property without simultaneously selling the Property to the same purchaser unless it first receives the express written consent of the PACE Program Administrator, which consent may be withheld in PACE Program Administrator’s sole discretion.

(u) Reporting. The Property Owner covenants and agrees to promptly furnish to PACE Program Administrator within thirty (30) days of receipt of written request (the “**Reporting Deadline**”), information regarding its business affairs and financial condition as well as such other information regarding the Property Owner (including nonfinancial information) and the Property as the PACE Program Administrator may reasonably request, in reasonable detail reasonably acceptable to PACE Program Administrator including, but not limited to, financial statements, rent rolls, property profit & loss statements, pro forma projections, and pre-leasing information; provided that, so long as the Loan Agreement is in effect, Property Owner’s delivery to PACE Program Administrator of the financial reporting required to be delivered to Mortgage Holder under the Loan Agreement will satisfy Property Owner’s obligations under this Section 10(u).

(v) Sale of Participation Interests. PACE Program Administrator shall have the unrestricted right at any time and from time to time, and without the consent of or notice of the Property Owner, to grant to one or more persons (each, a “**Participant**”) participating interests in PACE Program Administrator’s obligation to lend hereunder and/or any or all of the loans held by PACE Program Administrator hereunder. In the event of any such grant by PACE Program Administrator of a participating interest to a Participant, whether or not upon notice to Property Owner, PACE Program Administrator shall remain responsible for the performance of its obligations hereunder and Property Owner shall continue to deal solely and directly with PACE Program Administrator in connection with PACE Program Administrator’s rights and obligations hereunder.

(w) Zoning. The Property Owner shall not initiate or affirmatively consent to any zoning reclassification of any portion of the Property or use or permit the use of any portion of the Property in any manner that would reasonably be likely to result in such use becoming a non-conforming use under any zoning ordinance or any other applicable law, without the prior written consent of the Authority or PACE Program Administrator, which consent shall not be unreasonably withheld.

(x) Books, Records and Accounts. The Property Owner will keep and maintain or will cause to be kept and maintained proper and accurate books, records and accounts reflecting all items of income and expense in connection with the ownership and operation of the Property or any part thereof including, but not limited to, any services, equipment or furnishings provided in connection therewith, and will make the same available to PACE Program Administrator in accordance with the immediately succeeding sentence. PACE Program Administrator or its designee shall have the right from time to time during normal business hours, upon reasonable prior written notice, to examine such books, records and accounts at the office of the Property Owner or other Person holding such books, records and accounts and to make such copies or extracts thereof as PACE Program Administrator shall desire.

(y) CFIUS. Property Owner shall (and shall cause each direct or indirect constituent owner that is controlled by or under common control with property Owner to) comply with any applicable obligation under the CFIUS Laws.

(z) Appraisals. PACE Program Administrator shall have the right to obtain a new or updated appraisal of the Property (and/or any portions thereof) from time to time. Property Owner shall cooperate with PACE Program Administrator in this

regard, provided, however, only if the appraisal is obtained at such time as an Event of Default exists shall Property Owner pay for any such appraisal upon PACE Program Administrator’s request.

(aa) Integrity of the Property as a Single Parcel. The Property Owner shall not, without the express written consent of PACE Program Administrator, in PACE Program Administrator’s sole discretion, impair by act or omission, the integrity of the Property as a single, separate, and subdivided lot separate and apart from all other property which is owned by Property Owner. The Property Owner shall not, (i) initiate or affirmatively consent to any change or modification to any procedure whereby any taxes are assessed or levied or charged to any portion of the Property, including the creation of any new tax parcel affecting the Property, or any portion thereof, or (ii) cause the Property, or any portion thereof, to be subdivided or converted to a condominium.

Section 11. Waivers, Acknowledgment and Agreement. Because this Agreement reflects the Property Owner’s free and willing consent to pay the Assessment following a noticed public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article 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 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 and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority and the City 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 and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority or the City.

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 OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner's Initials: _____

The waivers, releases and agreements set forth in this Section 11 shall survive termination of this Agreement.

Section 12. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the Authority.

Section 13. PACE Loan Group, LLC. Application. The Property Owner hereby represents and warrants to the Authority that all information submitted to the Authority and/or the PACE Program Administrator in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in such information with respect to the Property and the Property Owner are true and correct as of the date hereof as if made on the date hereof.

Section 14. Events of Default and Remedies.

a) The occurrence of any of the following events and Property Owner's receipt of notice of such occurrence in accordance with Section 19 shall constitute a "Default" hereunder:

(i) Any of Property Owner's representations or warranties made to the Authority or the PACE Program Administrator in any of the Transaction Documents shall have been false or misleading in any material respect as of the date when made; ; provided that, if the failure of such representation or warranty to be true and correct in all material respects is inadvertent, is otherwise capable of cure, and would not result in a material adverse effect on the Property, Property Owner, or the Approved Project, then Property Owner will have thirty (30) days following written notice of such false statement from the PACE Program Administrator to cure such failure;

(ii) Any material breach by the Property Owner of any of the covenants in Section 10 or any other term of the Transaction Documents shall occur other than with respect to the payment of the Assessment, the Annual Administrative Fees, or other amount payable by Property Owner shall occur which breach continues for a period of thirty (30) days after notice of such failure by the PACE Program Administrator; provided, however, if Property Owner's breach is of the nature that it cannot be cured within thirty (30) days after such notice from the PACE Program Administrator but reasonably could be cured within ninety (90) days, as determined by the PACE Program Administrator in its sole discretion, then Property Owner will have additional time as determined by the PACE Program Administrator, not to exceed an additional sixty (60) days, in which to cure such default, provided that Property Owner has diligently commenced to cure such default during the initial thirty (30)-day cure period and diligently pursues the cure of such default);;

(iii) Failure to make any payment required under the Transaction Documents within five (5) days of when due;

(iv) An Insolvency Event occurred with respect to the Property Owner or the Property Owner becomes insolvent or unable to pay its debts as they mature and such has not been cured within thirty (30) days of the event;

(v) reserved;

(vi) Any encumbrance on any portion of the Property is created, other than current liens for real estate property taxes or special assessments, which encumbrance purports to have priority over the Assessment Lien; and

(vii) The existence of any liens for taxes past due with respect to the Property, or carrier's, warehousemen's, mechanics', materialmen's, repairmen's or other liens which have not been dismissed, escrowed (subject to the Authority's sole approval) or bonded for sixty (60) days after the filing or recording thereof.

b) During the continuance of a Default, the Authority may in addition to any other remedies which it may have pursuant to Section 4 hereof and state law, at its option and without prior demand or notice, take any of the following actions:

(i) The Authority may, in addition to any other remedies which it may have, at its option and without prior demand or notice, immediately cause the cancellation of any pending Advance (and the PACE Program Administrator shall have no obligation to make further Advances) and from time to time apply all or any part of any undisbursed

funds to payment of amounts owing on the Assessment and/or to any other obligations of the Property Owner hereunder;

(ii) Exercise any other rights and remedies available to it hereunder or at law or in equity;

(iii) Except as otherwise expressly provided in this Agreement, no remedy provided for by this Agreement shall be exclusive of any other remedy, each and every remedy shall be cumulative and in addition to any other remedy, and no delay or omission to exercise any right or remedy shall impair any such right or remedy or shall be deemed to be a waiver of a Default;

(iv) Property Owner agrees to pay all costs of collection within fifteen (15) days of receipt of written demand from the PACE Program Administrator therefor (together with reasonable backup documentation), by the Authority, including but not limited to reasonable attorneys' fees and all related costs actually and reasonably incurred. If any suit or action is instituted to enforce this Agreement, Property Owner promises to pay, in addition to the costs and disbursements otherwise allowed by law, such sum as the court may adjudge reasonable attorneys' fees and costs in such suit or action to the Authority as the prevailing party;

(v) Should Property Owner fail to maintain the Required Insurance, PACE Program Administrator shall have the right but not the obligation to obtain such Required Insurance in amounts and limits sufficient to protect PACE Program Administrator and Authority (but in no greater amounts or limits than the Required Insurance), and Property Owner shall be obligated to pay PACE Program Administrator for the cost of such insurance; and

(vi) All remedies of the Authority provided for herein are cumulative.

c) Upon the occurrence of a Default, the PACE Program Administrator may, at its option and without prior demand or notice, take any of the following actions on its own behalf or on behalf of the owner(s) of any Improvement Bonds:

(i) Intentionally omitted.

(ii) Immediately cause the cancellation of any pending Advance and from time to time apply all or any part of any undisbursed funds to payment of amounts owing on the Financing and/or to any other obligations of the Property Owner hereunder;

(iii) Intentionally omitted;

(iv) Exercise any other rights and remedies available to it hereunder or at law or in equity;

(v) Except as otherwise expressly provided in this Agreement, no remedy provided for by this Agreement shall be exclusive of any other remedy, each and every remedy shall be cumulative and in addition to any other remedy, and no delay or omission to exercise any right or remedy shall impair any such right or remedy or shall be deemed to be a waiver of a Default;

(vi) Property Owner agrees to pay all actual and reasonable costs of collection incurred by the PACE Program Administrator or Authority within fifteen (15) days of receipt of written demand from the PACE Program Administrator therefor (together with reasonable backup documentation), including but not limited to reasonable attorneys' fees and all related costs actually and reasonably incurred. If any suit or action is instituted to enforce this Agreement, Property Owner promises to pay, in addition to the costs and disbursements otherwise allowed by law, such sum as the court may adjudge reasonable attorneys' fees and costs in such suit or action to the PACE Program Administrator or the Authority if the PACE Program Administrator or the Authority is the prevailing party; provided that if both the PACE Program Administrator and the Authority are involved in such suit or action, Property Owner will not be responsible for the payment of legal fees of more than one set of legal counsel.

(vii) Apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without regard for the adequacy of the security of the Assessment Lien and without regard for the solvency of Property Owner,

any guarantor, or any indemnitor with respect to the Financing or any Person liable for the payment of the Financing;
and

(viii) All remedies of the PACE Program Administrator provided for herein are cumulative.

(d) Preferences. PACE Program Administrator shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Property Owner to any portion of the obligations of Property Owner hereunder. To the extent Property Owner makes a payment or payments pursuant to the Transaction Documents, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any Creditor's Rights Laws, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received.

Section 15. Amendment. This Agreement may be modified only by the written agreement of the Authority and the Property Owner, and a copy of such amendment shall promptly be provided to any owner(s) of the Improvement Bonds. A modification of this Agreement shall be approved in writing by the owner(s) of any Improvement Bonds secured by the Assessment if the amendment will adversely impact the owner(s) of the Improvement Bonds.

Section 16. Binding Effect; Assignment. This Agreement inures to the benefit of and is binding upon the Authority, PACE Program Administrator and the Property Owner and their respective successors and assigns.

(a) 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. Any assignee shall be a party to this Agreement and shall have all of the rights and obligations of the Authority hereunder to the extent that such rights and obligations have been assigned by the Authority pursuant to the assignment documentation between the Authority and the assignee. The Authority may furnish any information concerning the Property Owner in its possession from time to time to prospective assignees.

(b) In no event shall Property Owner assign or transfer any portion of this Agreement or Property Owner's obligations under this Agreement without the prior express written consent of the Authority, which consent may be granted or withheld in the sole and absolute discretion of the Authority. Sale, transfer, or rental of the Property or any parcel thereof is not an assignment or transfer of this Agreement.

Section 17. Exhibits. The Exhibits to this Agreement are incorporated into this Agreement by this reference as if set forth in their entirety in this Agreement.

Section 18. Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable by any court of competent jurisdiction, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

Section 19. Notices. All notices or other communications hereunder shall be in writing, addressed as set forth below, and delivered by certified mail (return receipt requested, postage pre-paid), by hand, by nationally recognized overnight commercial courier service, or by e-mail with read-receipt confirmation of transmission (provided notice by other permitted means is sent contemporaneously). Notices which shall be served in the manner aforesaid shall be deemed to have been received for all purposes hereunder at the time such notice shall have been: (i) if hand delivered to a Party, on the date of actual delivery or refusal thereof; (ii) if given by nationally recognized overnight delivery service, on the next business day after the notice is deposited with the overnight delivery service; (iii) if given by certified mail, return receipt requested, postage prepaid, on the date of actual delivery or refusal thereof; or (iv) if given by e-mail on the earlier of the date when receipt of such electronic mail is acknowledged or upon receipt of the contemporaneous paper copy delivered as

set forth in this provision. If notice is tendered under the terms of this Agreement and is refused by the intended recipient of the notice, the notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this Agreement. Notices and other communications shall be addressed as set forth below.

If to Authority:	Western Riverside Council of Governments 1955 Chicago Avenue, Suite 200 Riverside, CA 92507 Attention: Executive Director cdailey@wrcog.us
If to PACE Program Administrator:	PACE Loan Group, LLC. [Address & Contact Information]
If to Property Owner:	[Name of Administrator] [Address & Contact Information]

Section 20. Corrective Instruments. The Authority and the Property Owner agree that they will, from time to time, at the request of PACE Program Administrator (i) promptly correct any defect, error or omission which may be discovered in the contents of any of the Transaction Documents or in the execution or acknowledgment thereof; and (ii) execute, acknowledge, deliver, or cause to be executed, acknowledged and delivered, record and/or file such further instruments and perform such further acts and provide such further assurances as may be necessary, in PACE Program Administrator’s reasonable opinion, in order to carry out more effectively the purposes of the Transaction Documents.

Section 21. Governing Law; Venue. This Agreement is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Riverside, State of California; provided, however, actions to foreclose delinquent installments of the Assessment will be instituted in the superior court of the County or as otherwise required by law.

Section 22. Counterparts. This Agreement may be executed and delivered in original, via facsimile or email with PDF attachment, or other commercially acceptable electronic form, in any number of counterparts, each of which shall be deemed an original, and all of which shall together constitute but one and the same instrument, which instrument shall for all purposes be sufficiently evidenced by any such counterpart. Each party agrees, and acknowledges that it is such party’s intent, that if such party signs this agreement using an electronic signature, it is signing, adopting, and accepting this agreement and that signing this agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this agreement on paper, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 23. No Waiver; Amendments. No waiver of any default or breach by Property Owner hereunder shall be implied from any failure by the PACE Program Administrator or the Authority to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by Property Owner and the Authority. The Authority and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonable be required in order to carry out the expressed intention of this Agreement.

Section 24. Waiver of Jury Trial and Class Action. TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH PARTY WAIVES THE RIGHT TO

LITIGATE IN COURT OR ARBITRATE ANY CLAIM OR DISPUTE AS A CLASS ACTION, EITHER AS A MEMBER OF A CLASS OR AS A REPRESENTATIVE, OR TO ACT AS A PRIVATE ATTORNEY GENERAL.

Section 25. Consultation with Counsel. Property Owner acknowledges that, in executing this Agreement, Property Owner has had the opportunity to seek the advice of independent legal counsel and has read and understood all of the terms and provisions of this Agreement. This Agreement shall not be construed against the PACE Program Administrator or the Authority by reason of the drafting or preparation hereof.

Section 26. Privacy. The Authority or PACE Program Administrator may furnish any information concerning the Property Owner, the Property and the Improvements in its possession from time to time to prospective assignees and participants as well as rating agencies, third-party consultants, and counsel who have a need to know. Property Owner hereby permits the Authority and PACE Program Administrator to use the Property and the Improvements for marketing purposes, including the use of images and descriptors of the Property and Project in various media forums provided that Program Administrator must not disclose any economic or business terms with respect to the Property, the Project, or the Transaction Documents or any terms of the Loan or the Loan Documents. Property Owner hereby waives any claim of privacy with respect to such information.

Section 27. Interest Rate Limitation. In no event shall the amount of interest payable with respect to the outstanding principal balance of the Financing, together with all other charges which are required to be treated as interest under applicable laws, exceed the amount of interest allowable by such laws. Any change in the applicable laws or the maximum rate thereunder shall be effective as to the determination of the amount of allowable interest as of the effective date of such change. In the event that any sum is collected in excess of the applicable allowable rate, the excess amount collected shall be applied to reduce the principal balance of the Financing.

Section 28. Survival; Conditional Lien Granted. If Chapter 29, the 1915 Act or any material provision thereof or hereof is found by a court of competent jurisdiction to be illegal or otherwise unenforceable such that the Assessment, Assessment Lien and/or any of the Transaction Documents are not enforceable or otherwise not collectible in the manner set forth in Chapter 29 or the 1915 Act, then the rest of this Agreement shall be deemed to be a consensual lien against the Property granted by the Property Owner to secure the Assessment, together with all of the PACE Program Administrator and Authority's costs and expenses (including, without limitation, collection costs, court costs and reasonable attorneys' fees) to which the PACE Program Administrator is entitled under the Transaction Documents, which consensual lien may be foreclosed as a mortgage lien in the State of California.

Section 29. Further Assurances. Upon request of the Authority or PACE Program Administrator, the Property Owner will take any actions and execute any further documents as either the Authority or PACE Program Administrator reasonably deems necessary to carry out the purposes of this Agreement.

Section 30. California Public Records Act. Property Owner acknowledges that the Authority is a "local agency" for purposes of the California Public Records Act ("FOIA"), and therefore, any information received by the Authority pursuant to this Agreement will be considered public records and will be subject to disclosure under FOIA, except for information falling within one of the exemptions to disclosure. Property Owner acknowledges that it is Property Owner's responsibility to consult with the Authority should Property Owner wish to prevent the disclosure of any information related to this Agreement pursuant to a FOIA request.

Section 31. No Joint Venture. Property Owner, the Authority and PACE Program Administrator intend that the relationships created under this Agreement and the other Transaction Documents be solely that of a property owner, an authority conducting assessment proceedings, and capital provider. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between or among Property Owner, the Authority and PACE Program Administrator, nor to grant PACE Program Administrator any interest in the Property other than that of a capital provider.

Section 31. Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the transactions contemplated herein, superseding all oral statements and prior writings, and such understanding shall not be modified except in writing signed by or on behalf of the parties hereto.

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.

AUTHORITY:

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____

Its: _____

PROPERTY OWNER:

[Name and Type of Entity],

By: _____

Its:

ACKNOWLEDGED AND ACCEPTED BY:

PACE PROGRAM ADMINISTRATOR:

PACE Loan Group, LLC.

By: _____

Its:

[Signature page __ of 3]

STATE OF _____)
) ss. _____
COUNTY OF _____)

On this the __ day of _____, 20__, before me _____ the undersigned officer, personally appeared _____ of the company, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained and that she acknowledged the same to be his/her free act and deed, before me, in his/her capacity as said _____.

Notary Public
My Commission Expires:

EXHIBIT A
PROPERTY LEGAL DESCRIPTION

EXHIBIT B
IMPROVEMENTS

IMPROVEMENT	AMOUNT
	\$

EXHIBIT C

Annual ASSESSMENT SCHEDULE

*Annual Assessment Administrative Fees subject to change pursuant to Section 3(g) of the Agreement.

EXHIBIT D
PERMITTED ENCUMBRANCES

EXHIBIT E

PROPERTY OWNER'S AUTHORIZED REPRESENTATIVES

Authorized Representatives for Property Owner

The following individuals are authorized to provide instructions and directions to PACE Loan Group, LLC. (“**Name**”) and/or Western Riverside Council of Governments (“**WRCOG**”) on behalf of the Property Owner until such time as an updated list has been provided. The Property Owner may change, modify, or amend, the list of authorized individuals by providing five (5) days prior written notice to PACE Loan Group, LLC.. Instructions may be provided via electronic mail and are valid so long as one of the individuals below are copied thereto.

Name: _____ Name: _____

Title: _____ Title: _____

Email:

Phone:

Name: _____ Name: _____

Title: _____ Title: _____

Email: _____ Email: _____

Phone: _____ Phone: _____

EXHIBIT F

SCHEDULE OF PREPAYMENT PREMIUMS

The Assessment may not be prepaid, in whole or in part, without payment of a Prepayment Premium based on the following schedule:

[Pre-payment within ten years of the Effective Date	1%
Pre-payment after ten years of the Effective Date	0%]

Attachment

PACE Loan Group Commercial
PACE Program Administration
Agreement

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
WRCOG PACE PROGRAM AND CALIFORNIA PACE PROGRAM
PACE LOAN GROUP COMMERCIAL PACE PROGRAM
ADMINISTRATION AGREEMENT

1. PARTIES AND DATE.

This PACE Loan Group Commercial PACE Program Administration Agreement is made and entered into as of December 1, 2025, by and between the Western Riverside Council of Governments, a California public agency (“WRCOG”) and PACE Loan Group, LLC, a Delaware limited liability company (“Administrator”). WRCOG and Administrator 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 PACE Program”) pursuant to the provisions of Chapter 29 of Part 3, Division 7 of the California Streets and Highways Code (commencing at Section 5898.12) (“Chapter 29”), the Joint 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 PACE Program (the “Member Agencies”), to assist owners of commercial properties (the “Commercial Properties”) within the jurisdictional boundaries of such Member Agencies to finance the cost of installation of distributed generation renewable energy sources 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 (“Commercial PACE Project”).

2.2 As a part of such proceedings, the Executive Committee initially approved and has subsequently amended a report prepared pursuant to and addressing all of the matters set forth in Streets and Highways Code Section 5898.22 and 5898.23 (as amended, the “WRCOG PACE Program Report”) as set forth in Exhibit A hereto and may be subsequently amended, including a map showing the boundaries of the territory within which the voluntary contractual assessments may be offered (the “WRCOG PACE Program Area”), a form of contract specifying the terms and conditions that would be agreed to by an owner of property within such boundaries and WRCOG (each, an “Assessment Contract”), a statement of policies of WRCOG concerning such voluntary contractual assessments and a plan for raising a capital amount required to pay for the work performed pursuant to the voluntary contractual assessments.

2.3 As a further part of such proceedings, the Executive Committee provided that one or more series of limited obligation improvement bonds would be issued under the Bond Act of 1915, being Division 10 of the Streets & Highways Code of the State of California (the “1915 Bond Act”) or other financing relationships would be entered for the purpose of financing the installation of Eligible Products.

2.4 Subsequent to the establishment of the WRCOG PACE Program, the Executive Committee took such actions, adopted such resolutions initially approved and subsequently amended a report prepared pursuant to and addressing all of the matters set forth in the Streets and Highways Code Section 5898.22 and 5989.23 (the “California PACE Program Report” collectively with the WRCOG PACE Program Report, the “Program Report”) as set forth on Exhibit A hereto and as such report may be subsequently amended and did establish the California PACE program (the “California PACE Program,” collectively with the WRCOG PACE Program, the “Program”) and established associate memberships in WRCOG to local jurisdictions that are outside WRCOG’s jurisdictional boundaries but within the boundaries of its PACE Program as established and implemented by WRCOG and authorized the execution of Assessment Contracts with the owners of property in the California PACE Program area (the “California PACE Program Area”) and the issuance of one or more Series of Bonds pursuant to Chapter 29 and the Bond Act, secured by voluntary contractual assessment levied on Commercial parcels located in the California PACE Program Area.

2.5 Additionally, the Executive Committee WRCOG authorized Administrator to administer and finance a separate program (the “PACE Loan Group Commercial PACE Program” or the “PACE Loan Group Program”) to finance the installation of Eligible Improvements on Commercial Properties within the WRCOG PACE Program Area and the California PACE Program Area (collectively, the “PACE Program Area”).

2.6 WRCOG and Administrator now desire and intend to enter into this agreement pursuant to which Administrator shall provide administrative services for the PACE Loan Group Program (the “Administration Agreement”), a Master Assignment and Assumption Agreement (“Master AAA”) to provide for and establish the terms and conditions pursuant to which WRCOG will assign to Administrator and Administrator will re-convey to WRCOG Assessment Contracts to finance the installation of Eligible Improvements on Commercial Properties whose owners have elected to participate in the PACE Loan Group Program, 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 Administrator and Administrator shall purchase from WRCOG the limited obligation improvement bonds issued by WRCOG (the “Bonds”) in exchange for the reconveyance of Assessment Contracts executed to finance the installation of Eligible Improvements on Commercial Properties the owners of which elect to participate in the PACE Loan Group Program.

2.7 The Parties hereto desire that this Administration Agreement, the Master AAA and this Master BPA taken together represent the operating relationship between the Parties pertaining to the PACE Loan Group Program.

3. THE PURPOSE OF THE AGREEMENT.

WRCOG and Administrator desire to enter into the Agreement to establish the terms and conditions pursuant to which Administrator shall provide administration services to WRCOG for the PACE Loan Group 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, Administrator desires to perform and assume responsibility for the provision of such Program Administration Services on the terms and conditions set forth in this Agreement. Administrator 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 assignment of Assessment Contracts and the reconveyance of such assessment contracts and subsequently the exchange of such assignment for the purchase of the limited obligation improvement bonds to be issued by WRCOG to finance the installation of Eligible Products on Commercial Properties located within the PACE Program Areas shall be incorporated in the Master AAA and the Master BPA, respectively, to be entered into between the Parties concurrently with this Agreement.

WRCOG desires to engage Administrator 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. Administrator promises and agrees to provide Program Administration Services and to furnish financing necessary to provide labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately implement the provision of the Program Administration Services. All Program Administration Services shall be subject to, and performed in accordance with, (i) this Agreement, the exhibits attached hereto and incorporated herein by reference, and (ii) all applicable local, state and federal laws, rules and regulations.

In the event that the Program Administration Services conflict with the Program Report, the provisions of the Program Report shall prevail; *provided that* any changes to the Program Report subsequent to the date hereof, shall be provided to Administrator and Administrator 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 December 1, 2025 and shall terminate on November 30, 2030 and shall automatically extend for an additional year at the end of each succeeding year provided Administrator has at all times performed pursuant to and is in compliance with the material terms and conditions of this Agreement or, unless earlier terminated as provided herein.

4.2 Responsibilities of Administrator and WRCOG.

4.2.1 Control and Payment of Subordinates; Independent Contractor and Other Costs. The Program Administration Services shall be performed by Administrator or one of its affiliates, provided that Administrator may delegate to a third party services provider its duties and obligations with respect to the Program Administration Services as well as support services upon obtaining the written consent of WRCOG, provided that any such delegation by Administrator shall not relieve Administrator of the duties or obligations so delegated. Administrator will determine the means, methods and details of performing the Program Administration Services subject to the requirements of this Agreement. WRCOG retains Administrator on an independent contractor basis and not as an employee. Any personnel performing Program Administration Services under this Agreement on behalf of Administrator shall not be employees of WRCOG and shall at all times be under Administrator's direction and control or under contract as an independent contractor to provide services to Administrator. Administrator shall pay all wages, salaries, if any, and other amounts due such personnel in connection with their performance of Program Administration Services under this Agreement and as required by law. Administrator shall be responsible for all reports and obligations respecting any of its employees, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers compensation insurance.

4.2.2 Rights to provide Program Administration Services to other entities and limitations thereon.

(a) Administrator shall market the PACE Loan Group Program to cities within the PACE Program Area only on behalf of WRCOG.

(b) Administrator hereby acknowledges that WRCOG has appointed and may, in its sole discretion, appoint additional administrators for the Program, however WRCOG shall not appoint additional administrators to the PACE Loan Group Program without the express written consent of Administrator.

(c) Administrator represents that it is duly authorized to enter into this Administrative Agreement and entry into this Administrative Agreement does not interfere with its obligations under any other agreement or contract.

(d) Administrator may provide administrative services to other PACE programs operating outside of the PACE Program Area.

(e) Additionally, Administrator may enter into agreements to provide administrative services to other PACE programs within the PACE Program Area (each an "Other Issuer"); provided, however, Administrator must (a) obtain prior written consent of WRCOG and (b) any term of such agreement shall not limit Administrator's ability to originate Assessment Contracts through the Program.

(f) If a city or county currently part of the Program requests, of its own accord, Administrator to provide services similar to Program Administration Services for such city or county through an Other Issuer, Administrator 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) Administrator shall provide WRCOG with prior notice of such a request, (ii) WRCOG shall have the right to meet with such city or county to discuss such request any time within 30 days of such notice and (iii) Administrator shall use commercially reasonable efforts to facilitate and attend such meetings, provided that such right of WRCOG to have such meeting shall not impair Administrator's efforts to provide the requested services to a city or county 30 days after notice to WRCOG.

(g) WRCOG shall work with and use its best efforts to add new cities to the PACE Program Area that Administrator has designated to WRCOG in writing as priority areas.

4.2.3 Schedule of Responsibilities. Administrator shall perform Program Administration Services and WRCOG shall perform the WRCOG Responsibilities (defined in 4.2.4 below) upon and pursuant to a Schedule of Responsibilities to be agreed upon by the WRCOG Representative (defined in 4.2.7 below) and the Administrator Representative (defined in 4.2.8 below) which Schedule of Responsibilities shall be executed by both the WRCOG Representative and Administrator 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; provided, however, for any Assessment Contract with project costs in excess of \$200 million, WRCOG may require additional discretionary approval. The WRCOG Representative shall notify Administrator in writing via electronic mail of any such required approvals. Administrator 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 Administrator's performance of Program Administration Services, WRCOG shall respond to Administrator'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. Administrator shall be compensated for the provision and performance of its Program Administration Services hereunder solely from the funds disbursed or Bond proceeds received to finance the Eligible Improvements and not by payment directly by WRCOG. Administrator and WRCOG will each be compensated for the Program Administration Services and their administrative costs relating to the PACE Loan Group Commercial PACE Program in accordance with Exhibit D attached hereto.

4.2.6 Conformance to Applicable Requirements. At the beginning of each calendar year, Administrator shall meet with the WRCOG Representative and other WRCOG representatives to review and approve Administrator's marketing and customer service plans for the PACE Loan Group Program. To the extent there are subsequent material changes to the marketing and customer service plans, Administrator shall meet with the WRCOG Representative

and other WRCOG representatives to review and approve the revised marketing and customer service plans. Administrator and WRCOG shall schedule monthly meetings at Administrator's offices, a location otherwise mutually agreed to by the Parties or via teleconference, for an update on the PACE Loan Group 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. Administrator 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 Administrator of the appointment or the rescission of the appointment of any designee of the WRCOG Representative hereunder.

4.2.8 The Administrator Representative. Administrator hereby designates Jessica Bailey, CEO, or his or her designee, to act as its representative for the performance of this Agreement (the "Administrator Representative"). The Administrator Representative shall have full authority to represent and act on behalf of Administrator for all purposes under this Agreement. The Administrator 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 Administrator Representative shall provide written notice to the WRCOG Representative of the appointment or the rescission of the appointment of any designee of the Administrator Representative hereunder.

4.2.9 Coordination of Program Administration Services. Administrator agrees to work closely with WRCOG staff and WRCOG's other consultants engaged to assist WRCOG in the PACE Loan Group Program (the "PACE Loan Group Program Consultants") in the performance of Program Administration Services and shall be reasonably available to WRCOG's staff and PACE Loan Group's Program Consultants.

4.2.10 Standard of Care. Administrator 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. Administrator represents and maintains that it is skilled in the professional calling and has the financial resources necessary to perform Program Administration Services. Administrator warrants that all employees and/or agents of Administrator shall have sufficient skill and experience to perform Program Administration Services assigned to them. Finally, Administrator 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. Administrator 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 Administrator's failure to comply with the standard of care provided for herein.

4.2.11 Laws and Regulations. Administrator 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 PACE Loan Group 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. Administrator shall be liable for all violations of such laws, rules and regulations in connection with Program Administration Services. If Administrator performs or fails to perform any work contrary to such laws, rules and regulations, Administrator shall be solely responsible for all costs arising therefrom. Administrator 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 Administrator to comply with such laws, rules or regulations.

4.3 Accounting Records – Maintenance and Inspection.

Administrator shall maintain complete and accurate records of all Commercial PACE Projects under this Agreement, consistent with its records retention policy, which policy shall be commercially reasonable and shall take into account the nature and duration of the instruments to be issued in connection with the WRCOG PACE Program. All such records shall be clearly identifiable. Administrator shall, during Administrator'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. Administrator shall, during Administrator'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. Administrator shall cooperate with WRCOG to facilitate WRCOG's compliance with its responsibilities under the California Public Records Act in relation to the Program Administration Services. The foregoing applies only in relation to a specific Commercial PACE Project for which Administrator has submitted Approved Application Documents (as defined in Exhibit C attached hereto) and Pending PACE Loan Group Program Assessment Contracts (as defined in Section 4.4.1) and such records or other documents shall exclude any financially or commercial sensitive information of a property owner).

4.4 General Provisions.

4.4.1 Grounds for Termination – At Will. Either WRCOG or Administrator 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. Notwithstanding the provisions of Section 4.4.1.1 of this Agreement, upon termination by WRCOG, Administrator shall be compensated only for those services which have been rendered to WRCOG, and Administrator shall be entitled to no further compensation.

4.4.1.1 Effect of Termination. Upon notification of termination Administrator shall be required to notify WRCOG of all pending applications for WRCOG Assessment Contracts to fund Commercial PACE Projects originated by Administrator during the course of Administrator's provision of Program Administrative Services

hereunder (each, a “Pending PACE Loan Group Program Assessment Contract”) and Administrator 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, Administrator shall be compensated in the amount and from the sources set forth in Section 4.2.5 only for those Program Administration Services which have been provided in accordance with standard industry practices as reasonably determined by WRCOG, and Administrator shall be entitled to no further compensation. If this Agreement is terminated as provided in this Section 4.4, WRCOG may require Administrator to provide all finished or unfinished documents and data and other information of any kind prepared by Administrator in connection with Approved Application Documents or Pending Administrator Program Assessment Contracts, the performance of services under this Agreement and such finished or unfinished documents will remain subject to Section 4.4.2 of this agreement. Administrator shall be required to provide such document and other information within fifteen (15) days of the request.

4.4.1.2 Additional Services. In the event this Agreement is terminated in whole or in part as provided in Section 4.4.1, WRCOG may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated upon effectiveness of such termination.

4.4.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Administrator: PACE Loan Group
800 LaSalle Avenue
Suite 1650
Minneapolis, MN 55402

WRCOG: Western Riverside Council of Governments
1955 Chicago Avenue Suite 200
Riverside, CA 92507
Attn: Executive Director
Facsimile: (951) 955-7991

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 received via electronic mail, personally delivered, or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

4.4.3 Confidentiality, Intellectual Property and Data Compilation.

(a) Confidentiality. Except as otherwise set forth in this Agreement, all ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other documents and data provided by either Party to the other Party (including any copies or manuscripts of such information produced by a Party pursuant to this Agreement) or otherwise including any financial structure and financing approach of Administrator 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. Administrator 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 PACE Loan Group Program that Administrator 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 Administrator ("Proprietary Software") in performing the Program Administrative Services is proprietary to Administrator or one of its affiliates and Administrator 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 Administrator 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 Administrator (or such licensors) for their own purposes, including, without limitation, sale or distribution to third parties; provided, however, that Administrator will not, and shall ensure that its licensors will not, sell or distribute any of WRCOG's confidential information that may be contained in such Data Compilations, unless such confidential information is used only on an aggregated and anonymous basis.

4.4.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be reasonably necessary, appropriate or convenient to attain the purposes of this Agreement.

4.4.5 Arbitration and Equitable Relief. This Section shall govern the resolution of all controversies or claims between WRCOG and Administrator 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, Administrator 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 Administrator's performance of the Program Administration Services under this Agreement or the termination of this Agreement, including any breach of this Agreement by either Party, shall be subject to binding arbitration conducted by the American Arbitration Association ("AAA") in Riverside, California, before a single arbitrator who shall be located in Riverside, California, with at least five (5) years' experience in arbitrating commercial disputes. The Arbitration shall be conducted in accordance with the Commercial Arbitration Rules (the "Rules") of the AAA, as they may be amended from time to time where not inconsistent with the further provisions hereof. The Parties hereby agree that judgment upon the award rendered by the arbitrator(s) may be entered in Riverside Superior Court. The Parties submit to the jurisdiction of the Riverside Superior Court for purposes enforcing any such award and entering judgment thereon.

(b) Procedure. Appointment of the neutral arbitrator shall be made in accordance with the provisions of the Rules and administered by the AAA. Administrator 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. Administrator and WRCOG also agree that the arbitrator shall have the power to award any remedies available under applicable law, and that the arbitrator shall award attorneys' fees and costs to or among the Parties in such proportions as the arbitrator(s) may determine. Costs shall be allocated as set forth in the Rules. Administrator and WRCOG agree that the decision of the arbitrator shall be in writing. The written opinion of the arbitrator or arbitrators, as the case may be, shall be governed by the Rules. The arbitrator(s) shall have the powers established by AAA, as delineated in the Rules, but shall have no authority to revise or vary the terms of this Agreement or the Parties' respective rights and obligations hereunder. Except as provided by the Rules and this Agreement, arbitration shall be the sole, exclusive and final remedy for any dispute between Administrator and WRCOG. Accordingly, except as provided for by the Rules and this Agreement, neither Administrator nor WRCOG will be permitted to pursue court action regarding claims that are subject to arbitration.

(c) Survival. The provisions of this Section, and the entitlement of one Party to obtain damages, or other such appropriate legal or equitable remedies, for a breach by the other Party, shall survive termination of this Agreement.

(d) Availability of Injunctive Relief. Administrator and WRCOG agree that either Administrator or WRCOG may petition a court for provisional relief, including injunctive relief. Administrator 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 Administrator hereby consent to the issuance of an injunction.

4.4.6 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. However, the Parties acknowledge that the Master AAA and the Master BPA executed between the Parties is dated concurrently herewith and contains related subject matter, which the Parties intend to respect and be bound by.

4.4.7 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

4.4.8 Time of Essence. Time is of the essence for each and every provision of this Agreement.

4.4.9 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

4.4.10 Assignment or Transfer. Neither Party may assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the other Party, provided, however, Administrator may assign this Agreement in connection with a merger or the sale of all or substantially all of its assets provided that the successor entity expressly assumes all of the obligations, including this Agreement, and confirms all of the representations and warranties of Administrator hereunder to the extent applicable to such successor or assign. Any attempt to assign, hypothecate, or transfer this Agreement in violation of this Section 4.4.10 shall be null and void, and any assignees, hypothecatees or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

4.4.11 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not workdays unless otherwise noted. All references to Administrator include all personnel, employees, agents, and subcontractors of Administrator, except as otherwise specified in this Agreement. All references to WRCOG include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

4.4.12 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

4.4.13 Waiver. No waiver of any default or breach hereunder shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

4.4.14 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

4.4.15 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

4.4.16 Prohibited Interests. Administrator maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Administrator or independent contractors and consultants engaged by Administrator 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, Administrator 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 Administrator, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, WRCOG shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of WRCOG, during the term of his or her service with WRCOG, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

4.4.17 Equal Opportunity Employment. Administrator represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

4.4.18 Labor Certification. By its signature hereunder, Administrator certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of Program Administration Services.

4.4.19 Authority to Enter Agreement. Administrator 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. Administrator shall not subcontract any portion of Program Administration Services, provided that Administrator may delegate to a third party services provider its duties and obligations with respect to the Program Administration Services as well as support services upon obtaining the written consent of WRCOG, provided that any such delegation by Administrator shall not relieve Administrator of the duties or obligations so delegated, and (b) Administrator remain liable for the activities of such affiliate or third party service provider to whom Administrator delegates any such duties or obligations, provided further however, in any case, Administrator may use third party services providers to perform support

services. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

4.6 Insurance.

4.6.1 Time for Compliance. Administrator 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, Administrator 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. Administrator 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 Administrator, its agents, representatives, employees or subcontractors. Administrator 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.** Administrator 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. Administrator 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. Administrator 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 Administrator 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 Administrator, 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 Administrator's scheduled underlying coverage. Any insurance or self-insurance maintained by WRCOG, its directors, officials, officers, employees, agents and volunteers shall be excess of Administrator'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 Administrator or for which Administrator 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 Administrator's scheduled underlying coverage. Any insurance or self-insurance maintained by WRCOG, its directors, officials, officers, employees, agents and volunteers shall be excess of Administrator'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 Administrator.

(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 Administrator) 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. Administrator 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) Administrator 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. Administrator 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.

Administrator shall defend, indemnify and hold WRCOG, the Trustee (as defined in that certain Master Indenture, dated as of January 1, 2018, (the “Master Indenture”), between WRCOG and the Bank of New York Mellon Trust Company, N.A., as trustee) and their respective directors, officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any allegedly negligent or wrongful acts or omissions or willful misconduct of Administrator, its officials, officers, employees, agents, consultants, contractors and subcontractors, arising out of or in connection with the performance of the Program Administration Services, the Administrator Program or this Agreement, the Master Indenture, the Depositary Agent Agreement, dated as of January 1, 2018, by and among Administrator, WRCOG and The Bank of New York Mellon Trust Company, N.A., as the Depositary thereunder, and any documents executed in connection therewith, including without limitation, the negligent disclosure of Data Compilations under Section 4.4.3(a) of this Agreement. Such costs, expenses, liability, loss, damage or injury shall include without limitation the payment of attorneys’ fees and other related costs and expenses. Administrator shall defend, at Administrator’s own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against WRCOG, the Trustee and/or their respective directors, officials, officers, employees, agents or volunteers. Administrator shall pay and satisfy any judgment, award or decree that may be rendered against WRCOG, the Trustee and/or their respective directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Administrator shall reimburse WRCOG, the Trustee and their respective directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Administrator’s obligation to indemnify shall not be restricted to insurance proceeds, if any, received by WRCOG, the Trustee and/or their respective directors, officials, officers, employees, agents or volunteers.

WRCOG shall defend, indemnify and hold Administrator, 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 Administrator Program or this Agreement, including without limitation the payment of attorneys' fees and other related costs and expenses. WRCOG shall defend, at WRCOG's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against Administrator, its directors, officials, officers, employees, agents or volunteers. WRCOG shall pay and satisfy any judgment, award or decree that may be rendered against Administrator or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. WRCOG shall reimburse Administrator 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 Administrator, its directors, officials, officers, employees, agents or volunteers.

No third party, other than the Trustee, shall be a direct beneficiary of this Section 4.7.

4.8 Press Release. Administrator 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.

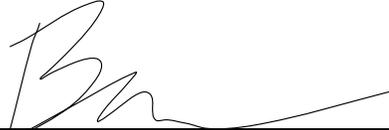
[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Parties hereby have made and executed this Agreement as of the date first written above.

WESTERN RIVERSIDE COUNCIL OF
GOVERNMENTS

PACE LOAN GROUP

By: _____
Executive Director

By:  _____
Chief Operating Officer

APPROVED AS TO FORM:

By:  _____
General Counsel
Best Best & Krieger LLP

Exhibit “A”

**WRCOG
ADMINISTRATIVE GUIDELINES
AND
PROGRAM REPORT**

EXHIBIT “B”

SCOPE OF PROGRAM ADMINISTRATION SERVICES

Administrators shall provide the following Program Administrative Services:

Program Design

As part of Program Administration Services, Administrators shall provide program design services which include: (1) review and edit all policies relating to commercial projects; (2) provide documentation, processes and procedures required for registering contractors, accepting, processing and approving property owner applications, reviewing eligibility of and approving proposed improvements, providing and tracking all financing disclosures and accepting, processing and approving funding requests, obtaining signatures on contractual assessment agreements (property owner and issuer), recording or causing to be recorded lien documents, issuing and executing assignments of the contractual assessments and/or Bond documents, evaluating project disbursement requests and disbursing project funds, drafting PACE Loan Group Program Guidelines, Eligible Improvement Workbook, contractor registration/approval forms, commercial applications, all financing disclosure forms, all forms required to approve improvements, funding request form(s), and contractual assessment agreement and lien recordation documents (unless provided by municipality); (3) design and build the PACE Loan Group Program website; (4) integration of Administrator’s origination systems with the PACE Loan Group Program website.

Origination

As part of Program Administration Services, Administrators shall provide origination services (A) prepare a PACE Loan Group’s Commercial PACE Program Handbook (the “PACE Loan Group Handbook”) in accordance with the Program Report and as may be amended with the written consent of WRCOG, which include: (1) process all commercial applications, including accepting applications (online and hard copy), entering hard copy applications into online system, pulling all credit, title, valuation and other reports, reviewing eligibility of proposed property, applicants, equipment and contractors, tracking all financing disclosures, application and authorization forms, contacting applicants, contractors and other parties as needed, providing notifications of approval, denial or incomplete status; (2) providing capital for approved Commercial PACE Projects; (3) obtaining or assisting property owners to obtain consent of the first mortgage holder, if any; (4) process all funding requests for Commercial PACE Projects participating in the PACE Loan Group Program, including accepting funding request forms, reviewing submitted forms and

attachments, providing notification of funding request approval, denial or incomplete status; (5) process and finalize all contractual assessment documentation, including issuance of contractual assessment and financing disclosures; (6) provide telephone and email customer service support; (7) track and report to WRCOG key PACE Loan Group Program statistics, including applications received, approved, assessment contracts issued and signed; (8) periodically assess and/or adjust policies and procedures of the PACE Loan Group Program as needed to resolve any recurring issues.

Marketing of Program: As part of Program Administration Services, Administrators shall work with WRCOG and its Members jurisdictions to promote the PACE Loan Group Program including notices on appropriate governmental web sites, press interviews and public meetings and announcements. Administrators shall also publicize the PACE Loan Group Program on its web site as well as through direct contact with property owners. Administrator shall maintain sufficient resources to answer any questions by potential participants in the PACE Loan Group Program. Administrator shall also work with WRCOG and Members within the PACE Program Area in order to utilize the PACE Loan Group Program to help bring industry and developments to the areas in which the PACE Loan Group Program are offered.

Documentation: As part of Program Administration Services, Administrator shall work with WRCOG to develop and produce a standard set of documents suitable to the parties that shall document the legal obligations associated with the contractual assessments, the assignment of contractual assessments, and the issuance of Bonds, and any other legal requirements of the transaction.

Assessment
Tax Roll Management: Administrator shall work with the Program Assessment Administrator, and the counties within which the PACE Loan Group 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 Administrator shall provide quarterly reports to WRCOG showing all complaints and claims made by property owners to Administrator

who have applied and/or are participants in the PACE Loan Group Program and any resolution thereto. In addition, Administrator shall promptly notify WRCOG of any suits that have been filed against Administrator relating to the Program Administration Services.

EXHIBIT “C”

SCHEDULE OF RESPONSIBILITIES

Responsibilities of Administrator

For any owner(s) submitting a Commercial PACE Project for approval in the PACE Loan Group Program (each, a “Owner”) of a property that will be subject to a contractual assessment (each, the “Property”), Administrator will collect all financial, technical, and legal documentation as required in its sole discretion to determine whether such Owner, Property, and Commercial PACE Project meet the requirements of the Program Report and PACE Loan Group Program Handbook. If Administrator determines that the Owner, Property, and Commercial PACE Project meet all of the requirements of the Program Report, the PACE Loan Group Program Handbook and Chapter 29, the following documents shall be submitted to WRCOG (the “Approved Application Documents”).

- Financing Summary Form
- Executed mortgage lender consent
- Engineer letter confirming Eligible Products
- Copy of title report dated within 60 days of the Financing Summary Form
- Disclosure of Risk Form
- Unexecuted Assessment Contract

Such Financing Summary Form will be executed by Administrator and shall include confirmation that, as of the date of the Financial Summary Form:

- Owner is the property owner(s) of record.
- Administrator is in receipt of all requisite organizational documents of the Owner to identify the authorized representatives of the Owner that must execute the Assessment Contract.
- Mortgage debt lender(s) have given consent to Program financing.
- Owner is must be current on property taxes and has not had a serious delinquency within three (3) years (or since the purchase of the property, if owned by such property owner(s) less than three (3) years).
- Owner is current on all property debt
- Owner has not been involved in a bankruptcy proceeding during the past seven (7) years and the property proposed to be subject to the contractual assessment is not an asset in a bankruptcy proceeding.
- The Property does not have any liens other than lender debt or liens recorded by community facility districts or similar financing districts.
- LTV, per the PACE Loan Group Program Handbook, is under 50%.
- DTV, per the PACE Loan Group Program Handbook is under 95%.
 - The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property’s market value, as determined at the time of approval of the contractual assessment.

- The property value exceeds \$1,000,000.
- Method utilized per the PACE Loan Group Program Handbook to determine property value.

Upon receipt of written confirmation from WRCOG that the Commercial PACE Project in the Approved Application Materials is an Approved Commercial PACE Project, Administrator will prepare the closing package and send the following documents to the Owner of the Property for signature (the “Assessment Contract Closing Documents”):

Assessment Contract

No less than 10 business days before the effective date of the Assessment Contract, Administrator shall deliver original copies of the Assessment Contract Closing Documents executed by the Owner to WRCOG for signature.

Upon receipt of verification that all Assessment Contract Closing Documents have been properly executed by the Owner, WRCOG will execute the Assessment Contract, record the Assessment Contract in the applicable land records per the Responsibilities of WRCOG.

Upon written instruction from Administrator, either i) WRCOG will execute and record an Assignment of the Assessment Contract to Administrator, or any permitted assignee or designee pursuant to the Master AAA; or ii) Administrator or any assign, affiliate, subsidiary, or any other person or entity that Administrator designates will purchase the Bond or Series of Bonds pursuant to the Master AA and Master Bond Purchase Agreement.

Upon receipt of verification that all Administrator Closing Documents and any other documents under the Master AAA or Master BPA have been properly executed and, if applicable, recorded, Administrator will disburse funds to the Property Owner.

No less than five (5) business days before the effective date of the Assessment Contract, Administrator will electronically send the contractual assessment data file for each Assessment Contract executed, along with all Assessment Assignment documents and/or Bond Documents for each Bond or Series of Bonds, to Bond Counsel, the Trustee, DTA Public Finance, Inc., and Public Financial Management for review and set-up.

If Administrator elects to make Assessment Installments, as defined in the Assessment Contract, on behalf of a property owner from excess financing proceeds, Administrator shall assume sole liability for any missed or deficient payments to the extent said missed or deficient payments were to be covered by the excess financing proceeds. Administrator shall make property owner whole if property owner must make any Installment Payments for which Administrator was responsible for payment without any limitations. This provision is expressly subject to the indemnification provisions set forth in Section 4.7 thereof.

If Administrator elects to complete the construction of any improvement authorized to be financed pursuant to the Assessment Contract, Administrator hereby agrees to indemnify the Authority from

any and all claims, demands, causes of action, costs, expenses, liabilities, loss, damage or injury to person or any property, without any limitations.

Responsibilities of WRCOG

Upon receipt of the Approved Application Documents and confirmation that the Commercial PACE Project included in the Approved Application Documents meets all the requirements of the PACE Loan Group Program Handbook and Chapter 29, WRCOG will provide a written confirmation to Administrator, which confirmation shall not be unreasonably withheld, that such Commercial PACE Project is approved (an “Approved Commercial PACE Project”).

Upon receipt of the executed Closing Documents from Administrator for each Approved Commercial PACE Project, WRCOG will execute on or before the effective date of the Assessment Contract, and then promptly cause recordation of and notification to the financing team electronically of recordation of:

Notice of Assessment and Assessment Contract
Payment of Contractual Assessment Required

WRCOG will send Administrator copies of the recorded Notice of Assessment and Assessment Contractor and Payment of Contractual Assessment Required within 5 business days of execution by WRCOG.

If WRCOG receives written instruction from Administrator to assign the Assessment Contract pursuant to the Master Assignment Agreement, immediately after the recordation of the Notice of Assessment and Assessment Contract, WRCOG will cause recordation of and notification to the financing team of the Assignment Instrument as required pursuant to the Master AAA assigning the Assessment Contract to Administrator or Administrator’ designee. WRCOG will send copies of the recorded Assignment Instrument within 5 business days of execution by WRCOG. Additionally, on the Assignment Date WRCOG shall provide or cause to be provided to Administrator the applicable Assignment-Level Closing Documents as specified in Exhibit F of the Master AAA:

If WRCOG receives instruction from Administrator to issue a Complying Bond pursuant to the Master Assignment Agreement, WRCOG will promptly execute and deliver all documents as described herein (the “WRCOG Bond Closing Documents”) and in Section 7 of the Master BPA 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, as defined in the Master BPA (e.g. the Issue Date as defined in the Master AAA).

WRCOG Bond Closing Documents:

Supplemental Indenture
Improvement Bond
Notice of Assessment
Payment of Contractual Assessment Required
Omnibus Closing Certificate of WRCOG

Certificate of WRCOG for Disbursement from Costs of Issuance Fund
Certificate of WRCOG for Disbursement from Program Fund
Certificate of Trustee
Instructions to Trustee Regarding Disbursement of Proceeds of Bond
Receipt for Bond Proceeds
Compliance Certificate (Program Administrator)
Receipt for Improvement Bond
Opinion of Bond Counsel
Supplemental Opinion of Bond Counsel
Reliance Letter of Bond Counsel
Transfer Letter

WRCOG will execute, by facsimile or original signatures, and deliver the Bond or Series of Bonds to the Trustee for authentication (with electronic copy to remainder of financing team) and delivery to Administrator.

EXHIBIT “D”

COMPENSATION SCHEDULE

- Administrator shall receive a percentage of the Project Cost (as such term is defined in each Assessment Contract) for each Assessment Contract, as negotiated and agreed to by Administrator and each property owner in such Assessment Contract.
- Fees and costs of Wilmington Trust (“Trustee”), shall be paid directly by Administrator to Trustee as set forth in the Fee Schedule dated December 1, 2025, between Trustee and Administrator.
- WRCOG shall receive a fee equal to 0.70% of Project Cost capped at \$250,000 for Project Costs up to \$50 million, \$300,000 for Project Costs over \$50 million up to \$100 million, and \$500,000 for Project Costs over \$100 million, effective December 2, 2024.
- DTA Public Finance, Inc. (“DTA”) shall receive the following fees and percentages of the Project Cost:

DTA Public Finance, Inc.

Project Cost	Percentage/Fee
≤\$1,000,000.00	0.520%
\$1,000,000.01- \$5,000,000.00	\$5,200 for first million plus 0.10% of Project Cost up to five million
\$5,000,000.01 and over	\$9,200 for first five million plus 0.025% of Project Cost over five million

Such fees will be considered the “DTA Closing Fee.”

Additionally, DTA shall receive \$252.00 per year for each parcel included in the Property. Such fees will be considered the “DTA Ongoing Fee.”

- Best Best & Krieger LLP. shall receive the following fees and percentages of the Project Cost:

Best Best & Krieger LLP

Project Cost	Assessment Closing Fee	Bonding Flat Fee	Bonding Closing Fee
\$0-499,999.99	0.33% of Project Cost	\$1,000.00	0.15% of Project Cost
\$500,000-999,999.99	0.33%	\$2,000.00	0.15%
\$1,000,000.00-1,499,999.99	\$3,000.00	\$3,000.00	0.15%

\$1,500,000.00- 2,499,999.99	\$3,000.00	\$5,000.00	0.15%
\$2,500,000.00- 3,499,999.99	\$3,000.00	\$7,000.00	0.15%
\$3,500,000.00- 4,499,999.99	\$3,000.00	\$9,000.00	0.15%
\$4,500,000.00- 5,499,999.99	\$3,000.00	\$11,000.00	0.15%
\$5,500,000.00 and over	\$3,000.00	\$11,000.00	0.15%

The sum of the aforementioned “Assessment Closing Fee” and the “Bonding Closing Fee” shall be considered the “BB&K Closing Fee.”

The Assessment Closing Fee shall be due at Assessment (as such term is defined in each Assessment Contract) closing.

The Bonding Flat Fee and Bonding Closing Fee shall be due at the bonding of the Assessment.

Attachment

Master Indenture Template for PLG

MASTER INDENTURE

between

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION
as Trustee**

Dated as of _____, 202__

Relating to:

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
PACE LOAN GROUP, LLC COMMERCIAL PACE PROGRAM
LIMITED OBLIGATION IMPROVEMENT BONDS
(First Commercial Property Tranche)**

TABLE OF CONTENTS

Page

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01.	Authority for this Master Indenture	3
Section 1.02.	Definitions.....	3
Section 1.03.	Interpretation.....	13
Section 1.04.	Indenture Constitutes Contract	13

ARTICLE II

THE BONDS

Section 2.01.	Bonds Authorized	14
Section 2.02.	Payment of Principal of and Interest on the Bonds.....	14
Section 2.03.	Redemption.....	15
Section 2.04.	Execution of Bonds.....	18
Section 2.05.	Transfer of Bonds.	18
Section 2.06.	Exchange of Bonds	18
Section 2.07.	Bond Register.....	19
Section 2.08.	Temporary Bonds.....	19
Section 2.09.	Bonds Mutilated, Lost, Destroyed or Stolen.....	19

ARTICLE III

SECURITY; ISSUANCE OF BONDS

Section 3.01.	Security for the Bonds; Pledge of Assessments and Funds	20
Section 3.02.	Limited Obligation.....	20
Section 3.03.	Parity Debt	21
Section 3.04.	Requirements for Issuance of Bonds	21
Section 3.05.	No Acceleration	22
Section 3.06.	Refunding of Bonds	22
Section 3.07.	Agreement for Benefit of Bond Owners.....	23

ARTICLE IV

FUNDS AND ACCOUNTS

Section 4.01.	Redemption Fund.....	24
---------------	----------------------	----

TABLE OF CONTENTS
(continued)

	Page
Section 4.02. Program Fund.....	27
Section 4.03. Reserve Fund	29
Section 4.04. Depository Assessment Collection Account and Depository Agent Agreement.....	29
Section 4.05. Establishment of Subaccounts	30

ARTICLE V

COVENANTS OF WRCOG

Section 5.01. Collection of Assessments	31
Section 5.02. Foreclosure.....	32
Section 5.03. Punctual Payment.....	33
Section 5.04. Extension of Time for Payment	33
Section 5.05. Against Encumbrance	33
Section 5.06. Books and Accounts	33
Section 5.07. Protection of Security and Rights of Owners	33
Section 5.08. Compliance with Law; Completion of Improvements.....	33
Section 5.09. Further Assurances.....	34

ARTICLE VI

INVESTMENTS; LIABILITY OF WRCOG

Section 6.01. Deposit and Investment of Moneys in Funds	35
Section 6.02. Limited Liability of WRCOG.....	36
Section 6.03. Employment of Agents by WRCOG	36

ARTICLE VII

THE TRUSTEE

Section 7.01. Appointment of Trustee	37
Section 7.02. Liability of Trustee	37
Section 7.03. Information; Books and Accounts	40
Section 7.04. Notice to Trustee.....	40
Section 7.05. Compensation; Indemnification.....	40
Section 7.06. Trustee as Owner	41

TABLE OF CONTENTS
(continued)

Page

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 8.01.	Conditions for Amendment.....	42
Section 8.02.	Procedure for Amendment with Written Consent of Owners.....	43
Section 8.03.	Disqualified Bonds.....	44
Section 8.04.	Effect of Supplemental Indenture	44
Section 8.05.	Endorsement or Replacement of Bonds Issued After Amendment	44
Section 8.06.	Amendatory Endorsement of Bonds.....	45
Section 8.07.	Execution of Supplemental Indenture.....	45

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.01.	Events of Default	46
Section 9.02.	Remedies of Owners	46
Section 9.03.	Application of Funds After Default	47

ARTICLE X

MISCELLANEOUS

Section 10.01.	Discharge of Indenture.....	49
Section 10.02.	Benefits of Agreement Limited to Parties	49
Section 10.03.	Successor is Deemed Included in All Reference to Predecessor.....	50
Section 10.04.	Execution of Documents and Proof of Ownership by Owners.....	50
Section 10.05.	Waiver of Personal Liability.....	50
Section 10.06.	Notices to and Demand on Authority and Trustee.....	51
Section 10.07.	Partial Invalidity.....	51
Section 10.08.	Unclaimed Moneys	51
Section 10.09.	Applicable Law	51
Section 10.10.	Content of Certificates	51
Section 10.11.	Conclusive Evidence of Regularity	52
Section 10.12.	Payment on Business Day.....	52
Section 10.13.	Counterparts.....	52

TABLE OF CONTENTS
(continued)

Page

Exhibit A – Form of Supplemental Indenture	A-1
Exhibit B - Form of Bond	B-1
Exhibit C – Form of Transfer Letter	C-1

MASTER INDENTURE

THIS MASTER INDENTURE (“Master Indenture”) is made and entered into as of _____, 202_, between the **WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS**, a joint exercise of powers agency duly organized and existing under the Constitution and laws of the State of California (“**WRCOG**”), and **WILMINGTON TRUST, NATIONAL ASSOCIATION.**, a national banking association duly organized and existing under the laws of the United States of America [or applicable entity] (the “**Trustee**”).

BACKGROUND:

WHEREAS, acting under the provisions of Chapter 29 of the Improvement Bond Act of 1911, being Division 7 of the California Streets and Highways Code (“Chapter 29”), WRCOG has established the Energy Efficiency and Water Conservation Program for Western Riverside County (the “WRCOG Program”) pursuant to which WRCOG is authorized to enter into contractual assessments with the owners of residential or commercial real property located within the County of Riverside and the cities within the western portion of the County of Riverside that have elected to participate in the WRCOG Program to finance the installation of distributed generation renewable energy sources, energy and water efficiency improvements and electric vehicle charging infrastructure (the “Authorized Improvements”); and

WHEREAS, acting under Chapter 29, WRCOG has also established the California HERO Program (the “California Program” and, together with the WRCOG Program, the “Programs”) pursuant to which WRCOG is authorized to enter into contractual assessments with the owners of residential and commercial real property located within cities and counties located outside of the western portion of the County of Riverside that have elected to become associate members of WRCOG and to participate in the California Program to finance the installation of Authorized Improvements; and

WHEREAS, WRCOG is authorized to issue limited obligation improvement bonds pursuant to Section 5898.22 and Section 5898.28 of Chapter 29 and the Improvement Bond Act of 1915, as amended, being Division 10 of the California Streets and Highways Code (the “Bond Act”), to finance the installation of Authorized Improvements that are permanently fixed to residential or commercial real property located within cities or counties participating in either of the Programs; and

WHEREAS, the Executive Committee of WRCOG (the “Executive Committee”) subsequently determined that it would be in the best interests of both the Programs and the owners of the residential or commercial real property participating in each such program to consolidate and provide for the issuance of limited obligation improvement bonds representing unpaid Assessments levied on such participating parcels located in either the WRCOG Program Area (as defined herein) or the California Program Area (as defined herein and, together with the WRCOG Program Area, the “Program Areas”) pursuant to a single master indenture and corresponding supplemental indentures to facilitate the issuance of such limited obligation improvement bonds, to realize reduced costs of issuance and administration economies of scale and to enhance the marketability of such limited obligation improvement bonds; and

WHEREAS, on _____, 20__ , the Executive Committee adopted Resolution Number ____, entitled “Resolution of the Western Riverside Council of Governments Authorizing PACE Loan Group, LLC to Administer and Finance Eligible Improvements to be Installed on Commercial Properties Located within the Boundaries of Both the WRCOG Energy Efficiency And Water Conservation Program for Western Riverside County and the California Hero Program, and in Connection with such Authorization, Approving Amendments To The Program Report for such Programs and the Forms of a Commercial Handbook, Commercial Application, Assessment Contract, Administration Agreement, Master Assignment and Assumption Agreement, Depositary Agent Agreement, Master Indenture and Bond Purchase Agreement, and Authorizing the Issuance of Bonds Pursuant to such Master Indenture Secured by Assessments Levied on Commercial Properties to Finance the Installation of Authorized Improvements on Such Commercial Properties and Approving Other Actions in Connection Thereto” (the “Resolution of Issuance”) to authorize PACE Loan Group, LLC (“_____”) to implement a commercial property assessed clean energy program to be known as the “PACE Loan Group, LLC Commercial PACE Program” under and pursuant to the WRCOG Program and the California Program and within the boundaries of each such program; and

WHEREAS, the Executive Committee did, by the adoption of the Resolution of Issuance, approve the form of the Master Indenture, appoint Wilmington Trust, National Association (the “Trustee”) and authorize WRCOG to issue limited obligation improvement bonds pursuant to the 1 Master Indenture (the “Original Bonds”) to finance the installation of Authorized Improvements on commercial properties the owners of which have elected to participate in the PACE Loan Group, LLC Commercial PACE Program; and

WHEREAS, it is in the public interest and for the benefit of WRCOG and the owners of the Original Bonds that WRCOG and the Trustee enter into this Master Indenture to provide for the issuance of bonds (the “Bonds”), the disbursement of proceeds of such bonds, the disposition of the assessments securing the Bonds and the administration and payment of the Bonds; and

WHEREAS, WRCOG has determined that all things necessary to cause the Bonds, as authenticated by the Trustee and issued as provided in the Bond Act, the Original Resolution of Issuance, the Original Master Indenture, and the Resolution of Issuance, 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 I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Master Indenture. This Master Indenture is entered into under Chapter 29, the Bond Act and the Resolution of Issuance.

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 will, for all purposes of this Master Indenture, of any Supplemental Indenture (as herein defined), and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“Accredited Investor” means an “accredited investor” as such term is defined in Rule 501(a) of Regulation D promulgated under the United States Securities Act of 1933, as amended.

“Administrative Expense Account” means the account of that name established in the Program Fund and designated “Western Riverside Council of Governments PACE Loan Group, LLC Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche) Administrative Expense Account,” established and administered pursuant to Section 4.02. Unless otherwise instructed by WRCOG, such account will be established in the Program Fund for accounting purposes only.

“Administrative Expenses” means costs directly related to the administration of the Program, as determined by WRCOG in its sole reasonable discretion, including, but not limited to: the actual costs of preparing the annual Assessment installment collection schedules (whether by an employee of WRCOG or a consultant or both) and the actual costs of collecting the Assessment installments (whether by a county or otherwise); actual fees and costs of the Depository, in each case as evidenced by written documentation provided to WRCOG or the Program Administrator; the actual costs of remitting the Assessment installments to the Trustee; actual costs of the Trustee (including its legal counsel) in the discharge of its duties under the Indenture; the actual costs of WRCOG or its designee of complying with the disclosure provisions of Chapter 29, the Bond Act, federal securities laws and the Indenture, including those related to public inquiries regarding the Assessments and disclosures to Owners of the Bonds; the actual costs of WRCOG or its designee related to an appeal or challenge of the Assessment; any amounts required to be rebated to the federal government; and an allocable share of the salaries of WRCOG staff directly related to the foregoing and a proportionate amount of Authority general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by WRCOG for any administrative purpose relating to the Program, including costs related to prepayments of Assessments and the costs of prosecuting foreclosure of delinquent Assessment installments and actual fees and costs of the Program Administrator (including amounts advanced or incurred by the Program Administrator on behalf of WRCOG in the discharge of the duties of WRCOG under this Master Indenture).

“Annual Assessment Administrative Fee(s)” means, as to each Participating Parcel, the administrative fee due and payable pursuant to an Assessment Contract that shall be collected on the property tax bill pertaining to such Participating Parcel.

“Assessment” or “Assessments” means the unpaid contractual assessment(s) levied on the Participating Parcel(s) pursuant to an Assessment Contract(s), but excludes Penalties and Interest.

“Assessment Administrator” means DTA Public Finance, Inc., and its successors, or any financial consultant or firm of such financial consultants judged by WRCOG to have experience in the administration for and on behalf of public agencies of assessments similar to the Assessments levied by such public agencies in the State of California.

“Assessment Collection Account” means the account within the Redemption Fund designated as the “Western Riverside Council of Governments PACE Loan Group, LLCs Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche) Assessment Collection Account,” established and administered by the Trustee pursuant to Section 4.01 hereof. Unless otherwise instructed by WRCOG, such account will be established in the Redemption Fund for each Series of Bonds for accounting purposes only.

“Assessment Contract” means the contract between WRCOG and the Property Owner pursuant to which the Property Owner agrees to pay the Assessment and WRCOG agrees to finance the installation of Improvements on the Participating Parcel.

“Auditor” means the auditor/controller or tax collector of the applicable county in which the Participating Parcel is located, or such other official of the county who is responsible for preparing real property tax bills.

“Authorized Denominations” means the entire principal amount of the Outstanding Bonds of a Series.

“Authorized Representative” means the Executive Director of WRCOG or his or her designee or designees each of whom is authorized pursuant to a Certificate of WRCOG executed by the Executive Director.

“Bond” or “Bonds” means the Original Bonds and any other the Western Riverside Council of Governments PACE Loan Group, LLCs Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche) in one or more Series, authorized, issued, executed, authenticated and delivered on or after the Effective Date pursuant to Chapter 29, the Bond Act, this Master Indenture and a Supplemental Indenture.

“Bond Counsel” means Best Best & Krieger LLP, and its successors, or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the issuance of bonds by states and their political subdivisions, duly admitted to the practice of law before the highest court of the State of California.

“Bond Act” means the Improvement Bond Act of 1915, being Division 10 of the California Streets and Highways Code (commencing with Section 8500 et seq.), and as it may be amended from time to time, to the extent not in conflict with Chapter 29.

“Bond Purchase Agreement” means, as to each Series of Bonds, that Bond Purchase Agreement by and between WRCOG and the Initial Purchaser thereof providing for the sale by WRCOG to and the purchase by the Initial Purchaser of such Series of Bonds.

“**Bond Register**” means the books maintained by the Trustee pursuant to Section 2.07 for the registration and transfer of ownership of the Bonds.

“**Bond Year**” means, with respect to the Bonds, the twelve-month period beginning on September 3 in each year and ending on September 2 in the following year except that (i) the first Bond Year will begin on the date of delivery of the Bonds and end on the next September 2, and (ii) the last Bond Year may end on a prior redemption date.

“**Business Day**” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in California or in the state in which the Trustee has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

“**Capitalized Interest Account**” means the account of that name established in the Redemption Fund and administered under Section 4.01. Such account will be established only as directed in a Supplemental Indenture with respect to a Series of Bonds and unless otherwise instructed by WRCOG, such account will be established for accounting purposes only.

“**Certificate of WRCOG**” means a written certificate of WRCOG signed by an Authorized Representative of WRCOG.

“**Chapter 29**” shall have the meaning given such term in the recitals hereto.

“**Closing Date**” means, as to each Bond or Series of Bonds, the date of issuance of thereof.

“**Collateral**” shall have the meaning given such term in Section 3.01 hereto.

“**Commercial**” shall have the meaning given such term in the Program Report.

“**Costs of Issuance**” means all items of expense directly or indirectly payable by or reimbursable to WRCOG relating to the authorization, issuance, sale and delivery of the Bonds, including, but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee; fees, charges and disbursements of Bond Counsel and other attorneys, financing advisors, accounting firms, consultants and other professionals, the Program Administrator’s fee, fees and charges for preparation, execution and safekeeping of the Bonds; and any cost, charge or fee in connection with the original issuance of a Series of Bonds.

“**Costs of Issuance Account**” means the account of that name established in the Program Fund and designated “Western Riverside Council of Governments PACE Loan Group, LLC Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche) Costs of Issuance Account,” established and administered pursuant to Section 4.02 of this Master Indenture. Unless otherwise instructed by WRCOG, such account will be established in the Program Fund for each Series of Bonds for accounting purposes only.

“**County**” has the meaning given to it in the recitals hereto.

“Covered Jurisdiction” means, as to the WRCOG Program, each regular member of WRCOG participating in the WRCOG Program and, as to the California Program, each associate member of WRCOG participating in the California Program.

“Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds of such Series in such Bond Year, assuming that the Outstanding Bonds of such Series are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds of such Series and the Sinking Accounts Payments on such Bonds due in such Bond Year.

“Debt Service Schedule” means the schedule, as may be amended, established by WRCOG or its authorized agent, which sets forth the dates on which Debt Service shall be paid.

“Depository” means Wilmington Trust, National Association, as depository under the Depository Agent Agreement, and its successors and assigns.

“Depository Account” means the Depository Assessment Collection Account established with the Depository pursuant to the Depository Agent Agreement administered by the Trustee pursuant to Section 4.06.

“Depository Agent Agreement” means the Depository Agent Agreement among WRCOG, PACE Loan Group, LLC, and the Depository, relating to certain indentures entered into by WRCOG and the Trustee from time to time, including this Master Indenture, as it may be amended or supplemented from time in accordance with its terms

“Designated Transferee” means, as to any Series of Bonds, the party identified as the Designated Transferee, if any, in the Bond Purchase Agreement, Supplemental Indenture and/or Certificate of WRCOG with respect to a Series of Bonds providing for the issuance of such Series of Bonds.

“Electronic Means” shall mean the following communications methods: e-mail; secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee; or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“Event of Default” means any event described as an Event of Default in Section 9.01.

“Excess Program Account Proceeds” means the proceeds, if any, from the issuance of a Series of Bonds deposited on the Closing Date in the respective account of the Program Fund for the payment or reimbursement of Improvement Costs for the installation of Improvements on a Participating Parcel that remain on deposit in such account following the payment of all such Improvement Costs.

“Executive Committee” means the Executive Committee of WRCOG.

“Extraordinary Mandatory Redemption Account” means the account within the Redemption Fund designated as the “Western Riverside Council of Governments PACE Loan Group, LLC Commercial PACE Program Limited Obligation Improvement Bonds (First

Commercial Property Tranche) Extraordinary Mandatory Redemption Account,” established by the Trustee pursuant to Section 4.01(A)(3).

“**Federal Securities**” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Trustee:

(i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the timely payment of principal of and interest on which are, directly or indirectly, fully and unconditionally guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as stripped obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America:

(a) direct obligations of the Export-Import Bank;

(b) certificates of beneficial ownership issued by the Farmers Home Administration;

(c) participation certificates issued by the General Services Administration;

(d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association;

(e) project notes issued by the United States Department of Housing and Urban Development; and

(f) public housing notes and bonds guaranteed by the United States of America.

“**Improvement Costs**” means the costs of installing the Improvements on Participating Parcels in accordance with the Program Report, the Program Handbook and the related Assessment Contract or Assessment Contracts.

“**Improvements**” means the distributed generation renewable energy, energy efficiency, water efficiency, electric vehicle charging infrastructure and seismic improvements to be installed on the Participating Parcel(s) pursuant to the Assessment Contracts.

“**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 Assessment**” has the meaning given that term in the Assessment Contract(s).

“Initial Purchaser” means the party designated as the Initial Purchaser pursuant to each Bond Purchase Agreement, Supplemental Indenture and/or Certificate of WRCOG with respect to a Series of Bonds.

“Interest Payment Dates” means, as to any Series of Bonds, March 2 and September 2 of each year, commencing on the Interest Payment Date specified in the Supplemental Indenture pursuant to which such Series of Bonds have been issued.

“Joint Exercise of Powers Agreement” means that Joint Powers Agreement of WRCOG originally made and entered into April 1, 1991, as amended and to date and as it may be amended or supplemented from time in accordance with its terms.

“Master Indenture” means this Master Indenture, as it may from time to time be further supplemented, amended or modified pursuant to the provisions of this Master Indenture.

“Outstanding” when used as of any particular time with reference to the Bonds, means, subject to the provisions of Section 8.03, all Bonds except:

- (i) Bonds canceled by the Trustee or surrendered to the Trustee for cancellation;
- (ii) Bonds paid or deemed to have been paid within the meaning of Article X; and
- (iii) Bonds in lieu of or in substitution for which other Bonds have been authorized, executed, issued and delivered by WRCOG pursuant to the Indenture.

“Owner” or **“Bond Owner”** means the registered owner of any Outstanding Bond as shown on the Bond Register of the Trustee under Section 2.07.

“Participating Parcel(s)” means the parcel(s) within a Program Area that is (are) subject to the lien of an Assessment pursuant to an Assessment Contract or Assessment Contracts securing a Series of Bonds as identified on Appendix 1 of each Supplemental Indenture.

“Penalties and Interest” means any (i) penalties on delinquent contractual assessments levied on a Participating Parcel(s) pursuant to an Assessment Contract and (ii) interest on delinquent contractual assessments levied on a Participating Parcel(s) pursuant to an Assessment Contract in excess of the interest rate of the related Series of Bonds, in both cases pursuant to Section 5898.30 of Chapter 29.

“Penalties and Interest Account” means the account within the Redemption Fund and designated “Western Riverside Council of Governments PACE Loan Group, LLC Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche), Penalties and Interest Account,” established and administered under Section 4.01 hereof.

“*Permitted Investments*” means any of the following:

(a) Federal Securities.

(b) Federal Housing Administration debentures.

(c) Unsecured certificates of deposit, time deposits, demand deposits, overnight bank deposits, trust funds, trust accounts, interest-bearing deposits, interest-bearing money market accounts, other deposit products, and bankers’ acceptances (having maturities of not more than thirty 30 days) of any bank (including those of the Trustee and its affiliates) the short-term obligations of which are rated “A-1” or better by S&P.

(d) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million (including those of the Trustee and its affiliates).

(e) Commercial paper (having original maturities of not more than 270 days) rated “A-1+” by S&P and “Prime-1” by Moody’s.

(f) State Obligations, which means

(i) Direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated “A3” by Moody’s and “A” by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(ii) Direct, general short-term obligations of any state agency or subdivision described in (i) above and rated “A-1+” by S&P and “Prime-1” by Moody’s.

(iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (i) above and rated “AA” or better by S&P and “Aa” or better by Moody’s.

(g) Pre-refunded municipal obligations rated “AAA” by S&P and “Aaa” by Moody’s meeting the following requirements:

(i) the municipal obligations are (A) not subject to redemption prior to maturity or (B) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(ii) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(iii) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(iv) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(v) no substitution of a United States Treasury Obligation will be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(vi) the cash or the United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(h) Investments in a money market mutual fund rated AAAM or AAAM-G or better by S&P and having a rating in the highest investment category granted thereby from Moody’s, including, without limitation, any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, or custodian or subcustodian, or otherwise, notwithstanding that: (i) the Trustee or an affiliate of the Trustee receives and retains fees from funds for services rendered; (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds; and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(i) Repurchase and reverse repurchase agreements collateralized with securities described in (a) and (b) above, including those of the Trustee or any of its affiliates.

(j) California’s Local Agency Investment Fund (“LAIF”).

“Prepayment Account” means the account within the Redemption Fund and designated “Western Riverside Council of Governments Limited Obligation Improvement Bonds Series 20__ (First Commercial Property Tranche) Prepayment Account,” established and administered under Section 4.01 hereof. Unless otherwise instructed by WRCOG, such account will be established in the Redemption Fund for each Series of Bonds for accounting purposes only.

“Prepayments” means prepayments of Assessments received by WRCOG or the Trustee, less any administrative fees or penalties collected as part of any such prepayment of Assessments.

“Principal Office” means the corporate trust office of the Trustee in Los Angeles, California, located at such address as will be specified in a written notice by the Trustee to WRCOG under Section 10.06 hereof or such other office of the Trustee designated for payment, transfer or exchange of the Bonds.

“Principal Payment Date” means dates indicated in Appendix 1 to the Supplemental Indenture (defined below).

“Program” means the PACE Loan Group, LLC Commercial PACE Program established pursuant to the Resolution of Issuance.

“Program Account” means the respective account within the Program Fund and designated “Western Riverside Council of Governments Limited Obligation Improvement Bonds (First Commercial Property Tranche) Program Account,” established and administered under Section 4.01 hereof. Unless otherwise instructed by WRCOG, such account will be established in the Program Fund for each Series of Bonds for accounting purposes only.

“Program Administrator” means PACE Loan Group, LLC, acting in its capacity as the administrator of the Program pursuant to the Resolution of Issuance and the PACE Loan Group, LLC Commercial PACE Program Administration Agreement, dated as of _____, 20__, by and between WRCOG and PACE Loan Group, LLC, as such agreement may be amended or supplemented from time to time.

“Program Area” has the meaning given to it in the recitals hereto.

“Program Fund” means the fund designated “Western Riverside Council of Governments Limited Obligation Improvement Bonds Program Fund” established and administered under Section 4.02.

“Program Handbook” means the “PACE Loan Group, LLC Commercial PACE Program Handbook” as approved by WRCOG, as such handbook may be amended or supplemented from time to time with the approval of WRCOG.

“Program Manager” means the official of WRCOG designated as the program manager of the Program from time to time.

“Program Report” has the meaning given to it in the recitals hereto.

“Property Owner” means the owner of the Participating Parcel(s).

“Qualified Institutional Buyer” means a “qualified institutional buyer” as such term is defined in Rule 144A promulgated under the Securities Act of 1933, as amended.

“Record Date” means the 15th day of the calendar month immediately preceding the applicable Interest Payment Date, and any date established by the Trustee as a Record Date for the payment of defaulted interest on the Bonds, if any.

“Redemption Fund” means the fund designated “Western Riverside Council of Governments PACE Loan Group, LLC Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche), Redemption Fund,” established and administered under Section 4.01.

“Redemption Premium,” when used in reference to a Series of Bonds, the redemption premium set forth in the Related Supplemental Indenture.

“Related,” when used in reference to a Series of Bonds, Assessments, Collateral, Improvements or Assessment Contract, means the Series of Bonds that financed or refinanced the installation of the Improvements in respect of which the property owner agreed to pay the Assessment, the Assessment that relates to the Series of Bonds that financed or refinanced the installation of the Improvements in respect of which the Assessment was made and agreed to or the Collateral that includes those Assessments; the Improvements in respect of which the property owner agreed to pay the Assessment the installation of which are financed or refinanced from a Series of Bonds or the Assessment Contract pursuant to which the Assessment was levied that relates to the Series of Bonds that financed or refinanced the installation of the Improvements.

“Related,” when used in reference to a Supplemental Indenture and a Series of Bonds, the Supplemental Indenture that supplements this Master Indenture to establish the terms and conditions set forth in such Supplemental Indenture related to the issuance of such Series of Bonds.

“Reserve Fund” means, as to any Series of Bonds, a debt service reserve fund established by the Trustee pursuant to the Related Supplemental Indenture.

“Resolution of Issuance” shall have the meaning given such term in the recitals hereto.

“Series” means each Series of Bonds issued pursuant to this Master Indenture and the Related Supplemental Indenture. A “Series” may, as provided in such Related Supplemental Indenture, be a single Bond.

“Sinking Account Payments” means amounts to be paid by WRCOG with respect to any Term Bonds.

“Supplemental Indenture” means an agreement which is amendatory of and/or supplemental to this Master Indenture substantially in the form set forth in Exhibit A hereto executed and delivered in connection with the issuance of a 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.

“Term Bonds” means a Series of Bonds which are payable on or before their specified maturity dates from Sinking Account Payments established pursuant to the Related Supplemental Indenture for that purpose and calculated to retire such Series of Bonds on or before their specified maturity dates.

“*Trustee*” means Wilmington Trust, National Association, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01 hereof.

“*WRCOG*” means the Western Riverside Council of Governments, a joint exercise of powers agency duly organized and existing under the Constitution and laws of the State of California.

“*WRCOG Counsel*” means the general counsel of WRCOG or designated counsel to WRCOG with respect to the Bonds.

Section 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Indenture; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.04. Indenture Constitutes Contract. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract among WRCOG, the Trustee and the Owners of the Bonds. The pledge made in the Indenture and the provisions, covenants and agreements set forth in the Indenture to be performed by or on behalf of WRCOG shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by the Indenture.

ARTICLE II

THE BONDS

Section 2.01. Bonds Authorized.

(A) **Authorized Bonds.** WRCOG hereby authorizes the issuance of the Bonds in Authorized Denominations under and subject to the terms of the Resolution of Issuance, the Indenture, Chapter 29 and the Bond Act. Pursuant to the Resolution of Issuance, the Authorized Representatives of WRCOG are authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the Bonds in accordance with the provisions of Chapter 29, the Bond Act, the Resolution of Issuance, this Master Indenture and any applicable Supplemental Indentures.

(B) **Procedures for the Issuance of Bonds.** WRCOG may at any time issue a Series of 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 such Series of Bonds, subject to the following specific conditions, which are hereby made conditions precedent to the issuance of such Series of Bonds:

(i) All the requirements of Section 3.04 have been met.

(ii) The issuance of such Series of Bonds has been duly authorized pursuant to the Bond Act and all applicable laws, and the issuance of such Series of 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 such Series of Bonds issued hereunder through, or through the account maintained with, a registered broker dealer.

(C) **Proceeds of the Bonds.** Upon the receipt of payment for each Series of Bonds on the Closing Date thereof, the Trustee will apply the proceeds of sale thereof in the amounts and to the funds and accounts as provided for in the Related Supplemental Indenture.

Section 2.02. Payment of Principal of and Interest on the Bonds.

(A) **Payment of Interest.** Interest on each Bond will be computed as set forth in Appendix I to the Related Supplemental Indenture, and will be payable on each Interest Payment Date, pursuant to Debt Service Schedule set forth on Attachment A to the Related Bond. The Bonds will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless they are authenticated on a day during the period from the sixteenth day of the month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event they will bear interest from such Interest Payment Date; or unless they are authenticated on a day on or before the fifteenth day of the month next preceding the first Interest Payment Date, in which event they will bear interest from the date of delivery of such Bonds. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication

thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds shall bear interest at the rate per annum, and mature on the date, shown thereon.

(B) Method of Payment. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable in lawful money of the United States of America. As to each Series of Bonds, the Trustee shall pay interest on such Series of Bonds when due by wire transfer in immediately available funds to the person whose name appears on the Bond Register as the Owner thereof on the Record Date preceding such Interest Payment Date in accordance with such wire transfer instructions as shall be filed by such Owner with the Trustee from time to time prior to such Record Date.

The principal of any Bond and any premium on such Bond are payable in lawful money of the United States of America by the Trustee to the person whose name appears on the Bond Register as the Owner thereof on the Record Date immediately preceding the applicable Interest Payment Date upon surrender of the Bonds at the Principal Office of the Trustee. As to each Series of Bonds, payments of principal of such Series of Bonds shall, except on the final maturity thereof, be made without the requirement for presentation and surrender of such Series of Bonds at the Principal Office of the Trustee, and the Trustee shall pay such principal of such Series of Bonds when due by wire transfer in immediately available funds to the Initial Purchaser in accordance with such wire transfer instructions as shall be filed by the Owner of such Series of Bonds with the Trustee from time to time prior to such Record Date. All Bonds paid by the Trustee under this Section will be canceled by the Trustee. The Trustee will destroy the canceled Bonds and, upon request of WRCOG, issue a certificate of destruction of such Bonds to WRCOG.

Notwithstanding anything contained herein to the contrary, the Initial Purchaser and any Designated Transferee shall not be required to present and surrender the Bond for any principal payment, mandatory redemption payment for the redemption of such Bond in part, or mandatory sinking account payment other than the final principal payment at maturity.

Section 2.03. Redemption.

(A) General. The Supplemental Indenture with respect to any Bond or Series of Bonds may provide that all or a portion of such Bond is or such Series of Bonds are subject to optional or mandatory redemption prior to maturity pursuant to the terms thereof.

All Bonds will be subject to mandatory redemption from amounts received by WRCOG as Prepayments as provided in the applicable Supplemental Indenture and subject to the provisions of Part 11.1 of the Bond Act. WRCOG shall advise the Trustee of such provisions to the extent not specified herein.

Whenever less than all of the Outstanding Bonds issued as a Series of Bonds are called for redemption, the Trustee will select Bonds in whole or in part for redemption among maturities in such a way that the ratio of Outstanding Bonds to issued Bonds will be approximately the same in each maturity insofar as possible, and such that the remaining Assessments will be sufficient on a timely basis to pay the aggregate Debt Service on the Bonds. Within each maturity of such a Series, the Trustee will select Bonds for retirement by lot from all Bonds not previously called for

redemption; provided that the Trustee shall have not less than 72 hours before such selection in which to make the selection.

(B) Refundings. The provisions of Part 11.1 of the Bond Act are applicable to the advance payment of Assessments and to the refunding and redemption of any Series of the Bonds. WRCOG will advise the Trustee of such provisions to the extent not specified herein.

(C) Partial Redemption. Whenever less than all of the Outstanding Bond or Bonds of a Series are called for redemption, the Trustee will select Bonds in whole or in part for redemption in accordance with written direction from WRCOG among maturities in such a way that the remaining Related Assessments will be sufficient on a timely basis to pay debt service on such Series of Bonds. Within each maturity, the Trustee will select Bonds of such Series for retirement by lot. Payment of principal of any Bond selected for redemption in part and accrued interest and premium, if any, on such Bond shall be payable without surrender of such Bond at the Principal Office of the Trustee.

If the Bonds have been redeemed pursuant to an optional redemption or a mandatory prepayment redemption, the total amount of all future Sinking Accounts Payments relating to such maturity will be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Accounts Payments on a pro rata basis in Authorized Denominations as set forth in a revised sinking account schedule provided to the Trustee by WRCOG.

The payment of the principal of, premium, if any, and accrued interest on a Bond upon redemption in part shall be payable without the surrender of such Bond to the Trustee.

(D) Notice to Trustee. WRCOG will give the Trustee written notice of the aggregate amount of Bonds to be redeemed not less than 60 days prior to the applicable redemption date.

(E) Redemption Procedure by Trustee.

(i) Mailing of Notice. If any Bonds are designated for redemption pursuant to the related Supplemental Indenture, the Trustee will cause notice of any redemption to be mailed by first class mail to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Bond Register in the Principal Office of the Trustee, at least 30 days but no more than 60 days before the date designated for redemption.

Any failure of any person or entity to receive any such redemption notice if mailed in compliance with the previous paragraph, or any defect in any notice of redemption, will not affect the validity of the proceedings for the redemption of such Bonds.

(ii) Contents of Notice. Such notice will state the following:

- (1) the redemption date;
- (2) the redemption price;
- (3) the date of issue of the Series of the Bonds;

(4) if less than all of the then Outstanding Bonds of a Series are to be called for redemption, the Bond numbers of the Bonds to be redeemed (by designating the Bond number of each Bond to be redeemed or by stating that all Bonds between two designated Bond numbers, both inclusive, are to be redeemed) or that all of the Bonds of one or more maturities have been called for redemption;

(5) as to any Bond called in part, the principal amount thereof to be redeemed;

(6) that if such bonds are redeemed in full such Bonds must be then surrendered at the Principal Office of the Trustee for redemption at the redemption price; provided that the Initial Purchaser and any Designated Transferee shall not be required to present and surrender the Bond for any principal payment, mandatory redemption payment, or mandatory sinking account other than the final principal payment at maturity; and

(7) that further interest on the Bonds (or portion thereof) called for redemption will not accrue from and after the redemption date.

(iii) Rescission of Redemption. WRCOG may provide conditional notice of optional redemption and it may rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason adequate funds are not on deposit in the Redemption Fund on the redemption date, and such cancellation will not constitute an Event of Default hereunder. The Trustee will mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

(iv) Identification of Bonds Redeemed. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose will, to the extent practicable, bear the Bond number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(F) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds, Series of Bonds, or portion of Bonds so called for redemption have been deposited in the Redemption Fund on the date fixed for redemption, then such Bonds, Series of Bonds, or portion of Bonds so called for redemption will become due and payable at the redemption price specified in the redemption notice, and such Bonds, Series of Bonds or portion of Bonds will be defeased and will cease to be entitled to any benefit or security under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

All Bonds redeemed in full by the Trustee pursuant to this Section 2.03 and the related Supplemental Indenture will be canceled by the Trustee so long as all Series of Bonds issued under such Supplemental Indenture have been redeemed in full. The Trustee will destroy the canceled Bonds and, upon request of WRCOG, issue a certificate of destruction of such Bonds to WRCOG.

Section 2.04. Execution of Bonds. The Bonds will be executed on behalf of WRCOG by the manual or facsimile signature of the Treasurer and attested by the manual or facsimile signature of the Secretary. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the Owner, such signature will nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the Owner. Any Bond may be signed and attested on behalf of WRCOG by such persons who, as of the actual date of the execution of such Bond will be the proper officers of WRCOG although at the nominal date of such Bond any such person will not have been such officer of WRCOG.

Only such Bonds as bear thereon a certificate of authentication in substantially the form set forth 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 the Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of the Indenture.

Section 2.05. Transfer of Bonds.

(A) General. Any Bond may, in accordance with its terms and subject to paragraph (B) of this Section, be transferred, upon the Bond Register under Section 2.07 hereof by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Trustee. The cost for any services rendered or any expenses incurred by the Trustee in connection with any such transfer will be paid by WRCOG. The Trustee will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond is or Bonds are surrendered for transfer, WRCOG will execute and the Trustee will authenticate and deliver a new Bond or Bonds of the same Series, for like aggregate principal amounts, maturities, and interest rates in the denominations herein authorized. Neither WRCOG nor the Trustee will be required to make such transfer of Bonds on or after a Record Date and before the next ensuing Interest Payment Date.

(B) Transfer Restriction Applicable to Bonds. With respect to any Bond registered in the name of an entity, unless the Trustee shall have been otherwise directed in an Certificate of WRCOG accompanied by an opinion of Bond Counsel to the effect that such transfer is consistent with federal securities law, the Bond may only be transferred in an Authorized Denomination to (a) WRCOG (or the Trustee at the direction of WRCOG) or (b) an Accredited Investor or a Qualified Institutional Buyer who delivers to the Trustee and WRCOG an executed letter substantially in the form of Exhibit C attached to this Master Indenture.

Section 2.06. Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and of the same maturity. The cost for any services rendered or any expenses incurred by the Trustee in connection with any such exchange will be paid by WRCOG. The Trustee will collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange.

Neither WRCOG nor the Trustee will be required to make such exchange of Bonds after a Record Date and before the next ensuing Interest Payment Date.

Section 2.07. Bond Register. The Trustee will keep, or cause to be kept, at its Principal Office the Bond Register for the registration and transfer of the Bonds. The Bond Register will show the Series number, date, maturity amount, rate of interest and last registered Owner of each Bond and will at all times be open to inspection by WRCOG and each Owner during regular business hours on any Business Day, upon reasonable notice; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as hereinbefore provided.

Section 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, will be of such authorized denominations as may be determined by WRCOG, and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond will be executed by WRCOG and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If WRCOG issues temporary Bonds it will execute and furnish definitive Bonds without delay, but in no event more than 15 days from the date temporary Bonds are issued, and thereupon the temporary Bonds will be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Trustee or at such other location as the Trustee will designate, and the Trustee will authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds will be entitled to the same benefits under the Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond becomes mutilated, WRCOG, at the expense of the Owner of that Bond, will execute, and the Trustee will authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be canceled by it and destroyed by the Trustee who will, upon request of WRCOG, deliver a certificate of destruction thereof to WRCOG.

If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee will be given, WRCOG, at the expense of the Owner, will execute, and the Trustee will authenticate and deliver, a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. WRCOG may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section 2.09 and of the expenses that may be incurred by WRCOG and the Trustee for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of WRCOG whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and will be equally and proportionately entitled to the benefits of the Indenture with all other Bonds issued under the Indenture.

ARTICLE III

SECURITY; ISSUANCE OF BONDS

Section 3.01. Security for the Bonds; Pledge of Assessments and Funds. Each Series of Bonds will be secured by a first pledge (which pledge will be effected in the manner and to the extent herein provided) of all of the (i) the Related Assessment or Assessments together with all revenues, moneys, accounts receivable, contractual rights to payment, recoveries and other rights to payment of whatever kind with respect to such Related Assessment or Assessments or Related Assessment Contract or Assessment Contracts (except amounts required hereunder to be deposited into the Administrative Expense Account of the Program Fund) that are or may be owed to, or collected or received by, WRCOG or any other entity acting on WRCOG's behalf, including, without limitation, any amounts relating to the Related Assessment or Assessments or the Related Assessment Contract or Assessment Contracts that may be held in the Depository Account, the Related Assessment Installments, Related Prepayments, the foreclosure on a Participating Parcel on which an Assessment has been levied, or any other payment or recovery with respect to an Assessment from any other source but excluding Annual Assessment Administrative Fees, and (ii) the Redemption Fund 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, or owed to, or collected, recovered, received or held by, any other person that is required to credit to or deposit such monies or securities in the Redemption Fund by Chapter 29, the Bond Act or the terms of this Master Indenture attributable to proceeds of such Series of Bonds, such Related Assessment or Assessments and such Related Assessment Contract or Assessment Contracts, in each case, derived from the Related Assessment Installments, Related Prepayments, penalties and interest with respect to any delinquent Related Assessment Installment, the foreclosure on a Participating Parcel on which a Related Assessment has been levied, or payments pursuant to a Teeter Plan with respect to Related Assessments, if applicable, including any amounts relating thereto that may be held in the Depository Account for the Related Series of Bonds (the foregoing items in (i) and (ii) above collectively referred to as the "Collateral").

So long as any of the Bonds are Outstanding, the Collateral shall not be used for any other purpose except as provided in this Master Indenture. The security interest with respect to a Series of Bonds shall constitute a lien on the Related Collateral of such Series of Bonds and shall attach and be effective, binding and enforceable against WRCOG and all others asserting rights therein from and after delivery by the Trustee of such Series of Bonds, irrespective of whether those parties have notice thereof and without any physical delivery thereof or further act.

Section 3.02. Limited Obligation. All obligations of WRCOG under the Indenture and each Series of Bonds are not general obligations of WRCOG, but are limited obligations, payable solely from the Related Assessments and the funds pledged therefor hereunder. The faith and credit of WRCOG, any Covered Jurisdiction or the State of California, or any political subdivision thereof, is not pledged to the payment of the Bonds.

Each Series of Bonds are "Limited Obligation Improvement Bonds" under section 8769 of the Bond Act and each Series of Bonds is payable solely from and secured solely by the Related Assessments and the amounts in the Redemption Fund attributable to Related Assessments. Notwithstanding any other provision of the Indenture, WRCOG is not obligated to advance

available surplus funds from WRCOG treasury to cure any deficiency in the Redemption Fund; provided, however, WRCOG is not prevented, in its sole discretion, from so advancing funds.

Section 3.03. Parity Debt. WRCOG may issue additional Bonds payable from the Assessments in accordance with Section 2.01(B) hereof and to refund Outstanding Bonds pursuant to Section 3.06 below.

Section 3.04. Requirements for Issuance of Bonds. Each Bond or Bond or a Series 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 the Indenture

(B) Compliance. WRCOG shall be in compliance with all covenants set forth in this Master Indenture, and issuance of such Bond or Series of Bonds will not cause WRCOG to exceed the bonded indebtedness limit established for the Program or the maximum Bond authorization set forth in the Resolution of Issuance or as such maximum authorization may be amended by a resolution of the Executive Committee of WRCOG. Neither WRCOG nor anyone acting on its behalf shall have taken, or will take, any action that would subject the issuance or sale of the Bonds to the registration requirements set forth in the Securities Act of 1933, as amended, or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction, and the Bonds issued hereunder shall be subject to a valid exemption from all such registration requirements.

(C) Value. For each Participating Parcel, the value of such parcel (including the value of the Related Improvements financed from the proceeds of the Bond issued for such parcel) shall not be less than the minimum required value as determined at the time of the execution of the Related Assessment Contract by WRCOG pursuant to the requirements set forth in the Program Handbook.

(D) Coverage. The aggregate Assessment Installments payable under each Related Assessment Contract or Assessment Contracts specified in the Related Supplemental Indenture shall be at least 100% of the cumulative Debt Service on the Bond or Series of Bonds to be secured by the Related Assessment or Related 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 Annual Assessment Administrative Fee or aggregate Annual Assessment Administrative Fees payable pursuant to an Assessment Contract or Assessment Contracts, as

applicable, shall be sufficient to pay the total anticipated Administrative Expenses through the final maturity date of such Bond 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 Annual 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.

(E) Notice of Assessment. A notice of assessment shall have been duly recorded against each Participating Parcel pursuant to Chapter 29 and the Bond Act and there shall have been created a perfected first priority security interest in and to the Assessment levied against each such Participating Parcel and the other Collateral pledged for the payment of each Bond pursuant to the applicable Assessment Contract, the Bond Act, Chapter 29 and this Master Indenture.

(F) 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 may rely upon such opinions as if they had been addressed to the Initial Purchaser and the Designated Transferee (if applicable). In such opinion Bond Counsel shall opine that the issuance of the Bond or Series of Bonds has been duly authorized pursuant to the Bond Act and all other applicable laws and the issuance of the Bond or Series of Bonds has been provided for by the Related Supplemental Indenture.

Notwithstanding the foregoing, WRCOG may issue a Series of Bonds as refunding Bonds without the need to satisfy the requirements of paragraphs (C) or (D) above.

Section 3.05. No Acceleration. The principal of the Bonds will not be subject to acceleration hereunder. Nothing in this Section 3.05 will in any way prohibit the prepayment or redemption of Bonds under Section 2.03 hereof, or the defeasance of the Bonds and discharge of the Indenture under Article X hereof.

Section 3.06. Refunding of Bonds. The Bonds may be refunded by WRCOG pursuant to Divisions 11 or 11.5 of the California Streets and Highways Code upon the conditions as set forth in appropriate proceedings therefor. This Section will not apply to or in any manner limit advancement of the maturity of any of the Bonds as provided in Parts 8, 9, 11, or 11.1 of the Bond Act, nor will this Section apply to or in any manner limit the redemption and payment of any Bond pursuant to subsequent proceedings providing for the payment of amounts to eliminate previously imposed fixed lien assessments, including the Assessments. Nothing in this Section 3.06 affects

WRCOG's obligation to comply with Section 2.03 hereof in connection with a redemption of the Bonds.

Section 3.07. Agreement for Benefit of Bond Owners. The provisions, covenants and agreements herein set forth to be performed by or on behalf of WRCOG will be for the equal benefit, protection and security of the registered Owners of the Bonds.

ARTICLE IV

FUNDS AND ACCOUNTS

Section 4.01. Redemption Fund.

(A) **Establishment of Redemption Fund.** The Redemption Fund is hereby established as a separate fund to be held by the Trustee to the credit of which deposits will be made as required by Section 5.01(A), and any other amounts required to be deposited therein by the Indenture or the Bond Act. Moneys in the Redemption Fund, exclusive of those in the Penalties and Interest Account therein, will be held by the Trustee for the benefit of WRCOG and Owners of the related Series of Bonds and disbursed for the payment of the principal of (including Sinking Account Payments), and interest and any redemption premium on, the related Series of Bonds as provided below. The moneys held in the Penalties and Interest Account of the Redemption Fund will be held by the Trustee for the benefit of the Owners of the Related Series of Bonds and disbursed at the times and for the purposes set forth in Section 4.01(B).

(1) Within the Redemption Fund there is hereby established a Prepayment Account for each Series of Bonds, which will be used exclusively for the administration of any Related Prepayments pursuant to Section 8767 of the Bond Act and paragraph (C) of Section 2.03 and the provisions of the Related Supplemental Indenture to assure the timely redemption of the Related Series of Bonds. If all of the Related Assessments securing such Series of Bonds are paid in full WRCOG shall deliver a Certificate of WRCOG directing the Trustee to close such Prepayment Account.

Within the Redemption Fund there is also hereby established:

- (i) the Capitalized Interest Account, to the credit of which a deposit will be made from the proceeds of the related Series of Bonds pursuant to Section 2.01;
- (ii) the Extraordinary Mandatory Redemption Account which will be used exclusively for administration of any Excess Program Account Proceeds;
- (iii) the Penalties and Interest Account, to the credit of which any Penalties and Interest will be deposited; and
- (iv) the Assessment Collection Account to the credit of which deposits will be made as described below.

Unless otherwise instructed by WRCOG, each such account will be established in the Redemption Fund for accounting purposes only.

(2) Assessment Collection Account. Except for Prepayments which shall be deposited in the Prepayment Account, Excess Program Account Proceeds which shall be deposited into the Extraordinary Mandatory Redemption Account, Penalties and Interest which shall be deposited in the Penalties and Interest Account, or as otherwise provided in this paragraph (b), the Trustee shall deposit into the Assessment Collection Account all proceeds and payments with respect to each Assessment, including, without limitation:

- (i) Assessment Installments;
- (ii) any amounts transferred to the Assessment Collection Account from the debt service reserve fund, if any, established pursuant to the Related Supplemental Indenture for the Related Series of Bonds;
- (iii) any proceeds from the collection of delinquent Assessment Installments as a result of a foreclosure proceeding conducted pursuant to Section 5.02 against the Participating Parcel on which the applicable Assessment has been levied or otherwise (excluding (A) amounts identified as representing attorney's fees and costs incurred by WRCOG or such other person in prosecuting such foreclosure proceeding and (B) amounts required to be transferred hereunder to replenish the debt service reserve fund, if any, established for the related Series of Bonds);
- (iv) any amounts received pursuant to the County's Teeter Plan with respect to the Assessments securing the Related Series of Bonds; and
- (v) any amount transferred to the Assessment Collection Account from the respective Program Account pursuant to an Certificate of WRCOG delivered to the Trustee.

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 Related Series of Bonds on an Interest Payment Date and a Principal Payment Date;
- (ii) the payment of remaining principal with respect to the Related Series of Bonds on the respective maturity date thereof;
- (iii) the payment of the principal of and the accrued but unpaid interest and premium, if any, on any Bond upon the redemption thereof as provided in a Supplemental Indenture (excluding mandatory redemptions occurring as a result of a Prepayment or application of Excess Program Account Proceeds); or
- (iv) reimbursing WRCOG or a third party from the proceeds of payments representing the redemption of delinquent Assessment Installments for which advances were made by WRCOG or such third party.

All amounts in the Assessment Collection Account, including any earnings on the amounts held in the Assessment Collection Account, shall be held in trust for the benefit of the Bond Owners.

(3) Extraordinary Mandatory Redemption Account. The Trustee shall, upon receipt of a Certificate of WRCOG directing the Trustee to transfer Excess Program Account Proceeds to the Extraordinary Mandatory Redemption Account from the Program Account, deposit such proceeds in such account. Amounts deposited in the Extraordinary Mandatory Redemption Account shall be credited to the Bond specified in such Certificate of WRCOG and used and

withdrawn by the Trustee solely for the purpose of redeeming such Bond, in whole or in part, on any Interest Payment. The principal amount of the Bond to be redeemed shall equal the amount of the Excess Program Account Proceeds plus the amount, if any, as specified in such Certificate of WRCOG that is then on deposit in the Assessment Collection Account and to be credited to the payment of principal amount of such Bond; provided, however, such principal amount shall not 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 Account Proceeds, plus the amount, if any, on deposit in the Assessment Collection Account to be credited to the payment of principal amount of such Bond, plus interest to the date of redemption to be paid from the Assessment Collection Account and/or the Capitalized Interest Account, without premium. Interest shall cease to accrue on such Bond, or the principal amount of such Bond that is subject to redemption, from and after the date of redemption. All amounts in the Extraordinary Mandatory Redemption Account, including any earnings on the amounts held therein, shall be held in trust for the benefit of the applicable Bond Owners.

(B) Disbursements. On or before each Interest Payment Date and Principal Payment Date set forth in the table set forth in each Bond pursuant to the Related Supplemental Indenture with respect to each Series of Bonds, the Trustee will withdraw from the applicable accounts in the Redemption Fund and pay to the Owners of the Bonds the principal of (including Sinking Account Payments, if any), and interest and any redemption premium then due and payable on, the Related Series of Bonds. At least five (5) Business Days prior to each Interest Payment Date, WRCOG shall cause the Assessment Administrator to provide to the Trustee written information, upon which the Trustee may conclusively rely, as to amounts in the applicable accounts in the Redemption Fund that are for the credit of each Bond for purposes of making such payments pursuant to the Indenture. Funds on deposit in the Redemption Fund (and any account established thereunder) and credited to a Bond shall not be used to pay the principal of, or interest or any premium on, any other Bond.

If there are insufficient funds in the Redemption Fund to pay to the Owners of the Related Series of Bonds the principal of (including Sinking Account Payments), and interest and any redemption premium then due and payable on, the Related Series of Bonds, the Trustee will apply the available funds first to the payment of interest on the Related Series of Bonds, then to the payment of principal due on the Related Series of Bonds (including Sinking Account Payments), and then to payment of interest to the date of redemption and principal and any redemption premium due on the Related Series of Bonds by reason of Related Series of Bonds called for optional redemption or mandatory prepayment redemption.

On each Principal Payment Date, in accordance with the direction of WRCOG, the Trustee will use any amounts remaining in the Redemption Fund after payment of interest on the Related Series Bonds through such Principal Payment Date and the payment of principal due on the Related Series of Bonds through such Principal Payment Date, but excluding any amounts remaining in the Prepayment Account and the Penalties and Interest Account, to pay to the Owners of the Related Series of Bonds any amounts on deposit therein as additional interest on the Related Series of Bonds.

On or before each Interest Payment Date, the Trustee will, at the direction of WRCOG, withdraw from the Penalties and Interest Account and pay to the Owners of the Related Series of Bonds any amounts on deposit therein as additional interest on the Related Series of Bonds.

(C) Investment. Moneys in the Redemption Fund (and the accounts therein) will be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from such investment and deposit will be retained in the Redemption Fund and the accounts therein, as applicable.

(D) Transfers from Reserve Fund. Amounts transferred to the Redemption Fund from a debt service reserve fund, if any, established pursuant to the Related Supplemental Indenture for a Series of Bonds will be used in accordance with Part 16 of the Bond Act as directed in an appropriate Certificate of WRCOG.

Section 4.02. Program Fund.

(A) Establishment of Program Fund and the Accounts Therein. The Program Fund is hereby established as a separate fund to be held by the Trustee and within such fund the following accounts: (i) the Program Account, (ii) the Cost of Issuance Account and (ii) the Administrative Expense Account.

(B) Deposits to the Accounts within the Program Fund. The Trustee shall, pursuant to the Supplemental Indenture for the Related Series of Bonds, establish the foregoing accounts with respect to such Related Series of the Bonds, to the credit of which deposits will be made from the proceeds of the Related Series of Bonds as specified in such Supplemental Indenture.

(C) Disbursements. Moneys in the accounts of the Program Fund will be held by the Trustee and will be disbursed as provided in this paragraph (C).

(i) Disbursements from Program Accounts. Amounts in each Program Account will be disbursed from time to time to pay for the costs of installing the Related Improvements in accordance with the Related Assessment Contract, as set forth in written instructions of the Program Administrator delivered to the Trustee containing the amounts to be paid to the designated payees. Such written instructions will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts.

The Trustee will maintain funds on deposit in the Program Account established for a Series of Bonds until receipt the Trustee of a Certificate of WRCOG: (a) notifying the Trustee that all Improvement Costs to be paid from such account pursuant to a Related Assessment Contracts have been paid and directing the Trustee to transfer the Excess Program Fund Proceeds remaining on deposit in such Program Account as follows: (i) transfer such Excess Program Fund Proceeds in the amount of \$500 or more as specified in such Certificate of WRCOG to the Extraordinary Mandatory Redemption Account of the Redemption Fund to be applied to the redemption pursuant to paragraph (D) of Section 2.03 of the Related Series of Bonds, in whole or in part, specified in such Certificate of WRCOG; or (ii) directing the Trustee to transfer any moneys remaining on deposit in such

account, including any investment earnings thereon, to the Assessment Collection Account of the Redemption Fund for the credit of such Series of Bond(s).

Funds on deposit in a Program Account and credited to a Bond shall be used solely to pay or reimburse the Improvement Costs associated with the Participating Parcel that has been levied 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.

(ii) Disbursements from the Cost of Issuance Accounts. Moneys in each Costs of Issuance Account will be held in trust by the Trustee and will be disbursed as provided in this paragraph (ii) for the payment or reimbursement of Costs of Issuance for the Related Series of Bonds.

Amounts in the Costs of Issuance Account for a Related Series of Bonds will be disbursed from time to time to pay Costs of Issuance for such Related Series of Bonds, as set forth in a Certificate of WRCOG containing respective amounts to be paid to the designated payees and delivered to the Trustee concurrently with the delivery of the Related Series of Bonds, or in any future requisition submitted by WRCOG to the Trustee. Each such certificate will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts. The Trustee will pay all Costs of Issuance after receipt of the Certificate of WRCOG, or an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee pursuant to the Certificate of WRCOG requesting payment of Costs of Issuance. The Trustee will maintain the Costs of Issuance Account for a period of 120 days from the final date of delivery of the Related Series of Bonds and then will transfer any moneys remaining therein, including any investment earnings thereon, to the Administrative Expense Account for such Related Series of Bonds.

(iii) Disbursements from the Administrative Expense Accounts. Amounts in each Administrative Expense Account shall be used by WRCOG to pay Administrative Expenses for the Related Series of Bonds. Amounts in the Administrative Expense Account for a Related Series of Bonds will be disbursed from time to time to pay Administrative Expenses for such Related Series of Bonds, as set forth in a Certificate of WRCOG containing respective amounts to be paid to the designated payees and delivered to the Trustee. Each such certificate will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts. The Trustee will pay all Administrative Expenses after receipt of the Certificate of WRCOG, or an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee pursuant to the Certificate of WRCOG requesting payment of Administrative Expenses.

(D) Closure of the Program Fund and the Accounts Therein.

(i) Closure of the Program Fund. The Trustee will maintain the Program Fund until all amounts in the Program Fund and the accounts therein are expended or until WRCOG directs the Trustee to close the fund and all accounts therein, and then the Trustee

will transfer any moneys remaining therein, including any investment earnings thereon, to the Redemption Fund to pay the redemption price for as many Bonds as possible on the first possible redemption date pursuant to Section 2.03(A), including accrued interest to the redemption date and the applicable redemption premium, or to make payments on the Bonds as they come due, as directed by WRCOG.

(ii) Closure of the Cost of Issuance Accounts. The Trustee will maintain the funds on deposit the Cost of Issuance Account for each Series of Bonds until all such funds are expended or until as directed by a Certificate of WRCOG directing the Trustee to close such account and to transfer any money remaining on deposit in such account to the Administrative Expense Account for such Series of Bonds.

(iii) Closure of the Administrative Expense Accounts. The Trustee shall maintain the Administrative Expense Account for each Series of Bonds until (a) the payment of all Bonds included in such Series and the surrender of such Bonds to the Trustee for cancellation and payment of all outstanding Administrative Expenses due and payable hereunder and (b) the receipt by the Trustee of a Certificate of WRCOG declaring that all obligations of WRCOG with respect to such Series of Bonds have been satisfied. Upon satisfaction of such conditions the Trustee shall deliver all amounts then remaining in such account to WRCOG and any outstanding Administrative Expenses shall be payable solely from WRCOG. All such amounts delivered to WRCOG and not required to pay Administrative Expenses for such Series of Bonds may be used for any lawful purpose of WRCOG.

(E) Investment. Moneys in the Program Fund and the accounts therein will be invested and deposited in accordance with Section 6.01. Earnings and profits resulting from said investment will be retained by the Trustee in the applicable account of the Program Fund to be used for the purposes of such account.

Section 4.03. Reserve Fund. As to any Series of Bonds, the Trustee may be directed pursuant to the Related Supplemental Indenture to establish and maintain a debt service reserve fund in trust separate and distinct from the other funds and accounts for such Series of Bonds established under the Indenture. The failure to maintain an amount in a debt service reserve fund which may be established for a Series of Bonds shall not be a default or an Event of Default hereunder.

Section 4.04. Depository Assessment Collection Account and Depository Agent Agreement. A Depository Assessment Collection Account has established with the Depository pursuant to the Depository Agent Agreement for the purpose of depositing certain funds, including: Assessment Installments; delinquent Assessment Installments and penalties and interest thereon; Annual Assessment Administrative Fees; Related Prepayments of Assessments; funds advanced to cover delinquent Assessment Installments; and, from time to time, miscellaneous funds from other parties as permitted pursuant to this Master Indenture. WRCOG and the Trustee covenant and agree to comply in all respects with the Depository Agent Agreement and to make such amendments thereto that are reasonably necessary to carry out the provisions and purposes of this Master Indenture. The Trustee shall conclusively rely on information received by it from the Assessment Administrator and the Program Administrator and pursuant to the provisions of the

Depository Agent Agreement as to the proper allocation of all funds on deposit under the Depository Agent Agreement and the Trustee shall not have any responsibility or liability for allocating or segregating any moneys other than for following the instructions received pursuant to such Depository Agent Agreement and as otherwise set forth herein. All costs and expenses incurred in establishing and maintaining the Depository Assessment Collection Account under the Depository Agent Agreement shall be considered an Administrative Expense payable under paragraph (iii) of Section 4.02(C) hereof.

Section 4.05. Establishment of Subaccounts. The Trustee may establish subaccounts within any of the funds or accounts established under this Master Indenture or any Supplemental Indenture at the written request of WRCOG or if the Trustee determines in its sole discretion that such subaccounts are beneficial for the administration of the Bonds or for record-keeping purposes.

ARTICLE V

COVENANTS OF WRCOG

Section 5.01. Collection of Assessments. WRCOG will comply with all requirements of Chapter 29, the Bond Act and the Indenture to assure the timely collection of the Assessments, including, without limitation, the enforcement of delinquent Assessments. To that end, the following will apply:

(A) The Assessments, together with the interest thereon, will be payable in the installments specified in the Assessment Contracts. Each Assessment installment will be payable in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and become delinquent at the same times and bear the same proportionate Penalties and Interest after delinquency as do the general taxes on real property. All sums received from the collection of the Assessments will be transferred initially directly from the County to the Depository Agent for deposit into the Depository Assessment Collection Account pursuant to the Depository Agent Agreement. All sums received from the collection of any Penalties and Interest will be transferred to the Trustee for deposit into the Penalties and Interest Account of the Redemption Fund.

(B) WRCOG will, before the final date on which the Auditor will accept the transmission of the Assessment installments for the Participating Parcels for inclusion on the next tax roll, prepare or cause to be prepared, and will transmit to the Auditor, such data as the Auditor requires to include the installments of the Assessments on the next secured tax roll. WRCOG is hereby authorized to employ consultants to assist in computing the installments of the Assessments hereunder.

(C) In the event that a County files a petition under Chapter 9 or is otherwise unable or unwilling to include the Assessment Installments and the Annual Assessment Administrative Fees on the tax roll and to collect such amounts on the property tax bill for any Fiscal Year, WRCOG covenants to:

(i) take such action as shall be necessary to enforce the statutory and contractual obligations of such County to include the Assessment Installments and the Annual Assessment Administrative Fees on the tax roll each Fiscal Year and to collect such amounts on the property tax bills of the Participating Parcels for any Fiscal Year, and

(ii) exercise its best efforts to collect such Assessment Installments and Annual Assessment Administrative Fees by directly billing the owners of the Participating Parcels for their respective Assessment Installments and Annual Assessment Administrative Fees.

WRCOG makes no representation or warranty regarding its ability to collect such Assessment Installments and Annual Assessment Administrative Fees by such direct billing pursuant to paragraph (C)(ii) above or its ability or legal authority to enforce the payment of Assessment Installments and Annual Assessment Administrative Fees directly billed by WRCOG to the owners of Participating Parcels through a judicial foreclosure action in the event of the

delinquency in the payment of any such Assessment Installments and Annual Assessment Administrative Fees.

If WRCOG is unable to enforce the statutory and contractual obligations of the County to include the Assessment Installments and the Annual Assessment Administrative Fees on the tax roll each Fiscal Year or to collect, or cause any other person acting on its or the County's behalf to collect, the Assessment Installments, the Annual Assessment Administrative Fees or any other amounts with respect to the Assessments, which is absolute and unconditional, to pay the interest and redemption premium (if any) on and principal of the related Series of Bonds to the respective Owners of the related Series of Bonds when due and all Administrative Expenses (including indemnity), as herein provided, out of the Related Assessments pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, then the Trustee may, on behalf of such Owners, institute suit to enforce such payment by virtue of the contract embodied in the respective Series of Bonds and in the Indenture. Nothing in this Section 5.01 shall limit in any way the rights of the Owners to declare an Event of Default pursuant to Section 9.01 hereof or to pursue all rights and remedies available to such Owners under this Master Indenture and applicable law.

Section 5.02. Foreclosure. WRCOG hereby covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced, and thereafter diligently prosecute an action in the superior court to foreclose the lien of any Assessment or installment thereof which has been billed, but has not been paid, pursuant to and as provided in sections 8830 and 8835, inclusive, of the Bond Act and the conditions specified in this Section 5.02.

No later than October 1 each year, WRCOG will determine whether any single Participating Parcel is delinquent in the payment of two or more semiannual installments (or as long as there is a single Owner, of any semi-annual installments of Assessment payments, including any payment of principal, interest, redemption premium (if any) and Penalties and Interest, and, if so, will notify WRCOG Counsel, and the Owner of the related Series of Bonds as long as there is a single Owner, of any such delinquencies. WRCOG Counsel will commence, or cause to be commenced, the foreclosure proceedings against each such delinquent Participating Parcel, including collection actions preparatory to the filing of any complaint, but will file the complaint by the immediately succeeding December 1. WRCOG Counsel is hereby authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel (including a charge for staff time) in conducting foreclosure proceedings shall be an Administrative Expense hereunder.

However, notwithstanding the foregoing, WRCOG may elect, in its sole discretion, to defer foreclosure proceedings on any Participating Parcel if WRCOG has received funds equal to the delinquent Related Assessments from any other source, and those funds are available to contribute toward (i) Administrative Expenses and (ii) the payment of the principal of (including Sinking Account Payments) interest, redemption premium (if any) and Penalties and Interest on the Related Series of Bonds when due (including without limitation funds from the sale of the receivables associated with delinquent Related Assessments).

Further notwithstanding the foregoing, as to each Series of Bonds, as long as there is a single Owner of such Bond or Bonds, WRCOG will not initiate foreclosure proceedings unless

directed in writing to do so within the time period contemplated by the Section 8834 of the Bond Act by the Owner of such Bond or Bonds, which written direction must be delivered to WRCOG along with an amount reasonably determined by WRCOG to be sufficient to pay its costs of prosecuting the foreclosure. Nothing in this paragraph is intended to limit any obligation imposed on WRCOG by the Revenue & Taxation Code with respect to tax defaulted properties. If the Owner of the Bond or Bonds pays the costs of prosecuting the foreclosure, it shall be entitled to recover such costs in the foreclosure proceedings to the extent permitted by law.

Penalties and Interest are payable to the Owner of the Bonds as set forth in Section 4.01(B).

Section 5.03. Punctual Payment. WRCOG will punctually pay or cause to be paid the principal of (including Sinking Account Payments), and interest and any redemption premium on, the Bonds when and as due in strict conformity with the terms of the Indenture, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and of the Bonds.

Section 5.04. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, WRCOG will not, directly or indirectly, extend or consent to the extension of the time for the payment of any interest on any of the Bonds and will not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding any claims for interest on any of the Bonds, or in any other manner.

Section 5.05. Against Encumbrance. WRCOG will not encumber, pledge or place any charge or lien upon any of the Assessments or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by the Resolution of Issuance, the Indenture, Chapter 29 and the Bond Act and with the written consent of the Owners.

Section 5.06. Books and Accounts. WRCOG will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of WRCOG, in which complete and correct entries will be made of all transactions relating to the Assessments and the application of amounts disbursed from the funds and accounts held by WRCOG hereunder, which records will be subject to inspection by the Trustee upon reasonable prior notice on any Business Day.

Section 5.07. Protection of Security and Rights of Owners. WRCOG will preserve and protect the security of the Bonds and the rights of the Owners thereto, and will warrant and defend their rights to such security against all claims and demands of all persons. From and after the delivery of any of the Bonds by WRCOG, the Bonds will be incontestable by WRCOG. WRCOG will take all commercially reasonable measures to enforce the provisions of the Assessment Contract.

Section 5.08. Compliance with Law; Completion of Improvements. WRCOG will comply with all applicable provisions of Chapter 29 and the Bond Act in providing financing for the Improvements, but WRCOG will have no obligation to advance any funds to complete Related Improvements in excess of the proceeds of the Bonds available therefor.

Section 5.09. Further Assurances. WRCOG will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Indenture.

ARTICLE VI

INVESTMENTS; LIABILITY OF WRCOG

Section 6.01. Deposit and Investment of Moneys in Funds. The following will apply to the investment of funds held by the Trustee:

(i) Moneys in any fund or account created or established by the Indenture and held by the Trustee will be invested by the Trustee in Permitted Investments, as directed pursuant to a Certificate of WRCOG filed with the Trustee at least two Business Days in advance of the making of such investments. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories. In the absence of any such Certificate of WRCOG, the Trustee shall hold funds uninvested.

Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account, subject, however, to the requirements of the Indenture for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

(ii) The Trustee may act as principal or agent in the acquisition or disposition of any investment. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including investment maintenance fees. The Trustee will incur no liability for losses arising from any investments made pursuant to this Section. The Trustee will be entitled to rely upon any investment directions from WRCOG as conclusive a certification to the Trustee that the investments described therein are so authorized under the laws of the State of California.

The Trustee will not invest any cash held by it hereunder in the absence of timely and specific written direction from WRCOG. In no event will the Trustee be liable for the selection of investments.

(iii) Investments in any and all funds and accounts may at the discretion of the Trustee be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Trustee hereunder, provided that the Trustee will at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Indenture.

(iv) The Trustee will sell, or present for redemption, any investment security whenever it is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited. The Trustee will not be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

(v) Although WRCOG recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, WRCOG hereby agrees that confirmations of Permitted Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

Section 6.02. Limited Liability of WRCOG. WRCOG will not be obligated to make any payments required hereunder or under any Bond, or be deemed to incur any liability hereunder or by reason hereof or arising out of any of the transactions contemplated hereby, payable from any funds or assets other than as specifically provided herein.

Section 6.03. Employment of Agents by WRCOG. In order to perform its duties and obligations hereunder, WRCOG may employ such persons or entities as it deems necessary or advisable. WRCOG will not be liable for any of the acts or omissions of such persons or entities employed by it with reasonable care and in good faith hereunder, and will be entitled to rely, and will be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities. Nothing in this Section 6.03 shall be interpreted to prevent the Owner of the Bonds from seeking remedies for an Event of Default as set forth in Section 9.02.

ARTICLE VII

THE TRUSTEE

Section 7.01. Appointment of Trustee. Wilmington Trust, National Association, is hereby appointed trustee and paying agent for the Bonds. The Trustee undertakes to perform such duties, and only such duties, as are specifically set forth in the Indenture, and no implied covenants or obligations will be read into the Indenture against the Trustee. With respect to the appointment of the Trustee, the following will apply:

(A) Any bank or company into which the Trustee may be merged or converted or with which it may be consolidated, or any bank or company resulting from any merger, conversion or consolidation to which it is a party, or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (if such bank or company is eligible under the following paragraph of this Section 7.01) will be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. The Trustee will give WRCOG written notice of any such succession hereunder.

(B) WRCOG may, upon not less than 60 days' prior written notice, remove the Trustee initially appointed and any successor thereto, and may appoint a successor thereto, but any Trustee will be a national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 7.01, combined capital and surplus of such national banking association or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(C) The Trustee may at any time resign by giving written notice to WRCOG and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, WRCOG will promptly appoint a successor Trustee, satisfying the requirements of Section 7.01(B) above, by an instrument in writing. Any resignation or removal of the Trustee will become effective upon acceptance of appointment by the successor Trustee.

(D) If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, WRCOG will promptly appoint a successor Trustee by an instrument in writing.

(E) If no appointment of a successor Trustee is made pursuant to the foregoing provisions of this Section within 45 days after the Trustee has given to WRCOG written notice or after a vacancy in the office of the Trustee has occurred by reason of its inability to act, the Trustee or any Bond Owner may apply, at the expense of WRCOG, to any court of competent jurisdiction to appoint a successor Trustee. That court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Section 7.02. Liability of Trustee. With respect to the liability of the Trustee, the following will apply:

(A) The recitals of facts, covenants and agreements herein and in the Bonds contained will be taken as statements, covenants and agreements of WRCOG, and the Trustee assumes no responsibility for the correctness of the same, makes no representations as to the validity or sufficiency of the Indenture or of the Bonds, or will incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee will not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee assumes no responsibility or liability for any information, statement or recital in any official statement or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(B) The Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture on their face.

Except as provided above in this paragraph, Trustee will be fully protected and will incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Indenture, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it in good faith reasonably believes to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of the Indenture, and the Trustee will not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

(C) The Trustee will not be liable for any error of judgment made in good faith by a responsible officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(D) No provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(E) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of WRCOG or any of the Owners pursuant to the Indenture unless such Owners have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The permissive right of the Trustee to do things enumerated in this Master Indenture shall not be construed as a duty.

(F) The Trustee may become the owner of the Bonds with the same rights it would have if it were not the Trustee.

(G) The Trustee will not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without

its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event or occurrences beyond the control of the Trustee.

(H) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Master Indenture and delivered using Electronic Means; provided, however, that WRCOG shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions and containing specimen signatures of such Authorized Representatives, which incumbency certificate shall be amended by WRCOG whenever a person is to be added or deleted from the listing. If WRCOG elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. WRCOG understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Representative. WRCOG shall be responsible for ensuring that only Authorized Representatives transmit such Instructions to the Trustee and that WRCOG and all Authorized Representatives are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Corporation. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. WRCOG agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by WRCOG; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(I) The Trustee will have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(J) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, affiliates, or receivers, and will be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee will not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

(K) The Trustee shall not be accountable for the use or application by WRCOG of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Master Indenture or any Supplemental Indenture or for the use and application of money received by any paying agent.

Section 7.03. Information; Books and Accounts. The Trustee will provide to WRCOG such information relating to the Bonds and the funds and accounts maintained by the Trustee hereunder as WRCOG may reasonably request, including, but not limited to, quarterly statements reporting funds held and transactions by the Trustee.

The Trustee will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Trustee, in which complete and correct entries will be made of all transactions made by it relating to the expenditure of amounts disbursed from the Redemption Fund and the accounts therein. Such books of record and accounts will, upon reasonable notice, at all times during business hours on any Business Day be subject to the inspection of WRCOG and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Section 7.04. Notice to Trustee. The Trustee may conclusively rely, without undertaking any investigation or inquiry, and will be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, electronic mail, warrant, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or proper parties.

The Trustee may consult with counsel, who may be counsel to WRCOG, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee will not be bound to recognize any person as the Owner of a Bond unless and until such person is the registered Owner of such Bond and such Bond is submitted for inspection, if required, and such Owner's title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of an Authorized Representative of WRCOG, and such certificate will be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture or any Supplemental Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 7.05. Compensation; Indemnification. WRCOG will pay to the Trustee from time to time reasonable compensation for all services rendered as Trustee under the Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of the

Trustee's in house or other attorneys and agents, incurred in and about the performance of their powers and duties under the Indenture.

WRCOG further agrees, to the extent permitted by applicable law, to indemnify and save the Trustee, its officers, employees, directors and agents harmless against any losses, expenses, costs, claims, judgments, damages, suits or liabilities which it may incur in the exercise and performance of its powers and duties hereunder (including, without limitation, legal fees and expenses) which are not due to its negligence or willful misconduct. As security for the performance of the obligations of WRCOG under this section pertaining to exercise and performance of the powers and duties of the Trustee hereunder related to any Bond or Series of Bonds, the Trustee shall have a lien prior to such Bond or Series of Bonds upon all property and funds held or collected by the Trustee as such pertaining to such Bond or Series of Bonds, except funds held in trust for the payment of principal of or interest or premiums on such Bond or Series of Bonds.

The obligation of WRCOG under this Section will survive resignation or removal of the Trustee under the Indenture and payment of the Bonds and discharge of the Indenture.

Section 7.06. Trustee as Owner. In the event the Trustee wishes to purchase the Bonds, the Trustee may become the owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Trustee.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 8.01. Conditions for Amendment.

(A) Amendment with Consent of Bond Owners. The Indenture and the rights and obligations of WRCOG and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture with the written consent of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding, or, alternatively, if such amendment or modification affects only one or more Series of Bonds, with the written consent of the Owners of at least a majority in aggregate principal amount of such Series (which may include Series to be issued contemporaneously with the amendment or modification), in each case exclusive of Bonds disqualified as provided in Section 8.03.

No such modification or amendment may:

- (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of WRCOG to pay the principal of, and the interest, any redemption premium or Penalties and Interest on, any Bond, without the express consent of the Owner of such Bond; or
- (ii) permit the creation by WRCOG of any pledge or lien upon the Assessments pledged to any Series of Bonds superior to or on a parity with the pledges and liens created for the benefit of such Series of Bonds, without the express written consent of the Owners of all Outstanding Bonds of such Series; or
- (iii) reduce the percentage of Bonds required for the amendment hereof; or
- (iv) amend this Section 8.01.

Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

(B) Amendment without Consent of Bond Owners. The Indenture and the rights and obligations of WRCOG and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

- (i) Additions. To add to the covenants and agreements of WRCOG contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon WRCOG, so long as such addition, limitation or surrender does not adversely affect any outstanding Bonds in any material respect, as evidenced by an opinion of Bond Counsel delivered to the Trustee.
- (ii) Not Materially Adversely Affecting Bonds. To make modifications not adversely affecting any outstanding Bonds in any material respect, as evidenced by an opinion of Bond Counsel delivered to the Trustee.

(iii) Corrections. To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as WRCOG may deem necessary or desirable and not inconsistent with the Indenture, and which will not materially adversely affect the rights of the Owners of the Bonds as evidenced by an opinion of Bond Counsel delivered to the Trustee.

(iv) Issuance of Bonds. To issue Bonds in accordance with the Indenture.

(v) Credit Enhancements. To provide for the delivery of credit enhancements for one or more Bonds or Series of Bonds.

Section 8.02. Procedure for Amendment with Written Consent of Owners.

WRCOG and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of the Indenture, to the extent that such amendment is permitted by Section 8.01, to take effect when and as provided in this Section. With respect to such Supplemental Indenture under this Section, the following will apply:

(A) A copy of such Supplemental Indenture, together with a request to respective Owners for their consent thereto, will be mailed by first class mail, by the Trustee to each Owner of respective Bonds Outstanding, but failure to mail copies of such Supplemental Indenture and request will not affect the validity of the Supplemental Indenture when assented to as provided in this Section.

(B) Such Supplemental Indenture will not become effective unless there has been filed with the Trustee the written consents of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding or, if such amendment or modification affects only one or more Series of Bonds, with the written consent of the Owners of at least a majority in aggregate principal amount of such Series as applicable (exclusive of Bonds disqualified as provided in Section 8.03) and a notice has been mailed as described in subsection (A) above. Each such consent will be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof will be such as is permitted by Section 10.04.

Any such consent will be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(C) After the Owners of the required percentage of Bonds have filed their consents to the Supplemental Indenture, the Trustee will mail a notice to the Owners in the manner described in subsection (A) above for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section; provided, however, that failure to mail copies of this notice will not affect the validity of the Supplemental Indenture or consents thereto.

Proof of the mailing of such notice will be filed with the Trustee. A record, consisting of the papers required by this Section 8.02 to be filed with the Trustee, will be proof of the matters therein stated until the contrary is proved.

The Supplemental Indenture will become effective upon the filing with the Trustee of (a) the proof of the required notice, and (b) an approving opinion of Bond Counsel to the effect that the Supplemental Indenture complies with this Section 8.02. The Supplemental Indenture will be deemed conclusively binding (except as otherwise specifically provided in this Article) upon WRCOG and the Owners of all Bonds at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60-day period.

Section 8.03. Disqualified Bonds. Bonds owned or held for the account of WRCOG, excepting any pension or retirement fund, will not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and will not be entitled to consent to, or take any other action provided for in this Article VIII; except that in determining whether the Trustee will be protected in relying upon any such approval or consent of an Owner, only Bonds which a responsible officer of the Trustee having direct responsibility for the administration of the Indenture actually knows to be owned by or held for the account of WRCOG (excepting any pension or retirement fund) will be disregarded unless all Bonds are so owned, in which case such Bonds will be considered Outstanding for the purpose of such determination.

Upon request of the Trustee, WRCOG will specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Section 8.04. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VIII, the Indenture will be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the Indenture of WRCOG and all Owners of Bonds Outstanding will thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture will be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Section 8.05. Endorsement or Replacement of Bonds Issued After Amendment. WRCOG may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII may bear a notation, by endorsement or otherwise, in form approved by WRCOG, as to such action. In that case, upon request of the Owner of any Bond Outstanding at such effective date and presentation of his or her Bond for that purpose at the Principal Office of the Trustee or at such other office as WRCOG may select and designate for that purpose, a suitable notation will be made on such Bond.

WRCOG may determine that new Bonds, so modified as in the opinion of WRCOG is necessary to conform to such Owners' action, will be prepared, executed and delivered. In that case, upon request of the Owner of any Bonds then Outstanding, such new Bonds will be

exchanged at the Principal Office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.06. Amendatory Endorsement of Bonds. The provisions of this Article VIII will not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Section 8.07. Execution of Supplemental Indenture. Prior to executing any Supplemental Indenture hereunder, the Trustee will be entitled to receive an opinion of Bond Counsel stating that the execution of such Supplemental Indenture is authorized and permitted by the Indenture and that all conditions precedent to the execution of such Supplemental Indenture have been met.

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.01. Events of Default. Any one or more of the following events will constitute an “Event of Default”:

(A) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same will become due and payable, whether at maturity as therein expressed or from mandatory redemption;

(B) Default in the due and punctual payment of the interest on any Bond when and as the same will become due and payable; or

(C) Default by WRCOG in the observance of any of the other agreements, conditions or covenants on its part in the Indenture or in the Bonds contained, and the continuation of such default for a period of thirty (30) days after WRCOG has been given notice in writing of such default by the Trustee or any Owner; *provided, however*, if in the reasonable opinion of WRCOG the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by WRCOG within such thirty (30) day period and WRCOG shall thereafter diligently and in good faith cure such failure within a reasonable period of time, such period of time not to exceed one hundred eighty (180) days after such default notice is delivered to WRCOG .

Section 9.02. Remedies of Owners. Following the occurrence of an Event of Default, any Owner will have the right (and the right to instruct the Trustee, subject to the Trustee’s rights under Section 7.02(E) hereof) for the equal benefit and protection of all Owners similarly situated:

(A) By mandamus or other suit or proceeding at law or in equity to enforce its, his or her rights against WRCOG and any of the members, officers and employees of WRCOG, and to compel WRCOG or any such members, officers or employees to perform and carry out their duties under Chapter 29 or the Bond Act and their agreements with the Owners as provided in the Indenture; or

(B) By suit in equity to enjoin any actions or things that are unlawful or violate the rights of the Owners.

(C) To exercise every power and remedy available to it under Chapter 29 or the Bond Act.

Nothing in this article or in any other provisions of the Indenture or in the Bonds will affect or impair the obligation of WRCOG, which is absolute and unconditional, to pay the interest, redemption premium (if any), and Penalties and Interest on and principal of the Bonds to the respective owners of the Bonds when due, as herein provided, out of the Related Assessments pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture.

A waiver by any Owner of any default or breach of duty or contract will not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default will impair any such right or power and it will not be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by Chapter 29 or the Bond Act or by this article may be enforced and exercised from time to time and as often as will be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, WRCOG and the Owners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy will be cumulative and will be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by Chapter 29, the Bond Act or any other law. In any suit, action or proceeding to enforce the provisions of this Master Indenture, the prevailing party shall be entitled to receive reasonable attorney's fees. In no event will the Trustee have any responsibility to cure or cause WRCOG or any other person or entity to cure an Event of Default hereunder.

Section 9.03. Application of Funds After Default. If an Event of Default shall occur and be continuing with respect to a Series of Bonds, all monies held or thereafter received by the Trustee with respect to such Series of Bonds, and any other funds then held or thereafter received by the Trustee with respect to such Series of Bonds under any of the provisions of this Master Indenture shall be applied in the following order:

(A) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of such Series of Bonds and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its accountants and counsel) incurred with respect to such Series of Bonds in and about the performance of its powers and duties under the Indenture;

(B) To the payment of Administrative Expenses of such Series of Bonds;

(C) To the payment of the principal of and interest then due on such Series of Bonds, in accordance with the provisions of this Master Indenture, in the following order of priority:

(i) First: To the payment to the persons entitled thereto of all installments of interest then due on such Series of Bonds, as applicable, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

(ii) Second: To the payment to the persons entitled thereto of all installments of unpaid principal of such Series of Bonds, as applicable, which shall have become due, whether at maturity or redemption, and, if the amount available shall not be sufficient to

pay in full all of such Series of Bonds together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

(iii) Third: If there shall exist any remainder after the foregoing payments, such remainder shall be paid to WRCOG as directed in a Certificate of WRCOG.

ARTICLE X

MISCELLANEOUS

Section 10.01. Discharge of Indenture. Subject to the provisions of Section 2.03 hereof regarding redemption, if WRCOG pays and discharges the entire indebtedness on all or a portion of any Bonds or Series of Bonds Outstanding in any one or more of the following ways:

(A) by paying or causing to be paid the principal of (including any Sinking Account Payments) and interest and any redemption premium on, all Bonds or Series of Bonds Outstanding, as and when the same become due and payable;

(B) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in Section 4.01, is fully sufficient to pay such Bonds or Series of Bonds Outstanding, including all principal (including Sinking Account Payments), interest and any applicable redemption premiums with respect to such Bond or Series of Bonds being discharged or defeased; or

(C) by irrevocably depositing with the Trustee, in trust, cash and Federal Securities in such amount as WRCOG may determine, as confirmed by an independent certified public accountant, will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in Section 4.01, be fully sufficient to pay and discharge the indebtedness on such Bonds or Series of Bonds, including all principal, Sinking Account Payments, interest and any applicable redemption premiums with respect to the Bond or Series of Bonds being discharged or defeased, at or before their respective maturity dates;

and if such Bonds or Series of 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 or Series of Bonds have not been surrendered for payment, the pledge of the Assessments and other funds provided for in the Indenture and all other obligations of WRCOG under the Indenture with respect to all Bonds or Series of Bonds Outstanding will cease and terminate, except only: (i) the obligation of WRCOG to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon and (ii) the obligation of WRCOG to pay or cause to be paid all amounts owing to the Trustee pursuant to Section 7.05 hereof.

If all Bonds or Series of Bonds outstanding are discharged pursuant to this Section, thereafter the Related Assessments will not be payable to the Trustee. Notice of election to discharge the Indenture with respect to such Bond or Series of Bonds will be filed with the Trustee.

Any funds thereafter held by the Trustee upon payment of all fees and expenses of the Trustee, which are not required for said purpose, will be paid over to WRCOG to be used by WRCOG as provided in Chapter 29 and the Bond Act.

Section 10.02. Benefits of Agreement Limited to Parties. Nothing in the Indenture, expressed or implied, is intended to give to any person other than WRCOG, the Trustee and the Owners, any right, remedy or claim under or by reason of the Indenture. Any covenants,

stipulations, promises or agreements in the Indenture contained by and on behalf of WRCOG will be for the sole and exclusive benefit of the Owners and the Trustee.

Section 10.03. Successor is Deemed Included in All Reference to Predecessor. Whenever in the Indenture or any Supplemental Indenture either WRCOG or the Trustee is named or referred to, such reference will be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of WRCOG or the Trustee will bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and will be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of registered Bonds and the amount, maturity, number and date of holding the same will be proved by the registry books.

Any consent, request, declaration or other instrument or writing of the then registered Owner of any Bond will bind all future Owners of such Bond in respect of anything done or suffered to be done by WRCOG or the Trustee in good faith and in accordance therewith.

Section 10.05. Waiver of Personal Liability. No member, officer, agent or employee of WRCOG will be individually or personally liable for the payment of the principal of, or interest or any redemption premium on, the Bonds; but nothing herein contained will relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

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 each Series of Bonds pursuant to the Indenture will constitute conclusive evidence of the regularity of all proceedings under Chapter 29 and the Bond Act relative to their issuance and the levy of the Related Assessments.

Section 10.12. Payment on Business Day. In any case where the date of the maturity of interest or of principal, including Sinking Account Payments, (and redemption premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to the Indenture is other than a Business Day, the payment of interest or principal, including Sinking Account Payments, (and any redemption premium) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no additional interest will accrue from such Interest Payment Date until such Business Day.

Section 10.13. Counterparts. This 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**

Director of Energy & Environmental
Programs

**WILMINGTON TRUST, NATIONAL
ASSOCIATION**, as Trustee

By: _____
Authorized Representative

MASTER INDENTURE
EXHIBIT A
FORM OF SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE NO. []

between the

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

and

Wilmington Trust, National Association

as trustee

Dated as of [], 20__

Relating to

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
PACE LOAN GROUP, LLC COMMERCIAL PACE PROGRAM
LIMITED OBLIGATION IMPROVEMENT BONDS
SERIES ____
(First Commercial Property Tranche)**

(Supplemental to the MASTER INDENTURE, dated as of _____, 20__)

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS; AUTHORIZATION AND PURPOSE OF SERIES ___ BONDS;
EQUAL SECURITY; COVENANTS **ERROR! BOOKMARK NOT DEFINED.**

Section 1.01. Definitions Error! Bookmark not defined.

Section 1.02. Interpretation Error! Bookmark not defined.

Section 1.03. Authorization Error! Bookmark not defined.

Section 1.04. Representations of WRCOG Error! Bookmark not defined.

ARTICLE II ISSUANCE OF SERIES ___ BONDS **ERROR! BOOKMARK NOT DEFINED.**

Section 2.01. Terms of Series ___ Bonds. Error! Bookmark not defined.

Section 2.02. Redemption of Series ___ Bonds. Error! Bookmark not defined.

Section 2.03. Form of Series ___ Bonds. Error! Bookmark not defined.

Section 2.04. Validity of Bonds. Error! Bookmark not defined.

Section 2.05. Registration of Series ___ Bonds. Error! Bookmark not defined.

ARTICLE III USE OF PROCEEDS **ERROR! BOOKMARK NOT DEFINED.**

Section 3.01. Issuance of Series ___ Bonds Error! Bookmark not defined.

**Section 3.02. Application of Proceeds of Sale of Series ___ Bonds Error! Bookmark
not defined.**

ARTICLE IV ADDITIONAL PROVISIONS **ERROR! BOOKMARK NOT DEFINED.**

Section 4.01. Applicable Law Error! Bookmark not defined.

Section 4.02. Conflict with Bond Act Error! Bookmark not defined.

Section 4.03. Conclusive Evidence of Regularity Error! Bookmark not defined.

**Section 4.04. Confirmation of Master Indenture; Conflict With Master Indenture
Error! Bookmark not defined.**

Section 4.05. Counterparts Error! Bookmark not defined.

APPENDIX 1	BOND SPECIFICS	APPENDIX 1
EXHIBIT A	LIST OF PARTICIPATING PARCELS.....	A
EXHIBIT B	FORM OF SERIES ___ BONDS.....	B

SUPPLEMENTAL INDENTURE NO. []

THIS SUPPLEMENTAL INDENTURE NO. [], dated as of [], 20__ (this “**Supplemental Indenture**”), is made by and between the WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS, a joint exercise of powers agency duly organized and existing under and by virtue of the laws of the State of California (the “**WRCOG**”), and WILMINGTON TRUST, NATIONAL ASSOCIATION., a national banking association organized and existing under the laws of the United States of America [or insert type of entity] (the “**Trustee**”);

B A C K G R O U N D:

WHEREAS, WRCOG and the Trustee have executed and delivered a Master Indenture, dated as of _____, 20__, , by and between WRCOG and the Trustee (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 ___ Bonds, to establish and declare the terms and conditions upon which the Series ___ Bonds are to be issued, to secure the Series ___ Bonds by a lien and charge upon (i) the Assessment or Assessments (as defined in the Assessment Contract(s) with respect to the Participating Parcel(s) set forth on Exhibit A hereto, the “**Assessment**” herein) together with all revenues, moneys, accounts receivable, contractual rights to payment, recoveries and other rights to payment of whatever kind with respect to such Assessment or Assessments or the Assessment Contract(s) with respect to the Participating Parcel(s) set forth on Exhibit A hereto (except amounts required hereunder to be deposited into the Administrative Expense Account of the Program Fund) that are or may be owed to, or collected or received by, WRCOG or any other entity acting on WRCOG’s behalf, including, without limitation, any amounts relating thereto that may be held in the Depository Account, the Assessment Installments, a Prepayment of the Assessment, the foreclosure on a Participating Parcel(s) set forth on Exhibit A hereto on which an Assessment has been levied, or any other payment or recovery with respect to an Assessment from any other source but excluding Annual Assessment Administrative Fees, and (ii) the Redemption Fund 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, or owed to, or collected, recovered, received or held by, any other person that is required to credit to or deposit such monies or securities in the Redemption Fund by Chapter 29, the Bond Act or the terms of the Indenture attributable to proceeds of the Series ___ Bonds, such Assessment or Assessments and such Assessment Contract(s) with respect to the Participating Parcel(s) set forth on Exhibit A hereto, in each case, derived from the Assessment Installments, a Prepayment of the Assessment, penalties and interest with respect to any delinquent Assessment Installment, the foreclosure on a Participating Parcel(s) set forth on Exhibit A hereto on which an Assessment has been levied, or payments pursuant to a Teeter Plan with respect to Assessments, if applicable, including any amounts relating thereto that may be held in the Depository Account (the foregoing items in (i) and (ii) above collectively referred to as the “**Series ___ Bond Collateral**”), the Executive Committee has authorized the execution and delivery of this Supplemental Indenture;

WHEREAS, all acts and proceedings required by law and the Master Indenture necessary to make the Series ___ Bonds, when executed by WRCOG and authenticated and delivered by the

Trustee, the duly issued, valid, binding and legal special obligations of WRCOG, and to constitute this Supplemental Indenture 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; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS; AUTHORIZATION AND PURPOSE OF SERIES ___ BONDS; EQUAL SECURITY; COVENANTS

Section 1.01. Definitions. Unless the context clearly otherwise requires or unless otherwise defined in this Supplemental Indenture, the capitalized terms in this Supplemental Indenture will have the respective meanings that such terms have in the Master Indenture.

“*Closing Date*” means the date of initial issuance and delivery of the Series ___ Bonds hereunder.

“*Interest Payment Dates*” means the dates indicated in Appendix 1.

Optional: Only applies if a Reserve Fund is established for the Series of Bonds.

[“*Series ___ Bond Reserve Requirement*” means, initially, \$ _____.]

“*Series ___ Bonds*” means the Western Riverside Council of Governments PACE Loan Group, LLC Commercial Pace Program Limited Obligation Improvement Bonds, Series 20__ (First Commercial Property Tranche) issued pursuant to this Supplemental Indenture.

Section 1.02. Interpretation. Section 1.03 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. Representations of WRCOG. WRCOG hereby warrants and represents on the date hereof as follows:

(A) WRCOG is a joint powers authority duly organized, duly constituted and validly existing under the laws of the State of California, and has the full legal right, authority and power to enter into and carry out the terms and conditions of this Supplemental Indenture.

(B) No approval of, or consent from, any governmental authority (other than WRCOG’s governing body) is required for the execution, delivery or performance by WRCOG of this Supplemental Indenture.

(C) The Indenture, when executed and delivered by WRCOG, shall be duly and validly authorized, executed and delivered by WRCOG.

(D) The execution, delivery and performance by WRCOG of this Supplemental Indenture and the performance by WRCOG of its obligations under the Indenture and the transactions contemplated hereby and thereby:

(i) do not contravene any provisions of law applicable to WRCOG, and

(ii) do not conflict with, and will not result (with or without the giving of notice or passage of time or both) in the breach of or constitute a default or require any consent under any credit agreement, indenture, mortgage, purchase agreement, deed of trust, security agreement, lease, guarantee or other instrument to which WRCOG is a party, by which WRCOG may be bound or to which WRCOG or its property may be subject.

(E) The Indenture constitutes the legal, valid and binding obligation of WRCOG, enforceable against WRCOG in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally, and by applicable laws and judicial decisions which may affect the remedies provided in the Indenture.

(F) WRCOG has complied with Section 3.04 of the Master Indenture in connection with the issuance of the Series ___ Bonds, and the aggregate initial principal amount of Bonds issued under the Master Indenture, after giving effect to the Series ___ Bonds, will be as indicated in Section 2.01(a) of Appendix 1.

(G) Each of the Assessment Contract(s) with respect to the Participating Parcel(s) set forth on Exhibit A hereto was executed and delivered by WRCOG in compliance with the requirements of the Bond Act, the Program Report, all relevant and applicable laws and regulations of the federal government and the State of California and all relevant and applicable resolutions of WRCOG.

(H) Based on the information provided to WRCOG by, and representations of, the Property Owners (as defined in the Assessment Contract(s) with respect to the Participating Parcel(s) set forth on Exhibit A hereto), the transactions represented by the Assessment Contract(s) with respect to the Participating Parcel(s) set forth on Exhibit A hereto, such Participating Parcels and such Property Owners satisfy all eligibility criteria under and underwriting requirements of the Bond Act, the Program Report and all other relevant and applicable laws and regulations of the federal government and the State of California, and all relevant and applicable resolutions of WRCOG necessary to participate in the Program.

(I) The Series ___ Bonds are limited obligation improvement bonds governed by the provisions of the Indenture, the Act and the Bond Act and have been issued in accordance with and in satisfaction of all applicable terms and underwriting criteria for such bonds set forth in the Indenture, 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.

(J) Without limiting Section 5.01(C) of the Master Indenture, WRCOG, either directly or through the Program Administrator or its other agents, has taken and shall continue to take all commercially reasonable steps necessary to ensure that all amounts owed under any and all Assessment Contract(s) with respect to the Participating Parcel(s) set forth on Exhibit A hereto are accurately and timely entered on the tax roll of the applicable County.

ARTICLE II ISSUANCE OF SERIES ___ BONDS

Section 2.01. Terms of Series ___ Bonds.

(A) The Series ___ Bonds authorized to be issued by WRCOG under and subject to the Bond Act and the terms of the Master Indenture, as supplemented and amended, and this Supplemental Indenture will be designated the Western Riverside Council of Governments PACE Loan Group, LLC Commercial Pace Program Limited Obligation Improvement Bonds, Series 20__ - ([First] Commercial Property Tranche)", and will be issued in the original principal amount as indicated in Appendix 1.

The Series ___ Bonds shall be issued as fully registered Bonds without coupons.

(B) The Series ___ Bonds will be dated the Closing Date and will be payable on the Payment Dates and in the principal amounts, and will bear interest at the rate per annum (with accrued and unpaid interest payable on each Payment Date in accordance with Sections 2.02(B) and (C) of the Master Indenture), set forth in the schedule indicated in Appendix 1.

Section 2.02. Redemption of Series ___ Bonds.

(A) The Series ___ Bonds are subject to mandatory redemption, as a whole or in part, from Prepayments and optional redemption as permitted herein below from amounts on deposit in the Redemption Fund, in each case as set forth in Appendix 1 hereof.

The Series ___ Bonds, or any part thereof, are subject to optional redemption only in the following circumstances:

(i) WRCOG shall give written notice to the Owner(s) and the Program Administrator of its intention to optionally redeem the Series ___ Bonds, as a whole or in part, and both the Owner(s) and the Program Administrator shall have provided their written consent to such redemption not less than 60 days prior to the proposed redemption date; or

(ii) (a) WRCOG shall give written notice to both the Owner(s) and the Program Administrator that the Annual Assessment Administrative Fee shall be insufficient to pay the Administrative Expenses for each such Bond Year throughout the remaining term of the Series ___ Bonds and that WRCOG intends to optionally redeem the Series ___ Bonds, as a whole or in part, for the purpose of providing the funds necessary to cover such deficit from the interest rate savings to be achieved by such redemption and requesting that Owner(s), the Program Administrator or both agree to be contractually bound to provide the funds necessary to cover such deficit; and

(b) Neither the Owner(s) or the Program Administrator agree individually or collectively to be contractually bound to provide funds necessary to cover such deficit.

The Series ___ Bonds are not otherwise subject to optional redemption prior to maturity.

(B) Except as otherwise set forth in this Section 2.02 and in Appendix 1 hereto, Section 2.03 of the Master Indenture will govern redemption of the Series ___ Bonds.

Section 2.03. Form of Series ___ Bonds. The Series ___ Bonds, the Trustee's certificate of authentication, and the assignment to appear thereon, will be substantially in the form set forth in Exhibit B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Supplemental Indenture, the Resolution of Issuance and the Bond Act.

Section 2.04. Validity of Bonds. The validity of the authorization and issuance of the Series ___ Bonds will not be dependent upon the installation or operation of the Improvements (as defined in the Assessment Contract(s) with respect to the Participating Parcel(s) set forth on Exhibit A hereto) or upon the performance by any person of such person's obligation with respect to the Improvements.

Section 2.05. Registration of Series ___ Bonds. The Series ___ Bonds shall be registered in the name of the Initial Purchaser indicated in Appendix 1.

ARTICLE III USE OF PROCEEDS

Section 3.01. Issuance of Series ___ Bonds. Upon the execution and delivery of this Supplemental Indenture and satisfaction of the requirements for issuance of a Series of Bonds under Section 3.04 of the Master Indenture, WRCOG will execute and deliver the Series ___ Bonds in the aggregate principal amount as indicated in Appendix 1 to the Trustee for authentication and delivery to the Initial Purchaser thereof as indicated in Appendix 1.

Section 3.02. Application of Proceeds of Sale of Series ___ Bonds. Upon the receipt of payment for the Series ___ Bonds on the Closing Date, the Trustee will apply the proceeds of sale thereof (being an amount equal to the principal amount of the Series ___ Bonds) as indicated in Appendix 1.

**ARTICLE IV
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 Bond Act. In the event of a conflict between any provisions of this Supplemental Indenture with any provision of the Bond Act as in effect on the Closing Date, the provision of the Bond Act will prevail over the conflicting provision of this Supplemental Indenture.

Section 4.03. Conclusive Evidence of Regularity. Series ___ Bonds issued pursuant to this Supplemental Indenture will constitute conclusive evidence of the regularity of all proceedings under the Bond Act relative to their issuance and the levy of the Assessment (as defined in the Assessment Contract(s) with respect to the Participating Parcel(s) set forth on Exhibit A hereto).

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, 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.

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

Wilmington Trust, National Association, as
Trustee

By: _____
Authorized Signatory

**APPENDIX 1
BOND SPECIFICS**

Article I

Section 1.01. Definitions

Interest Payment Dates: Interest on the Series ___ Bonds is due and payable on March 2 and September 2 of each year, commencing on [DATE].

Principal of the Series ___ Bonds is due on September 2 in the years identified below.

Article II

Section 2.01. Terms of Series ___ Bonds.

- (a) Original principal amount of the Series ___ Bonds is \$ _____ and the aggregate principal amount of all Bonds issued under the Master Indenture, after giving effect to the Series ___ Bonds, is \$ _____.
- (b) Interest Rate _____ is:[_____%]. [The Series ___ Bonds shall be payable at the rates _____, and will be payable on each Interest Payment Date, pursuant to Debt Service Schedule set forth on Attachment A to the Series ___ Bond].
- (c) Interest on each Bond will be computed on the basis of a [360 day year of actual number of days in the period] [actual number of days in the year and actual number of days in the period].

Section 2.02. Redemption of Series ___ Bonds.

(a) *Mandatory Prepayment Redemption.* The Series ___ Bonds will be redeemed, as a whole or in part, and paid in advance of maturity, from amounts received by WRCOG as a Prepayment of the Assessment, on any Interest Payment Date, at a price equal to:

- (i) 100% of the principal amount of the Series ___ Bonds to be prepaid;
- (ii) accrued but unpaid interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act; and
- (iii) a redemption premium equal to ___%.

Upon redemption of the Series ___ Bonds as set forth in this subsection, WRCOG shall cause the Initial Assessment to be reduced in an amount equal to the principal amount of the Series ___ Bonds redeemed.

(b) *Optional Redemption.* The Series ___ Bonds are subject to optional redemption pursuant to the Indenture, as a whole or in part, on any Interest Payment Date occurring on or after

ten years after the Closing Date from funds derived by WRCOG from any source other than Related Prepayments, at a price equal to:

- (i) 100% of the principal amount of the Series ___ Bonds to be prepaid;
- (ii) accrued but unpaid interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act; and
- (iii) a redemption premium, unless waived or reduced as consented by the Bond Owner equal to the following:

if made between the Closing Date and the date that is ten years after the Closing Date, 5.00% of the amount to be prepaid;

if made after the date that is eleven years after the Closing Date until the date that is twelve years after the Closing Date, 4.00% of the amount to be prepaid;

if made after the date that is twelve years after the Closing Date until the date that is thirteen years after the Closing Date, 3.00% of the amount to be prepaid;

if made after the date that is thirteen years after the Closing Date until the date that is fourteen years after the Closing Date, 2.00% of the amount to be prepaid;

if made after the date that is fourteen years after the Closing Date until the date that is fifteen years after the Closing Date, 1.00% of the amount to be prepaid;

if made after the date that is fifteen years after the Closing Date, 0.00% of the amount to be prepaid.

(c) Extraordinary Mandatory Redemption from Excess Program Account Proceeds. The Series ___ Bonds will be redeemed, as whole or in part, and paid in advance of maturity, from amounts received by WRCOG as Excess Program Account Proceeds relating to this Bond and the Related Assessment Contract, on any Interest Payment Date, at a price equal to:

- (i) 100% of the principal amount of the Series ___ Bonds to be prepaid;
- (ii) accrued but unpaid interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act; and
- (iii) a redemption premium equal to ___%.

(d) Mandatory Sinking Account Redemption. All the Series ___ Bonds constitute Term Bonds, which will be subject to mandatory redemption in part by lot, from Sinking Account Payments made by WRCOG from the Redemption Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts, as shown in Attachment A.

However, if the Series ___ Bonds have been redeemed pursuant to an optional redemption or a mandatory prepayment redemption, the total amount of all future Sinking Account Payments relating to such maturity will be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Account Payments on a pro rata basis in Authorized Denominations as determined by the Trustee, notice of which determination will be given by the Trustee to WRCOG.

Section 2.03. Registration of Series ___ Bonds.

The name of the Initial Purchaser is _____.

Article III

Section 3.01. Application of Proceeds of Sale of Series ___ Bonds.

(a) \$_____ to the Capitalized Interest Account for the Series ___ Bonds within the Redemption Fund representing capitalized interest on the Series ___ Bonds.

(b) \$_____ to the Costs of Issuance Account for the Series ___ Bonds within the Program Fund established pursuant to the Master Indenture.

(c) \$_____ to the Program Account for the Series ___ Bonds within the Program Fund established pursuant to the Master Indenture.

(d) \$_____ to the Administrative Expense Account of the Program Fund established pursuant to the Master Indenture.

[Unless otherwise instructed by WRCOG, each such account will be established for accounting purposes only.]

Optional: Utilized only if Reserve Fund established for the Series ___ Bonds.

[(e) \$_____ to the Series Bond Reserve Fund established pursuant to this Supplemental Indenture.]

Optional: Utilized only if Reserve Fund established for the Series ___ Bonds.

Article IV

Section 4.01. Series Bond Reserve Fund

(A) General. The Trustee shall establish and maintain the Series Bond Reserve Fund in trust separate and distinct from the other funds and accounts established hereunder. Except as provided below, all moneys in the Series Bond Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on or the principal of the Series ___ Bonds in the event that insufficient moneys are available in the Assessment Collection Account for the Series ___ Bonds within the Redemption Fund for such purpose or for the redemption or payment of Series ___ Bonds under subparagraph (E) below.

(B) Investment; Maintenance of Funds in the Series ___ Bond Reserve Fund. Moneys in the Series ___ Bond Reserve Fund shall be invested in Permitted Investments with a maturity of not greater than five years as directed in a Certificate of WRCOG; in the absence of direction, the Trustee shall invest such funds in a Permitted Investment described in clause (h) of the definition. The Trustee shall retain in the Series ___ Bond Reserve Fund all earnings on amounts on deposit in the Series ___ Bond Reserve Fund until the amount on deposit in the Series ___ Bond Reserve Fund exceeds the Series ___ Bond Reserve Requirement, then the amount in excess of the Series ___ Bond Reserve Requirement shall be transferred to the Assessment Collection Account for the Series ___ Bonds within the Redemption Fund.

Notwithstanding any other provision hereof, the failure to maintain an amount in the Series ___ Bond Reserve Fund equal to the Series ___ Bond Reserve Requirement shall not be a default or an Event of Default under the Master Indenture.

(C) Redemption as a Result of Principal Prepayments. In the event of a Prepayment (other than as a result of transfers made pursuant to subparagraph (E) below) of a Series ___ Bond, WRCOG shall transfer a proportionate amount in the Reserve Fund to the [Assessment Collection Account for the Series ___ Bonds within the Redemption Fund] Redemption Fund. The proportionate amount shall be determined by multiplying (i) the fraction equal to the principal amount of Outstanding Series ___ Bonds to be redeemed pursuant to Section 2.03(C) of the Master Indenture over the total principal amount of the Outstanding Series ___ Bonds by (ii) the amounts on deposit in the Series ___ Bond Reserve Fund, but in any event not in excess of the amount that will leave the balance in the Series ___ Bond Reserve Fund equal to the Series ___ Bond Reserve Requirement for the Series ___ Bonds that will remain Outstanding following the redemption pursuant to Section 2.03(C) of the Master Indenture. Upon receipt of a Written Request from WRCOG, the Trustee shall transfer the proportionate amounts from the Series ___ Bond Reserve Fund to the [Assessment Collection Account for the Series ___ Bonds within the Redemption Fund] in the amounts set forth in the Written Request.

(D) Use for Final Assessment Installment. WRCOG may, but is not obligated to, use a proportionate amount in the Series ___ Bond Reserve Fund to pay the final fiscal year's Assessment Installments to be levied on a Participating Parcel(s) set forth on Exhibit A hereto that is not delinquent in the payment of Assessment Installments. The proportionate amount shall be determined on the basis of (i) the principal amount of Outstanding Series ___ Bonds attributable to the Participating Parcel(s) set forth on Exhibit A hereto and the total principal amount of the Outstanding Series ___ Bonds and (ii) the amounts on deposit in the Series ___ Bond Reserve Fund, but in any event not in excess of the amount that will leave the balance in the Series ___ Bond Reserve Fund equal to the Series ___ Bond Reserve Requirement for all Outstanding Series ___ Bonds for which principal will not be paid with the Assessment installments to be paid by the Participating Parcel(s) set forth on Exhibit A hereto in the next fiscal year. Upon receipt of a Written Request from WRCOG, the Trustee shall transfer the proportionate amounts from the Series ___ Bond Reserve Fund to the Assessment Collection Account for the Series ___ Bonds within the Redemption Fund in the amounts set forth in the Written Request.

(E) Additional Use of Series ___ Bond Reserve Fund; Reduction in Series ___ Bond Reserve Requirement. Pursuant to the terms of the Assessment Contracts related to the Series ___ Bond, if certain conditions are met, the Property Owner may request that the amount in the

Series ___ Bond Reserve Fund be utilized to prepay Assessments and redeem Series ___ Bonds hereunder. Upon receipt of a Written Request from WRCOG, the Trustee will transfer all amounts in the Series ___ Bond Reserve Fund to the Prepayment Account for the Series ___ Bonds within the Redemption Fund to redeem Series ___ Bonds under Section 2.03(C) of the Master Indenture. After such transfer, the Series ___ Bond Reserve Requirement thereafter will be zero and the Trustee will close the Series ___ Bond Reserve Fund.]

SUPPLEMENTAL INDENTURE
EXHIBIT A
LIST OF PARTICIPATING PARCELS

EXHIBIT B
FORM OF SERIES ___ BOND

SUPPLEMENTAL INDENTURE

EXHIBIT B

FORM OF BOND

**** WHILE THE BONDS ARE OWNED BY AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER, THE BONDS ARE SUBJECT TO TRANSFER RESTRICTIONS PURSUANT TO SECTION 2.05 OF THE MASTER INDENTURE****

Number ___-1

\$ _____

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
PACE Loan Group, LLC Commercial PACE Program
Limited Obligation Improvement Bonds, Series 20__
(First Commercial Property Tranche)**

STATED INTEREST RATE

MATURITY DATE

DATED DATE

_____ %

September 2, 20__

_____, 20__

REGISTERED OWNER:

PRINCIPAL AMOUNT: ***

_____ DOLLARS***

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the California Streets and Highways Code (the "Bond Act"), the Western Riverside Council of Governments ("WRCOG"), will, out of the Redemption Fund established pursuant to a Master Indenture, dated as of _____, 20__ (the "Master Indenture"), by and between WRCOG and Wilmington Trust, National Association, as trustee (the "Trustee"), as amended or supplemented by Supplemental Indenture No. [], dated as of _____, 20__ (the Master Indenture as supplemented, the "Indenture") relating to Series 20__ Bonds (the "Bonds"), each by and between WRCOG and Wilmington Trust, National Association, as trustee (the "Trustee"), pay to the registered owner named above, or registered assigns, the principal amount set forth above, and interest on such principal amount, at the times and in the amounts set forth in Attachment A in lawful money of the United States of America; in addition, the Bond shall accrue additional interest as set forth in Section 4.01(B) of the Indenture. In the event of the redemption of this Bond in part prior to maturity the principal amount and the interest on such principal amount if this Bond set forth in Attachment A will be subject to amendment without amending Attachment A and the Trustee shall have no obligation to revise Attachment A hereto to reflect such amendment.

Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

This Bond bears interest from the Interest Payment Date next preceding its date of authentication and registration unless it is authenticated and registered (i) prior to an Interest Payment Date and after the close of business of the 15th day of the calendar month preceding such

EXHIBIT B-1

Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (ii) prior to the close of business on the 15th day of the calendar month preceding the first Interest Payment Date above, in which event it will bear interest from its date of delivery, until payment of such principal sum has been discharged.

Interest (excluding the final interest payment due upon maturity or earlier redemption) on and principal (excluding the final principal payment upon maturity or earlier redemption) of this Bond are payable in lawful money of the United States of America by the Trustee to the person whose name appears on the Bond Register as the Owner thereof as of the close of business on the Record Date preceding the applicable Interest Payment Date and Principal Payment Date by wire transfer of immediately available funds made on such Interest Payment Date and Principal Payment Date upon the written instructions by such Owner delivered to the Trustee at least five (5) Business Days prior to the applicable Record Date.

Payment of principal of this Bond and accrued interest and premium, if any, on this Bond upon final maturity or redemption in whole shall be payable in lawful money of the United States of America by the Trustee of immediately available funds, to the person whose name appears on the Bond Register as the Owner thereof, upon surrender of this Bond at the Corporate Trust Office of the Trustee.

Payment of principal of this Bond on any Interest Date and in the amount set forth in Attachment "A" hereto and accrued interest and premium, if any, on this Bond upon redemption in part shall be payable in lawful money of the United States of America by the Trustee to the person whose name appears on the Bond Register as the Owner thereof as of the close of business on the Record Date preceding the applicable Interest Payment Date, without surrender of this at the Corporate Trust Office of the Trustee, by wire transfer of immediately available funds made on such Interest Payment Date upon the written instructions by such Owner delivered to the Trustee at least five (5) Business Days prior to the applicable Record Date.

This Bond will continue to bear interest after maturity at the rate above stated if this Bond is presented at maturity and payment hereof is refused upon the sole ground that there are not sufficient moneys in the Redemption Fund with which to pay same. If this Bond is not presented at maturity, interest hereon will run only until maturity.

This Bond will not be entitled to any benefit under the Bond Act or the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon are dated and signed by the Trustee.

This Bond is issued by WRCOG under the Bond Act and the Indenture for the purpose of providing means for paying for the Improvements described in the Indenture. It is secured by the moneys in the Redemption Fund, the unpaid portion of Related Assessments made for the payment of those Related Improvements and any Penalties and Interest (as defined in the Indenture) received by WRCOG relating to the Related Assessments. Principal, interest and redemption premium, if any, is payable exclusively out of the Redemption Fund. This Bond and any other Bonds issued under the Indenture are referred to as the "Bonds."

This Bond is transferable by the registered Owner hereof, in person or by the Owner's attorney duly authorized in writing, at the office of the Trustee, subject to the terms and conditions provided in the Resolution of Issuance and the Indenture, including the payment of certain charges, if any, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond or Bonds, of any authorized denomination or denominations, of the same maturity, and for the same aggregate principal amount, will be issued to the transferee in exchange therefor. This Bond may only be transferred in an Authorized Denomination to (i) an Accredited Investor or Qualified Institutional Buyer who delivers to the Trustee and WRCOG an executed letter substantially in the form of Exhibit B attached to the Indenture or (ii) WRCOG (or the Trustee at the direction of WRCOG).

Bonds will be registered only in the name of an individual (including joint owners), a corporation, a partnership or limited liability company, or a trust.

Neither WRCOG nor the Trustee will be required to make such exchange or registration of transfer of Bonds during the 15 days of the calendar month immediately preceding any Interest Payment Date.

WRCOG and the Trustee may treat the registered Owner hereof as the absolute owner for all purposes, and WRCOG and the Trustee will not be affected by any notice to the contrary.

Optional Redemption. The Bonds are subject to optional redemption pursuant to the Indenture, as a whole or in part, on any Interest Payment Date occurring on or after ten years after the Closing Date from funds derived by WRCOG from any source other than Related Prepayments, at a price equal to:

- (i) 100% of the principal amount of the Bonds to be prepaid;
- (ii) accrued but unpaid interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act; and
- (iii) a redemption premium equal to ___%.

Mandatory Sinking Account Redemption. All the Bonds constitute Term Bonds, which will be subject to mandatory redemption in part by lot, from Sinking Account Payments made by WRCOG from the Redemption Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts, as shown in Attachment A.

However, if the Bonds have been redeemed pursuant to an optional redemption or a mandatory prepayment redemption, the total amount of all future Sinking Account Payments relating to such maturity will be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Account Payments on a pro rata basis in Authorized Denominations as determined by WRCOG, notice of which determination will be given by WRCOG to the Trustee.

Mandatory Prepayment Redemption. The Bonds will be redeemed, as a whole or in part, and paid in advance of maturity, from amounts received by WRCOG as Related Prepayments, on any Interest Payment Date, at a price equal to:

- (i) 100% of the principal amount of the Bonds to be prepaid;
- (ii) accrued but unpaid interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act; and
- (iii) a redemption premium equal to ____%.

Upon redemption of the Bonds as set forth in this subsection, WRCOG shall cause the Initial Assessment to be reduced in an amount equal to the principal amount of the Bonds redeemed.

Extraordinary Mandatory Redemption from Excess Program Account Proceeds. The Bonds will be redeemed, as whole or in part, and paid in advance of maturity, from amounts received by WRCOG as Excess Program Account Proceeds relating to this Bond and the Related Assessment Contract, on any Interest Payment Date, at a price equal to:

- (i) 100% of the principal amount of the Bonds to be prepaid;
- (ii) accrued but unpaid interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act; and
- (iii) a redemption premium equal to ____%.

This Bond is a Limited Obligation Improvement Bond because, under the Indenture, WRCOG is not obligated to advance funds from WRCOG treasury to cover any deficiency that may occur in the related accounts of the Redemption Fund for the Bonds.

IN WITNESS WHEREOF, WRCOG has caused this Series ____ Bond to be executed in its name and on its behalf by the facsimile signatures of its Treasurer and Secretary all as of the Original Issue Date identified above.

WESTERN RIVERSIDE COUNCIL OF
GOVERNMENTS

By: _____
Treasurer

Attest:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Series 20__ Bonds described in the within mentioned Indenture.

Dated: _____, 20__

Wilmington Trust, National Association, 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 - _____ Custodian
(Cust) (Minor)

Under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used though not in the above list

(FORM OF ASSIGNMENT)

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within mentioned Bond and hereby irrevocably constitute(s) and appoint(s):

_____ attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: The signature(s) on this assignment must correspond with the name(s) as written on the face of the registered Bond in every particular without alteration or enlargement or any change whatsoever.

MASTER INDENTURE

EXHIBIT “C”

FORM OF TRANSFER LETTER

Western Riverside Council of Governments
1955 University Avenue, Suite 200
Riverside, CA 92507

Wilmington Trust, National Association

_____, ____

Re: Western Riverside Council of Governments
PACE Loan Group, LLC Commercial PACE Program
Limited Obligation Improvement Bonds Series 20__
(First Commercial Property Tranche)

Ladies and Gentlemen:

The Western Riverside Council of Governments (the “Issuer”) has issued the above-referenced Bonds (the “Bonds”). Capitalized terms used in this letter but not defined have the meaning given them in the Master Indenture, dated as _____, 20__ (the “Master Indenture”), as amended or supplemented by Supplemental Indentures No. [___], dated as of ____, 20__ (the Master Indenture as supplemented, the “Indenture”) relating to the Bonds.

In connection with our purchase on the date hereof of the Bonds, the undersigned (the “Bond Purchaser”) hereby represents, warrants and agrees as follows:

(a) The Bond Purchaser is an “accredited investor” as such term is defined in Rule 501(a) of Regulation D, or a “Qualified Institutional Buyer” as defined in Rule 144A, promulgated under the Securities Act of 1933, as amended.

(b) The Bond Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal Bonds similar to the Bonds, to be capable of evaluating the merits and risks of an investment in the Bonds, and the Bond Purchaser is able to bear the economic risks of such an investment.

(c) The Bond Purchaser is purchasing the Bonds for not more than one account for investment purposes and not with a view to distributing the Bonds, to the extent not permitted under the applicable securities laws.

(d) The Bond Purchaser recognizes that an investment in the Bonds involves significant risks, that there is no established market for the Bonds and that none is likely to develop and, accordingly, that the Bond Purchaser must bear the economic risk of an investment in the Bonds for an indefinite period of time.

(e) The Bond Purchaser: (i) has conducted its own independent inquiry, examination and analysis with respect to the Bonds; (ii) has had an opportunity to ask questions of and receive answers from WRCOG about the Bonds (including the security therefor) and the matters, transactions and documents relating to the foregoing; (iii) has been provided by WRCOG with all documents and information regarding the Bonds (including the security therefor) and the matters, transactions and documents relating to the foregoing that it has requested; and (iv) the Bond Purchaser has been provided with information sufficient to allow the Bond Purchaser to make an informed decision to purchase the Bonds.

(f) The Bond Purchaser (i) is not relying upon WRCOG, or any of its affiliates, officers, employees or agents, for advice as to the merits and risks of investment in the Bonds, and (ii) has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision.

(g) The Bond Purchaser understands and acknowledges (i) that the offering of the Bonds is not subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, and (ii) that WRCOG has not prepared or caused to be prepared, and is not delivering, a deemed final official statement with respect to the Bonds and has not undertaken to provide to or for the benefit of holders of the Bonds financial or operating data or any other information with respect to the Bonds on an ongoing basis.

(h) The Bond Purchaser is able to bear the economic risk of the investment represented by its purchase of the Bonds.

(i) In the event that the Bond Purchaser wishes to sell the Bonds in the future, the Bond Purchaser agrees and acknowledges that the Bonds cannot be sold without complying with transfer restrictions set forth in the Indenture, including, but not limited to, providing for execution and delivery by the proposed transferee of a letter in substantially the form of this letter, and the Bond Purchaser hereby agrees to assume the responsibility for disclosure of all material information that may be necessary to comply with all federal and related state securities laws.

(j) Bond Purchaser agrees to defend, indemnify and hold harmless WRCOG from and against any and all claims, liabilities, obligations, losses, damages and penalties of any kind (including reasonable fees of outside counsel, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) that may be imposed on, incurred by or asserted against WRCOG in any way relating to or arising out of a transfer by the Bond Purchaser of the Bonds to which this letter relates in violation of the restrictions contained in Section 2.05(B) of the Indenture.

Very truly yours,

[Insert] _____

By: _____

Name:

Title:

Attachment

Bond Purchase Agreement Template for PLG

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
PACE LOAN GROUP COMMERCIAL PACE PROGRAM
Limited Obligation Improvement Bonds
(«TRANCHE»
Series «AllSeries»**

BOND PURCHASE AGREEMENT

«Funding_date»

1. PARTIES AND DATE.

THIS BOND PURCHASE AGREEMENT, dated as of _____, 20__ (the “Bond Purchase Agreement”), is entered into by and between the WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS, a California public agency (“WRCOG”) and [PACE Loan Group, LLC, a Minnesota limited liability company (the “Purchaser”) to arrange for the sale by WRCOG and the purchase by Purchaser or its designee of all of the Series __ Bonds described below, which are being issued by WRCOG. Terms capitalized herein but not defined shall have the meaning prescribed to such term in the Master Indenture (as defined herein).

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 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 (the “WRCOG Program Resolution of Intention”), 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 the “WRCOG

Program Resolution Confirming Program Report”), 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 January 12, 2011, the Executive Committee did, by the adoption of Resolution No. 08-11, (the “WRCOG Program Resolution of Issuance” and collectively with the WRCOG Program Resolution of Intention, the “Resolution of Intentions”), in part, authorize the issuance of bonds (Energy Efficiency and Water Conservation Program for Western Riverside County) (First Commercial Property Tranche) (the “Bonds”) in one or more series pursuant to Chapter 29, the 1915 Bond Act, 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 parcels that are participating in one of the WRCOG Programs 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, 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 Commercial properties located within the WRCOG Program Area to finance the installation of Improvements on such parcels.

2.5 Subsequent to the establishment of the WRCOG Program, the Joint Exercise of Powers Agreement was amended on October 23, 2013 by that certain Amendment to the Joint Powers Agreement of the Western Riverside Council of Governments to Permit the Provision of PACE Services (the “PACE Amendment”) to empower WRCOG to establish and operate one or more Property Assessed Clean Energy (“PACE”) programs pursuant to Chapter 29, and to enter into one or more agreements to fulfill such programs both within and outside the jurisdictional boundaries of WRCOG.

2.6 The Amendment further empowered WRCOG to establish an “Associate Member” status that provides membership in WRCOG to local jurisdictions that are outside WRCOG’s jurisdictional boundaries but within the boundaries of a PACE program that will be established and implemented by WRCOG; and

2.7 WRCOG has, pursuant to the PACE Amendment, entered into amendments to the Joint Exercise of Powers Agreement to add certain cities and counties as “Associate Members” of WRCOG to enable WRCOG to undertake proceedings pursuant to Chapter 29 to establish the California Program (defined below) to make

contractual assessment financing available to eligible property owners within the jurisdictions of such cities and counties.

2.8 On May 6, 2013, the Executive Committee adopted Resolution Number 04-13, 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 and Electric Vehicle Charging Infrastructure 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 “California Program Resolution of Intention”), to initiate proceedings under Chapter 29 to establish the California Program (the “California Program” and, together with the WRCOG Program, the “Program”), pursuant to which WRCOG will enter into contractual assessments with the owners of real property located in jurisdictions of WRCOG Associate Members (the “California Program Area” and, together with the WRCOG Program Areas, the “Program Areas”) to finance the installation of Improvements on real property located within the California Program Area.

2.9 By the adoption of the California 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 California Program Area.

2.10 On June 3, 2013, after holding a duly noticed public hearing at which interested persons were allowed to object to or inquire about the proposed California Program or any of its particulars, the Executive Committee adopted Resolution Number 10-13, 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 Electric Vehicle Charging Infrastructure and Approving and Ordering Other Related Matters,” (the “California Program Resolution Confirming Program Report” and collectively with the WRCOG Program Resolution Confirming Program Report, the “Resolutions Confirming Program Report”), pursuant to which the Executive Committee, among other things, (i) confirmed and approved a report (as originally approved and subsequently amended, the “California Program Report” and, together with the WRCOG Program Report, the “Program Reports”) 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 (the “Improvements”) and (b) a plan for raising the capital amount required to pay for work performed pursuant to voluntary contractual assessments; (ii) establishment of the California Program; and (iii) authorization for the execution of Assessment Contracts with the owners of property in the California Program Area to provide for the levy of contractual assessments to finance installation of Improvements on such properties.

2.11 On June 3, 2013, the Executive Committee adopted its Resolution Number 08-13, entitled “A Resolution of the Western Riverside Council of Governments Authorizing Issuance of Limited Obligation Improvement Bonds Pertaining to the California

HERO Program, Approving and Directing the Execution of Related Documents and Approving Related Actions” (the “California Program Resolution of Issuance” and collectively with the “WRCOG Program Resolution of Issuance, the “Resolutions of Issuance”), 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, secured by voluntary contractual assessments levied on Commercial (as such term is defined in the California Program Report) parcels located in the California Program Area.

2.12 The Executive Committee has determined that it would be in the best interests of each of the Programs and the owners of the real property participating in each of the Programs to consolidate and provide for the issuance of limited obligation improvement bonds secured by unpaid Assessments levied on Commercial properties located in both the WRCOG Program Area and the California Program Area pursuant to a single master indenture and corresponding supplemental indentures to such master indenture to facilitate the issuance of such limited obligation improvement bonds, to realize reduced costs of issuance and administration economies of scale and to enhance the marketability of such limited obligation improvement bonds; and

2.13 On December 2, 2013, the Executive Committee adopted Resolution Number 24-13, entitled “Resolution of the Western Riverside Council of Governments Authorizing for the Issuance of the Western Riverside Council of Governments Limited Obligation Improvement Bonds (WRCOG HERO Program and California HERO Program), Approving and Directing the Execution of Related Documents and Approving Related Actions” (the “Programs Resolution of Issuance”) 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, secured by voluntary contractual assessments levied on Commercial (as defined in both the WRCOG Program Report and the California Program Report) parcels located in both the WRCOG Program Area and the California Program Area.

2.14 On August 6, 2018, the Executive Committee adopted Amended Resolution Number 35-17 to revise the requirements for the implementation of the financing of seismic strengthening improvements in member or associate member jurisdictions.

2.15 On December 1, 2025, the Executive Committee did, by the adoption of Resolution No. 02-18 authorize the issuance of one or more series of WRCOG’s PACE Loan Group Limited Obligation Improvement Bonds (the “Bonds”) providing that each such Bond shall be issued pursuant to a Master Indenture (the “Master Indenture”), by and between WRCOG and _____, 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”) of such Bond or Bonds, entered into by and between WRCOG and the Trustee (each, a “Supplemental Indenture”).

2.16 WRCOG and the Purchaser desire and intend to enter into this Bond Purchase Agreement to provide for and establish the terms and conditions pursuant to which WRCOG will sell to the Purchaser and the Purchaser shall purchase from WRCOG the Series __ Bonds issued by WRCOG.

3. Purchase and Sale of PACE Bonds; Description of PACE Bonds. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Purchaser hereby agrees to purchase from WRCOG, a joint exercise of powers agency duly organized and existing under and by virtue of the laws of the State of California (the "Issuer"), and the Issuer hereby agrees to sell to the Purchaser all (and not less than all) the [\$_____ aggregate principal amount of Western Riverside County Council of Governments , PACE Loan Group Commercial PACE Program Limited Obligation Improvement Bonds, Series _____ (First Commercial Property Tranche) (the "PACE Bonds"), at their respective par amounts (the "Purchase Prices"). The PACE Bonds are subject to the terms and conditions of the Master Indenture, as supplemented by Supplemental Indenture No. «AllSeries» thereto, each dated as of «Funding_date», by and between the Issuer and the Trustee (the "Supplemental Indenture" and, together with the Indenture, the "Indenture Documents"). Capitalized terms used but not defined herein shall have the meanings set forth in the Indenture Documents.

The PACE Bonds will be issued pursuant to (i) the Indenture Documents, (ii) Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code and the Improvement Bond Act of 1915, as amended, being Division 10 of the California Streets and Highways Code (collectively, the "Bond Law"), (iii) the Original Resolutions of Issuance and (iv) the Resolution of Issuance.

The PACE Bonds will be payable from and secured by a pledge of the Assessments (except as set forth in the Indenture Documents) and amounts in certain funds and accounts established under the Indenture Documents by and among the Issuer, PACE Loan Group, LLC, and the Trustee thereunder, relating to the PACE Bonds. The Assessments are payable pursuant to Assessment Contracts between the Issuer and the owners of Participating Parcels.

The Issuer received the following default judgments in the following judicial validation actions filed by the Issuer pursuant to Code of Civil Procedure Section 860 et seq. (the "Validation Statute"):

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 I") to validate the WRCOG HERO Program and all proceedings relating to or leading up to the WRCOG HERO 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 I (the "Validation Action I Judgment") in which the Superior Court ordered, judged and decreed, in part, that all proceedings by and for WRCOG in connection with the WRCOG HERO 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. On July 30, 2013, WRCOG filed a judicial validation proceeding pursuant to the provisions of the Validation Statute in the Superior Court entitled Western Riverside Council of Governments v. All Persons Interested, et al., Case No. RIC 1308636 (the "Validation Action II") to validate the California HERO Program and all proceedings relating to or leading up to the California HERO Program, the contractual assessments to be levied by WRCOG and the issuance and sale of limited obligation improvement bonds related thereto. On December 12, 2013, a default judgment was entered in the Validation Action II (the "Initial Validation Action II Judgment") in which the Superior Court ordered, judged and decreed, in part, that all proceedings by and for WRCOG in connection with the California HERO 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. Subsequent to the entry of the Initial Validation Action II Judgment, WRCOG petitioned the Superior Court to amend such judgment and the first amended judgment was entered on April 22, 2014 (the "First Amended Judgment"), the second amended judgment was entered on July 1, 2014 (the "Second Amended Judgment"), the third amended judgment was entered on November 14, 2014 (the "Third Amended Judgment") the fourth amended judgment was entered on March 24, 2015 (the "Fourth Amended Judgment"), the fifth amended judgment was entered on June 10, 2015 (the "Fifth Amended Judgment"), the sixth amended judgment was entered on September 15, 2015 (the "Sixth Amended Judgment"), the seventh amended judgment was entered on December 2, 2015 (the "Seventh Amended Judgment"), the eighth amended judgment was entered on April 13, 2016 (the "Eighth Amended Judgment"), the ninth amended judgment was entered on August 22, 2016 (the "Ninth Amended Judgment"), the tenth amended judgment was entered on February 10, 2017 (the "Tenth Amended Judgment") and the eleventh amended judgment was entered on October 13, 2017 (the "Eleventh Amended Judgment") (together with the Initial Validation Action II Judgment and the First Amended Judgment, the Second Amended Judgment, the Third Amended Judgment, the Fourth Amended Judgment, the Fifth Amended Judgment, the Sixth Amended Judgment, the Seventh Amended Judgment, the Eighth Amended Judgment, the Ninth Amended Judgment, the Tenth Amended Judgment and the Eleventh Amended Judgment, the "Validation Action II Judgments") (Validation Action I and Validation Action II shall be collectively referred to as the "Validation Actions" and the Validation Action I Judgment and the Validation Action II Judgment entered for the Validation Actions shall be collectively referred to as the "Default Judgments.")

The offering and sale of the PACE Bonds by the Issuer are exempt from Rule 15c2-12(b)(5) of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") pursuant to Section (d) of the Rule, and that neither the Issuer, nor the Program Administrator (as defined in Section 5 below) nor any other person has undertaken pursuant to the Rule, to provide information with respect to the Series _____ Bonds on an ongoing basis.

4. Representations and Warranties of the Issuer. The Issuer represents and warrants to the Purchaser as follows:

a. The Issuer is a joint exercise of powers agency duly organized and existing under and by virtue of the laws of the State of California (the “Enabling Legislation”).

b. The Issuer has all requisite legal right, power and authority to: (i) adopt the Resolutions of Intention, the Resolution Confirming Program Report, as amended, the Resolutions of Issuance and perform its obligations thereunder, (ii) execute and deliver the Indenture Documents, , the Assessment Contracts and this Bond Purchase Agreement and perform its obligations thereunder and hereunder, (iii) execute, issue, sell and deliver the PACE Bonds and (iv) consummate the transactions to which the Issuer is or is to be a party as contemplated by the Resolutions, the Assessment Contracts, the Indenture Documents, and this Bond Purchase Agreement.

c. The Issuer has duly authorized by all necessary actions: (i) the execution and delivery of the Indenture Documents, the Assessment Contracts, this Bond Purchase Agreement and performance of its obligations thereunder and hereunder, (ii) the execution, issuance, sale and delivery of the PACE Bonds and (iii) the consummation of the transactions to which the Issuer is or is to be a party as contemplated by the Resolutions, the Indenture Documents, the Assessment Contracts, this Bond Purchase Agreement and the PACE Bonds and such authorized acts do not and will not in any material respect conflict with, or constitute on the part of the Issuer a breach of or default under, any agreement or other instrument to which the Issuer is a party or any existing law, administrative regulation, judgment, order, decree or ruling by which the Issuer is bound or to which it is subject.

d. The Indenture Documents, the Assessment Contracts and this Bond Purchase Agreement constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms and the PACE Bonds, when delivered to and paid for by the Purchaser at the Closing in accordance with the provisions of Section 4 hereof, will constitute legal, valid and binding limited obligations of the Issuer, enforceable in accordance with their terms and in conformity with, and entitled to the benefits of the provisions of, the Bond Law, the Indenture Documents, and the Resolutions.

e. All consents, approvals, authorizations or orders of, or filings, registrations or declarations with, any court, governmental authority, legislative body, board, agency or commission which are required for the due authorization of, which would constitute a condition precedent to or the absence of which could reasonably materially adversely affect the due performance by the Issuer of its obligations in connection with the execution, issuance, delivery or sale (as applicable) of the PACE Bonds, the Assessment Contracts, the Indenture Documents and this Bond Purchase Agreement have been duly obtained (including any approvals of the State of California) and are in full force and effect.

f. Except as otherwise provided in writing to the Purchaser, as of the Closing Date the Issuer is not now in default under, and the execution and delivery of this Bond Purchase Agreement, the Indenture Documents, the Assessment Contracts and the PACE Bonds will not conflict with or constitute a breach of, any agreement or other instrument to which it is a party or any existing administrative regulation, judgment, order, decree, ruling or other law by which it is bound or subject, which breach or default is material to the transactions contemplated hereby and by the Resolutions, the Indenture

Documents, the Assessment Contracts and the PACE Bonds and no event has occurred that with the passage of time or the giving of notice, or both, would constitute, under any such instrument or law, such a breach or default material to the transactions.

g. As of the Closing Date, to WRCOG's best knowledge, no litigation, action, suit, proceeding, investigation, right of rescission, setoff, counterclaim or defense, at law or in equity, before or by any court or governmental agency or body, is pending or, to the best knowledge of the Issuer, threatened against or affecting the Issuer to restrain or enjoin the execution, issuance, sale or delivery of the PACE Bonds or, as applicable, with respect to their related underlying Assessments and/or Assessment Contracts or the proceedings or authority under which the PACE Bonds are to be issued, or contesting the legal existence of the Issuer, the title of any of its members or officers to their respective offices or, wherein an unfavorable decision, ruling or finding would, in any way, adversely affect (i) the transactions contemplated hereby and by the Resolutions, the Indenture Documents, and the PACE Bonds and their related underlying Assessments and/or Assessment Contracts or (ii) the validity of the Resolutions, the Indenture Documents, this Bond Purchase Agreement, the PACE Bonds and their related underlying Assessments and/or Assessment Contracts or any agreement or instrument to which the Issuer is a party and which is used or is contemplated for use in the consummation of the transactions contemplated hereby and by the Resolutions, the Indenture Documents, and the PACE Bonds and their related underlying Assessments and/or Assessment Contracts.

h. The representations and warranties of the Issuer pursuant to the Indenture Documents are true and correct.

i. The Bond Law establishes the lien priority of the Assessments.

j. With respect to the Validation Actions and Default Judgments:

i. The Validation Actions were duly filed and the Default Judgments duly entered in accordance with all applicable laws, rules and regulations of the State of California.

ii. Notice of the Validation Actions were duly made in accordance with the Validation Statute and the order of the Superior Court.

iii. The Default Judgments are final and in full force and effect. Pursuant to their terms and California Code of Civil Procedure Section 870, the Default Judgments are binding and conclusive as to all matters therein adjudicated or which at that time could have been adjudicated, against the Issuer and against all other persons, and the Default Judgments permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the Default Judgments are binding and conclusive.

5. Agreements of the Issuer.

a. [Prior to the Closing Date, the Issuer will not, without the prior written consent of the Purchaser, offer or issue any of the PACE Bonds under the Resolutions and Indenture Documents to any person other than the Purchaser.]

b. In connection with the sale and issuance of the PACE Bonds, (i) the Purchaser is acting solely as a principal and not as an advisor or fiduciary of the Issuer, (ii) the Purchaser has not assumed any advisory or fiduciary responsibility to the Issuer, (iii) the Purchaser has financial and other interests that differ from those of the Issuer, (iv) the Purchaser has not assumed any obligation to the Issuer in connection with the sale and issuance of the PACE Bonds other than the obligations expressly set forth in this Bond Purchase Agreement and (v) the Issuer has consulted with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent that it has deemed appropriate provided that an affiliate of the Purchaser has acted as "Program Administrator" of the PACE Loan Group Commercial PACE Program pursuant to that certain Administration Agreement between the Issuer and the Purchaser, dated as of _____, 20__.

6. Closing. On «Funding_date» or on such other date as may be agreed upon by the Issuer and the Purchaser (such date as finally determined is referred to herein as the "Closing Date"), the Issuer will deliver or cause to be delivered to the Purchaser, the PACE Bonds, in definitive form, duly executed and authenticated, by depositing the PACE Bonds with _____ (the "Custodial Account").

The Purchaser will accept such PACE Bonds in the Custodial Account and pay the Purchase Prices (minus the credit(s) shown in the attached Schedule I, which represent amounts that the Purchaser paid, prior to the Closing Date, to the owners of Participating Parcels (or their contractors) in connection with Assessments that are to be financed from the proceeds of such PACE Bonds) by the delivery to Issuer of a federal (immediately available) funds deposit to the order of the Issuer in an aggregate amount equal to such Purchase Prices. The deliveries of such PACE Bonds and such funds is referred to herein as the "Closing." The PACE Bonds shall be made available to the Purchaser for purposes of inspection, at any time not more than two (2) business days nor less than one (1) business day prior to the Closing Date at any place in New York, New York, agreed upon by the Issuer and the Purchaser.

7. Conditions of Closing and Termination of Purchaser's Obligation. The obligation of the Purchaser to purchase and pay for the PACE Bonds at the Closing shall be subject to the performance by the Issuer, prior to or concurrently with the Closing, of its obligations to be performed under this Bond Purchase Agreement and to the accuracy of the representations and warranties of the Issuer contained in this Bond Purchase Agreement as of the date hereof and as of the Closing Date, as if made on and as of the Closing Date, and shall also be subject to the following additional conditions:

a. (i) Each of the Assessment Contracts, the Indenture relating to the Assessments, and this Bond Purchase Agreement shall have been duly authorized, executed and delivered, and each of the foregoing shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the Purchaser, (ii) the Issuer shall have duly adopted and there shall be in full force and effect such additional resolutions or agreements as shall be necessary in connection with the transactions contemplated hereby and (iii) the Issuer shall perform or have performed all of its obligations, and satisfied all conditions, required under or specified in the Resolutions, Indenture Documents, the Assessment Contracts and this Bond Purchase Agreement to be performed at or prior to the Closing.

b. The Purchaser shall receive or have received the following documents, in each case satisfactory in form and substance to them:

i. A reliance letter, with respect to the opinion letter from Bond Counsel to the Issuer pursuant to and described in Section 3.04(f) of the Indenture (the "Indenture Opinion") on the related Closing Date addressed to (x) the Purchaser and (y) _____ (the "Lender"), indicating that Bond Counsel has delivered the Indenture Opinion to the Issuer on that date and the Purchaser may rely on the Indenture Opinion as if it had been addressed to the Purchaser and Lender.

ii. All other documents required to be delivered to the Purchaser pursuant to the Indenture Documents.

8. Expenses. The Purchaser shall be under no obligation to pay any expenses incident to the performance of the Issuer's obligations hereunder, including, without limitation, (i) all costs of preparing the definitive PACE Bonds and (ii) all fees and disbursements of counsel of the Issuer and any other experts or consultants retained by the Issuer.

The Purchaser shall pay: (i) the fees and expenses of its counsel; (ii) fees, if any, payable to the California Debt and Investment Advisory Commission in connection with the issuance of the PACE Bonds; and (iii) all other expenses incurred by the Purchaser in connection with the offering of the PACE Bonds.

9. Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Issuer as follows:

a. The Purchaser is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

b. The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds and other tax-exempt obligations similar to the PACE Bonds, to be capable of evaluating the merits and risks of an investment in the PACE Bonds, and the Purchaser is able to bear the economic risks of such an investment.

c. The Purchaser is purchasing the PACE Bonds, pursuant to an exemption from registration under the Securities Act, for not more than one account for investment purposes and not with a view to distributing the purchased Bonds.

d. The Purchaser recognizes that an investment in the PACE Bonds involves significant risks, that there is no established market for the PACE Bonds and that none is likely to develop and, accordingly, that the Purchaser must bear the economic risk of an investment in the PACE Bonds for an indefinite period of time.

e. The Purchaser understands and acknowledges that, subject to satisfaction of certain conditions set forth in the Indenture, the Issuer may issue subsequent series of bonds secured by Assessments on a parity with the PACE Bonds.

f. The Purchaser (i) has conducted its own independent inquiry, examination and analysis with respect to the PACE Bonds, (ii) has had an opportunity to ask questions of and receive answers from the Issuer regarding the PACE Bonds (including the security therefor) and the matters, transactions and documents relating to the foregoing, (iii) has been provided by the Issuer with all documents and information regarding the PACE Bonds (including the security therefor) and the matters, transactions and documents relating to the foregoing that it has requested, and (iv) the Purchaser has been provided with information sufficient to allow the Purchaser to make an informed decision to purchase the PACE Bonds.

g. The Purchaser (i) is not relying upon the Issuer, or any of its affiliates, officers, employees or agents, for advice as to the merits and risks of investment in the PACE Bonds, and (ii) has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision.

h. The Purchaser understands and acknowledges (i) that the offering of the PACE Bonds is neither subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, nor being registered under the Securities Act or any state securities laws, and (ii) that the Issuer has not prepared or caused to be prepared, and is not delivering, a deemed final official statement with respect to the PACE Bonds.

i. The Purchaser is able to bear the economic risk of the investment represented by its purchase of the PACE Bonds.

j. In the event that the Purchaser wishes to sell the PACE Bonds in the future, the Purchaser agrees and acknowledges that the PACE Bonds cannot be sold without complying with transfer restrictions set forth in the Indenture, including but not limited to providing for execution and delivery by the proposed transferee of a letter in substantially the form of Exhibit A, and the Purchaser hereby agrees to assume the responsibility for disclosure of all material information that may be necessary to comply with all federal and related state securities laws.

k. The Purchaser acknowledges that Best Best & Krieger LLP (“Bond Counsel”) is acting as bond counsel to the Issuer, that Bond Counsel has no attorney-client relationship with the Purchaser, and that the Purchaser has sought legal advice from its own counsel to the extent it concluded legal advice was necessary.

10. Conditions of Closing to be Performed by Purchaser. The obligation of the Issuer to issue the PACE Bonds and deliver them on the Closing Date shall be subject to the following conditions to be satisfied by the Purchaser:

a. Purchaser shall have executed and delivered a letter in the form and substance of Exhibit A.

b. Purchaser shall have paid the Purchase Prices as described above.

c. Purchaser shall have executed and delivered to Issuer a receipt in which it acknowledges receipt of the PACE Bonds and satisfaction of the conditions set forth in this Bond Purchase Agreement.

11. Notices. Any notice or other communication to be given to the Issuer under this Bond Purchase Agreement may be given by delivering the same in writing at 1955 Chicago Avenue, Suite 200, Riverside, CA 92507, and any notice or other communication to be given to the Purchaser under this Bond Purchase Agreement may be given by delivering the same in writing (which shall include electronic forms thereof) to _____.

12. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement is made solely for the benefit of the Issuer and the Purchaser and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All the representations, warranties and agreements made by the Issuer in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (a) any investigations made by or on behalf of the Purchaser, (b) the delivery of and payment for the PACE Bonds hereunder or (c) any termination of this Bond Purchase Agreement.

13. Headings. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

14. Governing Law. This Bond Purchase Agreement shall be construed in accordance with and governed by the laws of the State of California, without regard to any conflicts of law principles thereof that would call for the application of the laws of any other jurisdiction. Any legal action brought under this Bond Purchase Agreement must be instituted in the Superior Court of the County of Riverside, State of California.

15. Execution by Counterparts. This Bond Purchase Agreement and any amendment or supplement hereto or any waiver granted in connection herewith may be executed in any number of counterparts (including .pdf counterparts) and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same agreement.

16. Miscellaneous.

a. If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy or any other reasons, such circumstances shall not have the effect of rendering any provision or provisions of this Bond Purchase Agreement, invalid or inoperative or unenforceable to any extent whatsoever.

b. This Bond Purchase Agreement shall not be amended nor shall either party hereof waive any provision hereto without the prior written consent of the Issuer and the Purchaser.

[Signature Page to Follow]

Very truly yours,

PACE LOAN GROUP, LLC

By: _____
Authorized Signatory

The foregoing is hereby agreed and acknowledged
as of the date first written above.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____
Authorized Signatory

SCHEDULE I

CREDITS FOR AMOUNTS PAID BY PURCHASER PRIOR TO CLOSING DATE

<u>PACE Bonds</u>	<u>Credit</u>
Western Riverside Council of Governments PACE Loan Group Commercial PACE Program Limited Obligation Improvement Bonds (_____ Property Tranche) Series «series1»	\$0.00
Western Riverside Council of Governments PACE Loan Group Commercial PACE Program Limited Obligation Improvement Bonds (_____ Property Tranche) Series «SERIES2»	\$0.00
Western Riverside Council of Governments PACE Loan Group Commercial PACE Program Limited Obligation Improvement Bonds (_____ Property Tranche) Series «SERIES3»	\$0.00
Western Riverside Council of Governments PACE Loan Group Commercial PACE Program Limited Obligation Improvement Bonds (_____ Property Tranche) Series «SERIES4»	\$0.00

EXHIBIT A

FORM OF PURCHASER LETTER

[CLOSING DATE]

Western Riverside Council of Governments
1955 Chicago Avenue
Riverside, CA 92501

[Trustee Information]

Re: Western Riverside Council of Governments PACE Loan Group
Commercial PACE Program Limited Obligation Improvement Bonds
(_____ Property Tranche) Series [_____]

Western Riverside Council of Governments PACE Loan Group
Commercial PACE Program Limited Obligation Improvement Bonds
(_____ Property Tranche) Series [_____]

Western Riverside Council of Governments PACE Loan Group
Commercial PACE Program Limited Obligation Improvement Bonds
(_____ Property Tranche) Series [_____]

Western Riverside Council of Governments PACE Loan Group
Commercial PACE Program Limited Obligation Improvement Bonds
(_____ Property Tranche) Series [_____]

Ladies and Gentlemen:

The Western Riverside Council of Governments (“WRCOG” or “**Issuer**”) has issued the above-referenced bonds (the “**Series __ Bonds**”). Capitalized terms used in this letter but not defined have the meaning given them in the Master Indenture, dated as of December 1, 2025 (the “**Master Indenture**”), as amended or supplemented by Supplemental Indenture No. [___], dated as of ___, 20__ (the Master Indenture as supplemented, the “**Indenture**”) relating to the Series __ Bonds.

In connection with our purchase on the date hereof of \$_____ aggregate principal amount of the Series __ Bonds, the undersigned (the “**Bond Purchaser**”) hereby represents, warrants and agrees as follows:

(a) The Bond Purchaser is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D [or/a "Qualified Institutional Buyer" as such term is defined in Rule 144A] promulgated under the Securities Act of 1933, as amended (the "**Securities Act**").

(b) The Bond Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds and other tax-exempt obligations similar to the Series __ Bonds, to be capable of evaluating the merits and risks of an investment in the Series __ Bonds, and the Bond Purchaser is able to bear the economic risks of such an investment.

(c) The Bond Purchaser is purchasing the Series __ Bonds, pursuant to an exemption from registration under the Securities Act, for not more than one account for investment purposes and not with a view to distributing the purchased Bonds.

(d) The Bond Purchaser recognizes that an investment in the Series __ Bonds involves significant risks, that there is no established market for the Series __ Bonds and that none is likely to develop and, accordingly, that the Bond Purchaser must bear the economic risk of an investment in the Series __ Bonds for an indefinite period of time.

(e) The Bond Purchaser understands and acknowledges that, subject to satisfaction of certain conditions set forth in the Indenture, the Issuer may issue subsequent series of bonds secured by Assessments on a parity with the Series __ Bonds.

(f) The Bond Purchaser (i) has conducted its own independent inquiry, examination and analysis with respect to the Series __ Bonds, (ii) has had an opportunity to ask questions of and receive answers from the Issuer regarding the Series __ Bonds (including the security therefor) and the matters, transactions and documents relating to the foregoing, (iii) has been provided by the Issuer with all documents and information regarding the Series __ Bonds (including the security therefor) and the matters, transactions and documents relating to the foregoing that it has requested, and (iv) the Bond Purchaser has been provided with information sufficient to allow the Bond Purchaser to make an informed decision to purchase the Series __ Bonds.

(g) The Bond Purchaser (i) is not relying upon the Issuer, or any of its affiliates, officers, employees or agents, for advice as to the merits and risks of investment in the Series __ Bonds, and (ii) has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision.

(h) The Bond Purchaser understands and acknowledges (i) that the offering of the Series __ Bonds is neither subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, nor being registered under the Securities Act or any state securities laws, and (ii) that the Issuer has not prepared or caused to be prepared, and is not delivering, a deemed final official statement with respect to the Series __ Bonds.

(i) The Bond Purchaser is able to bear the economic risk of the investment represented by its purchase of the Series __ Bonds.

(j) The Bond Purchaser understands that the offering and sale of the Series ____ Bonds by the Issuer are exempt from Rule 15c2-12(b)(5) of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") pursuant to Section (d) of the Rule, and that neither the Issuer, nor the Program Administrator nor any other person has undertaken pursuant to the Rule, to provide information with respect to the Series ____ Bonds on an ongoing basis.

(k) In the event that the Bond Purchaser wishes to sell the Series __ Bonds in the future, the Bond Purchaser agrees and acknowledges that the Series __ Bonds cannot be sold without complying with transfer restrictions set forth in the Indenture, including but not limited to providing for execution and delivery by the proposed transferee of a letter in substantially the form of this letter, and the Bond Purchaser hereby agrees to assume the responsibility for disclosure of all material information that may be necessary to comply with all federal and related state securities laws.

(l) Bond Purchaser agrees to defend, indemnify and hold harmless the Issuer and the Program Administrator from and against any and all claims, liabilities, obligations, losses, damages and penalties of any kind (including reasonable fees of outside counsel, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) that may be imposed on, incurred by or asserted against the Issuer or the Program Administrator in any way relating to or arising out of a transfer of the Series __ Bonds to which this letter relates in violation of the restrictions contained in Section 2.05(B) of the Master Indenture and/or any securities laws relating to registration, disclosure or otherwise.

Terms capitalized herein but not defined shall have the meaning prescribed to such term in the Indenture.

PACE LOAN GROUP, LLC

By: _____
Authorized Signatory

EXHIBIT B
FORM OF OPINION OF BOND COUNSEL



Western Riverside Council of Governments WRCOG Executive Committee

Staff Report

Subject: TUMF Construction Cost Index Adjustment for 2025
Contact: Cameron Brown, Program Manager, cbrown@wrcog.us, (951) 405-6712
Date: December 1, 2025

Recommended Action(s):

1. Approve the implementation of an automatic Construction Cost Index adjustment for all TUMF land uses tied to the September indices of the National Association of Realtors and Engineering News Record (ENR) with a cap at 5% on any annual adjustments.

Summary:

The TUMF Program is subject to periodic adjustment to reflect changes in construction costs to ensure the Program continues to provide sufficient funding to mitigate the regional transportation impacts of new development. The proposed adjustment is based on a blended index of the National Association of Realtors (NAR) Index and the Engineering News Record (ENR) Construction Cost Index (CCI). For 2025, the combined indices reflect an increase of 2.6%, which will be applied to the current adopted fee levels. WRCOG staff also recommends moving to an annual automatic CCI adjustment based on the combined NAR/ENR Indices with a cap at 5%.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to maintain the fiscal integrity of the TUMF Program by adopting a standard cost escalation methodology. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #5 (Develop projects and programs that improve infrastructure and sustainable development in our subregion).

Discussion:

Background

The TUMF Program is a regional fee program designed to fund transportation infrastructure improvements. By automatically adjusting TUMF rates based on changes in construction, labor, and land costs as measured by established indices, the CCI ensures that the fee schedule remains aligned with actual market conditions and maintains the Program's purchasing power for critical transportation projects.

The historical implementation of automatic CCI adjustments to the TUMF fee has demonstrated clear

benefits for both the financial health of the TUMF Program and the ability of member agencies to deliver critical infrastructure. Past CCI adjustments have served as an essential mechanism to bridge the gap between infrequent Nexus Study updates, ensuring that fee schedules remain aligned with the actual increases in construction, labor, and land costs. Applying these indices to the TUMF schedule resulted in increases of funding, which helped maintain the purchasing power of the Program and helped member agencies with project completion. Without these adjustments, agencies face limitations in funding, potentially leading to project delays or the need to seek alternative funding sources, which could be less reliable or more burdensome.

The TUMF Administrative Plan calls for a CCI adjustment to be brought forth to the Executive Committee on an annual basis. These adjustments occur in years where there is not already a TUMF Nexus Study update. The Executive Committee most recently adopted a comprehensive Nexus Study and Fee Schedule in September 2024, which became effective April 1, 2025. This new fee schedule, which is established at every Nexus Study update, includes a 50% increase in Single-family residential fees. Multi-family and Industrial rates saw smaller increases while the commercial uses of Retail and Service remain unchanged. With no CCI adjustment since 2021 and rising labor and materials costs, the recent increase was the largest increase ever done in the Program.

Present Situation

An automatic CCI adjustment would ensure the following:

- Fee levels keeps pace with increases in cost of constructing transportation projects.
- Avoids large increases at comprehensive TUMF Nexus Study updates.

To ensure that fee levels remain consistent with actual construction costs, staff have developed a blended CCI using the National Association of Realtors - Median Sales Price of Existing Single Family Homes (NAR MAEHP) and Engineering New Record (ENR) CCI indices. This blended approach provides a balanced, industry-recognized, measure of annual cost increases in transportation and building construction. The current indices can be found in Attachment 1 to this Staff Report.

As of September 2025, the blended index reflects a 2.6% increase. Applying this adjustment results in the following updated TUMF Fee Schedule, effective July 1, 2026:

Land Use Type	2024 Nexus Study Fee Schedule	CCI Adjustment
Single-family Residential < 1800 sf (DU)	\$12,380	\$12,705
Single-family Residential 1801-2299 sf (DU)	\$13,927	\$14,292
Single-family Residential 2300-2699 sf (DU)	\$15.476	\$15,881
Single-family Residential > 2700	\$19,344	\$19,851
Multi-family Residential (DU)	\$7,816	\$8,021
Industrial (SF)	\$2.33	\$2.39
Retail (SF)	\$7.72	\$7.92
Service (SF)	\$4.89	\$5.02
Class A/B Office (SF)	\$2.45	\$2.51

This adjustment provides consistency and predictability to the Program, while ensuring that the “fair

share” principle under AB 1600 continues to be met. This increase also is consistent with the administrative framework outlined in the TUMF Administrative Plan, which directs staff to monitor construction cost trends annually and recommend adjustments to the Executive Committee to maintain the fiscal integrity of the Program.

The financial impact of CCI adjustments has been positive and relatively modest in terms of development costs, while significantly enhancing the TUMF Program’s ability to fund necessary transportation improvements. Analyses have shown that CCI-driven fee increases typically result in only a nominal rise in overall development costs—often less than 0.1% of the total cost of a new home—while generating approximately 3% - 5% additional revenue for the TUMF Program annually. This additional revenue is crucial for keeping pace with escalating project costs and avoiding larger, more disruptive fee increases during periodic Nexus Study updates. Moreover, the CCI adjustment process is objective, transparent, and based on well-established indices, which reduces political friction and provides predictability for both developers and agencies.

Staff recommends adjusting the CCI implementation process so that any adjustments are implemented automatically. Under this process, the CCI would be calculated based on the combined September indices of the NAR and ENR. Once the CCI has been calculated, the fee increase would be implemented on July 1 of the following year. This process ensures that fee revenues keep pace with actual costs, reduce administrative and political burdens, and support the timely and reliable delivery of critical infrastructure projects—advantages that are not consistently realized with annual, separately approved, fee increases. Since there will be a 9-month period between calculation of the CCI and the implementation, developers will have more than adequate notice of the fee increase.

Prior Action(s):

November 20, 2025: The Technical Advisory Committee recommended that the Executive Committee approve the implementation of an automatic Construction Cost Index adjustment for all TUMF land uses tied to the annual indices of the National Association of Realtors and Engineering News Record (ENR) with a cap at 5% on any annual adjustments.

November 12, 2025: The Administration & Finance Committee recommended that the Executive Committee approve the implementation of an automatic Construction Cost Index adjustment for all TUMF land uses tied to the annual indices of the National Association of Realtors and Engineering News Record (ENR) with a cap at 5% on any annual adjustments.

October 9, 2025: The Public Works Committee recommended that the Executive Committee approve the implementation of an automatic Construction Cost Index adjustment for all TUMF land uses tied to the annual indices of the National Association of Realtors and Engineering News Record (ENR) with a cap at 5% on any annual adjustments.

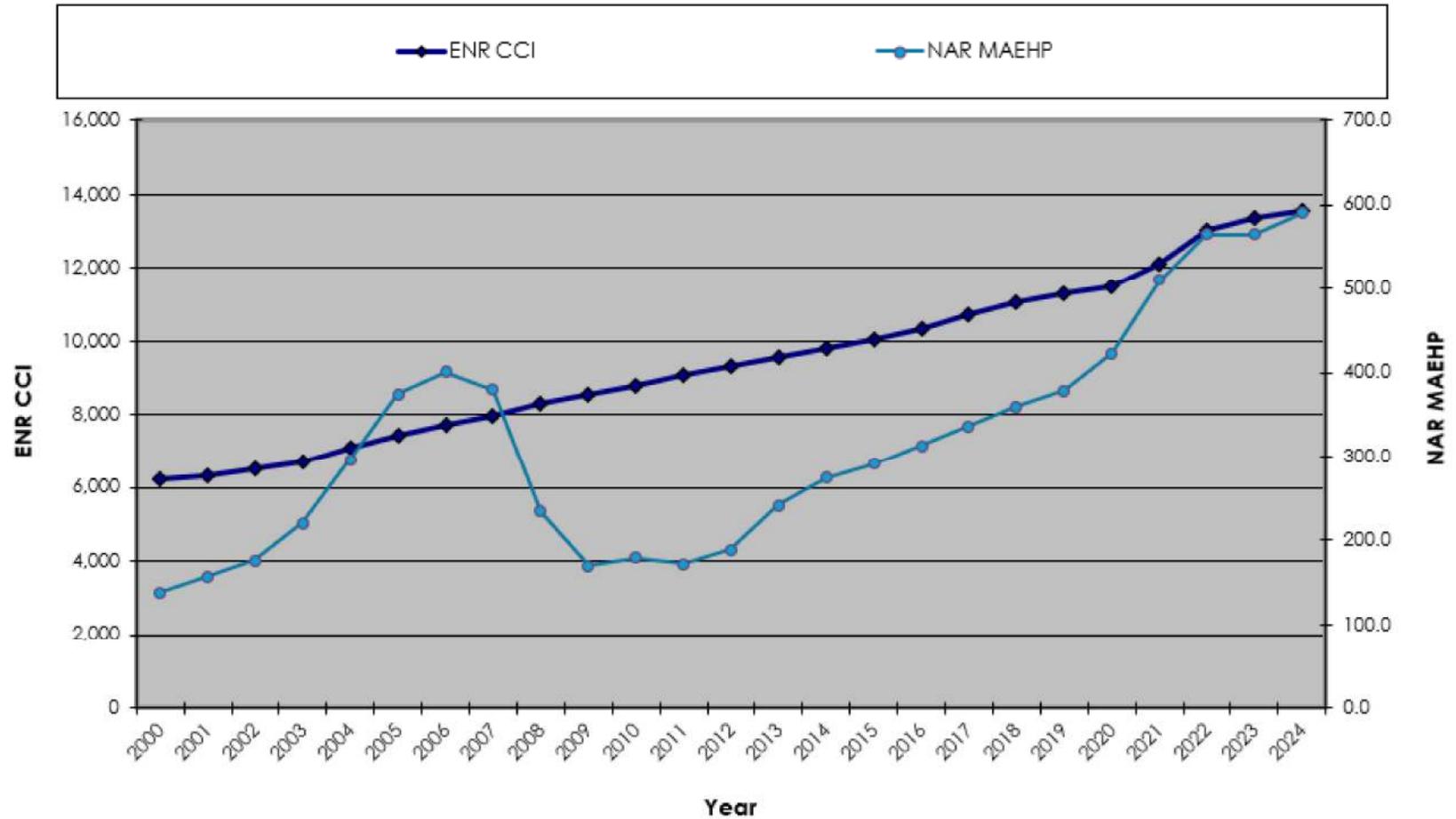
Financial Summary:

Funding for TUMF activities is included in the Fiscal Year 2025/2026 budget under the TUMF Program (1148) in the General Fund (110). 4% of all TUMF collections are allocated for administrative purposes. The proposed CCI would go into effect in Fiscal Year 2026/2027, so if approved, it would be reflected in next year's budget.

Attachment(s):

[Attachment 1 - 2025 CCI Graph](#)

Construction Cost Index Comparison



Sources:
 ENR CCI - Engineering News Record Construction Cost Index History
 NAR MAEHP - National Association of Realtors Metropolitan Area Existing Home Prices Index for San Bernardino/Riverside, CA (median price in thousands)



Western Riverside Council of Governments WRCOG Executive Committee

Staff Report

Subject: I-REN 2028-2035 Business Plan Application
Contact: Casey Dailey, Director of Energy & Environmental Resources, cdailey@wrcog.us, (951) 235-5125
Date: December 1, 2025

Recommended Action(s):

1. Receive and file.

Summary:

The Inland Regional Energy Network (I-REN) is a coalition of three councils of government - WRCOG, the Coachella Valley Association of Governments (CVAG), and the San Bernardino Council of Governments (SBCOG) - encompassing Riverside and San Bernardino Counties, and all their respective jurisdictions within the region. These organizations have joined to establish locally administered, designed, and delivered energy efficiency programs. Every four years, I-REN is required to submit a new Business Plan Application (BPA) to the California Public Utilities Commission (CPUC) for continued funding. The next BPA is due to be submitted by February 2026.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to provide an update on the upcoming I-REN Business Plan Application and budget for program years 2028-2035. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #6 (Develop and implement programs that support resilience for our region).

Discussion:

Background

The I-REN Business Plan, approved by the California Public Utilities Commission (CPUC) for program years 2022 through 2027, is structured around three main sectors, each with specific programs designed to address the unique needs of the Inland Empire region:

Public Sector:

- **Objective:** Provide comprehensive, wrap-around, energy efficiency services to local jurisdictions, including 52 cities, 78 unincorporated county areas, and 17 tribal areas.

- **Key Programs:**

- Technical Assistance and Strategic Energy Planning Program: Offers technical support, energy audits, and project design assistance for publicly owned facilities, aiming to increase energy efficiency and strategic investments in municipal and community buildings. Working in tandem with the Technical Assistance Program is the Building Upgrade Concierge (BUC), a digital and person-to-person technical assistance tool to guide agencies through the visualization of energy use of publicly-owned facilities being considered for energy efficiency improvements. Public Sector Financing Services are also included, assisting agencies in accessing innovative financing options for energy efficiency upgrades.
- Public Buildings Normalized Metered Energy Consumption (NMEC) Program: Known as Cash for Kilowatts, this Program provides incentives for meter-based energy savings achieved over three to five years, with a focus on supporting under-resourced local governments that lack capacity for building upgrades.

Codes & Standards (C&S) Sector:

- **Objective:** Support improved compliance and enforcement of energy codes and standards, particularly in smaller jurisdictions facing resource constraints.
- **Key Programs:**
 - Training and Education Program: Delivers targeted training and outreach to local building department staff and industry actors, empowering them to be energy efficiency leaders.
 - Technical Support Program: Provides technical assistance, improved communications, and systems to increase efficiency and compliance with codes and standards.

Workforce Education & Training (WE&T) Sector:

- **Objective:** Build a skilled, local, clean energy workforce by providing equitable and targeted training opportunities, especially for underserved and hard-to-reach communities.
- **Key Programs:**
 - Training and Education Program: Coordinates with local providers, community colleges, and California State Universities to deliver workforce training locally.
 - Workforce Development Program: Enhances connections between job seekers, training providers, and employers, supporting the growth of a clean energy workforce and economy. Working within the Workforce Development Program is the I-REN Fellowship, which places interns, or “Fellows,” in public agencies to build capacity and support engagement with all I-REN programs.

Organizational and Programmatic Growth:

- **Strategic Plan Development:** I-REN developed a 5-year Strategic Plan (2023–2027) to guide program evolution, ensure effective use of CPUC funding, and align activities across member agencies. The Plan was shaped by extensive stakeholder input, including surveys, workshops, and committee feedback.

- **Program Launch and Expansion:** After initial delays, I-REN rapidly onboarded consultants, launched orientations, and began program implementation across all sectors. Eighteen orientations were conducted, reaching 133 public agency staff from 41 jurisdictions, plus 16 other agencies.
- **Branding and Outreach:** I-REN established a cohesive brand, website, and marketing materials to increase visibility and engagement. Outreach campaigns, job fairs, and various sponsorships have significantly increased awareness and participation.
- **Workforce Initiatives:** With an annual goal of placing 27 Fellows, the Energy Fellowship Program began by placing 11 Fellows in local public agencies, and outreach to community colleges and universities has expanded workforce development efforts, increasing the annual number of placed Fellows to 24. I-REN anticipates surpassing its annual goal of placing 27 Fellows in 2026.
- **Continuous Improvement:** Staffing and programmatic adjustments have been made to expedite project development and initiation, with additional consultant support added as needed.

Present Situation

Business Plan Application (BPA): I-REN staff and partners are in progress across various tasks associated with the BPA filing as described below, according to broad categories of CPUC BPA requirements. The CPUC continues to issue updated guidance and resources related to the BPA filing, and I-REN is closely monitoring and adjusting its BPA process in real time to align with the Commission's expectations.

Sector Strategy: As directed by the I-REN Executive Committee earlier this year, I-REN is pursuing continued authorization for energy efficiency activities within the Public, WET, and Codes & Standards Sectors. A major focus of the portfolio will be cross-sector coordination, to illustrate the interrelated nature of I-REN's programs in supporting each other's objectives.

Another significant focus will be increasing regional awareness of other Program Administrator's (PA) program offerings for sectors not directly included in I-REN's portfolio, e.g., Residential, Commercial, and Industrial, as directed by the I-REN Executive Committee.

Budget Approach: The CPUC requires PAs to demonstrate the reasonableness of their budget requests through zero-based, bottom-up budgeting in which every cost must be justified and aligned with delivering intended program outcomes.

Given the current affordability crisis and pressure applied to energy efficiency PAs (and RENs in particular) by state agencies and utility ratepayer advocates, I-REN staff are considering a budget strategy that weighs the realities of prior years' underspending with expected increases in activity in the years to come.

While I-REN anticipates requesting similar average annual budgets to its current portfolio, planned areas of expansion and new activities may warrant adjustments within sectors or requests for modest

increases to currently authorized budgets.

Stakeholder Engagement: Guidance and insights received in the early part of the year from I-REN Executive Committee members laid a foundation for pursuing continued achievements and growth within the current sectors, while working to address stakeholders' communicated needs related to energy efficiency support for sectors outside I-REN's portfolio.

To assess current program performance and opportunities, as well as stakeholder challenges and needs related to energy efficiency, I-REN began conducting outreach in September 2025 via the following methods:

- Sector meetings with program implementers.
- Listening sessions and online surveys open to a variety of audiences and stakeholders including public sector agencies, community colleges and schools, community-based organizations, tribal entities, special districts (library, parks & recreation, community service districts, fire protection), and construction firms.
- In June 2025, I-REN launched its Evaluation, Measurement and Verification (EM&V) workplan which includes several studies to assess current programs' performance and opportunities for enhanced services that could be addressed through the BPA.

CPUC Strategy Alignment: The CPUC continues to provide additional guidance on Portfolio Strategies and other required topics the PAs must address in their four-year and eight-year time horizons.

Several of these strategy and topic areas are well-aligned with I-REN's current and emerging programmatic approaches: increases in workforce education and training, emphasis on meter-based savings measurement, innovation in program delivery, advancing building decarbonization, supporting the CPUC's Environmental and Social Justice Action Plan, and coordination with other PAs and programs.

I-REN's portfolio addresses these strategies across all sectors, with just a few examples, including the following:

- Local agencies provide job opportunities for I-REN Energy Fellows who in turn support Cash for Kilowatts projects that save energy for public sector customers via meter-based savings measurement—a unique program delivery model that cuts across public and workforce sectors to benefit participants in both types of programs.
- I-REN's Codes & Standards and WE&T Sectors both focus on increasing educational support to energy efficiency building professionals, through developing and hosting I-REN-branded trainings and by establishing crucial partnerships in the region to demonstrate the high-road job opportunities in energy efficiency. I-REN is laying the groundwork now for increasing innovative workforce opportunities in 2026 and beyond, into the new BPA funding period.
- I-REN has partnered with the California Energy Commission (CEC) for their Equitable Building Decarbonization (EBD) Program, a residential direct install program with an emphasis on serving disadvantaged communities. I-REN is a partner for CEC EBD implementation in the southern

California region. While this work is not funded via the BPA filing, the CPUC is interested in how PAs' energy efficiency programs coordinate with larger statewide efforts. Through this work I-REN will learn best practices and develop partner relationships within the residential sector, increase local and regional awareness of I-REN and EBD Program opportunities, and help inform expansion of workforce development initiatives to ensure local workers can participate in this and other regional and statewide energy efficiency opportunities.

- As stakeholder engagement results and EM&V study findings emerged in October, those insights will guide the finalization of portfolio- and sector-level strategies and programmatic activities. Budget and energy savings forecasting will also be informed by stakeholder insights to ensure the portfolio is justified according to CPUC requirements and crafted to meet local and regional needs.

Budget: Past and Future

BPAs are submitted on a four-year cycle and are required to include an eight-year plan each time they are submitted. If they are approved, they receive authorization for a four-year budget cap as well as four-year budget forecast approval for the latter four years of the eight-year plan. I-REN filed its first BPA in 2021, prior to the adoption of the four-year / eight-year framework. Because of the timing of I-REN's BPA filing, the CPUC approved I-REN for a six-year budget, instead of a four-year budget, to allow I-REN to synchronize with the other PAs for the next four-year BPA filing.

I-REN's 2022-2027 approved budget is for \$65.5M and is illustrated in Attachment 1 to this Staff Report. Every two years, PAs are required to file a Mid-Cycle Advice Letter (MCAL) to show their program expenses and to allow them to make any needed adjustments to their current budget based on their spending trends. This includes rolling over unspent funds to remaining years of the four-year cycle. I-REN submitted its MCAL on November 4, 2025. Based on the spending trends in I-REN's MCAL, and consideration of the original CPUC approved budget, staff was able to develop a draft BPA budget for 2028-2035 which can also be seen in Attachment 1 to this Staff Report. This high-level budget will continue to be refined through the CPUC's required zero-based budgeting process and is subject to change. The resulting detailed final budget will consider staffing needs, fully burdened rates for the COG partners, planned contracts and partnerships, and other key factors.

In I-RENs 2022-2027 budget, the annual amount authorized by the CPUC was approximately \$10.5M. Using that annual amount as a baseline and based on I-REN's current spending trends, I-REN estimates an increase of the annual amount to an average of \$17.3M across the eight-year horizon, to meet the growing needs of the programs I-REN offers. The increased amount is due to the following considerations:

Public Sector offerings:

- **Support steady growth:** As the number of interested agencies grow, increased funding for technical assistance is crucial to shepherd energy retrofit projects through the design and installation process.
- **Direct response to local needs:** In response to requests from elected officials and other stakeholders, I-REN proposes investing in outreach and education to inform local agencies on EE opportunities for other market sectors, e.g., residential, small business / commercial, and industrial.

- **Address barriers through innovation:** Some projects are not a fit for a meter-based savings measurement approach; I-REN will explore alternative project pathways to overcome challenges in accessing EE retrofits.
- **New comprehensive audit services:** Starting in 2026 and anticipated to continue through the next BPA period, I-REN is now approved to offer holistic audit services for projects including both energy efficiency and other distributed energy resources such as solar and storage and electric vehicle to grid charging. These services fall under the budget category “Integrated Demand Side Management (IDSM).”

Codes & Standards offerings:

- **Local leadership:** Build on I-REN’s successful C&S training program foundation to further position I-REN as a leader and trusted source of EE education and guidance.
- **Cross-portfolio collaboration:** Serve as a technical advisor to local public sector agencies in navigating legislative requirements, e.g., Assembly Bill 39 local jurisdiction planning requirements; leverage training framework for I-REN Energy Fellows EE workforce education; coordinate with contractor outreach for increasing awareness of job opportunities in the HVAC trades.

Workforce Education & Training offerings:

- **Expand Fellowship reach:** Due to significantly increased interest from applicants and hosting agencies for I-REN’s Energy Fellowships, I-REN proposes to double the number of available fellowships from 27 to 54 in the years ahead.
- **Expand County Workforce Development Partnerships:** The current partnership between I-REN and both San Bernardino and Riverside County Workforce Development Departments represents a significant and long term investment to support existing clean energy career pipelines and pathways. This partnership allows both I-REN and each County to leverage in-kind resources and stretch ratepayer dollars through collaboration and supports other key partners for supporting EE workforce education and job pathways. I-REN is proposing to increase the investment in both Counties to support this long term investment.

Prior Action(s):

November 20, 2025: The WRCOG Technical Advisory Committee received and filed this presentation.

May 20, 2025: The I-REN Executive Committee authorized 1) submittal of the I-REN 2028-2035 Business Plan for programs and services related to Public, Workforce Education & Training, and Codes & Standards Sectors and 2) directed I-REN staff to establish better relationships and coordination with existing Energy Efficiency Programs offering services in the Commercial, Residential, and Industrial Sectors, to bring additional resources, programs and services to the communities of the Inland Empire.

Financial Summary:

I-REN has an existing, six-year, \$65M budget approved by the CPUC from through program years 2022 - 2027. Through October 31, 2025, I-REN has spent approximately \$19M of its \$65M, six-year budget through the end of 2027.

The amount for the next funding period is currently being analyzed and will be submitted with the new Business Plan. Based on the latest draft, the I-REN's budget will be an eight-year, \$138M budget.

Specific sector breakdowns including staffing, incidentals, consulting, incentives, and other various expenses will be included in forthcoming iterations of the business plan.

Attachment(s):

[Attachment 1 - I-REN Current & BPA Budgets](#)

Attachment 1: I-REN Business Plan Budgets - Current (2022-2027) & Draft (2028-2035)

2022-2027 I-REN Authorized Budget from CPUC Decision (D.) 21-11-013

Category	2022	2023	2024	2025	2026	2027	Authorized 6-yr Total
Public Sector	6,288,194	6,191,722	6,629,390	7,074,566	7,074,566	7,074,566	40,333,004
WE&T	2,253,295	2,393,426	2,437,164	2,674,650	2,674,650	2,674,650	15,107,835
C&S	1,446,107	1,503,952	1,564,110	1,626,674	1,626,674	1,626,674	9,394,191
IDSMS*							
EM&V	114,441	115,604	121,810	130,349	130,349	130,349	742,902
Total	10,102,037	10,204,704	10,752,474	11,506,239	11,506,239	11,506,239	65,577,932

*NOTE: IDSMS was not yet available in 2021 when I-REN's original budget was approved by CPUC (shown above) but has subsequently been added for 2025-2027 as a portion of the Public Sector budget. For the next BPA draft budget it appears as a separate line item below.

2028-2035 I-REN Business Plan Application (BPA) Draft Budget Proposal Summary

Category	2028	2029	2030	2031	2032	2033	2034	2035	Proposed 8-yr Total
Public Sector	7,645,486	8,262,479	8,929,264	9,649,858	10,428,605	11,270,196	12,179,705	13,162,611	81,528,202
WE&T	2,890,495	3,123,759	3,375,847	3,648,279	3,942,697	4,260,873	4,604,727	4,976,330	30,823,008
C&S	1,709,147	1,795,801	1,886,849	2,039,118	2,203,676	2,381,513	2,573,702	2,781,400	17,371,206
IDSMS*	327,060	352,084	379,059	409,649	442,708	478,434	517,044	558,770	3,464,808
EM&V	510,214	549,252	591,332	639,052	690,624	746,358	806,589	871,681	5,405,101
Total	13,082,401	14,083,375	15,162,350	16,385,957	17,708,309	19,137,375	20,681,767	22,350,792	138,592,326

Acronyms

WE&T: Workforce Education and Training

C&S: Codes and Standards

IDSMS: Integrated Demand Side Management

EM&V: Evaluation, Measurement and Verification



Western Riverside Council of Governments WRCOG Executive Committee

Staff Report

Subject: WRCOG Website Redesign and Launch
Contact: Bonnie Woodrome, Manager of Communications and External Affairs,
bwoodrome@wrcog.us, (951) 405-6752
Date: December 1, 2025

Recommended Action(s):

1. Receive and file.

Summary:

WRCOG's current website is outdated, prompting the selection of Planeteria Media, LLC, to design, build, and host a modern, accessible, and user-friendly site. The project is in its final stages, with training and testing underway and a full launch expected in mid-November 2025.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to advise the Executive Committee of the launch of the new WRCOG website and its features, which will make website visits more user-friendly for the public. This item aligns with WRCOG's 2022-2027 Strategic Plan Goal #4 (Communicate proactively about the role and activities of the Council of Governments).

Discussion:

Background

WRCOG's current website has become outdated in both design and functionality, limiting accessibility for the public and ease of updates for staff. A modernized website is needed to better serve member agencies, partners, and residents by providing improved navigation, mobile responsiveness, accessibility compliance, and content management tools.

Present Situation

Following a competitive process, WRCOG selected Planeteria Media to provide website design, build, migration, hosting, and support services.

WRCOG entered into a Professional Services Agreement with Planeteria Media in November 2024 for website build and hosting services. The Agreement outlines a phased project approach including

discovery, design, content migration, beta testing, and final launch. The new site features an AI-powered chatbot, a more user-friendly backend system, and improved tools that make it simple for the public to search and access important documents and resolutions in an easy-to-navigate library. The new look of the site is modern, clean, and welcoming and showcases the WRCOG brand.

The website project is now live at www.wrcog.us.

Prior Action(s):

None.

Financial Summary:

Costs related to the website redesign are included in the Agency's Fiscal Year 2025/2026 budget under the Executive budget in the General Fund (Fund 110). Total cost for services under the Agreement is not to exceed \$40,840.

Attachment(s):

None.