

City of Brisbane

Agenda Report

TO: Honorable Mayor and City Council

FROM: Randy Breault, Director of Public Works/City Engineer via City Manager

SUBJECT: Home Energy Renovation Opportunity (HERO) Program

DATE: December 17, 2015

City Council Goals:

To develop plans and pursue opportunities to protect natural resources. (#8)

Purpose:

To establish a program that allows homeowners to voluntarily enter into property-based assessment financing for energy and water efficiency projects for their real property. The recommended action is consistent with the community's values of being environmentally progressive and fiscally conservative.

Recommendation:

Adopt Resolution 2015-48 Consenting to the Inclusion of Properties within the City's Jurisdiction in the California HERO Program to Finance Distributed Generation Renewable Energy Sources, Energy and Water Efficiency Improvements and Electric Vehicle Charging Infrastructure, and Approving an Amendment to a Certain Joint Powers Agreement Related Thereto.

Background:

AB 811 (Levine, Contractual assessments: energy efficiency improvements) signed into law on 7/21/08, and AB 474 (Blumenfeld, Contractual assessments: water efficiency improvements) signed into law 10/11/09, amended Section 5898 of the CA Streets & Highways Code to authorize a legislative body to designate an area within which authorized public officials and free and willing property owners may enter into voluntary contractual assessments to finance the installation of distributed generation renewable energy sources, energy efficiency, and/or water conservation improvements that are permanently fixed to real property.

HERO is a property-assessed clean energy (PACE) program recognized as an innovative mechanism for financing specific types of efficiency improvements on private property. Since

2011, the HERO Program has helped more than 45,000 property owners make more than \$917 million in improvements to their homes to reduce energy and water consumption, saving homeowners over \$1.8 billion in estimated future utility costs and more than 1.7 billion gallons of water. Adopted in 351 California communities, more than 7,787 local jobs have been created as a result of HERO. Eleven cities and the county have adopted this program in San Mateo County.

Because of its success, the California HERO Program was developed as a turnkey program to save other California jurisdictions time and resources in developing a standalone program. Jurisdictions only need to adopt the form of resolution accompanying this staff report and approve an amendment to the joint exercise of powers agreement related to the California HERO Program attached to such resolution to begin the process.

Discussion:

The California HERO Program is offered to allow property owners in participating cities and counties to finance renewable energy, energy water efficiency improvements, and electric vehicle charging infrastructure on their property. If a property owner chooses to participate, the improvements to be installed on such owner's property will be financed by the issuance of bonds by a joint power authority, the Western Riverside Council of Governments ("WRCOG"), secured by a voluntary contractual assessment levied on such owner's property. Participation in the program is 100% voluntary. Property owners who wish to participate in the program agree to repay the money through the voluntary contractual assessment collected with their property taxes.

(The following discussion of benefits is provided directly by the HERO Program)

The benefits to the property owner include:

- Eligibility: In today's economic environment, alternatives for property owners to finance renewable energy/energy efficiency/water efficiency improvements or electric vehicle charging infrastructure may not be available. As such, many property owners do not have options available to them to lower their utility bills.
- Savings: Energy prices continue to rise and selecting energy efficient, water efficient and renewable energy models lower utility bills.
- 100% voluntary. Property owners choose to participate in the program at their discretion.
- Payment obligation stays with the property. A voluntary contractual assessment stays with the property upon transfer of ownership. Even if there were private enterprise alternatives, most private loans are due on sale of the benefited property, which makes it difficult for property owners to match the life of the repayment obligation with the useful life of the financed improvements. (Certain mortgage providers may require the assessment be paid off at the time the property is refinanced or sold.)

- Prepayment option. The property owner can choose to pay off the assessments at any time, subject to applicable prepayment penalties.
- Customer oriented program. Part of the success of the program is the prompt customer service.

The benefits to the City include:

- Increase local jobs.
- An increase in housing prices (higher efficient homes are worth more money).
- An increase in sales, payroll and property tax revenue
- As in conventional assessment financing, the City is not obligated to repay the bonds or to pay the assessments levied on the participating properties.
- All California HERO Program and assessment administration, bond issuance and bond administration functions are handled by California HERO. Little, if any, City staff time is needed to participate in the California HERO Program.
- The City can provide access for its residents to the California HERO Program without the higher staff costs that an independent program established by the City would require.

The proposed resolution makes the California HERO Program available to owners of property within our City to finance renewable energy, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure. The resolution also approves an Amendment to the WRCOG Joint Powers Agreement adding the City as an Associate Member, which provides the requisite access to the financing component of the program.

Fiscal Impact:

There is no fiscal impact to the City's general fund incurred by consenting to the inclusion of properties within the City limits in the California HERO Program. All California HERO Program administrative costs are covered through an initial administrative fee included in the property owner's voluntary contractual assessment and an annual administrative fee that is also collected on the property owner's tax bill. There is a minimal amount of staff time anticipated to advertise the program and to monitor participation.

Measure of Success

An established program that meets the needs of real property owners desiring to finance energy and water efficiency programs through assessments on their real property.

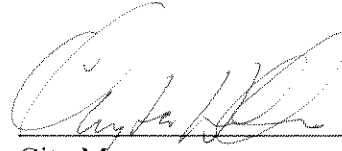
Attachments:

- Resolution No. 2015-48

- Eligible Property Owners and Eligible Products sections from HERO California Program Report dated 11/2/15
- HERO Program Overview



Director of Public Works/City Engineer



City Manager

RESOLUTION NO. 2015-48

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
BRISBANE CONSENTING TO THE INCLUSION OF
PROPERTIES WITHIN THE CITY'S JURISDICTION IN THE
CALIFORNIA HERO PROGRAM TO FINANCE
DISTRIBUTED GENERATION RENEWABLE ENERGY
SOURCES, ENERGY AND WATER EFFICIENCY
IMPROVEMENTS AND ELECTRIC VEHICLE CHARGING
INFRASTRUCTURE AND APPROVING THE AMENDMENT
TO A CERTAIN JOINT POWERS AGREEMENT RELATED
THERE TO**

WHEREAS, the Western Riverside Council of Governments (“Authority”) is a joint exercise of powers authority established pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Section 6500 and following) (the “Act”) and the Joint Power Agreement entered into on April 1, 1991, as amended from time to time (the “Authority JPA”); and

WHEREAS, Authority established the California HERO Program to provide for the financing of renewable energy distributed generation sources, energy and water efficiency improvements and electric vehicle charging infrastructure (the “Improvements”) pursuant to Chapter 29 of the Improvement Bond Act of 1911, being Division 7 of the California Streets and Highways Code (“Chapter 29”) within counties and cities throughout the State of California that elect to participate in such program; and;

WHEREAS, the City of Brisbane (“City”) is committed to development of renewable energy sources and energy efficiency improvements, reduction of greenhouse gases, protection of our environment, and reversal of climate change; and

WHEREAS, in Chapter 29, the Legislature authorized cities and counties to assist property owners in financing the cost of installing Improvements through a voluntary contractual assessment program; and

WHEREAS, installation of such Improvements by property owners within the jurisdictional boundaries of the counties and cities that are participating in the California HERO Program would promote the purposes cited above; and

WHEREAS, the City wishes to provide innovative solutions to its property owners to achieve energy and water efficiency and independence, and in doing so cooperate with Authority in order to efficiently and economically assist property owners the City in financing such Improvements; and

WHEREAS, Authority has authority to establish the California HERO Program, which is a voluntary contractual assessment program, as permitted by the Act the Authority JPA originally made and entered into April 1, 1991, as amended to date, and the Amendment to Joint Powers Agreement Adding the City of Brisbane as an Associate Member of the Western Riverside Council of Governments to Permit the Provision of Property Assessed Clean Energy (PACE) Program Services within the City (the “JPA Amendment”), by and between Authority and the City, a copy of which is attached as Exhibit “A” hereto, all to assist property owners within the incorporated area of the City in financing the cost of installing Improvements; and

WHEREAS, the City will not be responsible for the conduct of any assessment proceedings; the levy and collection of assessments or any required remedial action in the case of delinquencies in the payment of any assessments or the issuance, sale or administration of any bonds issued in connection with the California HERO Program.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Brisbane as follows:

1. The City Council proposes to make voluntary contractual assessment financing available to property owners.

2. The public works, distributed generation renewable energy sources, or energy or water efficiency improvements that may be financed shall be as described in the most current “HERO California Program Report” (most current version dated November 2, 2015, incorporated herein by reference, and available at the offices of Authority).

3. The City Council consents to inclusion in the California HERO Program of all of the properties in the incorporated area within the City and to the Improvements, upon the request by and voluntary agreement of owners of such properties, in compliance with the laws, rules and regulations applicable to such program; and to the assumption of jurisdiction thereover by Authority for the purposes thereof.

4. The proposed arrangements for financing the program and criteria for determining the creditworthiness of a property owner shall be as described in the most current "HERO California Program Report" (most current version dated November 2, 2015, incorporated herein by reference, and available at the offices of Authority)

5. The financing of the installation of distributed generation renewable energy sources or energy or water efficiency improvements within the incorporated limits of the City via voluntary contractual assessments is convenient, advantageous, and in the public interest.

6. A Public Hearing shall be held at which interested persons may object to or inquire about the proposed program or any of its particulars.

7. The Executive Director of the Authority shall prepare a report pursuant to Section 5898.22 of the California Streets & Highways Code, and shall enter into consultations with the San Mateo County Controller's Office to reach agreement on what additional fees, if any, will be charged to the city for incorporating the proposed voluntary contractual assessments into the assessments of the general taxes of the city or county on real property.

8. The consent of the City Council constitutes assent to the assumption of jurisdiction by Authority for all purposes of the California HERO Program and authorizes Authority, upon satisfaction of the conditions imposed in this resolution, to take each and every step required for or suitable for financing the Improvements, including the levying, collecting and enforcement of the contractual assessments to finance the Improvements and the issuance and enforcement of bonds to represent and be secured by such contractual assessments.

9. The City Council hereby approves the JPA Amendment and authorizes the execution thereof by appropriate City officials.

10. City staff is authorized and directed to coordinate with Authority staff to facilitate operation of the California HERO Program within the City, and to report back periodically to the City Council on the success of such program.

11. This Resolution shall take effect immediately upon its adoption. The City Clerk is directed to send a certified copy of this resolution to the Secretary of the Authority Executive Committee.

* * * *

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Brisbane held on the ___ day of _____, 2015, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Mayor

ATTEST:

Sheri Marie Spediacci, City Clerk

**AMENDMENT TO THE JOINT POWERS AGREEMENT
ADDING CITY OF BRISBANE AS
AS AN ASSOCIATE MEMBER OF THE
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
TO PERMIT THE PROVISION OF PROPERTY
ASSESSED CLEAN ENERGY (PACE) PROGRAM
SERVICES WITH SUCH CITY**

This Amendment to the Joint Powers Agreement (“JPA Amendment”) is made and entered into on the ___ day of _____, 2013, by City of Brisbane (“City”) and the Western Riverside Council of Governments (“Authority”) (collectively the “Parties”).

RECITALS

WHEREAS, Authority is a joint exercise of powers authority established pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Section 6500 and following) (the “Joint Exercise of Powers Act”) and the Joint Power Agreement entered into on April 1, 1991, as amended from time to time (the “Authority JPA”); and

WHEREAS, as of October 1, 2012, Authority had 18 member entities (the “Regular Members”).

WHEREAS, Chapter 29 of the Improvement Act of 1911, being Division 7 of the California Streets and Highways Code (“Chapter 29”) authorizes cities, counties, and cities and counties to establish voluntary contractual assessment programs, commonly referred to as a Property Assessed Clean Energy (“PACE”) program, to fund certain renewable energy sources, energy and water efficiency improvements, and electric vehicle charging infrastructure (the “Improvements”) that are permanently fixed to residential, commercial, industrial, agricultural or other real property; and

WHEREAS, Authority intends to establish a PACE program to be known as the “California HERO Program” pursuant to Chapter 29 as now enacted or as such legislation may be amended hereafter, which will authorize the implementation of a PACE financing program for cities and county throughout the state; and

WHEREAS, City desires to allow owners of property within its jurisdiction to participate in the California HERO Program and to allow Authority to conduct proceedings under Chapter 29 to finance Improvements to be installed on such properties; and

WHEREAS, this JPA Amendment will permit City to become an Associate Member of Authority and to participate in California HERO Program for the purpose of facilitating the implementation of such program within the jurisdiction of City; and

WHEREAS, pursuant to the Joint Exercise of Powers Act, the Parties are approving this JPA Agreement to allow for the provision of PACE services, including the operation of a PACE financing program, within the incorporated territory of City; and

WHEREAS, the JPA Amendment sets forth the rights, obligations and duties of City and Authority with respect to the implementation of the California HERO Program within the incorporated territory of City.

MUTUAL UNDERSTANDINGS

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions hereinafter stated, the Parties hereto agree as follows:

A. **JPA Amendment.**

1. The Authority JPA. City agrees to the terms and conditions of the Authority JPA, attached.

2. Associate Membership. By adoption of this JPA Amendment, City shall become an Associate Member of Authority on the terms and conditions set forth herein and the Authority JPA and consistent with the requirements of the Joint Exercise of Powers Act. The rights and obligations of City as an Associate Member are limited solely to those terms and conditions expressly set forth in this JPA Amendment for the purposes of implementing the California HERO Program within the incorporated territory of City. Except as expressly provided for by the this JPA Amendment, City shall not have any rights otherwise granted to Authority's Regular Members by the Authority JPA, including but not limited to the right to vote on matters before the Executive Committee or the General Assembly, the right to amend or vote on amendments to the Authority JPA, and the right to sit on committees or boards established under the Authority JPA or by action of the Executive Committee or the General Assembly, including, without limitation, the General Assembly and the Executive Committee. City shall not be considered a member for purposes of Section 9.1 of the Authority JPA.

3. Rights of Authority. This JPA Amendment shall not be interpreted as limiting or restricting the rights of Authority under the Authority JPA. Nothing in this JPA Amendment is intended to alter or modify Authority Transportation Uniform Mitigation Fee (TUMF) Program, the PACE Program administered by Authority within the jurisdictions of its Regular Members, or any other programs administered now or in the future by Authority, all as currently structured or subsequently amended.

B. **Implementation of California HERO Program within City Jurisdiction.**

1. Boundaries of the California HERO Program within City Jurisdiction. City shall determine and notify Authority of the boundaries of the incorporated territory within City's jurisdiction within which contractual assessments may be entered into under the California HERO Program (the "Program Boundaries"), which boundaries may include the entire incorporated territory of City or a lesser portion thereof._

2. Determination of Eligible Improvements. Authority shall determine the types of distributed generation renewable energy sources, energy efficiency or water conservation improvements, electric vehicle charging infrastructure or such other improvements as may be authorized pursuant to Chapter 29 (the "Eligible Improvements") that will be eligible to be financed under the California HERO Program.

3. Establishment of California HERO Program. Authority will undertake such proceedings pursuant to Chapter 29 as shall be legally necessary to enable Authority to make contractual financing of Eligible Improvements available to eligible property owners within the Program Boundaries.

4. Financing the Installation of Eligible Improvements. Authority shall develop and implement a plan for the financing of the purchase and installation of the Eligible Improvements under the California HERO Program.

5. Ongoing Administration. Authority shall be responsible for the ongoing administration of the California HERO Program, including but not limited to producing education plans to raise public awareness of the California HERO Program, soliciting, reviewing and approving applications from residential and commercial property owners participating in the California HERO Program, establishing contracts for residential, commercial and other property owners participating in such program, establishing and collecting assessments due under the California HERO Program, adopting and implementing any rules or regulations for the California HERO Program, and providing reports as required by Chapter 29.

City will not be responsible for the conduct of any proceedings required to be taken under Chapter 29; the levy or collection of assessments or any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of any bonds issued in connection with the California HERO Program.

6. Phased Implementation. The Parties recognize and agree that implementation of the California HERO Program as a whole can and may be phased as additional other cities and counties execute similar agreements. City entering into this JPA Amendment will obtain the benefits of and incur the obligations imposed by this JPA Amendment in its jurisdictional area, irrespective of whether cities or counties enter into similar agreements.

C. Miscellaneous Provisions.

1. Withdrawal. City or Authority may withdraw from this JPA Amendment upon six (6) months written notice to the other party; provided, however, there is no outstanding indebtedness of Authority within City. The provisions of Section 6.2 of the Authority JPA shall not apply to City under this JPA Amendment. City may withdraw approval for conduct of the HERO Program within the jurisdictional limits of City upon thirty (30) written notice to WRCOG without liability to the Authority or any affiliated entity. City withdrawal shall not affect the validity of any voluntary assessment contracts (a) entered prior to the date of such withdrawal or (b) entered into after the date of such withdrawal so long as the applications for such voluntary assessment contracts were submitted to and approved by WRCOG prior to the date of City's notice of withdrawal.

2. Mutual Indemnification and Liability. Authority and City shall mutually defend, indemnify and hold the other party and its directors, officials, officers, employees and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liabilities, losses, damages or injuries of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of the willful misconduct or negligent acts, errors or omissions of the indemnifying party or its directors, officials, officers, employees and agents in connection with the California HERO Program administered under this JPA Amendment, including without limitation the payment of expert witness fees and attorneys fees and other related costs and expenses, but excluding payment of consequential damages. Without limiting the foregoing, Section 5.2 of the

Authority JPA shall not apply to this JPA Amendment. In no event shall any of Authority's Regular Members or their officials, officers or employees be held directly liable for any damages or liability resulting out of this JPA Amendment.

3. Environmental Review. Authority shall be the lead agency under the California Environmental Quality Act for any environmental review that may required in implementing or administering the California HERO Program under this JPA Amendment.

4. Cooperative Effort. City shall cooperate with Authority by providing information and other assistance in order for Authority to meet its obligations hereunder. City recognizes that one of its responsibilities related to the California HERO Program will include any permitting or inspection requirements as established by City.

5. Notice. Any and all communications and/or notices in connection with this JPA Amendment shall be either hand-delivered or sent by United States first class mail, postage prepaid, and addressed as follows:

Authority:

Western Riverside Council of Governments
4080 Lemon Street, 3rd Floor. MS1032
Riverside, CA 92501-3609
Att: Executive Director

City:

City of Brisbane
50 Park Place
Brisbane, CA 94005
Attn: Director of Public Works/City Engineer

6. Entire Agreement. This JPA Amendment, together with the Authority JPA, constitutes the entire agreement among the Parties pertaining to the subject matter hereof. This JPA Amendment supersedes any and all other agreements, either oral or in writing, among the Parties with respect to the subject matter hereof and contains all of the covenants and agreements among them with respect to said matters, and each Party acknowledges that no representation, inducement, promise of agreement, oral or otherwise, has been made by the other Party or anyone acting on behalf of the other Party that is not embodied herein.

7. Successors and Assigns. This JPA Amendment and each of its covenants and conditions shall be binding on and shall inure to the benefit of the Parties and their respective successors and assigns. A Party may only assign or transfer its rights and obligations under this JPA Amendment with prior written approval of the other Party, which approval shall not be unreasonably withheld.

8. Attorney's Fees. If any action at law or equity, including any action for declaratory relief is brought to enforce or interpret the provisions of this Agreement, each Party to the litigation shall bear its own attorney's fees and costs.

9. Governing Law. This JPA Amendment shall be governed by and construed in accordance with the laws of the State of California, as applicable.

10. No Third Party Beneficiaries. This JPA Amendment shall not create any right or interest in the public, or any member thereof, as a third party beneficiary hereof, nor shall it authorize anyone not a Party to this JPA Amendment to maintain a suit for personal injuries or property damages under the provisions of this JPA Amendment. The duties, obligations, and responsibilities of the Parties to this JPA Amendment with respect to third party beneficiaries shall remain as imposed under existing state and federal law.

11. Severability. In the event one or more of the provisions contained in this JPA Amendment is held invalid, illegal or unenforceable by any court of competent jurisdiction, such portion shall be deemed severed from this JPA Amendment and the remaining parts of this JPA Amendment shall remain in full force and effect as though such invalid, illegal, or unenforceable portion had never been a part of this JPA Amendment.

12. Headings. The paragraph headings used in this JPA Amendment are for the convenience of the Parties and are not intended to be used as an aid to interpretation.

13. Amendment. This JPA Amendment may be modified or amended by the Parties at any time. Such modifications or amendments must be mutually agreed upon and executed in writing by both Parties. Verbal modifications or amendments to this JPA Amendment shall be of no effect.

14. Effective Date. This JPA Amendment shall become effective upon the execution thereof by the Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this JPA Amendment to be executed and attested by their officers thereunto duly authorized as of the date first above written.

[SIGNATURES ON FOLLOWING PAGE]

CITY OF BRISBANE

Mayor

ATTEST:

Sheri Marie Spediacci, City Clerk

APPROVED AS TO FORM:



Michael Roush, City Attorney

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____ Date: _____
Executive Committee Chair
Western Riverside Council of Governments

CITY OF _____

By: _____ Date: _____

Title: _____

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.

ELIGIBLE PRODUCTS, CONTRACTORS AND COSTS

Eligible Products

Property owners are responsible for installation, operation, and maintenance of the Eligible Products installed on their property. Property owners must address performance and other system-related issues directly with the contractor installing the Eligible Products according to the terms of the contract between the property owner and the contractor. The California HERO Program is a financing program only. Neither the Agent or the City or the County in which the property is located, nor their employees or agents are responsible for the Eligible Products, their installation or their performance.

The California HERO Program affords property owners the opportunity to take advantage of a wide range of eligible renewable energy, energy-saving, and water conservation/efficiency products that are included among the Eligible Products, consistent with the following provisions:

a. The California HERO Program is intended principally to encourage the adoption of renewable energy, energy efficiency and water efficiency measures.

b. The California HERO Program provides financing only for Eligible Products that are permanently affixed to real property.

c. The California HERO Program provides financing only for Eligible Products specified in Appendix A of the report. The list of Eligible Products will be updated from time to time and published in the Handbooks. Broadly, these include:

- a. Water Conservation/Efficiency Products
- b. Energy Efficiency Products
- c. Renewable Energy Systems
- d. Electric vehicle charging infrastructure
- d. Custom Products

d. The property owner must ensure that any and all permits and inspections required by the jurisdiction within which such property is located for the installation of the Eligible Products are obtained.

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

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, Samas Capital 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, Samas Capital, 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.

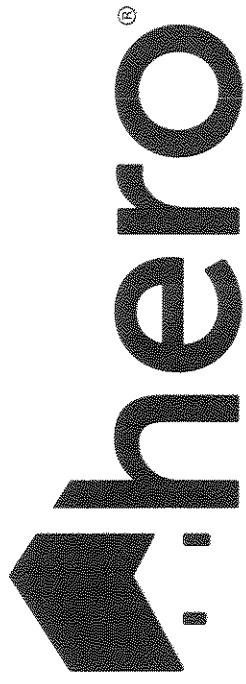
Property owners who elect to engage in broader projects – such as home or business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with Eligible Products. Repairs and/or new construction do not qualify except to the extent that

Appendix A
ELIGIBLE PRODUCTS

The California HERO Program offers financing for a number of eligible equipment types, energy efficiency measures, water efficiency/conservation improvements, solar systems, and other innovative, energy-saving, water saving, and energy generation custom products for residential and commercial property owners as specified in the applicable Handbook.

Minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards, as applicable. Efficiency standards will "ratchet-up" with EnergyStar, WaterSense, California Title 24 and Title 20 standards, or other new standards as may be appropriate and as agreed upon by the Agent.

Any Solar PV system must be eligible for and participate in CSI or an equivalent utility rebate program, unless the property is not connected to the electricity grid, or such utility rebate program is not available.



Your energy efficient future, today.

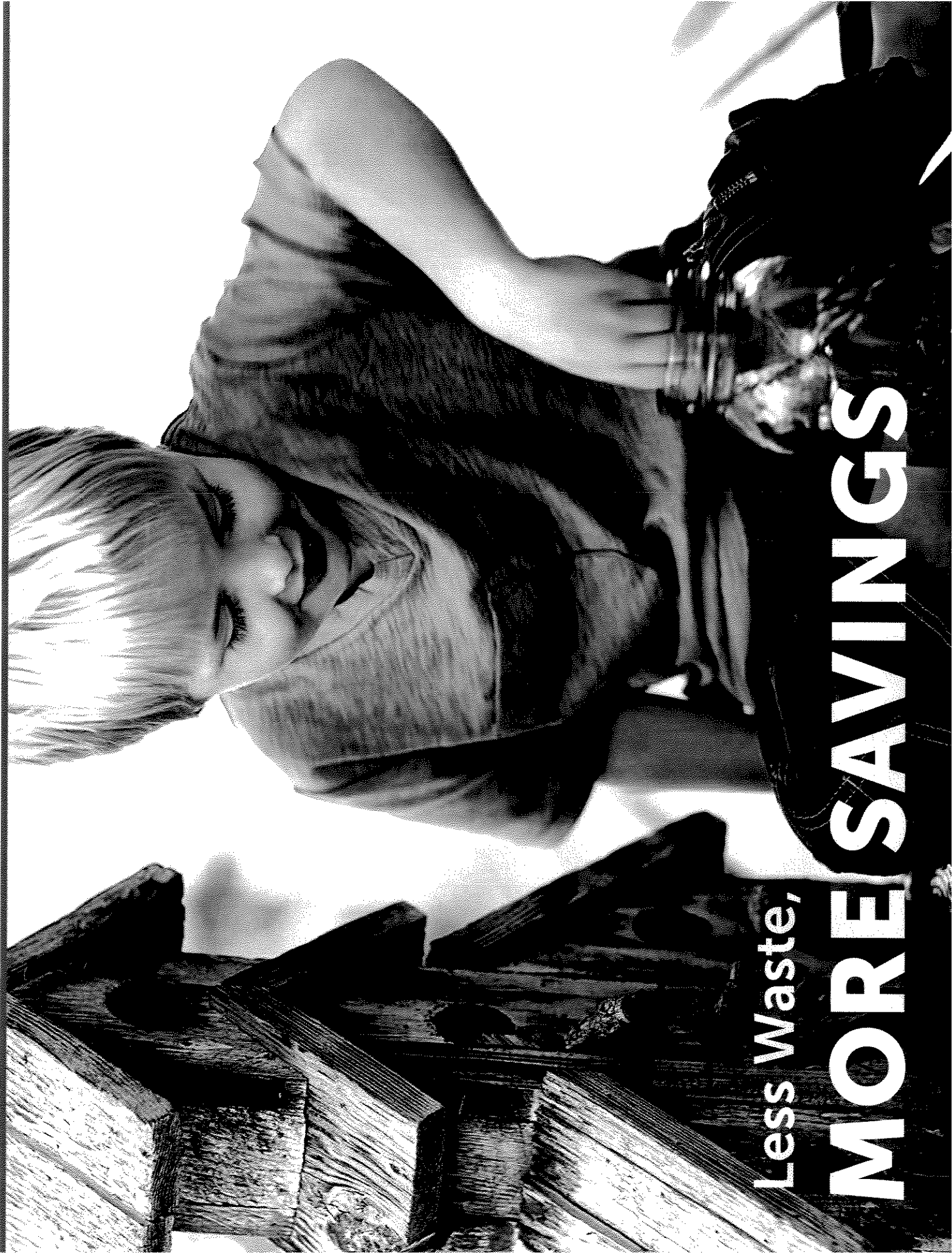


Less Limitations,

MORE POSSIBILITIES

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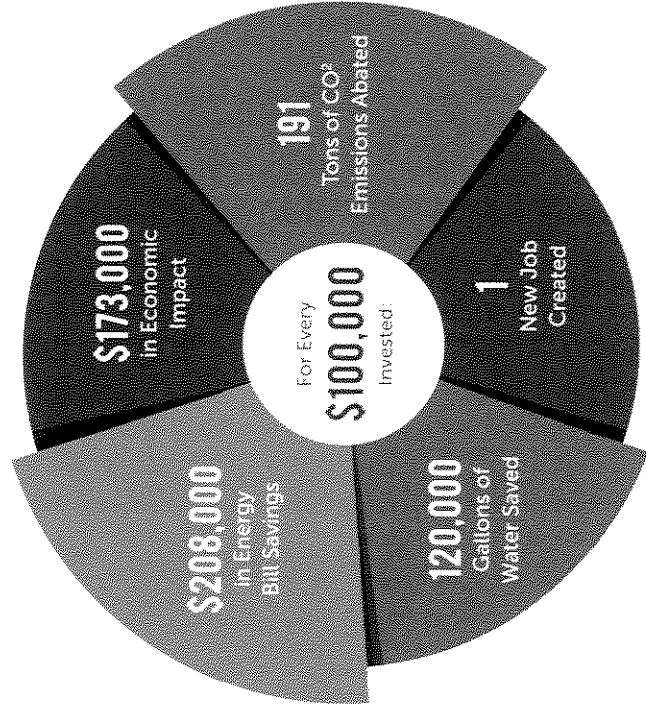


Less Waste,

MORE SAVINGS

Why HERO?

Through a unique public-private partnership, the HERO Program enables homeowners to afford energy and water-efficient upgrades that benefit their homes and communities.



Community Impact

Home efficiency upgrades do more than save energy and water. In addition to helping communities reach their regulatory goals, HERO also helps create new jobs, increase property values, and protect consumers. HERO provides:

Economic Stimulus:	Consumer Protection:	Environmental Benefits:
Lower Utility Bills	Fair Market Pricing	Reduced CO ₂ Emissions
New Job Creation	Payment Upon Job Completion	Decreased Energy Consumption
Increased Property Values	Dispute Resolution	Water Savings

HERO Advantage

When you adopt HERO in your community you're protecting property owners before, during and upon completion of every project. Contractors must be in good standing with the State Licensing Board and are only paid after the job is completed to the property owner's satisfaction.

Consumer Protection		Before HERO	After HERO
Training	Eligibility Requirements	✗	✓
	Proposal Automation	✗	✓
	Estimating Calculators	✗	✓
Compliance	Application Verification	✗	✓
	Marketing	✗	✓
	Product Eligibility	✗	✓
	Fair Market Pricing	✗	✓
Protection	CSLB Confirmation	✗	✓
	Permit Verification	✗	✓
	Pay Upon Completion	✗	✓
	ID Verification	✗	✓
Protection	Terms Confirmation	✗	✓
	In Good Standing	✗	✓
	Dispute Resolution	✗	✓

HERO Features:

- 100% Financing
- Approvals Based on Home Equity
- Low Fixed Interest Rates
- 5, 10, 15, or 20 Year Payment Terms
- Consumer Protections

HERO Products:

Over one million models of energy and water saving products qualify, including:

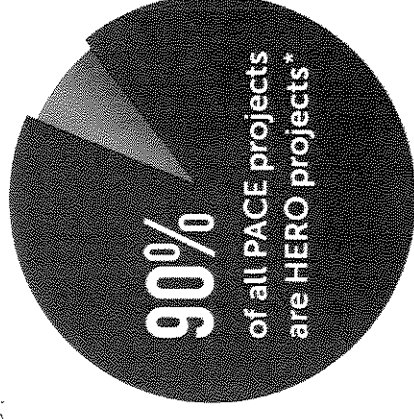
- Solar
- Artificial Turf
- HVAC
- Pool Pumps
- Roofing
- Insulation
- Windows and Doors
- Drought Tolerant Landscaping

PACE Track Record

HERO is the largest and most successful residential PACE based financing program in the nation, and the only program of its kind to complete three rounds of securitization. All funding, support services and technology are provided at no cost to the municipality.

Our proven model enables us to continue to provide:

- ✓ Ongoing Lending Capital
- ✓ Dependable Support Services
- ✓ Comprehensive Technology Infrastructure
- ✓ Unrivaled Consumer Protections



*90% of all residential PACE projects nationally are HERO Projects



Less Questions,
MORE ANSWERS

Integrated Technology

HERO is a turn-key solution which provides municipalities, homeowners, contractors and real estate professionals with an extensive software platform designed to deliver accurate and timely information, while streamlining every step of the process.

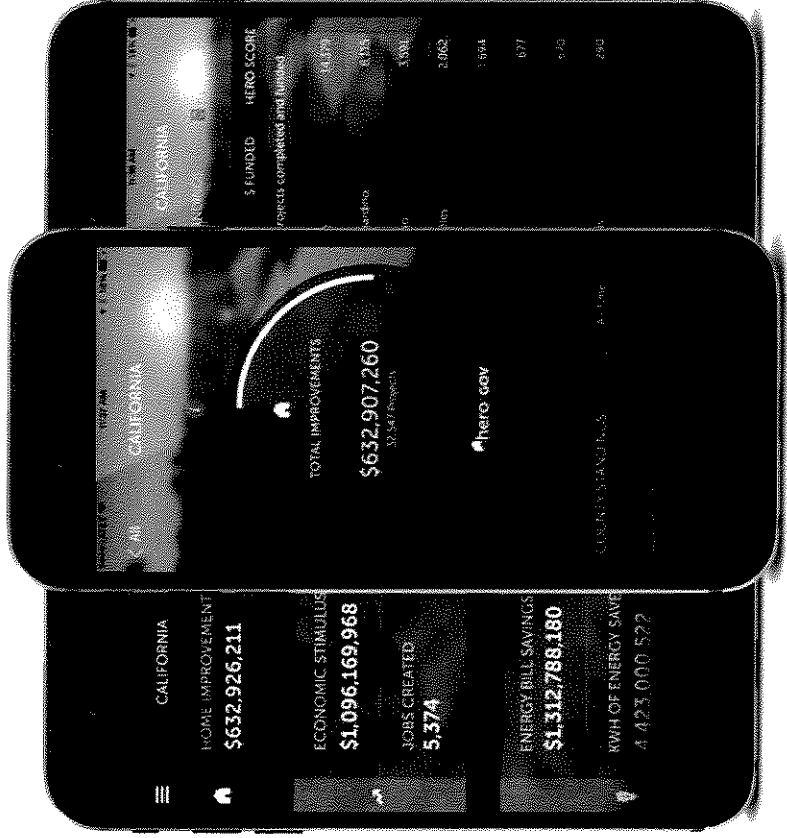
Software Platform:

- HERO Gov (Mobile Application)
- HERO Pro (Contractor Portal)
- HERO Map
- HERO Dashboard (Reports)
- HERO Website with customized landing pages for every HERO community



HERO GOV

With the HERO Gov mobile app, HERO provides municipalities with direct insight into Program performance and transparency on all local activity.



Real-time Tracking:

- Economic Impact
- Local Job Creation
- Project Types
- Amounts Financed
- CO₂ Reduction
- Water Savings
- Community Rankings

HERO Pro

An integrated, secure platform designed to make the estimating, approval, documentation and funding process as easy as possible for property owners and contractors.

Features:

- Interactive Sales Tools
- Estimating Calculators
- Energy Savings Calculators
- Financing Document Generation
- Electronic Signature Capabilities
- Information and Updates
- Web-Based Training Curriculum
- Webpage at herofinancing.com/companyname
- Pro Pitch (industry-specific proposal tools)





Less Worry,

**MORE PEACE
OF MIND**

Community Support

We provide dedicated support to property owners, contractors, real estate professionals, and municipalities through every step of the process.

Municipal Support

Dedicated Community Development Managers are assigned to every municipality to provide program education, continued support, and to respond to constituent inquiries.

Contractor Training

Our representatives in the field provide training and ongoing assistance on Program implementation.

Dispute Resolution

Every property owner complaint receives a full investigation. When necessary, our investigators will intervene to resolve any disputes.

HERO Property Advisors: 855-CAL-HERO

A dedicated division of specialists are available to assist real estate professionals and homeowners during the selling or refinancing process and answer any questions that may arise.

HERO Hotline: 855-HERO-411

Our full service call center is available to property owners and contractors from project start to completion.

Mon-Th	8am – 10pm
Friday	8am – 9pm
Saturday	10am – 8pm
Sunday	10am – 6pm



Contractor Training & Registration

The HERO Program provides a comprehensive training program, designed to get contractors comfortable with the all of the financing terms and the property owner approval process.

Training Covers:

- Sales
- Software
- Product Eligibility
- Document Processing
- Completion Certification
- Payment Options
- Co-Marketing Program
- Brand Usage Guidelines

*HERO Registered
Contractor Certificate*



Consumer Protection Policy

HERO has developed the #1 Consumer Protection Policy in the home energy improvement financing sector.

Contractor ID Verification

Every contractor must be in good standing with the Program, and have active license status with the CSLB.

Pricing Controls

We conduct a Reasonable Cost Test on all major product types and projects to ensure consumers get a fair price.

Permit Verification

We require verification that the necessary permits for qualifying products (including HVAC, solar PV, roofing, and many other products) have been issued.

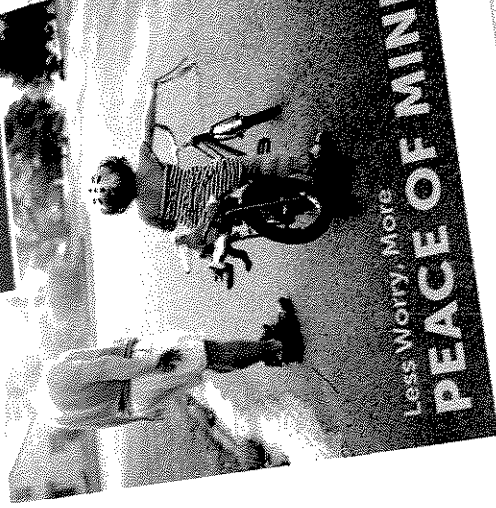
Payment Protection

No payments are made to the contractor until the property owner signs a completion certificate to verify the project has been completed to their satisfaction.

We are committed to ensuring that every project is reasonably priced, products are certified as energy efficient, and that you're working with Contractors who meet all HERO Program requirements.



Consumer Protection Policy



Less Worry. More
PEACE OF MIND



With HERO, you can be
quality customer care



Less Someday,

MORE TODAY

Awards & Recognition

HERO delivers real impact and has been recognized by industry leaders for excellence and innovation.



ENVIRONMENTAL & ECONOMIC PARTNERSHIP | Governor of California
Awarded California's highest honor by Governor Brown for exceptional leadership in environmental preservation and economic stimulus.



BEST RESIDENTIAL PARTNERSHIP | U.S. Green Building Council
Recognized as a Top 10 Green Building Policy in California, serving as a national model for financing energy efficiency and water conservation retrofits.



BUSINESS ACHIEVEMENT AWARD

Climate Change
Business Journal

PRESIDENT'S AWARD FOR EXCELLENCE

Southern CA Association
of Governments

NORTON YOUNGLOVE AWARD

Western Riverside Council
of Governments

2014 CLEAN AIR AWARD

South Coast Air Quality
Management District

BEST OF THE BEST AWARD

Urban Land Institute

Frequently Asked Questions

What is the HERO Program, and how does it work?

The Home Energy Renovation Opportunity (HERO) Program enables residential property owners to install energy and water efficient improvements and renewable energy systems by having a special assessment put on their property tax bill. Payments are made through their local county and repaid with their property taxes over time.

What types of home improvements are eligible?

Over one million products are eligible for HERO. Typical projects include: solar photovoltaic (PV) systems; energy efficient space heating, ventilation and air conditioning (HVAC); cool roof systems; energy efficient windows, skylights, and doors; solar thermal water heating; water heating; air sealing and weatherization; insulation; indoor energy efficient light fixtures; and water efficiency measures.

What are the costs and benefits of offering HERO in my community?

There are no costs to offering the HERO Program and it does not require any dedicated staff resources to develop or implement the Program. Additionally, HERO will benefit your community by reducing energy consumption, stimulating local business, creating sustainable jobs, and lowering greenhouse gas emissions.

Who makes up the HERO team?

The HERO team is made up of a network of partners who specialize in administering residential PACE programs. Each team member is uniquely qualified for their specific role and is an industry expert within their field.

RENOVATE AMERICA

Renovate America
Residential Funding
Partner



Best Best &
Kreiger LLP
Bond Council



Public Financial
Management
Financial Advisor



David Taussig
& Associates
Assessment Administration



Westhoff, Cone
& Holmstedt
Placement Agent

HERO Communities

300+ cities and counties throughout California have made energy- and water-efficient improvements accessible to homeowners through the HERO Program.

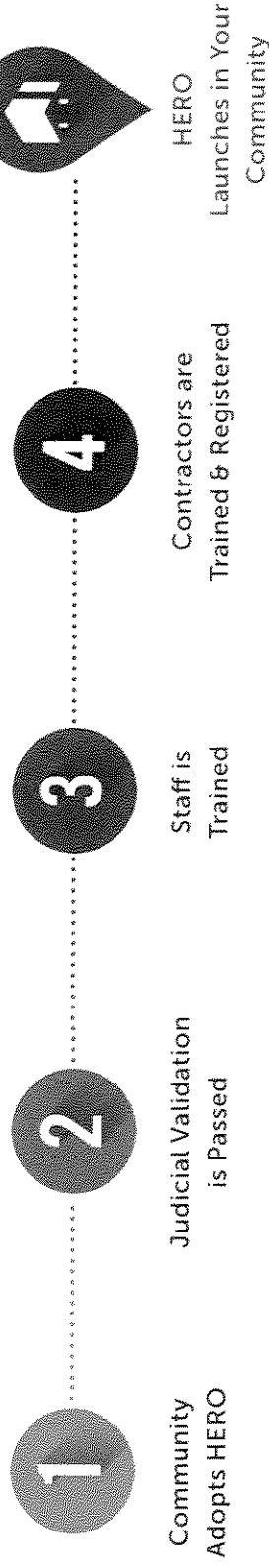
Counties that are Home to HERO Communities (as of June 2015):

Alameda County	Merced County	San Mateo County
Contra Costa County	Mono County	Santa Barbara County
Del Norte County	Monterey County	Santa Clara County
El Dorado County	Napa County	Santa Cruz County
Fresno County	Orange County	Solano County
Humboldt County	Riverside County	Sonoma County
Imperial County	Sacramento County	Stanislaus County
Kern County	San Bernardino County	Tulare County
Kings County	San Diego County	Ventura County
Los Angeles County	San Francisco County	Yolo County
Madera County	San Joaquin County	



Get HERO

It's easy to bring HERO to your community. Get started by contacting us today at 855-HERO-411.



"Why HERO? It's made our community better by lowering unemployment, increasing environmental efforts, and boosting our economy!"

Mayor Rusty Bailey, Riverside, CA

"As HERO helps our residents lower their utility bills, San Jose furthers its sustainability goals by reducing energy and water use. Our economy and job market benefits from home improvement related activity making it a win-win for all aspects of San Jose."

Kerrie Romanow, Director of Environmental Services, San Jose, CA

 heroprogram.com | 855-HERO-411 | info@heroprogram.com