MEMORANDUM

TO: HONORABLE MAYOR & MEMBERS OF THE CITY COUNCIL

FROM: JOEL ROJAS, COMMUNITY DEVELOPMENT DIRECTOR

DATE: SEPTEMBER 3, 2013

SUBJECT: PARTICIPATION IN THE CALIFORNIA FIGTREE PACE PROGRAM TO ALLOW RESIDENTS AND COMMERCIAL BUSINESS OWNERS TO FINANCE CERTAIN ENERGY-RELATED PROJECTS.

REVIEWED: CAROLYN LEHR, CITY MANAGER

Project Manager: Leza Mikhail, Associate Planner

RECOMMENDATION

Adopt the following resolutions for participation in a program referred to as the FIGREE Property Assessed Clean Energy (PACE) and Job Creation Program:

1. Adopt Resolution No. 2013-___, consenting to the inclusion of properties within the City's jurisdiction in the California Enterprise Development Authority (CEDA), and authorizing participation in economic development financing programs for the benefit of businesses and nonprofit entities within the City of Rancho Palos Verdes which are offered by membership with CEDA; and,

2. Adopt Resolution No. 2013-___, authorizing the City of Rancho Palos Verdes to join the FIGTREE PACE Program, authorizing the CEDA to conduct contractual assessment proceedings and levy contractual assessments through the issuance of bonds within the City's jurisdiction to allow the financing of certain renewable energy, energy efficiency and water efficiency programs; and approving a draft CEDA Resolution of Intention and Participation Agreement.

BACKGROUND

As discussed in a separate Staff Report to the City Council pertaining to Property Assessed Clean Energy (PACE) Programs, in 2008 and 2009, the California Legislature adopted Assembly Bill 811 ("AB 811") and Assembly Bill 474 ("AB 474"), which authorized the
legislative body of any city or county to create an assessment district for the financing of energy efficient and water efficient improvements. There are multiple PACE Programs available for jurisdictional participation.

In January 2012, the California Enterprise Development Authority (CEDA), a joint powers financing agency, introduced the FIGTREE PACE Program to its member jurisdictions, making it available to any city or county throughout the State of California. The FIGTREE PACE Program allows CEDA to finance renewable energy and energy efficient and water conservation improvements on commercial and non-profit properties. As of February 2013, CEDA expanded its authority to 62 public agencies throughout the State of California, some of which joined as “Associate Members” in order to participate in the FIGTREE PACE Program opportunities. As a result of the FIGTREE PACE Program’s success, the Board of Directors of the South Bay Cities Council of Governments (SBCCOG) agreed to partner with the CEDA to open up the opportunity for commercial and non-profit property owners within SBCCOG to participate in the FIGTREE PACE Program with the SBCCOG as the local contact.

DISCUSSION

City Participation

As noted above, any city or county located within the State of California may participate in the FIGTREE PACE Program by adopting an Associate Membership Resolution and executing an Associate Membership Agreement (attached) to join CEDA. By adopting the attached Resolutions, the appropriate authorization will be given for commercial and non-profit property owners within the City boundaries to coordinate with CEDA Staff to participate in the FIGTREE PACE Program. Agreeing to participate in the FIGTREE PACE Program would not limit the City from participating in other PACE programs offered throughout the State of California. Additionally, participation in the FIGTREE PACE Program would not result in any fiscal impacts, Rancho Palos Verdes Staff time, or liability to the City, as the program would be administered through the CEDA.

FIGTREE PACE Program Eligibility

CEDA has adopted standards and requirements for commercial and non-profit property owner participation in the FIGTREE PACE Program. Qualified property owners may enter into contractual assessments to finance the purchase of installation of eligible equipment and improvements by contracting with a certified licensed contractor participating in the program. If a property owner chooses to participate, the improvements installed on the owner’s property would be financed by a voluntary contractual assessment that is recorded as a lien against the property and paid with the property taxes for the period of time necessary to pay off bonds, the term not to exceed 20 years. Listed below are some of the benefits to commercial and non-profit property owners and the City by participation in the voluntary FIGTREE PACE Program.
Benefits to Property Owners

- **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 may not have options available to them to lower their utility bills.

- **Savings**: Energy prices continue to rise and selecting in energy efficient, water efficient and/or renewable energy model could lower utility bills.

- **100% voluntary**: Property owners can choose to participate in the program at their discretion.

- **Payment obligation stays with the property**: Under Chapter 29 of the Streets and Highways Code of the State of California, 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 will, however, 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.

Benefits to the City

- Potential increase to jobs related to energy efficient, water conservation and renewable energy improvements offered through local contractors.

- 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 Program(s) and assessment administration, bond issuance and bond administration functions are handled by FIGTREE PACE, depending on the property owner’s choice of funding. No City Staff time is needed to participate in either program.

- The City can provide access for its residents to the FIGTREE PACE Program without the higher staff costs that an independent program established by the City
would require. Furthermore, the SBCCOG will serve as the local contact for the program.

ADDITIONAL INFORMATION

On June 28, 2013, a SBCCOG memorandum from Executive Director, Jacki Bacharach, went out to all cities within the South Bay presenting and promoting the PACE opportunities. Approximately nine (9) cities within the South Bay will be considering this program on their agendas in the next month.

CONCLUSION

Based on the information described in this Staff Report, Staff recommends that the City Council adopt the appropriate Resolutions, thereby adding the City as an Associate Member of CEDA, approving an Associate Member Agreement executed between CEDA and the City, and authorizing CEDA to form an assessment district to administer the necessary activities to fund eligible projects by commercial and non-profit property owners in Rancho Palos Verdes.

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 FIGTREE PACE Program. All program administrative costs are covered through an initial administrative fee included in the property owner's voluntary contractual assessment and an annual administrative fee which is also collected on the property owner's tax bill. Furthermore, due to the fact that the SBCCOG would act as the local contact for the program, no staff time would be needed to answer questions of the public.

ALTERNATIVES

In addition to Staff's recommendation, the following alternative is available for consideration by the City Council:

1) Determine that participation in the FIGTREE PACE Program is not desirable at this time.

Attachments

• Draft Resolution No. 2013-__ (Associate Membership into CEDA)
  o Exhibit A (Associate Member Agreement to be approved by City Council)
• Draft Resolution No. 2013-__ (Authorizing Participation in FIGTREE)
  o Exhibit A (Resolution of Intention to be adopted by CEDA)
  o Exhibit B (Participation Agreement – to be signed by City Manager)
• Form Letter from FIGTREE PACE Program CEO, Mahesh Shah
• FIGREE PACE Program Government Flyer
Draft Resolution No. 2013-__
(Associate Membership into CEDA)
RESOLUTION NO. 2013-_—

RESOLUTION APPROVING ASSOCIATE MEMBERSHIP BY THE CITY OF RANCHO PALOS VERDES IN THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AND AUTHORIZING AND DIRECTING THE EXECUTION OF AN ASSOCIATE MEMBERSHIP AGREEMENT RELATING TO ASSOCIATE MEMBERSHIP OF THE CITY IN THE AUTHORITY

WHEREAS, the City of Rancho Palos Verdes, California (the "City"), is a municipal corporation, duly organized and existing under the Constitution and the laws of the State of California; and,

WHEREAS, upon authorization of the City Council and pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, commencing with Section 6500 (the "JPA Law"), the City may enter into a joint exercise of powers agreement with one or more other public agencies pursuant to which such contracting parties may jointly exercise any power common to them; and,

WHEREAS, the City and other public agencies wish to jointly participate in economic development financing programs for the benefit of businesses and nonprofit entities within their jurisdictions offered by membership in the California Enterprise Development Authority (the "Authority") pursuant to an associate membership agreement and Joint Exercise of Powers Agreement Relating to the California Enterprise Development Authority (the "Agreement"); and,

WHEREAS, under the JPA Law and the Agreement, the Authority is a public entity separate and apart from the parties to the Agreement and the debts, liabilities and obligations of the Authority will not be the debts, liabilities or obligations of the City or the other members of the Authority; and,

WHEREAS, the form of Associate Membership Agreement (the "Associate Membership Agreement") between the City and the Authority is attached as Exhibit 'A'; and,

WHEREAS, the City is willing to become an Associate Member of the Authority subject to the provisions of the Associate Membership Agreement.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RANCHO PALOS VERDES DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

Section 1: The City Council hereby specifically finds and declares that the actions authorized hereby constitute public affairs of the City. The City Council further finds that the statements, findings and determinations of the City set forth in the preambles above are true and correct.

Section 2: The Associate Membership Agreement presented at this meeting and on file with the City Clerk is hereby approved. The Mayor of the City, the City Manager, the
City Clerk and other officials of the City are each hereby authorized and directed, for and on behalf of the City, to execute and deliver the Associate Membership Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3: The officers and officials of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this resolution and the Associate Membership Agreement. All such actions heretofore taken by such officers and officials are hereby confirmed, ratified and approved.

PASSED, APPROVED, AND ADOPTED this 3rd day of September 2013.

______________________________
Mayor

Attest:

______________________________
City Clerk

State of California )
County of Los Angeles ) ss
City or Rancho Palos Verdes )

I, Carla Morreale, the City Clerk of the City of Rancho Palos Verdes, do hereby certify that the above Resolution No. 2013-- was duly and regularly passed and adopted by the said City Council at a regular meeting thereof held on September 3, 2013.

______________________________
City Clerk
EXHIBIT A
Associate Membership Agreement
by and between
CEDA
and
City of Rancho Palos Verdes
ASSOCIATE MEMBERSHIP AGREEMENT

by and between the

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

and the

CITY OF RANCHO PALOS VERDES, CALIFORNIA

THIS ASSOCIATE MEMBERSHIP AGREEMENT (this “Associate Membership Agreement”), dated as of September 3, 2013, is by and between CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY (the “Authority”) and the CITY OF RANCHO PALOS VERDES, CALIFORNIA, a municipal corporation, duly organized and existing under the laws of the State of California (the “City”);

WITNESSETH:

WHEREAS, the Cities of Selma, Lancaster and Eureka (individually, a “Member” and collectively, the “Members”), have entered into a Joint Powers Agreement, dated as of June 1, 2006 (the “Agreement”), establishing the Authority and prescribing its purposes and powers; and

WHEREAS, the Agreement designates the Executive Committee of the Board of Directors and the President of the California Association for Local Economic Development as the initial Board of Directors of the Authority; and

WHEREAS, the Authority has been formed for the purpose, among others, to assist for profit and nonprofit corporations and other entities to obtain financing for projects and purposes serving the public interest; and

WHEREAS, the Agreement permits any other local agency in the State of California to join the Authority as an associate member (an “Associate Member”); and

WHEREAS, the City desires to become an Associate Member of the Authority;

WHEREAS, City Council of the City has adopted a resolution approving the Associate Membership Agreement and the execution and delivery thereof;

WHEREAS, the Board of Directors of the Authority has determined that the City should become an Associate Member of the Authority;

NOW, THEREFORE, in consideration of the above premises and of the mutual promises herein contained, the Authority and the City do hereby agree as follows:
**Section 1:** Associate Member Status. The City is hereby made an Associate Member of the Authority for all purposes of the Agreement and the Bylaws of the Authority, the provisions of which are hereby incorporated herein by reference. From and after the date of execution and delivery of this Associate Membership Agreement by the City and the Authority, the City shall be and remain an Associate Member of the Authority until terminated by City or Authority.

**Section 2:** Restrictions and Rights of Associate Members. The City shall not have the right, as an Associate Member of the Authority, to vote on any action taken by the Board of Directors or by the Voting Members of the Authority. In addition, no officer, employee or representative of the City shall have any right to become an officer or director of the Authority by virtue of the City being an Associate Member of the Authority.

**Section 3:** No Obligations of Associate Members. The debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of the City.

**Section 4:** Execution of the Agreement. Execution of this Associate Membership Agreement and the Agreement shall satisfy the requirements of the Agreement and Article XII of the Bylaws of the Authority for participation by the City in all programs and other undertakings of the Authority.
IN WITNESS WHEREOF, the parties hereto have caused this Associate Membership Agreement to be executed and attested by their proper officers thereunto duly authorized, on the day and year first set forth above.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

By: ___________________________
Gurbax Sahota, Chair
Board of Directors

Attest:

Michelle Stephens, Asst. Secretary

CITY OF RANCHO PALOS VERDES,
CALIFORNIA

By: ___________________________
Mayor Susan Brooks

Attest:

___________________________
City Clerk

State of California )
County of Los Angeles ) ss
City or Rancho Palos Verdes )

I, Carla Morreale, the City Clerk of the City of Rancho Palos Verdes, do hereby certify that the above Resolution No. 2013-- was duly and regularly passed and adopted by the said City Council at a regular meeting thereof held on September 3, 2013.

___________________________
City Clerk
Draft Resolution No. 2013-__
(Authorizing Participation into FIGTREE)
RESOLUTION NO. 2013-__

RESOLUTION AUTHORIZING THE CITY OF RANCHO PALOS VERDES TO JOIN THE FIGTREE PACE PROGRAM; AUTHORIZING THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY TO CONDUCT CONTRACTUAL ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE TERRITORY OF THE CITY OF RANCHO PALOS VERDES; AND AUTHORIZING RELATED ACTIONS

WHEREAS, the California Enterprise Development Authority ("CEDA") is a joint exercise of powers authority, comprised of cities and counties in the State of California, including the City of Rancho Palos Verdes (the "City"); and,

WHEREAS, CEDA has adopted the FIGTREE Property Assessed Clean Energy (PACE) and Job Creation Program (the "Program" or "FIGTREE PACE"), to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements (the "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 or other evidences of indebtedness (the "Bonds") under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 et seq.) (the "1915 Act") upon the security of the unpaid contractual assessments; and,

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied at the time the assessment is levied; and,

WHEREAS, the City desires to allow the owners of property within its jurisdiction ("Participating Property Owners") to participate in FIGTREE PACE, and to allow CEDA to conduct assessment proceedings under Chapter 29 and to issue Bonds under the 1915 Act to finance the Improvements; and,

WHEREAS, CEDA will conduct assessment proceedings under Chapter 29 and issue Bonds under the 1915 Act to finance Improvements; and,

WHEREAS, there has been presented to this meeting a proposed form of Resolution of Intention to be adopted by CEDA in connection with such assessment proceedings (the "ROI"), a copy of which is attached hereto as Exhibit A; and,

WHEREAS, said ROI sets forth the territory within which assessments may be levied for FIGTREE PACE which territory shall be coterminous with the City's official boundaries of record at the time of adoption of the ROI (the "Boundaries"); and,

WHEREAS, pursuant to Chapter 29, the City authorizes CEDA to conduct assessment proceedings, levy assessments, pursue remedies in the event of delinquencies, and issue bonds or other forms of indebtedness to finance the Improvements in connection with FIGTREE PACE; and,
WHEREAS, to protect the City in connection with operation of the FIGTREE PACE program, FIGTREE Energy Financing, the program administrator, has agreed to defend and indemnify the City; and,

WHEREAS, based upon such authorization as provided in the Participation Agreement, a copy of which is attached hereto as Exhibit B, the City will not be responsible for the conduct of any assessment proceedings, the levy of assessments, any required remedial action in the case of delinquencies, the issuance, sale or administration of the bonds or other indebtedness issued in connection with FIGTREE PACE.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RANCHO PALOS VERDES DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

Section 1: On the date hereof, the City Council hereby finds and determines that the issuance of Bonds by CEDA in connection with FIGTREE PACE will provide significant public benefits, including without limitation, savings in effective interest rates, bond preparation, bond underwriting and bond issuance costs and reductions in effective user charges levied by water and electricity providers within the boundaries of the City.

Section 2: In connection with FIGTREE PACE, the City hereby consents to the special assessment proceedings by CEDA pursuant to Chapter 29 on any property within the Boundaries and the issuance of Bonds under the 1915 Act, provided that:

(1) Such proceedings are conducted pursuant to one or more Resolutions of Intention in substantially the form of the ROI;
(2) The Participating Property Owners, who shall be the legal owners of such property, voluntarily execute a contract pursuant to Chapter 29 and comply with other applicable provisions of California law in order to accomplish the valid levy of assessments; and
(3) The City will not be responsible for the conduct of any assessment proceedings, the levy of assessments, any required remedial action in the case of delinquencies in such assessment payments, or the issuance, sale or administration of the Bonds in connection with FIGTREE PACE.

The City Council hereby approves the Participation Agreement between the City and CEDA in the form attached hereto. The City Council hereby authorizes the City Manager to execute the Participation Agreement with such changes as the City Manager deems appropriate in order to commence the FIGTREE PACE program within the jurisdiction of the City.

Section 3: Pursuant to the requirements of Chapter 29, CEDA has prepared and will update from time to time the "Program Report" for FIGTREE PACE (the "Program Report") and associated documents, and CEDA will undertake assessment proceedings and the financing of Improvements as set forth in the Program Report.
Section 4: The appropriate officials and staff of the City are hereby authorized and directed to make applications for FIGTREE PACE available to all property owners who wish to finance Improvements. The following staff persons, together with any other staff designated by the City Manager from time to time, are hereby designated as the contact persons for CEDA in connection with FIGTREE PACE: Joel Rojas, Community Development Director (310) 544-5228 or via email at joelr@rpv.com.

Section 5: The appropriate officials and staff of the City are hereby authorized and directed to execute and deliver such closing certificates, requisitions, agreements and related documents as are reasonably required by CEDA in accordance with the Program Report to implement FIGTREE PACE for Participating Property Owners.

Section 6: The City Council hereby finds that adoption of this Resolution is not a "project" under the California Environmental Quality Act ("CEQA"), because the Resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4)).

Section 7: This Resolution shall take effect immediately upon its adoption. The City Clerk is hereby authorized and directed to transmit a certified copy of this resolution to FIGTREE Energy Resource Company.

Section 8: Services related to the formation and administration of the assessment district will be provided by CEDA at no cost to the City.
PASSED, APPROVED, AND ADOPTED this 3rd day of September 2013.

______________________________
Mayor

Attest:

______________________________
City Clerk

State of California  )
County of Los Angeles ) ss
City or Rancho Palos Verdes )

I, Carla Morreale, the City Clerk of the City of Rancho Palos Verdes, do hereby certify that the above Resolution No. 2013-__ was duly and regularly passed and adopted by the said City Council at a regular meeting thereof held on September 3, 2013.

______________________________
City Clerk
EXHIBIT A
CEDA Resolution of Intention
RESOLUTION NO. 2013-__

RESOLUTION OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY DECLARING INTENTION TO FINANCE INSTALLATION OF DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES, ENERGY EFFICIENCY AND WATER EFFICIENCY IMPROVEMENTS IN THE CITY OF RANCHO PALOS VERDES

WHEREAS, the California Enterprise Development Authority ("CEDA") is a joint powers authority organized and existing pursuant to the Joint Powers Act (Government Code Section 6500 et seq.) and that certain Joint Exercise of Powers Agreement (the "Agreement") dated as of June 1, 2006, among the cities of Eureka, Lancaster and Selma; and,

WHEREAS, CEDA is authorized under the Agreement and Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and in accordance with Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California ("Chapter 29") to authorize assessments to finance the installation of distributed generation renewable energy sources, energy efficiency and water efficiency improvements that are permanently fixed to real property ("Authorized Improvements"); and,

WHEREAS, CEDA has obtained authorization from the City of Rancho Palos Verdes (the "City") located in the County of Los Angeles (the "County") to conduct assessment proceedings and to enter into contractual assessments to finance the installation of Authorized Improvements within the jurisdictional boundaries of the City pursuant to Chapter 29; and,

WHEREAS, CEDA desires to declare its intention to establish a FIGTREE PACE program ("FIGTREE PACE") in the City, pursuant to which CEDA, subject to certain conditions set forth below, would enter into contractual assessments to finance the installation of Authorized Improvements in the City.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, AS FOLLOWS:

Section 1: Findings. The Board of Directors hereby finds and determines the following:

(a) The above recitals are true and correct and are incorporated herein by this reference.

(b) Energy and water conservation efforts, including the promotion of Authorized Improvements to residential, commercial, industrial, or other real property, are
necessary to address the issue of global climate change and the reduction of greenhouse gas emissions in the City.

(c) The upfront cost of making residential, commercial, industrial, or other real property more energy and water efficient, along with the fact that most commercial loans for that purpose are due on the sale of the property, prevents many property owners from installing Authorized Improvements.

(d) A public purpose will be served by establishing a contractual assessment program, to be known as FIGTREE PACE, pursuant to which CEDA will finance the installation of Authorized Improvements to residential, commercial, industrial, or other real property in the City.

Section 2: Determination of Public Interest. The Board of Directors hereby determines that (a) it would be convenient, advantageous, and in the public interest to designate an area, which shall encompass the entire geographic territory within the boundaries of the City, within which CEDA and property owners within the City may enter into contractual assessments to finance the installation of Authorized Improvements pursuant to Chapter 29 and (b) it is in the public interest for CEDA to finance the installation of Authorized Improvements in the City pursuant to Chapter 29.

Section 3: Identification of Authorized Improvements. CEDA hereby declares its intention to make contractual assessment financing available to property owners to finance installation of Authorized Improvements, including but not limited to those improvements detailed in the Report described in Section 8 hereof (the "Report"), as that Report may be amended from time to time.

Section 4: Identification of Boundaries. Contractual assessments may be entered into by property owners located within the entire geographic territory of the City.

Section 5: Proposed Financing Arrangements. Under Chapter 29, CEDA may issue bonds, notes or other forms of indebtedness (the "Bonds") pursuant to Chapter 29 that are payable by contractual assessments. Division 10 (commencing with Section 8500) of the Streets & Highways Code of the State (the "Improvement Bond Act of 1915") shall apply to any indebtedness issued pursuant to Chapter 29, insofar as the Improvement Bond Act of 1915 is not in conflict with Chapter 29. The creditworthiness of a property owner to participate in the financing of Authorized Improvements will be based on the criteria developed by FIGTREE Energy Financing (the "Program Administrator") upon consultation with FIGTREE PACE Program underwriters or other financial representatives, CEDA general counsel and bond counsel, and as shall be approved by the Board of Directors of CEDA. In connection with indebtedness issued under the Improvement Bond Act of 1915 that is payable from contractual assessments, serial and/or term improvement bonds or other indebtedness shall be issued in such series and shall mature in such principal amounts and at such times (not to exceed 20 years from the second day of September next following their date), and at such rate or rates of interest (not to exceed the maximum rate permitted by applicable law) as shall be determined by Board of Directors at the time of the
issuance and sale of the indebtedness. The provisions of Part 11.1 of the Improvement Bond Act of 1915 shall apply to the calling of the bonds. It is the intention of CEDA to create a special reserve fund for the bonds under Part 16 of the Improvement Bond Act of 1915. Neither CEDA, nor any of its members participating in the FIGTREE PACE Program, shall advance available surplus funds from its treasury to cure any deficiency in the redemption fund to be created with respect to the indebtedness; provided, however, that this determination shall not prevent CEDA or any of its members from, in their sole discretion, so advancing funds. The Bonds may be refunded under Division 11.5 of the California Streets and Highways Code or other applicable laws permitting refunding, upon the conditions specified by and upon determination of CEDA.

CEDA hereby authorizes the Program Administrator, upon consultation with CEDA general counsel, bond counsel and the FIGTREE PACE underwriter, to commence preparation of documents and take necessary steps to prepare for the issuance of bonds, notes or other forms of indebtedness as authorized by Chapter 29.

In connection with the issuance of bonds payable from contractual assessments, CEDA expects to obligate itself, through a covenant with the owners of the bonds, to exercise its foreclosure rights with respect to delinquent contractual assessment installments under specified circumstances.

Section 6: Public Hearing. Pursuant to the Act, CEDA hereby orders that a public hearing be held before CEDA Board (the “Board”), at 550 Bercut Drive, Suite G, Sacramento, CA 95811, on , , at __ A_, for the purposes of allowing interested persons to object to, or inquire about, the proposed FIGTREE PACE Program. The public hearing may be continued from time to time as determined by the Board for a time not exceeding a total of 180 days.

At the time of the hearing, the Report described in Section 8 hereof shall be summarized, and the Board shall afford all persons who are present an opportunity to comment upon, object to, or present evidence with regard to the proposed FIGTREE PACE Program, the extent of the area proposed to be included within the boundaries of the assessment district, the terms and conditions of the draft assessment contract described in Section 8 hereof (the “Contract”), or the proposed financing provisions. Following the public hearing, CEDA may adopt a resolution confirming the Report (the “Resolution Confirming Report”) or may direct the Report’s modification in any respect, or may abandon the proceedings.

The Board hereby orders the publication of a notice of public hearing once a week for two successive weeks. Two publications in a newspaper published once a week or more often, with at least five days intervening between the respective publication dates not counting such publication dates, are sufficient. The period of notice will commence upon the first day of publication and terminate at the end of the fourteenth day. The first publication shall occur not later than 20 days before the date of the public hearing.

Section 7: Notice to Water and Electric Providers. Pursuant to Section 5898.24 of the Streets & Highways Code, written notice of the proposed contractual assessment
program within the City to all water and electric providers within the boundaries of the City has been provided.

Section 8: Report. The Board hereby directs the Program Administrator to prepare the Report and file said Report with the Board at or before the time of the public hearing described in Section 6 hereof containing all of the following:

a) A map showing the boundaries of the territory within which contractual assessments are proposed to be offered, as set forth in Section 4 hereof.

b) A draft contractual assessment contract (the "Contract") specifying the terms and conditions of the agreement between CEDA and a property owner within the City.

c) A statement of CEDA's policies concerning contractual assessments including all of the following:
   1. Identification of types of Authorized Improvements that may be financed through the use of contractual assessments.
   2. Identification of the CEDA official authorized to enter into contractual assessments on behalf of CEDA.
   3. A maximum aggregate dollar amount of contractual assessments.
   4. A method for setting requests from property owners for financing through contractual assessments in priority order in the event that requests appear likely to exceed the authorization amount.

d) A plan for raising a capital amount required to pay for work performed in connection with contractual assessments. The plan may include the sale of a bond or bonds or other financing relationship pursuant to Section 5898.28 of Chapter 29. The plan (i) shall include a statement of, or method for determining, the interest rate and time period during which contracting property owners would pay any assessment, (ii) shall provide for any reserve fund or fund, and (iii) shall provide for the apportionment of all or any portion of the costs incidental to financing, administration and collection of the contractual assessment program among the consenting property owners and CEDA.

e) A report on the results of the discussions with the County Auditor-Controller described in Section 10 hereof, concerning the additional fees, if any, that will be charged to CEDA for inclusion of the proposed contractual assessments on the general property tax roll of the County, and a plan for financing the payment of those fees.

Section 9: Nature of Assessments. Assessments levied pursuant to Chapter 29, and the interest and any penalties thereon, will constitute a lien against the lots and parcels of land on which they are made, until they are paid. Unless otherwise directed by CEDA, the assessments shall be collected in the same manner and at the same time as the general taxes of the County on real property are payable, and subject to the same penalties and remedies and lien priorities in the event of delinquency and default.

Section 10: Consultations with County Auditor-Controller. CEDA hereby directs the Program Administrator to enter into discussions with the County Auditor-Controller in
order to reach agreement on what additional fees, if any, will be charged to CEDA for incorporating the proposed contractual assessments into the assessments of the general taxes of the County on real property.

**Section 11:** Preparation of Current Roll of Assessment. Pursuant to Section 5898.24(c), CEDA hereby designates the Program Administrator as the responsible party for annually preparing the current roll of assessment obligations by assessor's parcel number on property subject to a voluntary contractual assessment.

**Section 12:** Procedures for Responding to Inquiries. The Program Administrator shall establish procedures to promptly respond to inquiries concerning current and future estimated liability for a voluntary contractual assessment.

**Section 13:** Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this ____ day of ____., 201_.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By: __________________________
Gurbax Sahota, Chair

ATTEST:

______________________________
Larry Cope, Secretary
EXHIBIT B

Participation Agreement
PARTICIPATION AGREEMENT

by and among the

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

and

FIGTREE ENERGY FINANCING

and the

CITY OF RANCHO PALOS VERDES

Dated as of __________, 2013
PARTICIPATION AGREEMENT

This PARTICIPATION AGREEMENT, made and entered into as of __________, 2013, by and among the CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, a joint powers agency organized and existing under the laws of the State of California ("CEDA"), third party administrator FIGTREE Energy Financing ("FIGTREE"), and the City of Rancho Palos Verdes, a City, organized and existing under the laws of the State of California (the "Participating Member");

WITNESSETH:

In consideration of the mutual covenants herein contained, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree, as follows:

Recitals

(a) The CEDA is a joint powers agency organized and existing pursuant to the Joint Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California; and

(b) The CEDA has adopted the FIGTREE Property Assessed Clean Energy (PACE) and Job Creation Program (the "Program" or "FIGTREE PACE"), for the financing of renewable generation and energy efficient and water savings equipment on improved commercial, industrial and residential property within the Participating Member's jurisdiction; and

(c) The CEDA has retained third party administrator, FIGTREE, to carry out the implementation of the Program; and

(d) The Participating Member is either a municipal corporation or other public body and a member of the CEDA in good standing; and

(e) The Participating Member has authorized the CEDA to form an assessment district (the "District") for the PACE financing of renewable generation and energy efficient and water savings improvements on certain properties owned by property owners who voluntarily agree to participate in the Program ("Program Participant"); and

(f) The CEDA intends to issue bonds, notes or other forms of indebtedness (the "Bonds") to finance improvements within the District and in consideration therefore, assessments shall be recorded against each parcel prior to the issuance of the Bonds. Installments of principal and interest sufficient to meet annual debt service on the Bonds, and related administration costs and expenses, are to be included on the regular county tax bills sent to each Program Participant.
(g) The Participating Member desires to authorize the CEDA to (i) record the assessment against the participating property owner's parcels, (ii) administer the District in accordance with the Improvement Act of 1915 (Chapter 29 Part 1 of Division 10 of the California Streets and Highways Code (commencing with Section 8500 et seq.) (the "Law") and (iii) prepare program guidelines for the operations of the Program; and

(h) The Law permits foreclosure in the event that there is a default in the payment of assessments due on a property. Under the Law, the Participating Member must designate the parties who shall be responsible to proceed with collection and foreclosure of the liens on the properties within the District. The Program Report provides for accelerated foreclosure; and

(i) The Participating Member desires to appoint the CEDA as its representative to proceed with any claims, proceedings or legal actions as shall be necessary to collect past due assessments on the properties within the District in accordance with the Law and Section 6509.6 of the Marks Roos Act.

NOW THEREFORE:

Section 1: Recitals. The Recitals contained herein are true and correct and are hereby incorporated herein by reference.

Section 2: Appointment of CEDA. The City is not and will not be deemed to be an agent of FIGTREE or CEDA as a result of this Agreement. The Participating Member hereby appoints the CEDA as its representative to record the assessment against each Program Participant's parcel and administer the District in accordance with the Law. The Participating Member hereby designates the CEDA as the entity which shall proceed with any claims, proceedings or legal actions as shall be necessary to collect past due assessments on the properties within the District in accordance with the Law and Section 6509.6 of the Marks Roos Act.

Section 3: Indemnification. FIGTREE has provided the CEDA with an indemnification for negligence or malfeasance of any type as a result of the acts or omissions of FIGTREE, its officers, employees, subcontractors and agents, arising from or related to negligent performance by FIGTREE of the work required under the agreement between FIGTREE and CEDA. FIGTREE, on behalf of itself and the CEDA, agrees to defend, indemnify, and hold harmless the Participating Member, its officers, agents, employees and attorneys from and against any and all liabilities, claims, or demands arising or alleged to arise as a result of the CEDA or FIGTREE'S performance or failure to perform under this Agreement or the Program, except that arising from the sole negligence or willful misconduct of Participating Member.
IN WITNESS WHEREOF, the parties hereto have executed this Participation Agreement by their officers duly authorized as of the day and year first written above.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

By:____________________________
    Gurbax Sahota, Chair

FIGTREE ENERGY FINANCING

By:____________________________
    Mahesh Shah, CEO

CITY OF Rancho Palos Verdes

By:____________________________
    Carolyn Lehr
Form Letter from FIGTREE PACE Program
(CEO, Mahesh Shah)
March 11, 2013

Dear Local Government Representative,

A growing number of cities and counties throughout California including, recently, the City of San Diego, have adopted the FIGTREE PACE program – a new way to finance energy and water efficiency and renewable energy improvements. This innovative and proven financing model is made available through the California Enterprise Development Authority (CEDA), a statewide Joint Powers Authority. Operating under Assembly Bill 811, FIGTREE PACE enables property owners to make payments for Property Assessed Clean Energy (PACE) financing through a line item charge on their property tax bill.

FIGTREE PACE is currently available to commercial properties only, requires existing mortgage lenders’ consent and has been judicially validated statewide. The program is currently active in 27 counties and cities.

Benefits to Your Community:
✓ Creates jobs. $4M invested in energy retrofits creates 60 jobs in your community.¹
✓ Reduces greenhouse gas emissions. Energy efficiency and renewable energy measures reduce harmful emissions.¹
✓ Spurs the local economy. $4M invested in energy upgrades creates $10M in gross economic output.¹

FIGTREE PACE is a turnkey solution:
✓ No cost to local government
✓ No liability; full indemnification
✓ 100% privately funded
✓ Non-exclusive participation

Joining FIGTREE PACE is a smart choice; it is an economic development tool that you can implement using no public moneys – your action is needed right away.

With the adoption of a single resolution, property owners and local businesses can look forward to a true economic opportunity. Figtree Energy Financing will provide all required Resolutions, Staff Reports, and supporting documentation.

I invite you to contact Joe Flores, Vice President of Municipal Finance at (877) 577-7373 or visit us online at www.figtreecompany.com.

Sincerely,

Mahesh M. Shah, CPA
Chief Executive Officer

Encl. How to adopt FIGTREE PACE in your county or city.

¹ Source: ECONorthwest Study

QUALIFYING PROPERTIES
• Commercial Office
• Retail
• Hospitality
• Multi-Family Residential
• Agricultural
• Industrial
• And more

QUALIFYING IMPROVEMENTS
• HVAC
• Solar Photovoltaic
• Solar Thermal
• Cool Roofs
• Lighting
• Boilers and Chillers
• Building Envelope
• Process Equipment
• Control Systems
• Irrigation
• And more

BENEFITS
• Job Creation
• Economic Stimulus
• Compliance with AB-1103 and AB-32

INCENTIVES
• Rebates
• Investment Tax Credit
• EPACT Tax Deductions

FEATURED IN
• Forbes.com
• Bond Buyer
• Renewable Energy World
• San Diego Business Journal
• San Diego Daily Transcript
• California Economic Summit

Sponsored by the CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

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WWW.FIGTREECOMPANY.COM
FIGTREE PACE Program Government Flyer
WHAT WILL YOU DO WITH YOUR GREEN SAVINGS?

INTRODUCING PACE FINANCING FOR ENERGY UPGRADES

In these times of soaring energy costs and new environmental regulations, it's time to protect your finances. Property Assessed Clean Energy (PACE) financing from FIGTREE can help turn property owners' energy and water bills into thousands of dollars in savings each year through easy-to-implement energy efficiency, renewable energy and water conservation upgrades.

It's a timely opportunity that can save money, provide a valuable hedge against rising energy costs and preserve precious natural resources.

Property owners are prequalified for PACE financing in numerous cities and counties throughout California, and the number of jurisdictions authorizing FIGTREE to offer financing based on property values in their respective communities continues to grow. PACE financing requires no personal guarantee. Additionally, all loan balances can transfer to the next owner if you sell the property — you pay for only the benefits you receive. Payments are made as semi-annual assessment installments on your property tax bill, but participation is completely voluntary and the program does not rely on public funds.

ABOUT FIGTREE ENERGY FINANCING

FIGTREE is a San Diego-based clean energy finance company providing breakthrough Property Assessed Clean Energy (PACE) funding that puts money-saving energy efficiency, renewable energy and water conservation upgrades within reach of virtually any property owner. Requiring no money down, FIGTREE's unique brand of PACE financing gives property owners the freedom to amortize payments for a period of up to 20 years via their property tax bills. FIGTREE is the first company in the U.S. to successfully raise private capital for PACE projects via a multi-jurisdictional bond issue.

Be Sustainable
Lower Your Energy Bills
Watch Your Savings Grow

HUNDREDS OF WAYS TO SAVE

- Solar photovoltaic systems
- Solar water heating systems
- Fuel cells
- Heating & air conditioning
- Boilers & chillers
- Solar reflective (cool) roofing
- Electric vehicle charging stations
- Energy efficient lighting
- Energy management systems
- Windows & exterior doors
- Occupancy sensors
- Programmable thermostats
- Pool and other water treatment systems
- Water-efficient plumbing fixtures
- And many more!

BETTER THAN CONVENTIONAL LOANS

- Available financing of 10%-20%
- Low fixed rate
- Longer terms — up to 20 years
- 100% Project financing
- No personal guarantee
- Secured by assessment on property
- Lien is transferable upon sale

WWW.FIGTREECOMPANY.COM 877.577.7373
HOW TO ADOPT FIGTREE PACE IN YOUR COUNTY OR CITY

THE BOARD OF SUPERVISORS/CITY COUNCIL WILL NEED TO:

1. Establish Membership with California Enterprise Development Authority (CEDA) (If not already a member)
   • Adopt Membership Resolution (no cost to join)
   • Execute Membership Agreement

2. Authorize CEDA to form the PACE Assessment District
   • Adopt Resolution of Authorization
   • Execute Participation Agreement

DOWNLOAD SAMPLE DOCUMENTS AND STAFF REPORTS ONLINE

ABOUT FIGTREE ENERGY FINANCING

FIGTREE is a San Diego-based clean energy finance company providing breakthrough Property Assessed Clean Energy (PACE) funding that puts money-saving energy efficiency, renewable energy and water conservation upgrades within reach of virtually any property owner. Requiring no money down, FIGTREE's unique brand of PACE financing gives property owners the freedom to amortize payments for a period of up to 20 years via their property tax bills. FIGTREE is the first company in the U.S. to successfully raise private capital for PACE projects via a multi-jurisdictional bond issue.

ABOUT CEDA

The California Enterprise Development Authority (CEDA) is committed to helping bring financing options and information to businesses and economic developers. CEDA is a statewide Joint Powers Authority (JPA) which affords individual cities and counties economies of scale and reduced risk in the implementation of financing programs. As the sponsoring public agency of the FIGTREE PACE program, CEDA issues the PACE bonds which finance clean energy building improvements.

LET US HELP

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