

# **NEW BUSINESS**

## **ITEM D-2 HERO Program**

DATE SUBMITTED 01/30//2015  
 SUBMITTED BY City Manager  
 DATE ACTION REQUIRED 02/04/2015

**Agenda Item No D-2**  
 CITY COUNCIL ACTION (X)  
 PUBLIC HEARING REQUIRED ( )  
 RESOLUTION (X)  
 ORDINANCE 1<sup>ST</sup> READING ( )  
 ORDINANCE 2<sup>ND</sup> READING ( )

**IMPERIAL CITY COUNCIL  
 AGENDA ITEM**

<b>SUBJECT:</b>		<b>DISCUSSION/ACTION: CITY PARTICIPATION IN THE CALIFORNIA HERO PROGRAM (HOMEOWNER FINANCING OPPORTUNITIES FOR RESIDENTIAL RENEWABLE ENERGY IMPROVEMENTS AND OPPORTUNITIES).</b>	
1.		APPROVE RESOLUTION 2015-04, RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL, CALIFORNIA CONSENTING TO 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 THERETO.	
<b>BACKGROUND/SUMMARY:</b>			
SEE ATTACHED DOCUMENTATION.			
<b>FISCAL IMPACT:</b> There is no negative fiscal impact to the City's general fund that will be 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 which is also collected on the property owner's tax bill.			
<b>STAFF RECOMMENDATION:</b>			
<b>MANAGER'S RECOMMENDATION:</b>		<b>MANAGER'S INITIALS</b> <u>MDB</u>	
Adopt the Resolution authorizing the City's participation in the California Hero Program, enabling home owners financing opportunities for residential renewable energy improvements and opportunities			
<b>MOTION:</b>			
<b>SECONDED:</b>		APPROVED ( )	REJECTED ( )
<b>AYES:</b>		DISAPPROVED ( )	DEFERRED ( )
<b>NAYES:</b>			
<b>ABSENT:</b>		REFERRED TO:	

**RESOLUTION NO. 2015-04**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL, CALIFORNIA,  
CONSENTING TO 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 THERETO**

**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 has 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**, City of Imperial (the "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 has 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 established the California HERO Program, which is such 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 Imperial 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, to assist property owners within the jurisdiction 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 THAT:**

1. This City Council finds and declares that properties in the City's incorporated area will be benefited by the availability of the California HERO Program to finance the installation of the Improvements.

2. This City Council consents to inclusion in the California HERO Program of all of the properties in the jurisdictional boundaries of 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.

3. The consent of this 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 such contractual assessments.

4. This City Council hereby approves the JPA Amendment and authorizes the execution thereof by appropriate City officials.

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

6. 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, APPROVED, AND ADOPTED** by the City Council of the City of Imperial, California, this 4<sup>th</sup> day of February 2015.

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Mark Gran, Mayor

ATTEST:

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Debra Jackson, City Clerk

**EXHIBIT A**

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

This Amendment to the Joint Powers Agreement (“JPA Amendment”) is made and entered into on the \_\_\_\_ day of \_\_\_\_\_, 2013, by City of Imperial (“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 has established a PACE program to be known as the “California HERO Program” pursuant to Chapter 29 which authorizes the implementation of such PACE financing program for cities and counties 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 under Chapter 29, as it is now enacted or may be amended hereafter, 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 through the California HERO Program, including the operation of such 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. The boundaries within which contractual assessments may be entered into under the California HERO Program (the "Program Boundaries") shall include the entire incorporated territory of City.

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. Implementation of California HERO Program Within the Program Boundaries. 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 implement its plan for the financing of the purchase and installation of the Eligible Improvements under the California HERO Program within the Program Boundaries.

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. Authority may withdraw from this JPA Amendment upon six (6) months written notice to City; 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 be 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 Imperial

420 South Imperial Avenue

Imperial, CA 92251

Att: City Manager

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 PAGES]**

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: \_\_\_\_\_  
Executive Committee Chair  
Western Riverside Council of Governments

Date: \_\_\_\_\_

CITY OF IMPERIAL

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_



Put Your  
Community  
on the Map!



HERO is the leading

**ENERGY EFFICIENT  
FINANCING**

program in the nation.

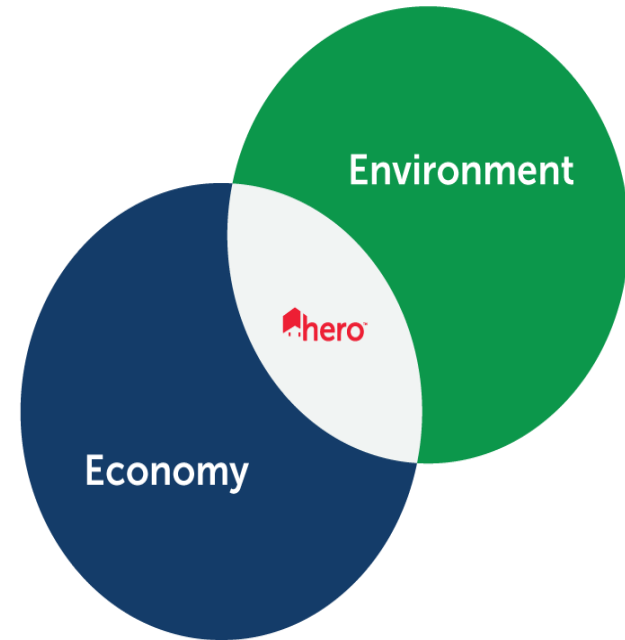
# The HERO Program: Saving energy and water through property retrofits

- HERO is a residential and commercial Property Assessed Clean Energy (PACE) Program
- Authorized by state law (AB 811 and AB 474)
- Allows jurisdictions to offer financing to property owners for the purchase and installation of energy efficiency, renewable energy, and water conservation improvements
- Financing to property owners is repaid over time through voluntary annual assessments on the property tax bill



# Benefits to the region

- ✓ **Economy** Creates construction-related jobs
- ✓ **Energy** Reduces / delays the need for construction of energy generation / transmission facilities
- ✓ **Environment** Improves air quality and reduces greenhouse gas emissions
- ✓ **Financial** No local jurisdictional debt; funding is self-replenishing
- ✓ **Utility Savings**



# Impacts

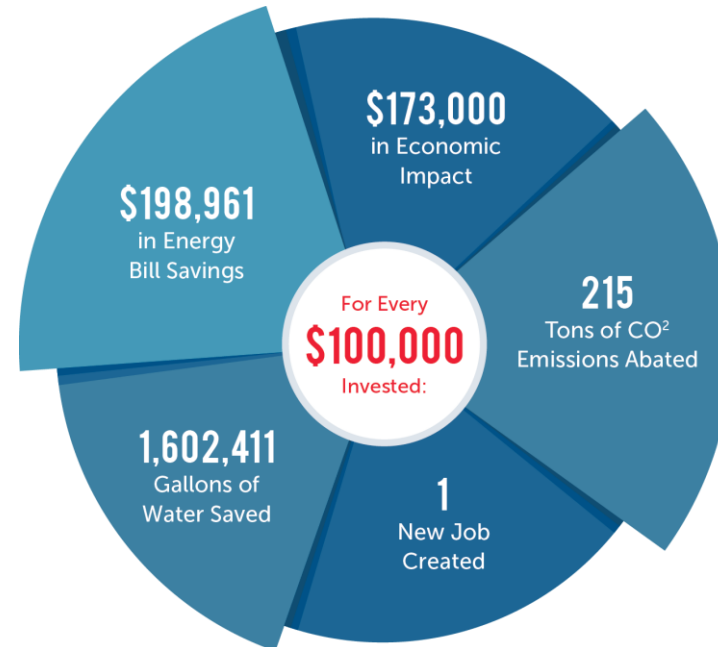
## Economic Stimulus

- ✓ Lower Utility Bills
- ✓ New Job Creation
- ✓ Increased Property Values

## Environmental Benefits

- ✓ Reduced CO2 Emissions
- ✓ Decreased Energy Consumption
- ✓ Substantial Water Savings

## Community Impact



# Examples of eligible improvements

- Heating and air conditioning
- Cool roofs
- Natural gas storage water heater
- Tankless water heater
- Windows and glass doors
- Outside irrigation
- Insulation
- Window filming
- Home sealing
- Lighting control systems
- Solar thermal systems (hot water)
- Solar thermal systems for pool heating
- Photovoltaic systems
- Low flush toilets



# Updated consumer protection policy

- ✓ Registered Contractors
- ✓ CSLB Confirmation, Insured, Bonded
- ✓ Contractor Training
- ✓ Identity Verification
- ✓ In Good Standing
- ✓ Product Eligibility Check
- ✓ Fair Pricing
- ✓ Permits Required
- ✓ Terms Confirmation
- ✓ Paid Upon Job Completion
- ✓ Dispute Resolution



# Protections for the elders and non-English speaking

**Target Homeowner Groups:** Elders (homeowners 64+ or diminished capacity) and Non-English speaking

- ✓ When an Application is submitted, the system automatically flags the file.
- ✓ Homeowners required to verbally 'confirm terms' before Notice to Proceed is issued. The Confirm Terms call includes additional questions about project scope and financing.
- ✓ Homeowners are required to verbally 'confirm work complete' before project will be funded.
- ✓ Pricing must be within tighter than normal controls (e.g., 1 std. from the mean).
- ✓ Consumer Agreement between contractor and homeowner may be required to be submitted to confirm scope of work.

## Results *(WRCOG region only)*

Approved Apps (Res):	18,000+
Approved Financing (Res):	\$654,000,000+
Projects Completed (Res):	9,500+
Projects Funded (Res):	\$184,000,000+
Projects Completed (Com):	3
Projects Funded (Com):	\$350,000

## Results *(ICTC region only)*

- City of Brawley and El Centro have launched
- County of Imperial will launch in October 2014

Approved Apps: 14

Approved Financing: \$228,700+

Projects Completed: 1

Projects Funded: \$8,809

# Cumulative Results (all active jurisdictions)



# California HERO - 155 cities and counties and counting

## Alameda County

Albany

## Contra Costa

Concord

## Fresno County

Clovis

Fresno

Fresno County

Unincorporated

Kingsburg

Reedley

Sanger

## Imperial County

Brawley

El Centro

Imperial County

Unincorporated

## Kern County

California City

Delano

Kern County

Unincorporated

McFarland

Ridgecrest

Taft

Wasco

## Kings County

Lemoore

## Los Angeles County

Alhambra

Arcadia

Azusa

Baldwin Park

Bellflower

Bradbury

Carson

Claremont

Covina

Diamond Bar

El Monte

El Segundo

Gardena

Glendora

Hawthorne

Hermosa Beach

Industry

Inglewood

Irwindale

La Cañada Flintridge

La Verne

Lancaster

Lawndale

Lomita

Monrovia

Montebello

Monterey Park

Palmdale

Pomona

Rancho Palos Verdes

Rolling Hills

Rolling Hills Estates

## Rosemead

San Dimas

San Gabriel

San Marino

Santa Monica

Sierra Madre

South El Monte

South Pasadena

Temple City

Torrance

Walnut

West Covina

## Madera County

Madera

## Merced County

Atwater

Merced County

Unincorporated

## Mono County

Mammoth Lakes

Mono County

Unincorporated

## Monterey County

Monterey

Monterey County

Unincorporated

## Napa County

American Canyon

Calistoga

Napa

Napa County

Unincorporated

St. Helena

Yountville

## Orange County

Aliso Viejo

Anaheim

Brea

Buena Park

Costa Mesa

Cypress

Garden Grove

Huntington Beach

La Palma

Lake Forest

Laguna Hills

Newport Beach

Placentia

Santa Ana

Stanton

Tustin

Westminster

## Riverside County

Beaumont

Indio

## Sacramento County

Citrus Heights

Rancho Cordova

## San Diego County

Carlsbad

Coronado

El Cajon

Encinitas

Escondido

Imperial Beach

La Mesa

Lemon Grove

National City

Oceanside

San Diego

San Diego County

Unincorporated

San Marcos

Santee

Solana Beach

Vista

## San Joaquin County

Stockton

Tracy

## San Mateo County

Menlo Park

## Santa Barbara County

Lompoc

## Santa Clara County

San Jose

## Santa Cruz County

Scotts Valley

Santa Cruz County

Unincorporated

## Solano County

Benicia

Solano County

Unincorporated

Vacaville

Vallejo

## Stanislaus County

Modesto

Newman

Oakdale

Riverbank

Turlock

Waterford

## Tulare County

Visalia

## Ventura County

Fillmore

Ojai

Santa Paula

## WRCOG

Banning

Calimesa

Canyon Lake

Corona

Eastvale

Hemet

Jurupa Valley

Lake Elsinore

Menifee

Moreno Valley

Murrieta

Norco

Perris

Riverside

Riverside County

Unincorporated

San Jacinto

Temecula

Wildomar

HERO Communities  
as of August 2014

*Indicates launched*

# Questions ?

1

[www.heroprogram.com](http://www.heroprogram.com)

2

Contact Information:

Rick Bishop, Western Riverside Council of Governments  
(951) 955-8303 or e-mail [bishop@wrcog.cog.ca.us](mailto:bishop@wrcog.cog.ca.us)

Barbara Spoonhour, Western Riverside Council of Governments  
(951) 955-8313 or e-mail [spoonhour@wrcog.cog.ca.us](mailto:spoonhour@wrcog.cog.ca.us)



Your energy efficient future, today.



# What is PACE?

Property Assessed  
Clean Energy



# Property Assessed Clean Energy (PACE) Financing

HERO is Property Assessed Clean Energy (PACE) financing, which is designed to make payments affordable by offering a fixed interest rate that is payable over an extended period of time along with property taxes.

## PACE Overview:

- New way to pay for home energy products
- Created in partnership with industry leaders
- Property owners pay for improvement through property tax bill
- Operation legislation AB811 passed July 2008

PARCEL NUMBER	BILL NUMBER	AGENT	BRANCH	PROPERTY LOCATION
123456-789	001	01	02	123 Sample Street, Anywhere CA, 123
<b>SAMPLE COUNTY</b>				
<b>SECURED PROPERTY TAX BILL 2014-2015</b>				
FOR FISCAL YEAR BEGINNING JULY 1, 2014 AND ENDING JUNE 30, 2015				
JOHN SMITH DIRECTOR OF FINANCE TAX COLLECTOR		<b>ANNUAL TAX BILL</b>		
*** ATTENTION ***				
JANUARY 1, 2014, LIEN DATE ASSESSED VALUES				
LAND				46,800
IMPROVEMENTS				93,400
FIXTURES				
PERSONAL PROPERTY				
<b>ASSESSED VALUES SUBTOTAL</b>				<b>140,200</b>
LESS: HOMEOWNERS EXEMPTION				7,000
OTHER EXEMPTION				
<b>NET ASSESSED VALUES</b>				<b>133,200</b>
TAX RATE AREA CODE				
AD VALOREM TAXING AGENCY		TAX BASE	TAX RATE	TAX AMOUNT
COUNTY WIDE 1%		1	1.0000	1,332.00
COLL ABC		1	.01920	25.78
<b>AD VALOREM TAXING AGENCY TOTAL</b>				<b>1,358.78</b>
LEVY	PHONE NUMBER			LEVY AMOUNT
02	000-000-0000			238.00
01	000-000-0000			117.00
00	000-000-0000			17.00
00	000-000-0000			6.00
00	000-000-0000			700.00
<b>DIRECT LEVY TOTAL</b>				<b>1,081.00</b>

# The Fastest Growing PACE Program in the U.S.

HERO is the largest and most successful residential PACE based financing program in the nation, and the only program that has successfully securitized PACE based loans. All funding, support services and technology are provided at no cost to the municipality.

## Our Proven Model Provides:

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



# The HERO Program:

Helping Homeowners  
and Strengthening  
Communities



# HERO Helps Communities

When property owners invest in energy efficient upgrades, they do more than save energy. HERO also helps communities create new jobs, save water and increase property values.

## Economic Stimulus

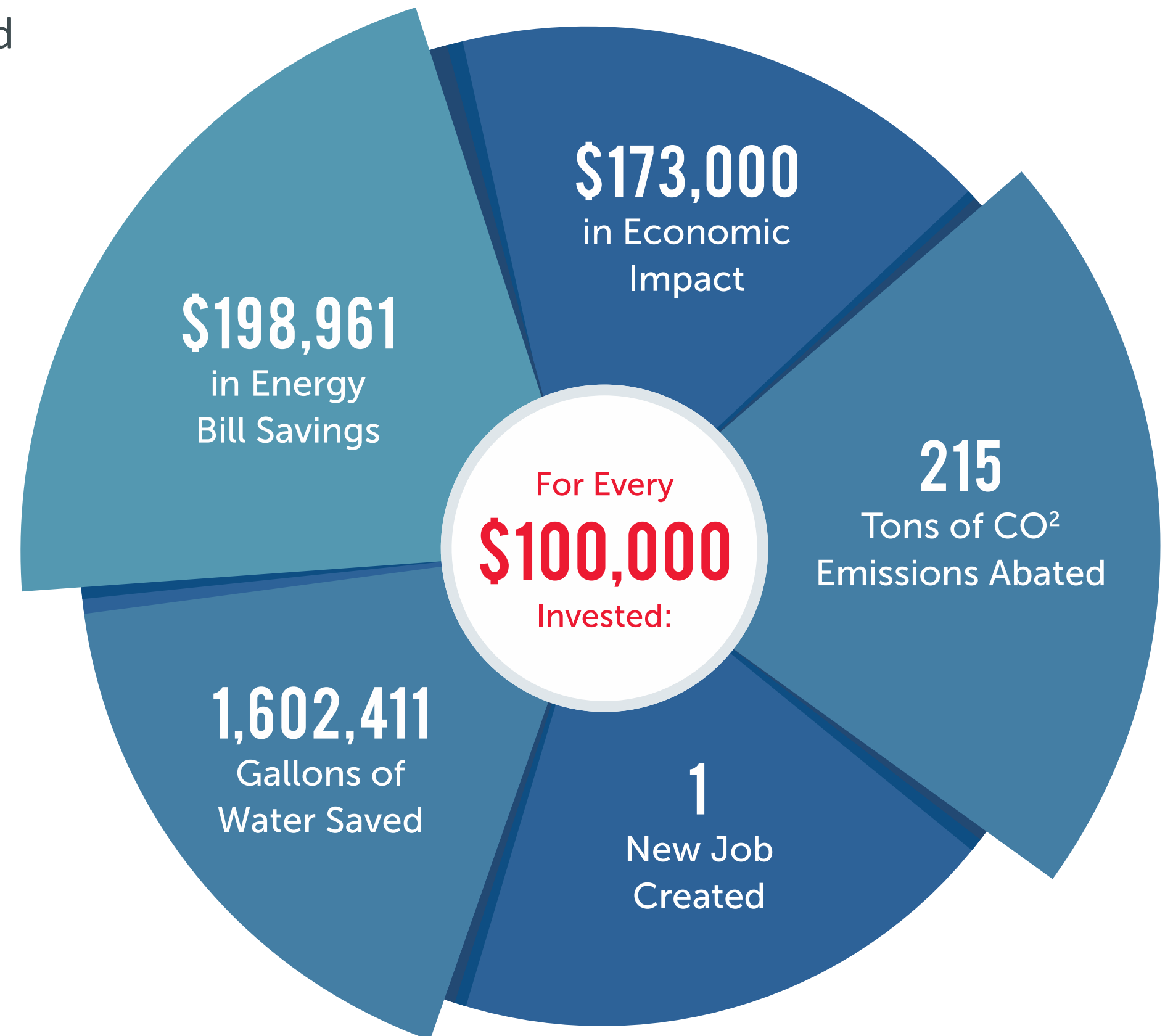
- Lower Utility Bills
- New Job Creation
- Increased Property Values

## Consumer Protection

- Price / Value Confirmation
- Pay Upon Job Completion
- Dispute Resolution

## Environmental Impact

- Reduced CO2 Emissions
- Decreased Energy Consumption
- Water Savings



# HERO Makes it Affordable



Affordable Payment  
Options



0% Down Payment  
Requirement



Easy to Qualify



No Payment Up  
to 18 Months



Transfers with  
Property



Tax Deductible  
Benefits

# Technology Platform

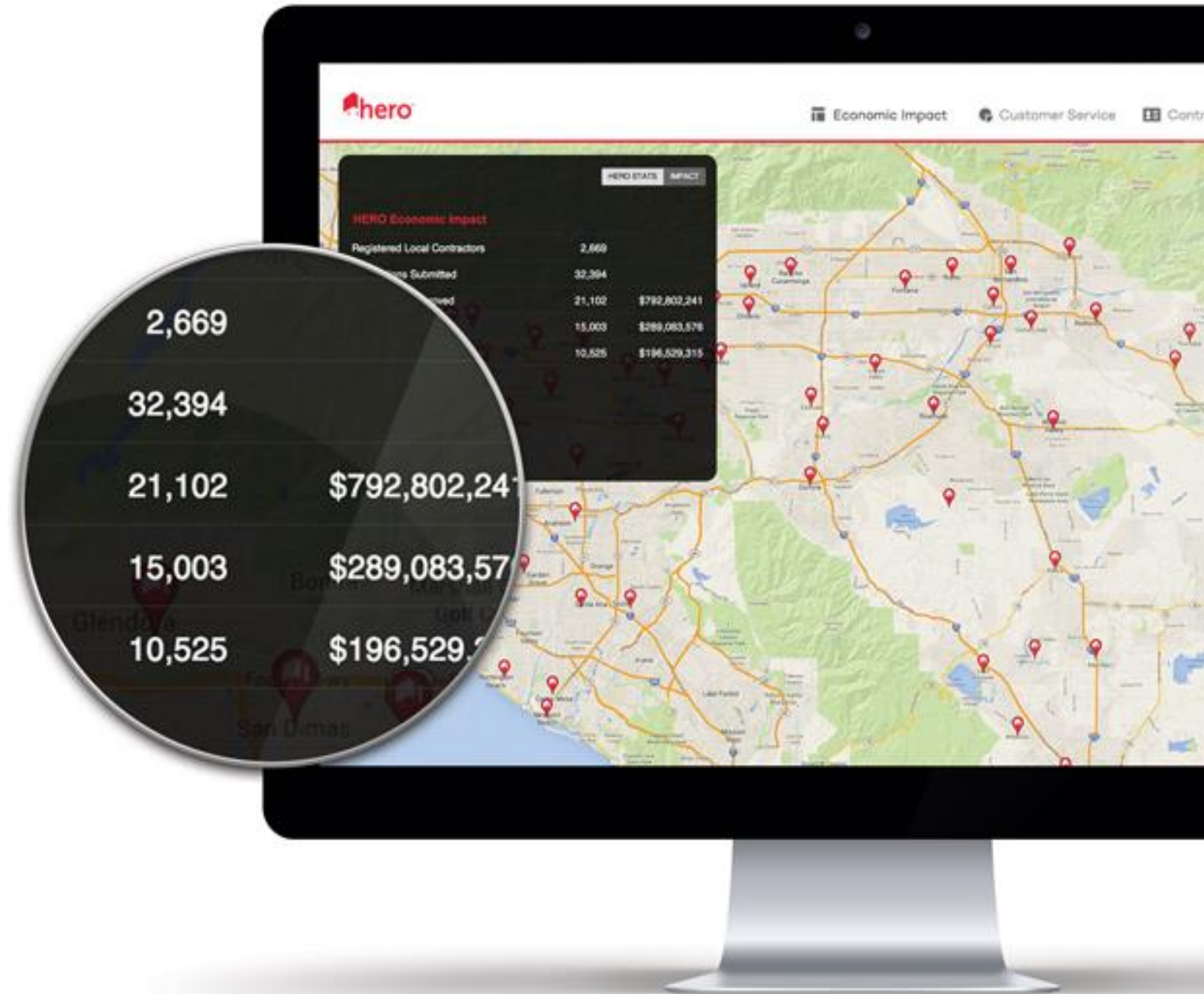


# Integrated Technology

HERO provides communities an extensive technology platform designed to deliver accurate and timely information during every step of the process.

## HERO Maps:

- Project Types
- Active Contractors
- New Job Creation
- CO<sup>2</sup> Reduction
- Economic Impact



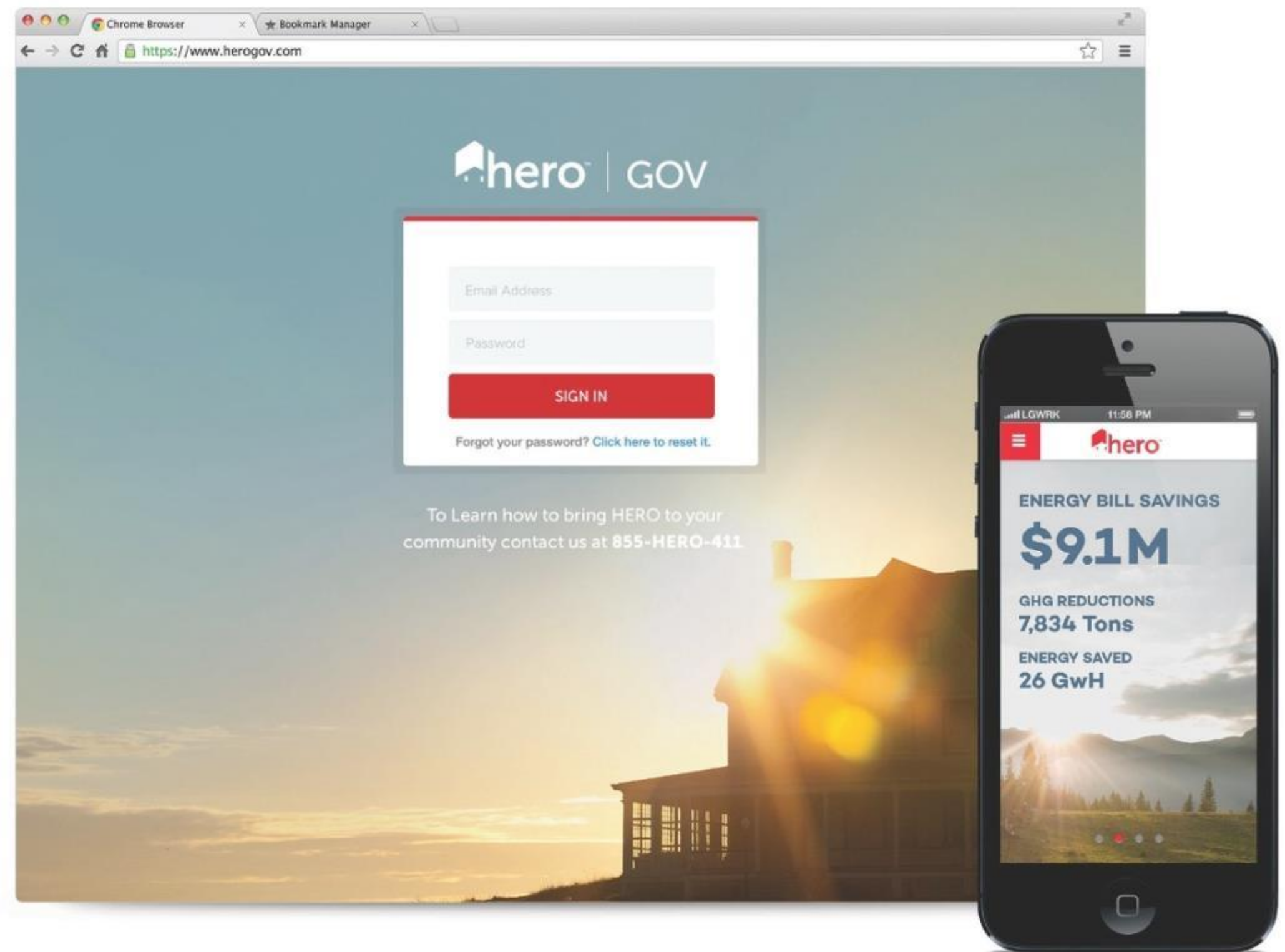


# HERO Gov

Your community will have access to the HERO Gov Portal, which provides real-time program reporting on a number of key project metrics.

## Real-time Program Reporting:

- Applications
- Projects by Industry
- Contractors by Industry
- Identification of Local Contractors
- Jobs Created
- Energy Reductions
- GHG Reductions
- Economic Stimulus

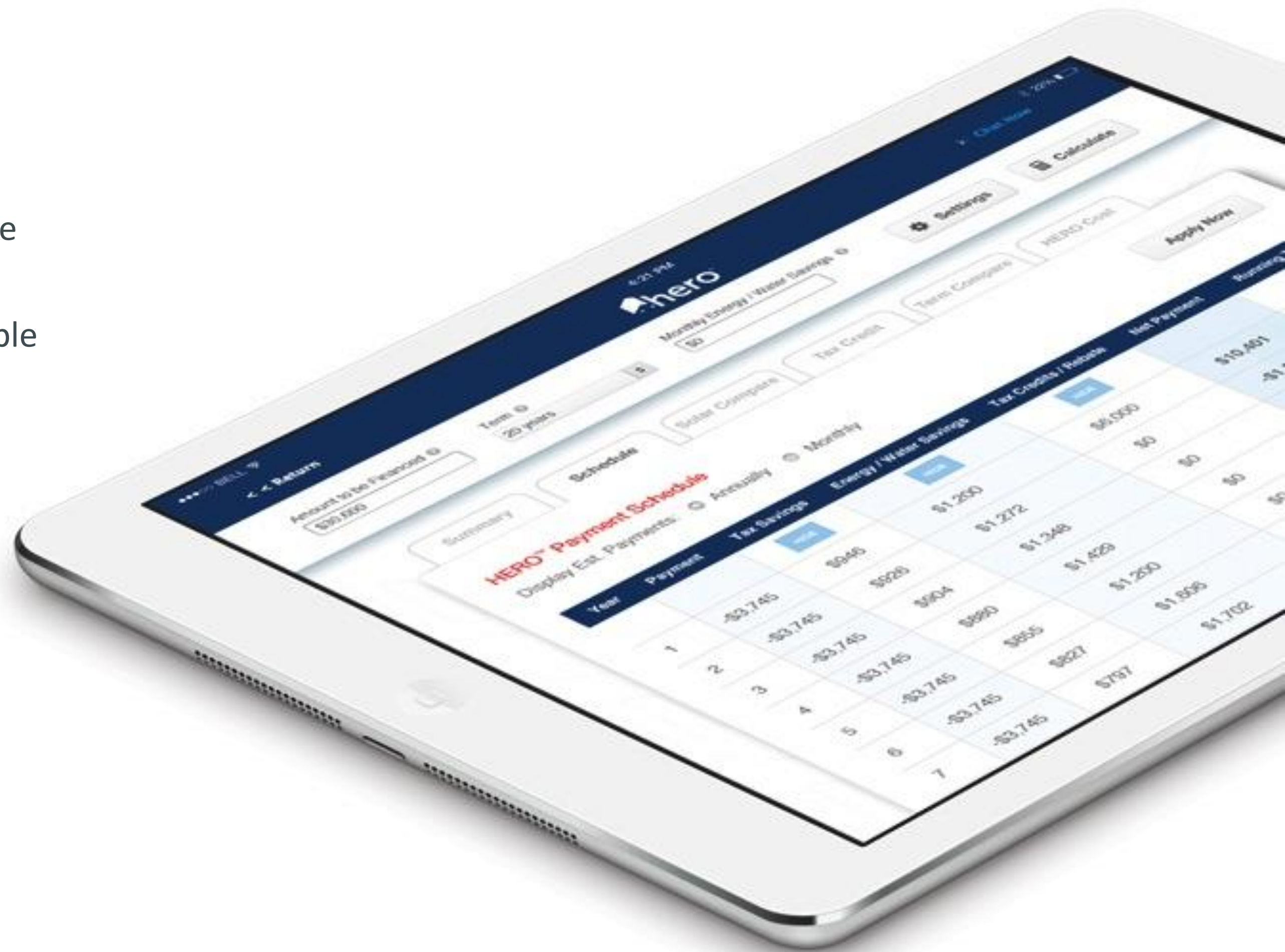


# HERO Pro

HERO Registered Contractors have access to HERO Pro, an integrated, secure platform designed to make the estimating, approval, documentation and funding process as easy as possible for homeowners and contractors.

## Features:

- Interactive Sales Tools
- Estimating Calculators
- Energy Savings Calculators
- Financing Document Generation
- Electronic Signature Capabilities
- Information and Updates
- Web-based Training Curriculum
- Marketing Resource Center
- Company-specific webpage at [heroprogram.com/companyname](http://heroprogram.com/companyname)



# Community Support:

Consumer Protection & Contractor Training



# HERO Protects Consumers

When you approve HERO in your community you're protecting consumers before, during and upon completion of every project. Contractors must be in good standing with the Program and are only paid after the job is completed to the consumer's satisfaction.

## #1 Consumer Protection Policy in the Industry:

- Contractor ID Verification
- Pricing Controls
- Permit Verification
- Payment Protection

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

# HERO Trains & Registers Local Contractors

HERO provides a comprehensive training and registration program, designed to familiarize Contractors with 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



# Community Support

## **HERO Hotline (855-HERO-411)**

Our full service Call Center is available to homeowners and contractors from project start to completion.

## **Contractor Training**

Our representatives in the field provide training and ongoing support for application processing and Program implementation.

## **Dedicated Account Representatives**

We provide continuing support for all sales, marketing and customer service concerns.

## **Dispute Resolution**

Every Property Owner or Contractor complaint receives a full investigation to find an acceptable resolution to any disputes.



# HERO in Action:

Success & Awards



# Municipal Leaders Support Water Efficiency Efforts

“ Conservation is becoming an increasingly important piece of our water supply puzzle.

– SUPERVISOR DAVE ROBERTS,  
SAN DIEGO, CA





# Contractors Create New Jobs

“ With HERO funding 50% of our sales, we’ve been able to hire 22 people this year! You should absolutely bring HERO to your community.”

– WC HEATING & AIR CONDITIONING INC.,  
MURRIETA, CA



# Homeowners Increase Property Value & Save Money

“ Our electric bill said ‘you owe 96 cents, do not pay this bill.’  
We couldn’t believe it. Why doesn’t everyone get HERO?

– BRUCE AND KIMBERLY STAGGER,  
LAKE ELSINORE, CA



# Awards & Recognition



**Environmental & Economic Partnership**  
Governor of California



**Best Residential Partnership**  
U.S. Green Building Council



**Best of the Best**  
Urban Land Institute



**Business Achievement Award**  
Climate Change Business Journal



**Presidents Award for Excellence**  
Southern CA Association of Governments



**Norton Younglove Award**  
Western Riverside Council of Governments



# HERO Footprint & Program Stats

**45,000** approved applications for \$2.0 Billion

**50%** California households can participate in the Program - 29 counties, 6.8 Million households

**23,000** completed residential projects

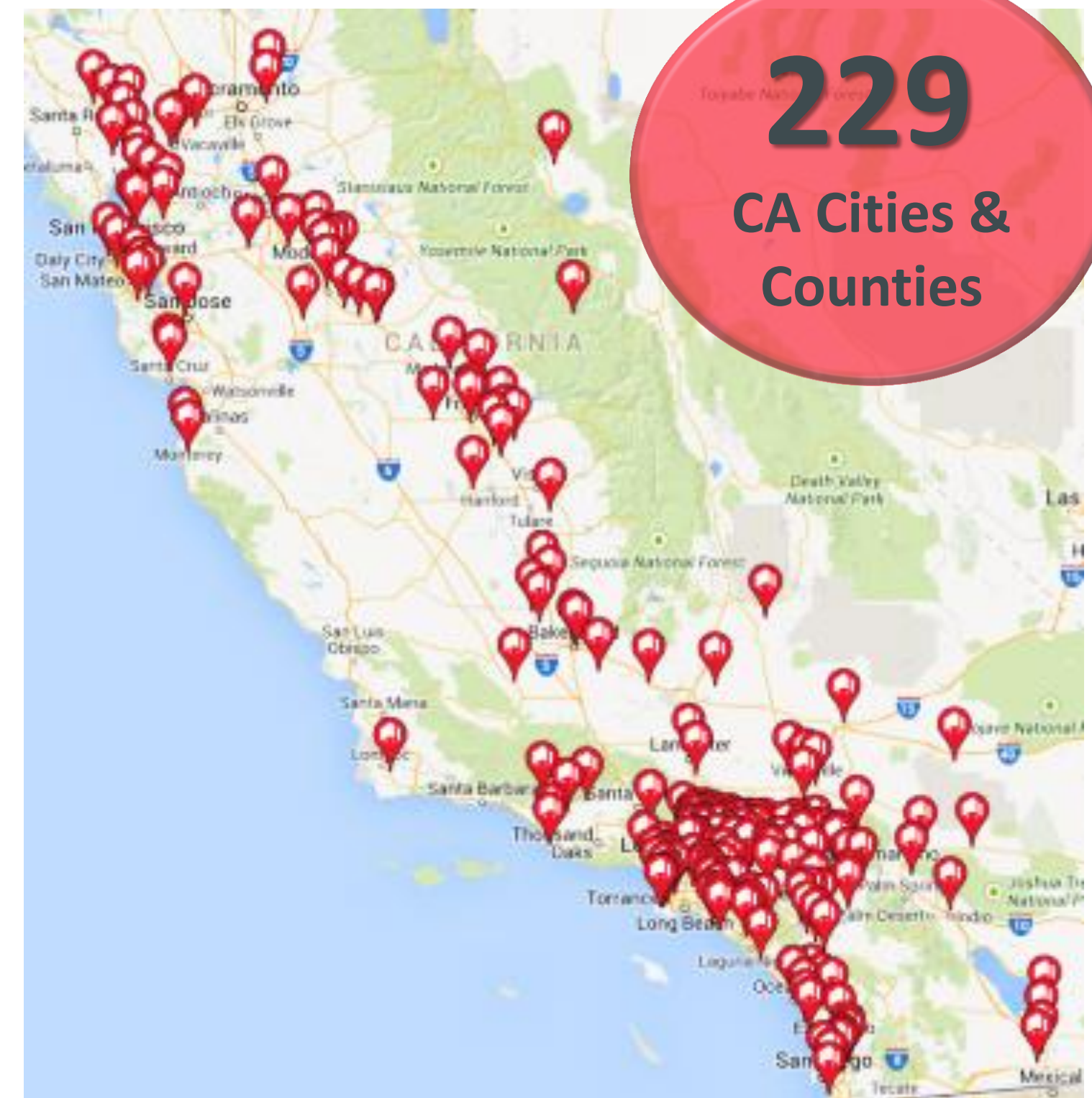
**\$435 Million** funded in upgrades

**3,700** local jobs created

**\$760 Million** in annual economic impact

**44,000 Tons** of abated CO<sub>2</sub> emissions

**\$22 Million** in utility bill savings



# HERO Communities

HERO Communities as of January 6, 2015. *Italicization indicates pre-launch phase*

## Alameda County

Albany  
Berkeley

## Contra Costa County

Antioch  
Brentwood  
Concord  
Oakley  
Richmond  
San Pablo  
San Ramon  
Walnut Creek

## El Dorado County

South Lake Tahoe

## Fresno County

Clovis  
Fresno  
Kerman  
Kingsburg  
Parlier  
Reedley  
Sanger  
Selma  
Unincorp. Area

## Imperial County

Brawley  
Calexico  
Calipatria  
El Centro  
Hotville  
Unincorp. Area

## Kern County

Arvin

Bakersfield  
California City

Delano  
McFarland  
Ridgecrest  
Shafter  
Taft  
Tehachapi  
Wasco  
Unincorp. Area

## Kings County

Lemoore

## Los Angeles County

Alhambra  
Arcadia  
Azusa  
Baldwin Park  
Bellflower  
Bradbury  
Carson  
City of Industry  
Claremont  
Commerce  
Covina  
Diamond Bar  
El Monte  
Gardena  
Glendora  
Hawthorne  
Hermosa Beach  
Inglewood  
Irwindale  
La Cañada Flintridge

La Verne

Lancaster  
Lawndale  
Lomita  
Monrovia  
Montebello  
Monterey Park  
Palmdale  
Pomona  
Rancho Palos Verdes  
Redondo Beach

Rolling Hills  
Rolling Hills Estates  
Rosemead

San Dimas  
San Fernando

San Gabriel  
San Marino  
Santa Monica  
Sierra Madre

South El Monte  
South Pasadena  
Temple City

Torrance  
Walnut  
West Covina

## Madera County

Unincorp. Area

## Merced County

Atwater  
Livingston  
Merced

## Mono County

Mammoth Lakes

Unincorp. Area

## Monterey County

Monterey  
Unincorp. Area

## Napa County

American Canyon  
Calistoga  
Napa  
St. Helena  
Yountville  
Unincorp. Area

## Orange County

Aliso Viejo  
Anaheim  
Brea  
Buena Park  
Costa Mesa  
Cypress  
Fountain Valley  
Garden Grove  
Huntington Beach

La Habra

La Palma

Laguna Hills

Lake Forest

Newport Beach

Placentia

Rancho Santa Margarita

San Clemente

Santa Ana

Stanton

Tustin

Westminster

Yorba Linda

## Riverside County

Banning  
Beaumont  
Calimesa  
Canyon Lake  
Coachella  
Corona  
Desert Hot Springs

Eastvale

Hemet

Indio

Jurupa Valley

Lake Elsinore

Menifee

Moreno Valley

Murrieta

Norco

Palm Desert

Palm Springs

Perris

Riverside

San Jacinto

Temecula

Wildomar

Unincorp. Area

## Sacramento County

Citrus Heights  
Rancho Cordova

## San Bernardino County

Adelanto  
Apple Valley  
Barstow  
Big Bear Lake

Chino

Chino Hills

Colton

Fontana

Grand Terrace

Hesperia

Highland

Loma Linda

Montclair

Needles

Ontario

Rancho Cucamonga

Redlands

Rialto

San Bernardino

Twentynine Palms

Upland

Victorville

Yucaipa

Yucca Valley

Unincorp. Area

## San Diego County

Carlsbad

Coronado

Del Mar

El Cajon

Encinitas

Escondido

Imperial Beach

La Mesa

Lemon Grove

National City

Oceanside

Poway

San Diego

San Marcos

Santee

Solana Beach

Vista

Unincorp. Area

## San Francisco County

San Francisco

## San Joaquin County

Lodi

Ripon

Stockton

Tracy

## San Mateo County

Daly City

Foster City

Menlo Park

Redwood City

San Bruno

Woodside

Unincorp. Area

## Santa Barbara County

Lompoc

## Santa Clara County

San Jose

## Santa Cruz County

Scotts Valley

Unincorp. Area

## Solano County

Benicia

Dixon

Vacaville

Vallejo

Unincorp. Area

## Sonoma County

Sebastopol

Unincorp. Area

## Stanislaus County

Hughson

Modesto

Newman

Oakdale

Riverbank

Turlock

Waterford

## Tulare County

Visalia

## Ventura County

Fillmore

Ojai

Oxnard

Port Hueneme

Santa Paula

Simi Valley

# Bringing HERO to your Community

Our turnkey solution was designed to integrate seamlessly into your community. After you pass the resolution to adopt HERO, you should expect the Program to be available in just a few short months. We'll be here all along the way – from Validation to Launch – to guide you through the process.





Your energy efficient future, today.

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

A: HERO enables residential and commercial 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 with their property taxes over time.

**Q: What types of home improvements are available under the Program?**

A: Over 150,000 products and services quality. Typical projects include: solar photovoltaic (PV) systems; energy efficient space heating, air cooling and ventilation (HVAC); cool roof systems; energy efficient windows, skylights, and doors; solar thermal water heating; air sealing and weatherization; insulation; water heating; indoor energy efficient light fixtures; and water efficiency measures.

**Q: What are the costs and benefits of joining HERO for my community?**

A: There are no hard costs to joining the HERO program and it does not require any dedicated staff resources to develop or implement the Program. Additionally, your community will see numerous economic benefits including;

- Reduce energy consumption
- Stimulates local businesses
- Creates sustainable jobs
- Lowers greenhouse gas emissions

**Q: Why should we choose HERO compared to another PACE program?**

A: HERO is the nation's fastest-growing PACE program. By choosing HERO, your community is choosing a program with a proven track-record of stimulating economic growth. The program was developed with a network of home improvement contractors who count on HERO to build their businesses. They are creating new jobs everyday and planning on expanding into regions where HERO Financing is offered.

HERO is not an exclusive program so you don't have to choose it over another program. We believe competition is an important benefit to consumers. Not only does it provide options like restaurants, gas stations or banks provide but it also increases overall demand because more companies are working harder to educate consumers on the benefits of a particular type of product or service. When there are multiple options to consider solution providers are forced to continually improve their product if they want to succeed in the marketplace.

**Q: What about Freddie/Fannie/FHFA?**

A: PACE legislation was adopted by the State of California to encourage the adoption of energy efficiency, renewable energy and water efficiency measures on homes and businesses. When the legislation was enacted, many people believed PACE was an attractive financing option due to its ability to automatically transfer payments to a new owner if the property sold. Freddie/Fannie/FHFA have indicated that they are not willing to purchase mortgages with PACE assessments on the property, therefore, property owners that sell or refinance to conforming loans may need to repay their assessment.

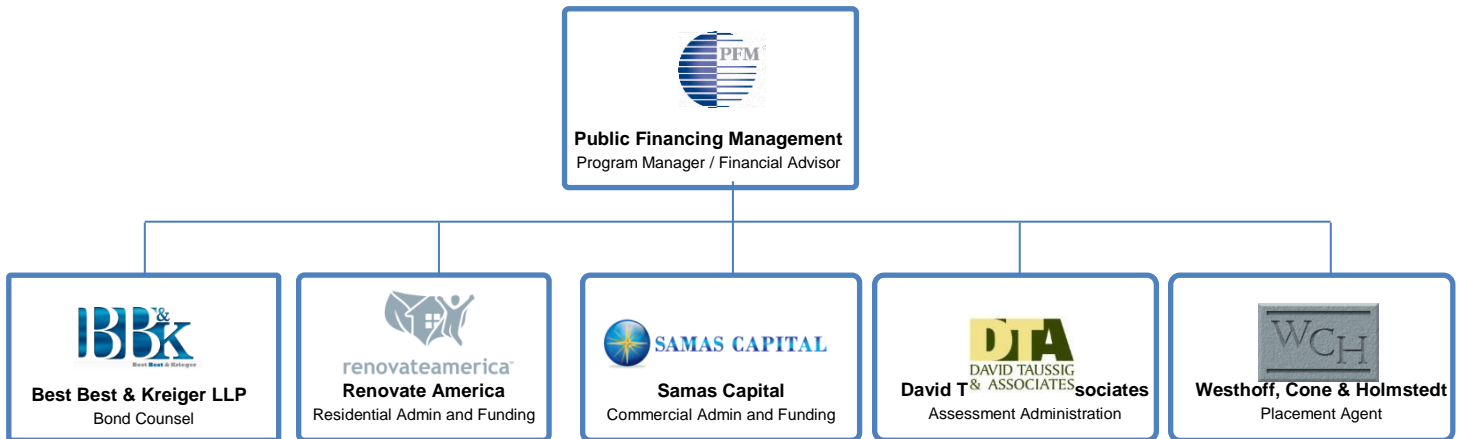
The HERO Program works within this provision and we have found that property owners are comfortable attending to this if, and when, the situation should arise. For most property owners the most attractive benefits are low interest rates that are fixed, the ability to deduct the interest portion of the payments, the ability to select 5, 10, 15 and 20 year payment terms, and a simple straightforward application and document process to enable them to get the energy efficiency, renewable energy or water efficiency product they are interested in. Being able to transfer the balance of the financing has not proven to be a feature that has impacted a consumer's decision.



Whether or not this provision remains in place or is removed, HERO provides numerous benefits that make PACE an attractive financing option for consumers.

**Q: Who is the HERO Team?**

A: The HERO team is made up of a network of partners who have been working closely since January 2010 on active residential and commercial PACE programs. Each team member is uniquely qualified for their specific role and are industry experts within their field.



**Q: Can the HERO Program be customized to my municipality?**

A: Yes, marketing materials, including the HERO website and contractor training materials, can be co-branded with your municipality's logo and contact information. Additionally, the HERO team will work with your municipality to review all policy considerations.

**Q: Can the HERO Program be integrated with existing municipal programs?**

A: Yes, the HERO Program can be integrated with existing municipal rebate, energy finance, or other PACE programs. Our team will work to implement the Program as a complementary component to other programs.

**Q: How does our community get started?**

A: Below are the process steps for HERO Financing to be offered in your community:

**1 Approve Resolution**

Approval by municipality of the resolution will allow the HERO Program to operate in the municipality. The conduit issuer then completes a corresponding acceptance of the municipality to the Program.

**2 Judicial Validation of City's Participation**

Program legal counsel files judicial validation documents.

**3 Program Marketing and Outreach**

During the program validation phase, team members initiate local marketing efforts and begin outreach to educate local contractors and property owners of funding availability, eligibility and application procedures.

**4 Program Launch**

Upon completion of the validation process, the HERO Program launches and projects are able to apply for and receive funding.

