

money for Property Owner Water & Energy efficiency Retrofitting

**AB 811  
PROGRAM REPORT AND  
ADMINISTRATIVE GUIDELINES**

As of January 26, 2010



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**PROGRAM REPORT AND ADMINISTRATIVE GUIDELINES**  
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## I. INTRODUCTION

In July, 2008, the California Legislature approved Assembly Bill 811, which amended existing provisions in Chapter 29 of the 1911 Improvement Act to authorize cities and counties to establish voluntary contractual assessment programs to fund energy efficiency and renewable energy projects proposed by property owners. Subsequently, the California Legislature adopted Assembly Bill 474, amending Chapter 29 to allow the financing of water efficiency improvements. In AB 811 and AB 474, the California Legislature declared that a public purpose will be served by such programs, giving local governments the authority to finance the installation of distributed generation renewable energy sources – such as solar – and energy efficiency and water efficiency improvements that are permanently affixed to residential, commercial, industrial, agricultural or other real property. In this report, improvements are collectively referred to as “Energy and Water Conservation Improvements” or “Improvements.”

To make Energy and Water Conservation Improvements more economical and to promote their installation in order to advance the public purposes identified by the California Legislature, Chapter 29 provides procedures for authorizing **voluntary contractual assessments** to finance the cost of these improvements. The County has established the **Placer money for Property Owner Water & Energy Efficiency Retrofitting Program** (“Placer mPOWER” or the “Program”) under Chapter 29 and will provide financing (“Placer mPOWER Financing”) for Energy and Water Conservation Improvements with the consent of owners of the property on which the Energy and Water Conservation Improvements are to be made and on which contractual assessments will be levied.

Under Chapter 29, property owners will repay Placer mPOWER Financing through an assessment levied against their property which is payable in two installments on the County property tax bill.

### A. Goals

Placer mPOWER will help property owners of improved real property make principled investments in the energy and water efficiency of their property. The goals of the program are to increase energy and water efficiency resulting in decreased energy and water consumption, decreased utility costs for property owners, increased energy independence, increased investment in the local economy and reduced greenhouse gas emissions. By providing a long-term financing mechanism for Energy and Water Conservation Improvements the long-term health of the local, state, and national economy and global environment will be improved.

As a result of reduced greenhouse gas emissions and to help meet future greenhouse gas reduction goals, credits or any other environmental benefits that may be attributable to Improvements financed by Placer mPOWER, will be owned and held by the County of Placer (on behalf of the Placer mPOWER Program), unless specifically exempted.

## B. Program Benefits

Placer mPOWER provides multiple benefits. By enabling property owners to take responsible energy and water conservation actions, the Program will reduce their utility bills.<sup>1</sup> At the same time it boosts the local economy. It improves congestion on the California power grid. And, it improves national energy independence, and may help Placer County to fulfill future energy and water conservation and climate protection goals.

The Program can be a key element in achieving greenhouse gas reduction goals. Placer mPOWER provides a significant tool for directing more resources into the shift to greater efficiency and renewable energy. Lower energy use translates directly into reduced greenhouse gas emissions and helps secure our energy future. Reducing water use helps conserve our finite water supply and saves even more energy.

For property owners, Placer mPOWER offers a no-money-down means of financing energy and water conservation improvements, fixed-rate financing over a number of years, a streamlined financing and repayment process, and access to financing that may not readily be available through traditional means, such as home equity loans.

## C. Program Administration

The Treasurer-Tax Collector is authorized to enter into contractual assessments on behalf of the County. The Treasurer-Tax Collector will oversee professionals from the Treasurer-Tax Collector's Office and other County staff, ("Placer mPOWER Staff") in administering the Program.

In addition, a Program Steering Committee will be responsible for establishing program policies and procedures. The Program Steering Committee will consist of a representative from the Treasurer's Office, a representative from the Tax Collector's Office, , and a representative from the County Executive's Office, an attorney from County Counsel will advise the Committee. The Program Steering Committee will meet on a biweekly basis. The Committee will review Program policies and procedures as needed to ensure that the program is operated in an efficient, effective and compliant manner. It will also review various program reports such as volume of applications received and approved, Improvements requested and funded and overall program results and outcomes. The Committee will be responsible for approving or denying applications for financing in an amount greater than \$60,000 and less than \$500,000. For applications greater than \$500,000, the Committee will make a recommendation to the Treasurer-Tax Collector regarding approval. After review of the Committee's recommendation, the Treasurer-Tax Collector will make a final recommendation to the Board of Supervisors and prepare the application for the Board of Supervisor's agenda.

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<sup>1</sup>Placer mPOWER and Placer County do not guarantee savings on utility bills. Placer mPOWER highly recommends that a property owner consult with their utility company or other trained professionals to ensure that the proposed Improvements satisfy the property owner's energy-saving goals.

The Placer mPOWER office will be located initially in the Community Development and Resource Agency Building and will operate as a storefront where the public can speak with Placer mPOWER Staff and apply for funding to Placer mPOWER. The Program may also operate at of mobile locations from time to time. The Treasurer-Tax Collector is in the process of developing a permanent, interactive website for the Program. Presently, the Placer County Treasurer-Tax Collector, in support of Placer mPOWER, will be hosting a website where the public and program participants can obtain information and apply to Placer mPOWER.

Placer mPOWER Staff responsibilities will include:

- Community outreach and education;
- Responding to property owners inquiries;
- Processing applications;
- Managing and tracking funds available for Placer mPOWER;
- Tracking and reporting individual and collective energy conservation and water conservation improvements; and
- Working and coordinating with participating jurisdictions.

## **II. PROGRAM REQUIREMENTS**

### **A. Program Report**

In order to establish this Program, the County must prepare this report setting out how the program will function (the "Program Report")<sup>2</sup>. The Program Report is the guiding document for Placer mPOWER and fulfills the statutory requirements that this report contain:

- A map showing the boundaries of the territory within which contractual assessments are proposed;
- A draft assessment contract between a property owner and the County; the draft "Agreement to Pay Assessment and Finance Improvements" (the "Assessment Contract") is attached as Appendix D;
- Program policies concerning contractual assessments, including:
  - a list of Eligible Improvements;
  - identification of the County official authorized to enter into contractual assessments on behalf of the County;
  - maximum aggregate dollar amount of contractual assessments;

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<sup>2</sup> See California Streets and Highways Code Section 5898.22.

- and a method for setting priority for applications in the event that requests appear likely to exceed the authorization amount;
- A plan for funding the Program; and
- Information on the County's cost of placing assessments on the tax roll.

#### B. Geographic Parameters

All cities and towns within the County have agreed, by adopting a resolution, to have properties within the incorporated area included in the Program and permit voluntary contractual assessments to be established within their jurisdictions. The County has entered or will enter into implementing agreements with each City and Town.

A map showing the County boundaries is attached as Appendix B.

#### C. Eligible Property Owners and Eligible Properties

Property owners may be residential, commercial, industrial, agricultural and other real property. Certain eligibility criteria must be satisfied. Financing may be approved if the following criteria are met, among others:

- Property title is vested in the applicant(s).
- Property owner is current on property taxes on the subject property and has not been in default for three years (or since he/she took ownership if less than three years).
- Property owner is not in bankruptcy and, if the property owner was subject to bankruptcy, it has been at least five years since discharge, and the property is not an asset in a bankruptcy proceeding.
- Property owner is current on mortgage(s). A notice of default must not have been filed against the property during the last five years (or since the property owner took ownership if less than five years).
- The property must not be subject to a mechanics', Internal Revenue Service, Franchise Tax Board or other involuntary liens.
- There must not be a civil court record within the last five years that demonstrates failure by the property owner to make payments with respect to the subject property.
- The contractual assessments levied to finance Energy and Water Conservation Improvements will constitute a senior lien on the subject property, which means pre-existing private liens, such as purchase money mortgages, will be subordinate to the contractual assessment lien. Depending upon the underlying loan documentation,

creation of the senior assessment lien could result in a default under existing loan documents or give lenders the right to take certain remedial action. For residential property, either (i) lender has given consent to Placer mPOWER Financing or (ii) borrower has given written notice to lender, and lender has not objected to participation in Placer mPOWER Financing. For non-residential property,<sup>3</sup> lender has given consent to Placer mPOWER Financing.

- Without lender consent, except in limited circumstances, the principal amount of the contractual assessment may not exceed 10% of property value plus the value of the improvements.
- Without lender consent, except in limited circumstances, the value of the property plus the value of the improvements must be equal to or greater than the total of (i) the principal amount of all outstanding private debt, (ii) the principal amount of any assessments (including the contractual assessments) and (iii) the allocable portion of any outstanding bonds issued under the Mello-Roos Community Facilities Act of 1982.

The property's aggregate tax rate (including ad valorem property taxes, the contractual assessments, other assessments and special taxes) may not exceed 2% of the assessed value.

- There may not be any public record of easements or covenants prohibiting the improvement.

Property owners may make more than one application for funding under the Program if additional Energy and Water Conservation Improvements are desired by the owner.

#### D. Eligible Improvements

Placer mPOWER affords property owners in Placer County the opportunity to take advantage of a wide range of energy-savings and water conservation measures, consistent with the following provisions:

- (1) Placer mPOWER Financing is intended for retrofit activities to replace outdated inefficient equipment and to install new equipment that reduces energy consumption, produces renewable energy, or reduces water use. However, Placer mPOWER Financing is also available for purchasers of new homes and businesses that wish to add energy efficiency, renewable energy, and water conservation improvements after taking title to the property.
- (2) Placer mPOWER provides financing only for Improvements that are permanently affixed to real property.

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<sup>3</sup> For mPOWER, "residential property" is defined as single-family properties with 1-to-4 residential units; "commercial property" is all other property.

- (3) Placer mPOWER provides financing only for Improvements specified in Appendix A. Broadly, these include:
  - (a) Water Conservation Improvements;
  - (b) Energy Efficiency Improvements;
  - (c) Solar Systems; and
  - (d) Custom Measures.<sup>4</sup>

Placer mPOWER Financing is also available for projects that combine eligible improvements, such as bundling of water conservation, energy efficiency and renewable energy measures. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install low flow toilets and install a solar photovoltaic system.

Placer mPOWER will include a variety of measures relating to loading order:

- If grant funding is sufficient, Placer mPOWER will provide Home Energy Rating System ("HERS") Energy Audits to applicants pursuant to the grant provisions. If grant funding is not sufficient, Placer mPOWER may require HERS Energy Audits before allowing distributed generation installations to be financed.
- All applicants will be required to participate in a training session on energy efficiency and generation. The training program will educate the applicants about the program, provide information on financing alternatives and consumer information on selecting a contractor and will provide educational emphasis on loading order used to achieve maximum energy reductions. Placer mPOWER will offer web-based computer information to applicants to help them determine energy efficiency implementation options and the corresponding expected energy and cost savings that could be associated with each option.

#### E. Eligible Costs and Program Fees

- (1) Project Costs. Eligible costs of the Energy and Water Conservation Improvements include the cost of equipment and installation. Installation costs may include, but are not limited to, energy audit consultations, labor, design, drafting, engineering,

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<sup>4</sup> Large scale commercial or industrial projects requiring engineering design and meeting the financing threshold (\$500,000) requiring approval by the Board of Supervisors or projects involving emerging technologies for improvements that provide new ways to save or generate energy will be evaluated on a case-by-case basis.

permit fees,<sup>5</sup> inspection charges, and recording fees, and public records search and title costs.

The installation of energy savings and water conservation improvements can be completed by a qualified contractor of the property owner's choice. Eligible costs do not include labor costs for property owners that elect to do the work themselves. For purposes of Placer mPOWER, "Qualified contractors" are those contractors who are appropriately licensed for the Improvement proposed to be installed.

Property owners who elect to engage in broader projects such as home or business remodeling may only receive Placer mPOWER Financing for that portion of the cost of retrofitting existing structures with Energy and Water Conservation Improvements. Repairs and/or new construction do not qualify for Placer mPOWER Financing except to the extent that the construction is required for the specific approved Improvement. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible.

The value of expected rebates<sup>6</sup> but not the value of expected tax credits will be deducted from Placer mPOWER Financing.

The Steering Committee will be responsible for approving or denying applications for financing in an amount greater than \$60,000 and less than \$500,000. For applications greater than \$500,000, the Committee will make a recommendation to the Treasurer-Tax Collector regarding approval. After review of the Committee's recommendation, the Treasurer-Tax Collector will make a final recommendation to the Board of Supervisors and prepare the application for the Board of Supervisor's agenda.

- (1) Program Fees. The following program fees will be the responsibility of the property owner. The annual assessment fee will be included on the annual tax statement. The other fees may be paid at the time they are incurred, or may be added into the amount to be financed by the property owner:
  - (a) Public Record Search and Title Report costs, Regular costs are \$65 for projects under \$5,000, and \$215 for projects \$5,000 and over, but less than \$500,000.
  - (b) Recording fee for the two documents required to be recorded in the real property records to evidence the contractual assessment: (i) the Notice of Assessment and (ii) the Payment of Contractual Assessment Required. The

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<sup>5</sup> All improvements, including those normally exempt from permit requirements, will require an inspection from the local jurisdiction (town, city, unincorporated area). Each jurisdiction sets its own permit and inspection fees. Final inspection by a building inspector will ensure that the Improvements were completed.

<sup>6</sup> "Expected rebates" do not include rebates (1) that are contingent on performance or (2) that are not available to the property owner at or shortly after completion of the project, so as to be available for use to pay for the project.

recording fee is set by the Recorder's Office, and is currently \$9.00 for the first page and \$3.00 for each page thereafter.

- (c) Assessment collection and processing costs will be added to the annual assessment on property tax bills. These costs are 1% of the annual assessment plus \$10. This cost was determined after consultation with the County Auditor-Controller's Office and a third-party assessment contractor.
  - (d) If a property owner wishes to receive multiple disbursements (which the County will consider only in appropriate circumstances), the multiple disbursements will be subject to an additional processing fee.
- (3) OPTIONAL: Escrow fees. Some large projects, or projects with multiple contractors, may benefit from funding through an escrow process. If this process is selected by the property owner, the owner would select an escrow agent, and after the Assessment Contract is signed, the amount requested would be funded into the escrow account. Escrow instructions governing release of the funds would need to be approved by the Treasurer-Tax Collector. All fees related to this process would be the responsibility of the property owner but could be requested as part of Program funding. As in the Multiple Disbursement Assessment Contract, interest on the amount of the requested disbursement will begin to accrue as soon as the escrow is funded. Any amount not needed at the completion of the project must be returned to the Program, and will be deducted from the amount of the assessment lien.
- (4) Debt Service Reserve Fund. A debt service reserve fund will be required as part of the Placer mPOWER Financing program. The reserve fund may be funded by one or more of the following sources: (i) the "spread" between the Placer mPOWER interim funding source interest rate and the Placer mPOWER Financing interest rate offered to the property owner, (ii) state and federal grant funds available for this purpose, and (iii) the Placer mPOWER Financing program, with the cost of the reserve fund paid by the contractual assessments.

#### F. Program Administrative Costs

The Program may elect to cover all or a portion of its costs through the "spread" between its interim funding source interest rate and the Placer mPOWER Financing interest rate offered to the property owner. Similarly, it may elect to recover Placer mPOWER costs through a spread between bond rates and assessment rates, or the spread between interest rates of any financial vehicle and assessment rates.

### **III. TRACKS FOR PARTICIPATION**

There are four categories or "tracks" of technologies under which property owners may participate in the Program. Property owners may participate in more than one or any combination of tracks on the same or subsequent application. Eligible Improvements must meet specified minimum efficiency standards. A complete list of approved Improvements is set out in Appendix A.

#### **A. The Water Conservation Track**

The Water Conservation Track covers a wide range of water conserving fixtures, including low flow toilets, tankless water heaters, low flow shower heads, and irrigation controllers.

#### **B. The Energy Efficiency Track**

The Energy Efficiency Track covers a wide range of energy efficiency fixtures from windows and doors, attic insulation to HVAC equipment that is Energy Star rated. Packaged and central air conditioning systems must meet specified minimum efficiencies.

#### **C. The Solar Track**

The Solar System Track covers solar energy generation and solar hot water systems.

#### **D. The Custom Measure Track**

The development of technologies is encouraged by Placer County as a means of diversifying the energy sources in the County. The Custom Measure Track will evaluate and provide funding, if appropriate, for innovative projects.

Applicants for the Custom Measure Track should consult with Placer mPOWER Staff to determine eligibility and will be required in most cases to submit engineering plans and other specifications. The Treasurer-Tax Collector, or designated staff, will approve the Custom Measure Track application on a case-by-case basis, and may request consultation from outside technology experts in making this decision. The Applicant would be expected to bear the cost of such consultation. Cost reimbursement would be discussed with the Applicant before the project was reviewed.

## **IV. Water Conservation, Energy Surveys, and Solar Site Checks**

### **A. Residential Properties**

Water conservation and energy audits are highly recommended but not required. By participating in Placer mPOWER, the property owner is investing in the future, by making improvement to their property that will lead to reduced water and energy usage and reductions in greenhouse gas emissions. The property owner is also making a financial investment; this decision should be made based on both the efficiency and the cost effectiveness of the improvements. Placer mPOWER Staff recommend that property owners complete a water conservation and energy audit or survey to assess water conservation, energy efficiency, and renewable energy opportunities for the property. Should the County be successful in receiving CEC grant funding to provide residential property owners with HERS audits, Placer mPOWER will provide HERS audits pursuant to the grant requirements. Additionally, residential property owners may obtain an onsite survey by hiring a HERS rater, or equivalent. Property owners can also check with their local energy and water provider to see if free energy and water conservation surveys are available.

Onsite energy inspections/audits can provide the property owner with valuable information about how to maximize energy savings for the dollars invested. The auditor will make an on-site inspection of the property and evaluate the condition of the building and recommend an energy savings priority list, which will provide the greatest benefit for the money invested. These inspection/audits also provide valuable data on energy usage, savings and GHG emissions reductions, all of which are goals of Placer mPOWER. Costs incurred to conduct onsite audits or surveys may be included in the application for Placer mPOWER Financing.

### **B. Commercial Properties**

An onsite energy audit is required for commercial properties. Some energy providers offer free onsite audits for commercial properties to help property owners determine the most cost-effective and efficient route to maximize investment and energy savings. Energy providers may provide an individual report tailored to the business describing energy-saving opportunities and analysis of potential savings. Commercial property owners can also obtain a HERS audit and may include the cost in the application for Placer mPOWER Financing. Property owners can also check with their local water provider to see if free water conservation surveys are available.

## V. PROGRAM PARAMETERS

### A. Minimum Energy Financing Amount and Duration of Assessment

Placer mPOWER Assessment Contracts are available for up to 20-year terms to accommodate a wide range of efficiency measures and renewable energy investments. The minimum size for a Placer mPOWER Assessment Contract is \$2,500. The term of contractual assessments established by a Placer mPOWER Assessment Contract will be equal to the shorter of (i) 20 years, (ii) the useful life of the financed improvements or (iii) such other shorter period requested by the property owner.

### B. Maximum Energy Financing Amount

There is no maximum "cap" for a Placer mPOWER Assessment Contract, subject to satisfaction of applicable underwriting criteria. The Committee will be responsible for approving or denying applications for financing in an amount greater than \$60,000 and less than \$500,000. For applications greater than \$500,000, the Committee will make a recommendation to the Treasurer-Tax Collector regarding approval. After review of the Committee's recommendation, the Treasurer-Tax Collector will make a final recommendation to the Board of Supervisors and prepare the application for the Board of Supervisor's agenda.

Placer mPOWER Financing will be disbursed directly to the property owner after improvements are completed and final documentation is submitted to Placer mPOWER Staff (except in connection with multiple disbursements in circumstances approved by Placer mPOWER Staff). Should the property owner choose, the property owner may assign disbursement to their contractor(s).

### C. Maximum Portfolio

The County intends to initially fund Placer mPOWER with a commitment of up to \$33 million provided through a financial arrangement with the County Treasury and utilizing the Placer County Public Financing Authority. The County will explore other financing opportunities, with the goal of expanding the Program to \$50 million. The Program will be evaluated to determine demand and feasibility above \$50 million, and this Report may be amended to increase the maximum aggregate dollar amount of voluntary contractual assessments above \$50 million. In the event that requests appear likely to exceed the total authorized amount, financing will be approved on a first-come-first-served basis.

D. Assessment Interest Rate

The Treasurer-Tax Collector will set the interest rate for a Placer mPOWER Assessment Contract at the time the Program and property owner enter into the Assessment Contract. The interest rate will be fixed at that point and will not go up, although the County may reduce the rate for all Program participants if it is able to negotiate long term financing on sufficiently favorable terms to allow it to do so while still funding the program costs.

The interest rate for the Placer mPOWER program will be determined periodically by the Treasurer-Tax Collector and ratified by the Board of Supervisors. The interest rate will be set with the intention of creating a self sustaining program at a rate that is competitively priced compared to financing options available through banking or other financial institutions, balanced with the ability to remarket the securities and encourage the future liquidity of the Placer mPOWER program. Initially, the Treasurer-Tax Collector will recommend a fixed rate of interest for the program to be approved by the Board of Supervisors at the time of financing document approval.

E. Property Assessment Lien

All property owners must execute by notarized signature the Placer mPOWER Assessment Contract. Upon execution of the Assessment Contract, the Program will place a lien for the full amount of the assessment on the property that secures the assessment. If funds are disbursed to property owners before the third Thursday in July, an assessment installment will appear on the next tax bill. For disbursements made after the first business day of August, an assessment installment will not appear on the tax bill until the following tax year, and either (i) the first year's installments will include all accrued interest through the payment date or (ii) the property owner may elect to finance the first year's assessment installments as part of the Placer mPOWER Financing.

F. Delinquent Assessment Collections

Delinquent assessments will be collected using the laws and powers authorized under state statutes for collecting property taxes and assessments. The Board of Supervisors has adopted the alternative tax distribution plan known as the Teeter Plan. Where bonds have been sold to finance assessments; state law also allows delinquent assessments to be collected through foreclosure proceedings to protect bondholders.

**VI. THE FINANCIAL STRATEGY**

The County Treasurer will establish the Placer mPOWER Fund ("the Fund") and may accept funds from any available source and may disburse the funds to eligible property owners for the purpose of funding Energy and Water Conservation Improvements. Repayments will be made

pursuant to Assessment Contracts between the property owners and County of Placer and will be collected through the property assessment mechanism in the Placer County property tax system.

The County will manage the Placer mPOWER program in one enterprise fund with multiple sub-funds. It is necessary to ensure that financings equal the County's receivables. Likewise, it is necessary to separate the County's funds for repaying bonds, etc. to ensure funds are available when payment is due. The Treasurer-Tax Collector has the authority to develop the necessary accounting structure needed to run the Placer mPOWER.

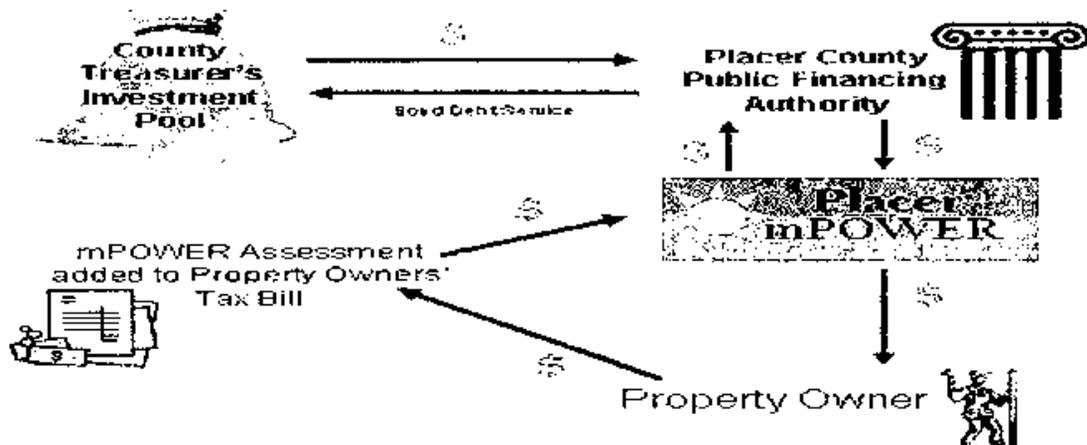
The Placer County Public Financing Authority (the "Authority") is a joint powers agency formed to assist the County with financings. The County and the Authority intend to cooperate in a financing arrangement whereby the Authority issues a bond or a series of bonds in an aggregate principal amount not to exceed \$33 million to be purchased by the Placer County Treasurer (the "Treasurer") for its Treasury Pool. The aggregate amount of bonds outstanding at one time may not exceed five percent of the total Treasury Pool.

An example of a possible financing arrangement is briefly described below.

The Authority will issue one or more bonds (the "Bonds") in an initial principal amount not to exceed \$33 million. The Bond(s) may be a single draw down bond, The Treasurer will purchase the Bond from the Authority for the Treasury Pool.

The Authority will make a loan (the "Loan") of the Bond proceeds to the County pursuant to a loan agreement between the County and Authority (the "Loan Agreement"). The County will use the Loan proceeds to finance the Energy and Water Conservation Improvements pursuant to the Assessment Contracts and to pay Program administrative costs. The Loan Agreement will obligate the County to repay the Loan from the assessments received by the County pursuant to the Assessment Contracts (excluding the annual administrative assessments to be paid by the property owners). In turn, the Authority will repay the Bond from the loan payments paid by the County pursuant to the Loan Agreement.

When the Placer mPOWER program is ready to advance funds to property owners in connection with a designated group of Assessment Contracts (i.e., typically, the improvements have been completed and inspected) the principal balance of the bond will be adjusted to reflect the aggregate amount advanced by the County pursuant to the Assessment Contracts and to pay Program administrative costs.,



Each year, the County may use assessment revenues in excess of the amounts needed to repay the Loan to fund a reserve account and a program expense account. Moneys in the reserve account will provide additional security for the repayment of the Loan. Moneys in the program expense account may be used to pay or reimburse the County for expenses to administer the Placer mPOWER Program. The County may use surplus funds that remain after the payment of the Bond at maturity or upon early redemption for any lawful purpose for the Program. Additionally, should the assessments be subject to the Teeter Plan, the Reserve Fund may be adjusted to reflect such credit enhancement.

The County will use revenues from the assessment interest rate and administrative assessment provided for in each Assessment Contract to pay for the administrative expenses of the County and Authority in connection with the Bond and the collection of the assessments. The assessment interest rate will cover the cost of administering the Program. The annual administrative expense is expected to be 1% of the annual assessment to cover the Auditor's cost of placing the charge on the tax roll plus \$10, to cover the Treasurer's cost of the administering the annual assessments.

For long-term and additional financing, the Treasurer-Tax Collector will explore funding opportunities from a number of other potential funding sources, which may include but are not limited to funds under the control of the Board of Supervisors; the issuance of notes, bonds, or agreements with utilities or public or private lenders, other governmental entities and quasi-governmental entities such as, CalPERS and Cal STRS; or any financing structure allowed by law.

The Treasurer-Tax Collector in consultation with the County Executive Officer has the authority to establish a Placer mPOWER budget to be approved by the Board of Supervisors.

## **VII. CHANGES TO REPORT**

This Program Report may be changed from time to time. No such changes will affect the amounts payable by a property owner under an existing Assessment Contract. The Treasurer-Tax Collector may make changes to this Report that the Treasurer-Tax Collector reasonably determines are necessary to clarify its provisions. Any changes to this Report that materially modify the Placer mPOWER Program will only be made with the approval of the Board of Supervisors.

The Treasurer-Tax Collector may modify from time to time the Eligible Improvements List, and Assessment Contract attached hereto as Appendix A, and Appendix C, respectively, as deemed necessary by the Treasurer-Tax Collector to effectuate the purposes of the Program.

## APPENDICES

## **APPENDIX A: Eligible Improvements**

**Placer mPOWER** provides funds for a number of equipment types, including water conservation measures, energy efficiency measures, solar systems, and other innovative, energy-saving and energy generation custom measures, only to the extent that the improvements are permanently attached to the property. In each case, if a rebate is available to the property owner to be applied to the purchase price, that amount must be deducted from the amount of financing requested.

### **I. WATER CONSERVATION MEASURE**

#### **A. Residential Indoor Water Conservation Measures**

- (1) High efficiency toilets (average flush volume of 1.28 gallons or less)
- (2) Dual Flush Toilets
- (3) Showerheads (1.75 gpm)
- (4) Bathroom aerators (1.5 gpm)
- (5) Hot water delivery options, as defined by the Energy Star "Volumetric Hot Water Savings Guidelines"
  - (a) Hot water recirculation systems use a hot water circulating pump to pump hot water from the water heater, through the hot water piping, and back to the water heater through an additional length of pipe that runs from the furthest fixture back to the water heater.
  - (b) Demand initiated hot water systems use a recirculation pump to rapidly pull hot water from a water heater while simultaneously sending cooled-off water from the hot water lines back to the water heater to be reheated.
  - (c) Whole house manifold systems consist of a manifold (trunk line) connected to the water heater from which individual pipes (twigs) are connected to each water fixture.
  - (d) Core plumbing systems are hot water distribution systems where water volumes in the pipes are reduced by a combination of smaller pipe diameters and shorter pipe runs due to a centrally located water heater.

- (6) Demand initiated water softeners, Energy Star rated
- (7) Demand initiated or instantaneous hot water heater
- (8) Hot water pipe insulation (minimum of R4)

### B. Residential and Commercial Outdoor Water Conservation Measures

- (1) A weather-based irrigation controller, or Smart irrigation controller with a rain shut off device, uses weather data and site information such as plant type and sprinkler system output to adjust watering times and frequency. This provides more efficient watering, reduces water run-off and improves the health of your landscape.
- (2) Permanently installed rainwater cisterns.
- (3) Drip irrigation systems in gardens, planters and beds. Drip irrigation can save up to 70% in water usage due to more efficient delivery.
- (4) Matched precipitation sprinklers so that all spray patterns and radius deliver water evenly over the landscape area.
- (5) Evapotranspiration based irrigation controllers
- (6) Irrigation system retrofits:
  - a. Conversion of overhead spray to drip
  - b. Conversion of conventional spray nozzles to rotator nozzle

### C. Commercial Water Conservation Measures

- (1) All applicable water conservation measures listed for "residential"
- (2) Pre-rinse spray valves (.64 gpm)
- (3) Urinals (pint)
- (4) Waterless urinals
- (5) Bathroom aerators (0.5 gpm)

D. Commercial Custom Measures

- (1) Industrial process water use reduction
- (2) Recycled water source
- (3) Deionization
- (4) Filter upgrades
- (5) Cooling condensate reuse
- (6) Foundation drain water
- (7) Cooling tower conductivity controllers

E. Residential and Commercial Recycled Water Use (Custom Track Measures)

- (1) Outdoor irrigation

## II. ENERGY EFFICIENCY MEASURES

The **Placer mPOWER** provides services and funding for a wide range of Energy Star-rated efficiency measures, including many Energy Efficiency measures for which property owners can get rebates as well as **Placer mPOWER** funding. Except the HVAC equipment as noted below, efficiency measures must meet the performance criteria stated in the list of Eligible Improvements or the Energy Star minimum efficiency levels.

For all packaged and central air conditioning systems funded in this Program, the minimum efficiency levels shall be as required by the current minimum requirements set forth in List of Eligible Improvements.

All other proposed efficiency measures will be considered in the Custom Measure Track.

The County of Placer anticipates that Energy Star requirements will "ratchet up" to greater efficiency levels over time. Energy Star will also become more inclusive of technologies over time. Thus, the **Placer mPOWER** will evolve with Energy Star and the market for energy-efficient technologies.

The following Energy Star measures – among others – are eligible in the Efficiency Track.

A. Residential Energy Efficiency Measures

- (1) Geothermal exchange heat pumps
  - (a) Minimum efficiencies
    - (i) Ground source exchange open loop system 17.8 EER or higher
    - (ii) Ground source exchange closed loop system 15.5 EER or higher
- (2) Home EV charging installations
- (3) Whole house fans
- (4) HVAC Systems
  - (a) Minimum efficiencies must meet current Energy Star minimums. Existing requirements:
    - (i) Split systems with 14 SEER and 12.5 EER or higher rating with thermal expansion valve (TXV).
    - (ii) Natural gas furnaces of 90 AFUE or higher
    - (iii) Package systems with 14 SEER and 11 EER or higher rating with thermal expansion valve (TXV).
    - (iv) Meet applicable duct sealing requirements (d) & (e) below
  - (b) Home energy management control systems
  - (c) Duct insulation: Meeting Energy Star guideline
  - (d) Duct sealing: Meeting Title 24 "alterations requirement".
  - (e) Duct replacement: Meeting Title 24 "alterations requirement"
- (5) Evaporative Coolers and all water/ice based cooling units
  - (a) Cooler must have a separate ducting system from air conditioning and heating ducting system
  - (b) Maximum 5 gallons/ton-hour cooling
- (6) Natural gas storage water heater, EF of 0.67 or higher and Energy Star listed
- (7) Tankless water heater, EF of 0.82 or higher and Energy Star listed
- (8) Solar water heater systems, rated by Solar Rating Certification Council

- (9) Cool roof system as defined by the 2005 California Building Energy Efficiency Standards (also called the California Energy Code). Roofing replacement eligible under this program shall be:
- (a) Tested and rated through the Cool Roof Rating Council (CRRC);
  - (b) Be labeled for its initial reflectance and initial emittance as determined in the CRRC tests and be labeled that the product meets Title 24, Section 118(i);
  - (c) Achieve at least a 0.75 initial emittance and 0.70 initial reflectance or, if the initial emittance is less than 0.75, have an initial reflectance of at least  $[0.70 + \{0.34 \times (0.75 - \text{initial emittance})\}]$ ; **and**, if applied as a liquid coating in the field, be applied at a minimum dry mil thickness of 20 mils\* across the entire roof surface and meet performance requirements listed in the table shown immediately below:

	ASTM Test Procedure	Performance
Initial percent elongation (break)	D 2370	Minimum 60% 0 °F (-18 °C) Minimum 200% 73 °F (23 °C)
Initial tensile strength (maximum stress)	D 2370	Minimum 100 psi (1.38 Mpa) 73 °F (23 °C) Minimum 200 psi (2.76 Mpa) 0 °F (-18 °C)
Final percent elongation (break) after accelerated weathering 1000 h	D 2370	Minimum 40% 0 °F (-18 °C) Minimum 100% 73 °F (23 °C)
Permeance	D 1653	Maximum 50 perms
Accelerated weathering 1000 h	D 4798	No cracking or checking Any cracking or checking visible to the eye fails the test procedure
<small>NOTE: Aluminum-pigmented asphalt roof coatings and cement-based roof coatings are not required to meet this table. The former must meet ASTM D2624, D6648, and D3945 and the latter must meet greater dry mil thicknesses, depending on the substrate, and meet ASTM D822. Details are found in Standards Section 118.03</small>		

- (10) Reflective roofs and coatings
- (11) Insulation
  - (a) Attic: R38 minimum
  - (b) Wall: R13 minimum
- (12) Reflective insulation, radiant barriers
- (13) Attic fans with thermostat control
- (14) Windows and glass doors following Energy Star Guidelines. Currently, U value of 0.40 or less and solar heat gain coefficient of 0.40 or less.

- (15) Window film, in compliance with the NFRC glazing attachment ratings for solar heat a gain and visible transmittance
- (16) Weather-stripping, following Energy Star guidelines
- (17) Home sealing, following Energy Star guidelines
- (18) Skylights following Energy Star Guidelines. Currently, U Value of 0.60 or less and solar heat gain coefficient of 0.40 or less.
- (19) Solar tubes
- (20) Additional building openings to provide addition natural light, windows and doors must meet the Energy Star rating U value of 0.40 or less
- (21) Lighting, Energy Star listed (hardwire only) (no bulb only retrofits)
- (22) Pool equipment
  - (a) Pool circulating pumps (must be variable speed or greater than two speeds with controllers)
- (23) EPA certified wood stoves or wood heating appliances independently tested by an accredited laboratory to meet a particulate emissions limit of 7.5\* grams per hour for non-catalytic wood stoves and 4.1\* grams per hour for catalytic wood stoves.

**B. Residential Energy Efficiency Custom Measures**

- (1) Passive solar (heating/cooling)

**C. Commercial Energy Efficiency Measures**

- (1) Heating, ventilating and air conditioning systems ("HVAC")
  - (a) Minimum efficiencies meeting CEE Tier One Standards. Currently:
    - (i) Split systems with 14 SEER or 12 EER
    - (ii) Package systems with 13 SEER or 11 EER
- (2) Geothermal exchange heat pumps
  - (a) Minimum efficiencies

- (i) Ground source exchange open loop system 17.8 EER or higher
- (ii) Ground source exchange closed loop system 15.5 EER or higher
- (3) High efficiency electric hand dryer
- (4) All applicable energy efficiency measures listed in "Residential" section
- (5) Lighting
  - (a) LED exit signs
  - (b) Lighting control and sensors
  - (c) <30 watt T8 retrofits for fluorescent replacements
  - (d) Custom lighting retrofits with 30% or greater energy reduction

**D. Commercial Energy Efficiency Custom Measures**

- (1) Building energy management systems that are DDC controlled. (Electronic-not pneumatic).
- (2) Lighting control systems, which shall include occupancy sensors and other energy saving measures
- (3) HVAC duct zoning control systems
- (4) Motors and controls (processing or manufacturing equipment) Where available, motors must be "NEMA" standard for "Premium" level efficiency.
- (5) Customer electric vehicle plug-in station

**III. SOLAR EQUIPMENT**

Solar track funding is available for a wide range of solar equipment. Placer mPOWER funding will be available for photovoltaic equipment and installers listed by the California Energy Commission. Solar thermal equipment must be rated by the Solar Rating Certification Council (SRCC). As with efficiency measures, if a rebate is available to the property owner to be applied to the purchase price, that amount must be deducted from the amount of financing requested. Eligible solar equipment for both residential and commercial properties includes:

- (1) Solar thermal systems (hot water)
- (2) Solar thermal systems for pool heating
- (3) Photovoltaic systems (electricity) meeting CEC equipment standards.

- (a) Battery back-up systems will be allowed
  - (b) Funding for off-grid systems will be allowed
  - (c) PV systems can be sized to accommodate plug-in electric vehicles
  - (d) Plug in stations
- (4) Emerging technologies – following the Custom Measures Track
- (a) Nano/thin film photovoltaic
  - (b) High intensity (parabolic solar panels)

#### **IV. CUSTOM MEASURES**

The Custom Measures Track is a process by which Placer mPOWER Staff can evaluate and fund projects that are not “off the shelf” improvements listed in the eligible Water Conservation, Energy Efficiency or Solar Measures. These custom projects may involve large scale industrial or commercial energy efficiency improvement projects, such as process or industrial mechanical systems, renewable energy sources and energy generation, other than the solar system (photovoltaic), such as geothermal, and potentially fuel cells, as well as more complex and cutting edge energy management solutions and emerging technologies. The Custom Measure Track will evaluate and provide funding, if appropriate, for these innovative projects.

Applicants for the Custom Measure Track should consult with Placer mPOWER Staff to determine eligibility and will be required in most cases to submit engineering plans and specifications. A Placer mPOWER Custom Measure’s Track review/technical panel will meet to review the engineering documents and data for custom and emerging technology projects. Placer mPOWER may require an additional administrative fee for project evaluation by the technical review. In all cases, the County reserves the right to decline funding of a custom measure.

The following types of measures – among others – will be considered for Placer mPOWER funding through the Custom Measure Track:

##### **A. Energy Efficiency Custom Measures**

- (1) Alternative energy generation (other than photovoltaic)
- (2) Building energy management controls
- (3) HVAC duct zoning control systems

- (4) Irrigation pumps and controls
- (5) Lighting controls
- (6) Industrial and process equipment motors and controls

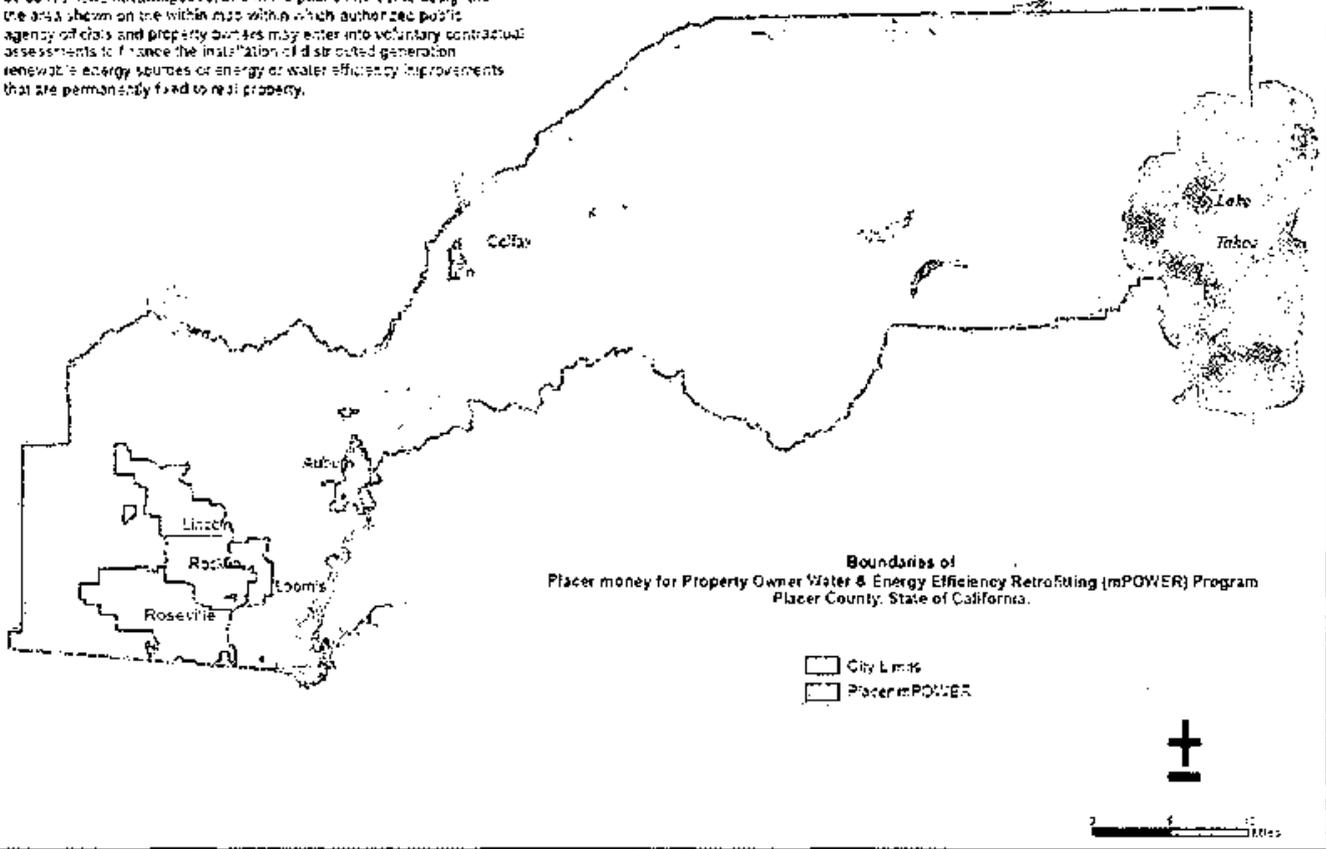
As these "Custom Measures" become Energy Star rated they will be included in the List of Eligible Improvements.

**B. Energy Generation Custom Measures**

- (1) Fuel Cells
- (2) Natural gas
- (3) Hydrogen fuel
- (4) Other fuel sources (emerging technologies)
- (5) Co-generation (heat and energy)

## APPENDIX B: Map of Program Area

The within map shows the boundaries of the "Placer money for Property Owner Water & Energy Efficiency Retrofitting (mPOWER) Program," State of California. Pursuant to Chapter 02 of Part 2 of Division 7 of the Streets & Highways Code of the State of California, the legislative body of Placer County has determined that it would be convenient, advantageous, and in the public interest to designate the area shown on the within map within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property.



## APPENDIX C: ASSESSMENT CONTRACT

Jones Hall Draft 1-13-10

### AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS

#### COUNTY OF PLACER mPOWER Program

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "Agreement") is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the County of Placer (the "County") and the record owner(s) (the "Property Owner") of the fee title to the real property identified on Exhibit A (the "Property").

#### RECITALS

**WHEREAS**, the County has established the "Placer money for Property Owner Water & Energy Efficiency Retrofitting Program" (the "mPOWER Program") to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property (the "Authorized Improvements") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code ("Chapter 29") and the issuance of improvement bonds under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 and following) (the "1915 Act") upon the security of the unpaid contractual assessments; and

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

**WHEREAS**, the County has conducted the proceedings required by Chapter 29 with respect to the territory within the boundaries of the County; and

**[If located in incorporated territory of a town or city] WHEREAS**, the [Town/City] has consented to (i) owners of property within its jurisdiction (the "Participating Property Owners") participating in the mPOWER Program and (ii) the County conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act or entering into other financing arrangements to finance the Authorized Improvements; and

**WHEREAS**, pursuant to Chapter 29, the County and the Property Owner wish to enter into a contract pursuant to which the Property Owner would agree to pay an assessment in order to finance the installation on the Property of the Authorized Improvements described in

Exhibit B (the "Improvements") and the County would agree to provide financing, all on the terms set forth in this Agreement;

**NOW, THEREFORE**, in consideration of the foregoing and the material covenants hereinafter contained, the Property Owner and the County formally covenant, agree and bind themselves and their successors and assigns as follows:

### **AGREEMENT**

**Section 1. Purpose.** The Property Owner and the County are entering into this Agreement for the purpose of financing the installation of the Improvements identified on Exhibit B on the Property.

**Section 2. The Property.** This Agreement relates to the real property identified on Exhibit A. The Property Owner has supplied to the County current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Agreement on behalf of the Property Owner.

**Section 3. Agreement to Pay Assessment; Prepayment; Non-Completion Assessment.**

(a) **Payment of Initial Assessment.** The Property Owner hereby freely and willingly agrees to pay the initial assessment set forth on Exhibit C (the "Initial Assessment"). Except as otherwise set forth in this Agreement, the Initial Assessment will be paid in the installments set forth on Exhibit C.

(b) **Payment of Non-Completion Assessment.** The Property Owner hereby freely and willingly agrees to pay the additional assessment (the "Non-Completion Assessment") identified on Exhibit A in the event that, following issuance of bonds by the County or the entry by the County into other financing relationships to finance installation of the Improvements, the Property Owner fails to install the Improvements in compliance with the mPOWER Program rules or otherwise fails to meet the conditions established by the County for financing through the mPOWER Program. The Property Owner acknowledges that the purpose of the Non-Completion Assessment is to provide for redemption of the related bonds or prepayment of the related financing relationship. The Property Owner further acknowledges that the Non-Completion Assessment will be levied in full by the County as set forth in Section 5898.30 of Chapter 29 in the first fiscal year in which the County is able to cause the Non-Completion Assessment to be placed on the County property tax roll.

(c) **Annual Administrative Expenses.** The Property Owner hereby acknowledges that, pursuant to the 1915 Act, including Sections 8682(b) and 8682.1(a), the County may add amounts to an annual installment of the Initial Assessment in order to pay for the costs of collecting the Assessment (the "Additional Administrative Assessment"; together with the Initial Assessment and the Non-Completion Assessment, the "Assessment").

(d) **Prepayment of the Assessment.** The Assessment may be prepaid, in whole or in part, at any time upon the payment of (a) the whole or a portion of the unpaid principal component of the Assessment, (b) the accrued but unpaid interest component of the whole or applicable portion of the unpaid principal component of the Assessment through the prepayment

date, (c) a prepayment premium in the amount set forth on Exhibit A and (d) the reasonable costs of the County related to such prepayment.

(d) Absolute Obligation. The Property Owner hereby agrees that the Assessment will not be subject to reduction, offset or credit of any kind in the event that the bonds or other financing relationship secured thereby are refunded or for any other reason.

**Section 4. Collection of Assessment; Lien.** The Assessment, and the interest and penalties thereon as a result of a delinquency in the payment of any installment of the Assessment, shall constitute a lien against the Property until they are paid and shall be collected and shall have the lien priority as set forth in Chapter 29.

The Property Owner acknowledges that if any Assessment installment is not paid when due, the County has the right to have the delinquent installment and its associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent installments, associated penalties and interest, and all costs of suit, including attorneys' fees. The Property Owner acknowledges that, if bonds are sold to finance the Improvements or if the County enters into any other financing relationship in order to finance the Improvements, the County may obligate itself, through a covenant with the owners of the bonds or the provider of any other financing relationship, to exercise its foreclosure rights with respect to delinquent Assessment installments under specified circumstances.

**Section 5. Financing of the Improvements.**

(a) Agreement to Finance Improvements. The County hereby agrees to use the Assessment to finance the Improvements, including the payment of the County's reasonable costs of administering the mPOWER Program.

(b) Assessment Installments. The Property Owner agrees to the issuance of bonds or the entry into any other financing relationship by the County to finance the installation of the Improvements. The interest rate used to calculate the Initial Assessment installments set forth on Exhibit C is identified on Exhibit A. If the County determines in its reasonable discretion that the Initial Assessment installments may be reduced because the applicable interest rate on the bonds or other financing relationship issued or entered to finance installation of the Improvements is lower than the interest rate specified in Exhibit A, then the County may substitute a revised Exhibit C for the attached Exhibit C, shall provide a copy of such revised Exhibit C to the Property Owner and shall cause a notice of such revision to be recorded in the office of the County Recorder. **In no event will the interest rate set forth on Exhibit A increase following execution of this Agreement.** The Property Owner hereby acknowledges that (i) the County may initially finance installation of the Improvements on an interim basis through the County Treasury Investment Pool at a lower interest rate than the interest rate set forth on Exhibit A, (ii) the County expects to use any proceeds generated by the difference between the two interest rates during the interim term to pay for expenses of the mPOWER program and (iii) the County expects the interest rate required to finance the Improvements on a long-term basis to be equal to or greater than the interest rate set forth on Exhibit A.

**Section 6. Term; Agreement Runs with the Land.**

(a) Except as otherwise set forth in this Agreement, this Agreement shall expire upon the final payment or prepayment of the Assessment.

(b) This Agreement establishes rights and obligations that are for the benefit of the Property and, therefore, such rights and obligations run with the land pursuant to Civil Code Section 1462.

**Section 7. Recordation of Documents.** The Property Owner hereby authorizes and directs the County to cause to be recorded in the office of the County Recorder the various notices and other documents required by Chapter 29 and other applicable laws to be recorded against the Property.

**Section 8. Notice.** To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property of the obligation to pay the Assessment pursuant to this Agreement.

**Section 9. Waivers, Acknowledgment and Agreement.** Because this Agreement reflects the Property Owner's free and willing consent to pay the Assessment, the Property Owner hereby waives any applicable requirements for an engineer's report, notice, public hearing, protest or ballot pursuant to Article XIID of the California Constitution or any other provision of California law.

The Property Owner hereby waives its right to repeal the Assessment by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of the County undertaken in connection with the mPOWER Program. The Property Owner hereby agrees that the Property Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation and maintenance of the Improvements. The Property Owner hereby represents that the Improvements are intended to be permanently fixed to the Property and the Property Owner covenants not to remove the Improvements for use on any other property. The Property Owner hereby acknowledges that the Property will be responsible for payment of the Assessment regardless of whether the Improvements are properly installed, operated or maintained as expected.

The Property Owner hereby agrees that the County is entering into this Agreement solely for the purpose of assisting the Property Owner with the financing of the installation of the Improvements, and that the County has no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of the Improvements. Based upon the foregoing, the Property Owner hereby waives the right to recover from and fully and irrevocably releases the County and any and all agents, employees, attorneys, representatives and successors and assigns of the County from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the subject matter of this Agreement that the Property Owner may now have or hereafter acquire against the County and any and all agents, employees, attorneys, representatives and successors and assigns of the County.

To the extent that the foregoing waivers and agreements are subject to Section 1542 of the California Civil Code or similar provisions of other applicable law, it is the intention of the Property Owner that the foregoing waivers and agreements will be effective as a bar to any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines,

forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), of whatever character, nature and kind, known or unknown, suspected or unsuspected, and Property Owner agrees to waive any and all rights and benefits conferred upon the Property Owner by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law. Section 1542 reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner's Initials: \_\_\_\_\_

The waivers, releases and agreements set forth in this Section 9 shall survive termination of this Agreement.

**Section 10. Indemnification.** The Property Owner agrees to indemnify, defend, protect, and hold harmless the County and any and all agents, employees, attorneys, representatives and successors and assigns of the County, from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with, (i) the Assessment, (ii) the financing by the County of the Improvements, (iii) the Improvements, (iv) or any other fact, circumstance or event related to the subject matter of this Agreement, regardless of whether such losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) accrue before or after the date of this Agreement.

The provisions of this Section 10 shall survive the termination of this Agreement.

**Section 11. Right to Inspect Property.** The Property Owner hereby grants the County, its agents and representatives the right to enter and inspect the Property at any reasonable time, upon reasonable notice, to inspect the Improvements. The Property Owner further hereby grants the County, its agents and representatives the right to examine and copy any documentation relating to the Improvements and to work with applicable utility providers to calculate the benefits attributable to the Improvements.

**Section 12. Environmental Benefits.** The Property Owner hereby agrees that any credits or other environmental benefits attributable to the Improvements shall be owned by the County.

**Section 13. Amendment.** Except as set forth in Section 5(b), this Agreement may be modified only by the written agreement of the County and the Property Owner.

**Section 14. Binding Effect; Assignment.** This Agreement inures to the benefit of and is binding upon the County, the Property Owner and their respective successors and assigns.

The County has the right to assign any or all of its rights and obligations under this Agreement without the consent of the Property Owner. The obligation to pay the Assessment set forth in this Agreement is an obligation of the Property and no agreement or action of the Property Owner will be competent to impair in any way the County's rights, including, but not limited to, the right to pursue judicial foreclosure of the Assessment lien or the right to enforce the collection of the Assessment or any installment thereof against the Property.

**Section 15. Exhibits.** The Exhibits to this Agreement are incorporated into this Agreement by this reference as if set forth in their entirety in this Agreement.

**Section 16. Severability.** If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Agreement.

**Section 17. Corrective Instruments.** The County and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required in order to carry out the expressed intention of this Agreement.

**Section 18. Governing Law; Venue.** This Agreement is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Placer, State of California.

**Section 19. Counterparts.** This Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

IN WITNESS WHEREOF, the County and the Property Owner have caused this Agreement to be executed in their respective names by their duly authorized representatives, all as of the date first above written.

**COUNTY OF PLACER**

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

Its: \_\_\_\_\_

The following are the authorized signatories of the Property Owner:

Name: _____ By: _____ Its: _____	Name: _____ By: _____ Its: _____
Name: _____ By: _____ Its: _____	Name: _____ By: _____ Its: _____

**EXHIBIT A**

Agreement Number: \_\_\_\_\_

Property Owner: \_\_\_\_\_

\_\_\_\_\_

Property: \_\_\_\_\_

\_\_\_\_\_

Prepayment Premium: \_\_\_\_\_

Interest Rate Used to Calculate Initial Assessment Installments (prior to financing): \_\_\_\_\_

\_\_\_\_\_

Non-Completion Assessment: An amount equal to \_\_\_\_% of the Initial Assessment identified on Exhibit C



[Attach notary pages]

## **APPENDIX D: SUMMARY OF FINANCING PROCESS**

Placer mPOWER provides financing ("Placer mPOWER Financing") for the installation of energy efficiency improvements, water efficiency improvements and renewable energy sources that are permanently fixed to real property ("Improvements") in Placer County. Property owners will repay Placer mPOWER Financing through an assessment levied against their property, which is payable in two installments on the County property tax bill and includes an administrative expense component.

### **A. Project Scoping**

The first step in the process is attendance in an information seminar that will provide a Program overview, discussion of financing alternatives, consumer information for selecting a contractor, and will provide educational emphasis on loading order used to achieve maximum energy reductions. The next step in the process is project scoping. For residential properties<sup>7</sup>, water conservation and energy surveys are highly recommended but not required. By participating in Placer mPOWER, property owners are making a financial investment; this decision should be made based on both the efficiency and the cost effectiveness of the improvements. Conducting a water and energy audit will help property owners assess water conservation, energy efficiency, and renewable energy opportunities for their property. If CEC grant funding is made available, the Placer mPOWER program will provide residential property owners with a HERS audit pursuant to the grant provisions. Additionally, residential property owners may obtain an onsite survey by hiring a Home Energy Rating System ("HERS") rater, or equivalent. For more information, go to <http://www.energy.ca.gov/HERS/index.html>.

For commercial properties, an onsite energy audit is required to participate. Commercial Property owners should check with their local electricity provider for possible free onsite audits.

Residential and commercial property owners should also check with their local water provider to see if free water conservation surveys are available.

Costs incurred to conduct onsite audits or surveys may be included in your application for Placer mPOWER Financing.

Most property owners will work directly with contractors to determine the scope of their project.

As the project is defined, the property owner obtains a contractor's bid or determines the cost of the equipment if self-installing. Interested property owners can visit the Placer mPOWER office,

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<sup>7</sup> For Placer mPOWER, "residential property" is defined as single-family properties with 1-to-4 residential units; "commercial property" is all other property.

located at 3091 County Center Drive Auburn, CA 95603 or contact Placer mPOWER Staff at (530) XXX-XXXX or will be able to obtain information from the Program web site.

**B. Program Application**

The property owner visits the Placer mPOWER website or the Placer mPOWER office to complete a Placer mPOWER Program application form (the "Application"). The Placer mPOWER staff can also provide an Application by mail, e-mail or fax upon request.

The property owner submits the Application together with its required attachments. See Application for required attachments.

Applications will be processed once complete on first-come, first-served basis.

**C. Public Records Search and Title Check**

Placer mPOWER staff will verify property ownership by performing a title check. Applicants are responsible for the costs of the title check as follows:

- (1) Financing requests less than \$5000: \$65
- (2) Financing requests \$5000 to \$499,999: \$215
- (3) Financing requests \$500,000 and above contact Placer mPOWER for estimate.

Public Records Search and Title costs may be included in the Placer mPOWER financing request.

**D. Application Review**

During the Application Review process, Placer mPOWER staff verifies that:

- (1) The Application is complete and accurate;
- (2) The property owner(s) owns the Property;
- (3) The Property is developed and within the County;
- (4) The Property meets applicable eligibility criteria;
- (5) The property owner has executed all declarations required in the Application;

- (6) The proposed Improvements and costs are eligible to be financed under the Program. If the proposed Improvements are part of a project that includes new construction (e.g., a room addition), the costs of the work have been properly allocated between adding Placer mPOWER Improvements and new construction;
- (7) All required documents have been submitted (including for commercial properties, onsite energy audit report);
- (8) Placer mPOWER funding is available. Within 15 business days of receipt of an application, Placer mPOWER Staff notifies the property owner if the application is incomplete, approved, denied or requires additional approval.
- (9) Incomplete. An application shall be deemed incomplete if it is missing any information or attachments the property owner is required to provide. Incomplete applications may be resubmitted. Placer mPOWER Staff will process resubmitted applications on a first-come, first-served basis based upon the new receipt date.
- (10) Approved. An application for up to \$60,000 of financing shall be approved if Placer mPOWER Staff have verified all of the items in step (1) through (9).
- (11) Denied. An application shall be deemed denied if Placer mPOWER Staff cannot verify any of the items in steps (1) through (9). Placer mPOWER will send a written denial notice. Property owners are free to submit a new application, which will be processed on a first-come, first-served basis based upon the new receipt date. If an application is denied on the sole basis that Placer mPOWER funding is not available, the application does not need to be resubmitted; applicants will be placed on a waiting list based on the date of application receipt.
- (12) Requires Additional Approval. Applications for Placer mPOWER financing between \$60,000 and \$500,000 require approval of the Program Steering Committee. The property owner will be notified that the application is complete and has been forwarded to the Steering Committee for approval. Applications for Placer mPOWER Financing of \$500,000 or more require approval of the Board of Supervisors. The property owner will be notified that the application is complete and has been forwarded to the Treasurer-Tax Collector to prepare an agenda item for the Board of Supervisors. The property owner will be advised once a Board of Supervisors date is set.
- (13) With respect to an application to finance a renewable energy system(s) other than solar (such as wind or geothermal) or a custom energy efficiency measure(s) (such as a combined heat and power system cogeneration system), or to finance an emerging technology ("Custom Measures"), Placer mPOWER Staff reserve the right to require the appropriate engineering documentation and energy studies showing the energy savings and/or energy generation capabilities of the proposed

project. Placer mPOWER Staff may also charge an additional administrative fee for this technical review to be discussed with the property owner before proceeding.

**E. Placer mPOWER Financing Approval**

Approval means that funds are reserved for the property owner's approved project for a 90-day period.

**F. Permit**

After receiving notice of Application approval, property owner (or contractor) must obtain a permit, if required, from the local building official. All Improvements, including those normally exempt from permit requirements, will require an installation verification inspection from the local jurisdiction (town, city, unincorporated area). Final inspection by the permitting jurisdiction will be required to ensure that the Improvements were completed.

A valid final inspection is required before Placer mPOWER can execute an Assessment Contract and reserve Placer mPOWER financing for a project.

**G. Installation of Improvements**

Property owner enters into a contractual arrangement directly with a contractor for Improvements unless the property owner is self-installing the Improvements. All work is subject to the appropriate jurisdiction's (county, city, or town) permitting and inspections and all other applicable federal state and local laws and regulations. All work must be completed, including the final inspection, within 90 days of Application approval. The property owner and the Treasurer-Tax Collector may agree to an extension of this completion date for good cause.

**H. Progress Payments/Multiple Disbursements**

If multiple disbursements have been approved, the property owner may request in writing that Placer mPOWER make a progress payment prior to the completion of the work, in which case the Assessment Contract will need to be signed prior to the first disbursement and interest will accrue on the assessment amount advanced at the time of the first disbursement. Progress payment requests must be filed with Placer mPOWER at least five business days before the disbursement date. The disbursement dates are the first and third Thursday day of the month. The following conditions must also have been met before disbursement is made:

- (1) At least 75 percent of the required materials have been delivered to the property and have been reasonably secured as confirmed by an onsite inspection. Placer mPOWER Staff has the discretion to make its own determination with respect to whether this condition has been satisfied; and

- (2) The requested progress payment does not exceed 50 percent of the maximum assessment amount.

I. Final Inspections; Final Financing Review

After Improvements are completed, the property owner must contact the local permitting agency for a final inspection and permit finalization. The property owner notifies Placer mPOWER that all work has been completed and submits final documentation: permit final approval; invoices showing all costs, less rebate amounts).

At this time, Placer mPOWER Staff will ask property owners to provide a current mortgage statement verifying that they are current in the payment of their mortgage and will confirm that the property is current in the payment of property taxes. Placer mPOWER staff will also obtain an updated public records and title search.

J. Assessment Contract

The Treasurer-Tax Collector, on behalf of the County, will enter into an Assessment Contract with the property owner.

All property owners of record must sign the Assessment Contract and have their signature(s) notarized.

K. Assessment Lien

Upon execution of the Assessment Contract, Placer mPOWER records notice of the assessment in the County Recorder's office. The lien will be for the full amount of the assessment on the property that secures the assessment.

L. Disbursement of Placer mPOWER Financing

Checks will be processed on the first and third Thursday of each month, provided that all required final documentation has been filed with Placer mPOWER five days prior to the disbursement date. Interest begins to accrue as of the date of disbursement.