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Chapter 1: Overview

Introduction
The Los Angeles County (“County”) Property Assessed Clean Energy (“PACE”) Financing Program (“Program”) was created to help Property Owners fund on-site energy efficiency, water-saving, and renewable energy that enhance a building’s value while lowering greenhouse gas emissions and creating jobs.

A unique financing tool, PACE allows Property Owners to finance energy improvements to their properties through an assessment on their property tax bill. Participation in the Program is voluntary and property taxes for non-participating Property Owners are unaffected. Those who opt-in to the financing have the ability to select a long repayment term (up to 20 years), and spread the costs of the Improvements over the expected life of the installed measures. Lower interest rates may be available through PACE because repayment is secured through a voluntary assessment placed on the property tax bill, which assumes a first lien priority. If the Owner sells the property prior to full repayment of the assessment, the repayment obligation in the form of a lien remains with the property until it is completely repaid.

Los Angeles County does not guarantee that this Program is the best financing option for each property and encourages Property Owners to research all available types of financing and select the one that is most appropriate.

Purpose of Program Handbook
This handbook details the terms governing all Program participants, including Property Owners, Contractors, Lenders, and Investors. By submitting a Final Application to the Program, applicants warrant that they have read this handbook in its entirety, and that they understand and agree to the terms set forth herein.

Type of Financing
The Program utilizes a tool that is widely used by local governments in California and across the country to finance public benefit projects – land secured financing. PACE builds on the long history of land secured financing in which local governments can levy contractual assessments on real estate parcels to pay for installation of projects that serve a public purpose, such as sewers, parks, and sidewalks. The County’s PACE Program serves the public purpose of reducing energy costs, stimulating the economy, improving property valuation, reducing greenhouse gas emissions, and creating jobs.

The Program uses the provisions of Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the California, which is commonly referred to as “AB 811”, to levy contractual assessments for the purpose of financing the installation of distributed generation renewable energy sources and energy or water efficiency measures that are permanently fixed to private property.

A “contractual assessment” for PACE financing is an assessment that is levied by contract (an “Assessment Contract”) pursuant to AB 811 and is executed by and between each participating Property Owner and the County of Los Angeles. Under the Program, a voluntary contractual assessment lien is
placed on each participating property in an amount necessary to finance the installation of the Authorized Improvements over a 5-20 year term, depending upon the expected useful life of the financed improvements and to pay the costs of administering the Program. The contractual assessments are paid via the regular County-issued property tax bill and have a priority status over existing mortgage liens. If the Owner sells the property, the repayment obligation remains the obligation of the property. The County will issue bonds secured by and payable from the contractual assessments. If the commercial property Owner becomes delinquent with their annual property tax payments, upon the request of the PACE Investor, the County will be required to immediately commence judicial foreclosure proceedings to collect delinquent installments, plus any penalties and interest.

**Source of Capital**
The Program is based on an “open market” approach in which individual Property Owners are responsible for identifying a project lender willing fund their project. Property Owners negotiate specific financing terms, including the interest rate and the repayment terms, with their chosen lender using the priority of Los Angeles County’s PACE Financing Program’s contractual assessment to provide the lender greater security. Once the scope of work, budget, rates, and terms are mutually agreed upon, the PACE lender purchases a bond from Los Angeles County on a private placement basis, and the proceeds are used to fund the Property Owner’s qualifying Improvements. The County then collects the contractual assessments from participating Property Owners through property tax bills, and disburses the payments to the project PACE lender.

**Security**
The repayment obligation is secured by a senior lien specific to the property.

**Program Administration**
The Los Angeles County Board of Supervisors, who authorized the basic structure of the Program in May 2010 and who approves the issuance of PACE bonds for each individual project, has delegated authority to certain County departments to administer the Program. The Director of the County’s Internal Services Department is the Program Administrator and provides day-to-day management of the Program, including design, implementation, and administration. The authority to approve and enter into individual Assessment Contracts is delegated by the Board of Supervisors to the Program Administrator and is managed jointly with the Treasurer and Tax Collector as Paying Agent and the Auditor Controller as Fiscal Agent. The County’s bond counsel is Hawkins, Delafield & Wood, LLP. The County has appointed a third party trustee, Wilmington Trust, to manage certain paying agent and fiscal agent duties for each individual PACE financing.

Unless otherwise directed by the Board of Supervisors, the Program will continue as long as there is sufficient demand and funding for the Improvements.
Chapter 2: Application and Approval Process

The application and financing approval process will vary depending on the type of financing structure used. However, to participate in the Program, there are five (5) major steps that every project, regardless of financing structure, must complete: Initial Application, Final Application, Transaction Documents, Project Financed, and Repayment.

A diagram of the funding process is outlined in Appendix A.

Initial Application and Conditional Reservation

This step is a streamlined process for Property Owners to quickly indicate their interest in participation and to submit preliminary details of their proposed project. This gives the Program the ability to promptly ascertain project eligibility and issue a Conditional Reservation to Owners who meet program requirements. The PACE Initial Application includes basic information about the subject property, a general high-level description of the proposed scope of the Improvements, and the expected budget of the project.

The Program will review the completed Initial Application form within five (5) business days and determine if all eligibility requirements are met. Upon approval of the application, the Owner will be issued a Conditional Reservation for participation in the Program.

Final Application and Final Reservation

This step is a more detailed process that requires the Property Owner to complete all related planning and application tasks, including: conducting an energy audit, obtaining existing mortgage holder acknowledgment, and finding a project lender.

An application fee is required in order to submit the Final Application for review and approval by the Program. Once the application fee is received and processed by the Program, review may begin even if some supporting documents are in progress and not yet completed. See Appendix B for a complete list of required documents for the Final Application. Approval or denial will be based on the eligibility requirements listed within this Program Handbook.

The Program will review the completed Final Application form and related items within ten (10) business days and determine if all eligibility requirements are met (incomplete applications will result in a longer review period). Upon approval of the Final Application, the Owner will be issued a Final Reservation for participation in the Program.

Submission of a Final Application does not guarantee that you will be approved for Program participation. If installation of the Improvements begins before the Transaction Documents are executed, the Owner risks incurring the cost of installation without the benefits of PACE financing.

Transaction Documents

After receiving the Final Reservation, the transaction documents and the assessment contract are created and executed by the County’s Treasurer and Tax Collector, their Bond Counsel, the Owner, and
the Investor. The primary documents for completing a transaction are: the County Financing Resolution, Trust Indenture, Assessment Contract, and Bond Purchase Agreement. The County has prepared initial drafts of these documents. The current draft documents provide the starting basis for completing specific transactions, and are available for distribution to prospective Investors and Owners upon request.

The Board of Supervisor must approve each PACE bond issuance. Depending on the County Board schedule, the Treasurer and Tax Collector will need a minimum of three (3) weeks to get the project approved by the Board of Supervisors.

**Project Financed**
After closing of the PACE financing, disbursements are made to the Property Owner at the milestones outlined in the transaction documents. Verification of completed work must be submitted for payout to be approved.

**Repayment**
Repayment of the PACE financing occurs as a separate line item on the Property Owner’s property tax bill. Property taxes, including the PACE assessments, are due in two equal installments on November 1st and February 1st of each year. If payments are not received by December 10th and April 10th, the property taxes are delinquent, and the County may be required to immediately commence judicial foreclosure proceedings to collect delinquent installments, plus any penalties and interest.
Chapter 3: Project Eligibility

In order to receive financing from the Program, a non-residential Property Owner must meet and complete the following requirements.

A. The subject property must be located within Los Angeles County. If it falls within the boundaries of a city, said city has to have adopted a resolution to join the Program.

B. The Property Owner must be eligible to pay real property taxes or be eligible to receive a property tax bill.

C. The subject property must be a non-residential property as defined as: (i) a property in which the primary use is not residential or (ii) a property used for multi-family attached housing with five or more units.

D. All Owners of the fee simple title to the subject property or their legally authorized representatives must sign the Program Documents. Therefore, before submitting an Initial Application, ensure that all Owners (or their representatives) of the fee simple title to the subject property will agree to participate in the Program on the terms set forth in this Program Handbook.

E. The Property Owner must be current and have not been delinquent in the payment of all obligations secured by the subject property, including property taxes, assessments, and tax liens, within the past five years (or since taking title to the subject property if it has been less than 5 years). The Program may review public records, including the real property records, to verify compliance with this requirement. Certain allowances may be made for property tax payment delays that do not reflect financial distress. Properties that are currently appealing a property tax assessment will be reviewed and eligibility will be determined on a case-by-case basis.

F. The Property Owner must certify that it (and its corporate parent if the Property Owner is a single-purpose entity) is solvent and that no proceedings are pending or threatened in which the Property Owner (or the corporate parent, as applicable) may be adjudicated as bankrupt or become the debtor in a bankruptcy proceeding, or be discharged from all of the Property Owner’s (or corporate parent’s, as applicable) debts or obligations, or be granted an extension of time to pay the Property Owner’s (and the corporate parent’s, as applicable) debts or be subjected to a reorganization or readjustment of the Property Owner’s (and the corporate parent’s, as applicable) debts. The Property Owner must also certify that the Property Owner (or any corporate parent if the Property Owner is a single-purpose entity) has not filed for or been subject to bankruptcy protection in the past ten (10) years.

G. The Property Owner must not have any involuntary liens, defaults, or judgments applicable to the subject property. The Program may review public records, including the real property records and court documents, to verify compliance with this requirement. A Property Owner with an involuntary lien(s) may be allowed to participate in the Program if it can demonstrate an acceptable reason for the lien, default, or judgment, and a path for resolution along with

1 Some non-profits may qualify.
supporting documentation. A property with an involuntary tenant’s lien will be reviewed and eligibility will be determined on a case-by-case basis.

H. The Property Owner certifies and demonstrates that he is current on his mortgage, has not defaulted on the deed(s) of trust, and can legally enter into the Program.

I. The Property Owner must have a professional audit conducted by an Eligible Auditor on the property that corresponds to the types of improvements the Owner is seeking to finance, and those improvements must appear as identified opportunities or recommendations within the resulting audit report on a per measure basis. The Program reserves the right, on a case-by-case basis, to review and approve improvements that do not appear as an identified opportunity or recommendation within the audit report. See Chapter 7 for more details about energy audits.

J. The financed improvements must be Authorized Improvements and must be installed by an Eligible Contractor.

K. The Property Owner will be encouraged to participate in appropriate state and city incentive programs to the extent the subject property is eligible for such programs at the time of application. See Chapter 8 for more details about utility rebate and incentive programs.

L. The Property Owner must obtain written consent from the property’s existing mortgage lenders as a requirement for further encumbrance. The Program will provide templates for this purpose, but it is the Owner’s responsibility to obtain consent from the mortgage lender(s). The Owner must submit a copy of the signed Mortgage Lender Consent Form with the Final Application.

M. Property must meet a positive equity test and not exceed a maximum loan-to-value ratio².

N. Improvement costs are reasonable to property value. Property must meet a minimum value-to-lien ratio³.

O. The Property Owner must agree to provide the County with access to utility usage information to enable the Program to monitor energy savings. The Owner must further agree to participate in surveys and Program evaluations.

P. Property is subject to the appropriate jurisdiction’s (county, city, or town) permitting and inspections and all other applicable federal, state, and local codes and regulations.

Q. The Program involves the issuance of bonds by the County of Los Angeles that are secured by a contractual assessment. Therefore, it is important that Property Owners pay their contractual assessment and other property-related obligations in full on a timely basis or risk property foreclosure. Consequently, the Program reserves the right to request additional information in its sole discretion and to deny applications based on any information that reflects on the likelihood that a Property Owner may not pay its contractual assessment.

The minimum eligibility requirements provided in this Handbook are subject to change pursuant to the future financing needs of the Program.

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² Aggregate total of all liens secured by real estate mortgages on the property divided by the value of the property.
³ Value of the property divided by the amount of the contractual assessment.
Chapter 4: Eligible Property Improvements

Authorized Improvements
In general, in order for property improvements to be eligible for financing through the Program, they must have a useful life of five years or longer, be permanently fixed to the property or building, and have the capacity to reduce energy or water usage, and generate clean power. Eligible measures that have been identified by the Property Owner in their Final Application and approved by the Program in the Final Reservation are described as “Authorized Improvements.”

Each Authorized Improvement must be included in the energy audit that is submitted at the Final Application. See Chapter 7 for more details about the energy audit requirement.

The Program also recommends that each Authorized Improvement is covered by a utility incentive program. See Chapter 8 for more details about utility rebate and incentive programs.

Efficiency gains will be evaluated at the building level, so as not to restrict projects to “like for like” replacements. However, if a portion of the work increases energy consumption for a given system or subsystem – such as the installation of additional cooling capacity – the applicant must demonstrate that other measures within the overall scope of the financed project will reduce overall energy consumption at the building level. This allows for the modernization of older buildings – which often do not have adequate cooling – while also saving energy, improving occupant comfort, and creating jobs.

Property Owners who elect to engage in broader retrofit projects, such as remodeling or building an addition, will be eligible to obtain PACE financing only for costs associated with Authorized Improvements.

Common Measures
The Program has an extensive list of common energy efficiency and energy generation property improvements (or measures) that are eligible for financing, which can be found in the separate Eligible Measures List document organized by these categories. The measures are further organized into system and subsystem groupings for easier navigation within the list.

Custom Measures
The Program will also consider, on a case-by-case basis, other measures (custom measures) that do not appear in the Eligible Measures List. Such custom measures will require additional technical review by the Program if they are not covered by an incentive program that approves them. The added technical review will likely result in an additional cost for the applicant.

Ineligible Measures
Measures that are not attached to the real property or building and can be easily removed are not eligible for financing through the Program (e.g., screw-in fluorescent light bulbs, appliances, plug load devices, and vending machine controls). Any measures that cannot be explained in terms of industry-standard engineering or scientific principles are also not eligible. Routine repair and maintenance costs also may not be capitalized into the assessment.
**Responsibility for Authorized Improvements**

The Program is a financing program only. By establishing the Eligible Measures List, the Program is not recommending or warranting any particular improvements. The Program is also not responsible for the measures or their performance.

Property Owners are solely responsible for the measures installed on their property. Should there be any unsatisfactory performance or other system-related issues that arise during or after installation, the Property Owner must address those directly with the responsible contractor according to the terms of the contract between the two parties.
Chapter 5: Eligible Auditors, Contractors, and ESCOs

A typical project financed by this Program will involve an auditor, a contractor, and/or an energy service company (ESCO). Los Angeles County’s PACE Program maintains the open market program approach in the selection of the project’s implementers – the Owner may choose the auditor and contractor(s) or ESCO of their choice provided they comply with the basic requirements listed below. All auditors, contractors, and ESCOs must comply with applicable state, federal, and local laws, as well as the eligibility requirements for applicable rebate programs.

The Program encourages Property Owners to research, check bonding limits, licenses, and certifications, and receive bids from multiple auditors and contractors before signing a contract. The Program is not responsible for determining the appropriate equipment, price, contractor, or anticipated savings. By establishing eligibility criteria, the Program is not recommending a particular auditor or contractor or warranting the reliability of such entity. This Program is a financing program only. Los Angeles County will not participate in the resolution of any dispute between the Property Owner and their auditor, contractor, installer, or equipment manufacturer.

Eligible Auditors

An energy audit is required to begin a PACE project to designate the scope of the project and to provide information on the energy savings expected from the work. With a high-quality energy audit carried out by a qualified professional, energy efficiency projects are more likely to deliver the expected savings. A qualified auditor will have broad experience with all types of energy projects, such as lighting, heating, ventilation, and air conditioning (HVAC), building envelope, and energy equipment controls.

All eligible auditors must comply with the following:

- **Licensing.** Auditors must hold a professional certification and comply with one of the auditor certification programs listed below:
  - American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE)
    - BEAP – Certified Building Energy Assessment Professional
  - Association of Energy Engineers
    - CEA – Certified Energy Auditor
    - CEM – Certified Energy Manager
- **Experience.** Auditors must have a minimum of 2 year experience conducting audits.

See Chapter 7 for energy audit requirements.

Eligible Contractors

The Authorized Improvements must be installed by contractors who meet the eligibility criteria set forth below and corresponding to the category of work being financed through PACE. If the Owner chooses to use a contractor that does not meet the Program’s eligibility requirements, those improvements are not eligible for financing through the Program. Eligibility is as follows:
- **Licensing.** Contractors must: (i) demonstrate compliance with all applicable state and local licensing laws, (ii) be in good standing with the Contractor’s State Licensing Board, and (iii) possess the license or licenses required by the State for the specific improvements they install and the work performed.

- **Insurance.** Contractors must be sufficiently insured and bonded.

- **Permits.** Contractors shall obtain all required building permits – including MECH.LTG forms for Title 24 compliance – and the improvements must successfully pass the final building inspection.

- **Rebate Programs.** Contractors are encouraged to participate in state, local, and utility rebate programs and must meet the requirements of such programs.

**Eligible ESCOs**

All ESCOs providing audit or contracting services for a project financed through the Program, must follow the requirements listed for eligible auditors and contractors.
Chapter 6: Eligible Project Lender/Investor

The Program is based on an “open market” approach in which individual Property Owners are responsible for identifying a capital provider willing to fund their project. Property Owners negotiate specific financing terms, including the interest rate and repayment term of the PACE loan, in accordance with the parameters of the Improvement Bond Act of 1915.

Investors must be qualified to purchase a PACE bond as detailed in the Bond Purchase Agreement, a sample of which can be provided upon request to the Program. Basic eligibility includes that the Investor is able to provide documentation of one of the following:

- An “accredited investor” as defined by Rule 501 (a) promulgated under the Securities Act of 1933, as amended
- A “qualified institutional buyer” as defined in Rule 144A under the Securities Act of 1933

For a list of eligible PACE Investors, visit the Program website www.pace.lacounty.gov. This list is provided for informational purposes and is the result of an open solicitation for PACE Investors in the Los Angeles area who meet minimum qualifications. The Program does not require an Owner to use one of the Investors on this list nor does it endorse these Investors.

Los Angeles County will not participate in the resolution of any dispute between the Property Owner and their Investor.
Chapter 7: Energy Audit

The Program requires Property Owners seeking to finance energy efficiency or renewable energy measures through the Program to receive an energy audit conducted by a professional energy auditor of the Owner’s choice and at the Owner’s cost. That auditor must meet the Program’s auditor requirements, detailed in Chapter 5. The cost of the audit is borne by the Owner but may be financed through the Program.

The measures for which the Property Owner is seeking financing must appear as identified opportunities or recommendations within the resulting audit report. The Program reserves the right, on a case-by-case basis, to review and approve measures that do not appear as an identified opportunity or recommendation within the audit report.

Energy Audit Criteria

As a condition of financing, the Program requires an energy, water, and/or renewable energy audit to designate the scope of the project and to assess the expected energy cost savings of the improvements over their useful life. With a high-quality audit carried out by a certified professional, energy efficiency projects are more likely to deliver the expected savings. Requirements for all audits, regardless of the scope of work, are as follows:

- The Owner chooses their own professional energy auditor meeting the Program eligibility requirements, who must conduct all audits.
- The audit must be conducted on the property within the 12 months prior to submission of the Final Application.
- The measures for which the Property Owner is seeking financing must appear as identified opportunities or recommendations within the resulting audit report.
- The audit must associate energy savings on a “per measure” basis.
- Determine the expected energy and water saving savings in the following categories:
  - Peak savings (kW), electric savings (kWh), electric generation (kWh), water savings (gallons).
- Estimated useful life of each individual measure.
- Assess total project capital cost.
- Determine the project’s key financial metrics including:
  - Return on investment, internal rate of return, net present value, and payback time based on the anticipated financing term.

The Program reserves the right to review and approve measures that do not appear as an identified opportunity or recommendation within the audit report.

ASHRAE Audit

The commercial building energy audit market is fragmented, with no universally accepted standards for auditors. Property Owners are encouraged to select an auditor with the experience, skills, and accreditation appropriate for their building and project type.
An ASHRAE Level II Energy Audit is recommended to determine the potential improvements and work scope. This audit is a detailed investigation including a comprehensive building survey, energy analysis, and financial analysis. The Level II audit starts with the findings of the Level I audit and evaluates the building in detail to define a variety of potential energy efficiency improvements for the following energy systems: Building Envelope, Lighting, Heating, Ventilation, and Air Conditioning (HVAC), Domestic Hot Water, and Compressed Air and Process Uses (for manufacturing, service, or processing facilities).

The Level II audit includes a detailed analysis of energy consumption to quantify base loads, seasonal variation, and effective energy costs. A good energy audit will also consider conditions that affect occupant comfort such as humidity, ventilation, air quality, lighting, and temperature. Through detailed discussions with the building ownership, management, and occupants, the auditor explores potential problem areas and clarifies financial and non-financial goals.

The Level II audit results in a clear and concise report describing a variety of energy efficiency measures including no- and low-cost measures, modifications to system controls and building automation, operational changes, and potential capital upgrades. Each measure in the ASHRAE audit should identify the savings expected from the individual measure.

<table>
<thead>
<tr>
<th>Audit Activity</th>
<th>Audit Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walk-through survey</td>
<td>X</td>
</tr>
<tr>
<td>Identify low-cost/ no cost recommendations</td>
<td>X</td>
</tr>
<tr>
<td>Identify capital improvements</td>
<td>X</td>
</tr>
<tr>
<td>Review mech. &amp; elec. Design, condition and O&amp;M practices</td>
<td>X</td>
</tr>
<tr>
<td>Measure and monitor key parameters</td>
<td>X</td>
</tr>
<tr>
<td>Analyze capital measures for savings</td>
<td>X</td>
</tr>
<tr>
<td>Additional testing and monitoring</td>
<td></td>
</tr>
<tr>
<td>Detailed system monitoring</td>
<td>X</td>
</tr>
<tr>
<td>Schematic layouts for recommendations</td>
<td>X</td>
</tr>
<tr>
<td>Meet with Owner to review recommendations</td>
<td>X</td>
</tr>
</tbody>
</table>

**Solar Audit**

If ONLY solar panels are being installed, the Program will only need a solar audit performed by a licensed engineer. If a new energy efficient roof is installed as part of the solar improvements, expected energy savings from the roof must be submitted as part of the solar audit. Solar audits must at a minimum include the following information:

- **System Info:**
  - Solar Panel Type
• Inverter Make/Model
• System Size (kw-DC)
• Azimuth/Tilt/ Standoff/Shading DeRate
• System Warranty
• Production Guarantee (if included)
• Total % of customer’s annual energy usage estimated to be offset by the PV system
• Annual Production (kWh)
• Typical Demand (kW)

Roof Info:
• Original Roof
• Type of installed roof
• Estimated annual energy savings

Payback Info:
• System Installed Cost
• Price per kWh
• Assumed percentage annual increase in utility energy cost (should be between about 2-7%, preferably on the lower end)
• Assumed annual production degradation (should match system warrantee)
• Assumed cost of inverter replacement and when
• Expected Incentives
• Copy of the output from the Expected Performance Based Buydown calculator that is used to estimate the California Solar Initiative incentive
• Calculated Payback

Water Audit
For projects installing water measures, a water audit is required that calculates the baseline building water use compared to the expected savings after the improvements have been installed. Water audits may be conducted as part of an ASHRAE audit following ASHRAE guidelines, or separately following the methodology and templates found in the Leadership in Energy and Environmental Design (LEED) for Existing Buildings handbook, under Water Efficiency Prerequisite 1.
Chapter 8: Participation in Rebate/Incentive Programs

Rebate and incentive programs reward participants with cash payments or tax credits for implementing measures that reduce energy or water usage, thus reducing the Owner’s project cost. Leveraging such existing programs also helps reduce overall program costs by providing credible savings projections, quality control and assurance, and project inspection services at no additional cost to the Owner.

Property Owners seeking financing through Los Angeles County’s PACE Program are strongly encouraged to participate in rebate or incentive programs (if available to them) when installing measures covered by those programs, but participation is not required (in order to give Owners maximum flexibility). However, rebates are critical to making most projects pencil out. PACE financing may cover the Gross Project Cost without subtracting anticipated rebate monies because rebates are typically paid out after the project is complete.

Consequences of Non-participation

Because rebate and incentive programs can act as third-party verification for the Program on the validity of the Owner’s measures and their likely energy savings, participation in such programs reduces the Program’s costs for the project review, verification, and quality assurance activities. Therefore, Owners who elect not to participate in such rebate or incentive programs may incur additional fees to cover the Program’s costs of conducting activities normally performed by such programs. These fees may vary depending on the type and complexity of measures included in the project.
Chapter 9: Financing Cost; Interest Rate

Financing Cost
The financing cost is paid by the Owner through a special assessment on their property tax bill and is comprised of the following:

i. The principal amount financed by the Investor through the Program
ii. Interest on the principal amount listed above
iii. Program administrative fees
iv. Investor closing fees, which will vary depending on the Investor that is selected

PACE financing may cover the Gross Project Cost without subtracting out anticipated rebates and incentives because rebates are often paid out after a project is complete. Rebates are, however, critical to making most projects a cost-effective endeavor and the Program encourages Owners to make use of available rebates and incentives. Although the Owner negotiates and agrees on certain financing terms directly with the Investor, the Program encourages a term sheet to reflect a higher first and/or second payment that includes rebate and incentive monies received by the Owner for the completed work. It is advisable that rebates be applied toward principal when received.

Interest
The rate of interest on the principal amount is negotiated between the Owner and the Investor and is indicated in the Investor’s Term Sheet required at Final Application in order to provide the basis for the Transaction Documents. Expressing the final Not to Exceed Interest Rate and the Not to Exceed Principal Amount is acceptable for the Investor’s Term Sheet. Expressing the final Not to Exceed Interest Rate as a spread to an index, such as Treasuries, on the Term Sheet is also an acceptable practice, but the County would require documentary evidence of the applicable treasury rate on the day of the interest rate lock to validate that the Transaction Documents are being executed in accordance with the Term Sheet.

Depending on when a project’s financing closes, it may not be possible to place the contractual assessment on the County’s property tax bill until the following tax roll cycle, resulting in an extended period of as long as 20 months from the time of execution of the assessment contract to the first interest payment (due on March 2nd of any given year), which means a higher first coupon payment.

Program Fees
There are a number of direct and indirect costs and fees associated with the Program. Some of these are mandatory fees paid by the Owner, whereas a few are conditional depending on the project. In order to receive financing, the Owner must agree to pay those fees the Program Administrator deems mandatory for the project and may finance most of them through PACE. The fees specific to any project will be disclosed and agreed to prior to financing. Although fees may vary based on the project size and structure, a general description is provided in subsequent sections.

Fees are subject to change without notice. Project lenders, rebate/incentive programs, and others may impose additional costs and fees, many of which may be financed through PACE. Other fees and costs
may include, but are not limited to, the following items: interest, energy audit, debt service fund, title report, or appraisal.

<table>
<thead>
<tr>
<th>Description</th>
<th>Timing</th>
<th>Cost</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>One-Time Fees</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application Fee</td>
<td>At Final Application</td>
<td>$250</td>
<td></td>
</tr>
<tr>
<td>County Closing Fees</td>
<td>At closing</td>
<td>$5,000 - $10,000</td>
<td>Most projects will incur only $5,000.</td>
</tr>
<tr>
<td>County Recording Fee</td>
<td>At closing</td>
<td>$100</td>
<td></td>
</tr>
<tr>
<td>County Bond Counsel</td>
<td>At closing</td>
<td>TBD</td>
<td>Not to exceed $25,000 per PACE Bond.</td>
</tr>
<tr>
<td>County Assessor Fee</td>
<td>At closing</td>
<td>$300</td>
<td></td>
</tr>
</tbody>
</table>
| Trustee Fee               | At closing        | $500 + $1,000 each year of the bond | For example, a 20-year term fee is $20,500.
| CDIAC Fee                 | At closing        | .00015 x Par Amount of Bonds | Fee is capped at $3,000. Fee to the Investor on projects >$1million. |
| **On-Going Program Fees** |                   |                     |                                                     |
| Annual Administrative Assessment | Annually       | NTE $100            | Not a fixed fee. Adjusted annually.                |

**Application Fee**
The Program Final Application Fee is a mandatory fee that is paid to the PACE Administrator, BKi, for the purpose of processing and reviewing the Owner’s Final Application submittal and checking eligibility criteria. Review of a project’s Final Application will not begin until the payment is received. The Los Angeles County PACE Financing Program Final Application Fee Cover Sheet must be completed and submitted along with a check made payable to “BKi” and mailed to the following address:

LA County Non-Residential PACE Program  
c/o BKi  
523 W. 6th Street, Suite 1129  
Los Angeles, CA 90014

**County Closing Fees**
County closing fees may be financed through the PACE bond. Most projects will incur a closing fee of $5,000. For more complex financing transactions, the County reserves the right to charge up to $10,000. Closing fees pay for the following activities performed by the County’s Treasurer and Tax Collector and Assessor offices:

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4 Certain highly complex transactions and/or transactions with difficult PACE Investors could cause bond counsel fees to exceed this limit.
- Document preparation and review
- Notice of Assessment
- Placement of the assessment on the Tax Roll
- Coordinating the disbursement process for project funds maintained with external Trustee

**County Recording Fee**
The recording fee covers the cost to record the PACE contractual assessment on the property as a matter of public record.

**County Bond Counsel**
County Bond Counsel fees may be included in the financed amount. County Bond Counsel fees go toward creation and modification of the following documents: Assessment Contract, Bond Purchase Agreement, Indenture, and Resolution.

**County Assessor Fee**
The County Assessor Fee covers the cost to establish the tax account for the PACE transaction.

**Trustee Fees**
The Trustee Fees cover the cost to establish the escrow accounts, disbursement of funds to pay project costs for the Energy Improvements and costs of issuance related to the PACE bond, and ongoing paying agent services to ensure the timely payment of debt service to PACE Investors.

**CDIAC Fee**
California Debt and Investment Advisory Commission (CDIAC) is a required state fee that is charged to the Investor for projects financing over $1 million. It is calculated at .00015 x Par Amount of Bonds. The CDIAC fee is capped at $3000.

**Annual Administrative Assessment**
The County charges an Annual Administrative Assessment to cover costs incurred for the ordinary and necessary costs of administering the levy and collection of the contractual assessments including preparation of the annual tax roll and disclosure reports, monitoring project funds, tracking delinquencies, administration of any reserve fund, registration of associated bonds, and collecting fees. The Annual Administrative Assessment is collected in the same manner as the contractual assessment and appears as a separate line item on the property tax bill.

The total annual administrative assessment that is calculated each year will take into consideration the following expenses: Trustee/Paying Agent fees, County Auditor-Controller direct assessment billing fee and administrative accounting fees, outside Consultant services fee related to the preparation of the property tax transactions to be submitted on the tax roll, legal counsel fees, and County Treasurer and Tax Collector administrative fees. The annual administrative fee may change from year to year; however, under no circumstances will the total fee exceed the Maximum Annual Administrative Assessment in effect at the time the assessment contract is executed and will remain in effect throughout the life of the PACE bond. The Administrative Assessment is disclosed in Exhibit B “Certain Financing Terms” of the Assessment Contract.
The current Maximum Annual Administrative Assessment amount of $100 was approved by the County Board of Supervisors, but is subject to change.
Chapter 10: Requesting Funding Disbursement

Funding Reservation
Once the Program approves the Final Application Submittal, the Owner has 360 calendar days within which to complete installation of Improvements on the subject property and complete financing arrangements with Los Angeles County. Property Owners who receive Program approval must have licensed and bonded contractors complete installation of the approved Improvements on the subject property and complete funding disbursement during this period. Failing to have a qualified contractor complete the installation of the Improvements on the subject property within the reservation period will result in expiration of Program approval and funding reservation. An Owner who is unable to complete the Improvements in the specified period may request an extension prior to expiration of the 360-day term. The Program Administrator reserves the right to re-assess the project and Owner’s eligibility (additional applications fees may apply).

An Owner may cancel a Program Final Application approval in writing during the 360-day period. Cancellation will result in forfeiture of the application fee and the opportunity to receive funding under that approval. The Owner may reapply but will not be guaranteed funding availability and will have to pay another application fee.

Funding Request
After a qualified contractor has completed installation of the Authorized Improvements on the subject property, the Owner must submit a Funding Request and verification of completed work to the Program Administrator. Project Verification documents submitted with the Funding Request may include the following items if not previously submitted to and approved by the Program:

- A signed final permit inspection for applicable completed Improvements
- A final invoice from contractors, or for progress payments, an invoice stating the percentage of work complete. The invoice must provide sufficient detail to permit review against the Improvements approved in the Final Application.
- Incentive and rebate applications with project ID numbers
- Mechanic’s lien release
- Executed wire request

All funding requests will be deemed final upon submission of the required documentation and may not be subsequently changed. The Program will approve the issuance of a check or wire transfer to the Owner after submission is received and checked for compliance.

In the event that a Property Owner cancels financing after a request for funding is submitted to the Program Administrator, all expenses incurred by the County for lien recordation, transaction document preparation, and removal of liens will be the responsibility of the Owner. The County will terminate the lien, evidenced by the recordation of the Notice of Assessment, upon receipt of reimbursement from the Owner for these expenses.
**Maximum Disbursements**

The County will establish a maximum par amount of the PACE bond in the Assessment Contract. Where possible, the actual amount disbursed to a participating Property Owner pursuant to an Assessment Contract will equal the actual cost of Improvements. In the event that the final cost of Improvements exceeds the agreed upon maximum disbursement amount, the Property Owner will be solely responsible for the payment of excess costs incurred to complete the Improvements.

**Debt Service Reserve Fund**

Mortgage Lenders and/or PACE Investors may require a Debt Service Reserve Fund (DSRF) for PACE financing. DSRF monies can derive from either bond proceeds negotiated between the Owner and Investor or from other sources, such as local governments or grants. DSRF monies funded from bond proceeds or Owner payments can be used to defease bonds at the end of the bond term. Some participating cities or the County may choose to fund a common Debt Service Reserve Fund at its own discretion and to which additional rules and regulations may apply.
Chapter 11: Important Legal Terms

Repayment Terms
Following execution of the Assessment Contract and recordation of the Notice of Assessment and the Payment of Contractual Assessment Required, the Owner will be obligated to pay the contractual assessment according to the terms specified within the contract. PACE contractual assessments will be collected in the same manner and at the same time as the general property taxes of the County and are subject to the same penalties, remedies, and lien priorities in the event of delinquency and default. Properties with PACE assessments that are added to the Delinquent Property Tax Roll are subject to an accelerated foreclosure process. The County will initiate judicial foreclosure proceedings upon the request of a PACE Investor at any time when a property is included on the Delinquent Property Tax Roll.

Project Investor Financing Terms
Each PACE Investor may impose additional terms or eligibility requirements on the Owner beyond the provisions described in this Program Handbook. As an “open-market” PACE program, participating Property Owners have the responsibility of identifying a qualified project lender and arranging financing with that project lender. Agreements between the Property Owner and project lender cannot create Program obligations or liabilities.

Contractual Assessments
A Property Owner must pay the agreed-upon contractual assessment regardless of financial circumstances, the condition of the property or the performance of the Improvements. Do not apply for financing if you are not certain you can pay the PACE benefit assessment. The failure to pay your PACE benefit assessment in full will result in financial repercussions, including penalties, interest and, potentially, foreclosure of your property by the County.

If an escrow account is used to pay semi-annual property taxes, Owners are responsible for notifying their escrow company of the contractual assessment payments. The escrow agent will need to increase monthly payments by an amount equivalent to the annual contractual assessment divided by 12 months.

Compliance with Existing Mortgages
Recordation of the PACE Contractual Assessment will establish a continuing lien on the property as security for the obligation to pay the contractual assessments. This lien will have priority over all other liens on the property regardless of the time of their creation, including the existing purchase mortgage(s). Many mortgage and loan documents limit the ability of the Owner to further encumber the property – particularly encumbrances with priority over the mortgage/loan – without the consent of the lender.

Property Owners should confirm with any lienholder(s) that participation in the Program will not adversely impact the Owner’s rights with respect to any existing loan documents, or obligate them to prepay their PACE benefit assessment.
In all cases, the Program requires Owners with an existing mortgage/loan(s) on the property to obtain written lender consent to the PACE contractual assessment prior to approval of the PACE Final Application. The Program will provide a template form, called the “Lender Consent Form”, in order to obtain the proper written consent, however, the responsibility for addressing issues with existing lenders lies with the Property Owner.

As is normally the case, if a borrower becomes delinquent or defaults on their property tax payments, the existing mortgage lender and the Investor have the right to cure such delinquency, as stated in the assessment contract and bond documents, in order to keep the PACE assessment current.

**Priority of Funding**
The County is authorized to enter into up to $1.0 billion in aggregate dollar amount of voluntary contractual assessments. Applications from Property Owners for financing will be given priority based on the date on which the final application is approved. If a request from a Property Owner for financing would cause the Program to exceed the maximum amount of contractual assessments for the Program, that application will be ineligible for financing and will be placed on a waiting list until additional funding becomes available. The Program Administrator shall retain the authority to grant exceptions to the priority status of individual applications.

**Transfer or Resale of the Subject Property**
If the property is sold prior to the end of the agreed-upon assessment period, the new Owner will assume the payment obligation. Ownership of any Authorized Improvements on the subject property will transfer to the new Owner at the close of the real estate sale. Authorized Improvements financed through the Program may not be removed from the property until the bond issued by the Program to finance installation of the Authorized Improvements has been retired. Program participants agree to make all legally required disclosures about the existence of the PACE benefit assessment on the property in connection with any sale.

**Resale of PACE Bonds**
The County may place certain resale restrictions on PACE bonds and require that any re-purchaser meet the same eligibility requirements as the original Investor. Strategies for PACE bond resale, secondary market development, and/or future securitization for capital markets resale will be discussed with interested Investors, and will be determined in consultation with and subject to the approval of the County.

**Rebates and Taxes**
Participation in this Program does not reduce rebates available through the state and utility rebate programs. Consult with your tax advisors with respect to the state and federal tax implications of participating in the Program. The Program is not responsible for the state or federal tax consequences of participating.
Collection of PACE Assessments

The County’s fiscal year runs from July 1st of the current year through June 30th of the following year. In the current fiscal year, any PACE assessment contracts executed prior to June 30th (note: this is an approximate deadline) are placed on the property tax roll for the next fiscal year. Property tax bills for the current fiscal year are delivered in October and include assessments related to any PACE contracts executed in the previous fiscal year. The PACE assessments, along with other assessments and regular property taxes, are payable in two equal installments, which are due no later than December 10th and April 10th of each year. If the 10th of the month falls on a weekend, the payment deadline is moved to the following Monday. The collected PACE assessments will be apportioned (distributed) to the debt service account established for each PACE bond starting in the month February of each tax year, with the final distribution completed in the month of August.

The PACE bonds created from the PACE assessment contracts are structured as “1915 Act Bonds” under the California Streets and Highways Code, which require semi-annual debt service payments on March 2nd and September 2nd, with mandatory principal amortization on the September 2nd payment. For a PACE assessment contract executed in the current fiscal year, the first debt service payment (interest only) on the PACE Bond will be due to the PACE Investor on March 2nd of the following calendar year. The second debt service payment (interest and principal) will be due to the PACE Investor on September 2nd of the following calendar year. The collection/payment cycle described above repeats on an annual basis through the life of the PACE assessment contract.

The Board of Supervisors must approve each bond issuance, and has established a deadline of July 1st for receiving requests for new assessments to be placed on the following fiscal year’s tax roll. Financial closing may occur at any time, however, it is important to note that principal and interest payments are not triggered until the assessment is placed on the tax roll, pursuant to the schedule above.

For example:

1. PACE financing closes on June 30, 2013 (before the July 1st cut-off date):
   - October 2013 – Property tax bill including PACE assessment is delivered to the Property Owner
   - December 10, 2013 – First PACE Assessment payment is due from the Property Owner to LA County (50% of total annual payment)
   - March 2, 2014 – First Interest-only Debt Service Payment from LA County is due to the PACE Investor
   - April 10, 2014 – Second PACE Assessment payment is due from the Property Owner to LA County (50% of total annual payment)
   - September 2, 2014 – First Principal + Interest Debt Service Payment from LA County is due to the PACE Investor

2. PACE financing closes on August 15, 2013 – after the July 1st cut-off date, meaning the PACE assessment is placed on next fiscal year’s Tax Roll (FY 2014-2015):
   - October 2014 – Property tax bill including PACE assessment is delivered to the Property Owner
• December 10, 2014 – First PACE Assessment payment is due from the Property Owner to LA County (50% of total annual payment)
• March 2, 2015 – First Interest-only Debt Service Payment from LA County is due to the PACE Investor
• April 10, 2015 – Second PACE Assessment payment is due from the Property Owner to LA County (50% of total annual payment)
• September 2, 2015 – First Principal + Interest Debt Service Payment from LA County is due to the PACE Investor

**Note:** Installation of improvements can begin upon closing, enabling savings to begin accruing prior to the first PACE assessment collection and subsequent interest-only debt service payment.

**Note:** Interest would accrue during the period between closing (8/15/2013) and March 2, 2015.

### Reassessments of Property Appraisal
State law requires the Assessor to reappraise property upon change in ownership or completion of new construction. Installation of photovoltaic systems is exempt from this requirement. The following information can be found on the Assessor’s website, which provides a general list of types of new construction that are eligible for reassessment including:

- New structures
- Area added to existing structures
- New items added to an existing structure such as bathrooms, fireplaces, central heating/air conditioning
- Physical alterations resulting in a change in use
- Land development
- Rehabilitation, renovation, or modernization that converts an improvement to the substantial equivalent of a new improvement.

Each time a permit is pulled, the property’s assessed value has the possibility of changing. This does not mean that the entire property is reassessed. The Assessor’s office has a method of determining the incremental improvement value based on the permit that was pulled. For example, if a new bathroom is added, the property’s value will increase incrementally to reflect the added improvement, but the Assessor would not reassess the value of the entire property including its land.

### Changes in State and Federal Law
Los Angeles County’s ability to issue PACE bonds is subject to a variety of state and federal laws. If those laws or the judicial interpretation thereof were to change after the Owner has applied for funding (and, thereafter, incurred the cost of installation in anticipation of Program funding) but before the County issues a bond to finance the funding request, the County may be unable to fulfill the funding request. **The County shall have no liability as a result of any such change in law or judicial interpretation.**
Changes in Program Terms; Severability
The Program reserves the right to change the terms and provisions set forth in this Handbook at any time without notice; however, no such change will affect an Owner’s obligation to pay contractual assessments. Property Owner participation in the Program will be subject to the version of this Handbook in effect at the time of their Final Application submittal.

If any provision of this Handbook is determined to be unlawful, void, or for any reason unenforceable, that provision shall be deemed severable from this Handbook and shall not affect the validity and enforceability of any remaining provisions.

It is the Owner’s responsibility to confirm they have the most recent applicable version of the Handbook and Program documents. Property Owners may satisfy this responsibility by checking the documents on the Program website or by calling the Program Administrator.

Disclosure of Property Owner Information
Property Owners must agree to allow the Program to disclose their personal/corporate information submitted as part of the Program to the Program Administrator, and to allow the Program and the Program Administrator to disclose the Owner’s information to third parties when such disclosure is essential to conducting the Program’s business or to providing services to the Owner. Instances where such disclosure is necessary include but are not limited to: (i) compliance with the law, legal process, or regulators, and (ii) enabling the Program or Program Administrator’s employees or consultants to provide services to the Owner or to otherwise perform their duties. The Program will not provide Owner information to third parties for telemarketing, email, or direct mail solicitation.

All Property Owner information obtained by the Program is treated with great care in order to protect privacy and security.

In order to receive funding for under the Program and to enable communication regarding utility rebate programs, Owners must consent to the release of their name, contact information, and incentive application project numbers to the County, the Public Utilities Commission, the California Energy Commission, and other Program grantors and designated Program contractors for the purpose of conducting surveys and evaluation of the Program. At the time of Final Application, Owners must also sign a document allowing the release of the property’s utility usage data.

Fraud
Giving materially false, misleading, or inaccurate information or statements to the Program or its agents and partners (or failing to provide the Program with material information) in connection with an application is punishable by law. Material representations include, but are not limited to, representations concerning the project costs, ownership structure, and financial information relating to the property and the applicant.
Exceptions to Terms and Provisions
The Program may make exceptions to the terms and provisions detailed in this Handbook where there is a finding that such exception furthers the goals and objectives of the Program. Consideration of an exception request from a Property Owner may involve payment of the Application Fee or other fees.
## Appendix B: Final Application Supporting Documents

<table>
<thead>
<tr>
<th>Document Name</th>
<th>Applicant Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executable Contractor Contract(s) to Implement the Project</td>
<td>Each contractor involved in the project must submit an executable copy of the contract that includes details about equipment to be installed, materials, labor, and other costs. The submitted copy may contain text indicating that execution is contingent on closing of funding.</td>
</tr>
<tr>
<td>Energy Audit</td>
<td>The Property Owner must commission a professional energy and/or water audit of the Authorized Improvements on which the cost and savings projections form the basis of the PACE financing. The Program recommends that the audit meet ASHRAE Level 2 standards, or be an energy analysis comparable in technical rigor (i.e., development of projected energy savings, cost savings, and project costs). The energy audit must be conducted on the property within twelve (12) months prior to submission of the Final Application. Audits and auditors must meet the standards outlined in this Program Handbook.</td>
</tr>
<tr>
<td>Mortgage Lender Consent</td>
<td>Only required if there is a mortgage on the property. The Mortgage Lender Consent Form must be signed by an authorized representative of the mortgage lender to show written consent of the PACE lien.</td>
</tr>
<tr>
<td>Investor Commitment and Term Sheet</td>
<td>After the Owner chooses an Investor and negotiates rate and terms, the Investor must complete the Investor Commitment and Term Sheet form to demonstrate that financing has been secured for the project. The Term Sheet should set forth the closing conditions to be included in the Transaction Documents including a Not to Exceed Interest Rate and a Not to Exceed Principal Amount. The Program has created a template of what is required on the Investor’s Term Sheet.</td>
</tr>
<tr>
<td>Draft Amortization Schedule</td>
<td>The chosen Investor must create an amortization schedule indicating level payments over the term of the PACE financing.</td>
</tr>
<tr>
<td>Title Report</td>
<td>Submit no earlier than ninety (90) days before the date on which the Final Application is submitted.</td>
</tr>
<tr>
<td>Power of Attorney, Corporate Resolution and/or Articles of Incorporation (if applicable)</td>
<td>Submit documents confirming the legal Owner of the property and building. If required by the Property Owner, submit an executed Power of Attorney form.</td>
</tr>
<tr>
<td>Final Application Review Fee</td>
<td>The Los Angeles County PACE Financing Program Final Application Fee Cover Sheet must be completed and submitted along with a check for $250 payable to BKi and mailed to following address: LA County Commercial PACE Program c/o BKi 523 W 6th St, Suite 1129, Los Angeles, CA, 90014 In the memo portion of the check quote: “LAC PACE App”.</td>
</tr>
</tbody>
</table>
Appendix C: Eligible Measures List

Eligible improvements will include, but are not limited to, the following types of Improvements, subject to approval by the Program Administrator:

<table>
<thead>
<tr>
<th>Category</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Roofs</strong></td>
<td>Cool roof</td>
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<tr>
<td></td>
<td>Reflective insulation</td>
</tr>
<tr>
<td></td>
<td>Green roof (case-by-case approval)</td>
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<tr>
<td></td>
<td>Reflective wall coating</td>
</tr>
<tr>
<td><strong>Windows</strong></td>
<td>Window film</td>
</tr>
<tr>
<td></td>
<td>Skylights</td>
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<tr>
<td>Doors</td>
<td>Window replacement w/ dual+ pane</td>
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<tr>
<td></td>
<td>Glass door</td>
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<tr>
<td></td>
<td>Solid door</td>
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<tr>
<td><strong>Air Sealing</strong></td>
<td>Envelope sealing</td>
</tr>
<tr>
<td><strong>Duct</strong></td>
<td>Insulation</td>
</tr>
<tr>
<td></td>
<td>Sealing</td>
</tr>
<tr>
<td><strong>Insulation</strong></td>
<td>Pipes</td>
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<tr>
<td></td>
<td>Wall</td>
</tr>
<tr>
<td></td>
<td>Floor</td>
</tr>
<tr>
<td></td>
<td>Attic</td>
</tr>
<tr>
<td></td>
<td>Roof</td>
</tr>
<tr>
<td><strong>Water Heater</strong></td>
<td>Tankless</td>
</tr>
<tr>
<td></td>
<td>Traditional</td>
</tr>
<tr>
<td></td>
<td>Solar thermal</td>
</tr>
<tr>
<td><strong>HVAC-Package Unit</strong></td>
<td>Packaged unit</td>
</tr>
<tr>
<td><strong>HVAC-Split System</strong></td>
<td>Split system/heat pumps</td>
</tr>
<tr>
<td><strong>HVAC-Other</strong></td>
<td>Evaporative coolers</td>
</tr>
<tr>
<td></td>
<td>Geothermal heat pumps</td>
</tr>
<tr>
<td></td>
<td>Heat recovery</td>
</tr>
<tr>
<td></td>
<td>Solar space heating</td>
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<tr>
<td></td>
<td>Radiant barriers</td>
</tr>
<tr>
<td></td>
<td>Duct zoning/airflow management</td>
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<tr>
<td></td>
<td>Kitchen exhaust VFD</td>
</tr>
<tr>
<td></td>
<td>Radiant barriers</td>
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<tr>
<td></td>
<td>Economizer repair</td>
</tr>
<tr>
<td></td>
<td>Water-side economizer</td>
</tr>
<tr>
<td></td>
<td>Radiant heating/cooling</td>
</tr>
<tr>
<td></td>
<td>Boiler improvements</td>
</tr>
<tr>
<td>EMS</td>
<td>Lighting efficiency retrofit</td>
</tr>
<tr>
<td><strong>Lighting-Hardware</strong></td>
<td>Lighting controls</td>
</tr>
<tr>
<td><strong>Lighting-Sensors</strong></td>
<td>Lighting controls</td>
</tr>
<tr>
<td><strong>Solar Tubes</strong></td>
<td>Solar tubes</td>
</tr>
<tr>
<td><strong>Weather-stripping</strong></td>
<td>Weather stripping</td>
</tr>
<tr>
<td><strong>EV Plug-in Station</strong></td>
<td>EV plug-in station</td>
</tr>
<tr>
<td><strong>Other EE</strong></td>
<td>See Statewide Offering Manual</td>
</tr>
<tr>
<td></td>
<td>Deemed Rebates list</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>PV Systems and Battery Back-up Systems</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>Solar Hot Water</td>
<td>Solar Water Heating Systems</td>
</tr>
<tr>
<td>Fuel Cells</td>
<td>Fuel Cell - Combined Heat &amp; Power (CHP) or Electric Only pending review of net CO2 reduction / energy savings</td>
</tr>
<tr>
<td>Cogeneration</td>
<td>Combined Heat &amp; Power (CHP) - Internal Combustion Engines, Micro-turbine, Gas turbine</td>
</tr>
<tr>
<td>Geothermal</td>
<td>Geothermal Electric</td>
</tr>
<tr>
<td>Bio-digester</td>
<td>Case-by-case basis</td>
</tr>
<tr>
<td>Other</td>
<td>Emerging Technologies - Advanced Energy Storage, Wind</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water Conservation</th>
<th>≤1.5 gpm @ 60 psi, no less than 0.8 gpm @ 20 psi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faucet Aerator</td>
<td>≤2.0 gpm</td>
</tr>
<tr>
<td>Showerhead</td>
<td>1.28 gpf</td>
</tr>
<tr>
<td>Toilets</td>
<td>1.0 gpf (Federal standard), 0.5 gpf (WaterSense labeled products)</td>
</tr>
<tr>
<td>Urinals</td>
<td></td>
</tr>
<tr>
<td>Graywater</td>
<td>Graywater</td>
</tr>
<tr>
<td>Hot Water</td>
<td>Demand Initiated Hot Water Recirculation Systems</td>
</tr>
<tr>
<td>Industrial Process</td>
<td>Case-by-case basis</td>
</tr>
<tr>
<td>Water Use Reduction</td>
<td>Smart Irrigation Controllers that use local weather and landscape conditions to tailor watering schedules. Drip Irrigation</td>
</tr>
<tr>
<td>Irrigation</td>
<td></td>
</tr>
<tr>
<td>Cistern</td>
<td>Cistern</td>
</tr>
<tr>
<td>Other</td>
<td>Case-by-case basis</td>
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</tbody>
</table>