

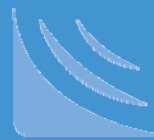


CSCDA

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY



California State Association of Counties



LEAGUE
OF CALIFORNIA
CITIES

Introduction to CSCDA Open PACE and the AllianceNRG Program™

www.cscda.org

CSCDA's Open PACE Program for Municipalities

- The California Statewide Communities Development Authority (“CSCDA”) established the CSCDA Open PACE platform in order to offer its members a turn-key PACE solution that provides residential and commercial property owners the choice among multiple prequalified PACE financing providers based on their business practices, qualifications, experience and capital commitment to the California PACE market
- Property Assessed Clean Energy (“PACE”) financing programs are expanding quickly in California due to the benefits they can provide to municipalities and their communities including:
 - Job creation and economic development
 - Reduction of energy consumption and advancement of renewable energy solutions
 - Improvement of residential and commercial properties often increasing property values
 - Financing for regionally important purposes such as water conservation and seismic strengthening
- By adopting one resolution, cities and counties provide residential and commercial property owners a competitive PACE program, administered by CSCDA’s prequalified program administrators, including the AllianceNRG Program
 - CSCDA Open PACE also offers cities and counties relief from the future burden of vetting and approving new Programs as the PACE market changes; future administrators can be managed by CSCDA at the JPA-level

Benefits to Open PACE Program Members

- **Prequalified PACE Administrators.** CSCDA has pre-qualified the PACE Administrators based on their business practices, qualifications, experience, and capital commitment to the PACE market
- **Project Eligibility.** The Open PACE platform can provide financing for all aspects of PACE including: 1) residential, 2) commercial, and 3) water conservation / seismic strengthening
- **No City/County Obligation.** As in conventional assessment financing, the City/County is not obligated to repay the bonds or to pay the assessments levied on the participating properties. Unlike conventional assessment financing, the City/County has no administrative duties and its name is not on the bonds
- **No City/County staff support required.** All Open PACE and assessment administration, bond issuance and bond administration functions are handled by CSCDA and the three Administrators. No City/County staff time is needed to participate in Open PACE
- **No internal management requirements.** The City/County can provide access for its residents to Open PACE without the higher staff costs that an independent program established by the City/County would require
- **Demonstration of Community Commitment to the Environment.** Participating in Open PACE demonstrates the City's/County's commitment to do everything in its power to improve the environment

Benefits to Open PACE Program Member Property Owners

- **Competition:** Open PACE provides options to property owners; Property owners can shop for the best price and service through the availability of the multiple PACE administrators
- **Savings:** Energy prices continue to rise and installing energy efficient, water efficient and renewable energy models lower utility bills
- **100% voluntary:** Only property owners who choose to finance improvements will have assessments placed on their property
- **Payment obligation can stay with the property:** Under Chapter 29, a voluntary contractual assessment stays with the property upon transfer of ownership. Most private loans are due on sale of the property. Certain mortgage providers will, however, require the assessment be paid at the time the property is refinanced or sold
- **Prepayment option:** The property owner can choose to pay off the assessments at any time, subject to applicable prepayment penalties
- **Not a personal loan or mortgage:** The PACE assessment in effect is not a personal obligation of the property owner through a conventional loan or mortgage but an assessment on the property secured by an assessment lien and collected as part of the regular tax roll on the property

CSCDA Open PACE Program Website Features

- **Opt In.** Municipalities provide basic agency information to receive a completed Open PACE Opt In Resolution
- **Staff Report.** Municipalities can download a sample staff report for consideration in pursuing Opt In Resolution adoption by elected officials
- **Program Report.** Municipalities can download a copy of the Program Report for a more extensive overview of the Open PACE program
- **PACE Provider overviews.** Municipalities and interested property owners can learn more about each of the three PACE providers and their abilities to provide residential and commercial services
- **Apply Now.** Interested property owners are able to apply directly to any of the respective Open PACE provider programs

Open PACE

CSCDA's OPEN PACE program is a turnkey resource for residential and commercial property owners to finance clean energy projects. CSCDA OPEN PACE will be available early in 2016. CSCDA developed qualification criteria to select PACE Program Administrators to be included in the CSCDA OPEN PACE platform. The CSCDA OPEN PACE Program Administrators will:

- Develop managed contractor networks in California communities
- Provide 100% financing for energy efficiency projects
- File repayment obligations through property tax bills

California cities and counties must be a member of CSCDA and adopt a resolution to Opt-In to CSCDA OPEN PACE in order to participate.

[Click here](#) to download the CSCDA Program Report.

For additional information, please [Contact Us](#).



Open PACE Residential



The AllianceNRG Program offers residential property owners a simple and dependable financing solution for energy efficiency, renewable energy, water conservation and seismic strengthening projects. The program offers up to 100% financing at competitive fixed rates over the useful life of the improvements, up to 20 years. The AllianceNRG Program combines responsiveness and creativity with the resources of global firms to provide a powerful financial tool for improvements that matter most to you. The AllianceNRG program through CSCDA and in partnership with your community will be offered state-wide in California in 2016. Please contact us with questions and to check if available in your community.

CaliforniaFIRST
ENERGY SAVING FINANCING

CaliforniaFIRST is an innovative partnership between your county government and a private financing company that allows you to receive upfront funding for energy efficiency, renewable energy and water efficiency improvements for your home or business -- and to repay on your property tax bill over the course of up to 20 years. CaliforniaFIRST allows you to save money and energy -- benefiting both you and your community.

[LEARN MORE](#) →

[APPLY NOW](#) →

Open PACE Commercial



The AllianceNRG Program offers commercial property owners a simple and dependable financing solution for energy efficiency, renewable energy, water conservation and seismic strengthening projects. The program offers up to 100% financing at competitive fixed rates over the useful life of the improvements, up to 20 years. The AllianceNRG Program combines responsiveness and creativity with the resources of global firms to provide a powerful financial tool for improvements that matter most to you. The AllianceNRG program through CSCDA and in partnership with your community will be offered state-wide in California in 2016. Please contact us with questions and to check if available in your community.

[LEARN MORE](#) →

CaliforniaFIRST
ENERGY SAVING FINANCING

CaliforniaFIRST gives owners of commercial buildings the flexibility to choose a contractor and install a custom-tailored clean energy project. Property owners also choose the best financing option, with the investors' repayment secured through a special tax assessment levied on the property and repaid by the owner through the property tax bill.

[LEARN MORE](#) →

[APPLY NOW](#) →

The AllianceNRG Program™

- The AllianceNRG Program is a joint initiative among Deutsche Bank, Leidos Engineering and Counterpointe Energy Solutions to provide a turn-key Property-Assessed Clean Energy (PACE) financing platform
- In 2014, the AllianceNRG team was selected to join and is honored to be part of CSCDA's Open PACE
- The AllianceNRG team's resources and experience are substantial allowing us to offer California communities a competitive PACE partner in all aspects of PACE, including residential, commercial and the more challenging programs such as seismic strengthening



The Team

- The PACE market has grown considerably over the past several years and given its broad list of eligible measures including energy efficiency, renewables, water conservation and seismic strengthening it promises to become an impactful financing option to California communities



- Scalable and dependable capital
- Municipal finance experience
- Capital markets expertise



- Technical and engineering expertise
- Logistics and experience managing contractors



- Municipal interface and tax lien/collection experience
- Web-based software and portals/platforms for all stakeholders
- RMBS and CMBS lending and underwriting experience



Commitment

- AllianceNRG Program's capital is sourced from the balance sheets of our team members
 - Not leveraged and not contingent on any future securitization or take-out financing
- Capital commitment for all facets of PACE, including residential, commercial and seismic strengthening
- To date, the only program that has committed funding for seismic strengthening projects (exclusive financing partner to the City of San Francisco's Soft Story retrofit program and offering seismic financing in Berkeley and other communities in the Bay Area)
- Deutsche Bank and the AllianceNRG Program are Platform Partners of the Rockefeller Foundation's 100 Resilient Cities Initiative



Deutsche Bank

- Over \$2.7 trillion in assets
- Over 3,000 offices in 72 countries employing approximately 100,000 people worldwide
- Sustainability is part of our core business
- In 2012, DB eliminated its global carbon footprint and in aggregate, all DB offices operate on carbon-neutral basis
 - 37 buildings worldwide that are Silver, Gold or Platinum LEED certified
- 60 Wall Street, DB's U.S. headquarters, boasted the highest elevated PV flat panel array in the world at installation in 2012 (737 ft.)



Seismic Strengthening

- AllianceNRG Program is the exclusive financing provider for the City of San Francisco's Soft Story Retrofit Program
- AllianceNRG Program has engaged seismic specialists to assist program development
- Financing structure tailored to the needs and nature of the seismic retrofit
- Extensive due diligence experience with Rent Board regulations and commercial property ownership structures
- Expanding into several cities where mandatory and voluntary seismic strengthening programs are being established



Web-Based Interface

- <https://www.AllianceNRG.com/retail>



AllianceNRG Program

Energy Improvement Financing That Just Makes Sense

www.cscda.org/OpenPACE

AllianceNRG Program Rates (as of April 15, 2015)*

Term	Commercial	Residential
5	5.75	7.40
10	6.20	7.95
15	6.40	8.10
20	6.50	8.25
25	6.55	8.30
30	6.58	8.35

* Indicative; subject to change

Protecting the Consumer

- The AllianceNRG Program offers many quality assurance and consumer protection benefits that do not exist with other financing alternatives
- Leidos Engineering will be responsible for the administration of these measures
- Contractors must register with the Program to participate
- To become eligible for the Program, contractors must:
 - Be licensed and in good standing with the California Contractors State License Board (CSLB) where required
 - Have on their staff a Supervising Individual with certifications for specific improvements such as solar PV (NABCEP, UL or SEI) and solar thermal (NABCEP)
 - Meet the CSLB's minimum bonding and workers' compensation insurance requirements
 - Maintain liability insurance coverage of at least \$1,000,000
 - Provide evidence they have completed the types of the projects they propose through verifiable references
 - Contractors deemed ineligible will be offered an appeals hearing
 - Decisions of the Appeals Board will be final

Protecting the Consumer (cont.)

- All improvements must be installed by an eligible contractor
- Only products from the Program's eligible product list qualify for financing. To be on the list, a product must meet minimum efficiency or other performance standards
 - Contractors or property owners may request that other products be reviewed for inclusion on the list
- Project completion sign-off requires all applicable local and state permits and inspections are completed and valid
- Leidos Engineering will conduct pre- and post-construction checks of contractor's projects, with newer contractors and contractors who have received complaints receiving more frequent checks
- There is a rigorous process for putting contractors on probation for poor work quality or validated customer complaints, which will ultimately lead to the removal of the contractor from the list of eligible contractors
- There is a detailed dispute resolution process for property owners and contractors
- All calls to the Program's call centers are recorded

Comparison of Consumer Protections

Consumer Protection	Financing Type				
	AllianceNRG Program	Home Equity Line of Credit	Home Equity Loan	Personal Unsecured Loan	Credit Card
Contractor Quality Verified	Yes	Verified by Owner	Verified by Owner	Verified by Owner	Verified by Owner
Product Quality Verified	Yes	Verified by Owner	Verified by Owner	Verified by Owner	Verified by Owner
Third-Party Verification of Work	Yes	No	No	No	No
Contractor Consequences for Poor Work Quality	Yes	No	No	No	No
Dispute Resolution Process	Yes	No	No	No	Maybe

Additional Protections

- Verification of energy savings estimates and project costs
- Notice to property owner and contractor when project falls below cash flow neutrality based on verified savings estimates and project costs
- Disclosure of all fees and costs associated with the assessment, including the interest rate
- Disclosure of APR (all-in cost of assessment)
- Property owner has a three-day right to cancel after signing assessment contract
- Contractors must provide property owner with three-day right of rescission
- The AllianceNRG Program complies with:
 - The Equal Credit Opportunity Act
 - The Fair Credit Reporting Act
 - The Housing Financial Discrimination Act
- The property owner may prepay the assessment at any time

Disclaimer

- The AllianceNRG Program™ team members, Deutsche Bank, Leidos Engineering, LLC and CounterPointe Energy Solutions LLC, obtained certain of the information contained in this Presentation from sources thought to be reliable. Any estimates and projections contained herein have been prepared by the AllianceNRG Program and involve significant elements of subjective judgment and analysis which may or may not prove accurate. Neither the AllianceNRG Program nor any of Deutsche Bank, Leidos Engineering, LLC and CounterPointe Energy Solutions LLC make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this Presentation, and nothing contained herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future. This Presentation does not purport to contain all of the information that may be required to evaluate whether applying for financing from the AllianceNRG Program is appropriate and each property owner should conduct its own independent analysis of the AllianceNRG Program and the information and data contained or referred to in this Presentation.
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- **PROPERTY OWNERS SHOULD NOT CONSTRUE THE CONTENTS OF THIS PRESENTATION AS LEGAL, INVESTMENT OR TAX ADVICE OR AS AN ENDORSEMENT OF ANY KIND. PROPERTY OWNERS SHOULD CONSULT THEIR OWN ADVISORS AS TO LEGAL, INVESTMENT, TAX AND RELATED MATTERS CONCERNING THE ALLIANCENRG PROGRAM AND SHOULD PERFORM THEIR OWN DUE DILIGENCE REGARDING THE DESIGN, INSTALLATION AND VALUE OF ANY PROPOSED IMPROVEMENTS AND THE SELECTION OF CONTRACTORS AND DESIGN PROFESSIONALS.**