

Once a jurisdiction has decided to launch a PACE program, the Ygrene team works closely with all appropriate staff members through the District Formation process. All of these items can be approved in two meetings and, once completed, enable the Ygrene team to develop and launch the program.



REVIEW PROGRAM DOCUMENTATION

1ST MEETING

Approve Boundary Map

Adopt Resolution of Intention to Form District

Adopt Resolution Approving any Joint Agreements

Set Public Hearing (*30 to 60 Days after 1st Meeting*)



APPROVE & EXECUTE PROGRAM DOCUMENTATION

2ND MEETING

Determine if Majority Protest Exists

Adopt Staff Program Report

Adopt Resolution of Formation of the District

Approve Third-Party Administration Contract

Adopt Bond Authorization Resolution



FILE & PROSECUTE VALIDATION SUIT TO JUDGEMENT



PROGRAM LAUNCH & ENERGY CENTER OPENING

DISTRICT FORMATION PROCESS

Basic Procedures for Formation of a Mello Roos Community Facilities District Under SB 555:

PRE-FORMATION CONSIDERATIONS

(Ygrene prepares draft documents)

- Engage third party administrator
- Adopt or amend local goals and policies, including credit quality standards, to cover financing of SB 555 facilities
- Engage bond counsel
- Determine need for Joint Agreements (JPA, Interlocal, etc)
- Establish recommended district boundaries
- Consider possible financing structures
- Prepare Staff Report for first meeting

FIRST MEETING

(Ygrene supports staff in all aspects)

- Approve Boundary Map
- Adopt a Resolution of Intention to form the Community Facilities District that includes a statement that the special tax rate shall be established in an amount required to finance or refinance the authorized improvements and to pay the district's administrative expenses.
- Adopt Resolution Approving Joint Agreements (if required)
- Set Public Hearing (at least 30 days but not more than 60 days following first meeting).

INTERIM PROCEDURES

(Ygrene works with other jurisdictions, if applicable)

- Record Boundary Map for Community Facilities District
- Prepare Staff Report for public hearing
- Publish notice of public hearing (local general circulation newspaper at least 7 days before hearing)
- Get any Joint Agreements approved by the other jurisdictions
- Execute any Joint Agreements

SECOND MEETING

(Ygrene supports staff in all aspects)

- Hold Public Hearing
- Hear testimony
- Determine if majority protest exists – if it does not, proceed
- Adopt a Resolution of Formation of the Community Facilities District that includes a statement that the special tax rate shall be established in an amount required to finance or refinance the authorized improvements and to pay the district's administrative expenses.
- Adopt Bond Authorization Resolution
- Adopt Authorization for validation suit

PRIOR TO PROGRAM LAUNCH

(Ygrene works with bond counsel; tax collector's office)

- File and prosecute to judgment a validation suit (including CFD formation documents, program documents, validity of special tax and lien priority of special tax)
- Issue bonds
- Establish annual tax levy and collection procedures
- Engage trustee to receive and administer tax collections

FOLLOWING PROGRAM LAUNCH

(Ygrene is responsible for program administration tasks)

- Administer program (advertising, education, evaluating applications)
- Provide disclosure documents to property owners
- Receive executed Unanimous Consent forms from the owners of approved and participating properties
- Record Notices of Special Tax Lien for such properties
- Levy and administer special taxes
- Monitor tax collections and enforcement including, if necessary, foreclosures
- Review with bond counsel SEC reporting requirements under Rule 15c2-12 (Securities and Exchange Commission rules under the Securities Exchange Act of 1934)



MARKETING & EDUCATION

A comprehensive marketing effort is critical to the success of any PACE Program. Robust community participation on the part of property owners and local contractors provides the backbone necessary for the County to gain the greatest yield from their program. Ygrene's Marketing Program contains the 5 Essential Elements that are key to the success of a local PACE District.

LOCALIZATION

Ygrene creates a completely localized program at the District level. We collaborate with County staff to tailor the program in order to most effectively market to the local community.

BROAD-BASED OUTREACH

Ygrene utilizes a multi-faceted outreach strategy that engages the community at large in order to promote the program and encourage local participation.

ENERGY CENTER

The hub of all program activities, the Energy Center provides a physical location for customer support, community engagement and contractor certification while serving as a local program storefront and new technology showcase.

DIRECT SALES & ADVERTISING

Ygrene uses advertising to directly reach potential program participants. Through survey analysis of Sonoma County Energy Independence Program customers, Ygrene has tailored these efforts to best reach local property owners amenable to energy efficiency retrofits.

SOCIAL MEDIA

Ygrene creates customized representation and monitoring on Facebook, Twitter and LinkedIn and leverages these communication channels to ensure a favorable impression, build awareness and educate the public on the program.

It is essential that the local community be educated about the Program, understand the benefits and be able to easily access Program information via the web or through face-to-face interaction with local Program representatives. While many programs fail to deliver robust and localized marketing due to staffing and budgetary constraints, Ygrene's comprehensive strategy delivers branding, materials, advertising and a streamlined user experience that translates directly into more projects delivered to the community.

Ygrene's Energy Centers educate and assist property owners in understanding the financial benefits of energy conservation and the value of improvements to their commercial, industrial or residential properties. Energy Centers will provide face-to-face customer service, contractor and community education and comprehensive information on sustainability products and financing.



YGRENE ENERGY CENTER BUILDING SPECIFICATIONS

EASILY ACCESSIBLE

AMPLE AND NEARBY PARKING

LEED CERTIFIED BUILDING WHEN POSSIBLE

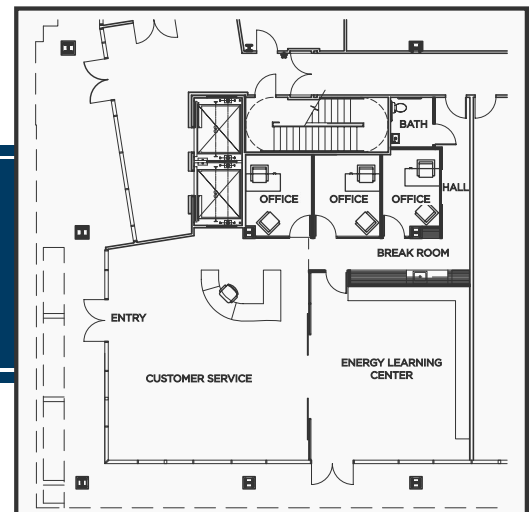
2,000 TO 4,000 SQ. FT.

SUSTAINABLE DESIGN



Ygrene works with cities and counties to identify centralized and desirable locations for the program's Energy Center. Ygrene analyzes many features of the Energy Center to ensure accessibility, space aesthetics and requirements and proximity to contractors and property owners. With the goal of creating an easy-to-use and accessible program including readily-available customer support, the Ygrene team takes every detail of location, space planning, design and user experience into consideration to ensure program excellence and success.

Ygrene is dedicated to partnering with local business to support and promote energy efficiency products and services as well as the local renewable and energy efficiency marketplace. Ygrene offers showroom exhibit space in the Energy Center for local businesses to promote their products and services.



SOFTWARE

The Ygrene Funding Management System is composed of five primary components:

- 1) **District Management:** The District Management System handles the setup of the District parameters including interest rates, fees, user assignment, content, market-segmentation, partners and general settings. This system also produces data reports that detail District performance measures and hosts a District “dashboard” that displays these key metrics.
- 2) **Contractor Management:** The Contractor Management System handles contractor signup, training, certification, validation, segmentation, district assignment and project assignment.
- 3) **Project Management:** The Project Management system is the largest part of the Ygrene Funding Management Software. It handles:
 - a) Property Search
 - b) Program Applications
 - c) Project Approval
 - d) Construction & Funding
- 4) **Property Tax District:** The software generates the annual submission of property tax assessments per the program.

SOFTWARE USER GROUPS

Ygrene Administrative Staff: Every Ygrene District employs a District Manager that oversees every project moving through the pipeline. Our job is to help facilitate the process for property owners while making sure that projects meet all underwriting, legal and financial program requirements.

Government Staff: Local government officials have access to view all projects in their District and produce reports on key project metrics like energy use and greenhouse gas reduction, project funding and assessment totals and tax roll reports.

Contractors: Contractors are first certified and trained to use the Ygrene Software to manage their projects. Working with property owners directly, Contractors drive the project lifecycle on behalf of the property owner and with the oversight of the Ygrene District Manager to ensure that all standards and requirements are properly met.

Property Owners: Property owners can access the software to educate themselves about the program and online application processing. Once approved, the software will be used to provide workflow communications to ensure that each step along the process is clear and understood in order to ensure a high level of program satisfaction.

CONTRACTOR CERTIFICATION

The Ygrene Contractor Certification Program is an integral component of a well functioning PACE program. Property Owners need to depend on contractors who have both the construction knowledge and the necessary experience to perform energy efficiency and renewable energy construction projects. There is nothing new with certifying contractors to work in this environment, in fact, Nationwide, local utility companies have also developed their own training programs for energy projects in order to assure their customers that the work that will be constructed to local building standards and the necessary permits have been obtained.

Through our Ygrene Contractor Certification Program, Ygrene creates a local sales force that is educated about the Program and can confidently answer questions and assess the properties with recommendations for energy savings projects. Our contractors understand how to use our proprietary software, and how to take a project from the first interested property owner's questions to the final completion of the construction project.

Since the Contractors are in essence our "sales force", we have developed a **FOUR-PHASE process** to make sure we have our contractors trained and ready when the program is launched and funding begins for projects. The four phases are: **Engagement, Recruitment, Education and Support.**

PHASE ONE: ENGAGEMENT

We hit the ground running early in the district formation stage to engage with our contractors. The Engagement Phase requires active Networking, Industry Association Outreach, Ygrene Presentations and Assistly Database Management.

Active Networking and Industry Association Outreach is critical to connecting thousands of businesses with our program. Our goal is to educate these groups and organizations so that they can effectively communicate our plans to their membership. We offer to speak at regularly scheduled monthly meetings, participate in seminars and educational events and attend industry related conferences. As an example, some of the Industry Association and Organizations we target include:

- Chamber of Commerce
- Builder's Exchange
- Building Owners and Managers Association
- National Association of Industrial and Office Parks
- Real Estate and Construction Industries Council
- Associated General Contractors
- International Facilities Management Association
- American Industrial Real Estate Association
- American Subcontractors Association
- Society for Marketing Professional Services
- Commercial Real Estate Women
- Solar Energy Industries Association
- Energy Efficiency Industry Council
- United States Green Building Council
- Building Performance Contractors Association
- Green Homes America
- Comfort Institute
- Independent Electrical Contractors Association
- National Electrical Contractors Association
- Associated Builders and Contractors
- Plumbing, Heating and Cooling Contractors Association
- Sheet Metal and Air Conditioning Contractors National Association
- Roofing Contractors Association
- Local Employment and Training Agency
- Local Electric and Gas Companies
- Local Building Departments, Planning and Permitting

It is important to engage with your Local Building Departments for Planning and Permitting guides, so that they are aware of our program and can make any accommodations for streamlining the permitting process, so that our PACE projects are not bogged down in bureaucracy and subject to time delays. (Please see the attached example of the Clean Energy Sacramento Permitting Guide to expedite these permits.)

This is just a small list of the types of Industry Association we need to partner with and engagement with them is critical. We partner with these local organizations to send out an email blast to their members with information about the program and to encourage them to sign up on the local district website to receive news about the program. (See the attached example of a letter to an association asking for their assistance with communication with their membership.)

Almost all local associations hold monthly membership meetings, and quite frequently use these meetings to educate their members on new programs and initiatives for job creation. Offering to speak at these events is a fantastic way to meet contractors, architects, engineers, vendors, suppliers and property owners who will ultimately participate in our program. We have many types of presentations available, and can customize them to meet your needs. At these speaking functions, it is important to have a computer, so that participants can access the district website and we can capture their information for future newsletter updates.

Once the district website starts capturing information from interested contractors, the training coordinator in your region will be responsible for communicating directly with each contractor. We are using the Assistly Database to manage our contacts. You can run specialty reports for each type of contact and keep track of the types of contractors who will eventually sign up for Ygrene Contractor Certification. Answering questions in a timely manner improves our chances of success, which means that the database should be accessed daily, and follow up should be completed on an ongoing basis during this time.

PHASE TWO: RECRUITMENT

The Recruitment Phase is targeting the specialty type of contractors who will excel in our program. It is helpful to understand the nature of these energy efficiency projects and types of construction that will be eligible. (Please see the attached sample list of Eligible Measures for the Sacramento Program.) The types of contractors that will excel include: Electrical, Mechanical, Solar, Roofing, Plumbing, Glass and Glazing, to mention a few. For example, a carpet and flooring contractor will not participate in the program, because their specialty is not considered an energy efficiency measure. Careful consideration of the types of eligible measures is important, so that you can clearly explain the types of energy-saving or energy-generating projects that can be funded in our program.

Periodic Newsletters are sent out to our database contacts in a district to keep them informed of the progress of the program and to announce expected dates for energy center construction, registration of contractors and dates for training to commence. The Marketing Department has a well-defined schedule for the timing of these newsletters for each district.

Within 6 weeks of expected training to start, Contractor Registration begins. We capture more detailed information on each contractor, including Company Profile, Company License Information, Services Performed, Company Background and Industry Certifications. We use this information to prepare for the number of training classes to schedule, to start segmenting groups of contractors who will be assigned to an Energy Advisor, and to separate out any contractors who don't meet our minimum requirements for participation in our program, ex. they must have a contractor's license to participate. We also will run background checks on our contractor sales force, and will contact their references. The quality of our contractors and the ability to recommend contractors to our property owners is very important.

Sign up for Ygrene Contractor Certification begins within three weeks of anticipated start of the first class. We use a web-based online registration process. The class size is limited (not larger than 20 participants) so that participants are free to ask questions and receive personal attention.

PHASE THREE: EDUCATION

The contractor training is comprised of four modules. Attendance is mandatory for three of the modules, Introduction, Ygrene Project Management Software and Energy Efficiency Sale Success. Module 2 is the Ygrene EnergyPro Software, this is not mandatory if you include a business on your team who can perform the energy assessments. Each district will be provided a list of businesses who currently use EnergyPro and this list can be distributed to contractors.

Module 1: Introduction to Ygrene/PACE Program (1.5 Hours)

Module includes History of Program, Funding Model, Qualifications and Underwriting, First Mortgage Holder, Implementation Measures, Permitting and Contractor Certification requirements.

Module 2: Ygrene EnergyPro Software (4 Hours)

Module includes custom Ygrene software based on the EnergyPro model. This module uses the DOE-2.1 v119 software engine licensed from the Department of Energy to provide a highly accurate hourly simulation of building energy use. The software will be customized for both commercial and residential properties. The performance approach allows trade-offs between various building components to determine compliance, and will also calculate building energy cost using local utility rates. The software will also create custom reports to use in the sales process.

Module 3: Ygrene Administrative/Project Management Software (3 Hours)

Module includes general introduction to the Ygrene Funding Management System. Users will receive a brief overview of how a project moves through the system from project creation to project completion. Units include: Introduction, Logging-in, Users, Property Search, Creating a New Project, Projects, Submitting a Bid, Submitting for Project Approval, Construction and Funding.

Module 4: Energy Efficiency Sales Success (4 Hours)

Module includes lead account management and development, successful marketing of your company, developing scripts/proposals that appeal to decision makers (features, benefits and rewards), overcoming objectives, motivating prospects to invest in energy efficiency and engaging stakeholders in the process.

Each Contractor who completes the training will be Ygrene Contractor Certified and will be added to our software as a preferred contractor. They will receive a completion certificate, login information for our software, and the ability to participate in submitting Project Applications on behalf of their Property Owners.

PHASE FOUR: SUPPORT

Every Ygrene Certified Contractor will be assigned to a local Ygrene Energy Advisor. The Energy Advisors role is to assist contractors in closing deals and meeting sales goals in each district. Energy Advisors can attend meetings with contractors and interested property owners, assist in software questions, provide collateral material to help close the deals and act as a mentor to their contractors.

We will use our Energy Centers as a community outreach meeting place, and contractors can schedule meetings in the Energy Center, hold informative training sessions, meet with vendors and suppliers and research new and innovative energy efficiency products. We will also have a library available for reference materials.