

File No. 110729

Committee Item No. 1

Board Item No. 28

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date July 18, 2011

Board of Supervisors Meeting Date July 20, 2011

Cmte Board

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

- | | | |
|---------------------------------------|---------------------------------------|-------------------------------|
| * <input checked="" type="checkbox"/> | * <input checked="" type="checkbox"/> | <u>Fiscal Agent Agreement</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Bond Purchase Contract</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Alisa Somera Date July 15, 2011

Completed by: Alisa Somera Date July 20, 2011

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

1 [Issuance and Sale of Special Tax Bonds - GreenFinanceSF Program - Not to Exceed
2 \$100,000,000]

3 **Resolution authorizing the issuance and sale of special tax bonds (federally taxable) in**
4 **an aggregate principal amount not to exceed \$100,000,000 and authorizing related**
5 **documents and actions in connection therewith.**

6
7 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
8 "City") has conducted proceedings under and pursuant to Chapter 43, Article X of the San
9 Francisco Administrative Code (the "Code"), which incorporates the Mello-Roos Community
10 Facilities Act of 1982 (the "Act"), to form "City and County of San Francisco Special Tax
11 District No. 2009-1 (San Francisco Sustainable Financing)" (the "Special Tax District"), to
12 authorize the levy of special taxes upon the land within the Special Tax District, and to issue
13 bonds secured by said special taxes for the purpose of financing and refinancing the
14 acquisition, installation and improvement of energy efficiency, water conservation and
15 renewable energy improvements to or on real property and in buildings, whether such real
16 property or buildings are privately owned or publicly owned (the "Facilities"), all as described
17 in those proceedings; and,

18 WHEREAS, On October 6, 2009, by Resolution No. 387-09, this Board of Supervisors
19 adopted a Resolution adopting local goals and policies for community facilities districts (the
20 "Goals and Policies"); and

21 WHEREAS, Pursuant to 43.10.19 of the Code, the City may, without additional
22 hearings or procedures to those required under Sections 43.10.17 and 43.10.18 of the Code,
23 designate a parcel or parcels as an improvement area within the Special Tax District; and
24
25

1 WHEREAS, There has been presented to this Board of Supervisors a description of a
2 program to be a part of the GreenFinanceSF program, referred to as an "owner-arranged
3 financing program," under which (i) the City will provide financing for the acquisition,
4 installation and improvement of Facilities on one or a limited number of non-residential
5 properties or residential (including, without limitation, transitional or mixed use) properties with
6 five units or more (collectively, "Non-Residential Properties") through the issuance of special
7 tax bonds payable solely from special taxes levied on such properties, (ii) each such property
8 or group of properties will be designated a unique improvement area within the Special Tax
9 District, (iii) the special tax bonds will be purchased by a financial institution or other
10 sophisticated investor with experience in providing financing to Non-Residential Properties of
11 the type participating in the GreenFinanceSF owner-arranged financing program (each, a
12 "Qualified Investor"), on a private placement basis and (iv) because City staff anticipates that
13 the City will be asked to issue numerous series of bonds for a similar number of improvement
14 areas, with the related underwriting standards and the related documentation to be uniform or
15 very similar among transactions, it has proposed that this Board of Supervisors approve such
16 documentation in the forms on file with the Clerk of the Board of Supervisors and delegate the
17 authority to approve the issuance of each series of bonds and the execution of each set of
18 related documents to the Controller's Office of Public Finance, following consultation with the
19 City Attorney and the City's bond counsel; and

20 WHEREAS, On _____, 2011, by Resolution No. _____-11, this Board of
21 Supervisors adopted a Resolution approving administrative terms and conditions of the
22 owner-arranged financing program, including the related underwriting standards; and

23 WHEREAS, The Board of Supervisors now wishes to provide for the issuance of the
24 special tax bonds and the execution and delivery of the related documents for the
25 GreenFinanceSF owner-arranged financing program; and

1 WHEREAS, All conditions, things and acts required to exist, to have happened and to
2 have been performed precedent to this approval, the issuance of the bonds pursuant to this
3 approval, and the execution and delivery of the related documents pursuant to this approval,
4 have happened and have been performed in due time, form and manner as required by the
5 laws of the State of California, including the Code; now, therefore, be it

6 RESOLVED, That pursuant to the Code and this resolution, one or more series of
7 special tax bonds in an aggregate principal amount not to exceed \$100 million (the "Bonds")
8 are hereby authorized to be issued, with the authority to approve each such series of Bonds to
9 be delegated to the Controller's Office of Public Finance, following consultation with the
10 Department of the Environment, the City Attorney and the City's bond counsel; and, be it

11 FURTHER RESOLVED, that each such series of Bonds approved as set forth in the
12 previous paragraph shall be issued by the City on behalf of the Special Tax District with
13 respect to an improvement area, and shall be designated the "Improvement Area No. ____ of
14 the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco
15 Sustainable Financing) Special Tax Bonds (Federally Taxable)". The Bonds shall be executed
16 in the form, mature, be payable in the priorities and bear interest at the rates as provided in a
17 Fiscal Agent Agreement (to be approved as set forth below) to be executed by the City and a
18 corporate trustee; and, be it

19 FURTHER RESOLVED, that the issuance of the Bonds is in compliance with the Code
20 and applicable provisions of the Goals and Policies; and, be it

21 FURTHER RESOLVED, because Section 53345.8(a) of the Act requires, with certain
22 exceptions specified in the Act, that, in connection with the issuance of bonds secured by
23 special taxes in the Special Tax District with respect to an Improvement Area, the value of the
24 real property subject to special taxes levied in the Improvement Area be at least three times
25 the principal amount of the bonds that are secured by a special tax levied on property within

1 the Improvement Area or a special assessment levied on property within the Improvement
2 Area, the City will issue bonds for the Special Tax District with respect to an Improvement
3 Area, including the Bonds, if both of the following requirements have been met:

4 (i) For each parcel that will be improved with Facilities as a result of issuance of the
5 Bonds, the value of such parcel shall be an amount acceptable to the purchaser of the Bonds,
6 who shall be a Qualified Investor.

7 (ii) The Controller's Office of Public Finance and the Department of the Environment,
8 following consultation with the City Attorney and the City's bond counsel, shall have
9 determined that the proposed issuance of Bonds should proceed, it hereby being found by the
10 Board of Supervisors that (A) the Bonds will not present unusual credit risk to their purchasers
11 because the purchasers of the bonds will be Qualified Investors, (B) the private placement of
12 the Bonds with a Qualified Investor with an independent relationship with the owner of the
13 property in the Improvement Area means that the City is protected against adverse
14 consequences of a failure by the property owner to pay special taxes, when due, and (C)
15 issuance of the Bonds will advance the public purposes specified in the Code; and, be it

16 FURTHER RESOLVED, that each of the Director of the Department of the
17 Environment, the Controller and the Director of the Controller's Office of Public Finance, or
18 such other official of the City as may be designated by such officers (each, an "Authorized
19 Officer") is hereby authorized and directed to execute and deliver the documents approved
20 herein in substantially the form on file with the Clerk of the Board of Supervisors, together with
21 such additions or changes as are approved by such Authorized Officer upon consultation with
22 the City Attorney and the City's bond counsel, including such additions or changes as are
23 necessary or advisable to permit the timely issuance, sale and delivery of the Bonds. The
24 approval of such additions or changes shall be conclusively evidenced by the execution and
25 delivery by an Authorized Officer of the documents herein specified; and, be it

Mayor Lee, Supervisor Mar
BOARD OF SUPERVISORS

Page 4
7/11/2011

1 FURTHER RESOLVED, that the Board of Supervisors hereby approves the form of the
2 following documents:

3 (a) A Fiscal Agent Agreement (a "Fiscal Agent Agreement") by and between the
4 City and a banking corporation to be identified by the Director of the Controller's Office of
5 Public Finance, as fiscal agent (the "Fiscal Agent") with respect to the Bonds, in substantially
6 the form on file with the Clerk of the Board of Supervisors. A separate Fiscal Agent
7 Agreement will be executed in connection with the issuance of bonds for each improvement
8 area. The date, manner of payment, interest rate or rates, interest payment dates,
9 denominations, form, registration privileges, manner of execution, place of payment, terms of
10 redemption and other terms of the Bonds shall be as provided in the Fiscal Agent Agreements
11 as finally executed and delivered. The terms and provisions of each such Fiscal Agent
12 Agreement, as executed, are incorporated herein by this reference as if fully set forth herein.

13 An Authorized Officer is hereby authorized and directed to execute each such Fiscal Agent
14 Agreement on behalf of the City and the Clerk of the Board of Supervisors is hereby
15 authorized and directed to attest thereto, subject to the terms of this Resolution; and

16 (b) A Bond Purchase Contract (a "Bond Purchase Contract") by and between the
17 City and a Qualified Investor to be identified by the Director of the Controller's Office of Public
18 Finance, in substantially the form on file with the Clerk of the Board of Supervisors. The Bond
19 Purchase Contract shall contain representations and warranties that the purchaser of the
20 Bonds constitutes a Qualified Investor. A separate Bond Purchase Contract will be executed
21 in connection with the issuance of bonds for each improvement area as long as the Director of
22 the Controller's Office of Public Finance concludes that the Bond Purchase Contract is
23 necessary to implement the owner-arranged financing program. The terms and provisions of
24 each such Bond Purchase Contract, as executed, are incorporated herein by this reference as
25 if fully set forth herein. An Authorized Officer is hereby authorized and directed to execute

1 each such Bond Purchase Contract on behalf of the City, subject to the terms of this
2 Resolution. The Board of Supervisors hereby finds that sale of the Bonds to a Qualified
3 Investor at a private sale pursuant to a Bond Purchase Contract will result in a lower overall
4 cost than would be achieved by selling the Bonds at a public sale utilizing competitive bidding
5 and any applicable City requirements for public bidding are hereby waived; and, be it

6 FURTHER RESOLVED, that the Controller's Office of Public Finance shall provide a
7 written report to this Board of Supervisors twelve months following the initial issuance of
8 Bonds and annually thereafter through the final maturity of the last series of Bonds describing
9 the Bonds issued since commencement of the program and since the date of the last report,
10 summarizing the current status of special tax delinquencies in the Special Tax District
11 (including any foreclosure and other remedial action taken by the City), and identifying any
12 bond payment defaults or draws on debt service reserve funds; and, be it

13 FURTHER RESOLVED, that, in connection with the approval of the administrative
14 terms of the owner-arranged financing program pursuant to separate resolution, this Board of
15 Supervisors has required the Director of the Department of the Environment to regularly report
16 on certain details of the program, and the requirement for such reports is a material term of
17 the approvals set forth in this resolution; and be it

18 FURTHER RESOLVED, that this Board of Supervisors hereby finds that adoption of
19 this Resolution is not a "project" under the California Environmental Quality Act, because the
20 Resolution does not involve any commitment to a specific project which may result in a
21 potentially significant physical impact on the environment, as contemplated by Title 14,
22 California Code of Regulations, Section 15378(b)(4)); and, be it

23 FURTHER RESOLVED, that all actions heretofore taken by the officers and agents of
24 the City (including, but not limited to, the Authorized Officers) with respect to the
25 establishment of the Special Tax District and the sale and issuance of the Bonds are hereby

1 approved, confirmed and ratified, and the appropriate officers of the City are hereby
2 authorized and directed to do any and all things and take any and all actions and execute any
3 and all certificates, agreements and other documents, which they, or any of them, may deem
4 necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds
5 in accordance with this resolution, and any certificate, agreement, and other document
6 described in the documents herein approved. All actions to be taken by an Authorized Officer,
7 as defined herein, may be taken by such Authorized Officer or any designee, with the same
8 force and effect as if taken by the Authorized Officer; and be it

9 FURTHER RESOLVED, that this resolution shall take effect from and after its adoption.
10 The provisions of any previous resolutions in any way inconsistent with the provisions hereof
11 in and for the issuance of the Bonds as herein described are hereby repealed.

12
13
14 APPROVED AS TO FORM:

15 DENNIS J. HERRERA, City Attorney

16
17
18 By: _____

19 MARK D. BLAKE
20 Deputy City Attorney



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Anthony Ababon, Bond Associate
Controller's Office of Public Finance

SUBJECT: Resolution Authorizing the Issuance and Sale of Special Tax Bonds (Federally Taxable) in an Aggregate Principal Amount Not to Exceed \$100 Million

Resolution approving administrative terms and conditions for the GreenFinanceSF program

DATE: Monday, July 11, 2011

The resolution authorizing the issuance and sale of special tax bonds (the "Bond Resolution") establishes a maximum aggregate amount of bonded indebtedness not to exceed \$100 million for financing or refinancing certain facilities; establishes certain parameters for any bonded indebtedness for financing or refinancing facilities; delegates to City staff the authority to approve the issuance of each series of special tax bonds (subject to the maximum aggregate amount previously noted) and to execute each set of related documents, as described below under the heading "GreenFinanceSF Non-Residential Program"; and approves the form of i) the Fiscal Agent Agreement by and between the City and a fiscal agent and ii) the Bond Purchase Contract by and between the City and a qualified investor, further described below. The Bond Resolution directs the Controller's Office of Public Finance to report and file with the Board of Supervisors a progress report on the program within twelve months from the date of the initial issuance of special tax bonds, with annual reports thereafter through the final maturity of the last series of special tax bonds.

The resolution approving administrative terms and conditions for the GreenFinanceSF non-residential program (the "Administrative Terms Resolution") directs the establishment of the GreenFinanceSF program for non-residential properties and residential (including, without limitation, transitional or mixed use) properties with five units or more ("Non-Residential Properties"); establishes/designates the San Francisco Department of the Environment as the program administrator; establishes and publishes program terms and conditions for non-residential property owners to apply for program financing and to opt into the special tax district; and approves the form of the Loan Loss Reserve Agreement. With respect to terms and

conditions of the GreenFinanceSF program, the Administrative Terms Resolution establishes criteria and guidelines in the following program areas:

1. Application Procedures
2. Financial Terms
3. Property Eligibility Criteria
4. Project Eligibility Criteria
5. List of Eligible Improvements
6. Energy & Water Rating Requirements
7. Regulatory Compliance

The Administrative Terms Resolution directs the program administrator to report and file with the Board of Supervisors a progress report on the program within six months from the date the program begins accepting applications, with semi-annual reports thereafter.

Together the resolutions constitute the legislative approvals necessary to authorize the issuance of special tax bonds for eligible facilities in a special tax district for the purpose of financing energy and water conservation and renewable energy improvements to privately owned non-residential parcels, also known as "GreenFinanceSF."

Please note that Rich Chien, Private Sector Green Building Coordinator at the San Francisco Department of the Environment, has provided additional briefing materials on the overall design and implementation approach of the program (the "Program Memo").

Background

The Board of Supervisors previously has adopted legislation and completed other necessary steps to provide for the establishment of the GreenFinanceSF program, summarized below.

Mello-Roos Community Facilities Act and the City's Special Tax Financing Code

The Mello-Roos Community Facilities Act of 1982 (the "Act") allows local governments in California to finance community facilities and services through the levy of special taxes. In August 2008, the City adopted a Special Tax Financing Code (the "Code") that incorporates by reference the Act as a method for financing and refinancing the acquisition, installation and improvement of energy efficiency and renewable energy improvements on privately-owned property or buildings within the proposed Special Tax District (the "Facilities"), as described below. The Code authorizes the Board to establish a special tax district and to act as the legislative body for the special tax district.

The Code allows for an "opt in" special tax financing district to fund energy improvements to local buildings and is codified in Article 43.10 of the Administrative Code. The Code also provides the ability to recover the cost of improvements through a special tax lien on property owned by property owners electing to participate in the program. The proposed district would be formed under the alternate procedure for forming special tax districts established by Section 43.10.17 of the Code and any debt financing Facilities would be authorized under the alternate procedure established by Section 43.10.18 of the Code. On October 20, 2009, the Board adopted an Ordinance amending the Code to include water conservation among eligible projects and add

Section 43.10.19 to accommodate larger retrofits for affordable multifamily housing and larger commercial buildings. Pursuant to 43.10.19 of the Code, the City may, without additional hearings or procedures to those required under Sections 43.10.17 and 43.10.18 of the Code, designate a parcel or parcels as an improvement area within the special tax district (each an "Improvement Area").

Other Prior Legislation and Activities Relating to the Establishment of the Program

On October 6, 2009 the Board adopted Resolution No. 387-09 declaring its local goals and policies (the "Policies Resolution") for purposes of the Code and Act. The Policies Resolution adopting local goals and policies for community facilities districts and special tax districts provides guidance and conditions for the issuance of bonds secured by special taxes levied in a special tax district or a community facilities district established under the Code or the Act.

On November 24, 2009 the Board of Supervisors adopted Resolution No. 464-09 and 465-09 (the Resolutions of Intention) that initiated the process to create the proposed district and issue indebtedness financing facilities under the Code and the Act. The resolution forming the District financing eligible Facilities (the Formation Resolution) and the ordinance allowing for the levy of special taxes in the District (the Special Taxes Ordinances) were adopted by the Board of Supervisors on January 12, 2010 and February 2, 2010, respectively.

The Formation Resolution completed the proposed special tax district formation proceedings initiated with the adoption of the Resolutions of Intention and completed the legislative process to create the proposed district. The Formation Resolution named the proposed special tax district the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing) (the "District"); approved the boundaries of the District as recorded in the Assessor-Recorder's Office on December 8, 2009; approved the Facilities to be financed or refinanced by the District including energy efficiency, water conservation and renewable energy improvements, bond related expenses, administrative fees, and other related costs or fees (each a "Facility" as described in Exhibit A: City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing) Description of Facilities to be Financed by the Special Tax District); and authorized the City to levy a special tax to pay directly for the Facilities, to pay principal and interest, and/or to make lease payments on any lease used to finance Facilities, all as secured by the recordation of a continuing special tax lien against real property whose owners elect to annex to the District.

Special taxes applicable to parcels located in the District would be levied and collected as provided in the proposed method of apportionment (or allotment) of special taxes (Exhibit B: City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing) Method of Apportionment). The Formation Resolution also approved the form of the unanimous approval (each a "Unanimous Approval", Exhibit C) that would be filed by a participating property owner authorizing the levy of the special tax upon the property and specifying the payment schedule for the special tax applicable to the parcel(s). The special tax would be levied on a parcel or parcels only with the written Unanimous Approval of the owner(s) of the parcel(s) and each Unanimous Approval of the owner(s) specifies the appropriations limit for the District, the applicable rate, the method of apportionment and manner

of collection of the special tax, and the approval and authorization to incur indebtedness financing the Facilities.

The special taxes would be levied until payment in full of any bonds financing Facilities and payment of all costs of administering the District. All of the collections of the special tax would be used as provided in the Code, in the Formation Resolution and applicable Unanimous Approval for the payment of debt service on the bonds, replenishment of a debt service reserve fund, payment of costs of the Facilities, the payment of costs of administering the District, and the costs of collecting and administering the special tax.

Residential GreenFinanceSF Program and Federal Regulatory Guidance

In spring 2010, the City established its residential GreenFinanceSF Program upon the Board of Supervisors' adoption of the above and other necessary program legislation. Prior to the City issuing any special tax bonds financing Facilities for residential property owners, however, the Federal Housing Finance Agency (FHFA) released on July 6, 2010 its "FHFA Statement on Certain Energy Retrofit Loan Programs" determining programs such as the City's residential GreenFinanceSF program "present significant safety and soundness concerns" and citing senior lien concerns regarding residential Mello Roos / Special Tax Financing programs financing the Facilities.

FHFA advised Fannie Mae, Freddie Mac, and the Federal Home Loan Banks to revise underwriting criteria and to undertake other actions that effectively directed Fannie Mae, Freddie Mac, and the Federal Home Loan Banks to reject mortgages on homes whose owners participate in residential GreenFinanceSF and similar programs in other jurisdictions. Since the release of the FHFA statement on residential programs, the City's residential GreenFinanceSF program has been suspended, pending any updates and/or revisions to the FHFA regulatory guidance and statement.

Also on July 6, 2010, the Office of the Comptroller of the Currency (OCC) released a bulletin addressed to national banks and bank examiners providing supervisory guidance on residential special tax financing programs like GreenFinanceSF. Specifically, the OCC bulletin directed national banks i) to be aware of the FHFA directives summarized above, ii) to take steps to mitigate exposures and protect collateral positions, and iii) to consider the impact of tax-assessed energy advances on asset valuations. With respect to non-residential special tax programs financing Facilities, the OCC bulletin provided the following supervisory guidance:

The OCC supports commercial and residential energy lending when such lending programs observe existing lien preference, ensure prudent underwriting, and comply with appropriate consumer protections.

The GreenFinanceSF Non-Residential Program contemplates the above and related concerns regarding the safety and soundness of the special tax bonds financing the Facilities on Non-Residential Properties, summarized below.

GreenFinanceSF Non-Residential Program

GreenFinanceSF assists owners of Non-Residential Property in the City with financing and refinancing of Facilities attached to their buildings. GreenFinanceSF utilizes an "owner-arranged financing" approach, pursuant to which an individual property owner will contract

directly with qualified installers / contractors and independently arrange for a qualified investor ("Bond Purchaser") to purchase a special tax bond financing the Facilities. GreenFinanceSF provides the Bond Purchaser with the security of a senior lien, subject to the property owner's obtaining the written consent of existing lienholders.

Each participating property (or group of properties) will be designated a unique Improvement Area within the District. Any special tax bonds issued to finance the Facilities for such property (or group of properties) will be payable solely from special taxes levied on such property. In addition, because City staff anticipates that the City will be asked to issue numerous series of special tax bonds for a similar number of Improvement Areas, the Bond Resolution provides for the delegation of authority to approve the issuance of each series of special tax bonds and the execution of each set of related documents to City staff, as noted above.

Property owners electing to participate in the program will pay the special tax only if they complete eligible and approved improvements as part of the program. Because the special tax will finance Facilities on private property and not publicly-owned improvements, interest on any issued bonds will be federally taxable.

Furthermore to address regulatory guidance summarized above, the program limits the purchase of special tax bonds to financial institutions or other sophisticated investors with experience in providing financing to Non-Residential Properties. The sale of any special tax bond will be conducted on a private placement basis, with City involvement limited to establishment of the program, provision for the senior lien and minimum underwriting, Facilities and property criteria. Prior to the issuance of special tax bonds and their purchase by qualified investors, the program will require that the Bond Purchaser make certain representations, warranties and agreements (Exhibit C: Form of Purchase Letter to the Fiscal Agent Agreement), among them that the Bond Purchaser has made an informed decision to purchase the special tax bonds; has sought accounting, legal and tax advice it considers necessary to make an informed investment decision; understands that the special tax bonds will not be subject to initial or continuing disclosure requirements customary with the City's other securities; is able to bear the economic risk of the purchase; and understands and agrees the special tax bonds are subject to transfer restrictions.

Program Documents

Under the proposed Bond Resolution, the City will issue special tax bonds financing Facilities pursuant to the fiscal agent agreement and the bond purchase contract:

Fiscal Agent Agreement: Pursuant to a Fiscal Agent Agreement between the City and a third party fiscal agent acting on behalf and for the benefit of the Bond Purchaser for the related Improvement Area, the fiscal agent administers and disburses special tax payments and enforces the covenants and remedies in the event of a default by the property owner. The Fiscal Agent Agreement provides for the terms of the special tax bond relating to an Improvement Area (e.g., the payment schedule, redemption provisions, events of default, remedies in the event of default, and other related administrative provisions). The fiscal agent holds proceeds derived from the sale of the relevant special tax bond and disburses payments for the costs incurred for the Facilities, as directed by authorized City representatives.

Bond Purchase Contract: The Bond Purchase Contract by and between the City and a Bond Purchaser, contains representations and warranties to the effect that the Bond Purchaser constitutes a qualified investor, as well as the terms of, and conditions to, each special tax bond purchase.

In addition, program documents submitted with the Bond Resolution and Administrative Terms Resolution updates documents submitted with prior legislation described above and facilitates the owner-arranged financing approach for the GreenFinanceSF Non-Residential Program:

- Form of Unanimous Approval
- Form of Lender Consent
- Rate and Method of Apportionment of Special Tax
- Program Terms
- Program Underwriting Requirements
- List of Eligible Measures

These supporting documents are described in the Program Memo.

Fiscal and Credit Impacts of a GreenFinanceSF Non-Residential Program to the City

The program is expected neither to impact the general fund nor to involve any funding support program by non-participating property owners or residents. Administrative and financing costs, if any, will be paid from fees levied on applicants to the program or through a portion of the annual special tax assessed on participating property owners' property tax bills.

Any special tax bonds to be issued under the Code will be limited obligations of the City and will be paid from the special taxes levied and collected in the related Improvement Area. The costs of establishing any Improvement Area and of financing improvements, as well as the costs associated with issuing special tax bonds and any other administrative costs are not expected to have a direct general fund impact. Any administrative expenses in connection with the proposed district or indebtedness would be borne by affected property owners and / or will be paid from proceeds of the special tax.

Neither the faith and credit of the City nor the City's general fund is pledged to the security or repayment of special tax bonds financing the Facilities. Additionally, the City's credit quality and cost of borrowing are not expected to be affected by the performance of the special tax bonds due to the limited obligation of the City with respect to the special tax bonds.

- The City is contemplating a not-to-exceed \$100 million of special tax bonds financing Facilities. While not considered a direct obligation of the City, such debt may be included in the overlapping debt of the City and may be accounted for in debt burden ratios used to evaluate the City's financial condition.
- The issuance of special tax bonds financing the Facilities will be restricted to certain considerations including, the annual levy of a special tax at least equal to the cost of administering the Program and the principal, interest and premium, if any, due.

Participating property owners may experience fluctuations in the values of their properties and/or financial and other disruptions that could impact their decision to continue paying the annual lien, leading to delinquency in payment and foreclosure on their property.

- Delinquencies in payment and foreclosures on properties participating in non-residential GreenFinanceSF will have limited, if any, impact on the City's credit rating or deemed creditworthiness.
- While there is no City obligation to make principal and interest payments on the debt, the City will covenant for the benefit of bondholders to timely levy and collect the special taxes when due; foreclose the lien of any special tax not paid subject to certain considerations.
- While the City has not issued directly special tax bonds under the Code or the Act, the City's Redevelopment Agency has issued and outstanding approximately \$236 million in special tax bonds. In addition, the Association of Bay Area Governments or ABAG has issued and outstanding approximately \$46 million in special tax bonds financing projects located in the City. These obligations are disclosed to investors and included in the City's overlapping debt.

In designing the program, the Controller's Office of Public Finance, the Office of the City Attorney, and the San Francisco Department of the Environment are considering the above factors to strike an appropriate balance among the cost of borrowing for program participants and menu of eligible facilities, administrative and procedural efficiency, and credit and rating exposure of the City within the context of the City's broader capital financing needs. As the Program evolves, the Board of Supervisors will be provided with updates as to the progress in these and other areas, as described above.

Additional Information

The Bond Resolution and the Administrative Terms Resolution will be introduced at the Board of Supervisors meeting on Tuesday, July 12, 2011. The related financing and program documents described above will have also been submitted.

Your consideration is greatly appreciated. Please contact me at 554-6902 if you have any questions. Thank you.

CC: Angela Calvillo, Clerk of the Board of Supervisors
Jason Elliott, Legislative Director
Johanna Partin, Mayor's Office
Harvey Rose, Budget Analyst
Ben Rosenfield, Controller
Nadia Sesay, Director of Public Finance
Greg Wagner, Mayor's Budget Director
Mark Blake, Deputy City Attorney



FISCAL AGENT AGREEMENT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Fiscal Agent**

Dated as of _____, 20__

Relating to:

Improvement Area No. __ of the
City and County of San Francisco
Special Tax District No. 2009-1
(San Francisco Sustainable Financing)
Special Tax Bonds

BOND PURCHASE CONTRACT

CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2009-1
(SAN FRANCISCO SUSTAINABLE FINANCING)
SPECIAL TAX BOND
(FEDERALLY TAXABLE)

_____, 20__

THIS BOND PURCHASE CONTRACT (this "**Contract**") is made and entered into as of the date identified on Exhibit A of this Contract (the "**Effective Date**"), by and between the City and County of San Francisco (the "**Issuer**"), for and on behalf of the "City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing)" (the "**District**") with respect to the improvement area identified on Exhibit A of this Contract ("**Improvement Area**"), and the entity identified on Exhibit A of this Contract as the Bond Purchaser (the "**Bond Purchaser**").

RECITALS

WHEREAS, on November 24, 2009, the Board of Supervisors (the "**Board of Supervisors**") of the Issuer adopted (i) Resolution No. 464-09, entitled "Resolution of Intention to Establish Special Tax District" (the "**Resolution of Intention to Form**"), stating its intention to establish the District, pursuant to Chapter 43, Article X of the San Francisco Administrative Code (the "**Code**"), which Code incorporates the Mello-Roos Community Facilities Act of 1982, as amended, sections 53311, et. seq., of the California Government Code (the "**Act**"), and (ii) Resolution No. 465-09, entitled "Resolution of Intention to Incur Bonded Indebtedness (the "**Resolution of Intention to Incur Debt**"), stating its intention to incur bonded indebtedness for the District in an amount not to exceed \$150,000,000; and

WHEREAS, the Resolution of Intention stated the intention of the Board of Supervisors to undertake the proceedings to form the District under the alternate procedures established by Section 43.10.17 of the Code, pursuant to which a special tax district may initially consist solely of territory proposed for annexation to the special tax district in the future, with the condition that a parcel or parcels within that territory may be annexed to the special tax district and subjected to the special tax only with the unanimous approval of the owner or owners of such parcel or parcels at the time that such parcel or those parcels are annexed or pursuant to other procedures established by the Code; and

WHEREAS, on January 12, 2010, the Board of Supervisors held noticed public hearings as required by the Code on the issues of (i) the determination to proceed with the formation of the District and the method of apportionment of the special tax to be levied within the District to finance a portion of the costs of the facilities and (ii) the issuance of not to exceed \$150,000,000 of bonded indebtedness for the District; and

WHEREAS, on January 12, 2010, the Board of Supervisors adopted (i) Resolution No. 06-10 (the "**Resolution of Formation**"), which established the District, authorized the levy of a special tax with the District and defined the facilities to be financed by the District, being the acquisition, installation and improvement of energy efficiency, water conservation and renewable energy improvements to or on real property and in buildings, whether such real

property or buildings are privately or publicly owned (the "**Facilities**"), and (ii) Resolution No. 07-10 (the "**Resolution of Necessity**"), which determined the necessity to incur bonded indebtedness in the District, respectively; and

WHEREAS, pursuant to 43.10.19 of the Code, the Issuer may, without additional hearings or procedures to those required under Sections 43.10.17 and 43.10.18 of the Code, designate a parcel or parcels as an improvement area within the District, and the Issuer has made such a designation with respect to the Improvement Area; and

WHEREAS, on February 2, 2010, the Board of Supervisors adopted Ordinance No. 16-10, pursuant to which the Board levied the special taxes in the District, including all improvement areas established in the District (the "**Ordinance**"), which Ordinance was signed by the Mayor on February 8, 2010; and

WHEREAS, on _____, 20__ the Board of Supervisors adopted Resolution No. __-__, (the "**Bond Resolution**"; together, the Resolution of Intention to Form, the Resolution of Intention to Incur Debt, the Resolution of Necessity, the Bond Resolution and the Resolution of Formation are referred to in this Contract as the "**Resolutions**") delegating approval of the issuance of bonds for the Special Tax District to the Controller's Office of Public Finance and approving a form of fiscal agent agreement and a form of purchase contract relating to such bonds; and

WHEREAS, the Bond Purchaser wishes to purchase a bond issued by the Issuer on behalf of the District with respect to the Improvement Area (the "**Bond**"), and the Issuer wishes to sell the Bond to the Bond Purchaser, and this Contract sets forth the terms under which the Bond will be sold by the Issuer to the Bond Purchaser.

AGREEMENT

Section 1. Definitions. Terms not otherwise defined in this Contract shall have the same meanings as set forth in that certain Fiscal Agent Agreement dated as of the date identified on Exhibit A of this Contract (the "**Fiscal Agent Agreement**"), between the Issuer and Wells Fargo Bank, National Association, as fiscal agent (the "**Fiscal Agent**").

Section 2. Agreement to Purchase. Upon the terms and conditions and in reliance upon the respective representations, warranties and covenants herein, the Bond Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell the Bond to the Bond Purchaser at a purchase price equal to the initial principal amount of the Bond.

Section 3. Description of the Bond. The Bond will be issued as a single bond, will mature on the date and in the principal amount, will bear interest at the interest rate, and will be subject to redemption prior to maturity as set forth on Exhibit A of this Contract.

The Bond will be registered in the name of the Bond Purchaser, and will not initially be held in book-entry only form.

Section 4. Purpose for the Bond. The Bond will be issued by the Issuer for and on behalf of the District pursuant to the Code for the purpose of financing or refinancing the acquisition and installation of Facilities on property that is taxable pursuant to a Special Tax levy in the Improvement Area (the "**Taxable Property**"). The Taxable Property is owned by the entity identified on Exhibit A of this Contract (the "**Property Owner**").

Section 5. Security for the Bond. The Property Owner executed a Unanimous Approval (the "**Unanimous Approval**"), pursuant to which it voted in favor of (i) the annexation of the Taxable Property to the District, (ii) the levy of special taxes (the "**Special Taxes**") on the Taxable Property to finance the Facilities according to the Rate and Method of Apportionment of Special Tax (the "**Rate and Method**"), which Rate and Method was attached to the Unanimous Approval as Appendix 2, and (iii) the issuance of bonded indebtedness for the Improvement Area in an aggregate principal amount identified on Exhibit A of this Contract and an appropriations limit identified on Exhibit A of this Contract. Also in the Unanimous Approval, among other things, the Property Owner acknowledged that the Taxable Property constitutes the Improvement Area.

On the date of issuance of the Bond, the Special Taxes will be secured by a lien on the Taxable Property established by recordation of a notice of special tax lien (the "**Notice of Special Tax Lien**") as an encumbrance on the Taxable Property in the real property records of City and County of San Francisco. The date and time of the recordation of the Notice of Special Tax Lien, along with other available recordation information, is set forth on Exhibit A of this Contract.

A deposit to a debt service reserve fund established under the Fiscal Agent Agreement and held by the Fiscal Agent will be made on the date of issuance of the Bond, in the amount set forth on Exhibit A of this Contract (the "**Reserve Fund Deposit Amount**", as defined in the Fiscal Agent Agreement). Amounts deposited into the debt service reserve fund will be available to pay debt service on the Bond in the event of delinquencies in the payment of Special Taxes.

Section 6. Representations and Warranties of the Issuer. The Issuer represents and warrants to the Bond Purchaser as follows as of the Effective Date:

(a) The Issuer is duly organized and validly existing under the laws of the State of California (the "**State**").

(b) The Board of Supervisors, as the legislative body of the District, has the full legal right, power and authority to adopt the Resolutions and the Ordinance, and the Issuer has the full legal right, power and authority for and on behalf of the District with respect to the Improvement Area (i) to enter into this Contract and the Fiscal Agent Agreement (collectively, the "**Issuer Documents**"), (ii) upon satisfaction of the conditions in this Contract and the Fiscal Agent Agreement, to issue, sell and deliver the Bond to the Bond Purchaser, (iii) to secure the Bond in the manner contemplated in the Fiscal Agent Agreement and (iv) to carry out and consummate all other transactions on its part contemplated by the Issuer Documents, and the Issuer and the Board of Supervisors have complied with all provisions of applicable law, including the Code, in all matters relating to such transactions.

(c) The Issuer has duly authorized (i) the execution and delivery by the Issuer for and on behalf of the District of the Bond and the execution, delivery and due performance by the Issuer of its obligations under the Issuer Documents and (ii) the taking of any and all such action as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. All consents or approvals necessary to be obtained by the Issuer in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The Resolutions and the Ordinance have been duly adopted by the Board of Supervisors, acting as legislative body of the District, at meetings that were called and held in accordance with law and with all public notice required by law and at which a quorum was present and acting throughout, and the Resolutions and the Ordinance are in full force and effect and have not been amended or repealed; and the Fiscal Agent Agreement, when executed and delivered by the Issuer and the other party thereto (if any), will constitute a legal, valid and binding obligation of the Issuer for and on behalf of the District enforceable against the Issuer in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally.

(e) When delivered to the Bond Purchaser, the Bond will have been duly authorized by the Board of Supervisors and duly executed, issued and delivered by the Issuer and will constitute legal, valid and binding obligations of the Issuer for and on behalf of the District enforceable against the Issuer in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally, and will be entitled to the benefit and security of the Fiscal Agent Agreement.

(f) Neither the adoption of the Resolutions or the Ordinance, the execution and delivery of the Issuer Documents, nor the consummation of the transactions on the part of the Issuer contemplated herein or therein or the compliance by the Issuer with the provisions hereof or thereof will conflict with, or constitute on the part of the Issuer, a violation of, or a breach of or default under, (i) any material indenture, mortgage, commitment, note or other agreement or instrument to which the Issuer is a party or by which it is bound, (ii) any provision of the State Constitution or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Issuer (or the members of the Board of Supervisors or any of its officers in their respective capacities as such) is subject, that would have a material adverse effect on the ability of the Issuer to perform its obligations under the Issuer Documents.

(g) Other than the Fiscal Agent Agreement, the Issuer has not entered into any contract or arrangement of any kind that might give rise to any lien or encumbrance on the Special Taxes.

(h) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the Issuer or the District has been served with process or threatened, which in any way questions the powers of the Board of Supervisors or the Issuer referred to in paragraph (b) above, or the validity of any proceeding taken by the Board of Supervisors in connection with the issuance of the Bond, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the Issuer Documents, or which, in any way, could adversely affect the validity or enforceability of the Resolutions, the Ordinance, the Issuer Documents or the Bond, or the imposition or collection of the Special Tax, or its priority of payment, or, to the knowledge of the Issuer, which in any way questions the status of the Bond under State tax laws or regulations.

(i) Any certificate signed by an official of the Issuer authorized to execute such certificate and delivered to the Bond Purchaser in connection with the transactions contemplated by the Issuer Documents shall be deemed a representation and warranty by the Issuer to the Bond Purchaser as to the truth of the statements therein contained.

(j) The Bond will be paid from Special Tax Revenues (as defined in the Fiscal Agent Agreement) received by the Issuer and moneys held in certain funds and accounts established under the Fiscal Agent Agreement. The Fiscal Agent Agreement creates a valid pledge of, and first lien upon the Special Tax Revenues deposited thereunder, and the moneys in certain funds and accounts established pursuant to the Fiscal Agent Agreement, subject in all cases to the provisions of the Fiscal Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

(k) The Special Taxes may lawfully be levied in accordance with the Ordinance and the Rate and Method, and, when levied, will be secured by a lien on the Taxable Property pursuant to the Notice of Special Tax Lien.

Section 7. Representations and Warranties of the Bond Purchaser. The Bond Purchaser represents and warrants to the Issuer as follows:

(a) The Bond Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed and has the full legal right, power and authority to execute this Contract and to undertake its obligations provided in this Contract.

(b) The Bond Purchaser is:

(i) an "accredited investor" (an "**Accredited Investor**") as such term is defined in Rule 501(a) promulgated under the Securities Act of 1933, as amended (the "**Securities Act**").

(ii) a "qualified institutional buyer" as such term is defined in Rule 144A promulgated under the Securities Act;

(iii) a bank, savings institution or insurance company (whether acting in a trustee or custodial capacity for any qualified institutional buyer or on its own behalf); or

(iv) a trust, custodial or similar arrangement the ownership interests in which are to be distributed through the issuance of (A) securities that are registered under the Securities Act and/or are exempt from the registration requirements of the Securities Act, and are rated "A" or "A2" by S&P or Moody's, respectively, (or an equivalent rating by another nationally recognized rating agency) or better, without respect to modifier, or securities the pass-through payments on which are guaranteed by an insurer or guarantor, the unsecured long-term obligations of which are rated "A" or "A2" by S&P or Moody's, respectively, (or an equivalent rating by another nationally recognized rating agency) or better, without respect to modifier, or (B) non-investment-grade securities representing a residual interest in such trust, custodial or similar arrangement that may only be transferred in transactions that are exempt from the registration requirements of the Securities Act.

(c) The Bond Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds and other obligations similar to the Bond, to be capable of evaluating the merits and risks of

an investment in the Bond, and the Bond Purchaser is able to bear the economic risks of such an investment.

(d) The Bond Purchaser is not purchasing the Bond for more than one account or with a view to distributing the Purchased Bond.

(e) The Bond Purchaser recognizes that an investment in the Bond involves significant risks, that there is no established market for the Bond and that none is likely to develop and, accordingly, that the Bond Purchaser must bear the economic risk of an investment in the Bond for an indefinite period of time.

(f) The Bond Purchaser understands and agrees that the Bond will be subject to transfer restrictions as set forth in the Fiscal Agent Agreement.

(g) The Bond Purchaser understands and acknowledges that, if and to the extent and subject to the conditions set forth in the Fiscal Agent Agreement, the Issuer may issue subsequent series of bonds secured by Special Tax Revenues in the Improvement Area on a parity with the Bond.

(h) The Bond Purchaser (i) has conducted its own independent inquiry, examination and analysis with respect to the Improvement Area (including the parcel(s) in the Improvement Area and the owner(s) of such parcel(s)) and the Bond, (ii) has had an opportunity to ask questions of and receive answers from the Issuer regarding the Improvement Area, the Bond (including the security therefor) and the matters, transactions and documents relating to the foregoing, (iii) has been provided by the Issuer with all documents and information regarding the Improvement Area, the Bond (including the security therefor) and the matters, transactions and documents relating to the foregoing that it has requested, and (iv) the Bond Purchaser has been provided with information sufficient to allow the Bond Purchaser to make an informed decision to purchase the Bond.

(i) The Bond Purchaser (i) is not relying upon the Issuer, or any of its affiliates, officers, employees or agents, for advice as to the merits and risks of investment in the Bond, and (ii) has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision.

(j) The Bond Purchaser understands and acknowledges (i) that the offering of the Bond is not subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("**Rule 15c2-12**"), (ii) that, in connection with the purchase of the Bond by the Bond Purchaser, the Issuer has not prepared or caused to be prepared, and is not delivering, a deemed final official statement with respect to the Bond and has not undertaken to provide to or for the benefit of holders of the Bond financial or operating data or any other information with respect to the Improvement Area or the Bond on an ongoing basis.

(k) The Bond Purchaser is able to bear the economic risk of the investment represented by its purchase of the Bond.

(l) The Bond Purchaser is aware of the following: If the Taxable Property is owned by a federal governmental entity, or a private deed of trust secured by the Taxable Property is owned by a federal governmental entity, the ability to foreclose on the parcel to collect delinquent Special Taxes may be limited. Federal courts have held

that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal governmental entity owns the Taxable Property but does not pay taxes and assessments levied on the parcel (including the Special Taxes), the Issuer cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the Taxable Property and the Issuer wishes to foreclose on the parcel as a result of delinquent Special Taxes, the Taxable Property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest.

(m) The Bond Purchaser acknowledges that Jones Hall, A Professional Law Corporation ("**Bond Counsel**") is acting as bond counsel to the Issuer, that Bond Counsel has no attorney-client relationship with the Bond Purchaser, and that the Bond Purchaser has sought legal advice from its own counsel to the extent it concluded legal advice was necessary.

Section 8. Issuance of the Bond. On the date set forth on Exhibit A of this Contract (the "**Closing Date**") or at such other time and/or date as shall have been mutually agreed upon by the Issuer and the Bond Purchaser, the Issuer will deliver or cause to be delivered to the Bond Purchaser the Bond in definitive form duly executed and authenticated by the Fiscal Agent together with the other documents mentioned in Section 10 hereof; and the Bond Purchaser will accept such delivery and pay the Purchase Price of the Bond by delivering to the Fiscal Agent for the account of the Issuer a check payable in federal funds or making a wire transfer in federal funds payable to the order of the Fiscal Agent.

The activities relating to the final execution and delivery of the Bond and the Fiscal Agent Agreement and the payment therefor and the delivery of the certificates, opinions and other instruments as described in Section 10 of this Contract shall occur at the offices of Bond Counsel. The payment for the Bond and simultaneous delivery of the Bond to the Bond Purchaser is herein referred to as the "**Closing**."

Section 9. Termination Events. The Bond Purchaser shall have the right to cancel its obligations to purchase the Bond if between the date hereof and the date of Closing:

(i) Either federal or state legislation shall have been enacted causing interest on obligations of the general character of the Bond, to be includable in California personal income, and such legislation, in the Bond Purchaser's reasonable opinion after consultation with the City, materially adversely affects the market price of the Bond.

(ii) Legislation shall have been enacted, or actively considered for enactment with an effective date prior to the Closing, or a decision by a court of the United States shall have been rendered, the effect of which is that the Bond, including any underlying obligations, or the Fiscal Agent Agreement, as the case may be, is not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect.

(iii) There shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Bond Purchaser after consultation with the City, would materially adversely affect the market for or market price of the Bond, and such circumstances continue for 120 days.

(iv) An amendment to the federal or State constitution shall be enacted or action taken by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the validity or enforceability of the Special Taxes or the ability of the Issuer to issue the Bond and levy the Special Taxes as contemplated by the Fiscal Agent Agreement and the Rate and Method.

Section 10. Issuer Closing Conditions. The obligation of the Bond Purchaser to purchase the Bond shall be subject (a) to the performance by the Issuer of its obligations to be performed by it hereunder at and prior to the Closing, (b) to the accuracy as of the date hereof and as of the time of the Closing of the representations and warranties of the Issuer herein, and (c) to the following conditions, including the delivery by the Issuer of such documents as are enumerated herein in form and substance satisfactory to the Bond Purchaser:

(a) At the time of Closing, (i) this Contract and the Fiscal Agent Agreement shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Bond Purchaser, and (ii) the Issuer shall have duly adopted and there shall be in full force and effect such resolutions and ordinances (including, but not limited to, the Resolutions and the Ordinance) as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.

(b) Receipt of the Bond, executed by the Issuer and authenticated by the Fiscal Agent, at or prior to the Closing. The terms of the Bond, when delivered, shall in all instances be as described in Exhibit A of this Contract.

(c) At or prior to the Closing, the Bond Purchaser shall receive the following documents in such number of counterparts as shall be mutually agreeable to the Bond Purchaser and the Issuer:

(i) A final approving opinion of Bond Counsel addressed to the Bond Purchaser dated the Closing Date in the form attached hereto as Exhibit B.

(ii) Certified copies of the Resolutions and the Ordinance.

(iii) Evidence of recordation in the real property records of the City and County of San Francisco of the Notice of Special Tax Lien.

(iv) An opinion of the City Attorney to the effect that the Code, the Ordinance and the Resolutions were duly adopted at meetings of the Board of Supervisors called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Code, the Ordinance and the Resolutions are in full force and effect and have not been modified, amended or rescinded.

(v) A copy of the Unanimous Approval.

(vi) A certificate, in form and substance as set forth in Exhibit C, of the Issuer, dated as of the Closing Date.

(vii) With respect to each Taxable Parcel: (A) a copy of a final invoice from an installer that qualifies under the Issuer's then-existing program terms and conditions; and (B) evidence satisfactory to the Issuer and the Bond Purchaser that the Taxable Property has the minimum value set forth on Exhibit A of this Contract.

(viii) A certificate of the Fiscal Agent in form and substance as set forth in Exhibit D.

(ix) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Bond Purchaser or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of such Closing, of the respective representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Bond Purchaser contained in this Contract, or if the obligations of the Bond Purchaser to purchase and accept delivery of the Bond shall be terminated for any reason permitted by this Contract, this Contract shall terminate and neither the Bond Purchaser nor the Issuer shall be under further obligation hereunder, except that the respective obligations to pay expenses, as provided in Section 12 hereof shall continue in full force and effect.

Section 11. Bond Purchaser Closing Conditions. The obligations of the Issuer to issue and deliver the Bond on the Closing Date shall be subject, at the option of the Issuer, to the performance by the Bond Purchaser of the following obligations at or prior to the Closing Date:

(a) Delivery of the Purchase Price in immediately available funds.

(b) Receipt from the Bond Purchaser of the certificate in the form attached hereto as Exhibit E.

Section 12. Expenses. The Issuer shall pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Contract, including, but not limited to, delivery of the Bond, costs of printing the Bond, fees and disbursements of Bond Counsel, any financial advisor and other consultants engaged by the Issuer, including the fees and expenses of the special tax consultant and fees of the Fiscal Agent.

The Bond Purchaser shall pay all expenses incurred by it in connection with its purchase of the Bond, including fees and expenses of its counsel, if any, and fees of the California Debt Investment and Advisory Commission (if any).

Section 13. Notice. Any notice or other communication to be given to the parties to this Contract may be given by delivering the same in writing by the means identified below to the locations identified below, or at such other location of a party that such party may expressly notify the other party is the location for the receipt of notices under this Agreement:

City and County of San Francisco

1 Dr. Carlton B. Goodlett Place
City Hall, Room 316
San Francisco, CA 94102
Attn: Director of the Office of Public Finance
Fax: 415-554-4864
E-mail: nadia.sesay@sfgov.org

With a copy to the City Attorney

With a copy to the Program Administrator/City
Treasurer

Bond Purchaser

See Exhibit A of this Contract

Notice shall be deemed to have been received by a party (i) if the notice was sent by overnight mail, on the Business Day after it was sent and (ii) if the notice was sent by U.S. Mail for normal delivery, on the second Business Day after it was sent.

Section 14. Benefit of this Contract.

(a) This Contract is made solely for the benefit of the Issuer and the Bond Purchaser (or any transferee of any Bond) and no other person shall acquire or have any right hereunder or by virtue hereof.

(b) The Bond Purchaser may assign all of its rights and obligations under this Contract only with the prior written consent of the Issuer, which shall be subject to its sole and absolute discretion.

Section 15. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of California.

Section 16. Waiver. A waiver by the Issuer or the Bond Purchaser of any default or breach of contract by the other party shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Issuer or the Bond Purchaser to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Issuer or the Bond Purchaser may be enforced and exercised from time to time and as often as shall be deemed expedient by the Issuer or the Bond Purchaser.

Section 17. Counterpart. This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Issuer and the Bond Purchaser have caused this Contract to be signed in their name by authorized representatives, all as of the Effective Date.

CITY AND COUNTY OF SAN FRANCISCO,
for and on behalf of City and County of San
Francisco Special Tax District No. 2009-1
(San Francisco Sustainable Financing)

By: _____
Authorized Representative

[BOND PURCHASER]

By: _____
Authorized Representative

Acknowledged and agreed:

[PROPERTY OWNER]

By: _____
Authorized Representative

EXHIBIT A

**CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2009-1
(SAN FRANCISCO SUSTAINABLE FINANCING)
SPECIAL TAX BOND
(FEDERALLY TAXABLE)**

BOND PURCHASE CONTRACT TERMS

Name of Bond: _____

Bond Purchaser: _____

Bond Purchaser Address: _____

Improvement Area No.: _____

Authorized Principal Amount: _____

Appropriations Limit: _____

Taxable Property (APN): _____

Property Owner: _____

Notice of Special Tax Lien Recording Information: _____

Minimum Value: _____

Effective Date: _____

Closing Date: _____

Principal Amount: _____

Interest Rate: _____

Date of Fiscal Agent Agreement: _____

Reserve Fund Deposit Amount: _____

Redemption Provisions: [to come]

CUSIP No. _____

EXHIBIT B

**CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2009-1
(SAN FRANCISCO SUSTAINABLE FINANCING)
SPECIAL TAX BOND
(FEDERALLY TAXABLE)**

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall
San Francisco, CA 94102

[Bond Purchaser]

OPINION: \$_____ Improvement Area No. ___ of the City and County of San Francisco
Special Tax District No. 2009-1 (San Francisco Sustainable Financing) Special
Tax Bond, Series ____ (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City and County of San Francisco (the "City") of the above-referenced bond (the "Bond") pursuant to Chapter 43, Article X of the San Francisco Administrative Code (the "Code"), a resolution of the City adopted _____, 20__ (the "Resolution") and a Fiscal Agent Agreement, dated as of _____, 20__ (the "Fiscal Agent Agreement"), by and between the City and Wells Fargo Bank, National Association, as fiscal agent (the "Fiscal Agent"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. This opinion is being delivered in our capacity as bond counsel to the City and not as counsel to the purchaser of the Bond.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Resolution, the Fiscal Agent Agreement and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is duly created and validly existing as a municipal corporation and chartered city with the power to adopt the Resolution, to enter into the Fiscal Agent Agreement, and to perform the agreements on its part contained therein and issue the Bond.

2. The Fiscal Agent Agreement has been duly approved by the City and constitutes a valid and binding obligation of the City enforceable upon the City in accordance with its terms.

3. Pursuant to the Code, the Fiscal Agent Agreement creates a valid lien on the funds pledged by the Fiscal Agent Agreement for the security of the Bond.

4. The Bond has been duly authorized, executed and delivered by the City and is a valid and binding limited obligation of the City, payable solely from the sources provided therefor in the Fiscal Agent Agreement.

5. The interest on the Bond is exempt from personal income taxation imposed by the State of California.

6. The City has duly and validly executed the Bond Purchase Contract relating to the Bond, and the Bond Purchase Contract constitutes the legal, valid and binding agreement of the City, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in appropriate cases.

7. The Bond is exempt from registration under the Securities Act of 1933, as amended, and the Fiscal Agent Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.

The rights of the owner of the Bond and the enforceability of the Bond, the Resolution and the Fiscal Agent Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in appropriate cases.

To ensure compliance with requirements imposed by the Internal Revenue Service, we inform you that any U.S. federal tax advice contained herein is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

The owner of the Bond shall be entitled to rely on this opinion.

Respectfully submitted,

A Professional Law Corporation

EXHIBIT C

**CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2009-1
(SAN FRANCISCO SUSTAINABLE FINANCING)
SPECIAL TAX BOND
(FEDERALLY TAXABLE)**

ISSUER CLOSING CERTIFICATE

I, the undersigned, hereby certify that I am the Director of the Controller's Office of Public Finance of the City and County of San Francisco (the "**Issuer**"), the Board of Supervisors of which is the legislative body for City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing) (the "**Special Tax District**"), a special tax district duly organized and existing under Chapter 43, Article X of the San Francisco Administrative Code and that as such, I am authorized to execute this Certificate on behalf of the Issuer in connection with the issuance of the above-referenced Special Tax Bond (the "**Bond**").

I hereby further certify on behalf of the Issuer that:

(A) I am an "Authorized Officer," as such term is defined in the Fiscal Agent Agreement, dated as of _____, 20__, relating to the Bond (the "**Fiscal Agent Agreement**"),

(B) to my best knowledge, after reasonable inquiry, no litigation is pending with respect to which the Issuer has been served with process or threatened (1) to restrain or enjoin the issuance of the Bond or the collection of Special Tax Revenues pledged under the Fiscal Agent Agreement; (2) in any way contesting or affecting the authority for the issuance of the Bond or the validity or enforceability of the Bond, the Fiscal Agent Agreement or the Bond Purchase Contract; (3) in any way contesting the existence or powers of the Issuer or (4) in any way contesting or affecting the priority of the lien of the Special Taxes;

(C) the representations and warranties made by the Issuer in the Issuer Documents are true and correct in all material respects on the Closing Date, with the same effect as if made on the Closing Date;

(D) as of the date hereof, the Code, the Ordinance, the Resolutions and the Fiscal Agent Agreement are in full force and effect in accordance with their respective terms and have not been amended, modified or supplemented except in such case as may have been agreed to by the Bond Purchaser;

(E) the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Fiscal Agent Agreement and the Bond Purchase Contract prior to issuance of the Bond;

(F) pursuant to Section 3.01 of the Fiscal Agent Agreement, the Fiscal Agent is hereby requested and authorized to authenticate the Bond, dated the date hereof and issued in the principal amount of \$_____, substantially in the form attached as Exhibit A to the Fiscal Agent Agreement, and to deliver the Bond to the Bond Purchaser, upon receipt on the date hereof by the Fiscal Agent from the Bond Purchaser of (i) the

Closing Certificate of the Bond Purchaser and (ii) the purchase price of the Bond in the amount of \$_____;

(G) the purchase price of the Bond shall be deposited by the Fiscal Agent on the date hereof as follows:

(i) \$_____ shall be deposited into the Costs of Issuance Fund held by the Fiscal Agent;

(ii) \$_____ shall be deposited into the Administrative Expense Fund held by the Fiscal Agent;

(iii) \$_____ shall be deposited into the Improvement Fund held by the City;

(iv) \$_____ shall be transferred to the Fiscal Agent for deposit into the Series A Capitalized Interest Account of the Bond Fund held by the Fiscal Agent and shall be used by the Fiscal Agent to pay interest on the Bond on the following dates: (i) XXX in the amount of \$_____ and (ii) XXXX in the amount of \$_____; and

[(v) \$_____ shall be deposited into the Bond Proceeds Account of the Reserve Fund, constituting [a portion of] the Reserve Fund Deposit Amount for the Bond;]

[(H) the amount of \$_____, constituting [a portion of] the Reserve Fund Deposit Amount for the Bond, shall be transferred by the Fiscal Agent from amounts held by the Fiscal Agent pursuant to a Loan Loss Reserve Agreement to the Grant Amounts Account of the Reserve Fund;]

(I) the Issuer hereby requests the Fiscal Agent to invest, on the date hereof, the amounts deposited on the date hereof into the various funds described above in the investments described in clause (h) of the definition of "Permitted Investments" set forth in the Fiscal Agent Agreement.

Capitalized terms not defined herein shall have the same meaning set forth in the Bond Purchase Contract dated _____, 20__, between the Issuer and _____.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date hereinbelow set forth.

Dated: [Closing Date]

CITY AND COUNTY OF SAN FRANCISCO, for and on behalf of the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing)

By: _____
Director of the Office of Public Finance

EXHIBIT D

**CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2009-1
(SAN FRANCISCO SUSTAINABLE FINANCING)
SPECIAL TAX BOND
(FEDERALLY TAXABLE)**

FISCAL AGENT CLOSING CERTIFICATE

The undersigned hereby states and certifies that the undersigned is an authorized officer of Wells Fargo Bank, National Association, as fiscal agent (the "Fiscal Agent") under the Fiscal Agent Agreement dated as of _____, 20__ (the "Fiscal Agent Agreement") between the Fiscal Agent and the City and County of San Francisco (the "Issuer") relating to the captioned bond (the "Bond"); and as such, is familiar with the following facts and is authorized and qualified to certify the following facts on behalf of the Fiscal Agent:

- (1) The Fiscal Agent is duly organized and existing as a national banking association under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Fiscal Agent Agreement.
- (2) The Fiscal Agent Agreement has been duly authorized, executed and delivered by the Fiscal Agent and the Bond has been authenticated by a duly authorized representative of the Fiscal Agent in accordance with the Fiscal Agent Agreement.
- (3) There is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Fiscal Agent or threatened against the Fiscal Agent which in the reasonable judgment of the Fiscal Agent would affect the existence of the Fiscal Agent or in any way contesting or affecting the validity or enforceability of the Fiscal Agent Agreement or contesting the powers of the Fiscal Agent or its authority to enter into and perform its obligation under the Fiscal Agent Agreement.
- (4) The Fiscal Agent is in receipt of the various amounts described in the Issuer Closing Certificate and has deposited those amounts in the funds and accounts directed by the Issuer in the Issuer Closing Certificate and has invested those amounts in the Permitted Investments directed by the Issuer.
- (5) The Fiscal Agent is in receipt of the Bond Purchaser Closing Certificate.

Dated: [closing date]

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Fiscal Agent

By _____
Authorized Officer

EXHIBIT E

**CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2009-1
(SAN FRANCISCO SUSTAINABLE FINANCING)
SPECIAL TAX BOND
(FEDERALLY TAXABLE)**

BOND PURCHASER CLOSING CERTIFICATE

I, the undersigned, hereby certify that I am an authorized representative of _____, a _____ company (the "Bond Purchaser"), and that, as such, I am authorized to execute this Certificate on behalf of the Bond Purchaser in connection with the issuance by the City and County of San Francisco (the "Issuer") of the above-referenced bond (the "Bond") in the initial principal amount of \$_____. Capitalized terms used herein but not defined have the meaning given them in the Bond Purchase Contract dated _____, 20__ between the Issuer and the Bond Purchaser (the "Bond Purchase Contract").

I hereby further certify on behalf of the Bond Purchaser that:

(A) the representations and warranties made by the Bond Purchaser in the Bond Purchase Contract are true and correct in all material respects on the date hereof, with the same effect as if made on the date hereof; and

(B) the Bond Purchaser hereby acknowledges receipt of the Bond dated as of the date hereof, duly authenticated by Wells Fargo Bank, National Association, as fiscal agent; and

(C) the conditions to issuance of the Bond set forth in Section 10 of the Bond Purchase Contract have either been satisfied to the Bond Purchaser's satisfaction or are hereby waived by the Bond Purchaser.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date hereinbelow set forth.

Dated: [Closing Date]

[BOND PURCHASER]

By: _____
Authorized Representative



SF Environment

Our home. Our city. Our planet.

A Department of the City and County of San Francisco



EDWIN M. LEE
Mayor

Melanie Nutter
Director

MEMO

TO: Honorable Members, Board of Supervisors
Land Use and Economic Development Committee
Supervisors Mar, Cohen, and Wiener

FROM: Rich Chien, SF Environment

DATE: July 18, 2011

RE: GreenFinanceSF Non-Residential Program

PROGRAM SUMMARY

GreenFinanceSF Introduction. San Francisco's Property Assessed Clean Energy (PACE) program, called "GreenFinanceSF" (GFSF), allows an approved owner (Owner) of non-residential property or residential property with 5 or more units (Property) to finance the installment of eligible green improvements on a privately owned building(s). The Owner must consent to a special tax assessment and agree to repay the financed amount on the Owner's property tax bill.

"Owner-Arranged Financing" Approach. GFSF would utilize an "owner-arranged" PACE financing model (see graphic at Appendix A) as the vehicle to deliver capital for energy efficiency, renewable energy and water conservation retrofits of qualifying commercial properties in San Francisco. Under the "owner-arranged" model, an Owner would negotiate directly with a financial institution (Lender). Once financing terms are agreed between the Owner and the Lender, the City would issue a bond (Special Tax Bond) to the Lender, the repayment of which would be secured through a special tax levied by the County. The special tax levy would give the Lender a first priority lien on the Property.

The "owner arranged" model described above relies on sophisticated parties (Owner, Lender, energy efficiency contractor, existing mortgage/lien holder) to negotiate specific deal terms. GFSF offers a Lender the security of a senior PACE lien.

Applicable Law. Each Special Tax Bond would be issued pursuant to Chapter 43, Article X of the San Francisco Administrative Code (SF Code), which

incorporates the Mello-Roos Community Facilities Act of 1982. In accordance with the Code, each Special Tax Bond would be secured only by special taxes levied on an improvement area established within the currently-existing "City and County of San Francisco Special Tax District No. 2009-1." An improvement area would be established for each Owner.

Important Program Features. We highlight for your attention the following features of GFSF:

- Authority to Issue Special Tax Bonds Delegated to City Staff. Upon approval of the Administrative Terms Resolution and the Resolution Authorizing Bond Issuance, the Board will have delegated to City staff the authority to approve the issuance of Special Tax Bonds in an aggregate amount not to exceed \$100 million. Board approval will, thus, not be necessary to approve each individual issuance of Special Tax Bonds.
- Source of Repayment of Special Tax Bonds. Special taxes of an improvement area would be the sole source of repayment of a Special Tax Bond issued with respect to that improvement area, as specified in the Fiscal Agent Agreement (described below).
- Foreclosure Remedy. The remedy upon an Owner's repayment default is foreclosure by the City, as specified in the Fiscal Agent Agreement.

Grant Funds. GFSF intends to increase interest and participation in the program by allocating the \$372,600 of State Energy Program (SEP/ARRA) grant funding (Grant Funds) to a debt service reserve fund and making the Grant Funds available to approved projects as credit enhancement; this reserve fund will provide additional security for Lenders and may result in a lower cost of borrowing.

Requested Board Action. In connection with GFSF, the action requested of the Board of Supervisors is to approve the following two resolutions:

- Resolution approving administrative terms and conditions for the GreenFinanceSF owner-arranged financing program; identifying the San Francisco Department of the Environment or its City agency designee as the Program Administrator for the City; setting reporting requirements; authorizing the execution of a loan loss reserve agreement; and related matters (Administrative Terms Resolution).

- Resolution authorizing the issuance and sale of special tax bonds (federally taxable) in an aggregate principal amount not to exceed \$100 million (Resolution Authorizing Bond Issuance).

Each of these resolutions, along with the documents to which they relate, is described below.

OVERVIEW OF PROGRAM DOCUMENTS

Below is described the documents that relate to GFSF.

Administrative Terms Resolution. Generally, directs the San Francisco Department of the Environment (or any City agency that the San Francisco Department of the Environment designates) to administer, and establish terms and conditions for, GFSF. The Administrative Terms Resolution also authorizes the form of Loan Loss Reserve Agreement, which is described below.

Resolution Authorizing Bond Issuance. Authorizes the issuance of Special Tax Bonds in an aggregate amount not to exceed \$100 million and also, approves the form of Fiscal Agent Agreement and Bond Purchase Contract, each of which is described below.

Form of Fiscal Agent Agreement. An agreement between the City and Wells Fargo Bank, National Association, as Fiscal Agent, pursuant to which a Special Tax Bond would be issued for an improvement area. The Fiscal Agent Agreement establishes the pledge of special taxes by the City to the Fiscal Agent. Among other things, this agreement would govern the structure of a Special Tax Bond (e.g., prepayment, maturity, default provisions) and impose transfer restrictions on the Lender and any subsequent purchaser of the Special Tax Bond.

Form of Bond Purchase Contract. A contract between the City and the Lender, pursuant to which the Lender (i) agrees to purchase a Special Tax Bond issued by the City and (ii) makes representations and warranties as to its sophistication as an investor. This contract also reflects the basic financing terms agreed between the Lender and Owner.

Form of Unanimous Approval. Document pursuant to which the Owner agrees to the Levy of special taxes for purposes of the issuance by the City of a Special Tax Bond to a Lender (*in packet*).

Form of Lender Consent. Relates to an Owner's **existing** mortgage lender/lienholder, whereby that existing lender/lienholder (i) consents to the levy

of special taxes and the creation of the special tax lien and (ii) agrees that the proposed special tax lien will not constitute an event of default or trigger the exercise of any remedies under the loan documents in force between the existing lender/lienholder and the Owner (*in packet*).

Loan Loss Reserve Agreement. An agreement between the City and Wells Fargo Bank, National Association, as fiscal, pursuant to which the City commits Grant Funds for purposes of U.S. Department of Energy guidelines.

Rate and Method of Apportionment of Special Tax (two methods). The rate and method that the special tax applicable to each Assessor's Parcel of Taxable Property identified shall be levied and collected according to the tax liability determined by the City or its designee (*in packet*).

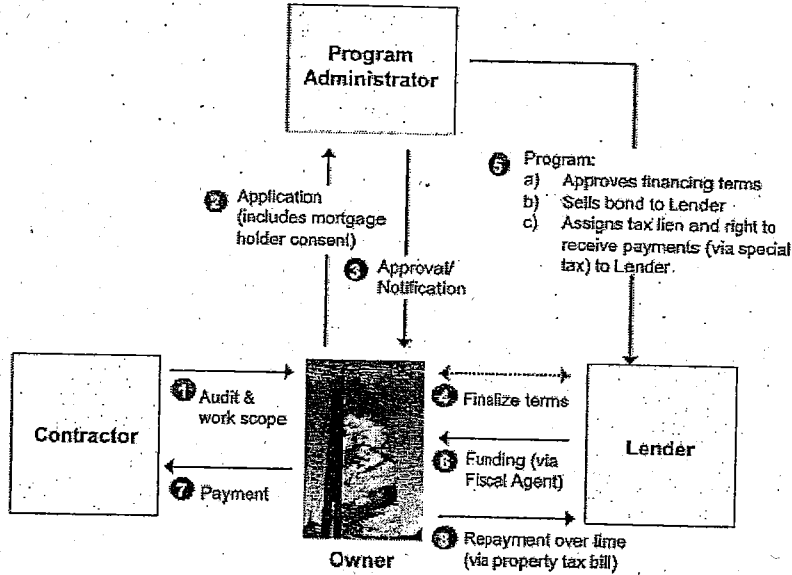
Program Terms. A detailed description of terms to which property owners must agree in order to participate in GFSF (*in packet*).

Program Underwriting Requirements. A list of minimum requirements used to determine if Properties are eligible for GFSF financing, the administrative process that would be applied, and whether exceptions would be considered or not (*in packet*).

List of Eligible Measures. A list of common commercial energy and water saving projects that are eligible for financing, including their estimated useful life, and source references (*in packet*).

Attachment A

GFSF Owner Arranged Process (general)



Adapted from Clinton Climate Initiative.

CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2009-1
(San Francisco Sustainable Financing)

UNANIMOUS APPROVAL

CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2009-1
(SAN FRANCISCO SUSTAINABLE FINANCING)

_____, 20__

To the Honorable Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall
San Francisco, CA 94102

Members of the Board of Supervisors:

The Board of Supervisors of the City and County of San Francisco (the "City") has added Chapter 43, Article X to the San Francisco Administrative Code (the "Code") and, for the purpose of financing and refinancing the acquisition, installation and improvement of energy efficiency, water conservation and renewable energy improvements to or on real property and in buildings, whether such real property or buildings are privately or publicly owned, the City has formed the "City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing)" (the "Special Tax District").

The Property Owner (as defined below) hereby states and certifies, under penalty of perjury, as follows:

1. Property Owner. This Unanimous Approval is submitted by the record owner(s) (the "Property Owner") of the fee title to the real property identified below (the "Property"). The Property Owner has supplied to the City current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Unanimous Approval.

2. Unanimous Approval. This Unanimous Approval constitutes the approval and unanimous vote of the Property Owner in favor of the following matters for the purposes of Sections 43.10.17 and 43.10.18 of the Code and Article XIII A of the California Constitution:

a. Annexation: The annexation of the Property to the Special Tax District for the purpose of financing the acquisition, installation and improvement on the Property of the energy efficiency, water conservation and/or renewable energy improvements described in Appendix 1 hereto and made a part hereof (the "Improvements"). The Property shall constitute an improvement area to be known as "Improvement Area No. ___ of the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing)" (the "Improvement Area").

b. Special Tax: The levy of special taxes (the "Special Taxes") on the Property to finance the Improvements, according to the Rate and Method of Apportionment of Special Tax, attached as Appendix 2 (the "Rate and Method").

c. Bonds and Appropriations Limit: The issuance of bonded indebtedness for the Improvement Area in an aggregate principal amount not to exceed \$ _____ and an appropriations limit for the Special Tax District of \$ _____.

3. Waivers, Acknowledgment and Agreement.

a. Waivers. The Property Owner hereby waives its right to repeal the Special Tax by initiative or any other action and any necessity, requirement or right to further public hearings or election with respect to the annexation of the Property to the Special Tax District, designation of the Improvement Area or the levy of the Special Taxes on the Property.

The Property Owner hereby acknowledges that the City has formed the Special Tax District solely for the purpose of assisting the owners of property in the City with the financing of renewable energy, water conservation and energy efficiency improvements, and that the City has no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of the Improvements. The Property Owner hereby agrees that the Property Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation, financing, refinancing and maintenance of the Improvements. The Property Owner hereby acknowledges that the Property will be responsible for payment of the Special Tax according to the Rate and Method regardless of whether the Improvements are properly installed, operated or maintained as expected.

Based upon the foregoing, the Property Owner hereby waives the right to recover from and fully and irrevocably releases the City and any and all agents, employees, attorneys, representatives and successors and assigns of the City from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the Improvements and their financing by the City that the Property Owner may now have or hereafter acquire against the City and any and all agents, employees, attorneys, representatives and successors and assigns of the City.

To the extent that the foregoing waivers and agreements are subject to Section 1542 of the California Civil Code or similar provisions of other applicable law, it is the intention of the Property Owner that the foregoing waivers and agreements will be effective as a bar to any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), of whatever character, nature and kind, known or unknown, suspected or unsuspected, and Property Owner agrees to waive any and all rights and benefits conferred upon the Property Owner by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law. Section 1542 reads as follows:

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

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

Property Owner's Initials: _____

The waivers, releases and agreements set forth in this Section 3 shall survive termination of this Agreement.

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

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

d. Application. The Property Owner hereby represents and warrants to the City that the information provided in the GreenFinanceSF Application submitted to the City in connection with the Property Owner's request for financing is true and correct as of the date hereof, and that the representations set forth in the GreenFinanceSF Application are true and correct with respect to the Property Owner as of the date hereof as if made on the date hereof.

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

5. Recordation of Notice of Special Tax Lien. The Property Owner hereby authorizes and directs the Clerk of the Board of Supervisors to execute and cause to be recorded in the office of the Recorder of the City and County of San Francisco a Notice of Special Tax Lien as required by Section 43.10.17 of the Code, which shall give notice that a lien to secure payment of a special tax is imposed by the City on behalf of the Special Tax District. The Notice of Special Tax Lien shall include the Rate and Method and this Unanimous Approval as exhibits thereto.

6. Notice. To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property of the annexation of the Property to the Special Tax District, of the designation of the Property as the Improvement Area and of the authority of the City to levy the Special Taxes on the Property pursuant to the Rate and Method. This Unanimous Approval establishes agreements and obligations that are for the benefit of the Property and, therefore, such agreements and obligations run with the land pursuant to Civil Code Section 1462.

7. Right to Inspect Property and Related Documents. The Property Owner hereby grants the City, its agents and representatives the right to enter the Property at any reasonable time, upon reasonable notice, to inspect the Improvements. The Property Owner further hereby grants the City, its agents and representatives the right to examine and copy any documentation relating to the Improvements.

8. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the City.

9. The Property. The Property subject to this Unanimous Approval and to be annexed to the Special Tax District and to be designated the Improvement Area consists of the following:

<i>Property Address:</i>	_____

<i>City and County of San Francisco</i>	_____
<i>Assessors</i>	_____
<i>Parcel(s)</i>	_____
<i>Number(s):</i>	_____

The foregoing Unanimous Approval is hereby executed this _____ day of _____, 20__ in _____, California.

The name of the record owner of the Property is:

The following are authorized to sign this Unanimous Approval on behalf of the Property Owner:

Name: _____

Name: _____

By: _____

By: _____

Its: _____

Its: _____

Name: _____

Name: _____

By: _____

By: _____

Its: _____

Its: _____

ACKNOWLEDGMENT

State of California
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the pers on(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/s he/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of whic h the person(s) acted, executed the
instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

APPENDIX 1
IMPROVEMENT AREA NO. ___ OF THE
CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2009-1
(SAN FRANCISCO SUSTAINABLE FINANCING)

DESCRIPTION OF IMPROVEMENTS

The Improvements are described in the attached invoice(s).

APPENDIX 2
IMPROVEMENT AREA NO. ___ OF THE
CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2009-1
(SAN FRANCISCO SUSTAINABLE FINANCING)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

LENDER CONSENT TO PROPOSED SPECIAL TAX LIEN

Date: _____

Property/Loan Information:

Address: _____

APN: _____

Loan Number: _____

This Lender Consent to Proposed Special Tax Lien (this "Consent") is given by the undersigned entity (the "Lender") with respect to the above-referenced loan (the "Loan") and the above-referenced property (the "Property").

RECITALS

A. The Property Owner intends to finance installation on the Property of certain renewable energy, energy efficiency and water efficiency improvements (the "Authorized Improvements") by participating in a program, known as "GreenFinanceSF," sponsored by the City and County of San Francisco (the "City"). The Authorized Improvements to be financed by Owner are described at Exhibit A attached hereto. The Property is described at Exhibit B attached hereto.

B. Under the GreenFinanceSF program, the City will levy special taxes ("Special Taxes") on participating properties to finance the installation of Authorized Improvements on those properties. Participation in the GreenFinanceSF program is voluntary and requires annexation to the "City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing)" (the "Special Tax District") as an improvement area within such Special Tax District ("Improvement Area"). The Special Tax (including any penalties and interest) will be collected on the property tax bill. The obligation to pay the special taxes will be secured by a lien on the private property that is senior to all private liens, including pre-existing private liens, and cannot be subordinated to the private liens.

C. Lender understands that the Special Taxes described in the immediately preceding recital will be levied on the Property, and that the payment of the Special Taxes (including any penalties and interest) will be secured by a statutory lien that is senior to the lien securing the Loan. Lender understands that, as a matter of California law, the lien securing the obligation to pay the Special Taxes cannot be subordinated to the lien securing the Loan.

D. The Property Owner has agreed in a manner acceptable to Lender to pay on a timely basis both the existing obligations secured by the Property (including the Loan) and the proposed Special Taxes.

(continued on next page)

CONSENT

The undersigned hereby represents that it is authorized to execute this Consent on behalf of the Lender. The Lender hereby (i) consents to the levy of the Special Taxes and creation of the proposed Special Tax lien and (ii) agrees that the levy of the Special Taxes and the creation of the proposed Special Tax lien will not constitute an event of default or trigger the exercise of any remedies under the Loan documents. The Lender hereby acknowledges that the Property Owner and the City will rely on the representation and consent of the Lender set forth in this Consent.

LENDER:	
	By: _____
	<i>Authorized Representative</i>
	By: _____
	<i>Name</i>
	By: _____
	<i>Title</i>
	By: _____
	<i>Date</i>

EXHIBIT A
LIST OF FINANCED AUTHORIZED IMPROVEMENTS

**EXHIBIT B
PROPERTY DESCRIPTION**

REAL PROPERTY IN THE COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA,
DESCRIBED AS FOLLOWS:

A.P.N.: _____

LEGAL DESCRIPTION:

EXHIBIT B

**IMPROVEMENT AREA NO. 1 OF THE
CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2009-1
(SAN FRANCISCO SUSTAINABLE FINANCING)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel of Taxable Property identified herein, which the City hereby designates as Improvement Area No. 1 of the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing) shall be levied and collected according to the tax liability determined by the City or its designee, through the application of the appropriate amount or rate for Taxable Property, as described below. All property in Improvement Area No. 1, unless exempted by law or by the provisions of Section F below, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

“Adjusted Maximum Special Tax” means the Special Tax identified in the Rate Schedule that will apply during any period in which scheduled principal and interest payments on the Bonds were delinquent in the prior Fiscal Year or are, or are expected to be, delinquent in the current Fiscal Year.

“Administrative Expenses” means costs directly related to the administration of the Special Tax District with respect to Improvement Area No. 1 including: the actual costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by a City employee or consultant or both) and the actual costs of collecting the Special Taxes (whether by the County or otherwise); the actual costs of remitting the Special Taxes to the fiscal agent; actual costs of the fiscal agent (including its legal counsel) in the discharge of its duties under the Fiscal Agent Agreement; the actual costs of the City or its designee of complying with the disclosure provisions of the and the Fiscal Agent Agreement, including those related to public inquiries regarding the Special Tax and disclosures to bond holders; the actual costs of the City or its designee related to an appeal of the Special Tax; any amounts required to be rebated to the federal government; and an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses shall also

include amounts advanced by the City for any administrative purpose of the Special Tax District with respect to Improvement Area No. 1, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, and the costs of prosecuting foreclosure of delinquent Special Taxes.

“Administrator” shall mean the Director of the Office of Public Finance of the City or a person or firm designated by the Director to administer the Special Tax according to this Method of Apportionment of Special Tax.

“Assessor’s Parcel” or “Parcel” means a lot or parcel shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

“Asset Component” means, for a particular Parcel, that portion of the Bond principal that is, or is expected to be, used to fund Authorized Improvements and not Bond Costs.

“Authorized Improvements” means the improvements authorized to be financed, in whole or in part, by Special Tax proceeds.

“Board of Supervisors” means the Board of Supervisors of the City and County of San Francisco, acting as the legislative body of the Special Tax District.

“Bonds” means bonds or other debt (as defined in the Code), whether in one or more series, issued, insured or assumed by Improvement Area No. 1 related to funding Authorized Improvements.

“Bond Costs” means costs paid or expected to be paid from Bond proceeds that are not directly related to the costs of Authorized Improvements, including but not limited to, Bond issuance costs, pre-funded Administrative Expenses, capitalized interest, and costs associated with a letter of credit or other such security vehicle. Notwithstanding the foregoing, Bond Costs shall not include amounts deposited into a reserve fund if there is a proportional reduction in the reserve fund when a Mandatory Bond Call takes place.

“City” means the City and County of San Francisco, California.

“Code” means Chapter 43, Article X of the San Francisco Administrative Code, which incorporates the Act.

“County” means the City and County of San Francisco, California.

“Default Rate” means the interest rate on the Bonds that will apply during any period in which scheduled principal and interest payments on the Bonds are delinquent.

“Designated Maximum Special Tax” means the Special Tax identified in the Rate Schedule that will apply during any period in which scheduled principal and interest payments on the Bonds are current.

“**Fiscal Agent Agreement**” means the fiscal agent agreement, bond indenture or other agreement between the City and the fiscal agent, as it may be amended or supplemented from time to time, governing the issuance of Bonds.

“**Fiscal Year**” means the period starting July 1 and ending on the following June 30.

“**Improvement Area No. 1**” means the Assessor’s Parcels of Taxable Property identified in the Rate Schedule, or any Parcels subsequently created from subdivision of these Parcels, which the City hereby designates as Improvement Area No. 1 of the Special Tax District.

“**Mandatory Bond Call**” means a Bond call that, pursuant to the Fiscal Agent Agreement, is required to take place after the Mandatory Completion Date if some or all of the Authorized Improvements for a Parcel have not been completed.

“**Mandatory Completion Date**” means, for certain Parcels within Improvement Area No. 1, the date by which the Authorized Improvements being funded on the Parcels must be completed. The Mandatory Completion Date shall be identified on the Rate Schedule for each Parcel to which such a date is applicable.

“**Maximum Special Tax**” means the greatest amount of Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year as set forth in the Rate Schedule.

“**Non-Asset Maximum Special Tax**” means the Maximum Special Tax identified in the Rate Schedule for Parcels subject to a Mandatory Completion Date which, after the full Asset Component of the Bonds has been called, would become the effective Maximum Special Tax for the Parcel.

“**Non-Default Rate**” means the interest rate on the Bonds that will apply during any period in which scheduled principal and interest payments on the Bonds are current.

“**Public Property**” means any property within the boundaries of Improvement Area No. 1 that is owned by or irrevocably offered for dedication to the federal government, State of California, City, or other local governments or public agencies.

“**Rate and Method**” means this Rate and Method of Apportionment of Special Tax.

“**Rate Schedule**” means the schedule included as Attachment 1 to this Rate and Method that identifies the Maximum Special Tax for Parcels in Improvement Area No. 1 for each Fiscal Year in which a Special Tax will be levied.

“**Special Tax**” means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

“**Special Tax District**” means the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing).

“Special Tax Requirement” means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year; (ii) to pay principal and interest on the Bonds in connection with a Mandatory Bond Call; (iii) to create or replenish reserve funds; (iv) to make lease payments on any lease used to finance Authorized Improvements; (v) to reimburse the City for monies advanced to pay formation and/or administration costs of the Special Tax District, Authorized Improvements costs, debt service on Bonds, and any other costs related to Improvement Area No. 1; (vi) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in any prior Fiscal Year or (based on delinquencies in the payment of Special Taxes which have already taken place) or are expected to occur in the Fiscal Year in which the tax will be collected; (vii) to pay Administrative Expenses; (viii) to pay the costs of Authorized Improvements to be funded directly from Special Tax proceeds; and (ix) to pay increased interest costs associated with application of the Default Rate. In the City’s sole and absolute discretion, the amounts referred to in clauses (i), (ii) and (iii) of the preceding sentence may be reduced in any Fiscal Year by (i) proceeds from the collection of penalties associated with delinquent Special Taxes collected from the Parcel, and (ii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of Improvement Area No. 1 which are not exempt from the Special Tax pursuant to law or Section F below.

“Unanimous Approval Form” means that form executed by the record owner of fee title to a Parcel annexed into the Special Tax District that constitutes the property owner’s approval and unanimous vote in favor of annexing into the Special Tax District, the issuance of Bonds for Improvement Area No. 1 and the levy of the Special Tax against his/her Parcel pursuant to this Rate and Method.

B. DATA FOR ADMINISTRATION OF SPECIAL TAX

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor’s Parcel numbers for all Parcels of Taxable Property within Improvement Area No. 1 and determine the Special Tax Requirement for the Fiscal Year. The Administrator shall maintain a file that includes a copy of the Rate Schedule for each Parcel of Taxable Property, which shall be used to determine each Parcel’s Maximum Special Tax for the Fiscal Year. In addition, the Administrator shall monitor the Mandatory Completion Date for all Parcels to which such a date applies and, after such Mandatory Completion Date, shall coordinate with the City to monitor when a Mandatory Bond Call takes place and recalculate the Maximum Special Tax for the Parcel.

If it is determined in any Fiscal Year that a Parcel in Improvement Area No. 1 has been subdivided, the Administrator shall assign the Maximum Special Tax to the newly-created Parcel on which the non-residential structure for which Authorized Improvements were funded by the Bonds is located. If multiple Parcels have been created and the original structure no longer exists, the Administrator shall allocate the Special Tax on a per-acre basis to each of the new Parcels unless the City, in its sole discretion, determines that the Special Tax should be allocated in an alternate manner to the new Parcels.

C. MAXIMUM SPECIAL TAX

In any Fiscal Year, at the time the Administrator is preparing the levy, the Maximum Special Tax for a Parcel of Taxable Property within Improvement Area No. 1 shall be one of the following:

- *If scheduled principal and interest payments on the Bonds are current and were not delinquent in the prior Fiscal Year, the Maximum Special Tax shall be the Designated Maximum Special Tax as identified in the Rate Schedule for the Fiscal Year.*
- *If scheduled principal and interest payments on the Bonds in the current Fiscal Year are, or are expected to be, delinquent, or if scheduled principal and interest payments in the prior Fiscal Year were delinquent, the Maximum Special Tax shall be the Adjusted Maximum Special Tax as identified in the Rate Schedule for the Fiscal Year.*

For a Parcel for which a Mandatory Completion Date is identified in the Rate Schedule, the Maximum Special Tax shall be the Designated Maximum Special Tax or Adjusted Maximum Special Tax, as determined above, unless and until a Mandatory Bond Call takes place, after which time the Maximum Special Tax shall be determined as follows:

If the entire Asset Component of the Bonds has been called, the Maximum Special Tax for the Parcel for the next Fiscal Year and all subsequent Fiscal Years shall be the applicable Non-Asset Maximum Special Tax identified in the Rate Schedule. Notwithstanding the foregoing, if scheduled principal and interest payments on the Bonds were delinquent in the prior Fiscal Year, the increased interest cost associated with application of the Default Rate in the prior Fiscal Year shall be added to the applicable Non-Asset Maximum Special Tax in that first Fiscal Year in which the Non-Asset Maximum Special Tax is levied.

If only a portion of the Asset Component of Bonds has been called, the Maximum Special Tax for the Parcel shall be determined by recalculating the Designated Maximum Special Tax and Adjusted Maximum Special Tax by application of the following steps:

- Step 1.* Identify the total Asset Component for the Parcel.
- Step 2.* Determine the amount expended on Authorized Improvements to the Parcel.
- Step 3.* Divide the amount from Step 2 by the amount from Step 1 to determine a percentage.
- Step 4.* For the next Fiscal Year after the Mandatory Bond Call and all subsequent Fiscal Years, subtract the applicable Non-Asset Maximum Special Tax from the Designated Maximum Special Tax and from the Adjusted Maximum Special Tax to determine that portion of the Designated Maximum Special Tax and Adjusted Maximum Special Tax that is associated with the Asset Component for the Parcel.

Step 5. Multiply the amounts determined in Step 4 by the percentage calculated in Step 3.

Step 6. For the next Fiscal Year after the Mandatory Bond Call and all subsequent Fiscal Years add the applicable Non-Asset Maximum Special Tax for the Parcel and the amounts determined in Step 5 to determine the new Designated Maximum Special Tax and new Adjusted Maximum Special Tax that shall apply to the Parcel. Notwithstanding the foregoing, if scheduled principal and interest payments on the Bonds were delinquent in the prior Fiscal Year, the increased interest cost associated with the prior Fiscal Year delinquency shall be added to the new Designated Maximum Special Tax and to the new Adjusted Maximum Special Tax in that first Fiscal Year the new tax rates shall apply.

When only a portion of the Asset Component has been called and a new Designated Maximum Special Tax and new Adjusted Maximum Special Tax have been determined pursuant to the steps set forth above, a revised Notice of Special Tax lien shall be recorded against the Parcel that includes a Rate Schedule reflecting the new Maximum Special Tax rates for each remaining Fiscal Year.

The provisions of this Section C relating to the recalculation of the Maximum Special Tax rates following a Mandatory Bond Call may be amended as it applies to a particular Parcel by the Rate Schedule approved by the owner of such Parcel.

D. METHOD OF LEVY OF THE SPECIAL TAX

Each Fiscal Year, the Administrator shall determine the Special Tax Requirement for Improvement Area No. 1. If the Default Rate applied at any time in the prior Fiscal Year, or if the Default Rate is or is anticipated to be applied in the current Fiscal Year, the City and/or its program consultant(s) will coordinate with the Administrator to determine the added interest cost that must be collected to pay for a prior or expected application of the Default Rate. After the Special Tax Requirement for Improvement Area No. 1 has been determined, the Administrator will levy the Special Tax proportionately on each Parcel of Taxable Property up to the amount needed to pay the Special Tax Requirement, which amount shall never exceed the Maximum Special Tax for the Parcel in that Fiscal Year.

E. MANNER OF COLLECTION OF SPECIAL TAX

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section G below and provided further that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax for a Parcel of Taxable Property shall be levied and collected until the Bonds are paid in full or such longer period of time provided in the Unanimous Approval Form for the Parcel,

except that a Special Tax that was lawfully levied in or before the final tax year identified in the Unanimous Approval Form and that remains delinquent may be collected in subsequent years.

F. EXEMPTIONS

Notwithstanding any other provision of this Rate and Method, no Special Tax shall be levied on Public Property, except as otherwise provided in the Code.

G. PREPAYMENT OF SPECIAL TAX

The Special Tax obligation applicable to an Assessor's Parcel in Improvement Area No. 1 may be prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only after the Mandatory Completion Date has passed and if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. A Parcel owner who intends to prepay the Special Tax obligation shall provide the Administrator with written notice of intent to prepay. Within 14 days of receipt of such written notice, the Administrator shall confirm to such owner the prepayment amount for the Parcel. Prepayment must be made not less than 50 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

1. *Full Prepayment of Only the Non-Asset Maximum Special Tax*

The Prepayment Amount for any Parcel that is subject only to the Non-Asset Maximum Special Tax shall be the sum of the Non-Asset Maximum Special Taxes applicable to the Parcel in all Fiscal Years for which a Special Tax has not yet been levied. If a Special Tax has been levied on, but not yet collected from, the Parcel at the time of prepayment, the outstanding Special Tax payment must be paid as part of the secured property tax bill unless the amount is stripped for the tax roll as part of a foreclosure proceeding by the City.

2. *Full Prepayment of Maximum Special Tax*

The following definition applies to this Section G.2:

"Outstanding Bonds" means all Bonds that have been issued for Improvement Area No. 1 prior to the date of prepayment and which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor's Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding, that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of **"Outstanding Bonds"** for purposes of the prepayment formula.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount
plus: Redemption Premium

plus: Defeasance Requirement
plus: Administrative Fees and Expenses
minus: Reserve Fund Credit
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1. Identify the Designated Maximum Special Tax that could be collected from the Assessor's Parcel prepaying the Special Tax in the Fiscal Year in which the prepayment would be received.
- Step 2. Determine the aggregate Designated Maximum Special Tax that could be collected from all Parcels in Improvement Area No. 1 in the Fiscal Year in which the prepayment would be received. If there is only one Parcel in Improvement Area No. 1 at the time of prepayment, this amount will be the same as the amount from Step 1.
- Step 3. Divide the amount from Step 1 by the amount determined in Step 2.
- Step 4. Multiply the quotient computed pursuant to Step 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "*Bond Redemption Amount*").
- Step 5. Multiply the Bond Redemption Amount from Step 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
- Step 6. Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment has been received until the earliest redemption date for the Outstanding Bonds.
- Step 7. Compute the amount of interest the City reasonably expects to derive from the reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 8. Take the amount computed pursuant to Step 6 and subtract the amount computed pursuant to Step 7 (the "*Defeasance Requirement*").
- Step 9. Determine the costs of computing the prepayment amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "*Administrative Fees and Expenses*").

- Step 10.** If and to the extent so provided in the Fiscal Agent Agreement, a reserve fund credit shall be calculated as a reduction, if any, in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "*Reserve Fund Credit*").
- Step 11.** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 4, 5, 8, and 9, less the amount computed pursuant to Step 10 (the "*Prepayment Amount*").
- Step 12.** The amounts computed pursuant to Steps 4, 5, and 8, less the amount computed pursuant to Step 10, shall be deposited in the appropriate fund established under the Fiscal Agent Agreement and used to retire Outstanding Bonds or make debt service payments. The amount determined in Step 9 shall be deposited in the fund established to pay Administrative Expenses.

Once a prepayment has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel. However, such Notice shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

H. INTERPRETATION OF SPECIAL TAX FORMULA

The City may interpret, clarify, and revise this Rate and Method to correct any inconsistency, vagueness, or ambiguity, by resolution and/or ordinance, that does not materially affect the levy and collection of the Special Taxes and any security for any Bonds.

The City and the owner of a Parcel may amend this Rate and Method as it applies to that Parcel in the Rate Schedule applicable to that Parcel.

Attachment 1

Improvement Area No. 1 of the City and County of San Francisco
 Special Tax District No. 2009-1 (San Francisco Sustainable Financing)

Rate Schedule

Property Address: _____

Property's Assessor's Parcel Number: _____

Mandatory Completion Date: _____

<i>Designated Maximum Special Tax /1</i>						
Fiscal Year	Bond Interest (Non-Default) (a)	Bond Principal (b)	Total Bond Payment (a) + (b)	Administrative Expenses (c)	Designated Maximum Special Tax (a) + (b) + (c)	Non-Asset Maximum Special Tax /2
2012-13						
2013-14						
2014-15						
2015-16						
2016-17						
2017-18						
2018-19						
2019-20						
2020-21						
2021-22						
2022-23						
2023-24						
2024-25						
2025-26						
2026-27						
2027-28						
2028-29						
2029-30						
2030-31						
2031-32						

(See footnotes on the following page)

Attachment 1

Improvement Area No. 1 of the City and County of San Francisco
 Special Tax District No. 2009-1 (San Francisco Sustainable Financing)

Rate Schedule

Property Address: _____

Property's Assessor's Parcel Number: _____

Mandatory Completion Date: _____

<i>Adjusted Maximum Special Tax /3</i>						
Fiscal Year	Bond Interest (Default) /4 <i>(a)</i>	Bond Principal <i>(b)</i>	Total Bond Payment <i>(a) + (b)</i>	Administrative Expenses <i>(c)</i>	Adjusted Maximum Special Tax <i>(a) + (b) + (c)</i>	Non-Asset Maximum Special Tax /2
2012-13						
2013-14						
2014-15						
2015-16						
2016-17						
2017-18						
2018-19						
2019-20						
2020-21						
2021-22						
2022-23						
2023-24						
2024-25						
2025-26						
2026-27						
2027-28						
2028-29						
2029-30						
2030-31						
2031-32						

- /1 The Designated Maximum Special Tax applies when scheduled principal and interest payments on the Bonds are current, and is calculated using the Non-Default Rate.
- /2 Applies only in the event of a call of the entire Asset Component of the Bonds, as defined in the Rate and Method.
- /3 The Adjusted Maximum Special Tax will apply if scheduled principal and interest payments on the Bonds were delinquent in the prior Fiscal Year or are anticipated to be delinquent in the current Fiscal Year.
- /4 The Adjusted Maximum Special Tax is calculated to include interest payments based on the sum of (i) the difference between the Default Rate and Non-Default Rate for the prior Fiscal Year and (ii) the Default Rate for the current Fiscal Year. The actual Special Tax that will be levied on the Parcel will be only the amount needed to pay the Special Tax Requirement in any Fiscal Year.

Attachment 1

Improvement Area No. 1 of the City and County of San Francisco
 Special Tax District No. 2009-1 (San Francisco Sustainable Financing)

Rate Schedule

Property Address: _____

Property's Assessor's Parcel Number: _____

<i>Designated Maximum Special Tax /1</i>					
Fiscal Year	Bond Interest (Non-Default) <i>(a)</i>	Bond Principal <i>(b)</i>	Total Bond Payment <i>(a) + (b)</i>	Administrative Expenses <i>(c)</i>	Designated Maximum Special Tax <i>(a) + (b) + (c)</i>
2012-13					
2013-14					
2014-15					
2015-16					
2016-17					
2017-18					
2018-19					
2019-20					
2020-21					
2021-22					
2022-23					
2023-24					
2024-25					
2025-26					
2026-27					
2027-28					
2028-29					
2029-30					
2030-31					
2031-32					

(See footnotes on the following page)

Attachment 1

Improvement Area No. 1 of the City and County of San Francisco
 Special Tax District No. 2009-1 (San Francisco Sustainable Financing)

Rate Schedule

Property Address: _____

Property's Assessor's Parcel Number: _____

<i>Adjusted Maximum Special Tax /2</i>					
Fiscal Year	Bond Interest (Default) /3 (a)	Bond Principal (b)	Total Bond Payment (a) + (b)	Administrative Expenses (c)	Adjusted Maximum Special Tax (a) + (b) + (c)
2012-13					
2013-14					
2014-15					
2015-16					
2016-17					
2017-18					
2018-19					
2019-20					
2020-21					
2021-22					
2022-23					
2023-24					
2024-25					
2025-26					
2026-27					
2027-28					
2028-29					
2029-30					
2030-31					
2031-32					

- /1 The Designated Maximum Special Tax applies when scheduled principal and interest payments on the Bonds are current, and is calculated using the Non-Default Rate.
- /2 The Adjusted Maximum Special Tax will apply if scheduled principal and interest payments on the Bonds were delinquent in the prior Fiscal Year or are anticipated to be delinquent in the current Fiscal Year.
- /3 The Adjusted Maximum Special Tax is calculated to include interest payments based on the sum of (i) the difference between the Default Rate and Non-Default Rate for the prior Fiscal Year and (ii) the Default Rate for the current Fiscal Year. The actual Special Tax that will be levied on the Parcel will be only the amount needed to pay the Special Tax Requirement in any Fiscal Year.

EXHIBIT B

**IMPROVEMENT AREA NO. 1 OF THE
CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2009-1
(SAN FRANCISCO SUSTAINABLE FINANCING)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel of Taxable Property identified herein, which the City hereby designates as Improvement Area No. 1 of the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing), shall be levied and collected according to the tax liability determined by the City or its designee, through the application of the appropriate amount or rate for Taxable Property, as described below. All property in Improvement Area No. 1, unless exempted by law or by the provisions of Section F below, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

“**Adjusted Maximum Special Tax**” means the Special Tax identified in the Rate Schedule that will apply during any period in which scheduled principal and interest payments on the Bonds were delinquent in the prior Fiscal Year or are, or are expected to be, delinquent in the current Fiscal Year.

“**Administrative Expenses**” means costs directly related to the administration of the Special Tax District with respect to Improvement Area No. 1 including: the actual costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by a City employee or consultant or both) and the actual costs of collecting the Special Taxes (whether by the County or otherwise); the actual costs of remitting the Special Taxes to the fiscal agent; actual costs of the fiscal agent (including its legal counsel) in the discharge of its duties under the Fiscal Agent Agreement; the actual costs of the City or its designee of complying with the disclosure provisions of the and the Fiscal Agent Agreement, including those related to public inquiries regarding the Special Tax and disclosures to bond holders; the actual costs of the City or its designee related to an appeal of the Special Tax; any amounts required to be rebated to the federal government; and an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses shall also

include amounts advanced by the City for any administrative purpose of the Special Tax District with respect to Improvement Area No. 1, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, and the costs of prosecuting foreclosure of delinquent Special Taxes.

“**Administrator**” shall mean the Director of the Office of Public Finance of the City or a person or firm designated by the Director to administer the Special Tax according to this Rate and Method.

“**Assessor’s Parcel**” or “**Parcel**” means a lot or parcel shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

“**Authorized Improvements**” means the improvements authorized to be financed, in whole or in part, by Special Tax proceeds.

“**Board of Supervisors**” means the Board of Supervisors of the City and County of San Francisco, acting as the legislative body of the Special Tax District.

“**Bonds**” means bonds or other debt (as defined in the Code), whether in one or more series, issued, insured or assumed by Improvement Area No. 1 related to funding Authorized Improvements.

“**City**” means the City and County of San Francisco, California.

“**Code**” means Chapter 43, Article X of the San Francisco Administrative Code, which incorporates the Act.

“**County**” means the City and County of San Francisco, California.

“**Default Rate**” means the interest rate on the Bonds that will apply during any period in which scheduled principal and interest payments on the Bonds are delinquent.

“**Designated Maximum Special Tax**” means the Special Tax identified in the Rate Schedule that will apply during any period in which scheduled principal and interest payments on the Bonds are current.

“**Fiscal Agent Agreement**” means the fiscal agent agreement, bond indenture or other agreement between the City and the fiscal agent, as it may be amended or supplemented from time to time, governing the issuance of Bonds.

“**Fiscal Year**” means the period starting July 1 and ending on the following June 30.

“**Improvement Area No. 1**” means the Assessor’s Parcels of Taxable Property identified in the Rate Schedule, or any Parcels subsequently created from subdivision of these Parcels, which the City hereby designates as Improvement Area No. 1 of the Special Tax District.

“Maximum Special Tax” means the greatest amount of Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year as set forth in the Rate Schedule.

“Non-Default Rate” means the interest rate on the Bonds that will apply during any period in which scheduled principal and interest payments on the Bonds are current.

“Public Property” means any property within the boundaries of Improvement Area No. 1 that is owned by or irrevocably offered for dedication to the federal government, State of California, City, or other local governments or public agencies.

“Rate and Method” means this Rate and Method of Apportionment of Special Tax.

“Rate Schedule” means the schedule included as Attachment 1 to this Rate and Method that identifies the Maximum Special Tax for Parcels in Improvement Area No. 1 for each Fiscal Year in which a Special Tax will be levied.

“Special Tax” means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

“Special Tax District” means the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing).

“Special Tax Requirement” means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year; (ii) to create or replenish reserve funds; (iii) to make lease payments on any lease used to finance Authorized Improvements; (iv) to reimburse the City for monies advanced to pay formation and/or administration costs of the Special Tax District, Authorized Improvements costs, debt service on Bonds, and any other costs related to Improvement Area No. 1; (v) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in any prior Fiscal Year or (based on delinquencies in the payment of Special Taxes which have already taken place) or are expected to occur in the Fiscal Year in which the tax will be collected; (vi) to pay Administrative Expenses; (vii) to pay the costs of Authorized Improvements to be funded directly from Special Tax proceeds; and (viii) to pay increased interest costs associated with application of the Default Rate. In the City’s sole and absolute discretion, the amounts referred to in clauses (i), (ii) and (iii) of the preceding sentence may be reduced in any Fiscal Year by (i) proceeds from the collection of penalties associated with delinquent Special Taxes collected from the Parcel, and (ii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of Improvement Area No. 1 which are not exempt from the Special Tax pursuant to law or Section F below.

“Unanimous Approval Form” means that form executed by the record owner of fee title to a Parcel annexed into the Special Tax District that constitutes the property owner’s approval and unanimous vote in favor of annexing into the Special Tax District, the issuance of Bonds for Improvement Area No. 1 and the levy of the Special Tax against his/her Parcel pursuant to this Rate and Method.

B. DATA FOR ADMINISTRATION OF SPECIAL TAX

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor's Parcel numbers for all Parcels of Taxable Property within Improvement Area No. 1 and determine the Special Tax Requirement for the Fiscal Year.

If it is determined in any Fiscal Year that a Parcel in Improvement Area No. 1 has been subdivided, the Administrator shall assign the Maximum Special Tax to the newly-created Parcel on which the non-residential structure for which Authorized Improvements were funded by the Bonds is located. If multiple Parcels have been created and the original structure no longer exists, the Administrator shall allocate the Special Tax on a per-acre basis to each of the new Parcels unless the City, in its sole discretion, determines that the Special Tax should be allocated in an alternate manner to the new Parcels.

C. MAXIMUM SPECIAL TAX

In any Fiscal Year at the time the Administrator is preparing the levy, the Maximum Special Tax for a Parcel of Taxable Property within Improvement Area No. 1 shall be one of the following:

- *If scheduled principal and interest payments on the Bonds are current and were not delinquent in the prior Fiscal Year, the Maximum Special Tax shall be the Designated Maximum Special Tax as identified in the Rate Schedule for the Fiscal Year.*
- *If scheduled principal and interest payments on the Bonds in the current Fiscal Year are, or are expected to be, delinquent, or if scheduled principal and interest payments in the prior Fiscal Year were delinquent, the Maximum Special Tax shall be the Adjusted Maximum Special Tax as identified in the Rate Schedule for the Fiscal Year.*

D. METHOD OF LEVY OF THE SPECIAL TAX

Each Fiscal Year, the Administrator shall determine the Special Tax Requirement for Improvement Area No. 1. If the Default Rate applied at any time in the prior Fiscal Year, or if the Default Rate is or is anticipated to be applied in the current Fiscal Year, the City and/or its program consultant(s) will coordinate with the Administrator to determine the added interest cost that must be collected to pay for a prior or expected application of the Default Rate. After the Special Tax Requirement for Improvement Area No. 1 has been determined, the Administrator will levy the Special Tax proportionately on each Parcel of Taxable Property up to the amount needed to pay the Special Tax Requirement, which amount shall never exceed the Maximum Special Tax for the Parcel in that Fiscal Year.

E. MANNER OF COLLECTION OF SPECIAL TAX

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section G below

and provided further that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax for a Parcel of Taxable Property shall be levied and collected until the Bonds are paid in full or such longer period of time provided in the Unanimous Approval Form for the Parcel, except that a Special Tax that was lawfully levied in or before the final tax year identified in the Unanimous Approval Form and that remains delinquent may be collected in subsequent years.

F. EXEMPTIONS

Notwithstanding any other provision of this Rate and Method, no Special Tax shall be levied on Public Property, except as otherwise provided in the Code.

G. PREPAYMENT OF SPECIAL TAX

The following definition applies to this Section G:

“Outstanding Bonds” means all Bonds that have been issued for Improvement Area No. 1 prior to the date of prepayment and which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding, that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of **“Outstanding Bonds”** for purposes of the prepayment formula.

The Special Tax obligation applicable to an Assessor’s Parcel in Improvement Area No. 1 may be prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. A Parcel owner who intends to prepay the Special Tax obligation shall provide the Administrator with written notice of intent to prepay. Within 14 days of receipt of such written notice, the Administrator shall confirm to such owner the prepayment amount for the Parcel. Prepayment must be made not less than 50 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount	
plus:	Redemption Premium
plus:	Defeasance Requirement
plus:	Administrative Fees and Expenses
<u>minus:</u>	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1. Identify the Designated Maximum Special Tax that could be collected from the Assessor's Parcel prepaying the Special Tax in the Fiscal Year in which the prepayment would be received.
- Step 2. Determine the aggregate Designated Maximum Special Tax that could be collected from all Parcels in Improvement Area No. 1 in the Fiscal Year in which the prepayment would be received. If there is only one Parcel in Improvement Area No. 1 at the time of prepayment, this amount will be the same as the amount from Step 1.
- Step 3. Divide the amount from Step 1 by the amount determined in Step 2.
- Step 4. Multiply the quotient computed pursuant to Step 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "*Bond Redemption Amount*").
- Step 5. Multiply the Bond Redemption Amount from Step 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
- Step 6. Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment has been received until the earliest redemption date for the Outstanding Bonds.
- Step 7. Compute the amount of interest the City reasonably expects to derive from the reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 8. Take the amount computed pursuant to Step 6 and subtract the amount computed pursuant to Step 7 (the "*Defeasance Requirement*").
- Step 9. Determine the costs of computing the prepayment amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "*Administrative Fees and Expenses*").
- Step 10. If and to the extent so provided in the Fiscal Agent Agreement, a reserve fund credit shall be calculated as a reduction, if any, in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "*Reserve Fund Credit*").

Step 11. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 4, 5, 8, and 9, less the amount computed pursuant to Step 10 (the "*Prepayment Amount*").

Step 12. The amounts computed pursuant to Steps 4, 5, and 8, less the amount computed pursuant to Step 10, shall be deposited in the appropriate fund established under the Fiscal Agent Agreement and used to retire Outstanding Bonds or make debt service payments. The amount determined in Step 9 shall be deposited in the fund established to pay Administrative Expenses.

Once a prepayment has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel. However, such Notice shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

H. INTERPRETATION OF SPECIAL TAX FORMULA

The City may interpret, clarify, and revise this Rate and Method to correct any inconsistency, vagueness, or ambiguity, by resolution and/or ordinance, that does not materially affect the levy and collection of the Special Taxes and any security for any Bonds.

Attachment 1

Improvement Area No. 1 of the City and County of San Francisco
 Special Tax District No. 2009-1 (San Francisco Sustainable Financing)

Rate Schedule

Property Address: _____

Property's Assessor's Parcel Number: _____

<i>Designated Maximum Special Tax /1</i>					
Fiscal Year	Bond Interest (Non-Default) (a)	Bond Principal (b)	Total Bond Payment (a) + (b)	Administrative Expenses (c)	Designated Maximum Special Tax (a) + (b) + (c)
2012-13					
2013-14					
2014-15					
2015-16					
2016-17					
2017-18					
2018-19					
2019-20					
2020-21					
2021-22					
2022-23					
2023-24					
2024-25					
2025-26					
2026-27					
2027-28					
2028-29					
2029-30					
2030-31					
2031-32					

(See footnotes on the following page)

Attachment 1

Improvement Area No. 1 of the City and County of San Francisco
 Special Tax District No. 2009-1 (San Francisco Sustainable Financing)

Rate Schedule

Property Address: _____

Property's Assessor's Parcel Number: _____

<i>Adjusted Maximum Special Tax /2</i>					
Fiscal Year	Bond Interest (Default) /3 (a)	Bond Principal (b)	Total Bond Payment (a) + (b)	Administrative Expenses (c)	Adjusted Maximum Special Tax (a) + (b) + (c)
2012-13					
2013-14					
2014-15					
2015-16					
2016-17					
2017-18					
2018-19					
2019-20					
2020-21					
2021-22					
2022-23					
2023-24					
2024-25					
2025-26					
2026-27					
2027-28					
2028-29					
2029-30					
2030-31					
2031-32					

- /1 The Designated Maximum Special Tax applies when scheduled principal and interest payments on the Bonds are current, and is calculated using the Non-Default Rate.
- /2 The Adjusted Maximum Special Tax will apply if scheduled principal and interest payments on the Bonds were delinquent in the prior Fiscal Year or are anticipated to be delinquent in the current Fiscal Year.
- /3 The Adjusted Maximum Special Tax is calculated to include interest payments based on the sum of (i) the difference between the Default Rate and Non-Default Rate for the prior Fiscal Year and (ii) the Default Rate for the current Fiscal Year. The actual Special Tax that will be levied on the Parcel will be only the amount needed to pay the Special Tax Requirement in any Fiscal Year.

****DRAFT****

GreenFinanceSF Commercial Program Terms

If you (the "property owner(s)") wish to apply for financing ("financing" or "funding") as part of the GreenFinanceSF Commercial Program (the "Program"), you must read and accept these GreenFinanceSF Commercial Program Terms (the "Program Terms").

These Program Terms and the Program Handbook, along with the documents you execute in connection with the Program, including but not limited to your application, an information verification form and the Unanimous Approval described in "Funding Request" below (collectively the "Program Documents"), establish the terms of the Program. You should become familiar with and understand the provisions of the Program Documents. By executing the Programs Documents, you will agree to the terms of the Program. The City reserves the right to amend these Program Terms from time to time as described in "Changes in the Program Terms; Severability" below.

I. Purpose of the Program

The Program is intended to assist owners of non-residential property in the City with financing the acquisition and installation of energy efficiency, water conservation and renewable energy improvements (the "Authorized Improvements"). For the purposes of the Program, "non-residential property" is defined as (i) property the primary use of which is not residential and (ii) a property used for multi-family housing with five or more units.

The City formed the "City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing)" (the "Special Tax District") to provide the source of financing for the Program. The City will utilize an "owner-arranged" financing model whereby the City issues bonds on behalf of the Special Tax District. Bonds are sold to a qualified investor, identified by the Program applicant, on a private placement basis. The sale proceeds of the bonds are used to finance Authorized Improvements. The bonds will be repaid and the costs of administering the Program will be paid with special taxes paid by the property owners who choose to participate in the Program.

There may be other types of financing available. The City does not guarantee that the Program is the best financing option for your situation. Please do your research and select the option that is most appropriate for you.

II. Summary of the Program Process

As discussed in more detail below, in order for you to receive funding through the Program, the following steps must occur with respect to all property types:

First: You must determine that you will meet the eligibility requirements. See "Eligibility" below.

Second: You must submit an application for participation in the Program. See "Initial Application for Program Participation; Approval or Denial; Application Fee" below. You must agree to these Program Terms and pay an application fee (if applicable) as part of the application process.

Third: The City must approve your completed application. See "Initial Application for Program Participation; Approval or Denial; Application Fee" below.

Fourth: A Qualified Contractor must complete the installation of Authorized Improvements on your property. See "Authorized Improvements; Qualified Contractors; Maximum Funding" below.

Fifth: You must submit all required documents for funding disbursement and lien placement (although the exact timing of when the lien is placed is determined on a case-by-case basis and may occur before completion of Authorized Improvements). See "Funding Disbursement" below.

Sixth: The City, the qualified investor identified by you, and you will complete the financing documentation. See "Funding Disbursement" below.

Seventh: The City will record a Notice of Special Tax Lien against your property at the time the bond is issued and purchased by a qualified investor. The City will authorize the release of funds to you after project completion, or a portion of the funds (progress payments) when certain project milestones are reached; you may choose to assign payment directly to your contractor. See "Funding Disbursement" below.

Eighth: You will be expected to pay the special taxes in the amounts and at the times specified in the Rate and Method of Apportionment of Special Tax, which will be attached to the Unanimous Approval that you execute and the Notice of Special Tax Lien recorded in the County recorder's office. See "Financing Cost; Interest Rate" below.

The City has hired a third-party (the "administrator"), Renewable Funding LLC, to administer the Program. The City may change administrators from time to time. The City will share information with the administrator and other third parties as necessary to administer the Program. See "Disclosure of Property Owner Information" below.

III. Eligibility

In order to participate in the Program, a property owner must meet and/or complete the following requirements and steps:

- a. The property to be improved with the Authorized Improvements (the "subject property") must be located in the City and County of San Francisco.
- b. The subject property may be used for non-residential purposes (defined above).
- c. The property owner must provide written notice of the proposed senior lien to any and all lenders with existing liens on the subject property, and must obtain the written consent/acknowledgment of existing lenders; the Program will provide templates for this purpose but it is your responsibility to obtain the consent/acknowledgment of your lenders. The owner must submit a copy of the lender's written consent/acknowledgment to the administrator.
- 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, please 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 these Program Terms.
- e. The property owner must have a professional energy and/or water audit conducted on the property that correspond to the types of Authorized Improvements the owner is seeking to finance, and those Improvements 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 Improvements that do not appear as an identified opportunity or recommendation within the audit report. For the initial phase of the Program, the following audit and project requirements will apply as outlined below:
 - i. If the property owner wishes to finance energy efficiency measures and/or a renewable energy project through the Program, the owner must hire a professional energy auditor, with the appropriate skills and experience for non-residential buildings, to complete the appropriate type of energy audit. See the Program Handbook for requirements for participating energy auditors, and for details about the type of audit required.
 - ii. If the property owner wishes to finance water efficiency improvement projects only, the owner must complete a free Water-Wise Evaluation through the program administered by the San Francisco Public Utilities Commission. The property owner will also receive information regarding energy efficiency at that time but will have no obligation to install energy efficiency improvements.
 - iii. If a renewable energy system is financed, the property owner must also implement energy efficiency measures resulting in a 10% improvement in building performance, or prove that the building already meets one of a predefined list of efficiency performance requirements as specified in the Program Handbook.
- f. The property owner will be encouraged or required (as described below) 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. For example, property owners planning to finance the installation of a solar PV system will be required to participate in the California Solar Initiative ("CSI") rebate program (if available) and the GoSolarSF incentive program (if available) with respect to the subject property. Property owners will also be required to participate in similar

incentive programs for solar thermal (hot water) systems. Property owners will be encouraged (but not absolutely required) to participate in other utility rebate and incentive programs (if available) that cover the Authorized Improvements, but may elect not to do so if they agree to pay additional fees to cover project review and on-site inspections. See the Program Handbook for more detail.

- g. The property owners must agree to provide the City with access to the property's utility usage information to enable the Program to monitor energy savings. The owner must further agree to participate in surveys and Program evaluations directed by the City.
- h. The property owner must use the no-cost ENERGY STAR online energy-use benchmarking service called Portfolio Manager. The City may further recommend or require participation in other low- or no-cost energy usage tracking systems so owners have access to the raw data necessary to determine if the installed improvements are delivering the expected energy and cost savings. (Determining whether or not installed improvements are meeting projections is encouraged, but may require additional analysis by professionals and any such additional services would be the responsibility of the owner). See the Program Handbook for more detail.
- i. 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 discharged from all of their debts or obligations, or granted an extension of time to pay the property owner's (and the corporate parent's, as applicable) debts or a reorganization or readjustment of the property owner's (and the corporate parent's, as applicable) debts. Nor has the property owner (or any corporate parent if the property owner is a single-purpose entity) filed for or been subject to bankruptcy protection in the past three years.
- j. The property owner must be current in the payment of all obligations secured by the subject property, including property taxes, assessments and tax liens, within the past 3 years (or since taking title to the subject property if it has been less than 3 years). The City may review public records, including the County 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.
- k. There must be no notices of default or foreclosure, whether in effect or released, due to non-payment of property taxes or loan payments filed against the subject property within the last 5 years (or since ownership, if less than 5 years). Exceptions may be granted on a case-by-case basis.
- l. The property owner must not have any involuntary liens, defaults or judgments applicable to the subject property. The City may review public records, including the County 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 supporting documentation. A property with an involuntary tenant's lien will be reviewed and eligibility will be determined on a case-by-case basis.
- m. The value of the property (based on current assessed value, recent (within 90 days of the Program application) appraised value determined by a City-approved appraiser, or market value calculated according to a method identified by the City) plus the value of the improvements financed by the Program must be equal to or greater than the sum of (i) the total private property debt including mortgages and equity lines of credit secured by the property, (ii) the principal amount of any Program indebtedness attributable to the property, and (iii) the aggregate principal amount of any fixed assessment liens on the property.
- n. The property owner must certify that the property owner is not party to any litigation or administrative proceeding of any nature in which the property owner has been served, or is pending or threatened which, if successful, would materially adversely affect the property owner's ability to operate its business or pay the special taxes when due, or which challenges or questions the validity or enforceability of the Unanimous Approval or any other documents executed by property owner in connection with the Program.

- o. The Program involves issuance of bonds by the City on behalf of the Special Tax District. Therefore, it is important that property owners pay their special taxes and other property-related obligations in full on a timely basis. Consequently, the City 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 special taxes.

IV. Authorized Improvements; Qualified Contractors; Maximum Funding

Authorized Improvements. Program financing may only be used to finance those renewable energy system installations, energy efficiency improvements, and water conservation measures, which are listed in the Eligible Measures List at [program website]. The Program will consider Improvements not on the Eligible Measures List on a case-by-case basis, for which the property owner may be required to pay additional fees to the Program for their review and approval. See the Program Handbook, and "Eligibility" above for additional information.

Responsibility for Authorized Improvements. You are responsible for the Authorized Improvements installed on your property. You will need to address performance and other system-related issues directly with the installer according to the terms of your contract with the installer.

The Program is a financing program only. By establishing a list of Authorized Improvements, the City is not recommending or warranting any particular improvements. Neither the City nor the administrator is responsible for the Authorized Improvements or their performance.

Qualified Contractors ("Qualified Contractors"). The Authorized Improvements must be installed by contractors who meet the eligibility criteria set forth for the specific category of work being financed. If you choose to work with a contractor that does not meet eligibility criteria, you are not eligible for Program financing.

Energy efficiency measures must be installed by licensed contractors.

Solar PV and water heating projects must be installed by a licensed contractor on the California Solar Initiative list.

Water conservation measures must be installed by a licensed contractor.

The City encourages you to do your research and receive bids from multiple contractors before signing a contract. Neither the City nor the administrator is responsible for determining the appropriate equipment, price or contractor for your property. By establishing these contractor eligibility criteria, the City is not recommending a particular contractor or warranting the reliability of any such installer. The Program is a financing program only. Neither the City nor the administrator will participate in the resolution of any dispute between you and your installer.

Maximum Funding. The City requires a minimum funding request of \$50,000. The City will only authorize funding requests in an amount equal to the final cost of installing the Authorized Improvements (including the energy audit fee) less State, City and Utility rebates plus the additional items identified in "Financing Cost; Interest Rate" below. The funding limits are per property per financing request.

The Program will not provide financing for any costs in excess of this amount.

V. Initial Application for Program Participation; Approval or Denial; Application Fee

Initial Application. All property owners interested in applying to the Program must submit the Initial Application Documents listed below and an application fee (unless application fee has been waived during initial program launch). At the time of application, property owners must agree to these Program Terms. Project applications for building types not covered by these Program Terms will receive an administrative point of contact from the City or administrator who will assist in the process.

Initial Application Documents

- a. Application Package, either submitted online or printed and signed
- b. Recent mortgage statement(s) (if property has a mortgage)
- c. Lender written acknowledgment/consent (one per mortgage/private lien on property)

NOTE: The Program will provide a template acknowledgment/consent form for property owners to present to the lender.

- d. Energy audit report
- e. Water-Wise evaluation (if applicable)
- f. A bid (or bids), including Contractor Cover Sheet(s), covering all Authorized Improvements for which financing is being sought
- g. A completed Cost and Energy Savings Analysis form
- h. Preapproval or related application forms/documentation from any rebate or incentive programs covering any/all of the Authorized Improvements (see Program Handbook for details and requirements)

Approval or Denial. Based on the eligibility requirements listed above, the City or administrator will approve or deny your application within approximately ten (10) business days. You will be notified of approval or denial via email.

Submission of an application does not guarantee that you will be approved for Program participation. If you proceed with installation before notification of a Program approval, you risk incurring the cost of installation without the benefit of Program financing.

In addition, a Program approval does not guarantee that you will receive funds. Before you receive funds through the Program, you must satisfy the requirements listed in "Funding Disbursement" below.

Application Fee. You may be asked to pay an application fee when you submit your application. If your application is approved but you do not meet the funding requirements or decide not to utilize the Program funding, your fee will not be refunded. See "Initial Application" above.

VI. Program Participation Expiration

If the City approves your application, your approval will be effective for 360 calendar days. Property owners that receive Program approval must have a Qualified Contractor complete installation of the Authorized Improvements on the subject property and undertake the financing process within this period. If you fail to have a Qualified Contractor complete the installation of Authorized Improvements on the subject property within the reservation period, your Program approval will expire. You may request to extend your Program approval prior to its expiration for an additional 90 days. However, you will have to pay an extension fee.

An applicant may cancel a Program approval in writing during the 360-day period, but will forfeit the application fee and the opportunity to receive funding under that approval. The applicant may reapply but will not be guaranteed funding availability and will need to pay another application fee.

VII. Funding Disbursement

General. After a Qualified Contractor has completed installation of the Authorized Improvements on the subject property, or has reached a milestone at which a progress payment is desired (see "Progress Payments" below), you must submit a funding disbursement request and the Project Verification documents listed below in order to receive funding from the Program. The administrator will review the funding request and the Project Verification documents, and produce Final Program forms. The Final Program forms will be sent to you within five (5) business days after you have submitted a funding request and the Project Verification documents. You must return the executed Final Program forms to the administrator within seven (7) calendar days. The Project Verification documents and Final Program forms are listed below.

Project Verification Documents (submitted by you with your funding request)

- a. A signed final permit inspection from the City's Department of Building Inspection for applicable completed projects
- b. A final invoice from all contractors (or, for progress payment, an invoice stating percentage of work complete)
- c. A copy of California Solar Initiative (CSI) Confirmed Reservation Notice Letter (if solar PV and/or solar water heating is installed) and/or any additional rebates or incentives.
- d. A copy of the Water-Wise post-installation verification (if applicable)

Final Program Forms (to be executed and returned by you within 7 days of receipt from the City)

- a. An executed and notarized Unanimous Approval (by all property owners or authorized representatives). By executing the Unanimous Approval, you will annex the subject property to the Special Tax District, agree to pay special taxes in specified amounts for the period specified in the Unanimous Approval, consent to recordation of a Notice of Special Tax Lien against the subject

- property, and release the administrator from any liability associated with installation of the Authorized Improvements or their performance.
- b. Information Verification form.
 - c. Utility Authorization to Release Information.
 - d. Payment Assignment Form, if the payment is to be assigned to the contractor.

When the City has received all required documentation from you, it will confirm your compliance with the eligibility requirements (see "Eligibility" above). The timing of when the City will record the Notice of Special Tax Lien as an encumbrance on the subject property is determined on a case-by-case basis according to the terms agreed upon between it, the property owner, and the qualified investor. The City will document the bond transaction with you and the qualified investor identified by you, and approve the issuance of bonds for purchase by the qualified investor.

All funding requests will be deemed final upon submission of the required documentation listed above and may not be subsequently changed.

In the event a property owner cancels financing after a request for funding is submitted to the City, all expenses incurred by the City for recording tax liens, preparing bond documents and removing tax liens will be the responsibility of the applicant. The City will terminate the lien evidenced by recordation of the Notice of Special Tax Lien upon receipt of reimbursement from the applicant for these expenses.

Progress Payments. The City will consider making progress payments in certain circumstances on a case-by-case basis. In general, the City may agree to make progress payments before the installation of the Authorized Improvements is complete if certain criteria are met, which may include (i) the amount financed is in excess of a minimum amount, (ii) the time required to install the Authorized Improvements exceeds a certain length of time, (iii) the amount of each progress payment is a minimum percentage of the total cost of the Authorized Improvements to be financed by the Program and (iv) based on a certification of the Qualified Contractor, the percentage of the total amount to be financed that will have been disbursed by the City after disbursement of the progress payment will not exceed the percentage of the installation work that has been completed.

VIII. Financing Cost; Interest Rate

Financing Cost. In order to receive funding, you will agree to pay special taxes in an amount equal to (i) the principal amount you received through the Program, (ii) interest on the principal amount you received through the Program and (iii) initial and on-going administrative expenses. The City expects to levy special taxes on your property tax bill, although it may bill you separately.

Principal Amount. This is the amount equal to all project costs you choose to finance, which may include costs associated with implementing the project such as permits, audit expenses, application fee, a deposit to a debt service reserve fund if required (see "Deposit to a Debt Service Reserve Fund" below), and capitalized interest (see "Capitalized Interest" below).

Interest Rate. The rate of interest on the amount of funding you receive will be negotiated between you and the financial institution identified by you.

Capitalized Interest. Because of the July 1 deadline for placing the special taxes on the City property tax bill, the principal component of the special tax may also include the first tax year's installments if the deadline cannot be met.

Deposit to a Debt Service Reserve Fund. During the pilot phase of the Program, the City is using a grant from the American Reinvestment and Recovery Act (ARRA) to fund a debt service reserve fund (DSRF), if a DSRF is required by the investor identified by you. The DSRF is provided as additional security to participating financial institutions to pay debt service on the bonds in the event of late payments or default by the property owners. Once the ARRA funds available to fund DSRFs are fully committed, then the City will permit property owners to finance a reasonable deposit to a DSRF, if a DSRF is required by the investor identified by you.

Initial and On-going Program Administrative Costs. Program Administrative Costs are built into the total financed amount and the ongoing special tax requirement (which increases the effective interest rate you will pay). The fees for any specific project will be disclosed and agreed to prior to financing.

IX. Repayment Terms; Special Taxes; Foreclosure Terms

Repayment Terms. Following recordation of the Notice of Special Tax Lien, the property owner will be obligated to pay the special taxes specified in the Unanimous Approval and the Notice of Special Tax Lien.

Special Taxes and Foreclosure [I extended the underline to "and Foreclosure"]. A property owner must pay the agreed-upon special taxes regardless of personal financial circumstances, the condition of the property, or the performance of the Authorized Improvements. Do not apply for financing if you are not certain you can pay the special taxes. **The failure to pay your special tax in full or in part will result in financial repercussions, including penalties, interest and, potentially, foreclosure of your property by the City.**

If you use an escrow account to pay your semi-annual property taxes, you must notify your escrow company of your special tax payments. You will need to increase your monthly payments to the escrow account by an amount equivalent to your annual special taxes divided by 12 months.

X. Compliance with Existing Mortgages

Recordation of the Notice of Special Tax Lien will establish a continuing lien as security for your obligation to pay special taxes. The lien securing the obligation to pay special taxes will be senior to all private liens, including your existing purchase mortgage(s). Many mortgage and loan documents limit the ability of a property owner to place senior liens upon property without the consent of the lender, or authorize the lender to obligate you to prepay the senior obligation. **Please confirm with your lender(s) that participation in the Program will not adversely impact your rights with respect to any existing loan documents, or obligate you to prepay your special taxes.** Property owners must notify the lender and receive written acknowledgment/consent from the lender prior to applying to the Program. The Program will provide lender acknowledgment/consent templates, but ultimate responsibility for addressing issues with existing lenders is the property owners'.

XI. Transfer or Resale of the Subject Property

If you sell your property prior to the end of the agreed-upon special tax period, the new owner will assume the special tax 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. Program participants agree to make all legally required disclosures about the existence of the special tax lien on the property in connection with any sale.

XII. Rebates and Taxes

Participation in this Program does not reduce rebates available through the State and City solar rebate programs. More information on the CSI program can be found at: <http://www.gosolarcalifornia.ca.gov/> and the GoSolarSF program at <http://sfwater.org/gosolarsf>. Other energy efficiency rebates available from utilities and the State would also be unchanged.

Please consult with your tax advisors with respect to the State and federal tax benefits and consequences of participating in the Program.

Neither the City nor the administrator is responsible for the State or federal tax consequences of participating in the Program.

XIII. Changes in State and Federal Law

The City's ability to issue bonds to finance the Program is subject to a variety of State and federal laws. If those laws or the judicial interpretation thereof were to change after you have applied for funding (and, thereafter, incurred the cost of installation in anticipation of Program funding) but before the City issues bonds to finance your funding request, the City may be unable to fulfill your funding request. **The City shall have no liability as a result of any such change in law or judicial interpretation.**

XIV. Changes in the Program Terms; Severability

The City reserves the right to change these Program Terms at any time without notice; however, no such change will affect your obligation to pay special taxes as set forth in the Unanimous Approval. Your participation in the Program will be subject to the Program Terms in effect from time to time during your participation.

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

XVI. Disclosure of Property Owner Information

You agree that the City may disclose your personal information to the administrator, and that the City and the administrator may disclose your information to third parties when such disclosure is essential to the conduct of the City's business or to provide services to you, including but not limited to where such disclosure is necessary to (i) comply with the law, legal process or our regulators, and (ii) enable the City or the administrator's employees or consultants to provide services to you and to otherwise perform their duties. We do not provide your personal information to third parties for telemarketing, e-mail or direct mail solicitation.

All personally identifiable information obtained from you (personally identifiable information is information about you such as name, postal address, e-mail address, phone number, credit card number and billing address, and birth date) is treated with great care in order to protect your privacy and security.

In order to receive funding for this Program and to enable communication regarding the State's rebate program for solar installations, you hereby consent to the release of your name and contact information to the California Solar Initiative operated by Pacific Gas & Electric Co. You further agree to the release of your name and contact information and your property's utility usage data by Pacific Gas & Electric Co. to the City, its grantors and its designated contractors for the purpose of conducting surveys and program evaluation of the Program.

XVII. Fraud

Giving materially false, misleading or inaccurate information or statements to the City or its employees and agents (or failing to provide the City 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.

****6-13-11 Internal Working Draft****
Owner-Arranged Underwriting Criteria
GreenFinanceSF Commercial

Requirement	Administrative Process	Exceptions Allowed?
Property must be located within the financing district.	Program Administrator confirms through Assessor Tax Collector records	No
All legal owners of the property (or their legally authorized representatives) must give their written consent by executing Unanimous Approval.	Applicant must submit evidence of authority to act on behalf of property owner(s). Program Administrator confirms through Assessor Records and title search.	No
Must obtain written consent/acknowledgment from all existing private lien holders.	Applicant provides signed consent form from each lien holder. Program Administrator obtains list of lien holders provided through Assessor Records and title search.	No
Must not be any notices of default or foreclosure for the property for the past five years (or since taking ownership if less than five years).	Program Administrator confirms through Assessor Records and title search.	No
Property must not have any involuntary liens or judgments	Program Administrator confirms through Assessor Records and title search.	Yes, if minor and good explanation
Must be current on property tax payments.	Program Administrator confirms through Assessor Tax Collector records	No
Must not have been delinquent on property tax payments for past three years (or since taking ownership if less than three years).	Program Administrator confirms through Assessor Tax Collector records	Yes, if promptly resolved and no other signs of distress
Must provide current tax-assessed value of the property. If you are not satisfied	1. Program Administrator confirms current tax assessed value through Assessor Tax Collector records. 2. If owner is utilizing an appraisal,	No

<p>with using current tax-assessed value, you must either:</p> <ul style="list-style-type: none"> • Pay for an appraisal to be commissioned by the City (the appraisal will assume completion of financed improvements and the burden of the special taxes), or • Use another Administrator-approved method for determining current property value 	<p>program administrator assigns appraiser from City approved list, with payment coming from applicant.</p> <p>3. If alternative to 1 and 2, approval must be granted by _____.</p>	
<p>Must not have more debt on the property than the property is worth (i.e., cannot be 'underwater').</p>	<p>This is expressed as: Total Debt must be equal to or less than Total Value, where:</p> <ul style="list-style-type: none"> • Total Debt = Mortgage Debt + Bond Amount + Other Public Debt • Total Value = Assessed Value + Project Cost <p><i>(Note: assessed value as indicated above.)</i></p>	<p>No</p>
<p>No bankruptcy pending or in previous three years</p>	<p>Owner submits signed certification:</p> <p>The property owner [and any corporate parent if this is a single-purpose entity] is solvent and no proceedings are pending or threatened in which they may be adjudicated as bankrupt or become the debtor in a bankruptcy proceeding, or discharged from all of their debts or obligations, or granted an extension of time to pay their debts or a reorganization or readjustment of their debts. Nor has the owner filed for bankruptcy protection in the past three years.</p>	<p>Yes</p>
<p>No significant pending legal action</p>	<p>Property owner certifies that the property is not party to any litigation or administrative proceeding of any nature in which the property owner has</p>	<p>Yes</p>

	been served, or is pending or threatened which, if successful, would materially adversely affect the property owner's ability to operate its business or pay the Special Taxes when due, or which challenges or questions the validity or enforceability of the Unanimous Approval or any other documents executed by property owner in connection with the financing.	
Information Request <i>Information collected but not used to determine eligibility.</i>		
Must provide the following information regarding occupancy: <ul style="list-style-type: none"> • Is the property currently occupied? • Is the property owner-occupied, leased, or a mix? • For leased properties, what percentage of the total square footage <u>can</u> be leased? • For leased properties, what percentage of the total square footage that can be leased is <u>currently</u> leased? <i>The Administrator reserves the right to ask for more information about occupancy.</i>	No action required.	
For leased areas of the property: <ul style="list-style-type: none"> • Will the resulting special tax assessments from improvements be passed on to the tenants? • If so, have the tenants been informed? 	No action required.	

<p>Additional Information: The GreenFinanceSF Program involves issuance of bonds, and, therefore, it is important that Property Owners pay their contractual assessments and other property-related obligations in full on a timely basis. Therefore, the Administrator, reserves the right to request additional information.</p>		
---	--	--

Eligible Measures

The GreenFinanceSF Commercial program (the "Program") provides financing for a wide variety of commercial energy and water saving projects that can include *common* measures (i.e., those found in this list of eligible measures) as well as *custom* measures (those not found in this list). Please refer to the GreenFinanceSF Commercial Program Handbook for more details and requirements for the approval of both common and custom measures under the Program.

All measures approved for funding under the Program must have the capacity to save energy or produce renewable energy as compared to building base case systems. All equipment must be new and all measures must operate and provide energy savings for the duration of the financing term.

All retrofit measures must meet, at a minimum, current California Energy Efficiency Standards for non-residential Buildings (Title 24) and California Appliance Efficiency Regulations (Title 20), as applicable.

Participation in Utility Rebate or Incentive Programs

Depending on the types of measures included in a project, the Property Owner may be either encouraged or required to participate in applicable utility rebate or incentive programs. In some cases, GreenFinanceSF Commercial may require Property Owners to submit eligible projects to such utility programs and obtain approval BEFORE submitting an application to the Program. Please refer to the GreenFinanceSF Commercial Program Handbook for related requirements and options.

New Space Additions

For additions of new spaces, or conversions of existing, unconditioned spaces, only a portion of the project may be eligible for financing through GreenFinanceSF Commercial. Please refer to the GreenFinanceSF Commercial Program Handbook for details and requirements.

Ineligible Measures

A list of ineligible measures is located on the tab labeled **Ineligible Measures**.

**GreenFinanceSF Commercial Program
Eligible Measures List
Key to Column Headings**

System / Subsystem
Shows the affected building systems.

Measure or Improvement
General measure description.

Effective Useful Life (EUL)

The lifetime (in years) of the measure based on industry standards and impact evaluation research on CPUC-funded programs.

Sources for EUL

The values (years) are derived from ASHRAE, DEER, CSI, CSI Thermal and IOU-specific Measure Evaluations. (See Source tab.)

Performance Guidelines

Recommendations for system performance. Consult with designers, installers, and vendors for final product specifications.

IOU Rebates

Column indicates availability of per unit (prescriptive) rebates available through California's major investor-owned utilities (IOUs).

Most efficiency projects installed within the service territories of the major IOUs in California are eligible for customized incentives under existing efficiency programs. For a comprehensive list (database) of renewable energy and energy efficiency rebates and incentives programs, go to www.dsireusa.org.

Acronyms / Definitions

- AGH Air changes per hour
- ASHRAE American Society for Heating Refrigeration and Air-conditioning Engineers (www.ashrae.org)
- CADMAC California DSM Measurement Advisor Committee (<http://www.calimac.org/>)
- CEE Consortium for Energy Efficiency (www.cee1.org)
- CSI California Solar Initiative - PV
- CSI-Thermal California Solar Initiative - Water heating
- CRRC Cool Roof Rating Council (www.coolroofs.org)
- DEER Database for Energy Efficient Resources (www.energy.ca.gov/deer/)
- DSIRE Database of State Incentives for Renewables and Efficiency (www.dsireusa.org)
- DHW Domestic Hot Water
- EMS Energy management systems
- EUL Expected Useful Life
- HET High Efficiency Toilets
- HEU High Efficiency Urinals
- HID High Intensity Discharge
- IC Internal Combustion
- IOU Investor owned utility
- PV Photovoltaic
- SAE Society of Automotive Engineers
- SGIP Self-Generation Incentive Program
- SRCC Solar Rating and Certification Corporation
- VFD Variable Frequency Drive (aka Adjustable Frequency Drive; Variable Speed Drive)

Measure	Measure Description	Measure Category	Measure Code	Measure Status	Measure Details
Renewable - Thermal Energy	Service water	Solar thermal water heat	35	SRCC Rated panels	CSI Thermal
HVAC	Heating	Solar thermal space heat (hydronic)	35	SRCC-rated panels	CSI Thermal
Process	Pool	Solar pool heat	20		none available
Renewable - Electrical Energy	PV	Grid-tied PV System	20-25	GEC Rated Output	CSI
Photovoltaic	Wind	Grid-tied wind turbine		unknown	SGIP (currently suspended until SB 412 has been integrated into the Program.)
Microturbine (Renewable fuel)		microturbine using renewable fuel	15		SGIP (currently suspended until SB 412 has been integrated into the Program.)
Internal Combustion Engine (Renewable fuel)		Internal combustion engine using renewable fuel	15		SGIP (currently suspended until SB 412 has been integrated into the Program.)
Fuel Cell (Renewable fuel)		Electric-only fuel cell using renewable fuel	15		SGIP (currently suspended until SB 412 has been integrated into the Program.)
Non-Renewable - Electrical Energy	Fuel Cell	Electric-only fuel cell using non-renewable fuel (e.g., natural gas)	15		SGIP (currently suspended until SB 412 has been integrated into the Program.)
Cogeneration (Non-renewable fuel)		Microturbine with Cogeneration	15	P.U. Code 216.6	SGIP (currently suspended until SB 412 has been integrated into the Program.)
Internal Combustion Engine (Non-renewable fuel)		Internal Combustion Engine with Cogeneration	15	P.U. Code 216.6	SGIP (currently suspended until SB 412 has been integrated into the Program.)
Fuel Cell (Non-renewable fuel)		Fuel Cell with Cogeneration	15	P.U. Code 216.6	SGIP (currently suspended until SB 412 has been integrated into the Program.)

EUL of solar hot water (SHW) from Center for Sustainable Energy 2008 Natural Gas Cost Effectiveness Model
http://energycenter.org/index.php/incentive-programs/solar-water-heating-pilot-program/swhp-documents/cat_view/55-rebate-programs/172-swbp/321-spuc-documents

EUL of PV from "CPUC Self-Generation Incentive Program - Fifth Year Impact Evaluation Report", Itron, March 2007. Range [20-25] depends on type of PV material.

P.U. Code 216.6 applies to cogeneration of heat and power using non-renewable fuel
<http://law.onecle.com/california/utilities/216.6.html>

Measure ID	Measure Name	Measure Description	Quantity	Unit	Measure Details	Eligibility	Notes
10	Water Heater	Efficient Unit Replacement	14	ASHRAE: DHW	Domestic Hot Water Pipe Insulation	10	One or two inch diameter of fiberglass, foam, or calcium silicate maximum 1.6 g1/minute
11	Commercial Kitchen	Pre-rinse Spray Valve	5	Watermark guidebook (EEMUD - 2008)	One Laundry System	10	PG&E Catalog Rebates, Statewide Customized Offering
12	Commercial Laundry	Efficient Unit Replacement	24	ASHRAE: Heating Pump	Trimmed Impeller	24	PG&E Catalog Rebates, Statewide Customized Offering
13	Pumps	Installing VFD & controls	13	ASHRAE: EMS Controls	Reduce Building Infiltration	Subject to review	Engineering review required.
14	Doors	Insulation (Conditioned spaces only)	22	ASHRAE - HVAC Applications 36.3 Table 4: Insulation	Insulation (Conditioned spaces only)	22	PG&E Catalog Rebates, Statewide Customized Offering
15	Roof	Insulation (Conditioned spaces only)	22	ASHRAE - HVAC Applications 36.3 Table 4: Insulation	Roof	22	PG&E Catalog Rebates, Statewide Customized Offering
16	Roof	Green roof installation	15	DEER 2008: EUL Summary	Green roof installation	Subject to review	CRRC rated products, spaces with cooling
17	Windows	High Performance Windows	20	DEER 2008: EUL Summary	Window film installation	20	Install Double-pane low E
18	Windows	Window film installation	10	DEER 2008: EUL Summary	Fluorescent	12	PG&E Catalog Rebates, Statewide Customized Offering
19	Fluorescent	Efficiency Improvement	12	DEER 2008: EUL Summary	Compact Fluorescent	12	PG&E Catalog Rebates, Statewide Customized Offering
20	Compact Fluorescent	Efficiency Improvement	12	DEER 2008: EUL Summary	Induction Lighting	12	PG&E Catalog Rebates, Statewide Customized Offering
21	Induction Lighting	Efficiency Improvement	12	DEER 2008: EUL Summary	Cold Cathode Lamps	12	PG&E Catalog Rebates, Statewide Customized Offering
22	Cold Cathode Lamps	Efficiency Improvement	12	DEER 2008: EUL Summary	HID	14	PG&E Catalog Rebates, Statewide Customized Offering
23	HID	Efficiency Improvement	14	DEER 2008: EUL Summary (avg of all HID)	B-Level Fixtures	16	Replace existing lighting in Showrooms and Garages with B-Level Lighting Fixtures
24	B-Level Fixtures	Replace existing lighting in Showrooms and Garages with B-Level Lighting Fixtures	16	DEER 2008: EUL Summary	Exit Signs	16	Replace existing with LED / LEC exit sign
25	Exit Signs	Replace existing with LED / LEC exit sign	16	DEER 2008: EUL Summary	Exit Signs	16	Replace existing with self-ambient
26	Exit Signs	Replace existing with self-ambient	16	DEER 2008: EUL Summary	Interior Lighting	10	Replace existing with induction or LED
27	Interior Lighting	Replace existing with induction or LED	10	IOU-specific Measure Evaluations	Exterior Lighting	10	Replace existing with induction or LED
28	Exterior Lighting	Replace existing with induction or LED	10	IOU-specific Measure Evaluations	Street Lighting	10	Replace existing with induction or LED
29	Street Lighting	Replace existing with induction or LED	10	IOU-specific Measure Evaluations	Daylighting Controls	NA	contingent on use of Daylighting Controls
30	Daylighting Controls	contingent on use of Daylighting Controls	NA	ASHRAE: EMC Controls	Controls	13	none
31	Controls	none	13	DEER 2008: EUL Summary	Controls	8	Statewide Customized Offering
32	Controls	Lighting scheduling controls	8	DEER 2008: EUL Summary	Controls	16	PG&E Catalog Rebates, Statewide Customized Offering
33	Controls	Daylighting controls	16	DEER 2008: EUL Summary	Controls	8	PG&E Catalog Rebates, Statewide Customized Offering
34	Controls	Occupancy sensors	8	DEER 2008: EUL Summary	General	3	PG&E Catalog Rebates, Statewide Customized Offering
35	General	Delamping	3	IOU-specific Measure Evaluations	AC / Split Systems / Heat Pumps	18	ASHRAE: ACHP/ Split
36	AC / Split Systems / Heat Pumps	ASHRAE: ACHP/ Split	18	ASHRAE - HVAC Applications 36.2 Table 2: DX air dist equip	AHU	24	ASHRAE - HVAC Applications 36.2 Table 2: DX air dist equip
37	AHU	ASHRAE - HVAC Applications 36.2 Table 2: DX air dist equip	24	IOU-specific Measure Evaluations	AHU	10	ASHRAE - HVAC Applications 36.2 Table 2: DX air dist equip
38	AHU	ASHRAE - HVAC Applications 36.2 Table 2: DX air dist equip	10	IOU-specific Measure Evaluations	Boilers	21	ASHRAE - HVAC Applications 36.3 Table 4: Burners
39	Boilers	ASHRAE - HVAC Applications 36.3 Table 4: Burners	21	ASHRAE: EMS Controls	Boilers	13	ASHRAE: EMS Controls
40	Boilers	ASHRAE: EMS Controls	13	IOU-specific Measure Evaluations	Boilers	10	IOU-specific Measure Evaluations
41	Boilers	IOU-specific Measure Evaluations	10	ASHRAE - HVAC Applications 36.2 Table 2: Boilers, HW, steel gas-fired	Boilers	22	ASHRAE - HVAC Applications 36.2 Table 2: Boilers, HW, steel gas-fired
42	Boilers	ASHRAE - HVAC Applications 36.2 Table 2: Boilers, HW, steel gas-fired	22	ASHRAE - HVAC Applications 36.2 Table 2: Boilers, HW, steel gas-fired	Boilers	15	IOU-specific Measure Evaluations
43	Boilers	IOU-specific Measure Evaluations	15	CADMAC EUL (Appendix F)	Boilers/Chillers	20	One or two inch diameter of fiberglass, foam, or calcium silicate
44	Boilers/Chillers	One or two inch diameter of fiberglass, foam, or calcium silicate	20	Statewide Customized Offering			Statewide Customized Offering

DRAFT 07/15/11

Measure Category	Measure Description	Quantity	Unit	Measure Details	Eligibility Criteria	Notes
Compressed Air	Refrigerated Cases / Walk-ins	4	Subject to review	Strip curtains	DEER 2008: EUL Summary	POGE Catalog Rebates, Statewide Customized Offering, SEW Customized Offering
	Thermal Storage Systems	22	Subject to review	Section line insulation	ASHRAE - HVAC Applications 36.3 Table 4; Insulation	POGE Catalog Rebates, Statewide Customized Offering
	Compressors	19	Subject to review	Added VFD and Controls	ASHRAE EMS Controls	Engineering review required.
	Compressors	15	Subject to review	Added Heat Recovery	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
	Compressors	15	Subject to review	Efficient Unit Replacement	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
	Compressors	15	Subject to review	Floating Head Pressure Controls	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
	Compressors	15	Subject to review	Efficient Unit Replacement	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
	Compressors	15	Subject to review	Evaporative Condensers	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
	Compressors	20	Subject to review	Floating Head Pressure Controls	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
	Compressors	15	Subject to review	Efficient Unit Replacement	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
	Compressors	20	Subject to review	Evaporative Condensers	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
	Compressors	15	Subject to review	Floating Head Pressure Controls	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
	Compressors	20	Subject to review	Efficient Unit Replacement	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
	Compressors	15	Subject to review	Evaporative Condensers	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
	Process / Plug Loads	Boilers	22	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip
Boilers		21	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Boilers		19	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Boilers		10	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Boilers		22	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Boilers		15	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Boilers		15	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Boilers		12	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Boilers		20	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Boilers		13	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Boilers		13	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Boilers		13	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Boilers		13	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Boilers		13	Subject to review	Boiler upgrade	ASHRAE - HVAC Applications 36.3 Table 4; Recip	Engineering review required.
Energy Storage		Electric Vehicle Charger	1	Subject to review	Install AC Level 1 and/or 2 charging station, or DC Level 1 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering
	Electric Vehicle Charger	1	Subject to review	Install DC Level 2 or 3 EV charging station	SAE J1772, NEC Article 625, NEMA Type 3 Enclosure (at minimum)	Federal Tax Credit, Bay Area Air Quality Management District Offering

System	Measure	Category	Measure Description	Quantity	Unit	Reference	Cost	Energy Savings	Water Savings	Other	
Domestic Water Use	Toilets	20	Watersmart Guidebook (EBMUD - 2008)			High Efficiency Toilets (HET) - 1.28 GPF			<input checked="" type="checkbox"/>	SF Water	
	Urinals	10	Watersmart Guidebook (EBMUD - 2008)			High Efficiency Urinals (HEU) - 0.5 GPF maximum 1.6 gal/minute			<input checked="" type="checkbox"/>	SF Water	
	Commercial Kitchen	5	Watersmart Guidebook (EBMUD - 2008)			Title 20 (2009) - Water Factor < 6.0 Gallons/ft ² of clothes			<input checked="" type="checkbox"/>	SF Water	
	Laundry Systems (Multi-family dwellings)	13	Water Conservation Handbook (2002) - pg 125			CEE Tier 3 - Water Factor < 4.5 Gallons per ft ² of clothes			<input checked="" type="checkbox"/>		
	Pre-Rinse Valves	5	Watersmart Guidebook (EBMUD - 2008)			Low Flow spray valve - 1.6 GPM			<input type="checkbox"/>		
	Commercial Kitchens	Dishwashers	10	Watersmart Guidebook (EBMUD - 2008)			Title 20 (2009) / Federal Standard (2009)			<input type="checkbox"/>	
		Commercial Ice-makers	6	Watersmart Guidebook (EBMUD - 2008)			CEE Qualified Machine			<input type="checkbox"/>	
	Laundry & Laundromats	Commercial Laundry	13	Water Conservation Handbook (2002) - pg 125			Title 20 (2009) - Water Factor < 9.5 Gallons/ft ² clothes CEE Tier 3 - Water Factor < 4.5 Gallons per ft ² of clothes			<input checked="" type="checkbox"/>	SF Water
		Commercial Laundry	TBD	PG&E Work Paper			Customized Efficiency Improvements			<input type="checkbox"/>	PG&E Catalog Rebates, SF Energy Watch
	HVAC	Commercial Laundry	10	PG&E Work Paper			Customized Efficiency Improvements			<input checked="" type="checkbox"/>	
Commercial Laundry		10	PG&E Work Paper			Customized Efficiency Improvements			<input checked="" type="checkbox"/>		
Commercial Laundry		10	PG&E Work Paper			Customized Efficiency Improvements			<input checked="" type="checkbox"/>		
Commercial Laundry		10	PG&E Work Paper			Customized Efficiency Improvements			<input checked="" type="checkbox"/>		
Industrial / Process Water	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
Landscaping	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		
	Commercial Laundry	10	Watersmart Guidebook (EBMUD - 2008)			Customized Efficiency Improvements			<input type="checkbox"/>		

System	Subsystem	Measure	Effective Useful Life (Yrs)	Source for EUL	Recommended Performance Guidelines	Available Incentive	Applicable Incentive Program(s)
Water Conservation Measures							

Ineligible Measures

The following are non-qualifying efficiency measures.

- Compact fluorescent, screw-in lamps.
- Plug load devices.
- Measures that are not permanently installed and can be easily removed.
- Measures that save energy solely due to operational or behavioral changes
- Power correction, power conditioning .
- Any measure that does not result in energy savings or renewable energy production.
- Any measure that can not be explained in terms of industry-standard engineering or scientific principles.
- Vending machine controllers
- Refrigerent charge (AC/Split Systems/Heat Pumps)

**GreenFinanceSF Commercial Program
Eligible Measures List
Measure Sources**

DRAFT 07/15/11

The following sources were used to develop the measures list and equipment useful lifetimes.

California Non-residential Customized Incentive Programs (PG&E and SCE)

Climate Smart Loan Program - City of Boulder Colorado

California IOU Rebate Programs (PG&E and SCE)

Database for Energy Efficient Resources (DEER) - California Public Utility Commission

San Francisco Energy Watch Program (City and County of San Francisco's Department of Environment and PG&E)

San Francisco Water Power Sewer - Services of the San Francisco Public Utilities Commission
<http://sfwater.org/index.aspx?page=129>

Useful life of solar hot water (SHW) from Itron's 2008 cost effectiveness model
http://energycenter.org/index.php/incentive-programs/solar-water-heating-pilot-program/swhpp-documents/cat_view/55-rebate-programs/172-s

P.U. Code 216.6 applies to cogeneration of heat and power using non-renewable fuel
<http://law.onecle.com/california/utilities/216.6.html>

Equipment useful life values (years) derived from ASHRAE, DEER, CSI, CADMAC and CSI Thermal.

Handbook of Water Use and Conservation (2002) by Amy Vickers

Watersmart Guidebook - A Water-Use Efficiency Plan (2008) by EBMUD

