



# CITY OF INGLEWOOD

## OFFICE OF THE CITY MANAGER



**DATE:** April 29, 2014

**TO:** Mayor and Council Members

**FROM:** Economic and Community Development Department

**SUBJECT:** Resolutions and Agreements to Provide Figtree Property-Assessed Clean Energy (PACE) Program Financing Options in Inglewood

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### **RECOMMENDATION:**

It is recommended that the Mayor and Council Members take the following actions:

- 1) Adopt a Resolution Approving the City's Inclusion in the California Enterprise Development Authority (CEDA) as an Associate Member and Approving the Agreement to Establish the City as an Associate Member of CEDA; and
- 2) Adopt a Resolution Authorizing the City to Join the Figtree Property Assessed Clean Energy (PACE) Program; Authorizing CEDA to Conduct Contractual Assessment Proceedings and Levy Contractual Assessments within Inglewood; and Approving the Indemnification Agreement.

### **BACKGROUND:**

Assembly Bills 811 and 474 authorized local governments to provide financing to qualified property owners for installation of energy and water efficient improvements as well as renewable energy systems that are permanently affixed to a structure or property. Under these programs, participating property owners repay the cost of improvements through an assessment levied against the property, which is payable in semi-annual installments on property tax bills secured by a lien against the property. The assessment remains on the property until the cost of the improvement has been repaid. This type of transaction is known as Property-Assessed Clean Energy (PACE) financing and can be provided either by a local government or through an outside governmental entity authorized by the local government.

PACE financing can be used for qualifying energy and water efficient improvements, renewable energy systems, and plug-in vehicle charging systems. The improvements must be permanently attached to the building (e.g. solar panel array, roof insulation, or electric vehicle plug). Unattached improvements, such as energy efficient appliances, do not qualify for PACE financing.

In July 2010, the City Council adopted a resolution authorizing local participation in the Los Angeles County Energy Program (LACEP), a PACE program established by the Los Angeles

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County Board of Supervisors. Additionally, in October 2013, the City Council adopted a resolution authorizing participation in the California Hero PACE program established by the Western Riverside Council of Governments. While HERO primarily finances energy and water efficient improvements on residential properties, LACEP financing supports such improvements on commercial, industrial, civic, and residential properties of five (5) or more units. Currently, no properties in Inglewood have secured PACE financing, but one (1) property is currently in the application process through the LACEP Program.

Figtree PACE provides financing for energy/water efficient improvements to non-residential properties and multi-family properties of five (5) or more units. While the existing City-approved LACEP PACE is also available to non-residential property owners or residential properties with five or more units, LACEP has advised that they typically do not finance projects less than \$250,000 in value. Alternatively, Figtree does not have a minimum required project value in order to provide financing. By authorizing an additional non-residential program (Figtree) to operate in the City, Inglewood would have a more comprehensive PACE program with financing now available for smaller non-residential projects. This helps to achieve one of the actions identified in the Inglewood Energy and Climate Action Plan (ECAP), adopted March 2013, which is the establishment of a comprehensive PACE program in the City.

In July 2013, the South Bay Cities Council of Governments voted to endorse Figtree and other specific PACE programs and recommended that all South Bay cities partner with these organizations to offer their programs within South Bay communities.

**DISCUSSION:**

Based on data in the Inglewood ECAP, eighty-seven percent (87%) of electricity and ninety-five percent (95%) of natural gas used in Inglewood in 2010 was in the residential, commercial, and municipal sectors, mainly to light, heat, and cool buildings. This level of energy usage for building operations is typical among jurisdictions throughout California. It is estimated that energy used for building operations in all sectors could be substantially reduced through energy efficient upgrades and improvements in buildings.

Energy independence, as well as the development of renewable energy systems, is also supported by the efficiency upgrades that would be possible for participants in the PACE programs.

Two key barriers (high up front improvement costs and traditional loan financing drawbacks) may prevent property owners from implementing a greater number of energy/water efficient and renewable energy improvements. PACE financing is aimed at mitigating these barriers.

As it can be prohibitive for property owners to make up-front, out of pocket payments for the cost of improvements, PACE financing eliminates the need for up-front payments. PACE financing is similar to a loan in that it allows a property owner to pay off debt in installments over a long

period of time. However, unlike a traditional loan, it is property-based rather than applicant-based and offers the following advantages over traditional loan financing:

- No initial deposit is required,
- Interest rate does not depend on a credit score, income, or other applicant characteristics,
- Financing is not reflected in credit reports, and
- Repayment of the loan stays with the property, not the property owner.

Participation in a PACE assessment program is voluntary for property owners; however, cities must take specific actions to make PACE programs available to property owners in their jurisdiction. Cities can establish the financing behind a PACE program within their jurisdiction in one of two ways:

1. Directly provide the financing--usually in the form of a municipal bond. Under this approach, the city is also responsible for managing and administering the program, or
2. Outside public entities, when authorized by a city, can provide the financing, management, and administration behind a PACE program. The cost of administering the program is factored into the financing terms.

At this time, the vast majority of cities have elected to partner with outside public entities to provide PACE financing (option two above) so that the cities do not need to manage or administer the program once it is initially set up in their jurisdictions.. Although PACE programs are administered by public agencies, financing is provided through a lending institution. Below is a summary of key information on the Figtree PACE program:

The Figtree PACE Program (established 2011)

**Administered By:** California Enterprise Development Authority (CEDA), a joint powers authority comprised of the Cities of Selma, Lancaster, and Eureka.

**Project Type:** Non-Residential

**Jurisdiction Requirements:** Adopt resolution and approve agreement to join CEDA as an Associate Member; adopt resolution and approve indemnification agreement to offer Figtree in Inglewood. There is no cost or administrative support required from the City for operation of the Figtree program

Like most PACE programs, Figtree has property eligibility requirements such as the following:

- Property owners must be current on their mortgage, property taxes, and have no bankruptcy proceedings initiated in which the land is an asset;
- Retrofits must be installed by Figtree registered contractors that meet or exceed state and federal contractor standards.

Authorization to allow this PACE program to operate in Inglewood would provide a new PACE option to non-residential properties.

**FINANCIAL/FUNDING ISSUES AND SOURCES:**

There is no fiscal impact to the City.

**LEGAL REVIEW VERIFICATION:** LCRC

This report, in its entirety, has been submitted to, reviewed and approved by the Office of the City Attorney.

**FINANCE REVIEW VERIFICATION:** [Signature]

This report, in its entirety, has been submitted to, reviewed and approved by the Finance Department.

**DESCRIPTION OF ANY ATTACHMENTS:**

- Attachment No. 1: Resolution and Agreement to join CEDA as an Associate Member
- Attachment No. 2: Resolution and Indemnification Agreement authorizing Figtree to operate in Inglewood

APPROVAL VERIFICATION SHEET

**PREPARED BY:**

Linda F. Tatum, AICP, Acting Director, Economic and Community Development Dept.  
Mindy Wilcox, AICP, Senior Planner

**COUNCIL PRESENTER:**

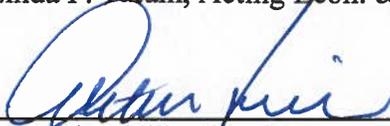
Linda F. Tatum, AICP, Acting Director, Economic and Community Development Dept.

**DEPARTMENT HEAD APPROVAL:**



\_\_\_\_\_  
Linda F. Tatum, Acting Econ. & Comm. Dev. Director

**CITY MANAGER APPROVAL:**



\_\_\_\_\_  
Artie Fields, City Manager

Attachment No. 1:

Resolution and CEDA Associate  
Membership Agreement

RESOLUTION NO. \_\_\_\_\_

RESOLUTION APPROVING ASSOCIATE MEMBERSHIP BY THE CITY OF INGLEWOOD IN THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AND AUTHORIZING AND DIRECTING THE EXECUTION OF AN ASSOCIATE MEMBERSHIP AGREEMENT RELATING TO ASSOCIATE MEMBERSHIP OF THE CITY IN THE AUTHORITY

**WHEREAS**, the City of Inglewood, California (the "City"), a municipal corporation, duly organized and existing under the Constitution and the laws of the State of California; and

**WHEREAS**, the City, upon authorization of the City Council, may pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, commencing with Section 6500 (the "JPA Law") enter into a joint exercise of powers agreement with one or more other public agencies pursuant to which such contracting parties may jointly exercise any power common to them; and

**WHEREAS**, the City and other public agencies wish to jointly participate in economic development financing programs for the benefit of businesses and nonprofit entities within their jurisdictions offered by membership in the California Enterprise Development Authority (the "Authority") pursuant to an associate membership agreement and Joint Exercise of Powers Agreement Relating to the California Enterprise Development Authority (the "Agreement"); and

**WHEREAS**, under the JPA Law and the Agreement, the Authority is a public entity separate and apart from the parties to the Agreement and the debts, liabilities and obligations of the Authority will not be the debts, liabilities or obligations of the City or the other members of the Authority; and

1 **WHEREAS**, the form of Associate Membership Agreement (the "Associate  
2 Membership Agreement") between the City and the Authority is attached; and

3 **WHEREAS**, the City is willing to become an Associate Member of the Authority subject  
4 to the provisions of the Associate Membership Agreement.

5 **NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Inglewood,  
6 hereby finds, determines and declares as follows:

7 **Section 1.** The City Council hereby specifically finds and declares that the  
8 actions authorized hereby constitute public affairs of the City. The City Council further  
9 finds that the statements, findings and determinations of the City set forth in the  
10 preambles above are true and correct and are incorporated here.

11 **Section 2.** The Associate Membership Agreement presented to this meeting  
12 and on file with the City Clerk is hereby approved. The Mayor of the City is hereby  
13 authorized to execute and the City Manager, the City Clerk and other officials of the  
14 City are each hereby authorized and directed, for and on behalf of the City, to deliver  
15 the Associate Membership Agreement in substantially said form, with such changes  
16 therein as such officer may require or approve, such approval to be conclusively  
17 evidenced by the execution and delivery thereof.

18 **Section 3.** By entering into said Associate Membership Agreement, the City  
19 shall not have the right, as an Associate Member of the Authority, to vote on any action  
20 taken by the Board of Directors or by the Voting Members of the Authority. In addition,  
21 no officer, employee or representative of the City shall have any right to become an  
22 officer or director of the Authority by virtue of the City being an Associate Member of  
23 the Authority.

24 **Section 4.** The City hereby agrees to be subject to and bound by all actions  
25 previously taken by the Members and the Board of Directors of the Authority to the  
26 same extent as the Members of the Authority are subject to and bound by such  
27 actions.

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1           **Section 5.** The debts, liabilities and obligations of the Authority shall not be the  
2 debts liabilities and obligations of the City.

3           **Section 6.** The City may withdraw from the Associate Membership Agreement  
4 upon thirty (30) days written notice to the Authority without any liability.

5           **Section 7.** The officers and officials of the City are hereby authorized and  
6 directed, jointly and severally, to do any and all things and to execute and deliver any  
7 and all documents which they may deem necessary or advisable in order to  
8 consummate, carry out, give effect to and comply with the terms and intent of this  
9 resolution and the Associate Membership Agreement. All such actions heretofore  
10 taken by such officers and officials are hereby confirmed, ratified and approved.

11           **Section 8.** This Resolution shall take effect immediately upon its adoption. The  
12 City Clerk is directed to send a certified copy of this resolution to the Secretary of the  
13 Authority Executive Committee.

14 **PASSED, APPROVED, AND ADOPTED** this \_\_\_\_\_ day of  
15 \_\_\_\_\_ 2014.

20 \_\_\_\_\_  
21 James T. Butts, Jr.,  
22 Mayor

23 ATTEST:  
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27 Yvonne Horton,  
28 Inglewood City Clerk

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**ASSOCIATE MEMBERSHIP AGREEMENT**  
**by and between the**  
**CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY**  
**and the**  
**CITY OF INGLEWOOD, CALIFORNIA**

THIS ASSOCIATE MEMBERSHIP AGREEMENT (this "Associate Membership Agreement"), dated as of \_\_\_\_\_ by and between CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY (the "Authority") and the CITY OF INGLEWOOD, CALIFORNIA, a municipal corporation, duly organized and existing under the laws of the State of California (the "City");

**WITNESSETH:**

**WHEREAS**, the Cities of Selma, Lancaster and Eureka (individually, a "Member" and collectively, the "Members"), have entered into a Joint Powers Agreement, dated as of June 1, 2006 (the "Agreement"), establishing the Authority and prescribing its purposes and powers; and

**WHEREAS**, the Agreement designates the Executive Committee of the Board of Directors and the President of the California Association for Local Economic Development as the initial Board of Directors of the Authority; and

**WHEREAS**, the Authority has been formed for the purpose, among others, to assist for profit and nonprofit corporations and other entities to obtain financing for projects and purposes serving the public interest; and

**WHEREAS**, the Agreement permits any other local agency in the State of California to join the Authority as an associate member (an "Associate Member"); and

**WHEREAS**, the City desires to become an Associate Member of the Authority;

**WHEREAS**, City Council of the City has adopted a resolution approving the Associate Membership Agreement and the execution and delivery thereof;

**WHEREAS**, the Board of Directors of the Authority has determined that the City should become an Associate Member of the Authority;

1 **NOW, THEREFORE**, in consideration of the above premises and of the mutual  
2 promises herein contained, the Authority and the City do hereby agree as follows:

3 **Section 1. Associate Member Status.** The City is hereby made an Associate  
4 Member of the Authority for all purposes of the Agreement and the Bylaws of the  
5 Authority, the provisions of which are hereby incorporated herein by reference. From  
6 and after the date of execution and delivery of this Associate Membership Agreement  
7 by the City and the Authority, the City shall be and remain an Associate Member of the  
8 Authority.

9 **Section 2. Restrictions and Rights of Associate Members.** The City shall not  
10 have the right, as an Associate Member of the Authority, to vote on any action taken by  
11 the Board of Directors or by the Voting Members of the Authority. In addition, no  
12 officer, employee or representative of the City shall have any right to become an officer  
13 or director of the Authority by virtue of the City being an Associate Member of the  
14 Authority.

15 **Section 3. Effect of Prior Authority Actions.** The City hereby agrees to be  
16 subject to and bound by all actions previously taken by the Members and the Board of  
17 Directors of the Authority to the same extent as the Members of the Authority are  
18 subject to and bound by such actions.

19 **Section 4. No Obligations of Associate Members.** The debts, liabilities and  
20 obligations of the Authority shall not be the debts, liabilities and obligations of the City.

21 **Section 5. Execution of the Agreement.** Execution of this Associate  
22 Membership Agreement and the Agreement shall satisfy the requirements of the  
23 Agreement and Article XII of the Bylaws of the Authority for participation by the City in  
24 all programs and other undertakings of the Authority.

25 **Section 6. Withdrawal.** Participating Member may withdraw from this  
26 Agreement upon thirty (30) written notice to FIGTREE AND CEDA without any liability.

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1           **Section 7. Notice.** Any and all communications and/or notices in connection  
2 with this Agreement shall be either hand-delivered or sent by United States first class  
3 mail, postage prepaid, and addressed as follows:

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CEDA:  
Gurbax Sahota, Chair Board of Directors  
California Enterprise Development Authority  
550 Bercut Drive, Suite G  
Sacramento, CA 95811  
  
City of Inglewood  
Economic and Community Development Department  
One Manchester Boulevard  
Inglewood, California 90301  
Attn: Economic and Community Development Director  
  
Figtree Company, Inc.  
9915 Mira Mesa Blvd., Suite 130  
San Diego, California 92131  
Attn: Chief Executive Officer

1 **IN WITNESS WHEREOF**, the parties hereto have caused this Associate Membership  
2 Agreement to be executed and attested by their proper officers thereunto duly  
3 authorized, on the day and year first set forth above.

4 **CALIFORNIA ENTERPRISE**  
5 **DEVELOPMENT AUTHORITY**

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

9 Gurbax Sahota, Chair  
10 Board of Directors

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12 Attest:

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15 \_\_\_\_\_  
16 Michelle Stephens, Asst. Secretary

17 **CITY OF INGLEWOOD, CALIFORNIA**

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

21 James T. Butts, Jr., Mayor

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23 Attest:

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26 \_\_\_\_\_  
27 Yvonne Horton  
28 Inglewood City Clerk

Attachment No. 2:

Resolution and Indemnification  
Agreement for Figtree Financing

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**RESOLUTION AUTHORIZING THE CITY OF INGLEWOOD TO JOIN THE FIGTREE PACE PROGRAM; AUTHORIZING THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY TO CONDUCT CONTRACTUAL ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE TERRITORY OF THE CITY OF INGLEWOOD; AND AUTHORIZING RELATED ACTIONS**

**WHEREAS**, the California Enterprise Development Authority ("CEDA") is a joint exercise of powers authority, comprised of cities and counties in the State of California, including the City Inglewood (the "City"); and

**WHEREAS**, CEDA has adopted the Figtree Property Assessed Clean Energy (PACE) and Job Creation Program (the "Program" or "Figtree PACE"), to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements (the "Improvements") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code ("Chapter 29"), and the issuance of improvement bonds or other evidences of indebtedness (the "Bonds") under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 et seq.) (the "1915 Act") upon the security of the unpaid contractual assessments; and

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

**WHEREAS**, the City desires to allow the owners of property ("Participating Parcel") within its jurisdiction ("Participating Property Owners") to participate in Figtree PACE, and to allow CEDA to conduct assessment proceedings under Chapter 29 and to issue Bonds under the 1915 Act to finance the Improvements; and

1 **WHEREAS**, CEDA will conduct assessment proceedings under Chapter 29 to  
2 establish an assessment district (the "District") and issue Bonds under the 1915 Act to  
3 finance Improvements; and

4 **WHEREAS**, there has been presented to this meeting a proposed form of Resolution  
5 of Intention to be adopted by CEDA in connection with such assessment proceedings  
6 (the "ROI"), a copy of which is attached hereto as Exhibit A; and

7 **WHEREAS**, said ROI sets forth the territory within which assessments may be levied  
8 for Figtree PACE which territory shall be coterminous with the City's official boundaries  
9 of record at the time of adoption of the ROI (the "Boundaries"); and

10 **WHEREAS**, pursuant to Chapter 29, the City authorizes CEDA to conduct assessment  
11 proceedings, levy assessments, pursue remedies in the event of delinquencies, and  
12 issue bonds or other forms of indebtedness to finance the Improvements in connection  
13 with Figtree PACE; and

14 **WHEREAS**, to protect the City in connection with operation of the Figtree PACE  
15 program, Figtree Energy Financing, the program administrator, has agreed to defend  
16 and indemnify the City; and

17 **WHEREAS**, the City will not be responsible for the conduct of any assessment  
18 proceedings, the levy of assessments, any required remedial action in the case of  
19 delinquencies, the issuance, sale or administration of the bonds or other indebtedness  
20 issued in connection with Figtree PACE.

21 **NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Inglewood,  
22 as follows:

23 **Section 1. Good Standing.** The City is either a municipal corporation or other  
24 public body and a member of CEDA in good standing.

25 **Section 2. Public Benefits.** On the date hereof, the City Council hereby finds  
26 and determines that the Program and issuance of Bonds by CEDA in connection with  
27 Figtree PACE will provide significant public benefits, including without limitation,  
28 savings in effective interest rates, bond preparation, bond underwriting and bond

1 issuance costs and reductions in effective user charges levied by water and electricity  
2 providers within the boundaries of the City.

3       **Section 3.** Appointment of CEDA. The City hereby appoints CEDA as its  
4 representative to (i) record the assessment against the Participating Parcels, (ii)  
5 administer the District in accordance with the Improvement Act of 1915 (Chapter 29  
6 Part 1 of Division 10 of the California Streets and Highways Code (commencing with  
7 Section 8500 et seq.) (the "Law"), (iii) prepare program guidelines for the operations of  
8 the Program and (iv) proceed with any claims, proceedings or legal actions as shall be  
9 necessary to collect past due assessments on the properties within the District in  
10 accordance with the Law and Section 6509.6 of the California Government Code. The  
11 City is not and will not be deemed to be an agent of Figtree or CEDA as a result of this  
12 Resolution.

13       **Section 4.** Assessment Proceedings. In connection with Figtree PACE, the  
14 City hereby consents to the special assessment proceedings by CEDA pursuant to  
15 Chapter 29 on any property within the Boundaries and the issuance of Bonds under the  
16 1915 Act, provided that:

17       (1) Such proceedings are conducted pursuant to one or more Resolutions of  
18 Intention in substantially the form of the ROI;

19       (2) The Participating Property Owners, who shall be the legal owners of such  
20 property, voluntarily execute a contract pursuant to Chapter 29 and comply with other  
21 applicable provisions of California law in order to accomplish the valid levy of  
22 assessments; and

23       (3) The City will not be responsible for the conduct of any assessment  
24 proceedings, the levy of assessments, any required remedial action in the case of  
25 delinquencies in such assessment payments, or the issuance, sale or administration of  
26 the Bonds in connection with Figtree PACE.

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1           **Section 5. Program Report.**       The City Council hereby acknowledges that  
2 pursuant to the requirements of Chapter 29, CEDA has prepared and will update from  
3 time to time the "Program Report" for Figtree PACE (the "Program Report") and  
4 associated documents, and CEDA will undertake assessment proceedings and the  
5 financing of Improvements as set forth in the Program Report.

6           **Section 6. Foreclosure.**       The City Council hereby acknowledges that the Law  
7 permits foreclosure in the event that there is a default in the payment of assessments  
8 due on a property. The City Council hereby designates CEDA as its representative to  
9 proceed with collection and foreclosure of the liens on the defaulting properties within  
10 the District, including accelerated foreclosure pursuant to the Program Report.

11           **Section 7. Indemnification.**   The City Council acknowledges that Figtree has  
12 provided the City with an indemnification agreement, as shown in Exhibit B, for  
13 negligence or malfeasance of any type as a result of the acts or omissions of Figtree,  
14 its officers, employees, subcontractors and agents. The City Council hereby authorizes  
15 the appropriate officials and staff of the City to execute and deliver the Indemnification  
16 Agreement to Figtree.

17           **Section 8. City Contact Designation.**   The appropriate officials and staff of the  
18 City are hereby authorized and directed to make promotional materials for Figtree  
19 PACE available to all property owners who wish to finance Improvements. The  
20 following staff persons, together with any other staff designated by the City Manager  
21 from time to time, are hereby designated as the contact persons for CEDA in  
22 connection with Figtree PACE:

23           Linda F. Tatum, AICP, Economic and Community Development Acting Director  
24           City of Inglewood  
25           Economic and Community Development Department  
26           One Manchester Boulevard  
27           Inglewood, California 90301  
28           (310) 412-5230

1           ltatum@cityofinglewood.org

2           **Section 9.** CEQA. The City Council hereby finds that adoption of this  
3 Resolution is not a "project" under the California Environmental Quality Act ("CEQA"),  
4 because the Resolution does not involve any commitment to a specific project which  
5 may result in a potentially significant physical impact on the environment, as  
6 contemplated by Title 14, California Code of Regulations, Section 15378(b)(4).

7           **Section 10.** Effective Date. This Resolution shall take effect immediately upon  
8 its adoption. The City Clerk is hereby authorized and directed to transmit a certified  
9 copy of this resolution to Figtree Energy Financing.

10           **Section 11.** Costs. Services related to the formation and administration of the  
11 assessment district will be provided by CEDA at no cost to the City.

12           **Section 12.** This Resolution shall take effect immediately upon its adoption. The  
13 City Clerk is directed to send a certified copy of this resolution to the Secretary of the  
14 Authority Executive Committee.

15 PASSED, APPROVED, AND ADOPTED this \_\_\_\_\_ day of  
16 \_\_\_\_\_ 2014.

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James T. Butts, Jr.,

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Mayor

23 ATTEST:

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27 Yvonne Horton,

28 Inglewood City Clerk

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**EXHIBIT A**

**CEDA Resolution of Intention**

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE CALIFORNIA ENTERPRISE DEVELOPMENT  
AUTHORITY DECLARING INTENTION TO FINANCE INSTALLATION  
OF DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES,  
ENERGY EFFICIENCY AND WATER EFFICIENCY IMPROVEMENTS IN  
THE CITY OF INGLEWOOD**

**WHEREAS**, the California Enterprise Development Authority ("CEDA") is a joint powers authority organized and existing pursuant to the Joint Powers Act (Government Code Section 6500 et seq.) and that certain Joint Exercise of Powers Agreement (the "Agreement") dated as of June 1, 2006, among the cities of Eureka, Lancaster and Selma; and

**WHEREAS**, CEDA is authorized under the Agreement and Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and in accordance with Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California ("Chapter 29") to authorize assessments to finance the installation of distributed generation renewable energy sources, energy efficiency and water efficiency improvements that are permanently fixed to real property ("Authorized Improvements"); and

**WHEREAS**, CEDA has obtained authorization from the City of Inglewood (the "City") located in the County of Los Angeles (the "County") to conduct assessment proceedings and to enter into contractual assessments to finance the installation of Authorized Improvements within the jurisdictional boundaries of the City pursuant to Chapter 29; and

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**WHEREAS**, CEDA desires to declare its intention to establish a Figtree PACE program (“Figtree PACE”) in the City, pursuant to which CEDA, subject to certain conditions set forth below, would enter into contractual assessments to finance the installation of Authorized Improvements in the City.

**NOW, THEREFORE**, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, AS FOLLOWS:

**Section 1.** Findings. The Board of Directors hereby finds and determines the following:

(a) The above recitals are true and correct and are incorporated herein by this reference.

(b) Energy and water conservation efforts, including the promotion of Authorized Improvements to residential, commercial, industrial, or other real property, are necessary to address the issue of global climate change and the reduction of greenhouse gas emissions in the City.

(c) The upfront cost of making residential, commercial, industrial, or other real property more energy and water efficient, along with the fact that most commercial loans for that purpose are due on the sale of the property, prevents many property owners from installing Authorized Improvements.

(d) A public purpose will be served by establishing a contractual assessment program, to be known as Figtree PACE, pursuant to which CEDA will finance the installation of Authorized Improvements to residential, commercial, industrial, or other real property in the City.

**Section 2.** Determination of Public Interest. The Board of Directors hereby determines that (a) it would be convenient, advantageous, and in the public interest to designate an area, which shall encompass the entire geographic territory within the boundaries of the City, within which CEDA and property owners within the City may enter into contractual assessments to finance the installation of Authorized

1 Improvements pursuant to Chapter 29 and (b) it is in the public interest for CEDA to  
2 finance the installation of Authorized Improvements in the City pursuant to Chapter 29.

3 **Section 3.** Identification of Authorized Improvements. CEDA hereby declares  
4 its intention to make contractual assessment financing available to property owners to  
5 finance installation of Authorized Improvements, including but not limited to those  
6 improvements detailed in the Report described in Section 8 hereof (the "Report"), as  
7 that Report may be amended from time to time.

8 **Section 4.** Identification of Boundaries. Contractual assessments may be  
9 entered into by property owners located within the entire geographic territory of the  
10 City.

11 **Section 5.** Proposed Financing Arrangements. Under Chapter 29, CEDA may  
12 issue bonds, notes or other forms of indebtedness (the "Bonds") pursuant to Chapter  
13 29 that are payable by contractual assessments. Division 10 (commencing with  
14 Section 8500) of the Streets & Highways Code of the State (the "Improvement Bond  
15 Act of 1915") shall apply to any indebtedness issued pursuant to Chapter 29, insofar as  
16 the Improvement Bond Act of 1915 is not in conflict with Chapter 29. The  
17 creditworthiness of a property owner to participate in the financing of Authorized  
18 Improvements will be based on the criteria developed by Figtree Energy Financing (the  
19 "Program Administrator") upon consultation with Figtree PACE Program underwriters  
20 or other financial representatives, CEDA general counsel and bond counsel, and as  
21 shall be approved by the Board of Directors of CEDA. In connection with indebtedness  
22 issued under the Improvement Bond Act of 1915 that is payable from contractual  
23 assessments, serial and/or term improvement bonds or other indebtedness shall be  
24 issued in such series and shall mature in such principal amounts and at such times  
25 (not to exceed 20 years from the second day of September next following their date),  
26 and at such rate or rates of interest (not to exceed the maximum rate permitted by  
27 applicable law) as shall be determined by Board of Directors at the time of the issuance  
28 and sale of the indebtedness. The provisions of Part 11.1 of the Improvement Bond

1 Act of 1915 shall apply to the calling of the bonds. It is the intention of CEDA to create  
2 a special reserve fund for the bonds under Part 16 of the Improvement Bond Act of  
3 1915. Neither CEDA, nor any of its members participating in the Figtree PACE  
4 Program, shall advance available surplus funds from its treasury to cure any  
5 deficiency in the redemption fund to be created with respect to the indebtedness;  
6 provided, however, that this determination shall not prevent CEDA or any of its  
7 members from, in their sole discretion, so advancing funds. The Bonds may be  
8 refunded under Division 11.5 of the California Streets and Highways Code or other  
9 applicable laws permitting refunding, upon the conditions specified by and upon  
10 determination of CEDA.

11 CEDA hereby authorizes the Program Administrator, upon consultation with  
12 CEDA general counsel, bond counsel and the Figtree PACE underwriter, to commence  
13 preparation of documents and take necessary steps to prepare for the issuance of  
14 bonds, notes or other forms of indebtedness as authorized by Chapter 29.

15 In connection with the issuance of bonds payable from contractual  
16 assessments, CEDA expects to obligate itself, through a covenant with the owners of  
17 the bonds, to exercise its foreclosure rights with respect to delinquent contractual  
18 assessment installments under specified circumstances.

19 **Section 6. Public Hearing.** Pursuant to the Act, CEDA hereby orders that a  
20 public hearing be held before CEDA Board (the "Board"), at 550 Bercut Drive, Suite G,  
21 Sacramento, CA 95811, on \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_ A\_, for the purposes of allowing  
22 interested persons to object to, or inquire about, the proposed Figtree PACE Program.  
23 The public hearing may be continued from time to time as determined by the Board for  
24 a time not exceeding a total of 180 days.

25 At the time of the hearing, the Report described in Section 8 hereof shall be  
26 summarized, and the Board shall afford all persons who are present an opportunity to  
27 comment upon, object to, or present evidence with regard to the proposed Figtree  
28 PACE Program, the extent of the area proposed to be included within the boundaries

1 of the assessment district, the terms and conditions of the draft assessment contract  
2 described in Section 8 hereof (the "Contract"), or the proposed financing provisions.  
3 Following the public hearing, CEDA may adopt a resolution confirming the Report (the  
4 "Resolution Confirming Report") or may direct the Report's modification in any respect,  
5 or may abandon the proceedings.

6 The Board hereby orders the publication of a notice of public hearing once a  
7 week for two successive weeks. Two publications in a newspaper published once a  
8 week or more often, with at least five days intervening between the respective  
9 publication dates not counting such publication dates, are sufficient. The period of  
10 notice will commence upon the first day of publication and terminate at the end of the  
11 fourteenth day. The first publication shall occur not later than 20 days before the date  
12 of the public hearing.

13 **Section 7.** Notice to Water and Electric Providers. Pursuant to Section  
14 5898.24 of the Streets & Highways Code, written notice of the proposed contractual  
15 assessment program within the City to all water and electric providers within the  
16 boundaries of the City has been provided.

17 **Section 8.** Report. The Board hereby directs the Program Administrator to  
18 prepare the Report and file said Report with the Board at or before the time of the  
19 public hearing described in Section 6 hereof containing all of the following:

20 a) A map showing the boundaries of the territory within which contractual  
21 assessments are proposed to be offered, as set forth in Section 4 hereof.

22 b) A draft contractual assessment contract (the "Contract") specifying the  
23 terms and conditions of the agreement between CEDA and a property owner within the  
24 City.

25 c) A statement of CEDA's policies concerning contractual assessments  
26 including all of the following:

27 (1) Identification of types of Authorized Improvements that may be  
28 financed through the use of contractual assessments.

1           (2) Identification of the CEDA official authorized to enter into  
2 contractual assessments on behalf of CEDA.

3           (3) A maximum aggregate dollar amount of contractual assessments.

4           (4) A method for setting requests from property owners for financing  
5 through contractual assessments in priority order in the event that requests  
6 appear likely to exceed the authorization amount.

7           d) A plan for raising a capital amount required to pay for work performed in  
8 connection with contractual assessments. The plan may include the sale of a bond or  
9 bonds or other financing relationship pursuant to Section 5898.28 of Chapter 29. The  
10 plan (i) shall include a statement of, or method for determining, the interest rate and  
11 time period during which contracting property owners would pay any assessment, (ii)  
12 shall provide for any reserve fund or funds, and (iii) shall provide for the apportionment  
13 of all or any portion of the costs incidental to financing, administration and collection of  
14 the contractual assessment program among the consenting property owners and  
15 CEDA.

16           e) A report on the results of the discussions with the County Auditor-  
17 Controller described in Section 10 hereof, concerning the additional fees, if any, that  
18 will be charged to CEDA for inclusion of the proposed contractual assessments on the  
19 general property tax roll of the County, and a plan for financing the payment of those  
20 fees.

21           **Section 9. Nature of Assessments.** Assessments levied pursuant to Chapter  
22 29, and the interest and any penalties thereon, will constitute a lien against the lots and  
23 parcels of land on which they are made, until they are paid. Unless otherwise directed  
24 by CEDA, the assessments shall be collected in the same manner and at the same  
25 time as the general taxes of the County on real property are payable, and subject to  
26 the same penalties and remedies and lien priorities in the event of delinquency and  
27 default.

28

1           **Section 10.** Consultations with County Auditor-Controller. CEDA hereby  
2 directs the Program Administrator to enter into discussions with the County Auditor-  
3 Controller in order to reach agreement on what additional fees, if any, will be charged  
4 to CEDA for incorporating the proposed contractual assessments into the assessments  
5 of the general taxes of the County on real property.

6           **Section 11.** Preparation of Current Roll of Assessment. Pursuant to Section  
7 5898.24(c), CEDA hereby designates the Program Administrator as the responsible  
8 party for annually preparing the current roll of assessment obligations by assessor's  
9 parcel number on property subject to a voluntary contractual assessment.

10           **Section 12.** Procedures for Responding to Inquiries. The Program  
11 Administrator shall establish procedures to promptly respond to inquiries concerning  
12 current and future estimated liability for a voluntary contractual assessment.

13           **Section 13.** Effective Date. This resolution shall take effect immediately upon  
14 its adoption.

15 PASSED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

16  
17 CALIFORNIA ENTERPRISE  
18 DEVELOPMENT AUTHORITY

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21 By: \_\_\_\_\_  
22 Gurbax Sahota, Chair

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24 ATTEST:  
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27 \_\_\_\_\_  
28 Larry Cope, Secretary

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**EXHIBIT B**  
**Indemnification Agreement**

**INDEMNIFICATION AGREEMENT**  
**BY AND BETWEEN**  
**THE CITY OF INGLEWOOD AND**  
**FIGTREE COMPANY, INC.**

This Indemnification Agreement (the "Agreement") is entered into by and between the City of Inglewood, a municipal corporation or political subdivision, duly organized and existing under the laws of the State of California (the "Public Entity") and Figtree Company, Inc., a California corporation, the administrator of the Figtree Property Assessed Clean Energy and Job Creation Program (the "Administrator"), which is a program of the California Enterprise Development Authority, a California joint exercise of powers authority (the "Authority").

**RECITALS**

**WHEREAS**, the Authority is a joint exercise of powers authority whose members include the Public Entity in addition to other cities and counties in the State of California; and

**WHEREAS**, the Authority established the Figtree Property Assessed Clean Energy and Job Creation Program (the "Figtree PACE Program") to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements that are permanently affixed to real property through the levy of assessments voluntarily agreed to by the participating property owners pursuant to Chapter 29 of Division 7 of the Streets and Highways Code ("Chapter 29") and the issuance of improvement bonds, or other forms of indebtedness, under the Improvement Bond Act of 1915 upon the security of the unpaid assessments; and

1 **WHEREAS**, the Authority has conducted or will conduct proceedings required by  
2 Chapter 29 with respect to the territory within the boundaries of the Public Entity; and

3 **WHEREAS**, the legislative body of the Public Entity adopted or will adopt a resolution  
4 authorizing the Public Entity to join the Figtree PACE Program; and

5 **WHEREAS**, the Public Entity will not be responsible for the formation, operation and  
6 administration of the Figtree PACE Program as well as the sale and issuance of any  
7 bonds or other forms of indebtedness in connection therewith, including the conducting  
8 of assessment proceedings, the levy and collection of assessments and any remedial  
9 action in the case of such assessment payments, and the offer, sale and administration  
10 of any bonds issued by the Authority on behalf of the Figtree PACE Program; and

11 **WHEREAS**, the Administrator is the administrator of the Figtree PACE Program and  
12 agrees to indemnify the Public Entity in connection with the operations of the Figtree  
13 PACE Program as set forth herein;

14 **NOW, THEREFORE**, in consideration of the above premises and of the Public Entity's  
15 agreement to join the Figtree PACE Program, the parties agree as follows:

16       **1. Indemnification.** Figtree has provided the CEDA with an indemnification  
17 for negligence or malfeasance of any type as a result of the acts or omissions of  
18 Figtree, its officers, employees, subcontractors and agents, arising from or related to  
19 the Figtree PACE Program, the assessments, the assessment districts, the  
20 improvements or the financing and marketing thereof. Figtree agrees to defend,  
21 indemnify and hold harmless the Public Entity, its officers, elected or appointed  
22 officials, employees, agents and volunteers from and against any and all actions, suits,  
23 proceedings, claims, demands, losses, costs and expenses, including legal costs and  
24 attorneys' fees, for injury or damage due to negligence or malfeasance of any type  
25 claims as a result of the acts or omissions of Figtree, except for such loss or damage  
26 which was caused by the sole negligence or willful misconduct of the Public Entity. This  
27 indemnity shall apply to all claims and liability regardless of whether any insurance  
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1 policies are applicable. The policy limits do not act as limitation upon the amount of  
2 indemnification to be provided by Figtree.

3 **2. Amendment/Interpretation of this Agreement.** This Agreement represents the  
4 entire understanding of the parties as to those matters contained herein. No prior oral  
5 or written understanding shall be of any force or effect with respect to those matters  
6 covered hereunder. No supplement, modification or amendment of this Agreement  
7 shall be binding unless executed in writing by both of the parties hereto. This  
8 Agreement shall not be interpreted for or against any party by reason of the fact that  
9 such party may have drafted this Agreement or any of its provisions.

10 **3. Section Headings.** Section headings in this Agreement are included for  
11 convenience of reference only and shall not constitute a part of this Agreement for any  
12 other purpose.

13 **4. Waiver.** No waiver of any of the provisions of this Agreement shall be binding  
14 unless in the form of writing signed by the party against whom enforcement is sought,  
15 and no such waiver shall operate as a waiver of any other provisions hereof (whether  
16 or not similar), nor shall such waiver constitute a continuing waiver. Except as  
17 specifically provided herein, no failure to exercise or any delay in exercising any right  
18 or remedy hereunder shall constitute a waiver thereof.

19 **5. Severability and Governing Law.** If any provision or portion thereof of this  
20 Agreement shall be held by a court of competent jurisdiction to be invalid, void, or  
21 otherwise unenforceable, the remaining provisions shall remain enforceable to the  
22 fullest extent permitted by law. This Agreement shall be governed by and construed  
23 and enforced in accordance with the laws of the State of California applicable to  
24 contracts made and to be performed in California. In the event of litigation between the  
25 parties, venue in state trial courts shall lie exclusively in the County of Los Angeles,  
26 Superior Court, Southwest District, located at 825 Maple Avenue, Torrance, California  
27 90503-5058. In the event of litigation in the United States District Court, venue shall lie  
28 exclusively in the Central District of California, in Los Angeles.

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**6. Notices.** All notices, demands and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed certified or registered mail and addressed as follows:

If to the Administrator:  
    Figtree Company, Inc.  
    9915 Mira Mesa Blvd., Suite 130  
    San Diego, California 92131  
    Attn: Chief Executive Officer

If to the Public Entity:  
    City of Inglewood  
    One Manchester Boulevard  
    Inglewood, California 90301  
    Attn: Economic and Community Development Department

**7. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, which together shall constitute the same instrument.

**8. Effective Date.** This Agreement will be effective as of the date of the signature of Public Entity's representative as indicated below in the signature block.

**IN WITNESS HEREOF**, the parties hereto duly executed this Agreement as of the date below.

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1 City of Inglewood

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3 By \_\_\_\_\_

4 Name: James T. Butts, Jr.

5 Title: Mayor

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7 Date: \_\_\_\_\_

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10 Figtree Company, Inc., a California corp.

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12 By \_\_\_\_\_

13 Name: Mahesh Shah

14 Title: CEO

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16 Date: \_\_\_\_\_

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