



LOCAL GOVERNMENTS

What Are the Benefits of the Program to Local Governments?

The Program was formed by local governments for local governments with the special purpose to provide long-term financing for structural improvements that encourage renewable generation, energy efficiency and disaster resilience (wind, flood and seismic resiliency upgrades are available in certain areas or pending legislation). The Program is an independent funding source, and any municipality may subscribe by resolution or ordinance to make this financing opportunity available for its community.

Is the Program Statewide or just Local?

The Program provides the strength and financial stability of a statewide statutory program, yet supports home rule by allowing each municipality to decide whether to invite the Program in to provide PACE financing.

- As a local government, the Program removes both the administrative burden and liability from participating municipalities. Plus, its activities are fully transparent, subject to public records and government-in-the-sunshine requirements.
- Municipalities can legally and prudently opt in to the Program without an RFP, allowing job creation to begin immediately.

Why Should a Local Governments Opt-In to the Program?

The Program was formed for local governments with the special purpose to provide long-term financing for structural improvements that encourage renewable generation, energy efficiency and disaster resilience (seismic, flood and wind in certain areas pending legislation). The Program is an independent funding source and any local government may subscribe by ordinance or resolution to make this financing opportunity available for its community.

How Does the Program Provide Jobs or Economic Growth?

The PACE program has the potential to stimulate significant local economic activity and put contractors back to work. PACE creates more work for contractors. Those contractors who participate in PACE across the country have realized increases in their sales and have often expanded their workforce to handle the extra demand for their services. PACE will also increase revenues for local building departments issuing building permits.



The American Council for an Energy-Efficient Economy (ACEEE) estimates that 17 direct jobs are created for every \$1 million financed by the Program as well as creates two indirect jobs (see <http://aceee.org/fact-sheet/deeper-methonology>). This will directly affect the building trades across the state, putting many skilled unemployed and underemployed contractors back to work.

How Does the Program Help Property Owners?

The Program gives Property Owners access to long-term financing for up to 100% of all costs associated with energy efficiency, renewable generation and disaster resilience (wind, flood and seismic in certain areas). Payments for these improvements can be structured to generate positive cash flow to the Property Owner because the cost savings derived from them exceeds the amount of the assessment payment. Property Owners may also achieve savings by reducing insurance premiums for disaster resilience improvements (available only in certain areas or pending changes in current legislation).

What Are the Costs to a Local Government?

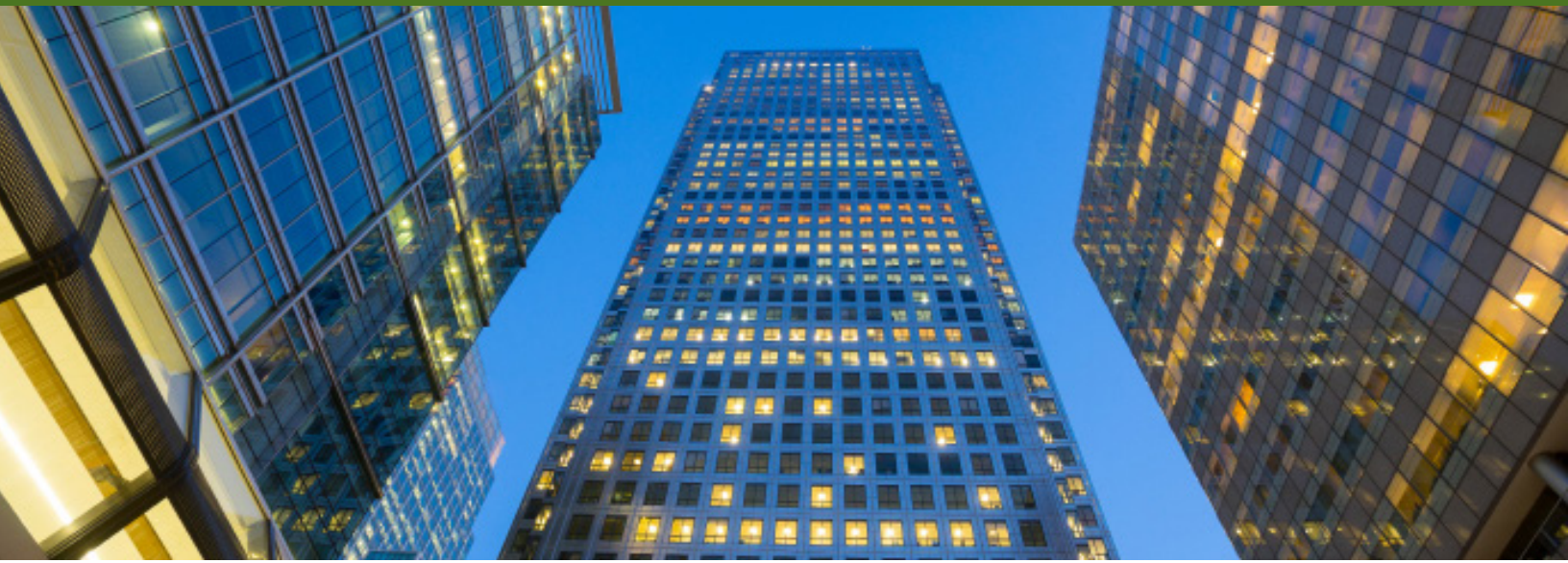
All costs of administration are carefully borne by present (and future) program users not the local government general funds. The benefits of the program require no staff time from any subscribing local government for implementation. Special districts are not required nor are the costs associated with setting up a district. The subscribing local governments may assist in promoting the program to generate economic stimulus and jobs creation to meet their local needs but it is not required.

What Is the Subscription Process?

Governments can legally and opt into the Program through the sponsoring statewide Joint Powers authority or local improvement authority without an RFP, allowing job creation to begin immediately.

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GENERAL QUESTIONS

What is C-PACE?

Similar to infrastructure improvement bonds, C-PACE (commercial Property Assessed Clean Energy) financing is provided through a voluntary special tax assessment, a non ad-valorem property tax, which increase the property taxes placed on the property by the local taxing authority to finance sustainable and resilient new construction or renovations.

How is Program Financing repaid?

The Program financing is repaid through the property's taxes and typically collected once or twice yearly through the normal local tax collection process as an additional line item on the property tax bill. If you have the taxes are escrowed by your mortgage lender, the bank may adjust your monthly payment to include the amount due to repay the special tax assessment.

What are the Financing terms?

CounterpointeSRE finances 100% of the eligible project and all related work including soft costs. New construction is typically financed with C-PACE at 20-30% of the projected completed property value with full-stack combined LTV that vary. CounterpointeSRE offers low-fixed interest rates and terms up to 35 years, not exceed the useful life of the equipment being financed. The financing is flexible with the option to defer the start of repayment for years or to include an I/O period before self-amortization with flexible prepayment terms. All closing costs may be included in the 100% financing of eligible projects.

What is CounterpointeSRE's role?

Through public-private partnership, CounterpointeSRE works with government to finance sustainable and resilient new construction and renovations in a nationwide funding platform. CounterpointeSRE screens for eligibility, performs cost benefit analysis, and orders all third party reports. CounterpointeSRE will submit all required material and work with local PACE program administrator to gain approvals. As one of founding PACE administrators in the industry, CounterpointeSRE's affiliate Counterpointe Energy Solutions may review as the administrator in multiple states with programs in California, Florida, Illinois, and the City of Chicago.



What are the financing parameters for the CounterpointeSRE Program?

The Program will finance projects for most commercial properties with underwriting based upon property value and net income generated by the property. CounterpointeSRE offers multiple financial products including mortgages and other energy financial tools for full-stack lending. Please request financing parameters for full details.

Why is the financing different than a loan?

Unlike a loan, C-PACE offers financing through property taxes and repayments are made through the property taxes. This offers several advantages over debt financing:

Why should I consider the Program financing when my bank is offering a lower interest rate?

- The financing is self-amortizing with option to defer start of repayment for years or include an interest only period.
- Fixed interest rates over the life of the assessment
- Similar to other property taxes, the regular payments are collected along with normal real estate taxes and project costs may be passed through to NNN or other tenants
- Underwriting is property based with no guarantees and no impact to owner credit
- Quick process with standardized documents and no intercreditor agreements.
- Completed projects may be financed to recapture CAPEX
- Similar to a non ad-valorem tax, the regular payments are collected along with the normal real estate taxes on your tax cycle.
- 100% financing of project avoids CAPEX for projects
- Closing costs can be capitalized
- Maturities are flexible up to 35 years capped by the estimated useful life of the improvement
- Prepayment is not required upon sale or refinancing of the property
- Enhances property cashflows and ESG metrics
- May qualify for off balance sheet treatment

Because the financing is a tax, it is reported similar to other line item taxes on the income statement of the property. Please consult with your tax advisor for further information on how this type of financing affects your property.

Is there a Balloon payment for my Program Financing?

No. The Program financings are self-amortizing with terms up to 35 years.

What is the process for refinancing the mortgage on the property?

Upon a sale or transfer of ownership of your property, the Assessment transfers to the new buyer similar to any other property tax. There are no fees or approvals required.

Is there a due on sale clause in the Program?

No. The Program financings are considered voluntary tax assessments and as such are part of the property taxes. If the property is sold, the Assessment transfers to the new buyer similar to any other property tax. There are no approvals required.



Are there default acceleration clauses?

Because the Program financing is considered a Tax Assessment, the collection process will follow the normal tax lien process for each jurisdiction. The assessment is superior to the mortgage in credit standing and would be considered a regular tax lien with all the same rights and remedies of a tax lien in bankruptcy court. While the lien is placed on the property for the assessment amount, only the annual payment may be collected each year by the tax collector. In effect, only the annual payment amount is senior to the mortgage. Similar to ad-valorem property tax, any default collection process is limited to the payment amount and is generally property owner friendly with reasonable cure periods.

How are payments disbursed?

Large projects with monthly draw schedules have PACE disbursements coordinated with any construction loans. For smaller project, two to four payments are disbursed directly to professionals according to an approved payment schedule at prearranged milestones and scope of work. Property owners are directly reimbursed for all their costs, such as deposits or other soft costs. First payment generally is scheduled with the start of demolition, payment of subcontractors or ordering of materials. Final payment can occur when construction has completed and project has passed all final approvals and inspections.

Can I get help developing my project?

Counterpointe has relationships with many manufacturers, developers, contractors, engineers, and energy specialists. We can help put you in touch with multiple firms so you can feel informed and confident when you are ready to undertake your project.

My project is not planned to start until next year. When should I apply to the Program for financing?

We understand that construction require planning, permits and coordination with contractors and tenants. Applications may be placed on hold at any time during the process and it is not uncommon for owners to apply years before demolition to structure their capital stacks. Submission of the required documents for underwriting allows an estimate of the maximum assessment amount. Before closing, you may be required to submit latest version of the documents required for underwriting, such as updated rent rolls and financials with appraisals generally accepted for up to 12 months. Engineering plans require evaluation and your contractor's proposal is to be submitted for PACE approval of costs and products. Unless there are changes to your plans or proposal while your application is on hold, technical approval of your project does not need to be repeated. Please contact us for more information.

What is the best approach for portfolio owners?

Since each state has requirements and process that vary widely, Counterpointe recommends portfolio owners close assessments for properties in the same state together rather than properties located in different states at the same time. Certain states have quicker processes and we recommend these states as a portfolio owners introduction to C-PACE. We have automated processes that allow eligibility checks and screens of hundreds of properties within minutes. Portfolio owners may send excel worksheets listing property addresses to our underwriters for assistance and screening.

How do I start?

You may email our underwriters with address of property and desired financing or apply via our website to provide contact and basic property information. A representative will contact you with further information about the Program and will answer your questions. Those with multiple properties may email a spreadsheet or list of property addresses for assistance with the application process.



ELIGIBILITY

Who is eligible for this Program?

The Program is available in numerous communities with more coming every day. Use the check eligibility button of the initial application form on our website or contact us to see if a Program is available in your area. If a Program is not yet available, you may contact our Government Relations Department to learn more. Most commercial property types are eligible including retail, office, hotel, healthcare, industrial, warehouse, self-storage, manufactured housing, and multifamily buildings.

Do Co-ops, TICs, single family or condominiums qualify for the CounterpointeSRE Program?

New construction single family or condominium properties may be eligible if owned in common by a commercial entity. Co-op and TIC (tenants-in-common) properties owned are typically eligible if owned by a limited liability company or other commercial entity.

Do Leased Properties or those with Ground Leases qualify for the Program?

Yes. Properties with lease agreements qualify with most states requiring the owner of record to sign transaction documents.

Do publically owned properties qualify for the Program?

Yes, in certain locations. Properties with lease agreements may qualify for the Program subject to proper and adequate documentation, receipt

What are the eligibility criteria for the Program?

- The Property taxes must be current with no late payments .
- All mortgage related debt plus the Program financing may not exceed 100% of the value of the property.
- The Property Owner must be current on their mortgage at the time of the application without any delinquencies of more than 30 days in the past 12 months or since the property owner acquired the property, whichever is shorter.
- The Property must not be subject to outstanding involuntary liens such mechanics or municipal nuisance liens.
- The Property owner must not have declared bankruptcy in the last seven years and must not be subject to an active bankruptcy.



What costs are eligible for financing?

Project costs can include both the cost of the products and all installation costs including soft costs and related work. Installation costs may include, but are not limited to, the cost of and fees for energy, water and similar audits, appraisals, labor, designs, drawings, engineering services, building permit fees, surveys, inspections, materials required in connection with the installation of the eligible products and improvements and technical reviews. Project costs may also include the cost of pre-paid warranties and service contracts for repairs and maintenance.

What are the eligible measures or equipment?

Eligible equipment or measures related to the installation of renewable energy and energy efficiency products. Some jurisdictions include resiliency, risk mitigation improvements (flood, wind, seismic) and other measures that provide social benefit.

Examples of project types include but are not limited to:

- Energy efficiency equipment, such as HVAC, windows, doors, building envelope, cool roofs, meters, elevators, pools and control systems.
- Renewable energy or alternative energy sources, such a solar systems, wind power and storage systems
- Tenant enhancements, such as LEED or WELL certification improvements
- Resiliency measures such as seismic strengthening improvements are eligible in many states as well as water conservation measures, such as irrigation control, artificial turf and low flow fixtures.

More detailed information is available in our Guidebook to Eligible Improvements

Can I finance equipment installed on my property but owned by a third-party?

Yes, renewable energy equipment financed through PPA, ESA, leases and other third party owned systems are eligible in most locations.

Do I have to select one of the Program Registered Professionals or can I select other Professionals?

One of the benefits of the Program is access to our Registered Professionals in your area who perform the type of improvement that you are planning. Not all PACE programs require registration and our underwriters will work with your professionals if required.

Can I get reimbursed for work that has already been completed?

The Program is available for improvements to be made to a property. Most states will allow completed projects to be financed within 1-3 years of completion.

Can the Program be used to finance a portion of the construction?

New construction may be eligible for the Program and the upgrades improve the energy and water use efficiency of a property. Please call us to discuss your project.

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REGISTERED PROFESSIONAL

What is required to become a Program Eligible Professional

The Program eligible professionals must meet the following Minimum Requirements:

- Possess all valid licenses, certifications and registrations (federal, state, and local) legally required to make the Qualifying Improvement(s)
- License must be active and not on probationary status
- Maintain the appropriate insurance coverage for work to be performed
- Satisfy workers' compensation requirements
- Satisfy other federal, state and local requirements associated with the Qualifying Improvement(s)

In addition, specialized improvements such as solar installation, flood mitigation or seismic retrofits may require additional certifications, licenses or training.

Professionals who are not required to be licensed may be eligible for the Program. Please submit online application or contact us for further details.

How do I become a Program Eligible Professional?

To become an Eligible Registered Professional:

- Apply online. You will be contacted with registration materials and Program requirements.
- Submit signed Registered Professionals Agreement and other required documentation as requested. You will be notified once they are reviewed and approved.
- Once approved, you will receive Program overview with process and procedures.
- To maintain eligibility, you must comply with the Program Requirements for Registered Professionals.



How does the Program Support Registered Professionals?

Registered Professionals are eligible to work on the Program funded projects. Along with leads and co-branding, another benefit to becoming a benefit with the Program is that your business will be included in lists provided to property owners who request eligible professionals in their area. You may also work with our Marketing Department to showcase your business to property owners through their web accounts.

Are progress payments available to offset the upfront cost of Materials?

Yes. The Program allows for progress payments for projects. Property owners work with contractors to submit a suggested payment schedule. Generally, the program has a maximum of four (4) draws for small projects although more may be requested. Larger projects allow more frequent draw schedules which coincide with the energy retrofits. First payment can be scheduled to be paid upon commencement, to pay subcontractors or to order materials. Solar Contractors may ask for an initial progress payment up to 50% of the installation costs to cover equipment purchases

How are payments made by the Program?

Payments can be made by either check or wire. Funds are disbursed in accordance with a schedule of generally up to four progress payments and subject to submission of required documents. Payments are made weekly and first payment is generally made when the assessment closes.

How quickly are payments made for completed projects?

Final payment is generally subject to submission of passed final city inspections and approvals along with other conditions.

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