AGENDA
EL SEGUNDO CITY COUNCIL
COUNCIL CHAMBERS - 350 Main Street

The City Council, with certain statutory exceptions, can only take action upon properly posted and listed agenda items. Any writings or documents given to a majority of the City Council regarding any matter on this agenda that the City received after issuing the agenda packet are available for public inspection in the City Clerk’s office during normal business hours. Such Documents may also be posted on the City’s website at www.elsegundo.org and additional copies will be available at the City Council meeting.

Unless otherwise noted in the Agenda, the Public can only comment on City-related business that is within the jurisdiction of the City Council and/or items listed on the Agenda during the Public Communications portions of the Meeting. Additionally, the Public can comment on any Public Hearing item on the Agenda during the Public Hearing portion of such item. The time limit for comments is five (5) minutes per person.

Before speaking to the City Council, please come to the podium and state: Your name and residence and the organization you represent, if desired. Please respect the time limits.

Members of the Public may place items on the Agenda by submitting a Written Request to the City Clerk or City Manager’s Office at least six days prior to the City Council Meeting (by 2:00 p.m. the prior Tuesday). The request must include a brief general description of the business to be transacted or discussed at the meeting. Playing of video tapes or use of visual aids may be permitted during meetings if they are submitted to the City Clerk two (2) working days prior to the meeting and they do not exceed five (5) minutes in length.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact City Clerk, 524-2305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

REGULAR MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, JULY 6, 2010 – 5:00 P.M.

Next Resolution # 4557
Next Ordinance # 1445

5:00 P.M. SESSION

CALL TO ORDER

ROLL CALL

PUBLIC COMMUNICATION – (Related to City Business Only – 5 minute limit per person, 30 minute limit total) Individuals who have received value of $50 or more to communicate to the City Council on behalf of another, and employees speaking on behalf of their employer, must so identify themselves prior to addressing the City Council. Failure to do so shall be a misdemeanor and punishable by a fine of $250.
SPECIAL ORDER OF BUSINESS:

CLOSED SESSION:
The City Council may move into a closed session pursuant to applicable law, including the Brown Act (Government Code Section §54960, et seq.) for the purposes of conferring with the City's Real Property Negotiator; and/or conferring with the City Attorney on potential and/or existing litigation; and/or discussing matters covered under Government Code Section §54957 (Personnel); and/or conferring with the City’s Labor Negotiators; as follows:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov’t Code §54956.9(a) -2- matter

1. City of El Segundo vs. City of Los Angeles, et. al. LASC Case No. BS094279

2. NSA Construction Group, Inc. vs. City of El Segundo, LASC Case No. BC438182

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code §54956.9(b): -2- potential case (no further public statement is required at this time); Initiation of litigation pursuant to Government Code §54956.9(c): -0- matter.

APPOINTMENT AND PERFORMANCE EVALUATION OF PUBLIC EMPLOYEE (Gov’t. Code § 54957) -1- matter Position: City Manager.

CONFERENCE WITH CITY’S LABOR NEGOTIATOR (Gov’t Code §54957.6): -2- matters

1. Represented Group: Police Support Services Employees Association (PSSEA), City Employees Association (CEA), Firefighters Association (FFA), Police Managers Association (PMA), Police Officers Association (POA), Supervisory and Professional Employees (S&P)
   Negotiators: Jack Wayt and Bob Hyland

2. Unrepresented Employee: City Manager
   City Negotiator: City Attorney

CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Gov’t Code §54956.8): -0- matters
AGENDA
EL SEGUNDO CITY COUNCIL
COUNCIL CHAMBERS - 350 Main Street

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REGULAR MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, JULY 6, 2010 - 7:00 P.M.

7:00 P.M. SESSION

CALL TO ORDER

INVOCATION –

PLEDGE OF ALLEGIANCE – Mayor Pro Tem Bill Fisher

Next Resolution # 4557
Next Ordinance # 1445
PRESENTATIONS

ROLL CALL

PUBLIC COMMUNICATIONS – (Related to City Business Only – 5 minute limit per person, 30 minute limit total) Individuals who have received value of $50 or more to communicate to the City Council on behalf of another, and employees speaking on behalf of their employer, must so identify themselves prior to addressing the City Council. Failure to do so shall be a misdemeanor and punishable by a fine of $250. While all comments are welcome, the Brown Act does not allow Council to take action on any item not on the agenda. The Council will respond to comments after Public Communications is closed.

A. PROCEDURAL MOTIONS

Consideration of a motion to read all ordinances and resolutions on the Agenda by title only.

Recommendation – Approval.

B. SPECIAL ORDERS OF BUSINESS (PUBLIC HEARING)

C. UNFINISHED BUSINESS

1. Continuation of Council’s consideration to transition the El Segundo Fire Department’s (“ESFD”) services to the Consolidated Fire Protection District of Los Angeles County (aka the Los Angeles County Fire Department), including possible action to direct staff to undertake further analysis of potential impacts including, without limitation, an analysis pursuant to Elections Code § 9212 regarding an initiative petition currently being circulated that would require, if adopted, that ESFD’s services be performed by the County.

Recommendation – (1) Consideration and possible action to direct staff to undertake further analysis of the impacts of transitioning ESFD to the County including, without limitation, an analysis under Elections Code § 9212 regarding the initiative petition currently being circulated that would require, if adopted, that ESFD be transitioned to the County; (2) Alternatively, take other related action as directed by Council.

D. REPORTS OF COMMITTEES, COMMISSIONS AND BOARDS
E. CONSENT AGENDA
All items listed are to be adopted by one motion without discussion and passed unanimously. If a call for discussion of an item is made, the item(s) will be considered individually under the next heading of business.

2. Warrant Numbers 2577711 to 2578024 on Register No. 18 in the total amount of $1,601,750.58 and Wire Transfers from 6/04/10 through 6/24/10 in the total amount of $2,275,380.52.
Recommendation – Approve Warrant Demand Register and authorize staff to release. Ratify: Payroll and Employee Benefit checks; checks released early due to contracts or agreement; emergency disbursements and/or adjustments; and wire transfers.

Recommendation – Approval.

4. Consideration and possible action to adopt a resolution authorizing the City Manager to execute an agreement to join and participate in the Los Angeles County Energy Program (LACEP). (Fiscal Impact: None)
Recommendation – (1) Adopt the draft resolution; (2) Alternatively, discuss and take other action related to this item.

CALL ITEMS FROM CONSENT AGENDA

F. NEW BUSINESS

G. REPORTS – CITY MANAGER

H. REPORTS – CITY ATTORNEY

I. REPORTS – CITY CLERK
J. REPORTS – CITY TREASURER

K. REPORTS – CITY COUNCIL MEMBERS

Council Member Fuentes –

Council Member Brann –

Council Member Jacobson –

Mayor Pro Tem Fisher –

Mayor Busch –

PUBLIC COMMUNICATIONS – (Related to City Business Only – 5 minute limit per person, 30 minute limit total) Individuals who have receive value of $50 or more to communicate to the City Council on behalf of another, and employees speaking on behalf of their employer, must so identify themselves prior to addressing the City Council. Failure to do so shall be a misdemeanor and punishable by a fine of $250. While all comments are welcome, the Brown Act does not allow Council to take action on any item not on the agenda. The Council will respond to comments after Public Communications is closed.

MEMORIALS –

CLOSED SESSION

The City Council may move into a closed session pursuant to applicable law, including the Brown Act (Government Code Section §54960, et seq.) for the purposes of conferring with the City’s Real Property Negotiator, and/or conferring with the City Attorney on potential and/or existing litigation; and/or discussing matters covered under Government Code Section §54957 (Personnel); and/or conferring with the City’s Labor Negotiators.

REPORT OF ACTION TAKEN IN CLOSED SESSION (if required)

ADJOURNMENT
POSTED: 

DATE: June 30, 2010 
TIME: 11:45 a.m. 
NAME: J. McSly
AGENDA DESCRIPTION:

Continuation of Council’s consideration to transition the El Segundo Fire Department’s ("ESFD") services to the Consolidated Fire Protection District of Los Angeles County (aka the Los Angeles County Fire Department), including possible action to direct staff to undertake further analysis of potential impacts including, without limitation, an analysis pursuant to Elections Code § 9212 regarding an initiative petition currently being circulated that would require, if adopted, that ESFD’s services be performed by the County.

RECOMMENDED COUNCIL ACTION:

1. Consideration and possible action to direct staff to undertake further analysis of the impacts of transitioning ESFD to the County including, without limitation, an analysis under Elections Code § 9212 regarding the initiative petition currently being circulated that would require, if adopted, that ESFD be transitioned to the County.

2. Alternatively, take other related action as directed by Council.

ATTACHED SUPPORTING DOCUMENTS:

County of Los Angeles Initial Assessment regarding ESFD

FISCAL IMPACT: None

Amount Requested: $  
Additional Appropriation:  
Account Number(s):

ORIGINATED BY: Kevin Smith, Fire Chief  
REVIEWED BY: Kevin Smith, Fire Chief  
APPROVED BY: Jack Wayt, City Manager

BACKGROUND AND DISCUSSION:

On December 1, 2009, the City Council directed that staff request the County of Los Angeles to prepare an analysis of a potential transition of ESFD services to the County. The County has completed its initial assessment which is attached hereto as Exhibit A.

The report generally provides for the County to staff Station 1 with a 3-person paramedic assessment engine and a 2-person paramedic squad, and Station 2 with a 3-person paramedic assessment engine and a 4-person truck/quint apparatus, for a total of 12 on-duty daily plus fire prevention staffing, at an anticipated 2010-11 annual cost of $10.4 million.
On May 13, 2010, the City Clerk’s Office received a notice of intent to circulate a petition to require that the City transition its Fire Department services to the County. As required by law, the City Attorney’s Office prepared the Title and Summary for the initiative. On May 20, 2010, the Clerk’s Office transmitted such to the circulator of the petition. The circulator has up until November 17, 2010 (180 days from the time the circulator was presented with the Title and Summary), to collect signatures for the petition.

Elections Code § 9212 provides as follows:

“a) During the circulation of the petition . . . the legislative body may refer the proposed initiative measure to any city agency or agencies for a report on any or all of the following:

(1) Its fiscal impact.

(2) Its effect on the internal consistency of the city's general and specific plans . . . the consistency between planning and zoning, and the limitations on city actions under Section 65008 of the Government Code . . . .

(3) Its effect on the use of land, the impact on the availability and location of housing, and the ability of the city to meet its regional housing needs.

(4) Its impact on funding for infrastructure of all types, including, but not limited to, transportation, schools, parks, and open space. The report may also discuss whether the measure would be likely to result in increased infrastructure costs or savings, including the costs of infrastructure maintenance, to current residents and businesses.

(5) Its impact on the community's ability to attract and retain business and employment.

(6) Its impact on the uses of vacant parcels of land.

(7) Its impact on agricultural lands, open space, traffic congestion, existing business districts, and developed areas designated for revitalization.

(8) Any other matters the legislative body requests to be in the report.

(b) The report shall be presented to the legislative body within the time prescribed by the legislative body, but no later than 30 days after the elections official certifies to the legislative body the sufficiency of the petition.”

Since the City was already analyzing the potential transition of ESFD to the County months before the initiative petition was presented to the City Clerk’s Office, the City is generally not constrained by the thirty day time limit in Elections Code § 9212.

However, the initial Los Angeles County assessment does not contain any information regarding the initiative petition; the City Council may have specific questions or issues addressed that are
unique to the initiative petition that it wants staff to address as allowed by the Elections Code. Additionally, Council may have questions or issues that relate to the potential transition of ESFD services to the County, regardless of whether such is the result of Council action or the initiative process.

Staff understands that this is an important issue for the Council and the community and wants to be proactive in providing information necessary to the decision making process.
CITY OF EL SEGUNDO
PAYMENTS BY WIRE TRANSFER
6/04/10 THROUGH 6/24/10

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**DATE OF RATIFICATION: 7/06/10**

**TOTAL PAYMENTS BY WIRE:**

2,275,380.52

Certified as to the accuracy of the wire transfers by:

Mary M. Korns
Deputy City Treasurer
Date 6/25/10

Deborah Cure
Director of Finance
Date 6/29/10

City Manager
Date 6/29/10

Information on actual expenditures is available in the City Treasurer's Office of the City of El Segundo.
REGULAR MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, JUNE 15, 2010 – 5:00 P.M.

5:00 P.M. SESSION

CALL TO ORDER- Mayor Busch at 5:40 p.m.

ROLL CALL

Mayor Busch - Present
Mayor Pro Tem Fisher - Present
Council Member Brann - Present
Council Member Fuentes - Present
Council Member Jacobson - Present

PUBLIC COMMUNICATION – (Related to City Business Only – 5 minute limit per person, 30 minute limit total) Individuals who have received value of $50 or more to communicate to the City Council on behalf of another, and employees speaking on behalf of their employer, must so identify themselves prior to addressing the City Council. Failure to do so shall be a misdemeanor and punishable by a fine of $250.

SPECIAL ORDER OF BUSINESS:

CLOSED SESSION:
The City Council moved into a closed session pursuant to applicable law, including the Brown Act (Government Code Section §54960, et seq.) for the purposes of conferring with the City’s Real Property Negotiator; and/or conferring with the City Attorney on potential and/or existing litigation; and/or discussing matters covered under Government Code Section §54957 (Personnel); and/or conferring with the City’s Labor Negotiators; as follows:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov’t Code §54956.9(a) -1- matter

City of El Segundo vs. City of Los Angeles, et. al. LASC Case No. BS094279

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code §54956.9(b): -0- potential case (no further public statement is required at this time); Initiation of litigation pursuant to Government Code §54956.9(c): -0- matter.

APPOINTMENT AND PERFORMANCE EVALUATION OF PUBLIC EMPLOYEE (Gov’t. Code § 54957) -1- matter Position: City Manager.
CONFERENCE WITH CITY'S LABOR NEGOTIATOR (Gov't Ccde §54957.6): -1-

matters

Represented Group: Police Support Services Employees Association (PSSEA), City Employees Association (CEA), Firefighters Association (FFA), Police Managers Association (PMA), Police Officers Association (POA), Supervisory and Professional Employees (S&P)

   Negotiators:  Jack Wayt, Bob Hyland and Rich Kreisler

CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Gov't Code §54956.8): -0-
matters

Council recessed at 6:50 p.m.
REGULAR MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, JUNE 15, 2010 - 7:00 P.M.

7:00 P.M. SESSION

CALL TO ORDER – Mayor Busch at 7:00 p.m.

INVOCATION – Mark Stepp, Oceanside Christian Fellowship

PLEDGE OF ALLEGIANCE – Council Member Carl Jacobson

PRESENTATIONS

a. Presentation to El Segundo Boys Volleyball Team for CIF Championship

ROLL CALL

Mayor Busch - Present
Mayor Pro Tem Fisher - Present
Council Member Brann - Present
Council Member Fuentes - Present
Council Member Jacobson - Present

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Christine Delgado, Reach out Against Drugs, spoke regarding item 12.

Mike Rotolo, Chamber of Commerce, spoke regarding the possible change in Fire Department administration and stated the Chamber is preparing a list of concerns that they will be presenting to the City Council.

Stephanie Katsouleas, Public Works Director announced the City is hosting the Third Annual Environmental Expo in the City Plaza.

A. PROCEDURAL MOTIONS

Consideration of a motion to read all ordinances and resolutions on the Agenda by title only.
MOTION by Council Member Jacobson, SECONDED by Mayor ProTem Fisher to read all ordinances and resolutions on the agenda by title only. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

B. SPECIAL ORDERS OF BUSINESS (PUBLIC HEARING)

1. Consideration and possible action to open a public hearing and receive public testimony concerning adopting a resolution supporting the proposed issuance of Recovery Zone Facility Revenue Bonds (RZFRB) by the California Municipal Finance Authority (CMFA) in an amount not to exceed $250,000,000, to finance or refinance the acquisition, construction, reconstruction and/or renovation of certain improvements related to the manufacturing of usable fuels and petroleum products at the Chevron El Segundo Refinery located at 324 W. El Segundo Blvd. (Fiscal Impact: None)

Mayor Busch stated that this was the time and place fixed for a public hearing and receive public testimony concerning adopting a resolution supporting the proposed issuance of Recovery Zone Facility Revenue Bonds (RZFRB) by the California Municipal Finance Authority (CMFA) in an amount not to exceed $250,000,000, to finance or refinance the acquisition, construction, reconstruction and/or renovation of certain improvements related to the manufacturing of usable fuels and petroleum products at the Chevron El Segundo Refinery located at 324 W. El Segundo Blvd. (Fiscal Impact: None)

Clerk Mortesen stated that proper noticing was done and no written communication had been received in the City Clerk’s Office.

Assistant City Manager Bill Crowe gave a report.

Rod Spackman, Chevron stated this was a procedural item that had to be done to satisfy California Municipal Finance Authority (CMFA) requirements, the City is under no financial obligation.

MOTION by Council Member Jacobson, SECONDED by Mayor ProTem Fisher to close the public hearing. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

Mark Hensley, City Attorney, read by title only:

RESOLUTION NO. 4555

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL SEGUNDO APPROVING THE ISSUANCE OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY REVENUE BONDS (CHEVRON U.S.A. INC. PROJECT), SERIES 2010 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $250,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION,
RECONSTRUCTION AND/OR RENOVATION OF REFINERY FACILITIES AND CERTAIN OTHER MATTERS RELATING THERETO.

MOTION by Council Member Brann, SECONDED by Council Member Jacobson to adopt Resolution No. 4555 approving the issuance of the California Municipal Finance Authority Revenue Bonds (Chevron U.S.A. Inc. Project), series 2010 in an aggregate principal amount not to exceed $250,000,000 for the purpose of financing or refinancing the acquisition, construction, reconstruction and/or renovation of refinery facilities and certain other matters relating thereto. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

2. Consideration and possible action to open a public hearing and receive testimony regarding: 1) an Environmental Assessment for a proposed Categorical Exemption; and 2) a Zone Text Amendment amending the El Segundo Municipal Code ("ESMC") off-street parking and loading regulations. Applicant: City Initiated. (Fiscal Impact: N/A)

Mayor Busch stated that this was the time and place fixed for a public hearing and receive testimony regarding: 1) an Environmental Assessment for a proposed Categorical Exemption; and 2) a Zone Text Amendment amending the El Segundo Municipal Code ("ESMC") off-street parking and loading regulations. Applicant: City Initiated.

Clerk Mortesen stated that proper noticing was done and no written communication had been received in the City Clerk's Office.

Greg Carpenter, Planning and Building Safety Director and Paul Samaras, Principal Planner, gave a report.

MOTION by Council Member Jacobson, SECONDED by Mayor ProTem Fisher to close the public hearing. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

Mark Hensley, City Attorney, read by title only:

ORDINANCE NO. 1444

AN ORDINANCE AMENDING EL SEGUNDO MUNICIPAL CODE ("ESMC") PARKING AND LOADING REGULATIONS.

Mayor Busch introduced the ordinance.

MOTION by Mayor Busch, SECONDED, by Mayor ProTem Fisher to direct the City Manager set a policy that discretionary decisions of the Director of Planning and Building Safety be sent to the Planning Commission in written format for review at their regularly scheduled meetings. MOTION PASSED BY THE FOLLOWING VOICE VOTE: AYES: BUSCH, FISHER, BRANN; NOES: JACOBSON, FUENTES. 3/2/0

MINUTES OF THE REGULAR CITY COUNCIL MEETING
JUNE 15, 2010
PAGE NO. 5
Second reading and adoption scheduled for July 6, 2010 or the first regular meeting thereafter.

3. Receive and file report prepared by the County of Los Angeles regarding transitioning the El Segundo Fire Department's ("ESFD") services to the Consolidated Fire Protection District of Los Angeles County (aka the Los Angeles County Fire Department). Consideration and possible action to direct staff to undertake further analysis of potential impacts including, without limitation, an analysis pursuant to Elections Code § 9212 regarding an initiative petition currently being circulated that would require, if adopted, that ESFD's services be performed by the County.

Kevin Smith, Fire Chief, gave a report.

Council consensus to receive and file report and direct staff to undertake further analysis of the impacts of transitioning ESFD to the County including, without limitation, an analysis under Elections Code § 9212 regarding the initiative petition currently being circulated that would require, if adopted, that ESFD be transitioned to the County, schedule a workshop, or preferably at the June 24 Strategic Planning Session, to have the County make a presentation on the staffing issues and Council concerns. Present a financial analysis of the initiative petition and possible election at the June 24, strategic plan meeting.

C. UNFINISHED BUSINESS

D. REPORTS OF COMMITTEES, COMMISSIONS AND BOARDS

4. Consideration and possible action to announce the candidates of the Library Board of Trustees, Senior Citizen Housing Corporation Board, Community Cable Advisory Committee and Environmental Committee. (Fiscal Impact: None)

Mayor Busch announced the appointment of Sheila Henry to the Library Board of Trustees for a full term to expire 5/30/13 and Kevin Smith to a full term to expire 5/30/13; reappoint Paula Rotolo to the Senior Citizen Housing Corporation Board, for a full term to expire 6/30/14 and Samantha Lee to a partial term to expire 6/30/12; Carol Pirsztuk to the Community Cable Advisory Committee, for a full term to expire 10/31/13 and reappoint Joe Pinchuk to the Community Cable Advisory Committee, for a full term to expire 10/31/13; and reappoint Eric Alegria to the Environmental Committee for a full term to expire 10/31/14.

E. CONSENT AGENDA
All items listed are to be adopted by one motion without discussion and passed unanimously. If a call for discussion of an item is made, the item(s) will be considered individually under the next heading of business.
5. Approved Warrant Numbers 2577515 to 2577710 on Register No. 17 in the total amount of $581,715.13 and Wire Transfers from 5/20/10 through 6/03/10 in the total amount of $993,013.75. Authorized staff to release. Ratified: Payroll and Employee Benefit checks; checks released early due to contracts or agreement; emergency disbursements and/or adjustments; and wire transfers.

6. Approved Regular City Council Meeting Minutes of June 1, 2010 and Special Meeting Minutes of June 1, 2010.

7. Adopted Resolution No. 4556 delegating authority for making disability determinations to the City Manager and Human Resources Director pursuant to Government Code § 21173. (Fiscal Impact: None)

8. Awarded standard Public Works Contract No. 4077 to Advanced Sewer Technologies, Inc. for the Cleaning and Closed Circuit Television (CCTV) inspection of sewer lines west of Sepulveda Boulevard between El Segundo Boulevard and Imperial Avenue. (Project No.: PW 10-02) and adopted Plans and Specifications for the CCTV inspection of sewer lines east of Sepulveda Boulevard, between El Segundo Boulevard and Imperial Highway. (Fiscal Impact $183,951.11) Authorized the City Manager to execute a Standard Public Works Contract in a form as approved by the City Attorney.

9. Second reading and adoption of Ordinance No. 1443 amending regulation of massage establishments within the City of El Segundo. (Fiscal Impact: None)

10. PULLED FOR DISCUSSION BY MAYOR BUSCH

11. PULLED FOR DISCUSSION BY COUNCIL MEMBER BRANN

11a. Received and filed correspondence received from Big West Construction Corporation. Approved request and authorized Big West to replace Colocho Glass as a subcontractor for Group 39 (Project No. RSI 10-1) of the City’s Residential Sound Insulation program with Discount Interiors (Fiscal Impact: None)

MOTION by Council Member Brann, SECONDED by Council Member Jacobson to approve Consent Agenda Items 5, 6, 7, 8, 9, and 11a. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

CALL ITEMS FROM CONSENT AGENDA

10. Consideration and possible action regarding the design and location of an El Segundo monument sign provided by the Boeing Corporation at the intersection of Imperial Highway and Sepulveda Boulevard. (Fiscal Impact: None)
MOTION by Mayor Busch, SECONDED by Council Member Brann to approve the proposed City of El Segundo monument sign design and location at the intersection of Imperial Highway and Sepulveda Boulevard, provided by the Boeing Corporation. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

11. Consideration and possible action to approve a contract amendment to the employment agreement with Robert Hyland for the position of Director of Human Resources, effective July 1, 2010. (Fiscal Impact: $73,500)

MOTION by Mayor ProTem Fisher, SECONDED by Council Member Jacobson to approve Contract Amendment No. 3992A to the employment agreement with Robert Hyland for the position of Director of Human Resources, effective July 1, 2010. (Fiscal Impact: $73,500) Authorized the City Manager to execute an extension to the contract employment agreement, in a form acceptable to the City Attorney MOTION PASSED BY THE FOLLOWING VOICE VOTE: AYES, BUSCH, FISHER, AND JACOBSON; NOES: FUENTES, BRANN. 3/2

F. NEW BUSINESS

12. Consideration and possible action to establish an annual Tobacco Retail License Fee. (Fiscal Impact: None)

Mitch Tavera, Police Chief, gave a report.

Directed Staff to develop and proceed with the implementation of a Tobacco Retail License Fee of $250. MOTION PASSED BY THE FOLLOWING VOICE VOTE. AYES: BUSCH, FISHER, BRANN NOES: JACOBSON, FUENTES 3/2

G. REPORTS – CITY MANAGER

H. REPORTS – CITY ATTORNEY

I. REPORTS – CITY CLERK

13. Consideration and possible action regarding Council consensus to cancel the July 6, 2010 City Council Meeting. (Fiscal Impact: None)

Council consensus to continue this item to the June 24, 2010 Strategic Planning Session meeting.

REPORTS – CITY TREASURER

REPORTS – CITY COUNCIL MEMBERS

Council Member Fuentes – Spoke on the Recreation Parks drama production.

Council Member Brann – Spoke regarding personnel costs.
Council Member Jacobson – None

Mayor Pro Tem Fisher – Spoke regarding the strategic planning session.

Mayor Busch – Spoke regarding the upcoming July 4th event.

PUBLIC COMMUNICATIONS – (Related to City Business Only – 5 minute limit per person, 30 minute limit total) Individuals who have receive value of $50 or more to communicate to the City Council on behalf of another, and employees speaking on behalf of their employer, must so identify themselves prior to addressing the City Council. Failure to do so shall be a misdemeanor and punishable by a fine of $250. While all comments are welcome, the Brown Act does not allow Council to take action on any item not on the agenda. The Council will respond to comments after Public Communications is closed.

Liz Garnholz, Resident; spoke regarding budget cuts and when Council would be making the decisions.

MEMORIALS – NONE

CLOSED SESSION – NONE

ADJOURNMENT at 9:05 p.m.

Cindy Mortesen, City Clerk
SPECIAL MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, JUNE 15, 2010 – 4:00 P.M.

CALL TO ORDER – Mayor Pro Tem Fisher at 4:00 p.m.

ROLL CALL

Mayor Busch - Present – arrived at 4:02 p.m.
Mayor Pro Tem Fisher - Present
Council Member Brann - Present
Council Member Fuentes - Present
Council Member Jacobson - Present

PUBLIC COMMUNICATIONS - (Related to City Business Only - 5 minute limit per person, 30 minute limit total). Individuals who have received value of $50 or more to communicate to the City Council on behalf of another, and employees speaking on behalf of their employer, must so identify themselves before addressing the City Council. Failure to do so is a misdemeanor and punishable by a fine of $250.

CLOSED SESSION:

APPOINTMENT AND PERFORMANCE EVALUATION OF PUBLIC EMPLOYEE
(Gov't. Code § 54957) -1- matter Position: City Manager.

Council moved to open session at 4:32 p.m.

SPECIAL MATTERS: -1- matter

1. Interview of candidates and potential appointments to the Library Board of Trustees, Senior Citizen Housing Corporation Board, Community Cable Advisory Committee and Environmental Committee. [Note: the interviews will commence at approximately 4:30 p.m. and take place in the West Conference Room in City Hall.]

Council consensus to appoint Sheila Henry to the Library Board of Trustees for a full term to expire 5/30/13 and Kevin Smith to a full term to expire 5/30/13; reappoint Paula Rotolo to the Senior Citizen Housing Corporation Board, for a full term to expire 6/30/14 and Samantha Lee to a partial term to expire 6/30/12; Carol Pirsztuk to the Community Cable Advisory Committee, for a full term to expire 10/31/13 and reappoint Joe Pinchuk to the Community Cable Advisory Committee, for a full term to expire 10/31/13; and reappoint Eric Alegria to the Environmental Committee for a full term to expire 10/31/14.

ADJOURNMENT – at 5:39 p.m.

Cathy Domann, Deputy City Clerk

1
SPECIAL MEETING OF THE EL SEGUNDO CITY COUNCIL
Thursday, June 24, 2010
El Segundo Public Library
111 W. Mariposa Avenue, El Segundo, CA 90245
7:30 a.m.

7:30 A.M. SESSION

CALL TO ORDER – Mayor Busch at 7:30 a.m.

ROLL CALL

Mayor Busch - Present
Mayor Pro Tem Fisher - Present
Council Member Brann - Present
Council Member Fuentes - Present
Council Member Jacobson - Present

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Chris Thomason, El Segundo Firefighters’ Association, spoke in favor of merging the El Segundo Fire Department with Los Angeles County Fire Department.

Ron Swanson, resident, spoke regarding the initiative petition being circulated to transition the Fire Department to Los Angeles County.

Mark Marion, resident, spoke regarding opportunities for public comment.

Dave Burns, resident, spoke against consolidating El Segundo Fire with County Fire.

Jack Kenton, resident, suggested that the City look at non-essential programs which could be eliminated and services which could be charged back to the residents.

Marty Smith, resident and Los Angeles County Firefighter, addressed the concerns of non-transport issues and the benefits of having multiple paramedic units available if both units assigned to the City were busy.

Fred Curcio, resident and Los Angeles County Firefighter, spoke in support of the County consolidation.
Rod Spackman, Chevron, spoke regarding the other responsibilities that the El Segundo Fire Department is currently charged with and his concerns with training and cooperation currently enjoyed between Chevron and the City.

SPECIAL ORDERS OF BUSINESS:

1. Consideration and possible action regarding a strategic planning session which will guide staff in the preparation of the Fiscal Year 2010-2011 Preliminary Budget. Staff will present a brief overview of the estimated General Fund Fiscal Year 2009-2010 yearend projections, General Fund Fiscal Year 2010-2011 budget assumptions, projected shortfall and options to balance the FY 2009-2010 and FY 2010-2011 General Fund Budgets. Staff will also provide follow-up on open items from the prior Strategic Planning Session.

Deborah Cullen, Finance Director, gave a presentation on the following items:

a. Fiscal Year 2009-2010 Yearend projections
   i. Balancing options

b. Fiscal Year 2010-2011 Preliminary Budget
   i. Balancing options
      1. Fire Department
         a. L. A. County Fire Contract
         b. Reduce staffing level to 14
         c. Run short options

Council recessed at 8:55 a.m.

Council reconvened at 9:00 a.m. with all present.

2. All City Departments savings/reductions
   ii. Early retirement options for Safety/Miscellaneous employees
   iii. Union Concessions
         1. Freeze/reduce scheduled salary increases
         2. Furloughs
         3. Layoffs
         4. Benefit cost sharing
         5. Tiered benefit cost sharing
   iv. Reduce General Fund unreserved/undesignated balance
   v. Internal Service Funds
   vi. Reduce Capital Project funding
   vii. Undesignate funds in the Economic Uncertainty Fund
   viii. Reduce Other Post Employment Benefits (OPEB) funding or withdraw Pay Go from Trust

c. Potential Revenue Generators
   i. Public Library Foundation and Recreation and Park Fee Study
   ii. Trash collection fees
   iii. Sale of Fire Station #2
iv. Transient Occupancy Tax increase in tax rate (April 2012)
v. Increase Utility User Tax rate (April 2012)

d. Open Items
i. Council Benefits
ii. Early Retirement

Council discussed transitioning to Los Angeles County Fire or keeping our City Fire Department.

Debbie Aguirre, Chief, Planning Division, and Daryl L. Osby, Chief Deputy, from Los Angeles County responded to Council questions.

Los Angeles County fire proposal would be completed and given to the City in July, 2010. Negotiations would take approximately six months. From Contract approval (signature) to complete transition would be approximately August 2011.

MOTION by Mayor Busch to go forward with the proposal, go back to all bargaining groups and ask for a 5% concession to bridge the budget gap, negotiate a two tier system for future employees, and conduct public meetings to get public input regarding fire services. Motion failed for a lack of a second.

MOTION by Mayor Pro Tem Fisher to go forward with the proposal, go back to all bargaining groups and ask for a 10% concession to bridge the budget gap, negotiate a two tier system for future employees, and conduct public meetings to get public input regarding fire services. Motion failed for a lack of a second.

MOTION by Mayor Busch, SECONDED by Council Member Brann to ask employees for a 5% cut in compensation and/or benefits and negotiate a two tiered benefits system. MOTION PASSED BY THE FOLLOWING VOTE: AYES: MAYOR BUSCH, COUNCIL MEMBERS BRANN AND JACOBSON; NOES: MAYOR PRO TEM FISHER AND COUNCIL MEMBER FUENTES. 3/2

MOTION by Mayor Busch to begin negotiations with Los Angeles County and get further information and detail, SECONDED by Council Member Brann. MOTION PASSED BY THE FOLLOWING VOTE: AYES: MAYOR BUSCH, MAYOR PRO TEM FISHER, AND COUNCIL MEMBER BRANN; NOES: COUNCIL MEMBERS FUENTES AND JACOBSON. 3/2

In negotiations with County, staff directed to investigate costs associated with El Segundo having their own ambulance transport.

MOTION by Mayor Busch, SECONDED by Mayor Pro Tem Fisher to have the Regular City Council Meeting on July 6, 2010, keeping the agenda brief for the 7:00 p.m. open session for Strategic Planning purposes, and have the 5:00 p.m. closed session dedicated to bargaining group negotiations. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

Staff directed to return on the July 6, 2010 meeting with an analysis of the proposed ballot initiative to transfer El Segundo Fire Services to Los Angeles County.
Staff to agendize a two tier Council benefits option, and voluntary reduction of Council stipend and benefits, for the second meeting in July.

Staff to address placing a "Pledge of Allegiance" and second "Public Communications" on future agendas.

ADJOURNMENT at 10:55 a.m.

Cindy Mortesen, City Clerk
SPECIAL MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, JUNE 28, 2010 – 7:00 A.M.

7:00 A.M. SESSION

CALL TO ORDER – Mayor Busch at 7:03 a.m.

PLEDGE OF ALLEGIANCE – Council Member Carl Jacobson

ROLL CALL

Mayor Busch          - Present
Mayor Pro Tem Fisher - Present
Council Member Brann - Present
Council Member Fuentes - Present
Council Member Jacobson - Present

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Liz Garnholz, resident, spoke in favor of keeping the El Segundo Fire Department.

CLOSED SESSION:
The City Council moved into a closed session pursuant to applicable law, including the Brown Act (Government Code Section §54956, et seq.) for the purposes of conferring with the City’s Real Property Negotiator; and/or conferring with the City Attorney on potential and/or existing litigation; and/or discussing matters covered under Government Code Section §54957 (Personnel); and/or conferring with the City’s Labor Negotiators; as follows:

CONFERENCE WITH CITY’S LABOR NEGOTIATOR (Gov’t Code §54957.6): -1- matters

Represented Group: Police Support Services Employees Association (PSSEA), City Employees Association (CEA), Firefighters Association (FFA), Police Managers Association (PMA), Police Officers Association (POA), Supervisory and Professional Employees (S&P)

Negotiators: Jack Wayt and Bob Hyland

REPORT OF ACTION TAKEN IN CLOSED SESSION (if required)
OPEN SESSION

Discussion and potential action to direct City’s labor negotiators regarding meetings with all of the City’s represented and unrepresented employees.

MOTION by Mayor Busch, SECONDED by Council Member Brann, to direct staff to negotiate with bargaining units a 5% pay reduction or equivalent in PERS contributions to be done as soon as possible; upon completion of the 3rd quarter financial review and review of the Los Angeles County Fire Department proposal at the August 17, 2010 City Council Meeting, bargaining units may be asked for one furlough day per month.
MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

PUBLIC COMMUNICATION – (Related to City Business Only – 5 minute limit per person, 30 minute limit total) Individuals who have received value of $50 or more to communicate to the City Council on behalf of another, and employees speaking on behalf of their employer, must so identify themselves prior to addressing the City Council. Failure to do so shall be a misdemeanor and punishable by a fine of $250.

ADJOURNMENT at 8:29 a.m.

_________________________
Cathy Domann
Deputy City Clerk
AGENDA DESCRIPTION:

Consideration and possible action to adopt a resolution authorizing the City Manager to execute an agreement to join and participate in the Los Angeles County Energy Program (LACEP) (Fiscal Impact: None)

RECOMMENDED COUNCIL ACTION:

1. Adopt the draft resolution;
2. Alternatively, discuss and take other action related to this item.

ATTACHED SUPPORTING DOCUMENTS:

Resolution

FISCAL IMPACT: None

Amount Requested: $
Additional Appropriation: No
Account Number(s): 

ORIGINATED BY: Lauren Mahakan, Senior Administrative Analyst
REVIEWED BY: Stephanie Katsouleas, Public Works Director
APPROVED BY: Jack Wayt, City Manager

BACKGROUND AND DISCUSSION:

Assembly Bill 811 (AB 811) was approved by the State Legislature and signed by the Governor on July 21, 2008. AB 811 and its amendments authorize local governments to provide financing to qualified property owners for the installation of energy and water efficiency improvements and distributed generation renewable energy sources that are permanently fixed to their respective properties. Participating property owners repay the cost of the improvements through an assessment levied against their property, which is payable in semi-annual installments on property tax bills. A lien is filed against the property as security. The assessment remains with the property should the owner transfer or sell it.

On May 25, 2010 the County of Los Angeles approved an AB 811 voluntary contractual assessment program, LACEP, to finance the installation of such improvements within the unincorporated areas of the County. These voluntary contractual assessments may also be entered into by property owners in incorporated cities subsequent to the adoption of a resolution of participation in LACEP by the legislative body of the incorporated city.
LACEP Financing under AB 811 mitigates two key barriers that may prevent property owners from implementing a greater number of energy efficiency, water efficiency and renewable energy projects: 1) it eliminates the need for property owners to pay out of pocket up-front costs for improvements; and 2) it establishes a loan obligation that is attached to the property and not to the individual borrower. LACEP is intended to facilitate a significant industry shift in the region toward a greater energy efficiency and renewable energy resource economy. The availability of AB 811 financing can be a catalyst in spurring the local economy by creating "green home energy retrofit jobs and stimulating development of local manufacturing, distribution, research and development activities. Energy retrofit improvements to existing properties in the County will allow property owners to reduce energy and water use as well as greenhouse gas emissions. At the same time, participants will reduce their ongoing costs for electricity, natural gas and water and improve the comfort and safety of their home. Additional benefits to participants and to the City are detailed below.

Benefits to property owners include:

- Up-front funding for improvements will be provided by the County, allowing many property owners who currently can't afford to make such investments the opportunity to upgrade their property.
- Only property owners who choose to participate in the program will have assessments attached to their property.
- There currently may not be attractive private lending alternatives for many property owners to finance energy efficiency/water efficiency/renewable energy improvements.
- Even if private lending alternatives exist, most private loans are due upon sale of the property, which may make it difficult for property owners to match the life of the repayment obligation with the useful life of the financed improvements. Under LACEP, the assessment obligation will transfer to the new property owner upon sale.
- By virtue of countywide aggregation provided by LACEP, both residential and commercial properties will benefit from lower borrowing costs in the municipal bond market.

Benefits to the City of El Segundo include:

- The city’s participation in LACEP is free.
- As in conventional assessment financing, the City is not obligated to repay the bonds issued by the County of Los Angeles or to pay the assessments levied on the participating properties.
- The County of Los Angeles handles all assessment administration, bond issuance and bond administration functions. As a participant, the City can provide property owners with access to financing of energy efficiency, water efficiency and renewable energy improvements through LACEP — thereby helping to meet its local environmental economic development goals — without committing staff time to design, implement and administer the program.

The first phase of LACEP will fund improvements to residential properties. It is anticipated that loans to eligible residential applicants will begin disbursement after September 1, 2010. A
subsequent phase of LACEP will fund improvements to non-residential (commercial) properties following full implementation of residential financing. County staff and consultants are currently working with commercial building and financial industry stakeholders to design the non-residential program. Future implementation of the non-residential phase of LACEP will not require any additional approvals from the City. At that time, all non-residential property owners within participating cities will be eligible to apply for voluntary contractual assessment financing from LACEP.

Property owners will have access to LACEP information through a variety of sources, including access to a comprehensive website that includes an online loan application process. Basic marketing and outreach material templates will be provided by the County at no charge for use by the City in its own promotion of the program within the community.

The contractual assessment proceedings will be undertaken by the County of Los Angeles pursuant to Chapter 29 of Division 7 of the Streets & Highways Code, which was amended in 2008 by Assembly Bill 811 and further amended in 2009 by Assembly Bill 474, to allow the financing of renewable energy, energy efficiency and water efficiency improvements on private property. Pursuant to Chapter 29, assessments may be levied to finance energy efficiency, water efficiency and renewable energy improvements only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied and once property owners evidence their consent to the assessments by executing a contract with the County of Los Angeles.

The attached resolution authorizes the County of Los Angeles to accept applications from owners of property within the City of El Segundo for financing of energy efficiency, water efficiency and renewable energy improvements through LACEP. It also authorizes the County to conduct assessment proceedings and levy assessments against the property of participating owners within City boundaries. Finally, it authorizes miscellaneous related actions and makes certain findings and determinations required by law. The County of Los Angeles will undertake a judicial validation proceeding as part of its initiation of LACEP. The City can withdraw from LACEP at any time by passing a resolution rescinding the authorization.

Staff recommends that City Council adopt the attached resolution authorizing participation in the Los Angeles County Energy Program.
RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL SEGUNDO, STATE OF CALIFORNIA, CONSENTING TO INCLUSION OF PROPERTIES WITHIN THE INCORPORATED AREA OF THE CITY IN THE LOS ANGELES COUNTY ENERGY PROGRAM TO FINANCE DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES AND ENERGY AND WATER EFFICIENCY IMPROVEMENTS, APPROVING THE REPORT SETTING FORTH THE PARAMETERS OF THE REFERENCED PROGRAM AND CERTAIN MATTERS IN CONNECTION THEREWITH

The City Council of the city of El Segundo does resolve as follows:

SECTION 1. This City Council finds and declares that properties in the City’s incorporated area will be benefited by participation in LACEP.

SECTION 2. This City Council ratifies the resolution adopted by the Board of Supervisors on April 6, 2010 declaring the Board of Supervisors’ intention to order the implementation of a contractual assessment program to finance Improvements pursuant to the Act

SECTION 3. This City Council hereby approves the Report substantially in the form attached hereto as Exhibit A and finds and determines that changes to the parameters of LACEP that are not material in nature do not require the approval of this Council.

SECTION 4. This City Council hereby approves the inclusion in LACEP of all of the properties in the incorporated area within the City, as same may be amended through annexation from time to time, the acquisition, construction and installation within City limits of the Improvements set forth in the Report upon the request and agreement of the affected property owner, and the assumption of jurisdiction thereover by the County for the aforesaid purposes. The adoption of this Resolution by this City Council constitutes the approval by the City to participate in the LACEP. This City Council further authorizes the County to set the terms of and implement LACEP and to take each and every action necessary or desirable for financing the Improvements, including the levying, collecting and enforcement of the contractual assessments to finance the Improvements and the issuance of bonds secured by such contractual assessments.

SECTION 5. The City Clerk is directed to file a certified copy of this Resolution with the Los Angeles County Office of Sustainability, located at 1100 North Eastern Avenue, Los Angeles, California 90063.
SECTION 6. City staff is authorized and directed to coordinate with the County, including the Program Administrator and County staff, to facilitate operation of LACEP. City staff is also authorized and directed to do all acts and things which may be required by this Resolution, or which may be necessary or desirable in carrying out LACEP as described in the Report, as may be amended from time to time, and approved by this Resolution, and all matters incidental thereto.

SECTION 7. This Resolution will become effective immediately upon adoption.

PASSED, APPROVED and ADOPTED this 6th day of July, 2010.

__________________________
Eric Busch, Mayor

ATTEST:

__________________________
Cindy Mortesen, City Clerk

APPROVED AS TO FORM:
Mark D. Hensley, City Attorney

By: _________________________
Karl H. Berger, Assistant City Attorney
Los Angeles County
Energy Program
(LACEP)

PROGRAM REPORT
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1. INTRODUCTION

The Los Angeles County Energy Program ("LACEP" or "Program") is intended to help property owners make capital investments in distributed generation renewable energy sources and energy efficiency and water efficiency improvements (collectively known as "Improvements") that will provide long-term benefits and reduced energy bills. The Program will provide a financing mechanism for the Improvements through an assessment contract (the "Assessment Contract") between the County of Los Angeles (the "County") and the property owner, pursuant to which the County will disburse a specified amount to the property owner. The property owner will pay contractual assessments levied against the property through annual installments on the property tax bill. If the owner sells the subject property prior to full repayment of the assessment, the repayment obligation remains a lien on the subject property. The County intends to finance the Program in part by issuing (or causing to be issued) bonds payable from contractual assessment revenues. Participation in the Program is completely voluntary and property taxes for non-participating property owners are unaffected by the Program.

This Program Report ("Report") is prepared pursuant to Section 5898.22 of Chapter 29 of the California Streets and Highways Code ("Chapter 29") in connection the establishment of LACEP. It includes the following:

1) A map showing the boundaries of the Program - the territory within which contractual assessments are proposed to be offered. See Appendix A attached hereto.

2) A draft Assessment Contract specifying the terms and conditions that would be applicable to the property owner and the County. See Appendix C attached hereto.

3) A statement of County policies concerning voluntary contractual assessments, including all of the following:
   - Identification of the types of facilities, distributed generation renewable energy sources, or energy or water efficiency improvements that may be financed through the use of contractual assessments.
   - Identification of one or more County officials authorized to enter into voluntary contractual assessments on behalf of the County.
   - A maximum aggregate dollar amount of voluntary contractual assessments.

4) A method for establishing priority order among the requests from property owners for financing through LACEP.

5) A financing plan for raising capital.

6) A report on the results of consultations with the County Auditor-Controller concerning the additional fees, if any, that will be charged for incorporating the proposed voluntary contractual assessments into the general taxes of the County on real property, and a plan for financing the payment of those fees.

Background

Widespread implementation of distributed generation renewable energy sources and energy efficiency and water efficiency measures in existing buildings within the County will help the State of California ("State") reach the greenhouse gas reduction goals set forth under State Assembly Bill 32 ("AB 32") and help the County and surrounding cities achieve their own targeted reductions. Participating property owners can help to achieve greenhouse gas reductions, reduce water and energy use, and save money by investing in these measures.

Chapter 29 authorizes various public agencies, including counties and cities, to designate areas within which free and willing property owners can enter into contractual assessments to finance the installation of Improvements that are permanently fixed to residential, commercial, industrial, agriculture or other real property. LACEP is the voluntary contractual assessment program developed by the County pursuant to
Chapter 29. Any assessments and liens under LACEP are levied only with the consent of free and willing owners of the property on which Improvements are to be made. The Program will provide financing for qualifying property owners within the County to install Improvements pursuant to the terms and conditions of the Assessment Contracts. Property owners will pay contractual assessments levied against their property in installments on their property tax bills. Each contractual assessment is tied directly to the applicable property and any unpaid amount at sale or other disposition of the property will remain on the property and become the responsibility of the subsequent owner.

**Program Benefits**

LACEP is intended to provide multiple benefits, including the potential for reduced utility bills for participating property owners. LACEP also offers a means of financing Improvements with a lower equity contribution than may be required in a conventional financing and establishes a loan obligation that is attached to the property and not to the individual borrower. The financing is intended to be competitive with conventional fixed-rate loans and provide for a streamlined financing and repayment process. All available State, utility or other energy efficiency, water efficiency or renewable energy rebates, incentives and all State and federal tax credits remain available to the property owner in connection with the Improvements (subject to applicable rules, restrictions, regulations and the current status of programs administered by other such entities), unless otherwise specified.

Incorporated cities may participate in LACEP without incurring the costs of forming separate programs because LACEP’s geographical boundary is coterminous with the County’s boundaries and includes, subject to such cities’ approval of participation in LACEP, all 88 incorporated cities. Having a single program available to all residents of the County is anticipated to increase participation by eliminating confusion for residents in finding the appropriate program. Cities may join LACEP by adopting a resolution allowing property owners in their respective jurisdictions to apply for financing and implement Improvements under LACEP.

The Program seeks to mitigate long-term regional greenhouse gas production through the reduction of energy usage from traditional utility sources and help the County and participating cities satisfy the State’s greenhouse gas reduction goals under AB 32. When it was signed into law in 2006, AB 32 established statewide goals for the reduction of greenhouse gas emissions and may yet require counties and cities to adopt regional greenhouse gas emission limits similar to the statewide target of achieving 1990 levels of greenhouse gas emissions by 2020. To the extent permitted by law, the County will hold and retain any carbon credits, offsets, carbon cap allocations, or other benefits attributable to the Improvements financed by LACEP. It is the intention of the County to apply any benefits resulting from such carbon credits to the furtherance of LACEP.

LACEP has the potential to provide a significant industry shift in the region towards an energy efficiency, water efficiency and renewable energy economy. LACEP aims to be a catalyst in spurring a new “green” economy in the County by supporting energy project inspection and installation jobs, job training and workforce development, local manufacturing and distribution, research and development, and marketing and outreach.

For the first few years of the Program, American Recovery and Reinvestment Act ("ARRA") grants will be used to partially fund LACEP. By the end of the ARRA funding term in 2012, LACEP seeks to achieve the following goals:

1. Retrofit 15,000 single-family homes with a 20% average energy reduction.
2. Create 1,600 home energy retrofit jobs and 1,000 ancillary jobs.
3. Reduce annual purchased energy consumption in retrofitted homes by an aggregate 150 billion British Thermal Units and $2 million in utility charges per year.
4. Reduce the County’s annual greenhouse gas emissions attributable to energy consumption in its existing housing stock by 20,000 tons of carbon dioxide.
The benefits to both the regional economy and the environment are expected to increase once individual cities join LACEP, as the above forecasts are quantified solely for unincorporated areas of the County.

**Program Administration**

The Program will be governed by the Board of Supervisors of the County of Los Angeles, which will approve the Program parameters, approve the issuance of bonds, and delegate authority to authorized officers to administer the Program.

The Director of the County’s Internal Services Department will serve as the Program Administrator and will provide day-to-day management of the Program, including design, implementation, and administration. The authority to approve and enter into individual Assessment Contracts will be delegated by the Board of Supervisors to the Program Administrator.

The County Office of Sustainability (“COS”), within the Internal Services Department, and the Program Administrator will manage all Program activities, including, but not limited to, the following:

- Marketing and community outreach;
- Energy surveys and technical support for individual projects;
- Customer service, including question and answer support to interested Program participants;
- Assisting in project development;
- Processing Program applications;
- Managing and tracking funds available for financing Improvements;
- Managing and tracking progress of the Improvements and financing therefor;
- Tracking individual and collective energy and greenhouse gas benefits;
- Integrating LACEP with other County, State, utility and regional rebate/incentive programs;
- Working and coordinating with participating cities and other jurisdictions;
- Providing information on local and regional environmental programs; and
- Reporting progress and expenditures according to mandated reporting methods applicable to appropriated funds, including amounts received pursuant to ARRA.

These activities are intended to provide quality Program design, administration and implementation for qualifying property owners who may otherwise be unable to finance and install the Improvements.

**Program Duration**

Unless otherwise directed by the Board of Supervisors, the Program will continue as long as there is sufficient demand and funding for the Improvements.

**II. PROGRAM REQUIREMENTS**

**Geographic Parameters and Participating City Requirements**

LACEP is available in the unincorporated areas of the County immediately upon establishment of the Program by the Board of Supervisors. Cities within the County may join LACEP and make assessment financing available to qualifying property owners located within their city’s boundaries. Anytime after the County’s establishment of the Program, a city’s legislative body may adopt a resolution requesting inclusion in the County Program. Pursuant to such resolution to participate in the Program, the city will find and declare that the properties in the city’s incorporated area will benefit from participation. Further, the city’s resolution will authorize the County to set the terms of LACEP, implement the Program, and take action necessary for financing the improvements.
Participation in LACEP offers cities and their property owners the following advantages:

- An opportunity to save money through energy and water efficiency improvements;
- The ability to take advantage of substantial financial incentives and rebates from multiple sources;
- A financing mechanism that establishes an obligation that remains attached to the property; and
- Job creation and stimulation of the economy.

Cities may elect to withdraw from participation in LACEP by adopting a resolution terminating their involvement. If a participating city elects to withdraw from LACEP, no future assessment financing will be made in that city, but assessment obligations made previous to the city’s termination will remain in effect. A map showing the Proposed Program boundaries is attached in Appendix A.

**Eligible Owners and Properties**

All owners of improved real property within participating areas are eligible to submit an application for LACEP. Qualifying property owners may be individuals, associations, business entities, cooperatives and any owner who pays real property taxes. At this time, financing through LACEP is not available for properties that are not subject to property taxes, such as governmental entities and certain non-profit corporations.

To protect the Program from defaults and to improve access to the capital markets, property owners must meet the following minimum requirements to qualify for financing:

- Property is located within Los Angeles County, and if within the boundaries of a city, the city has adopted a resolution to join the Program;
- Applicant is the legal owner of the property;
- All legal owners of the property agree to participate in the Program;
- The property is not subject to involuntary liens as set forth in the Assessment Contract or any other Program document;
- Property taxes and assessments are current on the property and have not been delinquent for a period up to 5 years (or since the date of the most recent transfer if less than 5 years);
- Property owner certifies that he/she is not in bankruptcy and the property is not an asset in a bankruptcy proceeding;
- Property owner certifies that he/she has not declared bankruptcy within the last 10 years;
- Property owner certifies and demonstrates that he/she is current on his/her mortgage, has not defaulted on the deed(s) of trust and can legally enter into the Program;
- Improvement costs are reasonable to property value. Property must meet a minimum value-to-lien ratio\(^1\);
- Property must meet a positive equity test and not exceed a maximum loan-to-value\(^2\) ratio; and
- Property is subject to the appropriate jurisdiction’s (County, city, or town) permitting and inspections and all other applicable federal, State, and local codes and regulations.

Property owners may submit more than one application for funding under the Program if additional Improvements are desired by the owner. However, all existing criteria must be met at the time of each new application. Valuation of the property will reflect either the assessed value or the market value as determined by using established industry approved methodologies. Costs for the scope of work will be based on contractor estimates, quotes provided by the property owner, and general industry standards. Additional due diligence or underwriting criteria may be required for the financing of large projects.

\(^1\) Value of the property divided by the amount of the contractual assessment.

\(^2\) Aggregate total of all liens secured by real estate mortgages on the property divided by the value of the property.
The Program Administrator may exercise discretion in determining eligibility and any additional criteria required for financing Improvements. Furthermore, the minimum eligibility requirements provided in this Report are subject to change pursuant to the future financing needs of the Program.

**Eligible Improvements**

The Program provides property owners the opportunity to take advantage of a wide range of Improvements, subject to the following provisions:

- The Program will only finance distributed generation renewable energy sources and energy efficiency and water efficiency measures that are permanently fixed to the property.
- Property owners who elect to engage in broader retrofit projects (such as residential or nonresidential remodeling) will only be provided financing for costs associated with Improvements available under the Program.
- The Program is intended to finance the replacement of working, inefficient equipment and building materials and the installation of new equipment and building materials that reduce energy consumption (beyond that required by existing, applicable building codes), produce renewable energy, or reduce energy in connection with water usage. The Program will also make financing available for purchasers of residential, commercial or industrial properties who wish to add Improvements after transfer of title is complete.
- Property owners are responsible for the Improvements installed on their property. Property owners must address performance and other system-related issues directly with the installer in accordance with the terms of their contract with the installer. Property owners are responsible for maintenance and repair of the Improvements.

Examples of Improvements available for financing under LACEP are provided in Appendix B.

**Eligible Costs**

Eligible costs of the Improvements include the cost of surveys and audits, permits and inspections, equipment, installation from licensed, approved professionals, and follow-up inspections. Installation costs may include, but are not limited to, energy audit consultations, labor, design, drafting, engineering, permit fees, and inspection charges. A qualified contractor of the property owner's choice can be selected to complete installation of Improvements.

For each property, the Program Administrator will determine whether the estimated equipment and installation costs are reasonable. The Program Administrator will evaluate market conditions and may require the property owner to provide additional bids to determine whether costs are reasonable. While the property owner will be able to choose the contractor of his/her choice, the amount eligible for the LACEP financing may be limited to the amount deemed reasonable by the Program Administrator. Projects that exceed a certain size and dollar amount may be subject to additional review.

**III. PROGRAM FINANCING**

**Strategy to Raise Capital**

The County intends to raise capital for the Program through one or more of the following financing arrangements:

- Issuing or causing the issuance of bonds pursuant to Section 5898.28 of the Streets and Highways Code, the principal and interest of which will be repaid from contractual assessments;

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3 All Improvements that require permits will be required to obtain such a permit from the local jurisdiction. Final inspection will ensure that the Improvements were completed.
Advancement of certain County funds or funds held by the County Treasurer and Tax Collector, which will be repaid through contractual assessments or reimbursed from proceeds of a debt issuance;
- Application of funds received pursuant to federal and State programs and available for LACEP financing purposes;
- Issuing debt or entering into loan arrangements to fund the Improvements; and
- Private or owner-arranged financing.

To the extent that the County issues debt, it is expected to include a debt service reserve fund in the amount sufficient to enhance the marketability of the debt. The proceeds of the debt issuance will be applied to cover the costs of Improvements, fund the debt service reserve fund, and pay costs of issuance of the debt. The County may also pursue other financing options not listed above should such options benefit the ongoing viability of the Program.

**The Energy Fund**

The County will create a special fund, the Energy Fund ("Fund"), which will hold contractual assessments revenues received pursuant to the Assessment Contracts. Moneys in the Fund shall be used to make payments on debt issued by or on behalf of the County, fund certain administrative costs of the Program, replenish the debt service reserve fund, if required, and repay funds advanced by the County. Amounts in the Fund may also be used to finance additional Improvements secured by contractual assessments and any other reasonable activity needed to advance the Program. Payment of the contractual assessments will be made pursuant to Assessment Contracts between the property owner and the County.

**Maximum Aggregate Contractual Assessment**

The County is authorized to enter into up to $1.0 billion in aggregate dollar amount of voluntary contractual assessments. The County will coordinate the timing and issuance of debt with the goal of providing the lowest possible interest rate to qualifying property owners and maintaining the long-term financial viability of the Program.

**Administrative Costs/Application Fee**

The County will offer the Program as an additional County service that will help property owners achieve reductions on their energy bills and other environmental goals, while helping the County achieve its own environmental goals. The County will be responsible for:
- Development and operation of LACEP;
- Acquisition of LACEP financing;
- Overall reporting of Program status and goals, including reports to financing agencies, regulators, and stakeholders;
- Overall structure and enforcement of Program governance; and
- Management and administration of LACEP consultants needed to perform services under the Program.

Certain administrative costs are anticipated in connection with the aforementioned responsibilities. All or a portion of such administrative costs may be financed through the interest component of the contractual assessment. The Program may also assign direct fees or charges to property owners for certain services provided during the process of securing an Assessment Contract. The County will recover a portion of these initial administrative costs through a one-time application fee.
Maximum Disbursement Amounts

The County will set a maximum disbursement amount for individual properties under the Assessment Contract. Where possible, the actual amount disbursed to a participating property owner pursuant to an Assessment Contract will equal the actual cost of Improvements. In the event that the final cost of Improvements exceeds the agreed upon maximum disbursement amount, the property owner will be solely responsible for the payment of excess costs incurred to complete the Improvements.

Single and Multiple Disbursements

Most disbursements will be delivered to property owners in a single payment upon completion of the Improvements. However, upon Program Administrator approval, some projects may qualify for multiple disbursements, which will allow for one or more payments to be made prior to project completion.

Assessment Interest Rate

The County will set a maximum interest rate for individual properties under the Assessment Contract. The final interest rate will be determined such that the total amount of contractual assessment payments (principal and interest) will be sufficient to repay the debt issued to finance the improvements, pay the financing costs of such debt issuance, finance a debt service reserve fund with respect to such debt and fund eligible administrative costs so that the Program remains financially viable. The County Treasurer and Tax Collector, in conjunction with the Program Administrator, will determine individual contractual assessment interest rates. Under no circumstances will the interest rate exceed the maximum rate allowed by law.

Annual Administrative Assessment; Consultation with County Auditor-Controller

LACEP reserves the right to charge an Annual Administrative Assessment to cover costs incurred by the County for the ordinary and necessary costs of administering the levy and collection of the contractual assessments and all other administrative costs and incidental expenses related to the debt to be issued. Separate from any application fee or administrative cost recovered through amounts paid on the contractual assessment interest rate, the Annual Administrative Assessment will be collected in the same manner as the contractual assessment and may be adjusted annually to reflect changes in costs. The County Auditor-Controller has been consulted regarding any fees resulting from the incorporation of the contractual assessments into the general taxes of the County on real property. It has been determined that any such fees shall be collected pursuant to the Annual Administrative Assessment.

Assessment Term

The term of the contractual assessments will be no greater than the expected useful life of the Improvements for each individual Assessment Contract. In no event will the term of any contractual assessment exceed the maximum term allowed by law. The term of each contractual assessment will be set under the Assessment Contract.

Assessment Collection and Default

The contractual assessments will be collected in the same manner and at the same time as the general property taxes of the County. The contractual assessments are subject to the same penalties, remedies, and lien priorities in the event of delinquency and default. If any contractual assessment becomes delinquent and property taxes remain unpaid, the County shall have the right to initiate foreclosure proceedings on the subject property. The LACEP foreclosure policy will be developed in connection with future financing arrangements and will take into consideration any required covenants associated with a bond issuance.


Rebates and Incentives

Financing through the Program may coincide with current and future distributed generation renewable energy, energy efficiency and water efficiency financial incentives available from utility providers as well as local, State, federal, and other agencies. The value of expected rebates and incentives will be factored into the financing available to the property owner. The Program will advise, and may require that, participants apply for any and all applicable rebates and incentives available at the time of financing. References to rebates and financial incentives in this Report do not include income tax rebates.

Financing Process

The process for property owners to receive financing through LACEP is designed to be helpful, transparent, and straightforward. Presented below are the general procedures for the application, funding, and repayment process:

- **Education.** Property owners may access a variety of resources to learn about the Program, the financing terms, and other details. These resources may include a Program website, service centers staffed to assist property owners, and information made available at community events.

- **Application.** Property owners may apply for a funding reservation from LACEP and pay a non-refundable application fee. Applications must include a proposed project (scope of work) and a contractor bid.

- **Review and Approval.** The Program Administrator will approve an application only after confirming that the applicant and proposed project satisfy the underwriting criteria and other Program requirements.

- **Reservation of Funds.** Once the application is approved, the Program Administrator and the property owner will enter into the Assessment Contract. At this point in time, a maximum disbursement amount, loan term, and maximum interest rate will be set. The property owner will also agree to the terms and conditions of the Assessment Contract. The Program Administrator will provide assessment information to the County and an assessment lien will be filed with the County Registrar-Recorder.

- **Installation.** The property owner will receive a notice to proceed with the Improvements. A qualified installer must complete the installation of authorized Improvements on the property within the required timeframe after receiving the notice. In some cases, the Program Administrator in his/her sole discretion may grant a time extension.

- **Evidence of Compliance/Disbursement of Funds.** The County is not obligated to disburse funds unless and until each of the requirements set forth under the Assessment Contract are satisfied or waived by the Program Administrator. Upon satisfaction of the above, the Program Administrator will release funds to the property owner in the amount of the actual cost of Improvements, but not exceeding the maximum disbursement amount set forth in the Assessment Contract. At this time, the Program Administrator will notify the property owner of the actual interest rate and amount of the contractual assessment.

- **Repayment.** After the release of funds, the County will place the assessment on the property tax roll for the tax year immediately following the disbursement date. The property owner will be expected to pay the contractual assessment installments in the amounts and at the times specified in the Assessment Contract. Prepayment of the contractual assessment will be permitted, however, penalties may apply. Any applicable penalties resulting from prepayment will be set forth in the Assessment Contract.
Priority of Funding

Applications from property owners for financing will be given priority based on the date on which the application is approved. If a request from a property owner for financing would cause LACEP to exceed the maximum amount of contractual assessments for the Program, then that application will be ineligible for financing. The Program Administrator shall retain the authority to grant exceptions to the priority status of individual applications.

Property Owner Financial Responsibilities

The following types of costs are examples of those that will be the responsibility of the property owner and will not be financed through the Program:

- Application fee;
- If applicable, title insurance and property insurance costs;
- Late payment fees;
- If applicable, costs associated with compliance with the California Environmental Quality Act; and
- Costs associated with repairs and maintenance of the Improvements.

IV. CHANGES TO THE PROGRAM REPORT

The Program Administrator may make changes to this Report that he/she reasonably determines are necessary to clarify its provisions. Any changes made to this Report that materially modify the LACEP shall only be made after approval by the Board of Supervisors.

The Program Administrator may modify the schedule of eligible Improvements attached as Appendix B and the draft Assessment Contract attached as Appendix C as deemed necessary or desirable to effectuate the intent of the Program.
Appendix A: Area Map
Appendix B: Eligible Improvements

Eligible improvements will include, but are not limited to, the following types of improvements, subject to approval by the Program Administrator:

Energy Efficiency Improvements

- Air sealing
- Duct sealing and weather stripping
- Attic, duct, floor, roof and wall insulation
- Hot water system insulation
- Fans (Bathroom, ceiling, whole house)
- Energy efficient pool pumps
- HVAC systems
- Programmable thermostats and energy management systems
- Light fixtures
- Energy Star cool roof
- Radiant barriers
- Windows, doors, skylights
- Window film

Water Efficiency Improvements

- Hot water heater
- On-demand water recirculation control pump
- High-efficiency toilets and urinals
- Showerheads and aerators
- Smart irrigation/ Water efficient landscaping
- Rainwater harvesting system
- Grey water system

Distributed Generation Renewable Energy Improvements

- Solar hot water heating systems
- Solar thermal installation
- Solar space heating
- Photovoltaic systems
- Wind energy systems
- Fuel cell power systems
Appendix C: Draft Assessment Contract

(See attached.)
LOS ANGELES COUNTY ENERGY PROGRAM

ASSESSMENT CONTRACT

This Assessment Contract (this “Contract”) is made and entered into as of this ___ day of __________, 20__, by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the “County”), and ________________ and __________________ (collectively, the “Owner”).

WHEREAS, the County has established the Los Angeles County Energy Program (“LACEP”) pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the “Act”), in connection with which the County may levy assessments against developed properties in the County, with the free and willing consent of the owners of the properties, to finance the acquisition and construction on and installation in the assessed properties of certain qualifying renewable energy systems and energy and water efficiency improvements.

WHEREAS, the Owner has reviewed the Program participant handbook attached as Exhibit A hereto (the “Participant Handbook”) and submitted an application to participate in LACEP (the “Application”; together with Participant Handbook and this Contract, the “Contract Documents”) to finance the acquisition, construction and installation of the renewable energy systems, energy efficient improvements and/or water efficiency improvements described in Exhibit B attached hereto (the “Improvements”) on that certain real property of the Owner described in Exhibit C attached hereto (the “Property”) and the County has approved such Application.

WHEREAS, the County may fund LACEP through a number of financing mechanisms, including with proceeds of bonds to be issued by the County, with proceeds of loans derived from bonds issued by the Los Angeles County Public Works Financing Authority (the “Authority”) and from amounts to be advanced through available funds of the County.

WHEREAS, the County wishes to provide for the terms and conditions pursuant to which the Owner will participate in LACEP and pay assessments to finance the Improvements hereunder.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1. Financing Terms

(a) Disbursement Amount: Maximum Disbursement Amount. Subject to the conditions set forth herein, the County agrees to disburse moneys to the Owner in the amount of the actual cost of the Improvements (the “Disbursement Amount”); provided the Disbursement
Amount shall not exceed the maximum amount set forth in Exhibit B hereto (the "Maximum Disbursement"). LACEP Program Administrator (the "Program Administrator") shall determine the Disbursement Amount on the basis of the best available written evidence of the actual cost of the Improvements and in the exercise of the Program Administrator's reasonable judgment. The Owner agrees to complete the Improvements. The Owner agrees to pay for and shall be solely responsible for the payment of all costs to complete the Improvements described in the Application which exceed the Maximum Disbursement.

(b) Repayment by Owner.

(i) **Assessment.** In consideration of the disbursement of the Disbursement Amount, the Owner shall pay to the County an amount equal to the Disbursement Amount, certain financing costs, including any capitalized LACEP administrative expenses, and the interest accrued thereon. Such amounts shall be repaid by the Owner to the County by the payment of an aggregate assessment levied against the Property pursuant to Section 5898.30 of the Streets and Highway Code of the State of California (the "Assessment") without deduction or offset for any amounts the Owner may claim due to it by the County, all as set forth in Exhibit B attached hereto.

(ii) **Interest on Assessment.** Interest shall be payable in installments, computed on the basis of a 360-day year, and shall accrue on the unpaid Assessment from [the date of this contract][the date any portion of the Disbursement Amount is disbursed to the Owner] at the rate determined by the Program Administrator in his/her sole discretion at the time of disbursement or final disbursement, as applicable, of the Disbursement Amount. The maximum interest rate applicable to the unpaid Assessment and the interest installments therefor are set forth in Exhibit B hereto. The Program Administrator will give notice to the Owner of the interest rate applicable to the unpaid Assessment and the related interest installments as soon as practicable after its determination, which notice will be substantially in the form attached as Exhibit D hereto (the "Notice of Interest Rate and Payment Schedule").

(iii) **Annual Administrative Assessment.** The Owner shall pay to the County, without deduction or offset, an annual assessment levied against the Property to pay costs incurred by the County in connection with the administration and collection of the Assessment, the administration or registration of any associated bonds, securities or other financing arrangements, and the administration of any reserve fund or other related funds (the "Annual Administrative Assessment"). The Annual Administrative Assessment shall not exceed the amount set forth in Exhibit B hereto and may be changed from time to time by the Program Administrator, in his sole discretion, subject to the maximum Annual Administrative Assessment.

(iv) **Financing Costs in the Event of Noncompletion.** If the Owner fails to install the Improvements in compliance with LACEP requirements following execution of this Assessment Contract, the Owner shall pay for all expenses incurred by the County

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1 In the case of a County financing with accrued interest.
or any of its agents in connection with levying or removing the assessments hereunder and financing the Improvements, including costs relating to the redemption of bonds issued to finance the Improvements.

(c) **Prepayment.** The Owner may prepay the Assessment in whole and in part by paying all or a part of the principal amount owing on the Assessment, plus the applicable prepayment premium set forth in Exhibit B hereto, and accrued interest. Interest on the Assessment may accrue until the next available redemption date for any bonds or other evidences of indebtedness, or other financial arrangements entered into by the County pursuant to LACEP which financed the Assessment in whole or in part. Such redemption date shall not exceed ___ (___) days from the date of prepayment of the Assessment. The Owner shall notify the Program Administrator in writing of the Owner’s determination to prepay the Assessment at least ___ (___) business days prior to the date the Owner intends to prepay the Assessment.

(d) **Term of Contract.** The term of this Contract shall be as set forth in Exhibit B hereto, commencing upon the execution hereof and ending on the date the Assessment and any applicable penalties, costs, fees, and charges have been paid in full; provided, however, the estimated payment schedule may be adjusted as provided in this Section 1. The initial amount of each Assessment and Annual Administrative Assessment installment that will be levied is set forth in Exhibit B attached hereto. The amount of each Assessment and Annual Administrative Assessment installment that will be levied each year, as adjusted to reflect the applicable interest rate determined by the Program Administrator but excluding any penalties that may accrue, is set forth in Exhibit D attached hereto.

2. **Lien of Assessment and Annual Administrative Assessment; Special Benefit.**

(a) **Lien Against Property.** The execution of this Contract by the parties constitutes the levy of the Assessment and the Annual Administrative Assessment by the Board of Supervisors against the Property without any further action required by the parties. The Owner consents to the levy of the Assessment and the Annual Administrative Assessment, including each installment thereof and any interest and penalties that accrue with respect thereto, on and recordation of a lien against the Property and agrees that, upon the execution of this Contract by the parties, the Property shall be subject to the Assessment and the Annual Administrative Assessment in accordance with and pursuant to this Contract, the Act and applicable law.

(b) **Notice of Assessment; Notice of Payment of Contractual Assessment Required.** Upon execution of this Contract, the County will execute and cause to be recorded in the Office of the Registrar-Recorder/County Clerk a notice of assessment substantially in the form attached as Exhibit E hereto (the “Notice of Assessment”) and a document entitled “Payment of Contractual Assessment Required” substantially in the form attached as Exhibit F hereto (the “Notice of Payment of Contractual Assessment Required”). Upon recordation of the Notice of Assessment in the Office of the Registrar-Recorder/County Clerk, the Assessment and the Annual Administrative Assessment, including each installment thereof and any interest and penalties that accrue with respect to the Assessment and the Annual Administrative Assessment, shall constitute a lien upon the Property until paid. The Notice of Assessment and Notice of Payment of Contractual Assessment Required, as recorded, shall initially reflect the Assessment as set forth in Exhibit B. Following the County’s final disbursement of the Disbursement
Amount pursuant to Section 6 hereof, the Assessment shall equal the amount set forth in Exhibit D and the Notice of Assessment and Notice of Payment of Contractual Assessment Required will be supplemented accordingly.

(c) **Priority of Lien.** The lien of the Assessment and the Annual Administrative Assessment shall be coequal to and independent of the lien for general taxes and prior and superior to all liens, claims and encumbrances on or against the Property except (i) the lien for general taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency, (ii) the lien of any special assessment or assessments the lien date of which is prior to the lien date of the Assessment and the Annual Administrative Assessment, (iii) easements constituting servitudes upon or burdens to the Property, (iv) water rights, the record title to which is held separately from the title to the Property and (v) restrictions of record.

(d) **Special Benefit to Property.**

(i) **Acknowledgement.** The Owner expressly acknowledges that the Improvements confer a special benefit to the Property in an amount at least equal to the Assessment.

(ii) **Waiver of Provisions Other Than Those of the Act.** The Owner expressly waives to the fullest extent permitted by law the notice, protest and hearing procedures and provisions of any applicable law other than the Act with respect to the levy and collection of the Assessment and the Annual Administrative Assessment, as described in Section 2 and Section 3, respectively, hereof.

3. **Collection of Amounts Due; Failure to Pay.**

(a) **Collection through Property Tax Bill.** Annual installments of the Assessment and the Annual Administrative Assessment shall be collected on the property tax bill pertaining to the Property. The annual proportion of the Assessment and the Annual Administrative Assessment coming due in any year shall be payable in the same manner, at the same time and in the same installments as the general taxes of the County on real property are payable, and the assessment installments shall be payable and become delinquent at the same times and the same proportionate amounts and shall bear the same penalties and interest after delinquency, and be subject to the same provisions for redemption and sale, as the general taxes on real property of the County.

(b) **Failure to Pay.** Failure to pay any installment of the Assessment and the Annual Administrative Assessment, including interest and penalties with respect thereto, shall result in the accrual of penalties and interest on the amounts due and may result in the foreclosure of the lien of the Assessment and the Annual Administrative Assessment, as described in Section 13(c) hereof and provided by law. Except as provided in Government Code Section 53936, the liens of the Assessment and the Annual Administrative Assessment are not subject to extinguishment by judicial foreclosure or the sale of the Property on account of the nonpayment of any taxes.
4. Commencement and Completion of Improvements.

(a) Consent and Authorization. Upon the availability of funding under LACEP, the Program Administrator will give to the Owner a notice to proceed in the form of Exhibit G hereto (the “Notice to Proceed”), which notice shall constitute consent and authorization pursuant to Section 5898.21 of the Act for the Owner to purchase directly the related equipment and materials for the Improvements and to contract directly for the construction on and/or installation in the Property of the Improvements. The Owner bears the risk of any costs of the Improvements incurred prior to receipt of the Notice to Proceed. The Owner may perform the construction and/or installation on the Property provided that the Owner is deemed a qualified installer by the Program Administrator in his/her sole discretion in accordance with the Participant Handbook.

(b) Date of Completion of the Improvements. Subject to Section 13(g) hereof, the Owner agrees to complete installation of the Improvements no later than ___ days after the date of the Notice to Proceed of this Contract. The Owner and the Program Administrator may agree to an extension of this completion date for good cause shown, but in no event shall the completion date be more than one year from the date of the Notice to Proceed.

5. Use of Proceeds.

The Owner shall use the Disbursement Amount for the sole purpose of paying for the reasonable costs and expenses of the Improvements on the Property, and in connection therewith the Owner shall comply with all requirements set forth in the Contract Documents.

6. Conditions Precedent to Disbursement of Funds

(a) Conditions Precedent to Disbursement of Funds. Notwithstanding anything to the contrary contained herein, the County shall have no obligation to disburse funds to the Owner unless and until each of the requirements set forth under “_____” of the Participant Handbook and the following conditions are satisfied, or any such requirement or condition is expressly waived by the Program Administrator:

(i) With respect to the initial disbursement:

(A) The Program Administrator shall have received a written request to disburse the Disbursement Amount.

(B) The Owner has executed and delivered to the Program Administrator the Contract Documents and such other declarations, certifications, documents or instruments pertaining to the Disbursement Amount or the Improvements as the Program Administrator may require.

(C) The Owner will, within _____ (__) days of presentation by the Program Administrator, execute any and all documents or instruments required by the Contract Documents in connection with the disbursement of funds to the Owner.
(D) If the Property is a commercial property, the Owner shall have provided all applicable lenders the Notice of Proposed Contractual Assessment set forth as Exhibit H to this Contract and received an executed copy of the Certificate of Lender set forth as Exhibit I to this contract. In addition, the Owner shall have received from the Program Administrator, at the expense of the Owner, a determination that the Improvements to be financed hereunder (a) are within one or more classes of projects exempt from the California Environmental Quality Act (commencing with Section 21000 et seq. of the California Public Resources Code, “CEQA”) pursuant to Sections 15301, 15302 or 15303 of the California Public Resources Code, (b) are the appropriate subject of a negative declaration pursuant to CEQA, in which case a negative declaration to that effect will be adopted pursuant to Section 21080 et seq. of the California Public Resources Code and Section 15070 et seq. of the California Code of Regulations, or (c), is the appropriate subject of an environmental impact report pursuant to CEQA, in which case an environmental impact report shall be prepared and certified and amounts hereunder shall be disbursed only if the Improvements are subsequently approved in accordance with CEQA.

(ii) With respect to the second and final disbursement:

(A) The Program Administrator shall have received a copy of a finalized permit issued by the building inspection department of the jurisdiction within which the Property is located, if applicable.

(B) The Program Administrator shall have received a written certification from the Owner and the contractor(s) that installed or constructed the Improvements, if any, stating that the Improvements for which disbursement is requested is complete and setting forth the actual cost of the Improvements (exclusive of any cost attributable to labor performed by the Owner pursuant to the terms and conditions of this Contract and the other Contract Documents). Such certification shall be in form and substance acceptable to the Program Administrator.

(C) If an inspection is required, an inspection of the Improvements and a determination by the applicable agency, authority or entity that the Improvements have been completed in full compliance with the requirements of applicable law or that any noncompliance has been waived.

(D) No stop payment or mechanic’s lien notices pertaining to the Improvements has been filed and remain in effect as of the date of disbursement of the Disbursement Amount.
(E) [If the Property is a commercial property, the Program Administrator shall have received a title insurance policy in form and substance acceptable to the Program Administrator in the Disbursement Amount and insuring the lien of the Assessment.]

(iii) With respect to each of disbursement:

(A) As of the date of disbursement of the Disbursement Amount the representations of the Owner contained in the Contract Documents are true and correct, and no Default (as defined in Section 13(a) below) shall have occurred and be continuing.

(B) The Program Administrator shall have received such other documents and instruments as the Program Administrator may require, including but not limited to, if applicable, the sworn statements of contractor(s) or the Owner, if construction and/or installation is performed by the Owner in his/her capacity as a qualified installer pursuant to the Contract Documents, and releases or waivers of lien, all in compliance with the requirements of applicable law.

(iv) If there shall be a single disbursement under this Assessment Contract, all conditions under (i) through (iii) shall be satisfied by the Owner or waived by the Program Administrator prior to disbursement.

(b) Disbursement by County. Upon satisfaction or waiver of the conditions described in paragraph (a), above, the County will disburse funds to the Owner [as soon as practicable.] The Owner expressly waives the 30-day payment period provided by Section 10403 of the Streets and Highways Code.

7. **Representations and Warranties of the Owner.**

For purposes of entering into this Contract, the County has relied upon the declarations, warranties and covenants of the Owner in this Contract and in the Application, which are incorporated into this Contract as if fully set forth herein. The Owner promises that each representation and warranty set forth herein is true, accurate and complete as of the date of this Contract. By accepting the disbursement, the Owner shall be deemed to have reaffirmed each and every representation and warranty made by the Owner in this Contract and in the Application as of the date of disbursement. If the Owner is comprised of the trustees of a trust, the following representations shall also pertain to the trustor(s) of the trust.

(a) **Formation; Authority.** If the Owner is anything other than a natural person, it has complied with all laws and regulations concerning its organization, its existence and the transaction of its business, and is in good standing in each State in which it conducts its business. The Owner is the owner of the Property and is authorized to execute, deliver and perform its obligations under the Contract Documents, and all other documents and instruments delivered by the Owner to the County in connection therewith. The Contract Documents have been duly executed and delivered by the Owner and are valid and binding upon and enforceable against the
Owner in accordance with their terms, and no consent or approval of any third party, which has
not been previously obtained by the Owner is required for the Owner’s execution thereof or the
performance of its obligations contained therein.

(b) **Compliance with Law.** Neither the Owner nor the Property is in violation of, and
the terms and provisions of the Contract Documents do not conflict with, any regulation or
ordinance, any order of any court or governmental entity, or any building restrictions or
governmental requirements affecting the Owner or the Property.

(c) **No Violation.** The terms and provisions of the Contract Documents, the
execution and delivery of the Contract Documents by the Owner, and the performance by the
Owner of its obligations contained in the Contract, will not and do not conflict with or result in a
breach of or a default under any of the terms or provisions of any other agreement, contract,
covenant or security instrument by which the Owner or the Property is bound.

(d) **Other Information.** All reports, documents, instruments, information and forms of
evidence which have been delivered to the County in connection with the Owner’s application
for LACEP funding are accurate, correct and sufficiently complete to give the County true and
accurate knowledge of their subject matter.

(e) **Litigation.** There is no litigation, tax claims, actions, proceedings, investigations
or other disputes pending or threatened against the Owner or the Property which may impair the
Owner’s ability to perform its obligations hereunder, or which may impair the County’s ability to
levy and collect the Assessment and the Annual Administrative Assessment.

(f) **No Event of Default.** There is no event which is, or with notice or lapse of time
or both would be, a Default under this Contract.

8. **Covenants of the Owner.**

The Owner agrees and covenants to each of the following:

(a) **Installation and Maintenance of Improvements.** The Owner shall, or shall cause
its contractor(s) to, promptly commence the Improvements and diligently continue to completion
in a good and workmanlike manner and in accordance with sound construction and installation
practices. The Owner shall maintain the Improvements in good condition and repair.

(b) **Reports.** If the Disbursement Amount is disbursed in more than one installment,
the Owner agrees, upon the request of the Program Administrator, to promptly deliver or cause
to be promptly delivered to the Program Administrator a written status report of the
Improvements, including the acquisition and installation thereof.

(c) **Compliance with Law and Agreements.** The Owner shall complete all
Improvements, or cause the Improvements to be completed, in conformity with all applicable
laws, including all applicable federal, state, and local occupation, safety and health laws, rules,
regulations, standards, and recorded instruments, covenants or agreements affecting the Property.
The Owner shall comply with and keep in effect all permits, licenses, and approvals required to
complete installation of the Improvements.
(d) Completion of Work. If the Disbursement Amount is disbursed in more than one installment, subject to any acceptable excuse for failure to complete the Improvements pursuant to Section 13(g) hereof, the Owner shall complete the Improvements within [time period] of the initial disbursement of the Disbursement Amount.

(e) Site Visits; Utility Records; Surveys. For purposes of examining the workmanship of the Improvements, observing the quality of the Improvements and otherwise evaluating LACEP, the Owner grants the County, its agents and representatives, including without limitation the Program Administrator, the right to enter and visit the Property at any reasonable time, after giving reasonable notice to the Owner. For purposes of examining savings derived from the Improvements and other satisfying the requirements relating to grant moneys used to fund LACEP, the Owner shall also allow the County to examine and copy records and other documents of the Owner which relate to the Improvements, including utility records of the Owner and execute any consents, waivers or similar documents required by utility providers in connection therewith through the term of this Contract. The Owner also agrees to participate in any and all surveys conducted in connection with LACEP. The County is under no duty to visit the Property, observe any aspects of the Improvements or examine any records, and the County shall not incur any obligation or liability by reason of not making any such visit or examination. Any site visit, observation or examination by the County shall be solely for the purposes of protecting the County’s rights under the Contract Documents.

(f) Protection Against Lien Claims. The Owner shall promptly pay or otherwise discharge any claims and liens for labor done and materials and services furnished to the Property in connection with the Improvements. The Owner shall have the right to contest in good faith any claim or lien, provided that it does so diligently and without delay in completing the Improvements.

(g) Notice to Successors in Interest. The Owner agrees to provide written notice to any subsequent purchaser of the Property that the Property is subject to an LACEP assessment lien, and to provide any subsequent purchaser a copy of this Contract.

(h) Insurance. [If the Maximum Disbursement exceeds $_______,] the Owner shall provide, maintain and keep in force at all times until the Improvements are completed, builder’s all risk property damage insurance on the Property, with a policy limit equal to the amount of the Maximum Disbursement.

(i) Notices. The Owner shall promptly notify the County in writing of any Default under this Contract, or any event which, with notice or lapse of time or both, would constitute a Default hereunder.


In the event of the filing of a stop notice or the recording of a mechanic’s lien pursuant to applicable law of the State of California and relating to the Improvements, the Program Administrator may refuse to disburse any funds to the Owner, and, in the event the Owner fails to furnish the Program Administrator a bond causing such notice or lien to be released within ___ (___) days of notice from the Program Administrator to do so, such failure shall at the option of
the County constitute a default under the terms of this Contract. The Owner shall promptly deliver to the Program Administrator copies of all such notices or liens.

10. **Responsibilities of the Owner: Indemnification.**

   (a) **Financing by County; No Responsibility for Improvements.** The Owner acknowledges that the County has established LACEP solely for the purpose of assisting the owners of property in the County with the financing of the acquisition, construction, and installation of qualifying renewable energy systems and energy and water efficiency improvements. LACEP is a financing program only. None of the County, the Authority (if bonds are issued by the Authority), their officials, agents, employees, attorneys and representatives, the Program Administrator, or LACEP staff is responsible for selection, management or supervision of the Improvements or of the Improvements’ performance.

   (b) **Indemnification.** The Owner shall indemnify, defend, protect, and hold harmless the County, the Authority (if bonds are issued by the Authority) and any and all officials, agents, employees, attorneys and representatives of the County and the Authority (collectively, the “Indemnified Parties”) and, if the Property is located in an incorporated area, such incorporated city and any and all officials, agents, employees, attorneys and representatives of such city, (the “City Parties”), 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 attorneys’ fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with, (i) the Contract Documents, (ii) disbursement of the Disbursement Amount, (iii) the Improvements, (iv) any breach or Default by the Owner under the Contract Documents, (v) the levy and collection of the Assessment and the Annual Administrative Assessment, (vi) the imposition of the lien of the Assessment and the Annual Administrative Assessment, (vii) any breach or failure of the Owner or its contractor(s) or agents to comply with all applicable laws, including all applicable federal, state and local occupation, safety and health laws, rules, regulations and standards, in connection with the acquisition, installation or completion of the Improvements, and (viii) any other fact, circumstance or event related to the County’s payment of the Disbursement Amount to the Owner or the Owner’s performance of its obligations under the Contract Documents (collectively, the “Liabilities”), regardless of whether such Liabilities shall accrue or are discovered before or after the Disbursement.

   (c) **Survival of Indemnification.** The indemnity obligations described in Section 10(b) shall survive the disbursement of funds to the Owner, the payment of the Assessment in full, the transfer or sale of the Property by the Owner and the termination of this Contract.

11. **Waiver of Claims.**

    For and in consideration of the County’s execution and delivery of this Contract, the Owner, for itself and for its successors-in-interest to the Property and for any one claiming by, through, or under the Owner, hereby waives the right to recover from and fully and irrevocably releases the Indemnified Parties and, if the Property is located in an incorporated area, the City Parties, from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys’ fees and court costs, that the Owner may now have or hereafter acquire against any of
the Indemnified Parties and the City Parties and accruing from or related to (i) the Contract Documents, (ii) the disbursement of any of the Disbursement Amount, including any amounts advanced hereunder, (iii) the levy and collection of the Assessment and the Annual Administrative Assessment, (iv) the imposition of the lien of the Assessment, (v) the issuance and sale of any bonds or other evidences of indebtedness, or other financial arrangements entered into by the County pursuant to LACEP, (vi) the performance of the Improvements, (vii) the Improvements, (viii) any damage to or diminution in value of the Property that may result from construction or installation of the Improvements, (ix) any personal injury or death that may result from the construction or installation of the Improvements, (x) the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and their action or inaction with respect to the Improvements, (xi) the merchantability and fitness for any particular purpose, use or application of the Improvements, (xii) the amount of energy savings resulting from the Improvements, (xiii) the workmanship of any third parties, and (xiv) any other matter with respect to LACEP. This release includes claims, obligations, liabilities, causes of action, and damages of which the Owner is not presently aware or which the Owner does not suspect to exist which, if known by the Owner, would materially affect the Owner’s release of the Indemnified Parties and the City Parties.

OWNER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 (“SECTION 1542”), WHICH IS SET FORTH BELOW:

“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 KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

BY INITIALING BELOW, OWNER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Owner’s Initials: ______________________

The waivers and releases by the Owner contained in this Section 11 shall survive the disbursement of the Disbursement Amount, the payment of the Assessment in full, the transfer or sale of the Property by the Owner, and the termination of this Contract.

12. Further Assurances.

The Owner shall execute any further documents or instruments consistent with the terms of this Contract, including documents and instruments in recordable form, as the County shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Contract and disbursing funds to the Owner.
13. **Events of Default.**

(a) **Default.** Subject to the further provisions of this Section 13, the failure of any of the Owner’s representations or warranties to be correct in all material respects, or the failure or delay by the Owner to perform any of its obligations under the terms or provisions of the Contract Documents, shall constitute a default hereunder ("Default").

(b) **Notice of Default.** Upon the occurrence of a Default, prior to exercising any remedies under the Contract Documents or the Act, the County shall give written notice of default to the Owner. Delay in giving such notice shall not constitute a waiver of any Default. The Owner must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence, but in any event, within the time set forth herein.

(c) **Cure Period for Monetary Default.** If the Owner fails to timely pay any installment of the Assessment or the Annual Administrative Assessment, the Owner shall have a period of _____ (__) days after notice is given pursuant to paragraph (b) above within which to cure such default. Following such _____ (__) day period, the County in its sole discretion may exercise any and all of its available remedies, including its right to foreclose the lien of the Assessment or the Annual Administrative Assessment pursuant to applicable law.

(d) **Cure Period for Non-Monetary Default.** If a non-monetary Default occurs and such Default is reasonably capable of being cured within _____ (__) days, the Owner shall have such period to effect a cure prior to exercise of remedies by the County under the Contract Documents or the Act. If the Default is such that it is reasonably capable of being cured but not within such _____ (__) day period and the Owner (i) initiates corrective action within such _____ (__) day period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the County in its sole discretion may elect to grant the Owner such additional time as is reasonably necessary to cure the Default prior to exercise of any remedies by the County. The foregoing notwithstanding, in no event shall the County be precluded from exercising any of its remedies if the Default is reasonably expected to result in the foreclosure or forfeiture of the Property, or if the Default is not cured within _____ (__) days after the first notice of Default is given.

(e) **Remedies Upon Default.** Subject to the provisions of paragraphs (b), (c) and (d) above, if any Default occurs the County may exercise any or all of the rights and remedies available to it under applicable law, at equity, or as otherwise provided herein. If no disbursement has occurred hereunder, the County may elect to terminate this Contract and, except as otherwise expressly provided herein, the parties have no further obligations or rights hereunder. If the Disbursement Amount has been disbursed in whole or in part, the County may terminate its obligations to make any further disbursement of the Disbursement Amount and exercise any or all of the rights and remedies available to it under this Contract and applicable law. As a cumulative remedy, if any installment of the Assessment and the Annual Administrative Assessment, together with any penalties, costs, fees, and other charges, accruing under applicable taxation provisions are not paid when due, the Board of Supervisors or its designee may order that the same be collected by an action brought in a court of competent jurisdiction to foreclose the lien of the Assessment and the Annual Administrative Assessment to
the extent permitted, and in the manner provided by, applicable law. Any and all costs and 
expenses incurred by the County in pursuing its remedies hereunder shall be additional 
indebtedness of the Owner to the County.

(f) Remedies Cumulative. Except as otherwise expressly stated in this Contract or as 
otherwise provided by applicable law, the rights and remedies of the County are cumulative, and 
the exercise of one or more of such rights or remedies shall not preclude the exercise by the 
County, at the same time or different times, of any other rights or remedies for the same Default 
or any other Default. No failure or delay by the County in asserting any of its rights and 
remedies as to any Default shall operate as a waiver of any Default or of any such rights or 
remedies, or deprive the County of its rights to institute and maintain any actions or proceedings 
which it may deem necessary to protect, assert or enforce any such rights or remedies.

(g) Force Majeure. Performance of the covenants and conditions imposed upon the 
Owner hereunder with respect to the commencement and completion of the Improvements shall 
be excused while and to the extent that, the Owner, through no fault or negligence of its own, is 
prevented from complying therewith by war, riots, strikes, lockouts, action of the elements, 
accidents, or acts of God beyond the reasonable control of the Owner; provided, however, that as 
soon as the cause or event preventing compliance is removed or ceases to exist the obligations 
shall be restored to full force and effect and the Owner shall immediately resume installation of 
the Improvements.


Each and every provision of this Contract is, and shall be construed to be, a separate and 
independent covenant and agreement. If any term or provision of this Contract or the application 
thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Contract, 
or the application of such term or provision to circumstances other than those to which it is 
invalid or unenforceable, shall not be affected thereby, and each term and provision of this 
Contract shall, be valid and shall be enforced to the extent permitted by law.

15. Notices.

All notices and demands shall be given in writing by first class mail, postage prepaid, or 
by personal delivery (by recognized courier service). Notices shall be considered given upon the 
earlier of (a) personal delivery or (b) ___ (__) business days following deposit in the United States 
mail, postage prepaid. Notices shall be addressed as provided below for the respective party; 
provided that if any party gives notice in writing of a change of name or address, notices to such 
party shall thereafter be given as demanded in that notice:

To the County: ________________________________

______________________________

Attention: Program Administrator

To the Owner: ________________________________

______________________________

- 13 -
Attention: __________________________

Notwithstanding anything set forth above, after disbursement of funds to the Owner, all notices regarding the assessment shall be sent only as provided by the laws of the State of California.

16. **No Waiver.**

No disbursement of the Disbursement Amount based upon inadequate or incorrect information shall constitute a waiver of the right of the County to receive a refund thereof from the Owner. No disbursement of any portion of the Disbursement Amount shall constitute a waiver of any conditions to the County’s obligation to make further disbursements. No waiver by the County of any failure by the Owner to comply with any provision of this Contract shall in any way preclude the County from thereafter declaring such failure by the Owner a Default hereunder or be deemed a waiver of any other or subsequent Default.

17. **Governing Law.**

This Contract shall be construed and governed in accordance with the laws of the State of California.

18. **Assignment by the County.**

The County, at its option, may (i) assign any or all of its rights and obligations under this Contract, and (ii) pledge and assign its right to receive the Assessment and the Annual Administrative Assessment, and any other payments due to the County hereunder, without obtaining the consent of the Owner.

19. **Assignment by Owner Prohibited.**

The Owner may sell, transfer, rent or otherwise dispose of all or a portion of its interests in the Property so long as the Assessment and the Annual Administrative Assessment, including each installment thereof and the interest and penalties thereon, shall constitute a lien against the Property until the same is paid in full. All other dispositions of all or a portion of the Owner’s rights and obligations under this Contract are subject to the prior express written consent of the County, which consent may be granted or withheld in the sole and absolute discretion of the County.

20. **Carbon Credits.**

The Owner agrees that any carbon credits attributable to the Improvements shall be held on behalf of LACEP by the County.
21. **Entire Agreement; Amendment.**

   This Contract, together with the other Contract Documents, is the entire agreement
   between the parties. Any other agreement related to the Improvements, and any amendment to
   this Contract, must be signed in writing by both parties.

22. **Natural Persons.**

   If the Owner of the Property consists of more than one natural person, the obligations
   hereunder of all the owners shall be joint and several.

23. **Counterparts.**

   This Contract may be executed in several counterparts, each of which shall be deemed an
   original, and all of such counterparts together shall constitute one and the same instrument.

24. **Special Termination.**

   Notwithstanding anything to the contrary contained herein, this Contract shall terminate
   and be of no further force or effect if the Owner has submitted to the Program Administrator a
   notice of its decision to cancel this transaction in the form of the Notice of Cancellation attached
   as Exhibit I hereto, which notice shall be delivered to the County pursuant to Section 15 hereof
   no less than ____ (__) days prior to the disbursement of the Disbursement Amount.

25. **No Third Party Beneficiary Rights.**

   This Contract is entered into for the sole benefit of the Owner and the County and,
   subject to the provisions of Sections 10, 11, 12 and 19, no other parties are intended to be direct
   or incidental beneficiaries of this Contract and no third party shall have any right in, under or to
   this Contract.

   IN WITNESS WHEREOF, the Owner and the County have entered into this Contract as
   of the date and year first above written.

THE OWNER:

________________________

________________________

Date of Execution by the Owner:

________________________, 20__

THE COUNTY:

________________________

Name:

________________________

Title:

________________________

061
ACKNOWLEDGEMENT(S)

STATE OF CALIFORNIA  
COUNTY OF ____________________

On ______________________, before me, _________________________________
a notary public, personally appeared ________________________________
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/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 which 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 ____________________________________________________________

(This area for official notarial seal)

STATE OF CALIFORNIA  
COUNTY OF ____________________

On ______________________, before me, _________________________________
a notary public, personally appeared ________________________________
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/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 which 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 ____________________________________________________________

(This area for official notarial seal)
EXHIBIT A

PARTICIPANT HANDBOOK

[To Come]
EXHIBIT B

CERTAIN FINANCING TERMS

Maximum Disbursement Amount:

Contract Term:

Maximum Interest Rate: ___ Percent (___%) per annum.

Financing Costs in the Event of Noncompletion:

Annual Administrative Assessment(1):

Prepayment Premium: From ______ to ______, a prepayment premium of ___ percent (___%)

From ______ to ______, a prepayment premium of ___ percent (___%)

After ______, a prepayment premium of ___ percent (___%)

Improvements:

Estimated Payment Schedule:

<table>
<thead>
<tr>
<th>Year(2)</th>
<th>Disbursement Amount(3)</th>
<th>Financing Costs(4)</th>
<th>Interest</th>
<th>Maximum Annual Administrative Assessment(5)</th>
<th>Total</th>
</tr>
</thead>
</table>

(1) Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.

(2) If funds are disbursed to the Owner before _______, the assessment will appear on the property tax bill for the same tax year. If funds are disbursed after _______, the assessment will appear on the property tax bill for the following tax year.

(3) Based on Maximum Disbursement. Subject to revision by the Program Administrator following the disbursement of the Disbursement Amount, if necessary, pursuant to the Contract to reflect the Disbursement Amount.

(4) Includes capitalized LACEP administrative expenses.

(5) Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.
EXHIBIT C

DESCRIPTION OF THE PROPERTY
EXHIBIT D

LOS ANGELES COUNTY ENERGY PROGRAM
NOTICE OF INTEREST AND PAYMENT SCHEDULE

Owner: _____________________ (the "Owner")
Address: _____________________
____________________________ (the "Property")

Assessor's Parcel Number: ___________

LACEP Loan Number: ___________

Pursuant to Section 1(b)(ii) of that certain Assessment Contract (the "Assessment Contract") executed by and between you, as Owner of the Property, and the County in connection with the Los Angeles County Energy Program, you are hereby notified that the interest rate applicable to the unpaid Assessment (as defined in the Assessment Contract) is ___%. The schedule of Assessment Installments, interest thereon and the Maximum Annual Administrative Assessment with respect to the referenced property is set forth below:

<table>
<thead>
<tr>
<th>Year(1)</th>
<th>Disbursement Amount</th>
<th>Financing Costs(2)</th>
<th>Interest</th>
<th>Maximum Annual Administrative Assessment(3)</th>
<th>Total</th>
</tr>
</thead>
</table>

(1) If funds are disbursed to the Owner before __________, the assessment will appear on the property tax bill for the same tax year. If funds are disbursed __________, the assessment will appear on the property tax bill for the following tax year.

(2) Includes capitalized LACEP administrative expenses.

(3) Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.

The Notice of Assessment of record with the Office of the Registrar-Recorder/County Clerk of the County of Los Angeles will be amended to reflect the foregoing payment schedule.

Program Administrator,
Los Angeles County Energy Program
EXHIBIT E

NOTICE OF ASSESSMENT

WHEN RECORDED RETURN TO

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437
Los Angeles, California 90012
Attention: Los Angeles County Energy Program
– Program Administrator

NOTICE OF ASSESSMENT

Pursuant to the requirements of Section 5898.32 of the Streets and Highways Code of the State of California, the undersigned Clerk of the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles, a political subdivision of the State of California (the "County"), hereby gives notice that contractual assessments relating to that certain real property described in Appendix A hereto (the "Property"), in the amounts set forth in Appendix B hereto, were recorded in the Office of the Registrar-Recorder/County Clerk of the County, as provided for in said Section 5898.32.

Pursuant to that certain Assessment Contract (the "Assessment Contract") by and between the County and the owner of the Property named herein in connection with the Los Angeles County Energy Program, the several assessments assessed on the Property set forth in Appendix B hereto became a lien upon the Property and the Property became subject to the assessment in accordance pursuant to the Assessment Contract, the Act and applicable law upon the execution of such Assessment Contract.

In addition to the assessment to pay the costs and expenses of the improvements to be acquired, the Property is subject to a separate and additional assessment, as set forth in Appendix B hereto, to be levied annually to pay for costs not otherwise reimbursed which will result from the administration and collection of assessments or from the administration or registration of any associated bonds and reserve or related funds.

Reference is made to the Assessment Contract for the amount of any final and adjusted assessments, including any annual assessment as levied for administrative costs or maintenance, as applicable.
Included in Appendix A hereto is the name(s) of the owner of record of the Property, which is also the assessed owner of the Property as it appears on the latest secured assessment roll, all as required pursuant to Section 27288.1 of the Government Code of the State of California.

Dated: __________________________

Clerk of the Board of Supervisors of the
County of Los Angeles

By: __________________________
Deputy
Appendix A to Notice of Assessment

DESCRIPTION OF THE PROPERTY
Appendix B to the Notice of Assessment

Name(s) of Owner of the Property: ______________________

Assessment Amount: ______________________

Annual Administrative Assessment Amount: ________________
EXHIBIT F

Payment of Contractual Assessment Required

Pursuant to the requirements of Section 5898.24(d) of the Streets and Highways Code of the State of California, the Board of Supervisors (the “Board of Supervisors”) of the County of Los Angeles, a political subdivision of the State of California (the “County”), hereby gives notice that the real property described in Appendix A hereto (the “Property”) is subject to a contractual assessment that is required to be paid in accordance with that certain Assessment Contract (the “Assessment Contract”) by and between the owner of the Property and the County in connection with the Los Angeles County Energy Program. Certain information regarding the contractual assessment assessed on the Property is set forth below.

(1) The names of all current owners of the real property subject to the contractual assessment:

________________________________________________________

________________________________________________________

(2) Legal description of the Property: See Exhibit Appendix A attached hereto and incorporated herein by this reference.

(3) Assessor’s parcel number for the Property: ________________________________

(4) The annual amount of the contractual assessment: ____________________________

(5) The contractual assessment referenced (4) above expires on the date such contractual assessment and any applicable penalties, costs, fees, and charges, including the Annual Administrative Assessment (as defined in the Assessment Contract), have been paid in full.

(6) Funds from the contractual assessment were used to finance the acquisition and construction on and installation in the Property of certain qualifying renewable energy systems and energy and water efficiency improvements, as further described in the Assessment Contract.

(7) Funds from the contractual assessment should be paid to the following:

[Name of entity to which contractual assessments should be paid]
[Address of entity]
[Contact person]²

² Section 5898.24(d)(2)(E) of the Act requires the document to include “the entity to which funds from the contractual assessment will be paid and specific contact information for that entity”.

F-1

071
Date: __________

Treasurer and Tax Collector of the
County of Los Angeles [or Entity to which
Contractual Assessments will be paid]

By: ____________________________

Name:
Title:

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3 Section 5898.24(d)(2)(F) of the Act requires the document to include "the signature of the authorized representative of the legislative body to which funds from the contractual assessment will be paid."
Appendix A to Notice of Payment of Contractual Assessment Required

DESCRIPTION OF THE PROPERTY
EXHIBIT G

LOS ANGELES COUNTY ENERGY PROGRAM
NOTICE TO PROCEED

Date: __________________________

Owner: __________________________ (the “Owner”)

Address: __________________________

________________________ (the “Property”)

Assessor’s Parcel Number: __________

LACEP Loan Number: ________________

Pursuant to Section 4(a) of that certain Assessment Contract (the “Assessment Contract”) executed by and between you, as Owner of the Property, and the County in connection with the Los Angeles County Energy Program, you are hereby given notice to proceed (this “Notice to Proceed”) with acquisition, construction and installation of the Improvements and, upon completion of the Improvements, submit a request for funding to LACEP. This Notice to Proceed constitutes consent and authorization pursuant to Section 5898.21 of the Act for the Owner to purchase directly the related equipment and materials for the Improvements and to contract directly for the construction on and/or installation in the Property of the Improvements. The Owner must complete installation of the Improvements no later than ___ days after the date of this Notice to Proceed, provided that the Owner and the Program Administrator may agree to an extension of this completion date for good cause shown pursuant to Section 4(b) and Section 13(g) of the Assessment Contract, but in no event shall the completion date be more than one year from the date of this Notice to Proceed. Disbursement of any amounts pursuant to the Assessment Contract is subject to satisfaction of the terms and conditions thereof.

Program Administrator,
Los Angeles County Energy Program
EXHIBIT H

NOTICE OF PROPOSED CONTRACTUAL ASSESSMENT
(Commercial Property Owner)

Notice Date: ____________

Lender Address: __________________________________________________________

Property/Loan Information:

Owner: _________________________________________________________________

Address: _______________________________________________________________

APN: _________________________________________________________________

Loan Number(s): _______________________________________________________

To Whom It May Concern:

The undersigned (the "Owner") is the owner of a certain real property located at the
above-referenced address (the "Property"). You are the lender (the "Lender") with respect to the
above-referenced (the "Loan") that is secured by a lien on the Property.

The Owner is sending this Notice of Proposed Contractual Assessment to Lender to
(i) provide notice of the Owner’s proposed participation in the Los Angeles County Energy
Program ("LACEP"), (ii) request confirmation from the Lender that the levy of the contractual
assessment pursuant to the herein described Assessment Contract will not trigger an event of
default or the exercise of any remedies under the Loan documents, and (iii) provide notice that
the contractual assessment (including any penalties and interest) will be secured by a statutory
lien on the Property that is senior to the lien securing the Loan.

Background. The County of Los Angeles, a political subdivision of the State of
California (the "County") has established LACEP to help finance the acquisition and
construction on and installation in the assessed properties, including the Property, of certain
qualifying renewable energy systems and energy and water efficiency improvements (the
"Improvements") pursuant to Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code
of the State of California ("Contractual Assessment Law").

In accordance with Contractual Assessment Law, the County will levy a contractual
assessment to finance the installation of the Improvements on certain property with the
agreement of the applicable property owner pursuant to the terms of an assessment contract (the
"Assessment Contract") between such property owner and the County. Pursuant to Section
5898.30 of Contractual Assessment Law, the contractual assessment (including any penalties and
interest) is collected on the property tax bill and is secured by a lien on the applicable property

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that is (i) senior to all private liens, including private liens that existed prior to levy of the contractual assessment and (ii) cannot be subordinated to the private liens.

Information regarding the purpose and method of administration of the assessments under LACEP can be found at ________ [website].

**Participation in LACEP.** The Owner has applied to participate in LACEP and intends to finance installation on the Property of the Improvements set forth on Exhibit A hereto. The contractual assessment to be levied on the Property (the “Contractual Assessment”) pursuant to the Assessment Contract and the related payment terms are proposed to consist of the following:

- Principal amount: $________________________
- Estimated interest rate: ___% ________________
- Term of repayment period: ____________________
- Annual administrative component: $____________
- Total estimated annual installment: $____________

**Lender Approval.** Please acknowledge that participation of the Property in LACEP is acceptable to the Lender by executing the attached Certificate of Lender and returning it to the undersigned at your earliest convenience.

Very truly yours,

BY: __________________________________________
(Signature)

OWNER
NAME: _________________________________

MAILING ADDRESS (if different than Property address): _________________________________
EXHIBIT I

CERTIFICATE OF LENDER
(Commercial Property Owner)

Property/Loan Information

Owner:

Address:

APN:

Loan:

In connection with the above-referenced loan (the “Loan”) relating to the above-referenced property (the “Property”) by the herein referenced lender (the “Lender”), the undersigned hereby certifies, acknowledges, confirms and agrees as follows:

(1) He/she is duly authorized to execute this Certificate on behalf of the Lender.

(2) The Lender is in receipt of written notice (the “Notice”) from the owner of the Property (the “Owner”) that Owner intends to finance installation on the Property of certain renewable energy, energy efficiency and/or water efficiency improvements that will be permanently fixed to the Property (the “Improvements”) by participating in the Los Angeles County Energy Program sponsored by the County of Los Angeles, a political subdivision of the State of California (the “County”).

(3) As a result of an Assessment Contract between the County and the Owner (the “Assessment Contract”) and pursuant to Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California, the Contractual Assessment described in the Notice will be levied on the Property and the Contractual Assessment (including any penalties and interest) will be secured by a statutory lien that is senior to the lien securing the Loan.

(4) The Lender consents to the levy of the Contractual Assessment pursuant to the Assessment Contract.

(5) The Lender agrees that the levy of the Contractual Assessment will not constitute an event of default or the exercise of any remedies under the documents relating to the Loan.
The Lender further acknowledges that the Owner and the County will rely on this Certificate in connection with the disposition and administration of the Assessment Contract and the Los Angeles County Energy Program.

[LENDER]

By: ________________________________

Name:
Title:
Date:
EXHIBIT J

LOS ANGELES COUNTY ENERGY PROGRAM
NOTICE OF CANCELLATION

[and __________________] are the owner[s] of record
(collectively, the "Owner") of that certain real property located at
____________________ located in the County of Los Angeles, California. The
Owner previously executed that certain Assessment Contract (the "Assessment Contract") with
the County of Los Angeles (the "County") in connection with the Los Angeles County Energy
Program ("LACEP"). Pursuant to the Assessment Contract, Owner hereby notifies the LACEP
Program Administrator in accordance with Sections 15 and 24 of the Assessment Contract no
less than _____ (__) days prior to the disbursement of the Disbursement Amount that the
Owner has determined to cancel the transaction described in the Assessment Contract.
Accordingly, the Contract shall terminate and be of no further force or effect, except that the
Owner agrees to pay amounts due, if any, pursuant to Section 1(b)(iv) of the Assessment
Contract relating to financing costs in the event of the improvements are not completed.

Dated: _____________

[OWNER]

By: ________________________
    Name: ________________________

By: ________________________
    Name: ________________________