

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. 2016-121

Authorizing the County Chair to Execute an Amendment of the Intergovernmental Agreement with the Portland Development Commission for Administration of the PropertyFit Program (formerly Commercial Property Assessed Clean Energy "CPACE") in Multnomah County.

The Multnomah County Board of Commissioners Finds:

- a. The PropertyFit Program (formerly Commercial Property Assessed Clean Energy "CPACE") in Multnomah County was established in Resolution No. 2015-097.
- b. ORS 223.680 (formerly ORS 223.396) authorizes Multnomah County to establish a program to assist owners of commercial property with the financing of cost-effective energy improvements.
- c. A Commercial Property Assessed Seismic Rehabilitation Program in Multnomah County was established in Resolution No. 2016-118.
- d. ORS 223.685 authorizes Multnomah County to establish a program to assist owners of commercial property with the financing of cost-effective seismic rehabilitation improvements.
- e. The County desires to have the Commercial Property Assessed Seismic Rehabilitation Program administered within the PropertyFit Program by the Portland Development Commission ("PDC") because the PDC has the resources and personnel to administer the collective programs effectively and efficiently.
- f. The PDC and County have negotiated an amendment to the PropertyFit (formerly CPACE) intergovernmental agreement, as authorized by ORS Chapter 190, in substantially the same form attached hereto as Exhibit 1 ("CPACE IGA Amendment").

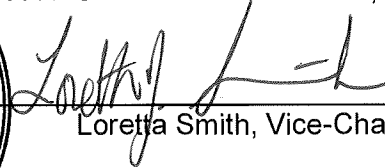
The Multnomah County Board of Commissioners Resolves:

1. The County Chair is authorized to sign the CPACE IGA Amendment with PDC, in substantially the same form attached hereto as Exhibit 1. Board approval is needed for any modification or amendment that results in a material increase or decrease in the obligations of, or benefits to, the County under the CPACE IGA.

ADOPTED this 1st day of December, 2016.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Loretta Smith, Vice-Chair

REVIEWED:
JENNY M. MADKOUR, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
Carlos Rasch, Assistant County Attorney

SUBMITTED BY: Commissioner Jules Bailey, District 1.

**FIRST AMENDMENT
to
INTERGOVERNMENTAL AGREEMENT**

**Between Portland Development Commission
and
Multnomah County
For the Administration of the PropertyFit Program (formerly Multnomah County CPACE
Program)**

This first amendment (this "Amendment") to the Intergovernmental Agreement for the Administration of the PropertyFit Program (the "IGA") is authorized by ORS 190.010 and is made and entered into as of _____, 2016 (the "Effective Date") by and between Multnomah County (the "County"), a political subdivision of the State of Oregon and Portland Development Commission ("PDC"), in its capacity as an urban renewal agency under ORS Chapter 457 and Chapter 15 of the City of Portland Charter. The County and PDC may be referred to jointly in this Agreement as the "Parties" and individually as a "Party."

RECITALS

- A. The Parties entered into the IGA on September 22, 2015, authorizing PDC to act on behalf of the County as the Administrator of the Multnomah County PropertyFit Program, formerly Commercial Property Assessed Clean Energy Program ("CPACE").
- B. Certain modifications to the applicable statute, to the administration and collection process, and administrative responsibilities agreed to by the Parties have made it necessary to amend the IGA.
- C. ORS 223.685 authorizes the County to establish a property assessed program to assist owners of Qualified Real Property with the financing of seismic rehabilitation.
- D. The County authorized the creation of a seismic retrofit property assessed program authorized in ORS 223.685 in Resolution No. 2016-118.
- E. Both the County and PDC agree to amend the IGA to include PDC's administration of the seismic retrofit program.
- F. This is the First Amendment to the IGA.

TERMS

The Parties agree as follows:

1. All references to ORS 223.396 in the IGA are changed to ORS 223.680.¹
2. All reference to “Energy Improvements” in the IGA are changed to “Building Resiliency Improvements” as defined in Section 6 below.
3. The original Exhibit A is replaced in its entirety with Exhibit A attached hereto.
4. All reference to “CPACE” in the IGA is changed to “PropertyFit”.
5. Section 1 is replaced in its entirety as follows:

The PropertyFit Program is a new initiative which the County and PDC are implementing on a cooperative basis. The PropertyFit Program is a mechanism designed to support the financing of disaster and climate resiliency investments in Qualified Real Property. PropertyFit serves a public purpose by reducing carbon emissions, decreasing water use, and decreasing seismic life safety risks through energy conservation, renewable power, and seismic rehabilitation. PropertyFit leverages the security of the property tax system to increase access to capital for Building Resilience Improvement projects. Under the PropertyFit Program, PropertyFit financing is secured by a Benefit Assessment Lien filed against the Qualifying Real Property. PropertyFit is designed to increase building resiliency across commercial buildings in Multnomah County.

6. Section 2 is replaced in its entirety as follows:
 - a) “Administrative Guidelines”: outline the terms and requirements for participation in PropertyFit.
 - b) “Benefit Assessment Lien”: a lien secured by the Qualified Real Property which is senior to all other encumbrances on the property other than municipal real property taxes.
 - c) “Building Resiliency Improvements”: includes all building improvements authorized under ORS 223.680 and 223.685, as same may be amended over time.

¹ ORS 223.396 was renumbered to ORS 223.680 in 2015.

- d) "PropertyFit Financing": a financial instrument meant to facilitate Building Resiliency Improvements to Qualified Real Property which is secured by a Benefit Assessment Lien filed against Qualified Real Property.
- e) "PropertyFit Project": Building Resiliency Improvements to Qualified Real Property.
- f) "Qualifying Real Property": multifamily residential dwellings (of 5 or more units), or commercial or industrial buildings located in Multnomah County that can benefit from Building Resilience Improvements.

7. Section 6.d.ii is amended by adding the following new section 6.d.ii.7 as follows:

"Develop, subject to review and approval by the County, all of the form transaction documents to implement the PropertyFit program. Once the forms are approved, PDC is delegated the authority to complete, execute, and record all CPACE transaction documents, including the benefit assessment lien and any modifications to the benefit assessment lien, for individual PropertyFit transactions. Any substantive modifications to the form transaction documents shall be subject to review and approval by the County."

8. Section 6 is modified by adding a new section 6.i as follows:

"The County has allocated \$60,000 in its FY 2016-2017 budget to support the PropertyFit Social Equity Strategy which is intended to expand capacity of disadvantaged, minority and women owned contractors (DMW firms) to participate in and benefit from the PropertyFit program. The County will make full payment to PDC once this amendment has been fully executed by both parties and upon receipt of an itemized invoice. PDC agrees to implement the social equity strategy consistent with County Program #10018B dated April 15, 2016, incorporated herein by reference. PDC will provide report on number of DMW contractors trained and number and value of transactions closed by DMW contractors supported through training resources by December 31, 2017."

9. Section 8 is replaced in its entirety as follows:

"8. Enforcement and Collection of Delinquent CPACE Financing.

"a. ORS 223.680 (7) and (8) and ORS 223.685 (6) and (7) authorize the local government implementing the programs to secure the loan with a lien on the property imposed with the same priority as an assessment. Liens may be enforced or collected in one of three ways: (1) in the same manner as a LID lien under ORS 223.505 to

223.650 (ORS 223.680(7)(c) and ORS 223.685(6)(c)); (2) by certifying the assessment to the County Assessor for collection in the same manner as local property taxes (ORS 223.680(8)(a) and ORS 223.685(7)(a)); and (3) "in any other manner that the local government determines is reasonable" (ORS 223.680(7)(d) and ORS 223.685(6)(d)). For ease of administration, PDC and the County agree to employ a hybrid model: securing the loan financing as a benefit assessment lien, but collecting delinquent payments through the property tax system.

The benefit assessment lien will be imposed by execution of an agreement by the property owner and the recording of a notice of benefit assessment lien in the County deed records. The County delegates the authority to PDC to execute the benefit assessment lien agreement with the property owner and file the Notice of Lien in the County deed records.

The benefit assessment lien will be imposed at the time PropertyFit Financing is closed. The initial lien will be imposed based upon the estimated amount of the financing. At the PropertyFit capital provider's discretion and instruction, the lien may be modified at the completion of construction to reflect the final amount of the financing. The County delegates to PDC the authority to execute and record any PropertyFit benefit assessment lien modification. The County delegates the authority to PDC to assign the payment stream secured by the lien on behalf of the County to the PropertyFit capital provider. The County delegates the authority and responsibility to PDC to execute and record the final satisfaction of benefit assessment lien when the PropertyFit financing is paid in full.

If a property owner becomes delinquent on PropertyFit Financing, the capital provider may request that PDC certify the delinquency to the tax rolls. The request for certification may be received by PDC on or before May 1 of each year. The terms of repayment and delinquency shall be as agreed to in the PropertyFit capital provider agreement between the capital provider and PDC as Program Administrator. PDC shall review the certification submittal and ensure that criteria outlined in the capital provider agreement have been met prior to submission of a request for certification to Multnomah County. If PDC submits a complete request for certification to Multnomah County, Multnomah County will certify the delinquent amount to the assessor for collection as provided in ORS 223.680(8) or ORS 223.685(7) and ORS 310.060. PDC must submit the request for certification, Form LB-

50, and any necessary accompanying documents to Multnomah County for certification to the assessor on or before June 15 of each tax year.

- "e. If PDC submits a complete request for certification to Multnomah County on or before June 15 of the tax year, the County will certify the delinquent amount to the assessor for collection as provided in ORS 223.680(8) or ORS 223.685(7) and ORS 310.060, Once processed and approved by the Board, Multnomah County will remit payments to PDC according to the distribution schedule as payments are collected.
- "g. If a property owner pays the delinquent payment in full after PDC certifies the delinquent amount to the Assessor but prior to the certification of the Assessment Roll under ORS 311.105, the capital provider must notify PDC by September first and PDC must so notify the Assessor by September 15th in order for the Assessor to adjust the Assessment Roll to eliminate the assessment.
- "h. All payments received by PDC from the County Assessor by December 1 will be remitted by PDC to the capital provider no later than January 15 of the following year. The capital provider agreement will provide that such payment will be considered payment in full of the delinquency. The County shall remit any amounts collected after December 1 to PDC for the purposes of supporting the equity strategy within the CPACE program..
- "i. If the County forecloses on property under ORS Chapter 312 for nonpayment of taxes or assessments, the County Assessor shall provide notice of any proposed resale of the property to a private party to PDC. PDC may exercise the rights of a municipal LID assessment holder under ORS 275.130 and ORS 275.275 with regard to the distribution of the proceed of sale."
- "j. The remainder of the IGA remains unchanged and in full force and effect.
- "k. This Amendment may be executed in counterparts. Delivery of this executed Amendment by facsimile or e-mail will be sufficient to form a binding agreement.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the Effective Date.

MULTNOMAH COUNTY,
a political subdivision of the State of
Oregon

PORTLAND DEVELOPMENT
COMMISSION, an urban renewal
agency acting under ORS Chapter 457

By: _____
Deborah Kafoury,
Chair

By: _____
Kimberly Branam,
Executive Director

exhibit ;
don't
sign.

Approved as to Form:

By: _____

Name: _____
PDC Attorney



ADMINISTRATIVE GUIDELINES

This section outlines the PROPERTYFIT guidelines that govern all participants in the program. All participants agree to adhere to the terms and conditions of the Administrative Guidelines, as amended from time-to-time by Program Administrator to reflect changes in market conditions. The Program Administrator reserves the right, at its sole discretion, to make exceptions to these guidelines on a case-by-case basis.

KEY DEFINITIONS

| | |
|--------------------------------|---|
| ASSESSOR | The Multnomah County Department of Assessment, Taxation and Recording. |
| <u>BENEFIT ASSESSMENT LIEN</u> | The lien that is recorded against the property that establishes the benefit assessment and secures repayment of the CPACE Financing. |
| CAPITAL PROVIDER | The entity that will provide financing for the Energy Improvements to complete the project. |
| CPACE PROJECT | Energy Improvements made to Qualified Real Property, whether financed directly with CPACE Financing or through incentives or other sources in combination with a CPACE Financing. |
| ENERGY IMPROVEMENTS | Energy efficiency or renewable energy improvements made to Qualified Real Property authorized by ORS 223.680. |
| QUALIFIED REAL PROPERTY | Commercial, industrial or multifamily residential dwellings (of five or more units) buildings located in Multnomah County that can benefit from Energy Improvements. |
| PROGRAM ADMINISTRATOR | The Portland Development Commission. |
| PROPERTY OWNER | The legal owner(s) of the "fee simple" interest in the Qualified Real Property (including nonprofit owners.) |

MINIMUM STATUTORY AND PROGRAM REQUIREMENTS

| | |
|-------------------|---|
| SERVICE AREA | Multnomah County, Oregon |
| ELIGIBLE PROPERTY | Qualified Real Property (see definitions) |

| | |
|--------------------------|---|
| ELIGIBLE APPLICANT | A Property Owner as defined above. |
| SECURITY | The financing is evidenced by a <u>CPACE Financing Agreement</u> and secured by <u>Benefit Assessment Lien</u> recorded against the Qualified Real Property. By statute the Benefit Assessment Lien has priority over all other liens recorded against the property, junior only to property taxes. |
| MINIMUM CREDIT STANDARDS | <p>The Property Owner must meet the following credit standards:</p> <ul style="list-style-type: none"> ▪ Be current and in good standing on all debt owed to Multnomah County; ▪ Be current on all real property taxes; ▪ Not have outstanding involuntary liens, collections or charge-offs; ▪ Be current on all existing mortgages; and ▪ May not be in, or have filed for, bankruptcy in the past three years. |
| ELIGIBLE USES | <p>Eligible uses include payment of:</p> <ul style="list-style-type: none"> ▪ The cost of energy audits; ▪ The cost of Energy Improvements to Qualified Real Property; ▪ The cost of non-energy improvement that are directly related to the installation of Energy Improvements (e.g. roof upgrades to support a roof-mounted solar PV installation); ▪ Commissioning; and ▪ Fees, reserves and other PROPERTYFIT program costs. |
| LIEN-TO-VALUE (LITV) | Maximum of 30 percent of the “after completed” value of the property |
| APPRAISAL REQUIREMENTS | The property value for lien-to-value purposes will be first determined by reviewing the real market value as determined by the Assessor. If the project performs within the LiTV limitations, this value will be adequate for underwriting purposes. If the LiTV limits are exceeded using the Assessor’s real market value, a current appraisal may be required. This requirement will be influenced by the needs of existing mortgage holders that must consent to the filing of the <u>Benefit Assessment Lien</u> . In the case of new construction, where an Assessor established real market value is not available, a current appraisal will be required. You can access current Assessor data from <u>Portland Maps</u> . |
| MAXIMUM TERM | The weighted average useful life of approved Energy Improvements as determined by Program Administrator after review of the Energy Audit. |
| AMORTIZATION | The CPACE Financing must be fully amortized over its term. Balloon payments are not allowed. |

| | |
|--|--|
| PAYMENT AND SERVICING | The Program Administrator issues the official PROPERTYFIT benefit assessment statements annually in July, with payment due to the Capital Provider in three equal installments on the following October 1, January 1 and April 1. The Capital Provider manages standard payment collection so long as the financing is not in default. If the account becomes delinquent, the Capital Provider may request that the delinquency be certified to the Assessor for collection through the standard property tax collection system. |
| EVIDENCE OF OWNERSHIP AND ENCUMBRANCES | A preliminary title report is required prior to closing to show evidence of ownership and all encumbrances recorded against the property. |
| MORTGAGEE CONSENT | Where there is an existing mortgage or deed of trust recorded against the property, the mortgagee must: <ul style="list-style-type: none"> ▪ Be given written notification (<u>Existing Mortgage Holder Notice</u>) that the Property Owner intends to enter into a <u>CPACE Financing Agreement</u>; ▪ Provide its written consent (<u>Existing Mortgage Holder Consent</u>) for the Property Owner to enter into the CPACE Financing Agreement; and ▪ Confirm in writing that the proposed CPACE Financing does not constitute an event of default under the terms of existing agreements between Property Owner and mortgagee. |

PARTICIPATION IN REBATE/INCENTIVE PROGRAMS

Although not required, **PROPERTYFIT** strongly encourages Property Owners to participate in all rebate and incentive programs available to the project based upon the proposed Energy Improvement. Rebates and incentive programs provide participants with cash payments or tax credits for implementing Energy Improvements, thus reducing overall project costs. This can lower the total amount a Property Owner will need to finance. Rebate and incentive programs can also act as a third-party check on the validity of the proposed Energy Improvements and their likely energy savings, thus reducing additional **PROPERTYFIT** project review costs that would otherwise be passed on to the Property Owners. To learn more about incentives and rebates visit:

[Energy Trust of Oregon](#) [Portland General Electric](#) [Pacific Power](#)
[Northwest Natural Gas](#) [Oregon Department of Energy](#) [US Dept. of Energy](#)

TECHNICAL STANDARDS AND REVIEW

Property Owners, with the assistance of qualified energy experts, are required to submit a building energy audit and a scope of work that defines the proposed Energy Improvements. This scope can range from installation of a single Energy Improvement to a whole building energy upgrade involving multiple Energy Improvements. These Technical Standards describe the requirements to which all projects must comply. The methodology in these Technical Standards is designed to provide a flexible framework within which to qualify and manage the multiple and varied energy improvement projects applying to PROPERTYFIT.

ELIGIBLE/INELIGIBLE ENERGY IMPROVEMENTS

ELIGIBLE ENERGY IMPROVEMENTS

Energy Improvements eligible for CPACE Financing must meet two requirements:

- Lower energy consumption of the building or generate renewable energy; and
- Be permanently affixed to the property and taxed as “real” vs. “personal” property by the Assessor.

A few examples of proven energy efficiency technologies include:

- HVAC upgrades
- Automated building controls
- Variable speed drives on motors, fans and pumps
- High efficiency:
 - Lighting
 - Chillers
 - Boilers
 - Furnaces
 - Water heating systems
- Combustion and burner upgrades
- Fuel switching
- Heat recovery and steam traps
- Building envelope improvements
- Energy management systems
- Renewable energy systems:
 - Solar
 - Fuel Cells
 - Geothermal
 - Wind

In addition, the cost of non-energy improvements that are directly related to the installation of eligible Energy Improvements are eligible (e.g. roof upgrades to support a roof-mounted solar PV installation.)

INELIGIBLE ENERGY IMPROVEMENTS

Energy improvements ineligible for the CPACE Financing include:

- Appliances (e.g. refrigerators, dishwashers);
- Plug load devices;
- Vending machine controls; or
- Any measure that is easily removed or not permanently installed.

ENERGY AUDIT REQUIREMENTS

TECHNICAL METHODOLOGY **PROPERTYFIT** is designed to leverage the energy audit capacity of Energy Trust. When Energy Trust is funding an audit, **PROPERTYFIT** will defer to its technical methodology. Energy Audits conducted by other qualified individuals must be based upon two established industry protocols. The level of energy audit will be influenced by a number of factors, including the number, and complexity of the Energy Improvements and the project's anticipated total capital investment.

- American Society for Testing and Materials (ASTM) E2797-15, Building Energy Performance Assessment (BEPA) Standard directed at data collection and baseline calculations for the energy audit; and
- American Society of Heating, Refrigeration and Air Conditioning (ASHRAE) Level I, Level II, and Level III Energy Audit Guidelines.

ENERGY AUDIT CRITERIA An energy audit or renewable energy feasibility analysis conducted by a Qualified Individual is required. The audit report must provide:

- A representative baseline;
- Historical electrical and/or fuel use costs, consistent with ASTM E2797-15;
- A description of the proposed Energy Improvements;
- The estimated effective useful life (EUL) for each Energy Improvement;
- The estimated total installed cost of each Energy Improvement;
- The estimated total project cost;
- The source used to establish Energy Improvement costs;
- The uncertainty (+/-) associated with the methodology used to establish Energy Improvement Costs;
- The estimated energy savings and/or energy generation that can confidently be achieved; and
- The uncertainty (+/-) associated with the methodology used to estimate the energy savings.

QUALIFIED INDIVIDUAL All audits must be prepared by an energy engineer or by a team with an energy engineer. An energy engineer is defined as a professional holding:

- A Certified Energy Manager (CEM);
- A Certified Energy Auditor accreditation (CEA);
- A Professional Engineer (PE) with demonstrated relevant energy experience; or

- A contractor with relevant demonstrated experience as determined by Program Administrator.

AUDIT ELIGIBILITY

Audits may be obtained through the Energy Trust or an independent entity. Energy Trust may cover all or a portion of the audit cost if it is conducted under an Energy Trust program. If an audit is conducted outside of an Energy Trust program, the Property Owner is responsible for the cost of the audit which may be incorporated into the CPACE Financing and reimbursed at closing. Audits conducted outside of an Energy Trust program must meet ASHRAE energy audit criteria. Audits previously conducted for the building may be eligible at the Program Administrator’s discretion. Factors such as scope and age of the audit and whether existing conditions have changed since the audit was completed will be considered.

AUDIT PROCESS

The level of energy audit will depend upon several factors, including but not limited to: the number and complexity of the Energy Improvements, size (cost) of the project, property type, and the Property Owner’s desired level of certainty about energy savings. It will generally consist of:

- An on-site survey of the building to assess a building’s energy cost and potential Energy Improvements (single or multiple);
- A utility bill analysis to assess its efficiency; and
- A report summarizing a building’s energy use, recommended eligible Energy Improvements, projected energy savings, and payback period.

The on-site survey may target a specific building component that is intended to be replaced, upgraded or added, or could include checking all major energy-using systems. If the latter, a more rigorous technical analysis study is warranted.

COST ESTIMATES

Cost estimates in the energy audit are estimates only. Prior to closing of the CPACE Financing, cost estimates must be updated with final costs based upon the construction/installation contracts executed between Property Owner and Enrolled Contractor.

Although not required, the Property Owners may want to solicit multiple bids in order to ensure a competitive price for the purchase and installation of the Energy Improvements. The Program Administrator will review final contract amounts to determine that the final scope of work is compliant with the requirements of ORS 223.680 and this guide.

ENERGY IMPROVEMENT

Property Owner will enter into an agreement with an Enrolled

INSTALLATION

Contractor to perform the installation of the Energy Improvements. Program Administrator or Capital Provider may conduct a site visit(s) during and at the completion of the project to monitor and verify installation.

RENEWABLE ENERGY FEASIBILITY ANALYSIS REQUIREMENTS

PROPERTYFIT requires a renewable energy feasibility analysis that assesses the energy cost savings over the project's useful life. Studies will differ in content based upon the type of renewable energy project, but at a minimum must:

- Be prepared by an appropriately licensed individual with the necessary credentials to perform the study;
- Describe the proposed renewable energy system;
- Identify and evaluate suitability of the building/site for the proposed improvement (including determining the structural integrity of the buildings to support a rooftop solar PV installation if roof-mounted solar is part of the planned Energy Improvements);
- Collect historical data on the building's electrical and fuel use and cost;
- Assess the improvements' expected performance, energy production and requirements to maintain optimized operation (including estimated maintenance costs);
- Compare improvements' expected performance (electricity and/or heat production) against total energy consumption of the building;
- Estimate the effective useful life (EUL) of each Energy Improvement; and
- Estimate total cost to acquire and install the each Energy Improvement.

ENERGY USE BASELINE

The ASTM Building Energy Performance Assessment (BEPA) protocol established a standardized methodology for baseline building energy use data collection, compilation and analysis. The methodology is intended to fill data collection and analysis gaps in the ASHRAE energy audit guidelines and establish a sound, representative building energy use baseline. The ASTM BEPA methodology standardizes a number of major variables associated with data collection and analysis. This overarching methodology dictates the data and history that should be collected at each site. Preferably, baseline period over which the building's energy consumption data is collected should be three years, or back to the last major renovation if completed in less than three years, **with a minimum of one year of data collection.**

For buildings where it is impossible or prohibitively difficult to obtain the required historical energy consumption data, the following methodologies may be used to establish baseline building energy use. A building energy use simulation model can be used to project energy use after the Energy Improvements are complete and compare it to a modeled baseline which may be determined using equipment as specified in the building energy code, or a modeled baseline determined based upon existing equipment (that may no longer be operating.) Ultimately, the Program Administrator has responsibility and sole discretion to approve the appropriate energy use baseline for a particular project.

ENERGY USE BASELINE TABLE

| BUILDING DESCRIPTION | | | | | |
|-----------------------------------|--|---|---|---|---|
| <i>BUILDING TYPE</i> | Existing | Existing | Existing | Existing | New |
| <i>EQUIPMENT/ SYSTEMS</i> | Existing | Existing | Existing | New | New |
| <i>PROPOSED USE</i> | No change | No change | New | New | New |
| <i>OCCUPANCY</i> | Fully Occupied | Partially Occupied or Vacant | Vacant | Vacant | Vacant |
| BASELINE REQUIREMENT | | | | | |
| <i>ENERGY USE DATA</i> | Existing utility data | Supplement existing utility data with energy use simulation model to achieve full occupancy estimates | Energy use simulation model based upon full occupancy under new use | Energy use simulation model based upon full occupancy under new use | Energy use simulation model based upon full occupancy under new use |
| <i>ENERGY MODELING BASED UPON</i> | Existing equipment, regardless of estimated remaining life | Existing equipment, regardless of estimated remaining life | Existing equipment, regardless of estimated remaining life | Current code | Current code |

NEW CONSTRUCTION/MAJOR RENOVATION STILL BEING REFINED

New construction and major renovation and repositioning of a property present unique opportunities and challenges for the PROPERTYFIT program. The CPACE financing structure can unlock capital to enable a Property Owner to achieve higher building performance – improvements that are often “value engineered” out of a project – and, it may also replace all or a portion of high cost mezzanine financing. The challenge is isolating the cost of Energy Improvements independent of the larger project. To take advantage of the opportunities and address the challenges, PROPERTYFIT has established the

following unique requirements for new construction and major renovation projects. All program requirements outlined elsewhere in this Program Guide apply unless specifically modified below:

| NEW CONSTRUCTION/MAJOR RENOVATION SAVINGS REQUIREMENTS AND CPACE FINANCING CAPS | | | |
|--|---------------------------------|-------------------------------|--|
| <i>TYPE OF PROJECT</i> | <i>ENERGY IMPROVEMENT SCOPE</i> | <i>SAVINGS ABOVE BASELINE</i> | <i>CSPACE FINANCING CAP (AS A % OF TOTAL CONSTRUCTION COSTS)</i> |
| <i>TIER I</i> | Core and Shell | 15% | 15% |
| | Core, Shell and Tis | 20% | |
| <i>TIER II</i> | Core and Shell | 40% | 25% |
| | Core, Shell and Tis | 50% | |

| | |
|--|--|
| DEFINITION OF NEW CONSTRUCTION/REPOSITIONING | The construction of an entirely new structure(s) or the significant extension to or complete repositioning of an existing structure(s). |
| APPRAISAL REQUIREMENTS | Copy of the primary construction lender’s appraisal detailing the “as is”, “as completed” and “as stabilized valued. |
| NEW CONSTRUCTION BASELINE | The 2014 Oregon Energy Efficiency Specialty Code. |
| ADDITIONAL AUDIT REQUIREMENTS | A report using ASHRAE Appendix G methodology showing that the building plans achieve the required savings above baseline. |
| DEFINITION OF TOTAL CONSTRUCTION COSTS | All direct and indirect costs of materials, labor and soft costs related to design, evaluation, installation and construction of the new structure. This includes energy audit costs, architecture and engineering fees, surveys’, contractor general conditions, financing, legal and other fees. |
| EXCLUDED COSTS | <ul style="list-style-type: none"> ▪ Land costs and off-site improvements ▪ Environmental remediation ▪ Equipment not permanently install on the property ▪ Developer fees |

REVIEW OF THE ENERGY AUDIT/FEASIBILITY STUDY

The complete energy audit or feasibility study is submitted to the Program Administrator, or its representative, to validate that the scope of work meets the required technical standards, the Energy Improvements meet PROPERTYFIT eligibility requirements, the recommended Energy Improvements are technically and financially feasible, and all stakeholder underwriting data needs are satisfied. The

Program Administrator will also evaluate the project's key financial metrics (ROI, IRR, NPV, SIR, cash flow and payback period) based on the anticipated term of the CPACE Financing.