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City of Ann Arbor

Prepared by  clean energy coalition

# Report on Proposed PACE Program<sup>1</sup>

<sup>1</sup> As Required by Public Act 270 of 2010 (Property Assessed Clean Energy)

saving energy. block by block.

September 12, 2011

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## Cross Reference Table

### Report Elements Required by Statute and Location in Report

<b>Public Act 270 MI PACE Requirement</b>	<b>Contained in Section</b>	<b>Page Number</b>
Sec. 9(1)(a) Form of contract between local unit of government and record owner governing the terms and conditions of financing and assessment	Appendix K	110
Sec. 9(1)(b) Identification of official to enter into a program contract on behalf of the local unit of government	Appendix C Section: Application & Special Assessment Process, Step 5	36 22
Sec.9(1)(c) Maximum aggregate annual dollar amount for all financing to be provided by the local unit of government under the program	Section: Financing	25
Sec.9(1)(d) Application process and eligibility requirements for financing energy projects under the program	Appendices E & J Sections: Eligible Property Owners & Eligible Properties, Eligible Projects, Application & Special Assessment Process	40 & 83 15 16 18
Sec. 9(1)(e) Method for determining interest rates on assessment installments, repayment periods, and the maximum amount of an assessment	Sections: Assessment Payments, Application & Special Assessment Process-Step 9, Financing	16 23 26
Sec. 9(1)(f) Explanation of how assessments will be made and collected consistent with section 13(2)	Section: Assessment Payments	16
Sec. 9(1)(g) Plan for raising capital to finance improvements under the program. The plan may include any of the following: (i) Sale of bonds or notes, subject to the revised municipal finance act, 2001 PA 34, MCL 131.2101 to 141.2821 (ii) Amounts to be advanced by the local unit of government through funds available to it	Section: Financing	25

<p>(iii) from any other source Owner-arranged financing from a commercial lender. Under owner-arranged financing, the local unit of government may impose an assessment pursuant to section 11 and forward payments to the commercial lender or the record owner may pay the commercial lender directly.</p>		
<p>Sec. 9(1)(h) Information regarding all of the following, to the extent known, or procedures to determine the following in the future:</p> <p>(i) Any reserve fund or funds to be used as security for bonds or notes described in subdivision(g)</p> <p>(ii) Any application, administration, or other program fees to be charged to record owners participating in the program that will be used to finance costs incurred by the local unit of government as a result of the program</p>	<p>Section: Financing</p> <p>Section: Program Fees, Appendix J – Application Package</p>	<p>25</p> <p>18, 83</p>
<p>Sec. 9(1)(i) Requirement that the term of an assessment not exceed the useful life of the energy project paid for by the assessment</p>	<p>Sections: Assessment Payments, Financing and Appendix J-Application Package</p>	<p>16 25, 83</p>
<p>Sec. 9(1)(j) Requirement for an appropriate ratio of the amount of the assessment to the assessed value of the property</p>	<p>Section: Application &amp; Special Assessment Process-Step 3, Appendix J – Application Package</p>	<p>21 83</p>
<p>Sec. 9(1)(k) Requirement that the record owner of property subject to a mortgage obtain written consent from the mortgage holder before participating in the program</p>	<p>Section: Application Review, Appendix J – Application Package</p>	<p>19 83</p>
<p>Sec. 9(1)(l) Provisions for marketing and participant education</p>	<p>Section: Marketing and Participant Education</p>	<p>24</p>
<p>Sec. 9(1)(m) Provisions for adequate debt service reserve fund</p>	<p>Section: Financing</p>	<p>25</p>

Sec. 9(1)(n) Quality Assurance and antifraud measures	Section: Quality Assurance and Antifraud Measures	24
<p>Sec. 9(1)(o) Requirement that a baseline energy audit be conducted before an energy project is undertaken, to establish future energy savings.</p> <p>After the energy project is completed the local unit of government shall obtain verification that the renewable energy system or energy efficiency improvement was properly installed and is operating as intended</p>	<p>Section: Application &amp; Special Assessment Process-Step 1, Appendix I – Audit Requirements</p> <p>Section: Application &amp; Special Assessment Process-Steps 7 and 10, Verification</p>	<p>18 58</p> <p>22, 23 23</p>
<p>Sec. 9(1)(p) For an energy project financed with more than \$250,000 in assessments, both of the following:</p> <p>(i) Requirement for ongoing measurements that establish savings realized by the record owner from the energy project</p> <p>(ii) Requirement that, in the contract for installation of the energy project, the contractor guarantee to the record owner that the energy project will achieve a savings-to-investment ratio greater than 1 and agree to pay the record owner, on an annual basis, any shortfall in savings below this level.</p>	<p>Sections: Application &amp; Special Assessment Process-Steps 1 and 3, Appendix J-Application Process</p>	<p>19,21 83</p>



## Executive Summary

This report fully describes the City of Ann Arbor's Property Assessed Clean Energy program as required by Public Act 270 of 2010, the enabling legislation. This document is comprised of 4 sections:

1. Cross Reference Table - Allows the user to lookup where in the Report a particular requirement from Public Act 270 of 2010 is covered
2. Chapter 1 - Provides background information, a description of how PACE works and a summary of the Act
3. Chapter 2 - Contains detailed information on how the program will be operated and funded
4. Appendices - Provides additional information and instructions addressing specific requirements

### *Why Pace?*

PACE financing has several benefits to the property owners over traditional loan products offered by financial institutions. Limitations of these traditional financing programs include short repayment periods, high or variable interest rates, stringent credit requirements that do not account for savings from improved energy efficiency, lack of equity and limited availability. PACE special assessments offer low fixed rates, eligibility determined by property value and longer repayment terms at a fixed interest rate.

### *Eligible Properties*

The property eligibility requirements are as follows:

- Property meets the definition of commercial or industrial property
- Property is developed and within the City of Ann Arbor ultimate jurisdictional boundaries
- Property title is vested in the applicant(s) without federal or state income tax liens, judgment liens or similar involuntary liens on the property
- Property owner is current on property taxes
- Property owner is current on mortgages
- Property owner is not in bankruptcy and the property is not an asset in a bankruptcy proceeding
- Improvements should not exceed 20 percent of the State Equalized Value before energy improvements
- Lien to value of property cannot exceed 99% of 2 times the State Equalized Value

### *Eligible Projects*

Energy Projects that may be eligible for PACE assessments include:

- Project cost range of \$10,000 - \$350,000
- Energy analysis
- Insulation, weather sealing
- Efficient lighting and lighting controls
- Heating, venting, and air conditioning (HVAC)
- High-efficiency shower/faucet upgrades
- Energy Star appliances
- Replacement of doors and windows

- Solar electricity/photovoltaic – systems or unit on existing rooftops and parking shade structures; or a 60 kW system or smaller unit installed on the ground within the boundaries of an existing facility
- Wind turbine – 20kW or smaller
- Solar thermal (passive)
- Solar thermal hot water
- Ground source heat pump 5.5 ton or smaller, horizontal/vertical, ground, closed loop system
- Combined heat and power system – boilers sized appropriately for the buildings in which they are located
- Biomass Thermal – 3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated

### ***Application Process***

The application process consists of five basic steps: pre-application, application, review, installation and tracking. Pre-application and application are discussed in detail in Appendix J: Application Package. Pre-application is designed to assist the property owner in determining whether or not the property is a good candidate for a PACE assessment and the likely size of the energy project, the mortgage holder is also contacted during this step consulted. The remaining steps are explained in Chapter 2, section titled, “Application and Special Assessment Process.”

Please note that the Ann Arbor PACE program **requires a comprehensive energy analysis (EA) to be performed prior to application submittal**, unless:

- 1) The Program Administrator determines the property is eligible for a limited energy analysis (EA) during the pre-application step.
- 2) An energy analysis meeting one of the following standards has been performed on the property:
  1. *EA performed under Ann Arbor’s Downtown Development Authority’s energy efficiency program*
  2. *EA conducted using AHSRAE Level II or III protocols that is less than 3 years old*

### ***Disbursements***

Potential applicants should note that due to rigorous accountability standards applied to public institutions, a disbursement of funds will only occur after completion of the energy project.

### ***Special Assessment Liens***

The lien placed upon the improved property runs with the property and has the same priority and status as other property tax and assessment liens. The lien will be removed when the special assessment, including interest and annual administration fees, is paid in full.

### ***Measurement and Verification***

Property owners will be required to submit historical electrical and natural gas usage for the pre-application step. After completion of the energy project, monthly energy use data will need to be submitted semi-annually. Continued data collection will enable the calculation of the benefits of the Ann Arbor PACE Program. Additionally, to provide ongoing verification of the maintenance of the improvements, property owners will be required to submit an annual certification.

## Chapter I: Background

### Purpose

The purpose of this report is to fully describe the City of Ann Arbor's proposed Property Assessed Clean Energy (PACE) program for commercial and industrial properties as required by Public Act 270 of 2010, The Property Assessed Clean Energy Act. A copy of Public Act 270 can be found in Appendix A.

### Background

Our lives run on energy, the majority of which is fossil fuel based, including coal for electricity, gasoline for cars, diesel for heavy trucks, and natural gas to heat buildings. Reducing our dependence on fossil fuels through conservation, energy efficiency, and increased use of renewable energy sources has numerous benefits, such as:

- Reduced operating costs
- Increased self-sufficiency from greater local energy generation;
- Keeping more money in the local economy;
- Reducing local air pollution;
- Reducing greenhouse gases that cause global warming.

There is much that to be done to move us toward a safe, sustainable energy system and it is important for cities to take on their share of this work. Ann Arbor's PACE program is a small but crucial piece that helps to reduce the cost of energy improvements by providing secure, low-interest financing. This PACE program is one element of an overall program that helps residents, businesses and government operations reduce their energy use.

### Ann Arbor's Energy Challenge and Climate Action Planning

The City of Ann Arbor has a long history of advocating for energy conservation, energy efficiency and renewable energy systems. In 1981, Mayor Louis Belcher created the Mayor's Energy Advisory Board, which became the Energy Commission in 1985 and was charged to:

- Oversee energy-related City policies and advise City Council;
- Report on recommendations to improve municipal and community energy efficiency;
- Prepare, adopt, amend and transmit to City Council plans identifying municipal and community-based energy efficiency and production projects;
- Research, formulate, and oversee community education program; and
- Identify and make recommendations regarding energy project financing options.

In a speech to City Council on September 19, 2005, Mayor Hieftje issued a Green Energy Challenge, calling on the Energy Commission to investigate how Ann Arbor might use 20 percent green energy by 2010 for municipal operations and by 2015 for the whole community.

In 2011, the Energy Commission recommended revising the Energy Challenge goals and established the formation of a Climate Action Planning Task Force which will establish goals for greater reductions over time. The current goals, set by City Council in April 2011, Resolution R-11-142, are:

- Reduce City-wide greenhouse gases emissions 8% from 2000 levels by 2015
- Increase City-wide renewable energy use to 5% by 2015

The proposed Ann Arbor PACE Program supports the City's goals by providing information to commercial and industrial entities on the complete suite of current tax credits, utility energy efficiency and renewable incentives, financing resources and access to financing through Ann Arbor's PACE program. This information is currently online and available at [www.a2energy.org](http://www.a2energy.org).

## What is PACE?

### Special Assessments

A special assessment is a charge that a government unit can levy against real estate parcels to pay for the installation of projects that serve a public purpose. This charge is levied in a specific geographic area known as a Special Assessment District (S.A.D.). A special assessment may only be levied against parcels of real estate which have been identified as having received a direct and unique "benefit" from the project.

Special assessments have a long history of use. Nationwide, assessments can be traced back to a 1691 levy for street and drain construction in New York City. The first special district was established by Benjamin Franklin on December 7, 1736, when he created the Union Fire Company of Philadelphia, a volunteer fire department. Residents in a designated neighborhood paid a fee to receive fire protection services. Any resident not paying the fee had no fire protection services. As one can imagine, using special assessments to secure fire fighting services became very popular among citizens of the day.

### PACE Assessments

Public Act 270 of 2010, the Property Assessed Clean Energy Act, provides authority allowing local governments to establish energy financing districts and raise money through a variety of mechanisms, including the issuance of bonds. The Act also establishes that bonds or notes issued under the Act further essential public purposes, including, but not limited to reduced energy costs, reduced green house gas emissions, economic stimulation and development, improved property valuation, and increased employment. Property owners who choose to participate agree to an assessment on their property and repayment using the special assessment process in exchange for the funds to install energy efficient technology and/or renewable energy sources on their property. That financing is repaid over a set number of years. The financing is secured with a lien on the property that has the same priority and status as other property tax and assessment liens in the case of foreclosure. Most of the up-front costs are allowed to be included in the special assessment, and if the property is sold before the end of the repayment period, the new owner may be able to assume the obligation for the financed improvements and will continue to benefit from the property improvements.

## Why PACE?

PACE financing has several benefits to the property owners over traditional loan products offered by financial institutions. Limitations of these financing programs include short repayment periods, high or variable interest rates, stringent credit requirements that do not account for savings from improved energy efficiency, lack of equity and limited availability. PACE offers advantages over other finance options, such as:

- A longer repayment period allows more comprehensive work to be done

- Repayment may transfer with ownership removing the reluctance to invest in a property that businesses may need to leave in a few years
- Information from a trusted source
- Low interest rates are available due to lower interest rates on municipal bonds and other sources of financing available to local governments
- The interest portion of the repayments is tax deductible
- Reduced transaction costs
- The economic activity stimulates the local economy and creates new jobs as the energy sectors grow
- Loan secured by assessment/property tax lien

Further, the City of Ann Arbor believes the availability of this financing option combined with other City programs will support the attractiveness of Ann Arbor as a place to engage in business.

PACE is attractive to both lenders and mortgage holders because:

- Lower operating costs contribute to a healthier bottom line
- It is a means to secure energy improvement financing on a real property
- The energy retrofit would create value well in excess of the amount of the lien
- The created lien is de minimus to the overall value of the property
- Building improvements are typically an investment in local contractors and suppliers
- Energy savings are dollars that stay in the local community

## Michigan's Property Assessed Clean Energy Act<sup>1</sup>

Public Act 270 of 2010 (the "Act") authorizes local units of government to adopt Property Assessed Clean Energy (PACE) Programs to promote energy efficiency and use of renewable energy by owners of Commercial or Industrial properties within a district designated by the local government. The bill authorizes local government to issue bonds, notes and other indebtedness and to assess properties for the cost of energy efficiency improvements and renewable energy systems. The Act provides for repayment to local governments through a voluntary property assessment. The property assessment may remain with the property and has the same priority as other property tax and assessment liens in the event of foreclosure.

### Steps to establishment

The Act is specific as to the steps a local government must follow in order to establish a PACE Program. The first step is the passage of a Resolution of Intent, which includes:

- A statement that financing of energy projects is a valid public purpose
- A statement of intent to provide funds for energy projects which may be repaid by assessments on the property benefited with agreement of record owners
- A description of proposed arrangements for financing the program
- A list of the types of energy projects that may be financed
- A reference to a report on the proposed program and availability of the report (this document)

<sup>1</sup> <http://www.legislature.mi.gov/documents/2009-2010/publicact/pdf/2010-PA-0270.pdf>, effective 12/14/2010, also found in Appendix A of this Report

- Time and place for public hearing

Next a public hearing, which allows comment on the proposed program, contained in this report “Report on Proposed Property Assessed Clean Energy Program,” must be held. The last step is a resolution establishing the PACE program which sets all the terms and conditions of the PACE program.

### Energy Efficiency Improvement

The Act defines “energy efficiency improvement” to mean equipment, devices, or materials intended to decrease energy consumption, including, but not limited to, all of the following:

- i. Insulation in walls, roofs, floors, foundations, or heating and cooling distribution systems
- ii. Storm windows and doors; multi-glazed windows and doors; heat-absorbing or heat-reflective glazed and coated window and door systems; and additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption
- iii. Automated energy control systems
- iv. Heating, ventilating, or air-conditioning and distribution system modifications or replacements
- v. Caulking, weather-stripping, and air sealing
- vi. Replacement or modification of lighting fixtures to reduce the energy use of the lighting system
- vii. Energy recovery systems
- viii. Day lighting systems
- ix. Installation or upgrade of electrical wiring or outlets to charge a motor vehicle that is fully or partially powered by electricity
- x. Measures to reduce the usage of water or increases the efficiency of water usage
- xi. Any other installation or modification of equipment, devices, or materials approved as a utility cost-savings measure by the governing body

### Renewable Energy System

Renewable Energy System means a fixture, product, device, or interacting group of fixtures, products, or devices on the customer’s side of the meter that use 1 or more renewable energy resources<sup>2</sup> to generate electricity. Renewable energy system includes a biomass stove<sup>3</sup> but does not include an incinerator or digester.

### Required Report

The required report, this document, contains all of the information required by Section 9(1) of the Act. The cross reference table lists these requirements and contains the specific locations within this document that they are addressed.

### Allowable Financing Methods

The Act enables local governments that establish a PACE program to raise capital by one or more of the following means:

- Local unit of government may issue bonds or notes to finance energy projects

<sup>2</sup> Renewable energy resource means a resource that naturally replenishes over a human, not geological, timeframe that is derived from solar power, water power or wind power. Renewable energy source does NOT include petroleum, nuclear, natural gas, or coal. Renewable energy source includes but is not limited to: biomass, solar energy, wind energy, geothermal energy and methane gas captured from a landfill.

<sup>3</sup> Biomass stove must comply with state and local air pollution requirements and not create public nuisances

- Notes or bonds shall not be general obligations of the local unit but shall be secured by 1 or more of following:
  - Payments of assessments on benefited property within the specified district
  - Reserves established by local unit from grants, bond or note proceeds, or other lawfully available funds
  - Municipal bond insurance, lines or letters of credit, public or private guaranties, standby bond purchase agreements, collateral assignments, mortgages, and any other available means of providing credit support or liquidity, including but limited to section 315 of the revised [Municipal Finance Act, 2001 PA 34, MCL 141.2315](#)
  - Tax increment revenues that may be lawfully available
  - Any other amounts lawfully available

### Additional Financing Clarifications

The Act further clarifies that:

- A pledge of assessments, funds or contractual rights made by governing body in connection with this act constitutes a statutory lien on the assessments, funds, or contractual rights so pledged in favor of the person or persons to whom pledge is given without further action by the governing body
- Bonds or notes of one (1) series issued under this act may be secured on a parity with bonds or notes of another series issued by local unit pursuant to terms of a master indenture or master resolution
- Bond or notes issued under this act are subject to the revised [Municipal Finance Act, 2001 PA 34, MCL 141.2101 to 141.2821](#)
- Bonds or notes issued under this Act, and interest payable on such bonds and notes, are exempt from all taxation by MI and its political subdivisions
- Bonds or notes issued under this Act further essential public and governmental purposes, including, but not limited to, reduced energy costs, reduced greenhouse gas emissions, economic stimulation and development, improved property valuation and increased employment

## Chapter II: Ann Arbor PACE Program

The following sections and appendices describe the Ann Arbor PACE Program in detail. Ann Arbor is introducing this program in phases. Each phase will have different funding sources and allowable projects. This report focuses mainly on the first phase (Phase I), which will be funded by bonds or notes issued by the City, using a loan loss reserve to enhance credit. The source of the loan loss reserve fund<sup>4</sup> is federal American Recovery and Reinvestment Act (ARRA) grant dollars. The second and subsequent phases will be funded by other means allowable under the Act and may have slight differences in the allowable energy projects and maximum length of assessment. These subsequent phases will only be implemented if sufficient demand from commercial property owners exists after all Phase I funds are obligated.

This chapter contains information on property eligibility, assessment payments, eligible projects, program fees, the application process, participant education and financing.

### Phase I Financing

#### *Conditions of financing*

The U.S. Department of Energy (DOE) allows Energy Efficiency and Conservation Block Grant (EECBG) funds under ARRA to be used for a loan loss reserve to support loans made with private and public funds, and to support a sale of loans made by a grantee or third party lenders into a secondary market, subject to the following conditions. The DOE allows use of EECBG funds to leverage additional public and private sector funds because such use furthers the stated purposes of the EECBG Program. The activities supported by the leveraged funds are limited to those activities specifically listed as eligible activities in the EECBG statute, which are listed in the section titled, "Eligible Projects." Additionally, the City of Ann Arbor must ensure that the following conditions are met:<sup>5</sup>

- a) A grantee shall have the right to review and monitor loans provided by third party lenders to ensure that loans are being made to support eligible activities listed in 42 USC 17154(3)-(13);<sup>6</sup>
- b) A grantee establishing a loan loss reserve has no legal or financial obligation beyond the funds committed to the reserve and is not subject to further recourse in the event losses exceed the amount of the reserve;
- c) Any EECBG funds used to establish a loan loss reserve not used in connection with loan losses paid to third party lenders or secondary market investors must be used by or at the direction of the grantee and for an eligible use under the EECBG Program; and
- d) Under no circumstances shall EECBG funds be released to a third party lender or secondary market investor for any purpose not pertaining to loan losses.

Grantees are not required by DOE to replenish or replace any amounts which are lost to loan default. Grantees should utilize prudent lending practices to minimize the risk of defaults.

<sup>4</sup> A loan loss reserve fund acts as a buffer to continue payments to a private lender in the event an assessment is paid late or in default.

<sup>5</sup> [EECBG Program Notice 09-002C, effective March 14, 2011](#)

<sup>6</sup> [42 USC 17154\(3\)-\(13\)](#)



Grantees may end or reduce funding for a loan loss reserve program at any time as long as any remaining funds are used by the grantee for any EECBG eligible purpose after submitting and finalizing an amendment through DOE project officer.

All program income (including earned interest) is subject to the terms and conditions of the original grant.

For Phase I projects, neither Davis Bacon requirements, nor the buy American provisions of ARRA apply. However, the NEPA (National Environmental Protection Act) does apply. To facilitate ease of project implementation, this PACE Program Phase I limits allowable projects (Appendix E) to those that will fall under the NEPA categorical exclusion (Appendix F) submitted for this program. Historic preservation falls under the State Historic Preservation Office programmatic agreement with DOE and the City's local historic district requirements. For a copy of the programmatic agreement see Appendix G. For designated historic properties pursuing Phase I financing, the only project type requiring a mandatory SHPO review will be closed loops for ground source heat pumps and the City will submit the request for such a project. Other projects may, but are unlikely to, require SHPO review. Properties located within a Michigan local historic district may also require approval of the Ann Arbor Historic District Commission; see Appendix G for more details.

## Eligible Property Owners and Eligible Properties

Public Act 270 of 2010 stipulates (sec. 3 (g)) that commercial or industrial property may participate in PACE financing to improve the energy efficiency of or add renewable energy to the property. Property is defined by the Act as privately owned commercial or industrial real property located within the local unit of government.

Under Michigan Building Codes, the term residential covers detached one- and two-family dwellings and townhouses not more than three stories above grade in height with a separate means of egress and their accessory structures. Therefore, any residential (one and two-family dwellings and townhouses) property is not eligible for a PACE assessment. Under Michigan Building Code, all other buildings or structures or any appurtenances connected or attached to such buildings or structures are covered under the general building code and all buildings covered under that code are defined as commercial under the Ann Arbor PACE program.

Under this PACE program, owners, individuals, business entities, or any non-governmental owner that owns a commercial property located within the designated Energy Financing District is eligible for, but not necessarily entitled to, financing. The extent of the Energy Financing District has the same boundaries as the City of Ann Arbor's ultimate city boundary. Any commercial properties that are located within the City boundaries but remain under township jurisdiction (township islands) are not eligible for this PACE program. (See Appendix D)

Properties must meet the following eligibility criteria for an assessment to be approved:

- Property title is vested in the applicant(s) and is not subject to federal or state income tax liens, judgment liens or similar involuntary liens on the property;
- Property owner is current on property taxes;
- Property owner is current on mortgages;

- Property owner is current on utilities;
- Property owner is current on other special assessments, if any;
- Property owner is not in bankruptcy, has not commenced bankruptcy filing, and the property is not an asset in a bankruptcy proceeding;
- Energy improvements shall not exceed 20% percent of the State Equalized Value, in the year prior to completion of the application and;
- Liens to value of property cannot exceed 99% of two times the State Equalized Value, in the year prior to completion of the application (does not include energy assessment amount)

## Assessment Payments

The assessment payment will follow Chapter 13 of the Ann Arbor City Code. The installment collection process is as follows:

1. Due Dates
  - a. The due date of the first and subsequent installments.
    - i. All installments will be billed on June 1<sup>st</sup> annually.
    - ii. Interest on first installment will be prorated from the month of the disbursement. Interest will be calculated on entire assessment in the case that a partial disbursement takes place.
    - iii. Interest on second and subsequent installments will be for the 12-month period of June 1<sup>st</sup> of the previous year thru May 31<sup>st</sup> of the current year.
  - b. Unpaid installments as of August 1<sup>st</sup> shall incur a 1% penalty on the unpaid installment principal and interest.
  - c. Unpaid installments as of September 1<sup>st</sup> shall incur a 5% penalty on the unpaid installment principal and interest.
  - d. Unpaid installments as of November 15<sup>th</sup> will be transferred to the winter tax roll for collection.
2. Interest Rate
  - a. The rate of interest to be charged on installment is not to exceed 1% per annum above the true interest cost of the debt issued to fund the energy project.
3. Number of installments
  - a. Installments are calculated and billed annually
  - b. The maximum allowable term of the assessment is 10 years or the useful life<sup>7</sup> of the installed equipment, whichever is less.
  - c. The principal due each year is calculated by dividing disbursement amount by the number of payments.
4. Partial Payments of Installments
  - a. Partial payments of installments are allowed. However, partial payments are applied to the installment interest owed first until the installment interest is paid in full.
5. Overpayments, Additional Payments and Payoffs
  - a. Overpayments/Additional Payments
    - i. Each installment year begins June 1<sup>st</sup>. Any payments made prior to June 1<sup>st</sup> will be considered an overpayment on the previous installment year.
  - b. Overpayments/Additional Payments will be applied completely to principal.

<sup>7</sup> Useful life is defined as the number of years, as set by the IRS, that depreciable business equipment or property is expected to be in use.

- c. Payoff calculations include the principal left to pay plus the monthly interest accrued since the last installment billing.
  - d. There are no prepayment or overpayment penalties.
6. Billing of installments
    - a. Bills will be postmarked by no later than June 1<sup>st</sup> annually.
    - b. Customers have until August 1<sup>st</sup>, as prescribed above, to pay without penalty.

## Eligible Projects

Under Phase I funding for this program, the following energy efficiency and renewable energy projects may be allowed; for further detail please see Appendix E:

- Energy analysis
- Insulation
- Weather sealing
- Efficient lighting and lighting controls
- Heating, venting, and air conditioning (HVAC)
- High-efficiency shower/faucet upgrades
- Energy Star appliances
- Replacement of doors and windows
- Solar electricity/photovoltaic – systems or unit on existing rooftops and parking shade structures; or a 60 kW system or smaller unit installed on the ground within the boundaries of an existing facility
- Wind turbine – 20kW or smaller
- Solar thermal –20 kW or smaller
- Solar thermal hot water
- Ground source heat pump 5.5 ton or smaller, horizontal/vertical, ground, closed loop system
- Combined heat and power system – boilers sized appropriately for the buildings in which they are located
- Biomass thermal – 3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated

## Eligible Project Costs

Costs eligible to be included in the special assessment include the cost of equipment and installation. Installation costs may include, but are not limited to, energy analyses, consulting, attorney fees, labor, design, drafting, engineering, project management, permit fees,<sup>8</sup> and inspection charges. For Phase I funding only, eligible costs do not include labor costs when the owner or the commercial/industrial property's employees perform the labor. (For example, if a staff electrician installs efficient high bay lighting, the lighting fixtures are an eligible cost while the labor is not.)

Property owners who elect to engage in broader projects, such as a business remodeling, may receive financing for that portion of the project cost that is due to retrofitting existing structures with energy

<sup>8</sup> All energy improvements, including those normally exempt from permit requirements, will require a permit from the City of Ann Arbor's Construction Services Unit.

improvements at the time of the broader remodeling. Repairs or new construction do not qualify for financing except to the extent that the construction is required for the specific energy improvement being made.

Neither the value of expected rebates<sup>9</sup> nor the value of expected tax deductions or tax credits<sup>10</sup> will be deducted from the assessment amount. The assessed amount will be the full amount of the project as submitted in the application, *unless* the applicant has been notified that a rebate will be received, in writing. It is recommended that applicants seek tax advice from a tax professional regarding the monetization of tax credits. Information on rebates and tax credits available can be found at [www.a2energy.org](http://www.a2energy.org). Applicants are encouraged to maximize the use of rebates, tax deductions and tax credits.

The Ann Arbor Energy Office Director shall be the sole determinate of whether the estimated equipment and installation costs are reasonable<sup>11</sup>. The amount available for financing will be limited to an amount determined reasonable by the Energy Office Director.

### Project Cost Range

The minimum size of an energy efficiency project during Phase 1 is \$10,000. The maximum size of an assessment is \$350,000. For those property owners seeking financing less than \$10,000 please visit [www.a2energy.org](http://www.a2energy.org) for a list of other financing options for commercial properties.

#### ***Important Note: For energy projects likely to be \$250,000 or larger in size***

If the building you are considering for an energy project is likely to result in an energy project greater than \$250,000 you must contract with an Energy Services Company (ESCO) to perform the audit and subsequently, enter into a performance contract, as required by P.A. 270 of 2010. If your prescreening indicates the energy project is likely greater than \$250,000, the Program Administrator will provide you with information on guaranteed energy savings contracts. Information about ESCOs and performance contracting can be found at [www.a2energy.org](http://www.a2energy.org). The Ann Arbor PACE program may fund projects up to \$350,000. The table below illustrates project costs versus energy assessment and funding types.

Project Cost	Type of Energy Assessment	PACE Eligible
< \$10,000	Not specified	No
\$10,000 - \$250,000	Energy Analysis Guidelines, Appendix I	Yes
\$250,000 - \$350,000	ESCO Guaranteed Performance Contract	Yes

<sup>9</sup> Expected rebates are those from equipment manufacturers or utility operated energy efficiency programs. Expected rebates do not include rebates that are contingent on performance or that are not available to the property owner at, or shortly after, completion of the project so as to be available for use to pay for project.

<sup>10</sup> Owners should speak with a qualified tax accountant regarding tax credit issues, such as monetizing.

<sup>11</sup> Reasonable - Governed by or being in accordance with reason or sound thinking, being within the bounds of common sense, not excessive or extreme, fair, generally accepted

## Program Fees

The program fees are designed to cover the technical review and administration costs of the program. These fees are an application fee and annual administration fee.

### Application fee<sup>12</sup>

The application fee covers three distinct program costs and is to be remitted with the energy assessment project application.

1. *Review Fee*

The fee covers technical review, information, approval and project tracking. For Phase I the amount will be \$300.00. (Assumptions @ \$50 per hour; 1 hour to review energy analysis, 1 hour for scoping meeting, 2 hours for application check-in review and tracking, and 2 hours for technical application review.)

2. *Title Search Fee*

This fee covers the cost of a title search to verify ownership of property and determine the presence of existing liens on the property. For Phase I, the title fee will be approximately \$230 dollars.

3. *Recording fee*

This fee covers the cost of recording the assessment at the County Clerk's office. This fee is set by the State Legislature and is currently \$14.00 for the first page and \$3.00 for each page thereafter; the city is currently estimating the recorded document to be 4 pages in length for a recording fee of \$24.00. The City reserves the right to collect the full recording fee.

### Annual administration fee

This fee covers the City's cost of annual billing and payment receipt. (Assumptions; paper \$0.10, envelope \$0.25, postage \$0.42, assessment set up \$11.72, payment receipting \$0.96) For Phase I, the annual administration fee, which will be added to the payment notice each year, will be \$15.00.

### Building Permits and Inspection Fees

There are fees for the required building permits and inspections but these will be paid directly to Ann Arbor's Construction Services Unit at the time of permit request.

## Application and Special Assessment Process

### Step 1: Energy Analysis and Project Scoping

A baseline energy analysis must be conducted before submitting an application. This will assist in identification of cost effective energy conservation measures and estimations of future energy savings.

The standard for the baseline energy analysis is found in Appendix I. Due to the importance of the energy analysis, Phase I applicants will need to use one of the four pre-qualified auditors. Contact the PACE Program Administrator by e-mail – [Pace@a2gov.org](mailto:Pace@a2gov.org) or via telephone at 734-794-6430 x43714. At this point the Program Administrator:

1. Will record your inquiry by completing a pre-application form
2. Will request energy use data and building information to conduct an energy pre-screening

<sup>12</sup> Application fees are effective for FY2011-2012. Fees may be adjusted by Resolution of City Council.

3. Based on the pre-screening, the Program Administrator will do one of the following:
  - a. Provide a list of pre-screened auditors
  - b. Provide a list of pre-screened auditors and a statement allowing use of the limited energy analysis
  - c. Provide information on performance contracting, if project > \$250,000
  - d. If property is not qualified, provide information on other avenues for energy efficiency funding
4. The PACE Program Administrator will send you information on how to contact your mortgage lender for a preliminary acceptance or denial of participation in the PACE Program.

After the property owner has requested and received an energy analysis, an initial scoping meeting will be held with the auditor, property owner and the Ann Arbor PACE Program Administrator to review the assessment results and tentatively scope the project. At this point, the energy project will be placed into the City's record management system.

The property owner will then obtain written quotes for the desired energy project. The auditor may be retained to assist with the specifications or the property owner may use staff, a contractor, or engineering firm of their choice.

Detailed sub-steps for step 1 are contained in the application package, Appendix J.

### Step 2: Program Application

Download an application package from the Ann Arbor energy website, [www.a2energy.org](http://www.a2energy.org) or upon request an application package can be mailed, e-mailed or faxed.

Prepare and submit application with required attachments. See application documentation, Appendix J, for complete instructions and forms.

Please note that Sec. 9(1)(k) of Act 270 requires the record owner of the property subject to a mortgage to obtain written consent from the mortgage holder before participating in the program. Application must include the completed form, *Lender Consent and Acknowledgement of Owner Participation in City of Ann Arbor Michigan's Energy Challenge Program*, found in the application packet, Appendix J.

### Step 3: Application Review

The Ann Arbor Program Administrator will perform a completeness review (see below) as the first step of the application review process.

#### Completeness Review

- The application is complete and accurate.
- Copy of the energy analysis report is included
- Project details with cost estimates are provided
- All required declarations are executed
- Lender consent is included
- Payment for fees is included

If the application is complete, a title search will be conducted to ensure property is eligible for an Energy Assessment Agreement.

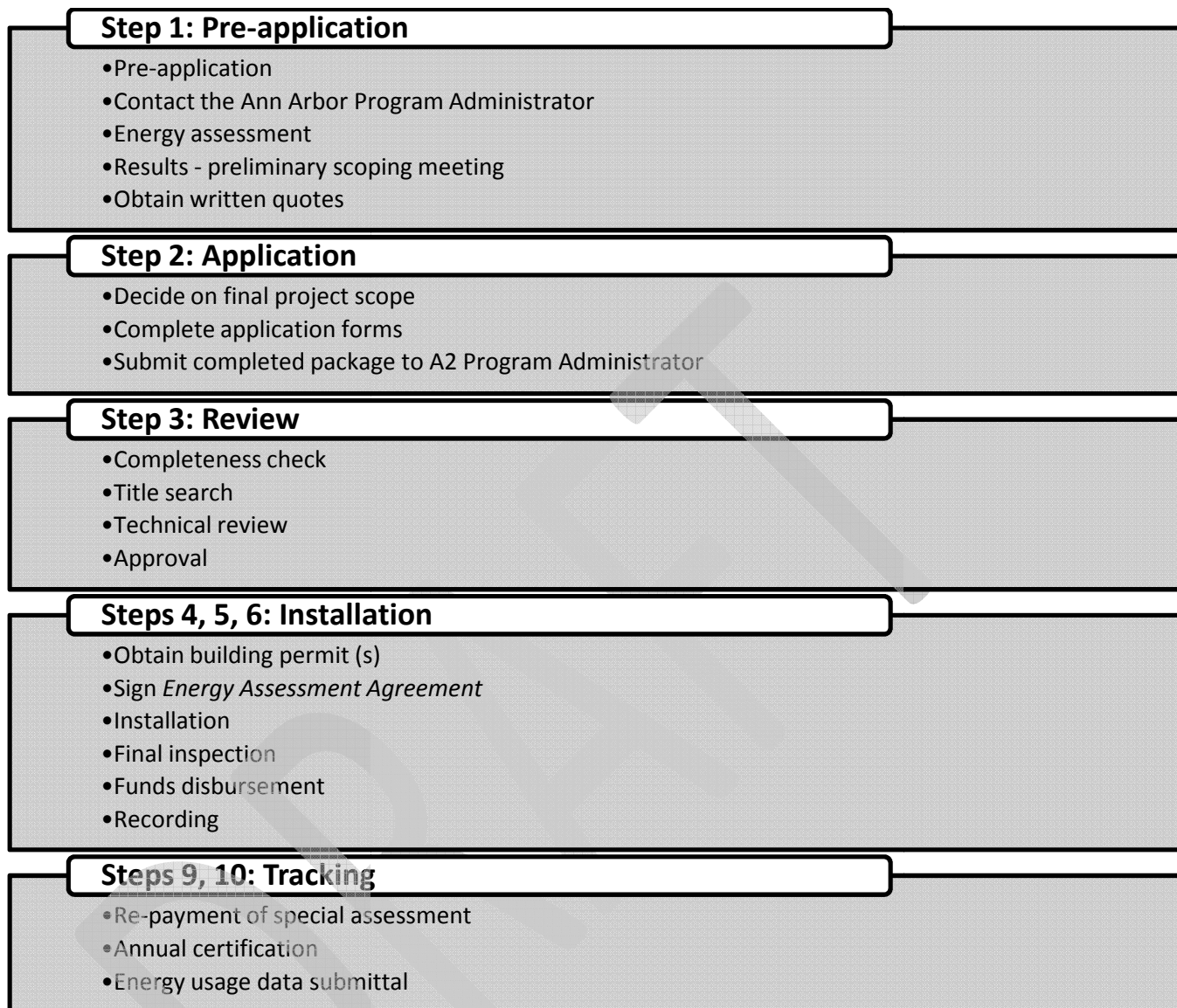
If the application is incomplete, the property owner will be notified within 5 business day of application receipt. The application may be completed and resubmitted. Resubmitted applications are processed upon the resubmitted date.

### ***Title Search***

The title search will verify that the property meets the following eligibility criteria:

- The property owner(s) own the property with no federal or state income tax liens, judgment liens or similar involuntary liens on the property
- The property is within the City's jurisdictional boundaries
- Property owner is current on property taxes
- Property owner is current on mortgage
- Property owner is current on water and sewage utilities
- Property owner is not in bankruptcy and the property is not an asset in a bankruptcy proceeding
- Improvements should not exceed 20 percent of the State Equalized Value before energy improvements.
- Liens to value of property ratio cannot exceed 99% of two times the State Equalized Value

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*Figure 1: PACE Application and Approval Process*

### **Technical Review**

The Program Administrator then performs the Technical Review. The following elements are verified:

- Projects requested are eligible for Phase I funds
- Expected Savings to Investment Ratio is equal to or greater than one over the life of assessment
- The length of the assessment period does not exceed the useful life of the equipment or 10 years whichever is less



- The energy efficiency of the building is improved (or has been improved<sup>13</sup>) before implementing renewable energy systems
- Proposed improvements and costs are eligible to be financed under the program and are within the range of \$10,000 - \$350,000
- Savings are realistic
- Amount of financing is equal to, or less than, project costs and that project costs included are eligible
- Funding is available
- Fees remitted are correct

If the application is denied, a written denial notice will be sent. The application may be denied if the Program Administrator cannot verify any of the items. Property owners are free to submit a new application, which will be processed based upon the new receipt date.

If approved, the applicant will be notified in writing.

#### Step 4: Permitting

After receiving notice of application approval, the property owner/contractor must obtain a permit from the City of Ann Arbor's Construction Services Unit. Information on how to obtain a permit is available at:

<http://www.a2gov.org/government/communityservices/planninganddevelopment/building/Pages/Home.aspx>

Appropriate permits are required before an Energy Assessment Contract can be executed. Execution of the Energy Assessment Contract is required to **reserve** financing for the project. Projects normally exempted from permits are required to get permits from Ann Arbor's Construction Services.

#### Step 5: Energy Assessment Agreement and Funds Reservation

All property owners of record must sign the Energy Assessment Agreement. The Agreement signatures are required to be notarized. The City Administrator or their designee will sign the Energy Assessment Agreement on the behalf of the City. This document contains contractual conditions and verifies that the funds are reserved for the property owner's energy project. Work must begin within 30 days. The property owner and Program Administrator may mutually agree in writing to an alternate start date for good cause. Good cause will be determined by the Energy Office Director.

#### Step 6: Installation of Energy Project

Property owner will enter into contractual agreement(s) with a **qualified**<sup>14</sup> contractor(s). All work is subject to Ann Arbor's permitting and inspections and other applicable federal, state and local laws and regulations. Work must be completed within 90 days of execution of the Energy Assessment Agreement. The property owner and Program Administrator may mutually agree in writing to an alternate completion date or an extension of this completion date for good cause. Good cause will be determined by the Energy Office Director.

<sup>13</sup> The building will be determine to be energy efficient if the BTU used/sq ft. are equal to or better than the value needed to be labeled an Energy Star building for a building type.

<sup>14</sup> Complete description of *qualified* can be found in Application Packet, Appendix J, pages 13-16.

### Step 7: Final Inspection & Disbursement of Assessment

After the installation is complete, the owner will close out the project with the City's Construction Services, by having a final inspection to ensure that the installation was completed according to the approved plan. The property owner will notify the Ann Arbor Program Administrator that the work is complete and submit the final documentation: certificate of completion/occupancy, completed waste management plan, and invoices showing all project costs to be included in the disbursement.

***No funds will be disbursed without a satisfactory final inspection by the Ann Arbor Planning and Development Unit.***

Once all final documentation is submitted, the Program Administer will review the documentation and start the internal approval process. Checks are issued every Thursday for all requests that have been received by the Financial Group the previous Friday. The amount disbursed will be the lesser of 1) the maximum assessment provided in the Assessment Contract or 2) the actual costs. Interest accrues from the date of disbursement.

### Step 8: Recording

Upon disbursement of funds, the obligation will be recorded with the County Clerk.

### Step 9: Assessment Re- Payment

The detailed assessment payment process is found under "Assessment Payments" (page 16). There is no penalty for annual overpayments or early repayment. Assessments will be billed on June 1<sup>st</sup> annually and are due without interest or penalty by July 31<sup>st</sup>. Unpaid installments as of November 15<sup>th</sup> will be transferred to the winter tax roll.

Any assessments shall be a lien on the property improved pursuant to the Energy Assessment Agreement. The owner understands and agrees the City may take whatever action is permitted to collect on said lien including any accrued interest and penalties.

### Step 10: Annual Certification and Reporting

Annually, until the assessment is satisfied, the property owner will submit an annual certification, found in Appendix L. The certification is seeking information on the current status of the property, equipment and insurance.

Additionally, the property owner or their designee, will submit to the PACE Program Administer twice per year (2 x) monthly utility bills. This will assist in measurements and determining the effectiveness of the PACE program.

## Verification and Measurement

### Measurement

Measurement will begin with the required energy analysis which requires energy use data (natural gas, fuel oil, propane, electricity, etc) to be provided to the auditor by the property owner for a period of 24 months prior to the assessment. The analysis standard is found in Appendix I. The property owner will submit copies of monthly energy use bills semi-annually for the building after the completion of the energy project for the length of the special assessment period. The PACE Program Administrator will

enter the data into a spreadsheet or other database and calculate the reductions in energy use over time, normalizing the data for weather conditions, as needed. Energy use reductions in units consistent with energy form will be calculated, along with energy cost savings and greenhouse gas reductions. Results of the installed PACE energy projects will be posted on [www.a2energy.org](http://www.a2energy.org) and included in the measurements to be gathered as part of Ann Arbor's Climate Action Plan implementation.

### **Verification**

Verification that the project was installed and is operating as intended will be recorded in Ann Arbor's records management system. Verification will consist of two parts, the first is a satisfactory final inspection of the construction/insulation by Ann Arbor's Construction Services and the second is semi-annual submittal of monthly energy bills.

Verification that the equipment is operating as intended for projects over \$250,000 will be a component of the performance contract. For these projects, commissioning and annual data tracking should be included as standard in a performance contract. Projects over \$250,000 are still required to submit their monthly utility use data semi-annually to the PACE Program Administrator.

## **Marketing and Participant Education**

### **Marketing**

The marketing for the Ann Arbor PACE Program will consist of three primary legs. There is a website, [www.a2energy.org](http://www.a2energy.org), which contains this Report, the application package, information on Guaranteed Energy Savings Contracts and energy efficiency with links to supplemental sites for incentives, rebates and tax credits. The second leg will be press releases, news articles and presentations to business associations such as, the Chamber of Commerce, Downtown Development Authority, Ann Arbor Area Association of Builders & Renovators, Washtenaw Area of Apartment Association, University of Michigan Board of Housing, ASHRAE Chapter, USGBC chapter and other points of contact with the commercial property audience as they become identified. The third leg will be an engaging marketing campaign that is designed to drive the citizens of Ann Arbor to the web site, [www.a2energy.org](http://www.a2energy.org), where information for commercial properties and residential properties will be posted.

Additionally, training for City employees in the planning and building services departments will be held to educate them about the availability of PACE to commercial property owners (and MI Saves to residential property owners). This knowledge will provide another avenue to direct citizens to information and assistance on improving the energy performance of their properties.

### **Education**

Education seminars will be available to interested parties, such as commercial contractors, engineering firms, property owners, property managers and others, to provide information on PACE energy assessments; other methods of financing that may be available with comparison to PACE; incentives, rebates, tax credits and deductions; the energy analysis standard; program fees; and the PACE application and review process. The PACE Program Administrator should be contacted for presentations to trade organizations or other groups. One-on-one education and assistance will be available for one year from the date of implementation of the Ann Arbor PACE Program.

## Quality Assurance and Antifraud Measures

The City of Ann Arbor's PACE program includes the following quality assurance and antifraud measures:

Measure	Effect
PACE Program Administrator pre-screens applicants for project size eligibility and lien to mortgage value.	Early involvement will prevent miss-steps and save time for all the parties involved
Application Completeness Review	Stops incomplete or inappropriate applications from proceeding before the title search and any detailed technical review is conducted
Planned Education seminars	Provides information to all interested and participating parties.
Pre-screened auditors	Provides comfort to building owners with the energy analysis process. Saves administration time by reducing the number of contacts to deal with.
Contractors must have licenses and certifications – a certification of contractor qualifications is to be provided with application package	Provides assurance that contractors hired by a property owner meet minimum qualification standards.
All projects will be inspected by the City of Ann Arbor's building inspectors	City building inspectors are trained and will not approve a project if it is not installed in accordance with code.
A records management system will be used to track issuance of building permits, inspections and completion.	PACE Administrator and citizens will be able to view the progress of any project through the on line portal. Increases transparency of the PACE Program.
No funds will be released until the project has been completed and has had a final inspection.	Ensures the projects are properly completed in a code compliant and timely manner.
Checks issued to property owners with certification of payment to contractor(s)	Ensures that contractor(s) and other trades get paid in a timely manner.

Annual Certifications by property owner

Assists in tracking continued operation of the installed equipment.

Submittal of energy use data

Provides program effectiveness measurement and ensures equipment is providing a savings.

## Financing

The form of the Energy Assessment Agreement is located in Appendix K of this document.

As contained in the Resolution to Establish (Appendix C), the Ann Arbor official authorized to enter into an Energy Assessment Agreement is the City Administrator or their duly authorized designee. Signatures will follow the City process with the City Attorney approving as to form and the Service Area Administrator approving as to substance.

The maximum aggregate annual dollar amount for all financing to be provided by the City of Ann Arbor shall be Ten Million dollars (\$10,000,000.00). Ann Arbor intends to initially fund the Ann Arbor PACE Program with up to \$4.2 million in bond proceeds. This \$4.2 million will be the maximum annual dollar amount of funding to be provided under this program for the first year. Based upon demand from the commercial and industrial sector, the City will explore other financing options allowable under the Act with a goal of satisfying all approvable requests received, but no more than \$10 million will be raised in any given fiscal year. Outside of this funding, the City may consider accommodating owner-arranged financing from a commercial lender as allowed under Public Act 270 of P.A. 2010, section 9(1)(g)(iii) in the second phase of this program.

The interest rate for PACE assessments will be determined by the City Treasurer. The maximum rate shall be no greater than the true interest cost of the debt issue used to fund the project (or similar debt issue) plus 1.0%. The maximum length of time allowable for repayment of an energy assessment is 10 years. The term of an assessment may not exceed the useful life of the energy project paid for by the assessment.

Authority to levy PACE assessments will be granted in advance by City Council. The City Administrator or their designee will authorize assessments. The City Attorney will approve as to form and the Service Area Administrator will approve as to substance. Upon authorization, PACE assessments shall be levied by the City Treasurer and collected in the same manner as special assessments, as provided for in Act 270 of 2010 and Chapter 13 of the City of Ann Arbor Code.

The City may sell bonds or notes through either a competitive or negotiated sale, or make advances from funds that may lawfully do so, in an amount necessary to fund anticipated projects. The City will establish a loan loss reserve of \$393,962 from the City's allocated Energy Efficiency and Conservation

Block Grant funded by the 2009 American Recovery and Reinvestment Act. The reserve will be used as security for any bonds or notes issued to fund PACE assessment projects.

### Phase II Funding

In the event that demand exists for PACE special assessments after Phase I funds have been exhausted, the City may secure more financing using other methods allowable under Act 270 of 2010. Phase II funding may fund any project allowable under Act 270 of 2010, including projects that are *not allowable under Phase I* funding such as:

- Renewable projects that are larger than NEPA categorical exclusion size if they are on the customer's side of the meter;
- Measures to conserve water or increases the efficiency of water usage without apparent energy efficiency or energy conservation measures;
- Any other installation or modification of equipment, devices, or materials approved as a utility cost-savings measure by the governing body; and
- Installation or upgrades of electrical wiring or outlets to charge a motor vehicle that is fully or partially powered by electricity.

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## Appendices

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## Appendix A: Public Act 270 of 2010

### PROPERTY ASSESSED CLEAN ENERGY ACT Act 270 of 2010

AN ACT to authorize local units of government to adopt property assessed clean energy programs and to create districts to promote the use of renewable energy systems and energy efficiency improvements by owners of certain real property; to provide for the financing of such programs through voluntary property assessments, commercial lending, and other means; to authorize a local unit of government to issue bonds, notes, and other evidences of indebtedness and to pay the cost of renewable energy systems and energy efficiency improvements from the proceeds thereof; to provide for the repayment of bonds, notes, and other evidences of indebtedness; to authorize certain fees; to prescribe the powers and duties of certain governmental officers and entities; and to provide for remedies.

*The People of the State of Michigan enact:*

#### **460.931 Short title.**

Sec. 1. This act shall be known and may be cited as the "property assessed clean energy act".

#### **460.933 Definitions.**

Sec. 3. As used in this act:

- (a) "District" means a district created under a property assessed clean energy program by a local unit of government that lies within the local unit of government's jurisdictional boundaries. A local unit of government may create more than 1 district under the program, and districts may be separate, overlapping, or coterminous.
- (b) "Energy efficiency improvement" means equipment, devices, or materials intended to decrease energy consumption, including, but not limited to, all of the following:
  - (i) Insulation in walls, roofs, floors, foundations, or heating and cooling distribution systems.
  - (ii) Storm windows and doors; multi-glazed windows and doors; heat-absorbing or heat-reflective glazed and coated window and door systems; and additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption.
  - (iii) Automated energy control systems.
  - (iv) Heating, ventilating, or air-conditioning and distribution system modifications or replacements.
  - (v) Caulking, weather-stripping, and air sealing.
  - (vi) Replacement or modification of lighting fixtures to reduce the energy use of the lighting system.
  - (vii) Energy recovery systems.
  - (viii) Day lighting systems.
  - (ix) Installation or upgrade of electrical wiring or outlets to charge a motor vehicle that is fully or partially powered by electricity.
  - (x) Measures to reduce the usage of water or increases the efficiency of water usage.
  - (xi) Any other installation or modification of equipment, devices, or materials approved as a utility cost-savings measure by the governing body.
- (c) "Energy project" means the installation or modification of an energy efficiency improvement or the acquisition, installation, or improvement of a renewable energy system.
- (d) "Governing body" means the county board of commissioners of a county, the township board of a township, or the council or other similar elected legislative body of a city or village.
- (e) "Local unit of government" means a county, township, city, or village.
- (f) "Person" means an individual, firm, partnership, association, corporation, unincorporated joint venture, or trust, organized, permitted, or existing under the laws of this state or any other state, including a federal corporation, or a combination thereof. However, person does not include a local unit of government.
- (g) "Property" means privately owned commercial or industrial real property located within the local unit



of government.

(h) "Property assessed clean energy program" or "program" means a program as described in section 5(2).

(i) "Record owner" means the person or persons possessed of the most recent fee title or land contract vendee's interest in property as shown by the records of the county register of deeds.

(j) "Renewable energy resource" means a resource that naturally replenishes over a human, not a geological, time frame and that is ultimately derived from solar power, water power, or wind power.

Renewable energy resource does not include petroleum, nuclear, natural gas, or coal. A renewable energy resource comes from the sun or from thermal inertia of the earth and minimizes the output of toxic material in the conversion of the energy and includes, but is not limited to, all of the following:

(i) Biomass.

(ii) Solar and solar thermal energy.

(iii) Wind energy.

(iv) Geothermal energy.

(v) Methane gas captured from a landfill.

(k) "Renewable energy system" means a fixture, product, device, or interacting group of fixtures, products, or devices on the customer's side of the meter that use 1 or more renewable energy resources to generate electricity. Renewable energy system includes a biomass stove but does not include an incinerator or digester.

#### **460.935 Property assessed clean energy program; establishment by local unit of government; contract with record owner of property; financing.**

Sec. 5. (1) Pursuant to the procedures provided in section 7, a local unit of government may establish a property assessed clean energy program and may, from time to time, create a district or districts under the program.

(2) Under a program, the local unit of government may enter into a contract with the record owner of property within a district to finance or refinance 1 or more energy projects on the property. The contract may provide for the repayment of the cost of an energy project through assessments upon the property benefited. The financing or refinancing may include the cost of materials and labor necessary for installation, permit fees, inspection fees, application and administrative fees, bank fees, and all other fees that may be incurred by the record owner pursuant to the installation on a specific or pro rata basis, as determined by the local unit of government.

#### **460.937 Establishment; actions to be taken by local unit of government; adoption or amendment of resolution.**

Sec. 7. (1) To establish a property assessed clean energy program, the governing body of a local unit of government shall take the following actions in the following order:

(a) Adopt a resolution of intent that includes all of the following:

(i) A finding that the financing of energy projects is a valid public purpose.

(ii) A statement of intent to provide funds for energy projects, which may be repaid by assessments on the property benefited, with the agreement of the record owners.

(iii) A description of the proposed arrangements for financing the program.

(iv) The types of energy projects that may be financed.

(v) Reference to a report on the proposed program as described in section 9(1) and a location where the report is available pursuant to section 9(2).

(vi) The time and place for a public hearing on the proposed program.

(b) Hold a public hearing at which the public may comment on the proposed program, including the report required by section 9.

(c) Adopt a resolution establishing the program and setting forth its terms and conditions, including all of the following:

(i) Matters required by section 9 to be included in the report. For this purpose, the resolution may incorporate the report or an amended version thereof by reference.

(ii) A description of which aspects of the program may be amended without a new public hearing and which aspects may be amended only after a new public hearing is held.

(2) A property assessed clean energy program may be amended by resolution of the governing body.

Adoption of the resolution shall be preceded by a public hearing if required pursuant to subsection (1)(c).

**460.939 Report; contents; availability.**

Sec. 9. (1) The report on the proposed program required under section 7 shall include all of the following:

- (a) A form of contract between the local unit of government and record owner governing the terms and conditions of financing and assessment under the program.
- (b) Identification of an official authorized to enter into a program contract on behalf of the local unit of government.
- (c) A maximum aggregate annual dollar amount for all financing to be provided by the local unit of government under the program.
- (d) An application process and eligibility requirements for financing energy projects under the program.
- (e) A method for determining interest rates on assessment installments, repayment periods, and the maximum amount of an assessment.
- (f) Explanation of how assessments will be made and collected consistent with section 13(2).
- (g) A plan for raising capital to finance improvements under the program. The plan may include any of the following:
  - (i) The sale of bonds or notes, subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.
  - (ii) Amounts to be advanced by the local unit of government through funds available to it from any other source.
  - (iii) Owner-arranged financing from a commercial lender. Under owner-arranged financing, the local unit of government may impose an assessment pursuant to section 11 and forward payments to the commercial lender or the record owner may pay the commercial lender directly.
- (h) Information regarding all of the following, to the extent known, or procedures to determine the following in the future:
  - (i) Any reserve fund or funds to be used as security for bonds or notes described in subdivision (g).
  - (ii) Any application, administration, or other program fees to be charged to record owners participating in the program that will be used to finance costs incurred by the local unit of government as a result of the program.
- (i) A requirement that the term of an assessment not exceed the useful life of the energy project paid for by the assessment.
- (j) A requirement for an appropriate ratio of the amount of the assessment to the assessed value of the property.
- (k) A requirement that the record owner of property subject to a mortgage obtain written consent from the mortgage holder before participating in the program.
- (l) Provisions for marketing and participant education.
- (m) Provisions for adequate debt service reserve fund.
- (n) Quality assurance and antifraud measures.
- (o) A requirement that a baseline energy audit be conducted before an energy project is undertaken, to establish future energy savings. After the energy project is completed, the local unit of government shall obtain verification that the renewable energy system or energy efficiency improvement was properly installed and is operating as intended.
- (p) For an energy project financed with more than \$250,000.00 in assessments, both of the following:
  - (i) A requirement for ongoing measurements that establish the savings realized by the record owner from the energy project.
  - (ii) A requirement that, in the contract for installation of the energy project, the contractor guarantee to the record owner that the energy project will achieve a savings-to-investment ratio greater than 1 and agree to pay the record owner, on an annual basis, any shortfall in savings below this level.
- (2) The local unit of government shall make the report available for review on the local unit of government's website or at the office of the clerk or the official authorized to enter contracts on behalf of the local unit of government under the property assessed clean energy program.

**460.941 Imposition of assessment; written contract; verification.**

Sec. 11. (1) A local unit of government may impose an assessment under a property assessed clean energy program only pursuant to a written contract with the record owner of the property to be assessed.

(2) Before entering into a contract with a record owner under a program, the local unit of government shall verify all of the following:

- (a) That there are no delinquent taxes, special assessments, or water or sewer charges on the property.
- (b) That there are no delinquent assessments on the property under a property assessed clean energy program.

#### **460.943 Assessment as lien against property; installments to be included in summer and winter tax bill.**

Sec. 13. (1) An assessment imposed under a property assessed clean energy program, including any interest on the assessment and any penalty, constitute a lien against the property on which the assessment is imposed until the assessment, including any interest or penalty, is paid in full. The lien runs with the property and has the same priority and status as other property tax and assessment liens. The local unit of government has all rights in the case of delinquency in the payment of an assessment as it does with respect to delinquent property taxes. When the assessment, including any interest and penalty, is paid, the lien shall be removed from the property.

(2) Installments of assessments due under a program shall be included in each summer and winter tax bill issued under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, and shall be collected at the same time and in the same manner as taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155. Alternatively, installments may be billed and collected as provided in a special assessment ordinance of general applicability adopted by the local unit of government pursuant to state law or local charter.

#### **460.945 Bonds or notes; issuance.**

Sec. 15. (1) A local unit of government may issue bonds or notes to finance energy projects under a property assessed clean energy program.

(2) Bonds or notes issued under subsection (1) shall not be general obligations of the local unit of government, but shall be secured by 1 or more of the following as provided by the governing body in the resolution or ordinance approving the bonds or notes:

- (a) Payments of assessments on benefited property within the district or districts specified.
- (b) Reserves established by the local unit of government from grants, bond or note proceeds, or other lawfully available funds.
- (c) Municipal bond insurance, lines or letters of credit, public or private guaranties, standby bond purchase agreements, collateral assignments, mortgages, and any other available means of providing credit support or liquidity, including, but not limited to, arrangements described in section 315 of the revised municipal finance act, 2001 PA 34, MCL 141.2315.
- (d) Tax increment revenues that may be lawfully available for such purposes.
- (e) Any other amounts lawfully available for such purposes.

(3) A pledge of assessments, funds, or contractual rights made by a governing body in connection with the issuance of bonds or notes by a local unit of government under this act constitutes a statutory lien on the assessments, funds, or contractual rights so pledged in favor of the person or persons to whom the pledge is given, without further action by the governing body. The statutory lien is valid and binding against all other persons, with or without notice.

(4) Bonds or notes of 1 series issued under this act may be secured on a parity with bonds or notes of another series issued by the local unit of government pursuant to the terms of a master indenture or master resolution entered into or adopted by the governing body of the local unit of government.

(5) Bonds or notes issued under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(6) Bonds or notes issued under this act, and interest payable on such bonds and notes, are exempt from all taxation by this state and its political subdivisions.

(7) Bonds or notes issued under this act further essential public and governmental purposes, including, but not limited to, reduced energy costs, reduced greenhouse gas emissions, economic stimulation and development, improved property valuation, and increased employment.

#### **460.947 Self-directed energy optimization plan.**

Sec. 17. A commercial or industrial electric customer that installs or modifies an electric energy efficiency improvement under a property assessed clean energy program is exempt from the energy optimization charges the customer would otherwise incur under section 89 or 91 of the clean, renewable, and efficient energy act, 2008 PA 295, MCL 460.1089 and 460.1091, if the customer conducts a self-directed energy optimization plan under and subject to the applicable requirements of section 93 of the clean, renewable, and efficient energy act, 2008 PA 295, MCL 460.1093. These requirements include, but are not limited to, the requirement that the plan provide for aggregate energy savings that each year meet or exceed the energy optimization standards based on the electricity purchases in the previous year for the site or sites covered by the self-directed plan.

**460.949 Property assessed clean energy program; joint implementation.**

Sec. 19. (1) A local unit of government may join with any other local unit of government, or with any person, or with any number or combination thereof, by contract or otherwise as may be permitted by law, for the implementation of a property assessed clean energy program, in whole or in part.  
 (2) If a property assessed clean energy program is implemented jointly by 2 or more local units of government pursuant to subsection (1), a single public hearing held jointly by the cooperating local units of government is sufficient to satisfy the requirements of section 7(1)(b).

**History:** 2010, Act 270, Imd. Eff. Dec. 14, 2010.

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## Appendix B: Draft Resolution of Intent

### ..Title

Resolution of Intent to Establish an Energy Financing District and a Property Assessed Clean Energy Program and Set a Public Hearing

### ..Memorandum

This resolution provides notice of the City's intent to establish a Property Assessed Clean Energy (PACE) program, including the setting of boundaries for the PACE financing district, and a date for a public hearing on the program guidelines. The City has consistently provided support for advancing the City's energy efficiency and use of renewable sources of energy in government operations, businesses and residences. This PACE program continues City support and encouragement for the community to become more energy efficient by offering special assessments on commercial and industrial properties for certain energy projects.

Previously, the City Council has acted to support state enabling PACE legislation (Resolution R-10-321), authorized grant funds to be used for program development (Resolution R-09-501), and established a loan loss reserve fund to leverage private funding for PACE projects at a lower interest rate (Resolution R-11-085). The projects may be financed over a longer term, up to 10 years, than typical bank financing.

The attached resolution finds that financing of energy projects is a valid public purpose because it furthers essential public and governmental purposes, including, but not limited to, reduced energy costs, reduced greenhouse gas emissions, economic stimulation and development, improved property valuation, and increased employment.

The PACE program report being noticed in this resolution covers all aspects of the program, as required by Public Act 270 of 2010. The elements of the program covered in the report include: details of financing mechanism; setting of interest rates; assessment process and billing; property and project eligibility; application process; underwriting criteria; and, measurement and verification. The City is seeking comments on all program elements to improve their understandability, ease of use and effectiveness.

Establishment of the PACE program and financing district is a foundational component in the creation of a strong community energy program to meet City Council's Energy Challenge goal of a 8% reduction of community-wide greenhouse gas emissions from 2000 levels by 2015.

### ..Staff

Prepared By: Andrew Brix, Energy Programs Manager  
Reviewed By: Sue F. McCormick, Public Services Administrator  
Approved By: Tom Crawford, Interim City Administrator

### **..Body**

Whereas, The City is committed to preserving and improving the City's natural and built environment, protecting the health of its residents and visitors, and fostering its economy;

Whereas, Energy efficiency, solar thermal, and photovoltaic technologies provide citizens with reliable and clean energy, and reduce greenhouse gas emissions and local reliance on imported and non-renewable energy;

Whereas, City Council originally set greenhouse gas emission goals in May 2006, and in Resolution R-11-142 on April 17, 2011 set a new goal of an 8% reduction from 2000 levels by 2015;

Whereas, Existing state and federal incentives for renewable energy and energy efficiency improvements to private property do not fully finance the cost of such improvements;

Whereas, The City of Ann Arbor was selected by the U.S. Department of Energy as a Solar America City committed to implementing solar energy throughout the community by 2015;

Whereas, The U.S. Department of Energy (DOE) awarded the City an Energy Efficiency Conservation Block Grant (EECBG) of \$1,243,400.00, from which funding for this project was appropriated in Resolution R-09-501 on December 21, 2009;

Whereas, The US Department of Energy's eligible measures for EECBG projects include establishing a Property Assessed Clean Energy (PACE) Financing District, a form of Sustainable Energy Financing;

Whereas, City Council approved the use of Energy Efficiency and Conservation Block Grant funds as a loan loss reserve fund in Resolution R-11-085 on March 7, 2011;

Whereas, City Council supported legislative measures which authorize municipalities to establish PACE financing districts in Resolution R-10-321 on September 7, 2010;

Whereas, City Council supported the efforts and activities of the City's Energy Office to

promote state enabling legislation and develop a PACE program for the City;

Whereas, The State of Michigan enacted the Property Assessed Clean Energy Act, Public Act 270 of 2010 on December 14, 2010;

Whereas, Financing of energy projects is a valid public purpose because it furthers essential public and governmental purposes, including, but not limited to, reduced energy costs, reduced greenhouse gas emissions, economic stimulation and development, improved property valuation, and increased employment;

Whereas, The City intends to raise funds in manners as allowed under Public Act 270 of 2010 that are not general obligations of the City of Ann Arbor and may be repaid by assessments on the property benefited, with the voluntary agreement of the record owners;

Whereas, The PACE program may have several phases depending upon the demand and the source and availability of funds, the financing for Phase I will be in the form of bonds which will have a loan loss reserve of \$432,800.00, the source of which is a portion of the City's Energy Efficiency and Conservation Block Grant;

Whereas, City Council intends to create an Energy Financing District having the same boundaries as the City's ultimate jurisdictional boundaries;

Whereas, City Council intends that eligible commercial and industrial properties located within the above stated boundaries may install certain Energy Efficiency Improvements and Renewable Energy Systems and repay the cost through a property assessment;

Whereas, City Council intends that projects that may be funded and installed include: Installation of insulation; Installation of efficient lighting; Heating, Venting, and Air Conditioning (HVAC); High-efficiency shower/faucet upgrades; Weather sealing, Purchase and installation of Energy Star appliances; Installation of solar powered appliances with improved efficiency; Replacement of doors and windows; Solar electricity/photovoltaic - systems or unit on existing rooftops and parking shade structures sized for the load of the particular building it is installed on, or a 60 KW system or smaller unit installed on the ground within the boundaries of an existing facility; Wind Turbine - 20KW or smaller; Solar Thermal - system 20 KW or smaller; Solar Thermal Hot Water; Ground source heat pump 5.5 ton or smaller, horizontal or vertical ground closed loop system; Combined Heat and Power System - boilers sized appropriately for the buildings in which they are located; Biomass Thermal - 3 MMBTUs

per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated; and

Whereas, A report, titled “Report on Proposed Property Assessed Clean Energy Program,” which meets the requirements of Public Act 270 of 2010, is available for public review at the City Clerk’s office, 301 E. Huron St., and on the web at [www.a2gov.org/energy](http://www.a2gov.org/energy) <<http://www.a2gov.org/energy>>;

RESOLVED, That City Council, being fully apprised on the proposed Property Assessed Clean Energy Program, finds that financing of energy projects is a valid public purpose which furthers essential public and governmental purposes, including, but not limited to, reduced energy costs, reduced greenhouse gas emissions, economic stimulation and development, improved property valuation, and increased employment;

RESOLVED, That City Council, by adoption of this Resolution, formally states its intention to establish an Energy Financing District and a Property Assessed Clean Energy Program as described in and for the reasons set forth in this Resolution;

RESOLVED, That the City Council hereby sets a public hearing for Monday, October 3, 2011 at 7:00 p.m. or as soon thereafter as it may convened in the City Council Chambers, 2<sup>nd</sup> Floor, Guy Larcom Municipal Building, 301 E. Huron St., Ann Arbor, to receive comment on the proposed Property Assessed Clean Energy Program, including the “Report on Proposed Property Assessed Clean Energy Program”; and

RESOLVED, That the City Clerk is directed to publish notice of the public hearing in a newspaper of general circulation in the City and maintain on file for public review a copy of the “Report on Proposed Property Assessed Clean Energy Program



## Appendix C: Draft Resolution of Establishment

### ..Title

Resolution to Establish an Energy Financing District and a Property Assessed Clean Energy Program

### ..Memorandum

This resolution establishes the City of Ann Arbor's Property Assessed Clean Energy (PACE) program, including the setting of boundaries for the PACE financing district, designation of the City Official, amendment procedures and incorporation of the "Report" for implementation procedures. The City has consistently provided support for advancing energy efficiency and use of renewable sources of energy in government operations, businesses and residential. This PACE program continues City support and encouragement to become more energy efficient by offering special assessments on commercial and industrial properties for certain energy projects.

Previously, the City has acted to support state enabling PACE legislation, authorized grant funds to be used for program development and established a loan loss reserve fund to leverage private funding for PACE projects at a lower interest rate. The projects may be financed over a longer term, up to 10 years, than typical bank financing.

The resolution of intent found that financing of energy projects is a valid public purpose because it furthers essential public and governmental purposes, including, but not limited to, reduced energy costs, reduced greenhouse gas emissions, economic stimulation and development, improved property valuation, and increased employment.

The PACE program report being adopted in this resolution covers all aspects of the program, as required by Public Act 270 of 2010.

This resolution also establishes amendment procedures. The PACE program requires that a new public hearing be conducted for substantive changes only.

This establishment of the PACE program and financing district is a foundational component in the creation of a strong community energy program to meet City Council's Energy Challenge goal of a 8% reduction of community-wide greenhouse gas emissions from 2000 levels by 2015.

### ..Staff

Prepared By: Andrew Brix, Energy Programs Manager  
 Reviewed By: Sue F. McCormick, Public Services Administrator  
 Approved By: Tom Crawford, Interim City Administrator

### ..Body

Whereas, The City is committed to preserving and improving the City's natural and built environment, protecting the health of its residents and visitors, and fostering its economy;

Whereas, City Council originally set greenhouse gas emission goals in May 2006, and in resolution R-11-142 on April 17, 2011 set a new goal of an 8% reduction from 2000 levels by 2015;

Whereas, Energy efficiency, solar thermal, and photovoltaic technologies provide citizens with reliable and clean energy, and reduce greenhouse gas emissions and local reliance on imported and non-renewable energy;

Whereas, Existing state and federal incentives for renewable energy and energy efficiency improvements to private property do not fully finance the cost of such improvements;

Whereas, The City of Ann Arbor was selected by the U.S. Department of Energy in 2007 as a Solar America City committed to implementing solar energy throughout the community;

Whereas, The U.S. Department of Energy (DOE) awarded the City an Energy Efficiency Conservation Block Grant (EECBG) of \$1,243,400.00, from which funding for this project was appropriated in resolution R-09-501 on December 21, 2009;

Whereas, The US Department of Energy's eligible measures for EECBG projects include establishing a Property Assessed Clean Energy (PACE) Financing District, a form of Sustainable Energy Financing;

Whereas, City Council approved the use of Energy Efficiency and Conservation Block Grant funds as a loan loss reserve fund in resolution R-11-085 on March 7, 2011;

Whereas, City Council supported legislative measures which authorize municipalities to establish PACE financing districts;

Whereas, City Council supported the efforts and activities of the City's Energy Office to promote state enabling legislation and develop a PACE program for the City; and

Whereas, The State of Michigan enacted the Property Assessed Clean Energy Act, Public Act 270 of 2010 on December 14, 2010;

Whereas, The City Council found in resolution R-11-XXX on September \_\_, 2011 that financing of energy projects is a valid public purpose because it furthers essential public and governmental purposes, including, but not limited to, reduced energy costs, reduced greenhouse gas emissions, economic stimulation and development, improved property valuation, and increased employment;

Whereas, The City intends to raise funds in manners as allowed under Public Act 270 of 2010 that are not general obligations of the City of Ann Arbor and may be repaid by

special assessments on the property benefited, with the voluntary agreement of the record owners; and

Whereas, The City has provided public notice and made the "Report" available to its citizens and has held a public hearing allowing comment on September \_\_, 2011.

RESOLVED, That the report, titled "Report on Proposed Property Assessed Clean Energy Program," which meets the requirements of Public Act 270 of 2010, is incorporated by reference to this action; and

RESOLVED, The City establishes an Energy Financing District as stated in the "Report;"

RESOLVED, The designated City Official for the PACE Program is the City Administrator or their duly authorized designee; and

RESOLVED, That the City Administrator is authorized and directed to execute the NEPA Categorical Exclusion on behalf of the City of Ann Arbor after approval as to form by the City Attorney;

RESOLVED, That the City Administrator is further authorized and directed to take any and all necessary actions to implement this Resolution, including the execution of any supplemental administrative forms required by the Department of Energy after approval as to form by the City Attorney;

RESOLVED, The City is granted the authority to levy PACE Assessments;

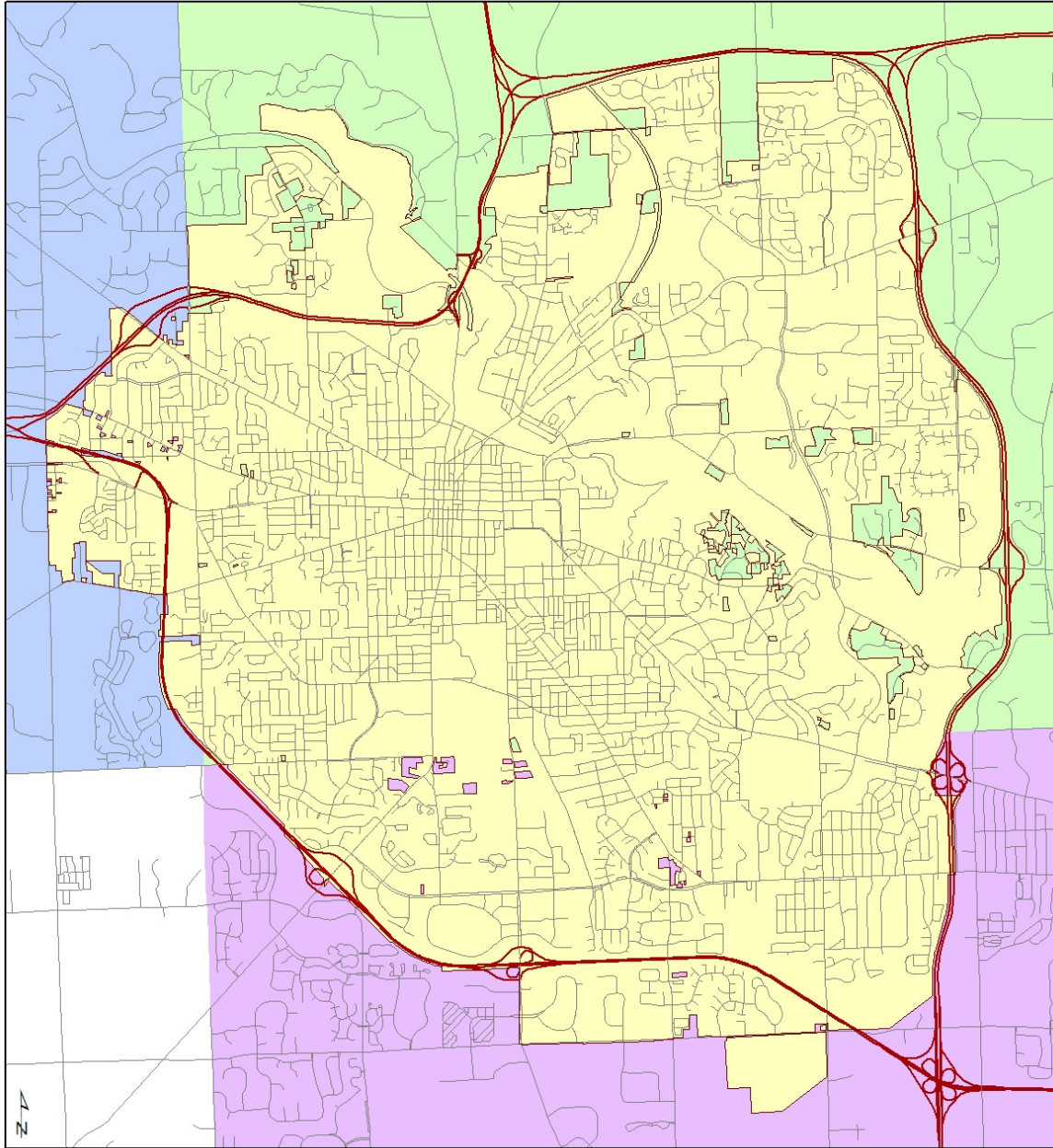
RESOLVED, That the City Administrator, or his/her designee, may, from time to time, during the pendency of the Program, make such administrative, technical or procedural modification to the Program and its procedures as are deemed necessary for continued effective and efficient operation of the Program consistent with the goals established by City Council; and

RESOLVED, The PACE Program begins implementation October x, 2011.

DRAFT

## Appendix D: Jurisdictional Boundaries

# City of Ann Arbor Boundary



Not to scale

### LEGEND

Jurisdiction

- |  |   |  |
|--|---|--|
|  City of Ann Arbor  |  Lodi Township       |  Scio Township |
|  Ann Arbor Township |  Pittsfield Township |  |

Note: Commercial Properties within Townships are not eligible for PACE Assessments.

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## Appendix E: List of Allowable Projects

### Phase I Funding: Bond Issuance using DOE EECBG funds as Loan Loss Reserve

#### Eligible Properties

The following table represents the properties eligible for a PACE assessment under Phase I Funding.

Property Type	Eligible	Not Eligible
Commercial office	X	
Multi unit family (3 or more)	X	
Retail	X	
Mixed use (combined retail, residential)	X	
Restaurant	X	
Grocery/convenience store	X	
Industrial	X	
Casino		X
Aquarium		X
Zoo		X
Golf course		X
Swimming pool		X

#### Eligible Projects

The following table represents typical energy efficiency and renewable energy projects that a property owner may undertake and whether allowed or not and other requirements associated with a project type under Phase I funding.

Project Type	Allowed	Not Allowed	Waste Management Plan	State Historic Preservation Consultation	Energy Efficiency Also
Energy Analysis	X				
Insulation	X		Maybe		
Air and Weather sealing	X		Maybe		
Lighting and Controls	X		X		
Replacement of doors and windows	X		X		
Reconditioning of existing windows	X		X		
Storm windows, if result in energy use reduction	X		X		

Cool roofs, if improve the energy efficiency of a building	X		X		
Heating, Ventilation and Air Conditioning (HVAC)	X		X		
Building Controls	X		X		
High-efficiency shower /faucet upgrades	X		X		
Purchase and installation of Energy Star appliances	X		X		
Solar Thermal /Solar water heating – system must be 20 KW or smaller	X		X		X
Solar electricity/photovoltaic - < 60 kw	X		X		X
Wind Turbine - <20KW	X		X		X
Ground source heat pump 5.5 ton or smaller and horizontal/vertical, ground, closed loop system <sup>15</sup>	X		X	X	
Combined Heat and Power System – boilers sized appropriately for the buildings in which they are located	X		X		
Biomass Thermal – 3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated	X		X		
New Construction (unless for the improvement, for example to house a biomass thermal unit)		X			
Conserve water without apparent energy efficiency or energy conservation measures;		X			
Renewable projects that are larger than NEPA CX size if they are on the customer’s side of the meter;		X			

<sup>15</sup> Geothermal systems will require a Washtenaw County well permit and must be compliant with Michigan requirements



Installation or upgrades of electrical wiring or outlets to charge a motor vehicle that is fully or partially powered by electricity.		X			
Any other installation approved as a utility cost-savings measure by the governing body		X			

### *Projects needing approval of the Ann Arbor Historic District Commission*

All applicants should read Appendix G in its entirety to ensure that your project falls within the Michigan SHPO Exemption Guide for Energy Efficiency and Conservation Block Grants. However, please note that work on **any building located within an Ann Arbor local historic district may require approval from the Ann Arbor Historic District Commission**. To determine if a property is within a Michigan local historic district in Ann Arbor, please consult the official local historic district maps and descriptions on file in the Ann Arbor City Clerk's Office. For convenience, applicants may view historic district information for their property on the City's eTRAKiT website; however the City does not guarantee the accuracy of the eTRAKiT database. Applicants are advised that performing unauthorized work on a property in a historic district may result in legal sanctions and that applicants are solely responsible for determining the official status of their property.

1. Click on this shortcut <http://etrakit.a2gov.org/etrakit2/> or go to the City homepage and click on eTRAKiT under "Working In".
2. Next, click the PARCELS box near the center of the page.
3. Enter all or part of the address in the search box, or change the search field to Parcel Number and enter the parcel number in the search box.
4. Double click on the correct address in the results box.
5. Click the RESTRICTION DETAILS tab for historic district or floodplain information.

For additional information on historic districts in the City of Ann Arbor, go to [www.a2gov.org/hdc](http://www.a2gov.org/hdc). For information on obtaining approval for your project, or other historic district questions, contact Jill Thacher, Historic Preservation Coordinator, at 734-794-6000 x42608 or [jthacher@a2gov.org](mailto:jthacher@a2gov.org).

### *Waste Management plan*

Projects that generate a waste stream will need to prepare a Waste Management Plan prior to any waste being generated. This Waste Management Plan must be kept on site during the project and a copy submitted to the Ann Arbor PACE Project Administrator with the application and with the close out documentation. Please see Appendix I for explanation of required content. A template is included in the Application Package, Appendix J, for use if desired.

## Appendix F: NEPA Categorical Exclusion

### ATTACHMENT C: NEPA STATEMENT OF WORK

#### Statement of Work FOR City of Ann Arbor, MI

The City of Ann Arbor will only fund projects that fall within the bounded categories in Part I below and, moreover, are consistent with the limitations prescribed therein. This SOW applies to Activity 4, Community Energy Efficiency Initiative, DE-SC0001935.

#### Part I – Bounded Categories

1. Conducting residential and commercial building energy audits, which include hiring technical consultants to conduct such audits.
2. Establishment of financial incentive programs for energy efficiency improvements, including establishing Revolving Loan Funds that are limited to the bounded categories within this Statement of Work.
3. Provision of grants to nonprofit organizations and governmental agencies for the purpose of performing energy efficiency retrofits, provided that:
  - Projects Are Limited To: installation of insulation; installation of efficient lighting; heating, venting, and air conditioning (HVAC) and high-efficiency shower/faucet upgrades; weather sealing; the purchase and installation of ENERGY STAR appliances; installation of solar powered appliances with improved efficiency; and replacement of windows and doors.
4. Development and implementation of energy efficiency and conservation programs for buildings and facilities within the jurisdiction of the entity, provided that:
  - Projects Are Limited To: design and operation of the programs; identifying the most effective methods for achieving the maximum participation and efficiency rates; public education, measurement and verification protocols; and identification of energy efficient technologies.
5. Development and implementation of programs to conserve energy used in transportation provided that:
  - Projects Are Limited To: use of flex time by employers; use of satellite work centers; development and promotion of zoning guidelines or requirements that promote energy efficient development; and synchronization of traffic signals.
6. Development and implementation of building codes and inspection services, and associated training and enforcement of such codes in order to support code compliance and promote building energy efficiency.

7. Projects to increase participation and efficiency rates for material conservation programs.
8. Replacement of traffic signals and street lighting with energy efficient technologies.
9. Development, implementation, and installation on or in any government building of onsite renewable energy technology, provided that:

- Projects Are Limited To:

- Solar Electricity/Photovoltaic – systems or unit on existing rooftops and parking shade structures must be sized for the load of the particular building it is installed on; or a 60 KW system or smaller unit installed on the ground within the boundaries of an existing facility.
- Wind Turbine - 20 KW or smaller.
- Solar Thermal - system must be 20 KW or smaller.
- Solar Thermal Hot Water - such as appropriately sized for small buildings.
- Ground Source Heat Pump - 5.5-ton capacity or smaller, horizontal/vertical, ground, closed-loop system.
- Combined Heat and Power System - boilers sized appropriately for the buildings in which they are located.
- Biomass Thermal - 3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated.

## **Part II - Integral Element Requirements and Other Conditions**

The City of Ann Arbor, MI will not fund Projects that would:

- (1) Threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health, including requirements of DOE and/or Executive Orders;
- (2) Require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities (including incinerators);
- (3) Disturb hazardous substances, pollutants, contaminants, or CERCLA-excluded petroleum and natural gas products that preexist in the environment such that there would be uncontrolled or unpermitted releases; or
- (4) Adversely affect environmentally sensitive resources. Environmentally sensitive resources include, but are not limited to:

- (i) Property (e.g., sites, buildings, structures, objects) of historic, archeological, or architectural significance designated by Federal, state, or local governments or property eligible for listing on the National Register of Historic Places;
- (ii) Federally-listed threatened or endangered species or their habitat (including critical habitat), Federally- proposed or candidate species or their habitat, or state-listed endangered or threatened species or their habitat;
- (iii) Wetlands regulated under the Clean Water Act (33 U.S.C. 1344) and floodplains;
- (iv) Areas having a special designation such as Federally- and state-designated wilderness areas, national parks, national natural landmarks, wild and scenic rivers, state and Federal wildlife refuges, and marine sanctuaries;
- (v) Prime agricultural lands;
- (vi) Special sources of water (such as sole-source aquifers, wellhead protection areas, and other water sources that are vital in a region); and
- (vii) Tundra, coral reefs, or rain forests.

### **Waste Stream Conditions**

The City of Ann Arbor, MI shall obtain a waste management plan addressing waste generated by a proposed Project prior to the sub-grantee generating and disposing of sanitary or hazardous waste. This waste management plan will describe the recipient's plan to dispose of any sanitary or hazardous waste (e.g., construction and demolition debris, old light bulbs, lead paint, lead ballasts, piping, roofing material, discarded equipment, debris, and asbestos) generated as a result of the proposed Project. The City of Ann Arbor shall make the waste management plan and related documentation available to DOE on DOE's request (for example, during a post-award audit). The City of Ann Arbor, MI shall ensure through specific contract terms that the Sub-recipient complies with all Federal, state and local regulations for waste disposal.

### **NHPA Conditions**

Prior funding projects or awarding a sub-grant for a Project, the City of Ann Arbor, MI shall comply with Section 106 of the National Historic Preservation Act (NHPA). If applicable, the Sub-recipient must contact the State Historic Preservation Officer (SHPO), and the Tribal Historic Preservation Officer (THPO). The City of Ann Arbor shall retain sufficient documentation to demonstrate that the Sub-recipient has received required approval(s) from the SHPO or THPO for the Project. The City of Ann Arbor, MI shall deem compliance with Section 106 of the NHPA complete only after it has this documentation. The City of Ann Arbor, MI shall make this documentation available to DOE on DOE's request (for example, during a post-award audit).

### **Cumulative Impacts, Connected Actions and Extraordinary Circumstances**

DOE’s CXs are not absolute. CXs do not apply to Projects that involve “extraordinary circumstances,” connected actions, or cumulative impacts that may have significant environmental impacts. See 10 C.F.R. § 1021.410(b). If DOE grants a CX based on descriptions in the recipient’s RFP for EECBG grants, DOE will base its decision on the lack of such “extraordinary circumstances” and significant impacts. The City of Ann Arbor, MI shall review section 1021.410 and must immediately contact DOE if it identifies a Project that may involve “extraordinary circumstances,” cumulative impacts or connected actions that could have significant environmental impacts. Typically, DOE will either subject the sub-grant for the Project to NEPA review or the City of Ann Arbor will elect not to proceed with awarding the sub-grant.

**Part III**

On the basis of City of Ann Arbor, MI assurances in this Project Activity Worksheet, DOE intends to apply one or more CXs to the award for all Projects described in the recipient’s RFP. However, because DOE has only recently started employing this approach to categorically excluding sub-grants, there may be unforeseen circumstances that make it inappropriate to apply a CX to a Project(s) that meets all the Part I and Part II requirements. DOE does not waive its discretion to decline to apply a CX for projects/grants.

By signing below, Tom Crawford, Interim City Administrator, for and on the behalf of the City of Ann Arbor, MI acknowledges the preceding paragraph, agrees to all conditions in Parts I, II and III, and provides its assurance that all statements in the Project Activity Worksheet and attachments are accurate to the best of its knowledge.

**FOR THE CITY OF ANN ARBOR**

By: \_\_\_\_\_ Date \_\_\_\_\_  
Tom Crawford, Interim City Administrator

**Approved as to form and content**

\_\_\_\_\_  
Stephen K. Postema, City Attorney Date \_\_\_\_\_

## Appendix G: State Historic Preservation Guidance<sup>16</sup>

### Michigan Local Historic Districts

Please note that work on any building located within a Michigan local historic district may require a certificate of appropriateness from the Ann Arbor Historic District Commission. To determine if a property is within a Michigan local historic district in Ann Arbor, please consult the official local historic district maps and descriptions on file in the Ann Arbor City Clerk's Office. For convenience, applicants may view historic district information for their property on the City's eTRAKIT website; however the City does not guarantee the accuracy of the eTRAKIT database. Applicants are advised that performing unauthorized work on a property in a local historic district may result in legal sanctions and that applicants are solely responsible for determining the official status of their property. To look up a property on eTRAKIT:

1. Click on this shortcut <http://etrakit.a2gov.org/etrakit2/> or go to the City homepage and click on eTRAKIT under "Working In".
2. Next, click the PARCELS box near the center of the page.
3. Enter all or part of the address in the search box, or change the search field to Parcel Number and enter the parcel number in the search box.
4. Double click on the correct address in the results box.
5. Click the RESTRICTION DETAILS tab for historic district or floodplain information.

For additional information on local historic districts in the City of Ann Arbor, go to [www.a2gov.org/hdc](http://www.a2gov.org/hdc). For information on obtaining project approval, or other historic district questions, contact Jill Thacher, Historic Preservation Coordinator, at 734-794-6000 x42608 or [jthacher@a2gov.org](mailto:jthacher@a2gov.org).

### Federal Section 106 Review

All projects using Phase I Funding (Energy Efficiency and Conservation Block Grant used as loan loss reserve), whether officially designated as historic or not, may be subject to a federally mandated "Section 106" review, conducted by the Michigan State Historic Preservation Office ("SHPO"), to assess the project's impact on historic resources. Applicants are responsible for determining whether their project is subject to Section 106 review by consulting the attached Energy Efficiency and Conservation Block Grants Michigan SHPO Exemption Guide. If the applicant determines the project is exempt from review, the applicant must retain records supporting the exemption, but need not submit them. If the project is subject to review, applicants are required to note so on the "Historic Property Statement," located in Appendix J and the City will fill the proper form with SHPO to receive project approval.

The Exemption Guide is attached below and can also be found on line at [http://www.michigan.gov/documents/dleg/Fully\\_Executed\\_PA\\_-\\_MICHIGAN\\_319553\\_7.pdf](http://www.michigan.gov/documents/dleg/Fully_Executed_PA_-_MICHIGAN_319553_7.pdf).

<sup>16</sup> [http://www.michigan.gov/documents/dleg/Fully\\_Executed\\_PA\\_-\\_MICHIGAN\\_319553\\_7.pdf](http://www.michigan.gov/documents/dleg/Fully_Executed_PA_-_MICHIGAN_319553_7.pdf)

## APPENDIX B

### ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANTS AND STATE ENERGY PROGRAM

#### Michigan SHPO Exemption Guide

This Guidance is provided by the Michigan SHPO to aid Energy Efficiency and Conservation Block Grants (EECBG) and State Energy Program (SEP) funding recipients in their consultation with our office in accordance with Section 106 of the National Historic Preservation Act of 1966, as amended. By memorandum dated August 28, 2009, the U.S. Department of Energy (DOE) has delegated limited authority for compliance with Section 106 to EECBG and SEP funding recipients. This Guidance is based on an Interagency Agreement developed between the SHPO, Michigan State Housing Development Authority, the Department of Energy, Labor and Economic Growth, and the Department of Human Services.

#### TERMS OF USE

This Guidance only applies to projects funded through (EECBG) and (SEP) as part of the DOE's Energy Efficiency and Renewable Energy Program (EERE), part of the American Recovery and Reinvestment Act (ARRA) and set to expire in 2012. The terms of this Guidance shall then terminate unless otherwise agreed to by the SHPO. This Guidance is for the exclusive use of the EECBG and SEP programs and shall not apply to any other federally-funded program. For EECBG and SEP funded work on residential properties, please refer to the SHPO Guidance for the Weatherization Assistance Program (*Michigan SHPO WAP Exemption Guide*).

Funding recipients are advised to document all points of their decision-making in order to demonstrate proper compliance with Section 106. Agencies conducting EECBG and SEP projects throughout Michigan may be monitored by the SHPO for compliance with this Guidance. Agencies should therefore retain adequate records of compliance for all projects subject to this Guidance, including before and after photographs of buildings/work subject to these exemptions as well as detailed specifications of the work conducted. Please review and sign the attached certification document for each project conducted.

#### **Consideration of Tax Credits**

If you are considering applying to the SHPO for state or federal historic preservation tax credits for a project or property subject to this Guidance, please be aware that the tax credit review process is separate and distinct from Section 106 review. Both tax credit programs require strict adherence to the Secretary of the Interior's (SOI) *Standards for the Treatment of Historic Properties*. You could therefore jeopardize your eligibility for the tax credits by proceeding with any work that is not appropriate for a historic property. Please contact the SHPO with any questions or for clarification of the tax credit programs.

#### CONTACT INFORMATION

For questions or concerns regarding this guidance, please contact the SHPO Cultural Resource Protection Program. For more information on cultural resource protection and Section 106,

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please visit the SHPO website at [Michigan.gov/shposection106](http://Michigan.gov/shposection106). The SHPO can also provide technical assistance related to the specifications outlined in this Guidance.

Email: [ER@michigan.gov](mailto:ER@michigan.gov) Tel: 517-335-2721

### CONSULTATION GUIDANCE

For EECBG and SEP funded work on residential properties, please refer to the SHPO Guidance for the Weatherization Assistance Program (*Michigan SHPO WAP Exemption Guide*).

Consultation with the SHPO is **not required** for structures that are less than fifty years of age because these are unlikely to be considered historic properties (based on the criteria of the *National Register of Historic Places*).

If the SHPO determines that a property is not listed in or eligible for listing in the *National Register of Historic Places*, even if it is fifty years old or older, then the following exemptions do not apply and no further SHPO review is required.

The work items included in the first part of this Guidance are exempted from SHPO review. The Michigan State Historic Preservation Officer (SHPO) has concluded that many of these work items do not meet the definition of undertaking since they do not have the potential to cause effects on historic properties per 36 CFR § 800.3(a) or they have limited potential to affect historic properties and therefore *no historic properties will be affected* by these undertakings per 36 CFR § 800.4(d). In addition, some of the following activities may affect historic properties (36 CFR Part 800.5), but they will have *no adverse effect* upon historic properties and the funding recipient is not required to consult further with the SHPO if the required conditions are met.

These exemptions assume the work is being done on a historic property. Work on historic properties must be done in accordance with the Secretary of the Interior's (SOI) *Standards for the Treatment of Historic Properties*, applicable SOI *Guidelines*, and *Preservation Briefs*. The *Standards* are reflected in the work specifications. All work must be done in accordance with any applicable specifications or it is **not** exempted. For example, in order to meet the standard of *no adverse effect* on historic properties, work cannot include significant spaces (entrances/entry halls/lobbies, areas for public gathering and circulation, primary rooms). If work occurs in a significant space, work shall not damage historic materials or finishes. New wiring/piping/ductwork, etc. shall be concealed.

**Work items not included in this Guidance are not exempted from SHPO review. Please review the final section of this Guidance for activities that do require SHPO review, including special consideration for potential archaeological impacts.**



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### General Exemptions:

Energy Audits and Feasibility Studies

Weatherization of mobile homes and trailers

Appliance replacement

### Exempted Exterior Work:

Repairing or replacing in-kind existing driveways, parking areas, walkways, etc.

Excavating to gain access to existing underground utilities to repair or replace them.

Minor excavating (2-3 cubic feet) to rebuild or install new crawl space access.

### Air Sealing

- caulking/weatherstripping around doors/windows for infiltration/exfiltration issues.

### Doors and Windows

- Replacement of existing windows and doors that are not original to the building.
- Installing insulated exterior replacement doors where the openings are not altered and they cannot be viewed from the public right-of-way.
- Installation of storm windows or doors and wood screen doors in a manner that does not harm or obscure original historic windows, doors or trim.
- Rehabilitation and repair of existing windows in accordance with the Secretary of the Interior's *Standards for Rehabilitation*.

### Wall Insulation in Frame Buildings (no spray foam insulation), subject to the following specifications (spray foam insulation products and masonry structures require consultation with the SHPO):

- Minor necessary repairs to prepare exterior walls for insulation are exempted provided the repairs match the original surface composite.
- All wall insulation must have an adequate vapor barrier or vapor retardant on the warm (heated) side of the wall or consist of a pre-expanded, closed-cell foam insulation. Multiple coats of interior wall and ceiling paint are sufficient to meet the criteria of a vapor retardant, per the U.S. Dept. of Energy. More information is available at:  
[http://www.energysavers.gov/your\\_home/insulation\\_airsealing/index.cfm/mytopic=11810](http://www.energysavers.gov/your_home/insulation_airsealing/index.cfm/mytopic=11810)
- No holes are drilled through original exterior (wood, etc.) siding, or holes have no permanent visible alteration to the finish materials. Any holes drilled for insulation must be finished and returned to condition as close to the original as possible. Access holes in the walls must be patched or plugged with materials that match the original (no plastic plugs).

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- Access holes may be patched or plugged with plastic plugs where the original siding was replaced with aluminum or vinyl siding prior to the EECBG/SEP project.

### Painting, Siding, and Building Cleaning

- Painting over previously painted exterior surfaces, provided destructive surface preparation treatments, including, but not limited to, water-blasting, sandblasting and chemical removal, are not used.
- Installation or replacement of gutters and downspouts, provided that their color is historically appropriate for the period and style of the property.
- Repair or replacement of original exterior siding provided that new siding matches the original siding in dimension, profile, texture, and material (for example, replacement in-kind).
- Replacement of existing aluminum or vinyl siding.
- Building Cleaning in accordance with the *Standards* and Preservation Briefs #1, #6, and #10
- Lead-based paint abatement in accordance with the *Standards* and Preservation Brief #37.
- Repairing masonry, including repointing and rebuilding chimneys in accordance with the *Standards* and Preservation Brief # 2

### Roofing

- Flat or shallow pitch roof replacement (shallow pitch is defined as a pitch with a rise-to-run ratio equal to or less than 3" to 12"), with no part of the surface of the roof visible from the ground.
- Repairing or replacing roofing materials that closely match the historic materials and form, or with materials that restore the original feature based on historic evidence, and in a manner that does not alter the roofline.
- White Roofs, Cool Roofs, Green Roofs, Sod or Grass Roofs if on a flat roof that is not visible from the public right-of-way.
- Roof Insulation During Roof Replacement, except for Exterior Rigid Insulation
- Rainwater catches and/or gray water systems not viewable from the public right-of-way.

### Solar

- Small Solar Systems (shingle style preferred) when on the rear roof of the structure, not viewable from any public right of way.
- Solar hot water heaters

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### Exempted Interior Work:

Water Conservation Measures (low flow faucets, toilets, shower heads, urinals)

Lead-based paint abatement in accordance with the *Standards* and Preservation Brief #37

### Air Sealing and Insulation (no spray foam insulation: *spray foam insulation products require consultation with the SHPO*)

- Sealing air leaks using weather stripping, door sweeps, and caulk and sealing major air leaks associated with bypasses, ducts, air conditioning units, etc.
- Insulation on water heater tanks, pipes and ducts
- Insulation of floors, ceilings, attics, crawl spaces and foundations in a manner that does not harm or damage historic fabric including:

Band joist (“Sill Box”) insulation

Floor insulation, provided that historic floor finishes are not damaged

Attic insulation, including knee-wall insulation, where insulation has been installed previously and when proper ventilation exists

Repair of minor roof leaks prior to installing attic insulation

Attic insulation when no prior insulation has been installed, if there is an **adequate vapor barrier or vapor retardant** on the warm (heated) side of the attic floor, such as fiberglass bat. Multiple coats of interior wall and ceiling paint are sufficient to meet the criteria of a vapor retardant, per the U.S. Dept. of Energy. More information is available at:

**[http://www.energysavers.gov/your\\_home/insulation\\_airsealing/index.cfm/mytopic=11810](http://www.energysavers.gov/your_home/insulation_airsealing/index.cfm/mytopic=11810)**

- Wall insulation in **Frame Buildings** (no spray foam insulation), subject to the following specifications (*spray foam insulation products and masonry structures require consultation with the SHPO*):

Minor necessary repairs to prepare walls for insulation are exempted provided the repairs match the original surface composite.

All wall insulation must have an **adequate vapor barrier or vapor retardant** on the warm (heated) side of the wall **or** consist of a **pre-expanded, closed-cell foam** insulation. Multiple coats of interior wall and ceiling paint are sufficient to meet the criteria of a vapor retardant, per the U.S. Dept. of Energy. More information is available at:

**[http://www.energysavers.gov/your\\_home/insulation\\_airsealing/index.cfm/mytopic=11810](http://www.energysavers.gov/your_home/insulation_airsealing/index.cfm/mytopic=11810)**

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Interior holes drilled for insulation must be finished and returned to condition as close to the original as possible. Access holes in the walls must be patched or plugged with materials that **match the original**. No decorative plaster may be damaged.

### Fire, Smoke or Carbon Dioxide Detectors / Alarms

- Replacement of existing smoke detector or carbon monoxide detector
- Plug-in carbon monoxide detectors
- New installation of hard-wired devices (occupancy sensors, carbon monoxide sensors, programmable thermostats, smoke detectors) as long as it does not include significant spaces (entrances/entry halls/lobbies, areas for public gathering and circulation, primary rooms). If work occurs in a significant space, work shall not damage historic materials or finishes. New wiring/piping/ductwork, etc. shall be concealed.

### HVAC Work

- Clean, tune or repair heating and cooling systems, including furnaces, boilers, heat pumps, vented space heaters, wood stoves, central air conditioners, window air conditioners, heat pumps, and evaporative coolers
- HVAC upgrades (Replacement of boilers, furnaces, etc.) that do not require any new venting or a new location, or venting is on the rear of the structure, not visible from any public right of way.
- Install mechanical ventilation, in a manner not visible from the public right of way, to ensure adequate indoor air quality if house is air-sealed to building tightness limit
- Repair or replace vent systems on fossil-fuel-fired heating systems and water heaters to ensure that combustion gasses draft safely to outside if venting is on the rear of the structure, not visible from any public right of way.
- Modify, repair, or replace duct and pipe systems so heating and cooling systems operate efficiently and effectively, including adding return ducts, replace diffusers and registers, replace air filters, install thermostatic radiator controls on steam and hot water heating systems provided:
  - The work does not include significant spaces (entrances/entry halls/lobbies, areas for public gathering and circulation, primary rooms). If work occurs in a significant space, work shall not damage historic materials or finishes. New wiring/piping/ductwork, etc. shall be concealed.
- Install programmable thermostats, outdoor reset controls, UL listed energy management systems or building automation systems and other HVAC control systems provided:
  - The work does not include significant spaces (entrances/entry halls/lobbies, areas for public gathering and circulation, primary rooms). If work occurs in a significant space, work shall not damage historic materials or finishes. New wiring/piping/ductwork, etc. shall be concealed.

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- Ventilating crawl spaces.
- Installing continuous ridge vents covered with ridge shingles or boards, or roof vents, bath and kitchen vents, soffit and frieze board vents, combustion appliance flues, if not located on a primary roof elevation or visible from the public right-of-way.
- Installing foundation vents, if painted or finished to match the existing foundation material.

### Lighting and Appliances

- Compact fluorescent light bulbs
- Energy efficient light fixtures (replacement)
- Upgrade exterior lighting (replacement of mercury vapor to metal halide bulbs)
- LED light fixtures & exit signs (replacement)
- New installation of hard-wired devices as long as it does not include significant spaces (entrances/entry halls/lobbies, areas for public gathering and circulation, primary rooms). If work occurs in a significant space, work shall not damage historic materials or finishes. New wiring/piping/ductwork, etc. shall be concealed.

### Plumbing and Electrical Work

- Repairing or upgrading electrical or plumbing systems and installing mechanical equipment, in a manner that does not affect the interior or exterior of the building.
- Repair or replace water heaters that do not require any new venting or a new location, or venting is on the rear of the structure, not viewable from any public right of way.
- New installation of hard-wired devices as long as it does not include significant spaces (entrances/entry halls/lobbies, areas for public gathering and circulation, primary rooms). If work occurs in a significant space, work shall not damage historic materials or finishes. New wiring/piping/ductwork, etc. shall be concealed.
- Installation of solar hot water heaters in a manner that does not affect the interior or exterior of the building.
- New water efficient fixtures and fittings in a manner that does not permanently change the appearance and character-defining features of the interior or exterior of the building.
- Adding variable speed drive motors

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### **SHPO CONSULTATION REQUIRED**

The work listed in the above exemption Guidance will require SHPO review if it does not meet the described conditions, as will any work item *not included* in this Guidance. The following activities may affect historic properties (36 CFR Part 800.5) and will require SHPO Section 106 review if they affect a structure that is fifty (50) years of age or older:

- Any activity that does not meet the work specifications of this exemption Guidance and follow the Secretary of the Interior's *Standards for Rehabilitation*.
- Any activity that is not specified in this exemption Guidance
- Insulating with any Spray Foam Insulation Products
- Wall insulation in masonry buildings
- Replacement of existing original windows and doors
- Power washing
- Solar and wind units not previously exempted

**Ground disturbing activity will always require SHPO consultation for archaeological impacts, regardless of the age of structures on the property.**

### **Ground Disturbing Activity**

- Geothermal Heating Systems
- Small-scale concrete slab work, such as placing a slab for a garage or for an addition to an existing building.
- Small-scale new construction in urban and residential settings. Examples of small-scale construction would be a detached garage or a shed.
- New construction
- Any ground disturbing activity in the cities of Saginaw, St. Ignace, Bay City, Mackinaw City and Sault Ste. Marie.

State Historic Preservation Office Compliance

Certification for EECBG/SEP Activities

The purpose of this document is to certify that the EECBG activities performed for the [PROJECT NAME, STREET ADDRESS, CITY, STATE, and ZIPCODE] meet all State Historic Preservation Office (SHPO) consultation guidelines as outline in the Michigan SHPO Exemption Guide for Energy Efficiency and Conservation Block Grants and State Energy Program dated April 7,2010.

By signing this document, I certify that the work allowed by the City of Ann Arbor on the project/property identified above is in compliance with all SHPO guidance and therefore does not require further review by the Michigan State Historic Preservation Office.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_



## Appendix H: Waste Stream Guidance

The bond the City will be selling will be using Energy Efficiency and Conservation Block Grant funds (Federal American Recovery and Reinvestment Act) as a Loan Loss Reserve. As such the City's contract with the DOE requires that we ensure compliance with specific regulations. One of those requirements is the development of a Waste Management Plan for handling wastes from implementation of energy projects.

Waste Management Plans — Once a property owner's application is approved that owner or his contractor must prepare a plan for waste management before the project generates waste.

Format and Content of Waste Management Plans — DOE does not require a plan for waste management to follow any particular format. Where a State or local permit, or other required document, will provide waste management information, that permit and its supporting documentation are adequate to constitute a waste management plan for a particular project. However, where there is no existing requirement to document how project proponents will address waste management, then DOE requires that the waste management plan contain the following information:

- (i) Type(s) and estimated volume(s) of waste that the project proponent anticipates will be generated; and
- (ii) The disposal path for each waste stream (e.g., landfill disposal, recycling, reuse).

In effect, DOE's requirements for what waste management plans must contain are not onerous. Elaborate planning documents need not be created. Rather, DOE requires basic evidence that projects are complying with State and local law.

### **A template Waste Management Plan is found in the Application Package, Appendix J.**

Projects that Do Not Require Waste Management Plans — waste management plans are not required for projects that do not generate waste (e.g., hiring a consultant, conducting an energy audit).

The Waste Management Plan must be kept on site during the energy project installation/construction and a copy submitted to the Ann Arbor PACE Program Administrator. The PACE Administrator will maintain this document with other records for a period of 3 years.

For assistance with your waste disposal questions, contact the City of Ann Arbor at:

Phone: 734-99-GREEN

Website: [www.a2gov.org/recycle](http://www.a2gov.org/recycle)

Email: [recycle@a2gov.org](mailto:recycle@a2gov.org)

## Appendix I: Energy Analysis Requirements

An energy analysis is a requirement of Public Act 270 of 2010. The purpose of the energy analysis (EA) is to develop an accurate building baseline against which savings from improvements will be tracked and to identify Energy Conservation Measures (ECMs) and their respective economics. An energy analysis that considers the broad spectrum of conservation measures will encourage development of a project that balances short term payoff ECMs with longer term measures; resulting in a much deeper retrofit and more energy efficiency savings for the property owner.

Unless you have an energy analysis that meets one of the following standards, the property will need an EA:

1. *Energy Analysis performed under Ann Arbor's Downtown Development Authority's energy efficiency program*
2. *Energy Analysis conducted using ASHRAE Level II or III protocols that is less than 3 years old*

### Energy Analysis Standard

For this program the following energy analysis protocols are being used:

1. "Rebuild Michigan, Technical Energy Analysis Guidelines," February 2010; with modifications and clarifications that are contained in the following guidelines
2. ASHRAE Level II or Level III audit
  - This protocol is used at the owner's discretion in situations where the owner wants to upgrade to an ASHRAE Level III audit.

### Auditors

Due to the criticality of getting consistent assessment reports, for Phase I Funding a list of auditors, qualified to perform audits for this program, has been developed. Please contact the Program Administrator for the list of auditors at [Pace@a2gov.org](mailto:Pace@a2gov.org) or 734-794-6430 x43714.

# Ann Arbor PACE Program: Energy Analysis Guidelines

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September 1, 2011

Modified for Ann Arbor PACE Program from a Document

Prepared By:

Michigan Department of Labor & Economic Growth

Energy Office, "Rebuild Michigan Technical Energy Analysis Guidelines" February 2010

*This guide is a reference for energy analysts who will be preparing Energy Analysis (EA) reports for the Ann Arbor PACE Program. Technical questions regarding these guidelines should be sent to the PACE Program Administrator. The details of the Ann Arbor PACE Program are found in a document titled, "City of Ann Arbor Report on Proposed Property Assessed Clean Energy Program," September xxx, 2011. A complete copy of this report is available at [www.a2energy.org](http://www.a2energy.org) xxxxxxx*

## EA Analyst Qualifications

All energy analysis reports submitted under the Ann Arbor PACE must be completed by a qualified analyst and conform to the requirements of this Energy Analysis Guidelines **or** ASHRAE Level II or Level III protocols.

To be a qualified analyst the following are required:

- Must have a Michigan licensed professional engineer or registered architect on staff.
- Must have at least five years experience working with all aspects of building energy systems, or have an individual on staff with five years of experience in building energy systems and auditing.
- Must have produced at least 10 energy audits meeting the outlined EA requirements.
- For the Ann Arbor PACE Program Phase I, must be one of the auditors qualified by the Ann Arbor PACE Program OR be an energy services company offering a performance guarantee on the energy project.

## Comprehensive Energy Analysis

The Ann Arbor PACE program **requires a comprehensive energy analysis (EA) be performed prior to application submittal**, unless:

- 1) The Program Administrator determines the property is eligible for a limited EA during the pre-application/pre-screening step OR
- 2) An energy analysis meeting one of the following standards has been performed on the property:
  - *EA performed under Ann Arbor's Downtown Development Authority's energy efficiency program*
  - *EA conducted using AHSRAE Level II or III protocols that is less than 3 years old*

**This section describes the minimum requirements for the Comprehensive EA. Qualified EA analysts need not restrict their professional creativity to these requirements and may insert additional sections anywhere in the EA report. These guidelines are available for use by consultants to ensure quality work; and may be required by the client for quality assurance.**

### *A. Comprehensive and Limited Component EA*

The Comprehensive EA will include all aspects of a normal technical energy analysis of the building envelope, heating systems and mechanical cooling systems (HVAC), domestic hot water (DHW) systems, lighting, plug loads, and energy management system (EMS) plus an evaluation of renewable energy use potential including solar and geothermal energy options.

The limited EA is confined to simpler measures such as lighting, simple HVAC controls, programmable controllers, and motor replacements. Energy conservation measures (ECMs) analyzed in the Limited Component EA do not require computer modeling of the building. For the Ann Arbor PACE Program the limited component EA is only allowable for buildings that do not fit the parameters of the pre-

application screening.<sup>17</sup> The PACE Program Administrator will assist with this determination under *Step 1a* of application preparation.

### *B. Objectives of the EA*

The intent of an EA report is to:

1. Provide the property owner with sufficiently detailed information to make an informed decision as to which energy conservation measures (ECMs) should be implemented. The process will identify all feasible ECMs for the facility, depending on the individual requirements for the Comprehensive EA. The energy savings and cost information contained in the EA report should be sufficient for the property owner to confirm the economic merit of the proposed ECMs.
2. Identify all feasible no/low-cost energy saving ECMs, these are likely to be an operating or maintenance energy saving measure. Sufficient information should be provided for the participant's operational staff to implement these ECMs.
3. Provide Ann Arbor PACE Program Administrator with sufficient information to review and approve the application for an Energy Assessment Agreement.
4. Provide calculated baseline data against which future energy use can be compared.

A clear and thorough description of each feasible ECM recommended for implementation must be presented in the report. Each description must include sufficient information to allow engineering personnel other than the EA analyst to assist in preparation of specifications for bid documents.

### *C. General Format Requirements for the EA Report*

#### *1. Formatting the EA Report*

All pages of the report must be numbered to allow for easy reference. All charts and tables must include descriptive titles and an identifying number or letter. The report should be clear, concise and well documented.

#### *2. Submitting the Draft EA Report for A2 PACE Review*

For Phase I of this PACE program the Ann Arbor PACE Program Administrator will be provided with a copy of the completed draft EA Report prior to and will attend the required energy analysis report out meeting.

### *D. Required EA Report Sections*

Each of the following sections is required in the EA report, in the same order that follows. However, additional sections may be added to make it more descriptive for the participant, A2 PACE Program

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<sup>17</sup> If the maximum assessment amount is 50 - 25% or less of the estimated maximum total energy project the property owner may do a limited energy analysis. Please see Appendix J, Application Packet for more information.

Administrator and potential lenders. Section dividers with labeled tabs are encouraged to make the energy analysis report easier to review.

### 1. Cover

The title page must include the following information:

- The words “Ann Arbor PACE Comprehensive Energy Analysis Report”
- The participant’s (client’s) name
- The name and address of the building(s) analyzed in the EA report
- The name, phone number, and address of the analyst who produced the EA report
- The date of the EA report

### 2. Table of Contents

The Table of Contents must be complete with page numbers and a descriptive title for each required section of the EA report.

### 3. EA Analyst Certification/Disclosure

The EA Report Certification form (Appendix A of these guidelines) must be completed by the EA analyst and included in the report with an original signature of the analyst.

### 4. Executive Summary

The contents of this section are left to the discretion of the EA analyst. The exception is:

A summary table of all identified ECMs recommended for financing must be provided for each building. The sample form, ECMs Summary Form (Appendix B of these guidelines), illustrates the information to be included in the summary table mentioned above.

The following are suggested items for inclusion in the executive summary of the EA report.

- A discussion of the participant’s total annual energy costs and how these costs can be reduced by the implementation of ECMs.

BUILDING PLANS -	A floor plan of each building level (identical levels may be depicted by a single plan) -- square footage of original building and additions; year(s) of construction, including additions.
OCCUPANCY PATTERNS -	Current number of occupants; annual operating hours; weekday operating schedule; setback temperatures and schedules.

BUILDING ENVELOPE -	Exterior walls (materials, condition, R/U values); windows (condition, R/U values); roof (materials, condition, R/U values); estimated remaining useful building life; special use areas (gyms, auditoriums, laundries, computer rooms, kitchens, workshops, swimming pools, other areas).
MECHANICAL & ELECTRICAL SYSTEMS	Heating system (control system, fuel options, load conditions, distribution system, rated or measured combustion efficiency); cooling system (control system, cooling rating in tons, distribution system); air handling system (control system, operating schedule); DHW system (control system, set temperature, circulation equipment, tank insulation); lighting (fixture & lamp type, control system); EMS (brand name, age and operating characteristics).

- A discussion of the ECMs identified by the EA analyst, the associated costs of installing these ECMs, and the projected savings and simple payback.

### 5. Building Description/Characteristics

This section calls for a description of the building(s) and information about building occupancy, construction and energy systems in sufficient detail that the PACE Program Administrator can verify the estimated energy savings for the targeted ECMs, including operating characteristics of energy-using systems. The building description must also contain the square footage of the building. Items that should be included for discussion are:

### 6. Building Fuel Cost Information

Fuel consumption and cost data, representative of usage under existing building conditions, must be provided for the most recently available twenty four-month period. The recommended format is illustrated by the Building Fuel Cost/Consumption form (Appendix C-1 and C-2 of these guidelines). Annual energy use and cost data should be calculated for each fuel type. Copies of fuel bills for the 24-month period must be supplied to support the Building Fuel Cost/Consumption forms. "Customer demand" charges and power factor charges for electricity should be included in calculating average electricity rates. If ECMs are recommended to reduce demand or power factor charges, these charges should be set apart in a separate column and totaled. The average fuel rates calculated on the Building Fuel Cost/Consumption forms should be used in ECM savings calculations unless a different rate can be justified (e.g., prospective switch to a different utility supplier).

If two or more buildings are supplied with energy through a single meter, allocate the fuel use of each building in a manner that can be logically justified and describe how the allocations were calculated.

### 7. Energy Use Profile

An energy use profile for each building is required for each fuel for which savings are claimed. A suggested format for reporting the fuel use profile is provided in the Energy Use Profile form (Appendix D). The energy use profile breaks down specific fuel use in each building to predict the building's annual baseline energy consumption and to analyze ECMs. The profile is created through a building energy load

analysis that determines the percentage of fuel that is consumed by various load categories (e.g., lights, motors, chillers, office equipment, laundry, etc.). The estimated loads should approximately equal the annual fuel consumption found in the utility bill analysis. Any significant discrepancies should be discussed in the EA report.

#### 8. No/Low-Cost ECMs

Recommending general no/low cost ECMs (generally an operational or maintenance change) changes in the EA report will not only result in energy savings but will directly impact the effectiveness of any ECMs recommended. The EA report should contain a list of recommended no/low-cost ECMs, including a clear and detailed description of each measure identified. No/low-cost ECMs that are to be implemented by in-house staff must provide sufficient detail for the facility's maintenance staff to perform the work.

Under the Ann Arbor PACE Program, the material cost of these no/low cost ECMs can be included in the special assessment.

#### 9. Analysis of O&Ms/ECMs

The following guidelines must be observed in the analysis and presentation of ECMs chosen for consideration in the EA report:

##### a. Required ECM Types -- Comprehensive EA

Each of the following four major areas must be addressed in the comprehensive EA report. If one of the four major areas has no ECM recommendations, the EA report must contain a statement explaining the exclusion.

BUILDING ENVELOPE	e.g. windows; reduction in window area; roof/ceiling insulation; weather stripping, day-lighting, caulking
DOMESTIC HOT WATER -	e.g. insulation of tanks/piping; temperature controls; flow restrictors; replacement of DHW system, water heater timer
HVAC / CONTROLS -	e.g. replacement of HVAC systems; combustion controls; boiler and pipe insulation; steam trap repair or replacement; duct insulation; system conversions; chiller modifications; automatic controls or energy management system
LIGHTING -	e.g. conversion to T-8 fluorescent lamps; conversion from incandescent to compact fluorescent; conversion to induction or LED lighting; outdoor lighting conversion; automated HID or fluorescent lighting controls, occupancy or day-lighting sensors

Recommended no/low cost ECMs that are to be implemented through the PACE Program can be taken from any of the four major areas listed under the EA requirements.



*b. Required ECM Types—Limited Component Energy Analysis*

The areas of ECM analysis for the Limited Component Energy Analysis report are limited to the following:

HVAC -	For example, modulating burners; same-size replacement of furnaces or motors; simple HVAC controls, such as timers or stand-alone programmable controllers; outdoor air reset controls; duct or pipe insulation
LIGHTING -	For example, conversion to T-8 or T-5 fluorescent lamps, or LED bulbs; conversion of exit signs to no-watt or LED technology; conversion from incandescent to compact fluorescent; automated HID or fluorescent lighting controls

*c. Allowable Paybacks*

To be considered for financing under the PACE program, the aggregated simple payback of the selected measures must be 10 years or less and may not exceed the useful life of the equipment.

*d. ECM Detailed Description Form (Required)*

Each recommended ECM must include a detailed narrative description providing:

- A clear and thorough description of the existing conditions and the proposed ECM.
- Quantity, type and location of all equipment or building components involved in each ECM.
- Details concerning how and where the utility savings are expected to occur.

The EA analyst must verify that all proposed building changes meet or exceed local and state building codes.

An ECM Detailed Description Form must be provided for each measure. The required format is provided in Appendix E of these guidelines. The pre-installation and post-installation conditions for each ECM should include information about the quantity, size, type and location of the equipment involved (e.g., pre-installation: twelve 150-watt incandescent suspended fixtures in classroom 5B; post-installation: twelve 2-lamp F32T8/electronic ballast suspended fixtures in classroom 5B). Fuel unit costs must match those provided in the Building Fuel Cost Information and Energy Use Profile section of the EA report.

The Detailed Description Form for each ECM must also include the following:

- The useful life and salvage value or disposal cost.
- Estimated annual dollar savings and energy savings.
- The calculated simple payback.
- The total cost, as listed on the Cost Estimating Worksheet (Appendix F).

- A list of all O&Ms or ECMs that interact with the proposed ECM.

*e. Interactions between ECMs (not required in limited component EA)*

When energy savings are being determined for more than one ECM, interaction between selected ECMs must be accounted for in the EA report. Interaction between ECMs can reduce the savings of one measure due to the effect from another. For example, adding insulation to the building envelope could reduce the savings associated with the installation of a high efficiency boiler because the heating requirements are reduced by the added insulation. The calculations to account for the interaction must be shown and clearly labeled. If interaction between two ECMs is negligible, a statement must be made that says interaction has been considered and the effect of interaction upon the predicted energy savings is negligible.

The order of presentation of the ECMs is left to the discretion of the EA analyst. However, the EA analyst should present the ECMs in an order that reflects their interactions with each other. This will result in the savings calculations for a particular ECM being based on building conditions after all lower-numbered ECMs are implemented.

*f. Cost Estimating Worksheet (Required)*

A Cost Estimating Worksheet will be required for each recommended ECM (see Appendix F). Costs for material acquisition, installation and design (if any) should be included. The source of the cost estimate must be cited. Include the source title and publication year (eg., "Means Mechanical 2007"). If available, include copies of quotations. The estimated useful life of each ECM and an estimate of any salvage value or disposal cost must also be included.

*g. Savings Calculations*

Savings calculations must be presented in a clear and precise manner for each ECM. If manual calculations or spreadsheets are used, the formula(s) used to estimate the savings for each ECM must be provided, along with the units. Formula input parameters must be clearly identified and labeled. All assumptions critical to the calculations must be clearly identified and justified.

**The information provided in an EA report must be adequate for the PACE Program Administrator to confidently verify the energy savings of each ECM.**

The fuel unit costs in the calculations must match those provided in the Building Fuel Cost Information section of the EA report. If fuel unit costs are time-of-day dependent, the calculations should include on-peak and off-peak savings. Electrical energy savings in kWh and demand savings in kW should be calculated separately. If kW demand savings are claimed, the calculations must demonstrate the extent to which the equipment in question contributes to the peak demand.

Calculation details and supporting documentation may be placed in an appendix at the analyst's discretion. EA analysts are encouraged to include reference materials in the EA report.

*h. Variable-Base Degree Day Method vs. Bin Method*

Either the variable-base degree-day method or modified bin method should be used for savings calculations. The 65E base degree day method for energy analysis is not acceptable due to its limitations

in accounting for internal gains. The variable-base degree-day method is acceptable for relatively inexpensive and straightforward projects. Calculations for the balance point temperature should be provided. The modified bin method is recommended for more complex projects. For manual calculations, include a description of the location/equipment and periods under consideration with every use of the bin method (eg., existing conditions for AHU#3, occupied hours: Sept. 15 - April 15).

#### *i. Computer Models*

Frequently, calculations performed with a simple computer spreadsheet are sufficient to accurately predict the utility savings associated with an ECM. Computer modeling may be more useful than hand calculations for complicated projects. The following computer software programs have been pre-approved for use in preparing EA reports for Ann Arbor PACE Program:

- A Simplified Energy Analysis Method (ASEAM)
- EnergyPlus
- Carrier E 20 II
- DOE-2.2
- Trane Air-Conditioning Economics (TRACE 700)

If computer modeling is employed, the model and each set of results must be properly documented. The minimum documentation required in an EA report is:

- The name and version of the program
- A table that shows the model's calculation of the building's energy consumption for a summer month and a winter month of the base year versus the actual consumption
- A clear presentation and justification, for each ECM, of the input parameters used to model the post-installation conditions.
- An output summary for each ECM that provides a clear presentation of the results of the computer analysis.

The input data for the building and for each ECM must be presented in a clear and precise manner. The base run output data must match the actual data within 10%. Explanation of all codes and abbreviations must be provided so that all input and output data is clear and meaningful.

For modeling ECM savings, any changes made to the input parameters for the purpose of interaction must be identified. Evidence must be provided to verify that interaction was taken into account. The PACE Program Administrator may require verification of the results of the computer modeling.

## APPENDIX A - ENERGY ANALYSIS (EA)

### REPORT CERTIFICATION FORM

I am a Professional Engineer or Professional Architect registered with the State of Michigan, and:

- I have performed technical energy analyses (EAs) in (# of) \_\_\_\_\_ institutional and commercial buildings.
- I have either performed all of the work associated with the production of the report identified on this form or have supervised the work of others who produced the report.
- The report identified on this form meets the program guidelines as described in the document titled "Ann Arbor PACE Program Energy Analysis Guidelines" and is accurate to the best of my belief and knowledge.
- All recommendations in the report identified on this form comply with the appropriate local, state and federal codes and standards for this type of facility.
- I and/or the company that employs me will potentially benefit financially by the implementation of the recommendations that are made in the report in the following categories:
- Contract Negotiation       Engineering/Design       Installation
- Other (specify): \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Please provide all information requested in the following table.

EA Analyst Name (Printed)	
Professional Engineer's License #	
EA Analyst Signature	
EA Analyst Phone #	
EA Analyst's Company	
Company Address	
Company City, State, Zip	
EA Report Name	

Building(s) Studied in EA Report	
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**APPENDIX B - ECM Summary Form**

TEA Report Ref. Page	Check if Selected for Financing	ECM Descriptive Name	Estimated Project Cost (\$)	Energy Cost Savings (\$/yr)	Simple Payback Period (yrs)	Estimated Energy Savings (BTU/yr)	Estimated Life (yrs)
			Column Totals:				

Client (Program Participant):

Building:

**APPENDIX C-1 - Building Fuel Cost/Consumption Form - Natural Gas/Other Heating Fuels**

Month /year	Consumption / Units: _____ (MCF/CCF/GAL)	Unit Cost (Commodity Charge)	Transportation Cost	Miscellaneous Fees (customer service charge)	Total Fuel Cost
Totals:					

Client:

Building:

Utility Company:

Building Area:

Average Unit Cost:

Total Energy Use:

Cost per sq.ft./year:

Service Type:

Energy Utilization Index (EUI):



**APPENDIX D - Building Energy Use Profile**

<b>Electricity</b>	<b>Annual Consumption kWh</b>	<b>Annual Cost</b>	<b>% of Energy Use</b>
Lighting			
Fans & Pumps			
Domestic Hot Water			
Office Equipment			
Cooling			
Column Totals			100%

<b>Fuel Type: <u>(Gas / Oil)</u></b>	<b>Annual Consumption Units: _____</b>	<b>Annual Cost</b>	<b>% of Energy Use</b>
Heating			
Domestic Hot Water			
Column Totals			100%

Client:

Building:

**APPENDIX E - ECM Detailed Description Form**

ECM Name / Number / EA Report Ref. Page:

**Client Name:**

Description of pre-installation conditions (use additional pages if necessary):

Description of post-installation conditions (use additional pages if necessary) :

Indicate the estimated annual energy cost savings in dollars for this ECM.

---

What is the estimated increase or decrease in annual operating or maintenance costs after implementation of this ECM?

---

---

Indicate the TEA report page number(s) for assumptions, parameters, formulas, costs, and calculations for this ECM.

---

---

What is the estimated useful life, in years, of the equipment to be installed under this ECM?

---

List the total cost for this ECM as it appears in the Cost Estimating Worksheet.

---

Indicate the ID number, name or EA page number of those O&Ms or ECMs that interact with this proposed ECM.

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---

---

What is the payback for this ECM? \_\_\_\_\_

Indicate the estimated annual energy savings in BTUs for this ECM.

---

# Request for Qualifications

## Commercial Energy Auditing Services to Support Ann Arbor PACE Program

### CEC Overview:

The Clean Energy Coalition (CEC) is a 501(c) 3 non-profit organization based in Ypsilanti, Michigan. CEC is dedicated to promoting clean energy technologies as a way to create healthier, energy independent communities. CEC implements, manages and evaluates cost effective, market transformation projects and programs in the building and transportation sectors. Since its launch in 2007, the organization has succeeded in securing government-based funding and developing statewide partnerships for Michigan-based innovative energy efficiency and clean transportation projects valued at more than \$55 million. More information on the organization is available online at [www.cec-mi.org](http://www.cec-mi.org).

### Program Overview:

The Clean Energy Coalition is developing and will be implementing for the City of Ann Arbor a PACE program. Property Assessed Clean Energy (PACE) authority allows local governments to establish energy financing districts and raise money through a variety of mechanisms, including the issuance of bonds. Property owners who choose to participate agree to an assessment on their property tax bill in exchange for the funds to install energy efficient technology and/or renewable energy sources on their property. The cost of the improvement is repaid over a set number of years. The financing is secured with a lien on the property, and, like other assessments and taxes, is paid before other claims against the property in the case of foreclosure. There are little or no up-front costs to the property owner, and if the property is sold before the end of the repayment period, the new owner assumes the repayment obligation for the financed improvements and continues to benefit from those property improvements. Michigan's PACE Act (Public Act 270 of 2010), enables local governments to implement PACE programs. The Act requires that property owners conduct a baseline energy analysis to establish energy savings and that a participating local unit of government obtains verification that the energy efficiency improvements or renewable energy system was installed and is operating as intended. Further, the Act requires, for projects costing more than \$250,000, the use of a guaranteed performance contract.

### Scope of Services:

The Clean Energy Coalition is seeking expert commercial energy auditing services from qualified energy auditing, engineering, and/or mechanical firms to perform commercial energy audits as part of Phase I of the City of Ann Arbor's PACE program.

Based upon experiences of other programs, CEC is seeking to create a list of qualified commercial energy auditors who will be responsible for all commercial audits conducted under Phase I of the Ann Arbor PACE program; where the likely cost of an energy project for the audited building would be less than \$250,000. This request requires the formation of a working relationship that is expected to last for a period of at least two years. Some of the audits may be funded by grants from the City of Ann Arbor;

most audits will be covered by the property owner who will have the option to roll the cost of the audit into the overall property assessment for an installed energy project.

The requirements of Ann Arbor's PACE program, which conform to the enabling Act and certain federal grant requirements, stipulate that audits conducted conform to the Rebuild Michigan TEA (February 2010) and/or ASHRAE Level II standards. Reports of a building audit must include, but are not limited to the following items:

- 24-month utility bill analysis
- Site and building information, including collection of existing drawings (if available) and building information (occupancy schedules, building characteristics, square footage, construction type, primary uses, and description of existing systems)
- Walkthrough of each facility to collect building data and verify field conditions
- Review of existing mechanical and electrical systems for potential operational and maintenance costs savings and provide recommendations
- System description include controls
- Equipment inventory, including lighting
- Summary of the energy performance of each building following the ASHRAE or EA protocol
- Calculation of the facility's Energy Utilization Index (EUI). Compare and benchmark EUI and energy utilization with the Energy Star Portfolio Manager or other appropriate benchmarking database as determined by the team
- A baseline and simulated energy use model of each building, greater than **20,000** square feet, using eQuest, Energy Plus, Trane Trace 700 or similar energy modeling software
- A ranked list of recommended energy conservation measures (ECM) against the baseline model. The ranked list should take into consideration the costs to implement each ECM as well as its impact on the energy use in each building. A ranked ECM list should also be cognizant of health and safety issues that may exist in a building. Each ECM should include a pricing breakdown by type of equipment.
- Low- to no-cost behavior and operational ECMS that can be implemented in each building
- Expected paybacks (energy savings and financial return) for selected ECMs and for the entire building
- Equipment recommendations that can be used by an engineering firm to design systems
- Possible utility optimization rebates are to be listed but not incorporated into the cost calculations

This request for auditing services has neither a minimum nor maximum number of audits; demand cannot be determined for the program at this time. Site visits for audits are to be coordinated between the property owner or their designee and the auditor. For Phase I of this PACE program the Ann Arbor PACE Program Administrator will be provided a copy of the report prior to and will attend the required audit report out meeting. It is anticipated that reports will be completed within two months of an audit; but exceptions will be made based upon the size of the building and complexity of the operations, when mutually agreed to in writing.

## Content of Submittal:

- Firm qualifications and related experience
- Example of an energy audit report produced by your firm
- List of qualified professionals and key staff members that will be conducting work and their respective resumes
- Estimate of hours required for completion of an audit and report; may tier this estimate for size of building
- Please comment on the adequacy of two-three week notice to conduct an audit
- A list of 3 references for whom you have conducted commercial energy audits
- Additional cost to develop a detailed scope of work for the project and manage the bidding process
- Additional cost to inspect or review the installed energy project and verify it is operating as intended
- Additional cost to follow up with each audit semi-annually for three years to gather utility data and input into a tracking system, which has not been selected – suggestions for the system are welcome with your qualification submittal
- A signed statement indicating:  
*The selected Auditor(s) understand(s) that there is no guarantee or implied promise of any nature that any Work Statements at all will be issued and that the City and/or CEC is under no obligation to issue or consent to any Work Statements.*
- Please put the following completed cost table into your submittal to aid in evaluation of the proposal

### Cost Table

Audit cost and report preparation	\$/sq.ft
Is there a minimum square footage; if yes, what is it?	
Cost to develop scope of work and manage bidding	% of project cost

## Requirements:

- Firms submitting must have a Michigan licensed professional engineer or registered architect on staff
- Firms submitting must have at least five years experience working with all aspects of building energy systems, or have an individual on staff with five years of experience in building energy systems and auditing
- Firms submitting must have completed at least 10 TEA or ASHRAE Level II audits.

- Firms submitting must agree to complete the audit and report within two months of first audit visit

Proposal Due Date: XXXXXXXXXXXX

Please submit your proposal in a PDF via email to:

Wendy Barrott  
Clean Energy Coalition  
[wendyb@cec-mi.org](mailto:wendyb@cec-mi.org)

Any questions regarding the qualification submission process or other questions should be directed to Wendy Barrott by **xxxxxxx**, 2011. She may be reached via e-mail or 734-794-6430 x43714

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**Appendix J: Application Package**

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## City of Arbor PACE Program

Public Act 270 of 2010 authorizes local units of government to adopt Property Assessed Clean Energy (PACE) Programs to promote installation of energy efficiency measures and renewable energy by owners of Commercial or Industrial properties within a district designated by the local government. The bill authorizes local government to issue bonds, notes and other indebtedness and to assess properties for the cost of energy efficiency improvements and renewable energy systems. The Act provides for repayment to local governments through a voluntary property assessment. The property assessment may remain with the property and has the same priority as other property tax and assessment liens in the event of foreclosure.

The City of Ann Arbor has developed a PACE program which provides voluntary special assessments for certain energy efficiency improvements and renewable energy installations that are associated with real property.

The property eligibility requirements are as follows:

- Property meets the definition of commercial or industrial property
- Property is developed and within the current City of Ann Arbor ultimate jurisdictional boundaries
- Property title is vested in the applicant(s) without federal or state income tax liens, judgment liens or similar involuntary liens on the property
- Property owner is current on property taxes
- Property owner is current on mortgages
- Property owner is not in bankruptcy and the property is not an asset in a bankruptcy proceeding
- Improvements should not exceed 20 percent of the State Equalized Value before energy improvements
- Lien to value of property cannot exceed 99% of 2 times the State Equalized Value

Energy Projects that may be eligible for PACE assessments include:

- Project cost range of \$10,000 - \$350,000
- Energy analysis
- Insulation, weather sealing
- Efficient lighting and lighting controls
- Heating, venting, and air conditioning (HVAC)
- High-efficiency shower/faucet upgrades
- Energy Star appliances
- Replacement of doors and windows
- Solar electricity/photovoltaic – systems or unit on existing rooftops and parking shade structures; or a 60 kW system or smaller unit installed on the ground within the boundaries of an existing facility
- Wind turbine – 20kW or smaller
- Solar thermal (passive)
- Solar thermal hot water
- Ground source heat pump 5.5 ton or smaller, horizontal/vertical, ground, closed loop system
- Combined heat and power system – boilers sized appropriately for the buildings in which they are located

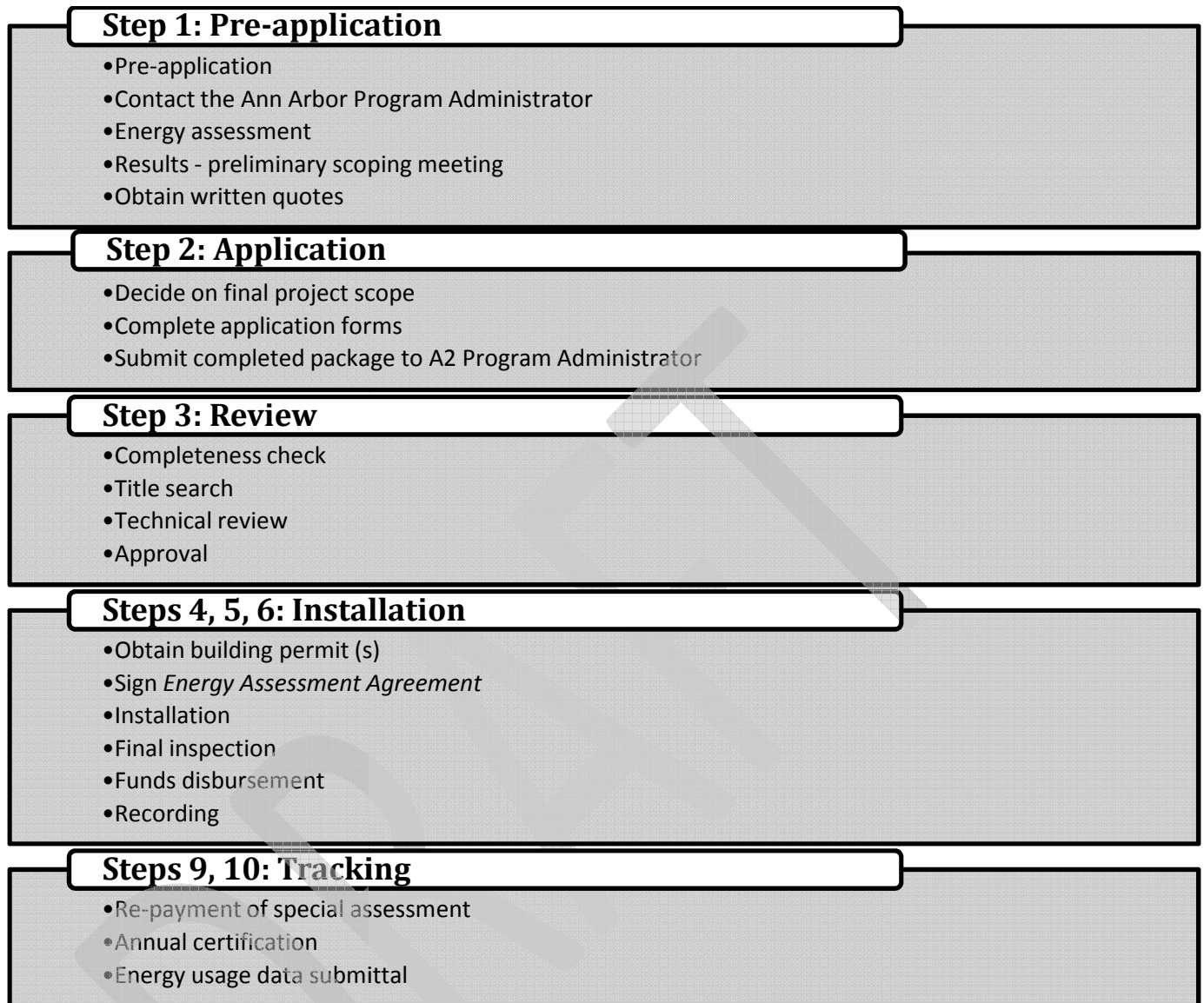
- Biomass Thermal – 3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated

For further information on eligibility requirements or operation of the Ann Arbor PACE program, refer to the report titled “Report on Proposed Property Assessed Clean Energy Program,” dated Sept 12, 2011. It is posted on line at [www.a2energy.org](http://www.a2energy.org) or a copy, either electronic or paper, can be obtained by contacting the Program Administrator at [Pace@a2gov.org](mailto:Pace@a2gov.org) or 734-794-6430 x43714.

## **Application Instructions**

Please read and follow the following instructions carefully. Be sure to complete and sign the attached Application form and include all requested attachments. Please type or print neatly in blue or black ink or use the fill-able form feature of the provided, on-line Adobe based forms and then print and sign. Keep a copy for your records of your completed application and all documents submitted.

All applications are processed on a first-come, first-served basis, upon receipt, until funds are depleted. Incomplete or incorrect applications cannot be processed. Resubmitted applications are processed on a first-come, first-served basis upon the resubmitted date.



*Figure 1: PACE Process*

Application approval, a building permit, execution of the Energy Assessment Agreement and project completion with a final inspection are required before any funds may be dispersed. A sample Energy Assessment Agreement is available on line at [www.a2energy.org](http://www.a2energy.org).

If there are insufficient funds available, an approved applicant will be placed on a waiting list.

Mail or deliver your application and attachments to:

Attention:

Program Administrator for A2 PACE Program

301 E. Huron St.

Ann Arbor, MI 48104

Applications and attachments may also be emailed to [Pace@a2gov.org](mailto:Pace@a2gov.org). For questions regarding the status of your application please e-mail [Pace@a2gov.org](mailto:Pace@a2gov.org) or call 734-794-6430 x43714.

## Preparation of an Ann Arbor PACE Application

### Step 1: Pre-Application

A baseline energy analysis must be conducted before submitting an application. This will assist in identification of cost effective energy conservation measures (ECMs) and projection of future energy savings.

#### ***Step 1a. Contact the Ann Arbor Program Administrator***

Contact the PACE Program Administrator by e-mail [Pace@a2gov.org](mailto:Pace@a2gov.org) or via telephone at 734-794-6430 x43714. At this point the Program Administrator:

- a. Will record your inquiry by completing a pre-application form
- b. Will request energy use data and building information to conduct an energy pre-screening
- c. Based on the pre-screening Program Administrator will do one of the following:
  - a. Provide a list of pre-screened auditors and instructions on contacting mortgage holder
  - b. Provide a list of pre-screened auditors and a statement allowing the limited energy analysis and instructions on contacting mortgage holder
  - c. Provide information on performance contracting, if project likely > \$250,000 and instruction on contacting mortgage holder
  - d. If property is not qualified, provide information on other avenues for energy efficiency funding

#### ***Step 1b. Schedule an audit using one of the pre-screened auditors, unless you have an energy analysis that meets one of the following standards:***

3. *Energy Analysis performed under Ann Arbor's Downtown Development Authority's energy efficiency program*
4. *Energy Analysis conducted using AHSRAE Level II or III protocols that is less than 3 years old*

#### ***Energy Analysis Standard***

For this program the following energy analysis protocols are being used:

- 3) "Rebuild Michigan, Technical Energy Analysis Guidelines," February 2010; with modifications and clarifications that are contained in the following guidelines
- 4) ASHRAE Level II or Level III audit
  - This protocol is used at the owner's discretion in situations where the owner wants to upgrade to an ASHRAE Level III audit.

***Important Note: For energy projects likely to be \$250,000 or larger in size***

If the building you are considering for an energy project is likely to result in an energy project greater than \$250,000 you must contract with an Energy Services Company (ESCO) to perform the audit and subsequently, enter into a performance contract, as required by P.A. 270 of 2010. If your prescreening indicates the energy project is likely greater than \$250,000, the Program Administrator will provide you with information on guaranteed energy savings contracts. Information about ESCO's and performance contracting can be found at [www.a2energy.org](http://www.a2energy.org). The Ann Arbor PACE program may fund projects up to \$350,000. The table below illustrates project costs versus energy assessment and funding types.

Project Cost	Type of Energy Assessment	PACE Eligible
< \$10,000	Not specified	No
\$10,000 - \$250,000	Energy Analysis Guidelines, Appendix I	Yes
\$250,000 - \$350,000	ESCO Guaranteed Performance Contract	Yes

***Step 1c. Hold Audit Results and Scoping Meeting***

After the energy analysis, a scoping meeting will be held with the auditor, building owner and the Ann Arbor PACE Program Administrator to review the energy analysis results and tentatively scope the project. At this point, the energy project will be assigned a project number and entered into the City's tracking system by the Program Administrator.

***Step 1d. Obtain Written Quotes for Energy Project***

The building owner will then obtain written quotes for the desired energy project; the quotes must show each sub-project with equipment and labor broken out. The auditor may be retained to assist with the project specifications or the building owner may use staff, a contractor or engineering firm of their choice. All contractors that are requested to bid must be **qualified**.

**Contractor qualifications** are included in this Application Package.

**Step 2: Application**

Download an application package from the Ann Arbor energy website, [www.a2energy.org](http://www.a2energy.org). An application package can also be provided by the City via mail, e-mail or fax upon request.

Prepare and submit the application with the required attachments. A completeness checklist is included in the application for use during application preparation.

**Next Steps**

For details on the subsequent steps, please refer to the document, "Report on Proposed Property Assessed Clean Energy Program," Chapter 2, section titled "Application and Special Assessment Process."

**Important Reminder**

**Keep a copy of all receipts, paid invoices, and energy project contracts associated with project preparation and execution. They are needed for project cost verification before disbursement can be made.**

## **Questions?**

You may contact the Program Administrator at any time during this process to answer questions, schedule a training seminar or seek guidance during the audit or application process.

PACE Program Administrator

[Pace@a2gov.org](mailto:Pace@a2gov.org)

734-794-6430 Ext. 43714

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## Application Completeness Checklist

***Use this list to ensure your application is complete.***

- Completed the applicant information form
- Completed property information
- Completed electronic file, proposed energy project.xlsx
- Selected desired assessment repayment period
- Requested assessment amount
- Completed and signed historic property statement
- Submitted check for application
- Initialed understanding of annual administration fee
- Initialed each line of the important program requirements section
- Completed project to property eligibility calculator
- Completed Lender Acknowledgement of Owner Participation in A2 PACE Program
- Signed Declarations section

***The following documents must be attached to your application:***

- A complete copy of Contractor(s)'s bid/quote, showing itemized costs for the Energy Project
- A copy of the audit report (Appendix I of the Report)
- A copy of the waste management plan (Appendix H of the Report, a fill in template is included in the application package)
- A copy of the Certificate of Appropriateness, if required

To be completed by PACE Program Administrator

Project Identifier \_\_\_\_\_

Staff Initials \_\_\_\_\_

## Applicant Information

### Property Owner(s) Legal Name(s) (as they appear on property tax records)

Owner 1	Driver's License Number	List all Parcel #'s Owned by Applicant
Owner 2		
Owner 3		

### Property Owner(s) Type

<input type="checkbox"/> Individual	<input type="checkbox"/> Partnership	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Corporation	<input type="checkbox"/> Other (please specify)	

### Property Owner Contact Information

Name	E-mail Address	Telephone No.
------	----------------	---------------

### Physical Property Address and Assessor's Parcel Number (site of improvements)

Street Address	City Ann Arbor	State MI	Zip
Assessor's Parcel Number for Subject Property			

### Mailing Address (if different)

Mailing Address	City	State	Zip
-----------------	------	-------	-----



## Property Information

Property Type (check all that apply)	
<p><b>Commercial</b></p> <p><input type="checkbox"/> Multi-unit family (3 or more units)</p> <p><input type="checkbox"/> Office</p> <p><input type="checkbox"/> Retail</p> <p><input type="checkbox"/> Mixed use</p> <p><input type="checkbox"/> Restaurant</p> <p><input type="checkbox"/> Grocery/convenience store</p> <p><input type="checkbox"/> Recreational</p> <p><input type="checkbox"/> Health care/clinic</p> <p><input type="checkbox"/> <b>Industrial</b></p>	<div style="border: 2px solid blue; padding: 10px; width: fit-content; margin: auto;"> <p><i>Is this building in a historic district?</i></p> <p><i>See Appendix G or Historic Property Statement in this packet.</i></p> </div>

## Proposed Improvement Project

Based upon the building’s energy analysis and construction quotes, the building owner will determine the final scope of the energy project (i.e. select from the total list of energy conservation measures the specific energy conservation measures to be implemented). The building owner will enter the energy project into the provided spreadsheet, proposed energy project.xlsx. Input the ECMs that are being included in your project, their costs and savings estimates. This spreadsheet must be submitted in electronic form.

Additionally, the spread sheet will create a cash flow calculation over the period of the assessment. You will need to enter the assessment term, assumptions for escalation of energy and operations costs (generally assumed to be 3% per year) and interest rate (for this assume 5% or test a number of scenarios to determine project sensitivity to interest rates).

This file is available by clicking here: [proposed energy project.xls](#). This electronic file is also available at [www.a2energy.org/](http://www.a2energy.org/). Download the file for use and save it to your computer with a file name of your choice.

### ***Electronic files***

Once this application is completed, the electronic file is to be e-mailed to the Program Administrator at [Pace@a2gov.org](mailto:Pace@a2gov.org) . This file should be sent at the same time as the remainder of the application. Record the file name information in the table below.

File	Record your file name
Energy Conservation Measures and Cash Flow spreadsheet (proposed energy project.xlsx)	

## Requested Special Assessment

Below enter the length of time you are requesting for your energy assessment. Term may not exceed 10 years or the useful life of the equipment installed, whichever is shorter.

<b>Requested Assessment Repayment Period</b> (Circle one or enter an alternate term)		
<b>5 years</b>	<b>10 years</b>	<b>Alternate term _____ years</b>

The table below lists each category of expenses that may be included in the energy project assessed amount. The property owner may choose to include or not include a category.

<b>Requested Assessment Amount</b> (Eligible Cost Categories shown)	
Energy Project	\$
Energy Analysis Cost	\$
Engineering/Architect Plans	\$
Building Permit Fees	\$
<b>Total</b>	<b>\$</b>

## Calculation of Application Fees:

Application Fee:           \$300.00	\$300.00
Title Search: approximately \$230	\$230.00
Recording Fee <sup>18</sup> : First Page \$14.00 Each Additional Page   \$3.00	\$14.00 9.00 <sup>19</sup>
<b>Total:   \$553.00</b> <i>Submit with application</i>	

## Calculation of Ongoing Fees:

Annual Administration Fee	\$15.00	Initial -----
---------------------------	---------	------------------

This administrative fee, which covers the City's cost of processing and billing assessment on an annual basis, will be added each year to the assessment amount and included in the annual bill.

## Important Program Requirements

*Initial each of the following, acknowledging your understanding of program conditions*

	<i>Initial</i>
All work requires a building permit	_____
Payment is ONCE in single disbursement after ALL contractor work is complete and project passes a final inspection	_____
Interest accrues from date of disbursement	_____
Requested financing amount cannot exceed 20% of the SEV	_____
Lien to value ratio cannot exceed 99% of 2 times the SEV	_____
Copies of waste disposal tickets and waste management plan must be kept.	_____

<sup>18</sup> Set by the State of Michigan these fees are current as of May 2011 and may be adjusted by legislation periodically

\$14.00 for the first page and \$3.00 for every page thereafter

<sup>19</sup> Assume 4 pages

# Project to Property Eligibility Calculator

Record the outstanding balance of the mortgage(s) here:

<b>First Mortgage</b>	
<b>Second Mortgage</b>	

Record the State Equalized Value here: \_\_\_\_\_

1. Requested Financing Amount Cannot Exceed 20 percent of the State Equalized Value

<b>Requested Financing Amount</b>		<b>State Equalized Value</b>		<b>Cannot Exceed 20 %</b>
\$00.00	÷	\$00.00	x (100)	= 0.00%
				Must be < 0.20 SEV

2. The Lien to value ratio (*including* the mortgage, if any, and *excluding* the Requested Financing Amount) cannot exceed 99% of 2 times the State Equalized Value.

Liens against Property		
Amount	Type	End Date
<b>Total:</b>		

<b>Sum of all Liens</b>	<b>Cannot Exceed 99% of 2 X State Equalized Value</b>
\$00.00	≤ (2 x \$00.00).99

## Ann Arbor PACE Commercial Contractor Qualifications

### Overview

The following criteria are offered as suggested guidelines for consideration by a property in the solicitation of bids or Requests for Proposals for performance of an energy project. You should review the criteria with your attorney to determine which criteria are appropriate for the work to be performed and to determine whether additional criteria should be considered. THIS DOCUMENT DOES NOT CONSTITUTE LEGAL ADVICE. AN ATTORNEY SHOULD BE CONSULTED WITH RESPECT TO ANY SPECIFIC ISSUES OR CIRCUMSTANCES.

In addition, the RFP should include general language that makes it clear that the property owner will review the materials and bids submitted to determine which bidder is best qualified and most suitable to meet the need of the property owner to complete the work. The property owner should reserve the right to not consider any submission that it determines to be unresponsive or deficient in any of the information requested. The property owner should be given the right to contact references to verify material submitted. The property owner should also reserve the right to accept any submission, to reject any or all submissions; to waive irregularities and/or informalities in any submission to make the award in any manner the property owner believes to be in its best interest.

Property owners should also consult with their attorney regarding the liability and safety requirements that must be maintained both by a selected contractor and on a job site. These should include but are not limited to requirements for MIOSHA, safety programs, and insurance.

### Contractor History and Qualifications

The following provisions are suggested to be included in any bid solicitation or RFP.

1. Information about the bidder's company, its principals, and its history, including state and date of incorporation.
2. A list of the last 5 similar projects completed within the past five (5) years, including dates, clients, contact information, approximate dollar value, and size. Documentation from these previous projects of comparable size/complexity, including but not limited to all costs relating to the bidder's timeliness, performance, quality of work, extension requests, contractual fines and penalties imposed (including proof of such fines and penalties), liens filed, history of claims for extra work and any contract defaults with an explanation of the reason.
3. A list of 3 references (could be tied to above projects) of individuals or entities the bidder has worked for within the last five (5) years including information regarding the records of performance and job site cooperation.
4. Evidence of experience with construction techniques, trade standards, quality workmanship, project scheduling, cost control, management of projects of comparable size/complexity, and building codes by documenting the bidder's ability and capacity to perform the project. The bidder must identify those portions of the project it reasonably believes will be sub-contracted and the names of the sub-contractors.
5. Consider whether to include a clause, which gives preference to a local bidder or a bidder whose work force is drawn significantly from area residents. Additional preference could be given to bidders that reduce the GHG and energy impacts of commuting long distances.
6. A list of all litigation and arbitrations currently, pending and within the past five (5) years,

including an explanation of each. Evidence of satisfactory resolution of claims filed by or against the bidder asserted on projects of the same or similar size within the last five (5) years. Any claim against the bidder shall be deemed to have been satisfactorily resolved if final judgment is rendered in favor of the bidder or any final judgment rendered against the bidder is satisfied within ninety (90) days of the date the judgment became final.

7. Disclosure of debarment by any federal, state or local governmental unit and/or findings of non-responsibility or non-compliance with respect to any public or private construction project performed by the bidder
8. Verification that the *Immigration and Nationality Act* will be fully complied with and that only individuals authorized to work will be hired.

### Financial Capacity

1. Audited financial information current within the past twelve months, such as a balance sheet, statement of operations, and bonding capacity. Evidence that the applicant has financial resources to start up and follow through on the project(s) and to respond to damages in case of default as shown by written verification of bonding capacity equal to or exceeding the amount of the project. The written verification must be submitted by a licensed surety company rated ( "B+" or better is recommended) in the current A.M. Best Guide and qualified to do business within the State of Michigan.
2. Require every bidding contractor to provide a DUNS number so you can pull a credit report from Dun & Bradstreet to check credit worthiness and view detailed information on how the contractor takes care of its credit. D&B reports will rank your contractor credit (higher D&B scores tend to reflect organizations that are financially stable) and also include metrics on how timely they pay their subcontractors.
3. For goods and services that can be easily secured from other sources on short notice, you may decide to forego intense vetting. Alternatively, if specifications for a project require hard-to-find materials or custom-made components, consider carefully vetting your contractor's qualifications on the front end.

### Licenses and Certifications

1. Trade categories and information regarding the state and local licenses and license numbers held by the applicant.
2. A confirmation that all sub-contractors, employees and other individuals working on the construction project will maintain current applicable licenses with the Michigan Bureau of Construction Codes and Fire Safety and/or the Bureau of Commercial Services for all licensed occupations and professions. The following occupations require licenses:

Asbestos Abatement (W01)	HVAC (T)
Architect (RA)	Licensed Underground Contractor (U)
Burglar Alarms (Security Systems) ( W17)	Plumbing (W03I)
Demolition (Residential Builders) (V01)	Refrigeration & Air Conditioning (T)
Electrical (Building, Line Work) (Q, R)	Residential Builder (Residential Demolition Only) (VO1)
Elevator (W03H)	Sidewalk Contractor (c )
Professional Engineer (PE)	Sign installer
Fire Alarm systems (Building Spec.) (W28)	Toxic Waste Hauler (W06C)
Fire Protection (Building Spec.) (W03I)	

3. The below certifications (where applicable) should be considered in determining 1) whether applicable certifications are to be minimum requirements for award of a contract or 2) whether preference is provided for contractors with certifications.

**Alternative Energy Installers**

- a. North American Board of Certified Energy Practitioners (NABCEP)
  - PV Entry Level Exam Program, PV Installer Certification, or Solar Thermal Installer Certification
- b. Electronics Technicians Association (ETA)
  - Alternative Energy Integrator or Installer

**Building Energy Management / Operation**

- a. Association of Energy Engineers (AEE) – Professional Based: Minimum 4 year degree

Certified Energy Manager (CEM)	Lighting Efficiency (CLEP)
Certified Sustainable Development Professional (CSDP)	Distributed Generation (DGCP)
Certified Carbon Reduction Manager (CRM)	Green Building Engineer (GBE)
Certified Energy Auditor (CEA)	GeoExchange Designer (CGD)
Certified Building Commissioning Professional (CBCP)	Power Quality Professional (CPQ)
Certified Business Energy Professional (BEP)	Certified Renewable Energy Professional (REP)
Measurement and Verification (CMVP)	Existing Building Commissioning Professional (EBCP)
Energy Procurement (CEP)	Certified Building Energy Simulation Analyst (BESA)

- b. Building Performance Institute: Building Analyst Professional
- c. Building Operators Certification (BOC)

**HVAC/Heating**

- a. North American Technician Excellence (NATE)
  - Installer Technician, Service Technician, Senior Technician: HVAC Efficiency Analyst
- b. HVAC Excellence
  - Professional Level Certifications, Master Specialist Hands On Certification

**Lighting**

- c. Installer Technician National Council on Qualifications for the Lighting Professions
  - Lighting Certified (LC) Professional

**Design/Build**

- a. U.S. Green Building Council
  - LEED Fellow, Green Associate, or AP

**Assurances/Contractor Policies**

1. Assurance that all construction work for your project shall proceed economically, efficiently, and continuously.
2. Assurance that Contractor has the ability to and will comply with all applicable contract provisions of the proposed contract for work.
3. Contractors must comply with the lien fund act, including use of sworn statements and lien waivers. This is especially important for complex jobs with many subcontractors working under a general contractor.

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*Disclaimer:* This report was prepared as an account of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government or any agency thereof.

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## Historic Property Statement

### **Michigan Local Historic Districts**

If any affected property is located within a local historic district,<sup>20</sup> the project may require approval of the Ann Arbor Historic District Commission or staff. Applicants are advised to contact the City's Historic Preservation Coordinator as early as possible to ensure compliance with laws governing work on historic properties. The Ann Arbor Historic Preservation Coordinator, Jill Thacher, may be reached at 734-794-6000 x42608 or [jthacher@a2gov.org](mailto:jthacher@a2gov.org).

Check one:

- This project will affect property located in a Michigan local historic district. I have contacted the City and received project approval from the City's Historic Preservation Coordinator or the Ann Arbor Historic District Commission, as applicable. I have attached a copy of the approval.
- This project will not affect property located in a Michigan local historic district.

### **Federal Section 106 Review**

All properties, whether officially designated as historic or not, may be subject to a federally mandated "Section 106" review, conducted by the Michigan State Historic Preservation Office ("SHPO"), to assess the project's impact on historic resources. Applicants are responsible for determining whether their project is subject to Section 106 review by consulting the Energy Efficiency and Conservation Block Grants Michigan SHPO Exemption Guide (Appendix G of the "Report"). If the applicant determines the project is exempt from review, the applicant must retain records supporting the exemption, but need not submit them. If the project is subject to review, applicants are required check the appropriate box on the succeeding form AND alert the PACE Program Administrator as soon as the applicant realizes. The PACE Program Administrator will contact SHPO and receive project approval.

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<sup>20</sup> To determine if a property is within a Michigan local historic district in Ann Arbor, please consult the official local historic district maps and descriptions on file in the Ann Arbor City Clerk's Office. For convenience, applicants may view historic district information for their property on the City's eTRAKIT website, however the City does not guarantee the accuracy of the eTRAKIT database. Applicants are advised that performing unauthorized work on a property in a local historic district may result in legal sanctions and that applicants are solely responsible for determining the official status of their property. To look up a property on eTRAKIT:

1. Click on this shortcut <http://etrakit.a2gov.org/etrakit2/> or go to the City homepage and click on eTRAKIT under "Working In".
2. Next, click the PARCELS box near the center of the page.
3. Enter all or part of the address in the search box, or change the search field to Parcel Number and enter the parcel number in the search box.
4. Double click on the correct address in the results box.
5. Click the RESTRICTION DETAILS tab for historic district or floodplain information.

**Check all statements that apply:**

This project includes geothermal systems or other Ground Disturbing Activity as defined in the Michigan SHPO Exemption Guide. I understand that SHPO review is mandatory for these components of the project. I have contacted the PACE Program Administrator and SHPO approval has been received from the PACE Program Administrator and a copy is attached.

This project will affect a structure over 50 years old; and (check one)

All components of this project that affect a structure over 50 years old are exempt from review under the Michigan SHPO Exemption Guide. I have retained records supporting this assertion. This project is not subject to SHPO review.

Some components of this project that affect a structure over 50 years old are NOT exempt from SHPO review. I have contacted the PACE Program Administrator and SHPO approval has been received from the PACE Program Administrator and a copy is attached.

This project will affect properties that are listed or eligible for listing in the National Register of Historic Places,<sup>21</sup> and (check one):

All components of this project that affect National Register listed or eligible properties are exempt from review under the Michigan SHPO Exemption Guide. I have retained records supporting this assertion. This project is not subject to SHPO review.

Some components of this project that affect National Register listed or eligible properties are NOT exempt from SHPO review. I have contacted the PACE Program Administrator and SHPO approval has been received from the PACE Program Administrator and a copy is attached.

This project will only affect structures under 50 years old that are not listed or eligible for listing in the National Register of Historic Places and does not include geothermal systems or other Ground Disturbing Activity as defined in the Michigan SHPO Exemption Guide. I have retained records supporting this assertion. This project is not subject to SHPO review.

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Signature

Date

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<sup>21</sup>To determine if a property is listed on the National Register of Historic Places, please contact the National Park Service at <http://www.npw.gov/nr/>.

## Information for Lenders

You have received this request for acknowledgment because your mortgagee is interested in improving the value and energy efficiency of their property by participating in the Ann Arbor PACE Program.

The PACE program uses special assessments as the mechanism for ensuring the repayment of the energy project. A special assessment is a charge that a government unit can assess against real estate parcels to pay for the installation of projects that serve a public good.

Property owners who choose to participate agree to an assessment on their property in exchange for the funds to install energy efficient technology and/or renewable energy sources on their property. The financing is secured with a lien on the property that like other assessments and taxes is paid before other claims against the property. There are little or no up-front costs to the property owner, and if the property is sold before the end of the repayment period, the new owner may be able to assume the assessment obligation for the financed improvements and continue to benefit from those property improvements.

Energy efficiency improvements are a good investment in maintaining the function and desirability of a property. Energy efficient buildings are more attractive to tenants and the cash flow of the building owner is improved.

### *Property Eligibility*

Only commercial and industrial properties within the ultimate jurisdictional boundaries of Ann Arbor may participate; additionally, the property may not have federal or state income tax liens or other involuntary liens, must be current on property taxes and mortgages, and may not be an asset in a bankruptcy proceeding.

The program has additional requirements to improve the security of the assessment; a title check is a required step in the process, the energy project must have a savings to investment ratio of 1 or more, the assessment may not be greater than 20% of the State Equalized Value and liens may not be greater than 99% of 2 times the State Equalized Value.

### *Additional Information*

If you would like complete details of the program a copy of a report, titled "Report on Proposed Property Assessed Clean Energy Program," may be obtained at [www.a2energy.org](http://www.a2energy.org) . If you have specific questions, please contact the Ann Arbor Program Administrator, at [Pace@a2gov.org](mailto:Pace@a2gov.org), or 734-794-6430 x43714.

## Lender Consent and Acknowledgement of Owner Participation in City of Ann Arbor Michigan's PACE Program<sup>22</sup>

This acknowledgement is granted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, a \_\_\_\_\_(Lender), and for the benefit of Property Owner, \_\_\_\_\_, and the City of Ann Arbor, a City in the State of Michigan.

### Recitals

- A. Pursuant to P.A. 270 of 2010, City established the Ann Arbor Energy Challenge Program on *date* ,by *resolution #* to finance installation of energy efficiency improvements and/or renewable energy systems, including water conservation measures and electric vehicle charging outlets.
- B. Owner has applied to the Program to finance the amount of \$\_\_\_\_\_, to be paid back with interest as a single lot assessment on Owner's real property as provided for in Section 1:292 of the Ann Arbor City Code, described in Exhibit X attached hereto ("Property"), over a period of \_\_\_\_\_ years.
- C. Owner has previously executed a \_\_\_\_\_(mortgage, deed of trust) dated \_\_\_\_\_, to Lender, covering the Property, to secure a promissory note in the sum of \$ \_\_\_\_\_, and recorded on \_\_\_\_\_, \_\_\_\_\_ at Liber \_\_\_\_\_, Page \_\_\_\_\_, Washtenaw County Register of Deeds.
- D. Owner has applied to and agreed to enter into, an Assessment Contract with the City by which the City will disburse funds to Owner in a principal amount not to exceed \$\_\_\_\_\_ ("Disbursement") to install energy projects, and such Disbursement will be payable with interest, upon terms and conditions described in the Assessment Contract.
- E. Pursuant to Section 1:292 of the Ann Arbor City Code , repayment by Owner under the Assessment Contract will be a statutory assessment levied against the Property (the "Assessment") notice of which shall be recorded against the Property in the Office of the Register of Deeds for Washtenaw County, Michigan , and which Assessment, together with interest and any penalties, shall constitute a lien (the "Lien") on the Property, and shall be

<sup>22</sup> If property being improved has no mortgage (owned free and clear), please submit documentation demonstrating such instead of this form.

collected in installments annually on June 1, via a special assessment invoice as provided for in Chapter 13 of the Ann Arbor Code.

## Consent and Acknowledgement

Lender acknowledges that it has been informed of Owner's participation in the Program, and agrees that Owner's execution of the Assessment Contract will not constitute a default under Lender's Deed of Trust. Execution of this Acknowledgement by Lender's representative shall constitute full and complete consent to Owner's participation in the Program.

Name of Lender: \_\_\_\_\_ Date: \_\_\_\_\_

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

Title: \_\_\_\_\_

**STATE OF**

**COUNTY OF**

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, on behalf of \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

County, \_\_\_\_\_

Acting in County

My Commission Expires:

## Declarations

The undersigned warrants that no promise or inducement has been offered in connection with the execution of this Declaration or in connection with the Application process, that it is executed without reliance upon any statement or representation by the City of Ann Arbor or its employees or agents; that the undersigned is of legal age, legally competent to execute this Declaration and accepts full responsibility for its execution. Further the undersigned declares under the penalties of perjury that this Declaration has been examined by him/her and that its contents are true to the best of his/her information, knowledge and belief.

1. I (we) am (are) current owner(s) of record of the property described herein (the "Property").
2. The Property is not currently involved in a bankruptcy proceeding.
3. I (we) am (are) are current on any mortgage or other loan secured by the Property.
4. I (we) and the Property meet the eligibility requirements.
5. That (1) the information provided in this Application is true and correct as of the date set forth opposite my/our signature(s) on this Application and (2) that I/we understand that any intentional or negligent misrepresentation(s) of the information contained in this Application may result in civil liability including liability for monetary damages to the City of Ann Arbor, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I/we have made in this Application.
6. I (we) am (are) applying to participate in the City of Ann Arbor PACE program. I(we) understand that I/we must execute an Energy Assessment Contract with the City of Ann Arbor in order to receive an assessment for the Energy Project and I(we) have the authority, without the consent of any third party which has not been previously obtained, to execute and deliver the Energy Assessment Agreement, this Application and the various documents and instruments referenced herein.
7. I (we) understand that the financing provided pursuant to the Energy Assessment Agreement will be repayable through an assessment levied against this Property. The Energy Assessment Agreement will specify the amount of the assessment, the number of assessment installments including interest on the assessment to be collected on the Property each year. The assessment and the interest and any penalties thereon will constitute a lien against the Property until they are paid, even if I(we) sell the Property to another person. I(we) understand that assessment installments together with the interest on the assessment will be collected on a special assessment bill in conformance with Chapter 13 of Ann Arbor City Code and as described in the "Report." These installment payments may be subject to the same penalties, remedies, and lien priorities as for property taxes in the event of nonpayment.
8. I (we) have reviewed any existing loan agreements and security instruments applicable to the Property, and verified that executing the Energy Assessment Agreement, receiving the financing for the Energy Project, and consenting to the assessment levied against the Property will not constitute a default under any other agreement or security instrument with affects the Property or to which I(we) am (are) a party.
9. I (we) agree that the selection of any product(s), equipment, and measures referenced in this Application (the "Energy Project"), the selection of any manufacturer(s), dealer(s), supplier(s), contractor(s) and installer(s), and the decision regarding the purchase installation and ownership/maintenance of the Energy Project is(are) my(our) sole responsibility and that I(we) have not relied upon any representations or recommendations of the City of Ann Arbor, its agents, representatives, assignees, or employees, in making such selection or decision, and that

my manufacturer, dealer, supplier, contractor or installer of the Energy Project is not an agent, employee, assignee or representative of the City of Ann Arbor.

10. I (we) understand that the City of Ann Arbor makes no warranty, whether express or implied, with respect to the choice, use or application of the Energy Project, including without limitation, the implied warranties of merchantability and fitness for any particular purpose, use or application of the Energy Project.
11. I (we) agree that the City of Ann Arbor has no liability whatsoever concerning (i) the quality of safety of any improvements, including their fitness for any purpose, (ii) the estimated energy savings produced by or performance of the Energy Project, (iii) the workmanship of any third parties, (iv) the installation or use of the Energy Project including, but not limited to, any effect on indoor pollutants, (v) any other matter with respect to the City of Ann Arbor PACE Program.
12. I (we) agree that any carbon credits attributable to the Energy Project, if any, shall be held by the City of Ann Arbor.
13. I (we) understand that it is a requirement of the PACE program to provide monthly energy use data twice per year for the period of the assessment to the Ann Arbor Program Administrator.
14. I (we) understand that I (we) am (are) responsible for meeting all City of Ann Arbor PACE Program requirements and complying with all applicable Federal/State/County/City laws and the requirements of any agreement which affect the Property or the use of the Property, if any. I(we) further understand failure to comply may result in breach of energy assessment agreement with the City and forfeit of assessment amount.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ (month), \_\_\_\_\_ (year) in the City of Ann Arbor, State of Michigan.

*Property Owner(s) Signature*

*Printed Name*

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## Waste Management Plan Form

### Instructions

A Waste Management Plan must be submitted with your application. The plan must address management of sanitary and/or hazardous waste generated by the proposed activities in compliance with Federal NEPA regulatory requirements and State of Michigan regulatory requirements.

The plan, at a minimum, should contain the following information:

1. Type(s) and estimated volume(s) of waste that the project proponent anticipates will be generated.
2. The disposal path for each waste stream (e.g., landfill disposal, recycling, reuse).

More information on how to handle waste can be found at:

[http://www.michigan.gov/deq/0,1607,7-135-3312\\_4123--,00.html](http://www.michigan.gov/deq/0,1607,7-135-3312_4123--,00.html) OR

Contact the City of Ann Arbor at:

Phone: 734-99-GREEN

Website: [www.a2gov.org/recycle](http://www.a2gov.org/recycle)

Email: [recycle@a2gov.org](mailto:recycle@a2gov.org)

You may use the following worksheet as your Waste Management Plan submittal, omitting the "Date Removed" column. Complete the "Date Removed" section and adjust the "amount/quantity" disposed column during the completion of your energy project. Submit the completed form with your documentation for the funds disbursement step.

***Keep copies of waste disposal tickets as documentation to support proper disposal.***



<b>Project Name:</b>				
<b>Address of Energy Project</b>				
<b>Description of Project Activity:</b>				
	<b>Type of Waste</b>	<b>Date Removed</b>	<b>How &amp; Where was Waste Disposed (Keep Documents)</b>	<b>Amt. / Qty. (Ton, Each)</b>
<b>Construction / Demolition</b>	<b>Hazardous / Non Hazardous</b>	<b>Date Removed</b>	<b>Company/Landfill name &amp; address</b>	
Asphalt				
Bricks				
Concrete				
Door				
Fixtures				
<b>Electronic Devices</b>	<b>Hazardous / Non Hazardous</b>	<b>Date Removed</b>	<b>Company/Landfill name &amp; address</b>	
<b>Glass</b>				
Windows				
<b>Hazardous Waste</b>	<b>Hazardous / Non Hazardous</b>	<b>Date Removed</b>	<b>Company/Landfill name &amp; address</b>	
Fluor. Lights				
Ballast w/PCB's				
Paint				
Cleaners				
Caulking (pre 1978)				
Asbestos				
Batteries				
Thermostats				
CFC's				
<b>Metals</b>	<b>Hazardous / Non Hazardous</b>	<b>Date Removed</b>	<b>Company/Landfill name &amp; address</b>	
Scrap				
HVAC units				
Piping				
Discarded				

Equip.				
<b>Organic Materials</b>	<b>Hazardous / Non Hazardous</b>	<b>Date Removed</b>	<b>Company/Landfill name &amp; address</b>	
Wood Debris				
<b>Other</b>	<b>Hazardous / Non Hazardous</b>	<b>Date Removed</b>	<b>Company/Landfill name &amp; address</b>	

*Please keep a copy of this plan and waste disposal documents for your records.*

DRAFT

## Appendix K: Energy Assessment Agreement

### ENERGY ASSESSMENT AGREEMENT

#### CITY OF ANN ARBOR ENERGY CHALLENGE PROGRAM

#### [SINGLE DISBURSEMENT]

This Assessment Agreement ("Agreement") is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, by and between the CITY OF ANN ARBOR, a Michigan municipal corporation ("City"), having a principal place of business at 301 E. Huron St., Ann Arbor, Washtenaw County, Michigan 48107-8647 and \_\_\_\_\_ ("Property Owner"), having a principal place of business at \_\_\_\_\_.

#### RECITALS

A. City has established the Energy Challenge Program (the "Program") pursuant to which City may extend funds to property owners to finance the acquisition and installation on their property of certain qualifying renewable energy systems and energy efficient equipment. The purpose and method of administration of the special assessments under the Program are described in the Report on Proposed Property Assessed Clean Energy Program Report adopted by the City Council on *September xx 2011*, as it may be amended from time to time (the "Report").

B. The Program is authorized by the State of Michigan, Act 270 of the Public Acts of 2010 (the "Act").

C. The Property Owner has submitted to the City an Ann Arbor Energy PACE Program Application, Project Number \_\_\_\_\_, dated \_\_\_\_\_, 200\_\_\_\_, a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference (the "Application"). The Application describes, among other things, the renewable energy system and/or energy efficient equipment which is to be financed with the funds described herein, and to be constructed on or installed in, on or under the property commonly known as \_\_\_\_\_ and as further described in Exhibit "B" attached hereto and incorporated herein by this reference (the "Property"), and the City has

approved the Application in accordance with standards and procedures in the Report and all applicable laws and regulations.

D. The Property Owner having indicated his/her/its intent to participate in the Program, acknowledgement and agreement with the terms of participation in the Program by executing this Agreement with the City and the expenditure of the funds made available by the City to the Property Owner hereunder for the sole purpose of financing the acquisition and [construction] [installation] in, on or under the Property of the [renewable energy system] [energy efficiency equipment] described in the Application (the "Equipment") and reimbursement of the designated funding to the City through a single lot Special Assessment in accordance with Ann Arbor City Code Section 1:292. The Equipment and its construction on or installation in the Property is collectively referred to herein as the "Work".

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:

## **AGREEMENT**

### **1. Energy Improvement Assessment Agreement.**

(a) Subject to the conditions set forth herein, City agrees to extend funds to Property Owner in the amount not to exceed \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "Assessment Amount"). Notwithstanding anything to the contrary contained herein, the Assessment Amount shall not in any event exceed the total of the actual cost of the Work plus applicable incurred and paid for engineering/architect service fees, program fees, building permit fees and energy analysis costs. The Assessment Amount shall be adjusted, if necessary, prior to the disbursement of the Assessment Amount to the Property Owner and following the post-completion inspection by the City's Construction Services as described in Section 3 below, and shall be adjusted by the Energy Office Director (the "Director") to an amount equal to the actual cost of the Work plus allowable verified incurred and paid fees and costs. Any adjustment of the Assessment Amount by the Director shall be made on the basis of the best available written evidence of the actual cost of the Work and in the exercise of the Director's reasonable judgment. The Property Owner shall be solely liable for the payment of all cost of the Work which exceeds the Assessment Amount. The Property Owner agrees to complete the Work and to fund all costs associated with such completion (which may be in excess of the Assessment Amount). This Agreement, together with the Application, the Report and the documents and instruments attached to or referenced in this Agreement and the Application are collectively referred to herein as the "Energy Assessment Documents."

(b) The term of the Assessment and this Agreement shall be (\_\_\_\_) years from the date that the funds are disbursed to the Property Owner. For clarification, the levy and collection of the Assessment (as defined in paragraph (d) below) as repayment of the energy improvement and the interest accrued thereon is governed by the Ann Arbor City Code, Section 1:292, and therefore, the levy and collection of assessment installments (and the schedule of assessment installments described in paragraph (e) below and set forth on Exhibit "C" of this Agreement) shall reflect installment due dates established to comply with Ann Arbor City Code Section 1:292 and deadlines for levy and collection.

(c) Interest shall accrue on the unpaid principal balance of the Assessment Amount from the date disbursed to Property Owner at the simple interest rate of \_\_ percent ( \_\_ %) per annum or the maximum interest rate per annum permitted by law whichever is less. . . Interest shall be computed on the basis of a three hundred sixty (360) day year

(d) The Property Owner promises to pay to the City, without deduction or offset, the Assessment Amount and the interest accrued thereon as provided herein. The repayment of the Assessment Amount and interest accrued thereon shall be repaid by the Property Owner to the City by the payment of an assessment levied against the Property pursuant to Ann Arbor City Code Section 1:292. In addition to the Assessment, the Property Owner promises to pay to the City, without deduction or offset, an annual assessment levied against the Property to pay costs incurred by the City which result from the administration and collection of the Assessment (*the "Annual Administrative Assessment"*). The Annual Administrative Assessment shall not exceed Fifteen Dollars (\$15.00) per year and shall be in addition to any general administrative fee authorized in connection with the collection of property taxes. The Assessment and the Annual Administrative Assessment, and the interest and any penalties thereon shall constitute a lien on the Property until they are paid. The installments of the Assessment and the Annual Administrative Assessment (including principal and interest) shall be collected in the same manner as any other special assessment levied by the City. The Property Owner hereby expressly consents to the levy of the Assessment and the Annual Administrative Assessment and the imposition of the lien on the Property as described herein and in the Act.

(e) The amount of assessment installments that will be placed on the Property each year is set forth in Exhibit "C" attached hereto and incorporated herein by this reference.

(f) The Assessment may be prepaid, in whole or in part, at any time during the term of the Agreement. Prepayments shall be applied first to the accrued prorated monthly interest from the date of the last installment payment made to the date of the prepayment with the remainder of the prepayment applied to the unpaid principal...

## **2. Use of Proceeds.**

All proceeds of the Assessment shall be used by Property Owner for the sole purpose of paying for the actual costs and expenses of the Work on the Property, and in connection therewith the Owner shall comply with all requirements set forth herein, in the Energy Assessment Documents.

## **3. Disbursement Procedures.**

(a) Notwithstanding anything to the contrary contained herein, the City shall have no obligation to disburse the funds hereunder unless and until each of the following conditions is satisfied or any such condition is expressly waived in writing by the Director:

(i) The receipt by the Director of a written certification from Property Owner, and each and every contractor(s), if any, that performed the Work, stating that the Work for which disbursement is requested is complete, and the actual cost of such Work. Such certification shall be in form and substance acceptable to the Director. The City shall not be liable for any delay in disbursement resulting from failure by the Owner or its contractors to timely submit the required certification. (ii) An inspection of the Work by the Ann Arbor Construction Services, and a determination by the Director that the Work has been completed in full compliance with the requirements of the Energy Assessment Documents.

(iii) The receipt by the Director of such other documents and instruments as the Director may require, including but not limited to, if applicable, the sworn statements of contractor(s) and releases or waivers of lien substantially in the form attached hereto as Exhibit \_\_, ("Contractor's Affidavit") all in compliance with the requirements of applicable law. Execution of a Contractor's Affidavit shall be conclusive of contractor's agreement with the final cost of the Work and receipt of payment in full for Work performed. (iv) Property Owner has, as appropriate, executed and delivered to Director any other documents or instruments pertaining to the Assessment or the Work as the Director may require.

(v) Property Owner will at closing or within ( ) business days of presentation by the Director, execute, or require its contractor(s) to execute, any and all documents or instruments required by the Energy Assessment Documents in connection with the disbursement of the Assessment Amount.

(b) City Responsibilities.

(i) As of the date of disbursement of the funds, the Director shall have verified to the extent reasonably possible each of the representations of the Property Owner contained in the Energy Assessment Documents are true, and no Default (as defined in Section 12 below) shall have occurred and be continuing.

(ii) No stop payment or mechanic's lien notice pertaining to the Work has been served upon the City and remains in effect as of the date of disbursement of the Assessment Amount.

#### **4. Reports regarding the Work.**

The Property Owner agrees, upon the request of Director, to promptly deliver to the Director, or, if appropriate, cause its contractor(s) to promptly deliver to Director, a written progress report regarding the Work.

#### **5. Property Owner Representations and Warranties**

Owner warrants that each representation and warranty set forth below is true, accurate and complete as of the date of this Agreement to the best of his/her knowledge

(a) Formation; Authority.

(i) If Owner is anything other than a natural person as defined by Michigan law, it has complied with all laws and regulations concerning its organization, existence and the transaction of its business, and is in good standing in each state in which it conducts its business.

(ii) Property Owner is the fee title owner of the Property and is authorized to execute, deliver and perform its obligations under the Energy Assessment Documents, and all other documents and instruments delivered by Property Owner to the City in connection therewith and will provide documentation of that authority if requested.

(iii) This Agreement and the Application have been duly executed and delivered to the City by Property Owner and are valid and binding upon and enforceable against the Property Owner in accordance with their terms, and no consent or approval of any third party, which has not been previously obtained by the Property Owner, is required for the Property Owner's execution thereof or the performance of its obligations contained therein.

(iv) Property Held In Trust; Representations. If the Property is owned, in whole or in part, in Trust, , the Trustee(s) have, in accordance with the authority granted under the terms of the Trust, individually and on behalf of the Trust, affirmed the foregoing representations and warranties and all reports, documents, instruments, information and forms of evidence that have been delivered to City on behalf of the Trust concerning the Assessment are accurate, correct and sufficiently complete to give City true and accurate knowledge of their subject matter.

(b) Compliance with Law.

(i) To the best of Property Owner's knowledge, the Property is and has been owned, used and occupied in compliance with all presently applicable federal, state and local laws and regulations, including the protection of health and the environment.

(ii) Property Owner has not received written notice that any contamination was ever present on the Property, except as identified in the Owners Statement (if applicable).

(iii) There are no claims, litigation, proceedings, inquiries, investigations, dispute pending or to the best of the Property Owner's knowledge, unrecorded easements or rights or claims of easement, restrictions, agreements, covenants, encumbrances or boundary line disputes, gaps, encroachments or overlaps in respect to the Property

(iv) Neither Property Owner nor the Property is in violation of, and the terms and provisions of the Assessment 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 Property Owner or the Property.

(c) Execution; No Violation or Default .

(i) Neither the terms and provisions of the Energy Assessment Documents, the execution and delivery of the Energy Assessment Documents by Property Owner, nor the performance by Property Owner of its obligations contained therein, violates or shall violate or result in a breach of or a default (with notice or lapse of time or both) under any contract, document, agreement or other legal instrument which the Property Owner is a party or the Property is bound.

(d) Lawsuits. There are no lawsuits, tax claims, actions, proceedings, investigations or other disputes pending or threatened against Property Owner which would prohibit execution of the Energy Assessment Documents or impair, or may likely impair in the future, Property Owner's ability to perform its obligations hereunder.

(e) Accuracy of Declarations, Survival. All representations and warranties made by the Property Owner in the Energy Assessment Documents shall be deemed to have been made against as of the Closing Date. Property Owner agrees to defend and indemnify the City against and hold it harmless from and against any and all claims, demands, liabilities, costs, expenses, penalties, damages and losses, including, but not limited to, reasonable attorneys' fees and disbursements, resulting from any misrepresentation or breach of the warranties set forth in the Energy Assessment Documents. The representations, warranties, obligations and covenants of the Property Owner set forth in the Energy Assessment Documents shall survive Closing for the period of the Assessment.(f) Notice of Change in Circumstances. Property Owner shall immediately notify the Director if any of the foregoing representations and/or warranties ceases to be true and correct. On receipt of such notice, the Director may elect to take any action he/she deems in the best interest of the City to preserve the City's rights under the Energy Assessment Documents. Property Owner agrees to cooperate with, and execute any document or other legal instruments required by the Director in connection with the Assessment.

#### **6. Property Owner's Covenants.**

Property Owner has read, understands and warrants to keep each of the following covenants:

(a) Completion of Work and Maintenance of Equipment. Property Owner shall, or shall cause its contractor(s) to, promptly commence construction of the Work as defined in Report and Application Package, and diligently continue such Work to completion, in a good and workmanlike manner and in accordance with sound construction and installation practices. Property Owner shall maintain the Equipment in good condition and repair in accordance with manufacturer's recommendations and industry standards

(b) Compliance with Law and Agreements. In commencing and completing the Work, Owner shall, and shall require his/her contractor(s) as a term of any contract for the Work, comply with all existing and future laws, regulations, orders, building restrictions and requirements of, and all agreements with and commitments to, all governmental, judicial and legal authorities having jurisdiction over the Property or the Work, and with all recorded instruments, permits, licenses, agreements, and covenants and restrictions affecting the Property.

(c) Permits, Licenses and Approvals. Property Owner shall properly obtain, comply with and keep in effect all permits, licenses and approvals which are required to be obtained from any governmental authority in order to commence and complete the Work. Property Owner, upon the request of the Director, shall promptly deliver copies of all such permits, licenses and approvals to the Director.



(d) Site Visits; Examination of Records and Documents. Property Owner grants City, its employees, agents and representatives the right to enter and visit the Property during regular business hours, after giving reasonable notice to the Property Owner, for the purposes of:

(i) Observing the Work during construction and installation,

(ii) An annual visual inspection for each year during the term of the Agreement to verify that the Equipment is still affixed to the Property, and

(iii) Any additional number of visits each year during the term of the Agreement, "for cause." For purposes of this Agreement "for cause" is defined as any circumstance as determined by the Director to negatively impact the terms and conditions of this Agreement.

(iv) City will make reasonable efforts during any site visit to avoid interfering with Property Owner's use of the Property. Property Owner agrees to be available and fully cooperate, subject to advance notice, with City's employees, agents and representatives to expedite their performance of any site visit or the preparation of any report thereon.

(v) Property Owner shall also allow City to examine and copy records and other documents of Owner, at the City's expense, which relate to (A) the Work during its construction and installation and (B) the continued maintenance and repair of the Equipment.

(vi) City is under no duty to visit the Property, or observe any aspects of the Work, or examine any records, and City shall not incur any obligation or liability by reason of not making any such visit or examination. Any site visit, observation or examination by City shall be solely for the purposes of protecting City's rights under the Energy Assessment Documents.

(e) Protection Against Lien Claims. Property 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 Work. Property 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 Work. Should Property Owner elect to contest any claim or lien in connection with the Work, he/she shall provide notice of such contest and any settlement thereof.

(f) Insurance. Property Owner, or Property Owner's contractor under the terms of the contract for Work, shall provide, maintain and keep in force at all times

(i) during the term of construction or installation (e.g. until the Work is completed and final permit issued (if applicable), builder's all risk property damage insurance on the Property, with a policy limit equal to the full replacement cost of the Work, and

(ii) property insurance covering the Property, including coverage for the replacement cost (without deduction for depreciation) of the Equipment.

(g) Certification and Reporting.

(i) Property Owner shall promptly complete and return to City an annual certification with respect to the Equipment and the Property, and ownership thereof. The annual certification will be provided by the City to the Property Owner and in all respects shall

be in form and substance as determined by the City in its sole discretion, for the purposes of protecting City's rights under the Assessment Documents. The Certification will include, at minimal, the requirement that the Property reaffirm all representations and warranties made at Closing remain true and correct.

(ii) Property Owner shall submit to the City twice per year monthly utility bills for the purposes of tracking energy savings. An exception to this required is granted to rental properties where the tenant pays the utilities.

(h) Notification of Material Events. Property Owner shall promptly notify City in writing of

(i) any voluntary or involuntary bankruptcy proceeding (reorganization or liquidation) filed with respect to Property Owner,

(ii) any making of an assignment for the benefit of creditors with respect to Property Owner's assets,

(iii) the appointment of a trustee or receiver with respect to Property Owner's assets in bankruptcy or any other similar proceeding under law for relief of debtors,

(iv) any indictment or conviction of Property Owner, or if Property Owner is not an individual, of any officer, manager, managing member, general partner, or principal of Property Owner, or Trustee for the Property for embezzlement, fraud, or criminal or dishonest acts,

(v) if the Property Owner is not an individual any change in corporate organization of Property Owner,

(vi) if Property Owner is not an individual, any dissolution of Property Owner,

(vii) receipt by Property Owner of any notice of by a government entity in connection with the Property and its condition (e.g. blight, dangerous building/condemnation, public nuisance) , or

(viii) receipt by Property Owner of any eminent domain offer with respect to the Property from any governmental entity or of any notification of the commencement of any eminent domain proceeding with respect to the Property by any governmental entity.

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

#### **7. Completion of the Work.**

Subject to Section 12(h), Borrower agrees to complete the Work on or before \_\_\_\_\_, 20\_\_\_. ("Completion Date") For purposes of this Agreement "completion" is defined as the issuance of a final permit (if required) and "completion date" is defined as 90 days after the execution of this Energy Assessment Agreement. The Property Owner and City may mutually agree in writing to an alternate Completion Date or an extension of the Completion Date for good cause, which basis for a determination of good cause shall be within the sole discretion of the Director, and provide any requested evidence that all payments for Work have been made and all permit requirements have been fulfilled.

## **8. Mechanic's Lien and Stop Notices.**

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 Michigan against the Property and relating to the Work, Director may summarily refuse to make any disbursement of the Assessment Amount until receipt of an appropriate bond in the amount in dispute. In the event Property Owner fails to furnish Director a bond causing such stop notice or lien to be released within ten (10) days of notice from Director to do so, such failure shall be deemed a material breach of the Agreement and at the option of City constitute a grounds for termination of this Agreement. Property Owner shall promptly deliver to Director copies of all such notices or liens when received and any supporting documentation in connection therewith including any correspondence received prior to or during the pendency of and directly relating to the stop notice or mechanic's lien.

## **9. Indemnification.**

(a) Owner shall indemnify, defend, protect, and hold harmless the City and any and all agents, employees, attorneys and representatives of the City (collectively, the "City Parties"), from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all litigation costs and attorney's fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with,

- (i) the Energy Assessment Documents,
- (ii) the disbursement of the Assessment Amount,
- (iii) the Work,
- (iv) the Equipment,
- (v) any breach or Default by Property Owner under the Energy Assessment Documents,
- (vi) the Assessment and the Annual Administrative Assessment, and
- (vii) any other fact, circumstance or event related to City's extension and disbursement of the funds to Property Owner or Property Owner's performance of its obligations under the Energy Assessment Documents (collectively, the "Liabilities"), regardless of whether such Liabilities shall accrue or are discovered before or after the disbursement of the Assessment Amount.

(b) The indemnity obligations described in this Section 9 shall survive the disbursement of the Assessment Amount, the repayment of the Energy Improvement, the transfer or sale of the Property by the Property Owner, and the termination of this Agreement.

(c) Nothing in this Section 9 shall be construed to relieve the City from liability to Property Owner for City's own negligence or the negligence of City employees, agents or representatives.

## **10. Waiver of Claims.**

For and in consideration of the City's execution and delivery of this Agreement, Property Owner, for his/her/itself and for its successors-in-interest to the Property and for any one claiming by, through, or under the Property Owner, hereby waives the right

to recover from and fully and irrevocably releases the City Parties from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys' fees and court costs, that Property Owner may now have or hereafter acquire against any of the City Parties and accruing from or related to

- (i) the Assessment Documents,
- (ii) the disbursement, delay of disbursement or withholding of the Assessment Amount,
- (iii) the performance of the Work,
- (iv) the Equipment,
- (v) any damage to or diminution in value of the Property that may result from the Work,
- (vi) any personal injury or death that may result from the Work,
- (vi) the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and their action or inaction with respect to the Work or the Equipment,
- (vii) the merchantability and fitness for any particular purpose, use or application of the Equipment,
- (vii) the amount of energy savings resulting from the Work and the Equipment,
- (ix) the workmanship of any third parties, and
- (x) any other matter with respect to the Program.

Property Owner agrees that this release shall apply to all unknown and unanticipated claims, obligations, liabilities, injuries, causes of action, and damages resulting from or in connection with (i) through (x) above as well as those now disclosed.

The waivers and releases by Property Owner contained in this Section 10 shall survive the disbursement of the Assessment Amount, the repayment of the Energy Improvement, the transfer or sale of the Property by the Property Owner, and the termination of this Agreement.

#### **11. Further Assurances.**

The Property Owner shall execute any further documents or instruments consistent with the terms of this Agreement, including documents and instruments in recordable form, as City shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement and making the funds available.

#### **12. Events of Default.**

(a) Subject to the further provisions of this Section 12, the failure of any representation or warranty of the Property Owner contained herein to be correct in all material respects, or the failure or delay by Property Owner to perform any of its obligations under the terms or provisions of the Energy Assessment Documents, shall constitute a default hereunder ("Default"). The Property 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 in Sections 12(c) and (d) below, as applicable.

(b) The City shall give written notice of default to Property Owner, specifying the default complained of by the City and specifying the period by which the default is to be cured or the City advised why such default cannot be cured. The Property Owner shall be expected to cure such default within thirty (30) days unless another period is specified in the City's Notice of Default. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time required to cure the default.

(c) If any Default occurs, and remains uncured after the period specified by which the default was to be cured then upon the election of City,

(i) if there has been no disbursement of the Assessment Amount, this Agreement shall terminate and, except as otherwise expressly provided herein, the parties have no further obligations or rights hereunder, or

(ii) if the Assessment Amount has been disbursed in whole or in part, City may terminate its obligations to make any further disbursement of the Assessment Amount and exercise any or all of the rights and remedies available to it under applicable law, at equity or as otherwise provided herein.

(iii) the City may, on the recommendation of the Director, extend the time specified to cure the Default prior to exercising its right to terminate under (i) and (ii) above on evidence of the Property Owner's diligently, continually, and in good faith works to effect a cure as soon as possible. However, in no event shall City be precluded, at any time during the extension granted, after notice to the Property Owner, from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

(d) Any and all costs and expenses incurred by the City in pursuing its remedies hereunder shall be additional indebtedness of the Property Owner to the City hereunder, and shall be secured as provided in the Act or deducted from disbursement if approved by the Director. If the City terminates the Agreement prior to disbursement of the Assessment Amount, the Property Owner remains responsible for any costs or expenses incurred by the City in connection with or resulting from termination of this Agreement and the City shall have the right to pursue all available legal remedies in connection with those costs and expenses.

(e) Except as otherwise expressly stated in this Agreement, the rights and remedies of the City are cumulative, and the exercise of one or more of such rights or remedies shall not preclude the exercise by the City, 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 City 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 City 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.

**13. Force Majeure.** Performance of the covenants and conditions imposed upon Property Owner hereunder with respect to the commencement and completion of the Work shall be excused while and to the extent that, Property Owner 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 Property Owner; provided, however,

that such event is not caused by the fault, negligence or misconduct of Property Owner; and provided, further, 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 Property Owner shall immediately resume compliance therewith and performance thereof.

**14. Compliance with Local, State and Federal Laws.**

Property Owner shall perform the Work, or cause the Work to be performed, in conformity with all applicable laws, including all applicable federal, state and local occupation, safety and health laws, rules, regulations and standards. Property Owner agrees to indemnify, defend and hold the City Parties harmless from and against any cost, expense, claim, charge or liability relating to or arising directly or indirectly from any breach by or failure of Property Owner or its contractor(s) or agents to comply with such laws, rules or regulations. The indemnification obligations described in this Section 13 shall survive the disbursement of the Assessment Amount, the repayment of the Energy Improvement, and the termination of this Agreement.

**15. Severability.**

Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, 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 Agreement shall be valid and shall be enforced to the extent permitted by law.

**16. Notices.**

All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, or by personal delivery (by recognized courier service or otherwise). Notices shall be considered given upon the earlier of (a) personal delivery or (b) two (2) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested. 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 City:  
City of Ann Arbor  
301 East Huron.  
Ann Arbor, MI 48107  
Attention: *Energy Office Director*

To Owner:  
*[insert name and address]*

**17. No Waiver.**

No disbursement of the Assessment Amount shall constitute a waiver of any conditions to the City's obligation to make further disbursements nor, in the event Property Owner is unable to satisfy any such conditions, shall any such waiver have the effect of precluding the City from thereafter declaring such inability to constitute a Default under this Agreement. No disbursement of the Assessment Amount based upon inadequate or incorrect information shall constitute a waiver of the right of City to receive a refund thereof from Property Owner.

**18. Governing Law, Choice of Forum.**

This Agreement will be governed and controlled in all respects by the laws of the State of Michigan, including interpretation, enforceability, validity and construction, excepting the principles of conflicts of law. The parties submit to the jurisdiction and venue of the Circuit Court for Washtenaw County, State of Michigan, or, if original jurisdiction can be established, the United States District Court for the Eastern District of Michigan, Southern Division, with respect to any action arising, directly or indirectly, out of this Agreement or the performance or breach of this Agreement. The parties stipulate that the venues referenced in this Agreement are convenient and waive any claim of non-convenience.

**19. Amendment of Agreement.**

No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by the Property Owner and City.

**20. City May Assign; Role of the City.**

City, at its option, may

- (i) assign any or all of its rights and obligations under the Assessment and this Agreement, and
- (ii) pledge and assign its right to receive the Assessment, the Annual Administrative Assessment, and the repayment of the Assessment and any other payments due to the City hereunder, without obtaining the consent of the Property Owner.

**21. Property Owner Assignment Prohibited.**

In no event shall Owner assign or transfer any portion of this Agreement or Owner's rights or obligations under the Agreement without the prior express written consent of City, which consent may be granted or withheld at the sole and absolute discretion of the City.

**22. Relationship of Property Owner and City.**

The relationship of Property Owner and City pursuant to this Agreement is that of *debtor and creditor* and shall not be or be construed to be a joint venture, equity venture, partnership, or other relationship. If there is more than one person as defined by Michigan law with a property interest in the Property, the obligations hereunder and the relationship therewith of all persons having an interest in the Property shall be deemed joint and several.

**23. Time of Essence.**

Time is of the essence of this Agreement and of each and every provision hereof.

**24. Special Termination.**

Notwithstanding anything to the contrary contained herein, this Agreement shall terminate and be of no further force or effect if the Property Owner has submitted to the Director a notice of its decision to cancel this transaction on or prior to the date and time described in the Notice of Right to Cancel which was delivered to the Property Owner upon its execution of this Agreement.

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

This Agreement is entered into for the sole benefit of Property Owner and City and, subject to the provisions of Sections 9, 10 and 20, no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

**26. Entire Agreement.**

This Agreement, together with any affixed exhibits, schedules or other documentation, constitutes the entire understanding between the City and the Property Owner with respect to the subject matter of the Agreement and it supersedes, unless otherwise incorporated by reference herein, all prior representations, negotiations, agreements or understandings whether written or oral. Neither party has relied on any prior representations, of any kind or nature, in entering into this Agreement.

**IN WITNESS WHEREOF**, Owner and City have entered into this Agreement as of the date and year first above written.

**Property Owner:**  
\_\_\_\_\_

Date of Execution  
\_\_\_\_\_, 20\_\_\_\_

**City:**  
CITY OF ANN ARBOR, a  
Michigan municipal corporation  
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Approved as to form

\_\_\_\_\_  
City Attorney



EXHIBIT A

[Attach copy of executed and approved application]

DRAFT

EXHIBIT B

[Description of the Property]

DRAFT

EXHIBIT C

Schedule of Assessment Installments

DRAFT

EXHIBIT D

**CONTRACTOR'S DECLARATION**

I hereby declare that I have not, during the period \_\_\_\_\_, 200\_\_ to \_\_\_\_\_, 20\_\_, performed any work, furnished any materials, sustained any loss, damage or delay, or otherwise done anything in addition to the regular items (or executed change orders) set forth in the Contract titled,

For which I shall ask, demand, sue for, or claim compensation or extension of time from the City, except as I hereby make claim for additional compensation or extension of time as set forth on the attached itemized statement. I further declare that I have paid all payroll obligations related to this Contract that have become due during the above period and that all invoices related to this Contract received more than 30 days prior to this declaration have been paid in full except as listed below.

There is/is not (Contractor please circle one and strike one as appropriate) an itemized statement attached regarding a request for additional compensation or extension of time.

\_\_\_\_\_

Contractor

Date

By

(Signature)

Its

(Title of Office)

Past due invoices, if any, are listed below.

**CONTRACTOR'S AFFIDAVIT**

The undersigned Contractor represents that on \_\_\_\_\_, 20\_\_\_\_, it was awarded a contract by the City of Ann Arbor, Michigan to \_\_\_\_\_ under the terms and conditions of a Contract titled

\_\_\_\_\_.

The Contractor represents that all work has now been accomplished and the Contract is complete.

The Contractor warrants and certifies that all of its indebtedness arising by reason of the Contract has been fully paid or satisfactorily secured; and that all claims from subcontractors and others for labor and material used in accomplishing the project, as well as all other claims arising from the performance of the Contract, have been fully paid or satisfactorily settled. The Contractor agrees that, if any claim should hereafter arise, it shall assume responsibility for it immediately upon request to do so by the City of Ann Arbor.

The Contractor, for valuable consideration received, does further waive, release and relinquish any and all claims or right of lien which the Contractor now has or may acquire upon the subject premises for labor and material used in the project owned by the City of Ann Arbor.

This affidavit is freely and voluntarily given with full knowledge of the facts.

Contractor

By

(Signature)

Its

(Title of Office)

Subscribed and sworn to before me, on this \_\_\_\_ day of \_\_\_\_\_, 200

\_\_\_\_\_, \_\_\_\_\_ County, Michigan

Notary Public

My commission expires on:

## Appendix L: Annual Certification Form

**To be completed by Program Administrator –please correct information if not accurate**

Property Address: \_\_\_\_\_

Property Owner's Name: \_\_\_\_\_

Owner's Phone Number: \_\_\_\_\_

Assessor's Parcel Number: \_\_\_\_\_ PACE Project ID Number: \_\_\_\_\_

Within the past 12 months has there been a change in ownership of the property?  No  Yes

If Yes, provide date of change in ownership: \_\_\_\_\_

### Property Insurance Information

Name of Insurance Company: \_\_\_\_\_

Policy Number: \_\_\_\_\_

Name of Agent: \_\_\_\_\_ Agent's telephone No: \_\_\_\_\_

### Additions/Modifications to Energy Project Improvements

In the past 12 months have any additions or modifications been made to the improvements covered under the special assessment?  No  Yes

If Yes, complete table below:

Date	Brief Description of Addition and/or Modification

### Material Events – Owner

In the past 12 months, have any of the following events occurred with respect to Owner? **[Check as many as applicable]**

*As to all types of Owners (e.g. individual, trust, corporation, LLC, etc.):*

Voluntary or involuntary bankruptcy (reorganization or liquidation)

An assignment for the benefit of creditors

Appointment of trustee or receiver

*As to Owners that are individuals:*

Indictment or conviction for embezzlement, fraud, or criminal or dishonest acts

*As to Owners that are NOT individuals*

Indictment or conviction of any officer, manager, managing member, principal, etc. of Owner for embezzlement, fraud, or criminal or dishonest acts

Any change in business organization

Dissolution of the entity

If you have check any of the events in this section, please provide the date of the event and a brief description, including court and case number information, if any: \_\_\_\_\_

**Material Events – Property**

In the past 12 months, has the Property been declared a dangerous building or a public nuisance by the City?  No  Yes

If yes, provide the following information:

Name of Agency making such declaration: \_\_\_\_\_

Date of the declaration: \_\_\_\_\_

In the past 12 months, has the Property been subject to any eminent domain offer or eminent domain proceeding?  No  Yes

If yes, provide the following information:

Name of Agency seeking the Property through eminent domain: \_\_\_\_\_

Date of eminent domain offer: \_\_\_\_\_

Court and Case No., if any: \_\_\_\_\_

Date Case was filed, if any: \_\_\_\_\_

**Annual Certification:**

On behalf of the Owner, I hereby certify as follows:

- (i) I am the Owner of the Property or a duly authorized representative of the Owner
- (ii) As of the date of this Certification, the improvements covered under the special assessment are:

**Check one:**

Still in place and affixed to the Property

Missing, stolen, or otherwise no longer affixed to the Property

- (iii) As of the date of this certification, the improvements covered under the special assessment are:

**Check one:**

Operational and functioning

Not operational /do not function

I hereby certify that I am the Owner or Authorized Representative of the Owner, named above, and further the undersigned declares under penalties of perjury that this Declaration has been examined by him/her and that its contents are true to the best of his/her information, knowledge and belief.

\_\_\_\_\_  
Signature of Owner or Authorized Representative

\_\_\_\_\_  
Date

If authorized representative:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Telephone Number

***Please complete and return this Annual Certification and Report within 14 days of receipt to:  
City of Ann Arbor  
301 E. Huron St.  
Ann Arbor, MI 48104  
Attention: Energy Office Director***