

EXHIBIT B

MULTNOMAH COUNTY/ PORTLAND DEVELOPMENT COMMISSION (PDC)

PILOT CPACE PROGRAM OUTLINE

Commercial Property Assessed Clean Energy (CPACE) is a mechanism authorized by Oregon legislature in 2009. Multnomah County and the Portland Development Commission (PDC) will Pilot CPACE over the next 24 months. CPACE will initially be tested in Urban Renewal Areas (URAs) located within the City of Portland using tax increment funding administered by PDC.

PILOT PURPOSE

The CPACE Pilot (Pilot) is being pursued to create a minimum viable product to test and refine program design elements necessary to support ongoing CPACE implementation in Multnomah County. The Pilot structure enables us to:

- Test and refine assumptions about market need and demand;
- Test and refine program legal infrastructure;
- Evaluate and refine programmatic and fee structures to ensure self-sustaining implementation;
- Manage expectations, risks and contain costs during this research phase, while still enabling the program to originate transactions;
- Use real transactions to inform creation of other key program design elements (capitalization, marketing and outreach, and equity strategies); and,
- Demonstrate the viability of the product to potential investors.

ALLOCATION OF STAFF RESOURCES

A Core Staff Team made up of staff from the County, PDC and Energy Trust will guide the work during the Pilot. The Core Team will be supplemented with auxiliary team members as needed to bring technical expertise to different elements of the program design.

The County and PDC agree to allocate adequate resources to the Pilot and to work collaboratively to accomplish the Pilot scope of work. Each will assign the following staff to work on the project and incorporate adequate time into their work plans to allow them to fully participate in the program:

- PDC staffing will include adequate time allocations from the following staff positions:
 - Core Team Members:
 - Business Opportunity Officer will act as the overall project manager and lead PDC staff for the project

- Business Development Officer will act as a PDCs building/energy industry technical lead
- Auxiliary Team Members:
 - Assistant General Council will provide legal support for the project
 - Underwriter will provide technical analysis of individual transactions
 - Paralegal-Loan Closer will assist with document preparation and closing of transactions
 - Construction Manager will oversee the projects during construction
 - Equity Coordinator will participate in the development and implementation of the Equity and Outreach and Marketing Strategies
- County staff will include adequate time allocations from the following staff positions:
 - Core Team Members
 - Sr. Policy Analyst (1) will act as the lead staff for the County, a member of the core staff team and assist in the overall project management during the Pilot phase
 - Sustainability Director will supervise program implementation on behalf of Multnomah County and fulfill needed core team duties.
 - Auxiliary Team Members:
 - Assistant Legal Counsel will provide legal support for the project
 - Chief Appraiser, Department of Assessment, Recordings and Taxation will facilitate and support the design of the process of securing liens on real property .
 - Chief Diversity and Equity office will support the development of the equity strategy.
 - Sr. Policy Analyst (2) will provide policy support and analysis as needed.
 - Economic Development Analyst will represent the County's economic development interest and assist with the development of a capitalization strategy and other programmatic details.
- Energy Trust of Oregon has also agreed to allocate staff to support the CPACE Pilot program. Although their involvement is outside the scope of this agreement, they are added here to reflect their role in the Core and Auxiliary Teams.
 - Core Team Members
 - Sr. Project Manager, Commercial, will act as a technical specialist and help coordinate project activities between the Core Team and Energy Trust's contractors which will be managing the building audit process
 - Auxiliary Team Member:
 - Program Manager, Existing Buildings Program will support development of the technical standards and building audit protocols.

TAX INCREMENT FUNDED PILOT PARAMETERS

Projects funded with tax increment resources will be guided by the parameters listed below. This is not intended to limit the number of transactions that could be funded using private lender resources, once that component of the program is designed.

<i>NUMBER OF PROJECTS</i>	Up to ten (10) projects funded with tax increment resources
<i>MAXIMUM LOAN POOL</i>	\$3,000,000 from multiple Urban Renewal Areas (URAs)
<i>LOCATION OF PROJECTS</i>	Must be located in a URA, preferably a combination of Central City and Neighborhood URAs

DESIRED TYPES OF PROJECT

- Deep retrofits
- At least one project that includes a renewable energy component
- Combination of small and large projects, with at least one large building (greater than 50,000 square feet)

PROJECT SELECTION AND REVIEW

- The Core Team will lead the outreach, origination and processing of all transactions.
- Projects selected must meet the CPACE Administrative Guidelines as well as PDCs CPACE Program Guidelines.
- Formal loan approvals must follow existing PDC protocol, including presentation to the PDC Finance Investment Committee (FIC) and closing by PDC legal and lending team.

PROGRAM DESIGN ELEMENTS TO BE DEVELOPED DURING THE PILOT PHASE

During the Pilot phase of the project the Core Team will work collaboratively to develop other key design elements of the CPACE Program, including:

- A capitalization strategy;
- An equity strategy;
- A marketing and outreach strategy; and
- Internal systems development.

CAPITALIZATION STRATEGY

Both the County and PDC acknowledge that to ensure the long-term viability of the CPACE program, capital sources other than tax increment resources must be attracted to the program. During the Pilot the Core Team will develop and execute a strategy to attract non-tax increment resources to fund CPACE transactions. Activities in this area may include:

- Creation of a private lender participation model;
- Pursuing a direct placement model that would allow delivery of CPACE loans to investors in a manner similar to a loan broker; and
- Evaluating the feasibility of establishing a warehouse line-of-credit and securitized bond sale model.

Based on National trends in the CPACE market it is likely that private lenders will be interested in making CPACE loans. Upon successfully establishing internal systems and testing initial assumptions on deal flow and process, Multnomah County and PDC are committed to creating a straightforward mechanism by which private lenders can make CPACE Loans.

EQUITY STRATEGY

Both PDC and the County have strong commitments to advancing social equity by increasing economic opportunity for historically disadvantaged populations; creating equitable access to living wage jobs and wealth creation opportunities. During the pilot, staff will develop an approach that creates a competitive advantage for Disadvantaged Business Enterprises (DBE) firms to leverage PDC and partner resources for success.

MARKETING AND OUTREACH STRATEGY

Initially, staff will be selective in how it engages with potential Pilot projects and will conduct strategic outreach to owners that have either already demonstrated an interest in improving the energy efficiency of their commercial buildings (e.g., projects such as the Kilowatt Crackdown and owners that have worked with Energy Trust of Oregon to conduct comprehensive building audits) or advance PDC and the County's efforts in engaging minority and women-owned businesses. During the Pilot phase, staff will also engage in developing a more comprehensive outreach and marketing strategy designed to support a production model of loan originations and one that is tailored to supporting PDC and County equity goals. This work may include development of a:

- Marketing plan
- Branding strategy and marketing materials
- Networking strategy
- Contractor Training program
- Outreach strategy to building owners

INTERNAL SYSTEMS DEVELOPMENT

CPACE is a new financing structure that will require both PDC and the County to develop new systems and integrate the program into existing systems, including:

- Mapping loan origination, closing and loan servicing processes
- Developing internal, external and investor reporting systems
- Evaluating data management needs and making appropriate adjustments

- Developing a long term PDC staffing plans
- Refining the legal infrastructure (especially as it relates to investor needs/expectations)

SUCCESS MEASURES

The success of the CPACE Pilot program will be measured by:

PRODUCTION

- Three (3) projects at different stages in the pipeline by the end of 12 months.
- Six (6) loans approved within 24 months.
- Four (4) projects complete or in construction at the end of the Pilot period.
- At least one (1) private lender project has been approved.

CAPITALIZATION

- Private lender model design and outreach to private lenders implemented
- At least two (2) private lenders have agreed to participate.
- Research and decision making about other capitalization options is complete and, if appropriate, in implementation.

EQUITY STRATEGY

- Equity strategy is in place and operational.

MARKETING AND OUTREACH STRATEGY

- Marketing and outreach strategy is in place and operational, and includes outreach to private lenders.

INTERNAL SYSTEMS DEVELOPMENT

- Internal systems development is complete and program has been fully integrated into PDC operating departments.
- County systems to support filing of the CPACE lien and loan collection are in place and operational.
- Program Administration performance standards are incorporated into the IGA for on-going program administration.