Exhibit A

PULASKI COUNTY ENERGY IMPROVEMENT DISTRICT PROPERTY ASSESSED CLEAN ENERGY HANDBOOK

Executive Summary

Pulaski County, Arkansas recognizes that stimulating the market for cost-effective energy efficiency, renewable energy and water conservation upgrades ("Approved Improvements") serves a public purpose, since these upgrades in properties located within Pulaski County increase property values, protect the tax base, increase local economic activity, provide improved environmental benefits, and promote the general welfare of the people of Pulaski County, Arkansas.

The Pulaski County Property Assessed Clean Energy ("Pulaski PACE") Financing Program creates a strong incentive for the owners of industrial, agricultural and commercial properties which includes residential developments having more than four (4) units on a parcel (i.e., bigger than a four-plex), to undertake energy efficiency, renewable energy and water conservation upgrades in their buildings. While Pulaski PACE is not available to properties classified as residential presently, Pulaski PACE will soon begin exploring the possibility of expanding Property Assessed Clean Energy ("PACE") financing to single-family residential properties.

Pulaski PACE strengthens the business case for energy efficiency, renewable energy and water conservation upgrades by potentially allowing a property owner to invest in energy efficiency, renewable energy and water conservation upgrades and pass the energy savings and upgrade loan repayments to their tenants. Additionally, Pulaski PACE financing provides access to long-term financing. This allows energy savings from a project to meet or exceed loan repayment costs, which is required to qualify for PACE financing. Finally, PACE financing is tied to the property, so that the building owner only pays for the improvements while they own the building, and subsequent owners can pay the annual assessment while they own the building and benefit from the energy savings. Pulaski PACE allows commercial property owners to pay for approved energy efficiency, renewable energy and water conservation improvements by attaching the cost of these projects to the property tax bill. Each energy savings project is amortized up to a 20-year period, providing the property owner with a cash-flow positive energy savings solution. In other words, approved projects will provide energy savings that exceed the project's overall cost.

The repayment obligation of the Property Accessed Clean Energy ("PACE") financing is attached to the property, not to the individual property owner. PACE financing stays with the property in the same manner as a tax assessment for an improvement district, such as improvement districts for neighborhood recreation facilities. If the property owner decides to sell before the property tax is fully paid, the energy equity is transferred to the new property owner who then assumes the payments as special assessments, just like the original borrower.

Tying payment to the property solves credit and collateral issues for energy efficiency and renewable energy loans, reduces the burden of typical installation costs, and allows for both the payment and the value of the installation to be transferred from one owner to the next. If the special assessment is not paid, the traditional foreclosure methods may be available to lenders.

Through Pulaski PACE, property owners develop a qualifying energy efficiency, renewable energy or water conservation project. They then arrange project financing with a lender of their choice. The property owner and lender then apply to Pulaski PACE with the assistance of a qualified Pulaski PACE Administrator. If approved, Pulaski PACE, the property owner, and lender will enter into an agreement. The program is open so that multiple lenders may participate.

Why PACE?

While PACE might appear on its surface to be a new funding model, its innovation is in taking an existing model and applying it to energy efficiency, renewable energy and water conservation projects. PACE removes historical barriers to energy efficiency, renewable energy and water conservation improvements by:

(a) Eliminating initial capital requirements and replacing the initial capital requirements with yearly payments that correspond with the lifespan of the installation;

(b) Providing capital access to property owners of all income levels; and,

(c) Ensuring program self-sufficiency with limited public financial support.

PACE is good for property owners but also can provide the following for Pulaski County:

(a) Job creation in the building and construction trades;

(b) Economic activity by stimulating the building and construction trade;

(c) Domestic manufacturing to support the building and construction trade; and,

(d) Economic stimulus by saving property owners and tenants money on energy and water costs.

PACE financing of energy efficiency, renewable energy and water conservation improvements is a positive development for lenders in five (5) key ways:

(a) Allowing for a property tax special assessment provides a secure, well-established payback mechanism which leads to lower borrowing cost. The security of the payback mechanism makes it possible for PACE financing to be offered with no money down;

(b) Creating economies of scale from Pulaski PACE being available to all eligible Pulaski County property owners, which can reduce overhead and transaction costs;

(c) Creating more consumer confidence in the economic value of energy efficiency, renewable energy and water conservation investments;

(d) Providing strict underwriting criteria; and,

(e) Ensuring PACE financing does not cause the property owner to owe more on the PACE loan than the underlying property is worth.

Law behind PACE

The Arkansas Legislature enacted Act 1074 of 2013, which gave governmental entities in Arkansas the authority to enact ordinances to create PACE districts. The legislation has been codified at Ark. Code Ann. § 8-15-101 *et seq*. The entire PACE legislation is included as **Appendix A**. The powers granted to Pulaski PACE are listed at Ark. Code Ann § 8-15-111 and authorize Pulaski PACE to do the following:

(a) Issue revenue bonds on behalf of the district;

(b) Create bylaws for its organization and operation;

(c) Elect officers and employ personnel for its operation;

(d) Operate, maintain, expand and fund PACE projects; apply for, receive, and spend grants for any authorized purpose;

(e) Enter into agreements and contracts on behalf of Pulaski PACE;

(f) Reimburse a governmental entity for expenses incurred in performing a service for Pulaski PACE;

(g) Receive property or funds by gift or donation for the finance and support of Pulaski PACE;

(h) Assign assessments to a private lending institution; and,

(i) Do all things necessary to carry out the powers expressly granted or duties expressly imposed pursuant to the enabling statute.

Pulaski PACE is authorized to finance the initial acquisition and installation following projects, pursuant to Ark. Code Ann § 8-15-113:

(a) Energy efficiency improvements

(b) Renewable energy projects; and,

(c) Water conservation improvements

Pulaski PACE is overseen by a seven (7) member Board of Directors ("Board"), composed of designated members, pursuant to 15-OR-36, from Maumelle, Sherwood, North Little Rock, and Little Rock, Arkansas. The entire Pulaski PACE Ordinance is included as **Appendix B**. The Pulaski PACE Board has been appointed and has selected third-party administrator(s) ("Administrator(s)") to provide day-to-day administrative services to Pulaski PACE stakeholders such as property owners, contractors, etc.

General Program Information

Program Size: Any owner of agricultural, industrial or commercial properties, which includes residential developments having more than four (4) units on a parcel (i.e., bigger than a four-plex), in Pulaski County, Arkansas.

Administrating Agency: The Pulaski PACE Board oversees the administrative framework, while Administrators oversee the day-to-day operation of Pulaski PACE.

Participants: Pulaski County property owners that meet Pulaski PACE eligibility requirements and lenders' underwriting standards. See Underwriting Criteria, Pages 14-18. Participation is voluntary.

Number of Projects: Unlimited.

Types of Potentially Eligible Projects: Energy efficiency, renewable energy and water conservation improvements. See Non-exclusive list of eligible projects; Page 14; **Exhibit C**.

Size of Financing: Amount contingent on Lender approval.

Program Administration: Administrator fee is established by each authorized Administrator, not to exceed 5%. This fee is rolled into the project cost and may be financed.

Interest Rate: TBD based upon Lender review determination.

Assessor, Treasurer and Collector Commission: Statutorily authorized commissions of 3.125%, added in addition to the assessment, unless private collection and remittance is utilized.

Fees: The PACE Board agrees to waive any fees for the first year the PACE program is operational, but retains the right to revisit the subject of application fees at a later time.

Penalty: The same penalties, interest and fees that apply to delinquent ad valorem property taxes.

Term: Up to the weighted life of the energy conservation measures ("ECM"), not to exceed twenty (20) years.

Particular Terms for Commercial Properties: All repayments are paid through property taxes unless Applicant chooses lender-servicing. Property taxes are due by October 15th of each year. Applicant may choose to pay in installments (via their property tax bill) or through their bank escrow payments. If the Applicant chooses to make an escrow payment, it is their obligation to coordinate a repayment plan through their mortgage company.

Reservations and Disclaimers:

(a) Applicant is responsible for costs associated with obtaining an initial energy or water conservation audit in the event a project is not pursued and completed. The cost can be rolled into the project cost or may be covered by utility incentives;

(b) There is no guarantee than an application received by the Pulaski PACE Board or Administrator will be approved;

(c) The Pulaski PACE Board provides no warranties;

(d) Participating property owners must pay their PACE assessment even if the installation fails prior to the PACE obligation being fulfilled;

(e) If a participating property owner sells their property before the obligation is satisfied, the assessment remains with the property and the remaining obligation continues with the subsequent property owner;

(f) Participating property owners may be required to satisfy the obligation in the event of a sale by either the purchaser's mortgage lender. In the event of non-consent on the purchaser's mortgage holder, the mortgage holder may require the entire PACE assessment be satisfied; and,

(g) Failure to repay a PACE assessment could result in the default and foreclosure of the underlying property by lender(s).

Step-By-Step Process

Acquire and assess potential projects. Administrators will be primarily responsible for locating program participants. The likely source of participants will be primarily drawn from the customer base of energy consultants, contractors, and energy service companies ("ESCOs"), in addition to community outreach to property managers and owners. Initial applications that provide basic property and owner data will be followed by a preliminary credit review and analysis of energy efficiency needs. The program application will be available in different formats, including online through a program web portal and/or hard copies. The preliminary credit review will be performed by whomever the program participant utilizes as a lender. These preliminary reviews should determine basic eligibility and potential scope of each project. For a sample program application, see **Exhibit F**.

Energy audit contracted and engaged. The Administrator will contact a participating commercial energy or water auditor, which may be the contractor that is installing the eligible measures, for an analysis of their property to generate a list of approved potential Approved Improvements through the methodologies outlined in **Exhibits B** and **Exhibit C**. The property owner, with assistance from their Administrator, can then select the improvements that they wish to finance using Pulaski PACE, based on the results of the energy or water audit, which will be the basis for the scope of work.

Completion of the design phase. Once the scope of work has been defined with the input of the energy or water auditor, as well as, the property owner, the design phase can begin. The Administrator, with the input of the property owner, will engage the contractor to develop a detailed design for implementation of the improvements. As with the energy or water audit, this cost can be rolled into the program financing. This process may occur simultaneously to the audit process.

Arrange financing. With design and construction documents complete, along with the scope of work to be performed, the Administrator, on behalf of the property owner, should arrange for appropriate financing from a Lender. The Administrator should disclose to the Lender the final construction costs and projected energy or water savings attached. Any additional Lender application fees will be rolled into the project financing. The Lender then should submit a Letter of Intent to the Administrator disclosing all lending costs and interest to be applied

Board approval. The Administrator submits the application for Board approval. The application should include the baseline energy consumption, all proposed ECM's and a detailed analysis of the proposed energy conservation and water conservation for the life of the project.

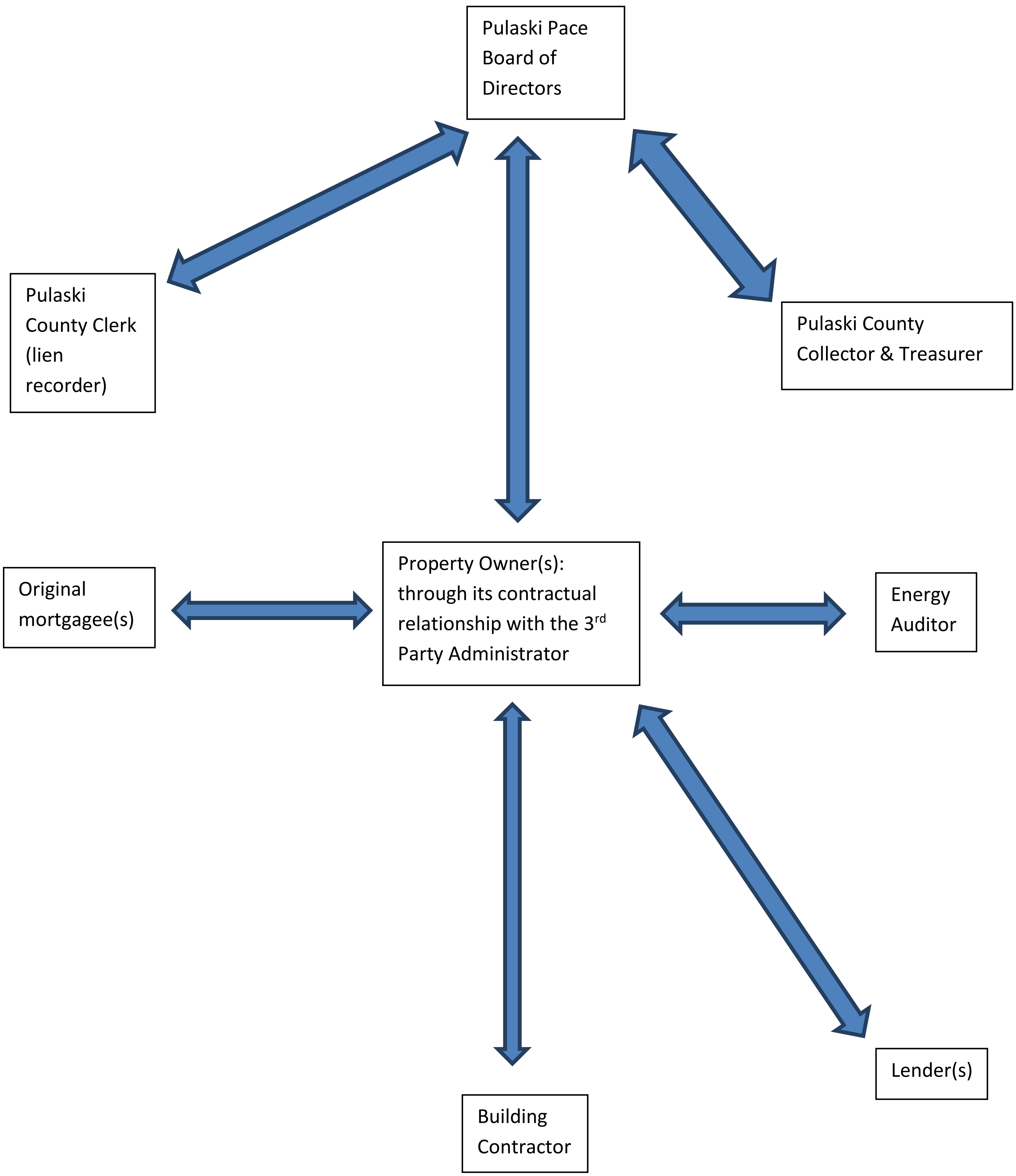
Construction phase. Upon Board approval, construction of the improvements can begin. For larger projects, progress payment(s) can be made. If so, there may be progress inspections, as well as inspections and verifications required for the actual construction, such as building permits.

Project verification and quality control. Once the project is completed, the Administrator will verify with the lender and the property owner and the Board that the work has been completed. All construction liens will be signed off on and funding completed. In addition, the Administrator will provide to the PACE Board of Directors a detailed verification of a sampling of program projects as a quality control measure.

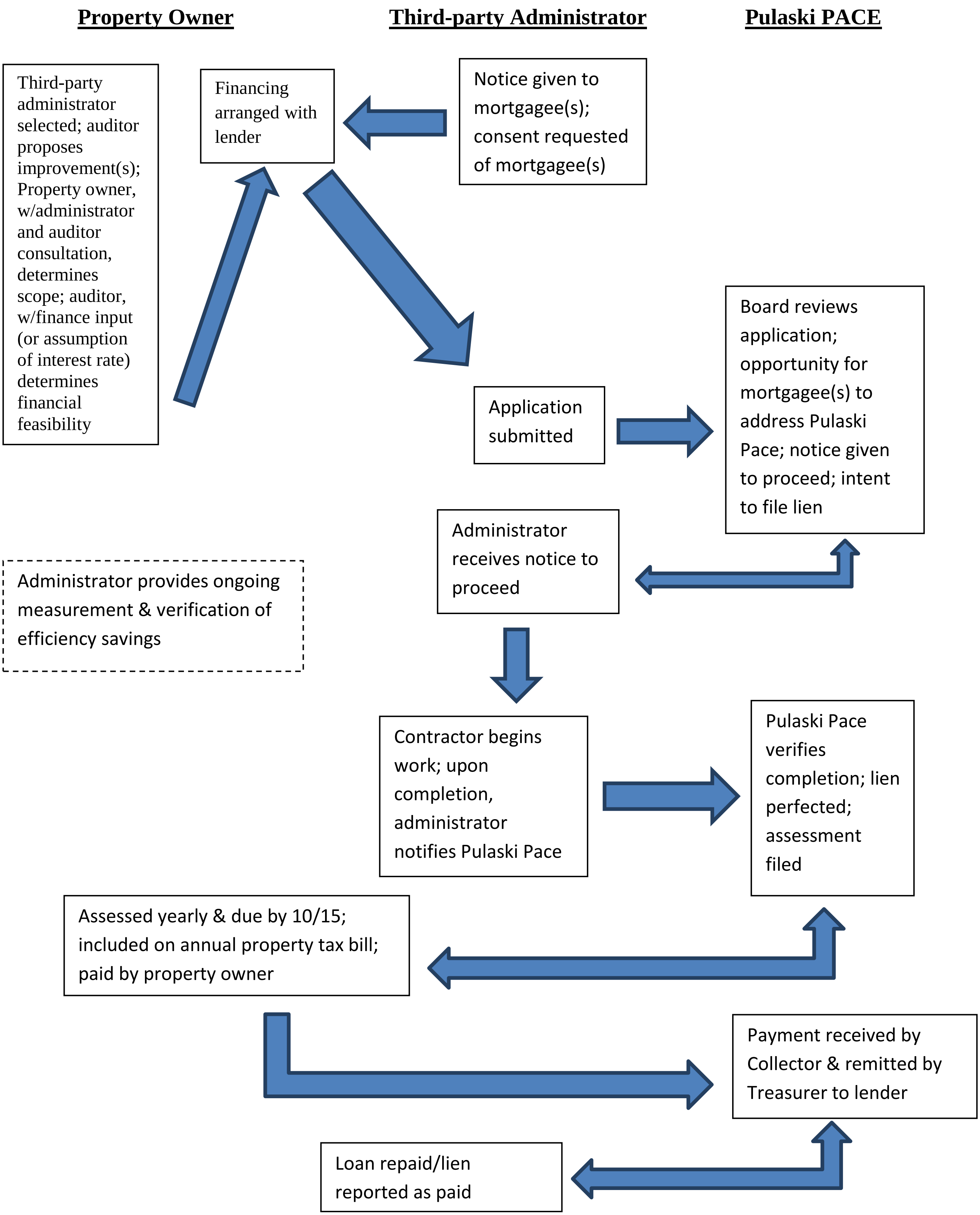
Post improvement measurement and verification and Administrator review. As part of the Administrator's review process, the property owner will be required to sign a release, allowing the Administrator access to their utility bills for the year prior to improvements, through the completion of the improvements, and the final payment of the PACE obligation. Measurement and Verification ("M&V") must be provided as part of a PACE project for a period of a minimum of three (3) years. This will allow the Administrator to prepare owner data that will verify the efficiency of the improvements for the subject property, and ultimately review the entire program. If the subject property is not performing as projected, follow up with the property owner, and the M & V provided, can be done to identify potential causes. If the deviation from projections is not caused by external variables, such as weather and/or human behavior, the improvements can be analyzed to verify that they were installed correctly and whether corrections may be warranted. This data, along with the improvement specifications, will be aggregated by the Administrator to provide ongoing reports to the Board to gauge the economic impact, the overall energy savings, and estimated greenhouse gas emissions reductions Pulaski PACE has generated for the community.

Ongoing payments. The property owner will continue to make payments pursuant to the terms of the PACE obligation directly to the lending institution or to the property tax collector depending on which method is chosen by program participant until the property owner sells or satisfies the obligation. Should the program participant choose the former loan-servicing method, the lender will be required to provide all necessary information regarding the assessment, payment, any delinquency to their Administrator and only in the event of default will the assessment be filed with the Pulaski County Circuit Clerk.

Contractual PACE Relationships



EXAMPLE PROJECT PATH



Sample Estimated Payment Schedule—Commercial Program

Commercial Program Commercial Project Cash Flow Analysis	
Project amount	$25,000.00
Term	20 years
Interest	7%
Monthly payment:	$194.00
Avg. Monthly Utilities	$1,800.00
Monthly savings (20%)	$360.00
Net positive monthly cash flow:	**$166.00**

<u>Eligibility Requirements</u>

Eligible properties must:

(a) Be located within Pulaski County;

(b) Have title that is not in dispute; and,

(c) Where there is a preexisting mortgage lien on the property:

  (i) Acknowledgement of receipt of written notice by the mortgagee(s) of the owner's intention to participate in the Pulaski PACE program thirty (30) days prior the owner entering into a contract with Pulaski PACE; and,

  (ii) Written consent from the mortgagee(s) or certification by mortgagee(s) that undertaking the PACE project and the associated lien will not create a default event; and,

(d) The energy efficiency improvements, renewable energy projects and/or water conservation improvements, may be considered for the purposes of PACE financing through Pulaski PACE, if the improvements been installed no earlier than the later of the first Pulaski PACE meeting or eighteen (18) months prior to the owner's application to the PACE Board.

Eligible Projects

Arkansas law authorizes PACE funding for the installation of Approved Improvements. While Arkansas law does not list what improvements are approved, based on research of PACE programs from around the country, Pulaski PACE determined that approved improvements must:

(a) Be permanently affixed to the real property;

(b) Utilize renewable energy resources;

(c) Have a useful life that exceeds the term of the PACE financing agreement; and,

(d) Have a demonstrated capacity to decrease:

  (i) Water consumption or demand; and/or,

  (ii) Energy consumption or demand (includes renewables and distributed generation products or devices on the customer's side of the meter that use energy technology to generate electricity, provide thermal energy, or regulate temperature).

Non-exclusive List of projects:

(a) Insulation in walls, roofs, attics, floors, foundations;

(b) Insulation in heating and cooling distribution systems;

(c) Storm windows and doors, multiglazed windows and doors, heat-absorbing or heat-reflective windows and doors, and other window and door improvements designed to reduce energy consumption;

(d) Automatic energy control systems;

(e) Heating, ventilating, or air conditioning distribution system modifications and replacements;

(f) Caulking and weather-stripping;

(g) Replacement or modification of lighting fixtures to increase energy efficiency;

(h) Energy recovery systems;

(i) Daylighting systems;

(j) Photovoltaic systems;

(k) Solar thermal systems;

(l) Wind systems;

(m) Biomass systems;

(n) Geothermal systems; and,

(o) White/green roofs

See also **Exhibit C** for more details on the non-exclusive list of eligible projects.

Ineligible Improvements

Improvements that are not permanently fixed to real property and can be easily removed are not eligible for financing through the program.

For example, screw-in fluorescent light bulbs, removable low-flow showerheads, and faucet aerators, and improvements that are not recognized as “energy efficient” according to the standard engineering or scientific principles would be considered as ineligible.

Once a PACE assessment has been placed on a property, the financed qualified improvements are deemed permanently fixed to the property and the parties are disallowed, by contract or otherwise, from removing any approved improvement regardless of how they are defined in real estate law or other contracts, until the assessment has been fully paid and the lien removed from the property. This standard applies whether the approved improvement is purchased or leased.

All parties must be confident in the measures selected and their projected value to, for example, existing and future tenants and property owners.

Length of Assessment Term

While Arkansas law is silent on the subject, Pulaski PACE will require that the assessment term be shorter than the useful life of the improvement, unless the improvement has a manufacturer's guarantee or contracted performance guarantee that exceeds the estimated useful life of the improvement, or, in a multi-measure project, the weighted average useful life of the improvements.

Required Financial Underwriting Criteria

The following criteria must be met in order for an Applicant to qualify:

Eligible Property Owners

Arkansas law requires Pulaski PACE to ensure that property owners demonstrate their financial ability to pay their annual PACE assessments. That demonstration will be based on underwriting factors, including, but not limited to, verification that any participating owner:

(a) Is the legal property owner;

(b) Is current on mortgage and tax payments;

(c) Is not insolvent or bankrupt;

(d) The projects do not exceed 20% of the appraised property value, unless project cost in excess of 20% of the appraised property value is agreeable to the lender and a waiver of the 20% requirement is requested of the Pulaski PACE Board, who may approve the waiver at their discretion. Appraised value may be that value assigned by the Pulaski County Assessor or a qualified appraiser determining value of the property after improvement;

(e) Holds title to the property subject to a PACE obligation that is current; and,

(f) Has notified any preexisting mortgagee to the proposed PACE assessment through a written notice.

Because PACE assessments are secured with a senior lien having the same status as a tax lien, the financial position of the property owners is, in theory, necessary only to ensure that the owners have the ability to pay the annual PACE assessments. However, underwriting information also provides Pulaski PACE and lenders the assurances they need to confirm that PACE projects are high quality and successful in every respect.

Underwriting criteria for commercial projects will be handled on a case-by-case basis as the variables for project size and scope vary so greatly. The mortgage holder and PACE lender, the Administrator, and the energy or water contractor will work hand in hand to design the most beneficial PACE improvements. In addition to the criteria listed above, Pulaski PACE and the Administrator will require the following verifications:

(a) The property owner has not been delinquent in the payment of its ad valorem taxes in the previous three (3) years;

(b) Is in good financial standing, which will consist of, among other criteria:

  (i) Has not been the subject of bankruptcy proceedings in the previous five (5) years provided, however, that this criterion can be met if a homeowner's bankruptcy was discharged between (2) and five (5) years before the application date, and the property owner(s) have had no mortgage payments past due for more than 60 days in the most recent 24 months;

(ii) Is not subject to any outstanding, unsatisfied final judgment;

(iii) Has not had any property sold at a judicial or non-judicial foreclosure in the previous five (5) years;

(iv) Has provided a Certificate of Good Standing from the Secretary of State of Arkansas; and,

(v) Has provided a Tax Clearance or Certificate of Tax Standing from the Arkansas Department of Finance and Administration;

(c) Has provided a current credit report or, if not available, a reasonable alternative;

(d) Has provided a current title report and verified that the property is not subject to any liens, including mechanics liens;

(e) Has provided notice to any preexisting mortgagee(s) and has received the written consent of the mortgagee or a certification that the mortgagee will not treat the creation of a PACE lien as a default event; and,

(f) Grants consent for the third-party administrator to obtain credit information.

Approved Contractor Qualifications

Commercial

(a) Applicants can work with their preferred contractors if the contractor is fully bonded, insured, and licensed in the State of Arkansas. The Administrator will approve each project's contracting team to ensure qualifications. Preferred contractors' logo and company profile should be listed on the Administrators' website.

(b) PACE project energy and water contractors must be certified by ASHRAE or have the capacity to perform at the least an "ASHRAE Level 2" analysis, unless compelling evidence is provided to the Pulaski PACE Board that only a ASHRAE Level 1 or substantially similar standard of performance are necessary for the project. As commercial, industrial, industrial and multi-unit residential projects require a more comprehensive and technical energy consumption analysis than residential energy audits, the analysis requirements will be unique for each property and handled on a case-to-case basis.