

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6790

AUTHORIZING A GRANT FUNDING AGREEMENT WITH SHOREBANK ENTERPRISE CASCADIA, NOT TO EXCEED \$3.5 MILLION FOR CLEAN ENERGY WORKS PORTLAND WITH \$2.5 MILLION FUNDING FROM THE INTERSTATE CORRIDOR URBAN RENEWAL AREA AND \$1.0 MILLION FUNDING FROM THE LENTS TOWN CENTER URBAN RENEWAL AREA

WHEREAS, the City of Portland has adopted the City of Portland Office of Planning and Sustainability (“BPS”), Multnomah County Sustainability Program 2009, which calls for the reduction of the City of Portland’s carbon emissions by 80 percent by 2050;

WHEREAS, the City of Portland’s Economic Development Strategy directs the Portland Development Commission (“PDC”) and BPS to expand the demand for energy efficiency products and services through investment in energy efficiency retrofits of the existing building stock;

WHEREAS, the City of Portland, working with Multnomah County and the Energy Trust of Oregon, has developed the Clean Energy Works Portland (“CEWP”) program to deliver a consumer loan product to owners of residential property within the City of Portland for the purpose of performing energy efficiency retrofits that result in decreased energy demand and corresponding costs;

WHEREAS, CEWP is part of a broader initiative to advance US energy independence, reduce carbon emissions, and generate employment often referred to as “green collar jobs;”

WHEREAS, the CEWP program incorporates a Community Workforce Agreement (“CWA”) that sets the framework for the creation of high-quality, family supporting jobs for qualified Minority, Women, and Emerging Small Business contractors and workers, and includes the creation of a stakeholder evaluation and implementation committee to ensure successful implementation and monitoring of CWA goals and to provide recommendations for the future scale-up of the CEWP program;

WHEREAS, CEWP is intended to address the financial barriers that discourage residential property owners from adopting energy conservation;

WHEREAS, the City of Portland has entered into a grant agreement with ShoreBank Enterprise Cascadia (“SBEC”), a certified non-profit Community Development Financial Institution serving urban and rural communities of Oregon and Washington, pursuant to which the City of Portland will grant \$2.5 million to SBEC for Clean Energy Works Portland and SBEC will act as fund manager for CEWP;

WHEREAS, significant portions of the residential and commercial building stock in the Interstate Corridor Urban Renewal Area and the Lents Town Center Urban Renewal Area were constructed prior to the adoption of modern energy efficiency standards and, through the implementation of energy efficiency retrofit measures, would achieve energy savings and provide financial benefits for the building owners and environmental benefits for the Interstate Corridor and the Lents Town Center urban renewal areas and the City of Portland;

WHEREAS, CEWP aligns with the Interstate Corridor Urban Renewal Area Plan sustainability goal of the responsible use, protection and enhancement of limited resources, improvement of environmental quality, and commitment to the improvement in the lives of those who live, work, and play in the area, housing goal of preserving and rehabilitating the existing housing stock and maintaining its affordability through the use of different financing tools and technical assistance, and job goal of optimizing access of area residents to employment opportunities both inside and outside of the URA; and

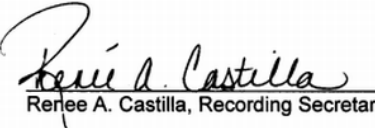
WHEREAS, CEWP aligns with the Lents Town Center Urban Renewal Area Plan neighborhood revitalization goal of helping to rehabilitate existing housing in residential neighborhoods through financial technical assistance and other methods.

NOW, THEREFORE, BE IT RESOLVED that the Executive Director is hereby authorized to execute a grant agreement with ShoreBank Enterprise Cascadia in the amount of \$3.5 million for the Clean Energy Works Portland program, substantially in the form attached hereto as Exhibit A;

BE IT FURTHER RESOLVED that the Executive Director is authorized to make minor modifications and amendments to the grant agreement which do not increase PDC's risks or financial contribution; and

BE IT FURTHER RESOLVED that this resolution shall become effective immediately upon its adoption.

Adopted by the Portland Development Commission on June 9, 2010.


Rerlee A. Castilla, Recording Secretary

**Portland Development Commission
ShoreBank Enterprise Cascadia**

**Clean Energy Works Portland
Grant Agreement**

This Grant Agreement is entered into by the Portland Development Commission, the duly designated urban renewal agency of the City of Portland (“PDC”) having its principal offices at 222 NW 5th, Portland, Oregon 97209 and ShoreBank Enterprise Cascadia (“SBEC”), having its principal offices at 203 Howerton Way, Ilwaco WA 98624. SBEC and PDC may be referred to herein jointly as the “Parties” or individually as a “Party.”

RECITALS

- A. The City of Portland (the “City”) has developed Clean Energy Works Portland (“CEWP”) working in tandem the Energy Trust of Oregon (“ETO”) and SBEC. CEWP is intended to deliver a consumer loan product to owners of residential property within the City for the purpose of performing energy efficiency retrofits that result in decreased energy demand and corresponding costs. Potentially, energy efficiency retrofits may include building energy audits, evaluations of cost-effective energy efficiency and installation of conservation measures and options. CEWP is part of a broader initiative to advance US energy independence, reduce carbon emissions, and generate value producing work often referred to as “green collar jobs.”
- B. In 2009, the City launched the CEWP Pilot (the “Pilot”). The Pilot is intended to test the CEWP business model, namely addressing the financial and technical barriers that discourage residential property owners from adopting energy conservation. With the Pilot, residential customers may apply for below-market interest rate loans and receive customized project design, all accessed through SBEC, as a single point of contact. Additionally, the Pilot is designed to provide additional financial assistance to residential property owners with low to moderate incomes, existing debt, and previous credit problems. The Pilot has been limited in terms of initial funding and, correspondingly, has established a target of 500 participating loans.
- C. SBEC is a certified non-profit Community Development Financial Institution serving urban and rural communities of Oregon and Washington. SBEC is an affiliate of Chicago-based ShoreBank Corporation and Ilwaco-based ShoreBank Pacific. SBEC is involved in a similar type of loan product to finance repairs, upgrades, replacements, design and financing of on-site septic systems, working with Kitsap, Mason and Jefferson Counties in the state of Washington, as well as the tribal reservation governments for the Port Gamble S’Klallam and

Skokomish Tribes. The City has engaged SBEC to serve as the Fund Manager for CEWP.

- D. Under the terms of this Agreement, PDC will make the Grant (as hereinafter defined) on a cost-reimbursement basis to SBEC to provide loan capital for use in making loans under the Pilot.
- E. As fund manager, SBEC will make loans under the Pilot pursuant to the terms of this Agreement, including the Program Guidelines, incorporated herein and attached hereto as Attachment B (the “Guidelines”) and the urban renewal area requirements set forth in Attachment A, incorporated herein (collectively, the “Urban Renewal Requirements”).

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants contained herein, including the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, SBEC and PDC agree as follows:

Section 1. General Role of SBEC as Fund Manager for CEWP.

- 1.1 In accordance with the terms and conditions herein, PDC will grant SBEC an amount not to exceed THREE MILLION FIVE HUNDRED THOUSAND AND NO DOLLARS (\$3,500,000.00) (the “Grant”), available on a cost reimbursement basis to fund loans made under the Pilot.
- 1.2 It is a goal of the Pilot to apply available private and public resources, including the Grant, in ways that maximize the recovery and reapplication of these resources over time. Generally, private debt and/or equity should exceed public investment. Special efforts shall be made to apportion resources and costs in a manner that minimizes regulatory constraints placed on borrowers.
- 1.3 SBEC agrees to provide its own labor and materials. Unless otherwise provided for in this Agreement, no material, labor or facilities will be furnished by PDC. SBEC will perform the work specified in this Agreement and the Guidelines according to standard industry practices and the Urban Renewal Requirements.
- 1.4 SBEC will prepare and present status reports and other information that may be pertinent and necessary, or as may be requested by PDC. SBEC will provide the City, PDC, and ETO with Pilot fund management performance metrics/data on a monthly basis. SBEC shall submit monthly reports to PDC on the total CEWP loans made as well as CEWP loans made that qualify for funding from the Grant. The monthly reports shall

detail the location of each loan and the type of improvements financed and shall also include the following information:

Financial Impacts:

- a. Overall number and dollar amount of loans approved and disbursed under the Pilot: NUMBER, DOLLARS
- b. Overall number and dollar amount of loans approved and disbursed with the Grant funds: NUMBER, DOLLARS

Economic Development Impacts:

- a. Jobs Created: Overall labor hours on CEWP energy efficiency projects for new hires during the reporting period: HOURS
- b. Jobs Created: Labor hours on PDC funded CEWP energy efficiency projects for new hires during the reporting period: HOURS
- c. Jobs Retained: Overall labor hours on CEWP energy efficiency projects for existing hires during the reporting period: HOURS
- d. Jobs Retained: Labor hours on PDC funded CEWP energy efficiency projects for existing hires during the reporting period: HOURS

Diversity and Equity Impacts:

- a. Diverse Workforce: overall percent hours worked by historically disadvantaged /underrepresented workers: PERCENT
- b. Contractor Access: overall percent pilot dollars to historically disadvantaged/ underrepresented businesses: PERCENT
- c. Training Access: overall percent of new worker/installer/weatherization employees from designated training programs: PERCENT
- d. Participant income level: MEDIAN HOUSEHOLD INCOME FOR ALL PARTICIPANTS, NUMBER OF PARTICIPATING HOUSEHOLDS BY INCOME LEVEL

- 1.5 SBEC will not be entitled to reimbursement for loans that: (i) do not meet the terms of this Agreement, including the Guidelines and Urban Renewal Requirements; (ii) were funded prior to the effective date of this Agreement; or (iii) were funded after the termination or expiration of this Agreement, unless a provision of this Agreement expressly provides otherwise. If SBEC fails to perform any substantial obligation and the failure has not been cured within 10 days following notice from PDC, PDC may, in its sole discretion and upon written notice to SBEC, withhold monies due SBEC, without penalty, until such failure to perform is cured.

- 1.6 SBEC shall conduct loan analysis, approve/deny loan requests, document loans, close loans, establish and enforce the repayment criteria and disburse loan proceeds to designated contractors. SBEC will have sole and exclusive authority to approve or decline loan applications, in accordance with the Guidelines.
- 1.7 To promote trust, respect and confidence, SBEC will maintain all customer personal and business financial affairs as strictly confidential. SBEC will employ all standard industry practices to safeguard customer records and information. Unauthorized access or use of customers' records and information is prohibited. All loan customers will be provided with a Privacy Policy Acknowledgement outlining SBEC's commitment to maintaining confidentiality at loan closing. SBEC shall protect the confidentiality of applicants and borrowers and, to the fullest extent allowed by law, shall not be required to divulge the names and personal information of any applicant or borrower. SBEC, its employees, agents and officers will maintain the confidentiality of all information acquired by SBEC in performance of this Agreement, except upon the customer's prior express written consent or an order entered by a court of competent jurisdiction. SBEC will promptly give PDC written notice of any judicial proceeding seeking disclosure of such information.
- 1.8 SBEC does not report to credit agencies on the performance of its customers. Credit information about SBEC's customers will be released outside SBEC only with the express prior written consent of the customer. Upon written request from the customer, SBEC shall provide a written credit reference to any customer that requests one. A customer's name and general business information will be used for publicity or marketing purposes only if the customer has signed a formal publicity authorization or consent form.
- 1.9 Upon funding of loans, SBEC is authorized to provide loan servicing management through partnerships with the electric and natural gas utilities serving the City of Portland. In partnership with the participating utilities, SBEC will collect loan payments via a utility-bill-based payment collection system ("on-bill repayment"). SBEC shall enter into separate agreements with the participating utilities to address the specific on-bill repayment arrangements.
- 1.10 SBEC shall administer the Grant consistent with the terms of this Agreement, the Guidelines and the Urban Renewal Requirements. SBEC shall have full responsibility for the financial administration of the Pilot consistent with generally acceptable accounting principles (GAAP). The system of accounts employed by SBEC shall be satisfactory to PDC and in accordance with GAAP consistently applied. Responsibilities shall include, but not be limited to: maintenance of loan fund records; submittal of payment vouchers, fiscal forms, and progress reports; compliance with applicable procurement, contracting, and other agreement requirements;

and submittal of required performance items. In managing the loan fund, including the Grant, SBEC's efforts shall include: program development and conducting, coordinating, and scheduling project activities. SBEC certifies by signing this Agreement that all applicable requirements have been satisfied in the procurement of any professional services, and eligible and ineligible project costs will be separated and identified for billing purposes.

- 1.11 In consultation with the City and PDC, SBEC will evaluate potential opportunities for the loan portfolio to be sold to secondary market buyers and to manage secondary market sales. The parties do not anticipate that it will be feasible to evaluate the viability of selling Pilot loans into a secondary market until after the initial round of funds is fully deployed. The timing of exploring secondary market opportunities will be considered as part of the evaluation metrics for the Pilot.
- 1.12 Treatment of Granted Loan Funds. PDC funds granted to SBEC for the purpose of capitalizing the Pilot will become assets of SBEC, expressly governed by the terms of this Agreement. SBEC's Board of Directors has adopted a policy designating the loan funds as available only to fund loans associated with CEWP or any successor program designated by the City and such designation shall be reflected on SBEC's books and records.
- 1.13 Treatment of Granted Loan Loss Reserve Funds:
 - a. PDC will grant SBEC up to 20 percent of all loans made to fund the expense of a Loan Loss Reserve for the Pilot.
 - b. To assure that any such granted loan loss reserve funds are TIF-eligible expenditures, SBEC shall make CEWP loans, pursuant to the terms of this Agreement, including the Guidelines and Urban Renewal Requirements, from funds other than PDC funds granted to SBEC, in amounts not less than the amount of PDC funds granted to SBEC to fund the expense of a Loan Loss Reserve for the Pilot.
- 1.14 SBEC shall invoice PDC on a monthly basis outlining costs consistent with the Urban Renewal Requirements incurred from improvements made under the Pilot in the previous month. The invoice will provide:
 - a. a complete list of addresses for homes improved and the total dollar amount of improvements made for each home in the previous month;
 - b. the total dollar amount of improvements made overall and the dollar amount requested for reimbursement from the previous month.

SBEC will be required to provide detailed reports of improvement costs consistent with the Urban Renewal Requirements incurred for individual project/homes, as requested by PDC.

Section 2. Conflict of Interest.

- 2.1 To ensure that the highest degree of honesty, integrity and objectivity is maintained in making loans, any real or potential conflicts of interest between SBEC's loan officers, employees, directors, and their related interests, customers and SBEC must be disclosed immediately to PDC. No employee, officer or credit committee member shall participate in any processing, review, approval or documentation affecting any potential loan in which a conflict exists or could be perceived to exist. SBEC will avoid making Pilot loans to SBEC employees, officers, directors or their immediate families, affiliates and employees, affiliates, or to firms in which any of the proceeding has an ownership interest. Although such loans are not prohibited, the Board of Directors of SBEC must approve all exceptions to this policy in advance. In all cases, any such transactions shall comply with IRC Section 4958 or other applicable federal or state laws.
- 2.2 Gifts. SBEC, its officers, agents and employees, shall not accept any tangible property or services or anything exceeding \$50 in value as a gift in relation to processing, reviewing or approving any potential Pilot loan, or administering or managing any Pilot loans. Soliciting or accepting tangible property or services as a condition to a transaction is strictly prohibited and shall constitute grounds for immediate termination of this Agreement.

Section 3. Clean Energy Works Portland Advisory Board.

- 3.1 The City and SBEC have established a Clean Energy Works Portland Advisory Board (the "Advisory Board") consisting of four appointed representatives. One of the representatives will be appointed by SBEC, consisting of the SBEC President-CEO or his designee. Three of the representatives shall be appointed to serve by the Mayor of the City, after consulting with SBEC's President-CEO, with the consent of the Portland City Council. The City shall be responsible for providing staffing for the Advisory Board, including taking minutes, scheduling meetings and other staff support. The Advisory Board shall not have any power to bind, obligate or contract on behalf of SBEC, PDC or the City. PDC shall defer to decisions on programmatic adjustments to the Advisory Board, as detailed in this section unless such changes contradict other specific provisions of this Agreement.
- 3.2 The Advisory Board shall adopt and follow procedures it deems necessary to govern its meetings and conduct its business. The Advisory Board shall meet as it deems necessary and conduct business it deems appropriate, and

will from time to time report on the Pilot to PDC, Portland City Council and SBEC's Directors, either in person or in writing. SBEC will determine adjustments to Guidelines in collaboration with the Advisory Board, using the process identified in Section 3.7 of this Agreement. SBEC shall present the findings of independent auditors for financial activities and compliance on an annual basis to the Advisory Board within six months following the end of each fiscal year.

- 3.3 Overview. In the interest of maximizing the impact of the Pilot on energy conservation of owner-occupied residential properties, loan terms and conditions are other than standard for the lending industry. Those experiencing financial distress shall be priority beneficiaries, with rates and terms to reflect this priority status. Performance metrics reflecting progress toward these goals shall be reviewed annually; any modifications to performance metrics shall require the unanimous consent of the Advisory Board and SBEC's management. Interest rates will be fixed and will be in support of the overall triple-bottom line objectives of the Pilot. Interest rates will be set with the assumption that the borrower will perform as agreed. If the customer does not perform, pricing on the loan may be increased to reflect the increased risk. Default interest rates shall be established at SBEC's discretion. SBEC's fee structure for the Pilot must be reviewed by the Advisory Board on an annual basis. SBEC shall not agree to loan terms and conditions that it cannot justify from a financial operating perspective. PDC may review the interest rates charged by SBEC and review the financial performance of the Pilot to assess whether its financial performance is aligned with its triple-bottom line objectives.
- 3.4 SBEC shall prepare an annual budget for the Pilot activities and obtain the approval of the Advisory Board.
- 3.5 SBEC shall provide internally prepared financial reports to the Advisory Board and the City. At a minimum, such internal reports shall include at least the following information, comparing actual to forecast (budget) performance:
 - a. Revenues derived from fees, interest, contract and grant revenues
 - b. Expenses attributable to the delivery of the Pilot, including indirect administration costs, expensed loss reserves, and loan losses;
 - c. Availability of lending resources for future Pilot activity; and
 - d. Statement of Pilot cash flows.
- 3.6 Education and Outreach Materials. SBEC shall provide the Advisory Board with copies of any tangible educational products developed by SBEC under this Agreement, such as brochures, manuals, pamphlets, videos, audio tapes, CDs, curriculum, posters, media announcements or gadgets, such as a refrigerator magnet with a message. If this is

impractical, as in the case of a sign, display, website, workshop, or educational materials, SBEC shall provide a complete description including photographs or printouts. SBEC shall also provide copies of any technical assistance tools if they are disseminated to a group.

- 3.7 The Guidelines will serve as the primary guiding principles for the Pilot. Following the initial adoption of the Guidelines, any exceptions or amendments to the Guidelines shall be subject to review and approval by the Advisory Board. No modifications to the Pilot shall be made without the unanimous consent of the Advisory Board, or, in the absence of an active Advisory Board, the unanimous consent of the City and SBEC. SBEC will comply with the Guidelines. However, SBEC shall have sole authority for adopting and implementing a credit administration policy associated with the Pilot.

Section 4. Pilot Program Guidelines for Fund Management.

- 4.1 Following the initial deployment of Grant funds, PDC may assist SBEC in making decisions concerning the ongoing development and operations of CEWP; provided, however, that any fund management decision regarding policy and program administration shall be the exclusive responsibility of SBEC.
- 4.2 Further, SBEC shall seek input and comment from PDC in matters including, but not limited to: development of Pilot funding priorities and annual budget; criteria for selection and prioritization of projects and activities; design and implementation of sponsored programs; community outreach plans; allocation of resources among different served communities; and relationship and coordination with other program and service providers, including local government entities.
- 4.3 SBEC shall be solely responsible for the management and administration of the Pilot funds. SBEC shall be solely responsible for developing and adopting policies, guidelines and systems for operating the Pilot loan program, in accordance with industry standards and federal and state lending regulations. PDC will neither direct nor perform any work, either directly or through subcontracts, that are SBEC's responsibility under the terms of this Agreement. PDC shall not be regarded as a guarantor with respect to any aspect of the Pilot loans.

Section 5. PDC Project Manager.

- 5.1 PDC will designate an individual as Project Manager, with responsibility to receive information and to respond on behalf of PDC. The Project Manager shall have the authority to extend the term of this Agreement or make other changes that do not increase the total Grant amount or otherwise increase PDC's risks as determined by PDC legal counsel. The Project Manager is also authorized to determine if SBEC has failed to

substantially comply with the requirements of this Agreement, and to act on behalf of PDC to suspend or terminate this Agreement. Unless changed by the Director of Urban Development, or her designee, PDC's Project Manager shall be the PDC Representative as designated in Section 7.1 of this Agreement.

- 5.2 PDC will respond to requests for decision and action with reasonable promptness so as not to hinder the Pilot and execute documents needed for SBEC to perform its services.
- 5.3 Billings. Invoices for all billings and charges by SBEC shall be addressed to the Project Manager at PDC's address set forth on the first page of this Agreement or such other address as PDC shall provide to SBEC. Invoices may be submitted electronically, but PDC reserves the right in its sole discretion to determine acceptable invoice format and media.
- 5.4 Billing adjustments and disputes. Revised invoices or billing adjustments shall apply only if verified by PDC. Requests for such adjustments shall be submitted in writing to PDC within six (6) months of acceptance of the original billing, shall reference the original invoice in which the error was made, and contain sufficient level to allow PDC to verify the error. Failure by PDC to pay any portion of or the entire invoiced amount based on billing errors, or disputed charges shall not constitute default under this Agreement. PDC shall pay undisputed portions of disputed or incorrect invoices where PDC can easily identify the undisputed portion. Payment of an amount less than the total amount due on all unpaid invoices shall be credited as directed by PDC. In no event shall SBEC apply any payment or portion thereof to any particular amount or item, which is subject to any claim of error or dispute between the parties, without prior written approval by PDC.

Section 6. Term. This Agreement will be effective upon the date of the last signature by a Party. This Agreement will terminate on December 31, 2012.

Section 7. Miscellaneous.

- 7.1 Party Representatives and Notices. For purposes of administering this Agreement, and providing notices, PDC and SBEC will each have a designated representative. A party may change its representative upon providing written notice to the other party. The parties' representatives are as follows:

PDC'S Representative:

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SBEC's Representative:

Adam Zimmerman

Vice President
ShoreBank Enterprise Cascadia
203 Howerton Way
PO Box 826
Ilwaco, WA 98624
503-916-1552
e-mail: azimmerman@SBPAC.com

- 7.2 Notices. Any notice provided for under this Agreement shall be effective if in writing and (1) delivered personally to the following addressee or deposited in the United States mail, postage prepaid, certified mail, return receipt requested, (2) sent by overnight or commercial air courier (such as Federal Express), (3) sent by facsimile transmission, with the original to follow by regular mail; or, (4) sent by electronic mail with confirming record of delivery confirmation through electronic mail return-receipt, or by confirmation that the electronic mail was accessed, downloaded, or printed. Notice will be deemed to have been adequately given three days following the date of mailing, or immediately if personally served. For service by facsimile or by electronic mail, service will be deemed effective at the beginning of the next working day.
- 7.3 Records Inspection and Retention. PDC may, at reasonable times, inspect the books and records of SBEC relating to its performance under this Agreement. SBEC will retain all Agreement related records for purposes of PDC review or audit, for a period of no less than six years after termination or expiration of this Agreement.
- 7.4 Public Records. Information submitted to PDC may be subject to public review and inspection under the Oregon Public Records Law. SBEC acknowledges its responsibility for becoming familiar with the provisions of the Oregon Public Records Law. SBEC understands that, in response to public records requests, PDC may be required to disclose documents in its possession related to this Agreement. If PDC receives any public records request for disclosure of such information, PDC will provide SBEC with written notice of the request, including a copy of the request, within five (5) working days of receipt of the request. SBEC will have five (5) days within which to provide a written response to PDC regarding the request, before PDC may release the requested records. Whether SBEC submits any written response to PDC, PDC will have sole discretion to determine whether to release the requested records, provided that PDC will give SBEC at least five (5) business days written notice of its decision prior to releasing such requested records.
- 7.5 Independent Contractor. SBEC's services will be furnished by SBEC as an independent contractor and not as an agent, an employee or a servant of PDC. SBEC specifically has the right to direct and control its own activities in providing the agreed services in accordance with the specifications set forth in this Agreement. SBEC, its contractors and

employees are not employees or agents of PDC, and are not eligible for any benefits through PDC, including without limitation, federal social security, health benefits, workers' compensation, unemployment compensation, retirement benefits, vacation pay; holiday pay; sick leave pay; medical, dental or other insurance benefits; fringe benefits; or any other rights or privileges afforded to PDC employees. No subcontractor, employee, agent or representative of SBEC will or be deemed to be, or act or purport to act, as an employee, agent or representative of PDC.

- 7.6 Tax withholding. SBEC is responsible for any federal, state or local taxes and fees applicable to funds provided and payments made under this Agreement. For purposes of this subsection, "taxes" shall include all taxes, assessments, levies, duties, fees, charges or withholdings of any kind and all penalties, fines, additions to tax, or interest on unpaid taxes. Federal law requires that PDC notify the federal Internal Revenue Service of payments to SBEC. The necessary information includes, but is not limited to, SBEC's name and taxpayer I.D. number. In the event that SBEC provides PDC with inaccurate information for reporting to the IRS, SBEC acknowledges that federal law may require that PDC withhold up to twenty percent (20%) of the any amounts paid to SBEC under this Agreement as compensation for services rendered.
- 7.7 Compliance with applicable laws. SBEC and its employees, agents and officers will comply with all applicable federal, state and local laws, rules and regulations in performing its obligations under this Agreement.
- 7.8 Assignment, Delegation and Subcontracting. SBEC will perform all of its obligations under this Agreement using only its bona fide employees or agents. SBEC's obligations and duties under this Agreement will not be assigned, delegated or subcontracted to any other person or firm without the prior express written consent of PDC. SBEC warrants that it has not paid, nor has it agreed to pay, any company, person, partnership or firm, other than a bona fide employee working exclusively for SBEC, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement.
- 7.9 SBEC will not transfer or assign any of its rights or responsibilities under this Agreement without first obtaining written permission from PDC. SBEC shall not subcontract with any party for performance under this Agreement without first obtaining written permission from PDC. PDC may consider the assignment of this Agreement to a new special purpose entity that is being contemplated in the event that the City is successful in securing the US Department of Energy competitive funds.
- 7.10 Waiver. The failure of PDC to enforce any provision of this Agreement shall not constitute a waiver by PDC of that or any other provision. No waiver, consent, modification, or change of terms of this Agreement shall bind either party unless in writing and signed by both parties. Such waiver,

consent, modification, or change, if made, shall be effective only in specific instances and for the specific purpose given.

- 7.11 In the event of any errors or omissions by SBEC in performing any work under this Agreement, SBEC will make all necessary corrections without additional compensation. All work submitted by SBEC will be certified by SBEC and checked by SBEC for errors and omissions. SBEC will continue to be responsible for the accuracy of work even after the work is accepted by PDC.
- 7.12 Amendments. In order to be effective, any amendment, modification, extension or renewal of this Agreement, must be in writing, be signed by both Parties. SBEC shall not commence work under any amendment, modification, extension or renewal until the amendment, modification, extension or renewal has been duly authorized approved by PDC and has become effective. SBEC understands that PDC employees have no actual or apparent authority to enter into amendments, except as may be specifically granted by PDC's Board of Commissioners or its Executive Director.
- 7.13 Force Majeure. Neither PDC nor SBEC shall be held responsible for performance of their respective obligations under this Agreement if such performance is prevented by unforeseeable acts or events beyond the party's reasonable control including, but not limited to: acts of God; fire, flood, earthquakes or other catastrophes; strikes or other labor unrest; power failures, electrical power surges or current fluctuations; nuclear or other civil or military emergencies; or acts of legislative, judicial, executive, or administrative authorities; or any other circumstances which are not within its reasonable control. This provision, as it relates to strikes, shall apply only to failure to perform or delay installation of the goods and services, and does not relieve SBEC from making every reasonable effort to maintain, repair, or restore them.
- 7.14 SBEC hereby certifies, under penalty of perjury, that it is not in violation of any Oregon tax laws; hereby certifies that it is certified as an Equal Employment Opportunity Affirmative Action Employer as prescribed by Chapter 3.100 of Code of the City of Portland; and hereby certifies it is an independent contractor as provided in subsection 7.5 of this Agreement.

Section 8. Dispute Resolution. Differences, disputes and disagreements between SBEC and PDC arising under or out of this Agreement will be brought by SBEC to PDC's attention at the earliest possible time so that the matter may be settled or other appropriate action promptly taken. Any dispute relating to the quality or acceptability of performance due from SBEC will be decided by PDC's Project Manager or designee. All rulings, orders, instructions and decisions of the PDC's Project Manager will be final and conclusive relating to the quality or acceptability of performance due from SBEC.

Section 9. Forum. Any litigation between the Parties arising under or regarding the agreement shall occur, if in the state courts, in the Multnomah County Circuit Court in Portland, Oregon, and if in the federal courts, in the United States District Court for the District of Oregon in Portland, Oregon.

Section 10. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Oregon, even if Oregon's choice of law rules would otherwise require application of the law of a different state.

Section 11. Merger. There are no understandings, agreements, or representations, oral or written, not specified in the agreement Grant. SBEC, by the signature of its authorized representative, acknowledges that the terms and conditions have been reviewed, that they are understood, and that SBEC agrees to be bound by all of the terms and conditions set forth in the agreement.

Section 12. Project Liability, Indemnification and Responsibility. SBEC is solely responsible for development and selection of loan criteria, and for operation, administration and maintenance of the CEWP fund. SBEC agrees that PDC has no responsibility or liability for SBEC's management or administration of the fund. PDC makes no warranties, express or implied, regarding the Pilot.

Section 13. Indemnification.

- 13.1 SBEC shall hold harmless, defend and indemnify PDC, its officers, agents and employees, its officers, agents and employees, against all losses, damages, liability, claims, demands, actions, suits, costs, expenses and judgments (including court and appeal costs, and attorney fees and costs) to the extent arising directly or indirectly related to negligent or willful acts, errors or omissions of SBEC or its officers, agents or employees in the performance of the services, activities or work conducted pursuant to this Agreement. The obligation to provide indemnification will not extend to any of the indemnified Party's own (a) negligent, intentional, or wrongful acts or omissions, or (b) breach or failure of performance under this Agreement. The indemnification obligation stated herein will survive the termination or expiration of this Agreement. SBEC will be notified promptly in writing by PDC of any notice of such claim which SBEC shall defend with counsel of its own choosing. No settlement or compromise of any such claims will be done without the respective prior written approval of PDC. SBEC and its agents, contractors and others shall consult and cooperate with PDC while conducting its defense.
- 13.2 Subject to the limitations of Oregon laws, including but not limited to the Oregon Tort Claims Act and the Oregon Constitution, PDC shall indemnify SBEC from and against all liability, loss and costs arising out of or resulting from the negligent or intentional wrongful acts of PDC, its officers, employees and duly authorized agents in the performance of PDC's duties and responsibilities as set forth in this Agreement.

Section 14. Indemnification for Patent/Copyright Infringement. SBEC will hold harmless, indemnify and defend PDC, its officers, officials, employees and agents, from and against any claimed action, cause or demand brought against PDC, where such action is based on the claim that information supplied by SBEC or its employees, officers or agents infringes any patent or copyright. SBEC will be notified promptly in writing by PDC of any notice of such claim which SBEC shall defend with counsel of its own choosing. No settlement or compromise of any such claims will be done without the respective prior written approval of PDC. SBEC and its agents, contractors and others shall consult and cooperate with PDC while conducting its defense.

Section 15. Non-Discrimination. SBEC is fully committed to the principal that all credit decisions should be made without regard to race, color, national origin, religion, sex, sexual orientation, age, marital or familial status, mental or physical disability (provided the applicant has the legal capacity to enter into a binding contract), receipt of public assistance, or any other basis prohibited by law. To avoid an unintended discriminatory effect, credit policies will be applied consistently to all customers, applicants, co-applicants and guarantors. SBEC will not tolerate discrimination by any employee, and if SBEC determines that discrimination has occurred it will be grounds for termination. This commitment will be fulfilled while maintaining prudent credit discipline.

Section 16. Employment. In carrying out activities under the agreement, SBEC, its employees, officers and agents shall not discriminate against any employee or applicant for employment because of race, color, national origin, religion, sex, sexual orientation, age, marital or familial status, mental or physical disability, national origin or any other basis prohibited by law. SBEC shall take actions to insure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, national origin, religion, sex, sexual orientation, age, marital or familial status, mental or physical disability, or national origin. Such action shall include but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SBEC shall post in conspicuous places, available to employees and applicants for employment, notices provided by PDC setting forth the provisions of this nondiscrimination clause. SBEC shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

Section 17. Severability. If any provision of this Agreement is found to be illegal or unenforceable, this Agreement shall nevertheless remain in full force and effect, and the provision stricken.

Section 18. Survival. As of the date of termination or expiration of this Agreement, any pre-existing unresolved claim or dispute by either Party, including but not limited to money owed, performance due, or any other obligations of the Parties, that is the result of the other Party's performance or non-performance, will, by their terms, survive termination of this Agreement and will be resolved in accordance with the terms and conditions of this Agreement. All indemnity, confidentiality, warranty, records retention, unperformed and otherwise continuing obligations will survive termination or expiration

of this Agreement. SBEC's obligations regarding treatment of the loan funds will also survive termination or expiration of this Agreement.

Section 19. Electronic Transactions. The Parties agree that PDC and SBEC may perform all obligations under this Agreement, including any amendments, by electronic means, including the use of electronic signatures.

Section 20. FACT Act Compliance. SBEC certifies and warrants that it has developed and implemented procedures and practices to address identity theft, as required under the Fair and Accurate Credit Transactions (FACT) Act of 2003 and implementing federal administrative regulations. SBEC's standards address the identification, detection, and response to patterns, practices, or specific activities that could indicate identity theft, as well as methods for properly disposing of customer information.

Section 21. Termination.

- 21.1 PDC and SBEC may terminate this Agreement at any time by mutual written agreement.
- 21.2 PDC may terminate this Agreement in whole or in part whenever PDC determines, in its sole discretion, that such termination is in the best interests of PDC. In such case, PDC may terminate this Agreement upon giving SBEC 30 days' written notice. In that event, PDC will pay SBEC for all costs incurred by SBEC in performing this Agreement up to the date of such notice, subject to the other provisions of this Agreement.
- 21.3 Either PDC or SBEC may terminate this Agreement in the event of a breach of the Agreement by the other Party. Prior to such termination, however, the Party seeking the termination shall give to the other Party written notice of the breach and of the Party's intent to terminate. If the Party has not entirely cured the breach within thirty (30) days of the notice, then the Party giving the notice may terminate the Agreement at any time thereafter by giving a written notice of termination.
- 21.4 If funding for the underlying project or matter is withdrawn, reduced or limited in any way after this Agreement is signed or becomes effective, PDC may summarily terminate this Agreement notwithstanding any other termination provision in this Agreement. Termination under this provision will be effective upon the date specified in the written notice of termination sent by PDC to SBEC. No costs incurred after the effective date of the termination will be paid.
- 21.5 In the event of early termination of this Agreement for breach by SBEC, PDC will pay SBEC for the work performed in accordance with this Agreement prior to the termination date. Upon such early termination, PDC, at its discretion, may obtain performance of the work elsewhere, and SBEC will bear all costs and expenses incurred by PDC in completing the work and all damages sustained by PDC by reason of SBEC's breach.

Section 22. Entire Agreement. This Agreement, including any attachments, constitutes the entire agreement of the Parties regarding the subject matter of the Agreement and is an attempt to integrate all previous agreements, proposals, and understandings, whether written or oral, relating to this subject matter into one document. There is no other agreement, promise or inducement for this Agreement other than as expressed in this Agreement. There are no other representations, warranties, statements or agreements between the Parties except as expressly set forth in this Agreement.

PORTLAND DEVELOPMENT
COMMISSION

SHOREBANK ENTERPRISE
CASCADIA

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

Approved as to form

PDC Legal Counsel

ATTACHMENT A

Urban Renewal Requirements

Grant funds shall be spent only on:

- a. TIF-eligible improvements/costs as outlined in Exhibit A; and
- b. TIF-eligible properties located within the Interstate Corridor Urban Renewal Area (“URA”) or the Lents Town Center URA boundaries;

EXHIBIT A

Eligible Expenditures

1. Duct leakage testing
2. Blower door testing
3. Duct insulation
4. Duct sealing
5. Air sealing
6. Knee wall insulation
7. Rim Joist insulation
8. Attic insulation
9. Wall insulation
10. Floor insulation
11. High-efficiency tank water heater
12. Tankless water heater
13. High-efficiency gas furnace
14. High-efficiency heat pump
15. Solar photovoltaic systems
16. Solar hot water systems
17. Windows
18. Loan administration fees not to exceed \$400 per loan transaction
19. Loan loss reserve

Note: additional improvements will be considered and approved by PDC as recommended by the City, subject to TIF eligibility. Specifically, a revision to eligible improvements /costs will likely be needed once the City develops a commercial building product/offering in early FY 10-11.

ATTACHMENT B

PROGRAM GUIDELINES

**CLEAN ENERGY WORKS
PORTLAND PILOT PROGRAM**

November 2009

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I. Introduction

A. Document Name and Purpose

These Program Guidelines, together with attachments incorporated into the Guidelines, govern the Clean Energy Works Portland Pilot Program (“the Pilot”). This document has been approved for use by the City of Portland (“Portland”), ShoreBank Enterprise Cascadia (“SBEC”) and the Energy Trust of Oregon (“ETO”). Portland and SBEC have entered into a grant agreement by which funds are being provided by Portland to SBEC for the Pilot. These Guidelines provide further detail and specificity regarding the Pilot. Unless otherwise provided for in the Program documents, exceptions to the policies and procedures set forth herein require the approval of Portland, SBEC and ETO. Portland from time to time may delegate its authority to review and accept changes to these Program Guidelines to the Clean Energy Works Advisory Board as set forth in the grant agreement.

B. Program Name

The name of this program is Clean Energy Works Portland (“CEWP”). The name may be modified should the program extend beyond the jurisdictions that border the City of Portland. The loan product available through the program shall be known as the CEWP Energy Efficiency Loan.

C. Program Purpose

The primary purpose of the CEWP is to assist eligible, single family residential property owners in making energy efficiency retrofits to their homes in order to reduce the overall production of carbon dioxide resulting from electricity and natural gas usage. Secondary purposes of the Program include:

- Increase the asset values of property owners participating in the CEWP;
- Test and evaluate a new delivery channel of energy audits and energy efficiency retrofits designed to increase overall investment in single family residential energy efficiency retrofits

II. Program Overview

A. Background

The Pilot is intended to deliver a consumer loan product to owners of single family, residential property within the City of Portland for the purpose of performing energy efficiency retrofits that result in decreased energy demand and corresponding costs. The Pilot is part of a broader initiative to advance US energy independence, reduce carbon emissions, and generate value producing work often referred to as “green collar jobs.”

The Pilot is intended to address the technical and financial barriers that discourage residential property owners from adopting energy conservation. With the Pilot, residential customers may apply for low-interest loans. The Pilot is designed to provide additional technical and financial assistance to residential property owners with low to moderate incomes, existing debt, and previous credit problems. The Pilot will be limited in terms of initial funding, initial commitments from the parties, and correspondingly, a relatively small number of participating loans.

The Pilot is a collaboration between Portland, investor owned utilities, the Energy Trust of Oregon (“ETO”), and SBEC. Portland, ETO and SBEC are responsible for delivery of the Pilot throughout Portland in a manner that reflects locally approved policies, land use regulations, and codes.

With the Pilot, property owners who require financing assistance may apply for a loan through ETO and SBEC. All applicant information is confidential. The Pilot has been designed to assist borrowers with low incomes, existing debt, and previous credit problems. The CEWP Energy Efficiency Loan product, adjusted for the income of borrowers, covers 100% of the costs of completing the energy efficiency retrofit, and any fees associated with the program.

B. CEWP Pilot Program Collaborators

- 1) Program Lead: City of Portland: Portland is the source of initial investment capital for the Pilot, through a combination of city funds and as a recipient of a federal Energy Efficiency and Conservation Block Grant from the US Department of Energy available through

appropriations under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5. As such the Pilot is subject to the procedural and reporting requirements of Portland as well as terms and conditions imposed by the US Department of Energy under the Energy Efficiency and Conservation Block Grant award.

- 2) Fund Manager: ShoreBank Enterprise Cascadia: SBEC is responsible for management of all aspects of the CEWP Energy Efficiency Loan delivery, including customer service, loan management, reporting, and compliance.
- 3) Service Delivery Manager: Energy Trust of Oregon: ETO will coordinate home assessments and installations of energy efficiency measures in those homes working closely with Pilot homeowners, selected contractors, and SBEC to provide a streamlined delivery of services and financing. ETO will qualify participating homeowners/projects for applicable ETO energy efficiency incentives.
- 4) On-bill Repayment Service: Northwest Natural Gas (NWN): In agreement with Portland and SBEC, NWN will provide to its customers the service of on-utility-bill loan repayment for loans executed through the Pilot.
- 5) On-bill Repayment Service: Portland General Electric (PGE): In agreement with Portland and SBEC, PGE will provide to its customers the service of on-utility-bill loan repayment for loans executed through the Pilot.
- 6) On-bill Repayment Service: Pacific Power (PP): In agreement with Portland and SBEC, PP will provide to its customers the service of on-utility-bill loan repayment for loans executed through the Pilot.

III. Management Authority

A. Establishment of the Pilot

Authority for establishment of the Pilot is jointly held by Portland, SBEC, ETO, the participating utilities and other interested parties, a group jointly known as the **CEWP Steering Committee**. Following initial establishment of the Pilot, Portland, SBEC and ETO shall routinely brief the CEWP Steering Committee on the progress of the Pilot, changes in processes and guidelines, and future plans for CEWP. Following initial establishment of the Pilot, the CEWP Steering Committee's role will be advisory in nature.

B. Service Delivery for the Pilot

Establishment of and revision of Service Delivery Guidelines for the Pilot shall be jointly conducted by Portland, SBEC and ETO. ETO shall serve as the lead in the service delivery aspect of the Pilot. The Service Delivery Guidelines are detailed in Section IV of this document. As this document serves respectively as Exhibits B and A for the City of Portland, Oregon-ShoreBank Enterprise Cascadia Clean Energy Works Portland Grant Agreement and the Energy Trust of Oregon-ShoreBank Enterprise Cascadia Clean Energy Works Portland Operating Agreement, all three parties have mutually agreed to said Guidelines. Subsequent changes to the Service Delivery Guidelines can be made through written consent of all three parties, but such changes will not require a formal amendment of any of the above referenced agreements.

C. Fund Management for the Pilot

Establishment and revision of the Fund Management Guidelines for the Pilot shall be jointly conducted by Portland and SBEC. Subsequent changes to the Fund Management Guidelines can be made through written consent of all three parties, but such changes will not require a formal amendment of any of the above referenced agreements.

The Fund Management Guidelines are detailed in Section V of this document. Portland and SBEC will seek input from ETO on any material changes made to the CEWP Energy Efficiency Loan product. Portland may, at its discretion, assign review and approval of changes to the Fund Management Guidelines to the Clean Energy Works Advisory Board.

The constitution of the CEWP Advisory Board is detailed in Section 5 of the City of Portland, Oregon-ShoreBank Enterprise Cascadia Clean Energy Works Portland Grant Agreement.

IV. Service Delivery Guidelines

A. Summary

ETO will work closely with homeowners and contractors to determine whether a homeowner has adequate opportunity for cost-effective energy efficiency installation to be eligible to participate in the Pilot. If ETO determines that a homeowner is so eligible, SBEC will collaborate with the participating utilities to obtain and review sufficient information to enable SBEC to do an initial creditworthiness determination on the homeowner based, among other things, on the homeowner's utility payment history. Upon notice from SBEC that a particular homeowner has adequate creditworthiness to proceed, ETO will assign energy advocates to work closely with selected contractors to oversee and coordinate home assessments and resulting installation of residential energy efficiency measures. Upon completion of such installations, ETO will also coordinate with SBEC to provide installation test-out information to trigger SBEC disbursement of Pilot loan funds. Upon successful test-out, ETO will disburse eligible ETO incentive funding for installed energy efficiency measures to SBEC to buy down the principal amount of homeowner's Pilot loan. Such disbursement will be the amount of all ETO incentives associated with measures installed net of cost for the home assessment and ETO program administration costs, such costs not to exceed \$600. ETO will cooperate with SBEC to provide information or other assistance as may be reasonably necessary for SBEC to undertake its roles and responsibilities with respect to the Pilot.

B. Marketing and Outreach

Marketing and outreach for the Pilot will be focused on single-family, residential, owner-occupied buildings. The marketing strategy will be designed to reach the broadest cross section of prospective participants, but place special emphasis on:

- i. Property owners with above average energy usage;
- ii. Property owners that use electricity to heat their homes;

iii. Property owners in neighborhoods targeted in Phase 5 of the Pilot.

Marketing materials will be jointly developed by Portland and ETO in collaboration with SBEC and participating utilities.

C. Contractor Engagement

Pilot services, including customer outreach, home performance reviews, project bids and contractor management will be delivered by ETO in mutually acceptable manner. In collaboration with Portland and SBEC, ETO shall develop eligibility criteria for contractors, consistent the goals of the Pilot and such conditions as may be imposed under applicable grant requirements.

D. Approved Retrofit Packages

E. Program Application

ETO will manage the CEWP website and web-based application form for the Pilot. Portland, ETO and SBEC will reach general agreement on website and application content. Application data transfer processes are described below in c. Service Delivery Processes. The web-based application will serve as both the “program” and “loan” application.

F. Service Delivery Processes

1. Participant Pre-Approval Process

- 1.1. ETO receives homeowner information via CEWP website.
- 1.2. SBEC receives homeowner confidential information (SS# and DOB) via secure portion of website application. ETO does not receive confidential information.
- 1.3. Once application is complete, ETO reviews homeowner for energy savings potential by assessing use relative to Portland average. ETO pre-approves 50% of homeowners based on the top 50% of energy intensity scores. Homeowners with incomplete applications are not reviewed.

- 1.4. ETO sends a CEWP Pilot decline letter to homeowners that do not score in the top 50% of energy intensity.
- 1.5. ETO transfers homeowner data for energy intensity approved homeowners to SBEC via a mutually agreed upon electronic file transfer.
- 1.6. SBEC requests utility payment history information for all homeowners received from ETO. Utility payment history is requested from the utility that provides energy for the homeowner's primary source of heating.
- 1.7. SBEC reviews utility payment history and credit history of homeowners and any co-homeowners, assigns pre-approval rating for each homeowner of "approved", "declined", or "pending". SBEC provides homeowner pre-approval status to ETO via a mutually agreed upon electronic file transfer.
- 1.8. homeowners that are declined by SBEC for reasons of credit receive a decline letter from SBEC.

2. Home Performance Assessment Process

- 2.1. ETO conducts a telephone screening of pre-approved homeowners; asks additional qualifying questions, informs homeowner about pilot details, time commitment and financing process.
 - 2.1.1. homeowner may self disqualify if already participating with other weatherization assistance
 - 2.1.2. homeowner may need to consider upfront costs of addressing items outside of the pilot's weatherization scope (i.e. knob & tube)
 - 2.1.3. If homeowner is still eligible, ETO schedules the homeowner for a Home Performance Assessment (HPA) (to occur within 10 business days) and assigns the homeowner an ETO Energy Advocate (EA) and a Home Performance Contractor. . At this point, the homeowner becomes a "Participant" for purposes of the Pilot.
 - 2.1.4.
 - 2.1.5. ETO provides contractor with Participant data.
- 2.2. Home Performance Contractor or "Contractor" and ETO Energy Advocate conduct a home performance assessment HPA for Participant. Participant is present at the HPA.
 - 2.2.1. Bid presentation scheduled at time of assessment with all three parties present - no sooner than 5 business days from HPA, no later than 10 business days.
- 2.3. ETO enters HPA results into HomeCheck (within 48-hours of assessment) and informs Contractor that information has been entered.
- 2.4. Contractor sends ETO an invoice for HPA cost

3. Project Bidding Process

- 3.1. Within 5 days of HPA, Contractor prepares a Bid Proposal based upon acceptable energy efficiency percentage gains and price caps (See Approved Retrofit Packages) and provides Bid Proposal to ETO

- 3.2. ETO verifies measures in Bid Proposal prepare estimated incentives, loan amount, and monthly payment information for SBEC.
- 3.3. ETO presents Bid Proposal to the Participant at the home, Contractor presence optional.
 - 3.3.1. Participant has a maximum of 10 days to review the Bid Proposal.
 - 3.3.2. If the Participant and Contractor cannot arrive at acceptable proposal in designated 10 business days, Participant will be given option to request **one** competing proposal from another participating contractor in the pool. This second contractor will be determined by ETO based on offering a balanced number of opportunities to the contractors in the pool, availability, and Participant preference. This second contractor will be given the test-in information (not the proposal information), and an opportunity to walk thru the home. If an additional HPA is required by the second contractor, it will be Participant's responsibility to pay for such HPA.

3.4. Participant accepts Bid

4. Loan Processing and Closing

- 4.1. ETO provides accepted Bid Proposals and accompanying project documentation to SBEC for final loan processing and loan closing
- 4.2. SBEC begins loan processing. If documentation is complete, SBEC will process the loan within 4 business days.
 - 4.2.1. If documentation is not complete, or additional steps must be taken in order to complete processing, SBEC will notify ETO of the anticipated delay in processing.
- 4.3. SBEC completes loan processing and notifies Participant that loan documents are available to be signed.
 - 4.3.1. SBEC will contact Participants via email and telephone to notify them that the loan documents are ready for signature.
 - 4.3.2. SBEC will offer all Participants the following signing options: 1) receipt of the loan documents via secure email, Participants will be responsible for printing, signing and notarizing the loan documents, 2)

scheduling a signing of loan documents at the SBEC office, 1101 SW Washington, Portland. In both cases, all parties on title to the home must be present at the signing.

4.4. SBEC receives signed loan documents from Participant and closes the loan.

4.5. SBEC notifies ETO that the Participant has closed the loan.

4.6. ETO notifies Contractor that the loan is closed and they may proceed with construction and test-out/verification.

5. Project Construction, Completion and Verification

5.1. Upon notification of loan closure, Contractor schedules construction dates with Participant

5.2. Contractor notifies ETO of anticipated construction timeline (work to be completed within 30 calendar days), including anticipated test-out date (range)

5.3. Upon project completion, ETO, Contractor and Participant meet at home for Test-Out (verification of project completion).

5.3.1. Contractor provides and gets participant signatures on final invoice and incentive application(s)

5.3.2. ETO gathers test-out info, and enters into HomeCheck

5.3.3. ETO generates and signs Certificate of Completion

6. Loan Funding and Disbursement to Contractor

6.1. ETO sends signed final invoice, Certificate of Completion and Final Incentive and Fee Disclosure to SBEC.

6.2. Upon receipt of documentation, SBEC disburses full payment to Contractor within 4 business days.

7. ETO Incentive Payments

7.1. ETO processes incentive application and remits to SBEC the applicable incentive amount listed in the Incentive and Fee Disclosure form.

8. On-bill Servicing

8.1. SBEC notifies the “primary heat source” utility to place the monthly loan repayment amount on the Participant’s monthly utility bill.

G. Service Delivery Timeline for the Pilot

	Phase 1 (pre-pilot phase)	Phase 2	Phase 3	Phase 4	Phase 5 (Neighborhood- based approach)
Goal	30 loans	50 loans (70 assessments)	200 loans (275 assessments)	120 loans (165 assessments)	100 loans (175 assessments)
Applications out		October 2009	December 2009	March 2010	March 2010
Work Begins		November 2009	January 2010	April 2010	April 2010
Work Ends		February 2009	April 2010	June 2010	July 2010

H. Contractor Reporting

Participating Home Performance Contractors will be required to provide wage and benefit and other data to ETO and PORTLAND. Reporting requirements will be determined by ETO and Portland in Phase 2.

V. Fund Management Guidelines

A. Summary

The Fund Management Guidelines are the governing guidelines for the CEWP Energy Efficiency Loan Product and the ongoing management of the CEWP Fund. Any exceptions or amendments to these Guidelines must be approved by Portland, or Portland’s designated authority, and SBEC.

As Fund Manager, SBEC will make loans for the Pilot, pursuant to the terms of the Clean Energy Works Grant Agreement and these Program Guidelines. SBEC will deliver loans to qualified applicants, managing on-going servicing of the loans in collaboration with participating utilities, manage program reporting requirements listed in Section IX of this document and manage CEWP funds to meet leverage and liquidity needs.

B. Loan Rates, Terms and Available Amounts

In service to the Pilot, SBEC shall provide approximately 500 CEWP Energy Efficiency Loans extending the following rates, terms and amounts. In the event that more than 500 loans may occur under the Pilot, PORTLAND and SBEC shall negotiate such modifications

Clean Energy Works Portland Pilot Program Guidelines
 Attachment B

as may be necessary.

Interest and Repayment Requirements: The following chart establishes the initial loan terms and interest rates for household borrowers in owner occupied dwellings based on annual gross household income as reported IRS form(s) 1040 for the previous calendar year.

CEWP Pilot Phase II Maximum E2 Package Cost and Minimum Energy Savings and Loan					
Energy Efficiency Improvement Packages	Maximum Package Cost	Minimum Energy Savings (HomeCheck)	Applicable Interest Rate	Applicable Interest Rate (Applicants below 250% Federal poverty level)	Loan Term
Fuel Source: Electric					
Basic Weatherization	\$ 4,300	10%	7%	2%	20
Extended Weatherization	\$ 8,800	20%	5%	2%	20
+ Hot Water	\$ 9,600	20%	5%	2%	20
+ Heat	\$ 18,300	30%	3%	2%	20
+ Hot Water and Heat	\$ 19,850	30%	3%	2%	20
Fuel Source: Gas					
Basic Weatherization	\$ 4,300	10%	7%	2%	20
Extended Weatherization	\$ 8,800	20%	5%	2%	20
+ Hot Water	\$ 12,300	20%	5%	2%	20
+ Heat	\$ 14,100	30%	3%	2%	20
+ Hot Water and Heat	\$ 18,300	30%	3%	2%	20

C. Eligible Borrowers

Eligible Borrowers for the Pilot are single family residential households in the City of Portland. Additionally, Borrowers/homes must meet the following:

- The home must be owner-occupied
- The home must be heated with electricity from Pacific Power or Portland General Electric or with natural gas from NW Natural
- The home must be built before 1993
- The home cannot be more than 4,500 square feet in size
- The home is not on a “historic registry”
- The home has updated wiring and no aluminum or asbestos siding
- The Borrower is willing to make upgrades in the next 60-90 days
- The Borrower is not participating another ETO program

- The Borrower authorizes SBEC to access your utility usage and payment history, and to perform a credit check.

In addition, borrowers must meet the criteria outlined in F. Credit Screening and Approval Process.

D. Ineligible Borrowers

The following will not be eligible as borrowers under the Pilot:

Property that is not within the City of Portland.

Participants that do not have the legal right to encumber the real property with a beneficial security interest (Deed of Trust) as collateral for the Pilot loan, unless the party who possesses such rights consents to the loan and the resulting security interest;

Property owners that have not paid property taxes and/or other assessments levied on the property owner by any local or state taxing district for the period covering the previous two tax years; or,

To avoid any appearances of impropriety, no Portland officer or employee during who participated in the award of this Agreement shall be eligible to participate as a borrower in the Pilot.

E. Financially Distressed Borrowers

For purposes of this Agreement, financially distressed borrowers are defined as follows:

A household with an adjusted gross annual income that falls below 250% of the Federal poverty level.

Financially distressed households that are otherwise eligible for the Pilot will qualify for a preferred program interest rate of 2%. If a household qualifies for the preferred interest rate, SBEC may ask for verification of income based on tax return information from the previous calendar year.

Additionally, financial distressed borrowers may qualify for ETO's Savings Within Reach program. Qualifying borrowers may be eligible for additional ETO incentive payments.

F. Credit Review Process and Risk Rating System

SBEC has sole and exclusive authority to approve or decline credit. The general parameters of SBEC’s credit review process are outlined below. SBEC retains the right to amend these processes as necessary to maintain the overall health of the CEWP portfolio. SBEC has the authority to protect the confidentiality of Participants and borrowers and shall not be required to divulge the names and personal information of any Participant or borrower.

All Pilot applicants received by SBEC from ETO per the steps outlined in this document in section “F. Service Delivery Process” are screened for credit worthiness using the following criteria:

1. Length of time serviced by utility – if less than 6 months, one point.

2. Payments to utility: Borrower currently past due to utility less than 60 days, one point.

3. Payments to utility: Borrower current past due to utility greater than 61 days, one point.

4. Borrower received notice of disconnection of notice for non-payments in the past 12 months, one point.

5. The Borrower’s credit score <650, one point
 - a. Credit report must be reviewed for Bankruptcy or Foreclosure actions. May not necessarily result in a decline, but an increase in risk rating or applied loan loss reserve percentage.

Based on the number of affirmative answers (points) to the above questions would result in the following Risk Rating.

	Risk Rating
0-1 Points	4
2	5
3	6
4	7

Applicants with a Risk Rating of 5 or less are automatically eligible for a CEWP Pilot loan. Applicants with a Risk Rating of 6 will automatically receive a second review and may be approved or declined based on further review. Applicants with a Risk Rating greater than 6 will be declined for a CEWP Pilot loan.

Proof of title will be obtained for all applicants. If the applicant is not on title to the home proposed for the retrofit, or if the applicant is not a resident at the home, they will be automatically declined.

SBEC will provide a decline letter for all CEWP Pilot applicants declined as a result of this process.

G. Loan Loss Reserves

Suggested Loan Loss Reserves	
7=	100%
6=	50%
0-5=	10%

A loan may be considered for an upgrade if the loan has been current and has not been restructured or modified in the previous 12 months.

H. Additional Loan Terms

Overview: In the interest of maximizing the impact of the Pilot on energy savings and carbon emissions, loan terms and conditions are other than standard for the lending industry. Those experiencing financial distress shall be priority beneficiaries, with rates and terms to reflect this priority status. Loan terms and conditions shall be reviewed annually; any modifications shall require the unanimous consent of PORTLAND and SBEC management. SBEC shall not agree to loan terms and conditions that it cannot justify from a financial operating perspective.

Collateral. All Pilot loans shall be secured by a security interest in the borrower's real property assets.

Loan Loss Reserve. SBEC shall establish a loan loss reserve for the purposes of reserving for loan losses, unpaid property taxes, the interests of priority security interests, and eventual loan write offs. From time to time, SBEC shall report to PORTLAND on the Clean Energy Works Portland Pilot Program Guidelines Attachment B

adequacy of such reserves relative to the actual risk embedded in the Pilot loan portfolio. Based on the analysis of adequacy, reduced or increased collections for loan loss reserves may be recommended and/or approved.

Loan Transfer. Should the applicant/borrower and a potential buyer of the retro-fitted home choose to seek a transfer of a Pilot loan to the buyer, SBEC will accommodate the transfer. SBEC will charge an \$850.00 fee for the transfer. SBEC will accept payment of the fee from the seller or the buyer. The buyer must be the primary resident of the home, holder of the primary heat source utility account, and must pass the credit report criteria listed in “G. Credit Review and Risk Rating System.”

Loan Fees. SBEC shall charge each applicant a \$300 loan fee subsequent to loan closing. The fee will be included in the loan amount. The fees collected shall cover the direct documentation costs associated with executing the loan and a portion of SBEC’s cost for delivering the Pilot.

Access: All applicants/borrowers must stipulate that SBEC and its agents or assigns shall have the legal right of access to the borrower’s utility payment records for the purposes of verifying the loan servicing agreement with the participating utilities. Additionally all applicants/borrowers must stipulate that SBEC and its agents or assigns shall have the legal right of access to the retro-fitted home for purposes of verifying proper installment of the retro-fit measures.

I. Uses of Loan Proceeds

Eligible Use of Loan Funds: Pilot loan proceeds may be used to pay for any of the following expenses associated with an energy efficiency retrofit project package:

Fuel Source - Electric		
Energy Efficiency Improvement Package	Eligible Energy Efficiency Improvement Measures	
Basic Weatherization	Blower Door Test	
	Duct Leakage Testing	
	Air Sealing	
	Duct Sealing	
	Duct Insulation	
	Knee Wall Insulation	
	Rim Joist	
	Attic Insulation	
	+ Hot Water	Water Heater
		High-Efficiency Water Heater
+ Heat	High-Efficiency Heat Pump	
Extended Weatherization	Blower Door Test	
	Duct Leakage Testing	
	Air Sealing	
	Duct Sealing	
	Duct Insulation	
	Knee Wall Insulation	
	Rim Joist	
	Attic Insulation	
	Wall Insulation	
	Floor Insulation	
	+ Hot Water	Water Heater
		High-Efficiency Water Heater
	+ Heat	High-Efficiency Heat Pump
Other Incentives	Other Incentives - See Notes	

Fuel Source - Gas		
Energy Efficiency Improvement Package	Eligible Energy Efficiency Improvement Measures	
Basic Weatherization	Blower Door Test	
	Duct Leakage Testing	
	Air Sealing	
	Duct Sealing	
	Duct Insulation	
	Knee Wall Insulation	
	Rim Joist	
	Attic Insulation	
	+ Hot Water	Water Heater
		Tankless Water Heater
+ Heat	High-Efficiency Gas Furnace	
Extended Weatherization	Blower Door Test	
	Duct Leakage Testing	
	Air Sealing	
	Duct Sealing	
	Duct Insulation	
	Knee Wall Insulation	
	Rim Joist	
	Attic Insulation	
	Wall Insulation	
	Floor Insulation	
	+ Hot Water	Water Heater
		Tankless Water Heater
	+ Heat	High-Efficiency Gas Furnace

Additionally, Pilot loan proceeds may also finance up to 20% of the expenses associated with a retro-fit project for measures not listed above if the following conditions are met:

1. The measures are directly related to the installment of one or more of the energy efficiency measures listed in the table above;
2. The total cost of the retrofit project does not exceed the costs listed in “IV. D. Approved Retrofit Packages”;
3. The Home Check “projected energy savings” for the retrofit package achieves the

minimum required energy savings level listed in “IV. D. Approved Retrofit Packages”.

Payment for these expenses will be made directly to the Pilot Contractor assigned to the applicant through the process described in “IV. F. Service Delivery Processes.”

Loan proceeds may also be used to pay loan fees, loan interest and loan closing costs.

Expenses related to these items can be paid only to SBEC or its agents or assigns.

J. Prohibited Uses

1. The Pilot shall not finance new or refurbished windows, solar hot-water systems or on-site photovoltaic systems.
2. The Pilot shall not finance project measures that have not been reviewed and approved by the Energy Advocate per the steps listed in “IV. F. Service Delivery Processes.”
3. The Pilot shall not finance measures that are not documented as complete by the Energy Advocate per the steps listed in “IV. F. Service Delivery Processes.”
4. The Pilot shall not finance retrofit measures on a structure that is not being used consistent with its permitted use.
5. The Pilot shall not finance costs for labor or other services not incurred by a licensed and/or otherwise appropriately certified professional.

K. Financial Administration

Public Resources: The use of public resources available to the Pilot shall be governed by a separate grant agreement between SBEC and PORTLAND. It is the goal of the Pilot to apply public resources in ways which maximize the recovery and reapplication of these resources over time.

Private Resources: In general, the availability of private resources for the Pilot will be managed to extend program liquidity and loan volume. Special efforts shall be made to apportion resources and costs in a manner that minimizes the regulatory constraints placed on borrowers.

Responsibility: SBEC shall have full responsibility for the financial administration of the Pilot funds consistent with GAAP and shall report on the fulfillment of these responsibilities as required by PORTLAND.

Budget: SBEC shall prepare a Fund Management budget for Pilot activities annually and obtain the approval of PORTLAND. The Year 1 Pilot Budget is included in this document under Exhibit A.

Audit: SBEC shall present PORTLAND the findings of its independent auditors for financial activities and compliance on an annual basis within six months following the end of its fiscal year (December).

Revolved Funds: SBEC will revolve income earned from the management of Pilot funds to: 1) off-set direct program expenses (utility servicing fees, fund management servicing fees, loan loss reserve expenses) and 2) make new loans, as may be modified by SBEC in consultation with PORTLAND.

VI. Program Reporting

SBEC shall report to PORTLAND and the CEWP Advisory Board on the performance of the Pilot. SBEC shall provide PORTLAND with both Service Delivery and Fund Management reports. During the initial period of Pilot program delivery (July 2009 through July 2010), SBEC shall report to PORTLAND on a monthly basis. Following completion of the Pilot Service Delivery Period, SBEC and PORTLAND may revisit reporting requirements to determine if adjustments need to be made to the timing and content of the reporting.

A. Service Delivery

- ETO approved homes to completed projects: RATIO
 - Pilot Goal: 800:500

- Home Energy Assessments to completed projects: RATIO
 - Pilot Goal: 600:500

- Submitted bids/projects to completed projects: RATIO
 - Pilot Goal: 550:500

- SBEC approved participants to completed projects (disbursal to contractors):
AVERAGE DAYS
 - Pilot Goal: 45 days
- Number of Participants declined by ETO: NUMBER
- Number of Participants declined by SBEC: NUMBER

B. Contractor Management

- Number of contractors logging completed CEWP projects: NUMBER
 - Pilot Goal: 20
- Median number of CEWP projects per participating contractor: NUMBER
 - Pilot Goal: 20

C. Fund Management

- Number of inquiries received: NUMBER
- Number of applicants in process: NUMBER
- Number and dollar amount of projects completed: NUMBER, \$
 - Pilot Goal: 500 projects, \$4.5 million
- Number and dollar amount of loans approved and disbursed: NUMBER, \$
 - Pilot Goal: 500 loans. \$4.1 million in financing (projects completed less applicable ETO incentive amount)
- Number and dollar amount of defaulted loans: NUMBER, \$
 - Pilot Goal: <2%
- Losses expensed to date and amount of reserve for future losses: \$
- The revenue and expense associated with Pilot delivery: \$
- Total lending by household income status based on self-reported income

D. Energy Savings/Climate impact

- Projected energy saved: 12 months post disbursal: BTU
- Projected CO2 reductions: 12 months post disbursal: METRIC TONS
- Average amount of ETO incentives available per project: \$
- Total amount of ETO incentives available for Pilot projects: \$

E. Fund Development

- Investment leverage ratio – total PORTLAND investment to other funds (debt and ETO incentives): RATIO
 - Pilot Goal: \$1.00 PORTLAND Funds : \$1.00 other funds

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6790

Title:

AUTHORIZING A GRANT FUNDING AGREEMENT WITH SHOREBANK ENTERPRISE CASCADIA, NOT TO EXCEED \$3.5 MILLION FOR CLEAN ENERGY WORKS PORTLAND WITH \$2.5 MILLION FUNDING FROM THE INTERSTATE CORRIDOR URBAN RENEWAL AREA AND \$1.0 MILLION FUNDING FROM THE LENTS TOWN CENTER URBAN RENEWAL AREA

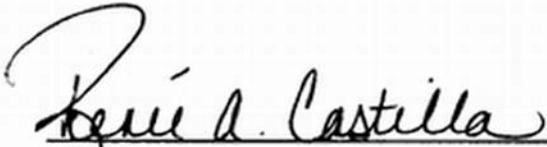
Adopted by the Portland Development Commission on June 9, 2010.

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input type="checkbox"/>	Chair Scott Andrews	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Bertha Ferrán	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner John Mohlis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Steven Straus	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Charles Wilhoite	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

Certification

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Portland Development Commission and duly recorded in the official minutes of the meeting.


Renee A. Castilla, Recording Secretary

Date: June 16, 2010