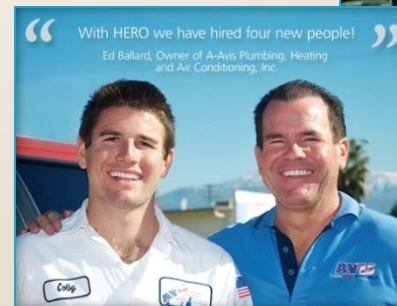


Economic Stimulus through Energy Efficiency:



A Public-Private Partnership



John Law - jlaw@heroprogram.com - 209-602-8990




HOW **HERO** HAS A POSITIVE IMPACT ON YOUR COMMUNITY

The HERO Program focuses on residential energy and water efficiency upgrades because of the positive impact these projects have on the economic health of local communities



HERO Continues a Proven Tradition

Driving Economic Growth Through Consumer Access to Financing

Industry			
Transportation		Auto industry introduced financing and car ownership exploded	1.1 vehicles / HH in 1969 to 1.9/HH in 2009
Housing		Banking industry gave birth to home mortgages and homeownership skyrocketed	48% home ownership in 1939 to 67% in 2009
Energy		States are requiring new energy guidelines HERO is part of the solution	\$350 million in economic stimulus in one year with HERO

Consumers Talk About Energy Efficiency

Significant Impact if HERO Made Available Statewide

Potential Impact in California – Annually*	
Energy Savings	1,045 GwH
GHG Reduction	300,000 Tons
Economic Impact	\$7.8 Billion
Job Creation	38,000 Jobs

Few People Make EE Investment Because of Price

High Efficiency	
Solar	Added Costs Premium Pricing
HVAC	
Windows	
Water Saving Products	

*Based upon HERO sales in Western Riverside County

Municipalities Have Used 3P's for Years

Too Few Stimulate the Economy and Have a Positive Consumer Image

	HERO
Positive for Municipality	X
Wide Consumer Usage	X
Positive Consumer Perception	X
Creates Local Jobs	X

Today's Ingredients of an Effective 3P are Different

- 🏠 Must be **better** than what is currently available
- 🏠 Available to the **masses**
- 🏠 **Turnkey** for residents & municipalities
- 🏠 **Empower** communities to take control
- 🏠 **Minimize** cost and risk to municipalities
- 🏠 Needs **controls** to maintain integrity

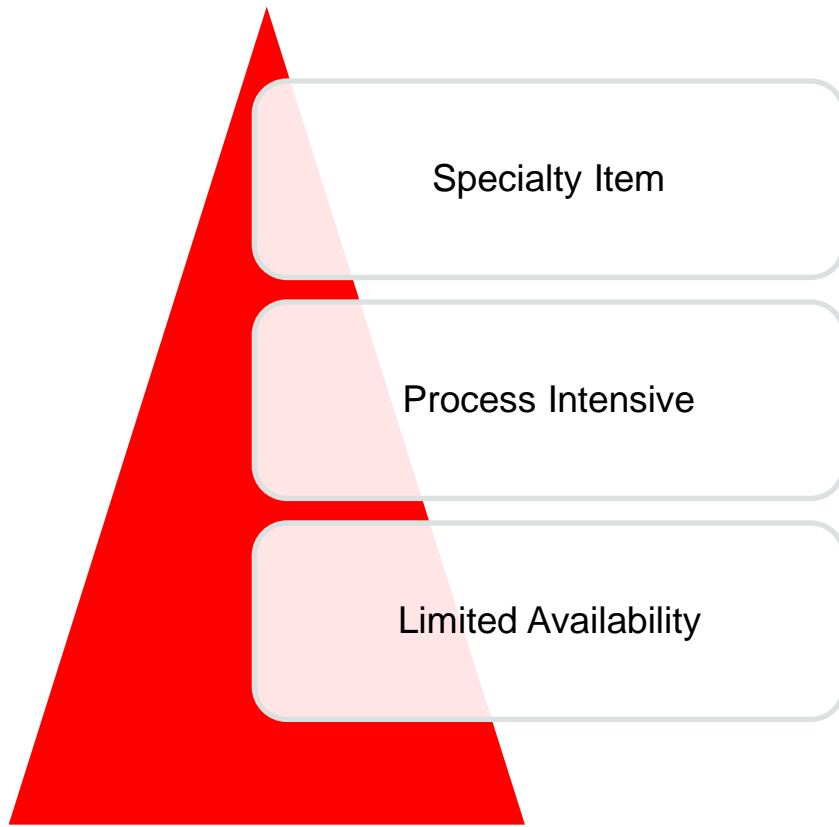
AB811 (PACE) Introduced in 2008

- Aspired to Improve the Environment, Create Energy Independence & Stimulate the Economy
 - Positioned as a Green Solution
 - Attempted to create a competitive advantage for energy efficient products by providing attractive financing
 - Trouble Gaining Traction
 - Introduced as a Public-Public Program with limited funds
 - No infrastructure to execute the program
 - Wasn't user friendly

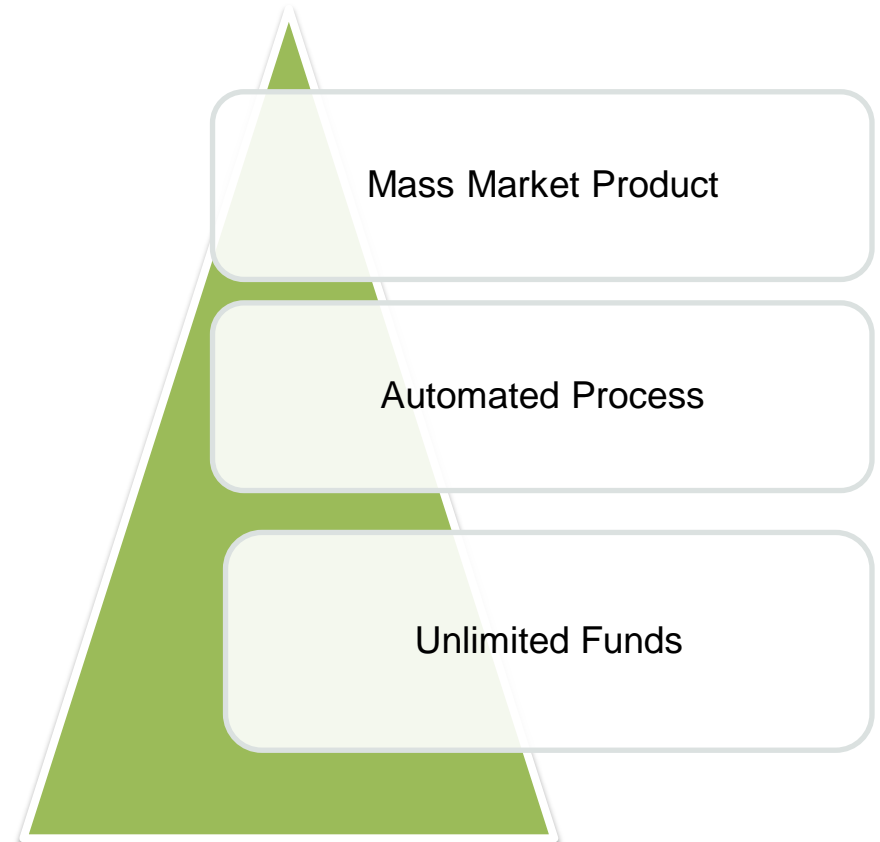
HERO is a Breakthrough

Making PACE Work for the Residential Segment


Original PACE – 2008 to Present
Public / Public




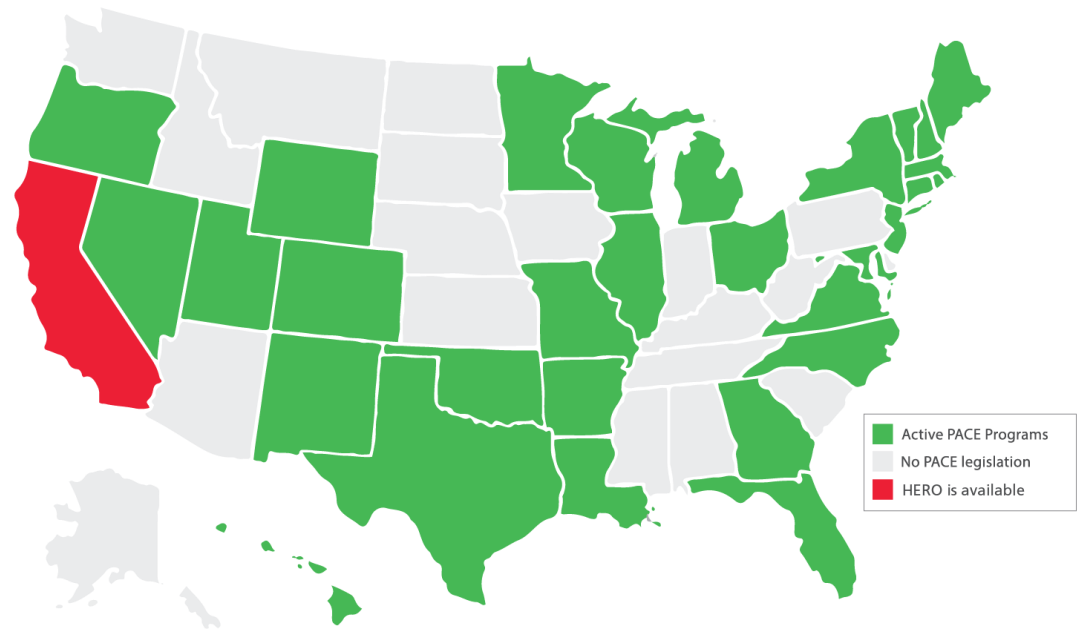
HERO PACE – 2011 to Present
Public / Private



PACE Adoption

 31 states (76% of population) have adopted legislation to enable property tax financing

 HERO can be made available in all CA markets



What is HERO?

- 🏠 New way to pay for home energy products
- 🏠 Created in partnership with industry leaders
- 🏠 Property owners pay for improvement through property tax bill

PACE Financing →

9

RIVERSIDE COUNTY SECURED PROPERTY TAX BILL
 For Fiscal Year July 1, 2011 through June 30, 2012
 Offices in Riverside, Palm Springs and Temecula
 To send us an e-mail, visit our Website: www.riversidetaxinfo.com
IMPORTANT INFORMATION ON REVERSE SIDE

DON KENT, TREASURER 239369
 4080 Lemon St (1st Floor) Riverside, California
 (P.O. Box 12005, Riverside, CA 92502-2205)
 Telephone: (951) 955-3900
 or, from area codes 951 and 760 only
 toll free: 1 (877) RIVCOTX (748-2689)

Property Data: .18 ACRES M/L IN LOT 111 MB 377/077 TR 2921
 Address: 363 WHITE RD RIVERSIDE 92501
 Owner: JANUARY 1, 2011 REITER, LUISA

Bill Number: 000907474 ASSESSMENT NUMBER: 664472004-8
 Tax Rate Area: 094-266 Parcel Number: 964472004-04

REITER, LUISA
 363 WHITE RD
 RIVERSIDE, CA 92501
 09/23/2011
 All questions about ownership, values or exemptions must be directed to the Riverside County Assessor at (951) 955-6200.

UNPAID PRIOR-YEAR TAXES
 (See Item #6 on reverse)
 NONE

Tax bill requested by	Loan Identification	Multiple Bills
2212-0088820	5596800360	

CHARGES LEVIED BY TAXING AGENCIES (See Item #4 on reverse)	AMOUNT
1% TAX LIMIT PER PROP 13	2680.00
UNIFIED SCHOOL DEBT SV	67.72
METROPOLITAN WTR DEBT SV	9.91
PLD CNTL STORMWATER/CLEANWATER	4.00
CSA#103 STREET LIGHTS	52.18
HERO FINANCING	1188.48
MND STANDBY EAST	6.94
EMGD STANDBY-COMBINED CHARGE,	40.00

LAND	AMOUNT
LAND	97,000
STRUCTURES	178,000
TRADE FIXTURES	
TREES & VINES	
BUSINESS PERSONAL PROPERTY	
FULL VALUE	275,000
EXEMPTIONS HOX	7,000
NET VALUE	268,000
TAX RATE PER \$100 VALUE	1.02897
TAXES	\$2,757.62
Special Assessments & Fixed Charges	\$1,941.16
TOTAL AMOUNT:	\$4,698.78

\$2,349.39	\$2,349.39
Add 10% penalty after 12/10/2011	Add 10% penalty plus cost after 04/10/2012
1	2
\$2,349.39	\$2,349.39

Why Do People Use HERO?

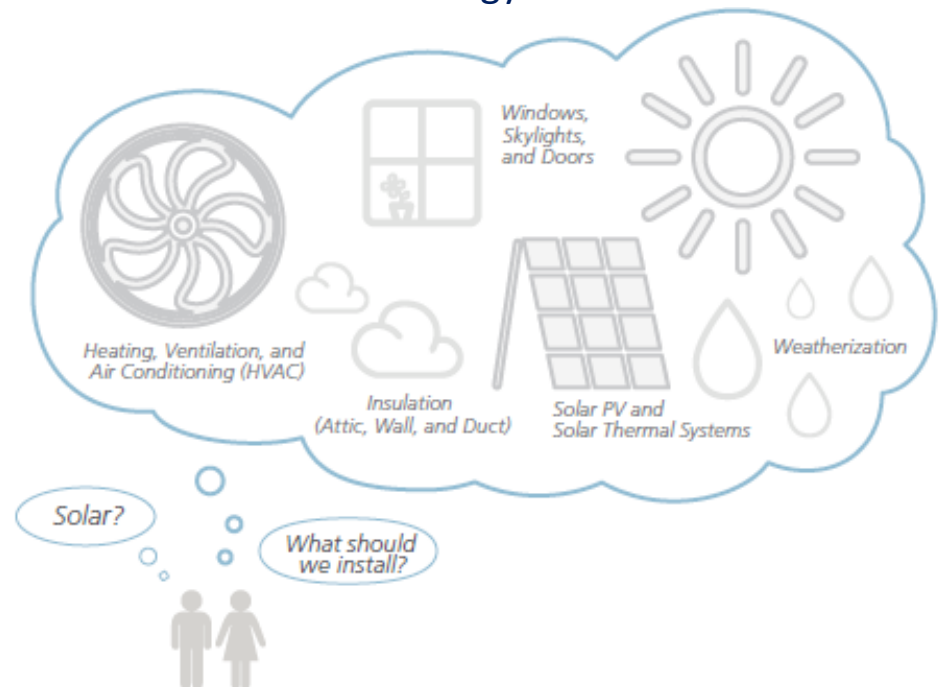
HERO Makes higher quality products that use less Energy/Water affordable

Over 50 Product Categories

Over 150,000 eligible products

HERO	Before	After
Utility Bill (Monthly)	\$200	\$100
Interest & Principal	–	\$70
Total Payments	\$200	\$170

- Thousands of water efficiency products
- Heating & air-conditioning
- Windows
- Roofs
- Insulation
- Renewable energy



Benefits to the Community

\$100 Million

For every \$100 million in energy efficiency, water efficiency, and renewable energy projects the community realizes the following benefits:

All with **no cost** to the community or contractors

 **850**

New Jobs

 **\$175 million**

In Economic Stimulus

 **\$225 million**

In Utility Bill Savings

 **2,500**

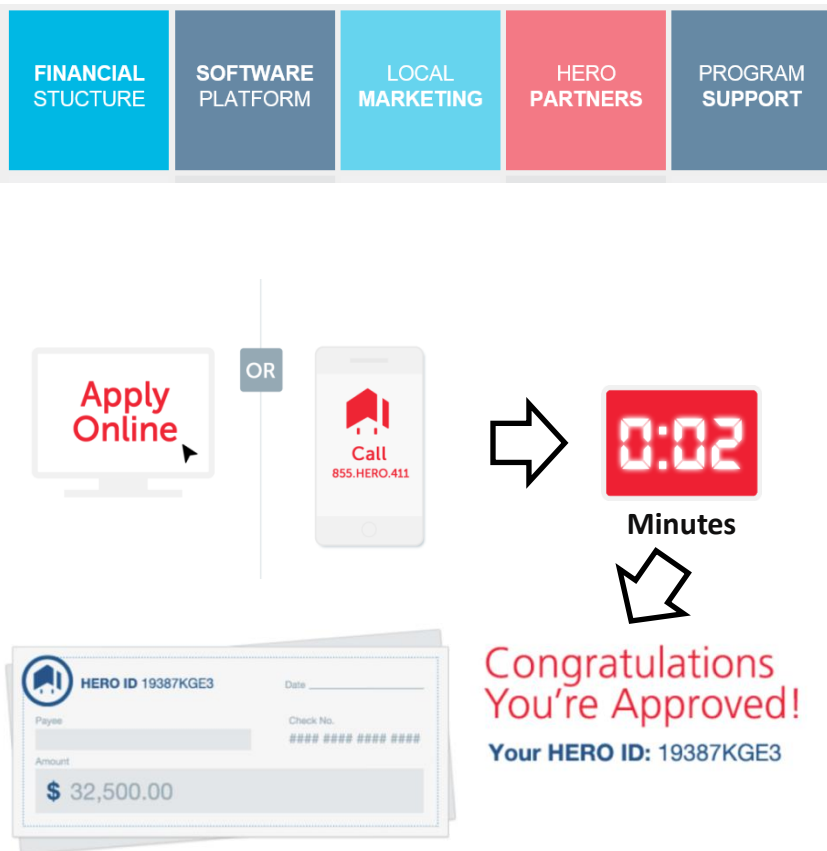
Cars Removed from the Road
(Equivalent Reduction in Emissions)

HERO is Automated to Scale



A long list of PACE Firsts:

- Instant credit approval
- Instant access to statewide financial & municipal databases
- Automated application and contractor management system
- Dedicated call center for contractors and homeowners
- Automated funding process



HERO is in the Community

HERO provides co-branded educational materials for consumers and business



Low Cost Financing is Now Available for Home Energy Improvements!

- » No Credit Score Requirements
- » Interest is Tax Deductible
- » Instant Approval up to 10% of Your Home Value

County of Los Angeles now provides HERO Financing for home energy renovations.

888.888.8888
www.ContractorWebAddress.com

energy upgrade **hero** Contractor Company Logo
In Los Angeles County
8008 is a Registered Contractor with LA County HERO Financing Program

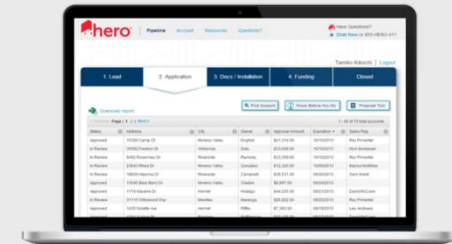
Local outreach to contractors, retailers, suppliers, manufacturers



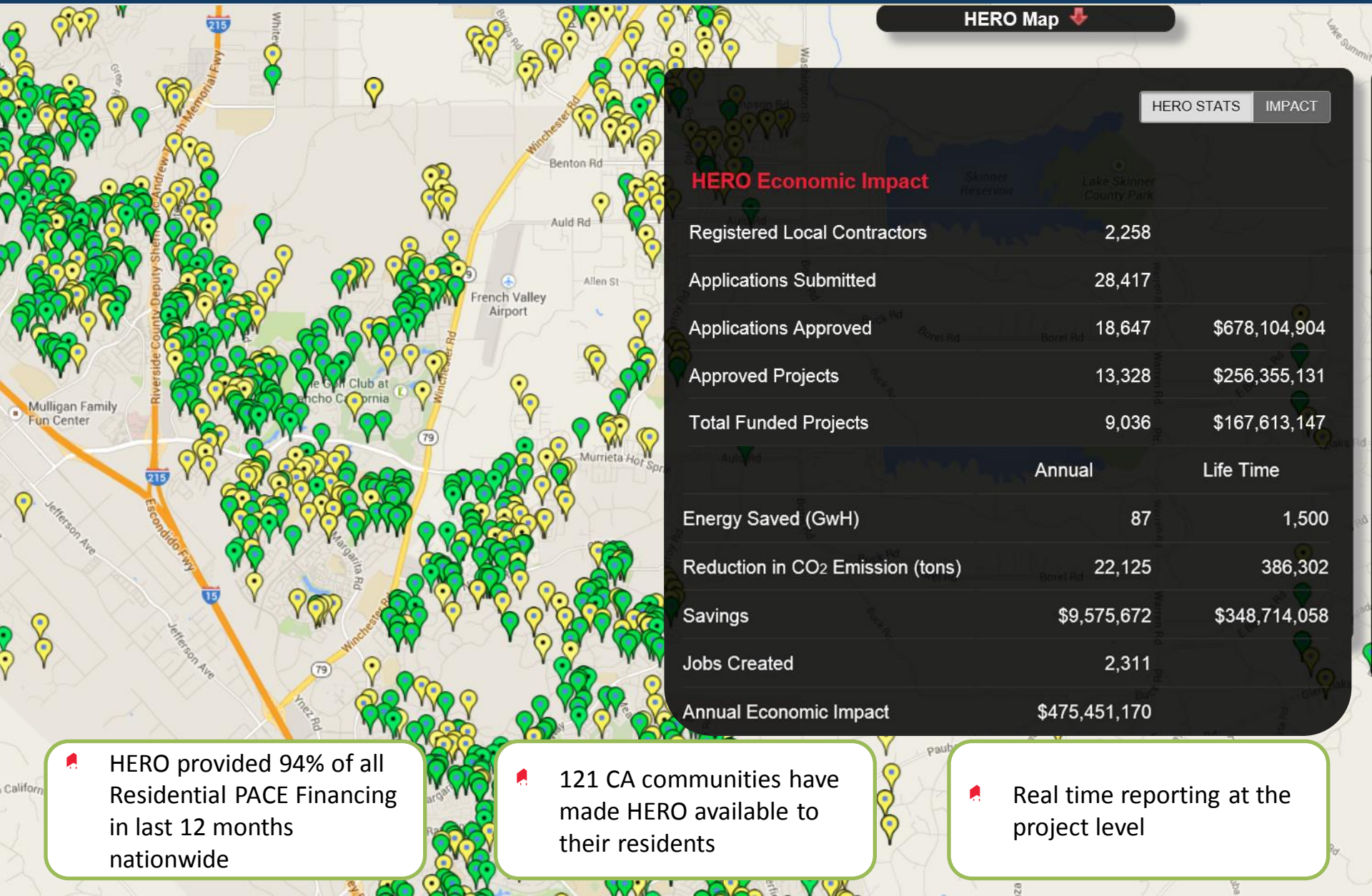
HERO Contractor Reps assist and support onsite



Contractor tools to manage their business



HERO Stats



HERO Map ↓

HERO STATS IMPACT

HERO Economic Impact

Registered Local Contractors	2,258	
Applications Submitted	28,417	
Applications Approved	18,647	\$678,104,904
Approved Projects	13,328	\$256,355,131
Total Funded Projects	9,036	\$167,613,147
	Annual	Life Time
Energy Saved (GWh)	87	1,500
Reduction in CO ₂ Emission (tons)	22,125	386,302
Savings	\$9,575,672	\$348,714,058
Jobs Created	2,311	
Annual Economic Impact	\$475,451,170	

HERO provided 94% of all Residential PACE Financing in last 12 months nationwide

121 CA communities have made HERO available to their residents

Real time reporting at the project level

Measures

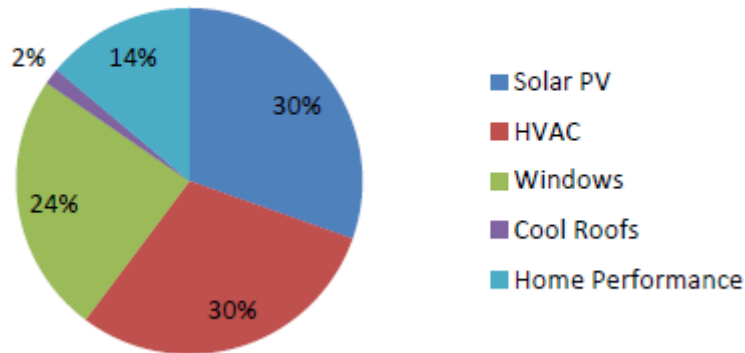
Energy efficiency projects outnumber solar installations:

- 🏠 Approximately 70% of the projects are energy efficient measures
- 🏠 Average project amount \$18,394

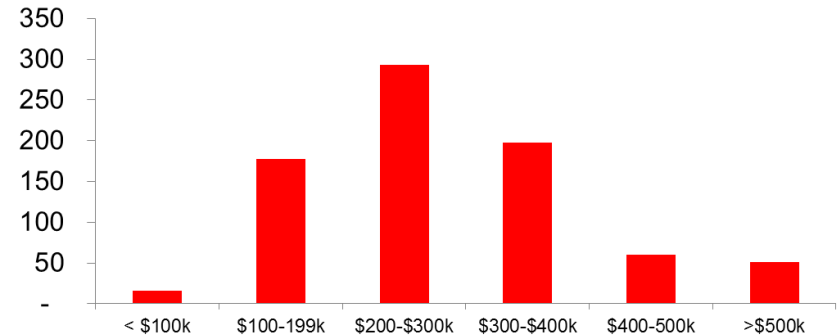
HERO Financing reaches broad economic base:

- 🏠 \$304,000 Median Price of homes in Riverside County, CA
- 🏠 \$260,000 Median Price of HERO customer homes

Composition of Projects



Properties Funded by Property Value



HERO Validation

Multiple awards Economic & environmental



Environmental & Economic Partnership
Governor of California

Best Residential Partnership U.S.
Green Building Council



Over 90% would recommend HERO Over 90% satisfied with contractor

Would you Recommend HERO?



How Satisfied Are You with Your Contractor?



Municipalities are Supporting HERO

A Transforming Public-Private Partnership

- 🏠 100% private funding
- 🏠 No cost or risk— 100% voluntary
- 🏠 Empowers communities
- 🏠 Meet AB32 requirements
- 🏠 Competitive advantage for energy efficient products
- 🏠 Empowers homeowners
- 🏠 Encourages competitive market
- 🏠 HERO is seen as a positive program by constituents

Municipal Leaders Provide the Opportunity



Rusty Bailey,
Mayor of Riverside, CA

“Why HERO? It’s made our community better by lowering unemployment, increasing environmental efforts, and boosting our economy!”

Contractors Create New Jobs



WC Heating & Air Conditioning Inc.,
Murrieta, CA

“With HERO funding 50% of our sales, we’ve been able to hire 22 people this year! You should absolutely bring HERO to your community.”

Homeowners Increase Property Values



Bruce and Kimberly Stagger,
Lake Elsinore, CA

“Our electric bill said ‘you owe 96 cents, do not pay this bill’. We couldn’t believe it. Why doesn’t everyone get HERO?”

