

**PROFESSIONAL SERVICES AGREEMENT
BY AND BETWEEN SAN PATRICIO COUNTY, TEXAS AND
TEXAS PROPERTY ASSESSED CLEAN ENERGY AUTHORITY**

THIS AGREEMENT is made and entered by and between **San Patricio County, Texas**, hereinafter referred to as "**Local Government**", and **TEXAS PROPERTY ASSESSED CLEAN ENERGY (PACE) AUTHORITY (dba Texas PACE Authority)**, a Texas non-profit business association, hereinafter referred to as "**Services Provider**" to be effective from and after the date as provided herein.

WITNESSETH:

WHEREAS, the Commissioners Court of **Local Government** desires to engage the services of a qualified consultant to administer a Texas Property Assessed Clean Energy program for **Local Government** pursuant to the Property Assessed Clean Energy Act ("**PACE Act**"), Texas Local Government Code Chapter 399, and serve as Authorized Representative pursuant to Tex. Local Gov't Code §399.006(b), hereinafter referred to as the "**Program**"; and

WHEREAS, **Services Provider** desires to render such services for **Local Government** upon the terms and conditions provided herein –

NOW, THEREFORE, for and in consideration of the covenants contained herein, and for the mutual benefits to be obtained hereby, the parties hereto agree as follows:

I. ENGAGEMENT

Local Government hereby agrees to retain **Services Provider** to serve as administrator of **Local Government's Program** and **Services Provider** agrees to perform such services in accordance with the terms and conditions of this Agreement.

II. SCOPE OF SERVICES

The parties agree that **Services Provider** shall perform such services as are further described in **Exhibit "A"** hereto (collectively "**Scope of Services**"). The parties understand and agree that deviations or modifications in the **Scope of Services** may be authorized from time to time by **Local Government** but said authorization must be made in writing.

III. TERM OF AGREEMENT

The initial term of this Agreement shall commence upon the complete execution of the Agreement by **Local Government** and **Services Provider**. Notwithstanding the termination of this Agreement, **Services Provider** shall be permitted to continue

administration of any third-party agreements under the **Program** commenced prior to termination of this Agreement, and to recover any compensation due **Services Provider** for services performed in accordance with Section IV of this Agreement.

IV. COMPENSATION AND EXPENSES

Services Provider shall be paid for performance of the **Scope of Services** set forth in Exhibit "A", in accordance with the compensation schedule set forth in Exhibit "B" hereto. **Services Provider** is entitled to payment in accordance with Exhibit "B"; however, **Local Government** shall have no obligation to pay **Services Provider** for performance of the **Scope of Services**. All payments to **Services Provider** shall be made by participants in the **Program** in accordance with the PACE Act

V. INSURANCE

Services Provider agrees to meet all insurance requirements, and to require all consultants who perform work for **Services Provider** to meet all insurance requirements, as set forth in **Exhibit "C"** to this Agreement.

VI. INDEMNIFICATION

SERVICES PROVIDER AGREES TO INDEMNIFY AND HOLD LOCAL GOVERNMENT AND ITS RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES, HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, JUDGMENTS, FINES, PENALTIES, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM OR VIOLATIONS FOR WHICH RECOVERY OF DAMAGES, FINES, OR PENALTIES IS SOUGHT FROM LOCAL GOVERNMENT ARISING OUT OF OR OCCASIONED BY SERVICES PROVIDER 'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT, VIOLATIONS OF LAW BY SERVICES PROVIDER, OR BY ANY NEGLIGENT, GROSSLY NEGLIGENT, INTENTIONAL, OR STRICTLY LIABLE ACT OR OMISSION OF THE SERVICES PROVIDER, ITS OFFICERS, AGENTS, EMPLOYEES, INVITEES, SUBCONTRACTORS, OR SUB-SUBCONTRACTORS AND THEIR RESPECTIVE OFFICERS, AGENTS, OR REPRESENTATIVES, OR ANY OTHER PERSONS OR ENTITIES FOR WHICH THE SERVICES PROVIDER IS LEGALLY RESPONSIBLE IN THE PERFORMANCE OF THIS AGREEMENT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY TO THE EXTENT RESULTING FROM THE NEGLIGENCE OF LOCAL GOVERNMENT, AND ITS OFFICERS, AGENTS, EMPLOYEES OR SEPARATE CONTRACTORS. LOCAL GOVERNMENT DOES NOT WAIVE ANY GOVERNMENTAL IMMUNITY OR OTHER DEFENSES AVAILABLE TO IT UNDER TEXAS OR FEDERAL LAW. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY.

VII. INDEPENDENT CONTRACTOR

Services Provider covenants and agrees that it is an independent contractor and not an officer, agent, servant or employee of **Local Government**; that it shall have exclusive control of and exclusive right to control the details of the work performed hereunder and all persons performing same, and shall be responsible for the acts and omissions of its officers, agents, employees, contractors, subcontractors and consultants; that the doctrine of respondeat superior shall not apply as between **Local Government** and **Services Provider**, its officers, agents, employees, contractors, subcontractors and consultants, and nothing herein shall be construed as creating a partnership or joint enterprise between **Local Government** and **Services Provider**.

VIII. ASSIGNMENT AND SUBLETTING

Services Provider agrees that this Agreement shall not be assigned without the prior written consent of **Local Government**, except to an Affiliate of **Services Provider**. Affiliate shall mean (1) any corporation or other entity controlling, controlled by, or under common control with (directly or indirectly) **Services Provider**, including, without limitation, any parent corporation controlling **Services Provider** or any subsidiary that **Services Provider** controls; (2) the surviving corporation resulting from the merger or consolidation of **Services Provider**; or (3) any person or entity which acquires all of the assets of **Services Provider** as a going concern. **Services Provider** shall be permitted to enter into subcontracts for performance of portions of the **Scope of Services**; however, **Services Provider** shall not subcontract the entirety of the **Scope of Services** to a single subcontractor without **Local Government's** consent. **Services Provider** further agrees that the assignment or subletting of any portion or feature of the work or materials required in the performance of this Agreement shall not relieve the **Services Provider** from its full obligations to **Local Government** as provided by this Agreement.

IX. AUDITS AND RECORDS

Services Provider agrees that **Local Government** or its duly authorized representatives shall, until the expiration of three (3) years after termination under this Agreement, have access to and the right to examine and photocopy any and all books, documents, papers and records of **Services Provider** which are directly pertinent to the services to be performed under this Agreement for the purposes of making audits, examinations, excerpts, and transcriptions. **Services Provider** agrees that **Local Government** shall have access during normal working hours to all necessary **Services Provider's** facilities and shall be provided adequate and appropriate work space in order to conduct audits in compliance with the provisions of this section. **Local Government** shall give **Services Provider** reasonable advance notice of intended audits.

X. CONTRACT TERMINATION

The parties agree that **Local Government** and **Services Provider** shall have the right to terminate this Agreement upon thirty (30) days written notice to **Services Provider**. In the event of such termination, **Services Provider** shall deliver to **Local Government** all finished or unfinished documents, data, studies, surveys, drawings, maps, models, reports, photographs or other items prepared by **Services Provider** in connection with this Agreement. In the event of termination by **Local Government**, **Services Provider** shall be compensated in accordance with Section III of this Agreement with respect to any third party agreements under administration by **Services Provider** at the time of termination.

XI. COMPLETE AGREEMENT

This Agreement, including the Exhibits lettered "A" through "C", constitute the entire agreement by and between the parties regarding the subject matter hereof and supersedes all prior or contemporaneous written or oral understandings. This Agreement may only be amended, supplemented, modified or canceled by a duly executed written instrument.

XII. AMENDMENTS (Added)

Amendments to this agreement may be made at any time upon agreement by **Local Government** and **Services Provider**.

XIII. MAILING OF NOTICES

Unless instructed otherwise in writing, **Services Provider** agrees that all notices or communications to **Local Government** permitted or required under this Agreement shall be addressed to **Local Government** at the following address:

San Patricio County, Texas

Attn: _____

Local Government agrees that all notices or communications to **Services Provider** permitted or required under this Agreement shall be addressed to **Services Provider** at the following address:

Texas Property Assessed Clean Energy Authority
Attn: Charlene Heydinger
PO Box 200368
Austin TX 78720-0368

All notices or communications required to be given in writing by one party or the other shall be considered as having been given to the addressee on the date such notice or communication is posted by the sending party.

XIV. AUTHORITY TO SIGN

The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Agreement on behalf of the parties hereto.

XV. MISCELLANEOUS

A. This is a contract for the purchase of personal or professional services and is therefore exempt from any competitive bidding requirements of **Local Government**.

B. Paragraph Headings:

The paragraph headings contained herein are for convenience only and are not intended to define or limit the scope of any provision in this Agreement.

C. Agreement Interpretation:

This is a negotiated Agreement, should any part be in dispute, the parties agree that the terms of the Agreement shall not be construed more favorably for either party.

D. Venue/Governing Law:

The parties agree that the laws of the State of Texas shall govern this Agreement, and that it is performable in San Patricio County, Texas. Exclusive venue shall lie in San Patricio County, Texas.

E. Successors and Assigns:

Local Government and **Services Provider** and their partners, successors, subcontractors, executors, legal representatives, and administrators are hereby bound to the terms and conditions of this Agreement.

F. Severability:

In the event a term, condition, or provision of this Agreement is determined to be void, unenforceable, or unlawful by a court of competent jurisdiction, then that term, condition, or provision, shall be deleted and the remainder of the Agreement shall remain in full force and effect.

G. Effective Date:

This Agreement shall be effective from and after the date of execution by the last signatory hereto as evidenced below.

SIGNED on the date indicated below.

**TEXAS PROPERTY ASSESSED
CLEAN ENERGY AUTHORITY**

DATE: _____

BY:
Name: Charlene Heydinger
Title: president

SAN PATRICIO COUNTY, TEXAS

DATE: _____

BY: _____

Name:

Title:

APPROVED AS TO FORM:

_____, _____
Attorney

Exhibit "A" Scope of Services

The **Services Provider** will perform the following services in the administration of the **Program**:

Community Outreach

Maintain a website and database;

Respond to inquiries from property owners, vendors, contractors, consultants, and the general public;

Publish the Technical Standards Manual on the **Program** website;

List interested, qualified lenders on the **Program** website or link to another neutral non-profit directory of lenders to enable property owners to identify potential sources of private third-party financing;

Arrange for training of contractors and independent third-party reviewers on how to apply for PACE financing and comply with the PACE-in-a-Box Technical Standards Manual; and

Establish quality assurance measures.

Maintain uniform documents. Periodic updates to the standard form documents will be necessary as the program evolves, incorporating best practices and standardizing the PACE documents across various PACE programs. The Authorized Representative will be tasked with maintaining the form documents and making technical and conforming updates as necessary so long as the changes are consistent with the resolution to establish the PACE program and the Texas PACE Act.

Application and Approval Process

Publish a Project Application Form based on PACE-in-a-Box model application form on the **Program** website;

Review submitted Application forms for administrative completeness and notify the applicants of any missing information;

Maintain the confidentiality of confidential owner information;

Maintain the PACE application process, including:

- Draft and distribute the PACE application, as well as accept and review the property owner's completed application;
- If the project meets eligibility requirements, provide written indication that the project meets PACE standards at this stage (subject to verification of all requirements at closing).

- Inform the property owner of his or her responsibilities in the process, including hiring a third-party reviewer, obtaining a lender, determining final project scope and completing and submitting a closing verification package.
- Conduct a Pre-Closing Verification, which will confirm the statutorily required eligibility requirements of the owner including that the property owner:
 - Is the legal property owner of the benefited property;
 - Is current on mortgage and tax payments;
 - Is not insolvent or the subject of bankruptcy proceedings;
 - Holds a title to the property to be subject to a PACE assessment that is not in dispute; and
 - Has consent of any pre-existing mortgagee to the proposed PACE assessment through a written contract.

Require independent third-party verification of expected energy or water savings resulting from a project (provided by engineer or consultant retained by applicant), according to the PACE-in-a-Box Technical Standards Manual. This review will include a:

- Site visit,
- Report stating the savings (energy, demand, and/or water) and expected project life are reasonable and in compliance with PACE in a Box program guidelines; and
- Letter from the ITPR certifying that he/she has no financial interest in the project and is an independent reviewer.

Require independent third-party verification, according to the PACE-in-a-Box Technical Services Manual, that the period of an assessment does not exceed the expected life of the improvements or thoroughly review waiver application and justification (provided by engineer or consultant retained by applicant);

Require lender to confirm in writing its determination, based on underwriting factors established by the lender, that the owner has demonstrated the financial ability to repay the financial obligations to be repaid through assessment.

Require the owner to notify the holder of any mortgage lien on the property of the owner's intention to participate in the **Program** and obtain the lienholder's written consent prior to the imposition of the PACE assessment;

Review and finalize the terms of every Owner Contract and Lender Contract prior to execution; The Contract must contain:

- Amount of the assessment;
- The legal description of the property;
- The name of the property owner; and
- A reference to the statutory assessment lien provided under the PACE Act.

Collect and retain owner application fees as compensation for administrative services;

Perform closing verification reviews and schedule assessment transaction closings when all requirements are met. Such closing verification must include:

- The report conducted by a qualified independent third-party reviewer of water or energy baseline conditions and the projected water or energy savings attributable to the project;
- Such financial information about the owner and the property as the lender chosen by the owner deems necessary to determine that the owner has demonstrated the financial ability to fulfill the financial obligations to be paid through assessments; and
- All other information required by the **Services Provider**.

Coordinate and take part in assessment transaction closings.

Execute contracts under the **Program** as authorized on behalf of **Local Government**.

Arrange for recordation of a Notice of Contractual Assessment Lien for each approved project in the Official Public Records of the county where the project is located; The Notice must contain:

- Amount of the assessment;
- The legal description of the property;
- The name of the property owner; and
- A reference to the statutory assessment lien provided under the PACE Act.

Require independent post-closing third-party verification (by engineer or consultant retained by Applicant) that each project was properly completed and is operating as intended; and

Collect and retain administration fees collected by lenders from owners that receive PACE financing.

Management and Reporting

Manage communications with lenders regarding assessment servicing, payment, and default;

Upon notification by a lender of an owner's default in payment of an assessment and the lender's compliance with the requirements of the Lender Contract on collection after default, notify the **Local Government** to enforce the assessment lien in accordance with law and the agreements between the parties;

Receive and store owner reports on energy and water savings;

Maintain the form contracts and make technical and conforming updates as necessary so long as the changes are consistent with the resolution to establish the PACE program and the statute.

At the request of property owners, prepare annual notices of assessment to be issued by **Local Government** to the owners, stating the total amount of the payments due on each

assessment in the coming calendar year according to the owner contract and the financing documents;

Determine the amounts of the application and administration fees to be paid by owners;

Produce annual report on Texas PACE financing usage and the resulting energy and water savings enabled through PACE Assessments.

Exhibit “B”
Compensation and Fees

Service Provider shall determine the amounts of the uniform application and administration fees to be paid by property Owners participating in the **Program**. Such fees will not exceed the fees below:

- An application fee of the greater of:
 - \$2,000.00; or
 - Amounting to
 - 1% of the total project cost of the first \$5 million
 - plus 0.5% of the marginal amount above \$5 million and \$20 million, and
 - 0.25% of the marginal amount above \$20 millionto be paid as follows:
 - \$500.00 per project at the time of application submittal;
 - the balance of the full remaining application fee paid at closing; and
- A recurring administration fee of 0.08% of the outstanding principal balance, which amount shall be collected by lender and paid to the **Services Provider** as provided in the Owner Contract and the financing documents. This fee can also be capitalized and paid at closing. If paid under a negotiated regular schedule to the lender by the property owner, the lender shall pay this fee to **Services Provider** at the time of each payment by the property owner in accordance with the financing documents.

- No amounts shall be due by **Local Government** to **Services Provider**.

Exhibit "C"
Insurance Requirements

COVERAGE	LIMIT OF LIABILITY
Employer's Liability	\$500,000 per occurrence
General Liability	Bodily Injury and Property Damage, Combined Limits of \$500,000 each Occurrence, and \$1,000,000 aggregate