

THIS FIRST AMENDMENT TO THE SUBRECIPIENT AGREEMENT (the "SLO First Amendment"), by and between the County of Santa Barbara ("SBC") and the County of San Luis Obispo ("SLO") is effective as of December __, 2014 ("SLO First Amendment Effective Date"). Terms not otherwise defined herein shall have the meaning ascribed to them in the Subrecipient Agreement by and between SLO and SBC dated March 18, 2014 (the "SLO Subrecipient Agreement").

RECITALS

WHEREAS, SBC and SLO previously executed the SLO Subrecipient Agreement effective March 18, 2014; and

WHEREAS, Southern California Gas Company ("SoCalGas") and SBC have amended their Agreement to Deliver the 2013-2014 County of Santa Barbara emPower Energy Efficiency Program by executing the First Amendment to the Agreement to Deliver the 2013-2014 County of Santa Barbara emPower Energy Efficiency Program ("emPower Funding First Amendment"), attached hereto and incorporated herein by reference as Attachment 1, which, among other modifications, increases and extends the availability of SoCalGas funding provided to SBC through 2015; and

WHEREAS, SLO and SBC wish to use funding provided by the SLO First Amendment to continue to provide services described in Exhibit A, Scope of Work, to the SLO Subrecipient Agreement in San Luis Obispo County; and

WHEREAS, the parties desire to amend the SLO Subrecipient Agreement to increase the dollar amounts budgeted for SLO and to extend the term of the SLO Subrecipient Agreement; and

WHEREAS, this SLO First Amendment incorporates the terms and conditions and definitions set forth in the SLO Subrecipient Agreement, except as modified by this SLO First Amendment.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

The SLO Subrecipient Agreement is amended as follows:

1. The definitions of "Party" and "Parties" set forth in ARTICLE I, Definitions, are hereby amended as follows:

"Party" shall mean SBC or SLO separately.

"Parties" shall mean both SBC and SLO collectively.

2. Section 2.04, Subrecipient Budget, is hereby amended to read as follows:

Section 2.04: Subrecipient Budget. Upon execution of the SLO First Amendment, SBC shall provide up to an additional \$239,522, for a total maximum contract amount of \$718,565, to SLO for the Scope of Work (Exhibit A) on a reimbursement basis as set forth in Exhibit B-1 to this Agreement, as amended by the SLO First Amendment. SBC may require a reasonably more detailed budget breakdown than that in Exhibit B-1, and SLO shall provide such supplementary budget information within one (1) week of SBC's request in the reasonable form and content prescribed by SBC. Any amendments to the budget must be approved in writing by both SBC

and SLO. The Community Services Director of SBC may approve subsequent line item budget changes on behalf of SBC as long as the total amount of this Agreement is not increased.

- a) SLO agrees that Program funding shall only be used to perform the Scope of Work.
- b) SLO shall ensure that expenditures invoiced include only Allowable Costs.
- c) SLO shall take all reasonable measures, and shall require its Subcontractors to take all reasonable measures, to ensure that the funds provided under this Agreement are used solely for work related to the Scope of Work, as set forth in Exhibit A, which measures shall include the highest degree of care that SLO uses to control its own funds, but in no event less than a reasonable degree of care.

3. Subsection (b) of Section 2.05, Payment, is hereby amended to read as follows:

- b) It is expressly agreed and understood that the total amount to be paid by SBC under this Agreement, as amended by the SLO First Amendment, shall not exceed \$718,565, the maximum dollar amount stated in Exhibit B-1 to this Agreement, as amended by the SLO First Amendment, unless otherwise agreed to by the Parties in writing in accord with Section 9.04.

4. Section 2.07, Pass-through Requirements, is hereby amended to read as follows:

The SoCalGas Agreement includes certain requirements, some of which were passed through from the Commission, which in turn the Commission passed through SoCalGas to SBC, which in turn SBC now passes through to SLO. These requirements, as set forth in the SoCalGas Agreement, are specifically attached to this Agreement in Exhibit F, the SoCalGas Agreement, and are incorporated herein by reference. In Exhibit F all references to "County" shall mean and include SLO.

5. Section 3.02, Records, Audit, and Review, is hereby amended to read as follows:

SLO must keep all records, documents, data and information related to or connected with this Agreement, and will maintain those records for the greater of four (4) years following the termination of this Agreement or the time frame stated in Exhibit F, as amended by the SLO First Amendment. All accounting records must be kept in accordance with generally accepted accounting practices. Any Responsible Auditing Party shall have the right to Audit all such documents and records at any time during SLO's regular business hours or at other times, i.e. non-regular business hours upon reasonable notice. Notwithstanding the above, if there is any pending litigation, claim, Audit, dispute, or other action that has started before the expiration of the record retention period, then all records must be retained until completion of the action and final resolution of all issues or the expiration of the record retention requirement, whichever occurs later.

6. Section 8.01, Term, is hereby amended to read as follows:

This Agreement, as amended by the SLO First Amendment, shall be effective as of the Effective Date and shall terminate on December 31, 2015, unless terminated earlier in accordance with the termination clauses in this Article VIII. Notwithstanding the termination of this Agreement, SLO

shall be subject to the wind-down obligations set forth in Section 9.07 and the survival provisions set forth in Section 9.17.

7. The second paragraph of Exhibit A, **SCOPE OF WORK, Overview**, is hereby amended to read as follows:

The \$718,565 budget described below and detailed in Exhibit B-1, as amended by the SLO First Amendment, is based on estimated costs to assist in the development and administration of the Program in San Luis Obispo County, under the guidance of SBC, subject to all appropriate approvals.

8. Exhibit B-1, **SUBRECIPIENT Budget**, is hereby amended to read as follows:

SLO	Total Budget
Administration	\$56,262
WE&T	\$189,480
ME&O	\$438,840
LLR Credit Enhancement Implementation	\$33,983
SLO Total	\$718,565

9. Exhibit F, **SOCALGAS AGREEMENT INCORPORATED BY REFERENCE**, is hereby amended to incorporate the “emPower Funding First Amendment” attached hereto and incorporated by reference as Attachment 1.
10. Unless otherwise stated in this SLO First Amendment, all remaining provisions of the SLO Subrecipient Agreement shall remain unchanged and in full force and effect.
11. This SLO First Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall be deemed to be one and the same instrument.

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SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties hereto have caused this SLO First Amendment to be executed by their duly authorized representatives.

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

COUNTY OF SANTA BARBARA:

By: _____
Deputy Clerk

By: _____
STEVE LAVAGNINO
Chair, Board of Supervisors

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

BY: _____
Department Head

By: _____
Deputy Auditor- Controller

APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL

By: _____
Deputy County Counsel

APPROVED AS TO FORM:
RAY AROMATORIO, ARM, AIC
RISK MANAGEMENT

By: _____
Risk Manager

SAN LUIS OBISPO COUNTY

By: _____
Chairperson of the Board
County of San Luis Obispo,
State of California

Date: _____

ATTEST:

By: _____
County Clerk and Ex-Officio Clerk of the
Board of Supervisors, San Luis Obispo County,
State of California

Date: _____

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By:  _____
Deputy County Counsel

Date: 11-24-2014

Attachment 1

emPower Funding First Amendment

THIS FIRST AMENDMENT TO THE AGREEMENT TO DELIVER THE 2013-2014 COUNTY OF SANTA BARBARA EMPOWER ENERGY EFFICIENCY PROGRAM (the “emPower Funding First Amendment”), by and between the County of Santa Barbara (the “County”) and Southern California Gas Company (“SoCalGas”), is effective as of December __, 2014 (“emPower Funding First Amendment Effective Date”). Terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement to Deliver the 2013-2014 County of Santa Barbara emPower Energy Efficiency Program dated August 1, 2013 (the “Agreement”).

RECITALS

WHEREAS, SoCalGas and the County previously executed the Agreement effective August 1, 2013; and

WHEREAS, on May 10, 2012, the California Public Utilities Commission (the “Commission”) issued its Decision Providing Guidance On 2013-2014 Energy Efficiency Portfolios and 2012 Marketing, Education, and Outreach, which included the “continuation of successful financing programs that were originally supported by American Recovery and Reinvestment Act (“ARRA”) stimulus funding in 2011 and 2012 and implemented by third parties, local governments, and/or via the California Energy Commission”; and

WHEREAS, on November 8, 2012, the Commission issued its *Decision Approving 2013-2014 Energy Efficiency Programs and Budgets*, D. 12-11-015, which approved a portfolio of energy efficiency programs and budgets to be implemented in 2013-2014, including the Santa Barbara emPower Energy Efficiency Program (“Program”); and

WHEREAS, on October 24, 2014 the Commission issued its *Decision Establishing Energy Efficiency Savings Goals and Approving 2015 Energy Efficiency Programs and Budgets*, D.14-_____-10-046 (“Decision”) which approved the extension providing funding to continue the Program in 2015; and

WHEREAS, County had previously requested funding for 2013-2014 to continue the Program and expand the Program into San Luis Obispo County and Ventura County, upon authorization of the Santa Barbara County Board of Supervisors; and

WHEREAS, SoCalGas and the County wish to add additional funds to the Authorized Budget and extend the duration of the Agreement, consistent with the Decision; and

WHEREAS, this emPower Funding First Amendment incorporates the terms and conditions set forth in the original Agreement, except as modified by this emPower Funding First Amendment.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

The Agreement is amended as follows:

1. Subsection 1.3 of Section 1, Definitions, is hereby amended to read as follows:

1.3. Authorized Budget: The Commission-approved maximum budget for Program Funding made available by Participating Utilities for the County's administration of the Program during the term of the Agreement.

2. Subsection 1.8 of Section 1, Definitions, is hereby amended to read as follows:

1.18. Program: The County of Santa Barbara emPower Energy Efficiency Program, funded by this Agreement.

3. Subsection 9.1.1(d) of Section 9, LLR Credit Enhancement, is hereby amended to read as follows:

9.1.1(d). Develop a ramp-down plan for the Program for the Utility approval prior to December 31, 2015. The County's ramp-down plan will indicate that all services described in Exhibit A must be completed by December 31, 2015.

4. Subsection 9.1.4 of Section 9, LLR Credit Enhancement, is hereby amended to read as follows:

9.1.4. The County shall require as a term and condition of the Finance Agreement(s) that Authorized Finance Program Lender shall not make any new loans supported by LLR Credit Enhancement funds after December 31, 2015.

5. Subsection 9.1.5 of Section 9, LLR Credit Enhancement, is hereby amended to read as follows:

9.1.5. The County will complete reporting requirements by January 31, 2016, and submit the final report no later than March 31, 2016.

6. Subsection 9.3.2 of Section 9, Loan Loss Reserve Account Withdrawals, is hereby amended to read as follows:

9.3.2. Withdrawals from the Deposit Holding Account by the Authorized Finance Program Lender will be allowable throughout the term of this Agreement. The Authorized Finance Program Lender shall be bound by the Finance Agreement requirements for the remaining life of any outstanding loans under this Finance Program. Any balance in a Deposit Holding Account at any time after the expiration of this Agreement shall be managed based upon direction from the Commission on treatment of unused Loan Loss Reserve Credit Enhancements during and across Commission Energy Efficiency Program cycles. If no direction from the Commission is provided, LLR Credit Enhancement funds no longer required by the Finance Agreement(s) to be deposited in the Deposit Holding Account(s) shall be returned to the Utility by March 31, 2016. Funds in the Deposit Holding Account obligated against active loan applications shall not be returned to the Utility until such loans are no longer active.

7. Subsection 10.1 of Section 10, Authorized Budget, is hereby amended to read as follows:

The Authorized Budget is set forth in Exhibit B to this Agreement and represents the maximum funding by the Participating Utilities for County's approved activities related to the Program. All funds made available as part of the Authorized Budget for 2013-2014 that are not expended during 2013-2014 shall be made available to County as part of the Authorized Budget during the term of the

Agreement, as amended by the emPower Funding First Amendment. The County shall not be eligible for funding and Utility shall not be required to fund the Loan Loss Reserve Fund(s) in excess of the amounts set forth in the Authorized Budget, without written authorization by such Utility and mutual approval of a revised Exhibit B. Consistent with Commission directives to maximize cost-effectiveness and energy savings, the Authorized Budget set forth in Exhibit B may be reallocated or adjusted at any time by the Utility in its reasonable discretion upon consulting with the Participating Utilities, based upon Utility's evaluation of the County's commitment to, and progress toward its Program goals set forth herein.

8. Section 11, END DATE FOR PROGRAM AND ADMINISTRATIVE ACTIVITIES, is hereby amended to read as follows:

Unless this Agreement is terminated pursuant to Section 25 below, or unless otherwise agreed to by the Parties or so ordered by the Commission, the Parties shall complete all reporting requirements by no later than March 31, 2016.

9. Section 12, FINAL INVOICES, is hereby amended to read as follows:

County must submit final invoices to Utility no later than March 31, 2016.

10. Section 25.1, Term, is hereby amended to read as follows:

25.1. Term. This Agreement shall be effective as of the Effective Date and shall terminate on March 31, 2016, unless extended in writing by mutual agreement of the Parties.

11. The Section titled "Overview" in Exhibit A, WORK SCOPE, is hereby amended to read as follows:

Overview

The County, on behalf of the Participating Utilities, will administer a LLR Credit Enhancement Financing Program that offers energy efficiency retrofit loans to eligible customers of Participating Utilities. The County will attempt to leverage the amount of lending available through the Finance Program at a ratio of \$20 private capital loan dollars for every \$1 of initial Loan Loss Reserve Credit Enhancement funds provided by Participating Utilities. The County shall also provide contractor education and marketing activities as provided below. The County will centrally administer the Program on behalf of the Tri-County. As described below and in Exhibit B funds provided in this Agreement will be allocated to San Luis Obispo and Ventura Counties to assist with regional implementation.

The \$5.05 million budget described below is based on estimated costs for the following general activities:

- Continuation of the Program, including complementary services and EUC Program support/promotion in Santa Barbara County
- Development and administration of expanded Program in Ventura and San Luis Obispo County, subject to all appropriate approvals.
- Development and administration of financing products for new markets (multi-family, small business), subject to all appropriate approvals, and Commission financing decisions.

12. Exhibit B, Authorized Budget, is hereby amended to read as follows:

2013-2015 Program Authorized Budget

County of Santa Barbara	2013	2014	13-14 Total	2015	2013-2015 Total*
Administration	\$102,375	\$102,375	\$204,750	\$102,375	\$307,125
WE&T	\$175,979	\$175,979	\$351,958	\$175,979	\$527,937
ME&O	\$424,738	\$424,738	\$849,476	\$424,738	\$1,274,214
LLR Credit Enhancement Implementation	\$193,078	\$193,078	\$386,156	\$193,078	\$579,234
LLR Credit Enhancement	\$500,000	\$500,000	\$1,000,000	0	\$1,000,000
Santa Barbara Total	\$1,396,170	\$1,396,170	\$2,792,340	\$896,170	\$3,688,510
County of San Luis Obispo	2013	2014	13-14 Total	2015	2013-2015
Administration	\$18,754	\$18,754	\$37,508	\$18,754	\$56,262
WE&T	\$63,160	\$63,160	\$126,320	\$63,160	\$189,480
ME&O	\$146,280	\$146,280	\$292,560	\$146,280	\$438,840
LLR Credit Enhancement Implementation	\$11,328	\$11,327	\$22,655	\$11,328	\$33,983
LLR Credit Enhancement	\$ -	\$ -	\$ -	\$ -	\$ -
San Luis Obispo Total	\$239,522	\$239,521	\$479,043	\$239,522	\$718,565
County of Ventura	2013	2014	13-14 Total	2015	2013-2015
Administration	\$18,681	\$18,681	\$37,362	\$18,681	\$56,043
WE&T	\$37,562	\$37,561	\$75,123	\$37,561	\$112,684
ME&O	\$146,663	\$146,664	\$293,327	\$146,663	\$439,990
LLR Credit Enhancement Implementation	\$11,402	\$11,403	\$22,805	\$11,403	\$34,208
LLR Credit Enhancement	\$ -	\$ -	\$ -	\$ -	\$ -
Ventura Total	\$214,308	\$214,309	\$428,617	\$214,308	\$642,925

Exhibit A: emPower Program Contract Change Order

emPower Tri-County	2013	2014	13-14 Total	2015	2013-2015
Administration	\$139,810	\$139,810	\$279,620	\$139,810	\$419,430
WE&T	\$276,701	\$276,700	\$553,401	\$276,700	\$830,101
ME&O	\$717,681	\$717,682	\$1,435,363	\$717,681	\$2,153,044
LLR Credit Enhancement Implementation	\$215,808	\$215,808	\$431,616	\$215,809	\$647,425
LLR Credit Enhancement	\$500,000	\$500,000	\$1,000,000	\$0	\$1,000,000
Tri-County Total	\$1,850,000	\$1,850,000	\$3,700,000	\$1,350,000	\$5,050,000

* The 2013-2015 total amount represents the Authorized Budget and not the total available funds remaining.

13. Unless otherwise amended pursuant to this emPower Funding First Amendment, all provisions of the Agreement shall remain unchanged and in full force and effect.
14. This emPower Funding First Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall be deemed to be one and the same instrument.

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SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties hereto have caused this emPower Funding First Amendment to be executed by their duly authorized representatives.

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

COUNTY OF SANTA BARBARA:

By: _____
Deputy Clerk

By: _____
STEVE LAVAGNINO
Chair, Board of Supervisors

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

BY: _____
Department Head

By: _____
Deputy Auditor- Controller

APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL

By: _____
Deputy County Counsel

APPROVED AS TO FORM:
RAY AROMATORIO, ARM, AIC
RISK MANAGEMENT

By: _____
Risk Manager

SOUTHERN CALIFORNIA GAS COMPANY

By: _____

Title: _____

Date: _____