

EDUCATION SESSION:

## NOVEL APPROACH - LEVERAGING PROP-2 FACILITIES MODERNIZATION WITH TAX CREDITS AND ENERGY- EFFICIENCY SAVINGS PROGRAMS



Speakers:  
Cameron Weist, Partner,  
Weist Law



James Richmond,  
President, First Note  
Finance inc

ROOM:  
BRUNO SOUTH

TIME:  
3:00PM - 4:00PM



### SUSTAINABLE FACILITIES FORUM

MAY 15, 2025  
Sacramento, CA

Scottish Rite  
Masonic Center



## Prop-2 NOVEL APPROACH



### Today's Agenda

- Intro to Prop-2 Facilities Modernization
- Long Term Planning Horizon
- Assembling Your Capital Stack
- **Prop-2 Opportunity Pipeline ->**
  - Updating Your **Master Plan**
  - Project Planning and Design
  - Leveraging **Utility On-Bill Financing**
  - **DSA Pre-Check Projects**
  - Prop-2 Application and Approval
  - Implementing Your School District's Prop-2 Modernization Projects
- Getting Reliable Financial and Legal Advice
- CalMuni PFA **The RISE Program**
- Leveraging **GO Bonds**
- Leveraging **Municipal Financing**
- Leveraging **Federal Tax Credits**
- Questions and Answers

“Don’t ever underestimate the importance of money.



I know it’s often been said that money won’t make you happy, and that’s undeniably true, but everything being equal, it’s a lovely thing to have around the house.” – Groucho Marx





# James Richmond, CEM

38 years experience

## Renewable and Energy Efficiency *Projects*

- Development
- Financing
- Implementation Management
- Compliance
- From 2013 to 2019, developed and managed \$40M in CEC grant funding for 144 California Schools, hired and managed 11 employees, completed 540 energy savings projects.

AEE Certified Energy Manager  
ABYC Marine Electrical Advisor



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# CA Prop 2 – School Construction/Renovation

## Charter Schools, Career Tech Ed, Energy Efficiency

CA Dept. of General Services - DGS  
Office of Public School Construction

### **\$10B Public Bond Issue –**

Passed by CA voters Nov. 5<sup>th</sup>, 2024

- (\$8.5B Schools, \$1.5B Colleges)
- Includes \$4B for School Modernization
- Includes \$600M for Charter Schools
- Includes \$600M for CTE (Grades 9-12)
- Energy Efficiency Grants

### **60% / 40% Match –**

OPSC pays 60% of qualified project basis

- School District Local Bond Issue
- Municipal Financing
- Grants, Tax Credits, Rebates



The District needs to “get in line” for OPSC review

- District needs to have an up-to-date **5-Year Master Plan**.
- **Stamped set of DSA Drawings.**
  - \$3.7B School Modernization Applications Grandfathered



# Long Term Planning Horizon

It may take years to design and finish your modernization

**But there is no time to lose getting started.**

- Updating your **Master Plan**
- Gathering Financial Resources
- Pre-Construction Drawings
- DSA Approval



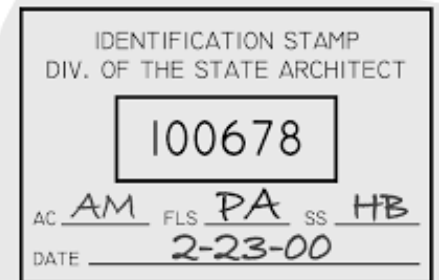
## Gathering Financial Resources for Match

- GO Bonds
- Grants
- IRA Direct-Pay Tax Credits
- Utility **On-Bill Financing** Projects
- **DSA Pre-Check** Facilities Projects

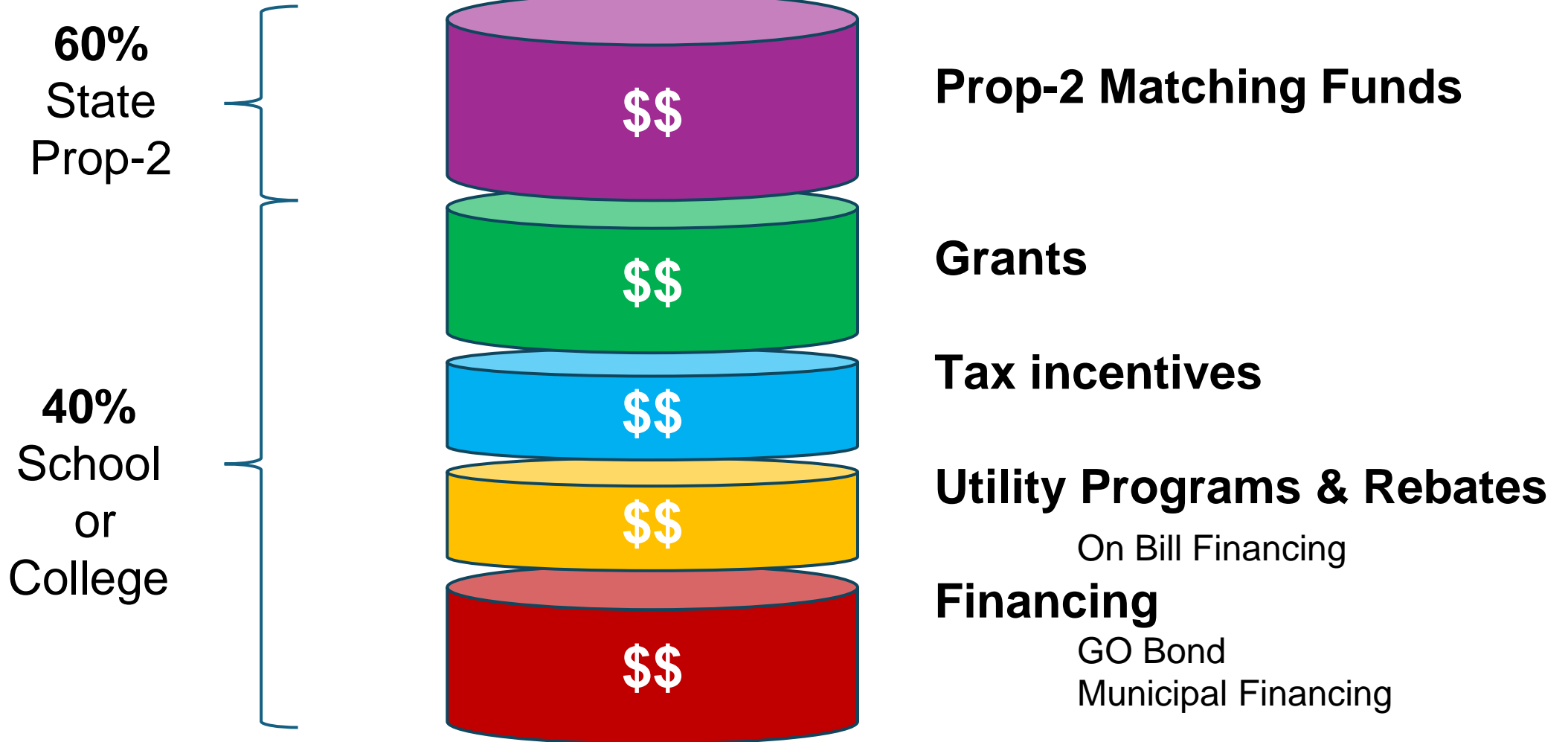


Tel: (619) 373-4279

**We can help you update your District's Master Plan !**



# Assembling Your Prop-2 Finance Stack



# DSA Pre-Check Facilities



- Consider projects that can be implemented or started now to build up your Prop-2 Match.
- DSA Pre-Check facilities enable rapid design and construction, typically within one year or less.
- Projects that include Solar and/or Battery Storage qualify for Direct-Pay Tax Credits.
- GSA and CMAS Price schedules to simplify procurement process.
- GC-4217 Energy Projects.





# Why utilize a GC 4217 Energy Contract?

- An RFQ or RFP process can be lengthy and time-consuming, and it is unnecessary to ensure a successful project.
- Choosing the lowest bid does not guarantee high-quality projects.
- It's important to collaborate with qualified, reliable and local partners.
- The value of the project lies in the process - under 4217 guidelines, the project must pay for itself, leaving no room for contractors to overinflate their bids.
- RFQs or RFPs may require upfront investments with engineers and designers to define the project and scope before bidding, but under 4217 guidelines, the projects are turnkey and do not require upfront investments.





# Prop-2 Source Matching Funds *\$Grants\$*

## FEDERAL

### Inflation Reduction Act

#### Direct-Pay Tax Credits

- 30% Solar & Renewables

#### Bonus Credits

- Energy Community
- American Content
- Low-Income Community

## US DOE

- Renew America (?)
- Community Energy Innovation

**X** US EPA

**X** USDA

## STATE

### CEC - California Energy Commission

- KTEP – K-12 Energy Program, 0% loans
- Energiize
  - Fast Track
  - Jumpstart
  - Communities In Charge
  - Zesbi
- and others ...

### CARB – California Air Resources Board

- Carl Moyer Program
- Others by air district

### CCCCO Strong Workforce CTE (AB-1602) Career Technical Education Facilities (AB-127)

Utility On-Bill Financing, 0% loans



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# Utility On Bill Financing

- Offered by the three CA investor-owned utilities.
- Eligible project costs up to \$250,000 per utility meter.
- Zero percent ( 0% ) loan is paid off on your utility bill.
- Up to 10-year loan amortization matches the project payback period.

- Typical energy measures include:

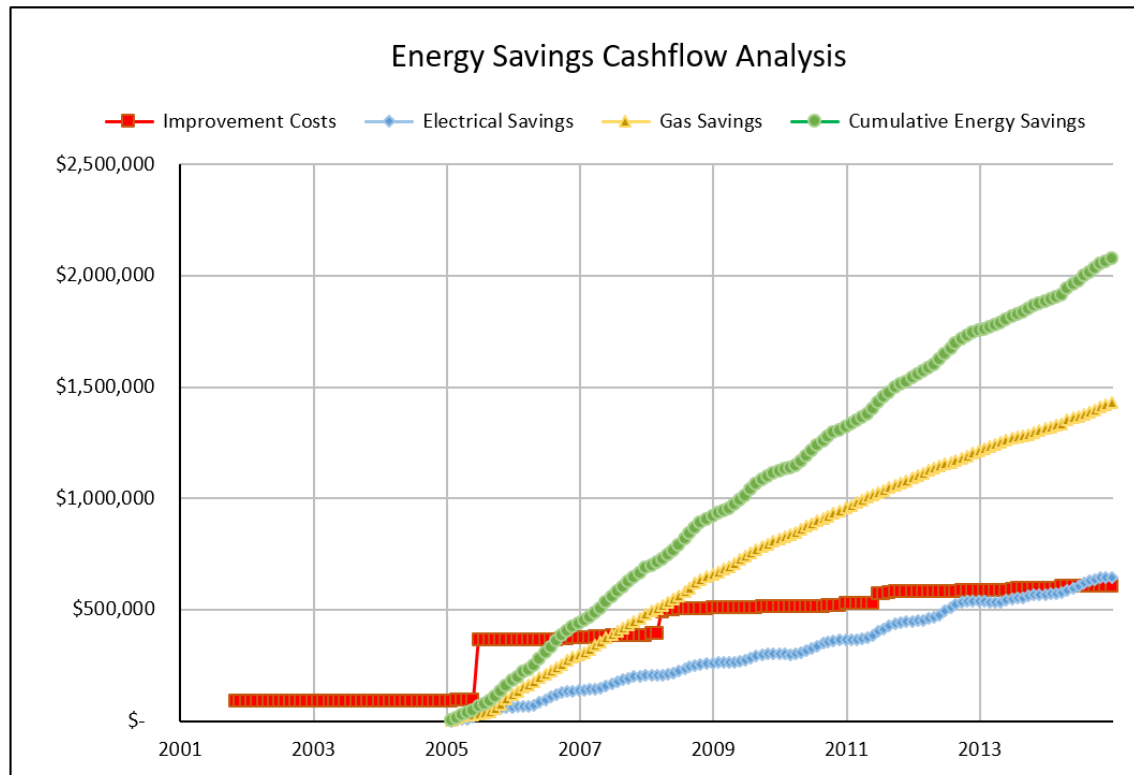
- HVAC and controls
- LED Lighting
- Kitchen cooking equipment
- Refrigeration rack replacement
- Efficient water heating



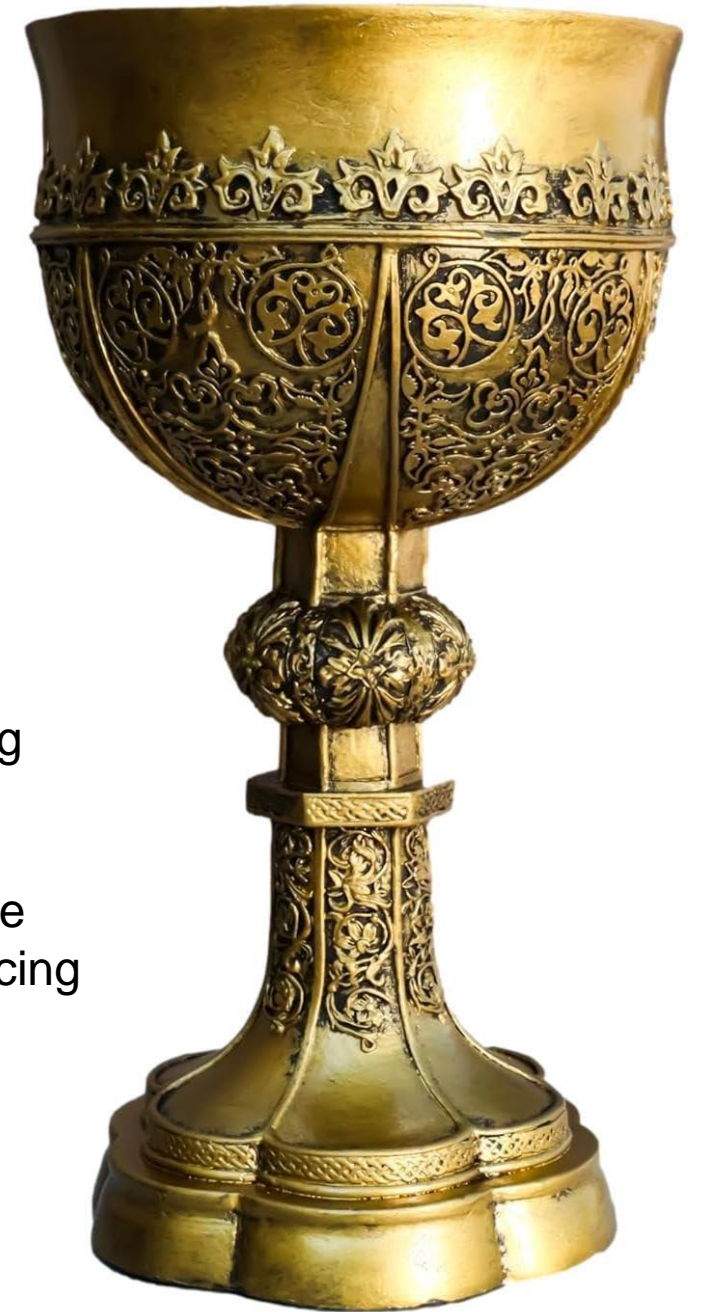
# Positive cashflow, the holy grail



Energy savings projects produce utility bill savings, that may be accessed **now** through financing.

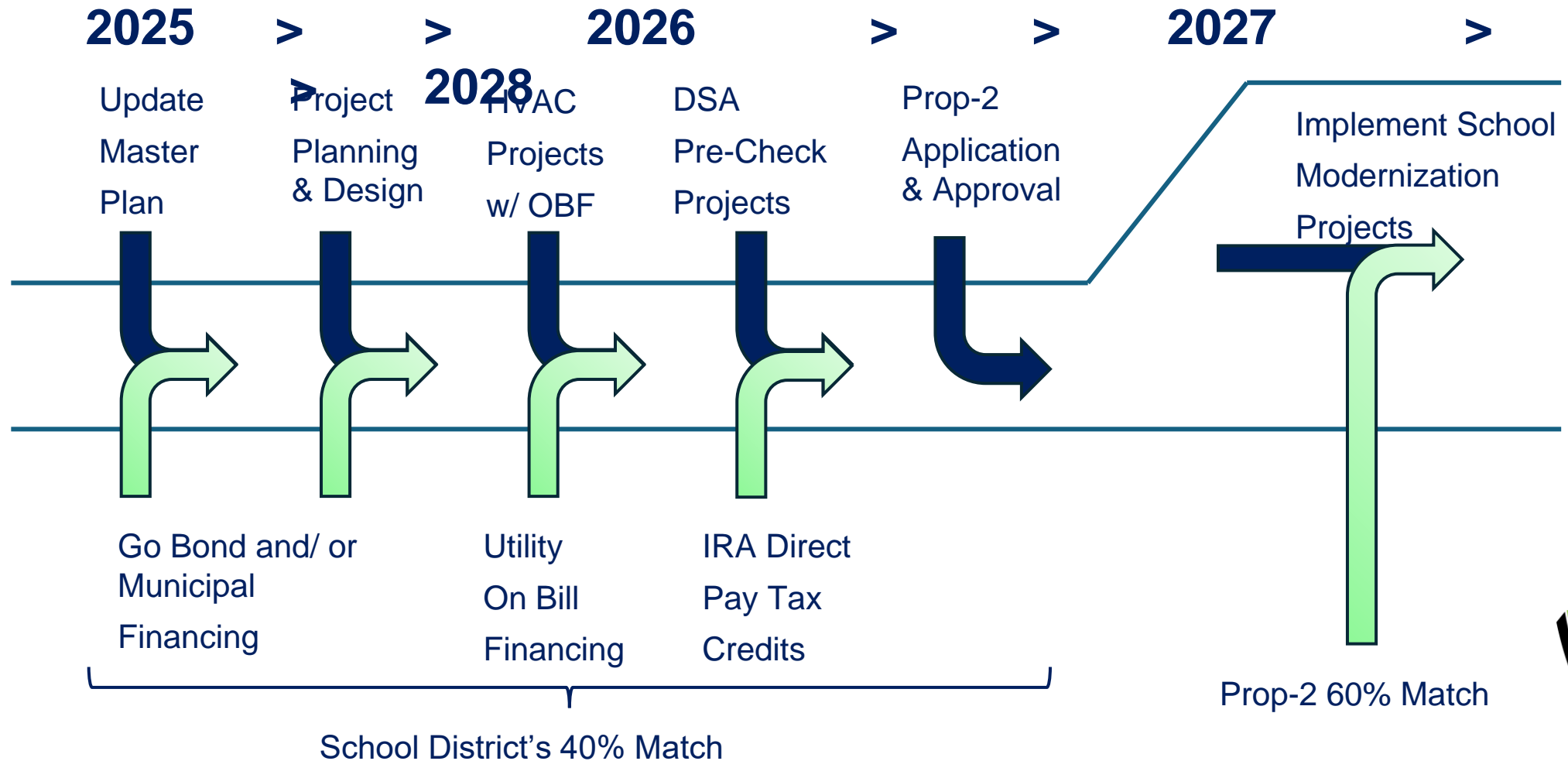


- Grant Funding
- On-Bill Financing
- Direct-Pay Tax Credits
- Local Bond Issue
- Municipal Financing





# Opportunity Pipeline - Prop-2 Funding Match



# Yes, there's a lot to consider . . .

# Prop-2



Get help !

Let us help you.

Together, we can  
accomplish this !

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# Money is the key ingredient to a successful Prop-2 outcome

**So let's get cooking !**

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*Let us help you*

- Update your Master Plan
- Develop Grant Funding Opportunities
- Develop Energy Savings Projects
- Develop DSA Pre-Check Facilities Projects

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## **Energy Savings Made Simple.**

**Development  
Management  
Reporting  
Funding  
Financing  
Rebates  
Grant Writing**

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**Solar PV · Cool Roof · Efficient HVAC · LED Lighting · Plug Load Management · Vehicle Charging**





## PFA ADVISORS

### THE WEIST LAW FIRM

With a legacy dating back to 1989, The Weist Law Firm has built a strong reputation in securities law and public finance, advising on over \$9 billion in tax-exempt and taxable transactions—without a single default. Partnering with CalMuni PFA gives you access to competitive rates through its streamlined lending process, backed by Weist Law's deep expertise in complex financial structures. Our team ensures each transaction is compliant, efficient, and strategically structured to safeguard your agency's long-term financial success.



### CALMUNI ADVISORS

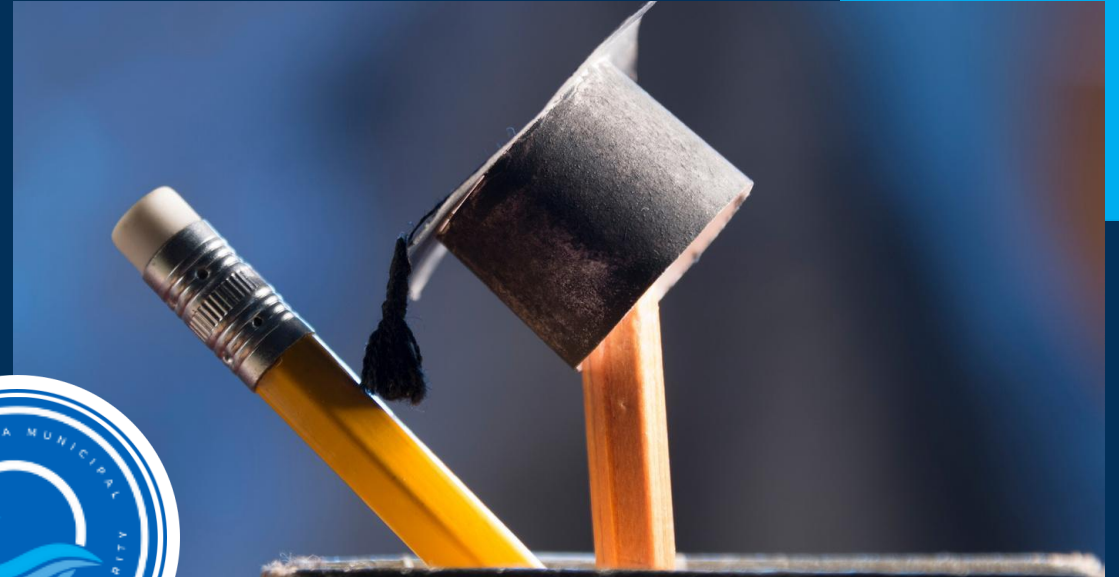
CalMuni Advisors specializes in uncovering hidden economic opportunities through deep, data-driven analysis of municipal finances. As a key partner in CalMuni PFA's collaborative framework, CalMuni Advisors provides expert guidance that strengthens the lending process, ensuring every financing decision is strategic, cost-effective, and aligned with long-term fiscal stability. Partnering with CalMuni PFA means not only access to competitive rates but also the advantage of premier financial advisory services that drive lasting success.





# RISE

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RISE is a government-to-government assistance program delivering strategic, end-to-end solutions for California TK-14 school districts.

## RISE Services:

- Planning: Strategic guidance to optimize Prop 2 funding, reimbursement timing, and grant maximization.
- Applications: Streamlines Prop 2 applications.
- Master Plans: Develops fully compliant five-year facilities master plans.
- Financing: Provides bridge loans and On-Bill financing for seamless project execution.
- Tax Credit Procurement: Secures IRA tax credits for energy projects.
- Compliance: Ensures regulatory adherence.



# TAX CREDIT OVERVIEW

The Inflation Reduction Act (IRA) of 2022 contains a “direct pay” tax credit (Tax Credits) provision that enable public agencies to receive a direct cash payment covering 30% to 60% of the costs for qualifying energy projects.

**These federal subsidies can be combined with Prop 2 matching grants and tax-exempt financing to further reduce project costs.**

## Examples of Applicable Projects:

- Installation of solar arrays on public buildings or other properties.
- Battery Storage.
- HVAC and other energy efficiency upgrades.
- Electric Vehicle (EV) Charging Infrastructure.
- Electrification of public transportation systems or fleet vehicles.
- Microgrid systems.
- Wind energy projects.

With CalMuni PFA, your district benefits from an experienced team that delivers expert guidance, streamlines the navigation of tax credit opportunities, and secures successful procurement!





# PROP 2 OVERVIEW

**Proposition 2 transforms California's schools, but early action is critical to access funds or secure future allocations.**

**Prop 2 Funds are Administered through 5 Separate programs:**

- New Construction Program
- Modernization Program
- Small School Districts (SSDs) Program
- Charter School Facilities Program
- Career Technical Education (CTE) Program

Prop 2 funds are distributed through matching grants, with the State covering up to 55% for New Construction and 65% for Modernization.

Each category of available funds has unique requirements.

**Common Requirements Across All Funding Categories:**

- Applications processed on a first-come, first-served basis.
- Division of the State Architect (DSA) approval is required for program participation.
- Five-year facilities master plans are now mandatory.
- District's share of the match can come from ANY source.

# REMAINING PROP 2 ALLOCATIONS



\$4 Billion Allocated for **Modernization** of K-12 Public Schools - NO Funds Remaining.

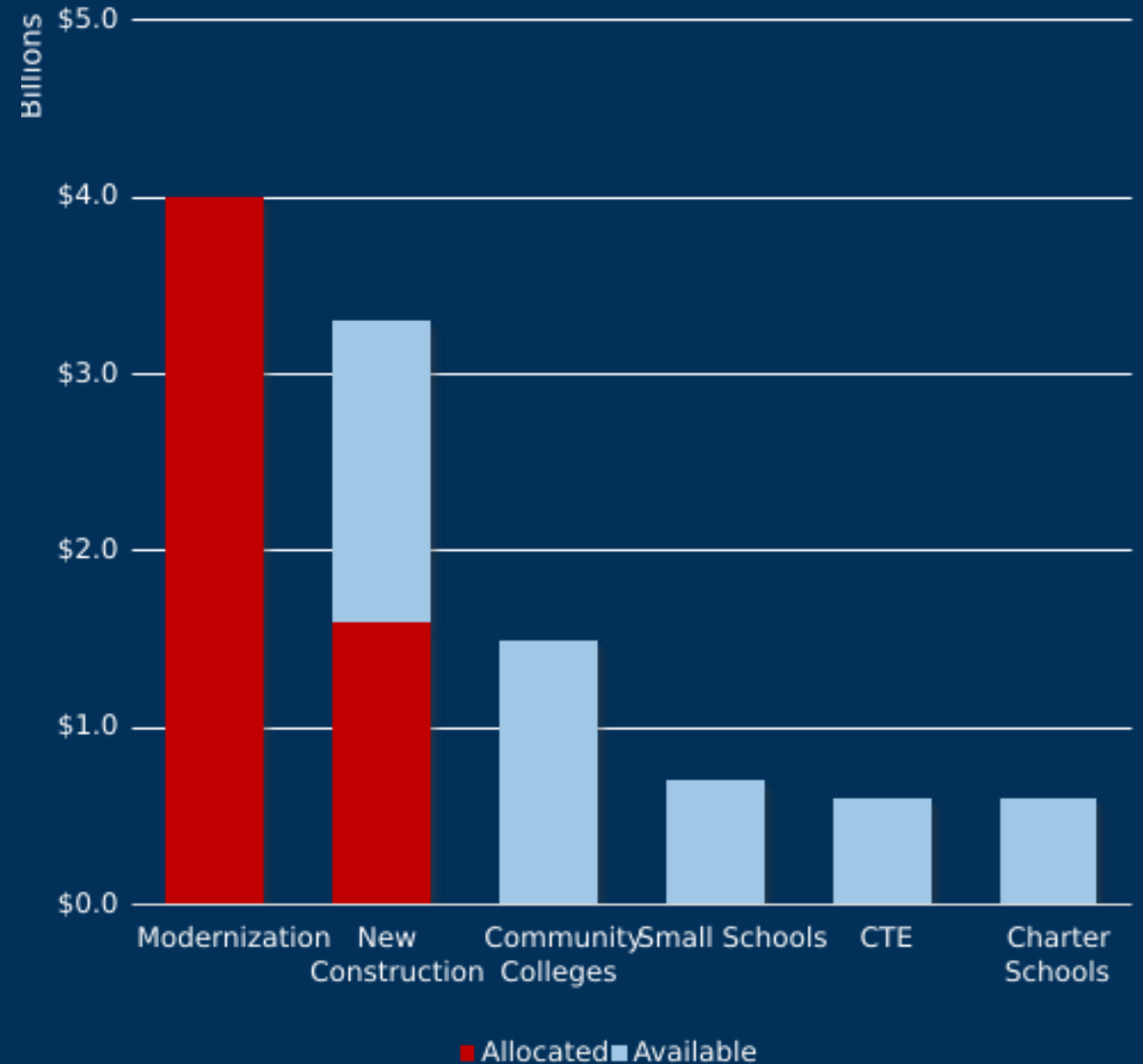
\$3.3 Billion Allocated for **New Construction** of K-12 Public Schools - Funds Remaining.

\$1.5 Billion Allocated for **Community Colleges** - Funds Remaining.

\$700 Million Allocated for **Small K-12 School Districts** - Funds Remaining.

\$600 Million Allocated for **Career Technical Education (CTE)** - Funds Remaining.

\$600 Million Allocated for **Charter Schools** - Funds Remaining.







# ACT NOW TO SECURE FUTURE FUNDING

The State has a **consistent history** of funding grandfathered application.

**Waiting List:** Applications submitted but unfunded under Prop 2 are placed on the State's "Applications Received Beyond Bond Authority List," ensuring priority for future State GO Bond programs.

**Priority Access:** Grandfathered applications are first in line for new bonds, critical as Prop 2 funds (e.g., \$4B Modernization, \$700M SSD) are nearly depleted.

**No Delay:** Submit now, even if funds are committed, to lock in eligibility and avoid reapplication.

**Bridge Financing:** Allows projects to be funded now while awaiting future matching funds.



# PREPARING FOR INFRASTRUCTURE FUNDING OPPORTUNITIES

With new funding sources becoming available, now is the time for school districts to position themselves for success.

**Funding is available—but  
planning is critical. RISE helps  
districts every step of the way.**

## What You Should Be Thinking About:

- **Project Readiness** – Are your facility needs clearly defined.
- **Master Facility Planning** – Is your long-term plan up to date and aligned with funding priorities?
- **Integration with Sustainability Goals** – Have you aligned capital planning with energy efficiency and potential alternative energy projects?
- **Matching Funds & Financing** – Are you prepared to leverage matching dollars?
- **Grant & Program Applications** – Do you have the resources to apply for state and federal funding programs?





# EXPEDITE PROJECT TIMELINES & DELIVERY



## BRIDGE THE GAP WITH IMMEDIATE FINANCING

When GO Bonds or other funding sources aren't available, RISE provides upfront capital to unlock Prop 2 matching funds and tax credit reimbursements.

## GSA OR CMAS FOR FASTER PROCUREMENT

GSA or CMAS schedules allow districts to procure without lengthy RFP processes, reducing red tape and saving months on project timelines.

## USE PRE-APPROVED DSA DESIGNS

Avoid costly design delays by leveraging prechecked plans approved by the Division of the State Architect (DSA)—move from concept to construction faster.

## CAPTURE LIMITED-TIME SUBSIDIES

RISE helps districts secure state and federal incentives before they expire—maximize dollars while they're still available.

## FLEXIBLE REPAYMENT OPTIONS

Manage debt through traditional service or fully prepay after 3 years with no penalties, giving districts budget flexibility.



# COST OF WAITING VS. RISE + GO BOND STRATEGY

## Case Study: 960 sq ft classroom

- > 2020 Cost: \$910,000
- > 2025 Cost: \$1.21M (+32.5% increase)
- > 2032 Projection (Wait 7 Years): \$1.80M (5.78% annual escalation)

**RISE + Finance Now (2025–2040): \$980,000**

**Net Savings: \$823,439\***

\*ASSUMES 5% INTEREST; 55% PRINCIPAL REPAID BY GO BOND IN 2030



## RISE Advantage:

- Locks in project costs at today's rates
- Secures position on the Applications Received Beyond Bond Authority List
- Enables 55% reimbursement from the next GO bond
- Delivers facilities sooner—at significantly lower long-term cost



# PROJECT EXAMPLE

**\$1 Million**

## Secure a Bridge Loan

Secure a bridge loan with capitalized interest, ensuring no out-of-pocket costs for the first 3 years.

- 50% Tax Credit
- 65% Prop 2 Match

## Apply for Tax Credits & Prop 2

Identify and apply for Prop 2 funding, tax credits, and other grant opportunities to reduce the overall cost of your infrastructure projects.

**-\$500K - Tax Credit**  
**-\$650K - Prop 2 Match**

## Pay off The Bridge Loan

After receiving funds from Prop 2 and applicable tax credits, you have the option to prepay your outstanding bridge loan without penalty.

**+\$150,000**

## Benefit from Project at No Cost

This structure allows your district to ultimately enjoy the completed project at no net cost

**NOTE: THIS EXAMPLE ASSUMES A 50% TAX CREDIT AND THAT THE LOAN IS PREPAID AS FUNDING IS RECEIVED AFTER PROJECT COMPLETION. WHILE PREPAYMENT IS NOT REQUIRED, THE LOAN STRUCTURE IS FLEXIBLE TO ALLOW FOR IT.**



# HOW WE HELP

## STRATEGIC PLANNING

We help schools plan and strategize based on their project needs to identify the best path forward for funding and implementation.

## FACILITY MASTER PLAN PREPARATION

We develop compliant comprehensive master plans that align with long-term facility needs with available funding opportunities.

## GRANT AND FUNDING APPLICATIONS

We assist with every aspect of preparing grant, funding, and tax credit applications to ensure schools maximize their available resources.

## PROCUREMENT OF TAX CREDITS

For eligible projects, we assist agencies in identifying, securing, and maximizing available tax credits to support their funding strategy.

## FLEXIBLE FUNDING OPTIONS

Whether you need a bridge loan, long term financing or On-Bill financing, we offer access to financing at the lowest available rates with flexible terms, including the ability to fully prepay after just 3 years with no penalties.

## ONGOING REGULATORY COMPLIANCE

Even after your project is complete, we support ongoing regulatory compliance to ensure your district stays in line with all state and federal requirements.





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PUBLIC FINANCING AUTHORITY

# Questions

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