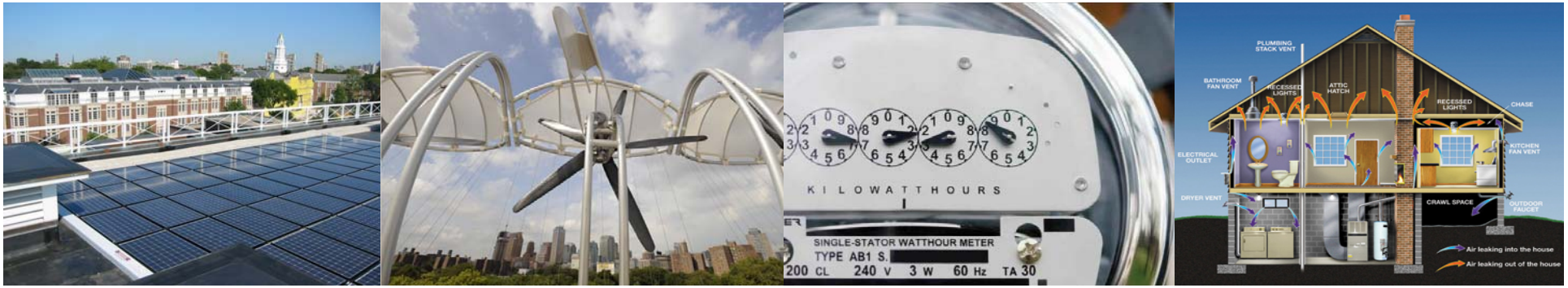

Sarasota County

Property Assessed Clean Energy ("PACE") Bonds

December 18, 2009

Strictly Private and Confidential

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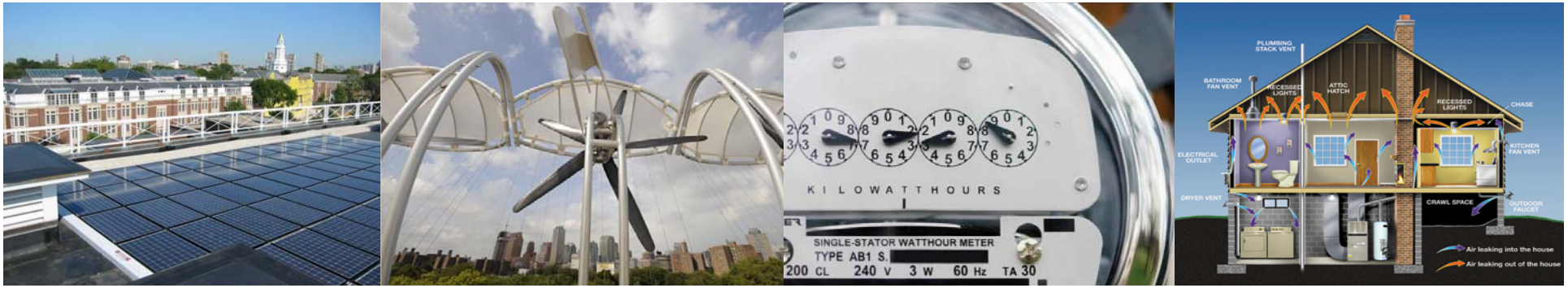


1. Overview of PACE Program

Distributed Clean Energy

While financing is only a part of increasing clean energy adoption, it is a central piece

- **For over 30 years, the "green" community has been exploring ways to increase penetration of property owners participating in clean energy programs, particularly energy efficiency**
  - Less than 2% of eligible property owners participated in programs

- **One major impediment to widespread adoption has been the lack of financial incentives**
  - Rebates alone are not enough to incentivise property owners to undertake sizable financial transactions

- **Long term low cost financing not available at scale needed to capture market potential**
  - Property owners undertook measures with a combination of unsecured personal loans, HELP, Energy Efficiency Mortgages, and cash

Without a nationally available financing structure, participation may continue to remain low.

PACE Description

PACE financing removes the issue of upfront capital as a barrier to wide spread clean energy investment

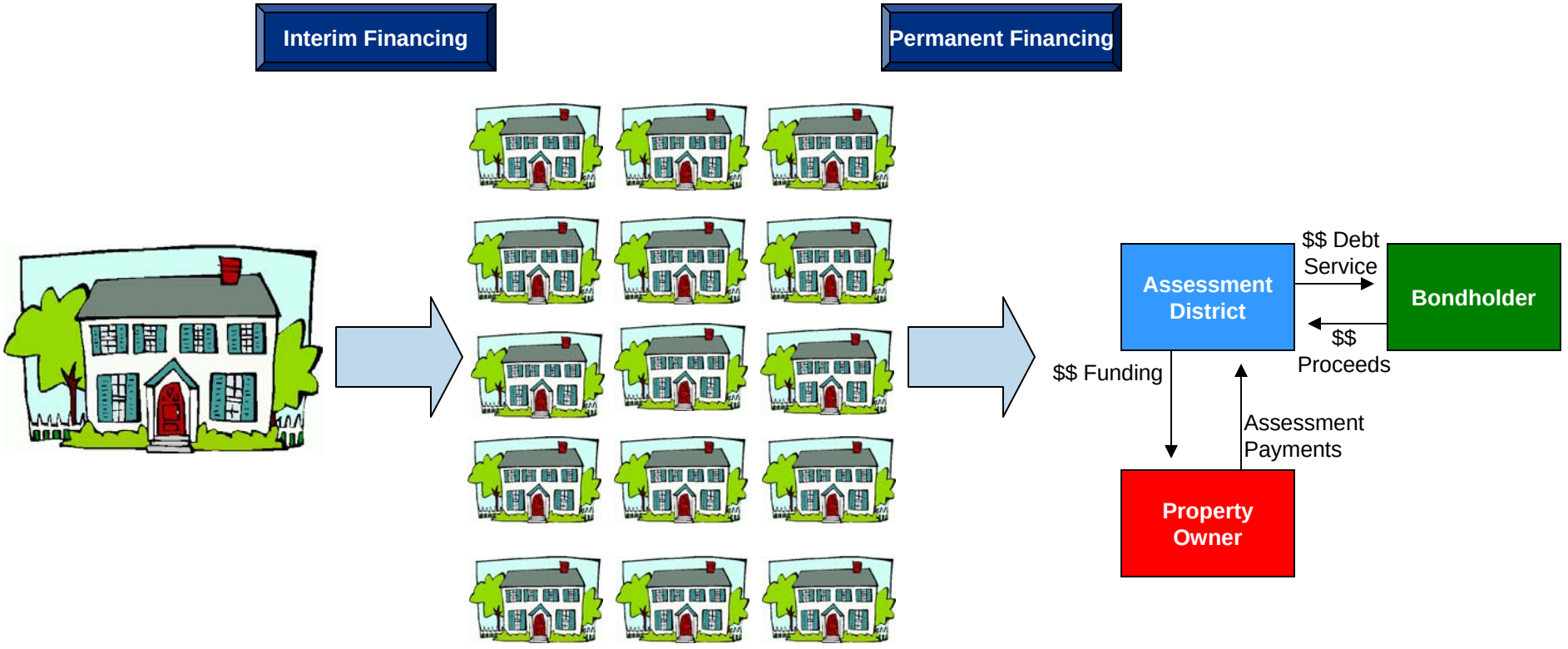
- **PACE programs are designed to provide private property owners the ability to finance clean energy improvements, particularly energy efficiency and solar PV, through an additional tax assessment on property**

Steps	Creating a Municipal Clean Energy Financing District ("CEFD")	Financing Clean Energy Improvement
1.	State approves enabling legislation 	Property owner receives energy audit / installation bid
2.	Municipality creates CEFD	Property owner & CEFD execute clean energy lien agreement
3.	CEFD develops program standards & markets to property owners	Property owner undertakes construction
4.	CEFD seeks interim & permanent financing	Upon completion of construction, CEFD provides final payment to vendor & property owner begins repayment through property tax assessment

The State of Florida already has pre-existing legislation in place which provides the ability to form "special tax districts"

Financing PACE Investment

A PACE program will require both interim and permanent financing



PACE Program Advantages

Compared to unsecured lending to property owners, PACE financing has a number of advantages

1. **Established Repayment Method –** Land secured/property assessment financing is a proven way to finance infrastructure improvement. Since 2000, there have been $16.5 billion of bonds financed

2. **Secure Obligation –** Clean Energy Investments no longer are unsecured obligations of property owners but through PACE tied to the property for a substantial period (15+ years)

3. **Transfers with Sale of Property –** By attaching a long-term lien to the property, current property owners do not have to make investment decision based solely on projected payback period

4. **Growing Taxable Market –** With the introduction of BABs, the taxable muni market has seen increased activity. Establishing a larger market for PACE bonds will result in better overall pricing & market acceptance

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PACE Activity – Federal Level

PACE is seen as positive development for the deployment of clean energy technologies, particularly energy efficiency in the private sector

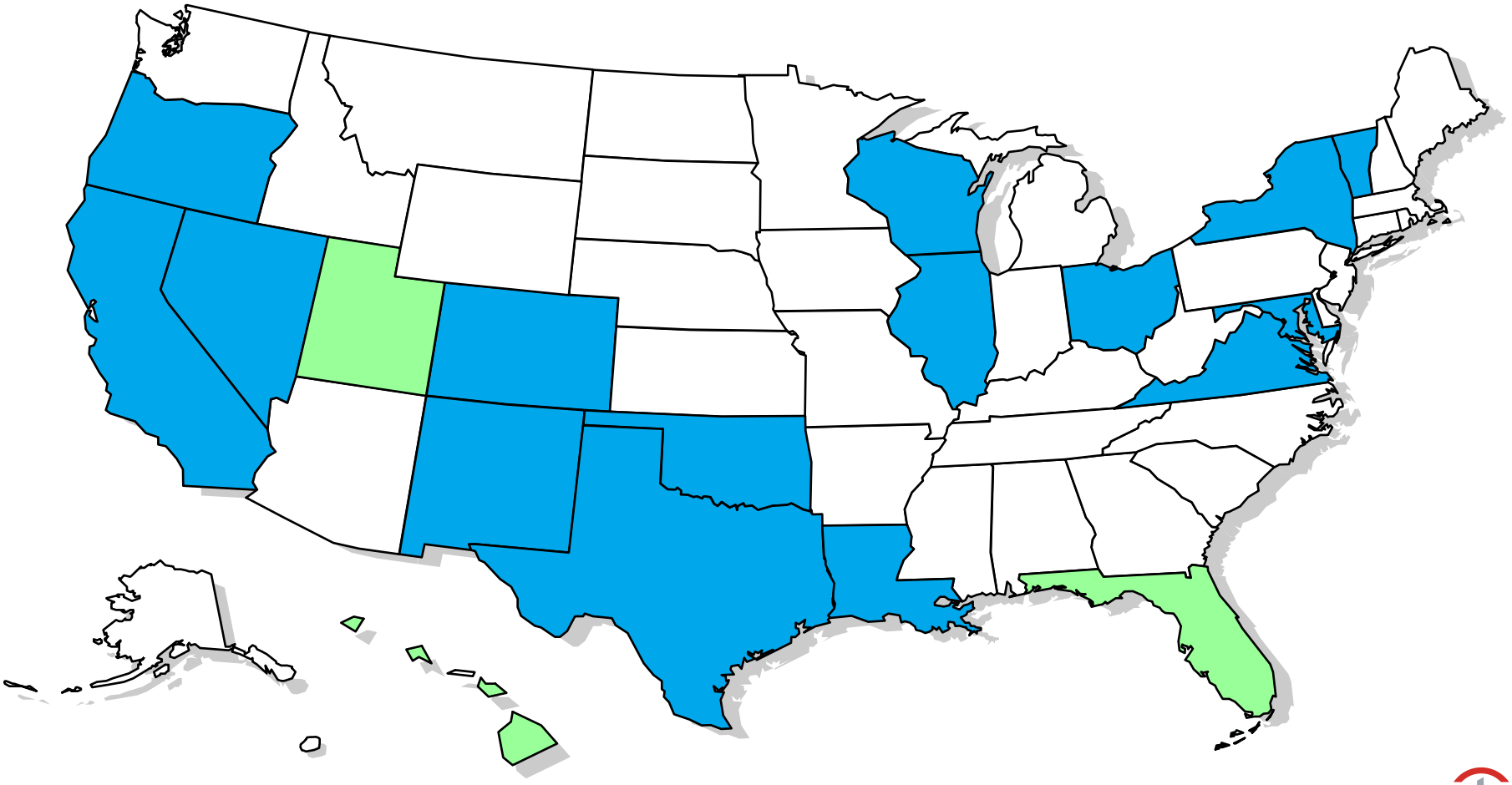
- PACE supporters have worked to remove disincentives for using federal tax credits with municipal financing
- In ARRA, PACE financing is the direct beneficiary of the creation of the Green Community programs for QECBs
- PACE was cited directly in the American Clean Energy and Security Act ("ACES") as funding approach to be supported by the Clean Energy Development Authority ("CEDA")
- The PACE structure was featured prominently in the Vice President's Middle Class Task Force report as an innovative new financing vehicle to significantly expand the building sector retrofit market

** Source: U.S. Government Logos*

PACE Activity – State Level

Currently, 18 states have the authority to establish Clean Energy Financing Districts

States With PACE Authority



*FL, HI & UT require no further legislative authority

PACE Activity – Local Level

To date, 5 communities have funded PACE programs

- **Berkley, CA** – Executed first PACE financing for residential solar program. Participation limited to $1.5 million and allocation was oversubscribed
- **Palm Desert** – Utilized city funds to finance residential clean energy program, mostly solar
- **Sonoma County** – Utilized county to finance PACE program. Initial program included first financing for a commercial/industrial project
- **Babylon, NY** – Funded program with excess funds from solid waste financing. Amended definition of solid waste to include CO2. Looking to grow program from $3 million to $10 - $15 million
- **Boulder County, CO** – Executed first public PACE offering for $8 million. The bonds were secured by property assessment and moral obligation of county. County Authority to provide moral obligation up to $40 million of bonds, projects include Energy Efficiency and Renewable Energy
- Pending: New Mexico, San Francisco, Los Angeles County, Annapolis, MD

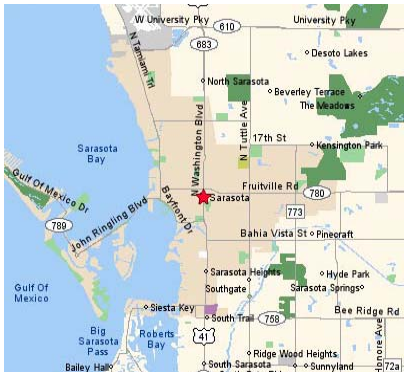
Why is PACE a Game Changer?

There is a large, real need for energy efficiency and renewable energy funding

Sarasota County

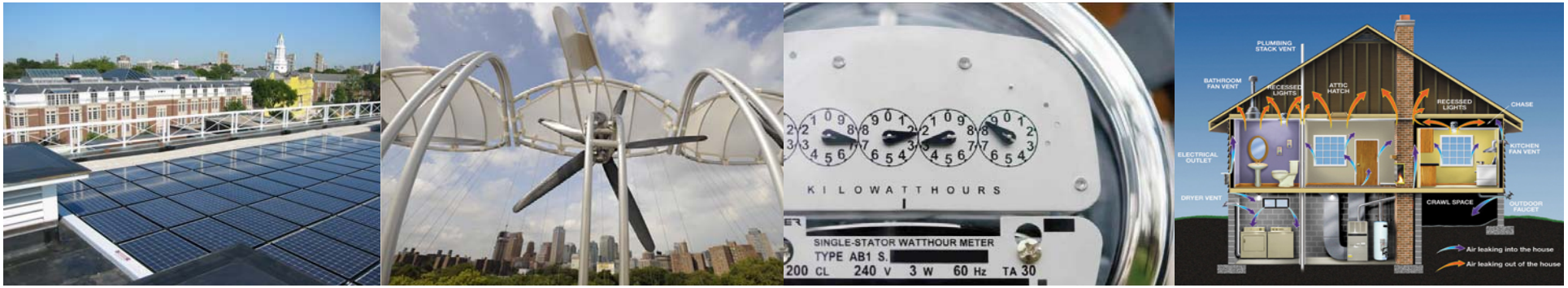
Property	# of Properties	Energy Efficiency Installation Cost	EE with 1.0% Penetration	Renewable Energy Installation Cost	RE with 1.0% Penetration
Residential	220,536	$10,000	$22,053,600	$25,000	$55,134,000
Commercial	9,586	$40,000	$3,834,400	$100,000	$9,586,000
Industrial	3,989	$40,000	$1,595,600	$100,000	$3,989,000

City of Sarasota



Property	# of Properties	Energy Efficiency Installation Cost	EE with 1.0% Penetration	Renewable Energy Installation Cost	RE with 1.0% Penetration
Residential	26,898	$10,000	$2,689,800	$25,000	$6,724,500
Commercial	2,634	$40,000	$1,053,600	$100,000	$2,634,000
Industrial	1,559	$40,000	$623,600	$100,000	$1,559,000

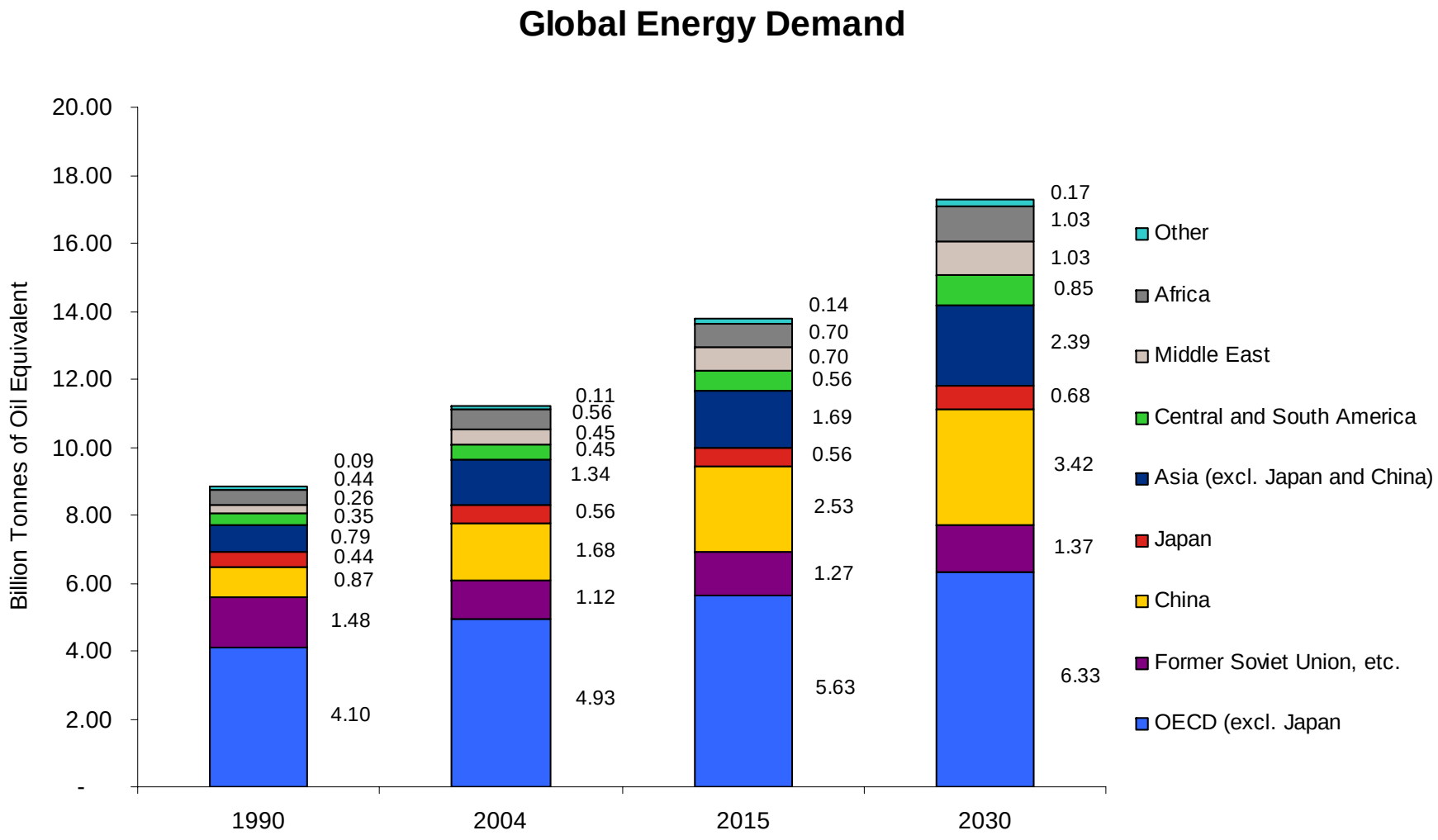
*Renewable estimates assume solar panels



Appendix A: America's Energy Challenge

Increasing Energy Demand is a Global Phenomenon

Despite a global recession, the continued growth of developing countries, particularly China & India, will significantly increase global energy demand

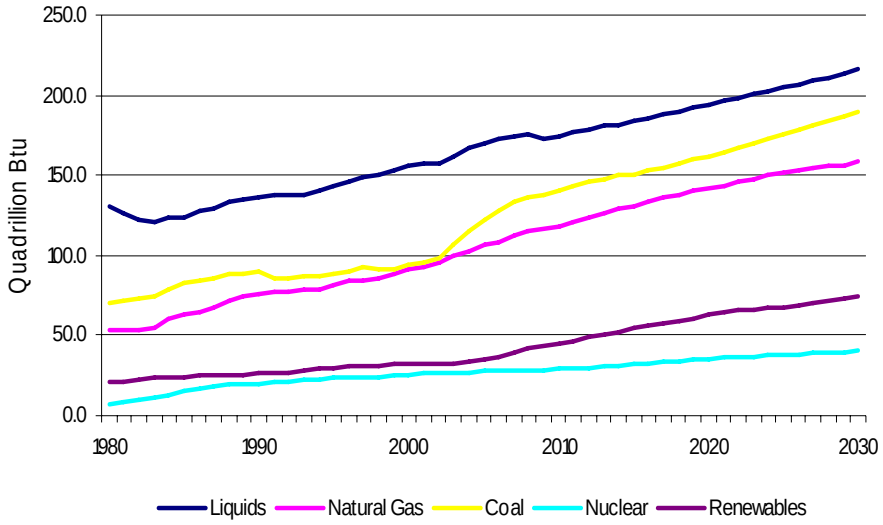


Source: Japan Agency for Natural Resources and Energy. *2007 Annual Energy Report*

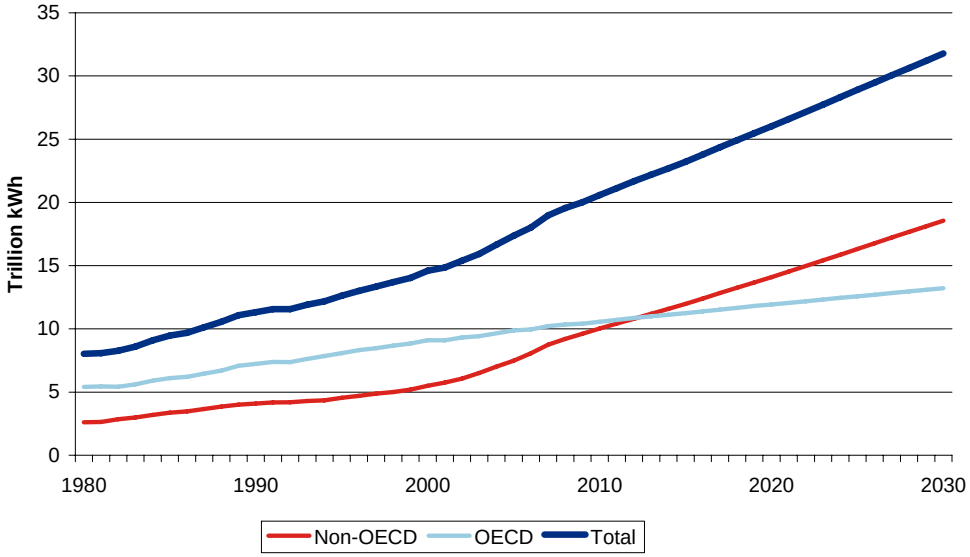
Greater Demand Means Greater Competition for Energy Resources

While energy production and use are increasing world wide, it is a major concern to see the increasing pace in which non-OECD countries are ramping up production while OECD region falls behind

World Energy Use by Fuel Type



World Energy Production by Region

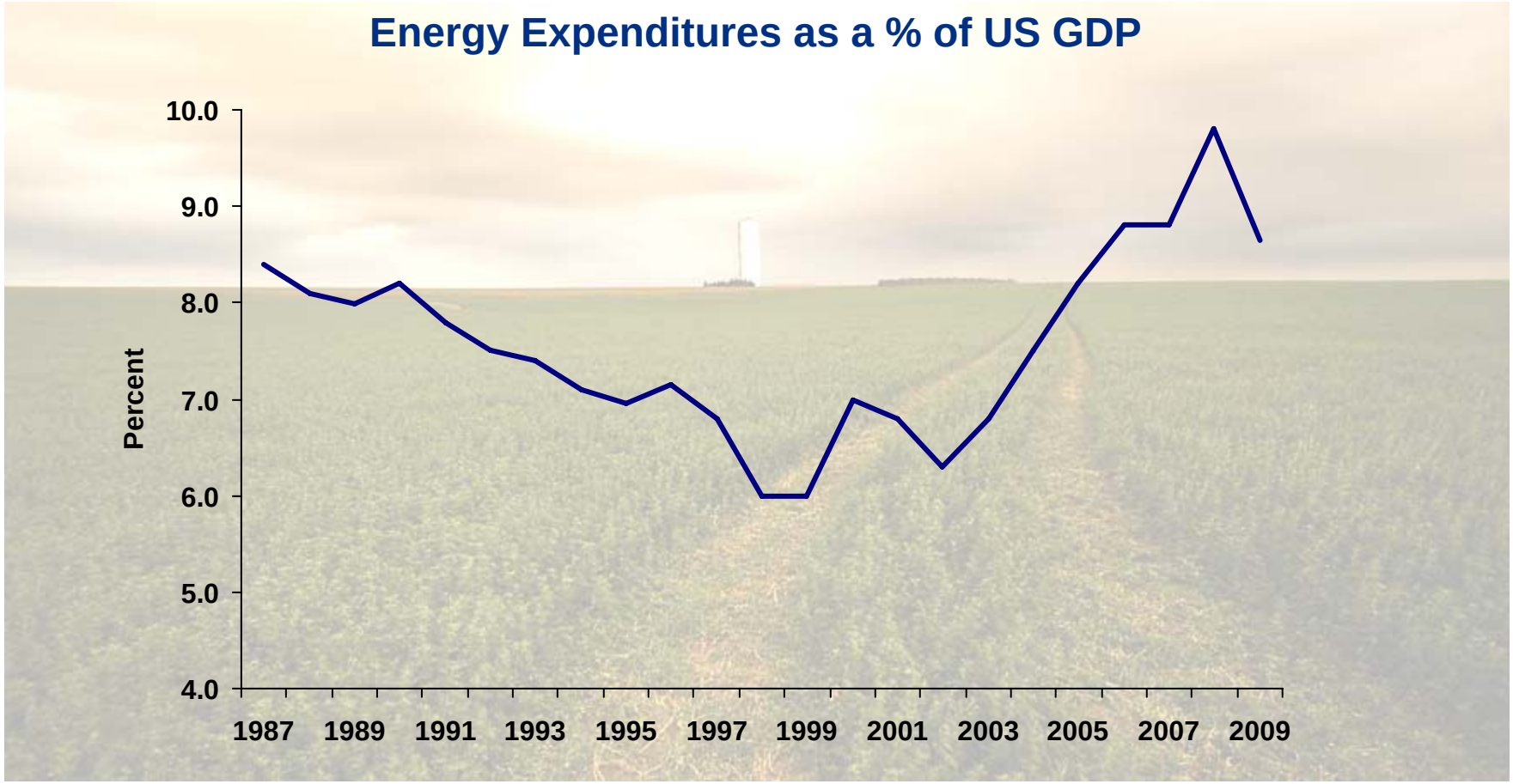


**OECD includes: Canada, France, Germany, Italy, Japan,*
Korea, Unitied Kingdom, United States, etc..

Source: EIA International Energy Outlook 2009

Energy Costs Impact on the US Economy

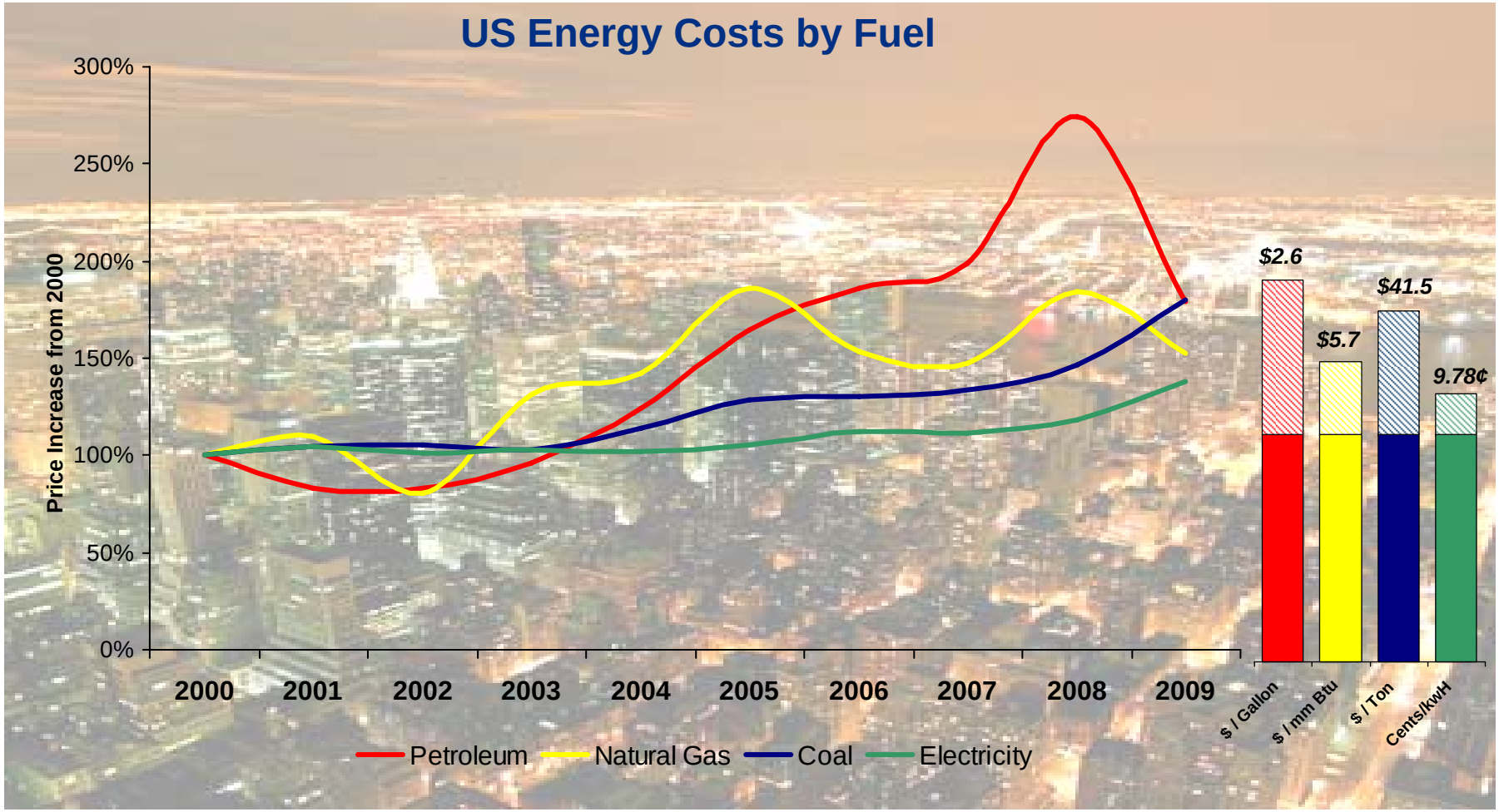
Increasing demand and rising energy costs affect households and businesses directly and indirectly



Annual Energy Outlook, March 2009

Energy Prices Are Trending Upward

While the US Recession blunted high energy prices, energy prices are back on the rise



U.S. EIA database 2009

 Based on Information prepared by the Center for Energy and Environmental Policy, University of Delaware

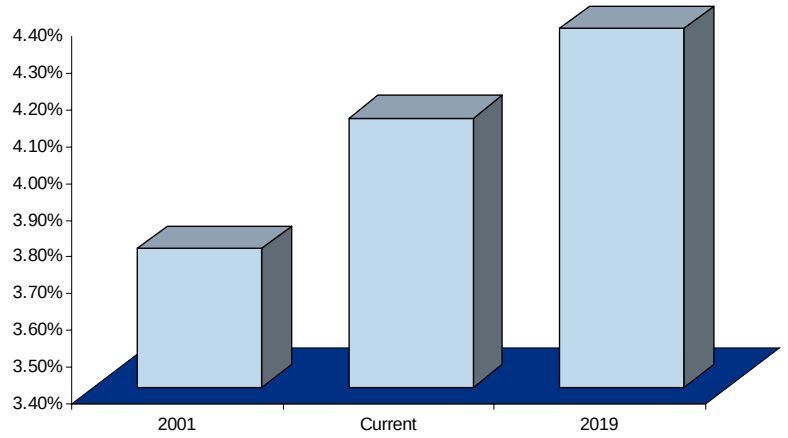
The Impacts of Rising Energy Prices are Real

Energy expenditures continue to grow at a faster rate than income

- Costs for traditional energy sources have and will continue to rapidly increase
- The resulting burden on state and commercial entities inhibits their ability run efficiently
- Higher energy costs mean less money in the pockets of households and a less robust economy

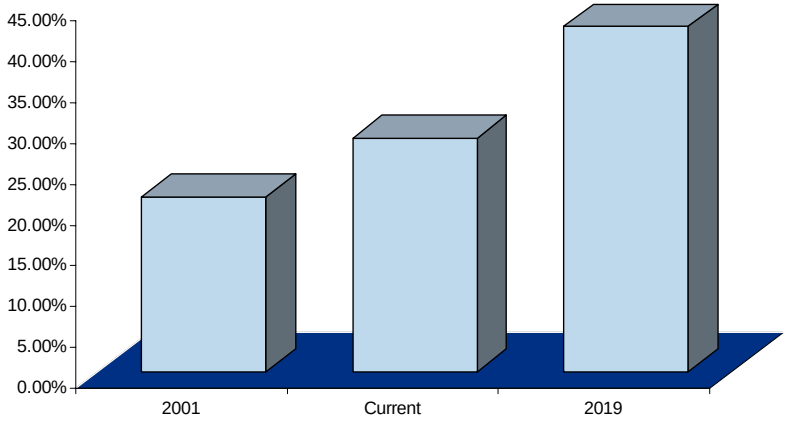
Household

(Energy Expenditure as % of Total Expenditure)



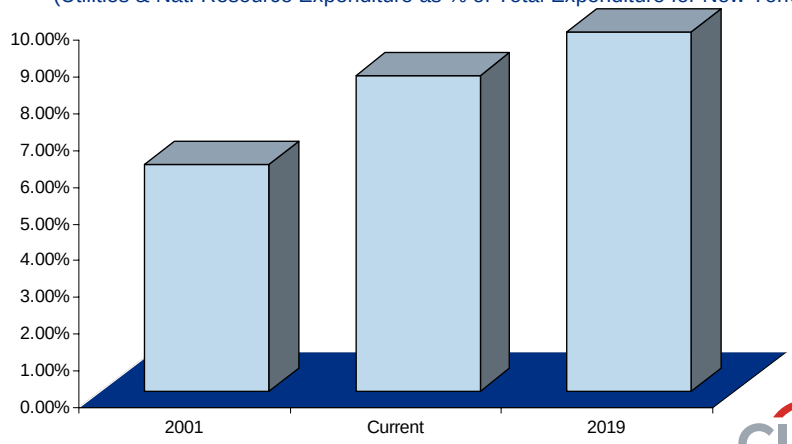
Commercial / Industrial

(Alcoa's Energy Cost as % of Total Costs & Expenses)



State Government

(Utilities & Nat. Resource Expenditure as % of Total Expenditure for New York)



*Source: EIA household report, Consumer expenditure tables, Census Bureau statistics, Alcoa sustainability report

*Projections based on historic average Compound Annual Growth Rate

Seizing the Sustainable Energy Opportunity

In order to better manage bottom lines, families, businesses & governments must explore ways to contain energy costs

1. Conservation

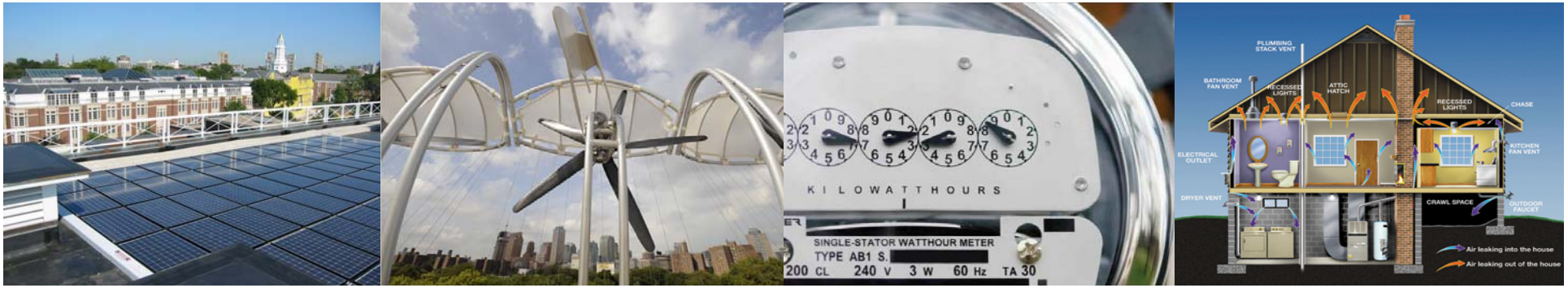
- By changing behavior and using less, end-users can control energy expenses

2. Energy Efficiency

- By retrofitting buildings with more efficient technology, end-users benefit from technology improvements regardless of behavior changes

3. Renewable Generation

- By installing distributed renewable generation, end-users can use renewable "fuel" sources like wind & solar to hedge non-renewable energy cost

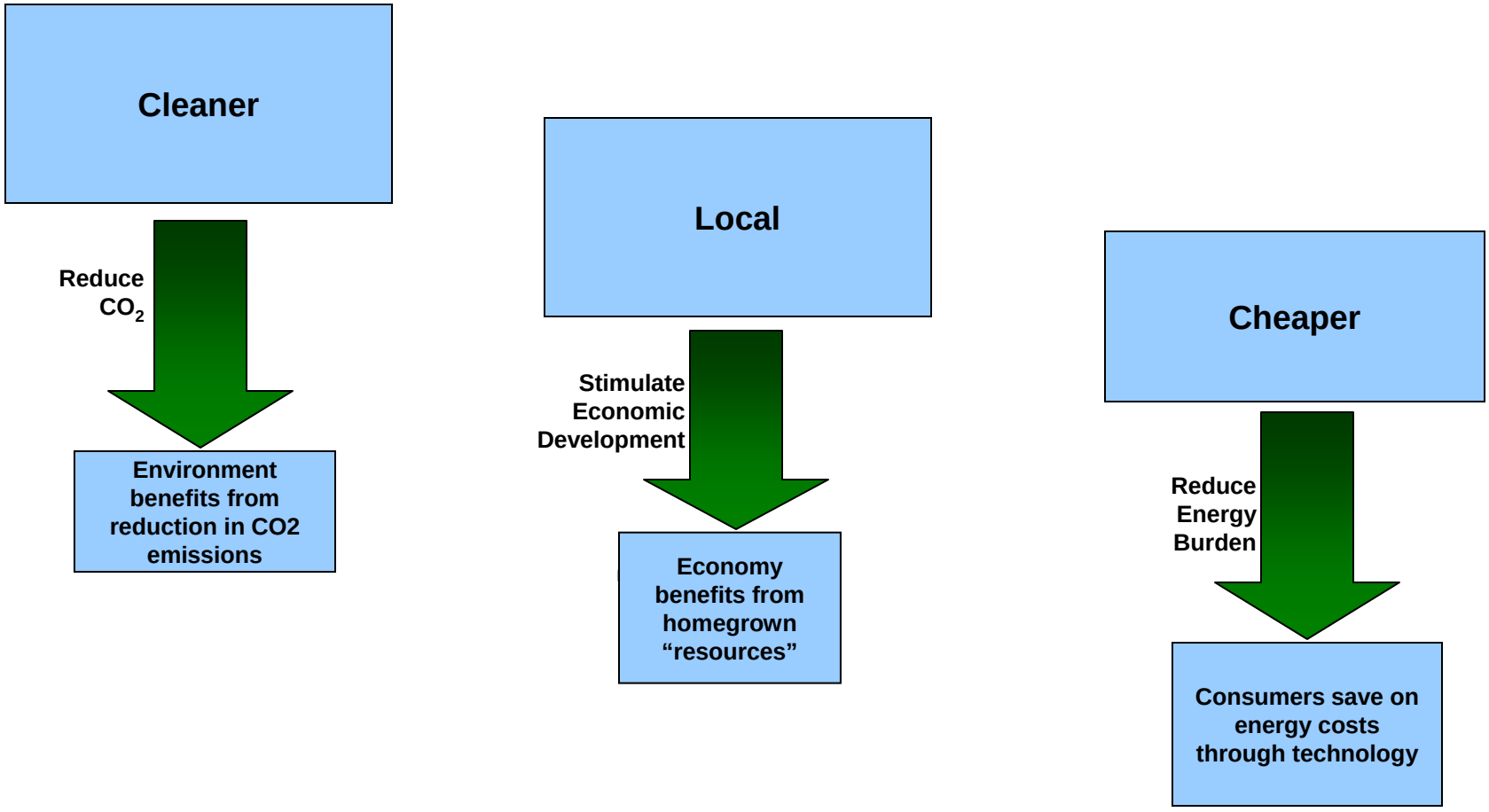


Appendix B: Overview of Sustainable Energy

Sustainable Energy is a Win…Win…Win

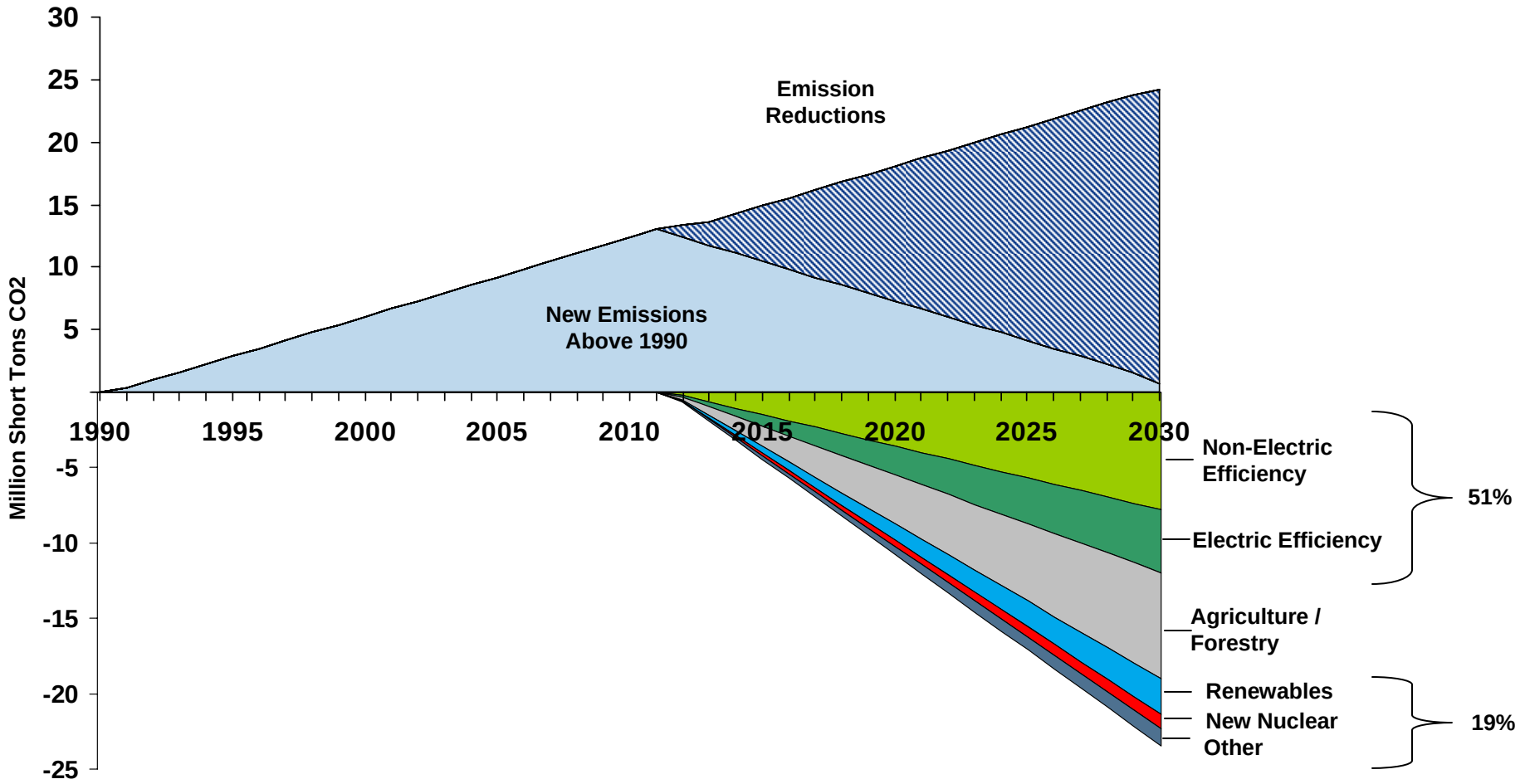
With the same dollar, sustainable energy can cut CO_2, create jobs, and put money in "our" pockets

Sustainable Energy is…



Reducing CO_2 Emission Requires Significant Investment in Sustainable Energy

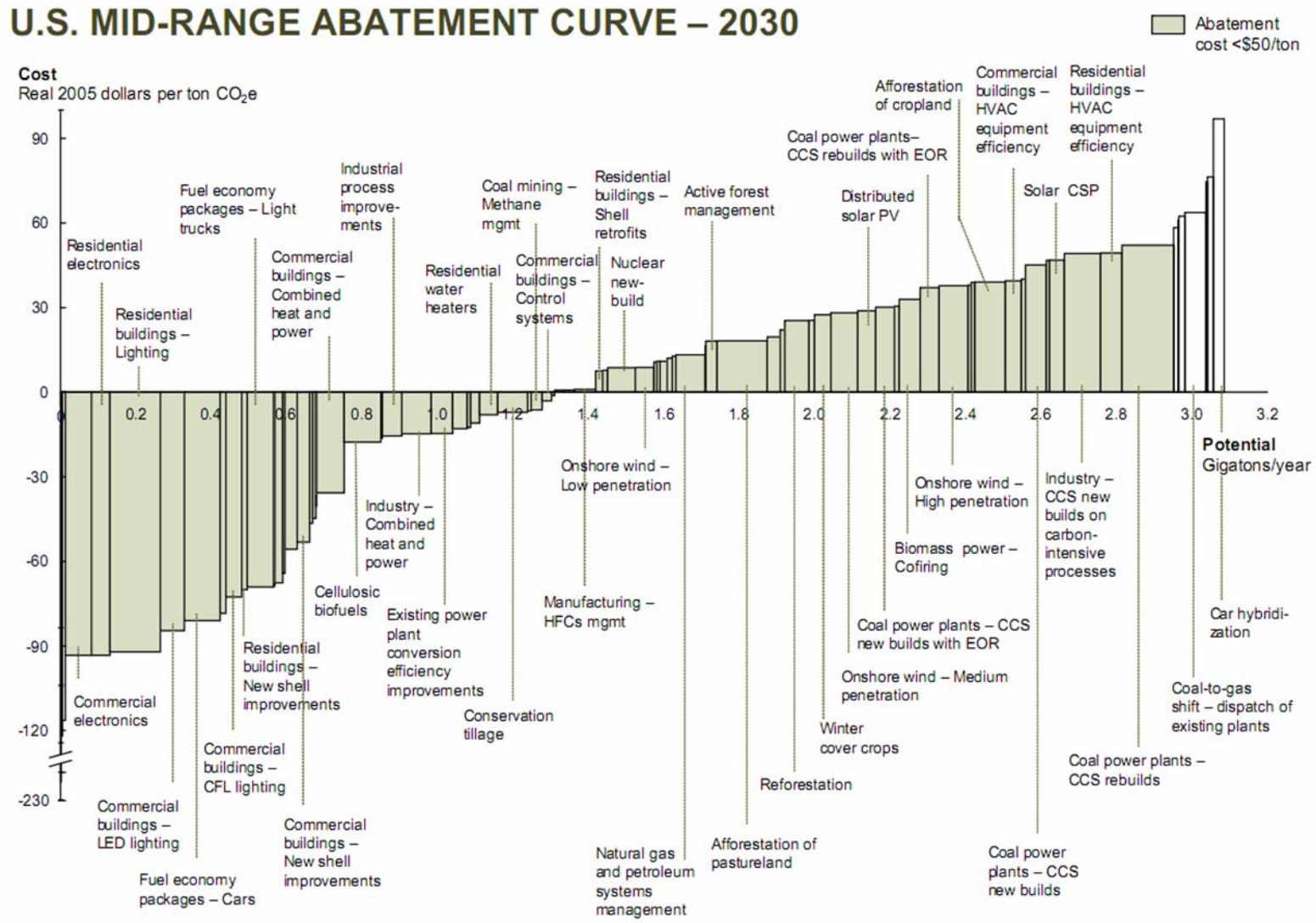
Energy efficiency and renewable energy will constitute nearly 60% of carbon mitigation in the coming years



Source: IPCC 2007. Fourth Assessment Report, WG III, Report, Mitigation of Climate Change
Based on Information prepared by the Center for Energy and Environmental Policy, University of Delaware

The Cost of CO_2 Abatement

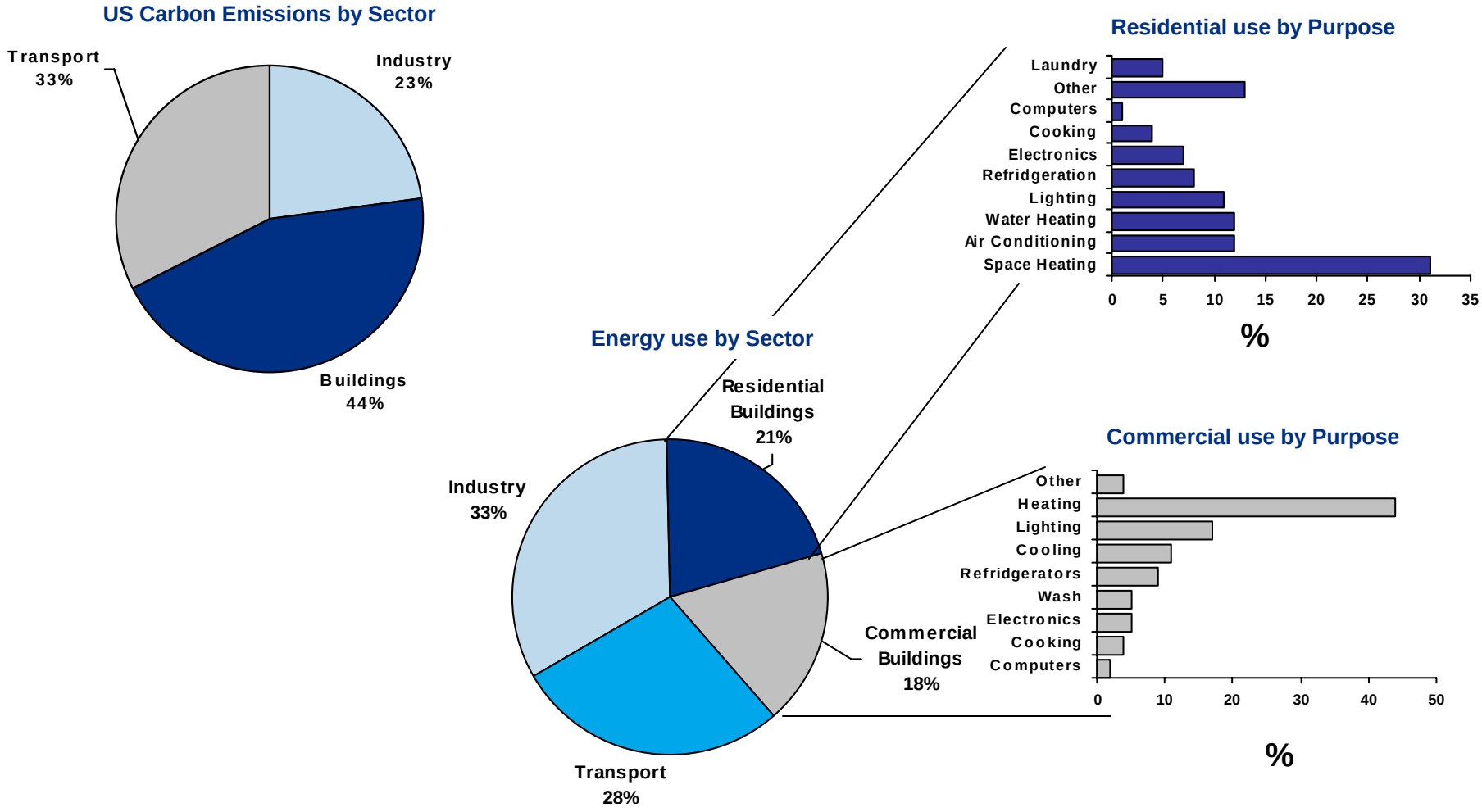
While renewable energy costs money to reduce CO_2, energy efficiency saves money while reducing CO_2



Source: McKinsey analysis

US CO_2 Emissions by Sector

Energy Efficiency improvements in buildings have the dual benefit of reducing CO_2 emissions and energy use significantly



Energy Efficiency and Renewables Can Help Spur the Economy

Expanding the “green economy” benefits the local economy by creating jobs that are more resistant to foreign outsourcing than traditional blue-collar manufacturing jobs

- Energy Efficiency and Renewable Energy stimulate meaningful investment and create important jobs:
  - Green Collar Jobs: “blue collar work force opportunities created by firms, organizations, and policies whose mission is to improve environmental quality”
  - White Collar Jobs: Research, development, engineering and design of energy efficient technology

Sustainable Energy Investments Benefit the “Local” Economy

Energy Efficiency and Renewable Energy are responsible for the creation of thousands of jobs

Energy Efficiency		Renewable Energy	
Industry Segment	**Efficiency-Related Jobs Created in 2006**	**Industry Segment**	**Renewable Energy Jobs Created in 2006**
Recycling	3,013,000	Wind	36,800
ESCOs and Retrofits	221,000	Solar	17,600
Household Appliances	198,000	Hydro	19,000
Office Equipment	718,000	Geothermal	21,000
TV, Video and Audio	421,000	Biomass	312,300
HVAC	104,000	Fuel Cell	11,100
Manufacturing	2,663,000	Hydrogen	9,200
Construction / Utilities	554,000	Government and NGO	19,320
Government	154,000		
Total	**8,046,000**		**446,320**

 Source: Roger Bezdek, Management Information Services and American Solar Energy Society

Jobs in Sustainable Energy ("Green Jobs/Careers")

Investments in sustainable energy create jobs at varying skill and income levels

Strategies for Green Economy Investment	Representative Jobs
Building Retrofitting	Electricians, Heating / Air Conditioning Installers, Carpenters, Construction Equipment Operators, Roofers, Insulation Workers, Carpenter Helpers, Industrial Truck Drivers, Construction Managers, Building Inspectors, Auditors
Mass Transit	Civil Engineers, Rail Track Layers, Electricians, Welders, Metal Fabricators, Engine Assemblers, Production Helpers, Bus Drivers, First-Line Transportation Supervisors, Dispatchers
Solar Power	Electrical Engineers, Electricians, Industrial Machinery Mechanics, Welders, Metal Fabricators, Electrical Equipment Assemblers, Construction Equipment Operators, Installation Helpers, Laborers, Construction Managers

Sources: Center for American Progress & University of Massachusetts (2008)

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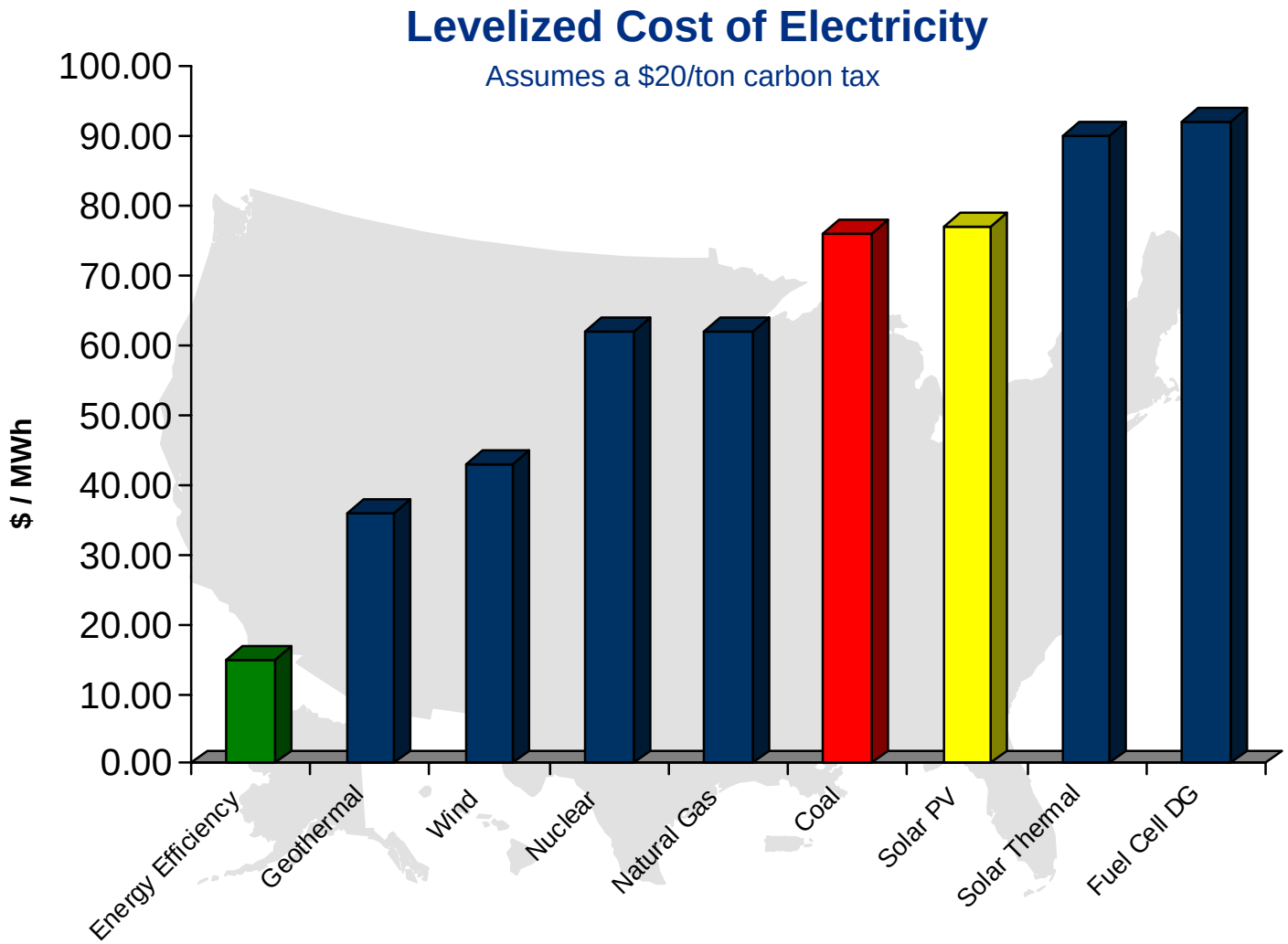
Sustainable Energy is Profitable Energy

While energy efficiency saves money today, renewable energy provides a hedge against future energy costs



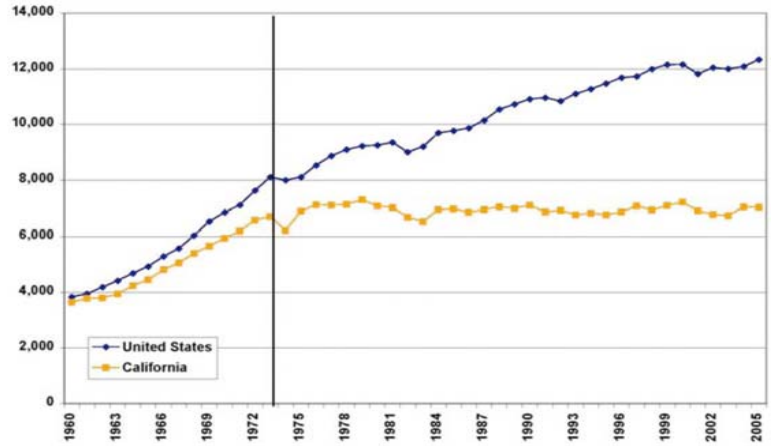
Source: Credit Suisse Research – Alternative Energy "Levelized Cost of Energy"
LCOE is defined as the net present value of all costs divided y the lifetime energy output of the project
Assumes that today's steep decline in cost of solar panels continues as well as current ITCs for renewables
Assumes a $20 / ton CO2 tax

Reducing Energy Costs

Whether you count in MW, MWh, MMBtu, Quads or dollars, the result is the same: using less means saving more

- Total savings from existing standards in 2000:
  - 2.5% of US electricity use
  - 21,000 MW of peak power demand
  - $50 billion in net consumer savings
- Total savings from existing standards by 2020
  - 7.8% of projected US energy use
  - 120,000 MW of peak power demand
  - $186 billion in net consumer savings
- It is widely accepted among experts that a more stringent application of standards would increase savings substantially

Electricity Consumption



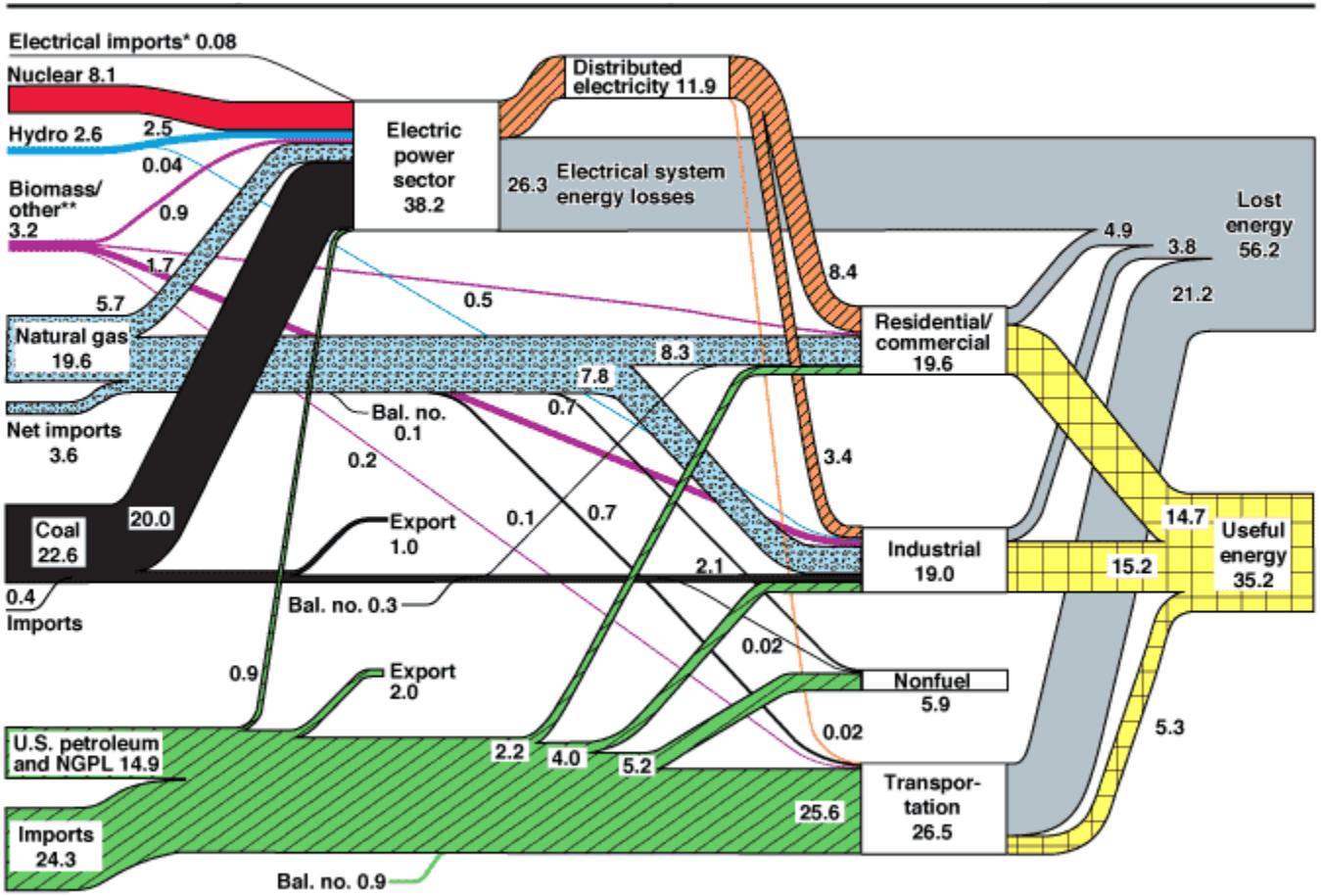
If "game-changing" policies were introduced such as a significant carbon tax or carbon cap, then the potential for achievable cost-effective energy-efficiency improvements would increase significantly.

Source: Alliance to Save Energy "Promoting Energy Efficiency: Benefits, Approaches, and Barriers
Source: Delaware Sustainable Energy Utility

Energy Efficiency Gains Can Have a Transformative Impact

In the US, only a third of energy created is available for use

US Energy Loss

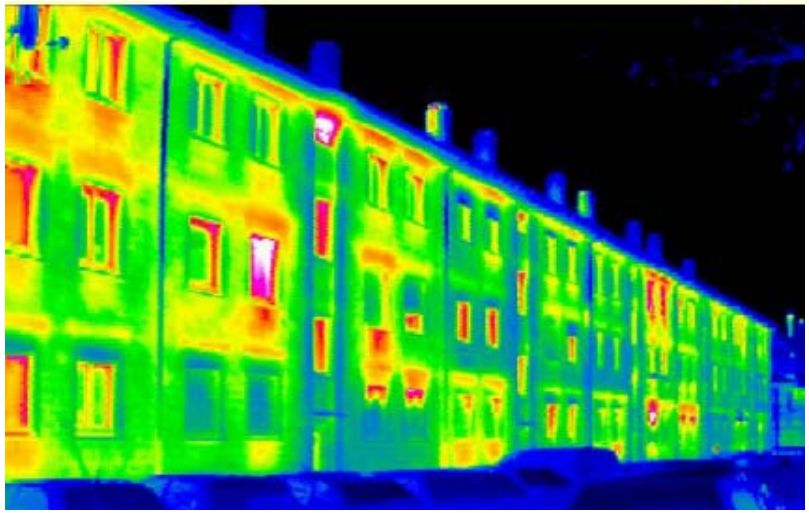


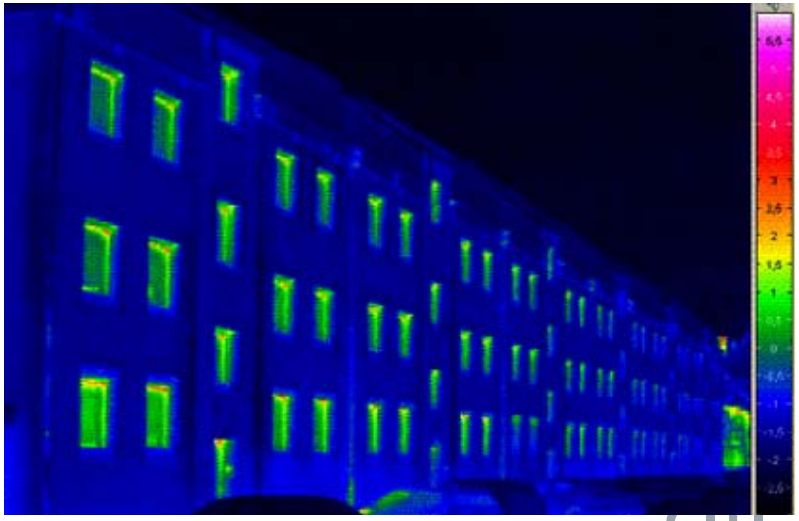
Source: Production and end-use data from Energy Information Administration, *Annual Energy Review 2002.*
*Net fossil-fuel electrical imports.
**Biomass/other includes wood, waste, alcohol, geothermal, solar, and wind.

Units in Quadrillion BTU

Energy Efficiency in Practice

87% Decrease in Energy Use





 Source: International Energy Agency

Energy Efficiency Improvements Produce Results

Organizations have already begun to take advantage of Energy Efficiency Savings

Chicago Housing Authority

CHANGE.
CHICAGO HOUSING AUTHORITY

Investment	$30 million
Savings	$36 million
% Savings	20%
ESCO	Ameresco
Project	Decentralized steam plant

Charleston Air Force Base

U.S. AIR FORCE

Investment	$9.2 million
Savings	$800,000/yr
% Savings	40%
ESCO	Ameresco
Project	Underground heat plants

Allegheny County, PA

Investment	$8.9 million
Savings	$13.7 million
% Savings	53%
ESCO	Noresco
Project	Building Retrofits

University of Massachusetts Medical Center

UMASS

Investment	$30 million
Savings	$3.63 million/yr
% Savings	21%*
ESCO	Noresco
Project	Building Retrofits

*Savings assumption based on a 10 year borrowing assumption

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Renewable Energy Monetizes Available Assets

Solar installations in particular, allow property owners to take advantage of an abundant fuel source – the Sun, but also monetize real estate assets – roofs, bare land, brownfield.

Moscone Center in San Francisco

#1

$4,200,000
60,000 Sq. Ft
675 kW

Residential Rooftop Solar PV

#2

$8,000
100 Sq. Ft
1 kW

Parking Structure Solar PV

#3

$200,000
2,200 Sq. Ft
22 kW

Solar Thermal

#4

$3,500/unit
32 Sq. Ft

Solar PV Rule of Thumb: 1 kW installed ~ $6,000 to $9,000 ~ 100 Square Feet

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In January 2007, Citi released a Climate Change Position Statement, the first US financial institution to do so. As a sustainability leader in the financial sector, Citi has taken concrete steps to address this important issue of climate change by: (a) targeting $50 billion over 10 years to address global climate change: includes significant increases in investment and financing of alternative energy, clean technology, and other carbon-emission reduction activities; (b) committing to reduce GHG emissions of all Citi owned and leased properties around the world by 10% by 2011; (c) purchasing more than 52,000 MWh of green (carbon neutral) power for our operations in 2006; (d) creating Sustainable Development Investments (SDI) that makes private equity investments in renewable energy and clean technologies; (e) providing lending and investing services to clients for renewable energy development and projects; (f) producing equity research related to climate issues that helps to inform investors on risks and opportunities associated with the issue; and (g) engaging with a broad range of stakeholders on the issue of climate change to help advance understanding and solutions.

Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.