



CDFA-Bricker PACE Webinar Series: PACE Program Efficiency – Managing An Effective PACE Program

*In Partnership
with*



Bricker & Eckler
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Welcome

The Broadcast will begin at 11:00 AM (Eastern)



CDFA-Bricker PACE Webinar Series: PACE Program Efficiency – Managing An Effective PACE Program

CDFA Administrator

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Pearl-Jean Mabe

Director of Research and Technical Assistance
Council of Development Finance Agencies

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CDFA-Bricker PACE Webinar Series: PACE Program Efficiency – Managing An Effective PACE Program

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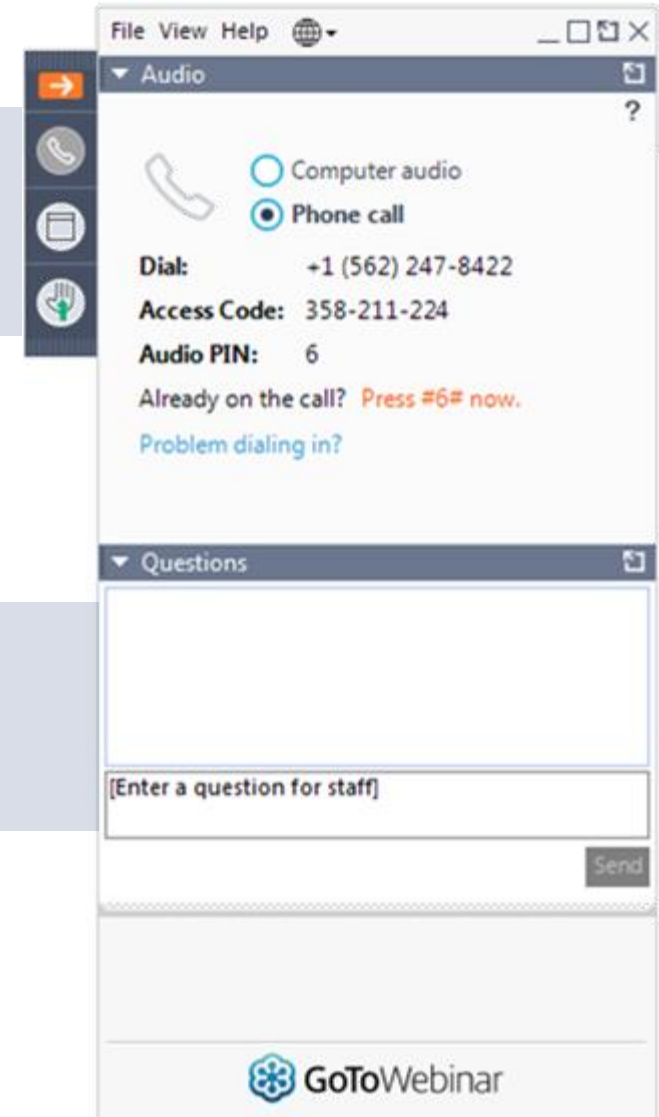
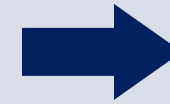
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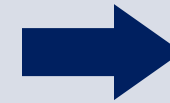


CDFA-Bricker PACE Webinar Series: PACE Program Efficiency – Managing An Effective PACE Program

Using your telephone will give you better audio quality.



Submit your questions to the panelists here.



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CDFA-Bricker PACE Webinar Series: PACE Program Efficiency – Managing An Effective PACE Program

Moderator

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Chris Jones

PACE Financing Consultant
Bricker & Eckler, LLP

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CDFA-Bricker PACE Webinar Series: PACE Program Efficiency – Managing An Effective PACE Program

More About This Series

CDFA-Bricker PACE Webinar Series:

PACE 101: The Basics of PACE Financing
May 12, 2020

PACE Program Efficiency: Managing an Effective PACE Program
June 9, 2020

Focusing on Sustainability Using PACE
July 14, 2020

Policy and the Future of PACE
August 25, 2020

PACE Program Capitalization
September 22, 2020

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Register online at www.cdfa.net

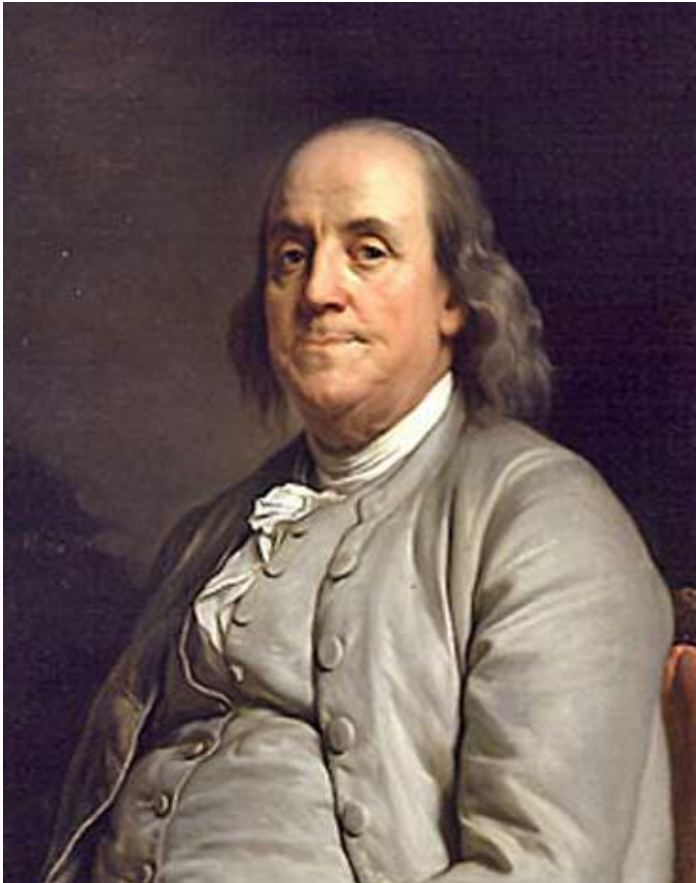
PACE Program Efficiency

PACE is a tax-assessment based financing mechanism for energy efficiency, renewable energy, and water conservation projects.



New Idea?

Financing a Public Purpose



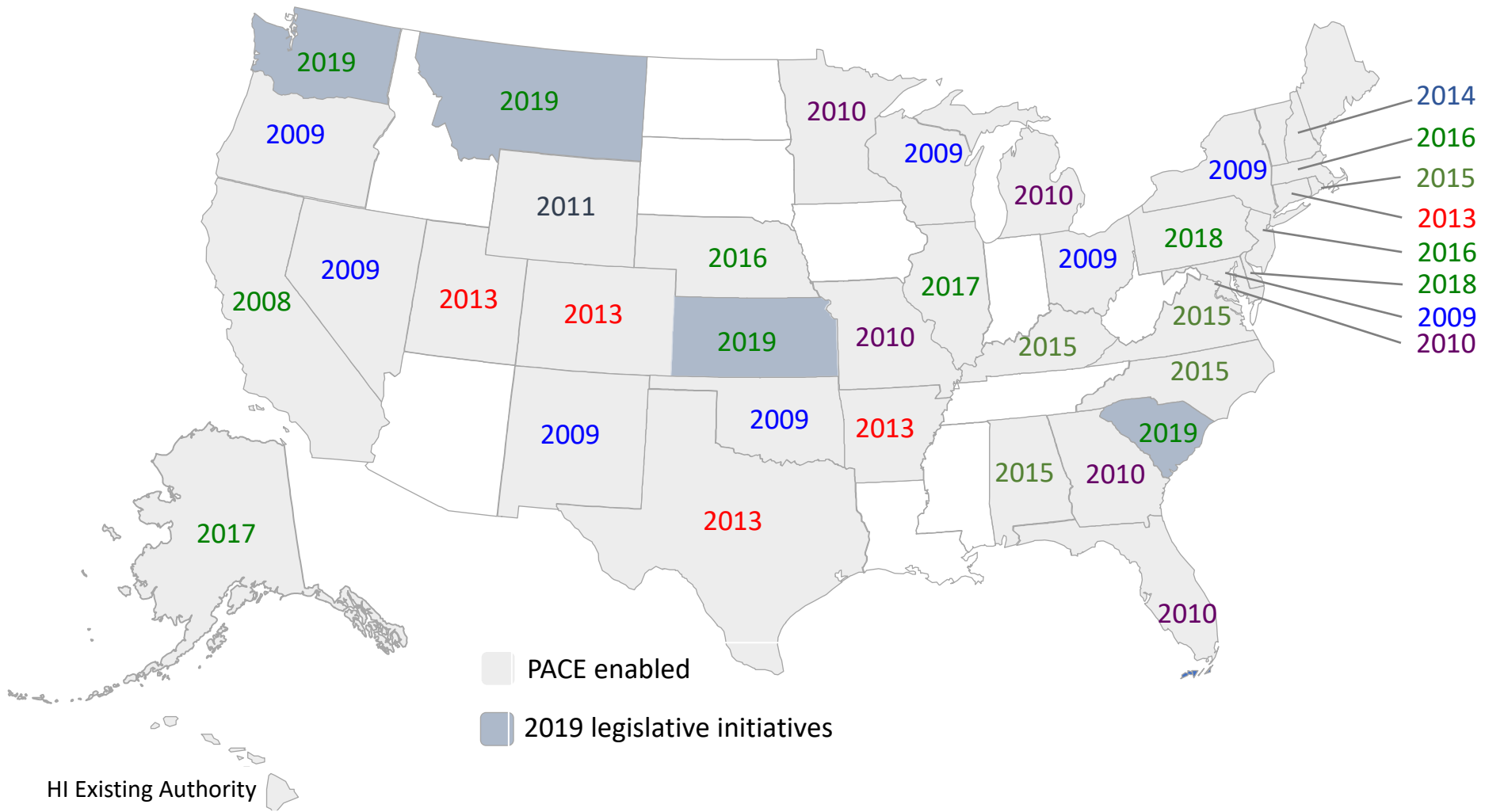
1736 – First Assessment District in Philadelphia

Today – 37,000 Assessment Districts nationwide

- ✓ Water & Sewer Service
- ✓ Parks
- ✓ Sidewalks
- ✓ Lighting
- ✓ Downtown renewal
- ✓ Energy Efficiency (PACE)

PACE Legislation

37 States and DC 84+% of the U.S. Population



PACE: Creation, Design & Implementation

1. PACE District “Creation”
2. PACE Program “Design”
3. PACE Program “Implementation”



PACE District “Creation” Process

1. State passes legislation enabling use of property-based tax assessments for clean energy projects. (Public Purpose)
2. Tax-collecting municipalities within the state pass local ordinances to enable PACE programs.
3. **Programs are administered by the state, local governments or contracted to an independent Third Party Administrator, which are often non-profits**
4. Projects are financed by government bonds OR loans from private PACE capital providers.



PACE Program “Design” Considerations

Program Administrator should be the lead in coordinating stakeholders to the Design discussion

Who are the stakeholders?

- Local government sponsoring the PACE Program
- Property tax collection entities
- PACE Capital Providers
- Contractors
- Commercial Real Estate community



PACE Program “Design” Considerations

- Budget? Start up, on-going fees, etc.
- Define the PACE sales process!!
- Create Program Rules (many programs to reference)
- Create Program Handbook
 - Project application process very important!
 - Keep it simple and transparent!
- Marketing plan? Website, collateral, workshops, etc.
 - Be sure to include the local governments!



PACE Program “Implementation” Considerations

Staffing? (Full-time, part-time, subcontractor)

1. Day to day program management
2. Marketing management
3. Pipeline management
4. Database management
5. Project approval management
6. Partnership management



PACE “Mortgage Lender Consent”

Why Mortgage Lender Consent?

1. Required by state law and/or capital providers
2. Actual consent document should be agreed upon especially by capital providers and PACE legal counsel
3. Certifies that PACE financing is not an event of default
4. Respects banks and can avoid opposition

Keep list of contacts at “Consenting Institutions”



PACE Program “Best Practices”

Designing

- Include ALL stakeholders
- Use existing expertise in the PACE marketplace

Managing

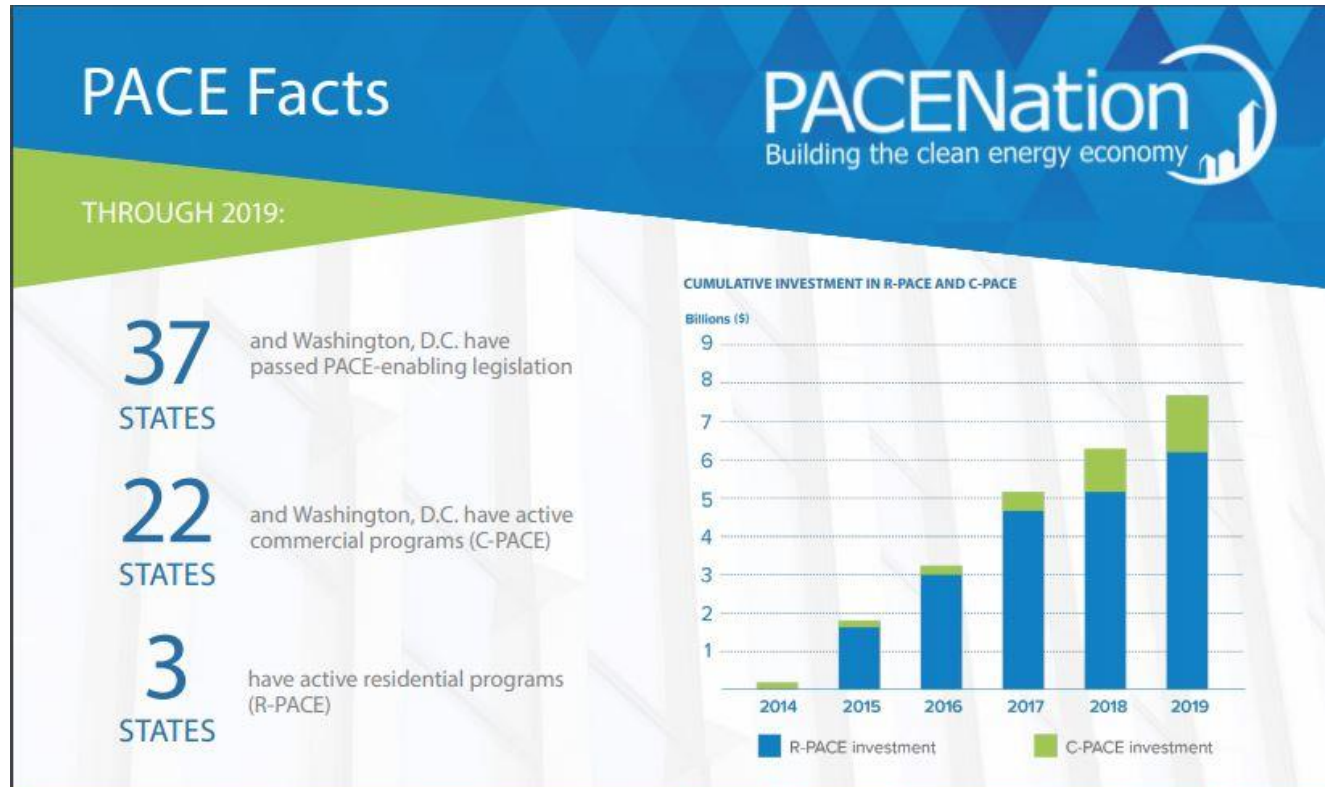
- Be clear on “who’s doing what” (avoid duplicating activities)
- Create “active” feedback channels with ALL partners



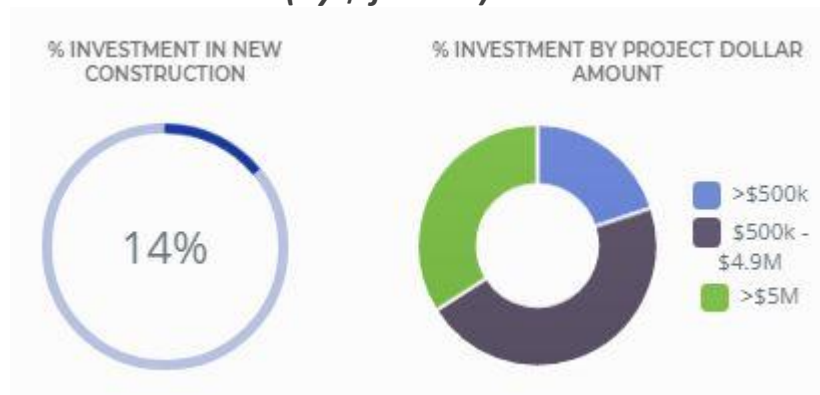
PACE Market Data

**C-Pace dollars funded in each state (states > \$10MM)
(By \$ funded)**

State	Investment (\$, MM)
CA	\$293
OH	\$241
CT	\$144
TX	\$102
MN	\$89
CO	\$57
MO	\$56
DC	\$41
WI	\$40
MI	\$36
NE	\$28
FL	\$17



**C-Pace projects by amount financed
(By \$ funded)**



Thank you!

Questions?

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PACE Financing Consultant

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CDFA-Bricker PACE Webinar Series: PACE Program Efficiency – Managing An Effective PACE Program

Panelists



Jennifer Kuzma

Executive Director
Northeast Ohio Advanced Energy
District



Jeremy Druhot

Manager of Programming and
Projects
Columbus-Franklin County
Finance Authority



Josh Campbell

Executive Director
Missouri Energy Initiative

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Jason Stringer

Business Development Director
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Colin Kalvas

Associate Attorney
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Executive Director
Northeast Ohio Advance Energy District

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PACE in Cuyahoga County

Municipalities Joining Forces to Advance PACE

Jennifer Kuzma, Executive Director
Northeast Ohio Advanced Energy District
440-735-6520
jkuzma@bedfordoh.gov

NEO ADVANCED ENERGY DISTRICT

NEO-AED is a child of the First Suburbs Consortium

Built in's:

Trust of 15 communities working together

Talent of the expertise of seasoned economic development leaders

Understanding that our commercial and industrial property owners needed a program to reduce operating costs, finance improvements and increase revenues

Growth from 15 to 23 member communities

Cooperation from regional partners including Cuyahoga County, Cleveland Cuyahoga County Port Authority, NOPEC

NEO ADVANCED ENERGY DISTRICT

2020 Membership



- | | | |
|-------------------|--------------------|----------------------|
| Bedford | East Cleveland | Parma |
| Bedford Heights | Euclid | Parma Heights |
| Berea | Fairview Park | Shaker Heights |
| Brook Park | Garfield Heights | Solon |
| Brooklyn | Lakewood | South Euclid |
| Brooklyn Heights | Independence | University Heights |
| Cleveland | Maple Heights | Warrensville Heights |
| Cleveland Heights | Middleburg Heights | |



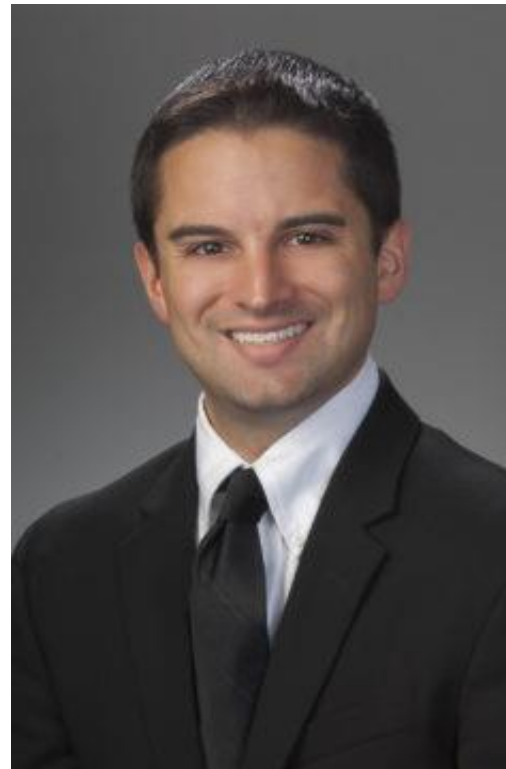
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Jeremy Druhot

Manager of Programming and Projects
Columbus-Franklin County Finance
Authority

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Delegated Municipal Approvals and ESID Approvals

Jeremy Druhot – Manager of
Programming and Projects

**Columbus-Franklin County
Finance Authority**





Columbus-Franklin County Finance Authority

Public agency providing creative and timely **financing solutions** for Columbus Region economic development projects.

Established in 2006 by Columbus City Council and the Franklin County Board of Commissioners.

Organized as a port authority under Ohio law.



Finance Authority Overview

- Partnering with economic developers, government entities and banks, the Finance Authority funds private, non-profit and public development projects. Project portfolio:
 - Public improvements;
 - Mixed-use projects;
 - Capital leases;
 - Energy efficiency retrofits and new builds
- Since 2006 facilitated over **\$2 billion** in financing
- Standard & Poor's **A- bond rating** for the Central Ohio Bond Fund



Columbus-Franklin County Finance Authority

Financing the Future of the Columbus Region

Energy Financing Program

In partnership with Franklin County's Energy Works program

**\$22 Million
Investment**

**\$1.4 Million
Annual Energy
Savings**

**32%
Average Utility
Bill Reduction**



Delegated Municipal Approvals



Delegated Municipal Approvals

In Ohio, each PACE project requires:

- 1) Participating lender PACE loan approval
- 2) City Council or Township Trustee Board approval
- 3) Energy Special Improvement District (ESID) approval

Approval timing

- City Council or Township – 1 to 2 legislation readings – 2 to 6 weeks (also submit to referendum)
- ESID - monthly



Delegated Municipal Approvals

- City of Columbus has most streamlined approval process in Central Ohio by **deferring authority** to administrative **staff** to approve individual projects.
- Following approval by the ESID, the project is sent for City staff review. Typical Columbus turnaround time is two weeks.
- While approval is deferred to the city administration, City Council must *legislate* the approval. Accomplished annually in single batch for all projects approved in that year.



ESID Approvals



ESID Approvals

- Every PACE project in Ohio requires approval by an Energy Special Improvement District (ESID). The ESID is comprised of one or more cities or townships.
- ESID meets monthly on a predetermined day and time.
- Board members have opted into a “proxy” voting system, enabling the member to cast a vote via another board member when unable to attend the meeting.



ESID Approvals

- As a result of COVID-19, the Ohio General Assembly granted public boards such as the ESID the authority to meet virtually.
- The ESID Board has met virtually since April, with increased Board participation and streamlined approvals.



Thank you

Jeremy Druhot

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Josh Campbell

Executive Director
Missouri Energy Initiative

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Standard vs. Non-Standard Projects

SHOW ME PACE
Clean Energy District



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www.ShowMePACE.org

Keys:
Effective
Efficient
Transparent

STANDARD VS. NON-STANDARD

Standard Projects are the equivalent of pre-approved projects by the Board that the administrator verifies and approves as the proxy of the Board.

Standard projects are approved within seven business days of SMP receiving a completed application.

Non-Standard projects are those that go beyond the prior agreed scope. These may still be approved by a special convening of the Board

Non-Standard projects are approved at next scheduled Board meeting

- 1) *under \$10 million*
- 2) *have a loan-to-value ratio of up to 90%*
- 3) *have a PACE loan-to-value ratio of up to 25%*
- 4) *utilize standard assessment contract*
- 5) *do not require Show Me PACE to engage in direct financing of the project*

Custom measures on commercial projects considered on a case-by-case basis

1. Projects Using Nonstandard document sets
2. Violate other standard application components
3. SMP will consider all retroactive C-PACE projects nonstandard and must be considered by the full board.

Can Still Be Approved

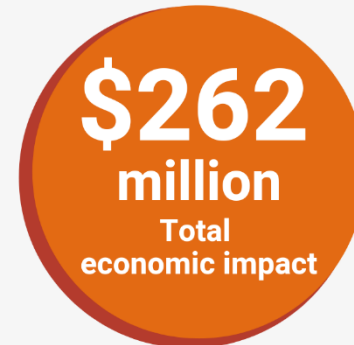
- Application is received
- Check list is completed
- Items outside the standard reviewed, researched and confirmed (mostly done prior to receiving application)
- If standard, application packet provided to counsel for review, then approved by administrator.
- If non-standard, application packet is provided to board for consideration.

Show Me PACE success

26 commercial PACE projects since 2015



Economic Impact 2015-2020



Providing Repayment delays from 6-24 months

SHOW ME PACE
Clean Energy District



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- **SMP Process requires collection certificates to be provided to District prior to Sept. 30th.**
 - Projects that close after Sept. 30th, roll collection into following year. This standard process automatically provides 15 months until first payment.
 - Interest does accrue during this time.
- **Capital Providers and Property can agree to delay repayment.**
 - Open to all projects
- **Why**
 - While interest accrues, property owner has months to reap savings from installations.
 - Business can pick up during that time frame.
 - Delayed payment allows owner to be more resilient to good months and bad.

SHOW ME PACE 15 Mo.

- Shopping Center
 - Windows, HVAC, Lighting, Roof
 - Project Closed Oct. 2017
 - First Payment Dec. 2018
 - PACE Assessment \$1.4 Million
- Hotel 27 Mo.
 - Windows, HVAC, Lighting, Roof
 - Project Closed Oct. 2017
 - First Payment Dec. 2019
 - PACE Assessment \$1.6 Million

CASE STUDIES

- Hotel/Condo 15 Mo.
 - Lighting, HVAC, Roof, Windows
 - Project Closed Nov. 2016
 - First Payment Interest Only 2016, First full payment Dec. 2017
 - PACE Assessment \$3.26 Million
- Mixed Use 31 Mo.
 - Lighting, Roof, Wall, Windows, Energy Recovery
 - Project Closed May. 2019
 - First Payment Dec. 2021
 - PACE Assessment \$4.1 Million

SHOW ME PACE

Administrator of Show Me PACE

The nonprofit Missouri Energy Initiative administers the Show Me PACE program



19 years of energy leadership
MEI Missouri Energy Initiative

MU Mizzou University of Missouri - Columbia

Bernhard Energy Solutions

MISSOURI BOTANICAL GARDEN

PLUMBERS & PIPEFITTERS LOCAL 562

ELECTRICAL CONNECTION.ORG SEWINGEA

Liberty Utilities

MRI Global

The Nature Conservancy

Bridging The Gap

Show Me Energy Connection

POLSINELLI

usbank

POWER MC

WATER & LIGHT

ITC Great Plains

CITY UTILITIES

Ameren FOCUSED ENERGY. For life.

ADM

MISSOURI SUN SOLAR

ROESLEIN INCORPORATIVE ENERGY

accenture High performance. Delivered.

igrene

spire

NorthStar

evergy

CONTINENTAL CEMENT

MISSOURI S&T University of Science & Technology

MEI Board Members Legacy Investors

Not Listed: Governor Bob Holden, Congressman Kenny Hulshof, Ron Wood



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Panelist



Jason Stringer

Business Development Director
Slipstream / PACE Wisconsin

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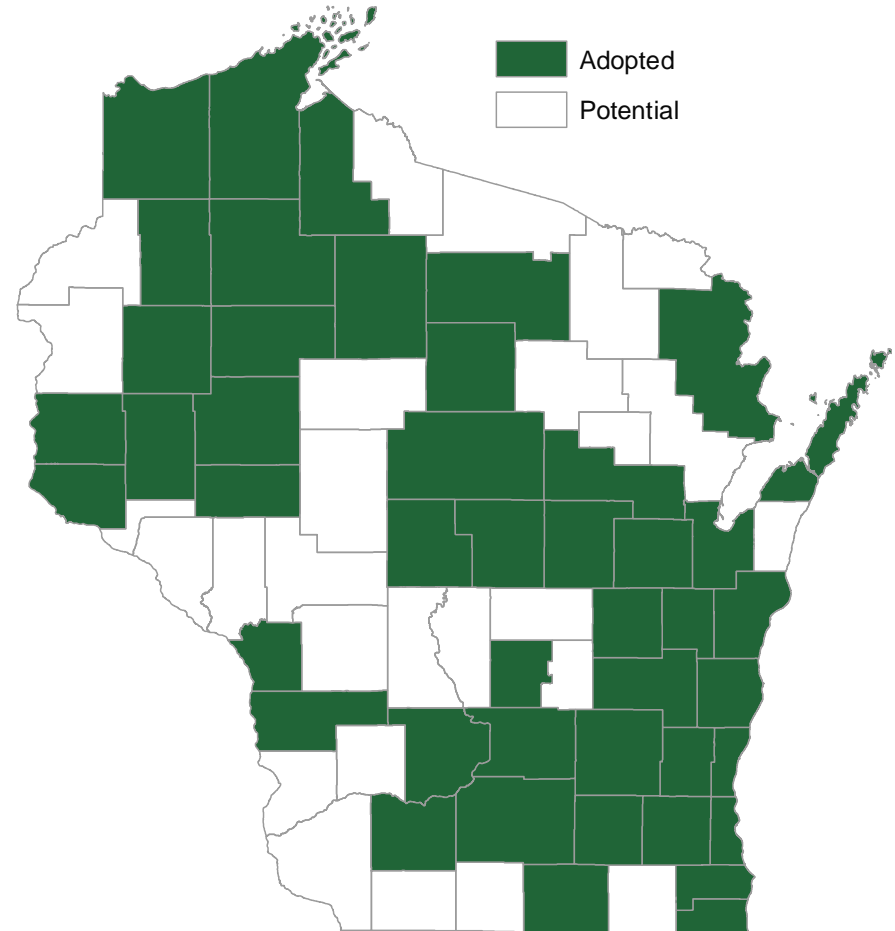
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C-PACE Programs



- **PACE Wisconsin**
Program administer for Wisconsin's statewide, open market C-PACE Program (Currently serving 45 Wisconsin counties)
- **IECA (Illinois)**
Providing back-end operations, the PACE Project Center Portal, application reviews, capital provider and contractor approvals, along with education and marketing.
- **Virginia PACE Authority**
Providing back-end operations, the PACE Project Center Portal, application reviews, capital provider and contractor approvals

- **Partnerships:** WI Counties Association, League of Municipalities, von Briesen & Roper, State Agencies & Local Governments.
- **Member Counties:** 45 Member Counties (90% of state population) joined the PACE Wisconsin program: WI PACE Commission – Joint Exercise of Powers Authority (JPA).
- **Uniform Approach:** PACE WI Board of Directors establish uniform program guidelines & transaction documents that are applied consistently across member jurisdictions and approves PACE transactions statewide.
- **Program Administrator:** Slipstream, Wisconsin not-for-profit, provides PACE WI program staff & perform key functions.
- **Open Market:** C-PACE financing available through participating capital providers.



Available Statewide



Program



Owner



Owner



Program



Owner



Owner



PACE
Capital
Provider



PACE
Capital
Provider



Owner



Installation
Contractor



Mortgage
Lender



PACE
Capital
Provider



PACE
Capital
Provider



Engineer



Mortgage
Lender



Installation
Contractor

Submit Final Application



Owner

Program Approval Process:

- Jurisdiction Approval based on Final Application and preliminary documentation
- Approval subject to resolving contingencies at or before closing.
- Administrator and legal counsel facilitate process

Requirements:

Application

Executed
Final
Application

Project Requirements

Energy
Assessment

Executed
Installation
Contract

Financing Requirements

Capital
Provider Offer
to Fund

Mortgage
Lender
Consent

Mortgage Loan
Statement

Property Information

Title
Report

Appraisal or
Assessment



PROJECT CENTER
powered by  slipstream

[Home](#) [Applications](#) [Documents](#) [Contractors](#) [Capital](#)

[Log Off: jstringer@slipstreaminc.org](#)

Welcome to the Slipstream Project Center. The Project Center enables you to submit an application for PACE financing for a new project, manage existing projects, and access Program Guidelines and related materials.

Links and explanations for Project Center functions follow:

[Log In](#)

Access to Project Center requires that [users establish credentials and login](#).

[Pre-Application](#)

Click here to verify PACE Project eligibility and begin a Pre-Application.

[Existing Applications](#)

Click here to access an existing application that is already underway, begin a Final Application, submit required completion documents and manage your PACE Project pipeline.

[Documents](#)

Click here to access documents such as program guidelines, lender consent forms, certain program agreements and other program templates.

[Contractors](#)

Click here to begin the contractor registration process. Professional services firms including contractors, installers, engineers and project developers are encouraged to register with the program.

[Capital Provider](#)

Click here to begin the PACE Capital Provider application process.

Project Center Offers:

- Application input
- Management of multiple applications
- Documentation and resources for applicants
- Capital Provider & Contractor registration and listing



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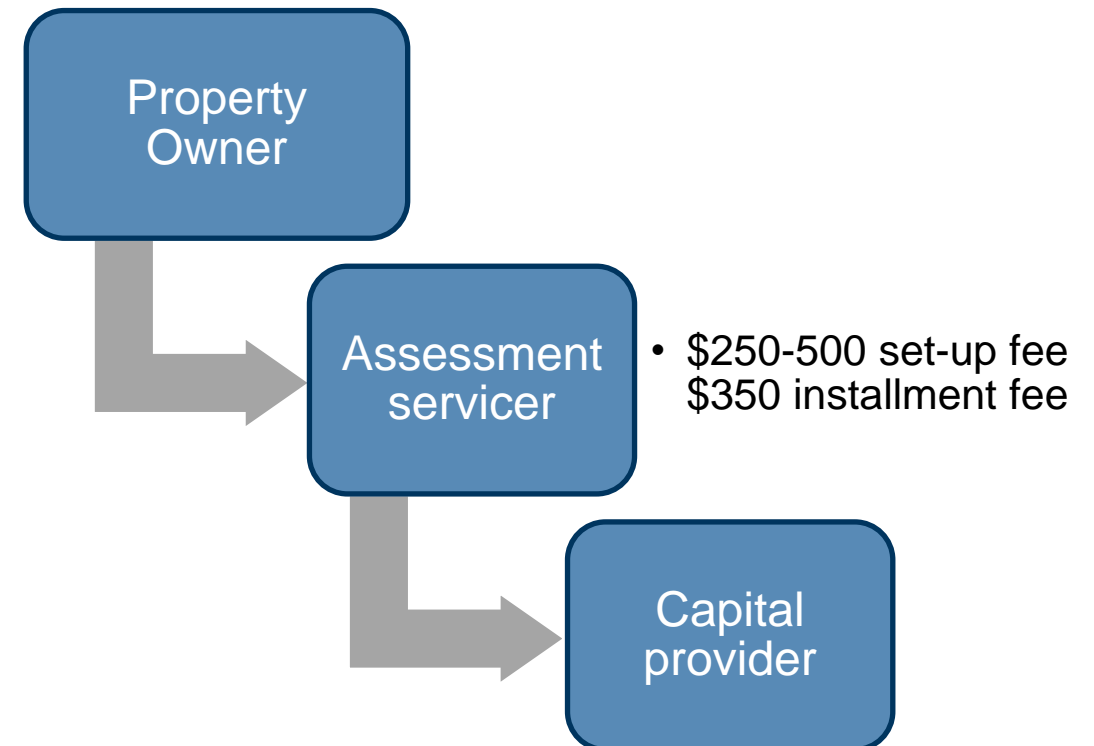
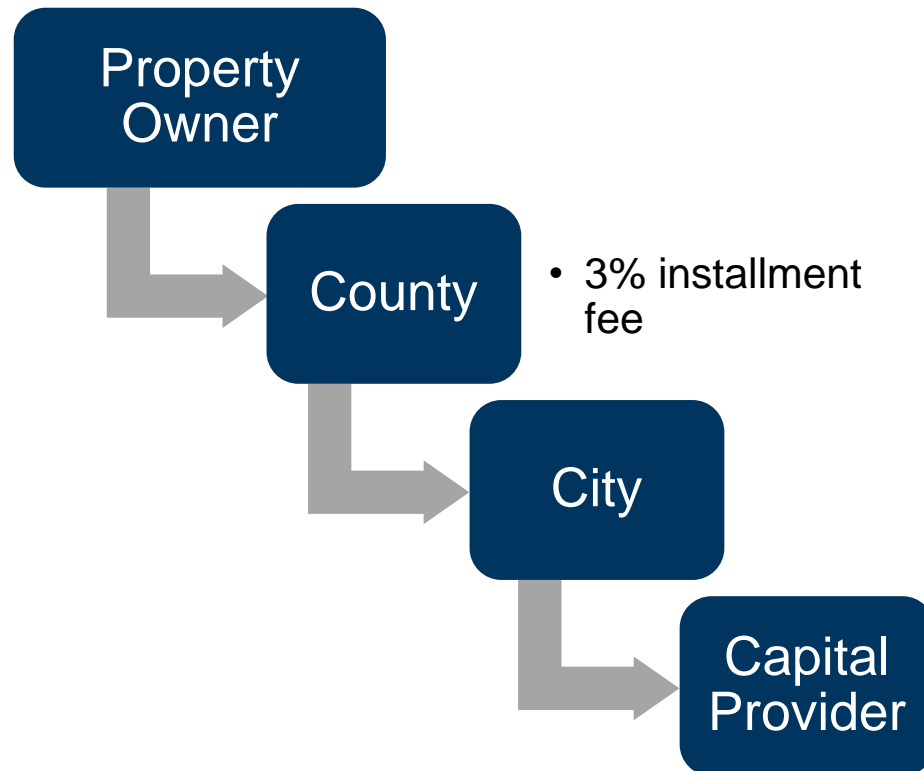
Colin Kalvas

Associate Attorney
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Ohio Third-Party Assessment Collection

- Cost efficiency
- Reduces collection fees imposed on assessments
- Not necessarily right for every county or borrower





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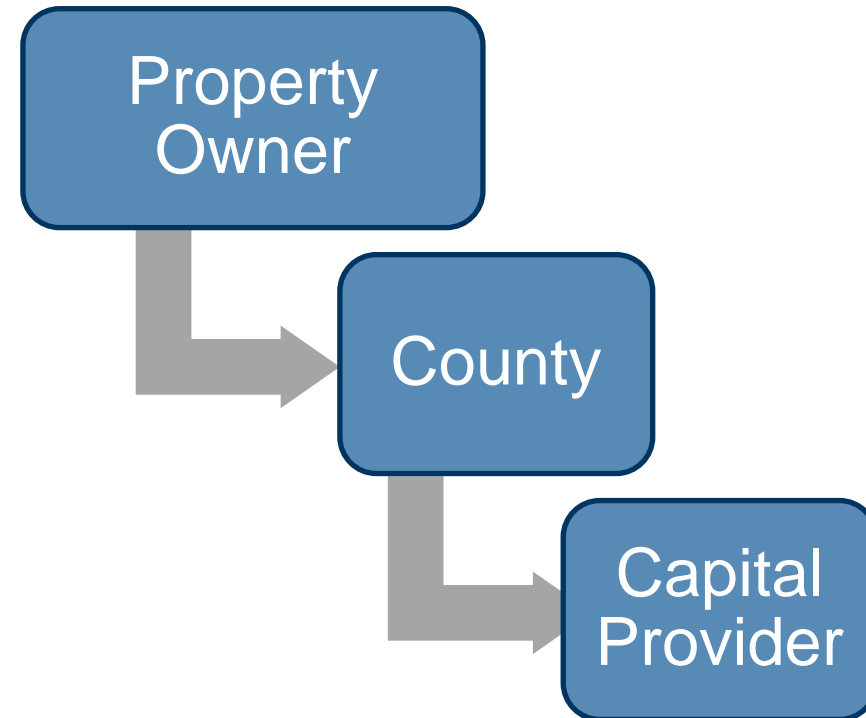
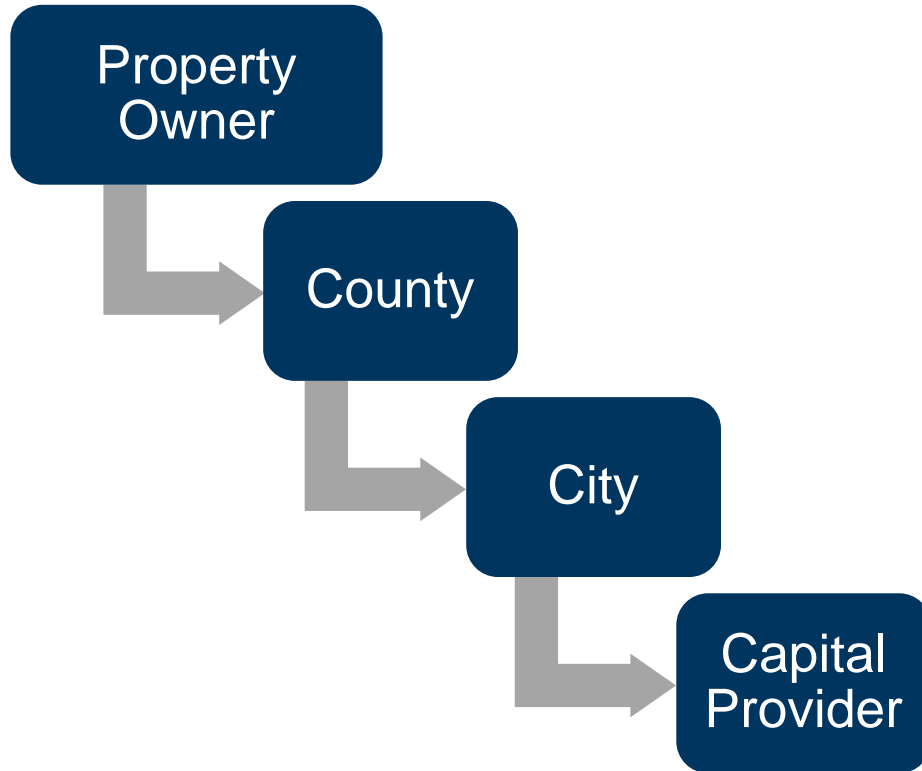
Streamlining the Flow of Funds



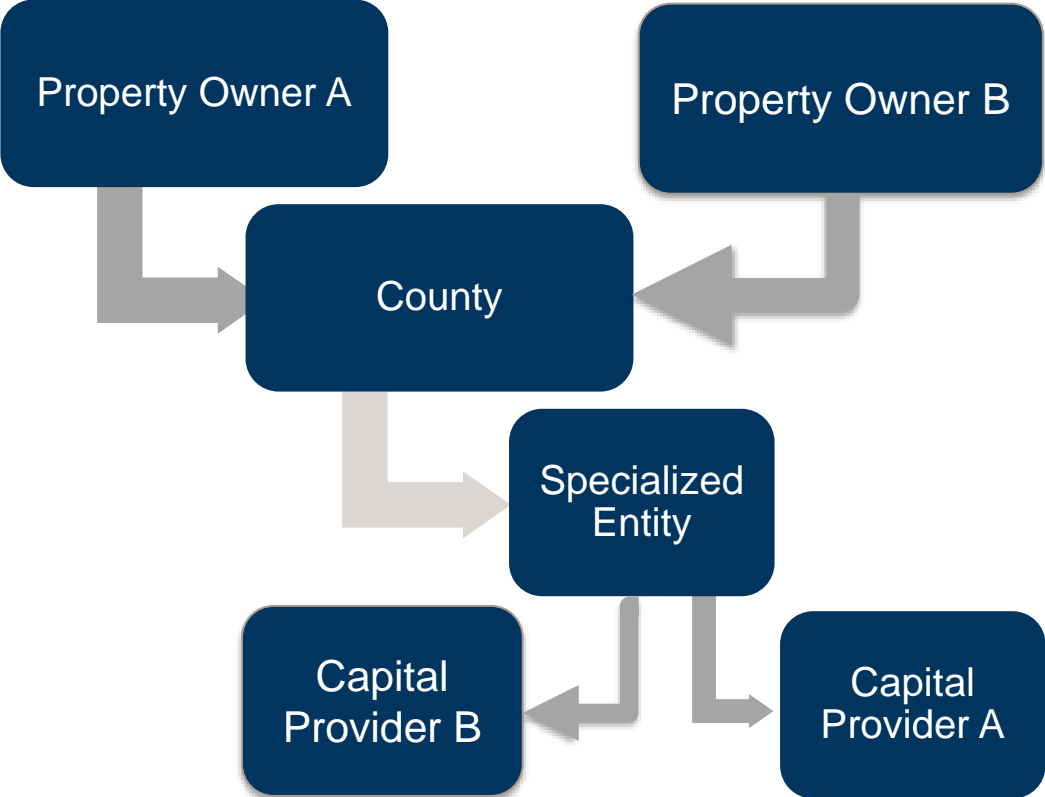
Direct Assessment Payments from County to Capital Provider

- Reduces the number of entities involved in the transfer of the special assessments to the capital providers
- Creates less work for local communities
- Potential cost savings
- At the discretion of the County

Single Project



PACE Program



Second Wave Capital Providers



Expanding Access to PACE

- Underserved segments of the market (geographic or project size/type)
- Potentially more focused approach to certain borrowers or locations
- Local banks
 - Heartland Bank
 - CenterBank
- Public or quasi-public entities

NOPEC PACE Program



- Loan program for member communities and participating property owners
- Footprint across northeast Ohio
- Capability includes smaller loan amounts and lending to local governments and nonprofits
- Able to leverage existing community ties
- PACE is just portion of overall enterprise

Jason Tiemeier



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Roundtable Discussion Topics

- **Lender Consent**
- **Collections/Servicing**
- **Lead Generation / Marketing / Website**
- **Reducing the Sales Cycle**
- **Retroactive PACE (Inducement)**
- **Accounting Treatment**
- **Partner Registration/Management (Contractors, Capital Providers, etc.)**
- **Application Process**
- **Fees/Budgets (Forecasting; Transparency)**
- **Database Management (SalesForce free for NPOs; data gathering/reporting)**
- **Program Guidelines (Clear and transparent)**
- **Local Government Approvals (Summer Session scheduling)**

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Audience Questions

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Questions?

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Audience Feedback

What other PACE Administration topics were not addressed in the discussion today that you would like to learn more about?

Chat Us! – on this webinar in the control panel
or
Email Me! – pmabe@cdfa.net

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Upcoming Events

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**CDFA Virtual
Summer School**

August 3-13, 2020
All-Online @ www.cdfa.net

REGISTER TODAY

The banner features a background image of a laptop keyboard and a yellow folder with two metal rings. The CDFA logo is positioned on the left side of the banner. The text "CDFA Virtual Summer School" is prominently displayed in large, white, outlined letters. Below it, the dates "August 3-13, 2020" and the website "All-Online @ www.cdfa.net" are listed. A yellow banner on the right side contains the text "REGISTER TODAY" in orange.

CDFA Federal Financing Webinar Series: Recovery Resources from the USDA

June 19, 2020

Intro Opportunity Zones Finance WebCourse

June 24-25, 2020

Register online at www.cdfa.net



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Upcoming Events



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Next in this Series:

Focusing on Sustainability Using PACE

July 14, 2020, 11:00 – 1:00 PM Eastern

Register online at www.cdfa.net



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