



C-PACE Transactions from Start to Finish

Thank you

for joining the conversation today. Send us your questions and comments!

Welcome

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



C-PACE Transactions from Start to Finish

Thank you
for joining the
conversation
today. Send us
your questions
and comments!



Stephanie Brewer

Coordinator, Programming
Council of Development Finance Agencies

See all of CDFA's resources online at www.cdfa.net/resources



C-PACE Transactions from Start to Finish

Legal Disclaimer

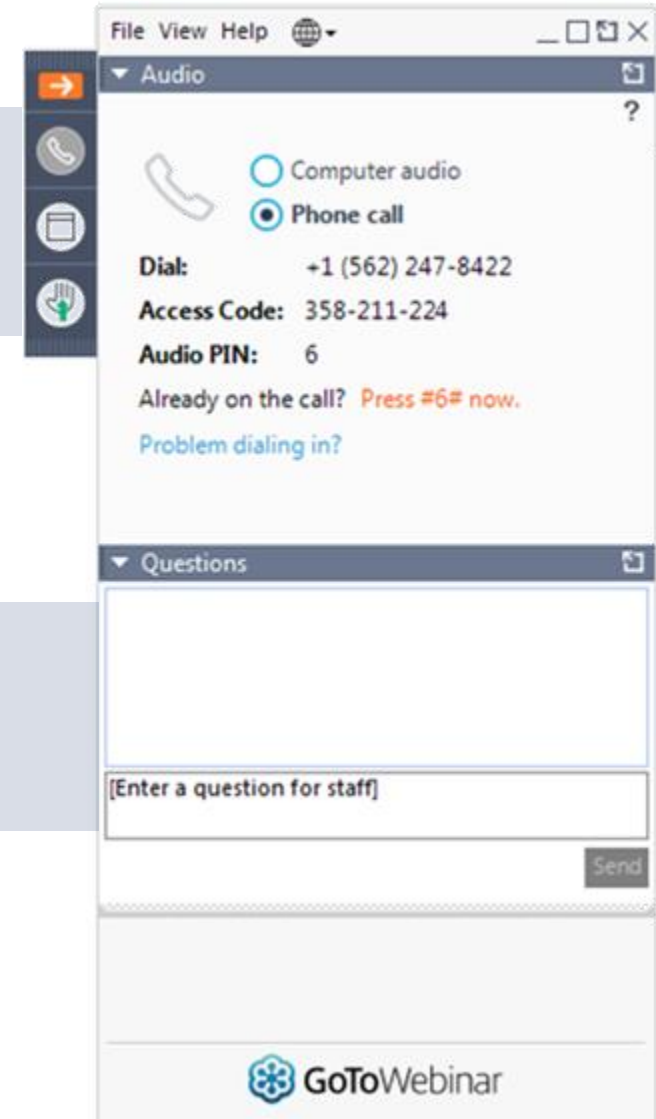
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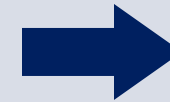
Using your telephone will give you better audio quality.



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Submit your questions to the panelists here.





C-PACE Transactions from Start to Finish

Moderator

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Caleb Bell

Partner
Bricker & Eckler LLP

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C-PACE Transactions from Start to Finish

Panelists



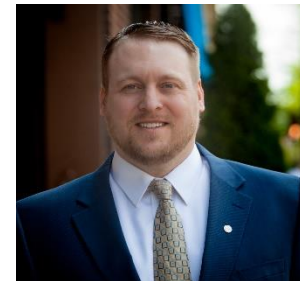
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Bricker & Eckler LLP



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Columbus-Franklin County
Finance Authority



Josh Hertzler

Operations Manager
Ohio PACE



Andrew Meyer

Director of PACE Financing,
Associate General Counsel,
Twain Financial Partners

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C-PACE Transactions from Start to Finish

Panelist



Josh Hertzler

Operations Manager
Ohio PACE

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**OHIO
PACE**

**C-PACE Transactions from Start to Finish
September 11, 2019**

AGENDA



Joshua Hertzler
PACE Operations Manager

- Outreach
- Application Process
- RFP Process
- Lender Selection
- Project Verifications
- Project Commencement
- Approval Process
- Post Closing
- Roadblocks
- Success Stories

WHO WE ARE



ohpace.org



Greater Cincinnati
**Energy
Alliance**

greatercea.org



kypace.org

Nonprofit Organization Facilitating Energy Efficiency

- Better Buildings Neighborhood Program Grant Recipient
- Promoted regional investment in energy efficiency for over a decade
- Residential Programs

Program Administrator

- OHIO PACE
- ENERGIZE KENTUCKY
- Facilitated 50 Projects totaling over \$50 million in PACE Financing

OUTREACH

Why is Outreach Important?

Contractor Education


- Contractor Training
- Registration

Property Owner Education

- Local Events
- Project Meetings

Local Outreach

- Local Governments
- Professional Memberships



SAVE THE DATE
Thursday, Oct 17

2019
Commercial
PACE in Action
Breakfast

The fastest growing financing tool in the country

CINTAS
CENTER

Thursday October 17
7:30am-9:30am

LIMITED SEATING



REGISTER TODAY
pace-in-action.eventbrite.com

CINCINNATI
Hilton Garden Inn \$1.7 million

NORWOOD
Central Parke Tower \$3.5 million

Learn the ropes from Commercial Property Owners across the region including:

- Philomena Ashdown**
Strauss Troy, Attorney
- Ryan Lucas**
Principal, Basis Companies
- Brady Melton**
Managing Partner, Green Harbor Holdings

OHIO PACE  **XAVIER**  **Terracon** **CINCINNATI 2030 DISTRICT**

APPLICATION PROCESS

Initial Eligibility

- Understanding a projects Initial Eligibility gives our program an understanding of the basics of the project

Qualification

- Who is the Property Owner
- Where is the project
- When is funding needed
- Does the Property Owner have a lender?

The image shows a screenshot of the 'INITIAL ELIGIBILITY FORM' for Ohio PACE Property Assessment Financing. The form is titled 'INITIAL ELIGIBILITY FORM' and is divided into several sections: 'Property Owner Contact Information', 'Property Information', 'Mortgage Lender Information', and 'Energy Project Information'. Each section contains various fields for data entry, including name, phone number, email, address, and property details. There are also checkboxes for property types and mortgage types. At the bottom, there are fields for 'Owner Name Printed' and 'Date', and a 'Signature' line. A note at the bottom states: 'NOTE: Submission of this Initial Eligibility Form does not constitute a commitment on the part of the applicant or the Energy Alliance to enter into a OHIO PACE Financing Agreement. NOTE: See additional information regarding existing Mortgage Lender Consent on page 2.'

OHIO PACE PROPERTY ASSESSMENT FINANCING

700 Walnut Street,
Suite 506
Cincinnati, OH 45202
Phone: (513) 562-4832

INITIAL ELIGIBILITY FORM

Property Owner Contact Information

Name: _____ Phone #: _____
Company: _____ Email: _____

Property Information

Full Legal Name of Property Owner: _____
Property Parcel Number(s) as listed with County: _____
Physical Street Address: _____
City / Township / Village: _____ County: _____ State: _____ Zip Code: _____
Property Type: Office Retail Multi-Family Mixed Use Industrial Hotel Non-Profit
Estimated MARKET VALUE of Property: _____

Mortgage Lender Information

Type of existing mortgage debt? None Bank SBA Mezzanine CMBS Other: _____
Mortgage Lender Name: _____ Current Principal Balance: _____

Energy Project Information

Estimated Energy Project Cost: _____

NOTE: An Energy Project Summary Form will be required when submitting an OHIO PACE Application. The Energy Project Summary Form will need to list each improvement type including documented energy savings or generation that will be listed on the registered OHIO PACE contractor's proposal. Ask your OHIO PACE representative or contractor for a copy of the Energy Project Summary Form.

Owner Name Printed: _____ Date: _____
Signature: _____

NOTE: Submission of this Initial Eligibility Form does not constitute a commitment on the part of the applicant or the Energy Alliance to enter into a OHIO PACE Financing Agreement.
NOTE: See additional information regarding existing Mortgage Lender Consent on page 2.


APPLICATION PROCESS

Application

- Provides additional project information
- Provides snapshot of business

Financial Information

- Balance Sheets
- P&L Statements
- Cash Flow Models
- Interim Financial Statements
- Appraisal



700 Walnut Street
Suite 508
Cincinnati, OH 45202
Phone: (513) 562-4632

Energy Project Application

The Ohio Property Assessed Clean Energy Program (OHPACE), administered by the Greater Cincinnati Energy Alliance, provides a finance mechanism for the installation of energy efficiency, renewable and conservation improvements. These assessments are permanently fixed to the eligible properties and petition for special assessments in accordance with ORC 1710 OH PACE program. For further information on eligibility, see OHPACE.org

Company Information

Company Name: _____
Street Address: _____
City/State/Zip: _____
Contact Person: _____
Title: _____
Office Phone: _____ Cell Phone: _____
Email: _____
Website: _____

Property Information

Full Legal Name of Property Owner: _____
Property Address (if different from above): _____
Property Parcel Number(s): _____
Market Value of Property: _____
Age of Appraisal: _____
If leased, does the building have tenants or sub-leases or is it leased to a related entity: _____

Mortgage Lender Information

Type of existing mortgage debt? _____
Mortgage Lender Name: _____
Current Principal Balance: _____
 Attachment: Copy of Most Recent Mortgage Statement


APPLICATION PROCESS

Energy Project Scope

- Qualify ECM Measures
- Improvement
- Useful Life
- Contractor
- Energy Savings

Supporting Documentation

- Contractor Contract
- Energy Savings Verification
- Spec Sheets
- Contractor Registration

 **OHIO PACE** | PROPERTY ASSESSMENT FINANCING

700 Walnut Street
Suite 506
Cincinnati, OH 45202
Phone: (513) 662-4832

ENERGY PROJECT SUMMARY FORM

Date: _____

Energy Project Name: _____
Parcel ID: _____
County/State: _____

	Improvement Description	Useful Life	Contractor*	Improvement Cost (\$)*	Baseline Energy Cost (\$)*	Projected Energy Savings (\$)*
1						
2						
3						
4						
5						
6						
TOTALS:						

Signature: _____ Date: _____
Owner Representative Name Printed: _____

*Contractor proposals need to be provided as back up documentation for the proposed line item.

Legend

Improvement Description: Short, high-level explanation of work to be performed. Example: Lighting, Cooling System, Heating System, Controls, Solar Electric, Elevator Upgrades, Roofing, Fans, etc.

Useful Life: Years of expected useful life of the improvement as documented by the manufacturer.

Contractor: OHIO PACE registered contractor under contract with property owner to do the work.

Improvement Cost: Amount of money to be borrowed through OHIO PACE to finance the improvements.

Baseline Energy Cost: Annual energy cost of pre-improved project. Example: If the improvement is to replace existing fluorescent lights with new LED lights, show the annual energy cost (in dollars \$) of the existing fluorescents.

Projected Energy Savings: The annual energy cost the improvement will save the property owner. If energy generation systems such as a Solar PV array are installed, list the annual energy generation dollar amount.

APPLICATION PROCESS

Lender Consent

- Work with client to educate Lenders
- Explain Lender lien position
- Provide form for Lender Consent
- Foster relationship for future projects

Consenting Banks

- Over 100 Banks providing consent
- Work with other programs to find lender contacts

OHIO PACE PROPERTY ASSESSMENT FINANCING

700 Walnut, Suite 600,
Cincinnati, OH 45202
513.621.4232
ohpace.org

CONSENT TO PACE SPECIAL ASSESSMENT
from
Existing Mortgage Lender

Existing Mortgage Lender: xx

Mortgage Lender Address: xx

Mortgage Loan Number: xxx

Parcel Number: xx

Parcel Address: xx

Legal Parcel Owner: xx

Local Government Taxing Jurisdiction: xx

Total PACE Loan Amount: xx

Total PACE Loan Term: xx

Total Amount of PACE Special Assessments for the Term: xx

This existing Mortgage Lender Consent to Special Assessment (the "Consent") is given by the undersigned entity (the "Mortgage Lender") with respect to the above-referenced mortgage loan (the "Loan") and the above-referenced property (the "Property"). Special assessments are authorized by local governmental taxing jurisdictions (the "Local Government").

CONSENT

The undersigned hereby represents that it is authorized to execute this Consent on behalf of the Mortgage Lender. The Mortgage Lender hereby confirms:

A. Mortgage Lender understands that the Property Owner intends to finance installation on the Property of certain energy efficiency and/or renewable energy improvements that will be permanently fixed to the Property by participating in the OHIO PACE financing program sponsored by the local government authorized to assess property taxes including voluntary PACE special assessments.

B. Mortgage Lender understands that, because of an agreement between the Local Government and the Property Owner, a Special Assessment will be levied on the Property, and that the Special Assessment will be collected in installments on the property tax bill in the same manner as and subject to the same penalties, remedies, and lien priorities as real property taxes.

RFP / LENDER SELECTION

RFP Requirements


- Dates
- Fees
- Financial Data

Funding Summary

- Term / Rate
- Prepayment
- Lender Fees

Selection of Lender

- Develop Relationship
- Signed Term Sheet



OHIO PACE PROPERTY ASSESSMENT FINANCING

OHIO PACE Funding Summary: Term Sheets

PACE Capital Comparisons For: Property Owner
 Project: OHIO PACE Project
PACE Lender Comparison
 Capital Request Amount: \$1,000,000

Lender	Term	Assumed Interest Rate (%)	Ap
Lender 1	25 Years	6.5 %	
Lender 2	25 Years	7.0%	

Process to OHIO PACE Financial Closing

1. Select PACE Capital Provider,
2. Sign OHIO PACE Commitment Agreement along with Commitment fee is returned to owner at time of P
3. OHIO PACE will begin coordination between the se of Cincinnati, Hamilton County, and Legal Counsel diligence to advance to an OHIO PACE closing.
 - (1) Total amount financed will include associated closing costs and calculated at time of closing.
 - (2) This annual payment is an estimate and will change once all fe assessment. Final assessment schedules will be created before
 - (3) Final interest rate terms defined on lender term sheets.
 - (4) Contingent on updated ground lease term of 30 years

Fee Structure

Annual Fees and Payments	
Payments per year	1 on 1/31
PACE District Admin Fee (Annual)	\$500
Service Collection Fee	1.5%
Closing Fees	
Program Administration Origination Fee	\$15,000
Legal Fee for Project Transaction and Opinion	\$20,000
PACE District Project Processing Fee (Closing)	\$900
Program Due Diligence Fees (estimated)	\$3,000
Cincinnati Administration Fee	\$10,000

Lender	Lender Pre-Payment Penalty
Lender 1	<i>The Assessment is fully pre-payable provided that a prepayment fee is paid equal to a yield maintenance premium through year 3, then 5% of the outstanding principal balance for year 4, 4% for year 5, 3% for year 6, 2% for year 7, and 1% thereafter.</i>
Lender 2	<i>5Yr Yield Maintenance, 0% thereafter</i>

Lender	First Payment	Estimated Closing Date	Origination Fee (%)	Lender Legal Fees
Lender 1	1/31/2019	09/01/2018	1.00%	\$5,000
Lender 2	01/31/2019	09/01/2018	1.00%	\$5,000

PROJECT COMMENCEMENT

Engage Bricker & Eckler

- Provide Project Details
- Prepare Closing Timeline
- Develop Action Items

Manage Stakeholder Calls

- Kickoff
- Progress Calls

Engage Local Government

- Timing
- Project Details
- Collection Type

Pace Special Assessment Approval Overview

1. 3/20- PACE Project documentation submitted to legal counsel: **Estimated Wednesday March 20, 2019**
 - Project documentation sent to Bricker and Eckler for legal document creation
2. 3/29 - Legal documents draft completed for review: **Estimated Friday March 29, 2019**
 - Initial draft documents received by Stakeholders
 - Lender and Borrower review documents
3. 5/2 - Legal documents approved: **Estimated Thursday May 2, 2019**
 - All parties approve documents as substantially final for submittal to Local Government
4. 5/3 - Approved legal documents sent to City of Norwood: **Estimated Friday May 3, 2019**
 - Approved substantially final documents are sent to City of Norwood for review
5. 5/6 - Energy Special Improvement Board Meeting held called: **Estimated Monday May 6, 2019**
 - Written Lender Consent must be received from Borrower's bank prior to this step.
 - ESID Board Packets distributed to all board members
 - Notifications sent out to board members for meeting time and date
6. 5/7 - Final, signed petition and supplemental plan submitted to Local Government: **Estimated Tuesday May 7, 2019**
7. 5/13 – Energy Special Improvement Board Meeting held: **Estimated Monday May 13, 2019**
 - Board Approves project
8. 5/14 - Local Government reading: **Estimated Tuesday May 14, 2019**
 - Local Government first reading of all documents and assessment legislation
 - Local Government final approval of all documents and assessment is recorded on property schedule
9. 5/22 – PACE Project Closing: **Estimated Wednesday May 22, 2019**
 - All parties and counsel conduct loan closing

PROJECT VERIFICATION

Verify PACE Scope

- Installed Measures
- Savings Requirements
- Qualifies for PACE

Verify Project Information

- Parcel
- Legal Property Owner
- Lender Consent

Verify Fee Structures

- Lender Fees
- Other Fees

COMcheck Software Version 4.0.8.2
Envelope Compliance Certificate

Project Information

Energy Code: 90.1 (2010) Standard
Project Title: Retail | Cincinnati, Ohio
Location: 4a
Climate Zone: New Construction
Project Type: 45%
Vertical Glazing / Wall Area:

Construction Site: Cincinnati, OH 45209
Owner/Agent:
Designer/Contractor:

Building Area **Floor Area**
1-gf (Retail) : Nonresidential 6837

Envelope Assemblies

Assembly	Gross Area or Perimeter	Cavity R-Value	Conf. R-Value	Proposed U-Factor	Budget U-Factor
Roof 1: ABC Roof with Wood Joists, (Bldg. Use 1 - grf)	695	13.0	0.0	0.081	0.027
Floor 1: Slab-On-Grade/Unheated, Horizontal with vertical 2 ft, (Bldg. Use 1 - grf) (c)	6142	---	22.0	0.044	0.048

ENERGY CONSUMPTION SUMMARY
By Engineering Firm

	Elect. Cons. (kWh)	Gas Cons. (kBtu)	% of Total Building Energy	Total Building Energy (kBtu/yr)	Total Source Energy* (kBtu/yr)
Alternative 1					
Primary Heating		23,055	99.0 %	23,055	24,288
Primary Cooling			0.0 %	0	0
Other Htg Accessories		23,055	99.0 %	23,055	24,288
Heating Subtotal					
Primary Cooling					
Coilng Compressor	4,482		25.8 %	15,228	45,688
Tower/Cond Fans	312		1.8 %	1,054	3,191
Condenser Pumps			0.0 %	0	0
Other Cg Accessories	172		1.0 %	595	1,758
Cooling Subtotal...	4,865		26.4 %	16,877	50,636
Accessory					
Supply Fans	1,787		15.3 %	6,099	18,298
Pumps			0.0 %	0	0
Stand-alone Base Utilities			0.0 %	0	0
Aux. Subtotal...	1,787		15.3 %	6,099	18,298
Lighting					
Lighting	3,820		22.1 %	13,035	36,113
Receptacle			0.0 %	0	0
Receptacles			0.0 %	0	0
Cogeneration			0.0 %	0	0
Cogeneration			0.0 %	0	0
Totals**	10,551	23,055	100.0 %	59,067	132,316

Envelope Compliance Statement

Compliance Statement: The proposed envelope design rep specifications, and other calculations submitted with this report designed to meet the 90.1 (2010) Standard requirements in mandatory requirements listed in the Inspection Checklist.

Envelope PASSES: Design 9% better than code

* Note: Resource Utilization factors are included in the Total Source Energy value.
** Note: This report can display a maximum of 7 utilities. If additional utilities are used, they will be included in the total.

Project Name: PACE Project
Database Name: 10019 PACE.TXC

TRACER 700 v5.3.4 calculated at 12:27 PM on 9/3/2019
Alternative - 1 - Energy Consumption Summary report page 1

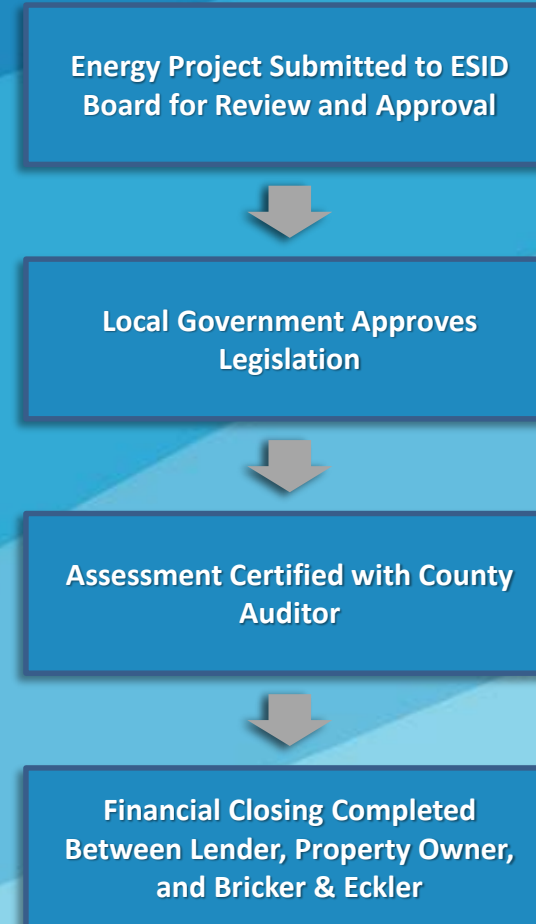
APPROVAL PROCESS

Special Improvement District

- Schedule Meetings
- Project Verification
- Stakeholder Coordination

Local Government

- Project Information
- Approval Process
- Timing
- Attend Meetings



POST CLOSING

Approve Disbursements

- Verify Invoices
- Site Visit

Compile Energy Data

- Reporting
- Social Impact

Monitor Payments

- Verify Receipt



Closed PACE Project Payment Details

PACE District	Record Count
Campbell County EPAD	2
CITY OF BLUE ASH, OHIO ENERGY SPECIAL IMPROVEMENT DISTRICT, IN...	3
CITY OF CINCINNATI, OHIO ENERGY SPECIAL IMPROVEMENT DISTRICT...	13
City of Covington EPAD	2
City of Hillview EPAD	2
CITY OF NORWOOD, OHIO ENERGY SPECIAL IMPROVEMENT DISTRICT, ...	4
COLUMBUS REGIONAL ENERGY SPECIAL IMPROVEMENT DISTRICT, INC.	1
Eastern Suburban Communities Energy Special Improvement District, Inc	2
Morgan County EPAD	1

[View Report \(Closed PACE Project Payment Details\)](#)

Closed Won by ESID

PACE District	Record Count	Sum of Loan Amount Requested
Campbell County EPAD	2	\$93.43k
CITY OF BLUE ASH, OHIO ENERGY SPECIAL IMPROVE...	3	\$282.91k
CITY OF CINCINNATI, OHIO ENERGY SPECIAL IMPRO...	13	\$14.42M
City of Covington EPAD	2	\$5.19M
City of Hillview EPAD	2	\$2.19M
CITY OF NORWOOD, OHIO ENERGY SPECIAL IMPRO...	4	\$4.35M
COLUMBUS REGIONAL ENERGY SPECIAL IMPROVEM...	1	\$86.00k
Eastern Suburban Communities Energy Special Impro...	2	\$6.35M
Morgan County EPAD	1	\$295.00k

[View Report \(Closed Won by ESID\)](#)

Energy Special Assessment Payments

PACE District	Record Count	Sum of Payment Amount
CITY OF BLUE ASH, OHIO ENERGY SPECIAL IMPROVEME...	6	\$77.36k
CITY OF CINCINNATI, OHIO ENERGY SPECIAL IMPROVE...	5	\$392.62k
City of Covington EPAD	1	\$750.00k
CITY OF NORWOOD, OHIO ENERGY SPECIAL IMPROVEM...	4	\$189.58k
SUBURBAN COMMUNITIES ENERGY SPECIAL IMPROVE...	10	\$824.55k

[View Report \(Energy Special Assessment Payments\)](#)

ECM's: New Construction

PACE District: Account Name	Sum of Improvement Cost	Record Count
CITY OF CINCINNATI, OHIO ENERGY SPECIAL IMPROVE...	\$8M	8
City of Covington EPAD	\$4M	9
City of Hillview EPAD	\$1M	1
UNION TOWNSHIP, OHIO ENERGY SPECIAL IMPROVEME...	\$1M	1

[View Report \(ECM's: New Construction\)](#)

ECM's: Retrofit / Gut Rehab

PACE District: Account Name	Sum of Improvement Cost	Record Count
Campbell County EPAD	\$86k	4
CITY OF CINCINNATI, OHIO ENERGY SPECIAL IMPROVE...	\$5M	23
City of Covington EPAD	\$750k	4
CITY OF NORWOOD, OHIO ENERGY SPECIAL IMPROVEM...	\$2M	4
COLUMBUS REGIONAL ENERGY SPECIAL IMPROVEMENT...	\$71k	4
Eastern Suburban Communities Energy Special Improve...	\$6M	12
Morgan County EPAD	\$831k	1
SUBURBAN COMMUNITIES ENERGY SPECIAL IMPROVE...	\$6M	27

[View Report \(ECM's: Retrofit / Gut Rehab\)](#)

ROADBLOCKS

Property Owner Issues - Outreach

- True Property Owner not applying for PACE
- Getting Legal Property owner to agree to PACE

Property Issues - Initial Eligibility

- Wrong Parcel selected for assessment
- Additional parcels added to assessment

Project Funding Issues - Application

- Owner did not have adequate financial information
- Worked to find lender that would underwrite project

Lender Consent Issues - Verification

- Senior Lender not authorizing PACE
- Property Owner selected new Senior Lender

ROADBLOCKS

Energy Savings Issues - Verification

- Code Requirement Issues
- Changing analysis to use proper code

Timing Issues - Local Government

- Local Government Summer Recess
- Worked with stakeholders to expedite approvals

Payment Issues - Post Closing

- Payment not certified by County in error
- Worked with County and Local Government to correct payment issue

PACE SUCCESS STORIES



Energy Improvements

- Building Envelope
- Elevator
- HVAC
- LED Lighting

Energy Improvements

- Roof
- Windows
- Doors
- Insulation



QUESTIONS?

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PACE Operations Manager
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ohpace.org



Greater Cincinnati
**Energy
Alliance**

greatercea.org



kypace.org



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Panelist

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Jeremy Druhot

Manager of Programming and Projects
Columbus-Franklin County Finance Authority

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PACE From Start to Finish

Jeremy Druhot – Manager of Programming
and Projects

**Columbus-Franklin County
Finance Authority**

September 11, 2019



Contents

- Overview of the Finance Authority
- Overview of our PACE program
- PACE process from start to finish
- Case studies and discussion





Overview of the Finance Authority

The Columbus-Franklin County Finance Authority is a public agency that provides creative and timely financing solutions for economic development projects in Central Ohio. We were established in 2006 by legislative action of the Columbus City Council and the Franklin County Board of Commissioners and are organized as a port authority under Ohio law.



Overview of the Finance Authority

- In partnering with economic developers, government entities and banks, the Finance Authority provides creative funding options for projects in the private, non-profit and public sectors. Our portfolio of projects includes:
 - Public improvement projects
 - Mixed-use properties
 - Capital leases
 - Energy efficiency improvements
- In business for over 10 years, the Finance Authority has facilitated more than \$2 billion in financing and has an A- bond fund rating from Standard & Poor's Rating Services for our Central Ohio Bond Fund



Columbus-Franklin County Finance Authority

Financing the Future of the Columbus Region

PACE Program

In partnership with Franklin County's Energy Works program

- Investment to date: over **\$17 million**
- Annual energy cost savings: over **\$1.2 million**
- Average utility bill reduction: over **38%**
- Utilizes PACE (Property Assessed Clean Energy)
- **100% financing** of project, off balance sheet

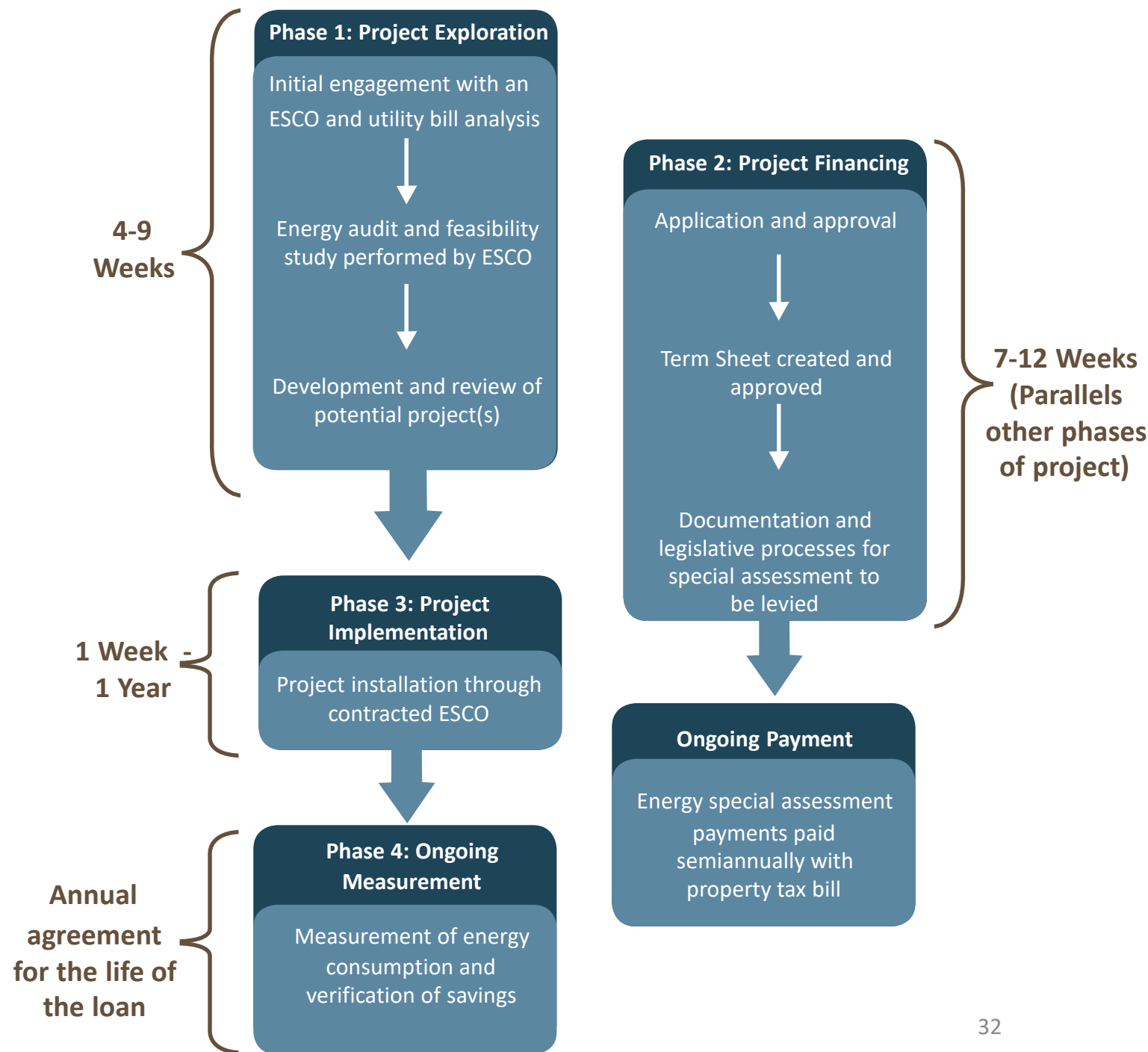


Overview of the PACE Program

- Program available since 2015 with introduction of Energy Works
- Financing amount within Franklin County can be between \$200,000 to \$6 million or more. Per funding restrictions, projects outside of Franklin County must be at least \$2 million.
- Up to 100% financing of project costs
- Fixed, market rate financing up to 20 years or more
- Open market



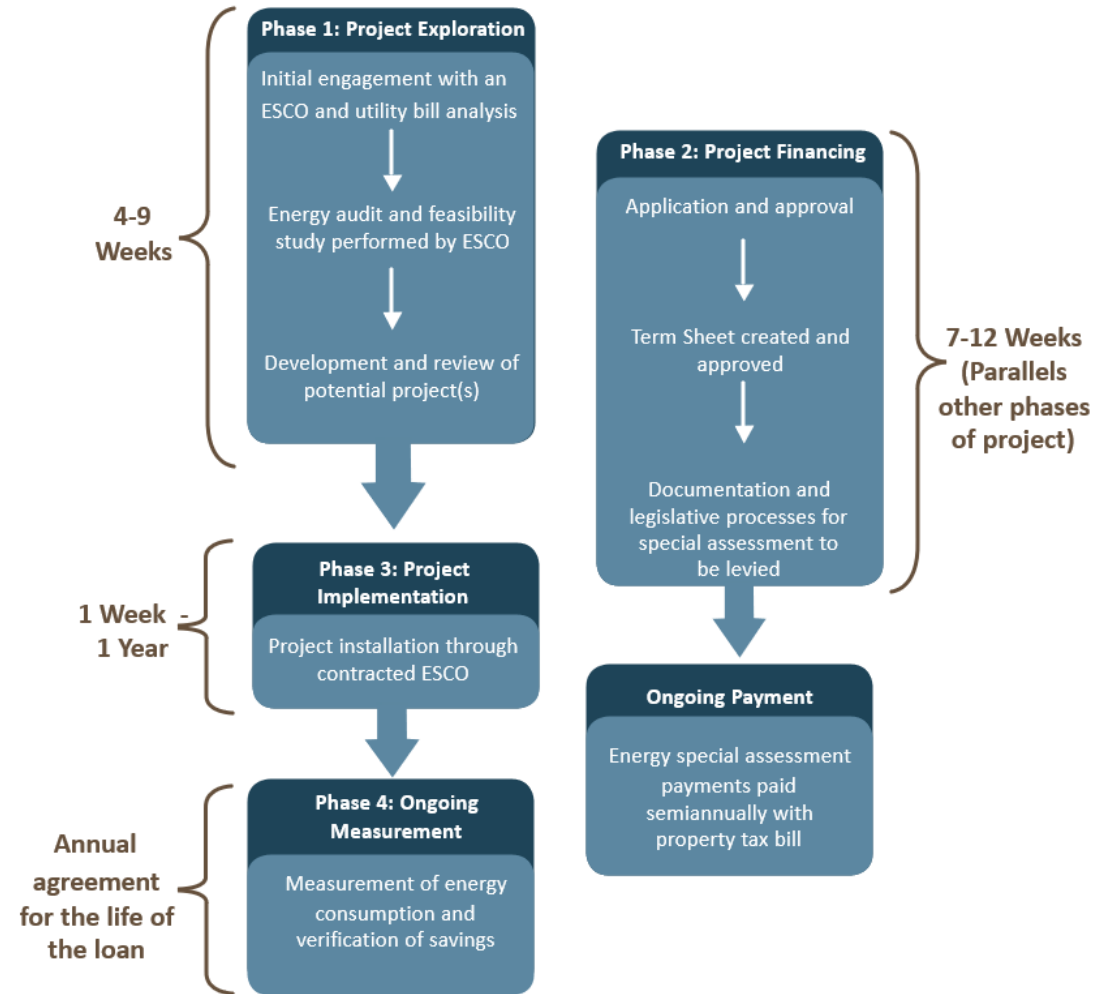
Estimated Project Process and Timeline





Phase 1: Project Exploration

- Finance Authority learns of project
 - Referrals, one-on-one meetings, website and social media outreach
- Owner seeks ASRHAE level 2 energy audit (or equivalent) and prepares underwriting documents
- Energy scope vetted for PACE eligibility
 - **Retrofit:** replacements are more efficient
 - **New build:** improvements are more efficient than building code
 - **Renewable energy** always qualifies





Eligible Improvements (Non-exhaustive)

Heating and Cooling

- High efficiency HVAC
- Building envelope – including “cool roofs”
- Steam systems – heat and industrial usage – boilers
- Compressed air
- Refrigeration systems
- Solar hot water heaters
- Ground source heat pumps – geothermal HVAC
- District heating and cooling systems

Electricity Improvements

- LED lighting
- Energy management systems and controls – including metering

Renewable Energy

- Solar-photovoltaic
- Solar-thermal
- Geothermal
- Customer-generated energy (wind, biomass, or gasification)

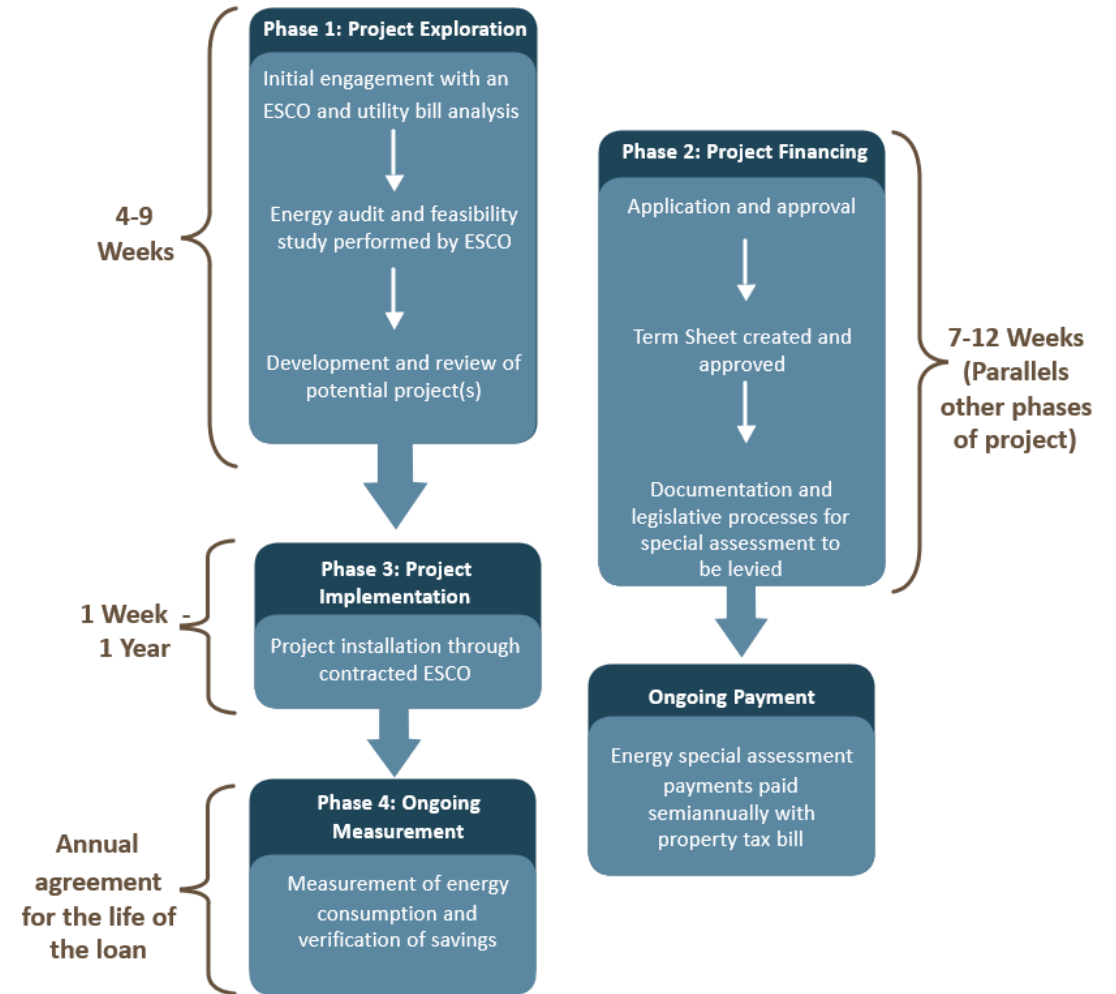
Energy Distribution Technologies

- Waste energy recovery: power generation, absorption chillers, process reviews
- Fuel cells
- Renewable power generation: methane gas, biomass, wind, solar PV
- Combined heat and power systems – microturbines – cogeneration
- Electrical distribution – power factor correction, transformer replacement
- Water conservation measures or reduced flow – (must be able to calculate accompanying energy savings)



Phase 2: Project Financing

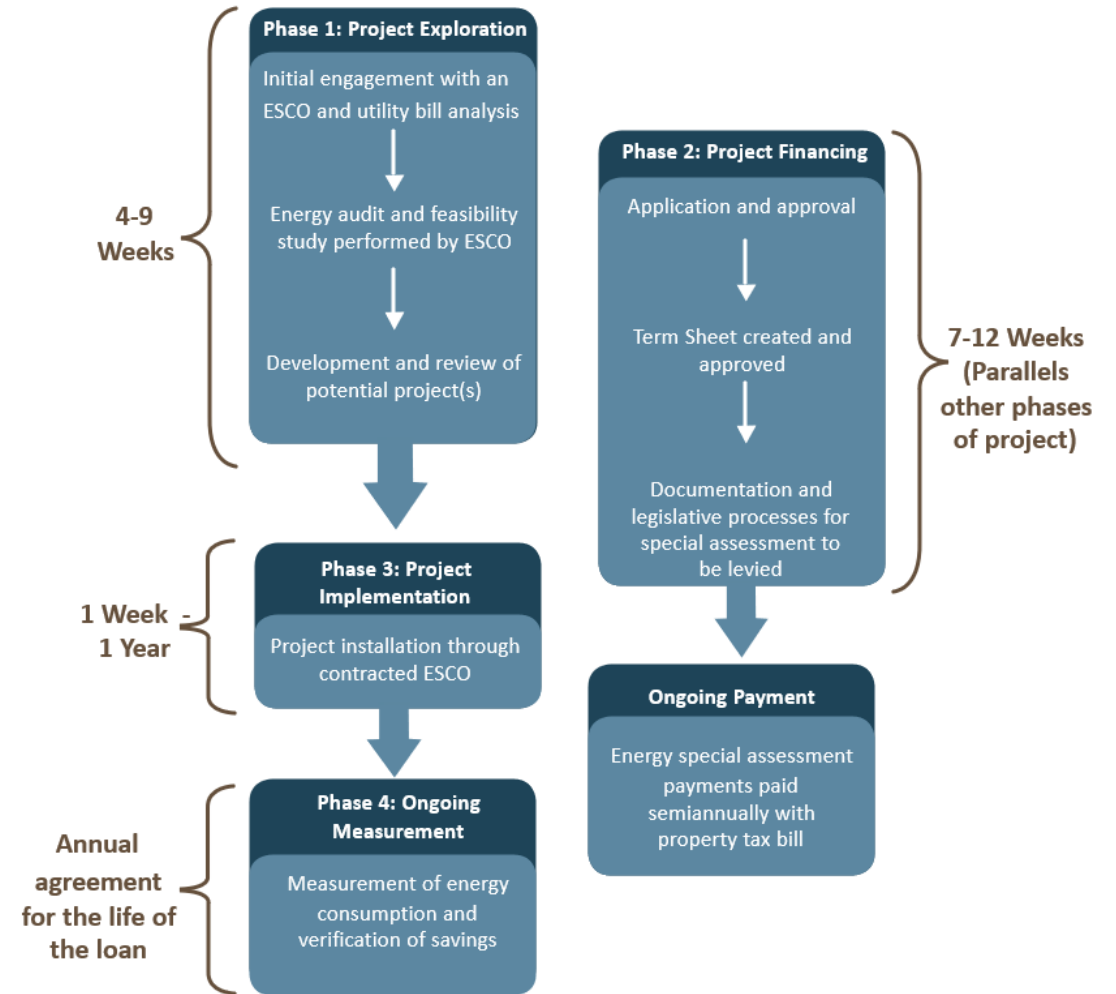
- Property owner submits underwriting documents, application, and final energy audit
- Term sheet created in approximately one week
- Upon signing, closing financing takes approximately 7-12 weeks
 - Timeframe influenced by source of capital and location of project





Phase 2: Project Financing

- Approvals sought
 - Finance Authority board, Energy Special Improvement District (ESID) board, and local jurisdiction's City Council or Board of Trustees
- Formal mortgage lender consent sought
 - Verbal or informal consent sought before executing term sheet
- Ongoing payment
 - Special assessments collected twice per year. Assessments collected by County and rerouted to Finance Authority





Energy Special Improvement District (ESID)

- ESIDs are special improvement districts that are permitted to participate in PACE projects
- They can be formed by a municipality, township, or a collection of adjoining communities. They are governed by a common non-profit corporation. Locally, this is the Columbus Regional Energy Special Improvement District
- While more communities can join, the Columbus Regional ESID is currently comprised of Columbus, Worthington, Dublin, Whitehall, Hilliard, Perry Township, Grove City, and Bexley



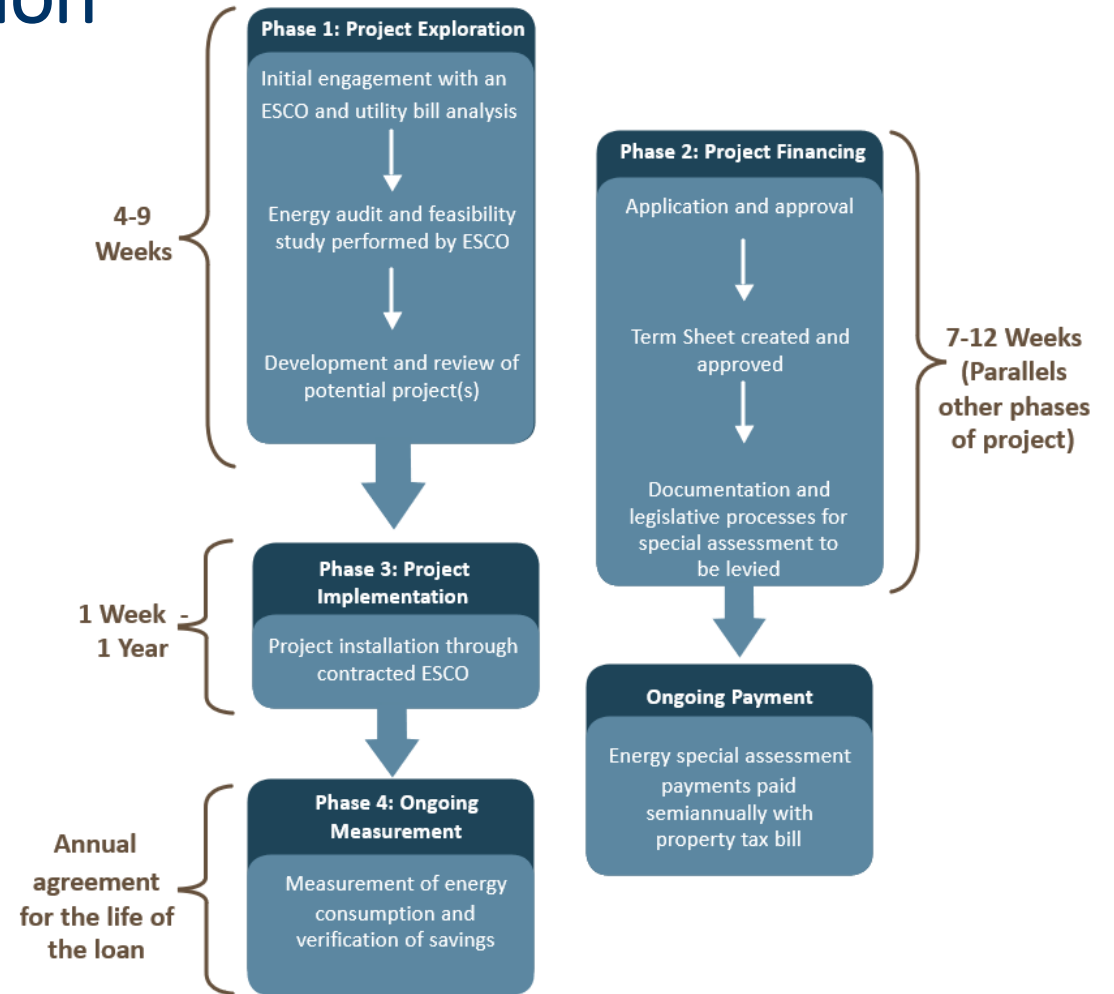
What role does local government play in the ESID and PACE?

- City councils levy PACE special assessments through legislative action
- As a property owner pays for PACE financing through their property tax bill, the funds are rerouted to the Finance Authority
- As a PACE transaction is finalized, the PACE project's parcel joins the ESID. The jurisdiction's executive and legislative arms each elect one representative to the ESID (this can be the same person)
- Board management and audit responsibilities



Phase 3: Project Implementation

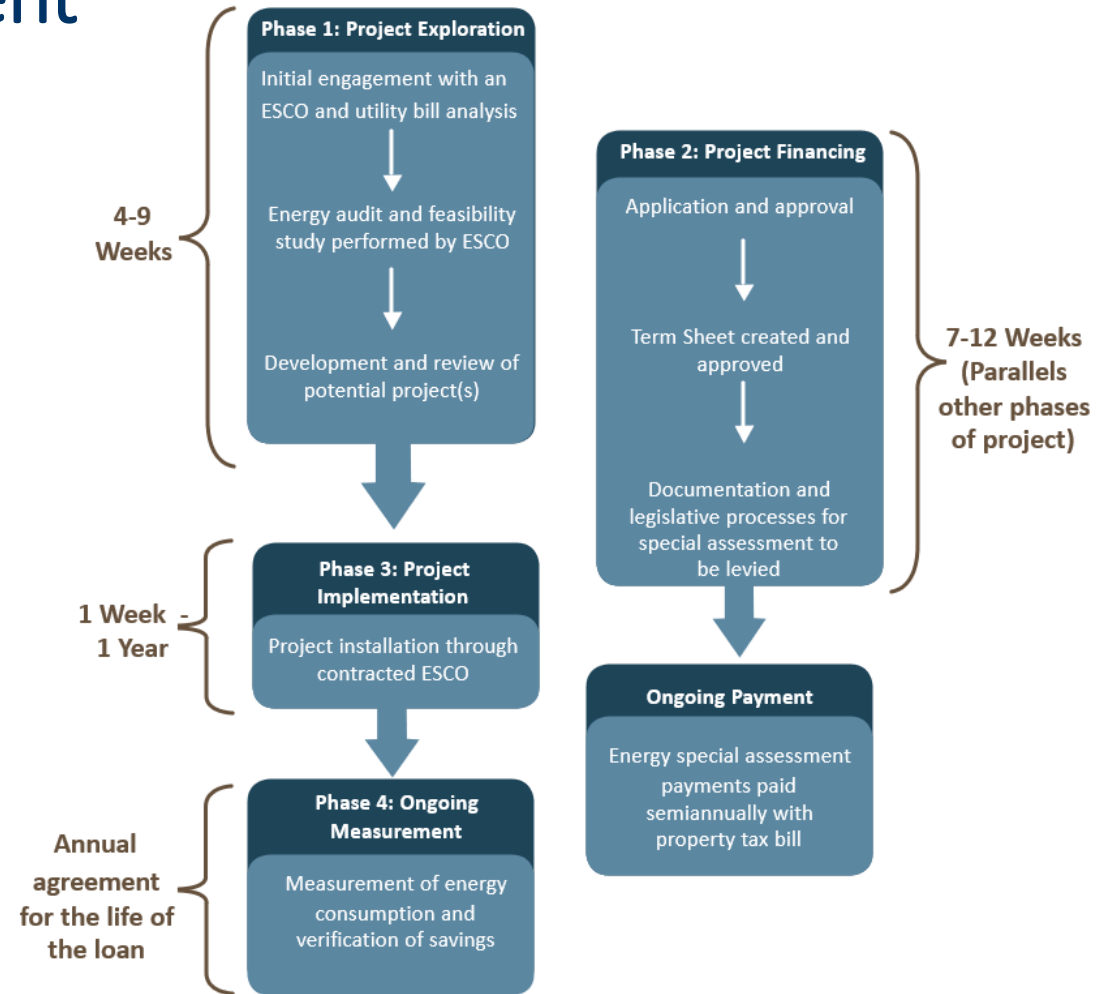
- Upon closing, 100% of project funds are made available for the PACE upgrades. These are drawn as costs are incurred
 - Can reimburse property owner for costs paid or pay outstanding invoices directly
- AIA forms, lien waivers, invoices, and other evidence of PACE-eligible expenses
- Importance of maintaining approved budget
- Periodic site visits





Phase 4: Ongoing Measurement

- Ohio PACE statute does not require ongoing measurement. Collecting it is a programmatic decision.
- At the Finance Authority, for certain projects we collect annualized utility bill data





First Steps in Summary

1. Schedule an initial meeting or phone call with the Finance Authority to discuss the process and eligibility
2. Determine needed improvements, cost estimates, and energy savings through an ASHRAE II energy audit
3. Arrange a site visit and facility walkthrough with the Finance Authority and the ASHRAE II energy auditor
4. Complete the application form on the Finance Authority's website which includes three years of business financials, current year budget, and other due diligence items



PNC Plaza

Retrofit

- **Financing:** \$3.3 million
- **Energy Savings:** \$199,000 annually
- **Upgrades:** Lighting, roofing, domestic water supply pumps, energy controls





Trivium Worthington

Rehabilitation

- **Financing:** \$325,000
- **Savings:** \$37,000 annually
- **Upgrades:** Lighting, HVAC





Trivium Grove City

New build construction

- **Financing:** \$448,500
- **Energy Savings:** \$59,000 annually
- **Upgrades:** Building automation system, domestic hot water heater, roofing, walls, windows, LED lighting, HVAC





Thank you

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C-PACE Transactions from Start to Finish

Panelist



Caleb Bell

Partner
Bricker & Eckler LLP

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Legal Issues In PACE Financing

J. Caleb Bell

Partner

Bricker & Eckler



Bricker & Eckler
ATTORNEYS AT LAW

PACE Legal Issues

Legal Issues Are All In Acronym

PACE

- Property, meaning that the financing mechanism improves real property and is secured with an interest in real property
- Assessed, meaning that the financing mechanism is paid for with special assessments
- Clean Energy, meaning energy efficiency and alternative energy improvements are eligible for financing



Special Assessments



Special Assessments are:

- governmental charges
- not taxes
- imposed on real property near an improvement
- used to pay the costs of improvement
- imposed in recognition of the “special benefit” received
- collected like real property taxes

Special Assessments



Special assessments are traditionally imposed for “public use” improvements.

Examples:

- Roads
- Sidewalks
- Lighting improvements

The “public use” element is fundamental to the use of governmental power to lien property.

The “public use” element requires extensive due process, including notices and hearings.

PACE Assessments

PACE assessments are special assessments that use existing or modified special assessment laws.

PACE assessments fund private improvements.

State PACE laws conclude that private energy conservation is a “public good.”

PACE is 100% voluntary.

Due process concerns with assessments are modified or reduced.



PACE Programs

PACE assessments often require the creation of districts or programs.

PACE Authorities, PACE Districts, ESIDs, EPADs, Port Authorities

Programs may require:

- formation of a separate legal entity
- articles, codes, board representation
- audits
- validations
- corporate action items



PACE Approvals



PACE approvals are typically legislative approvals:

- City Councils
- County Commissioners
- Township Trustees

PACE approvals can involve delegation of approval authority to a single official:

- City of Omaha, Nebraska
- City of Columbus, Ohio

Perfecting a PACE assessment may involve notices, recording, certification to tax collectors, or special billing.

PACE Documents



The typical documents in a PACE transaction might include:

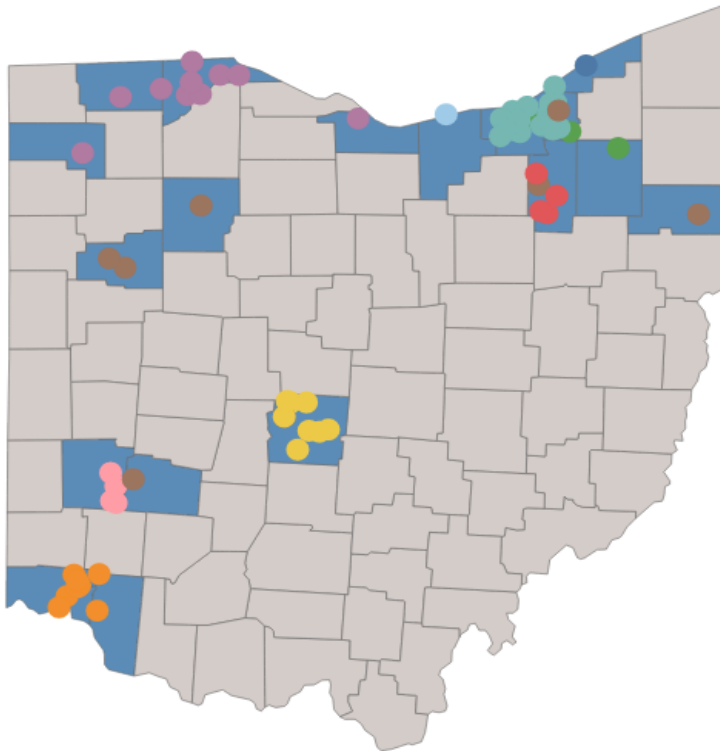
- Petition
- Energy Audit
- Assessment Legislation
- Financing Agreement
- Disbursing Agreements/Lender Coordination Agreements
- Lender Consent
- Certification or Recordation of Assessment
- Legal Opinions

PACE Resources



www.bricker.com/PACE

www.developohio.com

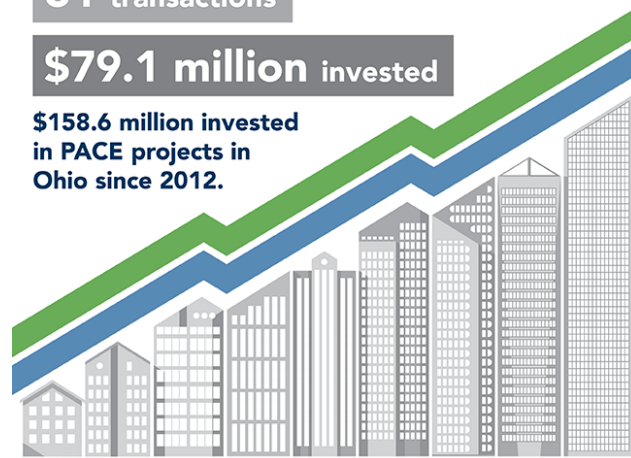


2018 PACE Financing in Ohio

31 transactions

\$79.1 million invested

\$158.6 million invested in PACE projects in Ohio since 2012.



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www.developohio.com



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Energy Efficiency & Renewable Energy

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C-PACE Transactions from Start to Finish

Panelist



Andrew Meyer

Director of PACE Financing, Associate
General Counsel
Twain Financial Partners

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PACE Capital Provider Perspective

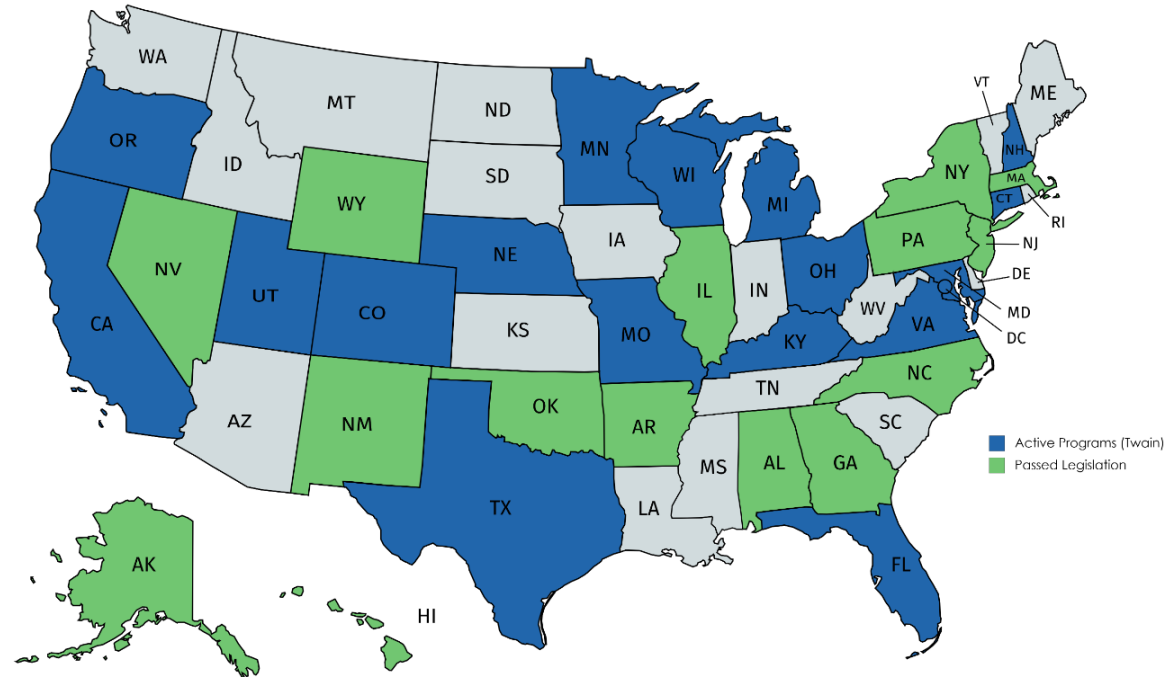
Overview of Twain Financial Partners

Twain is an investment management firm based in St. Louis, Missouri with over \$4 billion in assets under management within the public-private partnership space. We work with a wide variety of investment types, specializing in tax credit, PACE financing, structured debt, and real estate transactions.

- Investment Management
 - Twain provides fund administration, compliance and loan servicing functions on behalf of an approximately \$4 billion portfolio of tax credit transactions.
- Investing
 - Twain's investments team includes more than 30 professionals who specialize in sourcing, underwriting, closing and asset managing structured and regulated real estate investments.
 - Twain invests in a number of structured investment types, including:
 - State and Federal Historic Tax Credits
 - State Low Income Housing Tax Credits
 - State New Market Tax Credits
 - C-PACE Financing

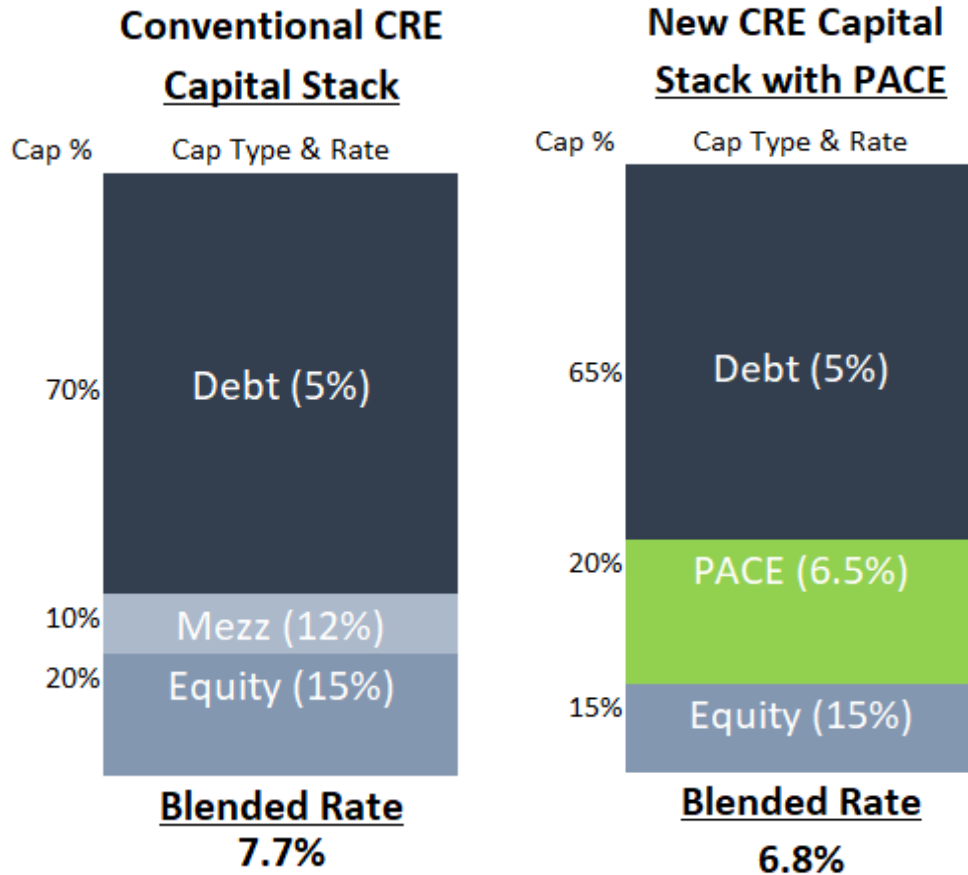
Twain's C-PACE Lending Experience

- Since 2016, Twain has provided more than **\$100 million** in C-PACE financing across the country.
- Twain has funded C-PACE transactions in **12 states** to date.
- Twain has provided C-PACE for a wide variety of asset classes, including **hospitality, multifamily, assisted living, office, retail and industrial.**
- Twain specializes in providing C-PACE for **new construction and historic rehabilitation** development projects.

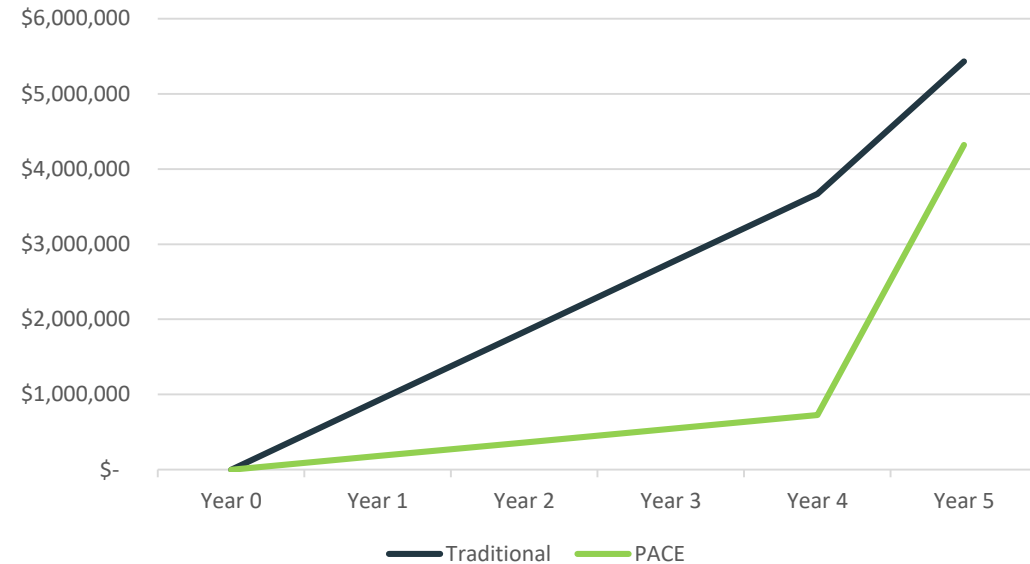


PACE in the Capital Stack

In new construction and gut rehabilitation projects, PACE is a low-cost replacement for more expensive debt or equity. PACE provides financing at lower rates with less out of pocket.



Out of Pocket Cost of Traditional/Mezz Financing vs PACE



Benefits of PACE

PACE can replace mezzanine debt or preferred equity at a lower, fixed interest rate.

Hotels can pass through PACE as additional tax line on nightly invoices - usually up to 2-3% of ADR.

Triple net leases may allow pass through of PACE to commercial tenants.

PACE is non-recourse after construction.

Retroactive PACE is allowed in numerous jurisdictions.

PACE can be used with other incentive programs.

Energy savings will decrease future expenses and increase property value.

C-PACE Underwriting Parameters

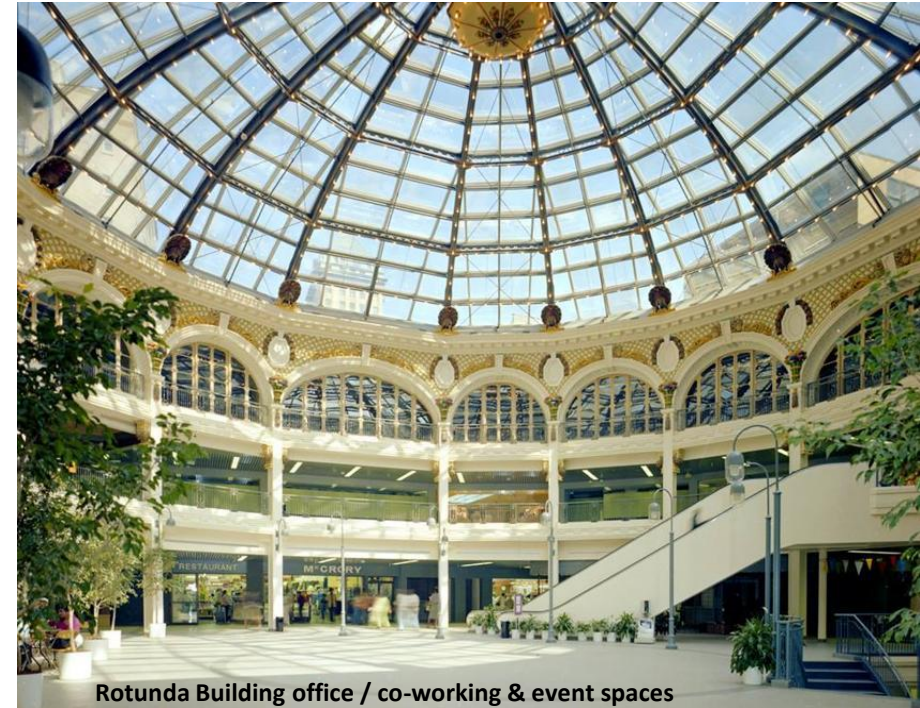
While PACE lien-to-value is the primary underwriting metric, C-PACE eligibility and underwriting parameters are on par with generally accepted commercial underwriting standards.

Attribute	Requirement
1. Size	Greater than \$1,000,000
2. Term	10 - 25 years (subject to statutory limits)
3. Interest Rate	Spread over 20-Yr US Treasury, fixed at closing
4. PACE Lien-to-Value	Less than 25% of as-complete value
5. LTV (PACE + Debt)	Less than 100% of as-complete value
6. DSCR at Stabilization	1.2 (1.4 for hotels)
7. Lien Priority	On par with (or immediately junior to) property tax lien
8. Recourse	Non-recourse after construction
9. Collateral	Special assessment lien
10. Environmental	No RECs (Phase I ESA waived on case-by-case basis)
11. Energy Savings	Compliant with statutory requirement
12. Mortgage Lender Consent	Always required
13. Property/Builders Risk Insurance	Twain added as additional insured
14. Construction Completion Guarantor	Required on new construction and gut rehabs
15. Geography	Active PACE jurisdictions
16. Property Types	Commercial, multi-family, industrial, hospitality
17. Project Types	New construction, gut rehabs, retrofits

Case Study: Dayton Arcade

Project Quick Stats:

PACE Lender:	Twain Financial Partners
PACE Program:	Montgomery County ESID
Amount Financed:	\$16,000,000.00
PACE Loan Term:	25 years
PACE LTV:	25%
Other Funding Sources:	Historic Tax Credit Equity New Markets Tax Credit Equity Jobs Ohio Grant City and County Forgivable Loan Sponsor and Third-Party Equity



In April 2019, Twain closed on PACE financing in connection with the rehabilitation of the historic Dayton Arcade building in Dayton, Ohio. Upon completion of construction, the seven-building complex will include commercial, office, innovation and event space. The anchor tenant will be a joint venture between the University of Dayton's Crotty Center for Entrepreneurship and The Dayton Entrepreneur Center.

C-PACE Case Study: Louisville Logistics Park

Project Quick Stats:

PACE Lender:	Twain Financial Partners
Amount Financed:	\$2,249,942
PACE Loan Term:	25 years
PACE LTV:	11%
PACE Program:	Energize Kentucky



In August 2017, the owners of the Louisville Logistics Park closed on \$2,249,942 of PACE financing simultaneous with the closing on an approximately \$14,000,000 construction loan from Stock Yards Bank & Trust. Louisville Logistics Park will contain approximately 350,000 leasable square feet between 2 buildings located on a 27-acre site approximately 5 miles from the Louisville International Airport (the seventh busiest cargo airport in the world and home of the UPS Worldport).

The PACE financing proceeds will be used to finance building envelope improvements, including insulation, roofing and window upgrades. With these high efficiency improvements, the ownership group has created a warehouse facility with energy consumption and utility costs far below its competitors in the market.

Case Study: Hyatt Hollywood

Project Quick Stats:

PACE Lender:	Twain Financial Partners
Amount Financed:	\$6,000,000.00
PACE Loan Term:	20 years
PACE LTV:	13%
PACE Program:	California Municipal Finance Authority



In June 2018, Twain provided PACE financing in connection with the construction of a full-service, upper-upscale Hyatt Unbound flagged hotel in the Hollywood neighborhood of Los Angeles, CA. The PACE financing closed simultaneous with the closing of an approximately \$11,535,000 construction loan from Paradigm Capital Funding II. The Hotel will have 64 rooms and will include a rooftop bar and a Mediterranean style fine-dining restaurant. The Hotel is expected to be complete by January of 2020.

The PACE financing proceeds will be used to finance many energy efficiencies within the Hotel including LED lighting, a high efficiency HVAC system, an energy storage system, insulation, and energy glass. These energy conservation technologies aim to make the hotel a near Net Zero Energy Property, producing as much energy as it uses annually.

C-PACE Case Study: Kemper Arena

Project Quick Stats:

PACE Lender:	Twain Financial Partners
Amount Financed:	\$6,255,000
PACE Loan Term:	20 years
PACE LTV:	19.9%
PACE Program:	Show Me PACE



In March 2018, Twain provided \$6,255,000 of PACE financing in connection with the rehabilitation of the historic Kemper Arena in Kansas City, Missouri. The PACE financing closed simultaneously with \$13,500,000 of construction financing from Enterprise Bank & Trust and \$13,000,000 of State and Federal Historic Tax Credit equity. The arena will be converted into a multi-level office and sports performance complex under the name Hy-Vee Arena. In addition to 100,000 sf of office and retail space, the Hy-Vee Arena will have twelve multi-purpose courts and a five-lane indoor track. Construction will be complete in October of 2018.

The PACE financing proceeds will be used to fund energy efficient improvements throughout the arena, including LED lighting systems, mechanical systems and upgraded HVAC systems. These improvements will allow for the arena to bring a new sector of travel and economic growth to the Kansas City area.

Contact Us

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Questions?



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Upcoming Events



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CDFA-Bricker PACE Webinar Series:

Wednesday, October 16, 2019 | 11:00 AM Eastern

Monday, November 18, 2019 | 11:00 AM Eastern

Register online at www.cdfa.net



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Upcoming Events

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CDFA National Development Finance Summit

November 6-8, 2019 | Tampa, Florida

Register online at www.cdfa.net



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