



CDFA FOOD SYSTEMS FINANCE WEBINAR SERIES

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Targeted Tools & Food Systems



Anneliese McClurg

Coordinator, Research & Technical Assistance,
Council of Development Finance Agencies
Columbus, OH

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CDFA FOOD SYSTEMS FINANCE **WEBINAR SERIES**



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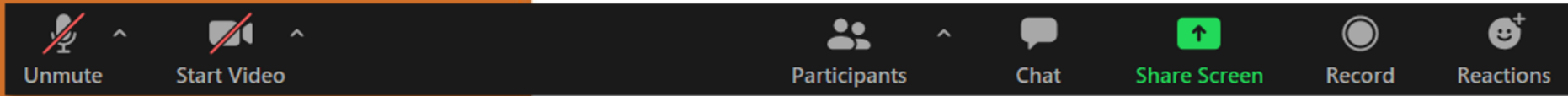
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Defining the Food System Asset Class



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With support from the W.K. Kellogg Foundation, CDFA has been researching how development finance agencies can become more engaged in developing localized food systems through traditional finance approaches. The premise of this project is to suggest and then prove that, if organized and defined properly, the food system can become a defined asset class worthy of traditional investment. Through this work, CDFA aims to advance opportunities and leverage capital to scale local food systems, increase access to better food, and create new living wage jobs in communities across the country.

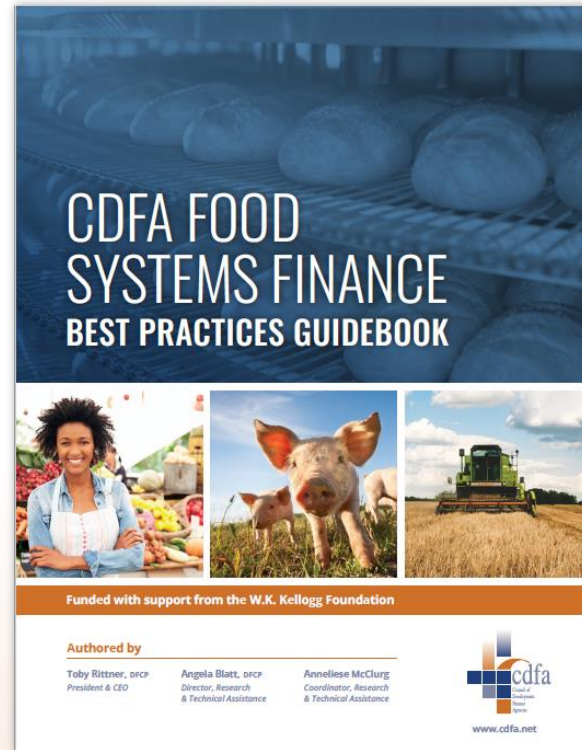
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Targeted Tools & Food Systems



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Joe Canfield

CEO Yellow Banana and Co-Founder of 127 Wall

Jaime Silverstein

Senior Associate, Croatan Institute

Robin Weis

Deputy Director/ Rural MN Energy Board PACE Administrator,
Southwest Regional Development Commission

Tracy Phillips

Director, Colorado C-PACE

Dan Streit

Senior Researcher, Slipstream

Targeted Tools & Food Systems



Joe Canfield

CEO Yellow Banana and Co-Founder of 127 Wall
Cleveland, OH



Yellow Banana

Who Is Yellow Banana?

June 2023

For External Use

Confidential and Proprietary – Not for distribution, in whole or in part, without the express written consent of Yellow Banana

Yellow Banana is a Mission-Oriented, Majority Minority-Owned Business



Michael Nance
Co-Owner

- *Chicago resident who grew up shopping at one of the Save A Lot grocery stores that Yellow Banana now owns*



Ademola Adewale-Sadik
Co-Owner

- *Immigrant whose father worked as a cashier at McFrugal's, a discount retailer much like Save A Lot, during early years in America*



Walker Brumskine
Co-Owner

- *Family moved to the United States, escaping civil war, when he was three years old*



Joe Canfield
Co-Owner

- *Economically disadvantaged upbringing left him passionate about community-oriented commerce*

We Founded Yellow Banana to Solve Food Insecurity, Deliver Stable Employment and Develop Local Economies

We believe that the way things are is not necessarily the way things have to be...

Yellow Banana operates under a *triple commercial mandate* to address *food access, job creation and economic development* in the communities that we serve

13% of the U.S. population lives in food deserts with limited access to affordable, quality food; negative public health outcomes are the result

Our stores typically sit in economically disadvantaged areas where food scarcity actually exceeds national trends

The critical task of providing affordable nutrition to large underserved communities creates a compelling social impact opportunity

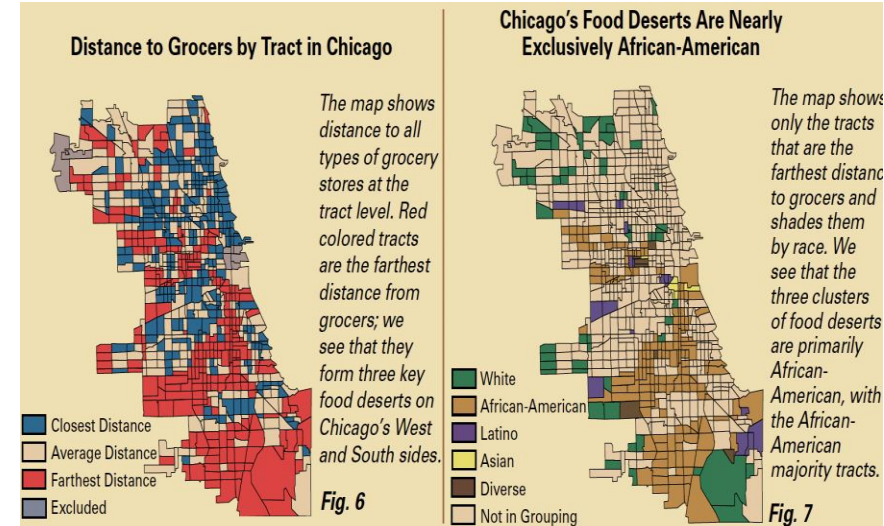
Yellow Banana intends to positively contribute to society through the medium of commercial enterprise

We Are Determined to Solve the Issues Plaguing Communities in Chicago

Chicago Has Some of Our Nation's Worst Food Deserts

- Chicago repeatedly tops the charts with some of the country's lowest rates of access to affordable nutrition
- Over 600,000 Chicago residents live in food deserts
- In many Black neighborhoods, the nearest grocery store is roughly twice the distance as the nearest fast-food chain
- Chicago's food deserts exist primarily in the predominantly minority South and West Sides
- Yellow Banana employs ~450 colleagues, including ~110 in Illinois and ~65 in Chicago
- We are responsible for the nutritional needs of countless underserved families in Chicagoland

Chicago's Food Deserts Disproportionately Affect Poor People and People of Color



Yellow Banana has the experience and passion to address these well-known issues

Sources: Sources: NewsOne: America's Worst 9 Urban Food Deserts, Mari Gallagher Research & Consulting Group: Examining the Impact of Food Deserts on Public Health in Chicago.

Yellow Banana Empowers Local Workforces in Our Communities

Dignified, stable jobs are the cornerstone of community development

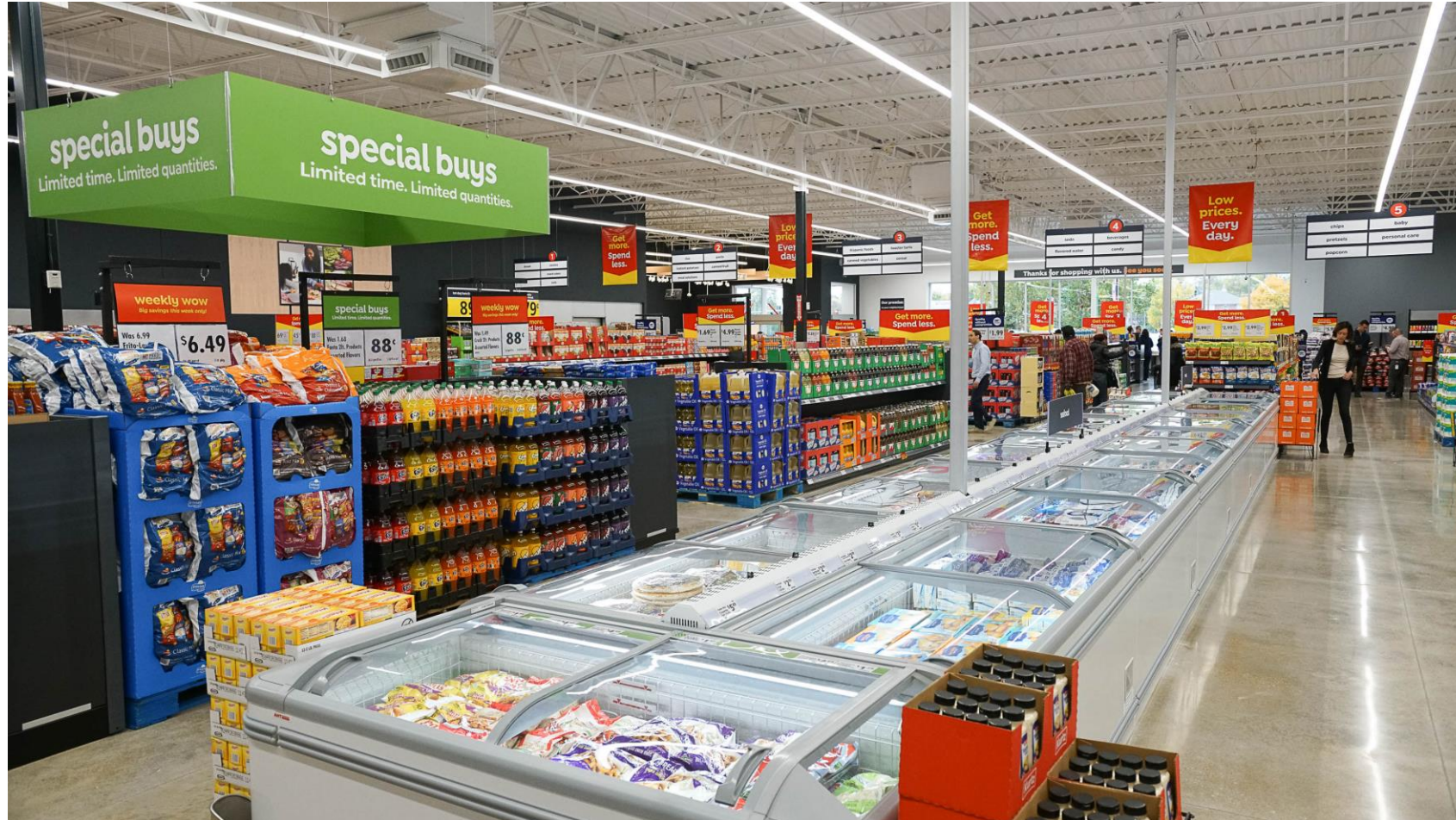
- We strive to accomplish our mission every day by creating a safe, approachable and welcoming shopping environment in each of our stores
- Our employees are automatically enrolled in our 401K program with a company match
- We offer an employee assistance hotline and access to financial planning education material
- Our full-time employees receive medical, dental, vision and short-term/long-term disability insurance
- 21 of our 36 store managers are minorities and 23 are women
- During our tenure as owners, we have already promoted from within into our leadership team and our store manager ranks
- Our store managers, and the district managers to whom they report, operate under an incentive structure whereby they have the capacity to earn unlimited compensation based on store, district and company performance

Working-Class Communities of Color Deserve the Dignified Retail Experiences That Yellow Banana is Determined to Deliver



Note: The above images are of newly remodeled Save A Lot discount grocery stores and are indicative of the finished grocery retail product that Yellow Banana intends to roll out nationwide.

Working-Class Communities of Color Deserve the Dignified Retail Experiences That Yellow Banana is Determined to Deliver



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Targeted Tools & Food Systems



Tracy Phillips

Director, Colorado C-PACE
Lafayette, CO





Commercial Property Assessed Clean Energy (C-PACE)

CDFA Food Systems Finance Webinar Series

By:

Tracy Phillips, CEM, CMVP, CDSM, PMVA
Director



C-PACE Background

- **Program:** Statewide financing program - Finance [energy efficiency, renewable energy, and water conservation projects](#) *and* efficient [new construction projects](#)

- **Structure:**
 - Statewide “District” enabled by CO legislation
 - Counties voluntarily opt-in to the District
 - Projects financed through private capital
 - Designed to be self-sustaining program

- **Program Sponsor:** New Energy Improvement District (NEID)
 - Seven NEID board members
 - Sponsoring agency: Colorado Energy Office (CEO)



What is C-PACE? (PACE = Property Assessed Clean Energy)

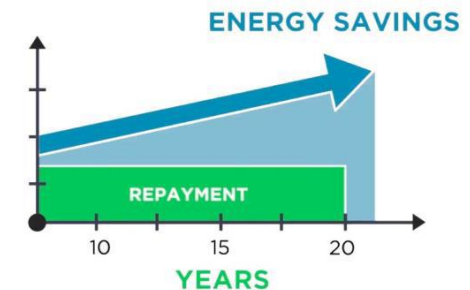
- Innovative financing tool for existing buildings that provides C&I building owners a smarter way to modernize their buildings:
 - **100% financing** - no out-of-pocket expense
 - Includes soft & hard costs
 - **Long term** - up to 25-year finance term
 - Special purpose **assessment** (akin to sewer assessment)
 - Non-recourse and transferable, typically no personal guarantees



How C-PACE Works

C-PACE is a voluntary tax assessment-based, private financing program

- Repayment via a **“special assessment” recorded on the property**
 - Costs are spread over periods of up to 25 years, fixed interest rate
 - C-PACE payments made annually through property tax bill
 - Goal: Energy savings \$\$ > the PACE payments, creating cash flow positive projects
 - Positive cash flow not required
- **Repayment obligation can transfer** to new owner upon sale
- Ability to pass through tax assessment to tenants or hotel guests



What's Eligible?

■ Eligible Property Types (C&I)

- Office
- Retail
- Hotel
- Industrial
- Agricultural
- Healthcare
- Mixed-use
- Education
- Warehouse / storage
- Non-profit
- Multifamily (5+ units)

■ Eligible Improvements (examples)

- HVAC upgrades & controls
- Boilers, chillers & furnaces
- Pumps, motors, drives
- Hot water heating systems
- Combined heat & power (CHP)
- High efficiency lighting
- Solar PV systems
- Building envelope (windows, roofs)
- Low-flow plumbing; smart irrigation
- Elevator modernization
- EV charging stations
- Beneficial electrification
- Resiliency (e.g. fire, flood, wind, air quality)



What Else is Eligible?

- **Costs related to eligible improvements (Examples)**
 - Engineering studies; architectural fees
 - Energy audits
 - Renewable energy feasibility studies
 - Roof upgrades (e.g. associated with rooftop solar PV systems)
 - Building structural reinforcement (support solar PV rooftop installations)
 - Environmental clean-up (e.g. asbestos removal for new boiler installation)
 - Commissioning, M&V and maintenance contracts (up to five years)
 - Equipment extended warranties (e.g. PV system inverter extended warranty)
 - Finance closing costs
 - Program participation fee (2.25% of project costs, capped at \$50,000)



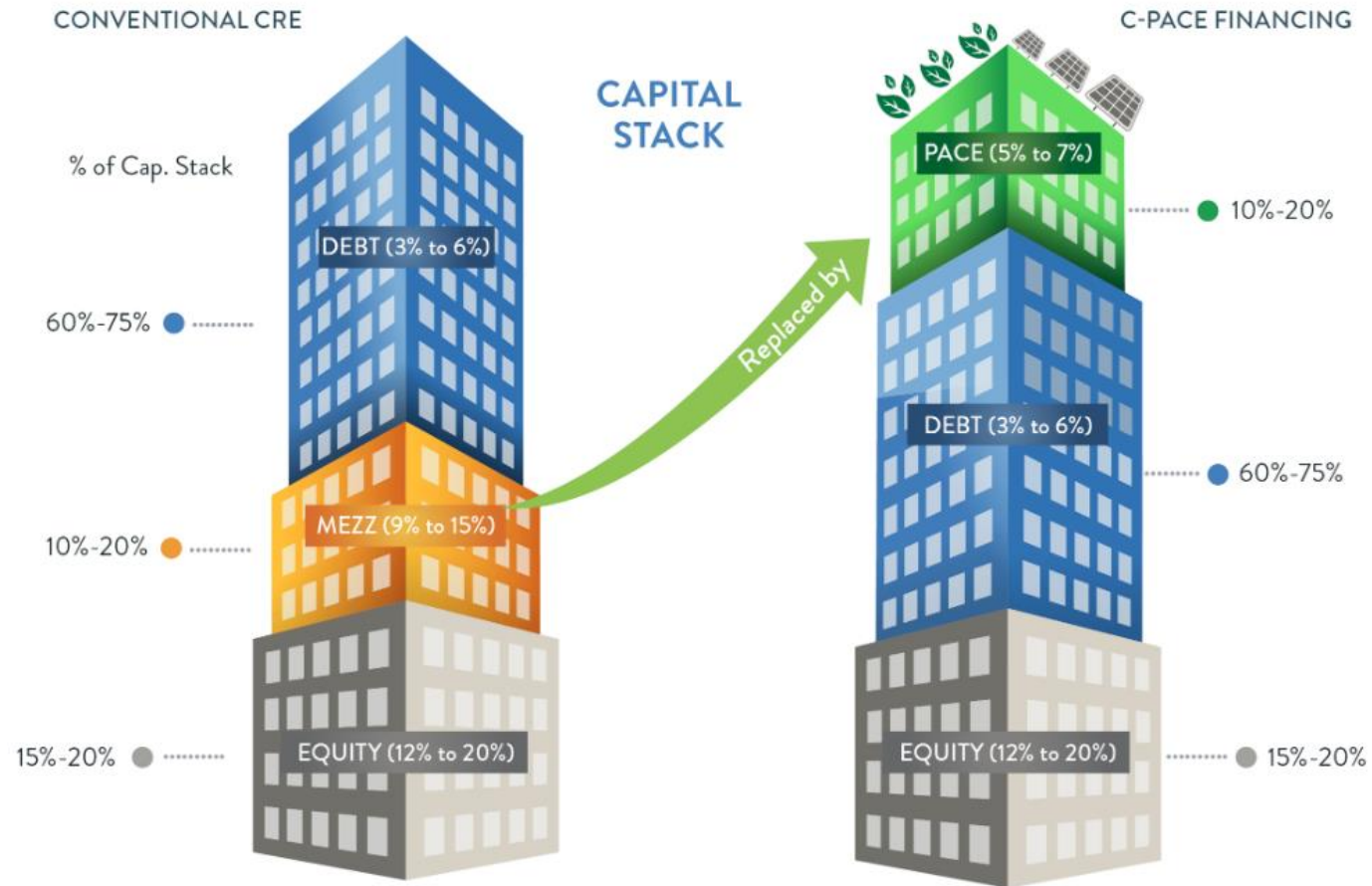
C-PACE for New Construction

- C-PACE financing for 15% to 20% of total eligible new construction costs
- Build to the 2018 IECC to be eligible for 15% of total construction costs
- Exceed (>5%) 2018 IECC to be eligible for 20% of total construction costs
- Enables building design to “push the envelope”



C-PACE for New Construction

Where lower cost C-PACE financing can be used in lieu of mezzanine debt or equity, the developer can often lower their weighted average cost of capital



Graphic credit: EnFlux Building Solutions and Counterpointe Energy Solutions, LLC.



C-PACE Retroactive Financing & Refinancing

- **Retroactive Financing**

- Applicable to new construction or gut rehabilitation projects
- Completed within two (2) years from certificate of occupancy

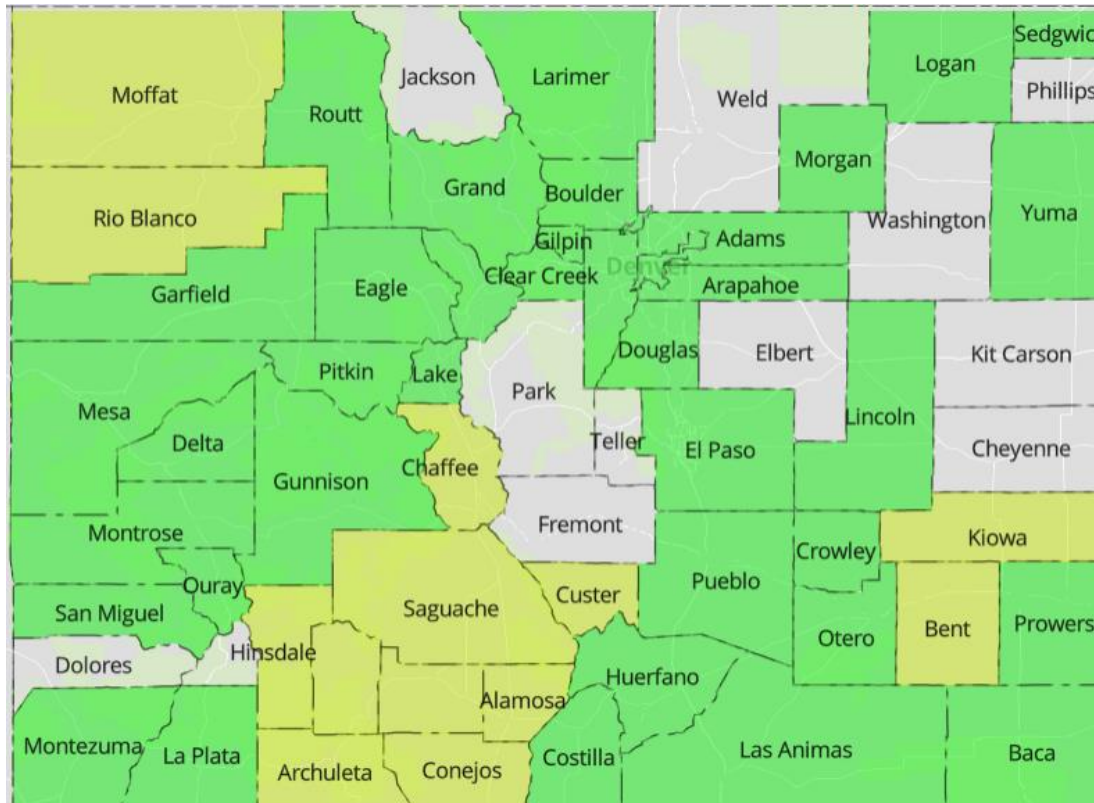
- **Refinancing**

- Refinance the outstanding C-PACE assessment lien with the existing capital provider or a new capital provider



Colorado C-PACE Statewide Program

- Counties must opt-in to participate in the C-PACE statewide “District”



PARTICIPATING COUNTIES:

- Adams
- Las Animas
- Arapahoe
- Lake
- Baca
- Larimer
- Boulder
- Lincoln
- Broomfield
- Logan
- Clear Creek
- Mesa
- Costilla
- Montezuma
- Crowley
- Montrose
- Delta
- Morgan
- Denver
- Ouray
- Douglas
- Otero
- Eagle
- Pitkin
- El Paso
- Prowers
- Garfield
- Pueblo
- Gilpin
- Routt
- Grand
- San Miguel
- Gunnison
- Sedgwick
- Huerfano
- Summit
- Jefferson
- Yuma
- La Plata

IN-DISCUSSION COUNTIES:

- Alamosa
- Kiowa
- Archuleta
- Mineral
- Bent
- Moffat
- Chaffee
- Rio Blanco
- Conejos
- Rio Grande
- Custer
- Saguache
- Hinsdale

- County Collection Fee:** to cover collections & remittance
 - 1% of PACE annual assessment amount



Project Potential

RMI report released in February 2020 – Class B/C buildings

- **15%+ savings with bundled low- and no-cost improvements**
- **35%+ savings with capital improvements**
- **NOI increases between 2.4 to 5.6%**
- **Property value increase between \$5 and \$11 per SF**
 - **50,000 SF building: \$250,000 to \$550,000 in increased value**

With C-PACE, there is no reason for Class B/C buildings to remain inefficient and more costly to operate



Project Origination Drivers

Why owners do projects:

- **Equipment needs** (failing / older equipment)
 - **Bundle projects – the bucket list** (solar PV, EV charging stations)
- **Cost savings** (\$, Net Operating Income)
- **Policy: Building Performance Standards**
 - **EUI reduction targets for covered buildings of 7% by 2026 and 20% by 2030, from a 2021 energy data baseline (50k SF+)**
 - **Energize Denver – EUI reduction targets by 2030 (25k SF+)**



Mortgage Holder Consent

- **C-PACE assessment requires written consent from existing mortgage holder(s) or construction lender(s)**
 - C-PACE assessment lien has priority status akin to sewer assessment
 - Liens for assessments imposed by other governmental entities have coequal priority with the District special assessment lien

- **Case to provide mortgage lender consent**
 - Increase owner's ability to repay mortgage (better NOI)
 - Increase building's value
 - C-PACE assessment is non-accelerating; i.e. in a default scenario only payments in arrears come due (usually less than 0.4% of building's value)



Consenting Mortgage Holders

- **43 unique mortgage holders have consented to a C-PACE project**
- **13 mortgage holders have consented MULTIPLE times**
- **10 mortgage holders have provided C-PACE project financing**

Academy Bank	1 project	Frist National Bank of Hutchinson	1 project
Access Point Financial	1 project	First National Bank of Monument	1 project
Adams Bank & Trust (1)	1 project	Great Western Bank	1 project
Alpine Bank (4)	5 projects	Guaranty Bank and Trust	1 project
ANB Bank (6)	3 projects	iBorrow	1 project
Bank of Colorado (2)	2 projects	Impact Development Fund	1 project
Bank of the Ozarks	1 project	InBank	1 project
Bank of the West	1 project	Independent Bank	5 projects
Bellco Credit Union (5)	4 projects	JR&B	1 project
Berkley Bank (5)	2 projects	Legacy Bank	1 project
Centennial Lending	1 project	LoanCore Capital	1 project
Citizens State Bank	1 project	Midfirst Bank	4 projects
Citywide Banks (4)	3 projects	Midland States Bank	1 project
Collins Community Credit Union	1 project	Money 360 Advisors	1 project
Colorado Business Bank	1 project	Mutual of Omaha	2 projects
Colorado Historical Society	1 project	Pacific Western Bank	1 project
Colorado Structures Inc (1)	2 projects	Pueblo Bank and Trust	1 project
First Bank (8)	5 projects	Security Services FCU	1 project
First Citizens Bank	1 project	TBK Bank	1 project
First National Bank	1 project	UMB Bank	1 project
		Vectra Bank	1 project
		Waypoint Bank (1)	2 projects
		Wells Fargo	8 projects



Consenting Senior Lenders – New Construction

- **29 unique senior lenders have consented to a new construction C-PACE project**

- **Two senior lenders** have provided C-PACE project financing

■ Access Point Financial	1 project	■ Greater Commercial Lending	1 project
■ Adams Bank and Trust	1 project	■ Greater Nevada Credit Union	1 project
■ Alpine Bank (1)	2 projects	■ Guaranty Bank and Trust	1 project
■ Bank of the Ozarks	1 project	■ iBorrow	1 project
■ Broadmark Realty	2 projects	■ InBank	1 project
■ Centennial Bank	1 project	■ Independent Bank	1 project
■ Collins Community Credit Union	2 projects	■ Origin Bank	1 project
■ Cornhusker Bank	1 project	■ Pacific Coast Banker's Bank	1 project
■ Cost Fund 1	1 project	■ Park View Financial Fund	1 project
■ Exchange Bank	1 project	■ PCSD Resorts SB Credit Private Limited	1 project
■ First Bank (2)	4 projects	■ Plains Commerce Bank	1 project
■ First National Bank of Omaha	1 project	■ Romspen	3 projects
■ First Western Trust	1 project	■ Trust of Illinois	1 project
■ Glacier Bank	1 project	■ UMB Bank	1 project
		■ Waters Edge	1 project



Capital Providers – C-PACE Lenders

- **Conduct underwriting to assess building's financial health:**
 - **Good C-PACE candidate?** Loan-to-Value percentage (< 80% typically qualifies)
 - Outstanding mortgage value / estimated property value
 - **How much financing?** PACE-to-Value percentage (< 30% typically available)
 - Estimated project value / estimated property value
 - **Review building financials & project cash flow projections**
- **Execute financing agreement with property owner**



Qualified Capital Providers

- 50 capital providers pre-qualified, representing multiple sectors:
 - Community banks, credit unions, and PACE-specialty investors
 - Serving small to large property/project sizes in both existing building & new construction



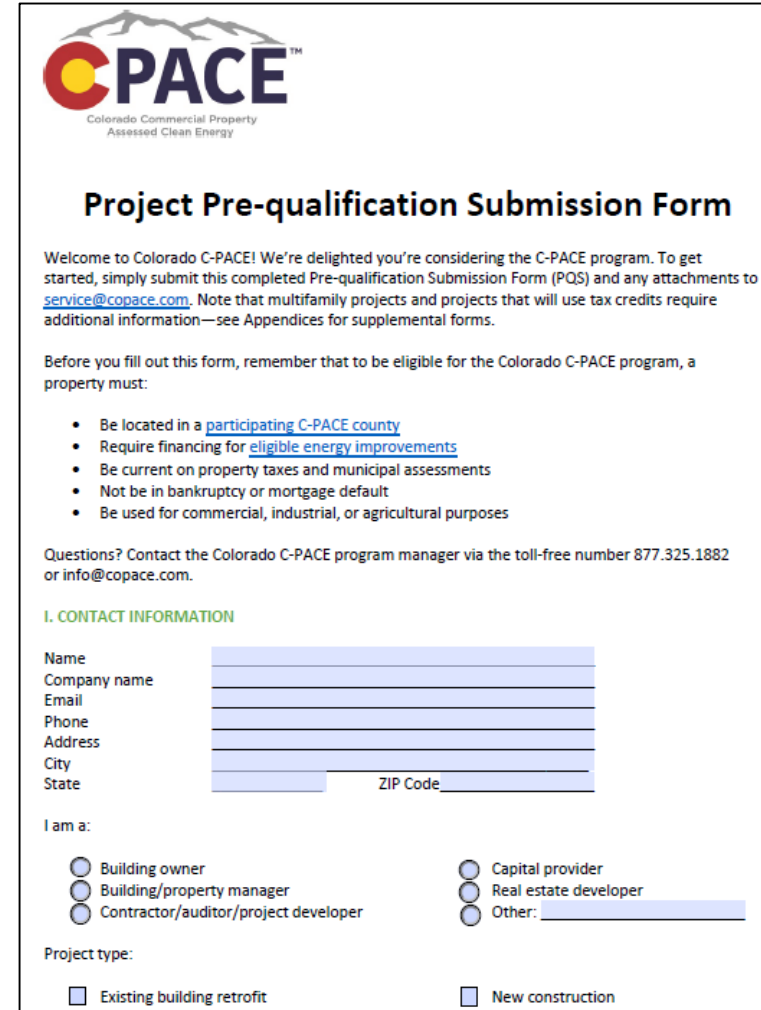
Colorado C-PACE Program Update

- **121 projects financed; \$251.3M in project financing**
 - 2,721 job-years created
 - 803,396 tons of lifetime GHG emissions reduction
 - \$80.8M lifetime cost savings
- **Smallest CO project: \$53K; Largest CO project: \$55.5M**
- **Average project: \$2.1M; Median: \$947K**
- **86 retrofits and 35 new construction projects financed**
- **39 counties participating in the program (>96% C&I bldg stock)**
- **294 registered contractors; 50 registered capital providers**



Project Start – Submit Prequalification Submission Form

- **Prequalification Submission (PQS) form – program “application”**
 - **General building information**
 - **Current mortgage and assessed or appraised value**
 - **General project SOW**
 - **Mortgage holder**
 - **Contractor/Capital provider**
- **Letter of Eligibility**
- **Schedule kickoff call**



C-PACE
Colorado Commercial Property
Assessed Clean Energy

Project Pre-qualification Submission Form

Welcome to Colorado C-PACE! We're delighted you're considering the C-PACE program. To get started, simply submit this completed Pre-qualification Submission Form (PQS) and any attachments to service@copace.com. Note that multifamily projects and projects that will use tax credits require additional information—see Appendices for supplemental forms.

Before you fill out this form, remember that to be eligible for the Colorado C-PACE program, a property must:

- Be located in a [participating C-PACE county](#)
- Require financing for [eligible energy improvements](#)
- Be current on property taxes and municipal assessments
- Not be in bankruptcy or mortgage default
- Be used for commercial, industrial, or agricultural purposes

Questions? Contact the Colorado C-PACE program manager via the toll-free number 877.325.1882 or info@copace.com.

I. CONTACT INFORMATION

Name _____
Company name _____
Email _____
Phone _____
Address _____
City _____
State _____ ZIP Code _____

I am a:

Building owner Capital provider
 Building/property manager Real estate developer
 Contractor/auditor/project developer Other: _____

Project type:

Existing building retrofit New construction



Contact Information

Tracy Phillips

Program Director

Colorado Commercial Property Assessed Clean Energy

720-933-8143

tphillips@copace.com

Ken Gallagher

Program Manager

Colorado Commercial Property Assessed Clean Energy

877-325-1882

kgallagher@copace.com



For more information visit:
www.copace.com



Colorado Commercial Property
Assessed Clean Energy



Targeted Tools & Food Systems



Dan Streit

Senior Researcher, Slipstream
Madison, WI

Jaime Silverstein

Senior Associate, Croatan Institute
Durham, NC

C-PACE Financing for Sustainable Food

Dan Streit | Slipstream

Jaime Silverstein | Croatan Institute

June 27, 2023



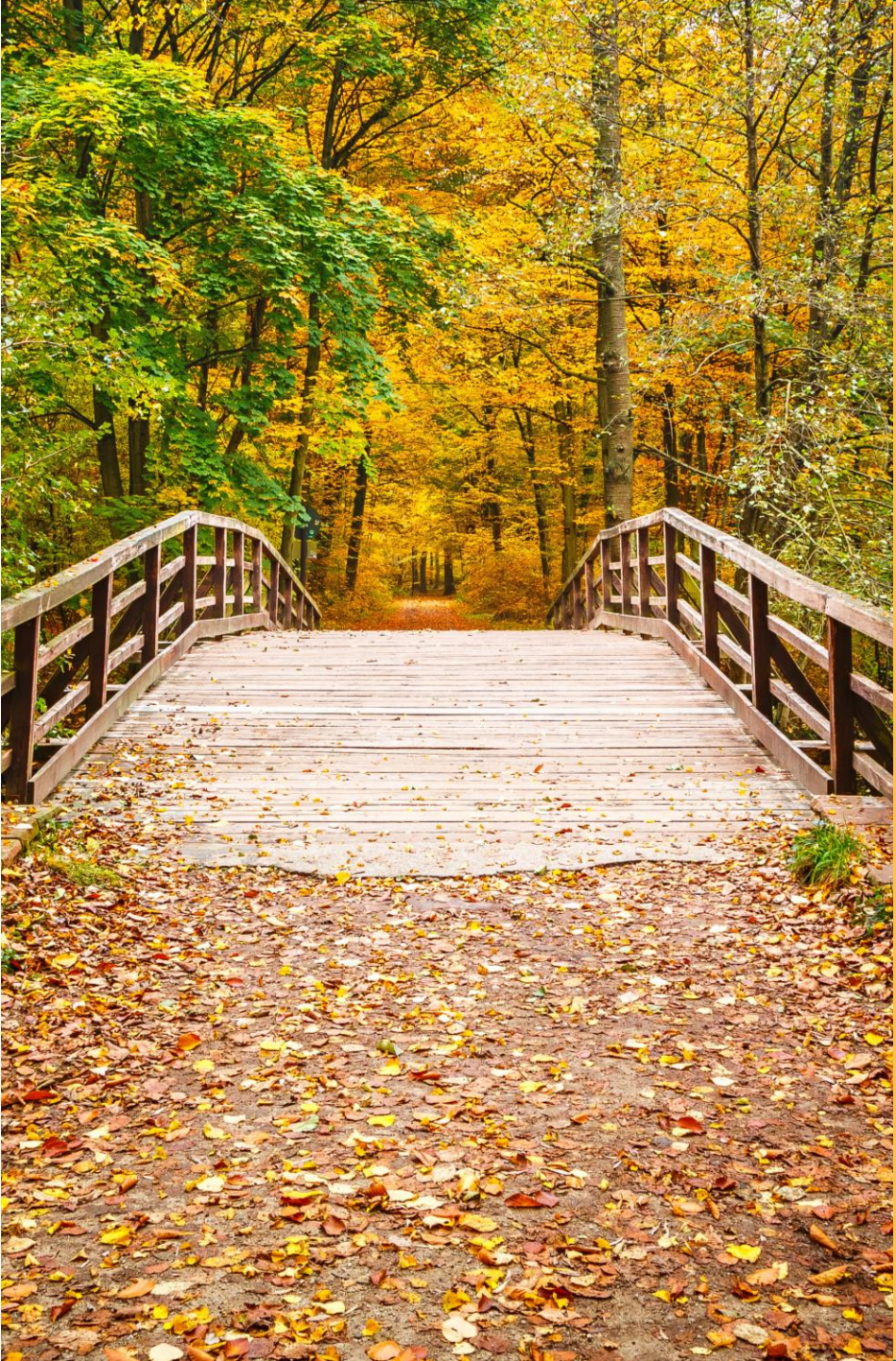
CROATAN
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Climate + Clean Energy Solutions for everyone.

The knowledge, people, and
resources to solve our biggest
energy challenges.





CROATAN INSTITUTE

Croatan Institute is an independent, nonprofit research and action institute whose mission is to build social equity and ecological resilience by leveraging finance to create pathways to a just economy.



Accountability



Business & Human Rights



Climate Solutions



Farming & Forestry



Food Systems



Frameworks & Data Analytics



Equity & Inclusion



Resilient Communities

SOIL WEALTH AREAS

Place-based Financing for Conservation, Rural Communities, and Regenerative Agriculture



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Place: “Soil Wealth Areas”

Understand the **needs of producers** in place

Gaps in agricultural and food system **technical assistance and support**

- Financing & Access to Capital
- Business and Financial Health Technical Assistance
- Agronomic Technical Assistance

The role of **trust-building**


Financing: “Capital Collaborative”

Framework of financial mechanisms that can channel **private investment capital into Soil Wealth Areas**

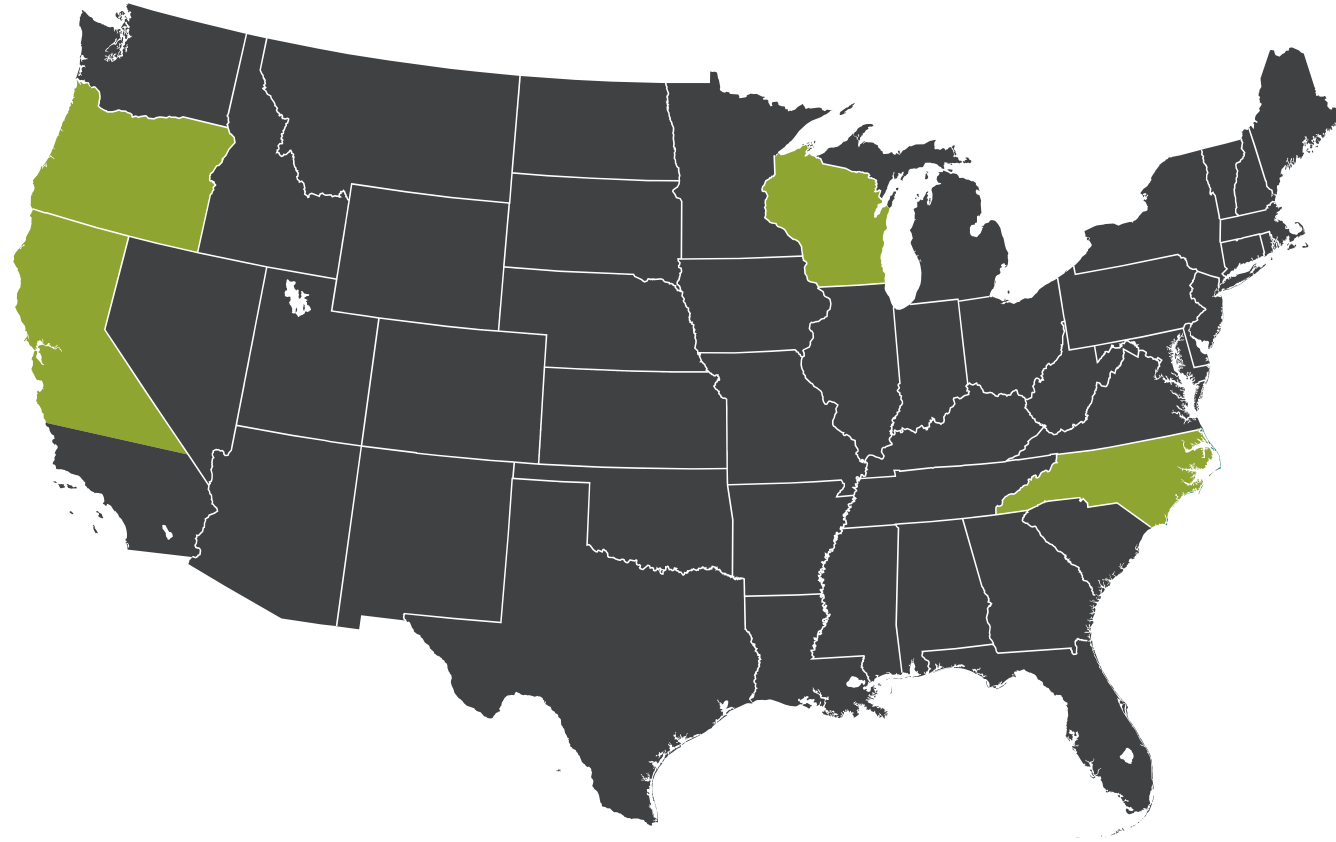
- Land-secured, property-assessed financing

Central place to understand the types of **patient, flexible, and non-extractive capital** available to producers

Forum for **multi-stakeholder capital providers** to convene, share lessons learned, and

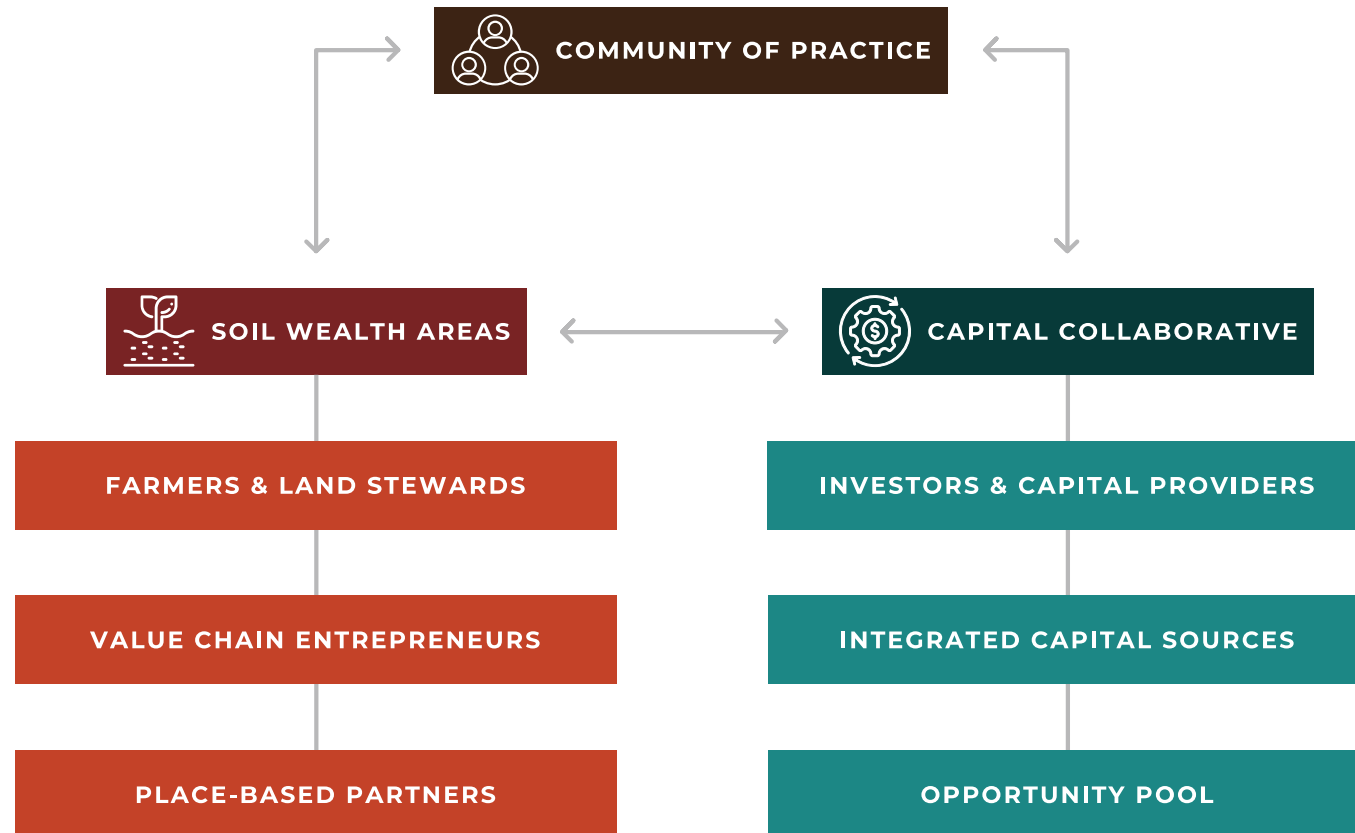


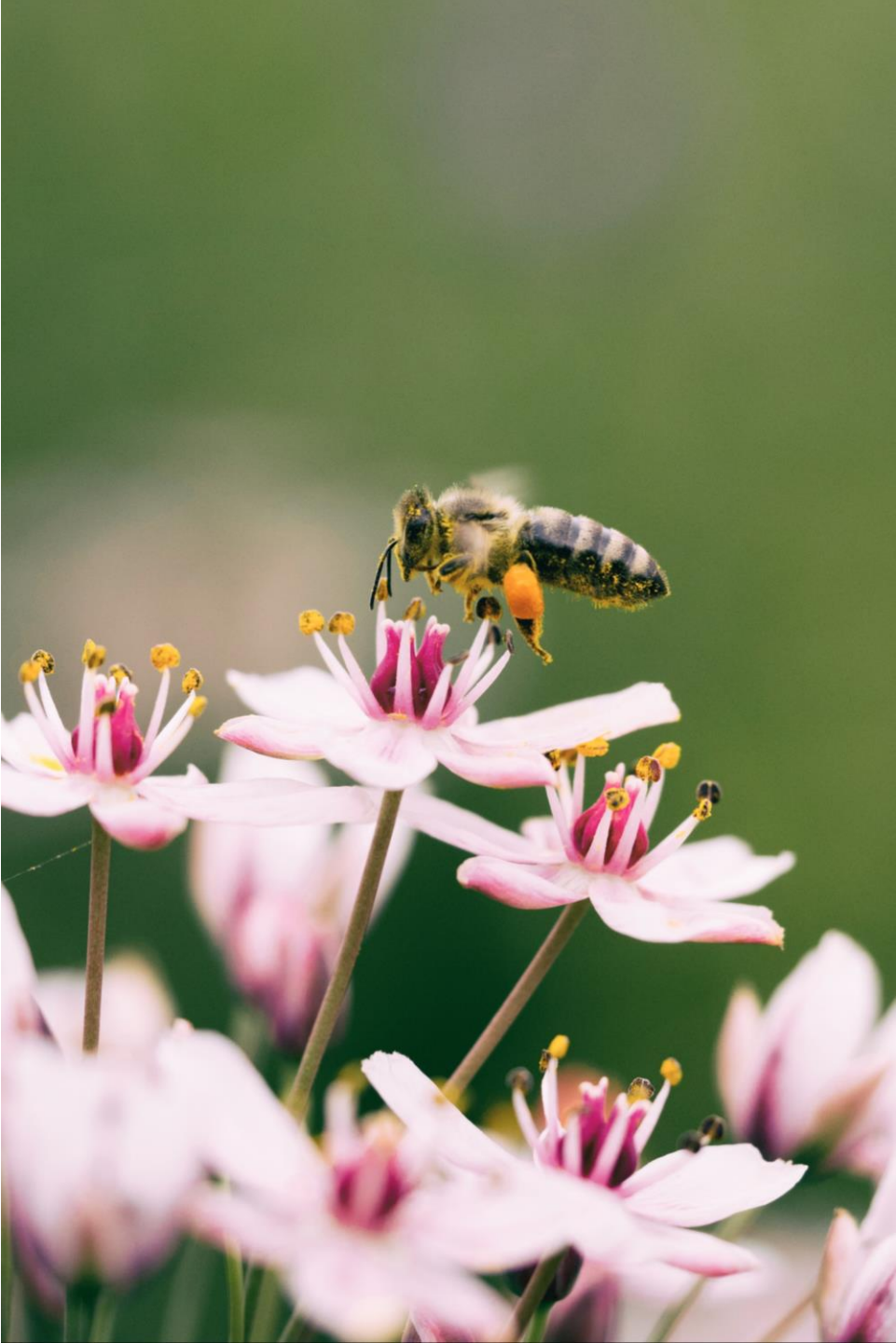
SOIL WEALTH AREAS: THE PATTERNS OF PLACE-BASED FINANCING



The three focus regions where Soil Wealth Areas were explored for feasibility: the Southeast, upper Midwest, and West Coast.

SOIL WEALTH COMMUNITY





CASE STUDY: CALIFORNIA

Mello-Roos

Special districts established by local governments in California as a means of obtaining additional public funding

Feasibility for Regenerative Agriculture

Limits in producer awareness about the mechanics of this legal framework

Doubts about public willingness to support a property tax assessment

PACE Project Types

Standard Project Types

- Energy Efficiency
- Water Conservation
- Renewable Energy Systems

Unique and Location-Specific Project Types (Examples)

- Seismic Improvements
- Brownfield Revitalization
- Hurricane Resilience

Eligible PACE WI Project Types (Eff. 12/2020)

Energy Efficiency
Improvements

Renewable Energy Systems

Water Conservation
Improvements

Brownfield Revitalization
Measures

PACE in Wisconsin

WI PACE Commission

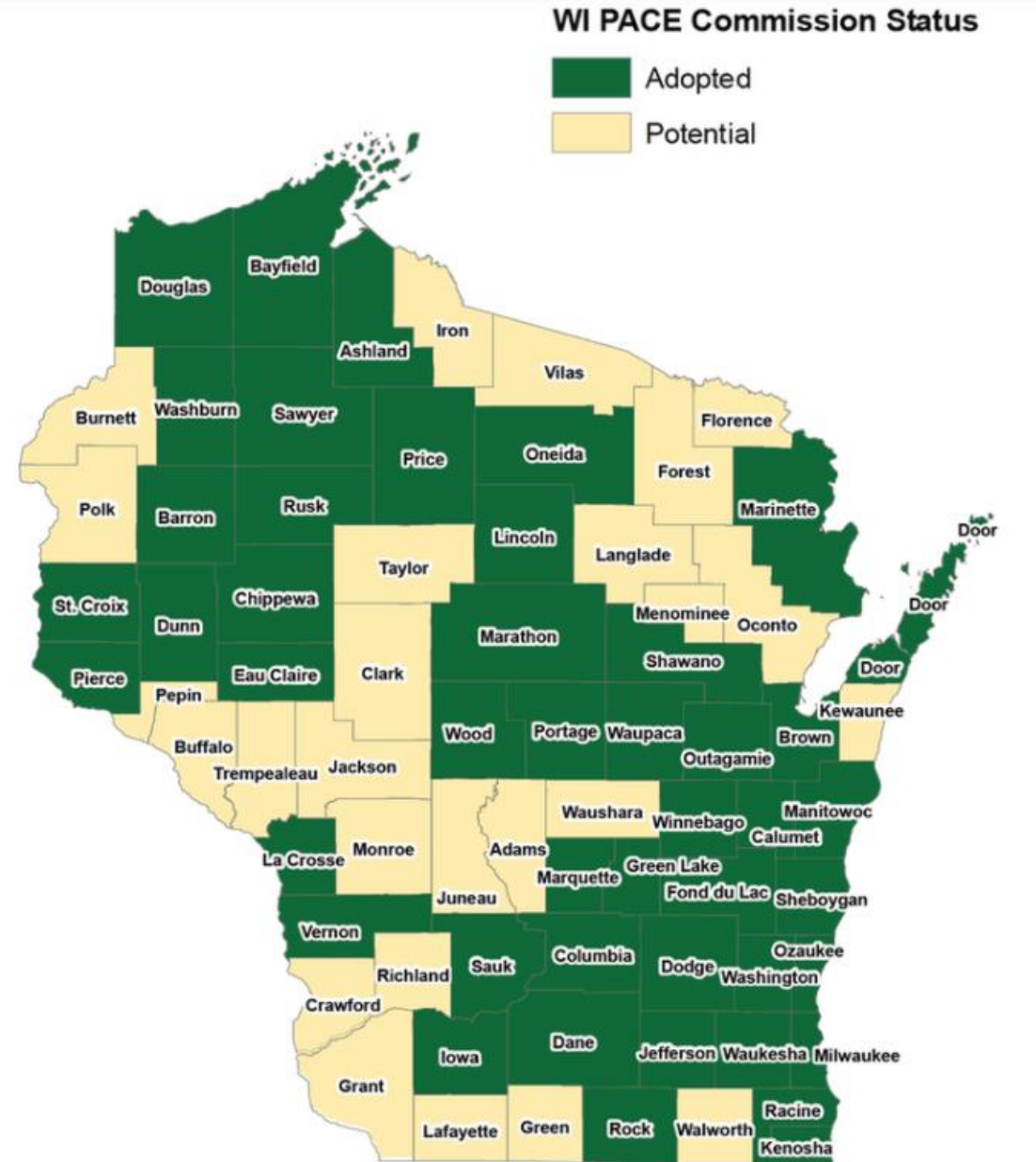
A Joint Powers Authority formed to govern the PACE Wisconsin program

- Approve financings
- Approve program changes

Slipstream

Hired by WI PACE Commission as Program Administrator

- Project review
- Program development
- Marketing and outreach



PACE Project Development Process

PACE WI Project Team

Role(s)

Property Owner



- Defines project
- Hires all team members

Energy Assessment
Provider



- Assesses measure eligibility
- Evaluates energy and cost savings or proposed project

PACE Lender



- Facilitates project development
- Underwrites loan
- Funds project

Installation Contractor



- Installs eligible improvements

Mortgage Lender



- Consents to addition of C-PACE assessment to capital stack

WI Act 175

- Allowed PACE to finance four new project types:
 - Energy reliability
 - EV Charging
 - Resiliency
 - Stormwater Control
- “‘Storm water control measure’ means an improvement...designed to mitigate the negative impacts of storm water runoff or other surface runoff to the premises...”

Wisconsin Legislative Council ACT MEMO



April 6, 2022

Prepared by: Patrick Ward, Staff Attorney

2021 Wisconsin Act 175
[2021 Senate Bill 692]

PACE Program Updates

2021 WISCONSIN ACT 175

2021 Wisconsin Act 175 makes a number of changes to the property assessed clean energy (PACE) program.

Generally, the PACE program allows a city, village, town, or county (political subdivision) to impose a special charge against real property for certain renewable energy and water and energy efficiency projects that are financed by the political subdivision or through an agreement with a third party.

ADDITIONAL PROJECTS ELIGIBLE FOR PACE FINANCING

Act 175 adds the following types of projects to those currently eligible for PACE financing:

- Energy reliability improvement, including improvements that allow for energy storage, backup power generation, and facilitating participation in a microgrid.
- Electric vehicle (EV) infrastructure improvement for facilities used to charge EVs.
- Resiliency improvement, including projects that improve storm and wind durability or wind resistance, assist in fire suppression, or mitigate flood damage.
- Storm water control measure improvement that is designed to mitigate the negative impacts of storm water or other surface runoff. This does not include a rain barrel or cistern designed for temporary storage of precipitation.

Adapting PACE to Sustainable Agriculture: Key Questions

How will the Program evaluate whether a project creates a real stormwater control benefit?

How to engage private capital providers to use PACE to fund sustainable agriculture projects?

What authorities or professional credentials are qualified to assess projects?

How can processes be streamlined to promote access by smaller projects?

Intersecting Storm Water Control and Sustainable Ag

Criteria (Meet one or more)

- Reduces flooding
- Reduces water flow and/or water speed into waterways or the local stormwater system during and/or following precipitation and snowmelt.
- Reduces total suspended solids, nutrient, or other polluting runoff into natural or manmade waterways
- Reduces topsoil loss or erosion caused by wind, rain, or snow.

Strategies

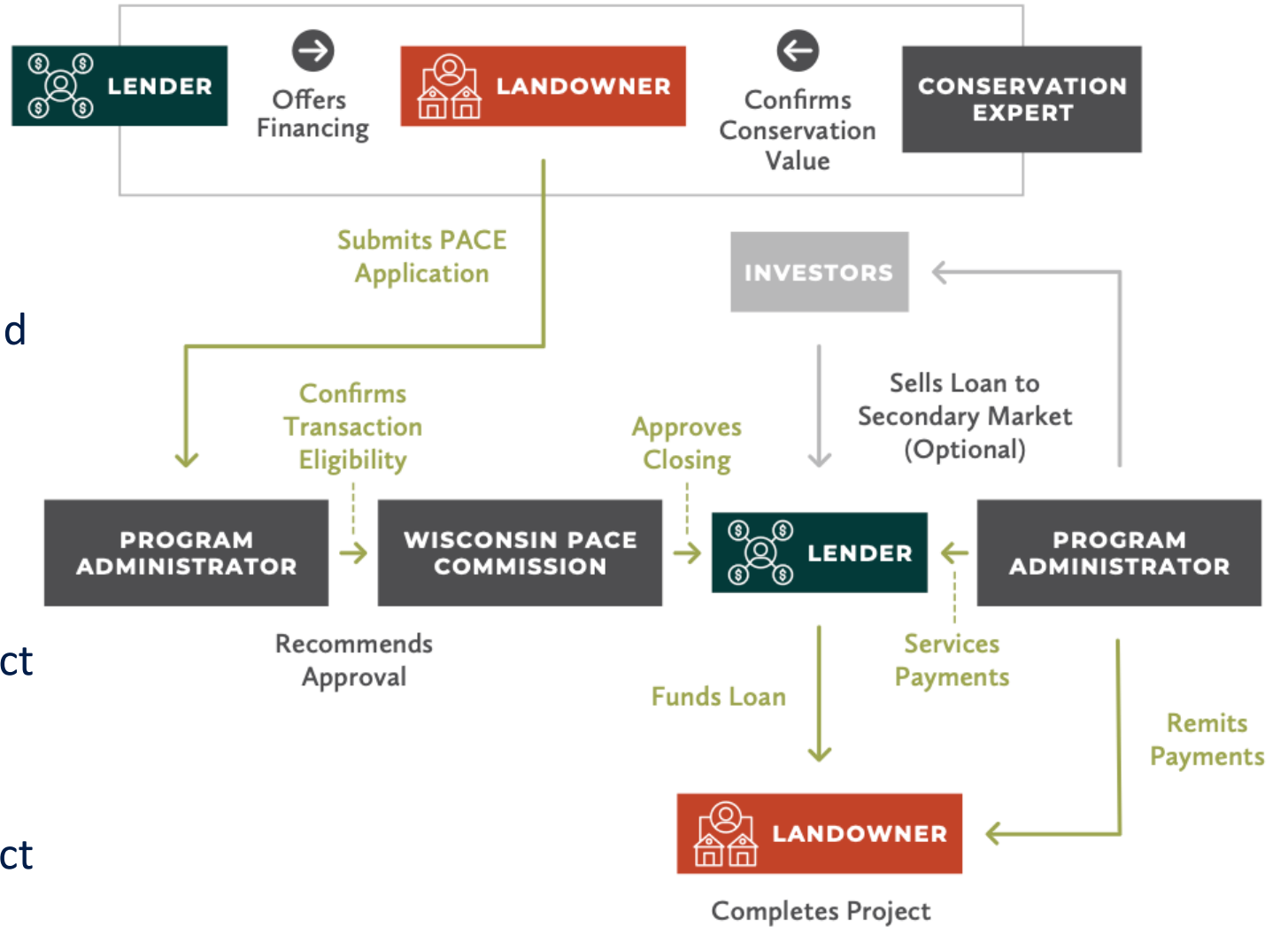
Grazing Systems

Agroforestry

Silvopasture

Program Modifications

- Defined criteria for stormwater control benefit
- Detailed Assessment by County Land and Water Department or USDA NRCS Technical Services Provider
- Reference to specified applicable USDA NRCS conservation practices standards
- Streamlining through low/no-cost project assessment
- Engagement with existing PACE lenders also working in ag sector and with impact investors



Process of Applying PACE financing to Regenerative Agriculture in Wisconsin

Thank you!



Dan Streit | Senior Researcher
dstreit@slipstreaminc.org
608.729.6954



CROATAN
INSTITUTE

Jaime Silverstein | Senior Associate
jaime@croataninstitute.org
919.794.7440 x109

Targeted Tools & Food Systems



Robin Weis

Deputy Director/ Rural MN Energy Board PACE Administrator,
Southwest Regional Development Commission
Slayton, MN

Rural Minnesota Energy Board (RMEB) Property Assessed Clean Energy (PACE)

June 27, 2023

CDFA Food Webinar: Targeted Tools & Food Systems

Robin Weis, Deputy Director



Service Area

- 18 Counties of southwest/central MN
- Counties must be good standing members of the RMEB Joint Powers Board (JPB)
- Each county has a representative and an alternative member on the JPB

PACE COMMITTEE

- 5 Members from the RMEB
- Meets as needed
- In person meeting if in conjunction with RMEB
- Option for secure online meetings

Purpose of PACE

Finance Cost Effective Energy Improvements on commercial or agricultural properties

Program is for property owners of qualified properties

-Why for property owners? PACE financing is paid back on property taxes as a special tax assessment

MN Property Assessed Clean Energy (PACE) Legislation Overview

Web Address to complete legislation:

[https://www.revisor.mn.gov/statutes/cite/216
C.436](https://www.revisor.mn.gov/statutes/cite/216C.436)

PACE 1/2 Sheet

Browser window showing a PDF document titled "PACEflyer.pdf" from the URL rmeb.org/PACE/PACEflyer.pdf. The document content includes:

Property Assessed Clean Energy

PACE is a program which finances energy efficiency and renewable energy upgrades to the buildings of commercial property owners in counties within the Rural Minnesota Energy Board (RMEB) region. The program allows businesses to make these improvements without the up-front costs. Costs of improvements are repaid as a special assessment on the property taxes. PACE eliminates the burden of upfront costs by providing low-cost, long-term financing.

WHAT PROJECTS CAN YOU FINANCE WITH PACE?

Energy Efficiency
HVAC, equipment, lighting & more

Renewable Energy
Solar, wind turbines, geothermal & more

Find out more: rmeb.org/pace.htm

Robin Weis
507-836-1638
robin@swrdc.org

Jason Walker
507-836-1642
jasonw@swrdc.org

Program administered by the Southwest Regional Development Commission.



PACE Brochure- Page 1

PACE brochure - Adobe Acrobat Reader DC

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PACE Program Objectives

- Increase energy efficiency and decrease energy costs through the utilization of "green energy" systems.
- Decrease energy demand.
- Reduce carbon footprint.
- Give qualifying businesses the ability to improve energy efficiency without up-front out-of-pocket expense.
- No increase in net operating costs realized throughout the repayment period.
- Increase property value.
- Promote job growth in the clean energy sector.

RURAL MINNESOTA ENERGY BOARD

Mission Statement

The Rural Minnesota Energy Board is committed to cooperating in a joint venture to provide the greatest public service benefit possible for the 18-county area encompassed by the Counties in policy, planning, management, and implementation of methods to deal with energy and transmission in rural Minnesota.

Contact Us

Robin Weis, PACE Program Administrator
2401 Broadway Avenue, Suite 1
Slayton, MN 56172
Phone: 507-836-1638
Email: robin@swrdc.org

Jason Walker, RMEB Staff
2401 Broadway Avenue, Suite 1
Slayton, MN 56172
Phone: 507-836-1642
Email: jasonw@swrdc.org

SRDC
This Program is administered by the SRDC on behalf of the Rural Minnesota Energy Board.
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RURAL MINNESOTA ENERGY BOARD
Loan Fund Investment in Clean Energy

Property Assessed Clean Energy

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PACE Brochure- Page 2

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Property Assessed Clean Energy PACE


PACE is a financing tool used to assist commercial and agri-businesses with improvements to existing facilities that substantially increase energy efficiency.

Costs for the improvements are paid back through a special assessment on property taxes.

The increase in property taxes is offset by the decrease in energy costs so that the business sees no change in the bottom line.

PACE can assist with new construction (limitations apply), as well as renovation and retrofitting on commercial properties.

Solar and wind are eligible purposes of PACE financing.



The improvements are considered a fixture to the property and are repaid through property taxes.

Program Requirements

- The property must be for purposes of multi-family housing, commercial, industrial or agricultural use.
- The applicant(s) must be the legal owner of the property described in the application.
- The property must be located in the RMEB area.
- The Property owner must be current on all mortgages, must not be in bankruptcy and the property must not be an asset in a bankruptcy.
- There must be no federal or state income liens, judgment liens, or similar involuntary liens on the property.
- An Energy Audit/Assessment or Renewable Energy System Feasibility Study must be performed by a pre-approved energy auditor.

Projects could include, but are not limited to:

- LED lighting
- Improved Heating/Cooling
- Enhanced Insulation
- New Windows
- Solar

Example

Improvement Type	Operating Costs (Current)	Retrofit Costs	Operating Costs (New)	Annual Savings
Boiler System	\$39,375	\$46,000	\$17,730	\$21,645
Water Heater	\$13,230	\$22,000	\$6,024	\$7,206
Lighting	\$5,722	\$8,950	\$2,614	\$3,108
TOTALS	\$55,198	\$76,950	\$26,368	\$31,959

Loan Size

- Minimum PACE Loan: \$5,000
- Maximum PACE Loan will be lesser of:
 - The actual cost of improvements, or
 - Greater of 20% of the assessed property value or 20% of the appraised value.
 Maximum PACE loan of \$100,000.

Loan Term

- Maximum of 20 years to repay the loan.
- Loan term must not exceed the estimated life expectancy of improvement.

Interest Rates

- The interest rate is determined by the RMEB PACE Committee.

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PACE Application- Starts w/Checklist

RMEB PACE Application x +

Not secure | rmeb.org/PACE/PACEApplication.pdf



The Property Accessed Clean Energy (PACE) Revolving Loan Fund (RLF) provides financing for the installation of energy efficiency and conservation improvements that are permanently fixed to eligible properties ("Improvements"). Commercial and agri-business properties are eligible to apply. Solar and wind are included as a qualified improvement.

PACE Application Checklist

PLEASE INCLUDE THE FOLLOWING:

- Completed PACE Application.
- Copy of the most recent property tax statement.
- Documentation that the property owner is current on property taxes.
- Documentation that the property title is vested in the applicant's name, without federal or state income tax liens, judgment liens, or similar involuntary liens on the property. A template affidavit is available upon request.
- Property description from the Abstract.
- Documentation that the property owner is current on mortgage(s). A letter from the mortgage lender can be submitted in lieu of a current statement.
- Energy Audit and/or renewable energy system feasibility study performed by an approved Rural Minnesota Energy Board (RMEB) PACE energy auditor. The audit must include a summary of recommendations with the following information for each recommendation, if applicable: Existing MMBTU usage, proposed MMBTU usage, MMBTU savings, existing kWh, proposed kWh, kWh savings, existing kW, proposed kW, kW savings, annual savings (\$), cost, payback years, expected life cycle (years), and percent of savings. The project must have a Savings to Investment Ratio greater than 1:1; expected energy savings should exceed investment costs.
- Cost estimates for project from licensed contractor(s). The estimate(s) must include number of labor hours. The contractor's(s) cost estimate(s) must document how it is meeting the technical specifications proposed in the energy audit. Any change orders must be submitted to the SRDC. Davis Bacon applies to contractor rates and benefits in cost estimate. To find the wage rate based on state, county, and construction type, visit beta.sam.gov/.
- Electronic photos of all sides of the building(s) emailed to robin@swrdc.org.

Please submit all information to Robin Weis via email at robin@swrdc.org or via mail:
Southwest Regional Development Commission

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Checklist

- Property Tax Statement
- Current on Property Taxes
- Affidavit- Liens
- Legal Property Description
- Current on mortgage
- Energy Audit/Assessment
- Cost Estimates
- Electronic Photos

Who can perform Energy Audit/Assessments?

- Must be Qualified
 - Certified Energy Manager (CEM)
 - Certified Energy Auditor (CEA)
 - Education/Experience

Insulate the roof/attic and the walls with closed cell spray foam due to the significant energy savings from conduction and infiltration. Recommendation	Potential Savings, Annual						
	kWh	kW	Fuel *kBtu Propane	Water Gallons	Waste Yds	\$	Tons US CO2 @ 12.7 #/gal
Insulate the roof/attic and the walls with closed cell spray foam due to the significant energy savings from conduction and infiltration. Recom's # 1 & 2							
1. Insulate underside of roof			24,452			385	1.6
1. Reinsulate all wall cavities			25,096			395	1.7
1. Install door seals and insulate cracks around windows and doors			2,282			36	0.2
Totals:			51,830			816	3.5

Davis Bacon

- By County, Project Type, and Job Classification
- https://sam.gov/search/?index=dbra&page=1&pageSize=25&sort=-modifiedDate&sfm%5BsimpleSearch%5D%5BkeywordRadio%5D=ALL&sfm%5Bstatus%5D%5Bis_active%5D=true

State Historic Preservation Office

- Also known as SHPO
 - Plays a critical role in carrying out many responsibilities in **historic preservation**.
- Project examples- Lighting, HVAC
- Submissions required to loan closing
 - Often received back prior to committee consideration- RMEB has expedited processing

Timelines/Amortization Schedule

- Special Tax Assessment – Needs to be filed with respective county by November 30 to be included in next year's property tax statement
- Payments- Collected by the county with property taxes as a special tax assessment

Defaults

- Payments are not accelerated due to a default
- Tax delinquency exists only for assessments not paid when due
- Liability for special assessments runs with the property

Eligibility:

- Must be located in a RMEB county in good standing
- Commercial or industrial business (including agri-business), non-profit (must have a business presence in at least 50% of the space), some residential
- Retrofit or New project

Loan Size and Interest Rate:



- Loans may range from \$5,000 to \$100,000
- Interest rate currently at 3% under Prime w/Floor of 3%
- 1% Origination Fee

Financing Terms

- Term not exceeding the useful life of the energy improvements installed- max 20 years
 - Committee prefers 10 years or less due to nature of financing

PACE Loan Maximum

- Loan Amount not to exceed the lesser of:
 - greater of 20 percent of the assessed value of the real property on which the improvements are to be installed or 20 percent of the real property's appraised value, accepted or approved by the mortgage lender; or
 - actual cost of installing the energy improvements

Coordination with other financing/programs

- Yes!
- Examples
 - Can act as gap financing
 - USDA Rural Energy for America Program(REAP)
 - Utility Companies
 - Rebates
 - Grants

Types of Projects

- Lighting
- Heating/Cooling
- Refrigeration
- Insulation- some have been with roof projects
- Hot water heater
- Solar
- Air Exchange

Types of Businesses

- Gas Stations
 - Less than 4 story housing
 - Martial Arts
 - Restaurants
 - Grocery Stores
 - Retail
 - Water Conditioning
 - Lodging
- Ag shops
 - Swine Barns
 - Laundromat
 - Dance Studio
 - Garden Center



Mountain Lake Multi Unit Housing – energy efficiency PACE project























CJ's

Car Wash

Laundromat







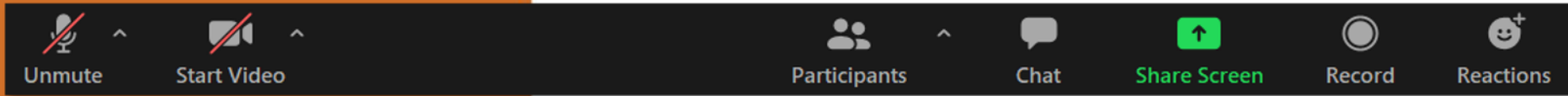




Questions

Robin Weis
robin@swrdc.org
507-836-1638

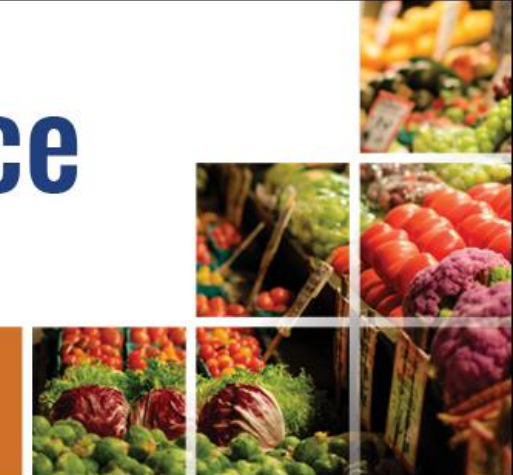
Audience Questions



**Submit your questions by
using the chat function!**



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Contact Us



Anneliese McClurg

Council of Development Finance Agencies

Coordinator, Research & Technical Assistance

614-705-1315

amcclurg@cdfa.net