

DEVELOPMENT OF THE OK C-PACE PROGRAM:

**Workshop to Solicit Feedback on the Oklahoma
Commercial Property Assessed Clean Energy Program**

The second in a series of three webinars to develop the OK C-PACE Program

Offered by  INCOG



For more information or to register for
the other webinars, please visit:
<http://www.incog.org/CPACE.html>

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INTRODUCTION



INTRODUCTION TO INCOG

INCOG is a voluntary association of local and tribal governments in the Tulsa metropolitan area in northeast Oklahoma. Established in 1967, INCOG is one of 11 Councils of Governments in the State of Oklahoma.

INCOG provides planning and coordination services to assist in creating solutions to local and regional challenges in such areas as comprehensive planning, transportation, community and economic development, environmental quality and energy programs, public safety, and services for older adults.

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INTRODUCTION TO PFS

Best in Class C-PACE Program Design, Implementation, & Administration:

PACE Financial Servicing provides unparalleled expertise and track record in C-PACE program design and administrative services that work for local governments, property owners, and capital providers

Our Mission

To support governments in the creation of open, standardized, low-cost C-PACE markets designed to drive private sector C-PACE investment and scale

Core Value

To structure each C-PACE program in a manner that scales energy efficiency and clean energy while fulfilling the unique needs of each jurisdiction

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FUNDAMENTALS OF C-PACE



C-PACE AS A PUBLIC POLICY

C-PACE is a government policy that energy efficiency, clean energy generation, water conservation, and resiliency projects on commercial buildings are a public benefit – like a sewer or road extension

How does it work?

- State passes enabling legislation
- Local government establishes C-PACE through passing enabling resolution
- Building owner selects projects
- C-PACE capital provider provides financing
- C-PACE assessment recorded in land records and secures financing

Like other public benefits, C-PACE projects are secured by the building they benefit with a special assessment

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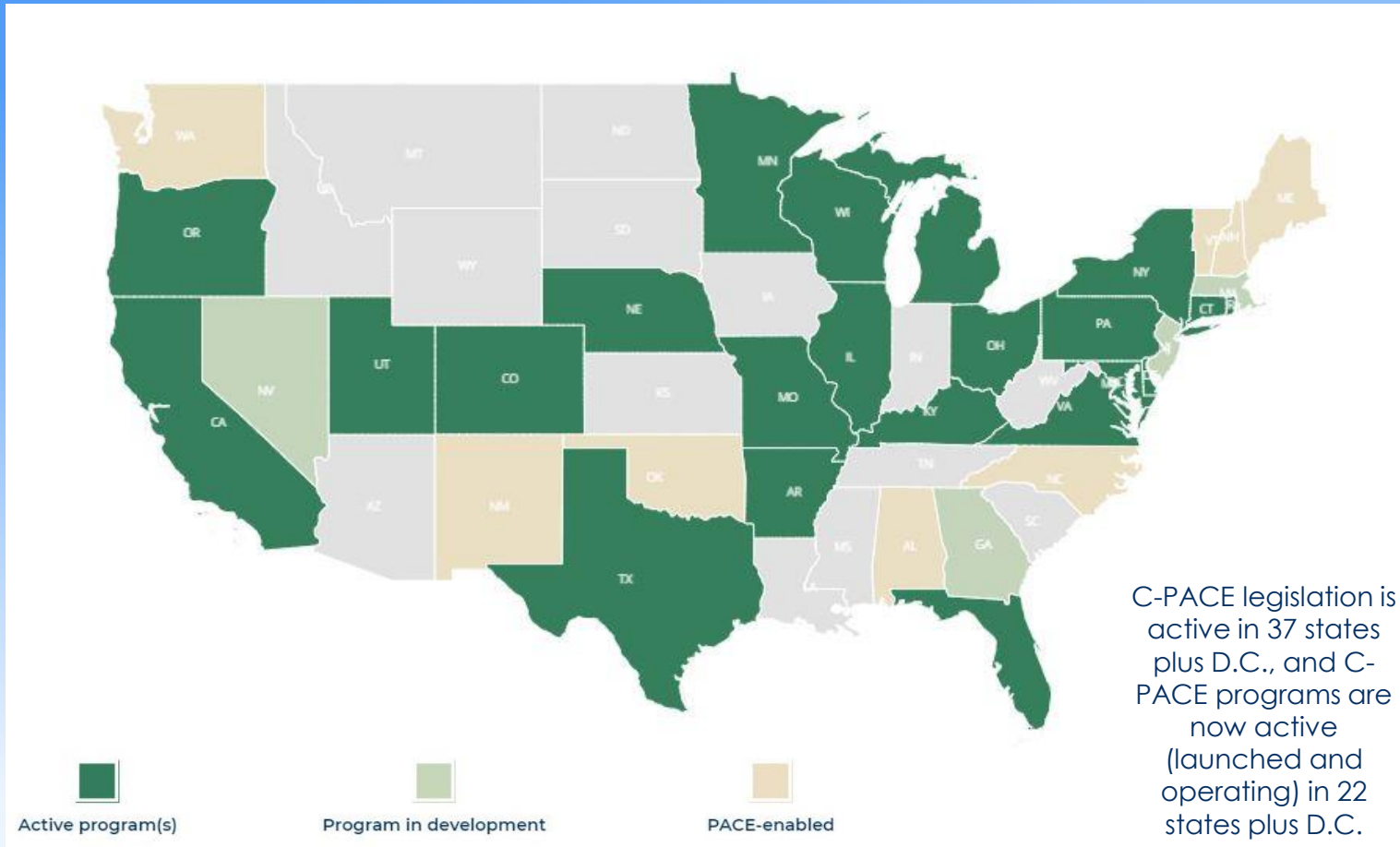
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C-PACE IN THE U.S.



\$1,538
investment (MM)

2,400
(commercial projects)

17,848
jobs created

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FROM PROJECT ORIGINATION TO REPAYMENT

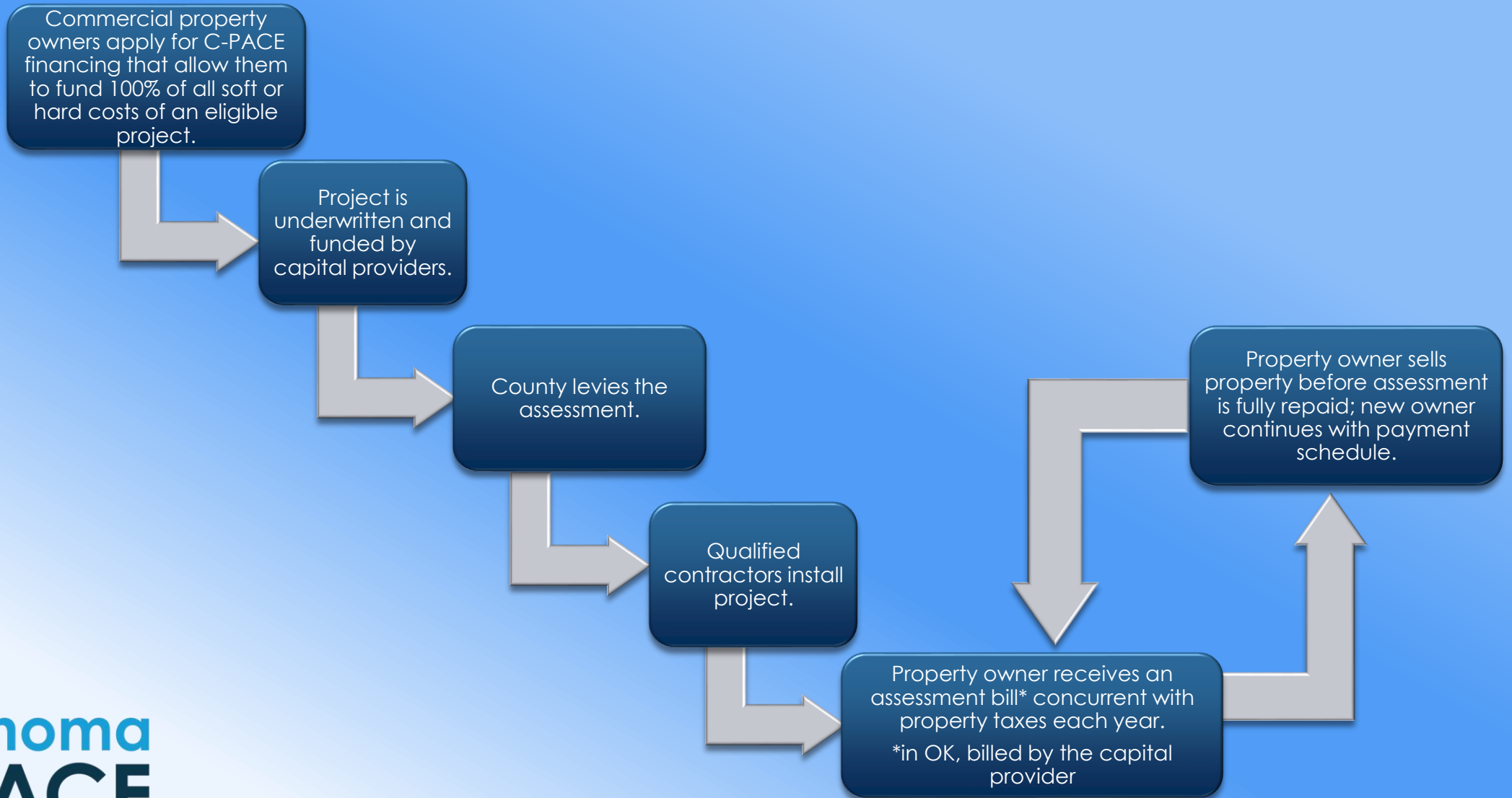
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BENEFITS OF C-PACE

C-PACE solves the economics of energy, water, and resiliency improvement projects. C-PACE's assessment payment structure is secured by an assessment lien, which allows for:

- \$0 down financing
- Long repayment terms (up to 30 years)
- Low, fixed-rate interest
- Projects are cash flow positive from day 1
- Secured by property – not by owner guarantee, bond rating, or credit score
- Obligation transfers with building
- Assessments may pass through to tenants

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THE OK C-PACE PROGRAM



WHAT IS THE OK C-PACE PROGRAM?

An initiative to develop a C-PACE program administrative platform that will work statewide for any county choosing to establish a program.

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Design

- Legislative Amendment
 - Clarify role of County
 - Define collection and enforcement methodology for C-PACE assessments
- Draft statutory documents:
 - County enabling resolution
 - Assessment contract
- Draft program documents
 - Guidance Manual
 - Application Checklist
 - Lender consent form



Implementation

- Outreach and education to local governments to adopt the OK C-PACE Program
- Support to counties to pass standard resolution to establish OK C-PACE



Administration

- Application checklist review
- Assessment contract closing
- Onboard/register capital providers
- Onboard/register contractors
- Education and outreach
- Information and website
- Communication with OK PACE stakeholders
- Revision of program documents, as needed

VISION FOR THE OK C-PACE PROGRAM?

An initiative to develop a C-PACE program administrative platform that will work statewide for any county choosing to establish a program.

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Keep it Low Cost & Simple

Develop clear, concise guidelines and transparent processes without high fees



Keep it Open

Catalyze innovation and promote growth through open-market participation



Keep it Standard

Enable scale by implementing one set of documents and administrative processes

KEY DOCUMENTS: RESOLUTION

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- Enables C-PACE within that county's jurisdiction
- Authorizes the county to hire a third-party administrator to service the program
- Defines the status of C-PACE as an assessment
- Defines the role of the county in the operations of the program
- Defines eligible improvements

KEY DOCUMENTS: ASSESSMENT CONTRACT

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- **Tri-party agreement between the County, property owner, and capital provider**
- **Property owner voluntarily agrees to the levy of the assessment by the County**
- **Property owner agrees to pay assessment payments to capital provider**
- **Includes the C-PACE assessment payment schedule**
- **Describes the repayment and enforcement mechanisms of the C-PACE assessment**
- **Is recorded in the land records to evidence the assessment on the property**

KEY DOCUMENTS: GUIDANCE MANUAL

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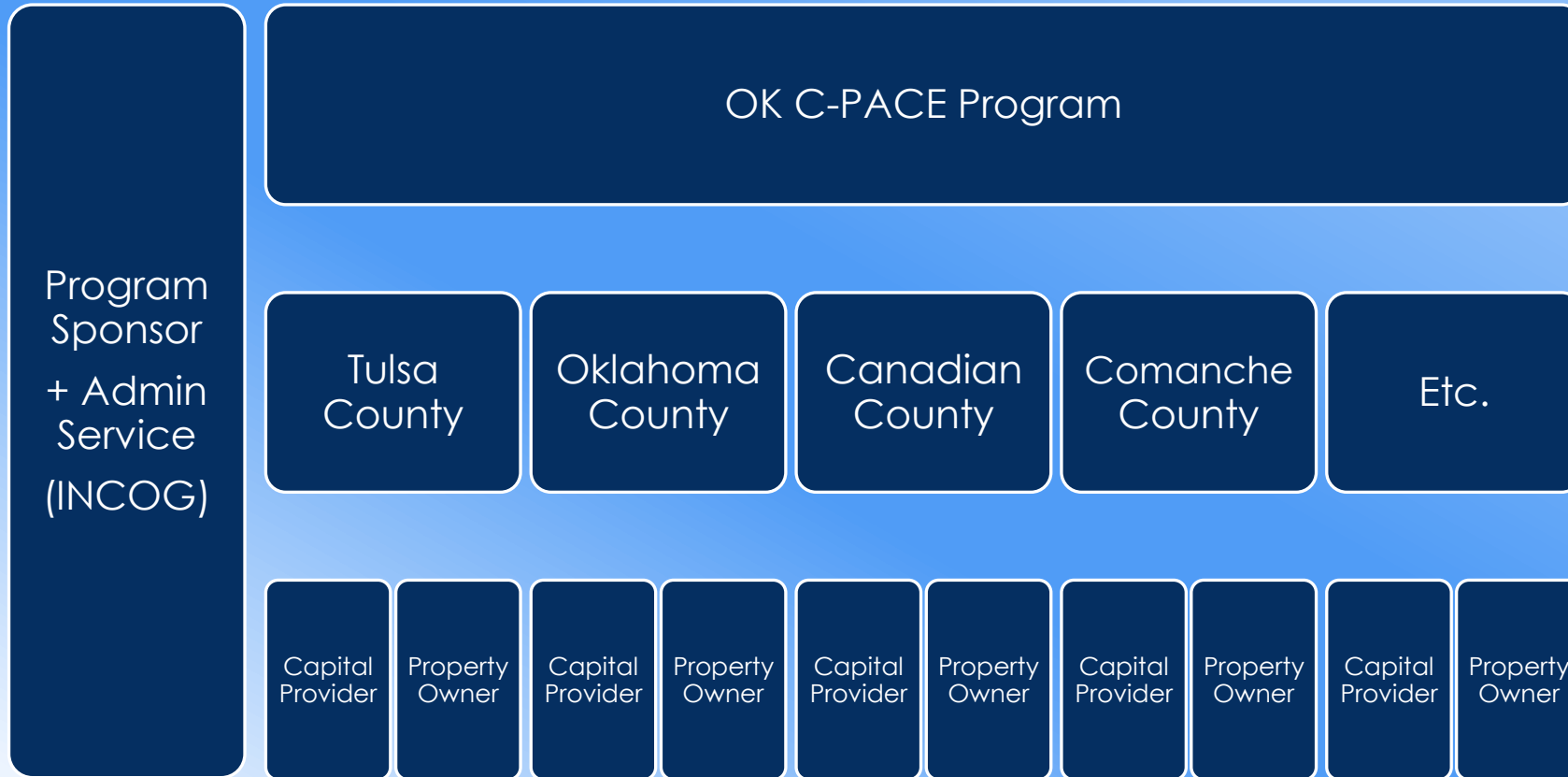
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- Clarifies eligibility of properties and improvements
- Provides application checklist and procedures
- Includes other template forms (e.g. mortgage lender consent)

OK C-PACE PROGRAM STRUCTURE



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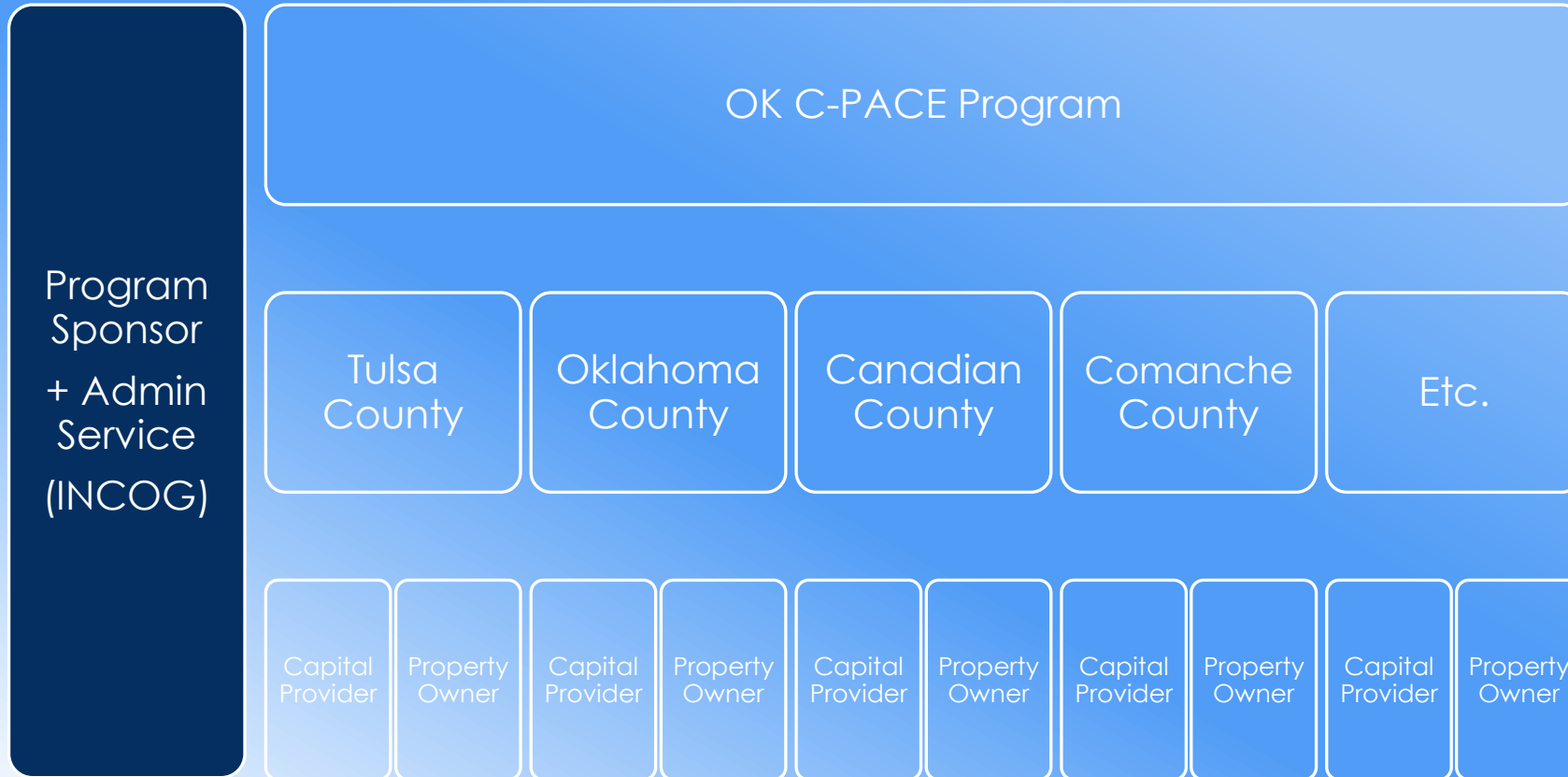
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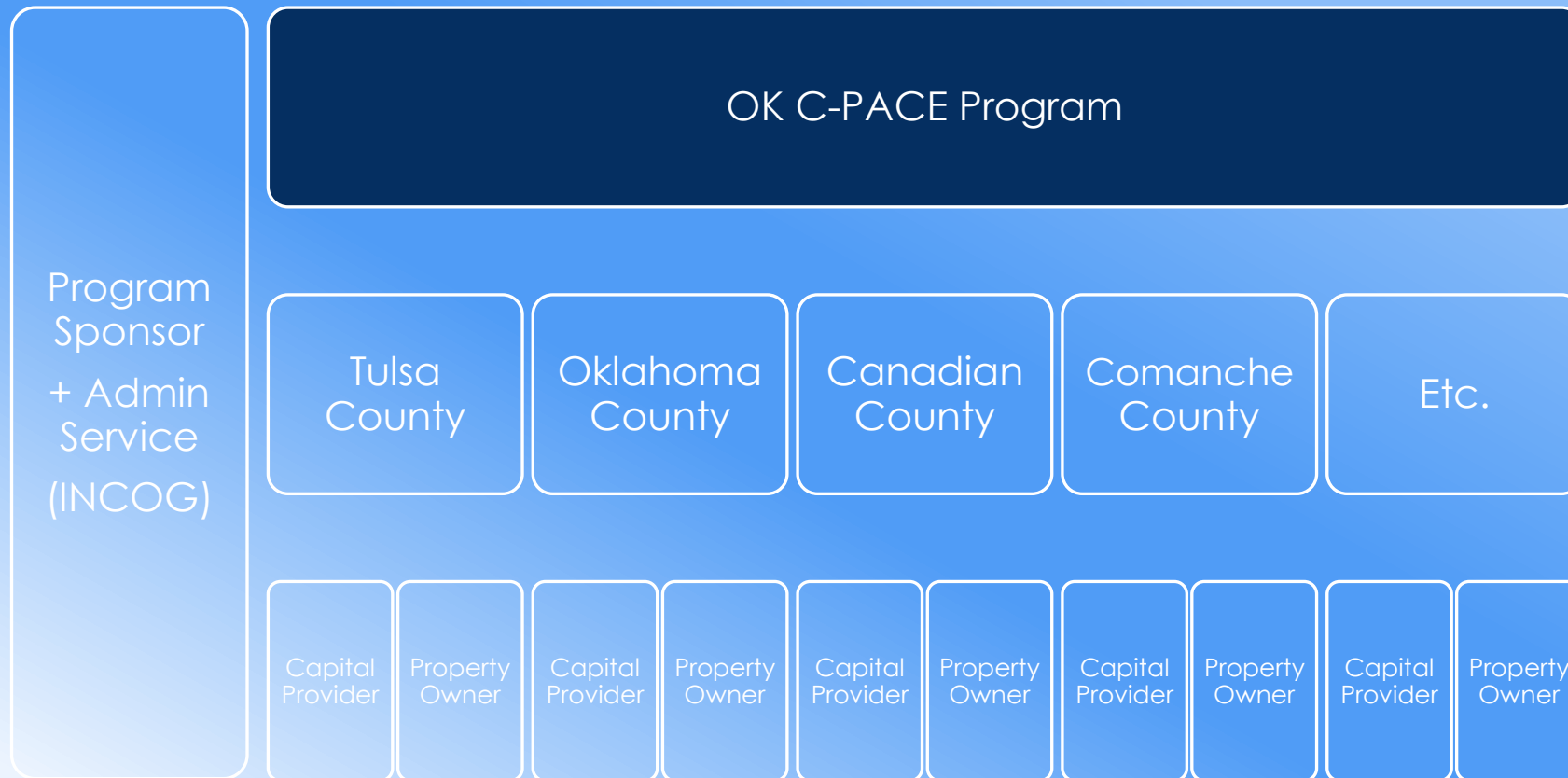
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- Convener for OK C-PACE
- Lead design of uniform C-PACE program for easy County adoption
- Establishing single point of program administration – including project compliance review and coordinating closings to reduce operating burden on Counties and lower cost for participants

OK C-PACE PROGRAM STRUCTURE



- Suite of standard documents required to establish a C-PACE program and close transactions
- Guidance manual for eligibility standards
- Application checklist
- Other standard forms (i.e. mortgage lender consent)

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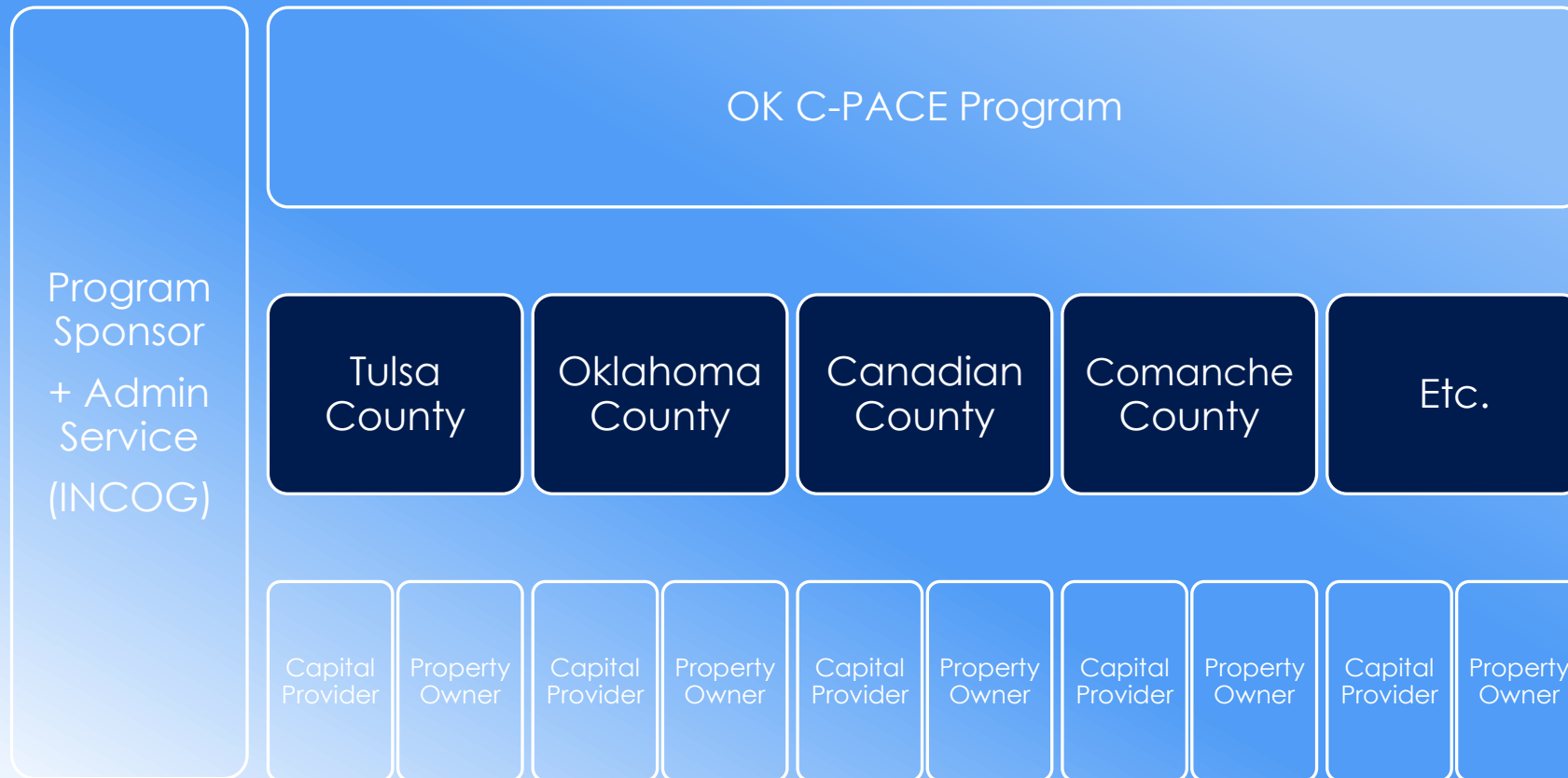
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OK C-PACE PROGRAM STRUCTURE



- Adopts resolution to establish C-PACE program and determine eligibility standards (e.g. OK C-PACE uniform resolution)
- For qualifying projects, executes assessment contracts/ levies assessments (e.g. OK C-PACE template assessment contract)
- Enter into operating agreement with program sponsor for program admin service

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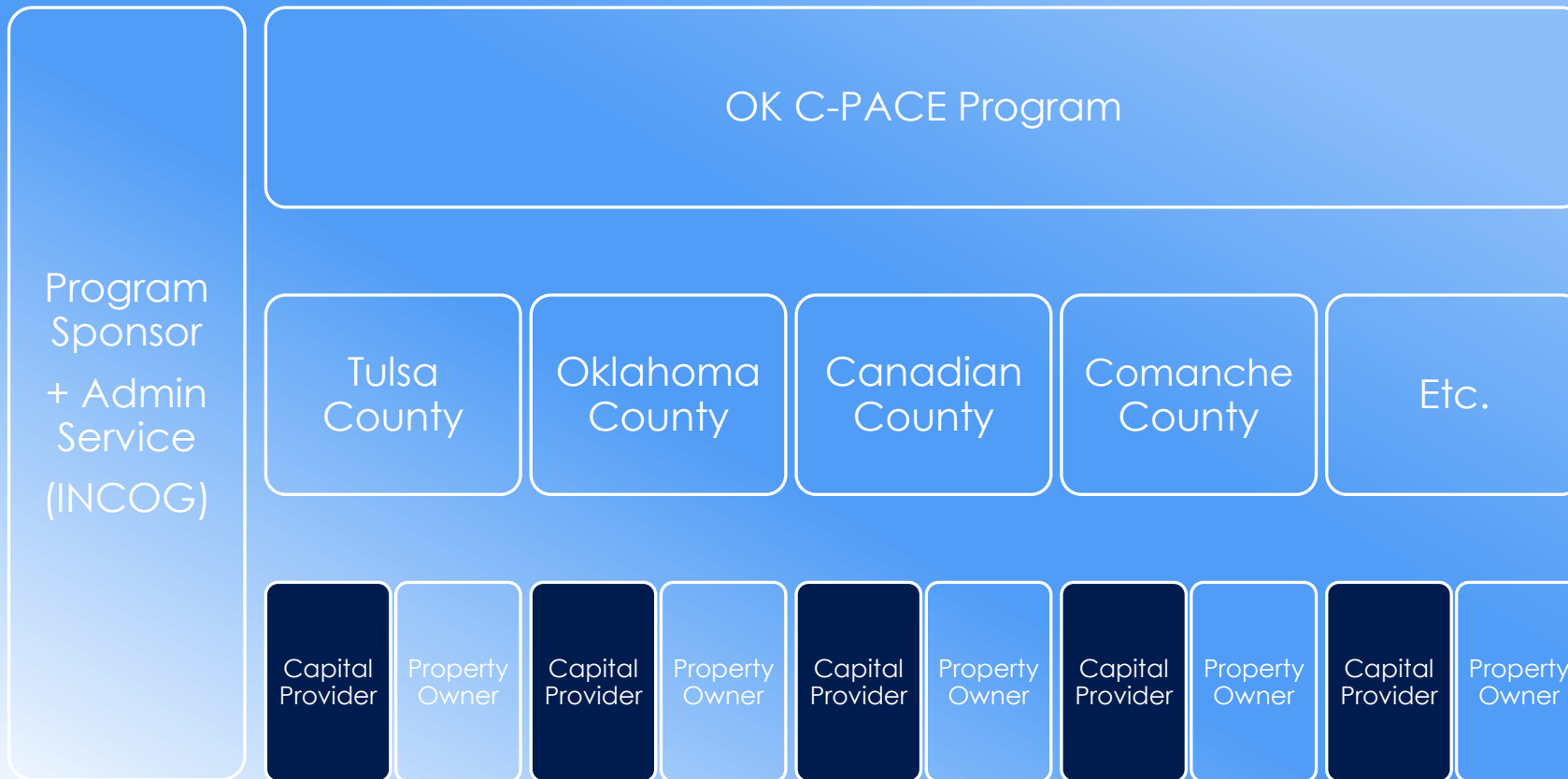
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OK C-PACE PROGRAM STRUCTURE



- Provides financing for eligible C-PACE projects
- Underwrites properties
- Bills and collects assessment payments
- Enforces assessments in case of delinquency

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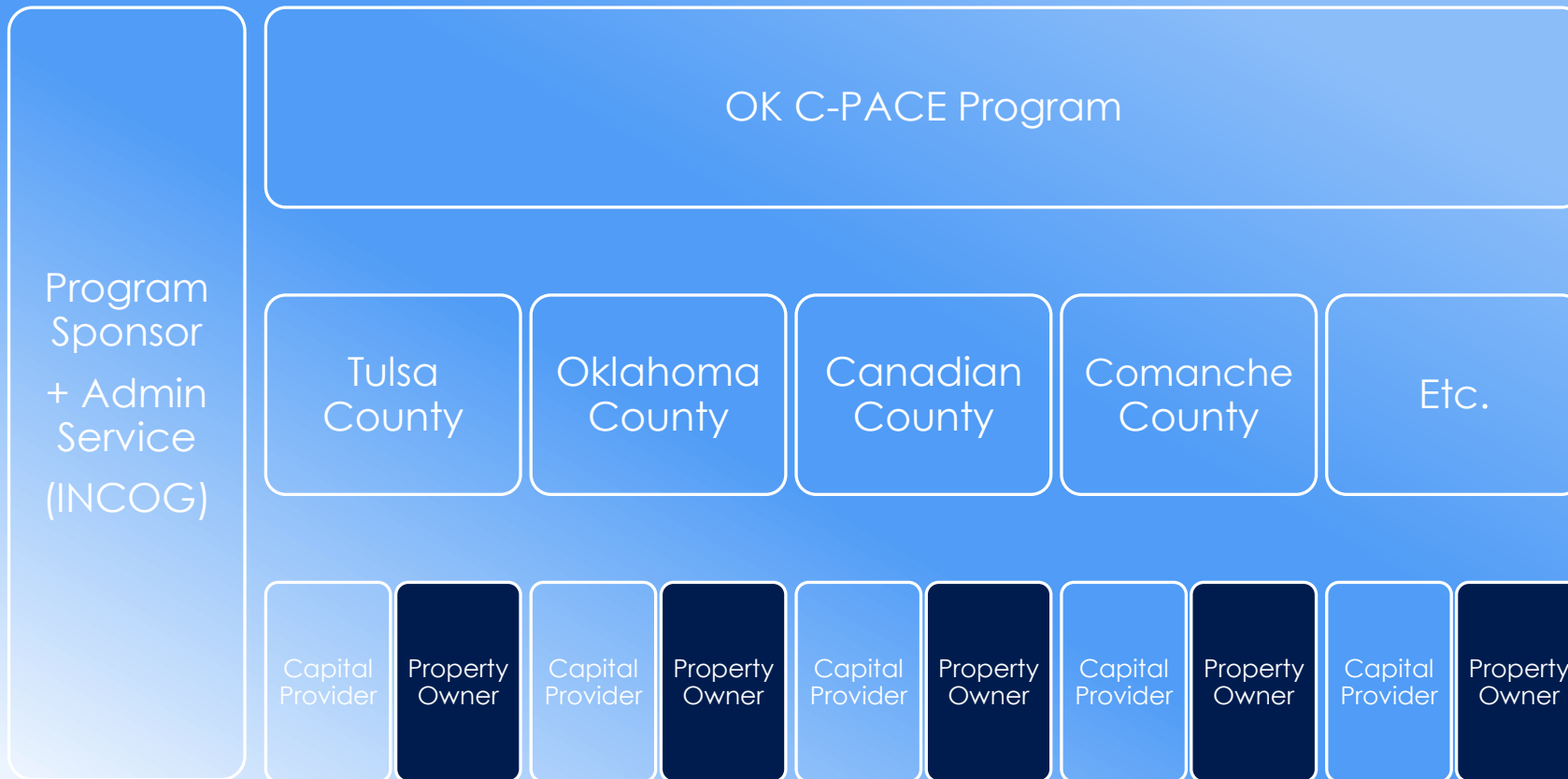
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OK C-PACE PROGRAM STRUCTURE



- Develops project with project team (capital provider, contractor, etc.)
- Submits application for C-PACE financing
- Makes annual payments to capital provider

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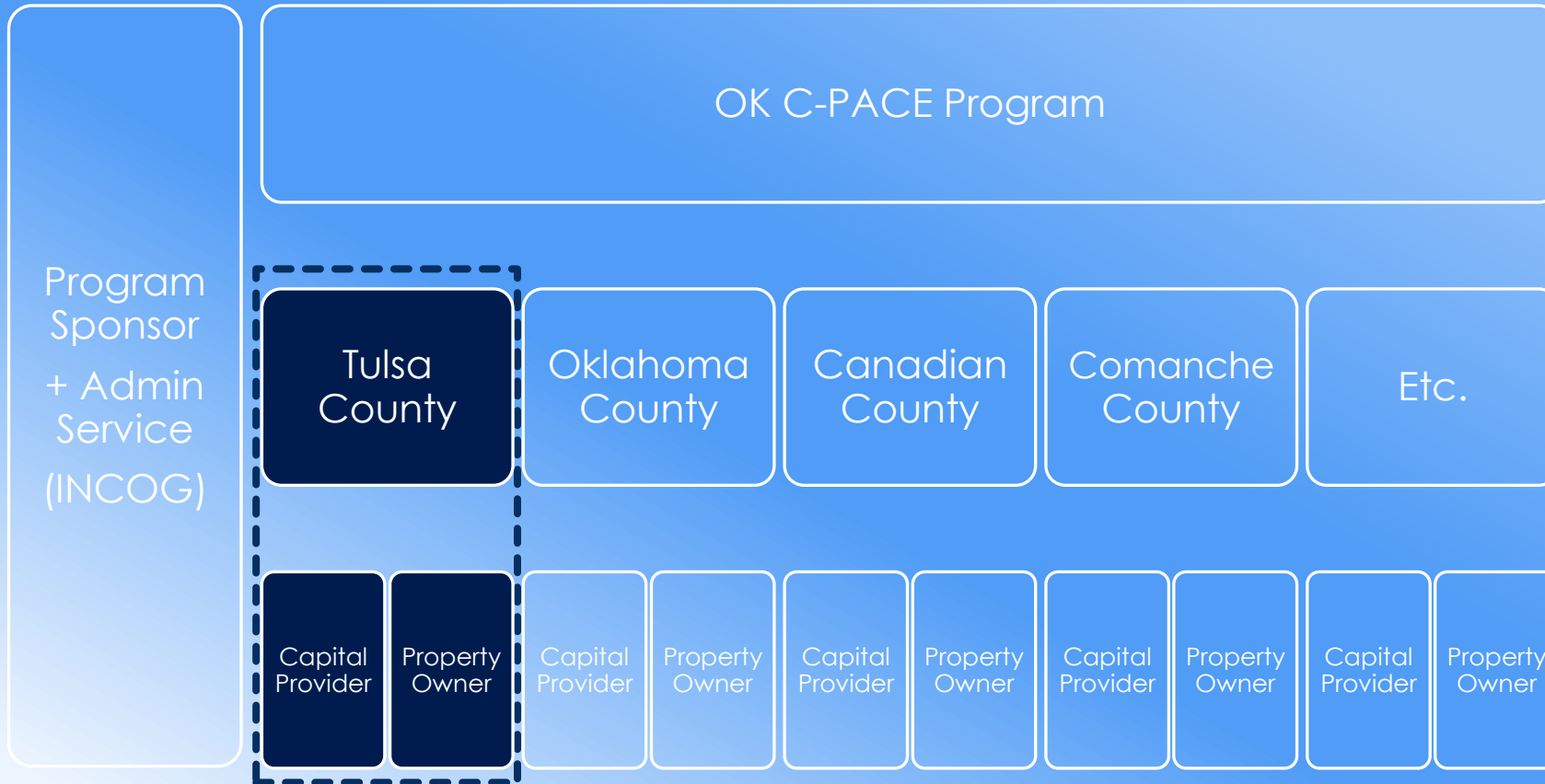
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Enter into assessment contract for levy, billing, collection and enforcement of assessments

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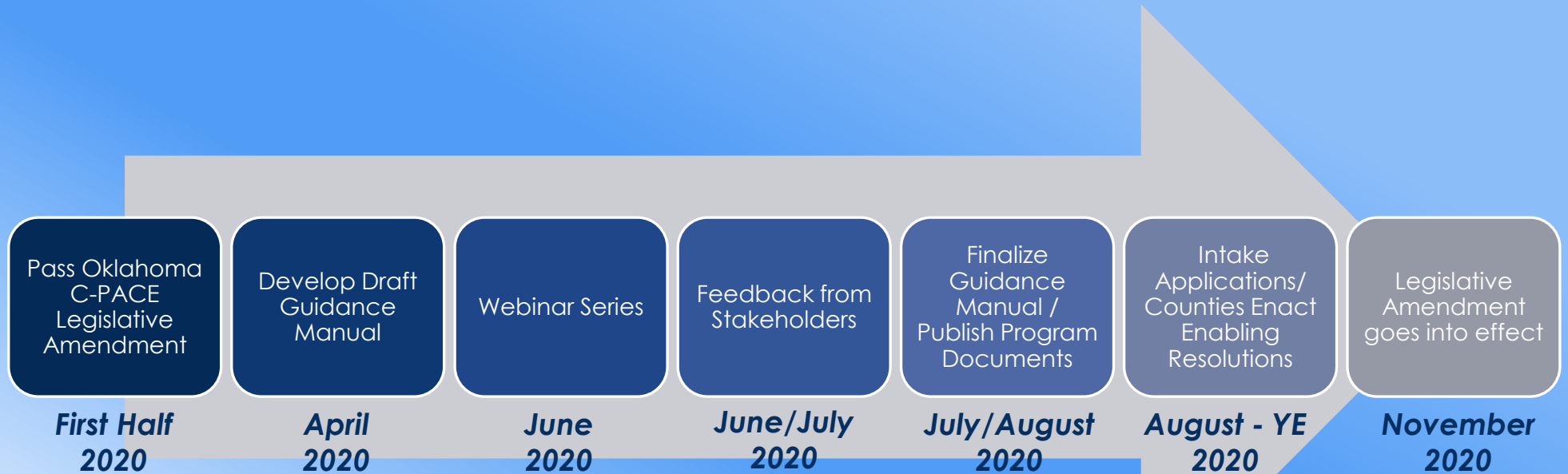
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GUIDANCE MANUAL: ELIGIBLE PROPERTIES

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Eligible Property Owners

- Applicant is legal owner of property
- Property owner is solvent
- There are no pending bankruptcy proceedings against property owner
- Property owner is not a party to any pending litigation

Eligible Properties

- Must be placed on tax roll
- Must be current on taxes
- No involuntary liens

Offices & Multifamily



Manufacturing



Hospitality



Institutions/NPOs



Agriculture



GUIDANCE MANUAL: ELIGIBLE IMPROVEMENTS

- Retrofit, gut rehab, new construction
- Refinancing available
- Improvements must be permanently affixed to property
- Financing terms shall not exceed the expected life of the proposed improvements

Examples of Eligible Improvements

Building Resiliency	Water Conservation	Energy Sources	Energy Efficiency
<ul style="list-style-type: none">• Storm/wind hardening measures such as roof and siding upgrades• Energy storage• Flood resistance• Stormwater management• Tornado• Other?	<ul style="list-style-type: none">• Cooling towers, condensers, and steam boilers• Technology that reduces/recycles industrial water consumption• Stormwater retention ponds• Rain gardens• Permeable pavement• Green roofs• Pumping equipment• Other?	<ul style="list-style-type: none">• Solar photovoltaic power• Solar thermal• Wind Power• Geothermal energy• Fuel Cell• Low emission advanced renewable energy conversion• Projects that seek to deploy electric, electric hybrid, natural gas or alternative fuel vehicles and associated infrastructure and any related storage, distribution, manufacturing technologies or facilities• Sustainable Biomass Facility• Other?	<ul style="list-style-type: none">• High efficiency lighting• Efficient HVAC• New automated building controls• Variable speed drives (VSDs) on motors, fans and pumps• High efficiency chillers, boilers and furnaces• High efficiency water heating systems• Combustion and burner upgrades• Heat recovery and steam traps• Building enclosure/envelope improvements• Building automation (energy management) systems• Other?

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SAMPLE APPLICATION REQUIREMENTS

PROPERTY DETAILS

- Property Address
- Property Parcel #
- Legal Property Owner
- Property Zoning
- Property Description

ELIGIBILITY

- Outstanding Mortgage(s)
- Mortgage Lender Consent
- Tax Payments Current

PROJECT SCOPE

- Summary of Improvements Financed
- Engineer Confirmation of Eligibility

FINANCING

- C-PACE Assessment Amount
 - Project Cost
 - Closing Fees
 - Other Fees
- C-PACE Assessment Term

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UPCOMING WEBINAR



UPCOMING WEBINAR

Webinar #3:

Oklahoma C-PACE: Benefits and Implications For Local Government
Wednesday, July 22, 2020 at 1:00 pm CT

C-PACE can be a new tool in economic development portfolios, but each county needs to first “opt in” to this new program. This web event will explore how C-PACE financing can benefit counties and communities, detailing the role of local governments in establishing and administering a C-PACE program.

- Fundamentals of C-PACE Financing
- Legal Background on Oklahoma C-PACE
- C-PACE program roles
- C-PACE transaction structure
- The county's role in establishing a C-PACE program
- Program Documents and case studies

Who should attend? Municipal and county tax and economic development officials, county commissioners, and staff.

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