



Resources on Energy Efficiency and Renewable Energy for Rural Communities

Colorado C-PACE

By:
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Director



C-PACE Background

- **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, incl. CO Energy Office

What is C-PACE?

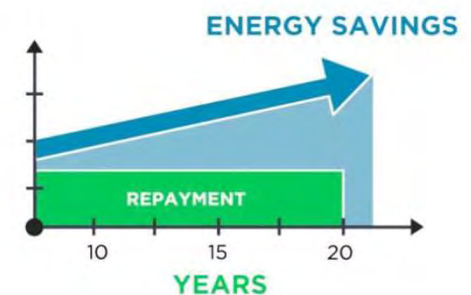
(Commercial Property Assessed Clean Energy)

- 100% financing - no out-of-pocket expense
 - i.e. includes soft & hard costs
- Long term - up to 25 years
 - Not to exceed the weighted effective useful life (EUL) of eligible improvements
- Non-recourse, no personal guarantees
- Special purpose assessment (akin to sewer assessment)

How C-PACE Works

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

- Building owners choose to install eligible EE, water efficiency and RE improvements
- Costs are spread over periods of up to 25 years
- Repayment via a “special assessment” recorded on the property
- Goal: Energy savings \$\$ > the PACE payments, creating cash flow positive projects
- Repayment obligation can transfer to new owner upon sale



What's Eligible?

■ Eligible Property Types (C&I)

- Office
- Retail
- Hotel
- Industrial
- Agricultural
- Healthcare
- Non-profit
- Multifamily (5+ units)

■ Eligible Improvements (examples)

- Automated building controls
- Boilers, chillers & furnaces
- Building envelope (insulation, windows)
- Combined heat & power (CHP)
- High efficiency lighting
- Hot water heating systems
- HVAC upgrades & controls
- Solar PV systems (roof upgrade)
- Pumps, motors, drives
- Green roofs / cool roofs
- Elevator modernization
- EV charging stations
- Beneficial electrification
- Alternative transportation

What Else is Eligible?

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

C-PACE for New Construction

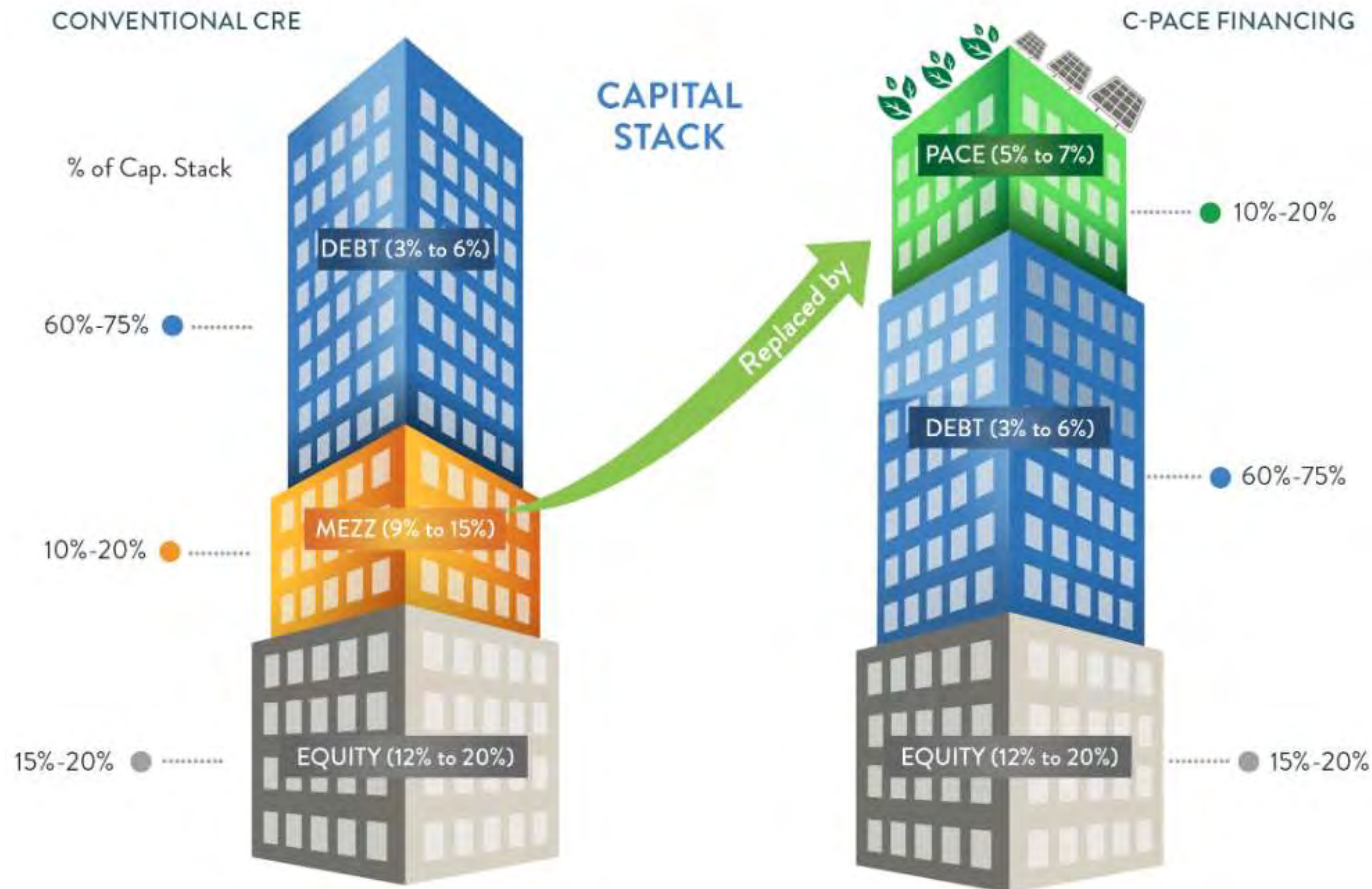
- Building's baseline energy consumption based on 2015 IECC
- Energy savings credit is delta between code and proposed EE design
- C-PACE financing for 15% to 20% of total eligible new construction costs
- Enables building design to “push the envelope”
- Engage construction lender early in the process



Colorado Commercial Property
Assessed Clean Energy

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.

Project Potential

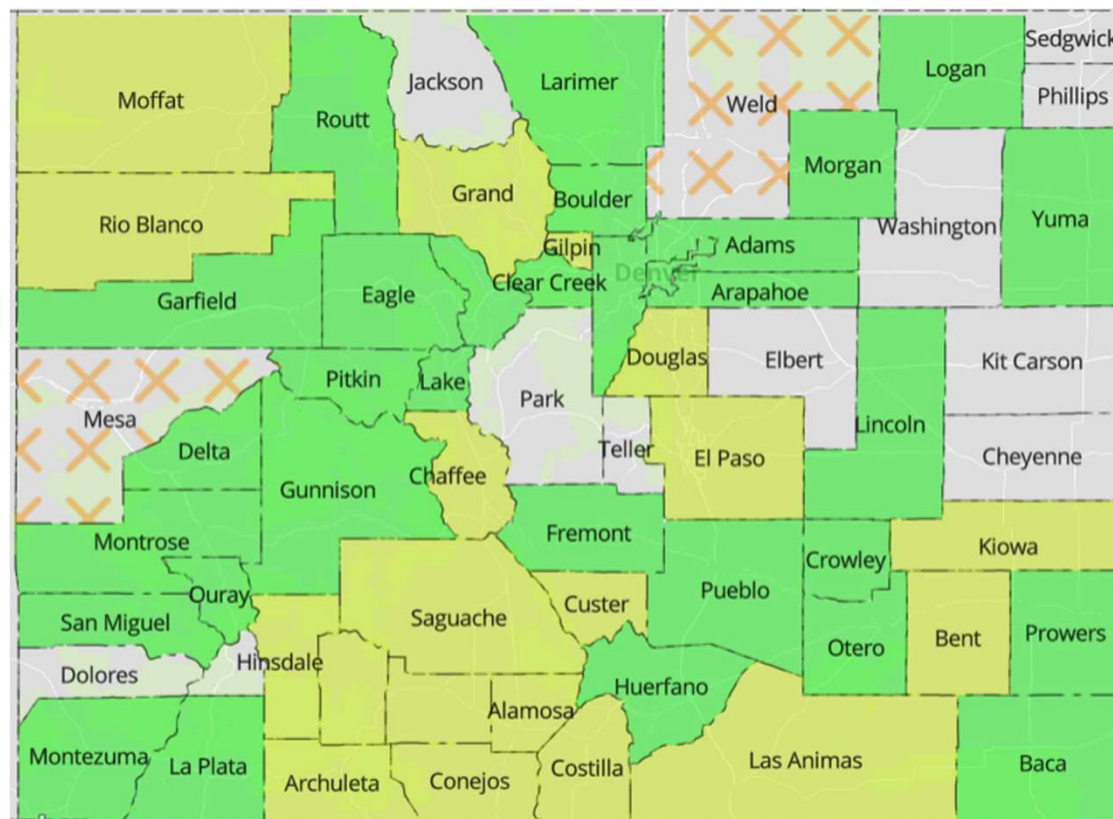
RMI report released in February 2020 – Class B/C buildings

- **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**
 - **For a 50,000 SF building: \$250,000 to \$550,000**

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

Colorado C-PACE Statewide Program

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



■ PARTICIPATING COUNTIES:

- Adams
- Arapahoe
- Baca
- Boulder
- Broomfield
- Clear Creek
- Crowley
- Delta
- Denver
- Eagle
- Fremont
- Garfield
- Gunnison
- Huerfano
- Jefferson
- La Plata
- Lake
- Larimer
- Lincoln
- Logan
- Montezuma
- Montrose
- Morgan
- Ouray
- Otero
- Pitkin
- Prowers
- Pueblo
- Routt
- San Miguel
- Summit
- Yuma

■ IN-DISCUSSION COUNTIES:

- Alamosa
- Archuleta
- Bent
- Chaffee
- Conejos
- Costilla
- Custer
- Douglas
- El Paso
- Gilpin
- Grand
- Hinsdale
- Kiowa
- Las Animas
- Mineral
- Moffat
- Rio Blanco
- Rio Grande
- Saguache

- **County Collection Fee:** to cover collections & remittance services
 - 1% of PACE annual assessment amount, included on owner's property tax bill

C-PACE Benefits to the County

- Minimal impact to County government resources
- Program financed through qualified capital providers
- Improved C&I building infrastructure
- Attractive to developers / county property owners
- Business/building owner/tenant retention
- Voluntary – provides another financing option for existing building owners and new construction projects

Role of the Mortgage Holder

- **C-PACE assessment requires written consent from existing mortgage holder(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

Consenting Mortgage Holders

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

■ Academy Bank	1 project	■ First Citizens Bank	1 project
■ Access Point Financial	1 project	■ First National Bank	1 project
■ Adams Bank & Trust (1)	1 project	■ Great Western Bank	1 project
■ Alpine Bank (3)	4 projects	■ Guaranty Bank and Trust	1 project
■ ANB Bank (6)	3 projects	■ iBorrow	1 project
■ Bank of Colorado (2)	2 projects	■ Independent Bank	5 projects
■ Bank of the Ozarks	1 project	■ JR&B	1 project
■ Belco Credit Union (4)	4 projects	■ LoanCore Capital	1 project
■ Berkley Bank (5)	2 projects	■ Midfirst Bank	4 projects
■ Centennial Lending	1 project	■ Midland States Bank	1 project
■ Citywide Banks (4)	3 projects	■ Mutual of Omaha	2 projects
■ Collins Community Credit Union	1 project	■ Security Services FCU	1 project
■ Colorado Business Bank	1 project	■ TBK Bank	1 project
■ Colorado Structures Inc (1)	2 projects	■ UMB Bank	1 project
■ First Bank (7)	3 projects	■ Vectra Bank	1 project
		■ Waypoint Bank (1)	1 project
		■ Wells Fargo	4 projects

Consenting Senior Lenders – New Construction

- **20 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	■ First Bank (2)	3 projects
■ Adams Bank and Trust	1 project	■ First Western Trust	1 project
■ Alpine Bank (1)	2 projects	■ Glacier Bank	1 project
■ Bank of the Ozarks	1 project	■ Greater Nevada Credit Union	1 project
■ Broadmark Realty	2 projects	■ Guaranty Bank and Trust	1 project
■ Centennial Bank	1 project	■ iBorrow	1 project
■ Collins Community Credit Union	2 projects	■ Independent 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	■ Trust of Illinois	1 project

Role of the Capital Provider

- **C-PACE is designed as an “open source funding model”**
 - Prequalified private Capital Providers fund eligible projects
 - No public funds are used to finance projects
- **Owner may choose a preferred capital provider upfront, OR**
- **Program Administrator can review pre-approved projects with qualified capital providers to determine their funding interest**
 - Capital providers submit financing term sheets for owner decision

Qualified Capital Providers

- 38 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



Role of Capital Provider

- **Conduct underwriting to assess building's financial health:**
 - **Loan-to-Value percentage** (< 80% typically qualifies)
 - Outstanding mortgage value / estimated property value
 - **PACE-to-Value percentage** (< 20% typically qualifies)
 - Estimated project value / estimated property value
 - **Current on mortgage and property tax payments**
 - **No involuntary liens or bankruptcy**
 - **Review building financials & project cash flow projections**
- **Execute financing agreement with property owner**

Role of Contractor/Developer

- Integrate C-PACE financing in proposal & project development
- Paradigm shift:
 - **FROM:** “Old Way” - owner self-funded, short-term payback focused
 - **TO:** “New Way” - 3rd party long-term financed, cash flow focused

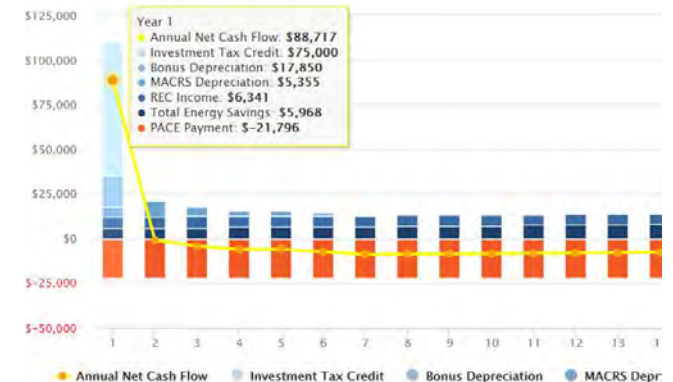


PACEworx™ Solar Project Estimator

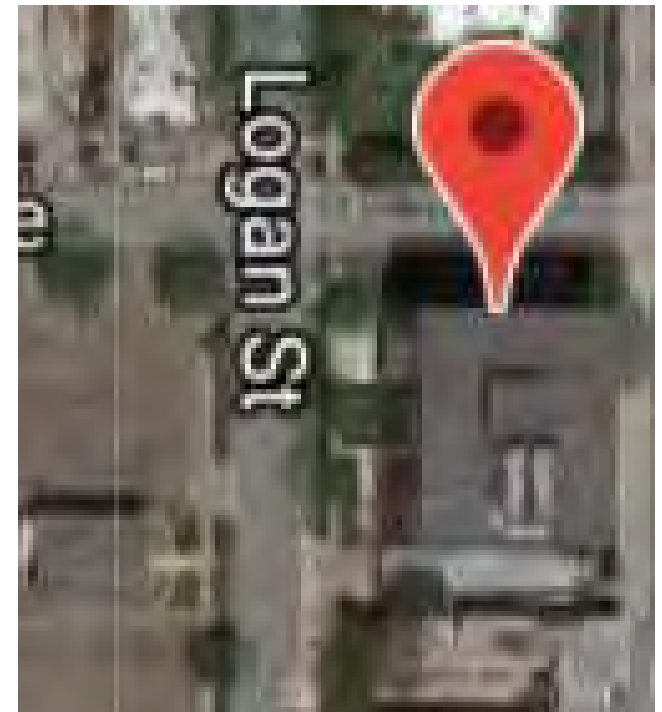
Web-based application to instantly model CO C-PACE solar PV projects

1. **Enter property location** (access via copace.com; contractor tools)
2. **Optimize system size and cost** (change assumptions on the fly)
3. **Create compelling project proposals** (including C-PACE financing assumptions)

Chart of Estimated Cash Flows⁵



Savings to Investment Ratio (SIR): 1.02



EPICTM Energy Performance Improvement Calculator

- Powerful cloud-based app for HVAC, EMS and lighting equipment replacement projects that empowers you, in real time, to:



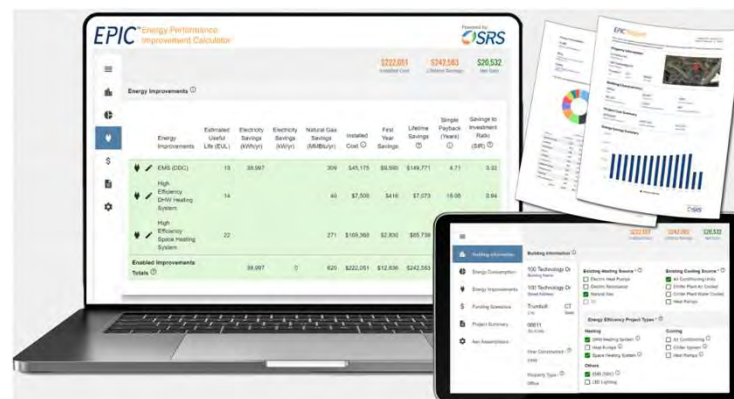
Estimate energy savings



Calculate financial impacts



Win more projects!



- Powered by SRS proprietary data, predictive analytics and proven technology from thousands of energy improvement projects conducted nationwide over the last 10 years
- Subscription-based product (not PACE-centric); demo available upon request

Making the Business Case

- Owner has the information to make a fully-informed, expedited investment decision
- Transform an unwelcome capital expense to a **compelling investment opportunity** (“business case”)
- Compare energy code minimum versus **high efficiency options**

EPIC[™] Report

Report-ID: f7753845-0
Date: May 15, 2020

This report was prepared using the Energy Performance Improvement Calculator (EPIC[™])¹ app to estimate the energy savings and calculate the financial impacts of your project.

Property Information

2800 Dagny Way
Building Name

2800 Dagny Way
Street Address

Lafayette CO 80026
City State ZIP Code



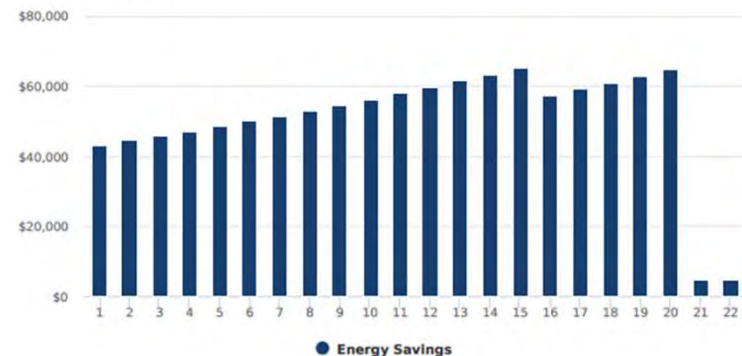
Building Characteristics

Health Club / Spa	75,224	2010
Type	Gross Sq. Ft.	Year Constructed
125,358	2,315	381
Space Cooling (kWh/yr)	Space Heating (MMBtu/yr)	DHW Heating (MMBtu/yr)

Project Cost Summary

\$962,606	\$1,117,826	\$155,220
Net Installed Cost (\$)	Lifetime Savings (\$)	Net Gain (\$)

Energy Savings Summary



Colorado C-PACE Program Update

- **81 projects financed; ~\$93.6M in project financing**
 - 967 job-years created
 - 378,314 tons of lifetime GHG emissions reduction
 - 100,153 MBtu lifetime energy savings; \$52.1M lifetime cost savings
- **Smallest CO project: \$60K; Largest CO project: \$7.1M**
- **Average project: \$1.2M; Median: \$626K**
- **20 new construction projects financed**
- **32 counties opted into the program (>75% commercial bldg stock)**
- **248 registered contractors; 38 registered capital providers**



Solar PV & LED Case Study

- **Building: Multi-tenant office & warehouse**
- **Project: 100 kW Solar PV system & lighting retrofit**
- **Amount financed: \$330,928; SIR 1.63, 20-year term**
- **Roof Replacement considered**
- **Excluded grower tenant from project**



Small Building Case Study

- **Building: 3,938 SF dry cleaners**
- **Project: 46 kW Solar PV system**
 - **Ground and roof mount**
- **Amount financed: \$125,940; SIR 2.18, 12-year term**
- **ITC, MACRS, SolarRewards, EnergySmart**



EE & Solar PV Case Study

- **Building:** Office for digital marketing & social media firm
- **Project:** 16 kW Solar PV; RTU replacement; RTU controls; exterior lighting; roof replacement
- **Amount financed:** \$296,251; SIR < 1, 15-year term
- **Other measures included:** EV charging stations



Small Solar PV Case Study

- **Building:** Ninety-nine acre organic fruit farm
- **Project:** 26 kW Solar PV system
- **Amount financed:** \$60,420; SIR 1.54, 10-year term
- **REAP grant, ITC, MACRS**



Large EE Case Study

- **Facility:** Two Large Commercial Office Buildings
- **Project:** Energy management system; RTU replacement; evap condensers; advanced metering (FDD); LED retrofit; water efficiency
- **Amount financed:** \$7,166,166; SIR 0.57, 20-year term
- **Other measures included:** LEED-EB
- **37% energy reduction**



New Construction Case Study

- **Building:** Mayfly Outdoors corporate headquarters and manufacturing facility, 41,000 SF
- **Project:** Efficient VAV RTUs, split system AC, advanced controls, LED lighting
- **Amount financed:** \$1,000,000, 20-year term

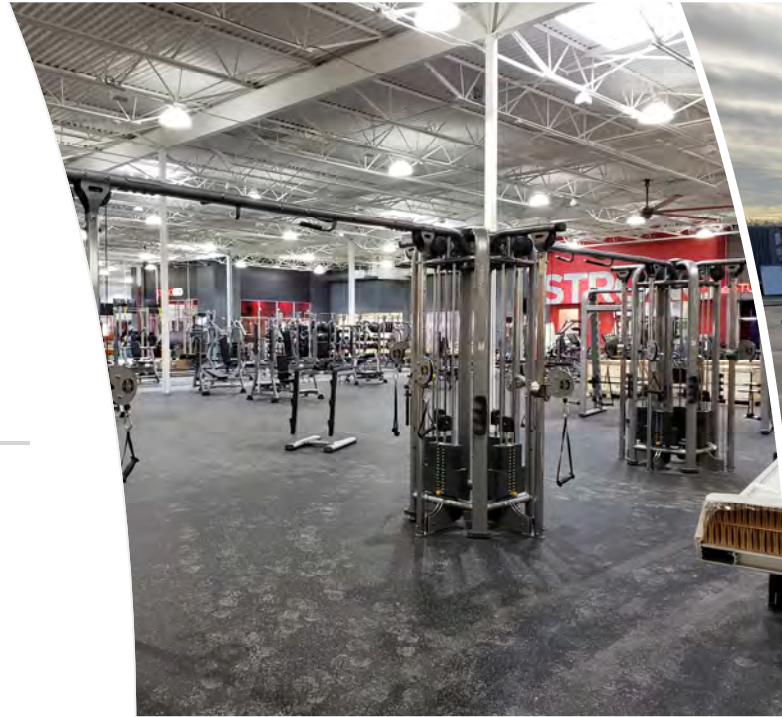


New Construction Case Study

- **Building: 26,000 SF hospitality**
- **Amount financed: \$2,800,000; 25-year term**
- **19.2% of total construction costs financed**
- **One of nine hospitality new construction projects**

“Gut Rehab” Case Study

- **Building: 56,586 SF
Recreational /
Fitness**
- **Project: windows
and skylights; HVAC;
destratification fans;
LED retrofit**
- **Amount financed:
\$1,695,315, 20-year
term**
- **Total gut-rehab (big
box retail)**





Non-Profit Case Study

- **Building: 146,217 SF Museum**
- **Project: LED retrofit**
- **Amount financed: \$61,865; SIR 2.91, 10-year term**
- **First non-profit to use C-PACE financing in CO**



Non-Profit Case Study

- **Building:** 120,378 SF Senior Center
- **Project:** Chiller plant, HVAC, exhaust fans, and LED lighting
- **Amount financed:** \$1,924,121; SIR 1.09, 20-year term

Conclusions



C-PACE financing structure can be very attractive to C&I owners



No out-of-pocket, often positive cash flow, non-recourse, long-term financing, transferable



Voluntary, additional financing option for owners and developers

Next Steps – Register as a Contractor

- **Submit a Contractor Registration form**
- **Attend a C-PACE contractor workshop**
- **Listed as a registered contractor on the program website**
- **Can originate and work on C-PACE financed projects**



Colorado C-PACE Contractor Registration Form

Companies seeking to obtain CO C-PACE Registered Contractor status are required to complete the C-PACE Contractor Registration Form. Please be sure to complete all fields marked with an asterisk*. Note that once your firm is "Registered", it will be subject to the Registered Contractors Terms and Conditions as described on page 8.

There are 3 options for completing this Contractor Registration Form:

1. The version of Adobe we have provided for this Registration has "fillable fields" which will permit the Registration to be completed electronically and filed online. If your version of Adobe has this feature enabled, this is the preferred approach

If option 1 does not work for you, please use option 2:

2. If you can use the "fillable fields", but cannot file the form online to CO C-PACE, simply save the file on your computer and email to kgallagher@copace.com,

If option 2 does not work for you, please use option 3:

3. Print the file, fill it out manually, scan and email to kgallagher@copace.com.

Please feel free to contact me with any questions.

Ken Gallagher
Manager, Technical Support Services
kgallagher@copace.com
P: 877.325.1882

Please visit www.copace.com for resources.

www.copace.com/resources

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:

<input type="radio"/> Building owner	<input type="radio"/> Capital provider
<input type="radio"/> Building/property manager	<input type="radio"/> Real estate developer
<input type="radio"/> Contractor/auditor/project developer	<input type="radio"/> Other: _____

Project type:

<input type="checkbox"/> Existing building retrofit	<input type="checkbox"/> New construction
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Contact Information

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