



Program Overview

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C-PACE Session Summary

- **C-PACE Background & Structure**
- **How C-PACE Works**
- **Benefits of C-PACE for EE/RE Industry**
- **Q&A**

C-PACE Background & Structure



C-PACE Program Background

- **New Energy Jobs Creation Act authorized the New Energy Improvement District (NEID) to create the statewide C-PACE “District”**
- **NEID Board is comprised of seven members, incl. representatives from:**
 - Colorado Energy Office
 - Commercial Real Estate Industry
 - Banking Industry
 - Energy Efficiency & Renewable Energy Industry
 - Public Utilities

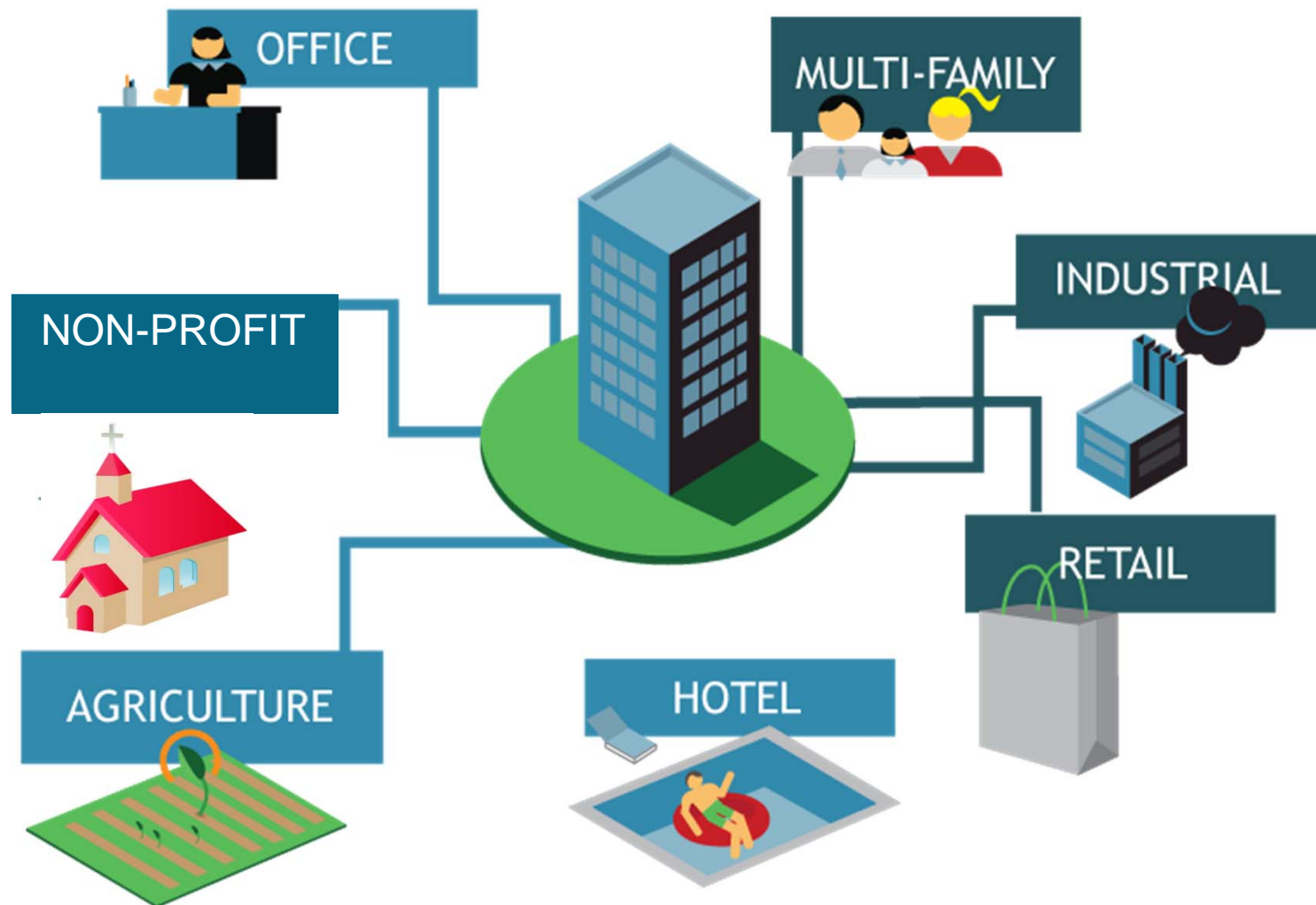
C-PACE Program Background (cont.)

- **May 2015: NEID issued public RFP for C-PACE Program Administrator**
- **Aug 2015: NEID Board selected SRS as C-PACE Program Administrator**
 - SRS has substantial C-PACE experience nationwide
- **4Q 2015: NEID & SRS collaboration on myriad of launch plan activities**
 - Program website: www.copace.com
- **Dec 2015: Public launch of C-PACE program**
- **Feb & Mar 2016: 140 contractors attend initial series of C-PACE workshops**

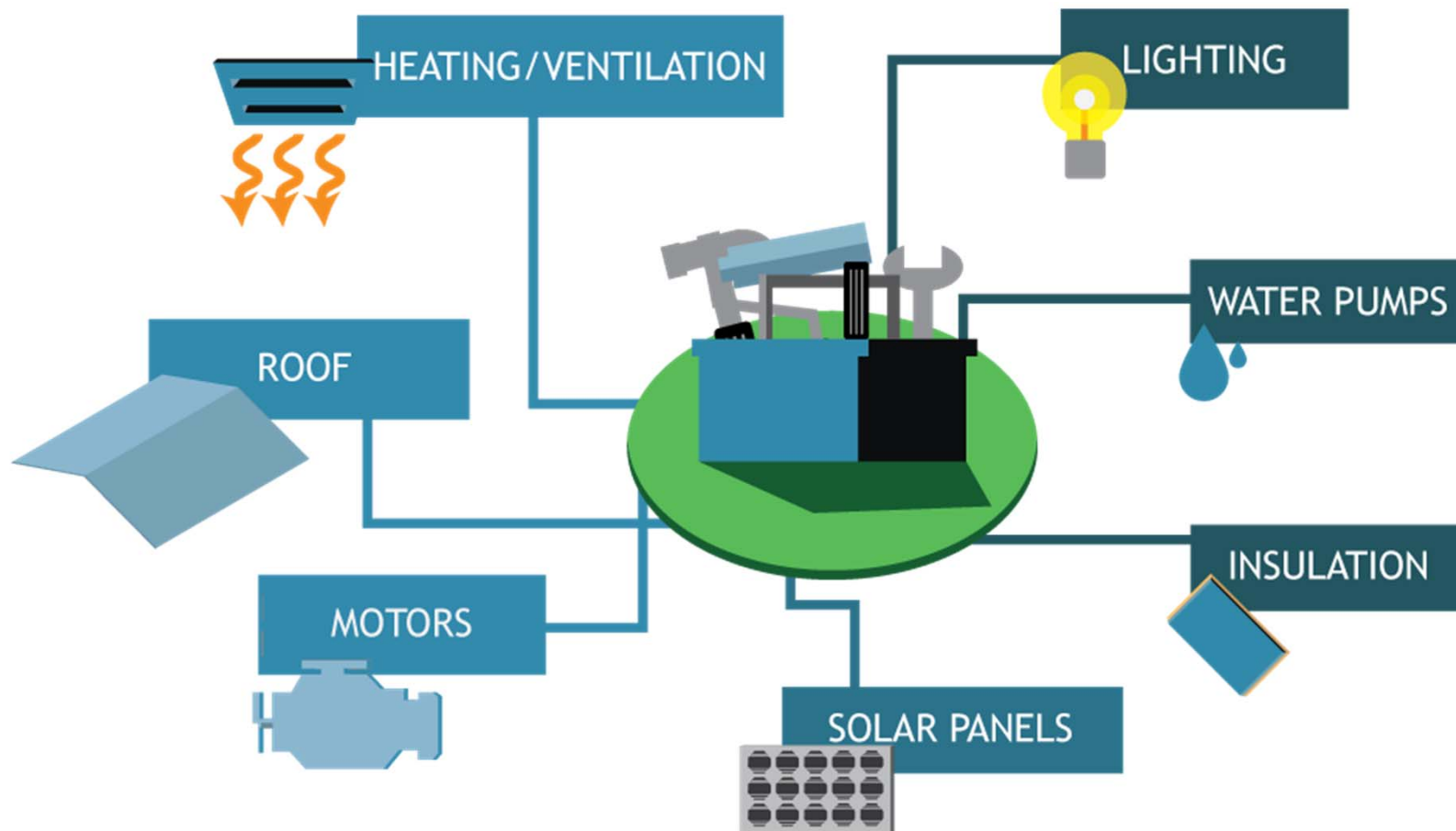
What is C-PACE?

- **Innovative financing model that provides C&I building owners a smarter way to modernize their buildings:**
 - 100% financing (no out-of-pocket expense)
 - Long term (up to 20 years)
 - Lower energy costs
 - Cash flow positive projects
 - No personal guarantees
 - Combine with utility & tax incentives
 - Payment obligation automatic transfer upon sale (akin to sewer assessment)

Eligible Property Types



Eligible Improvements



C-PACE Program Structure

- **Counties voluntarily opt-in to participate in C-PACE statewide “District”**

- **Participating Counties:**

- Boulder

- **In-Discussion Counties:**

(check copace.com website for opt-in updates)

- Adams

- Arapahoe

- Broomfield

- Denver

- Eagle

- Garfield

- Jefferson

- Mesa

- Pitkin

- Pueblo

- Summit

- **County tax offices bill & collect PACE assessment fees**

- County will remit building owner's PACE assessment collections to NEID

- NEID will disburse PACE funds to private capital providers

C-PACE Program Structure (cont.)

- **C-PACE is designed as an “open source funding model”**
 - No state / public funds are available to finance projects
 - Pre-qualified private Capital Providers fund eligible projects
- In cases where building owner does not have a preferred capital provider the Program Administrator **may review pre-approved projects with pre-qualified capital providers** to determine funding interest
- **C-PACE requires owners to receive written consent of mortgage holder**

How it Works



Why Owners Like “Power of PACE”

Typical mid-sized building owners (Class B & C, 10k-100k SF):

Challenges

- Lack capital budget
- Poor credit quality
- Limited access to financing
- Inability to increase OPEX

C-PACE Solutions

- ✓ 100% financing; No out-of-pocket
- ✓ Project underwriting based on building's financial health (LTV)
- ✓ No personal guarantee required
- ✓ Immediate positive cash flow

Why Owners Like “Power of PACE” (Cont.)

- PACE obligation is **attached to the property**
- **Automatically transfers** to new owner upon sale
- **Payment does not accelerate** at time of sale (as in typical bank loan)
- Allows **deeper, capital intensive projects** with longer payback times
 - Overcomes short-term payback focus & fix-at-failure mentality

Role of Mortgage Holder

- **Mortgage holder must consent to C-PACE assessment placement**
- **Mortgage banks will assess the project's impact on:**
 - Borrowers repayment ability
 - Collateral value
- **C-PACE projects generate positive cash flow, thus:**
 - Improve both the ability to repay & collateral value
- **115+ banks have consented to PACE projects**

Role of Capital Providers

- **Capital providers financing a C-PACE project will assess the building's financial health:**
 - **Loan-to-Value percentage** (< 80% is preferred)
 - Outstanding mortgage value / estimated property value
 - **Lien-to-Value percentage** (< 20% is preferred)
 - Estimated project value / estimated property value

C-PACE “Project Accelerator Services”

- C-PACE’s experienced team will:
 - Assist contractors ***identify*** C-PACE eligible projects
 - Collaborate with contractors to ***develop*** a financeable project
 - Conduct independent ***technical review*** of projected savings
 - Support a project ***presentation*** to the building owner
 - Assist owner ***obtain consent*** from the current mortgage holder
 - Help identify “***best-fit***” ***financing*** from participating capital providers

Project Accelerator Services – Key Steps

- **C-PACE / Contractor:**

- C-PACE prepares PACEcheck Pre-qualification Report
- Contractor schedules Owner meeting(s)



- **Owner Meeting:**

- C-PACE / Contractor discuss project opportunity
- Discuss Mortgage Holder consent requirement
- Contractor submits project application to C-PACE program

Project Accelerator Services – Key Steps

- **Owner / C-PACE Preliminary Meeting with Mortgage Holder**

- C-PACE overview
- Confirm building financial data
- Obtain “conditional” approval from mortgage holder



- **C-PACE / Contractor**

- Collaborate on project development
- Select optimal EE/RE measures
- C-PACE prepares alternative Project Finance Reports (SIR)

Project Accelerator Services – Key Steps

- **Contractor:**

- Contractor confirms final project and cost
- Contractor submits final proposal to owner



- **Owner:**

- Approves final Project Finance Report
- Obtains mortgage holder consent
- C-PACE team facilitates introduction to Capital Providers

Project Accelerator Services – Key Steps

- **Capital Provider:**
 - Prepares financing term sheet for owner approval
 - Prepares Finance Agreement
 - Closes financing and disburses funds

**C-PACE Benefits to
CO Energy Efficiency / Renewable Energy
Industry**



C-PACE Benefits to CO EE/RE Industry

CO C-PACE is right-structured for success:

- **Statewide program with CEO / NEID as sponsor agency**
 - Ensure consistent, repeatable and scalable process
- **Technically sound Program Guidelines & independent project review**
 - Overcome owner & mortgage holder skepticism of savings projections
- **“Open Market” access to private capital**
 - Facilitate building owner selection of “Best-Fit” capital provider

C-PACE for New Construction EE Projects

- **Colorado is first program in nation to allow C-PACE financing for new construction EE projects**
 - Building's baseline energy consumption based on IECC energy code
 - Energy savings credit is delta between code and new EE equipment
 - C-PACE financing not too exceed 20% of total new construction costs
 - See Program Guide: "Special Considerations for New Construction"

Next Steps – Contractor Registration

- **Become a C-PACE registered contractor**
 - Online registration application at: www.copace.com
 - C-PACE team registration contact:
 - Ken Gallagher
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How Colorado
C-PACE helps
you close more
projects

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