



[www.pacewi.org](http://www.pacewi.org)

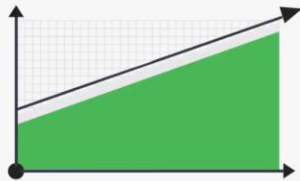
## C-PACE Overview

**Commercial Property Assessed Clean Energy (C-PACE)**

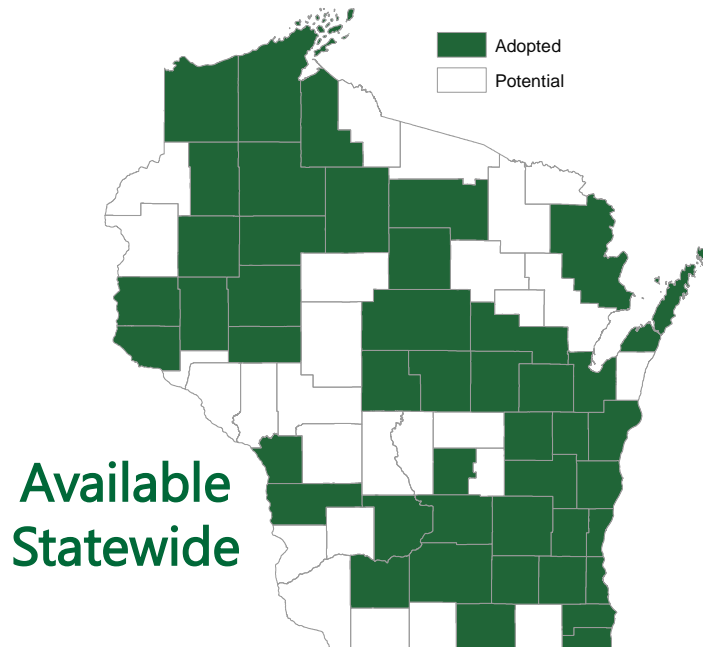
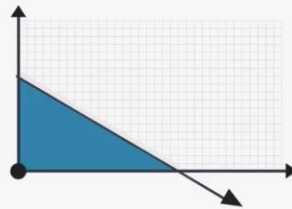
Kim Johnston  
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PACE is a property tax-assessment financing mechanism for **brownfield redevelopment, energy & water efficiency and renewable energy improvements** to commercial properties.

**INCREASE**  
BOTTOM LINE



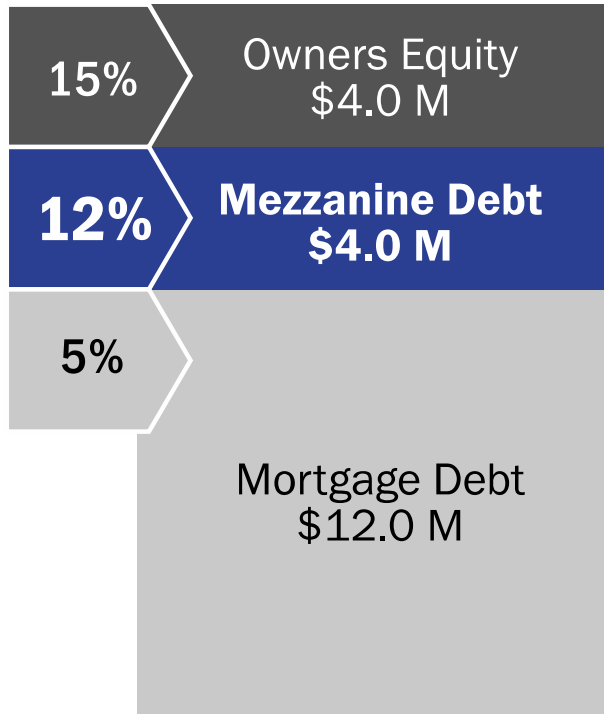
**LOWER**  
ENERGY COSTS



## Benefits:

- Finance up to 100% of hard + soft costs
  - Non-recourse financing
  - Frees up equity for other priorities
- Fixed rate, long-term: 20 – 30 years
  - Yields positive cash flow
  - Boost Property Value
- Tenants share cost & savings
- Transfers to new owner upon sale
- Potential off-balance sheet treatment
- Reduce waste & improve experience

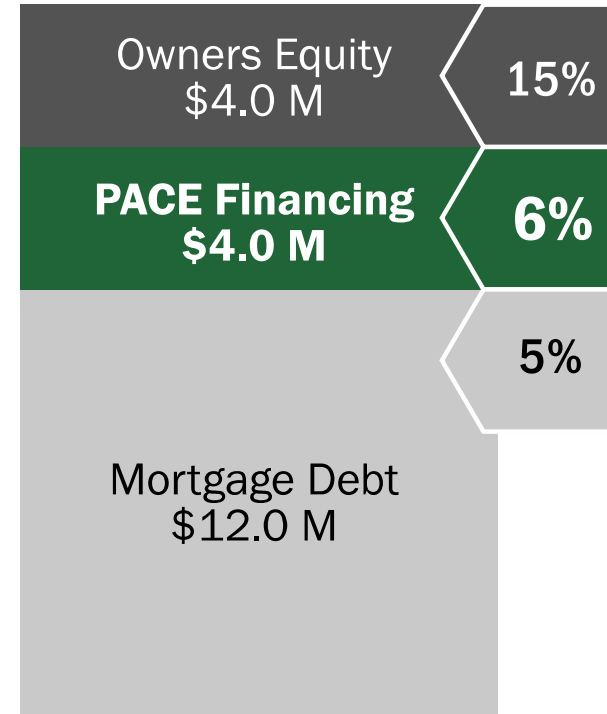
## Example: \$20 Million Renovation or New Construction Project



**Without PACE**

**Cost of Capital:**

**8.40%**

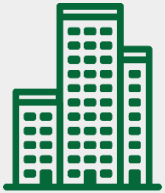


**With PACE**

**7.20%**

**Owners utilize PACE to fill gaps in their capital stack and lower their cost of capital.**

## Commercial Properties



OFFICE



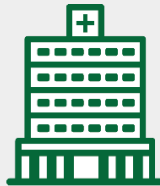
INDUSTRIAL



MULTIFAMILY



RETAIL



HEALTHCARE



HOSPITALITY



NONPROFIT



AGRICULTURAL



MIXED USE

## Project Types

- Renovations
- New Construction
- Adaptive Reuse
- Refinance
- Equipment Installation

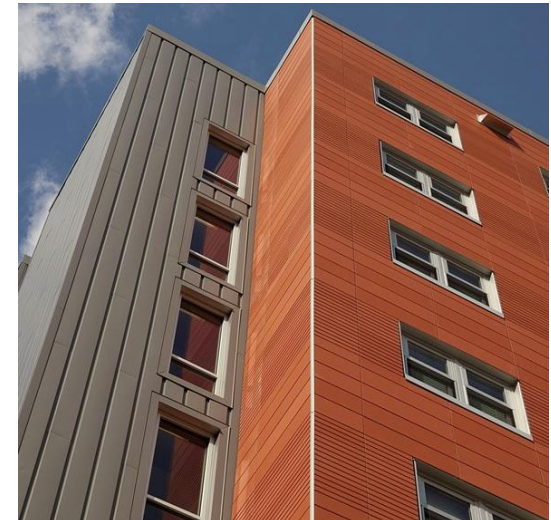
*\* Property located in member county*

*\* Does NOT work for residential (1-4 units)  
and government owned properties*



## Energy & Water Efficiency

- Lighting Systems
- Building Controls
- Building Envelope Improvements
- Furnaces, Boilers & Chillers
- Heat Pumps
- Pumps, Motors & Variable Speed Drives
- Low flow fixtures
- Heat Recovery
- Fuel Switching

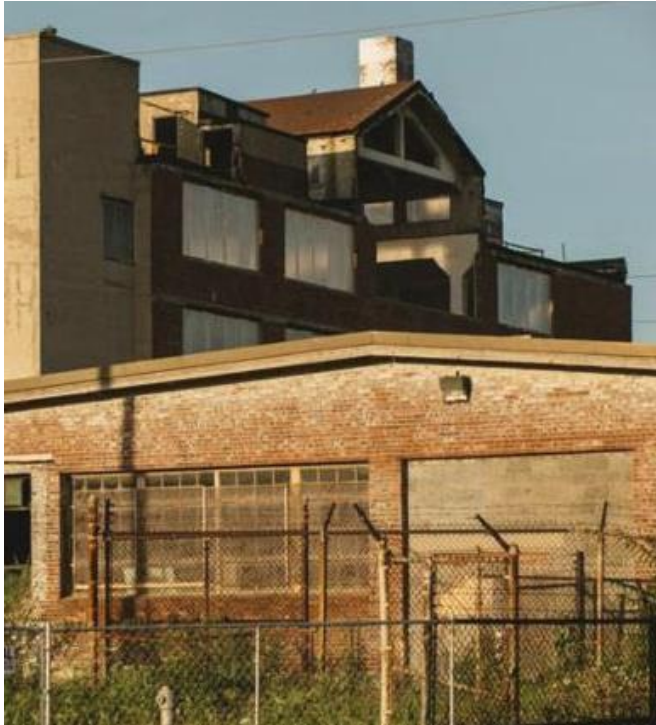


## Renewable Energy

- Solar PV
- Battery Storage
- Biofuel
- Wind







- 66.0627(8)(a) Enables PACE Financing for Brownfield Revitalization Project (BRP).
- **Brownfield Revitalization Project** - Any of the following actions when taken upon commercial or industrial premises that are located on, or that constitute, brownfields, as defined in s. 238.13 (1) (a):
  - 1. Site assessment.
  - 2. Remediation.
  - 3. Lead or asbestos abatement.
  - 4. Demolition.
  - 5. Standard site preparation actions not included in subds. 1. to 4.
- Term of BRP PACE Financing may exceed 20 years.

## Renovation / Replacement



### **Waterloo Technology Center Office**

PACE Financing: \$249,000  
PACE to Value: 12.5%  
Annual Savings: \$47,294  
Lifetime Savings: \$898,589  
Improvements: HVAC and Lighting



### **Uniroyal**

#### **Manufacturing**

PACE Financing: \$355,713  
PACE to Value: 11%  
Annual Savings: \$70,698  
Lifetime Savings: \$989,777  
Improvements: Roof Upgrades and Lighting



### **H & H Energy**

#### **Industrial / Warehouse**

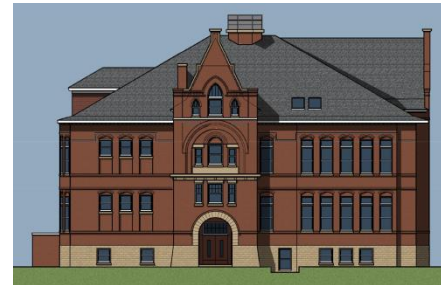
PACE Financing: \$203,875  
PACE to Value: 8.0%  
Annual Savings: \$9,910  
Lifetime Savings: \$208,110  
Improvements: Roof Upgrades, Solar PV, Rooftop Heating and Cooling Units

## New Construction / Adaptive Reuse



### **The Edge at 706 Mixed-Use**

PACE Financing: \$1,420,000  
PACE to Value: 9.0%  
Annual Savings: \$54,763  
Improvements: LED Lighting, Shell Upgrades (Windows, Walls & Roof), Garage DCV



### **Weiskopf School Apartments Multifamily**

PACE Financing: \$250,000  
PACE to Value: 11%  
Annual Savings: \$2,134  
Improvements: HVAC, LED Lighting, Roofing



### **Velocity Multifamily**

PACE Financing: \$232,996  
PACE to Value: 4.5%  
Annual Savings: \$5,206  
Lifetime Savings: \$104,123  
Improvements: HVAC System, Windows, Lighting



## New Construction



### **Brookfield Square Lodging Investors, LLC**

PACE Financing: \$1,600,000  
PACE to Value: 7.3%  
Annual Savings: \$94,168  
Lifetime Savings: \$2.1 Million  
Improvements: LED Lighting, HVAC, Roof and Wall Insulation, Windows, Low-flow Fixtures, Air Conditioner, Hot Water



### **Madison Rimrock Lodging Investors, LLC**

PACE Financing: \$1,500,000  
PACE to Value: 8.3%  
Annual Savings: \$90,840  
Lifetime Savings: \$1.82 Million  
Improvements: Lighting, HVAC, Roof and Wall Insulation, Windows, Low-flow Fixtures, Air Conditioner, Hot Water



### **Fox Crossing Hotel Group, LLC**

PACE Financing: \$850,000  
PACE to Value: 12.1%  
Annual Savings: \$41,008  
Lifetime Savings: \$780,000  
Improvements: Lighting, HVAC, Roof and Wall Insulation, Windows, Low-flow Fixtures, Air Conditioner, Pool, DHW Efficiency

## Renovation / Adaptive Reuse



### **Hotel Indigo**

PACE Financing: \$1,500,000  
PACE to Value: 4.4%  
Annual Savings: \$89,832  
Lifetime Savings: \$1.9 million  
Improvements: HVAC, Windows, Building Shell, Lighting



### **Hotel Retlaw**

PACE Financing: \$2,373,798  
PACE to Value: 10.5%  
Annual Savings: \$289,011  
Lifetime Savings: \$6.3 Million  
Improvements: HVAC, Lighting, Windows, Roof



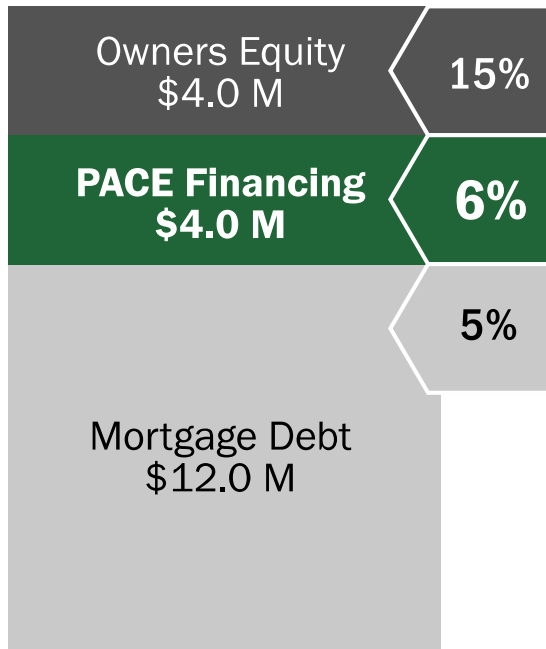
### **Hotel Northland**

PACE Financing: \$8,759,000  
PACE to Value: 23.3%  
Annual Savings: \$454,000  
Lifetime Savings: \$13.2 Million  
Improvements: Roof and wall insulation, LED lighting, heating ventilation and air conditional (HVAC) central plant, HVAC air handling and fan coiling units, low-flow showers and faucets, and exterior LEDs.



This is our first experience with the PACE program and we think it is a natural fit for this project. It gives a property owner incentive to incorporate energy efficiencies into their project and realize a positive return on their investment. Additionally, having the ability to add a sliver of non-recourse debt to the capital stack is beneficial on multiple levels. The overall process was very smooth and was greatly aided by the willingness of our construction lender.

Shawn Swenson, Director of Finance, North Central Group



**With PACE**

## Financing Terms (Set by the Market)

- **Loan Term:** 5 – 30 years (Full Amortization)
- **Interest Rate:** 300 – 450 bps over Index (~5.00% - 6.50%)
- **Loan Size:** \$100,000 - \$50.0 Million
- **PACE Loan-to-Value (LTV):** 5%-35%

## Statutory & PACE WI Program Requirements:

- **Mortgage Lender must consent to PACE Financing**
- **Savings Guarantee:** Projects > \$250,000
- **Energy Assessment**
- **Security:** Property Tax Assessment
- **Term:** Equal to Useful Life of Equipment
- **Total Secured LTV:** 95%
- **Loan-to-Cost:** Up to 100%





## PACE Financing Advisors



**Contact information:**

[www.pacewi.org/participating-pace-lenders.html](http://www.pacewi.org/participating-pace-lenders.html)



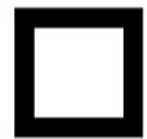
Active PACE Program



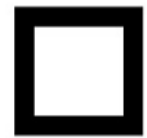
Property Owner Engagement



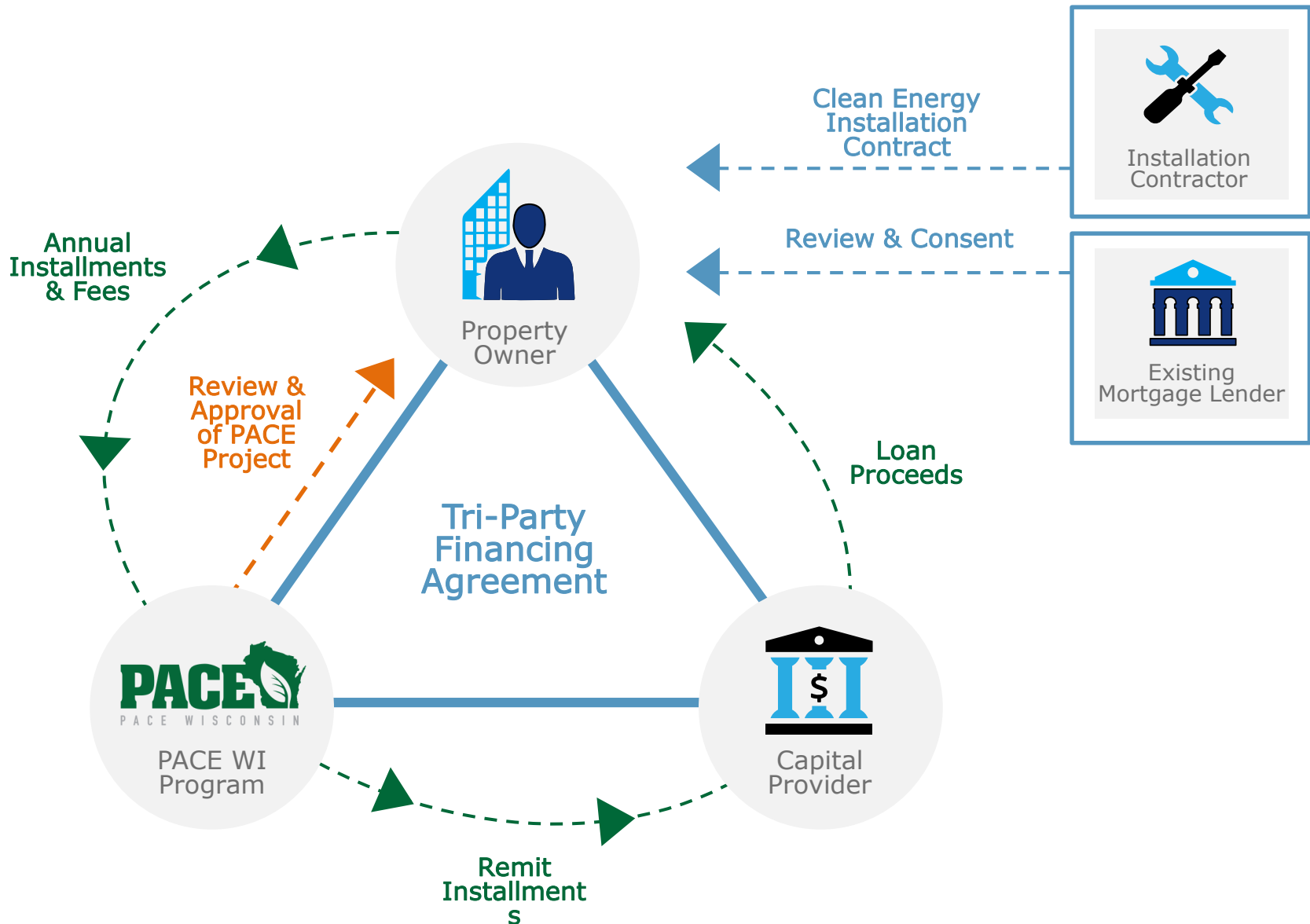
PACE Capital Provider Commitment



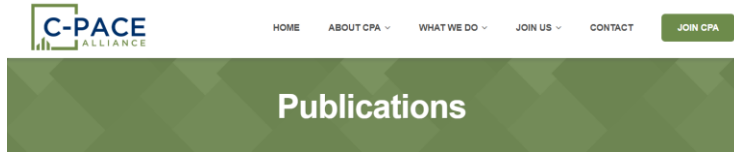
Mortgage Lender Consent



Qualify Clean Energy Project







## Mortgage Lender's Guide to C-PACE: Lender Consent

**Capital Providers**  
CleanFund  
Counterpointe SRE  
Inland Green Capital  
PACE Loan Group  
Petros PACE Finance  
Twain Financial Partners

**Law Firms**  
Bricker & Eckler  
Chapman and Cutler  
Hirschler  
Norton Rose Fulbright  
Stinson  
Winston & Strawn

**Accounting Firms**  
Novogradac & Company

**FinTech Partner**  
T EX

### What is C-PACE?

Commercial Property Assessed Clean Energy (C-PACE) is an alternative financing mechanism for property upgrades that improve energy efficiency, utilize renewable energy, conserve water and more. C-PACE makes it possible for owners of commercial, industrial, multifamily, and nonprofit properties to obtain low-cost, long-term, fixed-rate financing funded by private capital providers. Currently, 30+ states have enacted C-PACE legislation, enabling more than \$1 billion in private financing of 2,000+ projects.

### How are C-PACE assessments repaid?

In most states, C-PACE is billed as a line item on the property tax bill and collected through the normal property tax collection process.

### What items can be financed by C-PACE?

Depending on the jurisdiction, eligible upgrades include efficiency measures (HVAC< LEDs, windows, water, etc.), renewable energy (solar), resiliency measures (seismic, flood, storm strengthening) and, in most jurisdictions, qualified improvements related to new construction.

### AS A MORTGAGE LENDER...

#### What do you need from me?

To document the C-PACE financing, most programs require mortgage holders to consent to the assessment because, like other property tax assessments, the claim for delinquent C-PACE payments is typically on par with normal property taxes. To date, over 200 national, regional and local lenders have consented to C-PACE financing. A list of those lenders is attached as [Exhibit A](#). A sample lender consent / acknowledgement document executed by senior lenders is attached as [Exhibit B](#).

#### Why do senior lenders consent to C-PACE financing?

1. **C-PACE Assessments Cannot be Accelerated.** While the full assessment amount is recorded on the property records, only the annual payment may be collected, even in a default situation. The past due portion that is senior to a mortgage lender's claim is typically, only 1-3 percent of the property value. For example, consider a \$1 million C-PACE financing on a property valued at \$5 million. The annual assessment for a 20-year term financing would be \$87,185. If the property owner did not pay the C-PACE assessment in year 1, the C-PACE funder can collect only the delinquent payments. The PACE funder's claim is limited to \$87,185 or 1.75 percent of property value. The remaining payments are due according to the original repayment schedule.
2. **C-PACE Financing Does Not Restrict a Senior Lender's Foreclosure Rights.** Unlike other debt, C-PACE does not require an inter-creditor agreement. Rather, in the event of a default on the senior lender's debt, the senior lender can foreclose on its mortgage interest in the property in the same manner as if it were the sole financing on the property. C-PACE does not affect any existing remedies under the loan documents. The C-PACE capital provider may not prevent, restrict, or otherwise impact the senior lender's foreclosure.

## Why do Mortgage Lenders Consent?

- Maintain valuable relationships.
- PACE Projects improve the lender's collateral.
- The projects also improve cash flow, which boosts DS coverage
- Upon a default PACE financings don't accelerate. Lender is only ever subordinated to delinquent payments.
- C-PACE Alliance Resources:

[www.c-pacealliance.com/what-we-do/publications/](http://www.c-pacealliance.com/what-we-do/publications/)

[www.pacewi.org](http://www.pacewi.org)

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PROPERTY OWNERS



LOCAL GOVERNMENT



LENDERS



CONTRACTORS