



# Town of Simsbury

933 HOPMEADOW STREET

P.O. BOX 495

SIMSBURY, CONNECTICUT 06070

*Thomas F. Cooke - Director of Administrative Services*

## BOARD OF SELECTMEN MEETING AGENDA SUBMISSION FORM

1. **Title of submission:** Enabling of Commercial and Industrial Property-Assessed Clean Energy (C-PACE) in Simsbury

2. **Date of submission:** December 5, 2012

3. **Date of Board Meeting:** December 10, 2012

4. **Individual or Entity making the submission:**

Thomas F. Cooke – Director of Administrative Services

5. **Action requested of the Board of Selectmen (Acceptance of gift, creation of reserve, approval of contract, information only, etc. Be as specific as possible with respect to the desired action of the Board.):**

*The Individual or Entity making the submission requests that the Board of Selectmen:*

Authorize the First Selectmen to enter into an agreement with the Clean Energy Finance and Investment Authority (CEFIA) on behalf of the Town of Simsbury enabling C-PACE financing in Simsbury.

6. **Individual(s) responsible for submission (Please include complete contact information. The identified individual(s) should be prepared to present information to the Board of Selectmen at the Board Meeting.):**

Jessica Bailey  
Director, C-PACE  
CEFIA  
865 Brook Street  
Rocky Hill, CT 06067  
(860)257-2888

7. **Summary of Submission** (Include in your summary (i) relevant dates and timelines; (ii) parties involved; (iii) a description of financial terms and conditions specifically identifying the financial exposure/commitment of the Town of Simsbury; (iv) whether or not contracts, licenses and other legal documents have been reviewed by the Town's counsel; and (v) other information that will inform the Board of Selectmen's consideration of your submission. Include any additional information in an attached memorandum.):

- (i) No relevant dates
- (ii) Parties involved: Town of Simsbury, CEFIA, potential financiers, contractors, and commercial building owners
- (iii) The Town of Simsbury will not have any direct financial exposure, but will agree to remit additional assessments collected through C-PACE transactions to CEFIA's trustee
- (iv) Under review by Town Counsel
- (v) Other information:
  - a. **About C-PACE (see attached Fact Sheet)**

**b. Key benefits of C-PACE:**

**Benefits for Municipalities**

- i. Reduces energy costs for businesses
- ii. Reduces pollution
- iii. Creates economic development opportunity, including job creation
- iv. Low-to-no cost: administrative costs reimbursed by CEFIA

**Benefits to Project Capital Providers**

- v. Provides low risk investment opportunity
- vi. Senior lien
- vii. Association with secure payment stream (taxes)
- viii. Legal and technical structure administered by CEFIA
- ix. Potential CRA credit

**Benefits to Property Owners**

- x. Gives access to low cost, long term financing to improve building energy use
- xi. Automatically transfers in the event of a sale
- xii. Improves attractiveness and comfort of property
- xiii. Solves split incentive problem

**Benefits Existing Mortgage Lenders**

- xiv. Lowers operating costs for building
- xv. SIR must be >1 to qualify
- xvi. Non-accelerated obligation
- xvii. Creates a more attractive building for occupants
- xviii. Creates a more attractive building for future owners

8. **Description of documents included with submission** (All documents must be in final form and signed by the appropriate party.):

*The following documents are included with this submission and attached hereto:*

C-PACE Information Sheet

# C-PACE - A Clean Energy Opportunity for Commercial Buildings in CT

Municipalities

## Property Assessed Clean Energy

In 2012, Connecticut passed legislation enabling Property Assessed Clean Energy or "PACE", an innovative financing model that will allow building owners across the state to access cleaner, cheaper, and more reliable energy. Hundreds of millions of dollars in energy upgrades are possible in Connecticut and PACE will enable our state to access the private capital to finance it.

## How does PACE financing work?

PACE is a tax-lien financing program that allows interested property owners to finance qualifying energy efficiency and clean energy improvements on their buildings through an additional charge ("assessment") on their property tax. Similar to a sewer tax assessment, capital provided under a PACE program is secured by a lien on the owner's property tax bill and paid back over time. Like other benefit assessments, the PACE lien is a non-accelerating, senior lien secured by the property. The repayment obligation transfers automatically to the next owner if the property is sold. Because the payment is tied to the property tax, low interest capital can be raised from the private sector with no government financing required. This arrangement spreads the cost of clean energy improvements – such as energy efficient boilers, upgraded insulation, new windows, or solar installations – over the expected life of the measure.

## Program Description

Connecticut's Commercial & Industrial PACE (C-PACE) program, which is administered by the Clean Energy Finance and Investment Authority (CEFIA), offers financing to commercial, industrial, and multi-family property owners. This game-changing program is available statewide; any interested municipalities can opt-in through an agreement with CEFIA. Eligible upgrades will reduce the energy consumption and / or provide clean energy to the property. Although there is no financing minimum, PACE financing is best suited for capital improvements greater than \$150,000.

## What types of buildings are eligible?

- **LOCATION:** The property is located within a municipality that has adopted a resolution joining the C-PACE program.
- **OWNERSHIP:** The applicant is the legal owner of the property and all the legal owners of such property agree to participate.
- **PROPERTY TYPE:** The property must be non-residential, or 5 or more dwelling units, and pay property taxes or have a property tax ID.
- **PROPERTY-BASED DEBT:** The property must be current on property tax and assessment payments. The property owner must not have any involuntary liens, defaults, or judgments applicable to the subject property.
- **LENDER CONSENT:** The property owner must provide evidence that the mortgage holder(s) on the property consents to the PACE assessment, if applicable.

---

## What types of upgrades are eligible?

- High efficiency lighting
- Heating ventilation air conditioning (HVAC) upgrades and controls
- High efficiency chillers, boilers, furnaces and water heating systems
- Building enclosure/envelope improvements
- Building automation (energy management) systems
- Renewable energy systems
- See [www.ctcleanenergy.com/cpace](http://www.ctcleanenergy.com/cpace) for a complete list

## How does a municipality benefit from PACE?

- C-PACE allows building owners in enabled municipalities to access financing to upgrade their buildings.
- C-PACE is an economic development tool for municipalities. Energy upgrades create a more competitive environment for businesses by lowering energy costs.
- Energy upgrades create jobs, reduce pollution, and attract new businesses to town.
- Many communities across Connecticut have made commitments to clean energy – C-PACE offers a way for building owners to finance those commitments.
- CEFIA is working with municipalities to reimburse for costs associated with joining the program.

## How do building owners benefit from PACE?

- Offers 100% upfront financing for qualified energy upgrades.
- Allows for deeper energy upgrades and allows projects to be cash flow positive from the outset because the financing offered is relatively low cost and payable over an extended period of time (up to 20 years); this means that the energy savings can more than offset the increase in property tax increase.
- PACE lien stays with the property if it changes owners and doesn't accelerate in case of default.
- Security of the tax lien allows building owners, who often lack investment grade credit ratings, to access third party financing for energy upgrades.

## How can I access PACE financing?

1. Choose your upgrades. Work with an energy contractor to identify projects that reduce energy use or install clean energy systems.
2. Apply to CEFIA for approval. CEFIA will work with you to secure low-cost financing.
3. Install project and get funding. When approved, CEFIA will request a lien to be placed on your property and funding will be dispersed once the project is completed.
4. Make Payments. Repay your PACE financing through a line item on your property tax bill over the course of up to 20 years. If you sell the property, the assessment stays with the building.

## Benefits of PACE Financing

PACE financing offers a broad range of benefits to municipalities, building owners, mortgage holders, investors and energy efficiency / renewable energy contractors.

A complete discussion of these benefits can be found online at [www.ctcleanenergy.com/CPACEbenefits](http://www.ctcleanenergy.com/CPACEbenefits)

FOR MORE INFORMATION

Contact Jessica Bailey,  
Director, Commercial and Industrial PACE  
Clean Energy Finance and Investment Authority  
[jessica.bailey@ctcleanenergy.com](mailto:jessica.bailey@ctcleanenergy.com)  
(860) 257-2888

or visit [ctcleanenergy.com/cpace](http://ctcleanenergy.com/cpace)