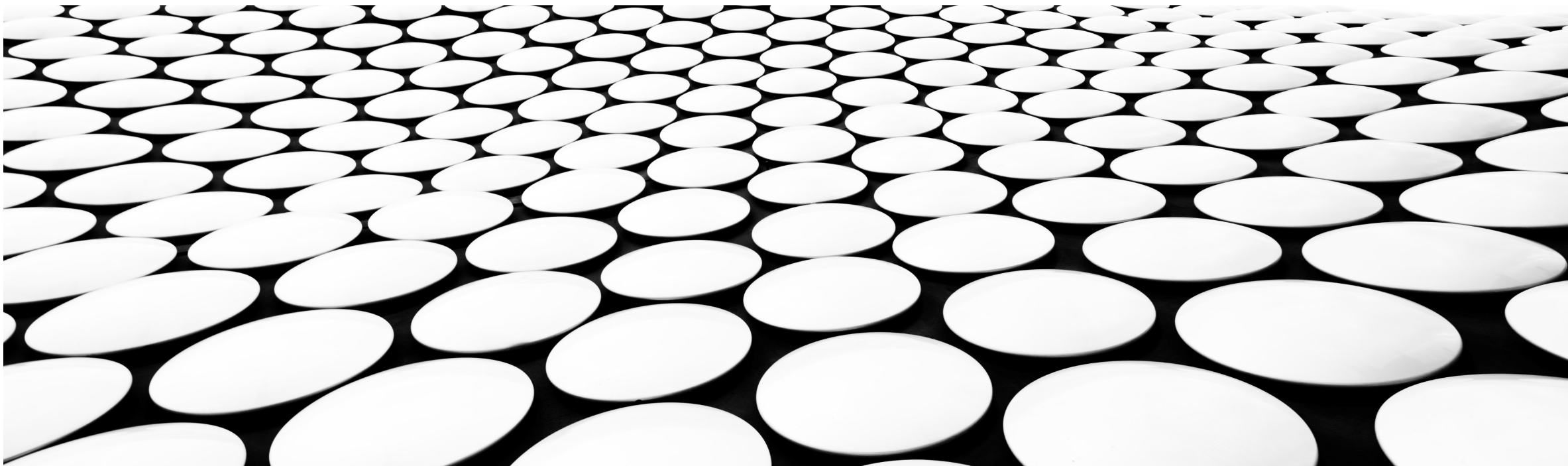
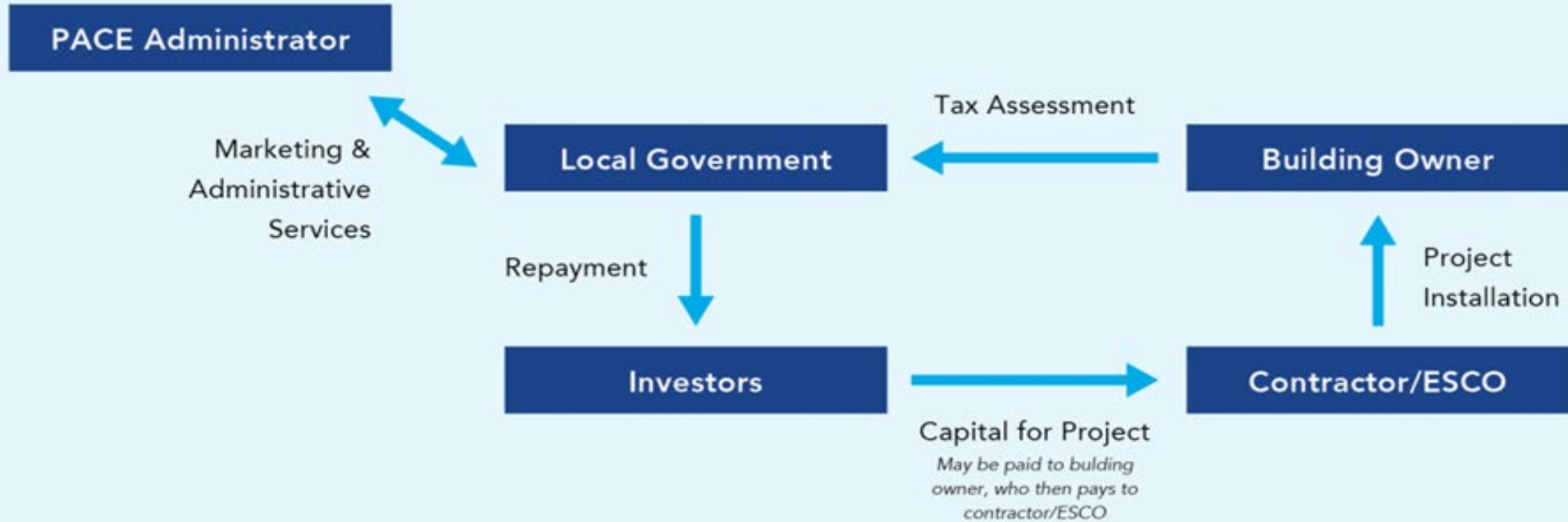

C-PACE OVERVIEW



OVERVIEW

Typical CPACE Financing Structure





COLORADO NEW ENERGY IMPROVEMENT DISTRICT

- “Colorado New Energy Improvement District” created by statute;
 - Seven District Directors: Director of the Colorado Energy Office, a developer, two lenders, a utilities representative, an energy efficiency industry representative, and a renewable energy representative (all appointed by Governor);
 - Powers include ability to establish special assessment units, levy and collect assessments on real property benefited by a renewable energy improvement for which the District made reimbursement or direct payment.
-
- C.R.S. 32-20-105



COUNTY APPROVAL

- The District may conduct the program upon a county's commissioners passing an authorizing resolution;
- A county may also deauthorize by resolution but program financing obligations remain in place until fully paid;
- A county's approval authorizes clean energy assessment to be assessed against a participating property and the treasurer collects on the property tax bill, subject to statutory fees.

C.R.S. 32-20-105; 30-1-102



COUNTY OBLIGATIONS

- The Colorado New Energy Improvement District records participating real property with the Clerk and Recorder;
- The Treasurer would process all new C-PACE requests using the same process as LIDs;
- The New Energy Improvement District would maintain a single fund for assessment disbursement;
- Each new C-PACE LID would be certified by November 30 for collection beginning the following year;
- Delinquent installment amounts plus interest and fees go to tax lien sale;
- Treasurer's fee is 1% of the assessment;
- Treasurer's incoming computer system would likely be able to handle this (current one cannot);
- District Assessments have no impact on County TABOR caps/limits; 1% fee does.



PROPERTY OWNER APPROVAL

- An individual real property owner may apply to voluntarily join the district;
- Approved applicant properties are included in district and are entitled to reimbursement or direct payment for qualified energy improvements and application constitutes consent for levy and certification of special assessment;
- Eligible property includes: commercial, industrial, agricultural, nonprofit, and multifamily buildings (with five or more units).



INVESTORS/UNDERWRITING

- The District issues special assessment bonds and private investors/banks provide financing for green improvements;
- Special assessment constitutes a priority lien; other mortgage holders must subordinate their interests to the C-Pace loan;
- The property is subject to the tax lien sale process in the event of nonpayment.



FINANCIAL TERMS

- Term based on weighted average useful life; maximum of 25 years;
- Security is by special assessment and corresponding lien on the subject property;
- Assessment runs with the property;
- Investor provides its own underwriting criteria and interest rates;
 - Anecdotal sources indicate 3.69% to 8.49% depending on the improvement, facility, and repayment term.

WHAT IF THE FACILITY OWNER DEFAULTS?

- Delinquent installment amounts plus interest and fees go to tax lien sale;
- Property owner has the right to redeem by paying delinquent amount plus interest, costs of collection, and penalties up to the day of the tax lien sale.

TYPES OF PROJECTS (BOTH EXISTING AND NEW DEVELOPMENT)

- Insulation, windows, doors, air sealing;
- HVAC, Energy Control Systems, and related;
- Water conservation systems;
- Lighting and related;
- Energy recovery systems, green roofs;
- Electric vehicle charging equipment at facility or parking lot;
- Elevator and other mechanical projects;
- Energy/water audit costs, closing fees, and related.