



COLUMBIA COUNTY BOARD OF COUNTY COMMISSIONERS AGENDA ITEM REQUEST FORM

The Board of County Commissioners meets the 1st and 3rd Thursday of each month in the Columbia County School Board Administrative Complex Auditorium, 372 West Duval Street, Lake City, Florida 32055. The first meeting of every month is at 9:30AM while the second meeting of every month takes place at 5:30PM. All agenda items are due in the Board's office one week prior to the meeting date.

Today's Date: 6/10/2022 Meeting Date: 6/16/2022

Name: Jennifer L. Daniels Department: Economic Development

Approved By:

A handwritten signature in blue ink, appearing to be "JD", is written over a light blue horizontal line.

1. Nature and purpose of agenda item:

Property Assessed Clean Energy (PACE) is a public policy initiative created through Section 163.08 of the Florida Statutes to allow for the financing of qualified improvements to real property related to renewable energy, energy conservation/efficiency and wind hardening. This initiative may be used to support both commercial/industrial development and residential home improvements.
The Economic Development Advisory Board is requesting the Board of County Commissioners to consider this adopting this initiative to be used in support of economic development and residential growth.

2. Recommended Motion/Action:

Approve the County Attorney to move forward drafting a resolution adopting the PACE Initiative for new and existing construction projects

3. Fiscal impact on current budget.

This item has no effect on the current budget.

FLORIDA **R**ESILIENCY **E**NERGY **D**ISTRICT



Florida **PACE**
Funding Agency

Property Assessed Clean Energy Program

CLEAN ENERGY 
GREEN CORRIDOR
BY YGRENE

FLORIDA GREEN
FINANCE AUTHORITY



What is PACE?

Property Assessed Clean Energy (“PACE”) is a public policy initiative created through Section 163.08 of the Florida Statutes to allow for the financing of qualified improvements to real property related to renewable energy, energy conservation/efficiency and wind hardening.

Program Development

2008

- **State Legislature**
 - Reduction of energy use through conservation and efficiency measures
 - Increased Building Energy Performance
 - Adopted energy conservation planning requirements for local governments

2010

- **PACE Statute 163.08**
 - The Legislature found that properties improved with “Qualified Improvements” receive a special benefit and there is a compelling state interest in enabling property owners to voluntarily finance such improvements with “Local Government” assistance

2012

- **PACE Local Governments**
 - FS 163.08 defines a Local Government as a County, a municipality or a separate legal entity created pursuant to FS 163.01(7)
 -

2013

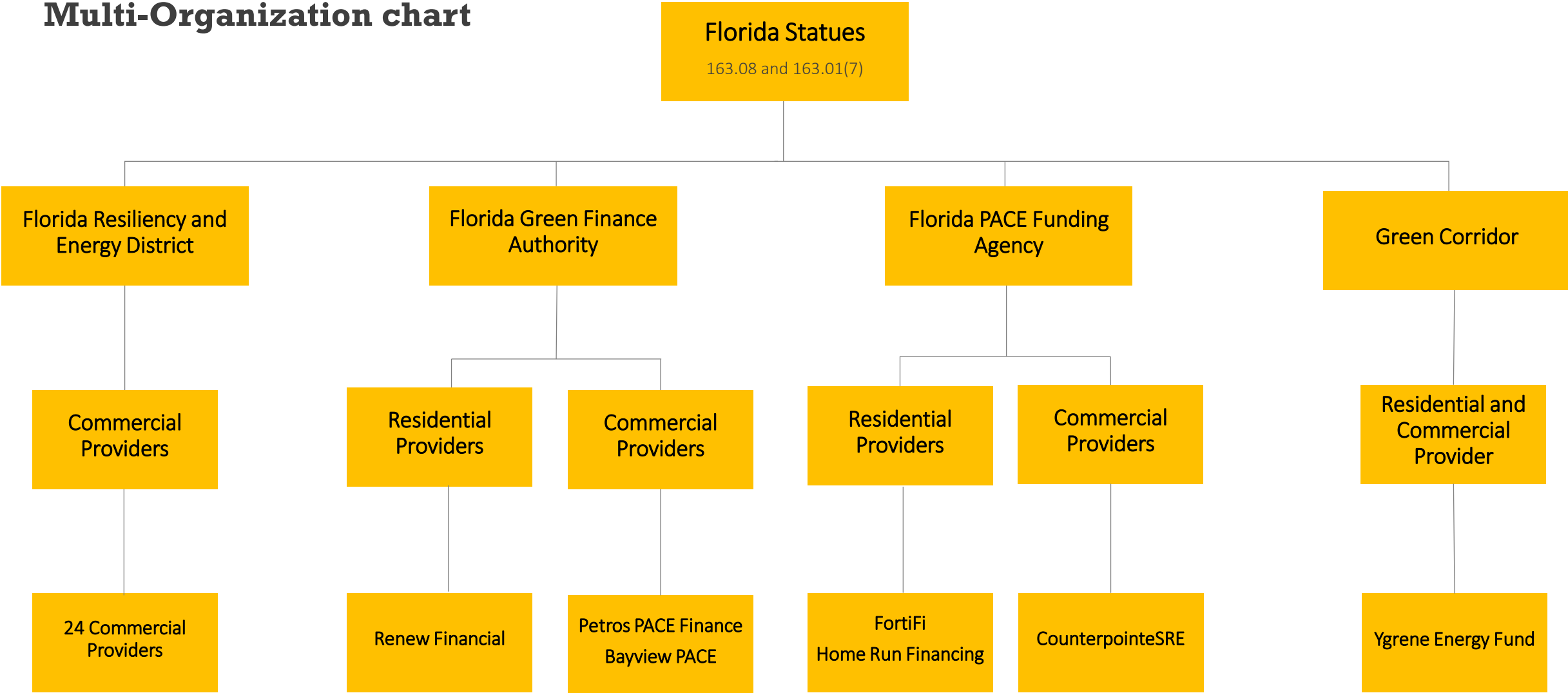
- **PACE Assessments**
 - Initial Assessments levied
 - 50,000+ Residential PACE transactions
 - 100+ Commercial PACE transactions

PACE Local Governments

- **Four (4) PACE Local Governments**
 - Adoption of Resolution
 - Interlocal Agreement with County and/or Municipality
- **Provide turn-key PACE Program**
 - Program Administration
 - Assessment Administration
 - Program Oversight
- **Levy and collect the non-ad valorem assessments to fund Qualifying Improvements**
 - Services Agreement with Tax Collector and Property Appraiser
 - Similar non-ad valorem assessments include solid waste, drainage and street lighting

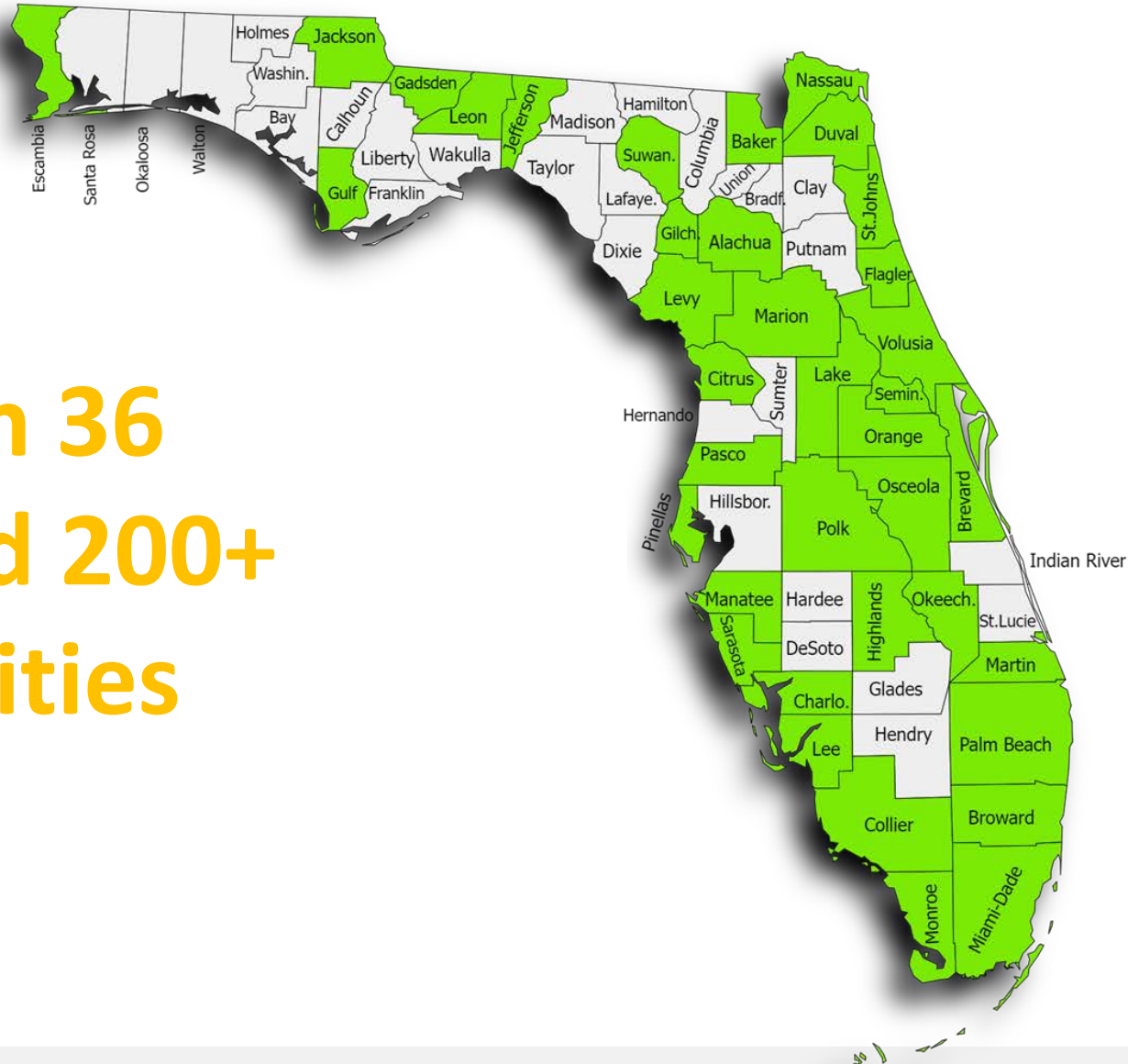
PACE Local Governments

Multi-Organization chart



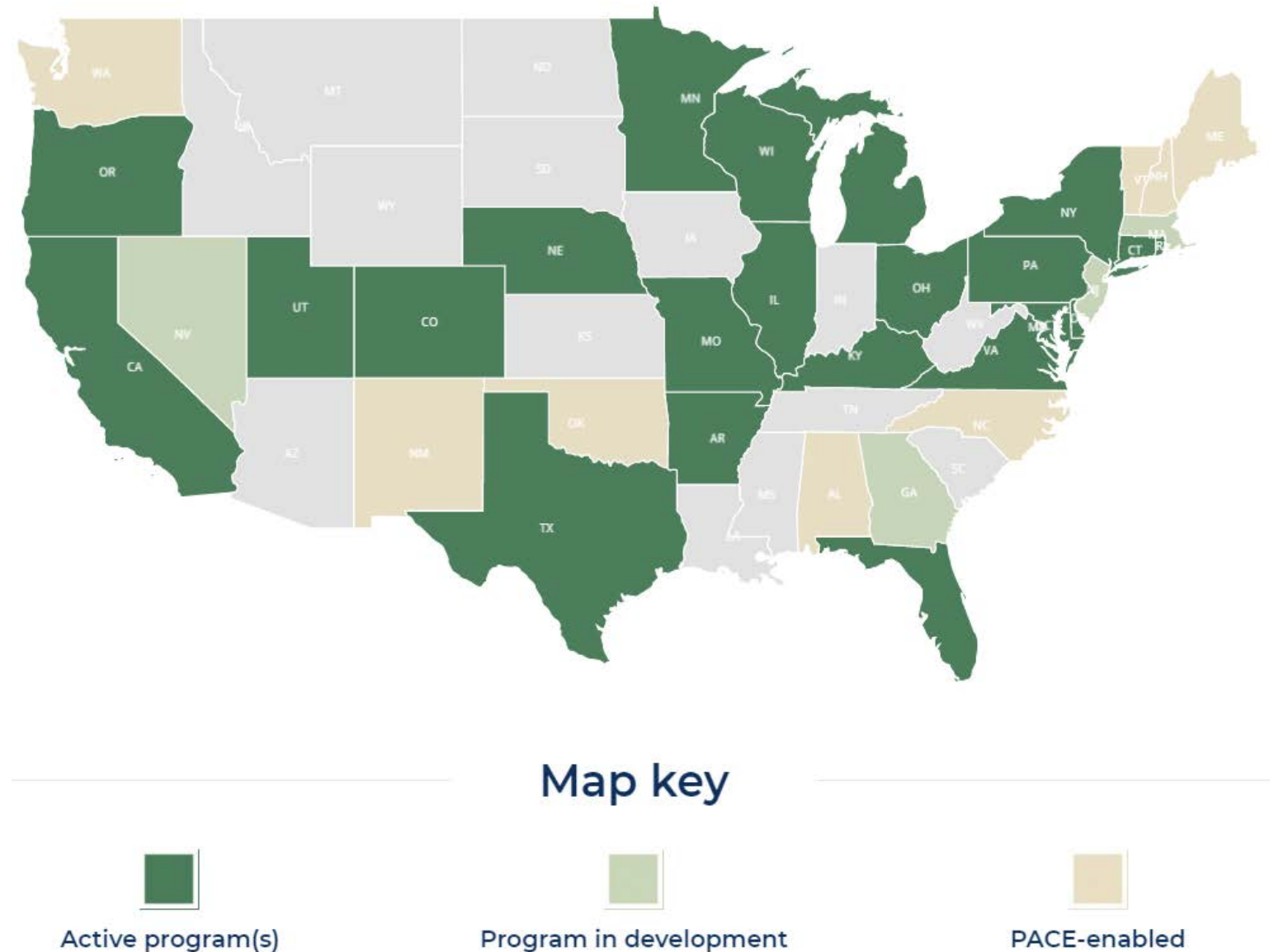
PACE Footprint - Florida

Enabled in 36
Counties and 200+
Municipalities



Program Footprint – Nationally

PACE-enabling legislation is active in 37 states plus D.C., and PACE programs are now active (launched and operating) in 22 states plus D.C.



Commercial PACE (“C-PACE”)



C-PACE Financing Process

Project Eligibility

- Determine Project and Building Eligibility
- Review Construction Documents
- Eligible Improvements Determined

Project Review

- Term Sheet Executed
- Amortization Schedule Developed
- Financial Advisor Review
- Final Assessment Resolution Adopted
- Engineering and Title Report
- Sr. Lender Notice/Consent

Project Closing

- Financing Document Development and Review
- Closing/Funding
- Summary Memorandum Recorded (Lien)
- Assessment Data Uploaded to Tax Collector
- Annual Assessment Resolutions Adopted (Annual Lien)

C-PACE Eligible Improvements

HVAC Systems

Roofing

Building
Envelope

Hot Water
Delivery
Systems

High Efficiency
Lighting

Solar

Motors and
Drives

Wind
Hardening

C-PACE Eligible Properties

Multi-
Family

Industrial

Agriculture

Office/
Retail

Hospitality

Mixed-Use

Special
Purpose

Medical

C-PACE Financing Benefits

100% financing of
hard and soft costs

Terms up to 30 Years
(based on EUL of improvements)

C-PACE LTV up to
30%

Non-recourse; Runs
with the land, not
the borrower

Not subject to
acceleration or
callable in the event
of non-payment

Expense, not debt

Decreases utility and
maintenance costs

Displaces higher cost
mezzanine and
equity capital

Conventional CRE Capital Stack

| % of Cap. Stack | Cap. Type & Rate |
|-----------------|-------------------------------|
| 60 - 75% | Debt (3 to 6%) |
| 10 - 20% | Mezz (9 to 15%) |
| 15 - 20% | Equity (12 to 20%+) |

BLENDED CAPITAL RATE
8.2%

New CRE Capital Stack with PACE

| % of Cap. Stack | Cap. Type & Rate |
|-----------------|-------------------------------|
| 10 - 20% | PACE (5 to 7%) |
| 60 - 75% | Debt (3 to 6%) |
| 15 - 20% | Equity (12 to 20%+) |

BLENDED CAPITAL RATE
6.8% to 7.2%

Replaced by

C-PACE Project

Southern Oaks Rehabilitation & Nursing Center Pensacola, FL

Project: Impact Windows, Impact Roof & Elevators

PACE Transaction: \$527,860 –25 Years

Property: Assisted Living Facility

Built in 1978, the Southern Oaks Rehabilitation & Nursing Center replaced the original roof and 267 windows to conform with updated Florida Building Code and help reduce insurance premiums. In addition, the owner upgraded elevators to modernize the building and decrease energy usage.



C-PACE Project



Hilton, Ocala, FL

Project: HVAC Chiller Financing

PACE Transaction: \$634,995 –30 Years

Property: Hospitality

Located near Ocala International Airport and Paddock Mall, this 196-room full-service Hilton hotel completed a chiller replacement using PACE financing. The owner expects to save nearly \$700,000 over the useful life of the improvement.

Residential PACE (“R-PACE”)



R-PACE PROGRAM OVERVIEW

- **Voluntary non-ad valorem assessment**
- **Annual installment on property tax bill (no discount on PACE assessment)**
- **Assessment is attached to the property, not the property owners' credit**
- **Repaid over a fixed term at a fixed interest rate with the term never to exceed the useful life of the improvement**
- **No pre-payment penalty**
- **Uniform Method of Collection Agreement with Tax Collector for placement & fee**

R-PACE ELIGIBLE IMPROVEMENTS



- **IMPACT WINDOWS & DOORS**
- **ROOFING**
- **HVAC: HEATING & COOLING**
- **SOLAR PANELS & STORAGE**
- **BACKUP POWER GENERATORS**
- **LIGHTING**
- **INSULATION**
- **WATER HEATERS**
- **POOL PUMPS & POOL HEATERS**

R-PACE FINANCING BENEFITS

PACE covers up to 100% upfront cost. Not credit based.

Financing terms up to 30 years with fixed, single digit interest rates. Affordable payments.

Interest rates based on selected repayment term, not on borrower's financial profile or project size.

Available to residential, commercial, homestead not required.

Potential to reduce utility bills and realize savings on property insurance.

Can be combined with utility, local and federal incentive programs.

R-PACE CONSUMER PROTECTIONS



Review of eligible measures, fair pricing



Strong underwriting criteria



Identity Verification



Right to cancel



Transparent terms and fees



Documents Translated



'Know Before You Owe' Disclosures



Confirmation of Terms Call with Property Owners



Payment to contractor after installation



Dispute Resolution



Verification of contractor license & permits

R-PACE CONTRACTOR QUALITY ASSURANCE



Contractor license, background check, workers' comp, and bond/insurance screening



Training and registration



Watch lists, contractor reviews, ongoing skills assessment, monitoring



No Cost Turn-Key
Program



Increases Property
Values



Improves Building
Stock



Promotes Economic
Development



Supports Energy
Reduction



Supports Sustainable
Policies



Stimulates Local Job
Creation

Local Government Highlights

Next Steps

Review Resolution and Agreements

- PACE Local Governments provide form of resolution and Interlocal Agreements (ILA)
- County counsel reviews ILA's
- Final ILA forms attached to resolution

Schedule and Adopt Resolution

- PACE added as an agenda item
- Commission considers adoption of the PACE Program

Execute and Record Agreements

- Administrator or Designee signs ILA's
- PACE Local Government executes, records and provides a copy of ILA to the County
- Services Agreements with the TC and PA

Thank You



Ryan Bartkus

PACE Program Director
Florida Development Finance Corporation
District Administrator
Florida Resiliency and Energy District
(407) 276-4223
rbartkus@fdcbonds.com

Chris Peterson

VP Government Affairs
FortiFi Financial
Florida PACE Funding Agency
(858) 616-7500
Chris@fortfi.com