



Sustainable Madison Committee

Property Assessed Clean Energy (PACE) Financing Wisconsin PACE Commission Overview



Wisconsin PACE Partnership

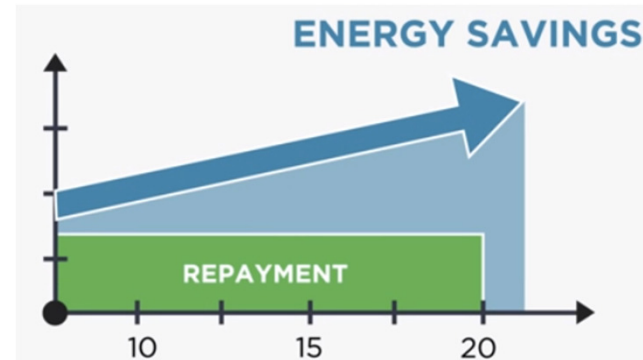


What is PACE?



Assists local businesses with financing

- Renewable energy
- Energy efficiency
- Water conservation



Enabled by State of Wisconsin
Legislation (Section 66.0627)



It's a loan secured by a special charge



Eligible Buildings



PACE Benefits Property Owners



- Financing for 100% of PACE Project cost
- Exchange Equity w/ low cost debt
- Long Repayment Periods: up to 20 years.
- Positive Cash Flow
- Increase Net Operating Income & Property Value
- Energy Savings Performance Guarantees
- Transfers to new owner upon sale
- Tenants share cost & savings



PACE Benefits Communities



Stimulate – job creation and economic activity

Revitalize - building stock and improve property values

Profitable – Lowers cost of doing business and boost bottom line of local enterprises

Sustain - achieve sustainability goals

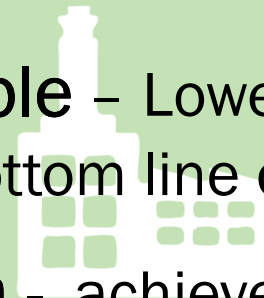
Participate - 100% voluntary, only building owners that opt in pay for the special charge.



COMMERCIAL



MULTIFAMILY



INDUSTRIAL/
MANUFACTURING



NON-PROFIT



AGRICULTURE



HOSPITALITY



Wisconsin PACE Commission Features



Statewide Approach - uniform program, applied consistently, helps promote scalability by simplifying participation for stakeholders.



Project Compliance - 3rd party program administrator ensures that projects comply with program requirements and certifies special charge repayment.



Single Point of Access - the administrator serves as the go-to contact for stakeholders who need program assistance.



Open Market - qualified private lenders provide property owners competitive rates and financing terms. Any contractor or project developer can work on a qualified project.



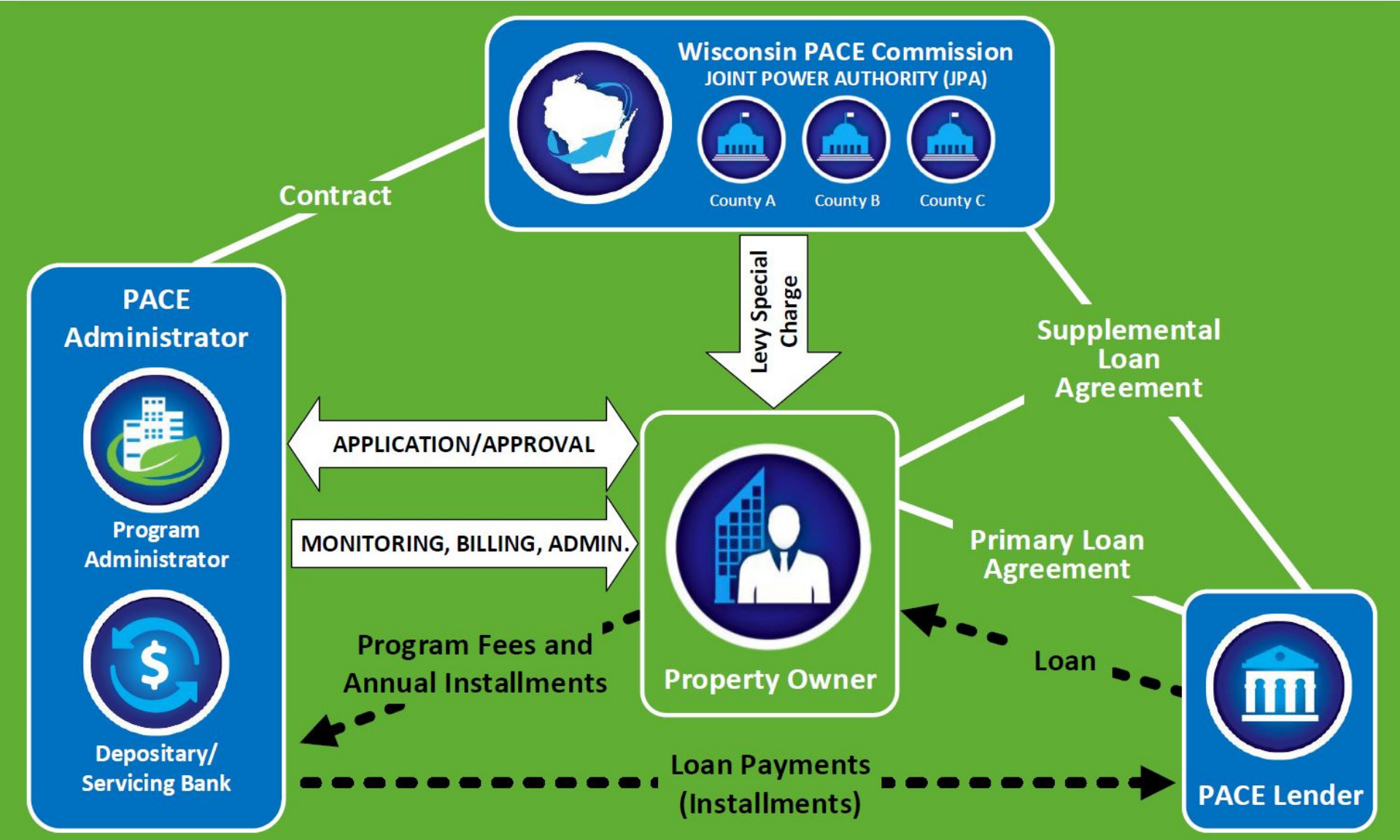
Lender Consent - any existing mortgage lender(s) are required to provide consent to any PACE Loan.



Low Cost - PACE requires no credit exposure or general obligation funds from Member Counties.



Wisconsin PACE Commission



PACE Commission Minimizes Risk



- Member County is not required to contribute any Capital or Operating Budget to participate.
- Third Party Program Administrator manages the PACE program, ensures project compliance and administers the Special Charge repayment.
- All PACE loans and special charges would require the consent of the existing mortgage holder(s), who may pay off delinquent special charges consistent with other tax delinquencies.
- Member County is not required to settle or reimburse PACE Special Charges to PACE Lenders.
- Collection and enforcement of delinquent special charges would occur pursuant to the County's pre-existing procedures.





For More Information about the WI PACE Commission:

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Supplemental Information



Benefits of PACE

No Out of Pocket Cost



- PACE covers 100% of hard and soft costs
 - No money down
 - Property owners can reallocate funds previously reserved for energy projects
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- Especially important for properties with limited expenditure budgets (non-profits, new businesses, etc.)



Benefits of PACE

Long-Term Financing

- PACE allows terms up to 20 years, while standard commercial lending rarely exceeds 5-7 years.



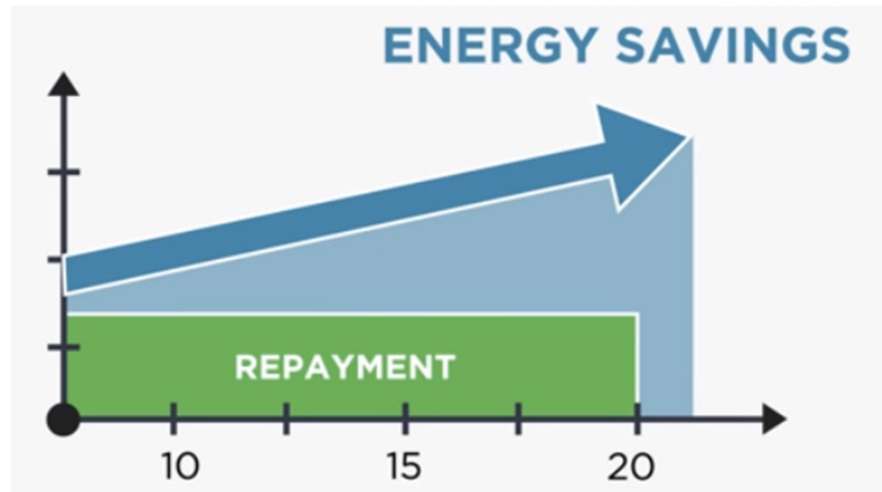
- 20 year terms allows projects with long payback periods, rather than only low-hanging fruit with quick paybacks.
- Allows comprehensive projects with deeper impact on energy usage and significant effect on bottom line.



Benefits of PACE

Cash Flow Positive

- Long terms allow the financing to be amortized up to 20 years.
- This makes it possible for the annual PACE repayment to be **LESS THAN** the amount being saved on annual utilities from the project.



- Example: During the repayment term, the utility bills decrease by \$20K annually, PACE repayment is \$15K annually, so the NOI increases by \$5K. When the financing is paid off, the business is saving \$20K+.



Benefits of PACE

Leasing Structures



- PACE tax assessments can be passed on to tenants under most lease forms.
- Tenants save on energy costs and experience the same net payments, or sometimes less!



Benefits of PACE

Transferability



- PACE is attached to a building, not an individual or business.
- If the building is sold, PACE repayment seamlessly transfers to the new owner as part of the taxes, as well as the savings from the energy project.
- Removes part of the risk in investing in capital expenditures.

