



Administration Building  
West Hearing Room  
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Littleton, CO 80120  
303-795-4630  
303-738-7915 TTY

Nancy A. Doty, Chair, District 1  
Nancy Sharpe, District 2  
Rod Bockenfeld, District 3  
Nancy Jackson, Chair Pro-Tem, District 4  
Bill Holen, District 5

## **Study Session January 26, 2016**

The Arapahoe County Board of County Commissioners typically holds weekly Study Sessions on Monday and Tuesday. Study Sessions (except for Executive Sessions) are open to the public and items for discussion are included on this agenda. Agendas (except for Executive Sessions agendas) are available through the Commissioners' Office or through the County's web site at [www.arapahoegov.com](http://www.arapahoegov.com). Please note that the Board may discuss any topic relevant to County business, whether or not the topic has been specifically noticed on this agenda. In particular, the Board typically schedules time each Monday under "Committee Updates" to discuss a wide range of topics. In addition, the Board may alter the times of the meetings throughout the day, or cancel or reschedule noticed meetings. Questions about this agenda? Contact the Commissioners' Office at 303-795-4630 or by e-mail at [commissioners@arapahoegov.com](mailto:commissioners@arapahoegov.com)

### **Study Session Topics**

#### **10:00 A.M. \*Microgrid Energy And Property Assessed Clean Energy (PACE) Presentation (WHR)**

Discussion and presentation of information about opting-in to service provided by Microgrid Energy about the Property Assessed Clean Energy (PACE) program

*Request: Information/Direction*

*Kacie Peters, Sales Consultant, Microgrid Energy*

*Mat Elmore, Microgrid Energy*

*Paul Scharfenberger, Colorado Energy Office*

*Joel Poppert, PACE Equity*

*BoCC*

Documents: [ARAPAHOE COUNTY COPACE MERGED \(002\).PDF](#)

#### **11:00 A.M. Department Of Strategy And Performance Interviews (BoCC Conference Room)**

*BoCC*

### **Break**

#### **1:00 P.M. Department Of Strategy And Performance Interviews (BoCC Conference Room)**

BoCC

**\* To Be Recorded As Required By Law**

WHR - West Hearing Room

*Arapahoe County is committed to making its public meetings accessible to persons with disabilities.*

*Assisted listening devices are available. Ask any staff member and we will provide one for you.*

*If you need special accommodations, contact the Commissioners' Office at 303-795-4630 or 303-738-7915 TTY.*

*Please contact our office at least 3 days in advance to make arrangements.*

# Overview

## What is PACE?

- ✓ Property Assessed Clean Energy (PACE) is an innovative way for owners to pay for upgrades to buildings
- ✓ PACE covers 100% of the improvement costs, up 30% of a buildings value, repaid through a tax assessment on the property for up to 20 years.
- ✓ PACE is modeled after methods to fund public benefits such as roads, sidewalks, and fire departments.
- ✓ PACE funding comes from private capital sources
- ✓ Funding for 2015 expected to exceed \$1B



# CoPACE Critical Components / Value Proposition

Private capital provides 100% upfront, low-cost, long-term funding

Repayment through property taxes

A senior PACE lien is put on the property and stays regardless of ownership

## Critical Components of CoPACE

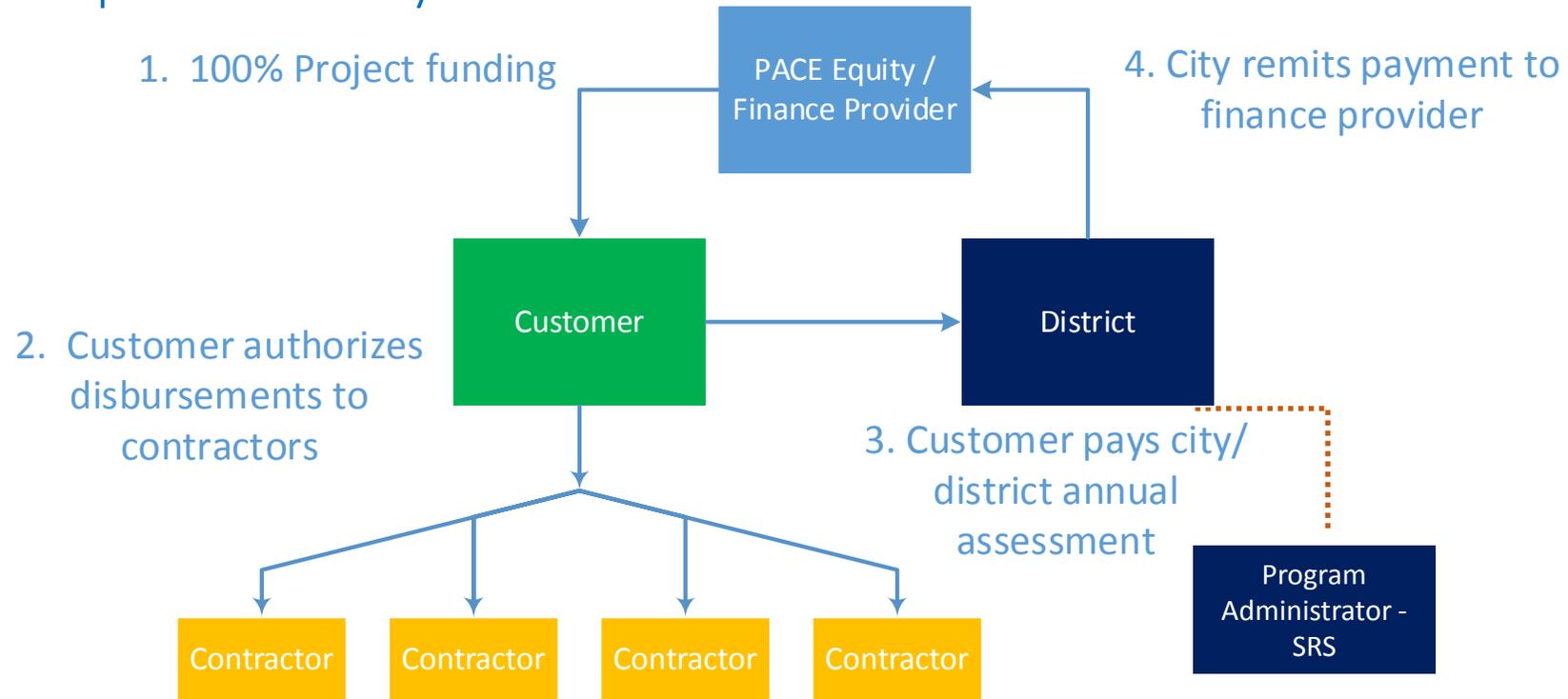
- Statewide District
- Voluntary “opt-in” structure (counties)
- Mortgage-holder consent required
- Financing provided by the private sector
- New Construction projects are eligible

## Value Proposition

- Finance 100% of project costs
- Longer duration financing = attractive cash flows
- Assessment/lien transfers with the property
- Addresses “split incentive” under certain scenarios
- Stimulates the local economy at little cost to the county (counties earn 1% on each assessment)
- Utilizes the infrastructure of the public sector as opposed to the coffers (private sector financing)
- Provides another economic development incentive tool for the county toolbox (new construction)

# PACE Solution

## Role of Arapahoe County



COPACE handles all program administration.  
**No Obligation, Exposure or Liability for  
Arapahoe County**

# CoPACE General Mechanics

1. County Government “opts-in” to the District (New Energy Improvement District – NEID) by resolution of the Board of County Commissioners
2. Commercial property owner identifies an improvement project & applies to the NEID for financing  
(mortgage-holder consent must be obtained and included in final application)
3. Upon approval, assessment is recorded in County Land Records
4. Contractor initiates and completes construction
5. Lending partner disburses project funds
6. Commercial property owner begins making regular payments on property tax bill
7. County Government begins regular assessment collection from the property owner and remittance to the NEID
8. NEID receives regular payments from the County Government and remits those payments to the lending partner/s that provided the capital for the associated project/s

# COPACE Guiding Principles

- Market is open to all building owners, developers and finance providers.
- The Clean Energy District promotes community economic development and sustainability.
- There is alignment with the interests of mortgage lenders such that every PACE assessment requires mortgage lender consent and institutional grade underwriting.

# Overcoming Barriers for Economic Development

Barrier	PACE Solution
No Budget / Debt not desirable	<ul style="list-style-type: none"><li>▪ 100% financing, off balance sheet transaction</li></ul>
Payback / IRR Hurdle	<ul style="list-style-type: none"><li>▪ No cash and no debt means no investment hurdle</li><li>▪ Immediate positive cashflows</li><li>▪ Longer term payback projects are viable</li></ul>
Credit challenge	Underwriting the building, not the credit of the owner
Hard to get past low hanging fruit	Higher cost, longer payback projects are cashflow positive immediately, with no investment required

# Summary of Benefits

PACE is a win/win for all stakeholders!

✓ **Property owners** see an opportunity to save money and make their buildings more valuable.

✓ **Private market investors** like PACE because assessments are a proven, strong credit.

✓ **Existing mortgage lenders** support projects that increase the value of their collateral.

✓ **Contractors** support PACE because it opens up new sales opportunities

✓ **Local governments** like PACE because it creates jobs and helps meet conservation goals.

✓ **Taxpayers** like PACE because the city takes on no liability and gets a boost in the local economy.

