



C-PACE Alliance Charter June 2018

This Charter sets forth the rationale for a Commercial PACE (C-PACE) Alliance, as well as its mission, activities and measures of success. PACE is an innovative financing tool that taps private capital markets to upgrade building infrastructure, reduce energy and water consumption, and improve life-safety conditions. C-PACE programs are consistent with open, free-market principles, is completely voluntary and puts no public funds at risk. Based on a decade's experience, all the various stakeholders would like to scale up this program.

Commercial PACE financings have successfully closed in more than a dozen states, exceeding 1,100 projects and \$500 million in financing amount, while reducing millions of tons of future CO2 emissions and improving building safety and resilience. C-PACE involves unique issues that require a *dedicated and focused* coalition to elevate the public benefit and opportunity inherent in C-PACE.

C-PACE ALLIANCE MISSION: To advance the Commercial PACE industry to achieve its greatest potential impact in creating energy efficiency, renewable energy, building resiliency, job creation, economic competitiveness and community revitalization as measured by the dollar volume of closed C-PACE financings.

BENEFITS OF C-PACE FINANCING

C-PACE programs allow a property owner to repay the financing via a voluntary tax assessment similar to a property tax lien. Projects with longer-term economic payback receive longer-term financing. With C-PACE, the owner's property value increases immediately, while paying the tax assessment only during its period of ownership. C-PACE eliminates upfront costs, provides low-cost, long-term financing and allows building owners to transfer payment obligations to tenants, as well as new owners in the case of sale. C-PACE-financed items include lighting, systems controls, roofing, HVAC, boilers and chillers, insulation, glazed windows, solar energy production, and life-safety measures.

GOALS & CORE PRINCIPLES

The various C-PACE stakeholders—Property Owners, Government, Program Administrators, and Capital Providers—share common goals for C-PACE programs:

- Improved energy efficiency, renewable energy deployment, reduced energy consumption, and other improvements deemed to be in the public interest, such as seismic retrofits, storm resiliency measures, and water efficiency in commercial buildings.
- Transparency and simplicity of program implementation and administration.
- Delivery of long-term, lower-cost financing to the Property Owner that better matches the financing costs with anticipated benefits of the improvements over their expected life.
- Local economic development and vitality.
- High usage and project volume.

These shared goals lead to the core principles that apply to well-designed C-PACE programs.

1. **Continuous collaboration:** C-PACE stakeholders should collaborate on a continuous basis to achieve common goals.
2. **Input from Stakeholders:** Policymakers should engage a broad set of stakeholders and take into account best practices learned from other statutes and programs as they craft and amend C-PACE legislation.
3. **Open-Markets and Freedom of Choice:** C-PACE programs should encourage open and free-market competition among Capital Providers, project developers and contractors.
4. **Focus on Implementation:** Once a well-designed statute is enacted, policymakers should provide support and guidance to the local governments that implement a C-PACE program: Municipal ordinances must be adopted and the program supervision must be put in place, which requires considering the role and financial sustainability of a Program Administrator.
5. **Converge on Standards:** The C-PACE capital providers should help the industry move toward voluntary standards to ensure the most efficient, flexible and low-cost access to capital – especially as it relates to matters that can expedite the creation of a liquid secondary market for C-PACE assets.

C-PACE ALLIANCE ACTIVITIES

1. Educate state and local policy makers on best practices for C-PACE statutes and program provisions.
2. Support state and local C-PACE programs to create and/or adjust their program provisions to enable greater success in their C-PACE programs as measured by faster growth in project closings while enabling a more rapid realization of benefits for their community, such as lower carbon emissions, greater water conservation, safer buildings, local jobs and economic revitalization.
3. Spearhead broader adoption of best practices in C-PACE underwriting, legal and closing provisions to set the foundation for a large and liquid secondary market in C-PACE securities.
4. Catalyze the movement toward a nationwide framework for C-PACE program administration that draws on lessons of successful Program Administrators to lift the heavy burden from state and local agencies in managing programs.

HOW WILL THE C-PACE ALLIANCE MEASURE PERFORMANCE?

The C-PACE Alliance will track the correlation between project volume and the use of best practices, and will highlight states that create supportive policies and healthy markets. Ultimately, the success of C-PACE Alliance is measured by the success of the states' individual programs.