



Charter
July 2019

This Charter sets forth the C-PACE Alliance mission, goals and principles, activities and measures of success. Commercial PACE (C-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, are completely voluntary, and put no public funds at risk.

Commercial PACE financings have successfully closed in more than a dozen states, exceeding 2,000 projects and \$1 billion in private capital invested, while reducing millions of tons of future CO2 emissions and improving building safety and resilience.

Based on a decade's experience with C-PACE, all the industry stakeholders would like to scale up this program. C-PACE financing involves particular issues that require a dedicated and focused coalition to highlight the public benefits and the market opportunity inherent in C-PACE.

C-PACE ALLIANCE MISSION

To promote and advance the public benefits of C-PACE by increasing the volume of quality C-PACE financings and expanding the markets available to C-PACE financings.

BENEFITS OF C-PACE FINANCING

C-PACE financing offers a variety of advantages over other forms of capital because it is repaid through a voluntary special assessment. Projects with longer-term economic payback receive longer-term financing. With C-PACE, the owner's property value increases immediately, while the owners pays the tax assessment only so long as they hold title to the property. C-PACE eliminates upfront costs, provides low-cost, long-term financing and allows building owners to transfer the assessment upon sale.

GOALS & CORE PRINCIPLES

Property owners, government entities, PAs, and capital providers are all stakeholders in successful C-PACE programs. CPA's view is that C-PACE stakeholders share common goals.

1. **Achieve the greatest overall environmental and economic development benefits.** Through the installation and new construction of property improvements, stakeholders aim to reduce energy and water usage, install health and safety measures, and spur economic growth and job creation.
2. **Deliver to property owners on the advantages of C-PACE financing as a special assessment.** The voluntary special assessment enables capital providers to offer long-term, lower-cost financing due to the strong repayment mechanism that minimizes non-payment risk.
3. **Foster a vibrant, large and growing market for C-PACE financing.** An increased volume of quality C-PACE projects, including a deep and active secondary market, will result in healthy and resilient

buildings that improve communities' resource management and ability to address concerns regarding climate change and natural disasters.

4. **Create an excellent customer and stakeholder experience.** An efficient, transparent and user-friendly C-PACE financing industry helps achieve the program's goals by enhancing the program's appeal to property owners.

These shared goals are the foundation of the CPA's core principles of well-designed C-PACE programs:

1. **Open-market philosophy / freedom of choice.** C-PACE programs should encourage open and free-market competition among qualified capital providers, project developers, and contractors.
2. **Input from stakeholders on lessons learned.** As state policymakers craft legislation and the development of the program manual (or guidelines), they should engage a broad group of stakeholders and seek to adopt best practices learned from C-PACE programs nationwide.
3. **Focus on implementation.** Once a well-designed statute is enacted, policymakers and other stakeholders should monitor whether local governments implement and use the program following industry best practices.
4. **Continuous collaboration.** C-PACE stakeholders should be consulted periodically and before any changes to the program rules or the law.
5. **Converge on standards.** By adopting these recommendations, C-PACE stakeholders will enable the industry to move toward voluntary standards that facilitate efficient and flexible access to capital and the creation of a liquid secondary market for C-PACE assets that drive costs lower.

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 in creating and/or adjusting 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 public benefits.
3. Spearhead the adoption of best practices in C-PACE underwriting, legal and closing provisions.
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.