

COMMERCIAL AND INDUSTRIAL PROPERTY ASSESSED CLEAN ENERGY

In June 2012, the Connecticut General Assembly passed Public Act 12-2 "[AN ACT IMPLEMENTING CERTAIN PROVISIONS CONCERNING GOVERNMENT ADMINISTRATION](#)," which enabled the creation of the C-PACE program by empowering the Green Bank to administer, design, and assist in financing the program and creating the opportunity for municipalities to "opt-in" to establish themselves as C-PACE districts.

To be eligible for C-PACE financing:

1. The property is located within the boundaries of a municipality that has adopted a resolution supporting the C-PACE program and signed a legal agreement with the Green Bank.
2. The applicant is the legal owner of the property, and all the legal owners of such property agree to participate.
3. The property must be a non-residential property. Multifamily, residential properties containing five dwelling units or more are eligible.
4. The property has a property tax identification. For building owners who do not pay property taxes, the municipality must agree to issue a property tax ID for collection purposes.
5. The property owner must provide evidence that the mortgage holder (or holders) on the property consents to the C-PACE assessment.
6. The property must be current on property tax and assessment payments.
7. The property owner must not be in foreclosure, not have any involuntary liens, defaults, or judgments applicable to the subject property. A property owner may be able to participate if it can demonstrate an acceptable reason for the lien, default, or judgment and provide supporting documentation.
8. Audit or feasibility study is complete.
9. The project's Savings to Investment Ratio must be greater than one, meaning that projected annual savings exceed annual debt service by some amount. A review of C-PACE project by the Third Party Administrator has been completed for accuracy.
10. Repayment of the C-PACE assessment not to exceed the expected useful life of the measures.
11. The measures proposed in the project must be permanently affixed to the property (i.e. the property owner cannot take them in the event of a change of ownership), except for district heating and cooling systems and microgrids. Examples of permanently affixed improvements include, but are not limited to upgraded insulation, energy efficient heating equipment, solar photovoltaic (PV) rooftop systems (including third-party owned systems subject to a lease or power purchase agreement of not less than 15 years), fuel cells, and natural gas piping installed underneath the property owner's land.

Additionally, for projects financed directly by the Green Bank, the following underwriting guidelines apply:

1. Maximum total property debt, including the PACE assessment, should not exceed 80% of building value. The building value will be calculated as current appraised value (assessed value, in certain circumstances, may be used by the Green Bank as a proxy for value). The value of the PACE-financed improvements may be included in building value.
2. No unresolved payment issues concerning debts to or guaranteed by the Green Bank and property owner shall represent and warrant that there are no material unresolved payment issues concerning debts to or guaranteed by third parties. For the purpose of these standards, "material" means the greater of (a) 10% of the proposed C-PACE financing or (b) \$50,000.
3. Absent special circumstances, including but not limited to a property unencumbered by a mortgage or other compelling economic or financial conditions, Green Bank exposure does not exceed (a) 35% of the value of the property, after giving consideration to the value increment that may be afforded by the enhancements to the property being financed and (b) when combined with other mortgage debt secured by the property that is the subject of the financing, 100% of the value of the property, after giving consideration to the value increment that may be afforded by the enhancements to the property being financed.
4. Building financial performance guidelines are met, or owners have shown mitigating circumstances. Guidelines include the following:
 - a. Positive operating profit and net income in each of last 2 fiscal years.
 - b. Positive cash from operations in each of last 2 fiscal years.
 - c. EBITDA/debt service (including both the proposed C-PACE assessment and expected savings from the C-PACE project) is at least 1.25x for last fiscal year.
 - d. Current ratio of at least 1.25:1.00
 - e. Total Liabilities / Tangible Net Worth does not exceed 2.00:1.00
 - f. Interim statements disclose no material adverse change in financial condition.
5. The building owner maintains insurance coverage on the property in compliance with minimum C-PACE guidelines.