



CDFA FOOD SYSTEMS FINANCE WEBINAR SERIES

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BEGIN AT 2PM EASTERN**

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Empowering Agriculture
with PACE Financing

Empowering Agriculture with PACE Financing



Angela Blatt

Director
Council of Development Finance Agencies
Columbus, OH



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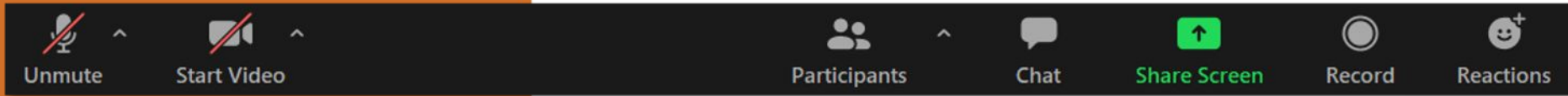
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Defining the Food System Asset Class



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With support from the W.K. Kellogg Foundation, CDFA has been researching how development finance agencies can become more engaged in developing localized food systems through traditional finance approaches. The premise of this project is to suggest and then prove that, if organized and defined properly, the food system can become a defined asset class worthy of traditional investment. Through this work, CDFA aims to advance opportunities and leverage capital to scale local food systems, increase access to better food, and create new living wage jobs in communities across the country.

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Empowering Agriculture with PACE Financing

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Jason Tiemeier

Partner,
Bricker Graydon

Chris Jones

PACE Program Manager,
Bricker Graydon

Tonya Bauer

Director of Strategic Development,
Saint Paul Port Authority

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CDFA FOOD SYSTEMS FINANCE **WEBINAR SERIES**

Empowering Agriculture with PACE Financing



Jason Tiemeier

Partner,
Bricker Graydon
Columbus, OH

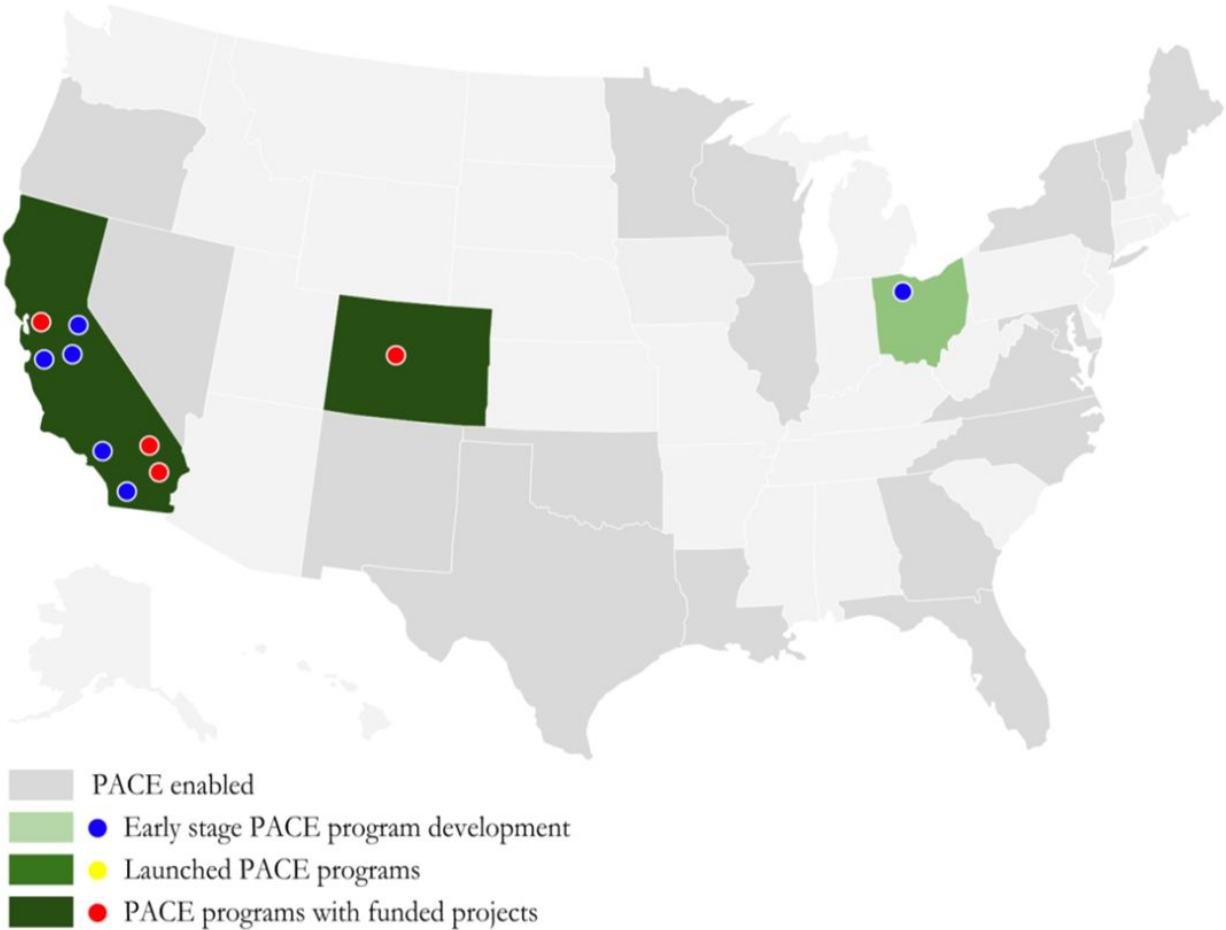
What is PACE Financing?

What is PACE Financing?

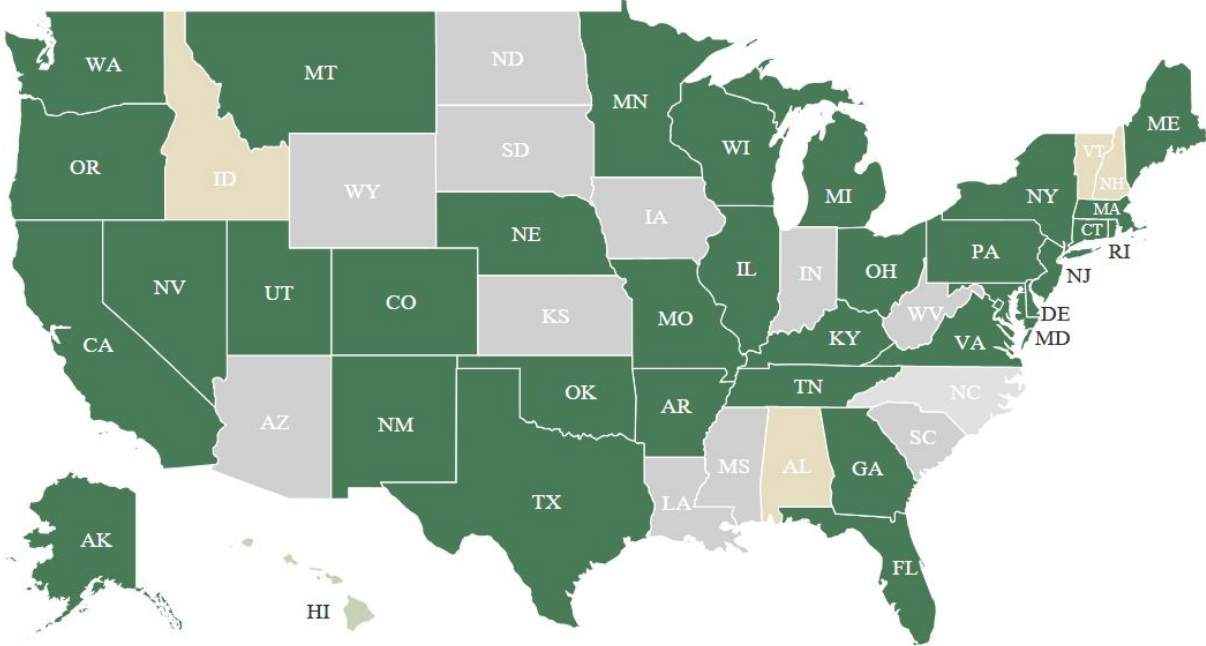
- **PACE**
 - **P**roperty, meaning that the financing mechanism improves real property and is secured with an interest in real property
 - **A**ssessed, meaning that the financing mechanism is paid for with special assessments
 - **C**lean **E**nergy, meaning energy efficiency and alternative energy improvements are eligible for financing



PACE – 2010



PACE – 2024



Map key

 Active program(s)

 Program in development

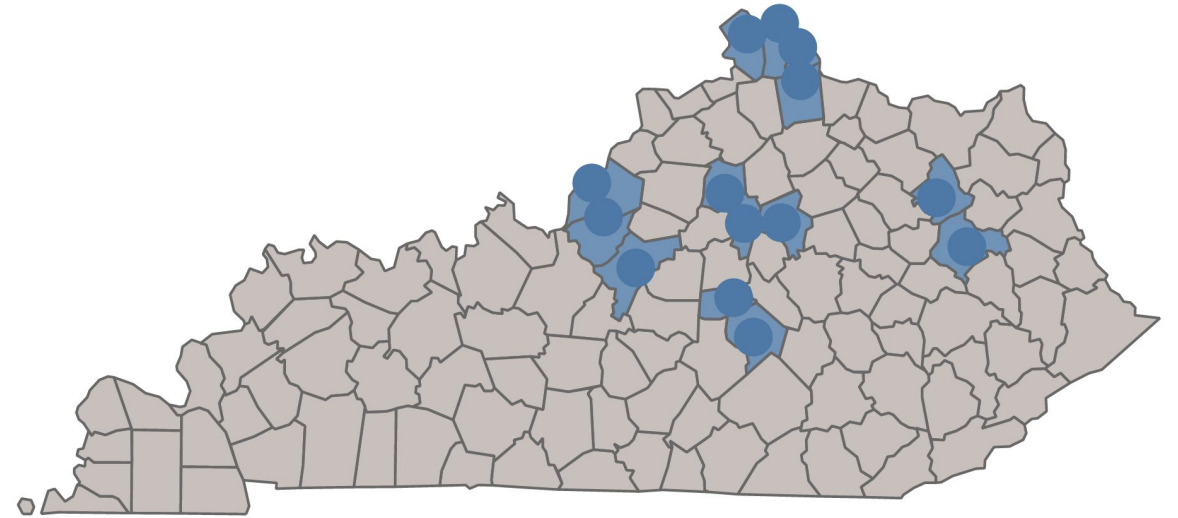
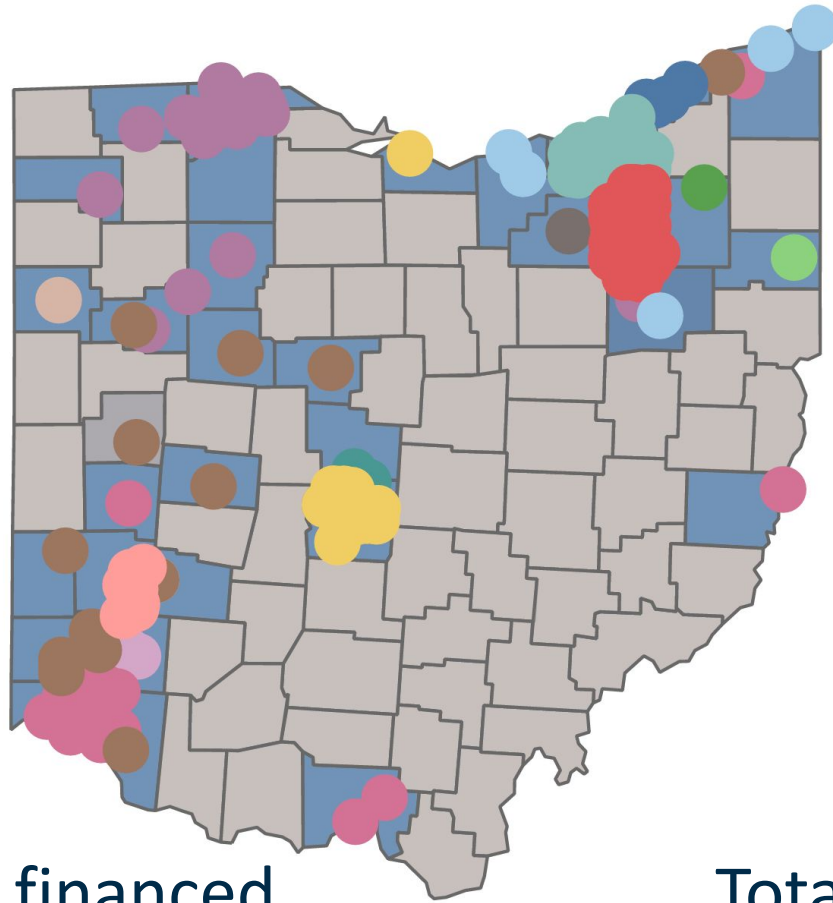
 PACE-enabled

Source: PACENation

PACE Law – Varies State by State

- 38 states and Washington D.C. authorize PACE; 31 states and Washington D.C. with active programs
- States have several PACE laws for various reasons:
 - PACE is covered in more than one law
 - PACE laws have been passed over time to implement various aspects of PACE financing
 - PACE laws have been amended
- Ohio – ESIDs
- Kentucky – EPADs
- Michigan, Pennsylvania, and Tennessee – Program Administrator

C-PACE in Ohio and Kentucky



Total financed
to date: \$760,879,898.07

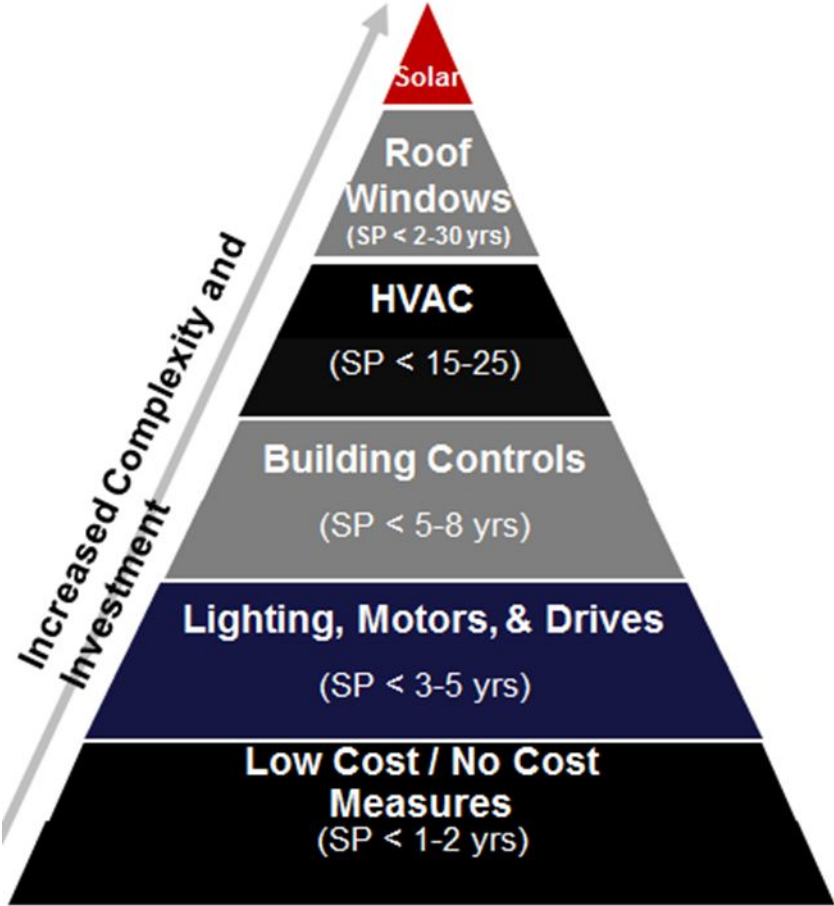
Total financed to date:
\$8,453,516.79

Special Assessments for Energy Improvements

- Energy efficiency improvements
 - HVAC
 - Lighting
 - Roofs, windows, insulation
- Alternative energy improvements
 - Solar photovoltaic (PV) and thermal
 - Wind
 - Geothermal
 - Biomass
- Water efficiency improvements; other environmental remediation and protection improvements



PACE Project Design



How can PACE be used?

1. Existing buildings for retrofits and upgrades
2. New construction and “gut rehabs”
3. “Retroactive PACE”: refinancing eligible improvements



Why use PACE?

- Can allow for no out of pocket costs (hard costs and soft costs)
- Long term financing
- Assessment transfers on sale of property
- Costs and savings shared with tenants
- Works with other incentives and financing options
- Secure form of financing (special assessment lien)



Jason Tiemeier

 jtiemeier@brickergraydon.com

 614-227-6067

 www.brickergraydon.com

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Graydon

Thank You

Bricker 
Graydon

Empowering Agriculture with PACE Financing



Chris Jones

PACE Program Manager,
Bricker Graydon
Lexington, KY

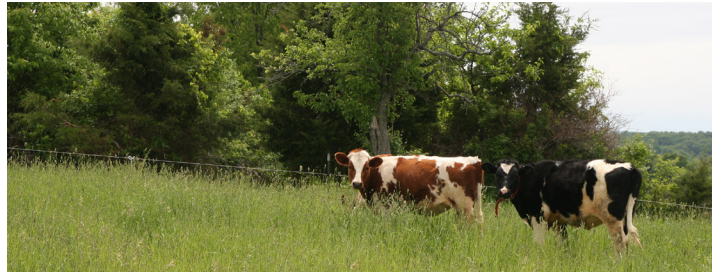
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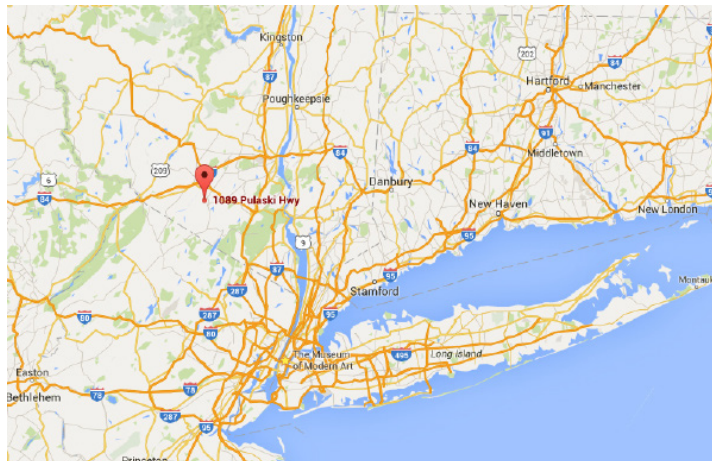
PACE FINANCING CASE STUDIES

The Power of PACE: Energize NY™ Finance empowered 5 Spoke Creamery to spend less on power and more on growing the business



Summary

5 Spoke Creamery, a Hudson Valley-based artisanal cheese making business, installed a 53kW solar system that will provide 108% of the farm's electricity needs. The farm used PACE financing, offered by the Energize NY™ Finance program, to pay for the solar arrays over 5 years. PACE financing was combined with state and federal solar incentives and resulted in a cash flow positive project from day one. Alan Glustoff, 5 Spoke Creamery owner, noted that having solar is a “major boost to the farm,” and it fits well with his lifelong commitment to a sustainable lifestyle.



Project Highlights

Address: 1089 Pulaski Highway, Goshen, NY

Date funded: March 11, 2015

Total PACE amount: \$74,687

Financing term: 5 years

Financing provided through the Energize NY program



ENERGIZE NY™
FINANCE





5 Spoke Creamery solar installation, photo by Energize NY, www.energizeny.org

The Story

5 Spoke Creamery sits on 73 acres of land near Goshen, NY. The farm was founded nine years ago by Alan and Barbara Glustoff, who specialize in hand crafted, raw milk, cave-aged cheeses. The creamery, in upstate New York, maintains a herd of 35 cows and produces its own milk. The cheese is sold to a variety of clients, ranging from national giants like Whole Foods, to New York City artisan grocery stores like Zabar's, Murray's, and Fairway Market.

Farmers often confront variable operating expenses due to unexpected weather events, cattle care, fuel cost hikes, etc. It was particularly beneficial for the Glustoffs to be able to stabilize their energy costs. For Alan, reducing annual electric costs meant investing into the core business - building more aging rooms or buying more cows. Solar made good economic sense and it fit well with the sustainable lifestyle philosophy. "The inspiration for the name, 5 Spoke, comes from a bike's wheel and it stands for a simple way of living," Alan notes. "We were thinking about the future and wanted to help protect the environment, but financing a solar project was a big obstacle."

PACE had a couple of key advantages compared to other forms of financing:

- **No up-front investment.** For Alan, as for any other small business owner, it was important to avoid a large out of pocket investment in a solar array.
- **Long-term repayment.** 5 Spoke Creamery chose the repayment period of 5 years, while PACE can be extended for as long as 20 depending on the useful life of an improvement.
- **Stays with the property.** Since PACE is a land-secured financing it transfers to the new owner upon sale.
- **Easy repayment mechanism.** PACE financing will be repaid as a line item through Alan's existing annual property tax bill.

The solar arrays will fully off-set the annual electric costs and result in positive cash flow. "The important thing is that the power generated exceeds the cost of the financing each and every year," said Robert Fischman, director of commercial programs for Energize NY.

Property Owner

5 Spoke Creamery is a artisanal cheese-making farm founded by Alan and Barbara Glustoffs. The property includes the barn, "dance hall" and 110 year old farm house which has been restored and repurposed for the cheese making operation.

Building Details

Address: 1089 Pulaski Hwy,
Goshen, NY
Type: Agricultural
Contractor: Novel Approaches

Project Financing

PACE Project Size: \$74,687
Term: 5 years
Type: Financed by Energize NY



Wheatfield Gardens, North Tonawanda, NY
ENERGY EFFICIENT FARMING

"Greenworks' C-PACE financing has helped us meet our sustainability and productivity goals while also providing upfront capital and long-term savings. A major focus of ours at Wheatfield Gardens is sustainability and it is great to be able to use C-PACE financing to alleviate the financial burden that often comes with investing in more resource-efficient measures like LED lighting and Microgrids."

- Paal Elfstrum, CEO of Wheatfield Gardens

YEAR ONE SAVINGS

\$471,775

SAVINGS OVER PROJECT LIFE

\$8,788,261

PROPERTY SUMMARY

Wheatfield Gardens is a hybrid greenhouse vertical farm located in Niagara County, NY with a focus on producing leafy green vegetables and high CBD hemp.

OPPORTUNITY

Wheatfield Gardens enlisted the help of C-PACE to finance a 340 kW Combined Heat and Power system. This CHP unit is the base of a microgrid system that supports a unique and patented advanced Controlled Environment Agriculture (CEA) system which facilitates the efficient production of hydroponic lettuce and hemp. By simultaneously controlling heating, cooling, humidity and CO2 in the farm's 12.5-acre greenhouse, the system will allow them to meet inhouse energy and supplemental CO2 needs and derive energy efficiency benefits.



BUSINESS TYPE	BUILDING TYPE	PROJECT TYPE	LOAN SIZE	C-PACE TERM
AGRICULTURE	GREENHOUSE	EFFICIENCY	\$1,997,581	20 YEARS

WHAT IS COMMERCIAL PACE?

Commercial Property Assessed Clean Energy (C-PACE) makes it possible for commercial property owners to obtain low-cost, long-term financing for energy efficiency, water conservation and renewable energy projects. The program starts with a state-level government policy that classifies clean energy upgrades as a public benefit – like a new sewer, water line or road. These upgrades can be financed with no money down and then repaid as a benefit assessment on the property tax bill over a term that matches the useful life of improvements and/or new construction infrastructure (typically ~20-30 years). The assessment transfers on the sale of the property and can be passed through to tenants where appropriate. While facilitating sustainability efforts, the program reduces property owners' annual costs and provides dramatically better-than-market financing for green new construction.

C-PACE IS REVOLUTIONIZING CLEAN ENERGY



IMMEDIATE CASH FLOW

- 100% financing
- Long payback period
- Covers all hard and soft costs



FLEXIBLE AND SECURE FOR OWNERS

- No personal guarantee
- Transfers on sale
- Can pass through to tenants
- Preserves borrowing capacity



MOST PROJECTS & BUILDINGS QUALIFY

- Based on property value
- Must save energy or water
- Most commercial property types

ABOUT GREENWORKS LENDING

Greenworks Lending is the largest provider of Commercial Property Assessed Clean Energy (C-PACE) financing in the country. Led by several of the industry's founding policy developers and standard-setters, Greenworks Lending is a private capital provider uniquely dedicated to funding commercial real estate through C-PACE. Greenworks has provided financing to hundreds of commercial properties in more than a dozen states. Greenworks Lending's C-PACE financing makes clean energy a smart financial decision for commercial property owners

GET STARTED



If you're ready to get started with a C-PACE project or simply want to learn more about this powerful commercial finance tool, visit greenworkslending.com.

Wilder Fields

Chicago, IL



Cook County Facilitates \$2.4 Million in C-PACE Funding for Indoor Farm

PROJECT

Wilder Fields is a technology-enabled food company producing fresh and sustainably grown greens for the local community.

When the concept was first launched, it was an innovative startup company with one challenge: the need for more floor space. After developing a system for efficient indoor vertical agriculture in an incubator space, Wilder Fields needed cost-effective square footage to begin production.

The solution: An empty retail space formerly occupied by a big-box store in Calumet City, Illinois, provided the perfect new home. C-PACE provided a great way to repurpose the abandoned property.

C-PACE AS PART OF A LARGER SOLUTION

Cook County C-PACE became an important component of the project's capital budget in the first phase of Wilder Fields' expansion. With a phase 1 project budget of \$9.8 million, the \$2.8 million of C-PACE financing was a significant source of capital. As part of this larger capital stack, Wilder

PROJECT FACTS

C-PACE Financing Amount:
\$2,470,000

C-PACE Financing Term:
20 years

C-PACE Financing Closed:
December 2021

IMPACT

Annual Electricity Savings:
3,073,466 kWh

Annual Utility Bill Savings:
\$328,105

Annual CO2e Avoided:
2,675 metric tons

CASE STUDY

Fields used C-PACE financing to convert the 80,000-square-foot space into an indoor farm with the production equivalency of 24 acres of land.

C-PACE funding was used to finance the eligible components of the project, including crop growth lighting, irrigation, HVAC, environmental and lighting controls, and equipment insulation. An independent energy audit, a programmatic requirement and the cost of which can be included in the C-PACE financing, estimates annual savings of 3 million kWh of electricity above baseline fixtures and building materials.

RESULTS

Today, the Wilder Fields indoor vertical farm produces fresh arugula, kale, and varieties of lettuce with significantly less land and water than a traditional farm requires. The completed Wilder Fields project not only transformed a languishing retail space into a cutting-edge indoor farm, but served as a great example of the utility of C-PACE financing.

Cook County C-PACE is proud to enable transformative and disruptive entities such as Wilder Fields to rethink traditional industries in the pursuit of a cleaner environment.

BUILDING DETAILS

Building Type: Agriculture

Building Size: 135,000 SF

Year Built: 1992

IMPROVEMENTS

HVAC, LED lighting, Building controls, Closed-loop irrigation system, Building shell

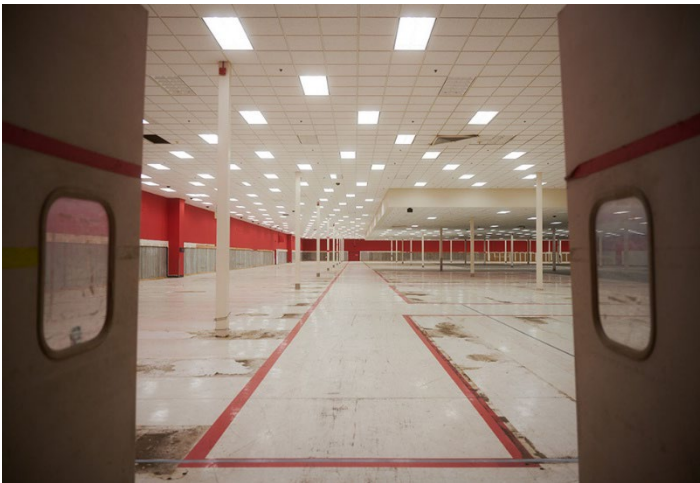


Photo of former Target facility where Wilder Fields is being developed



Toni Preckwinkle
Cook County Board President



CASE STUDY:

NET-ZERO AGRICULTURE

C-PACE IMPROVEMENTS HELP TO DELIVER
SOLAR SOLUTION FOR CHARLES COUNTY FARM

PROJECT OVERVIEW

PROPERTY TYPE:

Agricultural

INSTALLED MEASURES:

Roofing upgrades to permit
installation of a solar array



\$206,838
Approved PACE
Financing



20 Years
Loan Term



Greenworks Lending
Lender



Energy Select, LLC
Partner

THE CHALLENGE:

Serenity Farm is located on over 200 acres on the banks of the upper Patuxent River in Charles County. Annual utility payments for the farm consumed profits without hope of creating further value. With ample space available, a renewable energy system seemed a prime solution. However, additional costs beset the farm owner in attempting to install a sizable solar array.

THE SOLUTION:

The owners of Serenity Farms, desiring a solar installation but lacking a durable platform on which to mount it, used C-PACE to finance improvements to increase the strength and suitability of one of their property's roofs. This cost would have necessitated additional personal capital investment, but was instead covered by C-PACE financing, and the savings generated from the solar installation easily offset the loan payments.



To learn more about MD PACE:

md-pace.com
info@md-pace.com

ABOUT MD-PACE

MD-PACE is a statewide partnership between PACE Financial Servicing and the Maryland Clean Energy Center to build a statewide commercial Property Assessed Clean Energy (C-PACE) program.



Hotchkiss Organic Orchard Taps Colorado C-PACE

Install 25 kW Renewable Energy System

THE CHALLENGE

Ela Family Farms, a Hotchkiss-based certified organic orchard, needed to offset their high energy costs produced by their 7,391 square-foot refrigerated warehouse.

“For four generations, the Ela family has tried to be innovative and farm in the most environmentally-friendly manner possible,” said Steve Ela, the owner of Ela Family Farms. “While we were converting the farm to 100 percent certified organic production, we changed our watering system from wasteful furrow irrigation to sprinkler-and-drip irrigation. A solar PV system to power our fruit coolers with renewable energy seemed like the logical next step.”

“C-PACE financing is a game-changer for our rural county’s agricultural producers and businesses.”

—Brad Burritt, a co-owner of Empowered Energy Systems

THE SOLUTION

Hotchkiss-based Empowered Energy Systems, LLC installed the 25 kW solar PV system at Ela Family Farms’ refrigerated warehouse. “C-PACE financing is a game-changer for our rural county’s agricultural producers and businesses,” said Brad Burritt, a co-owner of Empowered Energy Systems. “Being able to offer long-term financing with no down payment makes solar more affordable, and it’s a smart investment for rural businesses. We’re proud to install the first C-PACE project on the Western Slope.”

THE IMPACT

“C-PACE is available statewide to commercial property owners in counties that have joined the program—whether that’s in downtown Denver or rural Delta County,” said Paul Scharfenberger, former chairman of the Colorado New Energy Improvement District. “The relatively small size of this project, and the fact that it was agricultural, didn’t exclude it from obtaining funding. This is a testament to the program’s value and the number of lenders who have signed up to participate.”



Region 9 Economic Development District of SW Colorado, a nonprofit that promotes and coordinates economic development efforts throughout southwest Colorado, funded the \$60,420 Ela Family Farms investment working through Colorado C-PACE.

ABOUT COLORADO C-PACE



Colorado C-PACE provides financing for energy efficiency, renewable energy and water efficiency improvements, including new heating/cooling systems, lighting, water pumps, insulation, and renewable energy projects for commercial properties. C-PACE offers long-term financing that covers 100 percent of the project cost and is repaid over a period of up to 25 years as a line item on the existing property tax bill. Because the loan runs with the property, if the building is sold, the repayment obligation can transfer to the new owner, who enjoys the ongoing utility cost savings associated with the project.

Visit copace.com for more information.

BY THE NUMBERS

Project type:
Retrofit

Building type:
Farm

Building size:
7,391 square feet

C-PACE project cost:
\$60,420

Percent financed: 100 percent

Finance term:
10 years

Lifetime Cost Savings:
\$113,000

CONTACT COLORADO C-PACE TODAY TO LEARN MORE

Tracy Phillips, C-PACE program director: 720.933.8143 | tphillips@copace.com

Ken Gallagher, C-PACE program manager: 877.325.1882 | kgallagher@copace.com



Powered by:



A program of:

The Colorado New Energy Improvement District

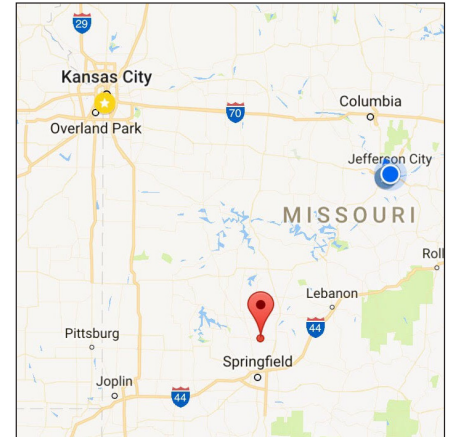
Largest PACE-financed Ag project in U.S. completed

Energy financing, specialty farming combine for unique operation in Missouri

Overview

Moon Ridge Foods LLC, a specialty hog processing facility in southwest Missouri, used PACE financing when retrofitting a 75,000-sq.-ft. facility to accommodate the progressive production and processing methods used in their farm-to-plate hog processing operation. Completed in July, 2016, it is the largest agricultural PACE project in the U.S.

PACE provided a way for Moon Ridge Foods to implement its strategic plan to significantly reduce energy costs and its carbon footprint. The project is a unique blend of a commitment to healthy food production, sustainable farming and preservation of natural resources. The driving force of facility owner/operator Moon Ridge Foods is to produce the safest, highest-quality, best-tasting pork products possible while enhancing the lives of their workers, local communities and supplying farmers - all while being good stewards of the environment.



The \$4 million in improvements included energy-efficient hog processing equipment, HVAC, lighting, roofing, and a solar photovoltaic system.

RAHILL Capital of St. Louis served as the PACE project consultant, working with the Moon Ridge Foods management team to identify and quantify eligible improvements, securing a PACE capital provider and facilitating the clean energy district application process. Twain Financial Partners of St. Louis was the PACE capital provider for this project, which was the largest PACE project completed in Missouri at the time it was approved by the Show Me PACE Clean Energy District.

Project Highlights

Total PACE financing: \$4,000,000
Interest Rate: 6%
Term 10.71 years
Annual assessment: \$169,386
Energy savings: 2.1 million kwh annually
Onsite renewable capacity: 65.52 kw
Lender: Twain Financial Partners

List of improvements

- HVAC upgrades
- High-efficiency boiler
- Solar photovoltaic system
- Energy-efficient hog harvesting system
- Insulated roof upgrade
- LED lighting
- Energy-efficient packaging equipment

Building Details

Type: Agricultural
Sq feet: 75,000
Stories: 1 story, steel-framed
Owner: Moon Ridge Foods
Location: Pleasant Hope, MO
(20 miles north of Springfield)

TWAIN
FINANCIAL PARTNERS

RAHILL
CAPITAL

SHOW ME PACE
Clean Energy District

The Site and Project Idea

Russ Kremer, a past president of the Missouri Pork Producers Association and member of the U.S. Department of Agriculture's 21st Century Agriculture Advisory Committee, was clear in what he wanted for the Moon Ridge Foods Company when the company bought a vacant hog-processing facility. They are committed to sustainability. Their energy efficiency efforts complement their dedication to the safe, humane handling of hogs.

"We've developed strict heirloom standards for genetics and feed," noted Kremer, Moon Ridge Foods co-founder and CEO. "Our pork is from Duroc hogs raised on a vegetarian-based diet without the use of steroids, hormones and routine antibiotic usage."

"Since we've secured arrangements with several large-scale customers for the purchase of our premium pork products, we hope to establish 50 new sustainable farms in the region," he added.

The energy measures at Moon Ridge are expected to save 2.1 million kwh/year. Approximately \$4.1 million in energy, water, operation and maintenance costs are expected to be avoided during the term of the PACE financing.

"This project is a great partnership - we were able to break the mold and finance the largest PACE Ag project in the country," noted Andrew Meyer, vice-president at Twain Financial Partners. "This proves that PACE can work anywhere, including in agricultural and rural settings."



Appeal of PACE Financing

Established by Missouri state statute, PACE uses private capital to pay for energy and water improvements to a property. The fixed interest rate loans are repaid through annual property tax

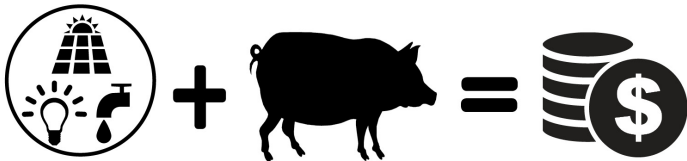
assessments. Missouri legislation requires projects to be cash-flow positive with energy and water savings greater than the assessments.

"PACE is very attractive to commercial property owners because it offers up to a 20-year fixed interest rate and can be considered 'off-book'," explained Josh Campbell, chairman of Show Me PACE. "In Missouri it also requires savings to offset the cost of the loan, so the projects are cashflow-positive."

"PACE is a fiscally-responsible way for property owners and developers to pay for energy and water cost improvements, whether they're retrofitting an existing building or building new - without commitment or risk to the local municipality," he added.

Largest PACE-financed agricultural project in U.S.*

Moon Ridge Foods Hog Processing Facility - Pleasant Hope, MO



Property Assessed Clean Energy
used for energy components at new processing plant for antibiotic-free, sustainably-raised hogs

PACE financing facilitated by Show Me PACE Clean Energy District
Lender: Twain Financial; Consultant: RAHILL Capital

*according to PACE Nation

Economic Development Benefit

A multi-million project like Moon Ridge Foods has a substantial impact on a rural community, and Polk County was no exception.

“When Moon Ridge Foods opened its doors this summer, it represented the culmination of nine years of dedication, volunteer effort, and grit on the part of so many people who wanted to make Polk County Missouri's economic future brighter,” explained Paula Hubbert, co-chair of the Polk County Economic Enterprise Zone. “The process through which it was created has changed the course and culture of our county.”

“Newly-created, skilled jobs that pay a living wage and provide health and other benefits are so rare in rural America. To have the number of jobs and the investment of time and capital into our area on the scale of the Moon Ridge project means more than can ever be measured in dollars and cents or quantified on the bottom line of a balance sheet. It means hope for the future and opportunity for us and for our children,” she added.



Principal Project Partners

PACE program: Show Me PACE Clean Energy District

Administered by the non-profit Missouri Energy Initiative, Show Me PACE is an open-market program that uses multiple capital providers and has low-cost overhead. The statewide-program has facilitated a number of PACE projects in Missouri since it was created in 2015.

Project Developer: RAHILL Capital

RAHILL Capital, a St. Louis-based PACE consultant, works with property owners and real estate developers nationwide to simplify and expedite the process of securing PACE funding. RAHILL's scope of work includes energy engineering, PACE legislative issues, district PACE applications, and underwriting and term negotiation with PACE capital providers. The Moon Ridge Foods financing was RAHILL's fifth successfully-closed PACE transaction in Missouri.

PACE Lender: Twain Partners

Twain Financial Partners is a St. Louis-based capital provider dedicated to providing PACE financing for energy efficiency, renewable energy and water conservation projects. Twain's vast network of lenders and energy contractors allows for an efficient, streamlined process for obtaining on-demand capital for commercial, agricultural and industrial PACE projects.

	Selected Programs and Support	Construction of new clean energy infrastructure	Purchase of clean energy	Carbon capture or storage	Distribution, generation, and transmission	Energy efficiency or clean energy improvements	Distributed clean energy	Addressing stranded assets	Clean vehicles, EV charging or renewable fuels	Relending for energy efficiency or clean energy	Technical Assistance or Training	Associated Webpages	
USDA	PACE*	X					X					https://tinyurl.com/yw8h2sja	
	New ERA*	X	X	X	X	X	X	X				https://tinyurl.com/3shkv2uk	
	REAP Grants*	X				X	X					https://tinyurl.com/bdund9e5	
	REAP Loan Guarantee	X				X	X					https://tinyurl.com/bdund9e5	
	B&I Guarantee	X		X	X	X	X		X			https://tinyurl.com/56mc3raw	
	EECLP					X	X						https://tinyurl.com/4cvrzefx
	RESP					X				X			https://tinyurl.com/mrx8f27e
	ERC	X			X	X				X			https://tinyurl.com/zmwahzsw
	HECG	X			X	X							https://tinyurl.com/jjs9h427
	HBIIP*								X				https://tinyurl.com/ry7jssf5
	IRP	X				X				X			https://tinyurl.com/2p7juck6
	RBDG	X				X				X	X		https://tinyurl.com/29ftkufc
REDLG	X				X				X	X		https://tinyurl.com/3w8bpw2z	
DOE	LPO-EIR (1706)*^			X	X		X	X	X			https://tinyurl.com/yrv23mvc	
	LPO-Clean Energy (1703)^			X	X		X		X			https://tinyurl.com/2p9x3d5x	
	LPO-TELGP*^+	X		X	X		X		X			https://tinyurl.com/y7snbfea	
	OCED-ERA	X		X	X	X	X					https://tinyurl.com/yh4mwsca	
	GDO-GRIP**				X							https://tinyurl.com/n9vxcur3	
	GDO-GRSTF**				X							https://tinyurl.com/5xaps6w4	
	OIE-TCUs Clean Energy+					X					X	https://tinyurl.com/bdevhcf7	
TREASURY	IRC Sections 45, 45Y				P							<p>You will find additional information about Treasury programs at the links below.</p> <p>https://tinyurl.com/2n2njm68u https://tinyurl.com/2p8acfmd https://tinyurl.com/3anrmfps</p>	
	IRC Sections 48, 48E	P											
	IRC Sections 48(e), 48E(h)	P											
	IRC Section 45Q			P									
	IRC Section 45U				P								
	IRC Section 48C	P				P							
	IRC Section 45W								P				
	IRC Sections 30C								P				
	IRC Sections 40A, 6426(c), 6427(e)								P				
	IRC Sections 6426(d), 6426(e), 6427(e)								P				
	IRC Section 40								P				
	IRC Section 40B								P				
IRC Section 45Z								P					
IRC Section 45V				P									
IRC Section 179D					P								
EPA/EDA	PWEAA	X							X		X	https://tinyurl.com/mtxcenrz	
	GGRF*	X			X	X	X			X	X	https://tinyurl.com/4cafdp2h	

*Includes Inflation Reduction Act funding | **Includes Bipartisan Infrastructure Law funding | + Tribal specific | P = potentially applicable: see Treasury guidance for more details | ^Certain DOE Loan Programs Office (LPO) programs include "denial of double benefit" restrictions on lending to projects receiving other federal support. Contact LPO for additional information.

NOTE: This guide is for general guidance only. See program webpages for complete eligibility information and requirements.

U.S. Department of Agriculture (USDA) Rural Development

B&I	Business and Industry Loan Guarantees	https://tinyurl.com/56mc3raw
EECLP	Energy Efficiency and Conservation Loans Program	https://tinyurl.com/4cvrzefx
ERC	Energy Resource Conservation Program	https://tinyurl.com/zmwahzsw
HBIIP	Higher Blends Infrastructure Incentive Program	https://tinyurl.com/ry7jssf5
HECG	High Energy Cost Grants	https://tinyurl.com/jjs9h427
IRP	Intermediary Relending Program	https://tinyurl.com/2p7juck6
New ERA	Empowering Rural America Program	https://tinyurl.com/3shkv2uk
PACE	Powering Affordable Clean Energy Program	https://tinyurl.com/yw8h2sja
RBDG	Rural Business Development Grants	https://tinyurl.com/29ftkufc
REAP	Rural Energy for America Program Guaranteed Loans and Grants	https://tinyurl.com/bdund9e5
REDLG	Rural Economic Development Loans and Grants	https://tinyurl.com/3w8bpw2z
RESP	Rural Energy Savings Program	https://tinyurl.com/mrx8f27e

U.S. Department of Energy (DOE)

Clean Energy (1703)	Innovative Energy and Innovative Supply Chain	https://tinyurl.com/2p9x3d5x
EIR (1706)	Energy Infrastructure Reinvestment Program	https://tinyurl.com/yrv23mvc
ERA	Energy Improvements in Rural or Remote Areas	https://tinyurl.com/yh4mwscs
GDO	Grid Deployment Office	https://tinyurl.com/3xaaf5mf
GRIP	Grid Resilience and Innovation Partnerships Program	https://tinyurl.com/n9vxcu3
GRSTF	Grid Resilience State and Tribal Formula Grant Program	https://tinyurl.com/5xaps6w4
LPO	Department of Energy Loan Programs Office	https://tinyurl.com/46rcut26
OCED	Department of Energy Office of Clean Energy Demonstrations	
OIE	Office of Indian Energy Policy and Programs	https://tinyurl.com/yxsp443b
TCUs Clean Energy	Transitioning Tribal Colleges to Clean Energy	https://tinyurl.com/bdevhcf7
TELGP	Tribal Energy Loan Guarantee Program	https://tinyurl.com/y7snbfea

U.S. Treasury Internal Revenue Service (IRS)

Credits and Deductions under the Inflation Reduction Act of 2022		https://tinyurl.com/yxsavx76
Internal Revenue Code (IRC)		https://tinyurl.com/57yhb9ap
Sections 45, 45Y	Production Tax Credit for Electricity from Renewables	
Sections 48, 48E	Investment Tax Credit for Energy	
Sections 48(e), 48E(h)	Low-Income Communities Bonus Credit	
Section 45Q	Credit for Carbon Oxide Sequestration	
Section 45U	Zero-Emission Nuclear Power Production Credit	
Section 48C	Advanced Energy Project Credit	
Section 45W	Credit for Qualified Commercial Clean Vehicles	
Section 30C	Alternative Fuel Vehicle Refueling Property Credit	
Sections 40A, 6426(c), 6427(e)	Extension of Pre-IRA Fuel Incentives	
Sections 6426(d), 6426(e), 6427(e)	Extension of Pre-IRA Fuel Incentives	
Section 40	Extension of Pre-IRA Fuel Incentives	
Section 40B	Sustainable Aviation Fuel Credit	
Section 45Z	Clean Fuel Production Credit	
Section 45V	Clean Hydrogen Production Tax Credit	
Section 179D	Energy Efficient Commercial Buildings Deduction	

U.S. Department of Commerce Economic Development Agency (EDA)

PWEAA	Public Works and Economic Adjustment Assistance	https://tinyurl.com/mtxcenrz
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U.S. Environmental Protection Agency (EPA)

GGRF	Greenhouse Gas Reduction Fund	https://tinyurl.com/4cafdp2h
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Empowering Agriculture with PACE Financing



Tonya Bauer

Director of Strategic Development,
Saint Paul Port Authority
Saint Paul, MN



MinnPACE

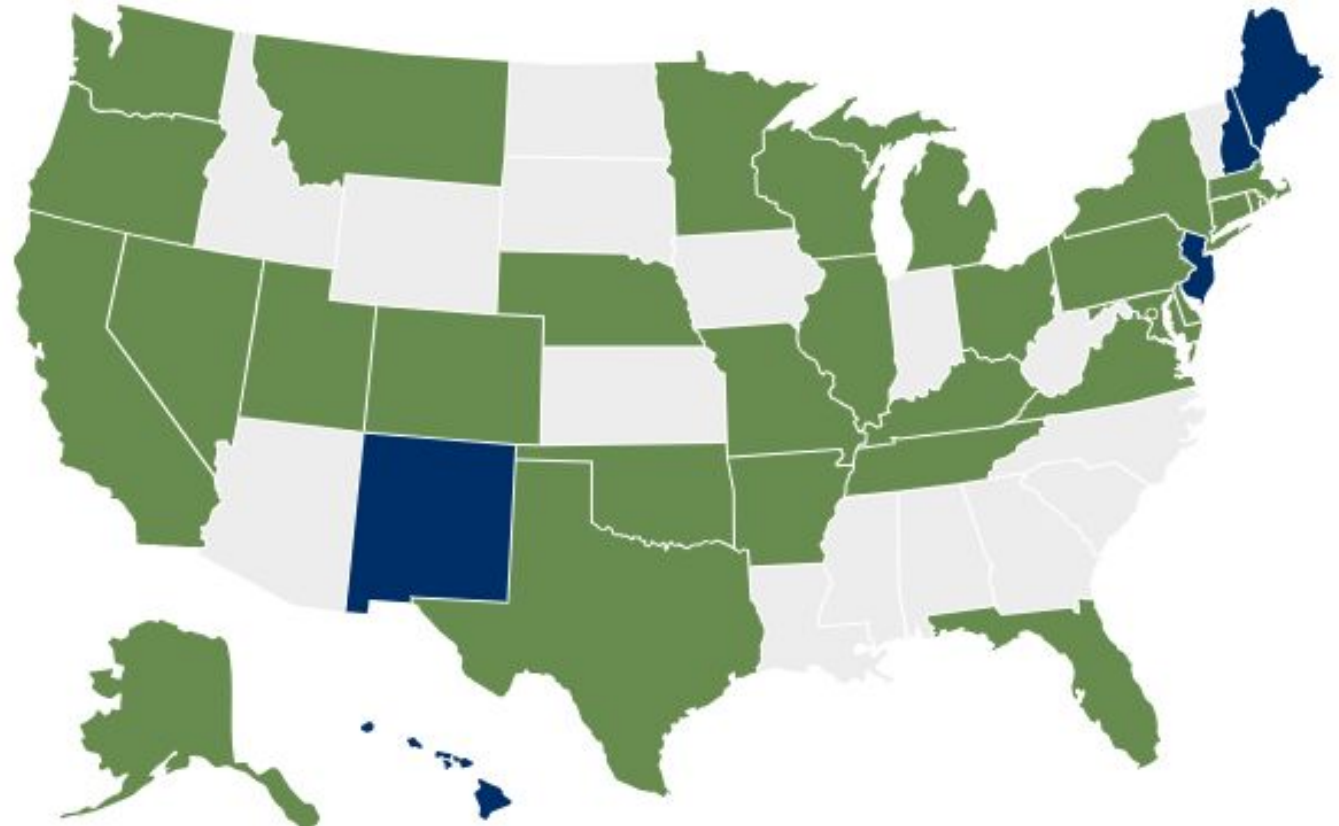


**BUILDING FOR THE FUTURE: PROPERTY ACCESSED
CLEAN ENERGY (PACE)**

C-PACE LANDSCAPE

According to the U.S. Department of Energy, C-PACE is one of the fastest-growing finance structures in the United States.

- **39 States** + and the District of Columbia have passed C-PACE legislation
- Since 2009, there have been more than **3,340 C-PACE projects** across the United States (**\$7.1 billion**)
- Minnesota continues to be a C-PACE leader (6th) \$297M, 435 projects complete





WHAT IS C-PACE?

Commercial Property Assessed Clean Energy (C-PACE) is a financing mechanism that provides real estate owners with non-recourse, low-cost, long-term, fixed-rate financing for energy-efficient, renewable energy, and resiliency projects.

- Covers up to 100% of eligible improvements
- Secured and repaid by a special assessment attached to the property
- Cash flow positive, the energy savings help pay back the loan over the useful life of the improvements

WHO IS C-PACE FOR?

C-PACE Eligible Property Types

- Commercial Properties
- Industrial Properties
- Multi-unit housing
- Non-profits and Faith-Based organizations
- Agriculture

C-PACE Eligible Projects

- Retrofits
- Gut Rehabs
- New Construction
- Retroactive projects



ELIGIBLE ENERGY IMPROVEMENTS

- Energy efficiency
- Renewable energy
- Water conservation
- Climate resiliency
- Seismic retrofit
- Solar
- Electric Charging



High efficiency lighting



Seismic retrofit



HVAC upgrades



Water conservation



Roof replacement



Building envelope



Boilers, chillers, furnaces



Automated building controls



Renewable energy

QUALIFYING CRITERIA



**30 year Financing Term
Maximum**



**30% The Loan-to-Value
(LTV) -** The MinnPACE loan amount can be up to 30% of the properties assessed or appraised value



Energy Audit Required -
study results in a net reduction in energy consumption or greenhouse gas emissions



**Application requires
mortgage holder sign off**

BENEFITS

- ✓ No upfront costs
- ✓ 100% Project Financing
- ✓ Cash Flow Positive: Utility Savings Exceed Payment Obligations
- ✓ Annual operating cost: not a long-term debt
- ✓ Payment rolled into property taxes: No payments until the following May
- ✓ Marketing
- ✓ Reduce the carbon footprint



ADDITIONAL INCENTIVES & REBATES

C-PACE can be in collaboration with:

- Traditional bank finance
- Historic Tax Credits
- Brownfield TIF
- Solar tax credits
- Utility programs
- IRA Incentives
- Rural Energy for America Program
- Other energy upgrade incentives



MAXIMIZING INCENTIVES: THE INFLATION REDUCTION ACT (IRA)

Investment Tax Credit (ITC)

Now 30% with the opportunity for another 10% for each of the following:

- Projects located in a low-income community
- Projects located in communities negatively impacted by the closing of fossil fuel plans
- Use of domestically-made solar panels

Accelerated Depreciation

- Through the Modified Accelerated Recover System (MACRS), qualifying energy equipment may be fully depreciated over five years
- Combined with ITC, the overall cost of solar can be reduced as much as 70%
- Reduces tax liability + accelerated the ROI

Direct Pay

- Tax-exempt organizations can receive a refund from the IRS for tax credits on projects put in service (up to 1MW)
- Eligible taxpayers not eligible for direct pay may sell all or a portion of the tax credits each year to another eligible taxpayer.

REAP + IRA

- Available to small biz and farmers
- Six quarterly competitions
- Grants up to \$500K for energy efficiency
- Grants up to \$1MM for renewable energy

Consult your tax advisor to determine how they incentives may benefit your commercial property.

HOW DOES IT WORK?



Program Administrator

Property Owner

County and City

Capital Providers

Credit Unions and Banks

Revolving Loan Programs

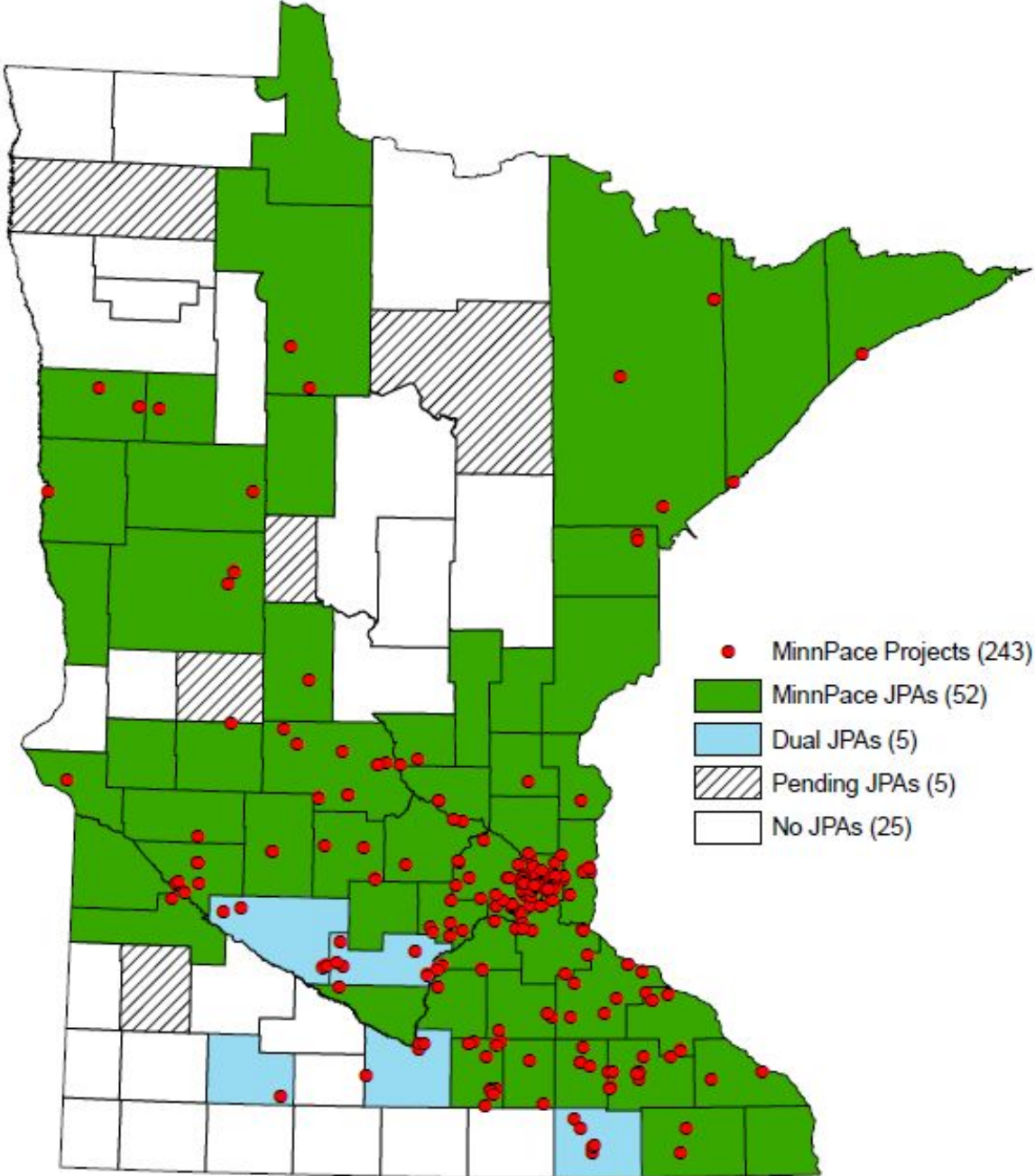
C-PACE FUNDING SOURCES IN MINNESOTA

LENDING SOURCE	RATE	TERM	LOAN SIZE	NOTES
Local banks and credit unions	Varies by intuition	up to 15 years	Up to \$1,000,000	Anyone can participate as a PACE lender
Trillion BTU Port Authority of St. Paul	Maximum of 6%	up to 10 years	\$25,000-\$1,000,000	Davis Bacon required
Rural Minnesota Energy Board PACE program	5.5%	Prefer 10 year or less	\$5,000-\$100,000	18 County Joint Powers Board and Davis Bacon required
National PACE lenders (capital providers)	Varies by intuition	up to 30 years	Over \$1,000,000	

STATEWIDE PROJECTS



MinnPACE



2024 LEGISLATION UPDATE



Loan to Value 20% to 30%



Loan Term 20 years to 30 years



Savings Investment Ratio 1:1 to any energy savings or greenhouse gas emissions reduction



Eligible improvements now include water and resiliency improvements

RESULTS AND TRENDS

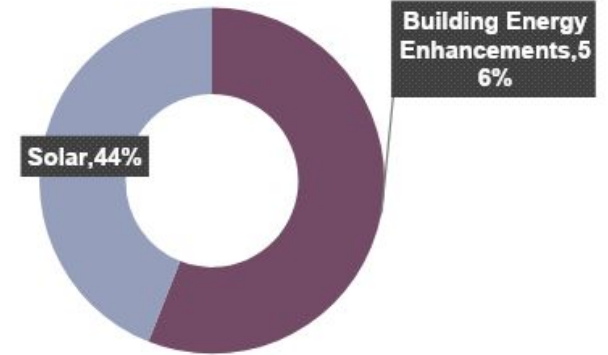
MinnPACE Loans

435

Energy Investments

\$299M

Energy Savings
1,188,686
MMBTU



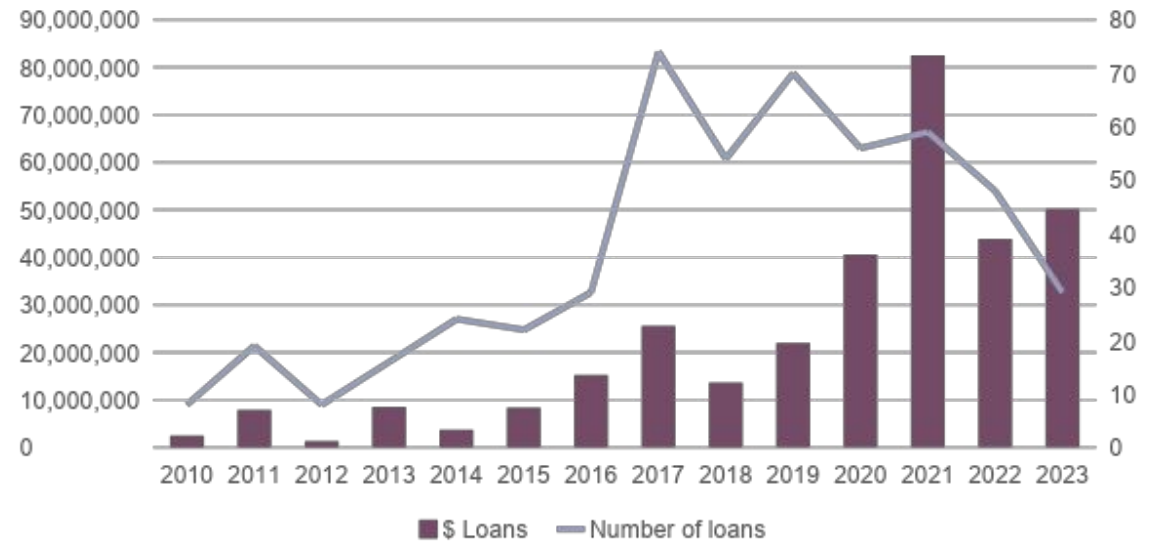
Jobs

3,322

Annual Energy Savings

\$82M

MinnPACE and Trillion BTU Loans



C-PACE AND AGRICULTURE

MinnPACE Loans

88

Energy Investments

\$13M

Annual Energy Savings

\$1M

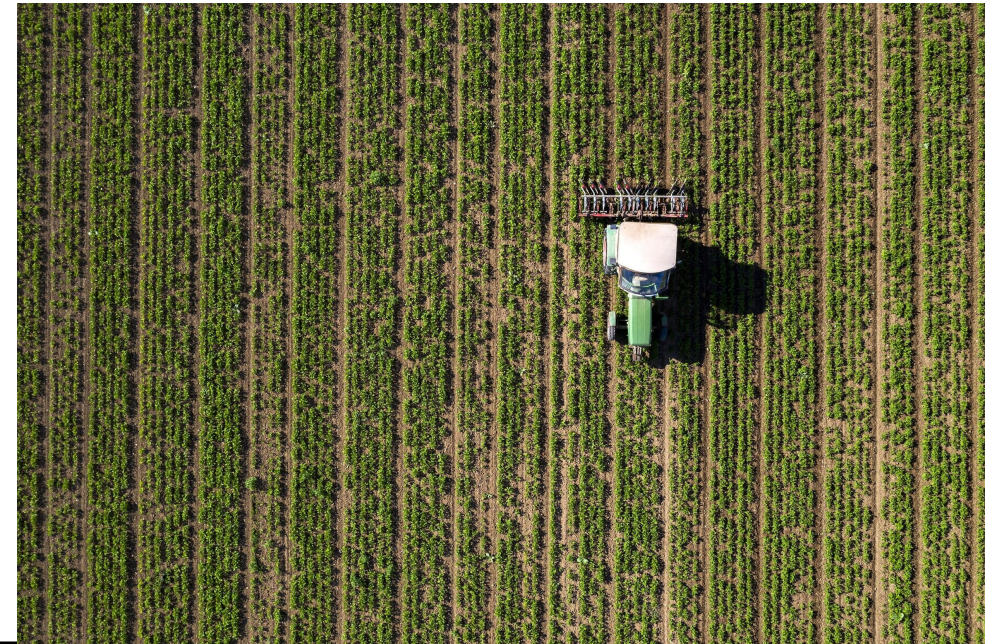
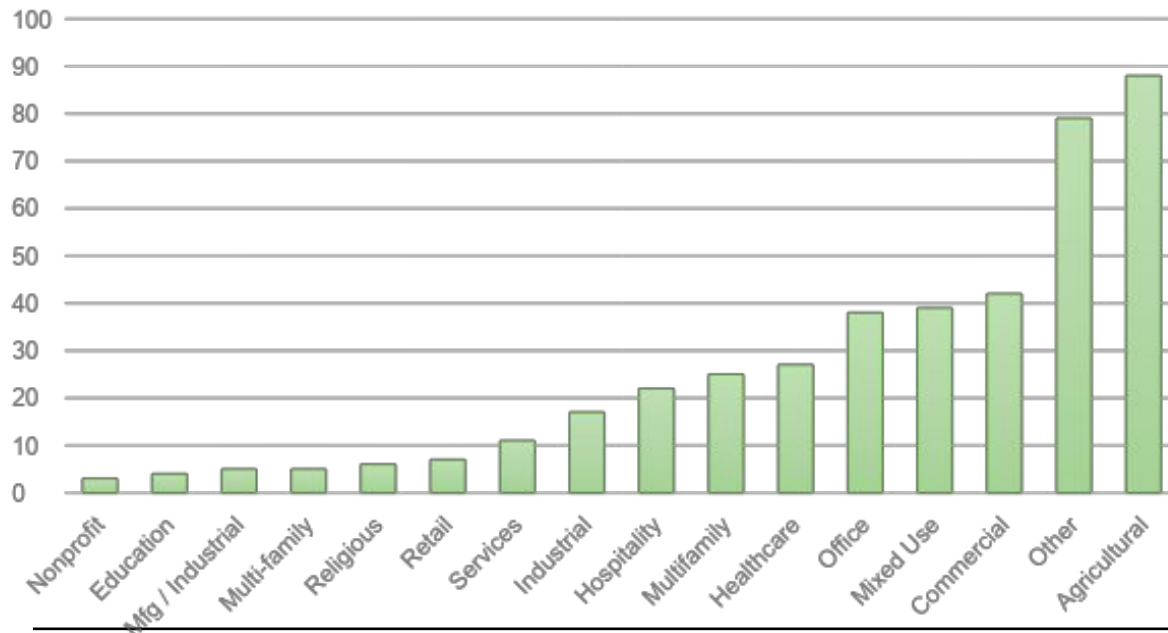
Energy Savings

82MMBTU

Jobs

144

of C-PACE loans by Property Type



CHECKLIST

- ✓ Eligible Improvement
- ✓ Loan is 30% or less than property value or built as design appraisal
- ✓ Loan term is 30 years or less
- ✓ Energy Audit: Energy production savings or greenhouse gas reduction
- ✓ Qualifying commercial real property
- ✓ Licensed Contractor
- ✓ Business in good standing
- ✓ Mortgage holder sign-off
- ✓ Petition for special assessment



MinnPACE



Project Spotlight Gary

 \$720,000 Tax
Assessment

 Financed Solar
Installation

Skaurud Farm



MinnPACE



Project Spotlight | Saint Paul

- ① \$390,000 Tax Assessment
- ① Financed Solar Installation

Project Spotlight

Paul's Handyman Services
Red Wing

 \$34,000 Tax Assessment

 Financed Solar Array



THANK YOU



Tonya Bauer
Director, Strategic Development

P: 651-204-6228 C: 651-494-8642

tkb@sppa.com

400 N Wabasha Street #240, St. Paul, MN 55102



ECONOMIC DEVELOPMENT | JOBS | TAXES | SUSTAINABLE DEVELOPMENT



Holly Huston
VP of Finance

651-204-6216

400 N Wabasha Street #240, St. Paul, MN 55102

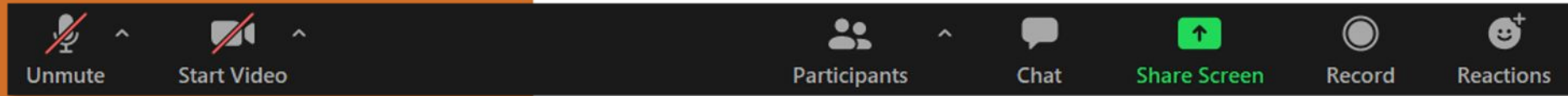


ECONOMIC DEVELOPMENT | JOBS | TAXES | SUSTAINABLE DEVELOPMENT



MinnPACE

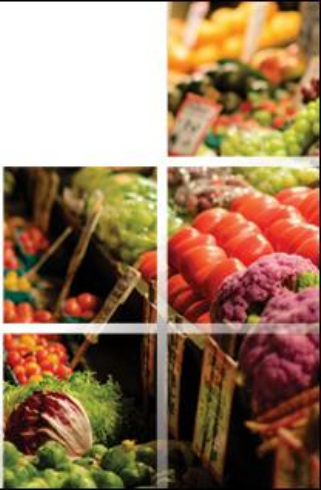
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using the chat function!**



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Intro Property Assessed Clean Energy (PACE) Finance WebCourse

August 12-13, 2024

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Contact Us



Angela Blatt

Director,
Council of Development Finance Agencies
ablatt@cdfa.net

Chris Jones

PACE Program Manager,
Bricker Graydon
CJones@brickergraydon.com

Tonya Bauer

Director of Strategic Development,
Saint Paul Port Authority
tkb@sppa.com

Jason Tiemeier

Partner,
Bricker Graydon
itiemeier@brickergraydon.com