

Policy and Procedural Framework
for Vendors of PACE Administrative and Financing Services

The following list describes de minimus standards for any and all PACE vendors operating in Alachua County. Any vendor may impose additional qualifications, specifications, and restrictions upon these standards.

Weight metric:

Very Important: 15

Moderately Important: 10

Somewhat Important: 5

Terminology

The term “assessment” refers to the PACE projects that effectuate a tax lien (project costs plus all fees, capitalized interest, other costs that match the amount of the tax lien)

The term “encumbered” means the property has outstanding debt, such as a mortgage.

The term “lender consent” refers to the consent of any pre-existing lender to the property, such as a mortgagee.

The term “property owner” refers to an owner of real property applying to or participating in a PACE program.

Qualification	Weight
Equity Requirements	
To be approved for PACE funding, property owners must have sufficient equity in their property to cover the cost of the proposed project and all fees, i.e. the project may be funded up to 100% of available equity.	15
Notwithstanding other qualifications in this document, residential projects should not exceed 90% of available equity.	5
Project Value Limitations	
Encumbered residential properties shall not have projects funded in excess of X ¹ % of just value, in compliance with F.S. 163.08 and in accordance with projected SIR and energy review results.	15
Non-encumbered residential properties shall not have projects funded that would cause total annual property taxes due to exceed 5% of just value in the 1 st	15

¹ X to be determined by each PACE vendor’s underwriting standards, in compliance with statute and with other relevant qualifications.

year. (Exceptions are if repayment term is less than 5 years, or if a stricter project value limitation is in effect.)	
<p>Commercial properties shall not have projects funded in excess of 20% of just value, unless the following circumstances apply.</p> <p>Specifics: Assessment may exceed 20 percent of just value if an energy audit demonstrates that savings resulting from the project would be greater than or equal to the total assessment cost, and that the ratio of the resulting lien to the equity not exceed 20 percent.</p>	15
<p>For all properties: Loan to value (LTV, all debt on the property compared to the just value of the property) of all encumbrances on residential properties must not exceed 100% of fair market value after assessment is placed.</p>	15
Truth in Lending / Noticing	
<p>The program administrator shall minimize the administrative and application fees incurred by the property owner, by imposing no more than one cost recovery mechanism* in their fee schedule, or providing the property owner an option to pay passthrough fees and qualifying costs upfront.</p> <p>The program administrator must provide the following disclosures in advance of financing agreement signing:</p> <ul style="list-style-type: none"> ▪ administrative and application fees ▪ third party fees (recording, permitting, etc.) ▪ amortization schedule ▪ interest rate <p>* Cost recovery mechanisms include but are not limited to: annual administrative fees collected with assessment, administrative fee added as closing cost to principal, yield spread premium added to assessment amount.</p>	15
<p>The program administrator shall provide full-service project assistance to the property owner, including all necessary documents for existing lenders and prospective buyers, fee disclosures, contractor guide, etc. For open market programs, the administrator shall assist in arranging private sector funding for the requested project.</p>	10
<p>Notice to existing mortgage lender and/or adjustment of escrow must be done for residential properties in advance of financing agreement signing.</p>	15
<p>For commercial properties: Consent of the existing lender and, if a tenant is applying, the property owner, must be obtained.</p> <p>Specifics: Tenants applying through the property owner must have a NNN lease and provide the property owner's acknowledgement of (1) assessment placement and (2) possible increase of property value and taxes.</p>	15

<p>The program must offer payback terms that meet all following criteria:</p> <p>Property owner shall select number of years of repayment term upon offer by program administrator based on useful life of improvements.</p> <p>No minimum term of assessment; maximum term of assessment not to exceed 25 years or useful life of improvements, whichever is less.</p>	15
<p>The program must minimize prepayment or early payment penalties.</p> <p>No more than 5% penalty on the remaining amount due for early full payment.</p>	15
<p>Multiple PACE assessments allowable on a property/parcel. Splitting and merging of parcels not prohibited.</p>	5
<p>Noticing responsibilities shall be as follows:</p> <ul style="list-style-type: none"> ➤ property owner is responsible for: <ul style="list-style-type: none"> ▪ noticing existing mortgage lender (of commercial properties) ▪ noticing prospective buyer and program administrator in event of property sale ➤ program administrator is responsible for: <ul style="list-style-type: none"> ▪ communicating risk to property owner in disclosures document, with versions applicable to commercial/non-residential, non-encumbered residential, and encumbered residential, recorded with title ▪ noticing existing mortgage lender (of residential properties) ▪ seeking <i>consent</i> from existing mortgage lender for commercial properties <p>❖ All notices must be copied to the County, i.e. lien placement or title disclosure prospectively and lender notices retrospectively.</p>	15
<p>Carbon credits or renewable energy credits (RECs) shall be retained by the property owner if so desired and per contract.</p> <p>All applicable incentives or rebates shall be applied to defray the assessment, if applicable and desired by the property owner.</p>	10
Project Logistics	
<p>Properties shall be strongly encouraged to meet an established energy efficiency benchmark before renewable energy projects are approved.</p> <p>Specifics: property owners seeking renewable energy improvements or deep retrofits must have an energy audit of appropriate specificity. (See next item.)</p>	15
<p>An energy review applicable to the desired upgrades shall be conducted according to industry standards and/or established benchmarks.</p> <p><i>Specifics:</i></p> <ul style="list-style-type: none"> ▪ wind mitigation projects exempt unless combined with solar panel upgrades ▪ ASHRAE audits required for commercial properties 	15

<p>Eligible projects may include water efficiency and flood mitigation improvements and new clean energy technologies as long as they are permanently affixed to the property and meet other eligibility criteria described in statute.</p>	15
<p>The program shall require and enforce methods of measurement and verification for funded projects, including but not limited to:</p> <ul style="list-style-type: none"> ▪ The program administrator shall report on projected energy savings or production, if applicable. ▪ The program administrator must offer a grievance period and/or verify work of contractors. ▪ Program-registered contractors should offer at least short-term warranty or other guarantee, must be properly licensed for the type of work performed, insured, and registered with the state, and be subject to dismissal from the program if they do not maintain these qualifications. 	15
Protections for Alachua County	
<p>Membership in the district must limit liability of participating governments and must not require any party to indemnify or insure another.</p> <p>Specifics: Limited liability must be provided through district/party membership agreement without transfer or restriction regarding existing local government powers and roles.</p>	15
<p>Alachua County shall have representation on the governing board of the PACE district and be afforded oversight through access to project management, assessment rolls, etc., and through interlocal agreements with Constitutional Officers.</p>	10
<p>The (private sector) program administrator shall indemnify the PACE district and, by extension, its members.</p>	15
<p>The program administrator shall not use the County’s logo or other branding, name, or any press release without the County’s express permission.</p>	5
<p>The program administrator shall reimburse and/or cover administrative and development costs incurred by County and the County’s constitutional officers, including but not limited to County Administration, County Attorney, Tax Collector, Property Appraiser, and Public Works:</p> <p>Specifics:</p> <ul style="list-style-type: none"> ▪ F.S. 197.3632(2): A local governing board [of a special district] shall enter into a written agreement with the property appraiser and tax collector providing for reimbursement of necessary administrative costs incurred under this section. Administrative costs shall include, but not be limited to, those costs associated with personnel, forms, supplies, data processing, computer equipment, postage, and programming. 	15

<ul style="list-style-type: none"> ▪ All incidental costs incurred by County Attorney and County Departments for legal and development tasks may be eligible for reimbursement. ▪ The Tax Collectors shall not waive their collection fees. 	
<p>The administrator shall provide training and orientation to all relevant and affected offices and departments of the County.</p> <p><i>Specifics:</i></p> <ul style="list-style-type: none"> ▪ Existing roles and responsibilities must be accommodated. ▪ All relevant departments shall receive such training and orientation to the program’s software, qualifications, and policies. 	10
Program Funding and Leadership	
<p>Bonds used to fund projects shall have been validated by higher courts and issued through appropriate authority.</p>	15
<p>Interest rates for projects shall be based on standardized rates, such as LIBOR rates, and/or negotiable by property owners with capital providers of their choosing.</p>	15
<p>The administrator shall impose minimal fees on participating contractors.</p> <p><i>Specifics:</i></p> <ul style="list-style-type: none"> ▪ No registration fee for contractors to enroll in the program, unless training is provided for that fee. ▪ Additional fees for contractors (project fee, renewal fee, etc.) shall be minimal. 	5
<p>Project financing / purchase of bonds shall come from the private sector and/or be arranged through property owner’s existing bank or credit union.</p>	5
<p>The vendors of financing services shall seek secured capital from multiple sources and/or multiple capital providers to provide project funding.</p> <p><i>Specifics:</i></p> <ul style="list-style-type: none"> ▪ warehouse and pooled bond vendors shall have sufficient secured capital to cover their projected project docket for the upcoming two years ▪ open-market programs shall have several dedicated capital providers with local offerings 	15
<p>At least one member of the administrative team to represent experience per each in all of the following: (1) clean energy law (2) clean energy financing (3) local gov’t coordination (4) clean energy engineering</p>	15

Exhibit A:

Comparison of Alachua County Qualifications with Vendor Offerings*, Florida Statute, and Federal Recommendations

	Alachua County requested	Ygrene Florida	Florida Green Energy Works	Florida PACE Funding Agency	Florida PACE Statute (F.S. 163.08)	Federal Recommendations (White House, Dept. of Energy, FHFA) ²
Energy Audit / Feasibility Study Recommended or Required	required (except for wind mitigation)	required (except wind mitigation)	required (commercial)	recommended (residential) required (for commercial properties to obtain funding over 20% of property value)	required (to demonstrate positive SIR to exceed 20% just value limitation)	required
Equity and Existing Loan to Value Requirements	Version 1: 10-15% equity based on type of property and lender consent Version 2: Sufficient equity to cover project, total debt secured by property, incl. PACE, not to exceed 100% of fair market value	Total debt secured by property must not exceed 90% of fair market value Current equity is 10% or more.	Sufficient equity to cover cost of project	Sufficient equity to cover cost of project	silent	15% equity; sufficient to cover cost of project
Property Owner's Creditworthiness	As per statute	As per statute, plus no more than one missed or late mortgage payment	As per statute; additional underwriting standards det. by capital provider for projects not funded by bonds	As per statute; late or missed mortgage payments may disqualify	Current on all mortgage payments and property taxes; no history of delinquency for property taxes or property-based debt for previous 3 year	Current on all mortgage payments and property taxes; no history of bankruptcy for previous 7 years or period of ownership

² Also recommended by National Law Review and DOE-funded research institutions

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					or period of ownership; no involuntary liens	
	Alachua County requested	Ygrene Florida	Florida Green Energy Works	Florida PACE Funding Agency	Florida PACE Statute (F.S. 163.08)	Federal Recommendations (White House, Dept. of Energy, FHFA)³
Project Value Limitation	Version 1: Project value limitation of 5-15% depending on type of property and current debt and equity Version 2: Project value limitation or property tax cap to be negotiated	Lower of: 20% of just value or 15% of fair market value, <i>without</i> consent of existing lender, or <i>unless</i> audit demonstrating savings that exceed project cost	Up to 100% of equity in property, <i>without</i> consent of existing lender, or <i>unless</i> audit demonstrating savings that exceed project cost	Up to 100% of equity in property and 20% of just value (fair market value if independent appraisal demonstrates a higher value), <i>unless</i> consent of existing lender, or <i>unless</i> audit demonstrating savings that exceed project cost	20% of property value as determined by county property appraiser, <i>unless</i> energy audit demonstrates annual savings that exceed annual amortized payment amount of total project cost, or property is unencumbered	10% residential, 15% commercial
Involvement of Existing Lender	Commercial properties: Notice required, affirmative acknowledgement sought Residential properties: Notice required, adjustment of escrow allowable for residential	Notice or consent, depending on project; existing covenants must be regarded	Consent required (commercial); notice as per statute (residential)	Notice required (lender asked to waive 30 day requirement)	30-day notice to existing lender; consent removes 20% project value limitation	

³ Also recommended by National Law Review and DOE-funded research institutions