



Development Finance: Greater Cincinnati Property Assessed Clean Energy

GC-PACE is an innovative program by which commercial and industrial building owners finance energy efficiency and renewable energy building improvements. GC-PACE financing works for a variety of upgrades and installations, such as solar panels, HVAC and boilers, insulation, geothermal projects, and energy efficiency improvements. It is increasingly being embraced by municipalities throughout the United States as an economic development program that encourages the modernization and “greening” of commercial buildings without involving government subsidy.

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With GC-PACE, the municipality creates an energy special improvement district for the purpose of developing and implementing plans for special energy improvement projects. Property owners within the district can opt in for a voluntary special assessment on their property tax bill, which is used to pay debt service on a bond or a loan. The owner agrees to the placement of an annual special assessment on the property which can last for as long as 30-years. Proceeds of the assessment can finance up to 100 percent of the cost of improvements.

PACE Eligible Projects

Projects must demonstrate cost savings through reduced energy consumption or energy generation. End-of life equipment replacement is a popular type of project financed. Property must be located within Hamilton County.

PROGRAM STAGES			
ASSESSMENTS	CONTRACTING	FINANCING	MONITORING
Perform energy audits	Pre-certify contractors	Revolving loan fund	Post-issuance debt compliance
Evaluate audit findings	Coordinate with energy audit findings	PACE Bonds	Special assessment servicing
Determine potential energy savings	Develop scope of work	Grants	Evaluation of energy savings
		Direct bank loans	



Benefits of PACE

GC-PACE promotes energy improvements in the commercial and industrial sector by:

- Allowing property investments with no net out-of-pocket capital expenses;
- Realizing immediate positive cash flow with well-developed projects;
- Allowing payments to be treated as pass-through operating expenses;
- Tying the loan to the property bill, a secure payment stream, rather than the borrower's credit, which reduces the lenders risk and lowers the interest rate;
- Lowering operating costs while increasing property value; and
- Allowing long-term financing at attractive rates.

Role of The Port

The Port and the Greater Cincinnati Energy Alliance have set up a partnership to market and administer the GC-PACE program in Cincinnati and Hamilton County. The Port has significant experience assisting communities and project owners with utilizing special assessment in a variety of financing scenarios. The Port and the Energy Alliance can bring additional financing tools and resources into a deal with GC-PACE, including a Revolving Loan Fund, PACE Bonds, and access to capital markets through the Southwest Ohio Regional Bond Fund, as well as grants.

The Port also provides management and monitoring services such as post issuance debt compliance, special assessment servicing and continued evaluation of energy savings. The Greater Cincinnati Energy Alliance coordinates and pre-qualifies project contractors, determines potential energy savings through energy audits and helps create the project scope of work.

CONTACT THE PORT
TO BEGIN ANALYSIS
OF POTENTIAL COST
SAVINGS



Greater Cincinnati
**Energy
Alliance**

GC-PACE
Property Assessed Clean Energy

Development Finance:

Greater Cincinnati Property Assessed Clean Energy

Property Assessed Clean Energy is an economic development tool that is helping commercial and industrial owners access affordable, long-term financing for smart energy improvements to their buildings. PACE allows participating building owners to finance efficiency and renewable energy improvements through a voluntary assessment on their property bill. The repayment obligation transfers automatically to the next owner if the property is sold. Capital is secured by a lien on the property, so low-interest, long-term capital can be raised from the private sector without government financing.

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PACE Empowers Commercial + Industrial Businesses

Buildings use nearly a third of the energy consumed and energy prices are going up each year. PACE promotes energy improvements in the commercial and industrial sector by:

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Communities Benefit Too

PACE uses the same kind of land-secured financing districts that cities and towns have used for over 100 years to pay for improvements in the public interest. Special districts are used to help communities finance everything from sewers to hospitals. PACE programs can:

- Create jobs in the community
- Allow businesses to reinvest energy savings in their business, benefiting the local economy
- Enable communities to meet their energy and sustainability goals;
- Attract new businesses drawn to communities with energy and environmental programs

How Does PACE Work?

PACE programs are implemented locally and are entirely voluntary. Most PACE programs share the following features:

- State legislature allows local governments to develop PACE programs.
- Local governments establish a PACE special assessment district.
- Property owners voluntarily choose to participate; those who choose not to participate see no change to their property assessments.
- An experienced contractor assesses desired improvements, validating energy savings.
- A local entity provides financing for the project, typically by selling bonds secured solely through payments made from the participating business.
- Participants agree to accept a property assessment for up to 20 years.