

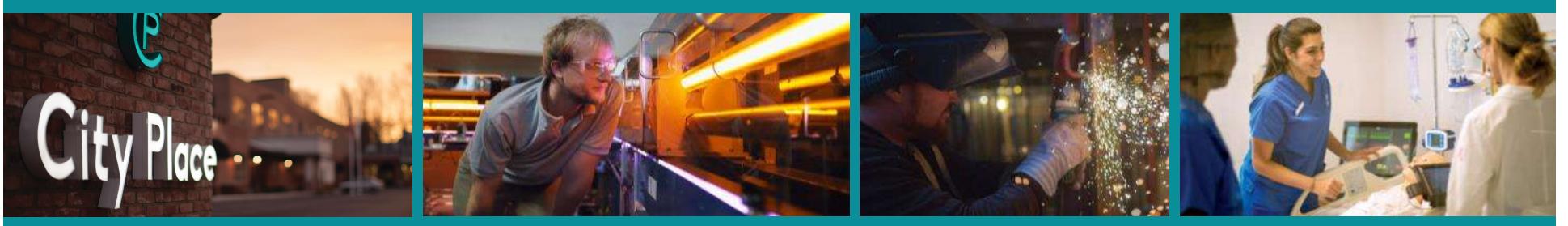


PACE Massachusetts Program Information

December, 2019



MassDevelopment Overview



- Massachusetts' finance and development agency, working with businesses, nonprofits, banks, and communities to stimulate economic growth.
- FY2019 Results
 - Financed or managed 316 projects
 - Invested more than \$2 billion in the Massachusetts economy
 - Created or supported 9,743 jobs and built or preserved 1,992 housing units

Who We Serve



Businesses

Helping companies expand, modernize, and relocate.



Developers

Making the difference at every stage of development.



Housing

Building expertise, from predevelopment to construction.



Manufacturers

Finding skilled employees, opening global markets.



Municipalities

Eliminating blight, revitalizing downtowns, creating opportunities.



Nonprofits

Working with nonprofits to upgrade, renovate and expand.



Banks

Partnering with banks to provide creative financing.

How We Serve



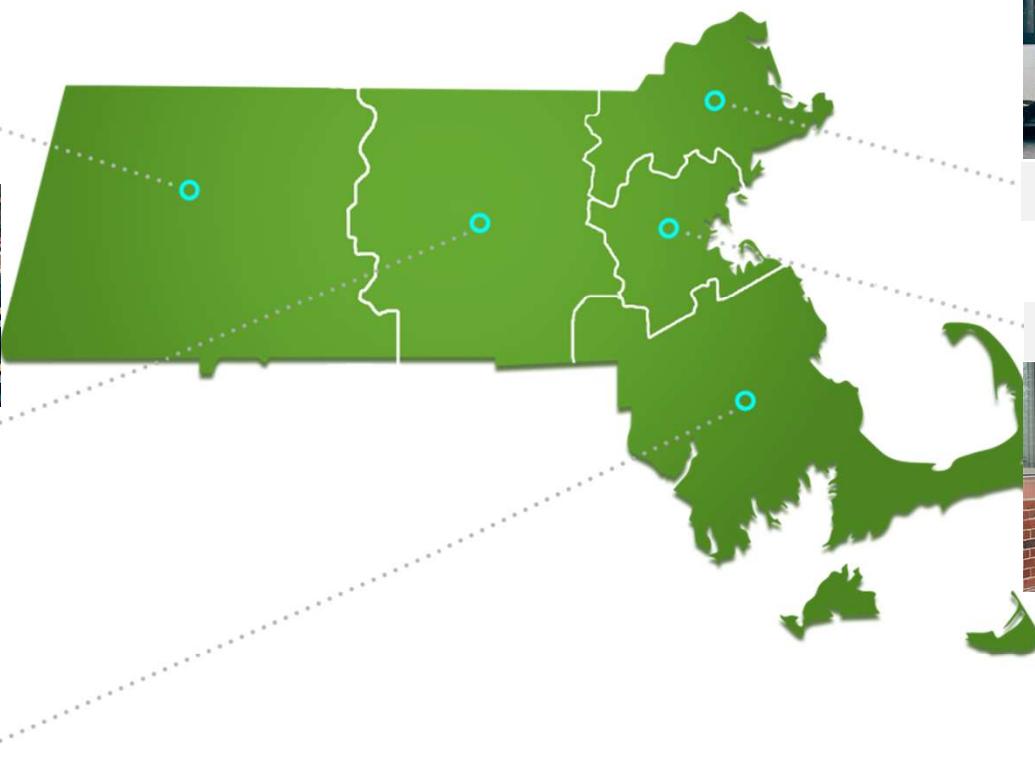
West



Central



South



North

Greater Boston



What We Offer



Real Estate

- Technical Assistance
- Development Projects



Finance

- Bond Financing
- Grants
- Loans & Guarantees
- Tax Credits

Partnering With Banks

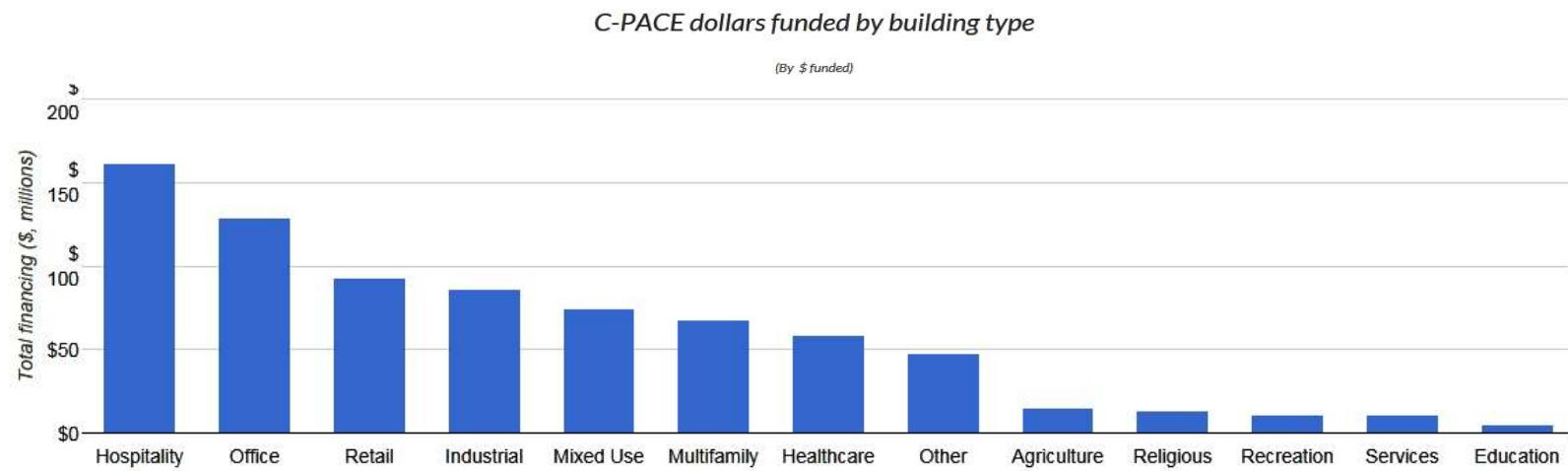
- Loan participations
 - Spreading risk
 - Keeping customers
- Loan Guarantees
 - Supporting higher LTVs and LOC advance rates
- Tax-Exempt Bonds
 - Structuring bank loan as tax-exempt bond to pass on lower interest rate to customer

What is PACE?

- Property Assessed Clean Energy (PACE) is a tax-based financing mechanism that enables low-cost, long-term funding for energy improvements
- PACE financing is repaid via a betterment assessment on a property's tax bill
- PACE betterment assessments work similar to improvements for public infrastructure that benefit specific properties (i.e., sidewalk or sewer)

National Commercial PACE Market

- 20 States (plus DC) have active commercial PACE programs
- 36 states (plus DC) have PACE enabling legislation
- \$1.1 billion financed for 2,020 projects (as of 10/2019)

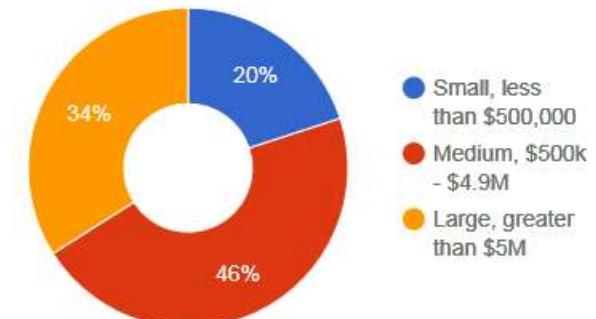


New England Commercial PACE Programs

- Connecticut passed PACE enabling legislation in 2011 and a series of amendments in 2012 and 2015; C-PACE is administered by the Connecticut Green Bank
- Rhode Island passed PACE enabling legislation in 2016; RI C-PACE is sponsored by the RI Infrastructure Bank (SRS is administrator)
- New Hampshire passed PACE enabling legislation in 2016

C-PACE projects by amount financed

(By \$ funded)





PACE in Massachusetts

- Commercial Property Assessed Clean Energy (PACE) was passed in H4568 and signed by Governor Baker in August 2016
 - Amendment for PACE technical correction signed August 2019
 - PACE Massachusetts will become available in early 2020
- MassDevelopment will act as Lead Program Administrator
- MassDevelopment will administer the PACE Massachusetts program in consultation with the Massachusetts Department of Energy Resources

Eligible Properties: Existing Buildings



<u>Property Type</u>	<u>Examples</u>
• Commercial/Industrial	• Office buildings • Malls • Hotels • Restaurants • Manufacturers
• Not for profit	• YMCAs • Schools • Health Care
• Multifamily (5 units or more)	• Apartment complexes



Eligible Measures

<u>Measure Type</u>	<u>Potential Examples</u>
• Energy efficiency	• Energy management systems • Insulation and air sealing • HVAC systems • Boilers and furnaces • Lighting • Energy Recovery and redistribution systems
• Renewable energy	• Solar panels • Solar hot water • Geothermal
• Gas line extensions	

Key Elements of PACE Massachusetts



- Municipal opt-in (one time) required
- Maximum financing term allowed by statute is 20 years (dependent on useful life of project measures)
- Energy cost savings must exceed cost of improvements (including any financing costs and associated fees)
- Third party direct private financing (no public funds used)
- Existing mortgage holders must provide written consent to a PACE financing and lien

Key Elements of PACE Massachusetts

(continued)



- Municipal liens are senior to PACE liens; unpaid PACE assessments are senior to all other private mortgage liens in a foreclosure
- PACE assessments cannot be accelerated (only unpaid amount can be collected)
- If property is sold, the remaining PACE assessment and PACE lien stays with the property and transfers to new owner
- Minimum project cost for financing is \$250,000
- No limit or maximum financing cost*
 - * project must still meet energy cost savings requirement



Project and Financing Steps

- Property Owner selects Capital Provider (before or after project application submission)
- Project Application submitted to MassDevelopment
- Review conducted by MassDevelopment and the DOER
- The DOER performs technical review of project energy measures and proposed energy savings



Project and Financing Steps

- MassDevelopment
 - Verifies that municipality where project is located has authorized PACE
 - Reviews to ensure required property and financial information has been submitted by applicant
 - Verifies Mortgage holder consent was obtained (if applicable)
- If application approved, owner proceeds with Capital Provider and finalizes project details and financing terms
- MassDevelopment counsel prepares financing documents for closing



Project and Financing Steps

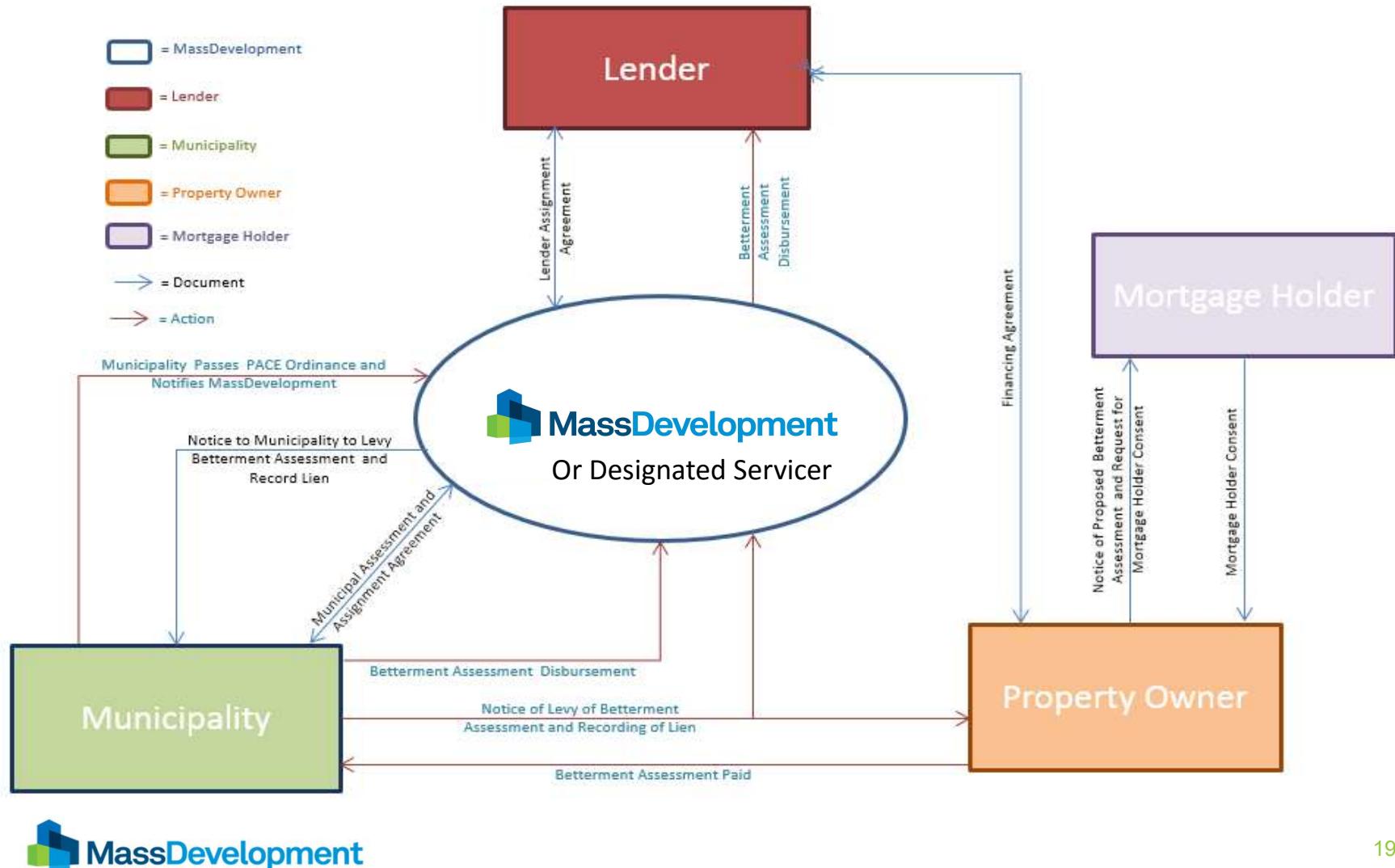
- When financing closes:
 - MassDevelopment instructs Municipality to levy PACE betterment assessment and record PACE lien
 - Municipality assigns lien to MassDevelopment
 - MassDevelopment assigns lien to Capital Provider
- Municipality responsible for billing and collecting PACE assessments via municipal property tax bill and disbursing amounts collected to MassDevelopment's payment servicer
- Once received, the payment servicer will disburse assessment funds to each appropriate Capital Provider



PACE Authorized Municipalities

- Acton
- Agawam
- Amesbury
- Barnstable
- Devens
- Fall River
- Fitchburg
- Greenfield
- Gardner
- Lexington
- North Adams
- Northampton
- Pittsfield
- Randolph
- Rockland
- Wendell
- West Springfield
- Yarmouth

Commercial PACE Structure





Wendy Lee O'Malley

MassDevelopment

Vice President, PACE Program Manager

99 High Street

Boston, MA 02110

phone: 617-330-2000 fax: 617-330-2001

direct: 617-330-2019

womalley@massdevelopment.com