MEMORANDUM

EDPC
Agenda Item No. 2D

TO:	Honorable Chairwoman Rebeca Sosa and Members, Board of County Commissioners	**DATE:**	February 13, 2014
FROM:	R. A. Cuevas, Jr. County Attorney	**SUBJECT:**	Resolution directing the Mayor to prepare and advertise a competitive solicitation for a property assessment clean energy (PACE) program

The accompanying resolution was prepared and placed on the agenda at the request of the Co-Primes Sponsors Commissioner Jose "Pepe" Diaz and Vice Chair Lynda Bell.

RAC

R. A. Cuevas, Jr.
County Attorney

RAC/lmp

MEMORANDUM

(Revised)

TO: Honorable Chairwoman Rebeca Sosa and Members, Board of County Commissioners

DATE: March 4, 2014

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Agenda Item No.

Please note any items checked.

_______ **"3-Day Rule" for committees applicable if raised**

_______ **6 weeks required between first reading and public hearing**

_______ **4 weeks notification to municipal officials required prior to public hearing**

_______ **Decreases revenues or increases expenditures without balancing budget**

_______ **Budget required**

_______ **Statement of fiscal impact required**

_______ **Ordinance creating a new board requires detailed County Mayor's report for public hearing**

_______ **No committee review**

_______ **Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous _____) to approve**

_______ **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved	______ Mayor		Agenda Item No.
Veto	______		3-4-14
Override	______		

RESOLUTION NO. ______

RESOLUTION DIRECTING THE MAYOR OR MAYOR'S DESIGNEE TO PREPARE AND ADVERTISE A COMPETITIVE SOLICITATION FOR A PROPERTY ASSESSMENT CLEAN ENERGY (PACE) PROGRAM

WHEREAS, the citizens of Miami-Dade County may wish to improve energy efficiency, install energy improvements or retrofits, and improve water conservation for commercial and residential properties; and

WHEREAS, a Property Assessment Clean Energy (PACE) financing program is a financing structure by which commercial or residential property owners may voluntarily opt into a special assessment district to receive a loan to finance energy improvements and retrofits, where those loans are repaid through an annual assessment on the property owner's property tax bill; and

WHEREAS, on April 30, 2010, the Florida Legislature created Florida Statute 163.08 which (1) authorizes local governments, such as Miami-Dade County, to levy non-ad valorem assessments to fund qualifying energy conservation and efficiency, renewable energy and wind resistance improvements to real property; (2) authorizes property owners to apply for funding and voluntarily enter into financing agreements with local governments to finance a qualifying improvement; and (3) authorizes local governments to collect moneys, with specific collection requirements, for such purposes through non-ad valorem assessments; and

WHEREAS, a Miami-Dade County Property Assessment Clean Energy (PACE) program in could accelerate and add to Miami-Dade County's ongoing efforts to implement energy conservation initiatives and provide a boost to the local construction industry and the growth of "green" jobs; and

WHEREAS, in February 2010, the Board of County Commissioners passed Resolution No. 143-10, which expressed the Board's intention to establish a voluntary energy efficiency and renewable energy program and directed staff to prepare a report outlining the elements of such a program; and

WHEREAS, County staff prepared such a report and presented it to the Board on May 17, 2010, and this report is attached to this Resolution as Exhibit A and incorporated herein; and

WHEREAS, in November 2010, this Board passed Ordinance No. 10-78, which created definitions, requirements, and regulations for a Voluntary Energy Efficiency and Renewable Energy Program, and that ordinance is codified in Chapter 2, Article CXXXVIII of the Code of Miami-Dade County, Sections 2-2079 through 2-2091; and

WHEREAS, in 2012, the Board of County Commissioners passed Resolution No. 932-12 which directed the Mayor to prepare a report that included recommendations related to the implementation of a Property Assessment Clean Energy (PACE) program; and

WHEREAS, the Mayor issued that report on November 13, 2013 and it is attached to this Resolution as Exhibit B and incorporated herein; and

WHEREAS, the Mayor's November 13, 2013 report recommends that the County prepare a single solicitation for a turnkey Property Assessment Clean Energy (PACE) program based on the criteria found in the report, so as to offer a comprehensive solution without financial exposure to the County,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that the Mayor or designee is hereby directed to prepare and advertise a single competitive solicitation for a turnkey Property Assessment Clean Energy (PACE) program based on the criteria found in the Next Steps section of the Mayor's November 13, 2013 report and which would allow respondents to offer comprehensive solutions without financial exposure to the County. The Mayor or Mayor's designee shall prepare and advertise such solicitation within 90 days of the effective date of this Resolution.

The Co-Prime Sponsors of the foregoing resolution are Commissioner Jose "Pepe" Diaz and Vice Chair Lynda Bell. It was offered by Commissioner , who moved its adoption. The motion was seconded by Commissioner and upon being put to a vote, the vote was as follows:

Rebeca Sosa, Chairwoman
Lynda Bell, Vice Chair

Bruno A. Barreiro	Esteban L. Bovo, Jr.
Jose "Pepe" Diaz	Audrey M. Edmonson
Sally A. Heyman	Barbara J. Jordan
Jean Monestime	Dennis C. Moss
Sen. Javier D. Souto	Xavier L. Suarez
Juan C. Zapata	

The Chairperson thereupon declared the resolution duly passed and adopted this 4th day of March, 2014. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By:____________________
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency. ASR

Abbie Schwaderer-Raurell

Memorandum

MIAMI-DADE COUNTY

Date: May 17, 2010

To: Honorable Chairman Dennis C. Moss and Members
Board of County Commissioners

Exhibit A

From: George M. Burgess
County Manager

Subject Resolution No. R-143-10 Voluntary Energy Efficiency and Renewable Energy Program

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Resolution No. R-143-10 sponsored by Commissioner Sorenson and approved by the Board in February 2010 expresses the Board's intention to establish a voluntary energy efficiency and renewable energy program. It further directs staff to prepare a report outlining the elements of such a program. Staff from the Office of Sustainability, Finance Department and the County Attorney's Office has done considerable research in this new and emerging field (which is generally referred to as PACE – Property Assessed Clean Energy). The attached report is presented for the Board's consideration of options. As part of the comprehensive market research required for this report, aside from independent research and analysis, staff also reached out to PACE experts including PFM (the County's Financial Advisor), Renewable Funding, EcoAsset Solutions, the University of Florida's Program for Resource Efficiency Communities and Citi.

This report examines various strategies towards establishing a County-wide Property Assessed Clean Energy (PACE) program. PACE programs provide financing for renewable energy and energy efficiency improvements on private property by issuing a revenue bond that is secured by an assessment lien. There are several financing models used throughout the country, including the use of interim financing and more traditional pooled bond issuances. Common among these programs is the cost neutrality of PACE to the municipality as well as the insulation of the municipality from the bond obligation. As a result, PACE programs are gaining popularity as a means to achieve clean energy and energy independence goals and stimulate construction projects and the "green" economy.

If the Board wishes to create a Miami Dade County PACE program, it is recommended that County staff and County financial advisor begin to structure the plan to finance and draft a single solicitation to assemble the PACE team as outlined in the report. Given that the program financing structure affects key elements in administration, it is recommended that we solicit a turnkey program, allowing respondents to offer comprehensive solutions. The County will reserve the right to take each response in whole or in part, allowing the flexibility to assemble the best team of service providers.

This is a worthwhile and beneficial program which provides energy cost savings, reduces greenhouse gas emissions, and benefits the local construction industry. However, existing staff is not equipped to take on the new/added responsibility of administering a program. Additionally, current county staff does not have the experience or expertise in this new field as detailed in the report. For these reasons we recommend hiring a full service third party administrator.

Attachments

c: Honorable Carlos Alvarez, Mayor
Honorable Pedro Garcia, Property Appraiser
R. A. Cuevas, Jr., County Attorney
Howard Piper, Special Assistant to the County Manager
Carter Hammer, Director, Finance Department
Susanne M. Torriente, Director, Office of Sustainability
Fernando Casamayor, Tax Collector, Finance Department
Gerald Heffernan, Assistant County Attorney

Voluntary Energy Efficiency & Renewable Energy Financing Program Report

A Property Assessment Clean Energy (PACE) financing program is a financing structure by which commercial and/or residential property owners opt into a special assessment district to receive a loan to finance energy improvements and/or retrofits. Loans are re-paid through an annual assessment on the property owner's property tax bill.

Currently, revenue bonds secured by liens on participating properties are the primary financing instrument for PACE programs. PACE bonds can be issued either through a private placement or public issuance. The proceeds from the bonds provide funding solely for clean energy projects that meet program terms and conditions.

PACE is a relatively new concept and financing model. In 2008, the State of California became the first state to put in place a PACE financing program. In recognition of the large benefits of PACE financings, the following states have recently passed enabling legislation: Colorado, Illinois, Louisiana, Maryland, Nevada, New Mexico, Ohio, Oklahoma, Oregon, Texas, Vermont, Virginia, and Wisconsin, and legislation is pending in Arizona and New York as well as several other states. On April 30th, 2010, the Florida Legislature established the Property Assessed Clean Energy (PACE) program to allow local governments to finance renewable energy and storm-resistance improvements. The bill creates Florida Statute s. 163.08 which authorizes local government (counties and municipalities) to levy non-ad valorem assessments to fund energy conservation and efficiency, renewable energy and wind resistance improvements to real property; authorizes property owner to apply for funding and enter into financing agreement with local government to finance a qualifying improvement and voluntarily enter into a financing agreement with the local government; authorizes local government to collect moneys for such purposes through non-ad valorem assessments and provides specific collection requirements, etc. The qualifying improvement must be affixed to a building or facility that is part of the property and if the work requires a license, it must be performed by a properly certified or registered contractor.

There are benefits to the property owner, as well as benefits to the community as a whole in adopting a PACE program. For the property owner, PACE allows financing of costly improvements, with little or no out-of-pocket upfront costs; and provides for longer-term repayment through property taxes. The value of the improvement and the investment stays with the property, if and when the property changes ownership. And, of course, the property owner experiences immediate savings in energy bills (conceptually, the energy cost savings provide the homeowner with the money to pay off the assessment). Of great importance to the County as a whole, and the public benefit of the program, is the cumulative effect of reducing greenhouse gas (GHG) emissions and promoting energy independence. A PACE program could accelerate and add to the County's ongoing efforts to implement energy conservation initiatives and also provide a local boost to the construction industry and the growth of "green jobs". The energy efficiency/conservation, renewable energy development and GHG emissions reduction benefits of a PACE program together represent the public benefit necessary to establish the program, since the improvement is on private property.

The typical characteristics of PACE includes:

- Voluntary participation by property owners.
- Energy efficiency, water conservation and renewable energy generation upgrades must be permanently attached to the property to qualify. Items not permanently attached such as dishwashers and other appliances are not allowed. Improvements such as insulation, cool roofing, heating and air conditioning systems, waterless urinals, solar panels and energy efficient windows are acceptable.
- Improvements must be for existing buildings; new construction does not qualify.

- Assessments are liens on the property; therefore, when the property is sold, the assessment stays with the property.
- Repayment is made through property tax bill over time or through some other regular billing mechanism such as the municipal water authority's billing system.
- Program costs and cost of issuing bonds to finance the program are allocated among the participating property owners.

While property owners PACE experiences vary depending on the financing structure used by the program (interim financing or pooled bonds described later in this report) the typical application process includes:

- Obtaining an energy audit;
- Receiving a bid from a qualified contractor, for projects identified in the energy audit;
- Applying for program financing, submitting the project bid and an application signed by all property owners of record;
- The application is reviewed and approved; a process that includes underwriting the property against well-defined qualification criteria such as the property's tax records and the lien-to-property value ratio. The property owner also signs a consent to lien agreement. (Note that actual interest rates will be set once the bonds are issued which will determine the final value of the lien to be assessed for the property);
- The application period ends once the PACE program achieves predetermined participation levels or a trigger date is reached;
- Upon bond issuance, the assessment is recorded and the property owner is notified to proceed with the project;
- The property owner enters into a private contract with installer(s) and the project is installed;
- Following installation, the property owner submits documentation including final invoice and evidence of building permits;
- The project is verified for compliance with the program;
- The project is funded
- Assessment payments by property owner begin as part of the property tax bill.

Program Administration Key to PACE program success is a strong administrative component to coordinate the many property owners and various clean energy financing obligations into a financing structure that can secure competitive rates. The foundation for a sustainable PACE program is the use of the private capital market as the ultimate source of financing and pass-through of municipal costs to participating property owners. Program Administration duties can be categorized as follows:

- Program Manager – County staff or a third party provider acts as the general program manager and develops the structure for the program.
- Bond/Disclosure Counsel – Counsel guides the program manager in the development of a program that can be attractive to the bond market in providing an "unqualified opinion" to be included in establishing the proper formation of the assessment district, and verifying that the assessment liens are senior. In addition, there is a strong likelihood that PACE financings will have to undergo a validation process.

- Program Administrator – The program administrator provides a critical service as the entry point for property owners to access the PACE program. The third-party administrator is often comprised of several partnerships among firms with differing expertise. Typically a program administrator will offer program design, marketing, administrative duties, origination, application processing, and ongoing reporting services. The administration team may also include (A) a special district administrator (district formation, tax roll preparation, filing tax liens, special tax calculations, etc.), (B) a website design component to assist in marketing/processing, and (C) an energy auditor with the ability to perform before and after energy audits ensuring that the proposed improvements meet their intended benefits. Each of these ancillary components can be procured individually, or together.

Program administration includes a variety of important services critical to ensuring high-quality and comprehensive program implementation. These services include determination of loan eligibility, loan application processing including application review and approval, property energy audit management, contractor selection and coordination, site visit and verification of work and performance, payment and energy savings monitoring, as well as program analysis and reporting. The program administrator also understands the local landscape, has in place quality control and transparency mechanisms and is able to provide the necessary education and outreach needed for achieving high market penetration.

There are many firms across the country now entering this market as "third party administrators." These third party administrators are capable of handling the entire program from marketing to identifying contractors, handling the application process, and qualifying loans. The program must be properly marketed to the community to gain interest and create a critical mass of voluntary applicants. A successful program heavily relies on heavy education and outreach to create the market.

Financing Options/Funding Mechanisms

The participating properties secure PACE financing through a special assessment lien. As such, PACE relies on (1) the public issuance of revenue bonds, (2) direct private investment, (3) direct government funding via general fund, specialized trust funds, grant funding, etc. or some combination of these funding mechanisms. The first two of these mechanisms requires no municipal general obligation and consequently is not a financial liability to the County.

The program manager evaluates various program strategies and notes the efficacy of these approaches given the total number of participants and the financing structure selected. In fact the approach and program parameters for a $5 million program may not be the best options for a $20 million program as an example. Ultimately, the goal of the financing plan is to develop a sustainable stand-alone financing program defined by cost neutrality and minimization of County risks and exposure.

The following financing structures have been utilized by many of the first movers in developing PACE programs including the advantages and disadvantages of each:

(1) Interim Funding through the County Pool (the Sonoma County, California model)

This financing option uses municipal funds to provide interim financing. Projects are funded on-demand. The individual loans are then bundled by the municipality into a bond issue sold in the capital markets.

Advantages

- Fairly easy and provides enormous flexibility
- Financing terms can be adjusted to meet program goals. However, the terms must be effectively engineered to ensure the obligations are attractive to the capital markets.

- Can augment investment return to the municipality if interest rates on the individual loans are higher than the interest rates on conventional municipal investments
- Does not require an interim credit or other financing facility from a bank or underwriter due to use of municipal funds and can be refunded if properly structured

Disadvantages

- Would require modification of County's investment policy
- In the current economy, funding the program may not be the County's highest priority
- Investing in PACE subjects the County to interest rate risks and potential risk that the loan pool may not be attractive enough to the capital markets to allow bonds to be sold

(2) <u>Long-Term, "Pooled Bond" Public Financing (Boulder County, Colorado Model)</u>

This financing option uses a more traditional municipal bond structure. Property owners consent to the assessment lien. Once a pre-defined debt obligation value or number of property owners is achieved, the debt obligations are aggregated into a revenue bond issuance. Upon bond issuance, the consent to assessment lien is executed, becoming legally binding. Bond proceeds are passed to a trustee who holds the proceeds until projects are installed and verified.

Advantages

- There is no interest rate risk to the County; property owners bear the interest rate risk
- The interest rate that property owners pay is pegged directly to the capital market interest rates
- The County can use "enhanced" bond structures such as Qualified Energy Conservation Bonds (QCEBs) or Build America Bonds (BABs). These bonds offer credit incentives that can result in lower interest rates. For example, the federal government offers 35 percent interest cost credit if the municipality issues BABs to finance qualifying programs

Disadvantages

- There is no "on-demand" financing; a critical mass of property owners will have to sign consent to assessment lien contracts prior to bond issuance
- The program moves in cycles, financing only when the volume thresholds are achieved
- Program participants are committing to the debt service on the bond prior to the installation of the improvement on their property. Therefore, property owners are liable should they decide not to proceed with installation
- Interest on the assessment obligation begins when the bond is issued, not when project is funded or completed

(3) <u>Interim Funding with Upfront Private Capital (San Francisco, California Model)</u>

This option uses the capital of a private firm to provide the interim financing facility rather than County funds. The private firm would purchase the debt obligations of each property in a "micro bond" in accordance with a Bond Purchase Agreement. The Agreement governs the property owner interest rate which is generally pegged to an index and reset at prescribed intervals. Once financed, the interest rate is fixed for the lifetime of the obligation.

Advantages

- The private firm bears the interest rate and take-out risk, not County
- Does not require credit support from the County
- Provides committed capital at pre-determined rate to property owners from day one

- The property owner interest rate is known at the time the assessment obligation is entered into
- Interest on the assessment obligation begins at project funding
- Provides flexibility to the program, adjusts automatically to meet demand or changes in projects

Disadvantages

- Potentially more complicated financial structure, requiring the execution of a Bond Purchase Agreement between the County and the private firm
- Implied interest rate may be higher than other options due to all major risks (interest rate, program uptake, takeout and default risk) being borne by the financial partner.
- Financial partner will require input into underwriting standards and program design.

The Property Appraiser has advised that in order to place a Non-Ad Valorem Assessment on the tax-bill to enable the collection of payments, the following steps are needed:

- Board of County Commissioners formally creates the Energy Financing District and the County will have to meet the legal requirements for district formation.
- Determine rate structure (number of units and rate per property). With this type of district where the cost of retrofits and renewable energy system installations will vary across home/business owners, there will likely be individual rates applied to each separate property with a consistent unit value of one for each property across the district
- Follow the Property Appraiser's non-ad valorem assessment requirements and deadlines for placing the assessment on both the trim notice and the tax bill (including public notification procedures and timelines as per the state statutes).
- Establish Inter-governmental Cooperation Agreement between among Miami-Dade Property Appraisers Office and Tax Collector.
- Determine procedures for providing tax assessment information for participating district members to property appraiser's office on an annual basis (3rd party program administrator can implement this task).

<u>Pre-payment Penalties</u>

Typically, long-term financing incorporates some form of pre-payment penalty. While this may be the case for the PACE financing, it is not an absolute. Financing terms are negotiated with financial institutions at program development and design. A PACE bond investor may express a preference for loans with pre-payment penalties because these penalties reduce reinvestment risk. Loans with pre-payment penalties reduce the speed at which loans are repaid thereby allowing the investor to earn the full potential of his investment. One advantage of a pre-payment penalty is that it makes the bond more marketable and appealing for investors versus a similar bond without a pre-payment penalty.

From the issuer's perspective, having no pre-payment penalty makes it attractive to repay and refinance at lower rates in the future. Minimizing the lending rate increases the probability that the energy savings from retrofits will positively offset the debt service for the property owner, improving the financial performance of the program and reducing the home/business owner's financial risk.

<u>Program Set Up Costs</u>

Funding of the upfront program roll-out costs may be done through grant funding, funding through community development financial institutions, public-private partnerships or rolling upfront costs into the PACE retrofit financing program managed by the third party administrator. In developing a PACE program, potential upfront cost funding/financing solutions must be further explored in order to determine the final impact on lien value.

Other Considerations

The White House has issued a policy framework on PACE programs, which sets the standard for federal funds that may be used to subsidize program launch. This policy also impacts capital market expectations and as a result, may impact property owners' interest rates. The policy framework provides a baseline for property and project qualification and deserves specific consideration:

1. Savings to Investment Ratio - The "savings to investment ratio" for PACE program assessments should be greater than one. This "pay-for-itself" principle means that the expected average monthly utility savings to homeowners should be greater than the expected monthly increase in tax assessments resulting from the energy efficiency or renewable energy improvements. Improvements should be made where there is a positive net present value, so that expected total utility bill savings are greater than expected total costs (principal plus interest and allocated issuance costs).

2. Financing should be for High-Value Investments - Financing should be limited to investments that have a high return in terms of energy efficiency gains. In some cases, investments can be limited to a pre-approved set of projects that have well-documented efficiency gains for most buildings in a climate zone, such as sealing of ducts or installing insulation. In other cases, investments will be based on the results of an authorized energy audit that estimates the energy efficiency gains for a particular property for a particular retrofit. Ensuring that loans are made for these high-value investments will protect property owners and mortgage lenders, and maximize the impact of PACE on improving energy efficiency.

3. Assuring that the Retrofit is Constructed as Intended - The scope of the retrofit should be determined by a list of presumptively efficient projects or based on an energy audit conducted by a qualified auditor or inspector. Licensed contractors or installers should do the actual home improvements. There should be an after-the-fact quality assurance program. Qualified raters should do reviews upon completion, for the portion of houses needed to assure program quality, to assure that correct work was performed and is up to standards. If the property owner or local government administering the contract is not satisfied with a retrofit or if the follow-up rating shows that the work was not completed in a commercially reasonable manner, the contractor should be required to fix the work. If that does not solve the problem, then just as with any construction project, payment to the contractor can be withheld until such a time as the work is done satisfactorily or the homeowner can seek other redress. In circumstances where a project is not completed to standards, the contractor should be disqualified from further work under the PACE program – a strong incentive to complete work correctly.

4. Lien-to-Value Ratio – The financed value of the projects on a property – the assessment lien – should not exceed 10% of the property's value. As such, the eligible projects on each property may vary. Lower valued properties may not be eligible for financing high cost items such as solar panels.

5. Property Equity Test – To participate in PACE financing, the White House recommends that a property not be "underwater" or carry negative equity, meaning that the property not owe more on its mortgage than it is worth.

Other performance elements for consideration into a program Include:

1. Making visible a pre- and post- performance score for the retrofitted property to ensure program transparency, quantify the public benefit, manage the financial risk as well as hold contractors accountable for their work.
2. Where applicable periodic performance monitoring (ex. tracking of utility bills) to provide program transparency (necessary for any grant funding associated with program) and ensure that (a) the generated energy savings (public benefit) is within the expected performance levels, (b) long-term financial risk is effectively managed (home/business owner has not borrowed more than what can be reasonably saved through on utility bills over a reasonable amount of time), and (c) homeowner and / or contractor are maintaining equipment to enable optimal performance.
3. Tying program into Utility Demand Side Management (DSM) and educational programs to leverage additional benefits e.g. integrating with a DSM program might allow home/business owner to achieve even more savings or avoid peak demand charges, improving the financial and environmental (less peak power generation that relies on dirtier fuels) return on the investment.

Other National Models
Since 2008 when this concept first really starting taking off in California, several cities and counties, mostly in the western part of the country, created PACE programs. Highlighted below are a few programs for sample and comparison purposes. Please note that while these programs are credited with "pioneering" PACE financing, the receptiveness of the capital markets is not fully proven as PACE bond take-out to private investors has been, to this point, limited. In the case of Miami-Dade County, the Program Management should be astute as to the plan of finance and ensure that the program is crafted in such a manner that limits the County's exposure to becoming a long-term holder of PACE loans.

The Sonoma County California program is perhaps the most successful program to date from a participation standpoint. To date, the program has received applications for financing totaling over $35M. Loans however have not been placed with "going away" investors. Loans are held in the county investment pool. The loans are booked at a 4% rate and the charge to the homeowner is 7%. The difference is used to fund loss reserves and pay program expenses. Because the initial loans were not sized to consider cost of issuance or a reserve fund, and because market interest rates have risen, the county is currently unable to place this debt away from the investment pool, thus subjecting the county to potential defaults. In addition, holding unrated long term debt is not an appropriate investment for fiduciary short term investment funds of local agencies. It is for this reason that the Sonoma approach is not recommended.

Boulder County Colorado did complete two cycles of financing in 2009 totaling over $10M in projects. These bonds were secured by PACE assessments, but they also were backed by the moral obligation of Boulder County (moral obligation bonds are roughly the equivalent of covenant to budget and appropriate bonds in the State of Florida). Again, this exposes the county to potential default risk by property owners. It may also affect the county's credit rating.

In the City of Palm Desert California, PACE loans were originally funded with a loan from the city Redevelopment Agency. A subsequent take out financing secured by the city general fund was used to repay the Agency.

The City and County of San Francisco launches its $150 million program, called 'Green Finance San Francisco', on April 12th. (www.greenfinancesf.org). The program, which is administered and financed by a third party, has been structured as going away, assessment secured debt. The program provides on-demand financing of individual projects without any risk or liability to the City. As, specified in a pre-arranged bond purchase agreement, the third party finance entity "purchases" each assessment obligation on an as needed basis to fund completed projects at a set interest rate. After a sufficient volume of projects has been financed, the firm remarkets the bond.

In May 2010, the County of Santa Fe, New Mexico (inclusive of the cities in the County) will launch a PACE program with going away, assessment secured debt. The program, called 'Renew Santa Fe', is set up similarly to San Francisco's PACE Program.

The City of San Diego launches its PACE financing program, called the 'San Diego Clean Generation Program', in mid-June 2010. The program is also structured as going away, assessment secured debt and is administered and financed by a third party. The third-party administrator of the San Diego program is partnered with a development bank to provide a minimum of $60 million in interim and take-out financing. The capital is being provided at an interest rate of 1.5% over the 20-year U.S. Treasury Note. The interest rate is fixed for each property at the time it is financed.

In July 2010, a joint program covering 14 counties and over 130 cities will launch in California. The program, which is called CaliforniaFIRST (www.californiafirst.org), covers over 12 million people. Each county, and some of the individual cities, have a customized program and locally directed marketing efforts. However, the underwriting, administration and financing is centralized for more diversified bonds and better economies of scale. The financing is structured as going away, rated assessment secured debt with options for both interim and pooled financing.

Riverside and Orange Counties (collectively 50 cities and 4 million in population), are pursuing a strategy to structure actual going away, rated assessment secured debt. The first actual transaction is expected late in 2010.

Preferred Structure for the County's PACE Program

Upon review of the various financing mechanisms available to implement a PACE program, it is recommended that, if the Board desires to create a program, the County implement a PACE program in which the County issues revenue bonds using voluntary special assessments as the collateral pledged for the repayment of the bonds. This type of PACE financing program allows property owners to ***voluntarily*** opt into the program and agree to pay special assessments that are collected along with property taxes. Some key additional components of such a program include: (i) each homeowner meeting specific approval requirement prior to joining the special assessment district such as no involuntary liens (such as construction liens) on the property; (ii) minimum loan-to-value ratios; (iii) reliable history of mortgage and tax payments; (iv) limits on improvement value relative to home values; and (v) a potentially more diverse and larger assessment district with greater economies of scale composed of several communities within the County. As such, almost immediately a PACE financing program would at least have as strong, if not a stronger, credit profile than the typical non-voluntary assessment bond.

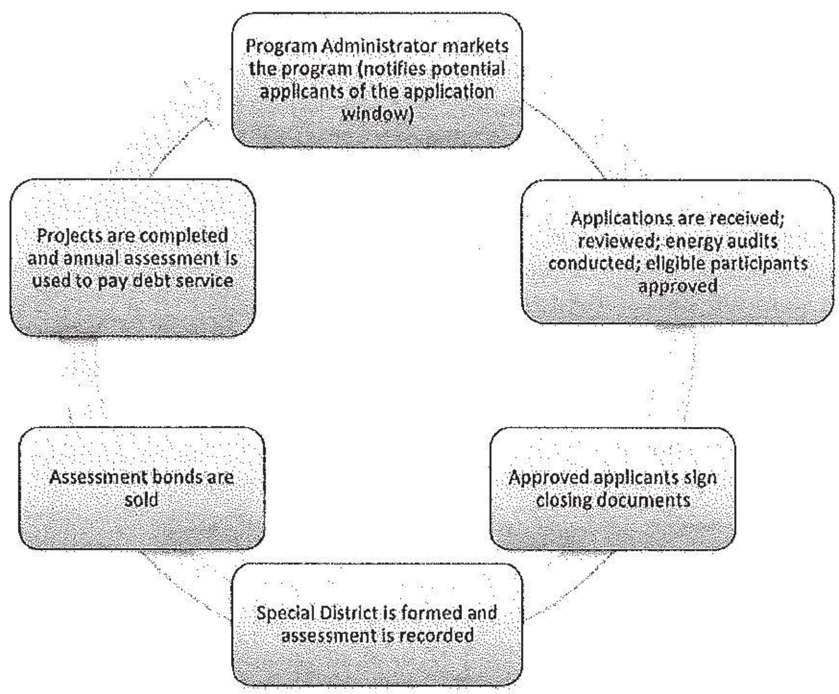
Utilizing the proven structure of an assessment bond financing, the County could potentially implement a PACE financing program that would limit or eliminate any exposure to County revenues. The stand-alone financing program would be secured solely with property assessments, with potentially no credit backstop from the County. The key consideration for the County's PACE Program is based on the implementation and financing cycle, which will impact the need for interim, or bridge, financing until a long-term financing is placed. The recommended plan of implementation and financing for this type of program is further described below. This implementation methodology ideally would eliminate the need for the County to provide interim financing. The involvement of underwriting firms and/or commercial banks to provide any needed interim financing will be an important element in the sustainability of the

PACE program and will help the County avoid problems that have occurred in the PACE programs of other jurisdictions.

Cyclical Implementation and Financing Cycle (without Upfront Financial Partner)

Under this structure the program periodically opens the assessment district to new property owners, starting a new financing cycle. This can be done either through a selling of the packaged energy retrofit liens to the market after program applicants have been approved (no upfront financial partner model--described below) or through the upfront application of financial terms and purchase of, packaging and bond sale of liens by a financial institution involved with the program from its inception (upfront financial partner model—see Attachment A for details). At the establishment of the PACE Program, the program administrator markets the program, begins accepting applications, and reviews and qualifies eligible properties/projects. However, under this plan of finance, the PACE program opens for specified intervals of time. For example, the program administrator markets the program county-wide and advises potential applicants that the applications will be accepted and reviewed over a period of approximately four months. At the conclusion of the "open review" period, all project applicants that reviewed and qualified during that period will sign the required closing documents, the special district is formed, assessment liens are recorded, and the assessment bonds are sold. Upon the sale and closing of the assessment bonds, the program administrator notifies applicants to proceed with the approved energy improvement(s), work is completed, and annual assessments pay debt service costs over the term of the financing. Simultaneously with closing the first "open review" period, the program administrator advertises a second tranche of PACE financing, and the process would repeat itself. The sample illustration below demonstrates the cyclical process for the

Figure 1: Cyclical Financing Model (No Upfront Financing Partner)



The process for the PACE bonds is intentionally created to closely mirror traditional assessment bonds, with which investors and lending institutions are already familiar despite the newness of PACE bonds. The following summary points are presented in order to provide a more detailed view of each of the key steps summarized above. Each of these steps will be primarily led by the Program Administrator with oversight from the Program Manager.

- Marketing the program includes multiple modes of advertisement, including web-based, outreach to the building and installation community, mail campaigns, television, etc. Additionally, educational seminars are conducted for County residents. As one would
- Expect, the marketing campaign will be significantly longer at the time of the initial PACE program launch. However once the initial marketing is underway, subsequent marketing campaigns will focus more towards notification of open application periods.
- The receipt of applications during the "open review" period is the initial step. In order to ensure that assessment bonds can ultimately be placed through lending institutions, the program manager and administrator will ensure that applicants meet the eligibility
- Requirements outlined in the PACE legislation and County program specifications. As part of the application process, the program administrator reviews requested projects, conducts energy audits, and reviews mortgage and tax payment history. This step is critical to the marketability of the PACE bonds as it ensures the integrity of the program.
- At the point that a critical mass (minimum number of properties) is achieved, or the open review process concludes, those qualified and approved applicants are notified and required to sign closing documents.
- The pool of applicants that have completed the application and review process, and signed closing documents, comprise the first special assessment district. Assessment liens are recorded at the time of bond issuance.
- The assessment bonds are sold to third party investors. To this end, it is recommended that the County procure – through a competitive process – three to five lending institutions that would commit a defined amount of capital to the program at a predetermined rate (note that the rate would initially be indexed to a publicly available market index and not locked until the time at which the assessment bonds are sold). At the time the lending institution becomes part of the PACE program, the institution would have consented to the parameters for borrowing requirements, thus signifying the credit worthiness of the assessment bonds. This step is critical to the County's goal of placing PACE bonds with third-party investors. The program manager helps to administer the procurement of lending institutions and establish term sheets for borrowing.
- Once proceeds are received from the sale of PACE assessment bonds, qualifying applicants are notified to proceed with the energy improvements and contractors/installers are paid upon completion of the project.
- This process commences again at the initial marketing phase.

Options & Recommendations

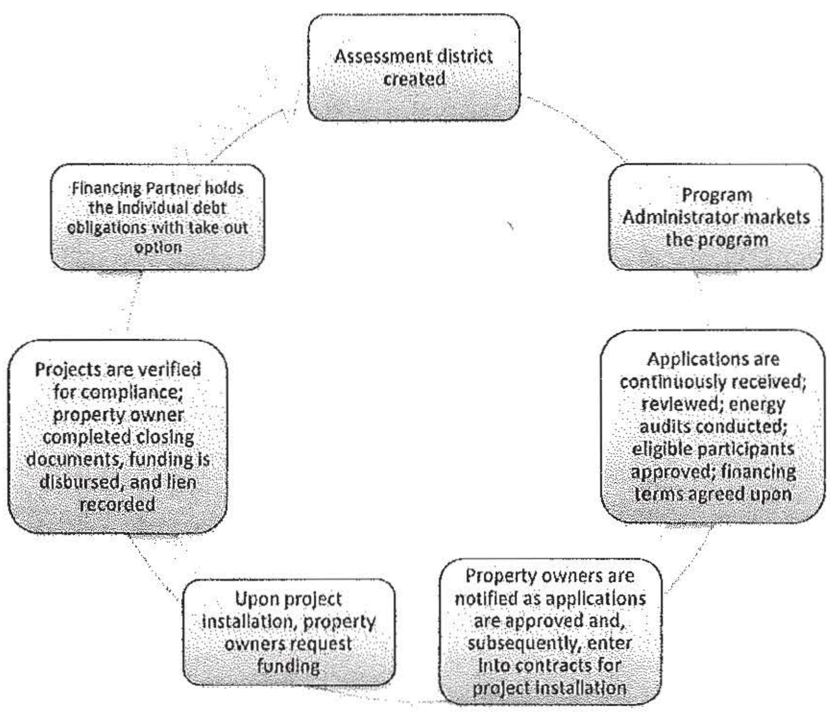
If the Board wishes to create a Miami Dade County PACE program, it is recommended that staff and the financial advisor structure the plan of finance for the PACE program, and develop a solicitation to assemble the PACE team as outlined in this report, and develop a turnkey program, allowing respondents to offer comprehensive solutions. The County will reserve the right to take each response in whole or in part, allowing the flexibility to assemble the best team of service providers.

Staff believes this is a worthwhile and beneficial program which provides energy cost savings, reduces greenhouse gas emissions, and benefits the local construction industry. However, existing staff is not really equipped to take on the new/added responsibility of administering a program. Additionally, current County staff does not have the experience or expertise in this new and developing field. Ideally the program and underlying plan of finance will be developed with the most cost-effective strategy for the County. The plan of finance will be structured to minimize/eliminate the County's up-front costs for starting the program, and structure administrative costs within the ultimate financing mechanism.

Cyclical Implementation and Financing Cycle (with Upfront Financial Partner)

As an alternative to the approach described in Figure 1, a financing strategy that seeks to provide committed financing to property owners on day one is another option (See Figure 2). This strategy hinges on identifying a financial partner that is capable of providing a significant capital commitment to the county to fund approved PACE projects. At the outset, the County with the aid of its financial adviser and legal team works with the financial partner to establish program and underwriting standards that are mutually acceptable. Once the standards and terms are set, the County enters into a Funding Agreement that governs the financial relationship during the initial term. Under this structure, funds are immediately made available to interested property owners at a pre-defined interest rate negotiated as part of the Funding Agreement. Once the minimum number of properties or total investment is reached, the financial partner either chooses to retain the liens or executes a securitization. The goal of this approach is to provide an on-demand financing capability from day-one as well as a structure that allows for continuous program funding over the long-term. This type of structure provides a financing approach that does not require County credit support nor provide significant program and interest rate risks to property owners.

Figure 2: Cyclical Financing Model with Upfront Financing Partner



Date: November 13, 2013

Memorandum

MIAMI-DADE COUNTY

To: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

Exhibit B

From: Carlos A. Gimenez
Mayor

Subject: Resolution No. R-932-12: Implementation of Voluntary Property Assessment Clean Energy (PACE) Program

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The attached report responds to Resolution No. R-932-12, sponsored by Commissioner Jose "Pepe" Diaz and co-sponsored by Commissioner Lynda Bell, directing the Mayor to prepare a report which includes recommendations related to implementation of a voluntary Property Assessment Clean Energy (PACE) Program pursuant to County Code.

Enclosed please find the final report completed by staff from the Regulatory and Economic Resources (RER) Department and the Finance Department. The report provides: (1) background information of legislation approved by the Board of County Commissioners addressing Property Assessment Clean Energy (PACE); (2) status update on several existing programs in the State of Florida; and (3) recommendations for creating and implementing a voluntary Property Assessment Clean Energy Program tailored to Miami-Dade County's needs.

It is important to note that most programs highlighted in the attached report offer insulation from liability for member jurisdictions and do not rely upon the County's financial contributions, as they have arranged private financing. In addition, these programs have been set up so that significant use of staff time is not necessary to establish the program.

Based on research, staff recommends a competitive solicitation process to determine the most beneficial Property Assessment Clean Energy (PACE) or PACE-like program for Miami-Dade County. A voluntary Property Assessment Clean Energy Program will help facilitate economic development, job creation and wide implementation of energy efficiency projects and renewable energy projects, and therefore facilitate reduction of greenhouse gas emissions. The Property Assessment Clean Energy (PACE) model addresses and overcomes challenges that both borrowers and lenders have identified in seeking to use traditional finance mechanisms to fund energy efficiency improvements.

County staff from RER/Office of Sustainability, Finance Department (including County financial advisors) and Internal Services Department (ISD)/Procurement will draft a single solicitation for a turnkey program based on criteria found in the Next Steps section of the attached report. The solicitation will allow respondents to offer comprehensive solutions without financial exposure on the part of the County.

If you have any questions, please contact Mark Woerner, Assistant Director, RER at (305) 375-2835.

c: Ed Marquez, Deputy Mayor/Director, Finance
Jack Osterholt, Deputy Mayor/Director, RER
Lester Sola, Director, ISD
Mark Woerner, Assistant Director, RER

Miami-Dade County Energy Efficiency and Renewable Energy Finance Program

Update of Existing Programs

November 2013

Office of Sustainability, Department of Regulatory and Economic Resources

INTRODUCTION

The attached report responds to Resolution No. R-932-12, sponsored by Commissioner Jose "Pepe" Diaz and Co-Sponsored by Commissioner Lynda Bell, directing the Mayor to prepare a report which includes recommendations related to implementation a voluntary Property Assessment Clean Energy (PACE) Program pursuant to County Code.

This report was prepared by staff from the Regulatory and Economic Resources Department and Finance Department. The report provides: (1) background information of the many pieces of legislation approved by the Board of County Commissioners addressing PACE; (2) status update on several existing programs in the State of Florida; and (3) recommendations for creating and implementing a voluntary Property Assessment Clean Energy Program tailored to Miami-Dade County's needs.

Miami-Dade County
Energy Efficiency and Renewable Energy Finance Program
Update of Existing Programs

BACKGROUND

February 2, 2010

- Board approves Resolution R-143-10, expressing the intent to establish a voluntary energy efficiency and renewable energy program ("Energy Savings Program").
- The Resolution authorizes the County Mayor to recommend legislation relating to the establishment of a voluntary energy finance district, and directs the preparation of a report outlining the framework of a program, including, but not limited to:
  - the details of a voluntary energy finance district
  - the administration of an energy savings program
  - financing mechanisms, including collection of special assessments
  - types of energy efficiency improvements and/or renewable improvements
  - evaluation guidelines
  - other details relevant to an Energy Savings Program
- The Resolution authorizes the County Mayor to continue to pursue all grants or other financing tools which could be used to establish a pilot energy retrofit and/or renewable energy program.

March 16, 2010

- On March 16, 2010, Board adopts Resolution R-313-10 urging the Florida Legislature to pass SB 2322 or similar legislation authorizing the creation of "Energy Improvement Districts."
- The Florida Legislature enacts Section 163.08 of the Florida Statutes, which among other provisions, authorizes counties and cities to establish voluntary energy efficiency and renewable energy programs for the purpose of providing and financing qualifying improvements; levy a non-ad valorem assessment to fund a qualifying improvement; incur debt to provide financing for qualifying improvements; and collect costs incurred from financing qualifying improvements through a non-ad valorem assessment, a municipal or county lien, or through any other lawful method.
- Property Assessed Clean Energy (PACE) programs were brought to a standstill when the federal mortgage finance agencies, Fannie Mae and Freddie Mac, announced they would not purchase mortgages for properties encumbered by a PACE obligation. Their opposition was due to the senior lien status of the Property Assessed Clean Energy (PACE) assessment. This position was backed by the Federal Housing and Finance Agency (FHFA). Specific guidelines have since been developed to address the concerns and the H.R. 2599 Property Assessed Clean Energy (PACE) Assessment Protection Act has been introduced to Congress. To date, neither the mortgage finance agencies nor the regulators have proceeded any further.

May 17, 2010

- The "Voluntary Energy Efficiency and Renewable Energy Financing" report, developed by staff from Office of Sustainability (OOS), Finance Department, and County Attorney's Office, was submitted to the Board. The report, which focuses on Property Assessed Clean Energy (PACE) programs, helped create the framework for the enabling legislation.
  - Report recommendation: Develop and implement a Property Assessed Clean Energy (PACE) program in which the County issues revenue bonds using voluntary special assessments as collateral for the repayment of the bonds (Finance Department has since requested that the County not issue bonds).

July 20, 2010

- Board adopts Resolution R-818-10 urging President Obama's Administration, Congress, the Federal Housing Finance Agency, Fannie Mae, and Freddie Mac to revise policies and enact legislation to clarify the authority of local governments to create Property Assessed Clean Energy (PACE) financing programs for residential property.

Miami-Dade County
Energy Efficiency and Renewable Energy Finance Program
Update of Existing Programs

August 2010

- Miami-Dade County launches Renovation for Energy Efficiency Loan (REEL) Program in partnership with South Florida Regional Planning Council. In July 2011 the program is terminated due to lack of interest from the commercial business sector.

November 4, 2010

- Board approves Ordinance No. 10-78 amending County code to include new article entitled *Voluntary Energy Efficiency and Renewable Energy Program* "to provide assistance for voluntary financing of specified energy efficient and renewable energy improvements for residential and commercial property; and providing for definitions, energy audits, agreements, program administration, collection of non-ad valorem assessments pursuant to section 197, Florida Statutes, severability and effective date."

November 8, 2012

- Board approves Resolution R-932-12 directing County Mayor to prepare report which includes recommendations related to implementation of a voluntary Property Assessment Clean Energy program pursuant to County Code. The report should: (a) provide an update on the status of the Property Assessed Clean Energy (PACE) program statewide; (b) identify any related issues or concerns which could affect Miami-Dade County; (c) make recommendations as to how Miami-Dade County should proceed pursuant to the County Code, including any amendments to the County Code that may be necessary, to implement a voluntary Property Assessed Clean Energy (PACE) program in Miami-Dade County.

December 4, 2012

- Board adopts Resolution R-1059-12 authorizing execution of the Intergovernmental Cooperation Agreement between Green Corridor Property Assessment Clean Energy District and Miami-Dade County to provide services to Green Corridor Property Assessment Clean Energy District (PACE District) in accordance with Section 197.3632, Florida Statutes, uniform method for the levy, collection and enforcement of non-ad valorem assessments. Resolution was submitted by the Property Appraiser for the December 4, 2012 Miami-Dade County Board of County Commissioners meeting.

UPDATE OF EXISTING PROGRAMS IN FLORIDA

There are several options for how to structure a program that finances energy efficiency retrofits and renewable energy systems in Miami-Dade County. Large financial institutions, environmental consultancies, and other specialty outfits are promoting various renditions of programs. Because all existing energy efficiency/renewable energy financing programs are young or nascent, there is a lack in quantity and quality of data from which to predict how a program will fare in the economic climates and sub-climates in Miami-Dade County.

For the past several years Regulatory and Economic Resources/Office of Sustainability, Finance and Internal Services/Procurement staff have been closely monitoring and collecting information on active programs, following the impact of the programs stalled by Fannie Mae/Freddie Mac, and tracking lawsuits and proposed legislation. In addition, staff has spoken with several third party administrators and financial institutions to explore potential programs and to inform the final recommendations. Status updates on existing programs in the State of Florida are provided below in no particular order (note: this is not a comprehensive list).

1. Clean Energy Green Corridor

Website: http://ygrene.us/fl/green_corridor/home

Program description:

- The Town of Cutler Bay passed its "Financing Initiative for Renewable and Solar Technology (FIRST)" to allow their citizens to voluntarily opt into a program in which they can take out loans for installing renewable energy systems. However the Green Corridor is not Cutler Bay's program instead Cutler Bay took the lead on the negotiations to establish such program.
- Municipalities can join by adopting the interlocal agreement that governs the program. Once a local municipality has adopted the program, Ygrene (see Administrator information below) integrates them by customizing printed marketing materials, website and social media that is branded specifically for their county or city.
- All local governments in the district have the same say and power in the program.
- There is no penalty fee for a municipality that decides to end the agreement with the Clean Energy Corridor.
- The Clean Energy Corridor is comprised of the following municipalities:
  1. Miami Shores
  2. Pinecrest
  3. Cutler Bay
  4. Palmetto Bay
  5. South Miami
  6. Miami (Commercial and Multi-family only)
  7. Coral Gables (Commercial only)
- Surfside, Bay Harbor Islands and Biscayne Park have come together to form the Clean Energy Coastal Corridor Property Assessed Clean Energy (PACE) district.
- Miami Lakes has also adopted the program and is now working to form a third district in Northwest Miami-Dade. On July 1st the Town of Medley voted to join Miami Lakes in setting up this district.
- Leon County and Lee County, both in Florida, are now negotiating contracts with Ygrene.

Program status:

- Program has judicial validation by the Florida Courts for the bonding and financial agreements. The bonds are in private placing (Ygrene). Funds will be disbursed on a project by project basis: Ygrene to assessment district to property owner; bond ceiling $500 million.
- Under some circumstances assessment district documents can be subject to legal challenge. To mitigate the risk that a legal challenge would be successful, the jurisdiction files a lawsuit in Superior Court to establish the legality of the program documentation. Adjudication in favor of the program validates the program, its

assessments and assessment contracts and any bond authorizations or issuances – thereby providing security for the lenders and the jurisdiction within the State of Florida.

- As of June 19, 2013 the program has received approximately $13 million worth of applications. Most of the applications are for commercial sites.
- The program is ready to sign assessments now. However, as established by law, the projects need to be affixed to the property before the assessment is disbursed. To that end contractors are already working with financial institutions to provide bridge loans in order to finance the construction of the projects. Other contractors are expected to provide their own financing for the construction phase.
- Ygrene Energy Fund Florida announced on June 10, 2013 that it has funded the first Property Assessed Clean Energy (PACE) project in the state: "In Miami, the Ygrene program has funded its first hurricane resiliency project on a commercial property owned by urban development company Barlington Group, which worked with New Holland Property Assessed Clean Energy (PACE) Consulting, Inc. on the project". (Source: http://online.wsj.com/article/PR-CO-20130610-903916.html).

Administrator:

- On July 26, 2011 Cutler Bay selected a third party administrator, Ygrene Energy Fund Florida LLC.
- Ygrene Energy Fund Florida LLC will undertake activities, furnish professional services, perform tasks, and provide deliverables of a Property Assessed Clean Energy (PACE) program for the District.
- Ygrene has a business partnership with Lykes Bros Inc, which formed Ygrene Energy Fund Florida LLC.
- Ygrene will assign a sales associate to each project.

Financing:

- Ygrene has a consortium of banking relationships committed to providing short- and long-term capital funding for eligible property improvements in Ygrene Clean Energy districts.
- Ygrene will provide property owners a choice of 5, 10, or 20 year assessments which are tied to the useful life or initial cost of the improvement.

Liability for member jurisdictions:

- A separate legal entity, "The Clean Energy Green Corridor", was created to protect local governments from risk. This separate legal entity is responsible for signing the special assessment financing agreements, thus they are held responsible for the liability of bonds.

Applicability:

- Applicable projects may include building envelope and insulation, renewable energy, windows and doors, Heating, Ventilation and Air Conditioning (HVAC) systems, lighting systems and wind resistance for storm protection.
- Program may apply to eligible residential and commercial projects. Ygrene will offer Miami-Dade County total control and authority over whether the Clean Energy Miami-Dade Property Assessed Clean Energy (PACE) program will apply to commercial property owners only or to commercial and residential property owners. If residential properties are included, property owners will make a determination as to whether the Fannie Mae/Freddie Mac issues are of concern to them or not prior to opting into the program.

Eligibility requirements:

- Owners must comply with all program standards.
- Properties must be within the Property Assessed Clean Energy (PACE) district boundaries.
- Owners must execute the financing agreement.
- Only completed, approved qualifying improvements are funded.
- Owners must be current on all property taxes for 3 years.
- Owners must have been current on mortgage payments for the last 3 years, with no more than one late payment.

- Owners must not have any declared bankruptcy for 3 years.
- Pre-lien loan-to-value (LTV) must not exceed 85% of property value.
- Liens in excess of 20% of just value must be supported by energy cost savings in excess of project cost.
- Owners must provide written notification of the proposed special assessment lien to all secured lenders of record.

Liability for property owners:

- Energi Insurance, a risk management and insurance provider based in Massachusetts with offices throughout the United States, may sell an eligible contractor an Energy Savings Warranty contract that insures 90% of the property owner's projected savings for 10 years at a cost that will vary between 2% and 5% of the gross value of the property improvement. This insurance is available on larger commercial projects from Energi through insurance agencies that represent Energi in the State of Florida.

Contractor requirements:

- Contractors need to register, attend a mandatory training session and become a Clean Energy Green Corridor contractor (Ygrene certified).
- There are no fees attached to the certification and training requirement.
- Contractors will pay Ygrene a 3% program fee when they successfully sell their products or services as a result of the Property Assessed Clean Energy (PACE) solution. In return for this fee, Ygrene provides contractors access to proprietary software to handle documentation, prequalify properties and support energy audits, sales and marketing. In addition contractors receive free training for all aspects of the program.
- As of June 19, 2013 the program has trained over 200 contractors both at the City of Miami Green Lab and their own training facility. Ygrene built a training lab in Coconut Grove to facilitate contractors training and implementation of the program.

Fees:

Fee type	Residential	Commercial
Initial Application (Reimbursed at time of financing)	$50	$250
Processing & Underwriting	$125	$250
Energy Audit (not required for wind and hardening projects)	$50	Varies depending on project size
Jurisdiction Cost Recovery	$125	$225
Recording & Disbursement	$100	$250
Escrow	TBD	TBD

*Other charges as required by Local Government's tax collector may apply.

Considerations:

- Private financing has been arranged by a private firm (no interest rate risk to County).
- Municipalities within the County are on board.
- If the County decides to join the existing Clean Energy Green Corridor; the County will not have decision-making power regarding the details of the program since the program has already been established.
- However if the County takes the lead in forming a separate district, the County would have complete control and input into its policies and procedures for the program.
- The contract for a program administrator has already been awarded. Since Miami-Dade County did not have a hand in this process, the County was unable to impact selection criteria, etc.

2. **Florida PACE Funding Agency**
   Website: http://www.floridapace.gov/

Program description:

- The Florida PACE Funding Agency was created in June 2011 by general law through an interlocal agreement as a public service for other local governments in Florida. The initial incorporators are Flagler County and the City of Kissimmee. Incorporators receive no revenues for their creation of the Agency, and are reimbursed only for their expenses, if and when such funds are available.
- The Agency's mission is to facilitate the implementation, planning, development, funding, financing, marketing and management of a uniform statewide platform so that counties and cities can easily and economically take advantage of a scalable program for their property-owning constituents.
- The Agency, as an independent legal entity, public body and special unit of local government, is subject to and fully compliant with Florida Sunshine Law.
- The Florida PACE Funding Agency (Agency) Program is presently pursuing two distinct organizational paths:
    - Engaging thought-leaders and stakeholders in all counties across Florida to educate them on the advantages that a state-wide, scalable and standardized Property Assessed Clean Energy (PACE) program can offer to members.
    - Negotiated with a broad range of Financial Service Providers to provide project funding.
- The subscription process for a local government (county or city) requires the passage of a resolution and execution of a Subscription Agreement with the Agency. The agreement is exclusive and precludes participating local governments from contracting with other entities offering Property Assessed Clean Energy (PACE) financing. Loan-based or grant-funded programs may co-exist if specified by the participating local government.
- There is no cost for the County to subscribe to the program. The county has the right to terminate its subscription agreement without cost or obligation up to the recordation of the first assessment. Each county Board of Commissioners has direct access to the Agency to resolve any issues or concerns.

Program status:

- The Agency directed Tallahassee-based law firm Bryant Miller Olive to validate its ability to issue up to $2 billion in bonds on an as-needed basis to fund financing agreements in support of statewide Property Assessed Clean Energy (PACE) program initiatives. Real Estate Research Consultants (RERC) Strategic Advisors performed an economic analysis that found that 3,132,600 buildings in Florida are over 20 years old and likely candidates for retrofit or energy-related or wind-resistant improvements. The $2 billion amount is based on the assumption that if 5% of the owners of these buildings voluntarily apply for retrofit improvements over the next several years, the necessity for potential aggregate of bonds issued in several series on an as-needed basis could easily equal or exceed $2.35 billion.
- Counties that have joined the program include:
    1. Flagler County - November 2012
    2. Nassau County - March 2013
- The Agency will make financing applications available to property owners once final contractual documents for the Trustee have been finalized and the Bond Purchase Agreement has been executed in the second quarter of 2013.

Administrator:

- Science Applications International Corporation (SAIC) Energy, Environment and Infrastructure LLC.
- Science Applications International Corporation (SAIC) administers energy incentive programs for states and utilities in New York, Pennsylvania, Ohio, Illinois, Wisconsin, Maryland, Delaware and Hawaii. These programs offer incentives for the installation of energy efficiency and renewable energy generation improvements.
- Science Applications International Corporation (SAIC) maintains a strong presence in Florida with over 62 offices statewide.

Miami-Dade County
Energy Efficiency and Renewable Energy Finance Program
Update of Existing Programs

Financing:
- The Florida PACE Funding Agency is authorized to issue up to $2 billion in bonds to finance qualifying improvements avoiding encumbering local government bonding capacity.
- The Florida PACE Funding Agency's Board has established a financing program that integrates short-term revolving funds and the placement of long-term debt by engaging Samas Capital as the Financial Services Provider.
- The Florida PACE Funding Agency has also engaged First Southwest, Southeastern Investment Securities, and Public Financial Management Inc. (PFM) to serve as co-financial advisors.
- Property owner, through acceptance of the voluntary special assessment, covers entire upfront costs and obligation is attached to the property.
- The maximum amount of funding is limited to 20% of the "just" value of the property with lender notice. Funding in excess of 20% is available for non-residential property owners and requires an energy simulation, validation from a licensed professional and lender consent.
- Repayment of the financing is made through a non-ad valorem assessment on the property tax bill; subject to same rights and requirements as for the payment of taxes. The special assessment stays with the property upon title transfer (assignable) or may be retired as a negotiable term of sale.
- Financing is subject only to the statutory financing requirements and is not credit score based.
- Qualifying Improvements are financed over the lesser of 25 years or the average useful life of the qualifying improvement(s).

Liability for member jurisdictions:
- All financing provided by the Florida PACE Funding Agency will be fully secured by the recorded special assessment included on the property tax bill.

Applicability:
- Energy efficiency improvements that reduce consumption through the efficient use of electric, natural gas, propane and other forms of energy.
- Renewable energy projects in which electrical, mechanical, or thermal energy is produced using hydrogen biomass, biogas, geothermal energy, ocean, wind, or solar energy.
- Wind resistance improvements that strengthen the structure against wind and water intrusion.
- Applies to qualifying residential, industrial and commercial property owners.
- Minimum Financing is $2,500 – Residential and $10,000 Commercial.
- Energy audits which include a computer simulation are only required when a property owner elects to exceed the Tier 1 financing cap of 20% of the property's assessed value (in such case, lender consent is also required). The audit must demonstrate the annual savings are equal to or greater than the annual assessment.
- Third party State Certified Energy Raters may participate in the program and those authorized will be posted on the Florida PACE Funding Agency's website for Property Owners to access. The cost of the Energy Rating may be included in the financing. While property owners are encouraged to obtain an Energy Rating, it is not a program requirement.

Eligibility requirements:
- Applicant must be a property owner of record.
- Qualified improvement must be less than 20% of the assessed property value.
- Property tax payments must be current with no delinquencies during the last 3 years, or period of ownership, whichever is less.
- Mortgage payments must be current with no delinquencies during the last 3 years, or period of ownership, whichever is less.
- No outstanding involuntary liens on the property.
- Proposed improvement is a "qualified improvement".

- If there is a mortgage on the property, a 30-day notice of the impending special assessment must be provided to mortgagor.

Liability for property owners:

- Property owners will be encouraged to engage their utility and/or an energy rater to provide guidance as to the various energy efficiency and renewable generation measures that will be ranked from most to least in cost effectiveness.
- The estimated energy savings from implemented measures will be tracked by the Science Applications International Corporation (SAIC). For those property owners who decline to engage the services of an energy rater, Science Applications International Corporation (SAIC) will apply engineering best practice methods of estimating energy savings for reporting to the Florida PACE Funding Agency. This information may be provided in summary form to subscribing local governments for their energy savings and wind mitigation reporting requirements.
- If the work has been completed as indicated by the building permit being signed by the local building official and the contractor has provided the required information to the Property Owner, then the Property Owner will sign the Project Approval form required as a condition of final payment.
- The Florida PACE Funding Agency will work with property owners and contractors in identifying insurance providers and supporting the contractor's efforts in securing the best coverage terms, however the Florida PACE Funding Agency will not require this structure.

Contractor requirements:

- Contractor must provide complete cost proposal.
- The Florida PACE Funding Agency program is open to all construction contractors and design professionals with valid and active licenses to conduct business in their specialty trade, within the jurisdiction for which they are valid, as issued by the Florida Department of Professional and Business Regulation or unit of local government. In addition, residential and commercial energy raters, certified by the State of Florida as prescribed by Florida Statute (§553.990) are eligible to participate in the program.
- Authorized contractors will have their licensure verified at application, assessment imposition and prior to final payment. Licensure must by valid as a condition of payment.
- The Florida PACE Funding Agency will provide collateral materials in support of the marketing efforts and will provide access to property owners to a list of authorized contractors through a searchable online directory that will be regularly cross checked with the Florida Department of Professional and Business regulation.
- Contractors must provide a copy of the signed building permit, material and labor lien waivers, information on available energy rebates and tax credits or deductions, equipment warrantees, and equipment operation to the Property Owner prior to receiving payment for services.
- In order to minimize the administrative overhead associated with multiple progress payments, but with sensitivity to the cash flow requirements of smaller contractors, the Florida PACE Funding Agency will allow for aggregated partial payments to facilitate equipment production deposits with the required documentation to ensure equipment and materials are available to property owner projects.

Fees:

Fee Type	Amount
Contractor Application Fee	$50
Contractor Participation Fee	2% of total financed project cost paid to the Agency for participation in its Property Assessed Clean Energy (PACE) Program.
Residential Application Fee	$25
Commercial and Multi-family Residential Application Fee	$50

Fee Type	Amount
Estimated Agency Cost to Property Owner for Assessment and Funding	3.5% of disbursement amount. Includes 2% Origination fee.
Estimated Annual Agency Administration and/or Surcharge Fees	1% included each year in the annual installment of the non-ad valorem assessment
Assessment Recordation Fees (paid to Clerk of Courts)	$48.50 to include filing of the following documents: Notice of Assessment, Notice of Commencement, Notice of Termination of Commencement and Release of Notice of Financing.
Estimated Interest Rate	6.95% (based upon swap curve and various terms) 5yrs – 5.45% 10yrs – 6.05% 15yrs – 6.70% 20yrs – 6.94%
Annual Tax Collector and Property Appraiser Fees	To Be Determined by agreement with the county tax collector and property appraiser
Capitalized Interest	Amount of interest accruing from the date of the Disbursement amount to the annual Principal Payment Date of the year before the first Tax Year during which the Agency collects an Annual Payment related to the Disbursement Amount. August 31st is the cutoff date for the assessments to be included on the current year tax rolls (e.g. If funding occurs before August 31, then assessment is included on the current year tax roll. If funding occurs after September 1, then assessment is included on the following year's tax roll.
Prepayment	The Property owner may elect to prepay the full amount of the assessment, together with any interest on the Agency bonds to the next payment date, at any time by requesting a payoff amount from the Agency without penalty.

Considerations:

- Program offers insulation from liability incurred by the Agency.
- Program has been set up so heavy use of staff time required to put a program together is eliminated.
- Provides a state-wide, uniform and scalable Property Assessed Clean Energy (PACE) program with the benefits of economies of scale associated with the large magnitude of the program.
- Provides access to capital markets without having to implement or deploy individual programs or individually seek capital.
- Local government participation is optional via a subscription agreement where the local government adopts a resolution authorizing the subscription agreement with the Florida PACE Funding Agency.
- There is no debt obligation, credit support or cost to the authorizing local government.
- No special taxing district is required.
- The Florida PACE Funding Agency's statewide platform provides the platform for a single voice in opposition to the Federal Housing and Finance Agency (FHFA) notice of proposed ruling preventing those with conforming loans from free participation.
- Florida PACE funding Agency will own carbon credits produced by funded projects. When and if carbon credits have any market value, the Florida PACE funding Agency will use credits revenues to offset program cost.

3. **Florida Green Energy Works Program**
Website: http://www.floridagreenenergyworks.com/

Program description:

- The Town of Lantana launched the first Commercial Property Assessed Clean Energy (PACE) program in Florida.
- On April 2012 the program was renamed Florida Green Energy Works Program (Program).
- On June 2012 the Town of Lantana and Town of Mangonia Park, both in Palm Beach County, incorporated the Florida Green Finance Authority (FGFA); the "separate legal entity" which any municipality or local government in Florida can join by interlocal agreement.
- The Florida Green Finance Authority (FGFA) operates one commercially-focused Property Assessed Clean Energy (PACE) program in eleven municipalities within Palm Beach, Indian River, Martin and Pinellas Counties.
- If local governments in other regions of the state opt in to the Florida Green Finance Authority (FGFA), they have two options 1) Establish separately branded Property Assessed Clean Energy (PACE) programs, possibly with different features, as selected by the participating local governments or 2) Participate in the Florida Green Energy Works Program directly.
- The Florida Green Finance Authority (FGFA) is the only Property Assessed Clean Energy (PACE) program in Florida offering both regional and statewide structures accessing one financing and web platform.
- Municipalities can opt in free of charge. If a city or county wants to leave the Program, opting out requires 30 days notice. An opt-out fee ranging from $6,250 - $22,500 (depending on population) will be charged to a city or county that opts out in the first two years.
- Municipalities that have joined the Program include:
    1. Town of Lantana (Palm Beach County)
    2. Town of Mangonia Park (Palm Beach County)
    3. West Palm Beach (Palm Beach County)
    4. Boynton Beach (Palm Beach County)
    5. Delray Beach (Palm Beach County)
    6. Village of Tequesta (Palm Beach County)
    7. Lake Worth (Palm Beach County)
    8. Fellsmere (Indian River County)
    9. Sebastian (Indian River County)
    10. Gulfport (Pinellas County)
    11. Stuart (Martin County)

Program status:

- The Program is currently underwriting their first Property Assessed Clean Energy (PACE) applications, which are at varying stages in the process. The projects represent a mix of small projects and very large projects.
- The Program counsels against offering residential Property Assessed Clean Energy (PACE) at this time until there is clarity regarding Fannie Mae and Freddie Mac's position on Property Assessed Clean Energy (PACE) senior liens. Although the Florida Green Finance Authority has the authority to provide financing for residential as well as commercial properties, at the moment the major secondary mortgage market participants (Fannie Mae and Freddie Mac) are in the process of developing policies relating to Property Assessed Clean Energy (PACE). Because these entities are so influential in the residential mortgage market, they encourage communities to wait on offering residential Property Assessed Clean Energy (PACE) until the uncertainty is resolved and final rules are in effect.

Administrator:

- On July 26, 2011, the Town of Lantana approved hiring EcoCity Partners, L3C. EcoCity Partners is organized as an innovative "L3C" - the first "low profit limited liability company" in Florida. EcoCity Partners' primary mission is to benefit the communities they serve.

- In February 2012, the EcoCity Partners' team expanded to include Demeter Power Group, Inc. which offers the industry's first (and currently the only) form of third-party ownership financing as an additional alternative to traditional Property Assessed Clean Energy (PACE) financing: PACE3P®.EcoCity Partners, L3C.
- EcoCity Partners, L3C has offices in St. Petersburg and West Palm Beach.

Financing:
- Florida Green Energy Works uses the "open market" funding model and requires commercial property owners to provide notice and receive consent for the Property Assessed Clean Energy (PACE) assessment from their existing mortgage lender. When consent is obtained for a project, any market-based financing can be obtained. Therefore, property owners can use any lender/ funding source, which open market advocates believe will induce competition and ultimately result in lower interest rates and closing costs.
- Florida Green Energy Works is designed to offer property owners multiple financing options. Currently they offer two secured primary options: Property Assessed Clean Energy (PACE) and PACE3P℠. Additionally, the Program is incorporating other non-secured financing strategies and alternatives, such as a community's existing revolving loan fund or a low-interest loan program through a community development financial institution (CDFI) for low-income communities.
- Florida Green Energy Works has added new capital provider partners. One such partner is the Solar Energy Loan Fund (SELF), a non-profit, certified Community Development Financial Institution (CDFI), which has funded over $1 million in energy efficiency loans in Florida (non-exclusive partnership). This partnership enables the Program to offer homeowners unsecured low-interest energy loans, until the Fannie Mae/Freddie Mac regulatory issues are resolved by the Courts. Additional new capital partners include but are not limited to: Grand Bank & Trust, a community bank headquartered in West Palm Beach, which is supporting the financing for small and medium businesses; and Clean Fund in California; and Hannon Armstrong's new energy-efficiency-focused Real Estate Investment Trust (REIT), which are supporting large projects.

Liability for member jurisdictions:
- As a separate legal entity, the Florida Green Finance Authority (FGFA) insulates its member jurisdictions from any risk or liability. Additionally, the Florida Green Finance Authority (FGFA) itself has no independent liability for making payments to the capital providers. The capital providers are paid when the Florida Green Finance Authority (FGFA) receives payment of the non ad valorem assessments.

Applicability:
- Projects may include energy, water or wind resistance projects appropriate for the building; for energy-saving projects involving alterations to building systems, qualifying improvements should have signed and sealed engineering calculations, accounting for all effects of the modification, or a signed and sealed ASHRAE 90.1, Appendix G compliant energy model demonstrating whole building energy savings.
- The Program counsels against offering residential Property Assessed Clean Energy (PACE) at this time.

Eligibility:
- Minimum project size is $5,000.
- Requires lender consent prior to obtaining funding.
- Requires energy savings audit by either a third party auditor or a qualified contractor. Audit costs can be rolled into project financing. Florida Green Energy Works has established a relationship with Florida Power and Light (FPL) whereby all Florida Power and Light (FPL) customers can take advantage of their free business energy evaluation services and the report prepared by Florida Power and Light (FPL) is usually adequate for supporting the value of improvements for financing purposes.

Liability for property owners:
- Liability for failure to meet projected energy savings rests primarily with the vendor whose risks are mitigated by requiring existing lenders to consent to financially sensible projects.

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- The financing agreements between the Florida Green Finance Authority (FGFA) and the property owner make clear that the Florida Green Finance Authority (FGFA) has no liability to the owner in the event the project does not achieve particular savings levels, or if the owner has any sort of dispute with the contractor the owner has chosen to perform the work.
- The Program attempts to positively influence the behavior of participants by (i) including a non-binding conservation pledge as part of the "going away" package and (ii) requiring participants to track their energy consumption after the project is completed using the United States Environmental Protection Agency's (EPA) Portfolio Manager Software.
- The Program does not currently offer insurance for energy savings performance but is seeking options for insuring large projects over $50,000.

Contractor requirements:
- Contractors are required to register with the Program. Registration requires that the contractor be licensed in Florida to do the work being performed, holds the appropriate insurance naming the Florida Green Finance Authority (FGFA) as an additional insured, and agrees to comply with the Program requirements.
- Training is not required for participation; however, optional contractor training is available if desired through a variety of training providers.
- Proceeds of Property Assessed Clean Energy (PACE) financing are disbursed in a single lump sum upon completion of the improvements. However, progress payments are available for larger projects over $50,000.

Fees: Program Costs Borne by Property Owner Users

Fee	The Florida Green Energy Works Program Advantage
Origination Fees and Closing Costs	Project Fee: 2.5% plus pass-through closing costs.
Servicing Fees	No Yield Spread Premium (YSP) 1% administrative service fee
Year 1 Costs per $100,000 financed:	$3,263
Costs over 20 years per $100,000 financed:	$4,988

Considerations:
- Provides open market approach as opposed to exclusive consortium to stimulate competition among banks, energy service providers and other vendors. There is no cap on the amount of bank financing available in the program.
- Program is open to other municipal and county governments via two options: opt-in to existing interlocal authority administered by third party or create and administer a new custom program.
- Program's initial funding is from a Florida Clean Energy Grant from the American Recovery and Reinvestment Act of 2009.
- Created a Green Business Certification program in conjunction with Property Assessed Clean Energy (PACE).
- Requires lender consent to protect property owners against default on their mortgages from imprudent projects.
- Counsels against offering residential Property Assessed Clean Energy (PACE) at this time.
- Encourages local capital providers to participate in the Program so that the interest paid by local property owners in their assessments does not leave the community.
- Statewide program platform that does not require the formation of a new district or structure.

4. Solar & Energy Loan Fund of St. Lucie County

Websites: http://www.stlucieco.gov/ed/empower.htm and http://cleanenergyloanprogram.org/

Program Description

- Saint Lucie County created the Clean Energy Loan Program in 2010 with seed money from state and federal grants but with the intention that the program would operate independently and not as part of the County government. Its primary goal is to assist residents and businesses through a revolving loan program offering terms that are far more favorable than those found at traditional banks and credit unions.
- The Clean Energy Loan Program provides low cost financing options and energy expertise to help lower energy bills.
- The Clean Energy Loan Program is offered through the Solar and Energy Loan Fund (SELF).
- There is no formal mechanism established for other local governments to join the program. The Solar and Energy Loan Fund (SELF) has been expanding to surrounding counties as their resources allow them to do so.

Program Status:

- As of June 2013, the Solar and Energy Loan Fund (SELF) has loaned $1.85 million to 207 property owners and has conducted 810 energy audits (primarily in Saint Lucie County). The Solar and Energy Loan Fund (SELF) has become a model for other energy-related institutions throughout the nation.
- The Solar and Energy Loan Fund was 1 of 20 local programs selected nationally to receive funding ($1.64 million) from the highly-competitive Energy Efficiency and Conservation Block Grant (EECBG) program. The Solar and Energy Loan Fund (SELF) has used its U.S. Department of Energy grant to "kick-start" the residential energy retrofit program in St. Lucie County, and is now actively working with financial institutions, foundations, and others to invest in the loan pool and expand the Clean Energy Loan Program into 5 counties, including new commercial loans and commercial Property Assessed Clean Energy (PACE) assessments.
- As of February 1, 2013, the Solar and Energy Loan Fund (SELF) has expanded its services into Martin, Indian River, and Okeechobee Counties. In addition the Solar and Energy Loan Fund (SELF) has been working with Brevard County and other cities in the surroundings areas to further expand the program. The Solar and Energy Loan Fund (SELF) may partner with qualified vendors in the future.

Administrator:

- The Solar and Energy Loan Fund (SELF) is a Florida non-profit organization, certified Community Development Financial Institution (CDFI) located in St. Lucie County.
- The Solar and Energy Loan Fund (SELF) mission is to provide energy expertise and favorable financing to underserved residents, small businesses and communities in order to yield sustainable community development, local employment and economic development opportunities, enhanced quality of life, greater efficiencies, clean energy alternatives, and energy independence.

Financing:

- As a certified Community Development Financial Institution CDFI, the Solar and Energy Loan Fund (SELF) can attract and leverage non-public funds via partnerships with the private sector.
    - Community banks and National banks can invest on Community Development Financial Institutions (CDFIs) to provide capital to underserved markets.
    - Program Related Investments (PRI) from Foundations is another form of funding for Community Development Financial Institutions (CDFIs).
    - Community Development Financial Institutions (CDFIs) may receive funding via community development investments from faith-based organizations.
    - Community Development Financial Institutions (CDFIs) are also eligible for funding from the US treasury. At this time the Solar and Energy Loan Fund (SELF) has a pending application with the US treasury for $500,000, to cover administration costs ($90,000) and $410,000 funding for additional loans.

- Impact investors or social investors that fund Community Development Financial Institutions (CDFIs) sometimes forgo profits in order to influence in a meaningful way their priority cause (social, economic, environmental) therefore the Community Development Financial Institution (CDFI) may be able to offer a low/zero interest rate to the community.

- As of June 2013 the Solar and Energy Loan Fund (SELF) has secured three new non-governmental investors for a total of $500,000.

Liability for member jurisdictions:
- The Solar and Energy Loan Fund (SELF) is a separate 501c and certified Community Development Financial Institution (CDFI) that insulates government from liability.
- Local governments participating in the Solar and Energy Loan Fund (SELF) are not excluded from participating in other Property Assessed Clean Energy (PACE) programs.

Eligibility:
- Homeowner must be the primary applicant. Energy Assessment is required (the Solar and Energy Loan Fund (SELF) will assist with energy assessment details). Contractors must be chosen from the Solar and Energy Loan Fund's (SELF's) approved contractor list.
- The Solar and Energy Loan Fund (SELF) offers financing for more than two dozen types of energy efficient and renewable energy options, including:
  - ✓ Weatherization (insulation, caulking, window and door replacement)
  - ✓ Replacement of inefficient air-conditioning systems
  - ✓ Window tinting, LED lighting, cool roof construction
  - ✓ Installation of solar thermal and solar photovoltaic (PV) systems and solar attic fans
  - ✓ Energy Efficiency: Improvements to a facility, building, or process that reduces energy consumption, or reduces energy consumed per square foot.

Liability for property owners:
- Unsecured consumer loans
- Sometimes, as per the Uniform Commercial Code, equipment purchased with the loan is used as collateral. At this time, the Solar and Energy Loan Fund (SELF) has reported a delinquency rate of 1.5%.

Contractor requirements:
- In order to participate in the program, contractors must meet high standards, thus assuring quality work that will have long-lasting benefits.

Fees:
- Upfront costs are minimal. Interest rates are as low as 6 percent and terms as long as 15 years. Interest rates are based on the overall evaluation of credit score, credit report history, monthly income, monthly miscellaneous expenses, and ability to repay the loan.

	Energy Efficiency Improvements	Renewable Energy Improvements
Rates	7.00% - 9.50%	6.00% - 7.00%
Amount	$1,000 - $50,000 (based on credit)	$1,000 - $50,000 (based on credit)
Secured or Unsecured	Unsecured	Unsecured
Term	5 - 15 years (based on loan amount)	5 - 15 years (based on loan amount)

	Energy Efficiency Improvements	Renewable Energy Improvements
Fees	1)Application Fee: $25 2)Processing Fee: 2% of the principle amount or $300, whichever is less(rolled into the loan) 3)Energy Assessment Fee: to be determined	1)Application Fee: $25 2)Processing Fee: 2% of the principle amount or $300, whichever is less(rolled into the loan) 3)Energy Assessment Fee: to be determined
Military Discount (current and inactive)	50% off the processing fee (valid military ID required)	50% off the processing fee (valid military ID required)

Considerations:

- Community Development Financial Institutions (CDFIs) are specialized financial institutions that work in market niches that are underserved by traditional financial institutions.
- Community Development Financial Institutions (CDFIs) are required to benefit the low and moderate-income (LMI) communities. As such, 60% of the loans have to be granted to the low and moderate-income (LMI) communities. As of June 2013, the Solar and Energy Loan Fund (SELF) reports that almost 72% of their loans are granted to the low and moderate-income (LMI) community.
- Based on Housing statistics prepared by the Community Financial Institutions Fund with the United States Department of the Treasure, approximately 48% of Miami-Dade County's population meet the low and moderate-income (LMI) definition. Low and moderate-income (LMI) communities are identified by census track (geographic assessments) instead of individual assessments. However, additional broader criteria can be used to qualify an individual living outside of the low and moderate-income (LMI) census track such as women head of household, etc.
- Private-Public partnership.
- An existing Miami-Dade County Community Development Financial Institution (CDFI) can take this program and implement it or the Solar and Energy Loan Fund (SELF) can implement in the County. However, at this time the Solar and Energy Loan Fund (SELF) lacks adequate resources to expand into Miami-Dade County.
- Property Assessed Clean Energy (PACE) alternative: consumer loans not attached to the property.
- Program can coexist (non-exclusive agreement) with a Property Assessed Clean Energy (PACE) program.

5. Qualified Energy Conservation Bonds (QECBs)

Program details:

- Qualified Energy Conservation Bonds (QECBs) were allocated to states by the U.S. Treasury Department following the increase in Qualified Energy Conservation Bonds (QECB) volume cap under the American Recovery and Reinvestment Act of 2009. The Treasury subsidy makes Qualified Energy Conservation Bonds (QECBs) the cheapest debt instrument available to public issuers.
- Florida's allocation is $190,146,000. To receive the allocation, however, Governor Scott must issue an Executive Order.
- If Florida receives the allocation, it can then make allocations of portions to local governments within such State with populations greater than 100,000. Allocations are based on population. Based on Miami-Dade County's population, approximately $26,808,762 can be allocated from the total Qualified Energy Conservation Bonds (QECB) volume of the State of Florida.
- Qualified Energy Conservation Bonds (QECBs) could be used as the seed money for implementing an energy efficiency/renewable energy loan program.

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- Possibility of collaboration with the Southeast Florida Regional Climate Change Compact partners (Broward, Palm Beach and Monroe counties) to continue regional work in energy efficiency and thus climate change.
- Each project financed with Qualified Energy Conservation Bonds (QECBs) must meet qualifications for energy conservation, which consist of energy efficiency retrofits, renewable energy generation, green community programs and others. One hundred percent of the money can be used for loans for energy upgrades on privately owned homes and businesses.
- Similar programs implemented successfully within the United States include:
  - St. Louis County's "SAVES" program
    - $10.4 million residential energy efficiency loan program.
    - Third party administrator is Abundant Power Solutions.
    - Launched in May 2011.
    - County's effective borrowing rate was <1%.
    - Loan amounts range from $2,500 to $15,000.
    - Loan rate of 3.5% interest rate; APR will vary based on 3% loan fee and term.
    - Loan term is flexible for up to 10 years.
    - As of November 2012, St. Louis County approved approximately 311 unsecured loans to qualified single-family homeowners of which 178 have moved forward with improvements.
    - In order to qualify, participants must have a Fair Isaac Corporation (FICO) credit score ≥ 660 and a debt-to-income ratio < 45%.
  - Connecticut's Energy Conservation Loan Program (ECL) and Multifamily Energy Conservation Loan Program (MEL)
    - Provide financing at below market-rates to single family and multifamily residential property owners for the purchase and installation of cost-saving energy conservation improvements.
    - The program is administered by the Connecticut Housing Investment Fund, Inc. (CHIF) with funding from the Connecticut Department of Economic and Community Development (DECD).
    - Single family (1-4 units) homeowners may borrow up to $25,000 and multi-family property owners may borrow up to $2,000 per unit (a maximum of $60,000 per building) for a period of 10 years for eligible improvements.

Considerations:
- State allocation may be dependent on Executive Order from the governor of Florida.
- Below market loan rates to borrowers.
- The funds can be used to finance whatever type of program the County prefers.
- If used to finance unsecured loans to homeowners, the very low interest rate is much more attractive and easier to obtain than a home equity loan.
- The funds have been qualified for a wide variety of uses.
- Qualified Energy Conservation Bonds (QECBs) have funded successful programs, so no need to "reinvent the wheel".
- Program offers low liability to the County.
- Partnering across four counties can create a "green job corridor" in South Florida.
- Four partners are stronger than one: can create one RFP and market one program collaboratively, however Qualified Energy Conservation Bonds (QECB) allocations may not be combined.
  - Bond issuance takes several months to structure.
  - Limited to using 2% of proceeds to cover issuance costs.

6. **Broward County**

Program description:

- Broward County issued a Request for Letters of Interest (RLI) on March 2012 for a Turnkey Energy Efficiency Finance and Service Program. Four submittals were received: EcoCity Partners, L3C, Florida PACE Funding Agency, Paula Moon & Associates and Ygrene Energy Fund Florida LLC. Short listed vendors EcoCity Partners, L3C and Ygrene Energy Fund Florida LLC made presentations to the selection committee in October 2012. Selection Committee ranked shortlisted vendors: 1) Ygrene Energy Fund Florida LLC and 2) EcoCity Partners, L3C.
- An agenda item requesting to accept the vendors' ranking and to approve staff to enter in negotiations with the top ranked vendor was presented to the Broward Board of County Commissioners on February 5, 2013. The Board deferred the item and requested a workshop on the topic.
- On April 2, 2013 the Broward Board of County Commissioners held a workshop on Energy Efficiency Financing. As a result, the existing procurement process (RLI) was terminated by Board action on April 9, 2013.
- During May/June 2013 staff surveyed three Florida Property Assessed Clean Energy (PACE) programs and one Florida Community Development Financial Institutions (CDFI) program to better understand their programs, successes, and interaction with local governments. Staff is developing a matrix of the responses and will submit it to the Board with a Motion to Discuss during fall 2013.
- The Broward County Board of County Commissioners voted unanimously to support PACE in Broward on October 8th, 2013. Broward will be advancing with a commercial and residential program that requires consent of lenders. Broward will also have a multi-vendor service area with programs to be implemented by both Ygrene Energy Fund Florida LLC., and EcoCity Partners, L3C. Broward anticipates finalizing agreements with vendors in the next six months.

NEXT STEPS

1. Monitor and track successes and failures of newly implemented Florida programs.
2. Start a competitive solicitation process to determine the most beneficial program for Miami-Dade County based on criteria such as:
   - Sectors the program(s) will target (residential and/or commercial).
   - Financing mechanism(s) most beneficial to the County's goals and interests.
   - Repayment mechanism for the energy efficiency retrofits/renewable energy systems (i.e., special assessment, loan, etc.)
   - Program Flexibility
     - Multiple sources of capital funding (public and private)
     - Regional collaboration with other counties and/or cities
   - Economic benefits to the community such as generating new investments and creating local jobs.
   - Many sustainability benefits to the community. Property Assessed Clean Energy (PACE) and PACE-like programs can play an important role promoting resiliency by hardening buildings against hurricane events, promoting energy efficiency improvements in buildings, making the shift to renewable sources of energy, reducing energy costs for residents and businesses, and reducing local greenhouse gas emissions.
   - Local Workforce Development - Training Program
3. Create a County-wide Energy/Sustainability Taxing District if required by the selected program – requires Board action.

LINKS

Resolution R-143-10
http://www.miamidade.gov/govaction/matter.asp?matter=100408&file=false&yearFolder=Y2010

Resolution R-313-10
http://www.miamidade.gov/govaction/matter.asp?matter=100587&file=true&yearFolder=Y2010

Section 163.08 of the Florida Statutes
http://www.flsenate.gov/Laws/Statutes/2010/163.08

H.R. 2599 PACE Assessment Protection Act
http://www.gpo.gov/fdsys/pkg/BILLS-112hr2599ih/pdf/BILLS-112hr2599ih.pdf

Resolution R-818-10
http://www.miamidade.gov/govaction/matter.asp?matter=101840&file=true&yearFolder=Y2010

Ordinance No. 10-78
http://www.miamidade.gov/govaction/matter.asp?matter=101789&file=true&yearFolder=Y2010

Resolution R-932-12
http://www.miamidade.gov/govaction/matter.asp?matter=122115&file=true&yearFolder=Y2012

Resolution R-1059-12
http://www.miamidade.gov/govaction/matter.asp?matter=122343&file=true&yearFolder=Y2012

EcoCity Partners, L3C
http://www.ecocitypartners.com/post/home,first-commercial-pace-program-in-florida

Statutory guidelines for the creation of the Florida PACE Funding Agency as a local government
http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0100-0199/0163/Sections/0163.01.html

Certified Community Development Financial Institutions
http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=9

St. Louis County's "SAVES" program
http://www.stlouiscountysaves.com/

POPULATION DATA

Population data is supplied to provide a sense of the current size and potential effect of each program described above. Please note that some programs offer only commercial programs while other programs offer residential and commercial programs. Total population data provided below was extracted from Census 2010 data.

	Total Population Census 2010
All Corridors	594,932
Clean Energy Corridor	550,306
Miami Shores	10,493
Pinecrest	18,223
Cutler Bay	40,286
Palmetto Bay	23,410
South Miami	11,657
Miami	399,457
Coral Gables	46,780
Clean Energy Coastal Corridor	14,427
Surfside	5,744
Bay Harbor Islands	5,628
Biscayne Park	3,055
Northwest Miami-Dade	30,199
Miami Lakes	29,361
Town of Medley	838
Florida PACE Funding Agency	169,010
Flagler County	95,696
Nassau County	73,314
Florida Green Energy Works Program	336,256
Town of Lantana (Palm Beach County)	10,423
Town of Mangonia Park (Palm Beach County)	1,888
West Palm Beach (Palm Beach County)	99,919
Boynton Beach (Palm Beach County)	68,217
Delray Beach (Palm Beach County)	60,522
Village of Tequesta (Palm Beach County)	5,629
Lake Worth (Palm Beach County)	34,910
Fellsmere (Indian River County)	5,197
Sebastian (Indian River County)	21,929
Gulfport (Pinellas County)	12,029
Stuart (Martin County)	15,593

Source: http://quickfacts.census.gov/qfd/index.html