Philadelphia C-PACE Program

Application Process Webinar
Agenda

• Application Process Overview
• Pre-Application
• Project Development
• Final Application
• Statement of Levy and Lien Agreement
• Project Close
• Ongoing Requirements
Philadelphia C-PACE
Application Overview
Application Overview

1. Complete Pre-Application
   - Owner
   - Philadelphia Energy Authority

2. Develop C-PACE Project, Establish Financing, and Secure Lienholder Consent
   - Owner
   - Capital Provider

3. Submit Final Application
   - Owner
   - Philadelphia Energy Authority

4. Sign Statement of Levy & Lien and Close C-PACE Financing
   - Owner
   - Capital Provider

5. Project Implementation
   - Owner
   - Philadelphia Energy Authority

6. Ongoing C-PACE Program Administration Incl. Financing Repayment
   - Owner
   - Capital Provider
Application Resources

- Program Guidelines
- Pre-Application Form
- Final Application Form
- Applications should be submitted to CPACE@philaenergy.org

All program documents are available at PhiladelphiaCPACE.org
Philadelphia C-PACE

Step 1: Pre-Application
Pre-Application – Process Overview

• Must be completed by Property Owner or designated representative

• Establishes eligibility for participation in Philadelphia C-PACE program before investing in project development

• PEA commits to review in < 10 business days, usually faster

• Upon satisfactory review, PEA sends Notice of Pre-Application approval to Property Owner
Pre-Application – What PEA Reviews

• When reviewing the Pre-Application, PEA does a basic screen to confirm the following:
  • Financing amount > $100,000
  • Property is in Philadelphia
  • Property is eligible for C-PACE (not multifamily, residential or government-owned)
  • Proposed measures adhere to Program Guidelines
  • Confirm the applicant self-certifies key statements regarding eligibility

• If the above items are satisfactory, PEA will approve the Pre-Application

• PEA also may pre-check certain requirements for the Final Application including the property records, expected lien-to-value ratio, mortgage-holder consent and energy conservation measures
Pre-Application – Property Information

Mortgage/lienholder consent is not required for Pre-Application approval, but is required for Final Application approval so we want to make sure applicant is on top of this requirement.

Philadelphia C-PACE Program has a lien-to-value limitation of 95%, meaning that the total encumbrances on the Property (including all mortgages and the C-PACE financing amount) must be less than 95% of the assessed or appraised value of the Property.
Section 4 of the Program Guidelines describes measures eligible for C-PACE financing. Minimum financing amount is $100,000.

Projects must generate measurable energy savings or reductions in water usage. PEA recognizes that these numbers are estimates only at the Pre-Application phase.
Pre-Application – Self-Certifications

• The Property Owner must self-certify its compliance with the following program requirements:
  • Possession of most recent deed (or other applicable documents)
  • Plan for mortgage/lienholder consent
  • Property owner solvency
  • Up-to-date on tax obligations
  • No involuntary liens
  • No uncured notices of default or delinquency on property-based debt
  • No pending litigation affecting C-PACE financing

• Please review these certifications carefully
• These self-certifications are required again in the Final Application
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Step 2: Project Development
Project Development – Overview

• Property Owners and/or their designated representatives will work to develop and define an eligible C-PACE Project:
  • Obtain an Energy Conservation Measures (ECM) Survey as described in Section 4.0 of the Program Guidelines
    • See PEA’s website for a list of engineering firms who have self-certified their ability to perform ECM Surveys for the Philadelphia C-PACE program
  • Work with Qualified Contractors to determine the final scope, project cost and schedule
  • Work with C-PACE Capital Provider(s) to secure acceptable C-PACE Financing terms and conditions
  • Obtain mortgage/lienholder consent
Step 3: Final Application
Final Application – Process Overview

- Must be completed by Property Owner or designated representative
- PEA commits to review in < 15 business days, unless the project’s technical features require additional technical review
- Upon satisfactory review, PEA sends Notice of Final Application approval to Property Owner
## Final Application – Full Checklist (1 of 2)

<table>
<thead>
<tr>
<th>Application Requirement</th>
<th>Where to find more information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final Application Form</td>
<td>Form available at PhiladelphiaCPACE.org</td>
</tr>
<tr>
<td>ECM Survey</td>
<td>Must be obtained by property owner; See Sec. 4 of Program Guidelines for more information</td>
</tr>
<tr>
<td>Execution-Ready Statement of Levy and Lien (with complete set of exhibits and attachments)</td>
<td>Form agreement available at PhiladelphiaCPACE.org; Agreement is set, but applicant must provide exhibits</td>
</tr>
<tr>
<td>Signed Mortgage/Lienholder Consent Form</td>
<td>Sample consent form is in Appendix J of Program Guidelines but applicant is welcome to use another format if desired</td>
</tr>
<tr>
<td>Signed Program Administrator Disclosure and Release Form</td>
<td>Form is in Appendix K of Program Guidelines</td>
</tr>
<tr>
<td>Qualified Contractor Terms and Conditions Self-Certification</td>
<td>Form is in Appendix H of Program Guidelines</td>
</tr>
<tr>
<td>Capital Provider Statement regarding Qualified Contractor</td>
<td>See Sec. 5 of Program Guidelines for details; Capital Provider must draft its own form</td>
</tr>
<tr>
<td>Qualified Contractor Certification to Capital Provider, if applicable</td>
<td>See Sec. 5 of Program Guidelines for details</td>
</tr>
<tr>
<td>Diversity and Inclusion Plan</td>
<td>See Appendix L of Program Guidelines for sample language</td>
</tr>
</tbody>
</table>
## Final Application – Full Checklist (2 of 2)

<table>
<thead>
<tr>
<th>Application Requirement</th>
<th>Where to find more information</th>
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<tbody>
<tr>
<td>Verification of Property Enrollment in EPA Portfolio Manager</td>
<td>See Appendix E of Program Guidelines</td>
</tr>
<tr>
<td>Title Report</td>
<td>Provided by applicant</td>
</tr>
<tr>
<td>Property Description</td>
<td>Provided by applicant</td>
</tr>
<tr>
<td>Detailed Project Budget (Incl. plan for payment of program expenses)</td>
<td>Provided by applicant</td>
</tr>
<tr>
<td>Philadelphia License &amp; Inspection Department Records (if applicable)</td>
<td>Provided by applicant</td>
</tr>
<tr>
<td>Zoning/Planning Approvals (if applicable)</td>
<td>Provided by applicant</td>
</tr>
</tbody>
</table>
Final Application – What PEA Reviews

• When reviewing the Final Application, PEA looks to confirm the following:
  • All information required for Pre-Application approval:
    • Minimum financing amount of $100,000
    • 95% maximum lien-to-value ratio
    • Project is for commercial property located in Philadelphia
  • ECM Survey meets the requirements of Section 4.0 of the Program Guidelines
    • PEA may engage an external engineering firm to review complex ECM Surveys
  • Mortgage/lienholder consent has been received
  • Property Owner self-certifies its eligibility for C-PACE financing
  • Complete and accurate submission of all documents listed on previous two slides

• PEA may review public records, including the real property records, to verify compliance with eligibility requirements
Final Application – Mortgage/Lienholders

<table>
<thead>
<tr>
<th>6. MORTGAGE/LIEN HOLDER(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Financial Institution or Lienholder</td>
</tr>
<tr>
<td>Total Outstanding Lien Balance (if there is more than one lienholder on the property, attach a list of all lienholders and lien amounts)</td>
</tr>
<tr>
<td>Assessed or Appraised Value of Property</td>
</tr>
<tr>
<td>Date of Assessment or Appraisal</td>
</tr>
<tr>
<td>Source of Assessment or Appraisal (Attach supporting documentation)</td>
</tr>
<tr>
<td>Total Encumbrances (incl. C-PACE Financing Amount) as a Percentage of Property Value (95% maximum per Program Guidelines)</td>
</tr>
<tr>
<td>Have you received consent from Mortgage / Lienholder?</td>
</tr>
</tbody>
</table>

Mortgage/lienholder consent is required for approval of Final Application

Used to verify lien-to-value ratio of property
This project data should be pulled directly from the ECM Survey. PEA will use this data to determine the financial and energy/water savings associated with the project.
Total project sources and uses are required as part of the C-PACE Final Application. This is not a substitute for the Detailed Project Budget (incl. plan for payment of program expenses).
Final Application – C-PACE Financing

Term cannot exceed the weighted-average useful life of the equipment installed. Regardless of the weighted-average useful life (which should be calculated clearly in the ECM Survey), the maximum term is 30 years.
Final Application – Information Release

• The C-PACE Capital Provider must disclose certain information to the Property Owner regarding expected project impact and C-PACE financing information.

• Per the Pennsylvania C-PACE Statute, PEA must disclose certain information to the public after a deal closes.
Step 4: Statement of Levy & Lien Agreement
Statement of Levy & Lien Agreement

- Form Agreement available at PhiladelphiaCPACE.org
- Memorializes for the public record that there is a C-PACE Special Assessment on the Property Owner’s real property, among other terms
- Signed by:
  - Property Owner
  - Capital Provider
  - Philadelphia Energy Authority (as Program Administrator)
  - City of Philadelphia
- Following the execution and payment of all applicable fees, the Program Administrator will record the C-PACE Statement of Levy and Lien Agreement with the Philadelphia Department of Records
Financial Close

• Financing will close and funds will be made available for C-PACE Project on or after the date on which the C-PACE Statement of Levy and Lien Agreement is recorded

• At closing, all amounts payable to the Program Administrator (Program Fees and any soft costs) will be distributed via wire

• For more information on distributions, please see Step 5: Project Implementation
Public Disclosure

• Following execution of a C-PACE Statement of Levy and Lien Agreement, the Program Administrator will post online and make available to the public a notice containing the following information about the Assessment and the C-PACE Project:
  • The legal description of the property;
  • The name of the Property Owner;
  • The total amount of the qualified C-PACE Project and a complete description of the Project;
  • C-PACE Financing amount and the Assessment needed to satisfy that amount;
  • The financing rate on the C-PACE Financing, the total amount of the financing and any financing charges associated with the C-PACE Financing;
  • A reference to the statutory assessment lien provided under the Pennsylvania C-PACE Statute.

• The Property Owner consents to this disclosure as part of the Final Application Form
Step 5: Project Implementation
Project Implementation – Milestone Payments

- Payments to be distributed per the C-PACE Financing Agreement (subject to milestone distributions)

- Upon substantial completion of the project, the Property Owner will arrange for a Completion Certificate acknowledging that all contracted work has been properly completed
  - Qualified Contractor or ECM Survey provider must complete commissioning of the ECMs prior to executing a Completion Certificate

- The Property Owner will submit executed Completion Certificate to PEA

- Capital Providers are prohibited from releasing, and installation contractors are prohibited from receiving, final payment for a C-PACE Project until PEA has confirmed receipt of Completion Certificate
Step 6: Ongoing Requirements
Ongoing Requirements

1. Property Owner fulfills C-PACE payments on time in accordance with C-PACE Financing Agreement; also pays annual Administrative Fee of $750 to PEA

2. Property Owner uploads building’s energy and water usage data to EPA Portfolio Manager on annual basis in line with City’s benchmarking requirements

3. PEA manages invoicing, collections, and delinquency enforcement including placing a lien on the property and pursuing a Sheriff’s Sale
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Discussion
Contact Information

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