Requested Qualifications, Specifications, and Adjustments

For Vendors of PACE Administrative and Financing Services

Critical

Your program must meet or exceed the following requirements and will receive 200 immediate points out of 410 possible. 300 points are required to be considered as a service provider.

Terminology

For items 1- 7, the term "assessment" refers to the PACE-projects that effectuate a tax lien (project costs plus all fees, capitalized interest, other costs that match the amount of the tax lien)

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

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

Equity Requirements

1) To be approved for PACE funding, property owners must have sufficient equity in their property to cover the cost of the proposed project and all fees, with the following prerequisites:
2) Property owners must have at least 10% equity for both commercial and residential properties, except wherein…
    i) Without lender consent, residential property owners must have at least 15% equity[1]in the property.

Project Value Limitations

3) **With lender consent**, ***encumbered residential properties*** without FHFA-regulated mortgages shall not have projects funded in excess of 10% of just value with lender consent.
4) **Without lender consent**, ***encumbered residential properties*** without FHFA-regulated mortgages shall not have projects funded in excess of 7% of just value with lender consent.
    i. Projects may not exceed 20% of the equity held in the property
5) Non-encumbered residential properties shall not have projects funded in excess of 10% of just value[2].
6) Consent of existing lender and/or adjustment of escrow must be *sought* for residential properties.

Fannie Mae and Freddie Mac properties

[1] based on recommendations by the Department of Energy and the White House
[2] based on recommendations Institute for Building Efficiency Issue Brief

7) ***Properties with FHFA-regulated mortgages*** shall be strictly limited from program participation through **one or both** of the following:

   a) Project value limitation of 5% of just value for such properties.

   b) Equity in property is greater than or equal to 50%.

8) ***Commercial properties*** shall not have projects funded in excess of 15% of just value[3], unless the following circumstances apply.

   - Specifics: Assessment may exceed 20 percent of just value if an energy audit demonstrates that savings resulting from the project would be greater than or equal than the total assessment cost, and that the ratio of the resulting lien to the equity not exceed 20 percent.

9) Consent of the existing lender and property owner must be *obtained* for commercial properties; consent of property owner must be sought.

   - Specifics: Tenants applying through the property owner must have a NNN lease and provide property owner acknowledgement of assessment placement and possible increase of property value and taxes.

10) Loan to value (LTV, all debt on the property compared to the just value of the property) of all encumbrances on residential properties must not exceed 90% after assessment is placed.

11) The program must offer payback terms that meet all following criteria:

   i) Property owner shall select number of years of repayment term upon offer by program administrator based on useful life of improvements.

   ii) No minimum term of assessment; maximum term of assessment not to exceed 20 years or useful life of improvements, whichever is less.

12) The program must minimize prepayment or early payment penalties.

   i) No more than 5% penalty on the remaining amount due for early full payment.

13) Noticing responsibilities shall be as follows:

   i) property owner is responsible for:

      (1) noticing existing mortgagee

      (2) noticing prospective buyer and program administrator in event of property sale; subsequent responsibility of program administrator to notice new owner

   ii) program administrator is responsible for:

      (1) communicate risk to property owner in separate document, with versions applicable to commercial/non-residential, non-encumbered residential, and FHFA-encumbered residential

      (2) seeking and obtaining consent from existing mortgagee

      (3) noticing buyers / new owners of affected property

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[3] based on recommendations Institute for Building Efficiency Issue Brief

    iii) all notices must be sent also to County

14) The program administrator shall reimburse and/or cover administrative and development costs incurred by County and the County's constitutional officers, *including but not limited to* County Commissioners, County Manager, County Attorney, Tax Collector, Property Appraiser, and Public Works:

    i) Specifics:

        (1) Upon beginning negotiations with vendors, all administrative costs incurred by Tax Collectors and Property Appraiser shall be reimbursed by the PACE district or program administrator, including personnel, forms, supplies, data processing, computer equipment, postage, and programming.

        (2) All in-kind staff time and incidental costs incurred by County Attorney and County Manager for legal and development tasks shall be reimbursed.

        (3) The program administrator shall provide training and orientation to all relevant and affected departments of County, including but not limited to Building, Public Works, Manager, and Communication.

15) Eligible projects shall include water efficiency improvements as long as they are permanently affixed to the property.

16) Interest rates for projects shall be based on international rates, such as LIBOR rates, and/or negotiable by property owners with capital providers of their choosing and/or locally.

17) The program shall require and enforce methods of measurement and verification for funded projects, including but not limited to:

    i) Administrator must track energy savings or production, if applicable.

    ii) Administrator must offer a grievance period and/or verify work of contractors.

    iii) Program-registered contractors should offer at least short-term warranty or other guarantee.

18) Membership in the district administered by the vendor must limit liability of participating governments and must not require any party to indemnify or insure another.

    - Specifics: limited liability must be provided through district/party membership agreement without qualifications/restrictions regarding existing local government roles, powers held by each separate entity, etc.
    - Source: FS 768.28
    - Notes: See next item.

19) The private sector administrator shall indemnify the PACE district and, by extension, its members.

20) If applicable, bonds used to fund projects shall have been validated by higher courts and issued through appropriate authority.

Important

Your program shall be higher rated based on your ability to meet or exceed the following qualifications. The possible points are indicated to the right of each item and will be multiplied by a value based on the ranking of your responsiveness for a subtotal of 210 possible points out of a total 410. 300 points are required to be considered as a service provider. See the attached Vendor Response Ranking Guide as a reference.

Weight metric:
Very Important: 15
Moderately Important: 10
Somewhat Important: 5

Qualification	Weight
1) The administrator shall minimize the administrative and application fees incurred by the property owner. ▪ Specifics: no more than one cost recovery mechanism imposed on property owner; options to pay passthrough fees and qualifying costs upfront must be offered ▪ Notes: Cost recovery mechanisms include but are not limited to: annual administrative fees collected with assessment, administrative fee added as closing cost to principal, yield spread premium added to assessment amount. ➢ Please specify administrative and application fees, including all third party fees (recording, permitting, etc.) in financing agreement with property owner.	15
2) The administrator shall provide full-service project assistance to the property owner, including all necessary documents for existing lenders and prospective buyers, fee disclosures, contractor guide, etc.	10
3) The administrator shall provide training and orientation for County staff ▪ Specifics: existing roles and responsibilities must be accommodated; all relevant departments shall receive such training and orientation	10
4) Properties must meet an established energy efficiency benchmark before renewable energy projects are approved. ▪ Specifics: property owners seeking renewable energy improvements must have an energy audit (see next item)	15

5) An energy audit shall be conducted according to industry standards and/or established benchmarks for all projects. 15
    - Specifics: wind mitigation projects exempt

6) Multiple PACE assessments allowable on a property/parcel. 5

7) Carbon credits or renewable energy credits (RECs) shall be retained by the property owner. All applicable incentives or rebates shall be applied to defray the assessment, if applicable and desired by the property owner. 15

8) Vendor of financing services agrees to purchase tax deed certificate in case of default 5
    - Notes: program administrator purchases certificate to remove it from County's docket and boost mortgagee's ability to recover

9) Project financing / purchase of bonds shall come from the private sector and/or be arranged through property owner's existing bank or credit union. 5

10) The administrator shall not charge a registration fee for contractors to enroll in the program, unless training is provided for a fee. 5

11) The vendors of financing services shall have secured capital from multiple sources and/or multiple capital providers to provide project funding. 15

    a) warehouse and pooled bond vendors shall have sufficient secured capital to cover their projected project docket for the upcoming two years
    b) open-market programs shall have several dedicated capital providers with local offerings

12) At least 50% of projects funded to date by the program were for energy efficiency and/or renewable energy upgrades. 5

13) At least one member of the administrative team to represent experience per each in all of the following: (1) clean energy law (2) clean energy financing (3) local gov't coordination (4) clean energy engineering 15
    - Please describe your team members' qualifications and experience in your response.

14) Alachua County shall have representation on the governing board of the PACE district and be afforded oversight through access to project management, assessment rolls, etc., and through interlocal agreements with Constitutional Officers. 10