Lean & Green Michigan

PACE Project Administration for Private & Non-Profit Buildings

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What is PACE?

A long-term financing mechanism for commercial property owners to make their buildings more energy efficient without incurring upfront costs.

Property owners receive 100% financing for energy saving upgrades on their facilities and pay the PACE loan back through a special assessment on their property taxes.
Why PACE?

● Buildings use 47.6% of energy in the United States (not counting industrial use)
● 30% of that energy (and expense) is wasted!

● Comprehensive energy efficiency upgrades take 5-25 years to pay back
● So businesses keep wasting energy and money!
Benefits of PACE Financing

- Long-term financing up to 25 years, or the useful life of the measures
- Fixed interest rate (negotiated on each deal)
- No upfront costs — 100% financing
- Immediate positive cashflow
- SIR > 1
- Runs with the land, transferring to subsequent owner upon sale of the property
- Payments may be passed to tenants
What can be financed?

- Energy efficiency improvements
- Water efficiency improvements
- Renewable energy improvements
- Refinancing all of the above
PACE in Michigan

- Property Assessed Clean Energy Act (2010)
- One efficient PACE market
- All privately funded by market lenders
- Public-private partnership: counties join for free
- Consumer protections
  - Energy savings guarantee
  - Positive cash flow requirement
    - For projects > $250,000
Local governments have joined Lean & Green Michigan.

69% of Michigan’s population lives in Lean & Green jurisdictions.

$21M worth of C-PACE projects have been completed in Michigan.
One efficient statewide marketplace
PACE Financing: Step 1
Determining Eligibility

- Is the property a commercial, industrial, or non-profit?
- Is the property value greater than $400,000?
- Does the property spend more than $60,000 on utilities annually?
- Is the existing debt on the property less than 80% the value of the property?
- Is the property owner current on all property tax obligations?
PACE Financing: Step 2
Initial Energy Analysis

- PACE contractor or consultant
  - Visits property
  - Reviews historical utility bills
  - Gathers information about what property owner wants/needs

- PACE contractor provides general estimate on viability of project and PACE opportunity for property owner
● Lean & Green Michigan (LAGM) is an open market: property owners may use any appropriate lender
  ○ (currently, rates can range between 5.5% and 7.5%)
● We can connect you with PACE lenders
PACE Financing: Step 4
Apply Using LAGM Application

● Once you have a viable project, it is time to finalize an application for PACE financing with LAGM

● Send attachments to christian@levinenergypartners.com
PACE Financing: Step 5
Energy Audit & Final Scope of Work

- PACE contractor needs to:
  - Complete an ASHRAE Level 2 energy audit
  - Finalize a scope of work
  - Develop energy modeling for SIR
  - Provide an energy savings guarantee
Final Step: Documentation and Deal Closing

- Contractor provides *audit, useful life calculation, project proposal, and Energy Savings Guarantee*
- Once lender has been secured and the energy savings is guaranteed, it is time to document the project and close the deal
- Levin Energy Partners will coordinate deal closing
Additional Benefits of PACE

- More local jobs/increased market for projects
- Updates to building’s energy infrastructure
- More comfortable buildings
- Increases property values for local governments
- Reduces energy burdens
- Reduces environmental impacts
- Reduces CO2 emissions
- Green PR opportunities
Featured Projects

- 513-515 West Ionis Street
- Cambridge Court Apartments
- Garfield Metro Building
- Hannan Memorial Foundation
- Hatchery Road Apartments
- Heller Machine Tools
- Liquid Web/Hilicoop
- Michigan Public Service Commission
- Powers Distributing
- Radisson Hotel
- Roberts Riverwalk Hotel
- St. Clair Inn
- The Whitney Restaurant

https://leanandgreenmi.com/projects
Thank you!

- Christian G. Koch, Levin Energy Partners, LLC