



PROGRAM GUIDE

VERSION 1.0

September 15, 2020

A program of:



Administered by:



TABLE OF CONTENTS

OVERVIEW	4
BACKGROUND	4
HOW TO USE THIS GUIDE	4
PROGRAM OVERVIEW	4
HOW C-PACE WORKS	5
PROGRAM BENEFITS	5
KEY PARTIES TO A C-PACE TRANSACTION	7
KEY STEPS TO A C-PACE TRANSACTION	8
FOR MORE INFORMATION CONTACT	11
PROGRAM ADMINISTRATION	12
PROGRAM ADMINISTRATION	12
PROGRAM REQUIREMENTS	12
PARTICIPATION IN REBATE/INCENTIVE PROGRAMS	16
PROGRAM PARTICIPATION FEE	16
ELIGIBILITY (PROPERTY AND PROJECT)	18
ELIGIBLE PROPERTIES & PROJECTS	18
ELIGIBLE IMPROVEMENTS	18
NEW CONSTRUCTION	19
NEW CONSTRUCTION PROJECT ELIGIBILITY FLOWCHART	21
PROJECT TECHNICAL STANDARDS AND REVIEW	22
AUDIT REQUIREMENTS	22
ENERGY SAVINGS REQUIREMENTS	24
PROPERTY OWNER PARTICIPATION AND PROCESS	25
BENEFITS	25
ELIGIBILITY	25
PROCESS	25
NEW CONSTRUCTION DEVELOPER PARTICIPATION AND PROCESS	27
NEW CONSTRUCTION PROJECTS	27
BENEFITS	27
ELIGIBILITY	ERROR! BOOKMARK NOT DEFINED.
PROCESS	27

CONTRACTOR PARTICIPATION AND PROCESS	28
BENEFITS	28
ELIGIBILITY	28
HOW TO REGISTER	28
PROCESS	29
TECHNICAL SUPPORT	29
CAPITAL PROVIDER PARTICIPATION AND PROCESS	31
BENEFITS	31
ELIGIBILITY	31
HOW TO QUALIFY	31
WAYS TO PARTICIPATE	32
MORTGAGE HOLDER PARTICIPATION AND PROCESS	33
BENEFITS	33
PARTICIPATION	33
PROCESS	33
CONSENT	34
GENERAL TERMS AND PROVISIONS	35
TAXES	35
CHANGES IN THE PROGRAM TERMS; SEVERABILITY	35
DISCLOSURE OF PROPERTY OWNER INFORMATION	35
RELEASES AND INDEMNIFICATION	35
APPENDIX	36
KEY DEFINITIONS	36
REFERENCE DOCUMENTS	38

OVERVIEW

BACKGROUND

In 2017 the State of Nevada authorized¹ cities and counties to implement Commercial Property Clean Energy (C-PACE) programs. Subsequently, on August 5, 2020, the City of Fernley (the “City”) adopted the program² and on September 2, 2020 designated Sustainable Real Estate Solutions, Inc. (“SRS”) to serve as the City’s C-PACE Program Administrator.

HOW TO USE THIS GUIDE

This guide is intended to inform and guide all parties who participate in the Fernley commercial property assessed clean energy (“Fernley C-PACE” or “C-PACE”) program—including property owners, commercial real estate developers, energy efficiency and renewable energy contractors, mortgage holders, capital providers, and the community. This guide is for educational purposes only and does not constitute legal advice. Interested parties should consult with their own attorneys with respect to legal aspects of the C-PACE Program.

PROGRAM OVERVIEW

C-PACE is designed to help qualifying commercial, industrial and multifamily (containing five or more dwelling units) property owners access long term, private-sector financing for the installation of qualifying energy efficiency improvements and renewable energy projects (“energy improvements”). Such improvements may include any construction, renovation or retrofitting of energy efficient technology, clean energy systems, or qualifying waste heat recovery technologies that are permanently fixed to qualifying commercial property.

C-PACE is a “win-win” program that, aside from lowering the utility expenses and increasing the value of improved properties, advances important public policy goals that include reducing energy and water costs, increasing renewable energy deployment, reducing greenhouse gas emissions, and creating local jobs.

C-PACE financing is provided by private capital providers in an open market. The financing is secured through a voluntary benefit assessment and assignable lien that is levied against the owner’s property. Repayment to the capital provider is facilitated in accordance with a standard C-PACE financing agreement between the property owner, the City, and the capital provider. The maximum financing term is based on the useful life of the improvements and can extend up to 25 years. The financing itself can cover up to 100 percent of a building’s project cost and often requires no money down.

C-PACE projects must be designed such that the estimated energy cost savings, over the effective useful life of the qualified energy efficiency improvements and/or renewable energy improvements, exceeds the financing amount, i.e. the savings-to-investment ratio (“SIR”) be greater than one. Such projects create positive cash flow for the property owner.

¹ Nevada Revised Statutes Chapter 271.

² Implemented in accordance with Resolutions R-20-016 and R-20-017.

This combination of benefits means C-PACE property owners can make substantial upgrades to their buildings and, in most cases, the upgraded building is more valuable after a C-PACE project has been completed.

As in many other programs nationwide, C-PACE is also available to commercial real estate developers who design and construct new buildings that meet or exceed the requirements of Nevada's new construction energy code (IECC 2018/ASHRAE 90.1-2016). In other states with C-PACE programs, such financing has proven to be attractive to developers who use it to reduce their project's weighted average cost of capital or fill gaps in their financing plan.

HOW C-PACE WORKS

C-PACE enables owners of qualifying commercial, industrial and multifamily housing (containing five or more dwelling units) real property located in the City of Fernley ([view map](#)) to use private-sector money to finance qualifying energy improvements.

C-PACE is economically attractive because it offers (subject to approval by the applicable capital provider) up to 100 percent financing of qualifying energy improvements for existing building retrofit projects and up to 20 percent financing of qualifying energy improvements for new construction projects, with terms that extend up to 25 years. In addition, since the financing is tied to the property, the owner is typically not required to sign a personal guarantee. Repayment is secured by a voluntary benefit assessment, similar to a sewer assessment, which is levied against the owner's property and billed by the City, or its designee, in the same manner as a special improvement district bill.

Multiple capital providers have registered with the C-PACE program to finance qualifying energy improvements. Property owners can select their preferred C-PACE-registered capital provider to fund their project at the time of project application submittal, or, at the request of a property owner, the program administrator can solicit financing term sheets from participating capital providers once the project eligibility review has been completed by the program administrator.

Capital providers and their project development partners are encouraged to develop projects for submission to the program administrator for approval. In such instances, the program administrator will not solicit financing terms from other capital providers and will work solely with the originating capital provider or the capital provider designated by the project developer/property owner.

From start to finish, C-PACE projects can often be financed within 45 to 90 days.

PROGRAM BENEFITS

Fernley C-PACE offers multiple benefits to a broad range of stakeholders, including property owners, developers, contractors, capital providers, mortgage holders, and communities.

Property Owners

Fernley C-PACE helps building owners reduce their operating costs, improve the value and market competitiveness of their asset, meet energy performance goals, and increase the cash flow from their building. C-PACE does this in several ways:

Up to 100% Financing

While C-PACE financing can be attractive to all property owners, it is especially so for owners who lack the capital needed to pay for beneficial energy improvements. For such owners, C-PACE solves this problem by providing up to 100 percent, long-term financing for qualifying energy improvements (subject to approval by the applicable capital provider). Audit, feasibility study, construction, financing costs, and other project costs could be included in the financing.

Long-term Financing

Typically, commercial real estate lenders provide up to 10-year financing. The longer-term C-PACE financing (commensurate with the useful life of the improvements, typically 15-20 years) fully amortized over the term of financing allows property owners to pursue more capital-intensive, comprehensive energy improvements. The maximum financing term cannot be greater than the life of the improvements (as established by the statute³).

No Personal Guarantee

C-PACE is property-based financing that is secured by a benefit assessment (lien) that is levied against the property. As a result, the owner is typically not required to sign a personal guarantee.

Transfers Upon Sale

Property owners who sell their building before the benefit assessment is repaid can transfer the repayment obligation to the next owner.

Cost Recovery

C-PACE may help solve the split incentive or misalignment of incentives that may arise between owners and tenants. Owners are less likely to undertake comprehensive energy improvements when their tenants receive the financial benefits in the form of lower utility bills. Under some leases, the C-PACE structure may enable an owner to pass the benefit assessment on to the tenants, potentially solving the split incentive. Property owners are encouraged to consult with their attorney or accountant on this matter.

New Construction Project Developers

Developers or owners planning to construct a new building can use C-PACE financing to reduce their owner equity contribution or their need for other types of financing, such as mezzanine financing, and often can lower their weighted average cost of capital. With C-PACE, developers and owners can access up to 20 percent of their total eligible construction cost, provided they design the new building to meet or exceed the current Nevada energy code (IECC 2018/ASHRAE 90.1-2016).

Contractors

C-PACE enables a property owner to access up to 100 percent long-term financing for the hard and soft costs related to qualifying energy improvements (subject to financial underwriting and approval by the applicable capital provider). This long-term financing, which is based on the weighted average useful life of the improvements, can make energy efficiency and renewable energy improvements much more

³ Nevada Revised Statutes Chapter 271.

affordable. This means contractors can close more projects and expand their business.

Capital Providers

C-PACE investments are secured by a voluntary benefit assessment lien levied against the property on which the qualifying energy improvements are made. The C-PACE benefit assessment lien is of co-equal priority with real estate tax liens and other assessments as to the current C-PACE installment payment that is due and any delinquent C-PACE payments, and is:

- Senior to all other previously recorded senior liens, provided a written lender consent agreement is executed by the holder of each such senior lien, and
- Shall run with title to the property and shall not be extinguished by a foreclosure, and
- Is evidenced by a C-PACE certificate, as may be amended from time to time in accordance with the C-PACE Resolutions and the C-PACE Assessment and Financing Agreement.

Once an existing senior lien holder's consent has been received, third-party capital providers, i.e. participating local banks or specialty lenders can bid on financially attractive, finance-ready projects. Such capital providers are also encouraged to originate projects with property owners. Existing lien holders (established by the statute⁴) are entitled, within thirty days after providing consent, to offer C-PACE financing to the property owner.

Mortgage Holders

To qualify for financing, the C-PACE program requires that the project's estimated cost savings will, over the term of the financing, exceed the repayment obligation of the project financing, i.e. the saving-to-investment ratio must be greater than one (SIR>1). Such projects often result in a building that is likely to see increased net operating income, increased debt coverage ratio, increased value, and a higher return on investment.

From the mortgage holder's point of view, a completed C-PACE project has the following key benefits:

- The mortgage holder's loan is more easily repaid due to the borrower's increased cash flow
- The property is more attractive to current and potential tenants or buyers
- The benefit assessment does not accelerate. In the event of a default, only the portion of the assessment that is in arrears is due.

[View a list](#) of financial institutions that have granted consent to C-PACE projects in other parts of the country.

KEY PARTIES TO A C-PACE TRANSACTION

There are multiple parties to a C-PACE transaction; each plays a distinct role in the process. They include:

Property Owner

The legal owner of the property upon which the qualifying energy improvements will be installed.

⁴ Nevada Revised Statutes Chapter 271

Program Administrator

Sustainable Real Estate Solutions, Inc. (SRS) has been designated by the City to serve as the program administrator.

City Clerk in the County Recorder's Office

For projects that have closed C-PACE financing, the program administrator will co-ordinate with the City Clerk in the County Recorder's Office to levy the C-PACE benefit assessment against the property. Notice of the benefit assessment lien established by such levy shall be recorded in the County Recorder's Office. The lien will then be assigned to the capital provider.

Capital Provider

Banks or other specialty capital providers, who have registered to participate, can offer property owners C-PACE project financing. Capital providers provide financing directly to benefited property owners. The property owner, not the program administrator, is responsible for selecting the capital provider. Capital providers are responsible for underwriting each financing transaction to determine whether to invest in the project. Each project will be subject to third-party technical review and eligibility approval by the program administrator.

If a capital provider chooses to invest, it will enter into an assessment and financing agreement with the property owner and the City. This document details the terms and conditions under which the investment will be made. The capital provider controls disbursements of the financing to reimburse the property owner for costs incurred in the installation/construction of the qualifying energy improvements on the qualifying property. The capital provider will manage billing and collections of the C-PACE assessment in accordance with the payment schedule included in the financing agreement.

Registered Contractor

Any contractor, auditor or developer licensed by the City of Fernley and the State of Nevada that performs the work required for the analysis, installation or construction of the qualifying energy improvements can be enrolled in the C-PACE program. The property owner, not the program administrator, is responsible for selecting the contractor, auditor, or developer. Moreover, by establishing contractor registration criteria, the City of Fernley, the City's program manager, the Fernley C-PACE program, and its program administrator are not recommending or endorsing a particular contractor or warranting the reliability of any such contractor.

KEY STEPS TO A C-PACE TRANSACTION

Application/Eligibility Determination

An interested property owner or a representative of the property owner must submit a C-PACE project application to the program administrator. Upon receipt, the program administrator will review the application and determine whether the property owner and project appear eligible for the C-PACE program and issue a preliminary project eligibility notification. Final project eligibility determination will

be subject to the program administrator's review of the applicant's energy audit/renewable energy feasibility study and compliance with the terms and conditions as described in the program requirements section below.

Energy Audit/Project Scoping

An energy audit/renewable energy feasibility study that complies with the requirements outlined in the Project Technical Standards and Review section of this Program Guide is required for all transactions. Completing the audit/study and developing the scope of work will likely be an iterative process. Depending upon how the overall project has been originated (contractor-driven, owner-driven, developer/consultant-driven), applicants may need assistance navigating this process. In such cases, they should contact the program administrator for assistance.

Mortgage Holder Notice/Consent

C-PACE requires that all holders of existing properly recorded liens against the property be notified of the proposed C-PACE transaction and consent to the recording of the benefit assessment lien. The formal written consent must be received before the program administrator will authorize the closing of the transaction. The program administrator is available to support the property owner in the review of the C-PACE program requirements with the mortgage holder.

Underwriting/Approval

Within the parameters of these C-PACE guidelines, the capital provider will establish the financing terms and conditions and financial underwriting standards for a project. The capital provider will make its own determination as to whether an investment in a specific project is warranted. Once the underwriting process is complete, the capital provider will issue a conditional approval or financing commitment letter that outlines the terms of the financing, including any conditions of closing.

Conditions of closing for a financing will include, but may not be limited to, the consent of the mortgage holder (if any), that procedures for a benefit assessment lien recording have been established and that a schedule for timely repayment of the lien has been agreed to by the parties to the transaction.

A copy of the capital provider's approval letter, the final scope of work, construction contracts, mortgage holder consent letter, assessment and financing agreement and any outstanding application or project review documents must be submitted to the program administrator for final review. Once the program administrator has determined that all statutory and program requirements have been met, it will issue a final determination of eligibility to the applicant with a copy to the capital provider.

Closing

Prior to the closing, the property owner, the City and the capital provider will enter into an assessment and financing agreement that sets forth the terms of the financing, the fees to be paid to the program administrator and the conditions and authorities under which the C-PACE benefit assessment will be governed. The closing, which requires that all project approval conditions have been met, will be managed by the capital provider.

Benefit Assessment

The benefit assessment may cover up to 100% of project costs, including but not limited to, audits, feasibility studies, equipment, maintenance, labor, and other costs directly related to the project over the project's life; and the C-PACE program administration costs. The benefit assessment may be neither extinguished nor accelerated in the event of default or bankruptcy; shall be levied by the City and

assigned to and collected by the capital provider pursuant to the authority granted to the City by Chapter 271 of the Nevada Revised Statutes.

The benefit assessment may remain with the real property upon sale, including in the event of a foreclosure. In the event of default or delinquency, it may be enforced in accordance with Chapter 271.625 of the Nevada Revised Statutes, including with respect to any penalties, fees and remedies and lien priorities; provided that a foreclosure sale brought with respect to C-PACE assessments shall not have the effect of extinguishing any subordinate mortgage liens against the qualifying commercial real property.

Notwithstanding any other provision of law: At the time of a transfer of property ownership including foreclosure, the past due balances of the benefit assessment shall be due for payment; but future benefit assessment payments shall continue as a lien on the property.

In the event of a foreclosure action, the past due balances due and payable shall include all payments on the benefit assessment that are due and unpaid as of the date the action is filed, and all payments on the assessment that become due after that date and that accrue up to and including the date on which title to the property is transferred to the mortgage holder, the lien holder, or a third-party in the foreclosure action. The person or entity acquiring title to the property in foreclosure shall be responsible for payments that become due after the date of such acquisition.

Recording and Assignment of Liens

Once the program administrator has received the executed documents and confirmed that all closing conditions have been met, the program administrator will coordinate with the City Clerk in the County Recorder's Office to levy the C-PACE benefit assessment against the property. Notice of the benefit assessment lien established by such levy shall be recorded in the County Recorder's Office. The lien will then be assigned to the capital provider. Subsequently, the capital provider will disburse financed funds to the property owner in conjunction with the negotiated funds disbursement schedule set forth in the assessment and financing agreement.

Construction/Disbursement

The capital provider is responsible for managing the disbursements of the C-PACE financing during construction per the terms of the assessment and financing agreement. The property owner should refer to that agreement to understand the capital provider's requirements for periodic inspections, progress payments, and change orders.

Construction Closeout

The property owner should review the assessment and financing agreement to determine the process the capital provider will require to close out the construction phase of the project and move it to the permanent financing stage. This process may include an amendment to the benefit assessment to account for any adjustments to the principal amount of the benefit assessment associated with capitalization of construction interest or any other cost adjustments incurred during construction of the project. If so, the capital provider will notify the program administrator to facilitate the recording in the land records of the County Recorder's Office a Confirmation and Amendment of Special Assessment Lien. Any adjustments to the payment schedule must fully amortize the amount financed over the remaining terms of the agreement.

Moreover, although not required by the C-PACE program, depending on the size and complexity of the project, the property owner, project developer, and capital provider may consider a post-construction commissioning report performed by either the party performing the original installation of qualifying improvements or a third-party as agreed to in the project developer and property owner contract. Such reports typically contain, at a minimum:

- A statement that systems have been completed in accordance with the contract documents, and that the systems are performing as expected
- Identification and discussion of any substitutions, compromises, or variances between the final design intent, contract documents, and as-built conditions
- A description of the components and systems that exceed the owner's project requirements and those which do not meet the requirements and why.
- A summary of all issues resolved and unresolved and any recommendations for resolution.

Such post-construction commissioning report costs are eligible to be included in the project financing. The program administrator reserves the right to visit project sites to conduct post-construction commissioning oversight to verify the installation is in compliance with program guidelines.

Servicing/Repayment

Financing granted under the C-PACE program is repaid to the capital provider by the property owner through periodic assessment payments as described in the assessment and financing agreement.

FOR MORE INFORMATION CONTACT

Program Administrator

Brian J. McCarter

Sustainable Real Estate Solutions, Inc. (SRS)

Phone: (203) 459-0567

Email: BMcCarter@PACEworx.com

PROGRAM ADMINISTRATION

PROGRAM ADMINISTRATION

Sustainable Real Estate Solutions, Inc. (SRS) has been designated by the City to administer the C-PACE program. SRS is responsible for program management and quality assurance, including prospective participants' (contractors, developers, capital providers) application processing, property owner project application processing and support services to all C-PACE stakeholders.

PROGRAM REQUIREMENTS

This section outlines the guidelines that govern all participants in the Fernley C-PACE program. All participants agree to adhere to the terms and conditions of the program requirements.

Service Area	The geographic area within the corporate boundaries of the City of Fernley, Nevada (view map).
Eligible Property	Commercial or industrial real property located within the corporate limits of the City having one of the following uses: <ul style="list-style-type: none">• Commercial• Industrial• Multifamily housing (containing five or more dwelling units). All properties must be current on property taxes and municipal assessments.
Eligible Applicant	The owner of an eligible property that meets all the qualifications established by these guidelines.
Eligible Project	An energy efficiency improvement project or renewable energy project located on an existing qualifying commercial, industrial or multifamily property is eligible provided it meets all program requirements, including the following requirements: <ul style="list-style-type: none">• For an existing building energy efficiency improvement project, the project must be determined to be appropriate by the program administrator through an energy audit conducted by a registered contractor. A project may be determined to be appropriate if:<ul style="list-style-type: none">○ The energy audit includes a summary of recommendations, which for each recommendation must include existing and expected consumption and expected energy savings expressed in British thermal units, kilowatt-hours, and kilowatts, the expected annual energy savings, the cost, the payback period in years, the expected life cycle in years and the percentage of savings, as applicable; and

- The expected energy savings from the project exceeds the investment costs of the project, i.e., the savings-to-investment ratio (SIR) is greater than one.
- For a renewable energy project, the project must be determined to be feasible by the program administrator through a written feasibility study conducted by a registered contractor.

The program administrator shall prepare and deliver to the property owner a project eligibility notification that includes the project’s estimated savings-to-investment ratio.

No properties are eligible for work completed before the effective start date, September 2, 2020, of the Fernley C-PACE program.

Energy Audit / Feasibility Study

An energy audit or feasibility analysis of the qualifying energy improvements on the existing qualifying commercial real property is required that is consistent with one of the following requirements:

- (i) ASTM International Standard E2797-15: Standard Practice for Building Energy Performance Assessment for a Building Involved in a Real Estate Transaction.
- (ii) ASHRAE Level 2 or 3 guidelines for energy audits or any comparable energy assessment guidelines, as applicable. For a renewable energy project, the project must be determined to be feasible through a written feasibility study. See the Project Technical Standards and Review, Audit Requirements section below for details.

Estimated Maximum Benefit

The estimated maximum benefit to the property from the installation of the qualifying energy efficiency improvement project and/or renewable energy project may not exceed the market value, e.g., the City’s assessed value or the appraised value of the tract.

Estimated maximum benefit is equal to the estimated average annual savings, divided by the property capitalization rate. The property capitalization rate is determined by the City or its program administrator in consultation with the project participants. Calculation methodology:

- Estimated average annual savings: the undiscounted dollar amount of the savings from all qualifying energy improvements over the effective useful life of the improvements, including projected utility price escalation and performance degradation factors, divided by the longest useful life of the qualifying energy improvements.
- Estimated maximum benefit: estimated average annual savings divided by the property capitalization rate.

Example calculation:

Lifetime savings:	\$6,262,298
Longest useful life:	25 years
Average annual savings:	\$250,492
Capitalization rate:	9.25%
Estimated Maximum Benefit:	\$2,708,021

**Program Eligibility/
Size Thresholds**

The total contract price of any eligible energy efficiency improvement project or renewable energy project must not exceed eighty percent (80%) of the estimated maximum benefit for the property, unless the owner of the property to be assessed (i) agrees to pay and pays, or causes another party to pay, the difference between eighty percent (80%) percent of the estimated maximum benefit and the total contract price from a source other than financing provided pursuant to NRS 271.6312 to 271.6325, inclusive; and (ii) agrees in writing that the improvement or installation will in fact benefit the property by an amount at least equal to the sum of the estimated maximum benefit and the amount to be paid from a source other than the qualified capital provider financing the project.

There is no program required minimum project dollar amount which may be financed, however, capital providers typically set their own minimum finance amount. Moreover, capital providers typically set their maximum finance amount in the range of 20 to 35 percent of the value of the property, based on the amount of mortgage debt outstanding.

The outstanding amount owed on all recorded instruments which are liens against the eligible property shall not exceed 90 percent of the estimated fair market value of the property assessed, as defined by the City, taking into account the imposition of the liens for the benefit assessments pursuant to NRS 271.6312 to 271.6325, inclusive, and the additional value added to the tract by a project financed pursuant to NRS 271.6312 to 271.6325, inclusive.

Security

The financing is evidenced by an assessment and financing agreement and is secured by a benefit assessment lien levied against an eligible property that:

- Is of co-equal priority with the real estate tax lien and other assessments
- As to the current C-PACE installment payment that is due and any delinquent C-PACE payments, is senior to:
 - All previously recorded senior liens, provided a written lender consent agreement is executed by the holder of each such senior lien, and
 - Shall run with title to the property and shall not be extinguished by a foreclosure, and
 - Is evidenced by a C-PACE certificate, as may be amended from time to time in accordance with the C-PACE Resolutions and the C-PACE Assessment and Financing Agreement.

Eligible Uses	Eligible uses include payment of the cost of energy audits, the cost of energy improvements to eligible property, the cost of non-energy improvements that are directly related to the installation of energy improvements (for example, the cost of a roof replacement to support a roof-mounted solar photovoltaic installation), commissioning, closing fees, and other C-PACE program costs.
Maximum Term	The maximum finance term for existing building retrofit projects shall not exceed the weighted average effective useful life of the qualifying energy efficiency project improvements and/or renewable energy project improvements as determined by the program administrator after review of the energy audit/feasibility study (up to 25 years). For new construction projects, the maximum finance term shall not exceed 25 years.
Amortization	The amount of the C-PACE financing shall be fully amortized in the installment payments over the financing term as agreed to by the property owner and qualified capital provider.
Billing and Payment	The billing of C-PACE assessments will be managed by the capital provider in accordance with the terms of the assessment and finance agreement. Assessment payments will be remitted by the property owner to the capital provider.
Evidence of Ownership	A title report is required prior to closing to show evidence of ownership and all encumbrances recorded against the property.
Written Consent of Program Participants	<p>Property Owner: each property owner of an eligible property on which an eligible energy efficiency improvement project and/or renewable energy project is located shall complete a written consent that verifies the location of the property is within the corporate boundaries of the City, and the levy of a benefit assessment against the tract for the purposes of paying all or a portion of the cost of an energy efficiency improvement project and/or a renewable energy project in an amount up to the estimated maximum benefit to the tract from the installation or improvement. The estimated maximum benefit may not exceed the market value of the tract as determined by the City or its program administrator. Each such consent shall be accompanied by a signed copy of the contract between the property owner and their registered contractor describing the installation or improvement identified in the consent.</p> <p>Lender: each lender who holds a lien on any tract on which an energy efficiency Improvement project and/or renewable energy project will be located shall consent in writing to the levy of a benefit assessment against the tract to pay all or a portion of the cost of the installation or improvement. A signed consent must be in a recordable form and is binding on the holder of a lien who signs the consent. Such lender is entitled (established by the statute⁵), within thirty days</p>

⁵ Nevada Revised Statutes Chapter 271.

after providing written consent, to offer a loan to the property owner of the tract as the primary lender on the new levy of a benefit assessment.

Each consent provided and each amendment thereto must be recorded by the City Clerk in the Lyon County Recorder's Office, and, once recorded, is binding on the property owner who signed the consent and any other person or lender who holds any interest in the tract to which the consent relates and who signed the consent.

New Construction New construction projects are eligible for C-PACE financing. See the Project Technical Standards and Review, New Construction Requirements section below for details.

PARTICIPATION IN REBATE/INCENTIVE PROGRAMS

Although not required, the C-PACE program encourages property owners to pursue all available federal investment tax credits, utility rebates, and incentive programs. Rebates and incentive programs provide participants with cash payments or tax credits for implementing energy and water improvements, thereby reducing overall project costs and the total amount the owner will need to finance. Rebate and incentive programs can also act as a third-party check on the validity of the proposed energy improvements and the projected energy savings.

NV Energy's (NVE) Business Energy Services program offers technical assistance and cash incentives for energy efficient equipment and lighting products that save energy and lower utility bills. For further information or to view application documents visit the [Retrofit for Existing Buildings](#) resources webpage. Moreover, NVE offers a Solar Incentives program, including an up-front installation incentive for solar PV systems that generate up to 25 kilowatts (kW) of electricity. Alternatively, Production-Based Incentives are available for systems that generate more than 25 kW and up to 500 kW. For more information visit the [Solar Incentives webpage](#).

Southwest Gas Commercial Services program offers energy efficiency rebates and promotions on qualifying natural gas equipment. For further information access the [rebates and promotions search tool](#).

Energy audits submitted for C-PACE project eligibility can include applicable utility incentives or rebates. Such incentives can lower the cost of eligible energy improvements, reducing the required amount financed and increasing the project's savings-to-investment ratio (SIR). Contact the program administrator for further information.

PROGRAM PARTICIPATION FEE

The Fernley C-PACE program is designed to be self-sustaining. The program administration fee charged to participants is intended to cover the startup and ongoing operating costs associated with designing and administering the program. The program administrator shall cause to be collected, for projects that are financed, the following fee to help offset its costs and the City's costs associated with administering the program.

- One-time Fee: A one-time program administration fee equal to 2.6 percent of the project finance amount, not to exceed \$75,000 per project, is applied to each financed project. Such fee, typically included in the total financed amount and due only if a project is successfully financed, shall be remitted by the capital provider to the program administrator within 10 days of the finance closing.

Project financing interest rates and any applicable capital provider closing fees will be set by the property owner's selected capital provider.

ELIGIBILITY (PROPERTY AND PROJECT)

ELIGIBLE PROPERTIES & PROJECTS

Properties eligible for Fernley C-PACE financing must be located within the boundaries of the City of Fernley ([view map](#)) and have one of the following uses:

- Commercial
- Industrial
- Multifamily housing (containing five or more dwelling units).

In addition, a property must:

- Be current on property taxes and municipal assessments
- Be current on all loans secured by a mortgage or deed of trust
- Not be insolvent or subject to bankruptcy proceedings
- Not be in dispute of title to the property.

New construction is also eligible. See requirements on the next page.

ELIGIBLE IMPROVEMENTS

Qualifying improvements that are eligible for C-PACE financing must:

- Reduce the building's energy and/or water consumption and/or generate renewable energy
- Be permanently affixed to the property.

Examples include, but are not limited to:

- Automated building controls (BMS, EMS)
- Boilers, chillers, and furnaces
- Building envelope (insulation, glazing, windows, etc.)
- High-efficiency lighting
- Hot water systems
- HVAC upgrades
- Roof replacement that improves energy efficiency (reflective/cool roof, enhanced insulation, or combined with a solar system installation)
- Variable speed drives on motors, pumps, and fans
- Combined heat and power (CHP) systems
- Fuel cells
- Geothermal systems
- Hydroelectric systems
- Small wind systems
- Solar photovoltaic (roof upgrade/replacement for rooftop systems is also eligible)
- Solar thermal

- Irrigation systems that improve water efficiency
- Waste heat recovery technologies
- Water efficient fixtures (low-flow faucets, toilets, etc.)

In addition, the cost of improvements that are directly related to the installation of eligible improvements are eligible to be included in the financing, e.g. roof upgrades to support a roof-mounted solar photovoltaic installation.

This list is not all-inclusive and is expected to change over time. If a proposed improvement or expense is not on this list, contact the program administrator with a description of the improvement or expense for consideration.

NEW CONSTRUCTION

In addition to existing building retrofits, C-PACE provides a compelling financing opportunity for new construction project developers or owners in Fernley. This attractive C-PACE financing structure can unlock capital to enable a property owner or developer to achieve higher building performance—improvements that are often “value engineered” out of a project. C-PACE new construction financing may also reduce the developer’s equity contribution, the need for mezzanine financing or other types of new construction financing, thereby reducing the weighted average cost of capital.

Unlike retrofits to existing properties where the savings from qualifying energy improvements can be demonstrated by referencing pre-improvement baseline consumption data, new construction has no baseline against which to measure improvements.⁶ Thus, the C-PACE program has designed a separate process for new construction projects.

To qualify, the applicant is required to provide total project construction cost by trade component so that the program administrator can evaluate the total eligible construction cost (TECC). The TECC includes all hard and soft costs associated with the building’s construction. It excludes the cost to purchase the land itself as well as any components that are not permanently attached to the building⁷.

Given the lack of a pre-improvement energy baseline against which to measure energy savings and the difficulty of isolating and assigning portions of the new construction costs to particular energy savings, the traditional methodology for existing building retrofit projects to compare projected savings against a baseline is not applicable. Therefore, an alternative method for new construction projects will apply for determining the amount of allowable C-PACE financing.

When applying for C-PACE financing for a new construction project the applicant must demonstrate using whole-building energy modeling that the as-designed modeled energy performance will meet or exceed the code compliant modeled energy baseline. The existing Fernley energy code is IECC 2018/ASHRAE 90.1-2016. The C-PACE eligible finance amount for a building that meets or exceeds the code compliant baseline will be up to a maximum of 20% of TECC.

⁶ This is also the case where an abandoned building is being rehabilitated or a building is being fundamentally repurposed. Consequently, such rehabilitation or repurposing can be treated the same as new construction for the purposes of C-PACE.

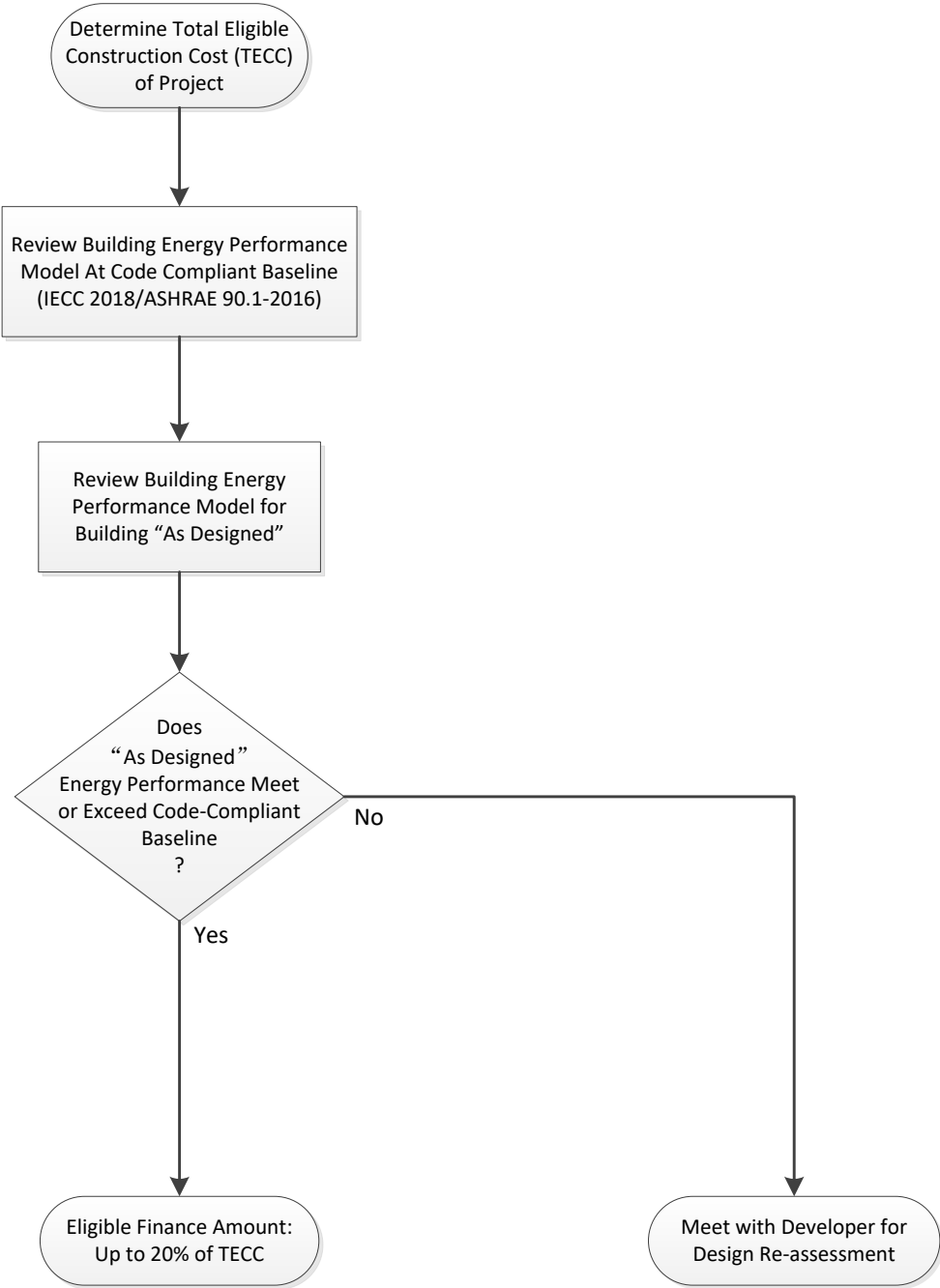
⁷ Items such as shading devices, furniture, fire extinguishers, etc.

The as-designed modeled energy performance shall exclude the impact of renewable energy systems such as solar photovoltaic. These systems will be evaluated separately with the net cost added to the C-PACE financing amount previously determined.

The maximum C-PACE financing amount eligible for a project will be determined by the program administrator after a review of the construction costs, and the as-designed modeled energy performance and code compliant modeled energy baseline data submitted.

The following flowchart illustrates the new construction methodology:

NEW CONSTRUCTION PROJECT ELIGIBILITY FLOWCHART



TECC = Total Eligible Construction Cost

PROJECT TECHNICAL STANDARDS AND REVIEW

AUDIT REQUIREMENTS

As a condition of financing qualifying energy improvements, C-PACE requires the performance of an energy audit, or feasibility study.

For an energy efficiency improvement project, the project must be determined to be appropriate by the program administrator through an energy audit conducted by a registered contractor. Such energy audit shall be consistent with the:

- Requirements of the ASTM International Standard E2797: Standard Practice for Building Energy Performance Assessment for a Building Involved in a Real Estate Transaction (data collection and representative baseline energy consumption methodology)
- The ASHRAE Level 2 or 3 guidelines for energy audits or any comparable energy assessment guidelines, as applicable, that identifies energy conservation measures and provides a savings estimation methodology.

An existing building retrofit project may be determined to be appropriate if the energy audit contains, at a minimum:

- Description of the property and the proposed project
- Baseline utility consumption and cost data, including the most recent 12 months of electricity and fuel utility bills
 - A copy of a recent electricity and fuel utility bill to verify the utility rate schedule
 - If utility billing data is unavailable, and energy modeling is used to establish baseline energy use, provide supporting documentation used to inform the model
- Description of the energy conservation measures (ECMs), including manufacturer's equipment data sheets, including the effective useful life (EUL) for each ECM
- Estimated cost of each ECM, including related costs eligible for C-PACE financing, and applicable utility incentives or rebates
- Projected annual energy savings for each ECM, expressed in British thermal units, kilowatt-hours, and kilowatts, including supporting documentation, e.g. live spreadsheets, or dynamic building simulation input files/output reports detailing the savings calculation methodology and key assumptions (e.g. annual utility cost escalation and equipment performance degradation factors) commensurate with the project's complexity level; and
The expected (or projected) energy cost savings, as calculated over the EUL of the qualified energy efficiency improvement project, exceeds the investment costs (financing amount) of the project, i.e. the savings-to-investment ratio (SIR) is greater than one.

For a renewable energy project, the project must be determined to be feasible by the program administrator through a written feasibility study conducted by a registered contractor.

Renewable energy projects are defined as improvements used to generate electricity from renewable energy to offset the customer load in whole or in part on the qualifying property, and all appurtenances and incidentals which are necessary, useful or desirable for any such improvements, facilities and

equipment, and which improvement has a useful life, as estimated by the program administrator based on industry best practice, of not less than ten years.

The feasibility study shall provide technology and financing recommendations that a property owner or project developer should pursue. Ultimately, the feasibility study must provide enough information for the property owner or project developer and design team to make informed decisions about the types of technologies to include in the final project design. Such analysis should contain, at a minimum:

- Description of the property and the proposed project, including a schematic of solar photovoltaic (PV) system design and interconnection
- Baseline electricity consumption and cost data, including the most recent 12 months of electricity utility bills
 - A copy of a recent electricity utility bill to verify the utility rate schedule
 - If utility billing data is unavailable, and energy modeling is used to establish baseline energy use, provide supporting documentation used to inform the model
- Description of the solar PV system, e.g. panels and inverters, including manufacturer's equipment data sheets, and the effective useful life (EUL) for each component
- Projected annual energy production from the PV system, including supporting documentation from modeling applications, e.g. PVWatts®, PowerClerk, HelioScope or similar solar PV system software, with key assumptions (e.g. annual utility cost escalation and equipment performance degradation factors)
- Estimated cost of the solar PV system, including the inverter(s) and related costs eligible for C-PACE financing, and applicable utility incentives, rebates or renewable energy credits
- Warranty information to validate the inverter(s) EUL is commensurate with the term of financing
- Investment tax credit and MACRS accelerated depreciation supporting documentation
- Shading study describing level of shading present and basis for the calculations, where applicable
- For roof-mounted systems:
 - Written professional opinion from a roofing specialist regarding roof condition and estimate of remaining roof useful life
 - Written professional opinion from a structural engineer regarding the ability of the existing structure to support the solar PV system.

Project applicants are responsible for all costs and fees incurred to complete the C-PACE program application, including costs associated with an audit and/or feasibility study. While such costs are typically included in the project financing, in cases where the project does not move forward, the applicant will be responsible for any payments due to contractors or other third parties engaged by the owner, where applicable.

Note that the feasibility study should be performed by a registered contractor with detailed knowledge of the renewable energy system under consideration, including technical and design issues, resource assessment, relevant policies and incentives, utility tariffs and interconnections issues, other evaluations (where necessary), and project funding mechanisms.

ENERGY SAVINGS REQUIREMENTS

Prior to approval for financing, C-PACE existing building retrofit projects must demonstrate that the expected (or projected) energy cost savings, as calculated by the program administrator, over the effective useful life of the qualified energy efficiency improvement project or renewable energy project improvement(s), exceeds the investment costs (financing amount) of the project, i.e. the savings-to-investment ratio (SIR) is greater than one.

This feature of C-PACE (established by the statute⁸) has multiple benefits:

- Property owners and capital providers look favorably on projects that show positive cash flow over their lifetime
- Mortgage holders are more likely to consent to the imposition of the C-PACE benefit assessment lien for projects that show positive cash flow
- In general, the higher the SIR, the greater the demonstrated environmental benefits of the project, which helps to promote the goals of the C-PACE program as established by the C-PACE legislation.

The SIR is calculated as the ratio of the total projected savings over the effective useful life of each improvement, divided by the total cost of those improvements, including all fees and interest charges.

Example SIR Calculation:

Projected Savings	\$6,262,298
Cost of Improvements	\$3,428,035
SIR	1.83

For new construction projects, a separate methodology has been designed as specified in the new construction section of this document.

⁸ Nevada Revised Statutes Chapter 271.

PROPERTY OWNER PARTICIPATION AND PROCESS

BENEFITS

Many property owners lack the capital they need to pay for energy improvements, which means many beneficial projects never get off the ground. The C-PACE program benefits property owners by providing access to affordable, long-term capital at competitive rates. C-PACE financing:

- Requires no upfront, out-of-pocket costs
- Provides long-term financing (up to 25 years)
- Requires no personal guarantees
- Lowers energy costs
- Generates positive cash flow
- Improves tenant or employee comfort
- Can transfer to the next owner if the building is sold.

ELIGIBILITY

Anyone who owns a commercial, industrial, or multifamily housing (containing five or more dwelling units) property, located in the City is eligible to participate in C-PACE financing. Owners of nonprofits, e.g., houses of worship and private schools and universities, are also eligible.

Note that as is typical of any commercial loan, the capital provider financing the project may request the following information⁹ to support their underwriting efforts:

- A copy of the most recent mortgage statement and appraisal
- The current year (year-to-date) income/expense statement for the property
- The previous two years' income/operating statements, statements of cash flows, and balance sheets for the property
- The previous two years audited (if available) income/operating statements, statements of cash flows, and balance sheets (audited or reviewed, if available) for the tenants' business
- A table listing all tenants, their monthly (or annual) lease payments, the percentage of the building they occupy, and the end date of their existing leases
- The previous year's federal tax returns if the property is planning to claim the value of the federal Investment Tax Credit or MACRS depreciation.

PROCESS

To get started, property owners work with a qualified service company of their choice, provided the service provider is registered with the program (a "registered contractor"). Alternatively, owners can select one or more registered contractors from the program's [directory](#) or ask a preferred contractor to register with the program. The City or its program administrator makes no representations or warranties with respect to registered contractors and does not qualify or evaluate registered contractors.

⁹ This list is only a guide. At the discretion of the capital provider the provider may not require some of the items listed and/or may request and require other information not included in this list.

The owner should request the contractor to review the building's energy efficiency opportunities and discuss the improvements that would benefit their building.

Next, the property owner or the owner's agent will submit a project [application](#). Once the project has been reviewed for eligibility by the program administrator, the contractor and the property owner work together to determine the final project scope, optimized for C-PACE financing. Such process typically analyzes the following data:

- Key assumptions that support the technical and financial analytics
- Costs of the eligible improvements
- Projected energy use and cost savings
- Projected cash flows.

Once the final project scope has been determined, the property owner selects the registered capital provider of their choice to enter into an assessment and financing agreement. In cases where the property owner has not pre-selected a capital provider, the program administrator can share pre-approved project information with registered capital providers for their determination of project funding interest.

View the [Capital Provider Directory](#).

NEW CONSTRUCTION DEVELOPER PARTICIPATION AND PROCESS

NEW CONSTRUCTION PROJECTS

The C-PACE financing structure can unlock capital to enable a property owner or developer to achieve higher building performance—improvements that are often value-engineered out of a project.

BENEFITS

Developers or owners planning to construct a new building can use C-PACE financing to reduce their weighted average cost of capital. With C-PACE, developers and owners can access up to 20 percent of their total eligible construction cost, provided they design the new building to meet or exceed the current City of Fernley energy code (IECC 2018/ASHRAE 90.1-2016).

Financing is provided by private capital providers in an open market. This means you can choose the most competitive rates and terms. The C-PACE financing is repaid through a voluntary benefit assessment that is levied on the property, similar to a sewer assessment. Repayment terms can extend up to 25 years—and you can transfer the assessment to a new owner if you sell the property.

ELIGIBILITY

Owners planning new commercial, industrial or multifamily housing (containing five or more dwelling units), or nonprofits such as houses of worship, private schools and universities can take advantage of the C-PACE program.

PROCESS

Once a project [application](#) is received, the program administrator will coordinate as needed with the project developer, property owner, engineering/construction firm, and/or energy modeling firm. The purpose of this coordination is to understand the project, review C-PACE requirements (particularly with respect to building energy simulation modeling) and ensure consistency with potential utility incentives.

Applicants are required to provide total project construction cost by trade component to allow the program administrator to evaluate the total eligible construction cost (TECC). The applicant will also be required to demonstrate using whole-building energy modeling that the as-designed modeled energy performance will meet or exceed the code compliant modeled energy baseline. The existing Fernley energy code is IECC 2018/ASHRAE 90.1-2016. The C-PACE eligible finance amount for a building that meets or exceeds the code compliant baseline will be up to a maximum of 20% of TECC.

[View a list](#) of frequently asked questions.

CONTRACTOR PARTICIPATION AND PROCESS

BENEFITS

Many property owners lack the capital they need to pay for beneficial energy improvements, which means many of the projects that contractors propose never get off the ground. Fortunately, there is a new way for commercial and industrial property owners to finance energy efficiency improvements that is proving to be extremely attractive. It's called C-PACE, and it enables you to propose to your customers projects that have 7 unique and compelling features:

- Requires no upfront, out-of-pocket costs
- Provides long-term financing (up to 25 years)
- Requires no personal guarantees
- Lowers energy costs
- Generates positive cash flow
- Improves tenant or employee comfort
- Can transfer to the next owner if the building is sold.

This innovative, government-sponsored program paired with private financing has been shown to remove the barriers that often stall jobs. As a result, projects get off the ground more quickly—and grow your business in the process.

ELIGIBILITY

Any energy efficiency or renewable energy contracting firm that holds all applicable state and local licenses is eligible to become a C-PACE-registered contractor. By establishing contractor registration criteria, the City, the City's program manager, the Fernley C-PACE program and its program administrator are not recommending or endorsing any specific contractor or warranting the reliability of any such contractor.

HOW TO REGISTER

Contractor registration is a simple, two-step process. First, a contractor must attend a training session to learn about the benefits of the C-PACE program, how it works, and how to access the free support services offered by the program administrator. Visit the program website to see the [training workshop schedule](#). Next, the contractor must fill out and submit a short [application](#), which the program administrator will use to verify that the contractor meets the program's requirements. To participate in the C-PACE program, the contractor must:

- Attend a training workshop
- Hold all applicable state and local licenses, and provide a copy of such licenses to the program administrator
- Apply to, and be approved by, the program administrator.

Once the program administrator confirms that the contractor is eligible to participate in C-PACE, the firm is notified and listed on the program's website. Note that property owners can select the contractor of their choice, provided the contractor meets the C-PACE requirements.

Contractors who are not yet registered but who have projects they wish to propose for C-PACE financing should contact the program administrator, submit the project for pre-screening, and register for the next available contractor training event. Simultaneous registration and project pre-screening will minimize project delays.

Each registered contractor shall be and remain licensed, authorized to conduct business, and in good standing in all jurisdictions in which it conducts business, including in the City of Fernley and the State of Nevada, and shall have the legal authority and power to offer, sell and/or install improvements that are permanently affixed to real property. Each registered contractor shall comply with all applicable municipal, state and federal laws and regulations in the sale, provision, installation and financing of improvements and professional services.

The C-PACE program makes no assurance that any person or entity will gain additional business or any other business advantage from being a registered contractor and assumes no liability. Each registered contractor waives the right to bring or assert any claim against the C-PACE program and its vendors relating to its registration, and releases C-PACE and its vendors from any and all liability. The C-PACE program reserves the right to remove a registered contractor from the program for any reason or no reason.

PROCESS

Once contractors are registered, they work with the property owner and program administrator to:

- Select and prequalify buildings
- Perform preliminary project scoping
- Prepare proposals and review them with the property owner
- Develop and optimize project scenarios
- Conduct project technical reviews
- Install energy improvements.

TECHNICAL SUPPORT

A C-PACE project can be complex because it requires the use of sophisticated technical and financial projections that require the participation of multiple stakeholders. For this reason, C-PACE-registered contractors may receive limited technical support at no cost from the program administrator. Services include:

- Discussing projects for C-PACE financing suitability
- Preparing financial and savings calculations
- Attending meetings with property owners to explain the program benefits and technical calculations.

Contractors should contact their own accountants, attorneys, or other consultants for any additional support needed.

[View a list](#) of frequently asked questions.

[View a directory](#) of C-PACE-registered contractors.

CAPITAL PROVIDER PARTICIPATION AND PROCESS

BENEFITS

A C-PACE investment is secured by a benefit assessment lien levied against an eligible property, that:

- Is of co-equal priority with real estate tax liens and other assessments
- As to the current C-PACE installment payment that is due and any delinquent C-PACE payments, is senior to:
 - All previously recorded senior liens, provided a written lender consent agreement is executed by the holder of each such senior lien, and
 - Shall run with title to the property and shall not be extinguished by a foreclosure, and
 - Is evidenced by a C-PACE certificate, as may be amended from time to time in accordance with the C-PACE Resolutions and the C-PACE Assessment and Financing Agreement.

As a result, capital providers who work with the C-PACE program may receive attractive project funding opportunities.

ELIGIBILITY

The C-PACE program seeks to stimulate the market through an open-access-to-capital model. For this reason, C-PACE is open to all capital providers that meet the program's eligibility criteria. By establishing capital provider eligibility criteria, the City, the City's program manager, the Fernley C-PACE program and its program administrator are not recommending or endorsing any specific capital provider or warranting the reliability of any such capital provider.

HOW TO QUALIFY

Capital providers with an interest in financing eligible projects in the C-PACE program are encouraged to download, complete, and return the Capital Provider Application. You may download this application [here](#). Once the application is reviewed and approved (the approval process can take up to 10 business days), the capital provider can choose to have its name and logo displayed on the C-PACE website for marketing purposes. By establishing capital provider registration, the City or its program administrator is not recommending or endorsing any specific capital provider

Qualified capital providers, which provide financing to eligible property owners, are responsible for underwriting each C-PACE financing transaction to determine whether or not to invest in a project. Each project will be subject to technical review by the C-PACE program administrator to confirm eligibility per the program guidelines.

If a qualified capital provider chooses to finance a project, it will enter into an [Assessment & Financing Agreement](#) with the property owner. This document details the terms and conditions under which the financing will be made. The billing of C-PACE assessments will be managed by the capital provider. Assessment payments will be remitted by the property owner to the capital provider.

Each qualified capital provider shall be and remain licensed, authorized to conduct business, and in good standing in all jurisdictions in which it conducts business, including in the City of Fernley and the State of Nevada, and shall have the legal authority and power to provide financing for the installation of improvements that are permanently affixed to real property. Each qualified capital provider shall comply with all applicable municipal, state and federal laws and regulations in the financing of improvements and professional services.

The C-PACE program makes no assurance that any person or entity will gain additional business or any other business advantage from being a registered capital provider and assumes no liability. The C-PACE program reserves the right to revoke the eligibility of any capital provider for any reason that the City or its program administrator finds to be in violation of the program's mission and practices.

WAYS TO PARTICIPATE

Qualified capital providers can participate in C-PACE in two ways:

1. Work with property owners to underwrite projects and help them prepare their application for financing approval. We encourage capital providers to register with the program *prior* to submitting a project application.
2. Collaborate with the program administrator to evaluate funding opportunities. In some instances, property owners may apply for C-PACE without a pre-selected capital provider. In this case, the program administrator will share pre-approved project information with registered capital providers for their determination of project funding interest.

View a list of [frequently asked questions](#) or the [Capital Provider Directory](#).

MORTGAGE HOLDER PARTICIPATION AND PROCESS

BENEFITS

Building upgrades are designed to generate cost savings that will, over the effective useful life of the improvements, exceed the total finance cost, i.e., achieve a savings-to-investment ration greater than one. Owners of buildings that meet this requirement often experience improved net operating income, increased asset value, and a positive return on their investment. As a result of the property owner's increased cash flow, the mortgage holder's loan is more serviceable, and the property is more attractive to current and potential tenants and buyers. In addition, the benefit assessment does not accelerate. In the event of a default, only the amount of the assessment in arrears is due.

Across the country, commercial property assessed clean energy programs have been embraced by more than 170 national, regional, and local mortgage holders. [View a list](#) of consenting mortgage holders.

PARTICIPATION

The C-PACE program provides up to 100 percent financing to owners of new and existing buildings, located in the City of Fernley, who are looking to modernize and improve the value of their commercial, industrial, nonprofit, or multifamily housing (containing five or more dwelling units) properties. The financing, which is based on the estimated useful life of the improvements—up to 25 years—is secured by a voluntary benefit assessment and is levied against the property by the City Clerk in the County Recorder's Office.

The C-PACE voluntary benefit assessment lien levied against an eligible property:

- Is of co-equal priority with real estate tax liens and other assessments
- As to the current C-PACE installment payment that is due and any delinquent C-PACE payments, is senior to:
 - All previously recorded senior liens, provided a written lender consent agreement is executed by the holder of each such senior lien, and
 - Shall run with title to the property and shall not be extinguished by a foreclosure, and
 - Is evidenced by a C-PACE certificate, as may be amended from time to time in accordance with the C-PACE Resolutions and the C-PACE Assessment and Financing Agreement.

As a result, the C-PACE program requires property owners to obtain the written consent of all holders of mortgages or deeds of trust on the property prior to securing C-PACE financing.

PROCESS

A borrower who wishes to pursue C-PACE financing will, often in collaboration with the program administrator, seek a meeting with the mortgage holder. At the meeting, the owner or program administrator will describe the program's requirements and answer the mortgage holder's questions. In addition, the program administrator will provide a description of the independent quality assurance

technical review process, which is used to validate that the project's estimated energy cost savings, over the effective useful life of the improvements, exceeds the total finance cost.

Assuming all parties agree that a project is worth pursuing, the project will move to development and underwriting. As part of the underwriting process, the program administrator will support the mortgage holder's project review, as needed.

CONSENT

Once the owner is satisfied with project design and cost, the C-PACE program administrator will review the scope of work and, assuming it meets program eligibility requirements, make a determination that it is eligible for financing under the C-PACE guidelines.

The owner will then meet with the mortgage holder to provide a summary of the project's key assumptions. To facilitate the mortgage holder's consent due diligence process, this review will include a description of the equipment to be replaced, the projected financial metrics, and the enhanced cash flows that will result from the building equipment upgrade.

Upon consent request approval, the mortgage holder will execute a written consent form and return it to the property owner (borrower) enabling the borrower to proceed with the C-PACE financing. Such mortgage holder is entitled (established by the statute¹⁰), within 30 days after providing consent, to offer the property owner C-PACE financing for the qualifying energy improvements.

Each consent will be recorded by the City Clerk in the County Recorder's Office, and once recorded is binding on the property owner who signed the consent and any other person who holds any interest in the tract to which the consent relates and who signed the consent.

¹⁰ Nevada Revised Statutes Chapter 271.

GENERAL TERMS AND PROVISIONS

TAXES

Property owners are solely responsible for any local, state, or federal tax consequences of their participation in the C-PACE program.

CHANGES IN THE PROGRAM TERMS; SEVERABILITY

C-PACE reserves the right to change this Program Guide and the terms and provisions set forth within at any time without notice. The assessment and financing agreement executed between the property owner and the capital provider establishes the property owner's rights. This guide is only a reference document.

DISCLOSURE OF PROPERTY OWNER INFORMATION

All property owner information is treated with care to protect the property owner's privacy and security. In addition to any disclosure requirements necessitated by applicable records law, property owners must agree to allow the City or its program administrator to disclose personal/corporate information that it submits to third-parties when such disclosure is essential to the conduct of C-PACE business or to provide services to the property owner. C-PACE will not provide property owner information to third parties for telemarketing, e-mail, or direct mail solicitation.

RELEASES AND INDEMNIFICATION

By submitting an application, the property owner acknowledges that C-PACE was formed solely to help property owners finance qualifying energy improvements. C-PACE is a financing program only and is not responsible for the installed C-PACE-eligible improvements or their performance. Property owners are responsible for payment of the benefit assessment regardless of whether the products are properly installed or operate as expected.

APPENDIX

KEY DEFINITIONS

Agency Sponsor	The City of Fernley.
Assessment Payments	The periodic repayments of the financing amount by the property owner, due and payable in such amounts and at such times as set forth in the assessment and financing agreement and the lien.
Capital Provider	Any private source of project financing, including but not limited to private equity investors, specialty banks, banks, and credit unions that has been approved by the program administrator as a qualified capital provider to finance the qualifying energy improvements.
C-PACE Project	Qualifying energy improvements made to qualifying commercial real property, whether financed entirely by C-PACE or through incentives or other sources in combination with C-PACE financing.
Eligible Property	Qualifying commercial real property located within the corporate boundaries of City of Fernley that conforms to the C-PACE requirements (view map).
Eligible Improvements	Any improvement, construction, equipping, installation or modification of or to qualified real property that is designed to increase energy efficiency, or facilitate renewable energy production and distribution which has a useful life, as estimated by the program administrator based on industry best practice, of not less than 10 years.
Assessment and Financing Agreement	The written agreement between the property owner, the capital provider, and the City regarding matters related to the terms of the project financing.
Lien	A voluntary, special assessment lien levied against an eligible property to secure the repayment of the C-PACE financing. Established by Nevada Revised Statutes Chapter 271, and the City of Fernley Resolution R-20-016 and R-20-017, a notice of which is recorded by the City Clerk in the County Recorder's Office.
Program Administrator	Sustainable Real Estate Solutions, Inc. (SRS) has been designated by the City as the Fernley C-PACE program administrator.
Property Owner	The person or entity that holds legal fee simple title to the eligible property, together with its successors and permitted assigns, as further defined in the assessment and financing agreement.

Qualified Real Property	Commercial, industrial or multifamily housing (containing five or more dwelling units) real properties located on eligible property that can benefit from eligible improvements. Such buildings can be existing, newly constructed, under construction, or to be constructed.
Registered Contractor	Any contractor, auditor or developer licensed by the City of Fernley and the State of Nevada, and in good standing with the Nevada State Contractors Board, that performs the work required for the analysis, installation or construction of the qualifying energy improvements that has been approved by the program administrator as a registered contractor. By establishing contractor registration criteria, the City of Fernley, the City’s program manager, the Fernley C-PACE program, and its program administrator are not recommending or endorsing a particular contractor or warranting the reliability of any such contractor.
Savings-to-investment Ratio	The savings-to-investment ratio (SIR) is calculated as the ratio of the total projected savings over the effective useful life of each improvement, divided by the total cost of those improvements, including all fees and interest charges. To qualify for C-PACE financing, an existing building retrofit project must have an SIR greater than one.

REFERENCE DOCUMENTS

The following reference documents, including participant application forms and agreements, are accessible from the Fernley C-PACE program website [Resources](#) page:

- A. Capital Provider Application and Participation Agreement
- B. Contractor Registration Application
- C. Project Application
- D. Assessment and Financing Agreement Template
- E. Mortgage Holder Consent Form
- F. Property Owner Consent Form
- G. C-PACE Lien Recording and Assignment Forms
- H. Nevada Revised Statutes Chapter 271
- I. Fernley C-PACE Resolutions 20-016 and 20-017.