

NM C-PACE Program



ADELANTE
CONSULTING INC.

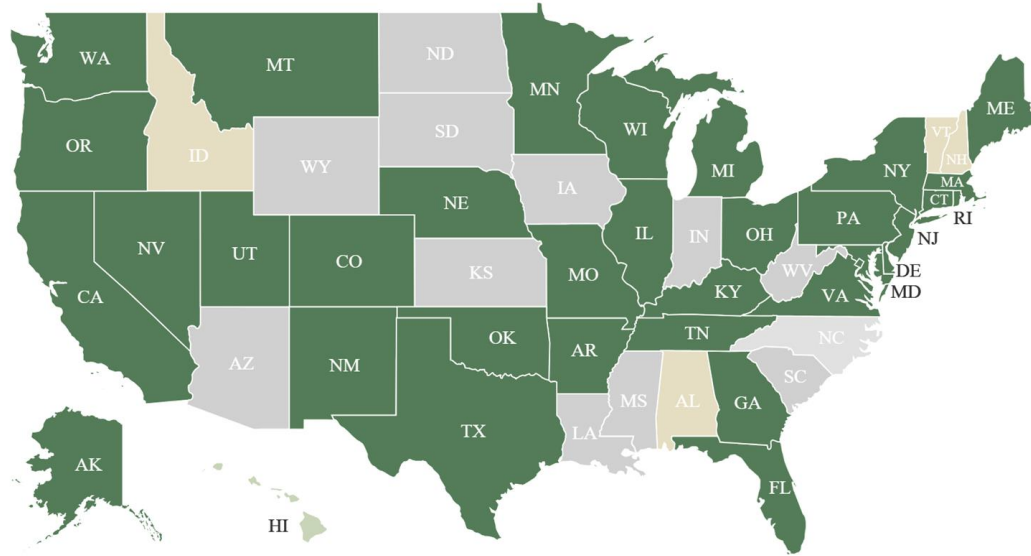
Eric Christensen
Project Manager



What is C-PACE?

- Commercial Property Assessed Clean Energy (C-PACE) is an alternative source of financing for improvements to commercial properties.
- Covers the direct and indirect costs related to reducing energy or water consumption, generating renewable energy, or building resiliency.
- Eligible properties include: any privately-owned commercial, agricultural, industrial, or multi-family property of five or more dwelling units. This includes properties owned by a not-for-profit organization.
- Over 90 C-PACE lenders and \$7 billion funded on over 3,300 commercial properties across the US.

Active C-PACE Programs



Map key



Active program(s)



ATTACHMENT A
Program in development

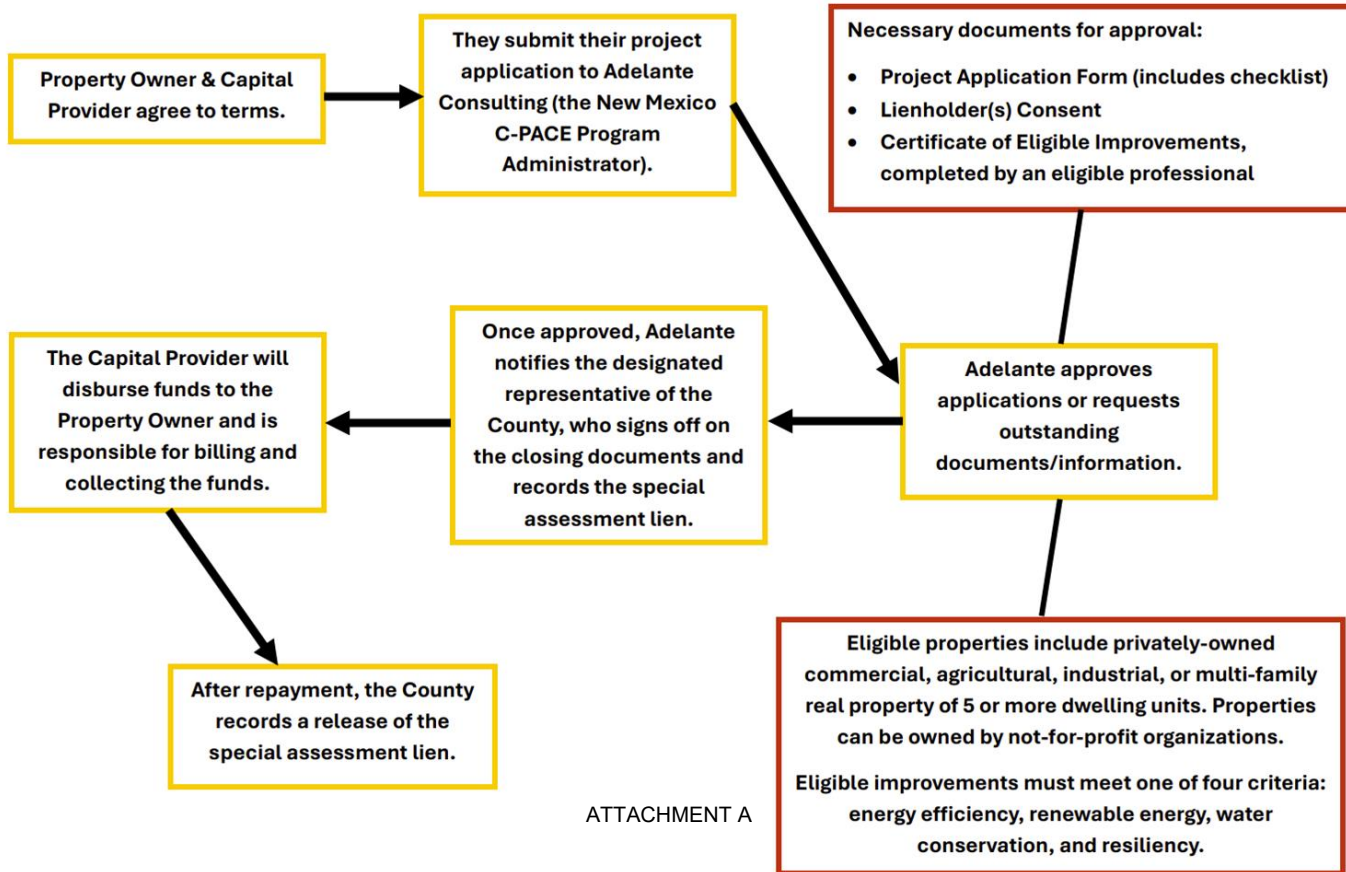


PACE-enabled

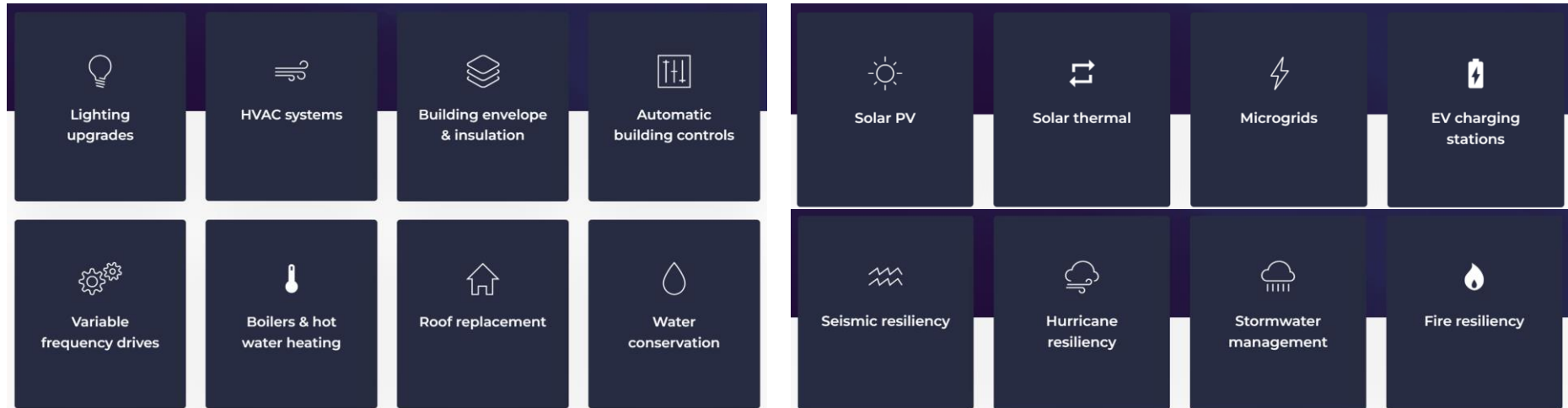
How to establish the program?

- States authorize C-PACE programs by statute. This was done in New Mexico through the Improvement Special Assessment Act enacted in 2023 via House Bill 228.
- **Counties and Municipalities need to opt in to the program via ordinance (or resolution for Municipalities)** so that projects within their jurisdiction can use it.
- Adelante Consulting has been contracted by NM EDD to serve as statewide program administrator for the C-PACE Program.
- C-PACE Capital providers provide funds without any public dollars or subsidy.

New Mexico C-PACE: Application Process



Typical Measures Funded by C-PACE



Certificate of Eligible Improvement Compliance



Certificate of Eligible Improvements

I, the undersigned, hereby certify the following facts and make the following certifications with respect to the project described in the attached Improvement Special Assessments Project application under the Improvement Special Assessments Program:

- I am a licensed professional engineer or accredited individual or firm from the following list:

 - American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE)
 - Building Energy Assessment Professional (BEAP)
 - Building Energy Modeling Professional (BEMP)
 - Operations & Performance Management Professional Certification (OPMP)
 - High-Performance Building Design Professional Certification (HBDP)
 - Association of Energy Engineers (AEE)
 - Certified Energy Manager (CEM)
 - Certified Measurement and Verification Professional (CMVP)
 - Certified Energy Auditor (CEA)
 - Building Performance Institute
 - Energy Auditor
 - Investor Confidence Project
 - ICP Quality Assurance Assessor
 - North American Board of Certified Energy Practitioner (NABCEP)
 - PV design specialist certification
 - A water quality association's professional certification
 - Another professional qualification that has been accepted by the program administrator
- I have conducted an audit or equivalent review of the project consistent with the requirements of the Improvement Special Assessment Program and provided a copy to the Property Owner.
- I have determined that those proposed measures to be financed by C-PACE financing constitute reasonable Eligible Improvements as defined by the Improvement Special Assessment Program, a description of which is attached to this Certificate.
- The proposed Eligible Improvements will be permanently affixed to the Property, as described by the Improvement Special Assessment Program.
- The applicable Improvement Special Assessment project type has been installed and is eligible by meeting the following eligibility criteria (please check all that apply in the following table):

Project Type	Check all that apply	Eligibility Criteria
All Projects	<input type="checkbox"/>	The proposed improvement(s) decrease energy consumption or demand through the use of efficiency technologies, products, or activities that reduce or support the reduction of energy consumption or allow for the reduction in demand or reduce greenhouse gas emissions.
	<input type="checkbox"/>	The proposed improvement(s) support the production of clean, renewable energy, including but not limited to a product, device, or interacting group of products or devices on the customer's side of the meter that generates electricity, provides thermal energy, or regulates temperature.
	<input type="checkbox"/>	The proposed improvement(s) decrease water consumption or demand and address safe drinking water through the use of efficiency technologies, products, or activities that reduce or support the reduction of water consumption, allow for the reduction in demand, or reduce or eliminate lead from water which may be used for drinking or cooking.
	<input type="checkbox"/>	The proposed improvement(s) increase resilience, including but not limited to seismic retrofits, flood mitigation, stormwater management, wildfire and wind resistance, energy storage, and microgrids.
New Construction	<input type="checkbox"/>	Each proposed eligible improvement will enable the subject property to perform above or exceed the local building code.
	<input type="checkbox"/>	Whole-building modelling demonstrates that the building as designed, and as a result of the eligible improvements, will enable the subject property to perform above or exceed the local building code.
Refinancing (New Construction)	<input type="checkbox"/>	The eligible improvements were installed and operational as of entered date, which is not more than 36 months prior to the date of Project Application.
	<input type="checkbox"/>	Each proposed eligible improvement enabled the subject property to perform above or exceed the local building code in effect when installed and operational
Refinancing (Retrofit)	<input type="checkbox"/>	OR
	<input type="checkbox"/>	Whole-building modelling demonstrates that the building as designed, and as a result of the eligible improvements, enabled the subject Property to perform above or exceed the local building code in effect when installed and operational.
Refinancing (Retrofit)	<input type="checkbox"/>	For an energy efficiency or renewable energy project, the project exceeds the baseline threshold of the current energy usage of the property or the efficiency level of the improvements that are to be replaced.
	<input type="checkbox"/>	For a water conservation project, the project exceeds the baseline threshold of the current water usage of the property or the efficiency level of the improvements that are to be replaced.

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	<input type="checkbox"/>	For building resilience improvements, the project exceeds the baseline threshold of the current condition of the property as related to the resilience improvement proposed, e.g., the proposed improvement is designed to enhance the resilience of the building over its current condition and certified by a relevant professional.
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- The term of the Improvement Special Assessment financing does not exceed the weighted average life of the proposed improvements or 30 years, whichever is less.

SIGNATURE: _____

NAME: _____

BUSINESS NAME: _____

BUSINESS ADDRESS: _____

BUSINESS CONTACT EMAIL: _____

BUSINESS CONTACT PHONE: _____

LICENSE OR CERTIFICATION NUMBER: _____

LICENSE OR CERTIFICATION TYPE: _____

PLEASE ATTACH DOCUMENTATION OF THE QUALIFICATIONS OF THE PROJECT AUDITOR AND WORK PAPERS THAT EXPLAIN THE CERTIFICATIONS REGARDING THE PERFORMANCE OF THE PROPERTY.

Requirements for Eligible Professionals



- (1) For Renewable Energy Improvements or Energy Efficiency Improvements on an existing building: A certification stating that (a) the proposed Eligible Improvements will result either in more efficient use or conservation of energy or water, the reduction of greenhouse gas emissions, or the addition of renewable sources of energy or water; or (b) the subject property as a whole prior to the installation of the Eligible Improvements does not conform to the meeting the current building energy or water code for the County, but will do so after the Eligible Improvements are installed.

The certification must be performed by a licensed professional engineer or an individual or firm accredited by one of the following:

- American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE)
 - Building Energy Assessment Professional (BEAP)
 - Building Energy Modeling Professional (BEMP)
 - Operations & Performance Management Professional Certification (OPMP)
 - High-Performance Building Design Professional Certification (HBDP)
- North American Board of Certified Energy Practitioners (NABCEP)
 - PV Installation Professional (PVIP)
 - PV Design Specialist (PVDS)
- Association of Energy Engineers (AEE)
 - Certified Energy Manager (CEM)
 - Certified Measurement and Verification Professional (CMVP)
 - Certified Energy Auditor (CEA)
- Building Performance Institute
 - Energy Auditor
- Investor Confidence Project
 - ICP Quality Assurance Assessor

- (2) For Renewable Energy Improvements that are solar photovoltaics, a North American Board of Certified Energy Practitioners (NABCEP) PV Installation Professional (PVIP), or PV design specialist (PVDS) certification is acceptable, or a licensed Electrical Engineer, Building Energy Assessment Professional (BEAP), Building Energy Modeling Professional (BEMP), Certified Energy Manager (CEM), Certified Measurement and Verification Professional (CMVP), or Certified Energy Auditor (CEA). Other professional qualifications may be accepted by the Program Administrator at its discretion.
- (3) For lead reduction in water improvements, a Water Quality Association Professional Certification.
- (4) For Resilience Improvements on an existing building: Certification by a licensed professional engineer, or a North American Board of Certified Energy Practitioners (NABCEP) PVIP Installation Professional stating that the Qualified Improvements will result in improved resilience, including but not limited to flood mitigation, stormwater management, wildfire and wind resistance, energy storage, and microgrids.
- (5) For new construction:
(A) Relating to energy or water efficiency, certification by a North American Board of Certified Energy Practitioners (NABCEP) PVIP Installation Professional, or a licensed professional engineer stating that each proposed Eligible Improvement will enable the subject property to exceed the energy efficiency, water efficiency, or renewable energy code requirements.
(B) Relating to resilience, certification by a licensed professional Civil Engineer that the proposed Eligible Improvements will enable the subject property to exceed the resiliency requirements of the current building code.
- (6) For all Eligible Improvements, the licensed engineer, individual or firm providing the certification of eligibility of the Eligible Improvements must attest that the proposed term of the financing does not exceed the weighted average effective useful life of the proposed Eligible Improvements and that the Eligible Improvements are permanently affixed, as described in this Guidebook.

Other professional qualifications may be accepted by the Program Administrator at its discretion. ATTACHMENT A

General C-PACE Benefits

- Financing for 100% of direct and indirect costs;
- Fixed interest rates;
- Up to 30 years to repay;
- Has a 3 year look back period;
- Secured by a property lien (not a personal guarantee); and
- Non-accelerable in the event of default.

Benefits for Property Owners/Developers

- Overcome the up-front costs of a potential project
- Increase property value
- Lower operating costs through energy efficiency
- Special assessment is transferable upon sale

Benefits for County/Municipal Governments



- More jobs are created
- Local building stock value is enhanced
- Carbon footprint of buildings is reduced
- Resiliency of buildings is improved
- Higher property tax payments

Benefits for Capital Providers

- Stronger security for investors due to improvement special assessment placed on the property
- Increased collateral value
- Increased cash flow

Benefits for Existing Lienholders

- Enhance property value
- Improve building's longevity
- See collateral improved without increase in credit risk
- Financing only permitted with consent of all existing lienholders

Frequently Asked Questions

- Q: Seniority of lienholders?
- A: Language from the statute - *Written consent from any holder of a lien, mortgage or security interest in the real property that the property may participate in the program and that the special assessment lien shall have priority superior to all liens, claims and titles except a lien for general ad valorem property taxes or an improvement district lien that is coequal to property taxes.*
- Q: Liability for local government?
- A: Language from the statute - *A county is not liable in any way for the debt of the property owner, is not a third-party obligor and is not pledging or lending its credit to the property owner or the capital provider.*

Frequently Asked Questions

- Q: Who is responsible for the billing and collection of loans?
- A: Language from the guidebook - *Billing, collection, and enforcement of delinquent Improvement Special Assessment Liens or Improvement Special Assessment financing installment payments, including foreclosure, are **the responsibility of the Capital Provider.***
- Q: How are interest rates determined?
- A: Language from the guidebook - *Interest rates are negotiated in a Special Assessment Financing Agreement between the Property Owner and the Capital Provider.*

Frequently Asked Questions

- Q: What are the administrative fees associated with C-PACE?
- A: The Program Administrator's fees are outlined in the program guidebook and are paid at closing along with any required fees by the County for signing and recording the closing documents.
- Q: What is the responsibility of the program administrator?
- A: Responsibilities include:
 - Supporting interested Counties/Municipalities to opt in
 - Processing all project applications
 - Providing educational outreach and answering C-PACE questions for any interested stakeholders
 - Providing semi-annual reports on the C-PACE financing loan portfolio

Updates for New Mexico

- Counties that have opted in: Bernalillo, Santa Fe, and Taos County.
- Municipalities that have opted in: Albuquerque, Taos, and Santa Fe.
- Other connected counties: Doña Ana, Sandoval, Valencia, McKinley, San Juan, Socorro, and Los Alamos.
- **Santa Fe County closed our first NM C-PACE transaction at the end of September, 2024 on the Bishop's Lodge Resort.**
- Connected to over 10 out-of-state capital providers with C-PACE financing experience.
- Reaching out to NM credit unions & other local financial institutions to serve small to midsize projects.

Case Study: Bishop's Lodge

- ~ \$76M, over 25 years
- Recapitalized on energy & water efficiency improvements made during a renovation that began in 2021.
- Improvements still to be made, including a wastewater treatment facility.
- Used to refinance the existing senior loan on the property, allowing a transition to more favorable financing terms.



Case Study: Bishop's Lodge

- Improvements made:
 - LED Interior Lighting
 - LED Exterior Lighting
 - High Efficiency HVAC Systems
 - High Efficiency DHW Systems
 - High Performance Building Envelope
 - Low-Flow Plumbing Fixtures
 - Wastewater Reclamation & Desert Landscaping
- Resulting annual utility savings:
 - Electricity: 601,319 kWh
 - Natural Gas: -6,824 therms*
 - Water: 5,212,000 gallons
 - CO2: 882,268 lbs
 - Cost Savings: \$66,438



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Case Study: Modern Elder Academy

- ~ \$10M, over 30 years
- Refinance of the Modern Elder Academy event and retreat center, located on a 160 acre ranch in Lamy, NM.
- A multi-building complex comprised of two new hotels. The largest building of the resort is Chamisa, which has 19 newly added dwelling units, while Drogheda has 15 newly added units.



Case Study: Modern Elder Academy

- Improvements included: Building envelope, HVAC, Heat pumps, Lighting, Low flow water fixtures, Solar PV arrays, Solar powered entry gates, Liquid waste disposal, and Water conserving landscaping.
- Resulting Annual Utility Savings:
 - Electricity: 60,194 kWh
 - Propane: 752 gallons
 - Water: 100 kGal
 - Sewer: 650 kGal
 - CO2: 33.1 metric tons
 - Cost Savings: \$9,114



ATTACHMENT A

New Mexico C-PACE

Save energy. Build resiliency. Promote economic development.



What is C-PACE?

The Commercial Property Assessed Clean Energy (C-PACE) Program is a financing structure enabled by state statute and local ordinance that provides eligible property owners with access to long-term fixed-rate financing for a range of energy efficiency, renewable energy, efficiency, and resiliency improvements. The program allows local governments to secure the financing via a special improvement assessment on the improved property.



Website: www.nmcpace.com

How to Apply?

Step 1: Ensure that your project meets the eligibility requirements. These can be found on our [Eligibility Requirements](#) page and in our Program Guidebook. Please familiarize yourself with the guidebook to better understand all elements of the New Mexico C-PACE program.

Program Guidebook

Step 2: Ensure that your project is in a county (and municipality, if applicable) that has opted in to the New Mexico C-PACE program. Refer to our [About NM C-PACE](#) page for updates on which counties and municipalities have opted in and are utilizing Adelante Consulting, Inc. as their third-party Program Administrator. If your county or municipality of interest has not yet opted in, please let us know and we would be happy to initiate a conversation with them.

Step 3: The Property Owner and the Capital Provider prepare the Project Application, consisting of the Project Application Form and all supporting documents (find the Project Application Form and all other program documentation by clicking below).

Program Documents

Step 4: Once all documentation has been completed, the Property Owner or the Capital Provider will send the application documents to the

Contact Information

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- Website: www.nmcpace.com