



## Legislation Text

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**File #:** 19-0013, **Version:** 2

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**Agenda Item Name:**

Property Assessed Clean Energy Indemnification Agreements for Florida Resiliency and Energy District

**Presenter:**

Sean McLendon, 352 548 3765

**Description:**

Property Assessed Clean Energy Indemnification Agreement to Alachua County from Renovate America, Administrator for the Florida Resiliency and Energy District.

**Recommended Action:**

Authorize the Chair to sign the indemnification agreements with Renovate America.

**Prior Board Motions:**

December 8, 2015 Regular Board Meeting Agreements with Property Assessed Clean Energy Providers Commissioner Byerly moved to implement the PACE Program for Commercial Properties. The motion carried 5-0. Commissioner Byerly moved to implement the PACE Program for Residential Properties. The motion carried 3-2 with Commissioners Chestnut and Pinkoson voting "Nay".

Commissioner Byerly moved the following:

- 1.A. Approve and authorize the Chair to sign the Third Party Administered Interlocal Agreements, Resolution and other supporting documents to enact a Property Assessed Clean Energy Tuesday, December 8, 2015 - 9:00 A.M. & 5:00 P.M. program in Alachua County for residential and commercial properties.
- 1.B. Accept the finalized PACE Vendor Qualification Criteria, Rights and Responsibilities, and Truth in Lending Documents and direct staff to begin outreach and public education after vendors provides training and orientation of their programs.
2. Staff to provide the Board with a written summary of differences and issues that remain between the County and Florida PACE Funding Industry.

March 22, 2016 Regular Board Meeting Summary of PACE Interlocal Agreement Differences

Commissioner Byerly moved to direct staff to work with the Florida Pace Funding Agency to resolve the differences of opinion on Items 2,3,6,7,8,11,13,14,and 15 on the staff provided matrix and return to the Board within 30 days with another proposal. Strategic Initiatives Manager Sean McLendon and Commissioner Cornell presented comments. The motion carried 5-0.

April 26, 2016 Regular Board Meeting Consent Agenda: Approve Agreement with Florida PACE Funding Agency Property Assessed Clean Energy Provider, per Sean McLendon.

January 16, 2018 Special Board Meeting: Commissioner Cornell moved the following:

1. That staff meet with any applicable citizens that have had complaints as well as the Tax Collector's

Office and ask each of the related PACE providers to provide a written response as to how those issues have been resolved.

2. Direct staff to brief the Board within 30 days as to the findings as well any proposed suggestions for improving consumer protections. 3. Request a written response from each of the PACE providers as to whether or not they support the current proposed consumer protection legislation as well as staff's analysis of the legislation. 4. Staff to classify the types of problems and repairs and the Board can discuss the issues and possible scope of services based on the responses. Commissioner Byerly and Commissioner Hutchinson presented comments. The motion carried 5-0.

At the May 22, 2018 Regular Board Meeting, Commissioner Byerly moved to direct Staff to negotiate amendments to the Pace Interlocal Agreements to include consumer protections 1, 2, 4 and 5 to the extent that they are already a part of the process. There should be an additional disclaimer that reflects the possibility that the payment may increase the borrower's monthly escrow payment. If any agency refuses to enter into a revised Interlocal Agreement then the County will move to terminate the agreement per the termination clause. Staff should return to the Board within 60 days for approval.

Consumer Protections Referenced in the Motion:

- Better definition to the scope of the Finance Agreement
- More strictly defined consumer eligibility
- Clarifications of Fair Market Value
- Additional steps prior to the execution of the Finance Agreement

The motion carried 5-0.

At the August 14, 2018 Regular Board Meeting, Commissioner Byerly moved to approve and authorize the Chair to sign all attached Interlocal Agreements and Indemnification Agreements. If any agency refuses to enter into a revised Interlocal Agreement, direct staff to terminate the existing agreement per the termination clause.

The motion carried 5-0

At the July 9, 2019 Consent Agenda the Board authorized the Chair to sign the indemnification agreements with PACE Funding Group LLC, Twain Financial Partners Holding LLC, and Greenworks Lending LLC.

### **Fiscal Consideration:**

There are no financial costs to the County.

Staff monitors but does not administer PACE programs. Any administrative oversight or pre/post assessment review will require additional resources.

### **Background:**

This is an additional indemnification agreement from Renovate America is tied to the Florida Energy and Resiliency District (FRED). FRED is one of four PACE programs covered under interlocal agreements with Alachua County going from 2018 to 2021. Renovate America is providing PACE administrative services to FRED. Renovate America will be required to meet all interlocal agreement requirements covered by FRED including the enhanced consumer protections.

On July 9, 2019 the Board signed three indemnification agreements with finance programs working with the FRED. These agreements covered PACE Funding Group LLC, Twain Financial Partners Holding LLC, and Greenworks Lending LLC which will provide residential and commercial

financial options under the FRED interlocal agreement.

In August 2018 the Board signed three year interlocal agreements with four Property Assessed Clean Energy (PACE) providers. One of the providers, Florida Energy Resiliency and Energy District (FRED) is allowing multiple finance administrations to operate under its agreement umbrella with the County.

As a best practice and to stay consistent with the other PACE agreements, each of the finance companies will sign an indemnification to hold harmless Alachua County for any actions they take in servicing PACE programs through FRED. These indemnification agreements will allow FRED to offer commercial and residential PACE finance options to qualifying citizens in Alachua County.

The three financial administration program indemnification agreements are with:

Twain Financial Partners LLC (commercial finance only), Greenworks Lending LLC (commercial finance only), and PACE Funding Group LLC (residential finance only).

It is staff's understanding that other PACE providers are also looking to diversify the number of financial providers that may operate under their interlocal agreements. This should allow for greater consumer choice.

All financial administration programs will be held to the same enhanced consumer protections as passed by the Board 2018 as per the interlocal agreement with FRED.

Property Assessed Clean Energy finance (PACE) is a voluntary finance mechanism for renewable energy, energy efficiency and wind hardening improvements to commercial and residential property repaid as a special assessment annually on the tax bills issued by the County. PACE was enacted by Florida Statute in 2010 and enabled by local governments via resolution and typically, uses third party administrative programs to run, market and assess properties. Local governments join together in an authority model to reduce the administrative burden, cost and need to find a funding source by signing on with these bodies.

The Board approved PACE by resolution and interlocal agreements starting in December 2015. In 2017, the Board was made aware of a few citizens that had issues with their PACE assessments. In response to these citizen concerns, the Board directed staff to renegotiate the interlocal agreements with the following enhanced consumer protections categories:

Better definition to the scope of the Finance Agreement

More strictly defined consumer eligibility

Clarifications of Fair Market Value

These enhanced consumer protections were not part of the original 2015-2016 interlocal agreements. For PACE agreements going forward (2018-2021), this standard language will be included along with better definition of relevant terms including direct references to the Agency/District's founding documents.

In addition to the enhanced consumer protections, the interlocal agreements also include defined responsibilities of the providers in part 9 of the agreement. These provisions codify PACE industry best management practices and underwriting standards.

PACE is one of many financial tools available to citizens to pay for wind hardening and energy related improvements to property. As with any finance mechanism, citizens are encouraged to review the terms, cost of money and overall affordability of property improvements prior to signing any agreement.

At the May 22, 2018 Board meeting, the Board elected to not include an ability to pay provision and explicit credit score/debt to income ratios as categories of enhanced consumer protections. Alachua County citizens as of the 2018 agreements have four, third party administered providers for citizens to compare and choose from for PACE financing.

## Programs

GREEN CORRIDOR PACE (Ygrene); Program Rep: Kate Wesner; Sr. Director, Government Affairs; [kate.wesner@ygrene.com](mailto:kate.wesner@ygrene.com)

FLORIDA GREEN FINANCE AUTHORITY (Renew Financial); Program Rep: Natalie Schneider, AICP, Regional Director, Government Affairs, Renew Financial, Florida Office, Program Administrator for the Florida Green Finance Authority; [nschneider@renewfinancial.com](mailto:nschneider@renewfinancial.com)

FLORIDA PACE FUNDING Agency (CounterPointe Energy Solutions); Program Rep: C.J. De Santis, Head of Government Relations; Counterpointe Energy Solutions LLC, Counterpointe Sustainable Real Estate LLC; [cj@CounterPointeES.com](mailto:cj@CounterPointeES.com)

Florida Resiliency and Energy District; Program Rep: Ahisha Rodriguez, PACE Coordinator, [arodriguez@fdcbonds.com](mailto:arodriguez@fdcbonds.com) <<mailto:arodriguez@fdcbonds.com>>

Staff monitors but does not administer PACE programs. Any administrative oversight or pre/post assessment review will require additional resources in addition to amendments to existing interlocal agreements.

## Comprehensive Plan Guidance

### Energy Element

#### 7.0 Renewable Energy

OBJECTIVE 7.1 Encourage renewable energy production and a countywide system of distributed residential and commercial power generation.

Policy 7.1.2 Alachua County shall pursue implementation of an efficiency and renewable energy financing program, such as a Property Assessed Clean Energy (PACE) program.

#### OBJECTIVE 7.2

Increase the use of solar and other forms of renewable energy by County residents, businesses and agricultural operations.