

Pace Notes, Selectboard Meeting 10/27/2010

Benefit to Residents and to Town

- Provides a service to residents for financing opportunity and fills a gap in conventional lending
- Is an opportunity to reduce energy burden on home owners
- Potentially increase property value
- Meets sustainability and green house gas reduction goals

Meets Town Plan

- Town Plan – Energy Section
 - o Section 8.1 Policy
 - o Objective #3, section 8.4
 - o Objective #6, section 8.4

Low Risk

- Funding to be secured by State (unless Municipality wants to go alone)
 - o \$22 Million Line of Credit (State of Vermont- Pace) Vermont to leverage \$1 million of public fund for \$22 Million in private financing
Quote: “ This is an extremely secure option. It has to be to attract private financing at a reasonable interest rate. ” Elizabeth Pearce, Vermont State Treasurer
- Aggregated Loan Loss Reserve fund established
 - o Vermont Treasury to secure 5% Loan Loss Reserve
 - o Efficiency Vermont to secure 2% Loan Loss Reserve
- Underwriting criteria is strict
 - o Must be current on taxes and must not have been delinquent in taxes for last 3 years (State Law- we can be more strict)
 - o The maximum amount that can be financed is 15% of the assessed value of the property, capped at \$30,000. The total amount financed by PACE plus any outstanding mortgages on the property cannot exceed 90% of the assessed value.
 - o Loan repayment cannot exceed the lesser of 20 years or the average life of the measure, weighted by cost
 - o May Opt to require positive cash flow (Westford Energy Committee recommendation)
 - Assessment payments are less than the energy savings
 - o VLCT Vetted Legal documents (Pace Disclosure Statement, Assessment Agreement, Construction Agreement-includes legal dispute resolution, Mortgage Consent)
 - o Efficiency Vermont required for pre-screening measures, includes qualifying of contractors. Can't be Do-it-yourself
- **Low time/Expense**
 - o Non Participants (those who don't take out a PACE assessment) are, by law, not to bear costs
 - o Low interest rate – about 1% above current 30 year mortgage fixed, example 6.25%
 - o Estimate/Goal of about 8 applicants per year-
 - expect about a 1% take-up rate of homes- at about 800 homes in Westford=8
 - o If we opt to have Efficiency Vermont as Program Administrator, most burden is removed (see attachment). Cost to cover expense =\$200 (proposed, not finalized)