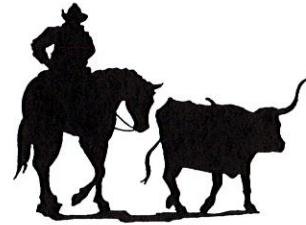


City of Ogallala

411 East 2nd Street
Ogallala, NE 69153
Phone 308-284-3607
City Fax 308-284-6565



CITY OF OGALLALA PACE DISTRICT Program Manual

SUMMARY

Property Assessed Clean Energy, or PACE, is a financing tool enabling development of clean energy projects and energy efficient buildings and operations. Nebraska Revised Statutes §§13-3203 and 13-3204(3) allow for the creation of Clean Energy Districts and defines PACE-eligible projects. The City of Ogallala Ordinance No. 1424 passed by the Ogallala City Council on November 8, 2022, created the City of Ogallala PACE District (the "District") and provides further requirements for implementation of the PACE program. The District Administrator created this Program Manual to provide additional information to property owners about the application process, eligibility and other relevant program guidance.

State law and the City Ordinance provide the minimum requirements for a PACE application and project, as well as the circumstances under which an application or project will not be eligible for PACE financing. This Program Manual also provides information about the PACE program not stated in the laws.

PACE is designed and was established to encourage reduction in energy, water, wastewater and solid waste use and generation. The program assists developers and property owners to consider and finance equipment, fixtures, building materials, self-sustaining energy sources, and other costs by incorporating those items into the design of the building. By including energy efficiency items and reducing waste, conserving water and reducing energy costs and usage. PACE financing allows a developer or property owner to invest in their project in a manner that reduces operating expenses, increases the equity in the property, and provides long-term fixed rate financing for the PACE improvements.

TERMS

References used in this Program Manual to "energy project", "energy efficiency" or "energy savings" are intended to include projects, efficiencies and savings associated with energy, water, wastewater, solid waste, storm water and other eligible utility projects or equipment under the District's PACE program. "Act" means the Nebraska Property Assessed Clean Energy Act located in Nebraska Revised Statutes §§13-3201 through 13-3211. "City" means Ogallala, Nebraska. "Ordinance" means Ordinance No. 1424 passed by the City Council.

DISTRICT BOUNDARIES

Only qualifying projects located within the City limits or its extraterritorial jurisdiction are eligible for PACE financing in this District. Other PACE districts exist in Nebraska and may join the District through an interlocal agreement to provide additional eligible areas.

ELIGIBLE PROPERTY TYPES

The District currently allows PACE program financing for commercial properties (office, retail, multifamily residential containing four units or more), and industrial properties.

ELIGIBLE PROJECT TYPES

Eligible projects include new construction, rehabilitation and renovation of existing buildings. Qualifying project energy efficient improvements include, but are not limited to, the following:

- a) Insulation in walls, roofs, floors, foundations, or heating and cooling distribution systems;



- b) Storm windows and doors; multi-glazed windows and doors; heat absorbing or heat-reflective glazed and coated window and door systems; and additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;
- c) Automated energy control systems;
- d) Heating, ventilating, or air conditioning and distribution system modifications or replacements;
- e) Caulking, weather-stripping, and air sealing;
- f) Replacement or modification of lighting fixtures to reduce the energy use on the lighting system;
- g) Energy recovery systems, including but not limited to, cogeneration and trigeneration systems;
- h) Daylighting systems;
- i) Installation or upgrade of electrical wiring or outlets to charge a motor vehicle that is fully or partially power by electricity;
- j) Facilities providing for water conservation or pollutant control;
- k) Roofs designed to reduce energy consumption or support additional loads necessitated by other energy efficiency improvements;
- l) Installing of energy-efficient fixtures, including, but not limited to, water heating systems, escalators, and elevators;
- m) Energy efficiency related items (i.e. demolition/drywall replacement, etc. incident to efficiency equipment or material installation) so long as the cost of the energy efficiency related items financed does not exceed twenty-five percent of the total cost of the energy;
- n) Waste recycling systems and support equipment;
- o) Any other installation or modification of equipment, devices, or materials approved as a utility cost-saving measure by the City;
- p) Renewable energy systems including, but not limited to, the following:
 - i. Nonhazardous biomass;
 - ii. Solar and solar thermal energy;
 - iii. Wind energy;
 - iv. Geothermal energy;
 - v. Methane gas captured from a landfill or elsewhere; and
 - vi. Photovoltaic systems.
 - vii. Renewable energy system does not include an incinerator; and
 - viii. Renewable energy resource does not include petroleum, nuclear power, natural gas, coal, or hazardous biomass.
- q) Storm water or other "natural resource" management includes improvements to buildings or property designed to protect against damage from storm water, and other natural resource management includes improvements to protect against wind or storm damage.

TIMING AND ELIGIBILITY

Eligible PACE projects include new construction, replacements, renovations, and other work that result in energy and resource savings in all types of building uses except single family residential homes. PACE project applications may be submitted at any time to the District, before, during or after construction and CO issuance. PACE applications and instructions are available at www.ogallala-ne.gov. A copy of the application form is included in this Program Manual as Attachment #1. Building permit applications and instructions are available at www.ogallala-ne.gov.

ANNUAL ASSESSMENT AND AVERAGE WEIGHTED USEFUL LIFE

Section 13-3203(1) of the Act requires an "agreement to pay an annual assessment for a period not to exceed the weighted average useful life of the energy project." The weighted average useful like includes only physical improvements to the property for which an average useful like may be calculated. The improvement must qualify as an energy efficiency improvement under Section 13-3203(3) of the Act, or other eligible improvement listed the Eligible Project Types section above.



ELIGIBLE COSTS

Section 13-3205(1) of the Act states “the costs financed under the assessment contract may include the cost of materials and labor necessary for installation, permit fees, inspection fees, application and administrative fees, bank fees, and all other fees incurred by the owner pursuant to the installation.”

SAVINGS TO INVESTMENT RATION (“SIR”)

The Act requires the savings realized by an energy project to equal or exceed the principal cost of the energy project. Therefore, an SIR of 1.0 or greater is required for all energy projects. The SIR is generally calculated by dividing the projected energy savings for the life of the improvements by the cost of the eligible energy efficiency improvements. When calculating the SIR, the SIR for individual discrete components of the project for which PACE funding is requested must be provided. The PACE approval will be based on the total SIR for the entire project meeting an SIR of 1.0 or greater.

Applicants should include estimated operations and maintenance costs, and projected increases (escalations) in the cost of energy use, in the calculations.

The PACE administrator will evaluate the methodology used to determine the energy savings calculations. At this time, the District does not favor one methodology over another. However, please include an explanation of the methodology used to calculate the SIR with the application.

Applicants may request a waiver of the estimated economic benefit requirement and must submit the reasons and rationale for the request as part of the application. The District administrator may grant or deny an applicant’s request for a waiver. A denial may be appealed to the City Council.

ENERGY PROJECTS AND BUILDING CODES

The PACE program requires an energy project to meet all relevant energy and building codes. However, for new construction, only aspects of the energy project that exceed energy and building codes are eligible for PACE financing. Nebraska energy codes can be found at:

http://www.neo.ne.gov/home_const/iecc/iecc_codes.htm.

Costs associated with building to these requirements are eligible under PACE with the exception of new construction, which must exceed the requirements as referenced above. In both new construction and rehabilitation projects, an engineer must demonstrate that the savings generated by the energy project will exceed the cost of the energy project over the life of the PACE loan, as required by the Act for loans of \$250,000 or more.

VERIFICATION OF COMPLETED ENERGY PROJECT

The Act and the Ordinance each require the City to obtain verification that the renewable energy system or energy efficiency improvement are properly installed and are operating as intended. To meet these criteria, City inspectors must sign off on the components of the project for which they have jurisdiction; and, a professional engineer approved by the District, licensed in the State of Nebraska, other than the project design engineer or engineering firm must provide a letter to the District Administrator stating the systems and/or improvements were properly installed and are operating as intended. The property owner or developer is responsible for the costs of all engineering fees and expenses.

FUNDING LEVEL AND FEES

A \$500 application fee is due to the District with the application submission. The application fee is not refundable. If approved, an administrative fee equal to 1% of the PACE loan (not to exceed \$40,000) will be paid to the District at the closing on the PACE loan with the PACE lender.

PACE APPLICATION INSTRUCTIONS

The District application form is included in this Program Manual as Attachment #1, and at the following web address: <http://www.ogallala-ne.gov> along with other PACE related resources.



Your completed PACE application may be submitted by email to: PACE@ogallala-ne.gov, or delivered to:

City of Ogallala PACE District
Attn: City Clerk-Treasurer
411 East 2 Street
Ogallala, NE 69153
(308) - 284 - 3607

Applicants should, to the fullest extent possible, provide responses to all questions within the application form, and not rely on attachments if possible. Attachments providing the required supporting information/documentation, such as data, drawings, reports and calculations are permitted.

ADDITIONAL PACE APPLICATION CLARIFICATIONS

Project Details: Please describe the entire project, not just the PACE components of the project. Include drawings, maps and photographs, when appropriate.

Financing details: Applicants may add rows to the tables provided or attach additional pages with continuation of any table. A Professional Engineer licensed by the State of Nebraska is required to determine and approve the energy savings calculations.

OTHER TOPICS

Applying for both PACE and TIF: If the project requires both PACE and TIF funding, please state this on the application.

Who reviews the applications? The District Administrator or representative, or a designated third-party administrator will review the applications. The District Administrator may request additional information from the applicant. The District Administrator will provide a letter to the applicant with the decision. Please direct all inquiries and submit your application to the District at the address shown on the application if different than the address provided above.

Who approves the applications? The City and the District have established a PACE Review Committee including representatives from the City legal, planning, and other departments to further review and approve applications. The District Administrator will provide a letter to the applicant with the decision to approve or disapprove.

What is the process for the loan approval and payments? Once the application is approved, the applicant will enter into a PACE Assessment Contract Real Estate Covenant with the PACE lender and the District. Other PACE lender documents will be required for final loan approval. Once finalized, PACE lender will deposit the loan funds, less any fees due at closing of the loan, and the applicant may use the funds for the qualified and approved PACE project expenses. The applicant will pay the annual assessments as provided in the assessment contract.



ATTACHMENT #1 – PACE PROJECT APPLICATION FORM

City of Ogallala

411 East 2nd Street
Ogallala, NE 69153
Phone 308-284-3607
City Fax 308-284-6565



OGALLALA PACE PROJECT APPLICATION

Name of Project: _____

Owner Information

Legal Name of Property Owner (Applicant) _____

Tax ID (FEIN or SSN) _____ Contact Person _____

Mailing Address _____ City _____ State _____ Zip _____

Phone _____ Fax _____ Email _____

Property Information

Address _____ City _____ State _____ Zip _____

Legal Description _____

_____ Year Built _____

Property Type _____

Tax Parcel Number _____ Assessed Value _____

Appraised Value _____ Building Size (sq.ft.) _____

Other PACE Projects

Does the property owner hold any other PACE loans? _____ Previously applied for PACE? _____

If yes, please provide details: _____

.....

Office Use Only

Received by:	Date received:	Property zoning	Application fee (due at submission)	Administrative fee (due at closing)



☐ Approved Conditions _____

☐ Denied Reasons _____

By _____ Date _____

Project Narrative Briefly describe the overall project. Submit additional pages if necessary.



Project Details Submit additional sheets if necessary, **See attached energy engineering analysis**

Measure	Description/Specification of Energy/Water/Waste Measure
#1	
#2	
#3	
#4	
#5	
#6	

Note: Energy, water and waste savings should be over the term of the financing period rather than the useful life, unless the useful life is less than the term.

Measure #	Construction Costs/Bids	Estimated Useful Life (years)	Year #1 Energy, water & waste savings	Year #1 Maintenance and operational savings	Over Term: Energy, water & waste savings (specify % growth/yr.)	Over Term: Maintenance and operational savings (specify % growth/yr.)	Over Term Total Savings (Energy +water+ waste+O&M)
#1							
#2							
#3							
#4							
#5							
#6							
Estimated total energy savings (kBtu,kwh or erms)							
Estimated total water savings (gal.), and/or waste reduced/recycled (tons)							
On-site renewable capacity (in kW)							
Expected \$ amount of utility incentives, rebates, solar tax credits, other benefits (<i>please specify which</i>)							
Name, credentials, contact information of agent determining energy & water savings data							



Total costs of improvements/measures	
Name of General Contractor firm licensed in Nebraska. Bonded? ___ Yes ___ No	
General Contractor contact person, name, phone and email address	
Optional: Energy Subcontractors (if any) (after each name indicate if licensed and bonded.)	
Projected jobs created by PACE Project and Project environmental benefits	

Mortgage & Lien Holder Information Signed mortgage or lien holder consent required for each. (Attach additional pages if more than 1 mortgage or lien holder.)

Financial institution name	
Financial institution contact person	
Contact person phone & email	

Financing Details

PACE capital provider	
PACE consultant (if any)	
Proposed PACE term (in years)	
Proposed interest rate and fees	
Annual assessment amount	
District Administrator fee	
Financing closing date (est.)	



Approval Criteria

Mark all that apply. *Note: property owner means the legal entity that owns the property.*

- ☐ Applicant owns the property where the project will be located.
- ☐ Proposed improvements will be affixed to the property.
- ☐ The property owner has sufficient resources to complete the project.
- ☐ There are no delinquent ad valorem taxes for this property.
- ☐ There are no delinquent personal property taxes for this property.
- ☐ There are no delinquent special assessments for this property.
- ☐ There are no overdue or delinquent water or sewer charges for this property.
- ☐ There are no involuntary liens, including but not limited to construction liens for this property.
- ☐ There are no notices of default pursuant to any mortgage or deed of trust related to this property.
- ☐ The property owner has not declared bankruptcy in the last 5 years.
- ☐ The property owner is solvent and has no significant pending legal action.
- ☐ There are no unresolved or pending violations or complaints of violations of the applicable municipal code for this property.
- ☐ The property owner understands that the estimated economic benefit, including, but not limited to, energy cost savings, maintenance cost savings, and other property operating savings expected from the energy project during the financing period, is equal to or greater than the principal costs of the energy project.
- ☐ The property owner is duly organized, validly existing and in good standing in the state of its organization, with authority to do business under the laws of the State of Nebraska.
- ☐ All owners of the property are aware of and approve the project.
- ☐ The property owner has obtained an acknowledged and verified written consent and subordination agreement executed by each mortgage holder or trust deed beneficiary stating that the mortgagee or beneficiary consents to the imposition of the annual assessment and that the priority of the mortgage or trust deed is subordinated.
- ☐ The property owner possesses all legal authority necessary to execute all project documents.
- ☐ All required permits, consents, approvals and authorizations in connection with the project have been obtained or will be obtained.



If any of these criteria are not met, please attach an explanation.

Review the list of required information on the next page. Incomplete applications may be denied.



Required Application Documents and Information

The following documents and information are needed at the time of application submission to obtain approval for funding:

Information on application form:

- ☐ Applicant name and contact information, including property owner and developer.
- ☐ Project location and legal description .
- ☐ Identification of contractor or supplier, including anticipated PACE contractor.
- ☐ Project description.
- ☐ Total project cost.
- ☐ Description of proposed improvements.
- ☐ Description of energy efficiency project to be financed.
- ☐ Amount of requested assessment.
- ☐ Interest rate on the PACE assessment and any required fees.
- ☐ Term of assessment.
- ☐ Estimated savings.
- ☐ Projected jobs created by PACE project.
- ☐ Projected environmental benefits.
- ☐ Funding source.

Additional documentation to be attached:

- ☐ Attach a signed copy of the approved bid/estimate for the energy efficiency project.
- ☐ Attach current title report showing mortgage and lien holders.
- ☐ Attach signed lender consent.
- ☐ Attach the energy analysis report (engineer's report identifying qualifying energy and water conservation measures, energy and water conservation cost savings, maintenance cost savings, and other property operating savings expected from the energy and water conservation project.)
- ☐ Attach assessment contract with PACE lender.
- ☐ Attach any additional pages required to complete the application form.



Submission Instructions

Submit this application form, completed and signed, application fee, and all necessary documents to:
PACE@ogallala-ne.gov

Or deliver to:

City of Ogallala PACE District
Attn: City Clerk-Treasurer
City of Ogallala
411 East 2 Street
Ogallala, NE 69153

Approval Process

The District Administrator will issue a decision (or request for additional information) within 30 days of after submission for projects that are not time critical. The approval process does not begin until a full application, with all required attachments, is received by the District Administrator. Review times may be accelerated for time critical applications.

Property Owner Signature

To the best of my knowledge, the statements made above are complete, true and accurate. I hereby certify that I am authorized to submit this application and affix my signature below. I recognize that submission of this application does not guarantee approval for funding.

Signature: _____

Title: _____

Printed Name: _____

Date: _____