

**KALAMAZOO COUNTY ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS MEETING**

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**MEETING DATE:** Thursday, July 23, 2015  
**PLACE OF MEETING:** County Administration Building  
201 West Kalamazoo Avenue, 207a  
**TIME:** 4:00 PM (After BRA)

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***AGENDA***

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1. Call to Order
2. Members Excused
3. Approval of the Agenda
4. Approval of Minutes
  - a. EDC Minutes of April 23, 2015
5. Citizens Comments (4 minutes each / Please state name and address)
6. Discussion and/or Action Calendar: ~ Packets are available before the meeting
  - a. PACE Information – Plan possible Workshop/Presentation to Commercial Property Owners?
7. Reports: Staff and Committees
  - a. None
8. Other
9. Board Member Comments
10. Adjournment

***Next Meeting: 4<sup>th</sup> Thursday – October 22, 2015***  
PLEASE CALL 384-8305 OR EMAIL RAGROV@KALCOUNTY.COM  
IF YOU ARE UNABLE TO ATTEND THE MEETING

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***Minutes***

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**Present:** Julie Rogers, Thell Woods, Andy Wenzel, Joe Agostinelli, Anne Summerfield, Travis Grimwood, Habib Mandwee, Tim Hudson,

**Members Excused:** Christopher Carew, Ken Peregon, James Spurr

**Kalamazoo Township:** Pamela Brown Goodacre in place of George Cochran, Ex-Officio Member

**Staff:** Lotta Jarnefelt, Rachael Grover

**Consultant:** Jeff Hawkins

**Recording Secretary:** Rachael Grover and Lotta Jarnefelt

**Community:** 3

1. Chair Woods called the meeting to Order at 5:13 p.m.
2. Members Excused: Christopher Carew, Ken Peregon, James Spurr
3. Approval of the Agenda **Agostinelli moved and Wenzel seconded the approval of the agenda. Motion Carried.**
4. Approval of Minutes: **Wenzel moved and Mandwee seconded approval of the January 22, 2015 minutes. Motion Carried.**
5. Citizens Comments: None
6. Discussion and/or Action Calendar: None
7. Reports: Staff and Committees – None
8. Other

Rogers shared County has a new economic development tool. County BOC approved resolution creating a PACE District - Property Assessed Clean Energy. Now need to spread the word to community. It is low interest loans for businesses to do environmental clean energy upgrades like Wind Turbines, Geothermal, Solar, energy efficient lighting, etc. Levin Energy Partners is the organizing agent for Michigan.

Jarnefelt explained it is private funding through local banks. Banks give longer term fixed interest loan to commercial companies for clean energy upgrades. Properties are evaluated to determine if energy savings will be more than the cost of the improvement. The program has been in place in many states for many years. Legislation in Michigan was just approved a few years ago. The County needed to pass the resolution to make it possible to do in the County. The only time the County will be involved is if the company went bankrupt. Loan stays with the property and new owner/purchaser will pick up payment as part of purchasing the property. It follows the deed as the new owner will also receive the benefit of lower energy cost.

Check website: <http://www.leanandgreenmi.com/index.htm> . There will be upcoming workshops for contractors and bankers.

9. Board Member Comments – none

10. Adjournment @ 5:22 p.m.

***Next Meeting: 4<sup>th</sup> Thursday – July 23, 2015***

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# PROPERTY ASSESSED CLEAN ENERGY - PACE

## What Is PACE?

Property Assessed Clean Energy, or PACE, is a long-term financing tool for commercial property owners in Michigan to pay for energy efficiency, water efficiency, and renewable energy upgrades. Property owners receive 100% pre-funding for energy saving upgrades on their facilities, and pay the loan back through their property tax bill.

## Benefits of PACE financing

- Long-term financing up to 20 years or the useful life of the project
- No upfront cost – 100% financing
- Immediate positive cash flow
- Runs with the land, transferring to the subsequent owner upon sale of the property
- Solves split incentive problem – payments can be passed easily to tenants
- Fixed interest rate (typically between 5.5% and 7.5%)

## Eligibility

### Qualifying Properties

- Manufacturing facilities
- Agricultural operations
- Office buildings
- Non-profits, including faith-based institutions and hospitals
- Multifamily housing properties
- And more!

### Qualifying measures

- Energy efficiency
- Water efficiency
- Renewable energy (nearly all)

## Why?

Buildings consume 40 percent of energy in the United States and 30 percent of this consumption is wasted due to inefficiency. However, the payback period is simply too long on many energy efficiency and renewable energy measures – so businesses continue wasting energy and money! PACE solves this problem by offering long-term financing at a fixed rate, leading to no upfront cost and *immediate positive cash flow*.

## About PACE and Lean & Green Michigan

Local governments facilitate PACE financing by allowing commercial property owners to repay private lenders via a special assessment on their property tax bill. To take advantage of PACE financing, the property owner signs an agreement with a private lender and the local government, and the loan repayment is then added to its property taxes.

Lean & Green Michigan, a program of Levin Energy Partners, is Michigan's PACE marketplace, growing and managing one, statewide PACE program in collaboration with local governments, lenders, contractors, and property owners. Lean & Green Michigan offers PACE in jurisdictions representing 48% of all Michiganders, with these numbers growing every month.

**Lean & Green Michigan**

**Email: [info@levinenergypartners.com](mailto:info@levinenergypartners.com)**

**Phone: 248.581.9128**



## Michigan Public Service Commission becomes first state agency in the nation to make energy improvements via PACE

### OVERVIEW

The Michigan Public Service Commission (MPSC) and property owner Saginaw Plaza Ltd. teamed up with Levin Energy Partners and Ameresco to complete the first PACE project for a state agency in the United States. The project, which was privately-financed, included the installation of a small solar array, LED lighting and variable speed pumps for heating and cooling. The project was initiated by the MPSC, a tenant of Saginaw Plaza Ltd, demonstrating the power of PACE financing in overcoming the “split incentive” problem, helping both tenants and property managers benefit from energy projects.

### PACE FINANCING

The project at the Michigan Public Service Commission headquarters was made possible by a new method of energy financing, called Property Assessed Clean Energy (PACE). Commercial buildings spend approximately \$200 billion per year on utilities, yet 30% or more of this is often waste. However, the comprehensive energy projects that could make these properties more efficient often require a large amount of up-front capital and take many years to achieve profitability. Commercial loans typically have a tenor of 3-5 years, making the annual repayment much greater than the energy savings. PACE changes all this by allowing property owners to finance energy efficiency and renewable energy projects through a special property tax assessment with the local government. Since the county will enforce this assessment just like any other tax obligation, lenders feel secure in providing fixed-interest loans with terms of up to 20 years. The result is positive cash flow for commercial property owners since the monthly savings generated by the energy project are greater than the PACE loan repayment. In addition, these projects create good jobs and communities get upgrades to their building stock, in many cases increasing the local tax base. Everybody wins.

### THE PROJECT AT A GLANCE

**Location:** Delta Township, Michigan (Eaton County)

**Property Owner:** Saginaw Plaza Ltd.

**Tenant:** Michigan Public Service Commission

**Contractor:** Ameresco

**Cost:** \$488,000

**Energy Savings/tax benefits:** \$800,000

**Energy Conservation Measures:** LED lighting, 20 kW solar system, variable speed pumps for heating and cooling

*“PACE is an innovative way that landlords, tenants and local officials can work together to pursue energy efficiency projects that would not otherwise take place”*

- MPSC Chairman John Quackenbush

### LEAN & GREEN MICHIGAN

Lean & Green Michigan™ helps commercial, industrial and multi-family property owners take advantage of PACE to finance energy projects, eliminate waste and save money through long-term financing solutions that make energy projects profitable. Lean & Green Michigan™ is a public-private partnership that works with local government, contractors, property owners, and lenders to invigorate Michigan’s PACE statute with a market-based approach to energy finance and economic development.

For more information on PACE, contact Lean & Green Michigan™ at [info@levinenergypartners.com](mailto:info@levinenergypartners.com).