

830-RICR-10-05-02

TITLE 830 - INFRASTRUCTURE BANK

10 - PROGRAMS

05 - ENERGY

PART 2 – Rhode Island Commercial Property Assessed Clean Energy Regulations (RI-CPACE)

2.1 Purpose

- A. Commercial Property Assessed Clean Energy (C-PACE) is a voluntary financing mechanism which allows commercial property owners to access affordable, long-term financing for energy upgrades and other eligible environmental health and environmental safety upgrades on their properties. The within Regulations of the Rhode Island Infrastructure Bank (the “Bank”) have been established to govern the administration of the Rhode Island Commercial Property Assessed Clean Energy (RI C-PACE) program in accordance with R.I. Gen. Laws Chapter 39-26.5 as amended.

2.2 Definitions

- A. Except as otherwise defined herein, the words and phrases used within these Regulations have the same meaning as the words and phrases in R.I. Gen. Laws Chapter 39-26.5 as amended.

2.3 Eligible Projects

- A. An eligible project for RI C-PACE financing must be located on eligible real property, be a permanent improvement or other approved measure, and owned by an eligible property owner. RI’s C-PACE program will finance projects under the following eligible categories, including but not limited to:
1. renewable energy;
 2. energy efficiency and water conservation improvements;
 3. system reliability upgrades;
 4. alternative fuel infrastructure upgrades;
 5. other eligible environmental health and environmental safety improvements.

2.4 Eligible Properties

- A. An eligible project for RI C-PACE financing must be located on eligible real property and be owned by an eligible property owner. A parcel of real property is eligible for RI C-PACE financing if it meets the following criteria:
1. It is located in a city or town that has opted in to the RI statewide C-PACE program. The Bank will maintain a list of participating cities and towns on the RI C-PACE website.
 2. If the project to be financed and represents a retrofit to an existing building and it:
 - a. includes a building, other than a residential building containing four or fewer units, which may include, but is not limited to an office or retail or lodging building, an industrial or agricultural building, or multifamily housing (other than for the portion of a building which has for sale housing units or “condominiums”), or
 - b. contains an improvement or connected land that, for purposes of ad valorem taxation, is billed with a parcel meeting the requirements of (a) above. For example, if a commercial building occupies twenty-five (25%) percent of a tax parcel of property, subject to applicable zoning/density regulations; RI C-PACE financing could be used in install solar panels on the remainder of the parcel.
 3. If the project to be financed represents new construction, the new construction must:
 - a. comprise the construction of a building, other than a residential building containing four or fewer units, and
 - b. may also include upgrades to an improvement or connected land that, for purposes of ad valorem taxation, is billed with a parcel meeting the requirements of (a.). The example given in 2(b) above applies here. The only difference is that the solar project would be on land connected to a new construction project.
 4. The property is eligible (or is eligible to be placed) on the property tax or other municipal assessment rolls of the city or town in which it is located.

2.5 New Construction Project Eligibility

- A. New construction projects are eligible for RI C-PACE financing for new building projects that exceed the current standards set forth in the applicable Rhode Island State Commercial Building Energy Code by ten (10%) percent.

2.6 Local Government Eligibility

- A.** The RI C-PACE program requires that each Rhode Island city and town wishing to participate in the RI C-PACE program must adopt a resolution authorizing the Bank to establish and administer the RI C-PACE program within their jurisdiction. In addition, the resolution must authorize the city or town to enter into the Bank-City and Town Participating Agreement. Projects are not eligible for RI C-PACE financing unless their host municipality has opted into the RI C-PACE program in accordance with this section and R.I. Gen. Laws Chapter 39-26.5 as amended.

2.7 Contractor Eligibility

- A.** The RI C-PACE program requires that contractors be registered with the program. Contractors must meet all RI State licensing and registration requirements to be eligible to participate in the RI C-PACE program. To become a registered contractor, the contractor must complete and submit a Contractor Registration Application to the Program Administrator (PA) which can be found on the RI C-PACE program website. The PA and Bank have the discretion to approve and deny contractor applications based upon review of the information in the Contractor Registration Application. The RI C-PACE program will maintain a list of registered contractors on the RI C-PACE website. Contractors who have been approved as registered RI C-PACE Contractors will remain on the RI C-PACE registered contractor list for three years from the date they become qualified and be re-enrolled if in good standing after the initial three-year period. The Bank reserves the right to disqualify contractors if they are found to be in violation of any of the standards set forth in the RI C-PACE Program Guidelines or for any other reason that the Bank finds to be in violation of good practices of the RI C-PACE program.
- B.** The Contractor Registration Application will include the following information, but not be limited to:
1. Company Name and Contact Information
 2. Company Services such as the types of energy efficiency or clean energy services the company provides
 3. State and local licenses, registration and certifications including the license / registration / certificate name, number and expiration date
 4. Staff resumes
 5. References

2.8 Change of Contractor

- A.** Program applicants who wish to change or bring on additional contractors after application approval may do so with written approval from the PA.

2.9 Change Orders

- A. Project applicants are only required to submit a change order to the PA for approval if the changes significantly alter an already approved measure or otherwise may affect the energy consumption of the building.

2.10 Capital Provider Eligibility

- A. In order to participate in RI C-PACE, capital providers must meet eligibility criteria set forth by the Bank's Board of Directors. RI C-PACE will solicit capital providers through a RI C-PACE Investor Approval Application. RI C-PACE Investor Approval Applications will be accepted on a rolling basis and approved capital providers will be listed on the RI C-PACE website.

2.11 Underwriting Standards

- A. The Bank requires capital providers to use at minimum, the following factors when determining whether or not to underwrite RI C-PACE projects:
 1. Total property-related debt to property value ratio (Total property-related debt includes mortgage debt, the RI C-PACE financing and any other obligations secured by the property). The property value may be established either:
 - a. as the assessed value of the property, or
 - b. its appraised value, as supported by a recent appraisal. In either case, the property's value may include the enhanced value of property resulting from the installation of the improvements being financed with RI C-PACE.
 2. The property owner has been current on its property tax and assessment payments.
 3. The property owner must not have any involuntary liens, defaults, or judgments applicable to the subject property. A property owner may be able to participate if it can be demonstrated that there is an acceptable reason for the lien, default, or judgment and provide supporting documentation.
 4. The property owner(s) or their affiliated companies have not been a debtor in a bankruptcy.
 5. Cash flow generated by the property.

2.12 Notice and Mortgage Holder Consent

A.R.I. Gen. Laws Chapter 39-26.5 requires that commercial property owners provide notice to all existing lienholders prior to the placing of the lien and to receive the consent of all existing holders of mortgages or deeds of trust on the property prior to the recording of the C-PACE assessment lien, which with such consent will be senior in priority to all mortgages on the property. The RI C-PACE lien shall take precedence over all other liens or encumbrances except a lien for taxes of the municipality on real property. To the extent RI C-PACE assessments are paid in installments and any such installment is not paid when due, the RI C-PACE assessment lien may be foreclosed to the extent of any unpaid installment payments and any penalties, interest, and fees related thereto. In the event such RI C-PACE assessment lien is foreclosed, including foreclosures resulting from tax sales, such RI-PACE assessment lien shall survive the judgment of foreclosure to the extent of any unpaid installment payments of the RI C-PACE assessment secured by such RI C-PACE assessment lien that were not the subject of such judgment.

2.13 Security

A.The RI C-PACE financing is secured by the special assessment and corresponding lien on the subject property. The RI C-PACE assessment has priority over all private liens on the property, and is junior in priority to a municipal tax lien. The RI C-PACE assessment will be placed on a RI C-PACE property owner's property tax or other municipal bill in which the RI C-PACE property is located, collected by the RI C-PACE municipality and/or third-party entity acting on behalf of the municipality and remit those funds to Bank to be remitted to the capital provider. The RI C-PACE assessment shall be owed by the current owner of the related RI C-PACE property as of the time each RI C-PACE assessment comes due. In the event of a transfer of ownership, including by tax sale, in accordance with R.I. Gen. Laws §44-9-32, as amended, all RI C-PACE assessments coming due after the date of the transfer, by tax sale, in accordance with R.I. Gen. Laws §44-9-32, or foreclosure or otherwise, shall be owned by the transferee. The remedies available to capital providers in the case of a payment default are the same as are available to holders of other special assessments, including penalty interest and, in extreme cases, foreclosure and sale of the property at a tax lien sale.

2.14 Data Sharing Requirements

A.The Bank requires that project owners provide ongoing access to utility usage data after a project is complete in an effort to track RI C-PACE project performance.

2.15 Post-Completion Commissioning Requirements

A. RI C-PACE requires a post completion inspection report and post-construction commissioning report.

2.16 Application and Approval Process

- A. The RI C-PACE program application will be submitted to the RI C-PACE PA. The RI C-PACE PA is responsible for the review and approval of the RI C-PACE application.

2.17 Fees

- A. The RI C-PACE program will assign a program administration and servicing fee to each project at the time of project financing. The fees will be set by the Bank Board of Directors and be reviewed, at least, annually. Project financing costs and interest rates will be set by the applicant's capital provider.

2.18 Disclosure of Property Owner Information

- A. Property owners must agree to allow the Bank to disclose personal/corporate information submitted as part of the program to the PA. They also must agree that the Bank Board and the PA may disclose the property owner's information to third parties when such disclosure is essential to the conduct of the Bank's business.

2.19 Transfer or Resale of the Subject Property

- A. If the property is sold prior to the end of the agreed-upon special assessment period, the new owner will assume the RI C-PACE assessment obligation, unless otherwise negotiated. Ownership of any authorized improvements on the subject property will transfer to the new owner at the close of the real estate sale. Authorized improvements financed through the program may not be removed from the property until the RI C-PACE assessment has been fully repaid. Program participants agree to make all legally required disclosures about the existence of the special RI C-PACE assessment lien on the property in connection with any sale.

2.20 Fraud

- A. Giving materially false, misleading or inaccurate information or statements to the Board, the PA or any of their employees and agents (or failing to provide the Board with material information) in connection with an application is punishable by law. Material representations include, but are not limited to, representations concerning the project costs, ownership structure and financial information relating to the property and the applicant.

2.21 Modifications

- A. Where deemed appropriate by the Bank, waiver or variation of any provision herein may be made or additional requirements may be added.

2.22 Severability

- A. If any provision of these rules and regulations or the application thereof to any local government unit, person, or corporation is held invalid by a court of competent jurisdiction, the remainder of the rules and regulations shall not be affected thereby. The invalidity of any section or sections or parts of any section or sections shall not affect the validity of the remainder of these rules and regulations.