



# Delaware County Finance Authority

## Property Assessed Clean Energy Financing (PACE)

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- **Definition of PACE Bonds:**
  - Property Assessed Clean Energy Financing.
- **Structure of PACE Financing:**
  - Property owners requests the City to place a voluntary annual special assessment on the property. Such special assessments are used to pay the annual debt service payments on bonds issued to finance qualified energy improvements. The County collects special assessments with real estate taxes and distributes them to the City. The City transfers then transfers the special assessments to the PACE bondholder.
- **Qualified PACE Improvements:**
  - PACE improvements can generally include any cost that reduces energy costs, including but not limited to, heating and cooling systems, insulation, windows, doors, roof, lighting, solar, geothermal, and other improvements.
- **Benefits to Property Owner:**
  - Finance up to 100% of project costs, including transaction costs.
  - Bond is typically not secured by mortgage on the property.
  - Bond is off-balance sheet to the property owner.
  - Property owner can often pass on all or a portion of the special assessments to third party tenants (similar to real estate taxes).
- **Role of the City:**
  - City has no financial obligation.
  - City agrees to place special assessment on property as requested by property owner.
  - City agrees to pass special assessments (as collected by County) and transfer them semi-annually to the property owner.
- **PACE Lender:**
  - PACE bonds would be issued by the Delaware County Finance Authority.
- **Term of Special Assessment Bonds:**
  - Typically bonds are amortized over 10 to 25 years (subject to useful life of the energy related improvements).
- **Interest Rate:**
  - The interest rate is subject to market conditions, structure of Bonds, type of Project, and term of Bonds.
  - Interest on the Bonds is taxable for federal income tax purposes.
- **Transaction Costs:**
  - Transaction costs can be financed with bond proceeds and are based upon the amount, structure and term of the bonds.

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**For More Information:**

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