



PACE Financing

Property Assessed Clean Energy (PACE) and Commercial Property Assessed Clean Energy (C-PACE) financing allow property owners to obtain upfront financing from private capital providers for energy efficiency and renewable energy projects in new and existing buildings.

PACE financing makes it possible for commercial, industrial, and nonprofit property owners to obtain low-cost, long-term financing to improve energy efficiency, increase the value of their property through improvements, increase building safety (in some states), and finance these projects in a way that is cash-flow positive. Payback terms of up to 30 years can result in yearly savings from energy improvements greater than annual PACE payments.

The nature of a PACE transaction, which combines the fundamental government power of property taxation with commercial lending and capital markets, requires multidisciplinary knowledge. Our firmwide focus on finance and our extensive breadth and depth of experience in the public finance sector have positioned us to deliver uniquely comprehensive advice and representation to credit providers and issuers in PACE transactions.

Public Finance

Very few law firms can match the range and depth of Chapman's public finance experience. We have handled transactions from every perspective, providing our lending and issuer clients with comprehensive advice across a wide spectrum of securities and debt structures, and an excellent base for solving the novel issues raised by a new product like PACE.

Attorneys

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Related Practices

Asset Securitization
Commercial Lending
ESG Counsel and Sustainable Finance
Public Finance

Asset Securitization

We represent sponsors, investors, underwriters, and indenture trustees in the securitization of financial products. We also represent platforms in connection with their issuance of pass-through notes representing fractional interests in underlying financial products. We bring to bear a depth of experience in structures and markets where originators have looked for long-term monetization of PACE assets.

Commercial Lending

Leveraging our extensive commercial lending experience, we help create platforms and structure agreements that address the needs of property owners and capital providers in underlying PACE transactions. We also represent originators and investors in whole loan purchase programs, as well as banks, investment banks, and borrowers in the negotiation of warehouse loan facilities collateralized by loans, real estate, and other financial products.

Financial Products

We advise platforms and structure loans, leases, mortgages, reseller and vendor agreements, assessment contracts, joint marketing agreements, and other specialized products with originators. We also advise originators and investors on federal and state consumer protection, lending, and licensing laws and related regulatory requirements to help them create efficient, financeable, and compliant platforms and products.

Representative Transactions

- Bond counsel on a C-PACE financing to finance water and energy efficiency measures in a new multifamily housing development
- Bond counsel on a C-PACE financing to finance the conversion of a 135,000 SF former warehouse into a hydroponic vertical farm facility
- Bond counsel on a C-PACE transaction to finance the rehabilitation and adaptive reuse of a group of buildings centered around a historic theatre in the City of Chicago
- Special counsel to an Illinois county in the state's first transaction under a C-PACE financing program, which provided for a roof replacement and solar installation for a commercial property
- Served as special counsel to an Illinois county in a C-PACE refinancing of energy and water efficiency improvements installed for a self-storage facility
- Represented the placement agent in a sale of \$4.8 million and \$3.97 million C-PACE bonds in Michigan
- Represented the investor and placement agent in a sale of a \$8.5 million C-PACE bond in Wisconsin
- Served as counsel to the capital provider in a C-PACE financing for a Michigan resort – the first C-PACE transaction in upper Michigan
- Represented an investor in C-PACE assets as borrower under a secured credit facility backed by such PACE assets

- Served as special counsel to various Illinois counties in the development and implementation of the state's C-PACE financing program
- Served as counsel to a real estate development and management company in the development of a new PACE program in two Illinois counties
- Represented lender to condo developer in connection with intercreditor issues related to use of PACE funding for various climate hardening improvements for new condo complex
- Represented a borrower in a credit facility backed by interests in C-PACE assets
- Served as counsel to a sponsor in structuring pooled financing for C-PACE loans
- Represented a sponsor establishing a titling trust to purchase C-PACE assets
- Represented a bank serving as trustee and custodian on term securitization and structured warehouse transactions sponsored by a number of PACE originators
- Represented the purchasers/lenders of C-PACE bonds issued by the Energy Improvement Corporation of New York
- Served as counsel to program sponsor in negotiating and documenting a forward purchase arrangement with a hedge fund investor for up to \$100 million of municipal bonds backed by C-PACE loans
- Represented the investor in a forward flow asset purchase arrangement for C-PACE assets in Ohio
- Represented the investor in a workout of C-PACE bond in California
- Represented a capital provider and program administrator in drafting revisions to Illinois PACE statute

Engagements

Oakland Office Building C-PACE Financing
August 2023

Green Housing Development
May 2022

Hydroponic Farm Financing
November 2021

Historic Theater Renovation
October 2021

Illinois's First C-PACE Financing
September 2019