



Garden State C-PACE Program Guidelines

New Jersey Economic Development Authority

36 West State Street, Trenton, NJ 08625

(609) 858-6700

www.njeda.com

gardenstatepace@njeda.com

TABLE OF CONTENTS

ARTICLE I. OVERVIEW..... 2

ARTICLE II. PROGRAM ELIGIBILITY REQUIREMENTS..... 3

ARTICLE III. QUALIFICATIONS AND RESPONSIBILITIES OF C-PACE PARTICIPANTS..... 7

ARTICLE IV. GARDEN STATE C-PACE PROJECT PROCESS OVERVIEW 14

ARTICLE V. TECHNICAL EVALUATION AND REVIEW 24

ARTICLE VI. FEES..... 31

ARTICLE VII. LOCAL C-PACE PROGRAM..... 34

ARTICLE VIII. APPEALS..... 36

ARTICLE IX. FAILURE TO COMPLY WITH PROGRAM REQUIREMENTS 37

ARTICLE X. SEVERABILITY..... 38

ARTICLE XI. GLOSSARY 39

ARTICLE XII. LIST OF APPENDICES..... 45

APPENDIX A – FORM OF MORTGAGE HOLDER CONSENT 46

APPENDIX B – MODEL OPT-IN ORDINANCE..... 47

APPENDIX C – FORM OF GARDEN STATE PROGRAM AGREEMENT 48

APPENDIX D – FORM OF C-PACE ASSESSMENT AGREEMENT 49

APPENDIX E – FORM OF C-PACE ASSIGNMENT AGREEMENT 50

APPENDIX F – FORM OF C-PACE NOTICE OF ASSESSMENT..... 51

APPENDIX G –FORM OF CAPITAL PROVIDER PARTICIPATION AGREEMENT 52

APPENDIX H – TECHNICAL REVIEWER CERTIFICATION LETTER..... 53

APPENDIX I – QUALIFIED PROVIDER CERTIFICATION LETTER..... 54

APPENDIX J – FORM OF C-PACE NOTICE OF AMENDMENT OF ASSESSMENT 55

APPENDIX K – ELIGIBLE OWNER APPLICANT UNDERTAKING..... 56

ARTICLE I. OVERVIEW

Section 1.01 Introduction

N.J.S.A. 34:1B-374 to -382 (the “C-PACE Act”) established a C-PACE program in New Jersey. The Garden State Commercial Property Assessed Clean Energy (“C-PACE”) Program (“Garden State C-PACE” or the “Program”) provides a new form of financing for renewable energy, energy efficiency, water conservation, and certain types of resiliency-related improvements for New Jersey. The Program works by enabling eligible commercial, industrial, agricultural, and certain multi-family residential real property owners to access financing to undertake these kinds of improvements on their properties and repay the financing through the payment of an additional assessment to their municipality, similar to their real property tax, sewer, or water bill.

The C-PACE Act directs the New Jersey Economic Development Authority (“Authority”) to develop guidelines for Garden State C-PACE, (as may be amended or modified from time to time, “Program Guidelines”) to include the standard forms of documentation (“Uniform Assessment Documents”) to be used by Program participants, and to implement and oversee the Program. Accordingly, the Appendices are an integral part of the Program Guidelines. The official version of the Program Guidelines and all Appendices may be found on the Authority’s Program website.

Section 1.02 Authority Program Oversight

The Authority has the responsibility for developing the Program Guidelines and determining whether proposed projects are eligible in accordance with the C-PACE Act and the Program Guidelines. The Authority does not provide any financing to borrowers, nor does the Authority approve any financing provided by lenders. As part of its role of ensuring compliance with the Program Guidelines, the Authority, in its sole discretion, may decide to contract with one or more third parties to assist the Authority. As allowed in the C-PACE Act, the Authority may enter into a memorandum of agreement with one or more State government agencies or instrumentalities to perform any actions the Authority may take with regard to the Program.

Section 1.03 Interpretation

In the event of any inconsistency between these Program Guidelines and any form of agreement or other document, the Program Guidelines shall control.

ARTICLE II. PROGRAM ELIGIBILITY REQUIREMENTS

Section 2.01 Eligible Property

“Property” means:

- A. One of the following:
 - 1. industrial, agricultural, or commercial property;
 - 2. residential property containing five or more dwelling units;
 - 3. common areas of condominiums and other planned real estate developments as defined in N.J.S.A. 45:22A-23; or
 - 4. property owned by a tax-exempt or nonprofit entity, including, but not limited to, schools, hospitals, institutions of higher education, or religious institutions;
- B. Within a Participating Municipality; and
- C. Upon which a C-PACE Assessment is imposed at the request of a Property Owner in connection with a C-PACE project.

“Eligible Property” means a Property that meets the following requirements:

- A. Must not be subject to any bankruptcy proceedings;
- B. Must not be the subject of any mortgage loans with any default; and
- C. All tax payments, charges, or assessments for the Property must be current.

Section 2.02 Eligible Owner

“Property Owner” means an owner of an Eligible Property who consents to a C-PACE Assessment being imposed on the Eligible Property.

“Beneficial Owner” means the owner of the building and improvements on an Eligible Property if it ground leases the land underlying the building and improvement for at least 50 years.

“Eligible Owner” means a Property Owner or a Beneficial Owner that meets the following requirements when seeking the Authority’s determination that a proposed C-PACE Project is eligible:

- A. Must not be subject to any bankruptcy proceedings;
- B. Has a valid Tax Clearance Certificate;
- C. Has written consent from all Property Owners to the C-PACE Assessment being imposed on the Eligible Property; and
- D. Has written consent from all mortgage lien holders on the Eligible Property of the proposed C-PACE Assessment.

Section 2.03 Eligible C-PACE Projects

“C-PACE Project” means the acquisition, construction, installation, or modification of one or more of the following types of improvements (“Eligible Improvement Categories”) , which shall be affixed to the Eligible Property.

“Eligible Improvement” means a single improvement within one of the Eligible Improvement Categories.

Until the Authority issues supplemental Guidelines, a C-PACE Project shall not include refinancing of projects or new construction upon previously unimproved real property. Eligible Improvement Categories are:

- A. Energy Efficiency Improvements: Improvements to reduce energy consumption through conservation or a more efficient use of electricity, natural gas, propane, or other forms of energy, including, but not limited to:
 - 1. Air sealing;
 - 2. Installation of insulation;
 - 3. Installation of energy-efficient electrical, heating, cooling, or ventilation systems, including, but not limited to, air and ground source heat pump systems;
 - 4. Energy efficient water heating;
 - 5. Building modifications to increase the use of daylight;
 - 6. Energy efficient windows, doors, and glass;
 - 7. Installation of energy or water controls or energy recovery systems;
 - 8. Installation of efficient lighting equipment and/or controls; and
 - 9. Other improvements that the Authority, in consultation with the New Jersey Board of Public Utilities (NJBPU), determines reduce energy consumption.

- B. Water Conservation Improvements: Improvements that reduce water consumption, increase the efficiency of water use, or reduce water loss.

- C. Renewable Energy System Improvements: Improvements by which electrical, mechanical, or thermal energy is produced from a method that uses one or more of the following fuels or energy sources:
 - 1. Hydrogen;
 - 2. Solar energy;
 - 3. Geothermal energy;
 - 4. Biomass;
 - 5. Wind energy; and
 - 6. Other fuels and energy sources that the Authority, in consultation with the NJBPU, determines are renewable energy fuels or sources.

- D. Energy Storage: Technology that can absorb energy, store it for a period, and thereafter dispatch the energy, including, but not limited to, battery electric storage, thermal storage,

pumped hydropower, and such other forms of energy storage as may be determined by the Authority.

- E. Electric Vehicle Charging Infrastructure: Equipment designed to deliver electric energy to a battery electric vehicle or a plug-in hybrid vehicle.
- F. Stormwater Management Systems: Has the same meaning as in N.J.S.A. 40A:26B-3, which, as of the date of these Guidelines is: “Any equipment, plant, structures, machinery, apparatus, management practices, design practices, planning activities, land, or any combination thereof, acquired, used, constructed, implemented, or operated to convey stormwater, control or reduce stormwater runoff and associated pollutants or flooding, induce or control the infiltration of groundwater recharge of stormwater, or eliminate illicit or illegal non-stormwater discharges into stormwater conveyances.”
- G. Flood Resistant Construction Improvements: Improvements that mitigate the likelihood of flood damage, including, but not limited to, the installation of break-away walls and building elevation alterations.
- H. Hurricane Resistant Construction Improvements: Improvements that enable components of structures to be in compliance with the standards for a “wind-borne debris region” adopted pursuant to the “State Uniform Construction Code Act,” N.J.S.A. 52:27D-119 et seq., or into compliance with a successor standard under that code.

Section 2.04 Project Costs

“Project Costs” means those costs associated with the C-PACE Project that can be financed using a C-PACE Assessment, which amount shall be reduced by the incentives or subsidies paid or payable within 6 months following the commissioning of the C-PACE Project as additional financing for the C-PACE Project by a New Jersey-regulated utility or any government entity, whether at the municipal, county, state, or federal level (“Subsidies”). Project Costs include:

- A. Direct Costs: Including, but not limited to, costs for the equipment, materials, and labor related to the purchasing, constructing, installing, modifying, or acquiring a C-PACE Project.
- B. Indirect Costs: Including, but not limited to, expenses and fees of engineers, architects, and other professionals, inspection fees and permits, and warranties and pre-paid maintenance contracts for the C-PACE Project.
- C. Financing Costs of Capital Provider: Including, but not limited to, origination fees, prepaid interest and payment reserves, closing costs, counsel fees, trustee or custodian fees, recording fees, and other financing charges.

- D. Program Fees: The application fee, determination fee, and closing fee paid to the Authority, and the municipality closing fee paid to the Participating Municipality. Program fees can be found in Article VI.

Section 2.05 Direct Financing

“Direct Financing” means financing for a C-PACE Project pursuant to a financing agreement entered into between a Qualified Capital Provider and an Eligible Owner, or an individual or entity or duly authorized by the Eligible Owner. The C-PACE Assessment must adhere to the following underwriting requirements:

- A. The principal amount, when combined with mortgage and other lien obligations on the Eligible Property, shall not exceed ninety (90) percent of the appraised value of the Eligible Property after including the anticipated value created by the C-PACE Project;
- B. The amount shall be a specific amount, which may not exceed the Project Costs;
- C. The maximum duration shall not exceed the Weighted Average Useful Life (“WAUL”) of the Eligible Improvements in the C-PACE Project or thirty (30) years, whichever is less. The WAUL is determined by the methods identified in Section 5.05B; and
- D. Except as otherwise expressly provided in these Guidelines, the terms of repayment shall be solely determined and negotiated between the Eligible Owner and the Qualified Capital Provider. The schedule for the Eligible Owner’s repayment of the C-PACE Assessment (“Repayment Schedule”) shall be included in the C-PACE Assessment Agreement.

Section 2.06 Eligibility Criteria

For a proposed project to be eligible under the C-PACE Program:

- A. The applicant proposing the project must satisfy the definition of Eligible Owner;
- B. The proposed property on which the proposed project will be located must satisfy the definition of Eligible Property;
- C. The proposed financing must satisfy the definition of Direct Financing; and
- D. Relevant Qualified Technical Reviewers have signed the Technical Review Certification Letter that the proposed project satisfies the definition of C-PACE Project and have determined the amount of Project Costs.

ARTICLE III. QUALIFICATIONS AND RESPONSIBILITIES OF C-PACE PARTICIPANTS

Section 3.01 Municipality

- A. To be qualified to participate in the Program, a municipality (as so qualified, a “Participating Municipality”) must adopt an Opt-In Ordinance authorizing its participation in Garden State C-PACE, enter into a Garden State Program Agreement with the Authority setting forth the obligations of each party under the Program, and notify the Authority. Forms of the Opt-In Ordinance and Garden State Program Agreement can be found in Appendix B and Appendix C , respectively, and the Participating Opt-In Notice can be found listed on the Program website (www.njeda.com/c-pace/). A list of Participating Municipalities is maintained on the Program website.

- B. The Opt-In Notice shall require the following information in a format prescribed by the Authority:
 1. The name of the municipality;
 2. The county in which the municipality is located;
 3. Contact information for the municipality, including, but not limited to, name, title, email, and phone number;
 4. Mailing address for the municipality;
 5. A copy of the approved municipality opt-in ordinance, which must be in the form attached as Appendix B ;
 6. A copy of the completed Garden State Program Agreement signed by the appropriate municipal officer, which must be in the form attached as Appendix C ; and
 7. If the designation as a Participating Municipality was previously revoked, explanation satisfactory to the Authority of the corrective measure implemented that will prevent or ensure that the compliance failure does not happen again.

- C. Responsibilities of Municipalities under the Program. With respect to each C-PACE Project undertaken within its boundaries, the Participating Municipality shall:
 1. Following the Authority’s determination that a C-PACE Project is eligible and simultaneous with the execution by the Eligible Owner and Qualified Capital Provider of the financing agreement:
 - a. Enter into a C-PACE Assessment Agreement with the Eligible Owner in which the Property Owner, or all Property Owners if multiple, agree to the imposition of a C-PACE Assessment on the Eligible Property benefited by a C- PACE Project and containing the related Repayment Schedule; and in which the Participating Municipality agrees to levy, bill, collect, remit, and, to the extent

- necessary, enforce the C-PACE Assessment (see Appendix D for the required form of this C-PACE Assessment Agreement);
- b. Enter into a C-PACE Assignment Agreement (“Assignment Agreement”) with the Qualified Capital Provider that is providing the Direct Financing for the C-PACE Project, in which the Participating Municipality assigns the C-PACE Assessment to the Qualified Capital Provider (see Appendix E for the required form of this Assignment Agreement).
2. File, or cause to file, the Notice of Assessment, together with the executed C-PACE Assessment Agreement and Assignment Agreement, with the county recording office in the county in which the Eligible Property is located (see Appendix F for the required form of this Notice of Assessment).
 3. Upon its receipt of any joint notice of a change from an Eligible Owner and the corresponding Qualified Capital Provider pursuant to Section 4.02, cooperate with the Eligible Owner, all other Property Owners, and the Qualified Capital Provider to amend the C-PACE Assessment Agreement, the Assignment Agreement, and the Notice of Assessment, as may be necessary. Such amendment may include a change to the Repayment Schedule.
 4. Levy, bill, and collect the C-PACE Assessment and remit the C-PACE Assessment to the Qualified Capital Provider, which is described in Section 4.04.
 5. As necessary, enforce the C-PACE Assessment, which is described in Section 4.04.

D. Termination of Participation by the Municipality

1. A Participating Municipality may terminate its participation for any reason in the Program by providing ninety (90) days prior written notice to the Authority; provided, however, that any such termination shall not be effective with respect to any continuing obligations of the Participating Municipality relating to any C-PACE Assessments that have not been paid or otherwise discharged in full, and all such continuing obligations of the Participating Municipality relating to such C-PACE Assessments shall continue until all such C-PACE Assessments have been paid or otherwise discharged in full.
2. The Participating Municipality may terminate in the event of a material change to the Program by notifying the Authority in writing within sixty (60) days after the effective date of the material change, and the termination shall be effective fifteen (15) days after such written notice has been provided to the Authority; provided, however, that any such termination shall not be effective with respect to any C-PACE Project located within the Participating Municipality that received the approval of the Authority prior to the effective date of the material change and all with respect to all continuing obligations of the Participating Municipality relating to such C-PACE Project shall continue until all C-PACE Assessments relating to such C-PACE Project have been paid or otherwise discharged in full. For purposes of this provision, “material change” means any modification to the Act, these Program Guidelines, or the form of any Uniform Assessment Document, such that the rights, obligations, or operations of the Participating Municipality or Eligible Owners are materially adversely affected.

Section 3.02 Qualified Capital Providers

A Capital Provider seeking to participate in the Program (“Qualified Capital Provider”) shall follow the process in this Section to be designated as a Qualified Capital Provider by the Authority. A list of Qualified Capital Providers is maintained on the Authority’s Garden State C-PACE website (www.njeda.com/cpace). The Authority’s designation of a Capital Provider as a Qualified Capital Provider does not constitute a finding by the Authority that a Qualified Capital Provider is appropriate for any particular C-PACE Project or an endorsement of any Qualified Capital Provider.

A. Capital Providers. “Capital Provider” means:

1. An accredited investor or qualified institutional buyer as defined respectively in Regulation D, Rule 501 (17 C.F.R. 230.501 through 230.508) or Rule 144A (17 C.F.R. 230.144A) of the federal “Securities Act of 1933” (15 U.S.C. s.77a et seq.), as amended;
2. The trustee or custodian of a trust or custody arrangement which provides that each beneficial owner of interests shall be an accredited investor or qualified institutional buyer;
3. A special purpose securitization vehicle for the sale and transfer of securities, which is restricted to those persons described in subsections A.1 or A.2 of this definition; or

4. A commercial lending institution chartered by a state or the federal government, including, without limitation, a savings and loan association, a credit union, or a commercial bank.

Until the Authority issues supplemental Guidelines, a Capital Provider shall not include a public entity.

Section 3.03 Eligibility Criteria for Qualified Capital Providers

To be designated as a Qualified Capital Provider, a Capital Provider must meet the following eligibility requirements:

1. Demonstrate that it meets the definition of a Capital Provider;
 2. Have a valid Tax Clearance Certificate;
 3. Not be in default with any agreement with the Authority;
 4. Be in substantial good standing with the New Jersey Department of Labor and Workforce Development, the New Jersey Department of Environmental Protection, and the Department of the Treasury as set forth in Section 3.02.
 5. Demonstrate one of the following:
 - a. Be an approved capital provider to participate in three (3) or more C-PACE programs;
or
 - b. Has closed financing to three (3) or more C-PACE financing transactions in another C-PACE program(s);
 6. Have three positive references from borrowers in C-PACE financing, or if the applicant has not closed three C-PACE financings for three different borrowers, from borrowers in transactions that are representative of the applicant's core lending activities;
 7. If the applicant's designation as a Qualified Capital Provider was previously revoked, explanation satisfactory to the Authority of the corrective measure implemented that will prevent or ensure that the compliance failure does not happen again; and
 8. Satisfy the Authority's review pursuant to the Authority's debarment and disqualification rules at N.J.A.C. 19:30-2.
- E. Qualification Process. A Capital Provider seeking to become a Qualified Capital Provider must submit a completed application to the Authority. Applications are accepted on a rolling basis and can be found on the Garden State C-PACE website. The Application shall require the following information in a format prescribed by the Authority:
1. Name and address of the applicant;
 2. Contact information for the applicant, including, but not limited to, name, title, email, and phone number;
 3. Estimated amount of capital available to use for the Program;
 4. List of staff available to manage C-PACE Project transactions, including, but not limited to, names and years with the applicant;
 5. A list of all C-PACE programs for which the applicant has been qualified to participate as a capital provider, including the name of the key contact at the program administrator for each program, and a certification that the applicant is not or has not been disqualified,

removed, or otherwise deemed ineligible or unable to continue participating or, for any

- such program for which the applicant has had such adverse action, the name of such C-PACE Program and the reason for such adverse action;
6. A list of any C-PACE program for which the applicant's application or request to participate as a capital provider has been declined, disapproved, or otherwise been deemed or found ineligible and the reason for such adverse action;
 7. A list of all C-PACE programs in which the applicant has already closed one or more financing transactions;
 8. Current standard C-PACE Project lending terms and fees;
 9. Current time period to process and close a C-PACE Project transaction;
 10. Contact information for the borrowers for the references required in B.6 above;
 11. Acknowledgement and consent by the applicant that the Authority will publicly disclose all Direct Financing by the Qualified Capital Provider and any information necessary for the reports required pursuant to N.J.S.A. 34:1B-376;
 12. If applicable, the explanation required in B.7 above;
 13. A completed legal questionnaire disclosing all relevant legal matters in accordance with the Authority debarment and disqualification rules at N.J.A.C. 19:30-2; and
 14. Any other necessary and relevant information as determined by the Authority for a specific application, including, but not limited to, information needed to complete its review of an applicant.

As part of its review, the Authority may contact representatives of any of the C-PACE programs in which the Applicant has previously participated in or is currently participating.

- F. The Authority shall notify the applicant of the Authority's decision. If approved, the Qualified Capital Provider and the Authority shall enter into a Capital Provider Participation Agreement, in the form set forth in Appendix G. The Capital Provider shall be designated a Qualified Capital Provider upon execution of the Capital Provider Participation Agreement, which shall require that the Qualified Capital Provider:
 1. Ensure that the C-PACE Project and the Direct Financing are eligible;
 2. Collect and remit the closing fee due to the Authority from the Eligible Owner;
 3. Provide annual reporting to the Authority no later than March 31 on the performance in the prior year of any Direct Financing that the Qualified Capital Provider is providing, which shall address whether debt service payments have been made on a timely basis and if there have been any defaults, together with such other information that the Authority may have require to determine the performance of the Program and to provide the reports required pursuant to N.J.S.A. 34:1B-376; and
 4. For any change to the C-PACE Project, submit an application for a Project Change as set forth in Section 4.03.

- G. The Qualified Capital Provider shall continue satisfying the eligibility requirement for the duration of its participation in the Program. The Authority may require, from time to time, that the Qualified Capital Provider submit information or documentation pertaining to the qualification process and may revoke the Capital Provider's qualification if it no longer meets the Program's qualification requirements or is not in compliance with the C-PACE Act, the Program Guidelines, or the Capital Provider Participation Agreement, including, but not limited to, an updated legal questionnaire disclosing all relevant legal matters in accordance with the Authority debarment and disqualification rules at N.J.A.C. 19:30-2.

ARTICLE IV. GARDEN STATE C-PACE PROJECT PROCESS OVERVIEW

An individual or entity (“Project Applicant”) seeking to be an Eligible Owner for a C-PACE Project shall submit a completed application (“Project Application”) to the Authority for a determination by the Authority that the proposed project is eligible.

Section 4.01 Application Process

A. Application Preparation and Submission

The Project Application shall include the following information in an application format prescribed by the Authority:

1. Name, address, and phone number of Project Applicant;
2. If the Project Applicant is an entity:
 - a. Type of entity, country and state of formation, date of formation, federal and state tax identification number, and website address; and
 - b. Name, title, email, and phone number of the primary point of contact;
3. If applicable, name, title, email, phone number, and address of consultant and/or attorney assisting with Project Application;
4. Address of the proposed Eligible Property, type of property and, if applicable, lease agreement. If the Project Applicant proposes a property in a municipality that is not a Participating Municipality, the Project Application shall not be complete until the municipality is designated by the Authority as a Participating Municipality as set forth in Section 3.01;
5. Narrative description of the proposed C-PACE Project and all costs, including, but not limited to, Project Costs;
6. Project Applicant’s selected Qualified Capital Provider to provide the Direct Financing and a written certification to the Authority from the Qualified Capital Provider, in the form attached as Appendix I certifying that the Qualified Capital Provider is independent from the Project Applicant’s selected Qualified Technical Reviewers, the proposed property is an Eligible Property, the Project Applicant is an Eligible Owner, and the proposed financing is a Direct Financing. If the Project Applicant proposes an entity that is not a Qualified Capital Provider, the Project Application shall not be complete until the entity is designated by the Authority as a Qualified Capital Provider as set forth in Section 3.02;
7. Information on all capital and equity sources for the proposed C-PACE Project;
8. All design and engineering documents and specifications for the C-PACE Project;
9. All required Technical Evaluations as described in Article V and the name of the individual(s) or entity(ies) that completed the Technical Evaluation(s), type of Technical Evaluation(s) completed, the description of experience and credentials of the individual (s) who completed the Technical Evaluation, and the WAUL calculated by the Technical Evaluator(s);

10. All required Technical Review Certification Letters completed by a Qualified Technical Reviewer documenting the relevant Technical Reviews as described in Section 5.04 and Appendix I . If the Project Applicant proposes an individual or entity that is not a Qualified Technical Reviewer, the Project Application shall not be complete until the individual or entity is designated by the Authority as a Qualified Technical Reviewer as set forth in Section 5.04;
11. A list of all liens on the proposed Eligible Property and the respective amount due, appraised value of the proposed Eligible Property, supporting documentation of appraisal, and total amount of C-PACE Assessment when combined with mortgage and other lien obligations on the proposed Eligible Property;
12. A Mortgage Holder Consent from each current mortgage lien holder on the applicable Eligible Property, which shall also include the mortgage lien holder's certification that the mortgage loan is not currently in default, as provided in Appendix A ;
13. The most current draft of the proposed financing agreement between the Qualified Capital Provider and Project Applicant;
14. Acknowledgement and consent by the Project Applicant that the Authority will publicly disclose the C-PACE Project, the Direct Financing, and any information necessary for the reports required pursuant to N.J.S.A. 34:1B-376;
15. Tax Clearance Certificate;
16. A completed legal questionnaire disclosing all relevant legal matters in accordance with the Authority debarment and disqualification rules at N.J.A.C. 19:30-2;
17. A certification under penalty of perjury signed by the Eligible Owner if an individual or the individual with the authority to execute and bind the Eligible Owner if an entity that the signatory has reviewed the Project Application information and any associated documents submitted, that the representations contained therein are accurate, and that the Project Applicant is not in default regarding any of its obligations with respect to any the Authority program;
18. An agreement by the Project Applicant, if the Authority determines that the proposed project is eligible, to allow the Authority access to the Project Applicant's books and records related to the proposed project, to allow the Authority site visits, and to indemnify the Authority; and
19. Any other necessary and relevant information as determined by the Authority for a specific application, including, but not limited to, information needed to determine if a proposed project complies with the Program.

The Project Applicant shall be responsible for all costs incurred to prepare and submit the Project Application, including, but not limited to, the Technical Evaluation(s) and the Technical Review.

B. Application Review

The Authority will review the completed Project Application and associated documents to determine if eligibility requirements have been met based upon the version of these Program Guidelines (including all forms of documents included herein) in effect at the time that the Project Application is deemed complete. If necessary to determine the eligibility of a

proposed project, the Authority may conduct or require the Project Applicant to submit additional technical analysis and verifications of any eligibility requirements.

Before the Authority may determine whether a Project Applicant's proposed project is eligible:

1. The Authority will confirm with the New Jersey Department of Labor and Workforce Development, the Department of Environmental Protection, and the Department of the Treasury that the individual or entity is in compliance by being in substantial good standing with the statutes, rules, and other enforceable standards of the respective department, or, if a compliance issue exists, the individual or entity has entered into a corrective action plan or other agreement with the respective department, as applicable.
2. Substantial good standing shall be determined by each department and mean, at a minimum, that the individual or entity:
 - a. As to the Department of Labor and Workforce Development, Department of Environmental Protection, and Department of the Treasury:
 - i. Is in substantial compliance with all material statutes, rules, and other enforceable standards of the respective departments that apply to the individual or entity; and
 - ii. Has no material violations of those statutes, rules, or other enforceable standards that remain substantially unresolved through entry into a corrective action plan, or other agreement with the department, with respect thereto;
 - b. As to all other departments, has no unpaid liability in excess of any threshold dollar amount(s) that may be established by each respective department; and
3. If the Department of Labor and Workforce Development, the Department of Environmental Protection, or the Department of the Treasury promulgate or issue, their own more stringent rule or standard defining the term "substantial good standing," the respective department shall use such rule or standard to determine whether an individual or entity is in substantial good standing.

C. Determination Letter

Once the Authority determines that the proposed project is eligible, the Authority will issue a letter ("Determination Letter") to the Project Applicant with a copy to the selected Qualified Capital Provider and the Qualified Municipality, authorizing the Direct Financing to close within 12 months from the date of the Determination Letter conditioned upon the Eligible Owner maintaining all eligibility requirements and upon the Qualified Capital Provider collecting the closing fee due to the Authority. The Project Applicant shall sign and return the executed Determination Letter. Absent extenuating circumstances or the Authority's determination, in its sole discretion, the Authority's determination of eligibility shall expire if the Direct Financing does not close within 12 months from the date of issuance of the Determination Letter.

Section 4.02 Changes to C-PACE Projects

The Qualified Capital Provider shall submit an application to the Authority for any change to a C-PACE Project made after the issuance of the Authority's Determination Letter that meets the

following criteria (“Project Change”), when compared to the characteristics and elements of the C-PACE Project at time of such issuance:

- A. The loan terms have changed;
- B. The Project Costs of the C-PACE Project have increased or decreased, including as a result of changes to the Subsidies that the C-PACE Project has or is expected to receive;
- C. The number or types of Eligible Improvements in the C-PACE Project have changed (e.g., an additional Eligible Improvement not included at the time of issuance of the Determination Letter is being implemented);
- D. The characteristics of an Eligible Improvement(s) in the C-PACE Project have changed (e.g., a different HVAC unit is being installed, with a different efficiency); or
- E. Any other change to the C-PACE Project that materially changes the facts or bases for eligibility.

Section 4.03 Process for Reporting Project Changes

- A. The Qualified Capital Provider shall submit, or cause the Eligible Owner to submit, the application for any Project Change or proposed Project Change to the Authority as soon as the Qualified Capital Provider becomes aware of the Project Change or proposed Project Change, which shall include:
 - 1. A detailed description of the proposed or incorporated Project Change(s);
 - 2. An updated C-PACE Project cost analysis, if applicable, in a form provided by the Authority;
 - 3. An updated project scope, if applicable;
 - 4. If the Direct Financing principal amount is proposed for an increase, Mortgage Holder Consents from each current mortgage lien holder on the applicable Eligible Property reflecting the proposed increase, as provided in Appendix A ; and
 - 5. A Technical Review and Technical Evaluation as applicable and consistent with Article V.
- B. The Authority will review the Project Change application and determine whether the Project Change is consistent with the C-PACE Act and the Program Guidelines and whether the C-PACE Project remains eligible, including, but not limited to, the C-PACE Project financing continuing to meet the definition of Direct Financing. The Qualified Capital Provider and Eligible Owner shall be at risk and solely responsible if the Authority determines that the C-PACE Project is no longer eligible if the Project Change is incorporated before the Project Change application is submitted to the Authority.
- C. If the Project Change results in adjustments to the Direct Financing principal amount or term for the C-PACE Project, the Eligible Owner and Qualified Capital Provider shall:
 - 1. Revise the draft financing agreement, or amend the executed financing agreement, as applicable, to reflect the updated values; and
 - 2. If the Project Change occurred after the C-PACE Assessment has been imposed, notify the Participating Municipality with a notice of amended assessment in the form of Appendix J and coordinate with the Participating Municipality and all other Property Owners, as applicable, to adjust the C-PACE Assessment

Amount and/or Repayment Schedule as necessary by an appropriate amendment and re-recording of the applicable assessment-related documents.

- a. The Participating Municipality shall file, or cause to file, the amended document(s) in the applicable county recording office. Any amended documents must be filed no later than five (5) business days following the execution of all amendments to the documents.
- b. The Qualified Capital Provider shall provide to the Authority all fully executed amended documents within fifteen (15) days of receipt by the Qualified Capital Provider of the recorded documents.

Section 4.04 Imposition, Assignment and Recording of C-PACE Assessment; Entry into Financing Agreement; Funding

Following the Project Applicant's receipt of the Determination Letter:

- A. The Eligible Owner, all Property Owners, and the Participating Municipality shall enter into the C-PACE Assessment Agreement, under which the Eligible Owner and all Property Owners agree to the imposition of the C-PACE Assessment on the Eligible Property, the recording of the C-PACE Assessment in the county recording office and the assignment by the Municipality of the C-PACE Assessment to the Qualified Capital Provider, and in which the Participating Municipality agrees to levy, bill, collect and remit assessment payments to the Qualified Capital Provider and, if necessary, enforce the C-PACE Assessment;
- B. The Eligible Owner and the Qualified Capital Provider shall enter into the Direct Financing agreement;
- C. The Participating Municipality and the Qualified Capital Provider shall enter into the Assignment Agreement, under which the Participating Municipality assigns to the Qualified Capital Provider all of its right, title, and interest in and to the C-PACE Assessment and the C-PACE Assessment Agreement, with the Municipality retaining its obligation to levy, bill, collect, remit and, if necessary, enforce the C-PACE Assessment;
- D. The Participating Municipality shall record, or cause to be recorded, the Notice of Assessment, together with the C-PACE Assessment Agreement and the Assignment Agreement, in the county recording office in the county in which the Eligible Property. The documents must be filed no later than thirty (30) business days following the execution of the documents. The C-PACE Assessment shall be a single, continuous first lien on the Eligible Property on and after the date of recording the C-PACE Assessment Agreement; and
- E. The Qualified Capital Provider shall provide to the Authority all fully executed and recorded documents referenced in this section within fifteen (15) days of receipt by the Qualified Capital Provider of the recorded documents.

Section 4.05 Reporting on C-PACE Project Milestones

- A. Project Status Updates: The Qualified Capital Provider shall provide the Authority with a Project Status Update at least once every three months from the date of the Determination Letter until the disbursement of the Direct Financing is complete. The Project Status Update shall, at a minimum, include the following information:

1. The status of recording the Notice of Assessment, C-PACE Assessment;
 2. If a multi-tranche loan, the aggregate amount of the funds that have been disbursed and the milestones which have triggered those disbursements; and
 3. Any changes that have occurred to the incurred or anticipated Project Costs or scope of the C-PACE Project. Notwithstanding the inclusion of any such change or potential change in the report, the Qualified Capital Provider shall submit Project Change applications as applicable as set forth in Section 4.02.
- B. Project Completion Report. Upon completion of a C-PACE Project, the Qualified Capital Provider shall submit the following to the Authority a Project Completion Report consisting of:
1. A certification by the contractor or subcontractor with the most substantial involvement in the implementation of the C-PACE Project which shall:
 - a. List the Eligible Improvements that have been completed in accordance with the final design plans and contract documents; and
 - b. Identify and explain of any substitutions or variances between the final design plans, contract documents, and the as-built conditions; and
 2. A list of any additional changes that require a Project Change application as set forth in Section 4.02;
 3. A certification under penalty of perjury signed by the Eligible Owner if an individual or the individual with the authority to execute and bind the Eligible Owner if an entity and by the Qualified Capital Provider that the C-PACE Project has been completed and that the list in B.1 and B.2 above is complete; and
 4. A certification from the C-PACE Project's Qualified Technical Reviewer(s) that the C-PACE Project as completed satisfies the definition of C-PACE Project.
- C. Ongoing Measurement and Verification (M&V). The Qualified Capital Provider shall provide, for the term of the Direct Financing, to the Authority post-construction measurement and verification (M&V) reports for C-PACE Projects that involve Energy Efficiency Improvements, Water Conservation, or Renewable Energy System Improvements, which M&V reports may include, but is not limited to, reports from a building performance software such as U.S. Environmental Protection Agency's Energy Star Portfolio manager. The Authority may require the Qualified Capital Provider to provide the Authority with access to this M&V data on an ongoing or periodic basis to measure long-term programmatic performance.
- D. During the C-PACE Project's implementation upon the submission of the Project Completion Report, the Authority may conduct site visits or inspections or request additional information

or documentation, including, but not limited to, pictures or video, to ensure that the Eligible Improvements were installed as specified. The Authority may also inspect the books and records of the Qualified Capital Provider and the Eligible Owner related to the C-PACE Project during **normal business hours upon reasonable notice.**

Section 4.06 Participating Municipality's Responsibility for Billing, Collection, Remittance and Enforcement of C-PACE Assessments

- A. Payments of the C-PACE Assessment shall commence as set forth in the C-PACE Assessment Agreement. The Participating Municipality shall levy, bill and collect the payments for C-PACE Assessments in accordance with the Repayment Schedule attached to the C-PACE Assessment Agreement. The Repayment Schedule may be amended from time to time by agreement of the Qualified Capital Provider and the Eligible Owner as set forth in Section 2.05. Following its receipt of any such payments, the Participating Municipality shall remit such payment to the applicable Qualified Capital Provider within thirty (30) days following the receipt of the payment by the Participating Municipality.
- B. If any payment of a C-PACE Assessment is not made when that payment shall have become due, or later, consistent with any grace period provided or extended by a Participating Municipality for the payment of property tax bills as may be permitted or required by law, interest thereon shall be imposed at the same rate as may be imposed upon unpaid property taxes in the Participating Municipality. Notwithstanding any other provision of law, such statutory interest shall be in addition to any accrued interest and any amount fixed as a penalty for delinquency pursuant to the Direct Financing agreement between the Eligible Owner and the Qualified Capital Provider.
- C. All such amounts shall be collected and enforced in the same manner as unpaid property taxes, including by accelerated tax sale if the Participating Municipality enforces collection of its unpaid property taxes through accelerated tax sales. The proceeds of the sale shall also pay the outstanding past unpaid amounts of the C-PACE Assessment. However, the remaining balance not delinquent on a C-PACE Assessment shall not be subject to acceleration or extinguishment in the event of a default in payment. Any statutory interest collected by the Participating Municipality on a delinquent C-PACE Assessment pursuant to this subsection shall be retained by the Participating Municipality. Any accrued interest, or any amount fixed as a penalty for delinquency, pursuant to the Direct Financing agreement between the Eligible Owner and the Qualified Capital Provider shall be remitted to the Qualified Capital Provider. If the Property Owner(s) is delinquent on a C-PACE Assessment as well as delinquent on taxes, charges, or other assessments, any payment shall be applied towards any and all such other delinquencies before being applied to any delinquent C-PACE Assessment.

- D. Notwithstanding any other provision of law, in the event that any lien on the Eligible Property shall be exposed to tax sale, pursuant to the “tax sale law,” N.J.S.A. 54:5-1 et seq., and is struck off and sold to the Participating Municipality, the C-PACE Assessment shall survive any subsequent action to foreclose the right of redemption and continue as a first lien upon the real estate described in the assessment, paramount to all prior or subsequent alienations and descents of the real estate or encumbrances, except subsequent taxes, charges, or other assessments, and provided that, notwithstanding the obligations of a Participating Municipality pursuant to N.J.S.A. 54:5-53.1, while the Participating Municipality holds the lien or owns the Eligible Property, the Participating Municipality shall not be responsible for or required to make any payment from its treasury or any other source in furtherance of or to satisfy the C-PACE Assessment. A Participating Municipality shall not bear any other responsibility in furtherance or satisfaction of a C-PACE Assessment, except that a Qualified Capital Provider may seek action to compel the Participating Municipality to enforce a lien through an action to foreclose.
- E. Eminent Domain or Condemnation. In the event of a taking of the Eligible Property by eminent domain or condemnation, the C-PACE Assessment may be accelerated or extinguished, at the election of the Qualified Capital Provider, provided the Qualified Capital Provider is compensated in accordance with the provisions of the “Eminent Domain Act of 1971,” N.J.S.A. 20:3-1 et seq., by the governmental entity utilizing eminent domain or condemnation for the balance due on the unpaid C-PACE Assessment and any interest, penalties, or other charges related thereto.

ARTICLE V. TECHNICAL EVALUATION AND REVIEW

Section 5.01 Scope

These Technical Standards apply to proposed C-PACE Projects on Eligible Property that has been previously improved. Technical Standards for proposed C-PACE Projects on Eligible Property that constitute new construction will be included in a future revision to these Guidelines.

Section 5.02 Technical Evaluation

“Technical Evaluation” means an evaluation of the proposed Eligible Improvements and the C-PACE Project to ensure that they satisfy Program eligibility requirements. The Technical Evaluation shall be performed by one or more individuals who satisfies the requirements related to the Eligible Improvement Categories and C-PACE Projects they are evaluating as described in Table 1 below.

The Technical Evaluation for each proposed C-PACE Project shall consist of one or a combination of the following categories of evaluations. Where overlapping reporting exists between multiple required Technical Evaluations for a particular proposed C-PACE Projects, information only needs to be provided once.

A. Basic Evaluation

The Basic Evaluation is the minimal form of a Technical Evaluation required for all proposed C-PACE Projects. A Basic Evaluation consists of, at a minimum:

1. The scope of work of the proposed C-PACE Project;
2. Documentation demonstrating that the proposed C-PACE Project meets the definition of a C-PACE Project, and the proposed improvements meet the definition of an Eligible Improvement;
3. Manufacturer’s equipment data sheets, and the effective useful life (EUL) for each type of Eligible Improvement or component of an Eligible Improvement with the same EUL;
4. Direct Costs and Indirect Costs of the proposed C-PACE Project as described in Section 2.04; and
5. Any Subsidies known to the technical evaluator for the proposed C-PACE Project.

B. Feasibility Study

A Feasibility Study is required for Renewable Energy System Improvements, Multi-Measure Energy Efficiency Improvements, Water Conservation, and certain other categories of C-PACE Projects as detailed in Table 1. These studies should include the following, at a minimum:

1. Baseline electricity consumption and cost data, including the most recent 12 months of electricity utility bills. If utility billing data is unavailable, energy modeling may be used to establish baseline energy use, together with documentation that supports the model’s assumptions;
2. A schematic of the system/improvement design and, if applicable, interconnection;

3. A copy of a recent electricity utility bill or other documentation that may be used to confirm the applicable utility rate schedule;
4. A commissioning plan for the proposed C-PACE Project;
5. For Multi-Measure Energy Efficiency Improvements or Energy Storage Improvements, projected annual energy cost savings, demand cost savings, and, in the case of Energy Storage Improvements, any revenues generated, including supporting documentation from modeling applications software, with key assumptions (e.g., annual utility cost escalation and equipment performance degradation factors);
6. For Renewable Energy System Improvements, projected annual energy production from proposed system, projected annual energy cost savings, any demand cost savings, and estimate of annual revenues, if any, expected to be generated, including supporting documentation from modeling applications software with key assumptions; and
7. For Water Conservation Improvements, water consumption data, water utility data, and projected annual water savings should be provided in lieu of electricity data listed above.

C. Energy Audits

An American Society of Heating, Refrigerating and Air-Conditioning Engineers® (ASHRAE) Level I or Level II Audit or comparable analysis shall be completed for the following Energy Efficiency Improvements:

1. Single-Measure Energy Efficiency Improvement: C-PACE Project involving a single Eligible Improvement (or that are of the same type with the same EUL) that is an Energy Efficiency Improvement that does not meet the definition of a Basic Improvement.
2. Multi-Measure Energy Efficiency Improvement: C-PACE Project involving multiple Eligible Improvements (that are not of the same type with the same EUL) that are Energy Efficiency Improvements.

Section 5.03 Required Technical Evaluations and Evaluator Requirements

Table 1: Required Technical Evaluations and Credentials for Eligible Improvement Categories

Eligible Improvement Category	Required Technical Evaluations (all)	Technical Evaluator Requirements
Basic Improvements	Basic Evaluation	Professional Engineer (PE) with experience on at least one project in the applicable category
Water Conservation	Basic Evaluation and Feasibility Study	
Resiliency	Basic Evaluation	
Single-Measure Energy Efficiency Improvements	Basic Evaluation and ASHRAE Level 1 or comparable energy audit	Qualified Energy Auditor For all other evaluations, PE with experience on at least one project in the applicable category (may be the same individual who is the Qualified Energy Auditor)
Multi-Measure Energy Efficiency Improvements	Basic Evaluation and Feasibility Study and ASHRAE Level 2 or comparable energy audit	
Renewable Energy System	Basic Evaluation and Feasibility Study	
Energy Storage		
Electric Vehicle Charging Infrastructure		

- A. A “Basic Improvement” is a C-PACE Project that consists of a single Eligible Improvement (or that are of the same type with the same EUL) if the Eligible Improvement is eligible for an incentive from an energy efficiency program administered by the New Jersey gas or electric company that services the Eligible Property.

Section 5.04 Technical Review Process

- A. “Technical Review” means a review by one or more Qualified Technical Reviewers of the Technical Evaluation to ensure the C-PACE Project is eligible.
- B. “Qualified Technical Reviewer” means a person or entity that has been qualified by the Authority to perform a Technical Review. The Qualified Technical Reviewer performing the Technical Review shall be independent from the Qualified Capital Provider, Eligible Owner, the individual(s) or entity(ies) that performed the Technical Evaluation, and all contractors and subcontractors (including any engineering and design firms) performing work for the C-PACE Project. The Eligible Owner shall engage more than one Qualified Technical Reviewer to the extent necessary to ensure the Technical Review is performed with the requisite expertise. If more than one Qualified Technical Reviewer is engaged, all Qualified Technical Reviewers shall contribute to and sign one Technical Review.
- C. A list of Qualified Technical Reviewers is maintained on the Garden State C-PACE website. The Authority’s designation of an individual or entity as a Qualified Technical Reviewer does

not constitute a finding by the Authority that the Qualified Technical Reviewer is appropriate for any particular C-PACE Project or an endorsement of any Qualified Technical Reviewer.

- D. To be designated as a Qualified Technical Reviewer, a party must meet the following minimum qualifications:
1. Be or employ at least one (1) licensed Professional Engineer;
 2. Be or employ at least one (1) Qualified Energy Auditor, if applying to be qualified to conduct the ASHRAE audit of Energy Efficiency Improvements;
 3. Possess five years of project development experience and three years of quality assurance or technical review experience, all in the Eligible Improvement Category for which the party is seeking qualification;
 4. Have three positive references from clients demonstrating relevant project development, quality assurance, and/or technical review experience, all in the Eligible Improvement Category for which the party is seeking qualification; and
 5. Satisfy the Authority's review pursuant to the Authority's debarment and disqualification rules at N.J.A.C. 19:30-2.
- E. An individual or entity seeking to become a Qualified Technical Reviewer must submit a completed application to the Authority. Applications are accepted on a rolling basis and can be found on the Garden State C-PACE website. The Application shall require the following information in a format prescribed by the Authority:
1. Name and address of the applicant;
 2. Contact information for the applicant, including, but not limited to, name, title, email, and phone number;
 3. Contact information for the references required in D.4 above, including, but not limited to, name of the company, type of project, and name, title, email, and phone number of contact;
 4. Documentation confirming the licenses, certifications, and/or accreditations of all individual employees that will be directly involved in reviewing proposed C-PACE Projects; and
 5. Tax Clearance Certificate;
 6. A completed legal questionnaire disclosing all relevant legal matters in accordance with the Authority debarment and disqualification rules at N.J.A.C. 19:30-2; and
 7. Any other necessary and relevant information as determined by the Authority for a specific application, including, but not limited to, information needed to determine if the entity or individual has the relevant minimum licenses or qualifications and relevant work experience in the Eligible Improvement Category.
- F. The Authority will review the application to determine if the eligibility requirements are satisfied and may request further clarification. The Authority shall notify the applicant of the Authority's decision whether to designate the applicant as a Qualified Technical Reviewer.

G. The Authority may require, on an annual basis, that the Qualified Technical Reviewer submit information or documentation pertaining to the qualification process and may revoke the Technical Reviewer's qualification if it no longer meets the Program's qualification requirements or is not in compliance with the C-PACE Act or the Program Guidelines, including, but not limited to, an updated legal questionnaire disclosing all relevant legal matters in accordance with the Authority debarment and disqualification rules at N.J.A.C. 19:30-2.

H. Technical Review Required Information

The Technical Review includes, at a minimum, the following:

1. Verification that:

- a. The correct Technical Evaluations were performed by one or more individuals who satisfy the requirements in Table 1;
- b. The proposed C-PACE project is a C-PACE Project, and the proposed improvements are Eligible Improvements;
- c. The design and engineering of the proposed C-PACE Project are realistic and will result in any claimed benefits associated with the proposed C-PACE Project; and
- d. The proposed C-PACE Project and its Eligible Improvement(s) will be permanently affixed to the property; and

2. Calculation or confirmation of:

- a. Weighted Average Useful Life (WAUL) of all Eligible Improvements, as set forth in Section 5.05B;
- b. Direct and Indirect Costs of the proposed C-PACE Project as described in Section 2.04;
- c. Any Subsidies that the proposed C-PACE Project is expected to receive, as described in Section 2.04; and
- d. Savings-to-Investment Ratio (SIR), as set forth in Section 5.05A, for C-PACE Projects involving the following
 - i. Multi-Measure Energy Efficiency Improvements;
 - ii. Water Conservation;
 - iii. Renewable Energy System; or
 - iv. Energy Storage.

I. Technical Review Certification Letter

The Qualified Technical Reviewer(s) shall complete a letter certifying to the information required for a Qualified Technical Review in the form provided in Appendix I, which shall also include a certification by the Qualified Technical Reviewer(s) that the Technical Reviewer continues to be eligible as a Qualified Technical Reviewer.

J. From time to time, the Authority may conduct reviews of any Technical Review performed by any Qualified Technical Reviewer to evaluate compliance with the Program Guidelines, including, but not limited to, the technical standards. The Authority may require that the

Qualified Technical Reviewer provide evidence or documentation supporting any of its Technical Reviews.

Section 5.05 Specific Calculations

A. Savings-to-Investment Ratio (SIR)

The SIR is the ratio of the total projected aggregate of any cost savings and/or revenue generated by the Eligible Improvements over the lifetime of those measures, divided by the total Project Costs.

B. Weighted Average Useful Life (WAUL)

The WAUL of a C-PACE Project is calculated on a blended average basis from the WAUL of each Eligible Improvement that are of the same type with the same EUL using the following process:

1. Calculate the WAUL of each Eligible Improvement that are of the same type with the same EUL by multiplying:
 - a. the Eligible Improvement’s useful life, determined as outlined in B.2 below, by
 - b. the Direct Cost of the Eligible Improvement, net of any Subsidies that the Eligible Improvement is expected to receive;
2. Add the WAUL for all Eligible Improvements from 1 above and divide by the total Direct Costs of the C-PACE Project to determine the overall WAUL.

For example: a C-PACE Project that consists of the following Eligible Improvements (grouped based on the same useful life):

Improvement	Direct Cost	Useful Life
Insulation	\$ 50,000	20 years
Energy efficient windows	\$ 20,000	30 years
HVAC	\$ 200,000	20 years

Step 1

Insulation: $\$50,000 \times 20 \text{ years} = 1,000,000 \text{ \$years}$

Energy efficient windows: $\$20,000 \times 30 \text{ years} = 600,000 \text{ \$years}$

HVAC: $\$200,000 \times 20 \text{ years} = 4,000,000 \text{ \$years}$

Step 2

$(1,000,000 \text{ \$years} + 600,000 \text{ \$years} + 4,000,000 \text{ \$years})$

$(\$50,000 + \$20,000 + \$200,000)$

$= 2222.77 \text{ YYYYYYYYYY}$

The useful life of the same type of Eligible Improvements with the same EUL shall be determined using the following order of precedence:

1. To the extent available, a manufacturer's data sheet for the particular Eligible Improvement (which may be equipment or individual improvement);
2. The then-current version of any Technical Reference Manual promulgated by the New Jersey Board of Public Utilities, to the extent it includes the particular Eligible Improvement or asset class of the Eligible Improvement; or
3. The standard time period to depreciate the particular asset class of the Eligible Improvement (which may be equipment or individual improvement) under United States Generally Accepted Accounting Principles.

ARTICLE VI. FEES

Unless otherwise stated, all fees are one-time, non-refundable fees paid by the Eligible Owner to the Authority.

Fee	Payable to	Amount
<p>Initial Application Fee The portion of the application fee due with a completed Garden State C-PACE application.</p>	the Authority	\$1,000
<p>Determination Fee The portion of the application fee paid prior to the Authority executing the Determination Letter. The fee shall be refunded if the Authority determines that the proposed project is not eligible.</p>	the Authority	0.33 percent (%) of Direct Financing principal amount, not to exceed \$25,000
<p>Closing Fee The portion of the application fee collected by the Qualified Capital Provider at the time of closing of the Direct Financing and remitted to the Authority within ten (10) calendar days.</p>	the Authority	0.67 percent (%) of Direct Financing principal amount, not to exceed \$50,000
<p>Project Change Application Fee Paid in the case there is a Project Change to a C-PACE Project on or after closing of the Direct Financing. No fee shall be due for a Project Change before closing.</p>	the Authority	\$500
<p>Qualified Capital Provider Application Fee Required with a completed Qualified Capital Provider application.</p>	the Authority	\$1,000
<p>Qualified Technical Reviewer Application Fee Required with a completed Qualified Technical Reviewer application.</p>	the Authority	\$300

<p>Technical Reviewer Fee If the Eligible Owner elects to use a Technical Reviewer retained by the Authority for a Technical Review and the Authority agrees, the Eligible Owner shall pay the full amount of direct costs of the Technical Reviewer.</p>	<p>the Authority</p>	<p>Direct costs of the Technical Reviewer</p>
<p>Extension Fee Absent a waiver by the Authority, paid for one or more 6-month extension to the date by when the Direct Financing must close as set forth in Section Section 4.01.</p>	<p>the Authority</p>	<p>\$750</p>
<p>Municipal Annual Fee An annual municipal fee shall be paid by the Eligible Owner to the Participating Municipality and consist of the following components, as applicable, which shall be paid at the time costs by the Participating Municipality incurs administrative costs:</p>		
<p>1. Municipality Closing Fee This portion of the annual municipal fee shall be paid at time of Direct Financing closing for the Participating Municipality’s activities to prepare for the ongoing billing, collecting, and remitting of the C-PACE Assessment.</p>	<p>Participating Municipality</p>	<p>Rate of Participating Municipality specified in its Program Agreement, not to exceed: -- in the case where the Participating Municipality records documents directly, \$750; --in the case where the Participating Municipality requires another party to record documents, \$500.</p>
<p>2. Municipal Assessment Amendment Fee This portion of the annual municipal fee shall be paid each time that the Eligible Owner and Capital Provider jointly instruct a Participating Municipality to amend the C-PACE Assessment Agreement, Assignment Agreement, and Notice of Assessment.</p>	<p>Participating Municipality</p>	<p>Rate of Participating Municipality specified in its Program Agreement, not to exceed: \$350, in the case where the Participating Municipality records documents directly; and \$250, in the case where the Participating Municipality requires</p>

		another party to record documents.
<p>3. Municipal Rebilling Fee This portion of the annual billing shall be paid if the C-PACE Assessment repayment installments must be rebilled.</p>	Participating Municipality	Rate of Participating Municipality specified in its Program Agreement, not to exceed \$250
<p>4. Municipal Servicing Fee This portion of the annual billing shall be paid every year for the billing, collection, and remittance services a Participating Municipality.</p>	Participating Municipality	Rate of Participating Municipality specified in its Program Agreement, not to exceed \$500
<p>Local C-PACE Program Application Fee A one-time application fee due with a completed Authorized Municipality or county’s application submission to establish a Local C-PACE Program.</p>	the Authority	\$5000

ARTICLE VII. LOCAL C-PACE PROGRAM

A municipality which, as of the launch date of the Program, is in the top third of municipalities in the State in terms of population (rounded up), according to the most recent American Community Survey published by the United States Census Bureau (“Authorized Municipality”), may establish a Local C-PACE Program subject to approval by the Authority. A county may also establish a Local C-PACE Program pursuant to a local C-PACE program ordinance to facilitate the financing of C-PACE projects in Participating Municipalities located in that county. The Authority shall publish a list of Authorized Municipalities and counties with approved Local C-PACE Programs on the Authority’s Program website.

Section 7.01 Establishing a Local C-PACE Program

The process for establishing a Local C-PACE Program is as follows:

- A. For an Authorized Municipality that is not a Participating Municipality, the Authorized Municipality shall follow the process to be designated a Participating Municipality as set forth in Section 3.01.
- B. Submission of an application to establish a Local C-PACE Program to the Authority which application shall include, but not be limited, to:
 1. Proposed Local C-PACE Program ordinance that authorizes the creation of the Local C-PACE Program, with an opinion of counsel that the Local C-PACE Program ordinance is consistent with the requirements in N.J.S.A. 34:1B-378(b) and -379;
 2. An acknowledgement that the Authorized Municipality or, in the case of a Local C-PACE Program established by a county, any Participating Municipality located in that county, shall use the uniform assessment documents prepared by the Authority, as they may be amended from time to time; and
 3. Draft Local C-PACE Program Guidelines, exclusive of the uniform assessment document, with an opinion of counsel that the Local C-PACE Program Guidelines are consistent with these Guidelines.
- C. After receipt of a completed application, the Authority will review the application to confirm that it is in compliance with these Guidelines and the C-PACE Act and either approve or decline the application within 60 days after its receipt. If the Authority does not act within 60 days after receipt, the application shall be deemed approved.
- D. Upon the Authority’s approval of the application, the Authorized Municipality or county, may adopt the draft Local C-PACE Program ordinance and issue the draft Local C-PACE Program Guidelines. Neither Authorized Municipalities nor counties are authorized to approve C-PACE Projects without the Authority’s approval of its Local C-PACE Program.

- E. If the Authority declines the application, it shall provide a detailed explanation to the Authorized Municipality or county as to the reasons for the declination and the changes necessary to bring the proposed draft Local C-PACE Program ordinance, Local C-PACE Program into compliance with the requirements of the C-PACE Act. The Authorized Municipality or county may submit a revised application addressing the reasons and making the change indicated by the Authority. The Authorized Municipality or county shall not adopt the proposed Local C- PACE Program ordinance if the Authority declines its application.

Section 7.02 Role and Use of Local C-PACE Programs

Any county that establishes a Local C-PACE Program shall do so only for the benefit of Participating Municipalities located within that county, but the Participating Municipalities shall remain responsible for the process of levying, billing, collecting, remitting, and enforcing the C-PACE Assessment. In a county or Authorized Municipality that has established a Local C-PACE Program, any C-PACE Projects in that Authorized Municipality or, in the case of a county, in any Participating Municipality located in that county, may be financed pursuant to the Garden State C-PACE or the Local C-PACE Program. In a Participating Municipality that has not established, or is located in a county that has not established, a Local C-PACE Program, any C-PACE Projects in that Participating Municipality may be financed pursuant to Garden State C-PACE only.

ARTICLE VIII. APPEALS

- A. For those declinations that require a decision by the Board of the Authority, the Board's action shall be effective 10 business days after the Governor's receipt of the minutes, provided neither an early approval nor veto has been issued. For those actions that do not require a Board decision, the Authority's action shall be effective on the date specified in the notice of the decision.

- B. An applicant may appeal either the Authority's decision by submitting in writing to the Authority, within 20-calendar days from the effective date of either the Board's or the Authority's action, an explanation as to how the applicant has met the program criteria. Such appeals are not contested cases subject to the requirements of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., 52:14F-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

- C. Appeals that are timely submitted shall be handled by the Authority as follows:
 1. The Chief Executive Officer of the Authority shall designate an employee of the Authority to serve as a hearing officer for the appeal and to make a recommendation on the merits of the appeal to the Board (unless otherwise determined by the Board). The hearing officer shall perform a review of the written record and may require an in-person hearing. The hearing officer has sole discretion to determine if an in-person hearing is necessary to reach an informed decision on the appeal. The Authority may consider new evidence or information that would demonstrate that the applicant meets all of the application criteria.

 2. Following completion of the record review and/or in-person hearing, as applicable, the hearing officer shall issue a written report containing his or her finding(s) and recommendation(s) on the merits of the appeal. The hearing officer's report shall be advisory in nature. If the report is made to the Board, after reviewing the report, the Chief Executive Officer may also include a recommendation to the written report of the hearing officer. The applicant shall receive a copy of the written report of the hearing officer, which shall include the recommendation of the Chief Executive Officer, if any, and shall have the opportunity to file written comments and exceptions to the hearing officer's report within five business days from receipt of such report.

 3. The Board (or Authority officer if otherwise determined by the Board) shall consider the hearing officer's report, the recommendation of the Chief Executive Officer, if any, and any written comments and exceptions timely submitted by the applicant. Based on that review, the Board (or Authority officer if otherwise determined by the Board) shall issue a final decision on the appeal.

ARTICLE IX. FAILURE TO COMPLY WITH PROGRAM REQUIREMENTS

- A. If a Qualified Capital Provider or Qualified Technical Reviewer fails to comply with a requirement of the Program, including, but not limited to, requirements in these Guidelines or, if applicable, the Capital Provider Participation Agreement, the Authority may revoke the designation as a Qualified Capital Provider or a Qualified Technical Reviewer, respectively, which shall be in addition to any remedy any other individual or entity may have.
- B. If, at any time, the Authority determines that a Qualified Capital Provider or a Qualified Technical Reviewer made a material misrepresentation on its application or any submission to the Authority, the Authority shall revoke the designation as a Qualified Capital Provider or a Qualified Technical Reviewer, respectively, and the Qualified Capital Provider or Qualified Technical Reviewer shall not be eligible to be designated as a Qualified Capital Provider or Qualified Technical Reviewer, respectively, for up to one year, which shall be in addition to any other remedies in the Capital Provider Participation Agreement, if applicable, any remedy any other individual or entity may have, and any criminal or civil penalties to which the Qualified Capital Provider or Qualified Technical Reviewer may be subject.
- C. If a Participating Municipality fails to comply with a requirement of the Program, including, but not limited to, requirements in these Guidelines or in the corresponding Participation Agreement, the Authority may revoke the designation as a Participating Municipality, which shall be in addition to any remedy any other individual or entity may have.
- D. If, at any time, the Authority determines that an Eligible Owner, or the officer(s), owner(s), or member(s) of the Eligible Owner that signed the Project Application certification and/or made the statement (“Responsible Officer”), made a material misrepresentation on its application or any submission to the Authority, the Eligible Owner, and all entities that the Responsible Officer controls or in which the Responsible Officer is a majority owner, shall not be eligible for a C-PACE Project for up to one year, which shall be in addition to any remedy any other individual or entity may have and any criminal or civil penalties to which the Eligible Owner or Responsible Officer may be subject.
- E. If, at any time, the Authority determines that an individual or entity who performed a Technical Evaluation made a material misrepresentation on a Technical Evaluation or any submission to the Authority, the individual or entity shall not be eligible to be perform a Technical Evaluation for a proposed C-PACE Project for up to one year, which shall be in addition to any remedy any other individual or entity may have and any criminal or civil penalties to which the individual or entity may be subject.

ARTICLE X. SEVERABILITY

If any provision of these Guidelines is determined to be unlawful, void, or for any reason unenforceable, removal or invalidity of that provision shall be deemed severable from these Guidelines and shall not affect the validity and enforceability of any remaining provisions.

ARTICLE XI. GLOSSARY

“Assignment Agreement” shall have the meaning ascribed to it in Section 3.01C.

“Authority” means the New Jersey Economic Development Authority.

“Authorized Municipality” shall have the meaning ascribed to it in Article VII.

“Basic Improvement” shall have the meaning ascribed to it in Section 5.03.

“Basic Evaluation” shall have the meaning ascribed to it in Section 5.02A.

“Beneficial Owner” shall have the meaning ascribed to it in Section 2.02.

“Capital Provider Participation Agreement” shall have the meaning ascribed to it in Section 3.02.

“C-PACE” means commercial property assessed clean energy.

“C-PACE Assessment Agreement” shall have the meaning ascribed in Section 3.01C.

“C-PACE Assessment” shall mean a local improvement assessment in accordance with N.J.S.A. 40:56-1 et seq. imposed by a municipality on a Property at the request of and with the consent of all Property Owners, and determined based upon the existing use of such Property, as a means of securing and otherwise facilitating financing provided by a Capital Provider with respect to a C-PACE Project at the Eligible Property, payments in respect of which C-PACE Assessment are collected by the municipality and remitted to or on behalf of the Capital Provider, its designee, successor, assigns or beneficiaries.

“C-PACE Project” shall have the meaning ascribed to it in Section 2.03.

“Determination Letter” shall have the meaning ascribed to it in Section 4.01C.

“Direct Costs” shall have the meaning ascribed to it in Section 2.04A.

“Direct Financing” shall have the meaning ascribed to it in Section 2.05.

“Electric Vehicle Charging Infrastructure” shall have the meaning ascribed to it in Section 2.03E.

“Eligible Improvements” shall have the meaning ascribed to it in Section 2.03.

“Eligible Owner” shall have the meaning ascribed to it in Section 2.02.

“Eligible Property” shall have the meaning ascribed to it in Section 2.01.

“Energy Efficiency Improvements” shall have the meaning ascribed to it in Section 2.03A.

“Energy Storage” shall have the meaning ascribed to it in Section 2.03D.

“Feasibility Study” shall have the meaning ascribed to it in Section 5.02B.

“Financing Costs of Capital Providers” shall have the meaning ascribed to it in Section 2.04C.

“Flood Resistant Construction Improvements” shall have the meaning ascribed to it in Section 2.03G.

“Garden State C-PACE Program” or “Program” shall have the meaning ascribed to it in Section 1.01.

“Garden State Program Agreement” shall mean an agreement between the Authority and a Participating Municipality defining:

- The obligation of a municipality to participate in the Garden State C-PACE Program, including the requirement that the Participating Municipality levy, bill, collect, remit, and enforce a C-PACE Assessment; and
- The obligations, if any, that the Authority may undertake:
 - With respect to the remittance of C-PACE Assessments to Qualified Capital Providers if the remittance is authorized by regulations adopted by the Local Finance Board and requested by the Participating Municipality, and incorporated, at the Authority’s sole discretion, into the Authority’s program guidelines and processes; and
 - To review and qualify the participation of individual capital providers as or financings in the Program.

“Hurricane Resistant Construction Improvements” shall have the meaning ascribed to in Section 2.03H.

“Indirect Costs” shall have the meaning ascribed to it in Section 2.04B.

“Launch Date” means [TO BE INSERTED].

“Local C-PACE Program” means a program established by an Authorized Municipality or a county pursuant to N.J.S.A. 34:1B-379.

“Local C-PACE Program Guidelines” means the guidelines adopted by an Authorized Municipality or county to govern a Local C-PACE Program as set forth in Article VII.

“Local C-PACE Program Ordinance” means an ordinance adopted by an Authorized Municipality or a county, and approved by the authority pursuant to section 7 of [P.L.2021, c.201 \(C.34:1B-380\)](#), to establish a Local C-PACE Program within its jurisdiction pursuant to subsection b. of section 5 and subsection a. of section 6 of [P.L.2021, c.201 \(C.34:1B-378 and C.34:1B-379\)](#).

“Mortgage Holder Consent” means the form signed by all mortgage lien holders on the applicable Eligible Property as set forth in Section 4.01A.

“Multi-Measure Energy Efficiency Improvements” shall have the meaning ascribed to it in Section 5.02C.

“Notice of Assessment” means the document filed with the county recording officer in the county in which an Eligible Property is located, which notifies prospective holders of an interest in the Eligible property that a C-PACE Assessment lien has been placed on the Eligible property.

“Opt-In Ordinance” means an ordinance adopted by a municipality by which it authorizes its participation in the Garden State C-PACE Program and authorizes the municipality to enter into a Garden State Program Agreement with the Authority.

“Participating Municipality” means:

- a. a municipality that adopts an Opt-In Ordinance and executes a Garden State Program Agreement; or
- b. an authorized municipality that adopts an Opt-In Ordinance, executes a Garden State Program Agreement, and adopts a Local C-PACE Program Ordinance and Local C-PACE Program Guidelines approved by the Authority.

“Project Applicant” shall have the meaning ascribed to it in Article IV.

“Project Application” shall have the meaning ascribed to it in Article IV.

“Project Change” shall have the meaning ascribed to in Section 4.02

“Project Completion Report” shall have the meaning ascribed to in Section 4.05B.

“Project Costs” shall have the meaning ascribed to it in Section 2.04.

“Project Status Updates” shall have the meaning ascribed to it in Section 4.05A.

“Property” shall have the meaning ascribed to it in Section 2.01.

“Property Owner” shall have the meaning ascribed to it in Section 2.02.

“Qualified Capital Provider” shall have the meaning ascribed to it in Section 3.02.

“Qualified Energy Auditor” means a qualified energy auditor as defined by American Society of Heating, Refrigerating and Air-Conditioning Engineers® (ASHRAE) Standard 211 (series).

“Qualified Technical Reviewer” shall have the meaning ascribed to it in Section 5.04.

“Renewable Energy System Improvements” shall have the meaning ascribed to it Section 2.03.

“Repayment Schedule” shall have the meaning ascribed to it in Section 2.05.

“Resiliency Improvements” means Stormwater Management Systems, Flood Resistant Construction, and Hurricane Resistant Construction Improvements.

“Savings-to-Investment Ratio (SIR)” shall have the meaning ascribed to it in Section 5.05.

“Single-Measure Energy Efficiency Improvements” shall have the meaning ascribed to it in Section 5.02C.

“Stormwater Management Systems” shall have the meaning ascribed to it in Section 2.03F.

“Subsidies” shall have the meaning ascribed to it in Section 2.04.

“Technical Evaluation” shall have the meaning ascribed to it in Section 5.02.

“Technical Review” shall have the meaning ascribed to it in Section 5.04.

“Technical Review Certification Letter” shall have the meaning ascribed to it in Section 5.04I.

“Uniform Assessment Documents” means a uniform C-PACE Assessment Agreement, Assignment Agreement, and Notice of Assessment, a model lender consent to a C-PACE Assessment pursuant to section 5 of P.L.2021, c.201 (C.34:1B-378), and any other uniform or model documents prepared by the Authority and used in the Garden State C-PACE Program and Local C-PACE Programs, except that Uniform Assessment Documents shall include a uniform financing agreement.

“Water Conservation Improvements” shall have the meaning ascribed to it in Section 2.03B.

“Weighted Average Useful Life (WAUL)” shall have the meaning ascribed to it in Section 5.05B.

ARTICLE XII. LIST OF APPENDICES

Appendix A: Form of Mortgage Holder Consent

Appendix B: Model Opt-in Ordinance

Appendix C: Form of Garden State Program Agreement

Appendix D: Form of C-PACE Assessment Agreement

Appendix E: Form of C-PACE Assignment Agreement

Appendix F: Form of C-PACE Notice of Assessment

Appendix G: Form of Capital Provider Participation Agreement

Appendix H: Technical Reviewer Certification Letter

Appendix I: Qualified Provider Certification Letter

Appendix J: Form of C-PACE Notice of Amendment of Assessment

Appendix K: Eligible Owner Applicant Undertaking

APPENDIX A – FORM OF MORTGAGE HOLDER CONSENT

Separate Document

APPENDIX B – MODEL OPT-IN ORDINANCE

Separate Document

APPENDIX C – FORM OF GARDEN STATE PROGRAM AGREEMENT

Separate Document

APPENDIX D – FORM OF C-PACE ASSESSMENT AGREEMENT

Separate Document

APPENDIX E – FORM OF C-PACE ASSIGNMENT AGREEMENT

Separate Document

APPENDIX F – FORM OF C-PACE NOTICE OF ASSESSMENT

Separate Document

APPENDIX G –FORM OF CAPITAL PROVIDER PARTICIPATION AGREEMENT

Separate Document

APPENDIX H – TECHNICAL REVIEWER CERTIFICATION LETTER

Separate Document

APPENDIX I – QUALIFIED PROVIDER CERTIFICATION LETTER

Separate Document

APPENDIX J – FORM OF C-PACE NOTICE OF AMENDMENT OF ASSESSMENT

Separate Document

APPENDIX K – ELIGIBLE OWNER APPLICANT UNDERTAKING

Separate Document