

To: Members of Dublin City Council
From: Dana L. McDaniel, City Manager
Date: August 16, 2022
Initiated By: Jennifer Klus, Economic Development Director
Kirby Dearth, Economic Development Administrator
Re: Removing PACE-Related Special Assessments from Bridge Park Block D

Background

The City of Dublin remains focused on fostering an economic environment that encourages investment in development and redevelopment alike, to ensure Dublin remains competitive in the market. One tool that is leveraged in communities throughout the country is the use of the Property Assessed Clean Energy (PACE) financing program. PACE serves as an accessible and effective method to finance energy-efficient and sustainable building improvements through special assessments placed on a property owner's real estate tax bill. Due to the extended terms associated with PACE financing, property owners can undertake comprehensive projects that have a meaningful impact on energy consumption, creating a significant positive impact on their bottom lines.

On February 25, 2019, Dublin City Council passed Ordinance No. 04-19, establishing PACE financing assessments of \$31,221,830.28 to the property owners of Bridge Park Block D. The scope of work included equipping the new building construction with LED lighting, high-efficiency HVAC systems, building automation controls, and high-efficiency roof, building, windows, and doors building materials. Since the project received funding, the construction has been completed and the property owner prepaid all amounts outstanding associated with the special assessment.

Therefore, Dublin City Council will need to pass Ordinance 33 -22 removing the previously established special assessments on the property. The City has no financial obligations with the establishment of a Special Improvement District for this project. The City simply serves as a pass-through entity for the project financing.

Recommendation

Staff recommends Council approval of Ordinance 33 -22 on August 22, 2022. Please contact Kirby Dearth with any questions.



WHAT IS PACE?

Property Assessed Clean Energy (PACE) is a financing mechanism that enables low-cost, long-term funding for energy efficiency, renewable energy and water conservation projects. PACE financing is repaid as an assessment on the property's regular tax bill, and is processed the same way as other local public benefit assessments (sidewalks, sewers) have been for decades. Depending on local legislation, PACE can be used for commercial, nonprofit and residential properties.

HOW DOES IT WORK?

PACE is a national initiative, but programs are established locally and tailored to meet regional market needs. State legislation is passed that authorizes municipalities to establish PACE programs, and local governments have developed a variety of program models that have been successfully implemented. Regardless of model, there are several keystones that hold true for every PACE program.

- PACE is voluntary for all parties involved.
- PACE can cover 100% of a project's hard and soft costs.
- Long financing terms up to 20 years.
- Can be combined with utility, local and federal incentive programs.
- Energy projects are permanently affixed to a property.
- The PACE assessment is filed with the local municipality as a lien on the property.

WHY IS IT SO POPULAR?

Property owners love PACE because they can fund projects with no out-of-pocket costs. Since PACE financing terms extend to 20 years, it's possible to undertake deep, comprehensive retrofits that have meaningful energy savings and a significant impact on the bottom line. The annual energy savings for a PACE project usually exceeds the annual assessment payment, so property owners are cash flow positive immediately. That means there are increased dollars that can be spent on other capital projects, budgetary expenses, or business expansion.

Local governments love PACE because it's an Economic Development initiative that lowers the cost of doing business in their community. It encourages new business owners to invest in the area, and creates jobs using the local workforce. PACE projects also have a positive impact of air quality, creating healthier, more livable neighborhoods.

HOW CAN I GET PACE?

www.PACENation.us has all the tools and resources you need to get started with PACE. Check to see if your state has passed a PACE statute, and if your area has an active program. If not, contact us to find out if there is a local initiative in development and we may be able to put you in touch with a working coalition. We look forward to hearing from you!

BENEFITS OF PACE



PACENation is the national, nonprofit advocate for PACE financing. We provide leadership, data, support and resources for the growing marketplace.

www.pacenation.us
info@pacenow.org

RECORD OF ORDINANCES

Ordinance No. 33-22 Passed , 20

AN ORDINANCE TO REMOVE SPECIAL ASSESSMENTS PREVIOUSLY LEVIED FOR CERTAIN PUBLIC IMPROVEMENTS IN THE CITY OF DUBLIN, OHIO IN COOPERATION WITH THE COLUMBUS REGIONAL ENERGY SPECIAL IMPROVEMENT DISTRICT (BRIDGE PARK D BLOCK PROJECT)

WHEREAS, this Council (the "Council") of the City of Dublin, Ohio (the "City") pursuant to (i) a Petition (the "Petition") heretofore filed with the City requesting the construction of a special energy improvement project (the "Project") and the levy of property assessed clean energy ("PACE") special assessments (the "Assessments") against certain real property identified therein and located within the City (the "Property") to provide for the payment of the costs of that Project, (ii) the due adoption of Resolution No. 08-19 on February 11, 2019 declaring the necessity of the Project, (iii) the due adoption of Ordinance No. 03-19 on February 25, 2019 determining to proceed with the Project and (iv) the due passage of Ordinance No. 04-19 on February 25, 2019 (the "Ordinance Levying Assessments") levying the Assessments on the Property, the City certified to the County Auditor of Franklin County, Ohio (the "County Auditor") the Assessments in accordance with the foregoing proceedings; and

WHEREAS, to facilitate the collection of those Assessments, the City, together with ORIX Public Finance, LLC (the "Investor"), the Columbus Regional Energy Special Improvement District, Inc. (the "District"), the County Treasurer of Franklin County, Ohio, and Bridge Park DBlock Commercial Investments, LLC, an Ohio limited liability company (the "Owner"), entered into a Special Assessment Agreement dated as of March 29, 2019 (the "Special Assessment Agreement") which Special Assessment Agreement was recorded on April 1, 2019 as Instrument Number 201904010036347 in the records of the County Recorder of Franklin County, Ohio; and

WHEREAS, to further facilitate the collection of those Assessments, the City, together with the Investor, the District and the Owner, also entered into an Energy Project Cooperative Agreement dated as of March 29, 2019 (the "Energy Project Cooperative Agreement"); and

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WHEREAS, as described in the Special Assessment Agreement and the Energy Project Cooperative Agreement, the Investor made the amount of \$12,750,000.00 available to the Owner in order to pay and finance a portion of the costs of the Project (the "Project Advance"); and

WHEREAS, the City has received (i) a notice from the Investor informing the City of the Owner's determination to prepay the Assessments, (ii) a Release Agreement dated as of July 8, 2022 by and among the Investor, the District and the Owner wherein the Investor released the District and the Owner from certain obligations under the Energy Project Cooperative Agreement and the Special Assessment agreement in consideration for the prepayment of all of the Project Advance by the Owner and (iii) a Release of Special Assessment Agreement dated July 8, 2022 given by the District and joined by the Investor wherein the Special Assessment Agreement has been released (collectively, the "Release Documents" all of which Release Documents are on file with the Clerk of Council); and

RECORD OF ORDINANCES

Ordinance No. 33-22 Passed Page 2 of 3, 20

WHEREAS, in accordance with the Release Documents, the City understands that since the Project Advance has been paid in full, and in accordance with the Energy Project Cooperative Agreement and the Special Assessment Agreement, the corresponding balance of the Assessments should be reduced to \$0.00 and such reduced balance should be promptly certified to the County Auditor;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Dublin, State of Ohio, of its elected members concurring, that:

Section 1. Each capitalized term not otherwise defined in this Ordinance or by reference to another document shall have the meaning assigned to it in the Special Assessment Agreement.

Section 2. As provided in the Special Assessment Agreement and the Energy Project Cooperative Agreement, in the event the Project Advance is prepaid, in whole or in part, the parties shall, in cooperation with the Owner, and to the extent permitted by law, cause the aggregate lien of the Assessments to be no greater than the remaining principal of and interest and premium, if any, due on the Project Advance through maturity.

The Investor has notified the City that all Assessments heretofore certified by the Director of Finance to the County Auditor pursuant to Ohio Revised Code Chapter 727.33, are to be reduced by the amount of the aggregate Project Advance prepaid. The remaining principal of and interest and premium due on the Project Advance is \$0.00, and accordingly, the amount of the Assessments necessary to pay the principal of and interest and premium on the Project Advance is \$0.00.

Section 3. The aggregate Assessments previously levied by this Council and certified by the Director of Finance to the County Auditor are hereby reduced to \$0.00. The Director of Finance is hereby authorized and directed to promptly take any actions as may be necessary in order to cause the County Auditor to reduce the amount of the Assessments to \$0.00.

Section 4. In compliance with Ohio Revised Code Section 319.61, the Clerk of Council is directed to deliver a certified copy of this Ordinance to the County Auditor within 20 days after its passage.

Section 5. This Council finds and determines that all formal actions of this Council and any of its committees concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council or any of its committees, and that all deliberations of this Council and of any of its committees that resulted in those formal actions were in meetings open to the public, all in compliance with the law, including Section 121.22 of the Ohio Revised Code.

Section 6. This Ordinance shall take effect upon the earliest date permitted by law.

Passed this day of , 2022.

Mayor – Presiding Officer

ATTEST:

Clerk of Council

RECEIPT OF COUNTY AUDITOR FOR
LEGISLATION REMOVING SPECIAL ASSESSMENTS PREVIOUSLY LEVIED
FOR CERTAIN PUBLIC IMPROVEMENTS IN THE CITY OF DUBLIN, OHIO IN
COOPERATION WITH THE COLUMBUS REGIONAL ENERGY SPECIAL
IMPROVEMENT DISTRICT

I, Michael Stinziano, the duly elected, qualified, and acting Auditor in and for Franklin County, Ohio hereby certify that a certified copy of Ordinance No. ____-22, duly adopted by the Council of the City of Dublin, Ohio on _____, 2022 reducing special assessments for the purpose of acquiring, constructing, and improving certain public improvements in the City of Dublin, Ohio in cooperation with the Columbus Regional Energy Special Improvement District to \$0.00, was filed in this office on _____, 2022.

WITNESS my hand and official seal at _____, Ohio on _____, 2022.

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[SEAL]

Auditor
Franklin County, Ohio