Appendix G: Green Bank C-PACE Application Submission & Review Process
Last Modified: June 7, 2018.

I. Defined Terms
Capitalized terms used in this appendix which are not otherwise defined herein shall have the meaning ascribed to them in the C-PACE Program Guidelines, the current version of which may be found here: [insert website link].

II. Process for Applying for Green Bank C-PACE Financing

Green Bank, any of its subsidiaries or competitively selected program partner, may offer financing for certain C-PACE projects which are approved by Green Bank. Interested property owners, their representatives or contractors, who are interested in Green Bank financing may apply online by filling out an application, found here: http://application.cpace.com. Green Bank will review any such applications which it receives and may follow up with any such applicants, at Green Bank’s sole discretion.

III. Green Bank C-PACE Underwriting Requirements

Below is Green Bank’s financial underwriting requirements for C-PACE projects financed or supported with Green Bank capital:

1. There must be no unresolved payment issues concerning debts to or guaranteed by the Green Bank or any other third parties.
2. Absent special circumstances, as may be determined and approved by Connecticut Green Bank, maximum total property debt, including the Benefit Assessment, does not exceed 80% of the property’s value. This can utilize or may require an as-complete appraisal, which can be wrapped into the overall C-PACE assessment amount.
3. Absent special circumstances, as may be determined and approved by Connecticut Green Bank, including but not limited to a property unencumbered by a mortgage or other compelling economic or financial conditions, the Benefit Assessment must not exceed 35% of the value of the property, after giving consideration to the value increment that may be afforded by the enhancements to the property being financed. In the Green Bank’s sole discretion, the C-PACE Benefit Assessment may exceed 35% of the property’s value if at least three of the following eight conditions are met:

   i. Cash flow conditions:
      (1) A long-term revenue contract with investment grade counterparty is in place.
      (2) The savings to investment ratio of the project is greater than or equal to 1.25x.
      (3) The debt service coverage ratio of the project is greater than or equal to 1.75x.

   ii. Asset conditions:
      (4) The total liabilities to tangible net worth ratio of the borrower is less than or
equal to 1.5x.
(5) The building has been owner occupied for ten years or more.

iii. Project conditions:
(6) The owner provides an equity contribution greater than or equal to 15% of total project costs.
(7) There is a savings or production guarantee; third-party performance insurance, or agreement with a national ESCO in place.

iv. Term Condition:
(8) The term of the Benefit Assessment is ten years or less.

4. Owner financial performance should meet the following criteria, as applicable:
   i. Positive net income in each of last two fiscal years;
   ii. Positive cash from operations in each of last two fiscal years;
   iii. EBITDA/debt service (including the proposed C-PACE assessment after considering savings that are expected to result from the financing) of at least 1.25x for last fiscal year;
   iv. Current ratio of at least 1.25:1.00;
   v. Total Liabilities / Tangible Net Worth not in excess of 2.00:1.00 (single or special purpose entities holding only real estate investments should generally be limited to 4.00:1.00); and
   vi. Interim statements disclose no material adverse change in financial condition.

5. Owner must provide recent two years of financials show no adverse condition (at finance team’s discretion) In conducting its financial underwriting of potential C-PACE projects, the Green Bank will consider the property’s financial strength in a holistic and comprehensive fashion. For properties where a given underwriting criterion is not met, the Green Bank may still approve the property for C-PACE financing if the property shows sufficient strength with regard other required metrics.