

REPORT & RECOMMENDATIONS

FINANCE COMMITTEE
WEDNESDAY, AUGUST 21, 2024
8:00 AM
FIRST FLOOR CONFERENCE ROOM
107 NORTH KENT STREET
WINCHESTER, VA 22601

ATTENDEES -

Committee Members Present: Judith McCann-Slaughter, Chairman; Josh Ludwig; Heather Lockridge; Mike Stottlemyer; Delane Karalow; and Brandon Monk. Non-voting liaison Tonya Sibert, Commissioner of the Revenue.

Committee Members Absent: Non-voting liaison William Orndoff, Treasurer.

Staff Present: Cheryl Shiffler, Finance Director; Sharon Kibler, Assistant Finance Director; Michael Bollhoefer, County Administrator; Lenny Millholland, Sheriff; Stacy Herbaugh, Parks & Recreation Director; Joe Wilder, Public Works Director; Rich Venskoske, Director of Elections; Keith Jenkins, F&R Deputy Chief; Patrick Fly, Deputy IT Director; Wyatt Pearson, Planning Director; Jay Tibbs, Deputy County Administrator; Christina Tasker, Animal Shelter Manager; and Ron Kimble, Landfill Manager.

Others Present: Abby Johnson, VA PACE Authority (virtual).

A. Action Items

A.1. The IT Director requests a General Fund supplemental appropriation not to exceed \$86,600.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds to complete the Commissioner of the Revenue CAMA software migration project that began in April 2023. No additional local funds required.

The committee recommends approval.

IT CAMA CF.pdf

A.2. The IT Director requests a General Fund supplemental appropriation in the amount of \$7,511.

This amount represents reserved restricted PEG funds for additional equipment replacement and software upgrade in the BOS meeting room control room. No local funds are required.

The committee recommends approval.

IT PEG BOS Rm.pdf

A.3. The Deputy County Administrator requests a General Fund supplemental appropriation not to exceed \$18,445.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for painting at Millwood Fire Station. The project was budgeted in FY 2024, but due to supply delays was not completed. No additional local funds required.

The committee recommends approval.

Maint Millwood Painting CF.pdf

A.4. The Parks and Recreation Director requests a General Fund supplemental appropriation not to exceed \$1,144,387.49.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for Abrams Creek and Old Charlestown Road Park projects. Both projects began in prior fiscal years and are ongoing. No additional local funds required.

The committee recommends approval.

Parks AbCrk OldCtown CF.pdf

A.5. The Parks and Recreation Director requests a General Fund supplemental appropriation not to exceed \$367,218.22.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for the Clearbrook Park spray ground. Funds were appropriated in April 2024. No additional local funds required.

The committee recommends approval.

Parks CB Spray Ground CF.pdf

A.6. The Parks and Recreation Director requests a General Fund supplemental appropriation not to exceed \$60,179.

This amount represents a carry forward to FY 2025 of unspent FY 2024 proffer funds for Rose Hill Park exercise equipment. Funds were appropriated in April 2024. No additional local funds required.

The committee recommends approval.

Parks RH Equip CF.pdf

A.7. The Parks and Recreation Director requests a General Fund supplemental appropriation not to exceed \$62,257.12.

This amount represents a carry forward to FY 2025 of unspent FY 2024 proffer funds for the Sherando Park pickleball project. The project began in FY 2024 and is in process. No additional local funds required.

The committee recommends approval.

Parks Sherando Pickleball CF.pdf

A.8. The Planning Director requests a General Fund supplemental appropriation not to exceed \$38,590.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for the Capital Impact Model update and the Road Impact Fee analysis. The project began in February 2024 and is ongoing. No additional local funds required.

The committee recommends approval.

Planning TischlerBise CF.pdf

A.9. The Public Works Director requests a General Fund supplemental appropriation not to exceed \$6,721.67.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for spay/neuter from the Fleming Trust. This item has been unanimously endorsed by the Public Works Committee. No additional local funds required.

The committee recommends approval.

PublicWks Shelter CF.pdf

A.10. The Public Works Director requests a General Fund supplemental appropriation not to exceed \$24,000.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for HVAC duct cleaning prior to the HVAC replacement. This item has been unanimously endorsed by the Public Works Committee. No additional local funds required.

The committee recommends approval.

PublicWks Shelter CF.pdf

A.11. The Public Works Director requests a General Fund supplemental appropriation in the amount of \$20,000.

This amount represents reserved funds from the Fleming Trust for spay/neuter. This item has been unanimously endorsed by the Public Works Committee. No local funds required.

The committee recommends approval.

PublicWks FlemmingTrust.pdf

A.12. The Public Works Director requests a General Fund supplemental appropriation in the amount of \$2,911.98.

This amount represents a unbudgeted restitution revenue received. This item has been unanimously endorsed by the Public Works Committee. No local funds required.

The committee recommends approval.

PublicWks Restitution.pdf

A.13. The Public Works Director requests a Landfill Fund supplemental appropriation not to exceed \$1,612,876.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for various ongoing projects at the Landfill. This item has been unanimously endorsed by the Public Works Committee. No additional local funds required.

The committee recommends approval.

PublicWks Landfill CF.pdf

A.14. The Sheriff requests a General Fund supplemental appropriation not to exceed \$110,483.67.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for a building at the impound lot. Funds have accumulated over several fiscal years. No additional local funds required.

The committee recommends approval.

Sheriff CFs.pdf

A.15. The Sheriff requests a General Fund supplemental appropriation not to exceed \$25,472.69.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for vehicle equipment needed due accidents that required new vehicles. No additional local funds required.

The committee recommends approval.

Sheriff CFs.pdf

A.16. The Sheriff requests a General Fund supplemental appropriation in the amount of \$28,892.69.

This amount represents unbudgeted revenue received from the sale of salvage and surplus. Funds will go towards the purchase of a new vehicle. No local funds required.

The committee recommends approval.

Sheriff CFs.pdf

A.17. The Sheriff requests a General Fund supplemental appropriation in the amount of \$750.

This amount represents a donation received and will be used toward Dive Team supplies. No local funds required.

The committee recommends approval.

Sheriff Donation Dive Team.pdf

A.18. The Sheriff requests a General Fund supplemental appropriation in the amount of \$5,000.

This amount represents a donation received and will be used toward the building at the impound lot. No local funds required.

The committee recommends approval.

Sheriff Donation Bldg.pdf

A.19. The Sheriff requests a General Fund supplemental appropriation in the amount of \$4,154.16.

This amount represents an insurance claim for a damaged vehicle to be used for repairs. No local funds required.

The committee recommends approval.

Sheriff Insurance Claim.pdf

A.20. The Sheriff requests a General Fund supplemental appropriation in the amount of \$2,500.

This amount represents a grant awarded from the Office of the Attorney

General to be used for expenses related to reducing crimes against seniors. No local funds required.

The committee recommends approval.

Sheriff TRIAD Grant.pdf

A.21. The Fire & Rescue Chief requests a General Fund supplemental appropriation not to exceed \$35,000.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds to complete repairs to the reserve apparatus that are currently in process and will be completed in August 2024. No additional local funds required.

The committee recommends approval.

Fire Repair CF.pdf

A.22. The Fire & Rescue Chief requests a General Fund supplemental appropriation not to exceed \$35,000.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds to complete the purchase of 2 wildland fire skid units that are currently in the solicitation process. No additional local funds required.

The committee recommends approval.

Fire Skid Units CF.pdf

A.23. The Director of Elections requests a General Fund supplemental appropriation in the amount of \$25,000.

This amount represents additional unbudgeted postage expenses for mailing absentee ballots of the November general and special election. Local funds are required.

The committee recommends approval.

Registrar Postage SA.pdf

B. <u>Items Not Requiring Action</u>

B.1. The County Administrator provides information and Abby Johnson from the Virginia PACE Authority will make a virtual presentation on the C-PACE program.

The committee requested that the County Administrator schedule the PACE requestor to be present at a future meeting and provide the presentation slides, which have been attached.

CPACE_2024.pdf VA C-PACE Program_localities_2024.pdf

C. <u>Items For Information Only</u>

C.1. The Finance Director provides a General Fund transfer report for July 2024.

July 2024 TXFs.pdf



Title: The IT Director requests a General Fund supplemental appropriation not to exceed \$86,600.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds to complete the Commissioner of the Revenue CAMA software migration project that began in April 2023. No additional local funds required.

The committee recommends approval.

Attachments: IT CAMA CF.pdf

COUNTY OF FREDERICK



Information Technologies

Scott Varner, Director of Information Technology svarner@fcva.us Voice 540.722.8261

<u>**M E M O**</u>

To: Finance Committee

From: Scott Varner, Director of Information Technology

Subject: Request for Carry Forward Funds for CAMA Software Project

Date: June 11, 2024

The Information Technology Department requests to carry forward funds for the Commissioner of Revenue CAMA software migration project to cover any unspent funds not to exceed \$87,543.95 to complete any project items that remain at the end of the fiscal year.

Sincerely,

Scott Varner

Scott Varner County of Frederick Director of Information Technology

4-010-012200-9005-000-000 original 4/28/23 - \$209,000, expenditures to date \$122,400



Title: The IT Director requests a General Fund supplemental appropriation in the amount of \$7,511.

This amount represents reserved restricted PEG funds for additional equipment replacement and software upgrade in the BOS meeting room control room. No local funds are required.

The committee recommends approval.

Attachments:

IT PEG BOS Rm.pdf

COUNTY OF FREDERICK



Information Technologies

Scott Varner, Director of Information Technology svarner@fcva.us Voice 540.722.8261

MEMO

To: Frederick County, Finance Committee

From: Scott Varner, Director of Information Technology

Subject: Request for PEG Funds

Date: August 2, 2024

The Information Technology Department is requesting \$7,510.81 in additional Peg Funds to replace additional equipment in the Board of Supervisors Control Room and upgrade the titling software for broadcasts. During the installation of the new video cameras and control equipment staff determined that the software used for the title graphics needed to be upgraded for the new system. That requires we replace the current laptop in the control room with a tower pc and obtain an additional graphics card that will integrate with the system. Below is the equipment and cost for the items.

Ross Epression:Realtime Motion Graphics Software - \$2,905.00

AJA Video Card, racking equipment, and labor - \$3,235.94

Lenovo ThinkStation PC - \$1,237.11

ViewSonic 22" Monitor - \$132.76

Total - \$7,510.81

The quotes for the equipment are attached.

Staff would note the Peg Funds are funds derived from our Cable Franchise fees. The use of funds from the PEG Grant are very narrow in scope and can only be used for items related to the broadcasting/streaming of meetings.

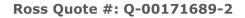
Sincerely,

Scott Varner

Scott Varner County of Frederick Director of Information Technology

107 North Kent Street, Winchester, Virginia 22601-5039

PEG balance (0-010-000240-7443) & 382, 187





Frederick County Government/XPression Designer Dongle

Quote Prepared On: 18-Jul-24 Quote Valid Until: 11-Sep-24

Proposal Prepared Exclusively For

Scott Varner Frederick County Government (301) 600-9000 svarner@fcva.us

Bill To:

Frederick County Government 107 N. Kent St. Winchester, Virginia, 26601 United States

Prepared By

Mark Sharp Regional Sales Mgr. Mid Atlantic Region 7635519730 mark.sharp@rossvideo.com

Ship To:

Frederick County Government 107 N. Kent St. Winchester, Virginia, 26601 United States

Thank you for considering Ross! We are pleased to present to you the following proposal. Please note all prices are quoted in USD.

Proposal Summary

Group Name	Optional Subtotal	Subtotal
XPression: Realtime Motion Graphics	\$0.00	\$2,905.00
Subtotal		USD \$2,905.00
Tax		\$0.00
Grand Total		USD \$2,905.00

Frederick Co Boardroom AJA Card Addition

Frederick County

Winchester, VA



4201 Park Place Court Glen Allen, VA

DCJS License ID# 11-6608 SWaM Certificate: 680233 eVA Vendor ID: VS0000049227 VASCUPP Contract: C0002417

Daniel Albert dalbert@epitomenetworks.com Quote#: Q24-1226



BOARDROOM

SCOPE

Epitome to Provide

- AJA PCIe Card with (4) HD/SDI full size BNC I/O
- Rack shelf for owner provided PC
- Premade BNC Cable

Epitome Services

- Rack mount PC
- Wire PC into system
 - o 2 inputs from Switcher
 - o 2 outputs to Switcher

Client to Provide

- PC with minimum (1) PCIe 2.0 8x slot
- Wireless Keyboard/Mouse

AUDIO/VIDEO

					AVSO		
QTY	MANUFACTURER	MODEL	DESCRIPTION	MSRP	DISCOUNT	PRICE	TOTAL
1	AJA Video Systems	CRV44-BNC-R0	Full size BNC connectors, sta	\$2,365.00	2%	\$2,317.70	\$2,317.70
4	Laird Digital Cinema	12GSDI-B-B-006	Laird 12GSDI-B-B-006 Canare	\$29.95	20%	\$23.96	\$95.84
1	Middle Atlantic	RC-3	3SP CLAMPING RACKSHELF	\$128.00	20%	\$102.40	\$102.40
1		Epitome Networks - VASCUPP Labor				\$0.00	\$720.00
			AUDIO/VIDEO TOTAL				\$3,235.94
			BOARDROOM TOTAL				\$3,235.94



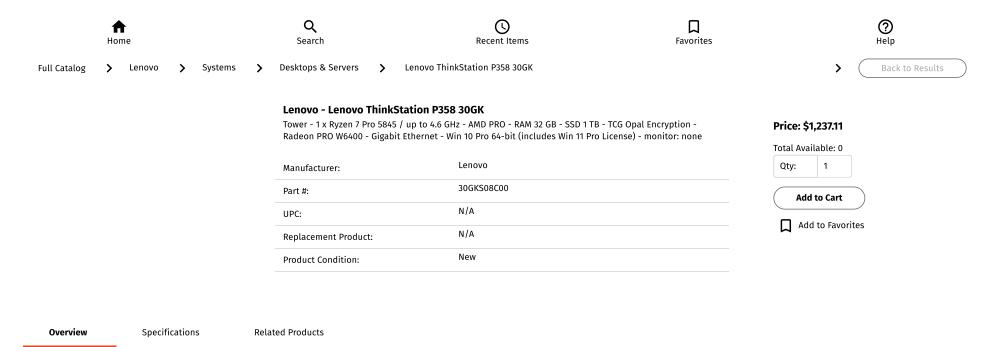
ACCEPTANCE

FINANCIAL

PAYMENT SCHEDULE To Be Determined Plus Taxes if Applicable

\$2,515.94	EQUIPMENT TOTAL			
\$720.00	LABOR TOTAL			
\$3,235.94 \$3,235.94	SUBTOTAL PROJECT TOTAL			





Product Description

A workstation that won't break the bank

Workstation power and reliability is now closer than you think. Built for mission-critical tasks that require superior reliability and performance, the ThinkStation P358 Tower leads on both counts - while offering exceptional all-around value. Perfectly configured to handle heavy workflows, this ISV-certified machine ensures all your applications run seamlessly.

Packed with possibilities

As well as the powerful processor, the ThinkStation P358 Tower comes with discrete graphics. Whether you're an entry-level CAD engineer, product designer, or STEM teacher or student, you've got the premium performance you need to handle any workflow.

Reliability and durability you can count on

When you see the ThinkStation logo, you can rest assured that your workstation is both durable and reliable. Each Lenovo ThinkStation goes through more than 200 quality checks to ensure it performs in even the harshest of situations - from the frozen Arctic to hot, dusty deserts.

Secure from the inside, out

While the Trusted Platform Module (TPM) 2.0 encrypts data, various programs prevent access to the BIOS - and can even self-heal if corrupted.

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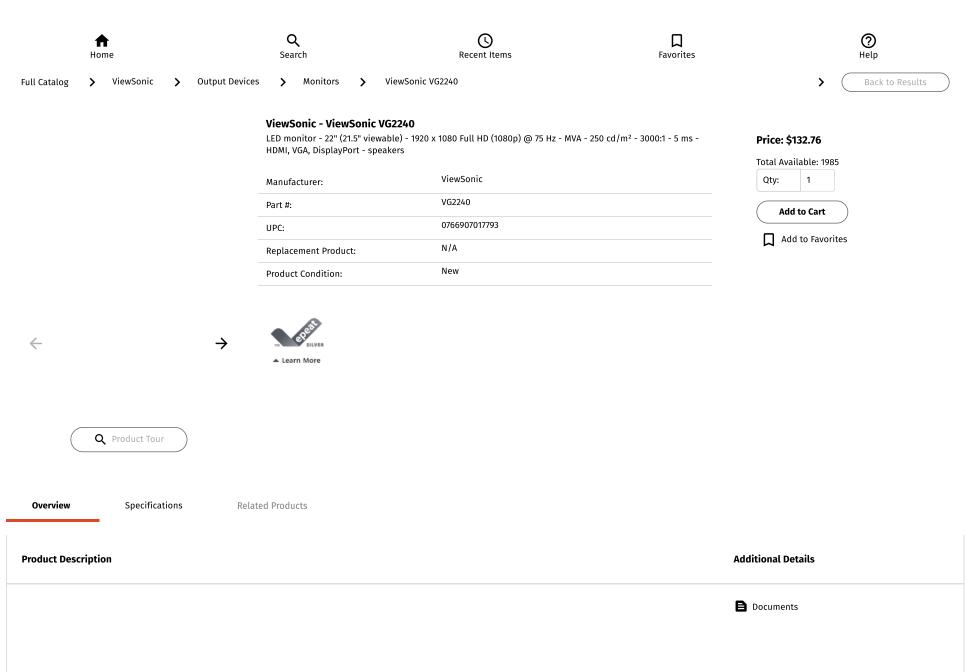
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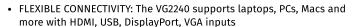




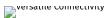
ViewSonic VG2240 22 Inch 1080p Ergonomic Monitor with 100Hz, USB Hub, HDMI, DisplayPort, VGA Inputs for Home and Office

- VERSATILE MONITOR: 22 Inch Full HD (1920x1080p) LED monitor with 100Hz refresh rate
- ERGONOMIC STAND: Advanced ergonomics (40-degree tilt, swivel, rotate and height) for all-day comfort









Versatile Connectivity

DisplayPort, HDMI, and VGA inputs give you the freedom to connect your display to a var

Product Description

The ViewSonic® VG2240 is a 22" Full HD monitor that includes a full-range of connectivity and ergonomic functionality ideal for your workstation at the office and at home. With SuperClear® MVA panel technology for wide-angle viewing, and an 8-bit panel with the ability to reproduce 16.7M colors, this monitor delivers incredibly sharp images. Integrated with HDMI, DisplayPort, VGA and 3 USB ports, the VG2240 allows flexible connection to PC systems, laptops and other peripheral devices and accessories. ViewSonic's exclusive vDisplayManager software provides intuitive presets that deliver optimized screen performance in different applications. In addition, Flicker-Free and Blue Light Filter technology help to eliminate eye strain from extended viewing periods.

Integrated USB Hub

Multiple USB ports allow you to connect to diversified storage devices, peripherals, and high-definition electronics for enhanced convenience and flexibility.

Enhanced Viewing Comfort

Flicker-Free technology and a Blue Light Filter help to eliminate eye strain from extended viewing periods.

EPEAT Certified

With EPEAT Certification, this monitor delivers a reduced environmental impact over the complete product lifecycle, making it a great eco-friendly, long-term investment.

ENERGY STAR Certification

This is an ENERGY STAR certified product that can save on energy costs* while reducing greenhouse gases. *Energy savings may vary based on actual usage and other factors.

3-year Limited Warranty

Have peace of mind in the quality and reliability of your ViewSonic monitor—backed by one of the industry's best pixel performance policies and a 3-year limited warranty.



Jump to: Top | Media | 360 Spin

The ViewSonic VG2240 is a 22" (21.5" viewable) Full HD monitor that includes a full-range of connectivity and ergonomic functionality ideal for your workstation at the office and at home. With SuperClear MVA panel technology for wide-angle viewing, and a true 8-bit panel with the ability to reproduce 16.7M colors, this monitor delivers incredibly sharp images. Integrated with HDMI, DisplayPort, VGA and 4 USB ports, the VG2240 allows flexible connection to PC systems, laptops and other peripheral devices and accessories. ViewSonic's exclusive vDisplayManager software provides intuitive presets that deliver optimized screen performance in different applications. In addition, Flicker-Free and Blue Light Filter technology help to eliminate eye strain from extended viewing periods.

SuperClear MVA panel technology

Enjoy accurate and vivid colors with consistent levels of brightness no matter the vantage point. With SuperClear MVA panel technology, this monitor delivers the same image quality whether you are looking at the screen from above, below, the front, or the side.

Ergonomic design

With advanced ergonomic features, ViewSonic monitors are designed to provide a greater range of adjustment for increased productivity and comfort. Users can reduce eyestrain and physical fatigue by adjusting the monitor via swivel, pivot, tilt, and height adjust options.

Versatile connectivity

DisplayPort, HDMI, and VGA inputs give you the freedom to connect your display to a variety of devices.

Integrated USB hub

Multiple USB ports allow you to connect to diversified storage devices, peripherals, and high-definition electronics for enhanced convenience and flexibility.

Enhanced viewing comfort

Flicker-Free technology and a Blue Light Filter help eliminate eye strain from extended viewing periods.

EPEAT certified

With EPEAT certification, this monitor delivers a reduced environmental impact over the complete product lifecycle, making it a great eco-friendly, longterm investment.

ENERGY STAR certification

This is an ENERGY STAR certified product that can save on energy costs while reducing greenhouse gases.

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Title: The Deputy County Administrator requests a General Fund supplemental appropriation not to exceed \$18,445.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for painting at Millwood Fire Station. The project was budgeted in FY 2024, but due to supply delays was not completed. No additional local funds required.

The committee recommends approval.

Attachments:

Maint Millwood Painting CF.pdf

COUNTY of FREDERICK



Jay E. TibbsDeputy County Administrator

540/665-6382 Fax: 540/667-0370 E-mail: jtibbs@fcva.us

TO: Finance Committee

FROM: Jay E. Tibbs, Deputy County Administrator

DATE: July 29, 2024

RE: Carry-Forward Request

This is a request from the Maintenance Department for a General Fund supplemental appropriation in the amount of \$18,445.00. This amount represents a carry-forward request for the painting of the inside and apparatus bays of Millwood Fire Station. The funds were included in the FY23-24 budget. A contract was issued, and the work was to be completed in conjunction with the replacement of the garage bay floor replacement project. The concrete contractor had issues getting concrete to complete the bay floors in a timely manner and this resulted in a delay in finishing the painting project.

GL 4-010-043040-3004-000-021

We respectfully request approval of these carried forward amounts so we can complete this project.

Should you have any questions, please do not hesitate to contact me.



Title: The Parks and Recreation Director requests a General Fund supplemental appropriation not to exceed \$1,144,387.49.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for Abrams Creek and Old Charlestown Road Park projects. Both projects began in prior fiscal years and are ongoing. No additional local funds required.

The committee recommends approval.

Attachments:

Parks AbCrk OldCtown CF.pdf





Parks and Recreation Department

540/665-5678 Fax: 540/665-9687

E-mail: fcprd@fcva.us

www.fcprd.net

MEMO

To:

Finance Committee

From:

Stacy Herbaugh, Director

Subject:

Fiscal 2024 Allocation Carry Forwards

Date:

August 13, 2024

The Parks and Recreation Department is requesting a FY 2024 fund carry forward of \$1,144,387.49 in line 4-010-071010-8900-000 to fiscal 2025.

Of the total request:

- \$1,004,741.49 represents unused reimbursement funds for design and construction of the Abrams Creek Trail.
- \$128,026 represents funds for the completion of construction documents and Environmental Reviews for Old Charlestown Road Park.
- \$11,620 represents unused proffer funds for the completion of design documents for the Abrams Creek Trail Parking and Trailhead area.

The year-end FY 24 line balance is \$1,144,387.49.





Title: The Parks and Recreation Director requests a General Fund supplemental appropriation not to exceed \$367,218.22.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for the Clearbrook Park spray ground. Funds were appropriated in April 2024. No additional local funds required.

The committee recommends approval.

Attachments:

Parks CB Spray Ground CF.pdf



COUNTY of FREDERICK

Parks and Recreation Department

540/665-5678

Fax: 540/665-9687 E-mail: fcprd@fcva.us

www.fcprd.net

MEMO

To:

Finance Committee

From:

Stacy Herbaugh, Director

Subject:

Fiscal 2024 Allocation Carry Forwards

Date:

August 13, 2024

The Parks and Recreation Department is requesting a FY 2024 fund carry forward of \$367,218.22 in line 4-010-071090-8900-000 to fiscal 2025.

Of the total request:

- \$300,000 represents unused proffer funds for the Clearbrook Park Spray ground.
- \$67,218.22 represents unused general funds for the Clearbrook Park Spray ground.

The year-end FY 24 line balance is \$367,218.22.





Title: The Parks and Recreation Director requests a General Fund supplemental appropriation not to exceed \$60,179.

This amount represents a carry forward to FY 2025 of unspent FY 2024 proffer funds for Rose Hill Park exercise equipment. Funds were appropriated in April 2024. No additional local funds required.

The committee recommends approval.

Attachments:

Parks RH Equip CF.pdf





Parks and Recreation Department

540/665-5678

Fax: 540/665-9687 E-mail: fcprd@fcva.us

www.fcprd.net

MEMO

To:

Finance Committee

From:

Stacy Herbaugh, Director

Subject:

Fiscal 2024 Allocation Carry Forwards

Date:

August 13, 2024

The Parks and Recreation Department is requesting a FY 2024 fund carry forward of \$60,179 in line 4-010-071100-8002-000 to fiscal 2025.

Of the total request:

• \$60,179 represents unused proffer funds for exercise equipment at Rose Hill Park.

The year-end FY 24 line balance is \$60,179.



Title: The Parks and Recreation Director requests a General Fund supplemental appropriation not to exceed \$62,257.12.

This amount represents a carry forward to FY 2025 of unspent FY 2024 proffer funds for the Sherando Park pickleball project. The project began in FY 2024 and is in process. No additional local funds required.

The committee recommends approval.

Attachments:

Parks Sherando Pickleball CF.pdf





Parks and Recreation Department

540/665-5678

Fax: 540/665-9687

E-mail: fcprd@fcva.us www.fcprd.net

MEMO

To:

Finance Committee

From:

Stacy Herbaugh, Director

Subject:

Fiscal 2024 Allocation Carry Forwards

Date:

August 13, 2024

The Parks and Recreation Department is requesting a FY 2024 fund carry forward of \$62,257.12 in line 4-010-071100-8900-000 to fiscal 2025.

Of the total request:

• \$62,257.12 represents unused proffer funds for the pickleball courts at Sherando Park.

The year-end FY 24 line balance is \$62.257.12



Title: The Planning Director requests a General Fund supplemental appropriation not to exceed \$38,590.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for the Capital Impact Model update and the Road Impact Fee analysis. The project began in February 2024 and is ongoing. No additional local funds required.

The committee recommends approval.

Attachments:

Planning TischlerBise CF.pdf



Department of Planning and Development 540/665-5651

Fax: 540/665-6395

<u>MEMORANDUM</u>

TO: Finance Committee

FROM: Wyatt Pearson, Director of Planning and Development

RE: Carry Forward & Appropriation Request

DATE: August 13, 2024

The Planning and Development Department is requesting funds in the amount of \$38,590.00 be carried forward for FY25 for continued payment of invoices submitted by TischlerBise for the Capital Impact Model Update and Road Impact Fee Analysis. The funds represent the unspent balance of the amount budgeted for the completion of the project. The project is an update to the existing Capital Impact Model and evaluation of whether or not Road Impact Fee and/or Transportation Cash Proffers can be implemented. The model was developed to evaluate the anticipated need for capital facilities based on growth, and to determine the cost of those capital facilities to the County.

Expenditure Code: 081010-3002-000-00

WGP

Total Project Scope: \$ 90,270
FD4 949 Pd: 51,680
\$ 38,590 CF to FY25



Title: The Public Works Director requests a General Fund supplemental appropriation not to exceed \$6,721.67.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for spay/neuter from the Fleming Trust. This item has been unanimously endorsed by the Public Works Committee. No additional local funds required.

The committee recommends approval.

Attachments:

PublicWks Shelter CF.pdf

FREDERICK COUNTY - ANIMAL SHELTER

Christina Tasker Shelter Manager 540/667-9192 ext. 2502 FAX 540/722-6108 E-mail: ctasker@fcva.us

MEMORANDUM

TO: Joe Wilder, Director of Public Works

FROM: Christina Tasker, Shelter Manager

SUBJECT: FY 2024 Carry Forwards

DATE: 06/18/24

F

The Shelter is requesting a carry forward of funds from FY 2024 to FY 2025 for line item 10-4305-3001-01 Professional Services -Donation of any remaining funds. This amount is the unused portion of spay/neuter funding. The funds were appropriated from the Fleming donation for spaying and neutering shelter pets.

The Shelter is requesting a carry forward of funds from FY 2024 to FY 2025 in the amount of \$24,000 from line item 10-4305-3010-00 Other Contractual Service for duct cleaning services. We are unable to schedule the cleaning before the end of the fiscal year. The duct cleaning must be performed prior to the installation of the new HVAC equipment scheduled during FY 2025.

Please contact me if you have any questions.



Department of Public Works 540/665-5643

FAX: 540/678-0682

MEMORANDUM

TO: Cheryl Shiffler, Director of Finance

FROM: Joe C. Wilder, Director of Public Works

SUBJECT: Supplemental Appropriation/Carry Forward Requests for Fiscal Year 2025

DATE: July 1, 2024

In a regularly scheduled meeting held on June 25, 2024, the Public Works Committee unanimously endorsed the following requests:

a. Animal Shelter Budget

- 1. Line item 10-4305-3001-01 Professional Services Donation Request a carry forward of remaining funds in the line item for spay/ neuter funds. (Attachment 1)
- 2. Line item 10-4305-3010-00 Other Contractual Services
 Request a carry forward in the amount of \$24,000 for HVAC duct cleaning in the shelter.
 The shelter will be getting a replacement HVAC system during FY 2025 and the entire duct system needs to be properly sanitized and cleaned.

 (Attachment 1)
- 3. Line Item 10-4305-3001-01 Professional Health Services-Donations Request a supplemental appropriation in the amount of \$20,000. The funding is part of the Dorothy Flemming trust given for the purpose of spaying and neutering shelter pets. (Attachment 2)
- 4. Line Item 10-4305-3001-00 Professional Health Services-Other Request a supplemental appropriation in the amount of \$361.98 from the restitution line item 10DR 3-010-019040-0014.

 (Attachment 3)

b. Landfill Budget

Line Item 12-4204-3002-00 Professional Services \$\frac{\$700,000}{\$70,000}\$

Line Item 12-4204-3004-04 Repair and Maintenance — Generators -\\$250,000

Line Item 12-4204-3010-01 Contractual Services — Tire Program -\\$150,000

Line item 12-4202-5408-03 Repair and Maintenance Parts-Generator -\\$95,000

Line Item 12-4204-8900-00 Improvements Other Than -\\$2,195,000

Request any unspent funds from these line items be placed in same line items in FY2025.

(Attachment 4)



Title: The Public Works Director requests a General Fund supplemental appropriation not to exceed \$24,000.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for HVAC duct cleaning prior to the HVAC replacement. This item has been unanimously endorsed by the Public Works Committee. No additional local funds required.

The committee recommends approval.

Attachments:

PublicWks Shelter CF.pdf

FREDERICK COUNTY - ANIMAL SHELTER

Christina Tasker Shelter Manager 540/667-9192 ext. 2502 FAX 540/722-6108 E-mail: ctasker@fcva.us

MEMORANDUM

TO: Joe Wilder, Director of Public Works

FROM: Christina Tasker, Shelter Manager

SUBJECT: FY 2024 Carry Forwards

DATE: 06/18/24

F

The Shelter is requesting a carry forward of funds from FY 2024 to FY 2025 for line item 10-4305-3001-01 Professional Services -Donation of any remaining funds. This amount is the unused portion of spay/neuter funding. The funds were appropriated from the Fleming donation for spaying and neutering shelter pets.

The Shelter is requesting a carry forward of funds from FY 2024 to FY 2025 in the amount of \$24,000 from line item 10-4305-3010-00 Other Contractual Service for duct cleaning services. We are unable to schedule the cleaning before the end of the fiscal year. The duct cleaning must be performed prior to the installation of the new HVAC equipment scheduled during FY 2025.

Please contact me if you have any questions.



Department of Public Works 540/665-5643

FAX: 540/678-0682

MEMORANDUM

TO: Cheryl Shiffler, Director of Finance

FROM: Joe C. Wilder, Director of Public Works

SUBJECT: Supplemental Appropriation/Carry Forward Requests for Fiscal Year 2025

DATE: July 1, 2024

In a regularly scheduled meeting held on June 25, 2024, the Public Works Committee unanimously endorsed the following requests:

a. Animal Shelter Budget

- 1. Line item 10-4305-3001-01 Professional Services Donation Request a carry forward of remaining funds in the line item for spay/ neuter funds. (Attachment 1)
- 2. Line item 10-4305-3010-00 Other Contractual Services
 Request a carry forward in the amount of \$24,000 for HVAC duct cleaning in the shelter.
 The shelter will be getting a replacement HVAC system during FY 2025 and the entire duct system needs to be properly sanitized and cleaned.

 (Attachment 1)
- 3. Line Item 10-4305-3001-01 Professional Health Services-Donations
 Request a supplemental appropriation in the amount of \$20,000. The funding is part of
 the Dorothy Flemming trust given for the purpose of spaying and neutering shelter pets.
 (Attachment 2)
- 4. Line Item 10-4305-3001-00 Professional Health Services-Other Request a supplemental appropriation in the amount of \$361.98 from the restitution line item 10DR 3-010-019040-0014.

 (Attachment 3)

b. Landfill Budget

Line Item 12-4204-3002-00 Professional Services \$\frac{\$700,000}{\$70,000}\$

Line Item 12-4204-3004-04 Repair and Maintenance — Generators -\\$250,000

Line Item 12-4204-3010-01 Contractual Services — Tire Program -\\$150,000

Line item 12-4202-5408-03 Repair and Maintenance Parts-Generator -\\$95,000

Line Item 12-4204-8900-00 Improvements Other Than -\\$2,195,000

Request any unspent funds from these line items be placed in same line items in FY2025.

(Attachment 4)



Title: The Public Works Director requests a General Fund supplemental appropriation in the amount of \$20,000.

This amount represents reserved funds from the Fleming Trust for spay/neuter. This item has been unanimously endorsed by the Public Works Committee. No local funds required.

The committee recommends approval.

Attachments:

PublicWks FlemmingTrust.pdf

FREDERICK COUNTY - ANIMAL SHELTER

Christina Tasker Shelter Manager 540/667-9192 ext. 2502 FAX 540/722-6108 E-mail: ctasker@fcva.us

MEMORANDUM

TO: Joe Wilder, Director of Public Works

FROM: Christina Tasker, Shelter Manager

SUBJECT: FY 25 Donation Fund Appropriation

DATE: 06/03/24

The Shelter is requesting an appropriation from 10.4 donation fund into line item 10-4305-3001-01 Professional Services - Donation, in the amount of \$20,000.00 for the FY 25 Budget.

The funding is part of the Dorothy Flemming trust given for the purpose of spaying and neutering shelter pets.

Please contact me if you have any questions.

Fleming Teust balance: \$ 115,059

0-010-000240-2501

Christina Tasker Sharon Kibler RE: Fleming Trust Thursday, August 1, 2024 10:20:26 AM

Dorothy			
Fleming Spay			
Neuter Fund			
Date	Additions	Appropriations	Balance
3/23/2017	\$10,000.00		
3/23/2017	\$214,214.00		
8/14/2018	\$30,845.38		
9/5/2017		\$10,000.00	
12/19/2018		\$10,000.00	
FY 20		\$15,000.00	
FY 21		\$20,000.00	
FY 22		\$10,000.00	
FY 23		\$20,000.00	
FY 24		\$25,000.00	
FY 25		\$20,000.00	
TOTAL	\$255,059.38	\$130,000.00	\$125,059.38

-> current appropriation

Here is the balance of the Flemming Trust. It was my understanding it was called the 1034, so for next year it should be called the "Animal Shelter Reserve Fund"? Is the line item listed the one that should be used?

Christina Tasker

Shelter Manager
Frederick County Animal Shelter
161 Fort Collier Rd.
Winchester, VA 22603 CTasker@fcva.us (540)667-9192

From: Sharon Kibler <skibler@fcva.us> Sent: Thursday, August 1, 2024 9:49 AM To: Christina Tasker <ctasker@fcva.us> Cc: Karen Orndorff <karen.orndorff@fcva.us> Subject: Fleming Trust

Good morning Christina,

What is the current balance of the Fleming Trust? Also, can you make a note for next time a request comes for funds from the Fleming Trust (see below)? Those funds are not in revenue 1034. They were received years ago, so they are held as part of the Animal Shelter Reserve fund balance.

Thanks!



Department of Public Works 540/665-5643

FAX: 540/678-0682

MEMORANDUM

TO: Cheryl Shiffler, Director of Finance

FROM: Joe C. Wilder, Director of Public Works

SUBJECT: Supplemental Appropriation/Carry Forward Requests for Fiscal Year 2025

DATE: July 1, 2024

In a regularly scheduled meeting held on June 25, 2024, the Public Works Committee unanimously endorsed the following requests:

a. Animal Shelter Budget

- 1. Line item 10-4305-3001-01 Professional Services Donation Request a carry forward of remaining funds in the line item for spay/ neuter funds. (Attachment 1)
- 2. Line item 10-4305-3010-00 Other Contractual Services
 Request a carry forward in the amount of \$24,000 for HVAC duct cleaning in the shelter.
 The shelter will be getting a replacement HVAC system during FY 2025 and the entire duct system needs to be properly sanitized and cleaned.

 (Attachment 1)
- 3. Line Item 10-4305-3001-01 Professional Health Services-Donations
 Request a supplemental appropriation in the amount of \$20,000. The funding is part of
 the Dorothy Flemming trust given for the purpose of spaying and neutering shelter pets.
 (Attachment 2)
- 4. Line Item 10-4305-3001-00 Professional Health Services-Other Request a supplemental appropriation in the amount of \$361.98 from the restitution line item 10DR 3-010-019040-0014.

 (Attachment 3)

b. Landfill Budget



Title: The Public Works Director requests a General Fund supplemental appropriation in the amount of \$2,911.98.

This amount represents a unbudgeted restitution revenue received. This item has been unanimously endorsed by the Public Works Committee. No local funds required.

The committee recommends approval.

Attachments:

PublicWks Restitution.pdf

Christina Tasker Shelter Manager 540/667-9192 ext. 2502 FAX 540/722-6108 E-mail: ctasker@fcva.us

MEMORANDUM

TO: Joe Wilder, Director of Public Works

FROM: Christina Tasker, Shelter Manager

SUBJECT: Supplemental Appropriation Request

AMOUNT

Court Case Restitution – Professional Health Services

DATE: 06/18/24

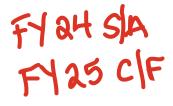
CASE

A2.911.98

The shelter is requesting funding in the amount of \$3,011.98 be appropriated to line item 010-04305-3001-00 Professional Health Services from 10DR 3-010-019040-0014 restitution fund in FY25. Please contact me if you have any questions.

This amount represents funding received from court ordered restitution in the following cases:

RECEIVED	CASE	AMOUNT		
7/1/2023	Neff	\$450.00		
7/26/2023	Meyers	\$80.00		
8/16/2023	Whitacre	\$400.00		
9/20/2024	Whitacre	\$200.00		
11/2/2023	Kent	\$11.13		
11/25/2023	Whitacre	\$400.00		
11/30/2023	Kent	\$11.13		
12/26/2023	Kent	\$11.13		
1/17/2024	Whitacre	\$200.00		
1/29/2024	Kent	\$11.13		
2/5/2024	Hall	\$65.75		
2/12/2024	Whitacre	\$400.00		
2/26/2024	Kent	\$11.13		
3/13/2024	Hall	\$13.15		
4/11/2024	Whitacre	\$200.00		
4/26/2024	Hall	\$26.30		
5/6/2024	Taxilaga	\$210.00		
5/8/2024	Whitacre	\$200.00		
6/3/2024	Kent	\$11.13		
6/18/2024	Whitacre	\$700.00		
	Total	\$3611.98		





Department of Public Works 540/665-5643

FAX: 540/678-0682

MEMORANDUM

TO: Cheryl Shiffler, Director of Finance

FROM: Joe C. Wilder, Director of Public Works

SUBJECT: Supplemental Appropriation/Carry Forward Requests for Fiscal Year 2025

DATE: July 1, 2024

In a regularly scheduled meeting held on June 25, 2024, the Public Works Committee unanimously endorsed the following requests:

a. Animal Shelter Budget

- 1. Line item 10-4305-3001-01 Professional Services Donation Request a carry forward of remaining funds in the line item for spay/ neuter funds. (Attachment 1)
- 2. Line item 10-4305-3010-00 Other Contractual Services
 Request a carry forward in the amount of \$24,000 for HVAC duct cleaning in the shelter.
 The shelter will be getting a replacement HVAC system during FY 2025 and the entire duct system needs to be properly sanitized and cleaned.

 (Attachment 1)
- 3. Line Item 10-4305-3001-01 Professional Health Services-Donations Request a supplemental appropriation in the amount of \$20,000. The funding is part of the Dorothy Flemming trust given for the purpose of spaying and neutering shelter pets. (Attachment 2)
- 4. Line Item 10-4305-3001-00 Professional Health Services-Other Request a supplemental appropriation in the amount of \$361.98 from the restitution line item 10DR 3-010-019040-0014.

 (Attachment 3)

b. Landfill Budget

Line Item 12-4204-3002-00 Professional Services \$\frac{\$700,000}{\$70,000}\$

Line Item 12-4204-3004-04 Repair and Maintenance — Generators -\$\frac{\$250,000}{\$250,000}\$

Line Item 12-4204-3010-01 Contractual Services — Tire Program — \$\frac{\$150,000}{\$150,000}\$

Line item 12-4202-5408-03 Repair and Maintenance Parts-Generator — \$\frac{\$95,000}{\$50,000}\$

Line Item 12-4204-8900-00 Improvements Other Than -\$\frac{\$2,195,000}{\$50,000}\$

Request any unspent funds from these line items be placed in same line items in FY2025.

(Attachment 4)



Title: The Public Works Director requests a Landfill Fund supplemental appropriation not to exceed \$1,612,876.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for various ongoing projects at the Landfill. This item has been unanimously endorsed by the Public Works Committee. No additional local funds required.

The committee recommends approval.

Attachments:

PublicWks Landfill CF.pdf



COUNTY of FREDERICK

Department of Public Works 540/665-5643

FAX: 540/678-0682

MEMORANDUM

TO:

Public Works Committee

FROM:

Ron Kimble, Landfill Manager

THROUGH: Joe C. Wilder, Director of Public Works

SUBJECT:

Carry Forwards to 2024/2025 Fiscal Year

DATE:

June 12, 2024

We are requesting that the funding remaining at the end of the 2024 fiscal year in each of the following line items be carried over into the new 2024/2025 budget.

Professional Services 12-4204-3002-00

\$590,12Q

Funding associated with this line item is associated with engineering costs for ongoing projects at the landfill. Moving the remaining funding in this line item into the 24/25 budget will ensure the current projects remain on schedule. An estimated amount of \$700,000 remains in this line item at the end of FY 24.

12-4204-3004-04 Repair and Maintenance-Generators

We are requesting to carry forward funds remaining in this line item to cover costs associated with the gas treatment skid maintenance. The skid was installed in 2010 during the construction of the landfill gas to energy plant. Components such as the chiller and blowers are nearing the end of their useful life and will require replacement. This line item currently has approximately \$250,000 remaining.

Contractual Services- Tire Program 12-4204-3010-01

\$181,132

This line item is associated with payment to the Northern Shenandoah Regional Commission for the processing of tires through the RTOP program. Equipment used to process the tires has been idle for the past few months and there is a substantial number of tires that need to be processed. An estimated amount of \$150,000 is expected to remain at the end of the fiscal year.

Repair and Maintenance Parts-Generator \$\frac{1}{2} \langle 7 \langle 8 \rangle 12-4204-5408-03

Funding was included in the 2023/2024 budget cycle for the purchase of parts associated with major service intervals: i.e.: 40,000- hour service. Having not met these milestones we have not purchased the associated parts. The line item currently has approximately \$95,000 remaining.

12-4204-8900-00 Improvements Other Than \$501,423

Funding for a large diversion channel were included in the 2022/2023 budget. This project was delayed due to permitting, but construction began in the spring of 2024. An estimated amount of \$1,000,000 will remain in this line item at the end of the 23/24 budget cycle.

In total I am requesting an estimated \$2,195,000 be carried over into the 2023/2024 budget. Please contact me at 540-665-5658 should you have any questions regarding this request.



Department of Public Works 540/665-5643

FAX: 540/678-0682

MEMORANDUM

TO: Cheryl Shiffler, Director of Finance

FROM: Joe C. Wilder, Director of Public Works

SUBJECT: Supplemental Appropriation/Carry Forward Requests for Fiscal Year 2025

DATE: July 1, 2024

In a regularly scheduled meeting held on June 25, 2024, the Public Works Committee unanimously endorsed the following requests:

a. Animal Shelter Budget

- 1. Line item 10-4305-3001-01 Professional Services Donation Request a carry forward of remaining funds in the line item for spay/ neuter funds. (Attachment 1)
- 2. Line item 10-4305-3010-00 Other Contractual Services
 Request a carry forward in the amount of \$24,000 for HVAC duct cleaning in the shelter.
 The shelter will be getting a replacement HVAC system during FY 2025 and the entire duct system needs to be properly sanitized and cleaned.

 (Attachment 1)
- 3. Line Item 10-4305-3001-01 Professional Health Services-Donations Request a supplemental appropriation in the amount of \$20,000. The funding is part of the Dorothy Flemming trust given for the purpose of spaying and neutering shelter pets. (Attachment 2)
- 4. Line Item 10-4305-3001-00 Professional Health Services-Other Request a supplemental appropriation in the amount of \$361.98 from the restitution line item 10DR 3-010-019040-0014.

 (Attachment 3)

b. Landfill Budget

Line Item 12-4204-3002-00 Professional Services \$\frac{\$700,000}{\$70,000}\$

Line Item 12-4204-3004-04 Repair and Maintenance — Generators -\\$250,000

Line Item 12-4204-3010-01 Contractual Services — Tire Program -\\$150,000

Line item 12-4202-5408-03 Repair and Maintenance Parts-Generator -\\$95,000

Line Item 12-4204-8900-00 Improvements Other Than -\\$2,195,000

Request any unspent funds from these line items be placed in same line items in FY2025.

(Attachment 4)



Title: The Sheriff requests a General Fund supplemental appropriation not to exceed \$110,483.67.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for a building at the impound lot. Funds have accumulated over several fiscal years. No additional local funds required.

The committee recommends approval.

Attachments:

Sheriff CFs.pdf



Sheriff Lenny Millholland

Major Steve A. Hawkins

1080 COVERSTONE DRIVE WINCHESTER, VIRGINIA 22602

540-662-6168 FAX 540-504-6400

TO

: Cheryl Shiffler, Director of Finance

FROM SUBJECT : Sheriff Lenny Millholland : Carry Forward of funds

DATE

: August 12, 2024

We are requesting the following amounts that were appropriated in FY24 to be carried forward to the FY25 budget year.

F125

- \$110,483.67 was the remainder amount in the improvements other than buildings line item 31020-8900-000-000 for FY24. We are requesting this amount to be carried forward to purchase a building to hold emergency vehicles.
 - Most of the funds came from an insurance claim 4 years ago for a tent that was damaged due to a snowstorm. The tent was covering some of our emergency vehicles. The rest of the funds were donated.

F-125 CF

- \$25,472.69 was the remainder amount in the motor/vehicles and equipment line item 31020-8005-000-0000 for FY24. We are requesting this amount to be carried forward to go towards new equipment for the new vehicles.
 - We've had several vehicles that have been involved in accidents and equipment needs to be replaced.

F4245A F425 CF

- \$28,892.69 was the FY24 unbudgeted amount in the Sale of Salvage and surplus revenue line item 3-010-015020-0007 for FY24. We are requesting this amount to be carried forward to line item 31020-8005-000-000 (Motor vehicles and equipment) go towards the purchase of a new vehicle.
 - The funds came from the surplus sale for vehicles that we no longer being used.

Thank you,

LWM/adc



Title: The Sheriff requests a General Fund supplemental appropriation not to exceed \$25,472.69.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds for vehicle equipment needed due accidents that required new vehicles. No additional local funds required.

The committee recommends approval.

Attachments:

Sheriff CFs.pdf



Sheriff Lenny Millholland

Major Steve A. Hawkins

1080 COVERSTONE DRIVE WINCHESTER, VIRGINIA 22602

540-662-6168 FAX 540-504-6400

TO

: Cheryl Shiffler, Director of Finance

FROM SUBJECT : Sheriff Lenny Millholland : Carry Forward of funds

DATE

: August 12, 2024

We are requesting the following amounts that were appropriated in FY24 to be carried forward to the FY25 budget year.

F-125 CF

- \$110,483.67 was the remainder amount in the improvements other than buildings line item 31020-8900-000-000 for FY24. We are requesting this amount to be carried forward to purchase a building to hold emergency vehicles.
 - Most of the funds came from an insurance claim 4 years ago for a tent that was damaged due to a snowstorm. The tent was covering some of our emergency vehicles. The rest of the funds were donated.

F-125 CF

- \$25,472.69 was the remainder amount in the motor/vehicles and equipment line item 31020-8005-000-0000 for FY24. We are requesting this amount to be carried forward to go towards new equipment for the new vehicles.
 - We've had several vehicles that have been involved in accidents and equipment needs to be replaced.

F4245A F425 CF

- \$28,892.69 was the FY24 unbudgeted amount in the Sale of Salvage and surplus revenue line item 3-010-015020-0007 for FY24. We are requesting this amount to be carried forward to line item 31020-8005-000-000 (Motor vehicles and equipment) go towards the purchase of a new vehicle.
 - The funds came from the surplus sale for vehicles that we no longer being used.

Thank you,

LWM/adc



Title: The Sheriff requests a General Fund supplemental appropriation in the amount of \$28,892.69.

This amount represents unbudgeted revenue received from the sale of salvage and surplus. Funds will go towards the purchase of a new vehicle. No local funds required.

The committee recommends approval.

Attachments:

Sheriff CFs.pdf



Sheriff Lenny Millholland

Major Steve A. Hawkins

1080 COVERSTONE DRIVE WINCHESTER, VIRGINIA 22602

540-662-6168 FAX 540-504-6400

TO

: Cheryl Shiffler, Director of Finance

FROM SUBJECT : Sheriff Lenny Millholland : Carry Forward of funds

DATE

: August 12, 2024

We are requesting the following amounts that were appropriated in FY24 to be carried forward to the FY25 budget year.

F-125

- \$110,483.67 was the remainder amount in the improvements other than buildings line item 31020-8900-000-000 for FY24. We are requesting this amount to be carried forward to purchase a building to hold emergency vehicles.
 - Most of the funds came from an insurance claim 4 years ago for a tent that was damaged due to a snowstorm. The tent was covering some of our emergency vehicles. The rest of the funds were donated.

(425) CF

- \$25,472.69 was the remainder amount in the motor/vehicles and equipment line item 31020-8005-000-0000 for FY24. We are requesting this amount to be carried forward to go towards new equipment for the new vehicles.
 - We've had several vehicles that have been involved in accidents and equipment needs to be replaced.

F4245A F425 CF

- \$28,892.69 was the FY24 unbudgeted amount in the Sale of Salvage and surplus revenue line item 3-010-015020-0007 for FY24. We are requesting this amount to be carried forward to line item 31020-8005-000-000 (Motor vehicles and equipment) go towards the purchase of a new vehicle.
 - The funds came from the surplus sale for vehicles that we no longer being used.

Thank you,

LWM/adc



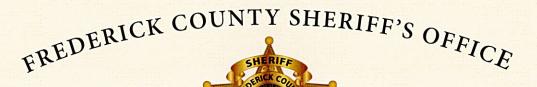
Title: The Sheriff requests a General Fund supplemental appropriation in the amount of \$750.

This amount represents a donation received and will be used toward Dive Team supplies. No local funds required.

The committee recommends approval.

Attachments:

Sheriff Donation Dive Team.pdf



Sheriff Lenny Millholland

Major Steve A. Hawkins

1080 COVERSTONE DRIVE WINCHESTER, VIRGINIA 22602

540-662-6168 FAX 540-504-6400

TO

: Cheryl Shiffler Director of Finance

FROM

: Sheriff Lenny Millholland

SUBJECT

: Appropriation of Funds – Dive Team Donation

DATE

:, August 14, 2024

The Frederick County Sheriff's Office has receive a donation in the amount of \$750.00 from Town of Berryville. This amount has been posted to 3-010-018990-0006.

We are requesting the donation received be appropriated in line item 4-010-31020-5409-000-001 (Dive Team Supplies). This amount will go towards items for the Dive team.

Thank you,

LWM/adc



TOWN OF BERRYVILLE 101 CHALMERS COURT - SUITE A BERRYVILLE, VIRGINIA 22611

68-29152 514

009152

PAY

Seven Hundred Fifty Dollars and 00 Cents

TO THE ORDER OF

Treasurer, Frederick County

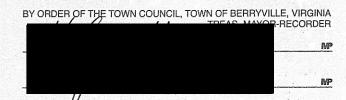
PO Box 225

Winchester VA 22601

08/02/2024

AMOUNT

\$750.00





Title: The Sheriff requests a General Fund supplemental appropriation in the amount of \$5,000.

This amount represents a donation received and will be used toward the building at the impound lot. No local funds required.

The committee recommends approval.

Attachments:

Sheriff Donation Bldg.pdf

FREDERICK COUNTY SHERIFF'S OFFICE

Sheriff Lenny Millholland

Major Steve A. Hawkins

1080 COVERSTONE DRIVE WINCHESTER, VIRGINIA 22602

540-662-6168 FAX 540-504-6400

TO

: Cheryl Shiffler Director of Finance

FROM

: Sheriff Lenny Millholland

SUBJECT

: Appropriation of Funds – building

DATE

: August 2, 2024

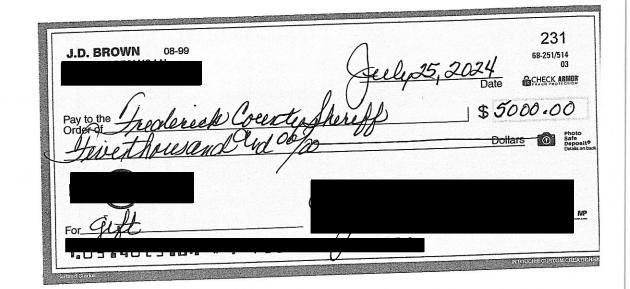
The Frederick County Sheriff's Office has received a donation from Ms. Brown totaling \$5,000. This amount has been posted to 3-010-018990-0006

We are requesting this amount to be appropriated in line item 31020-8900-000-000 (Improvements other than buildings). This amount will go towards the building at the impound lot.

Thank you,

LWM/adc

C.S. 8/2/24





Title: The Sheriff requests a General Fund supplemental appropriation in the amount of \$4,154.16.

This amount represents an insurance claim for a damaged vehicle to be used for repairs. No local funds required.

The committee recommends approval.

Attachments:

Sheriff Insurance Claim.pdf

FREDERICK COUNTY SHERIFF'S OFFICE

Sheriff Lenny Millholland

Major Steve A. Hawkins

1080 COVERSTONE DRIVE WINCHESTER, VIRGINIA 22602

540-662-6168 FAX 540-504-6400

TO

: Cheryl Shiffler Director of Finance

FROM

: Sheriff Lenny Millholland

DATE

: August 1, 2024

SUBJECT

: Insurance Reimbursement

The Frederick County Sheriff's Office has received a check from VACoRP totaling \$4,154.16 for the auto claims dated June 10, 2024, involving Deputy Spence. The amount was posted to revenue line item 3-010-018990-001 (Miscellaneous)

We are requesting the following amount to be appropriated in line item 31020-3004-000-002 (Repair and Maintenance – Vehicle). This amount will go towards repairs.

Thank you,

LWM/adc

c.s. 7/31/24



JUL 3 0 2024

FINANCE DEPARTMENT

Frederick County ATTN: Jennifer Place 107 N. Kent Street Winchester, VA 22601

VA Association of Counties Group Self-Insurance Risk Pool

Participant:

Frederick County

Claim Number:

July 19, 2024

1844

Date of Loss:

6/10/2024

Dear Ms. Place:

Enclosed please find a VAcorp property damage check in the amount of \$4,154.16. This check is for costs related to the repairs on the 2022 Ford Police Interceptor. This amount was determined by the appraisal from S&S Appraisal Services, LLC repair cost \$4,654.16- \$500 (deductible) = \$4,154.16.

If you should have any questions regarding this payment, please do not hesitate to contact our office.

Sincerely,

Ba'Jah Ward Claims Associate

Enclosure: Check







Title: The Sheriff requests a General Fund supplemental appropriation in the amount of \$2,500.

This amount represents a grant awarded from the Office of the Attorney General to be used for expenses related to reducing crimes against seniors. No local funds required.

The committee recommends approval.

Attachments:

Sheriff TRIAD Grant.pdf



Sheriff Lenny Millholland

Major Steve A. Hawkins

1080 COVERSTONE DRIVE WINCHESTER, VIRGINIA 22602

540-662-6168 FAX 540-504-6400

TO

: Cheryl Shiffler, Director of Finance

FROM

: Sheriff Lenny Millholland

SUBJECT

: Supplemental Request – TRIAD Grant

DATE

: July 25, 2024

The Frederick County Sheriff's Office has been approved by the Office of the Attorney General in the amount of \$2,500. The funds will go towards food, supplies, program supplies, and necessary items related to reducing crimes against seniors.

We are asking for the awarded amount of \$2,500 to be appropriated into revenue line item 3-010-024040-0030 (State Grant – Sheriff).

We are asking for the amount to be appropriated into expenditure line item 4-010-031020-5413-000-000.

Thank you. LWM/adc

Awarded: 6/18/24 002-TRIAD-24

Award period: 6/1/24-5/31/25

Grant Application Request Form

The Grant Application & Acceptance Policy, adopted by the Board of Supervisors on March 23,2016, outlines the policies for submitting grant applications on behalf of Frederick County and for the acceptance and appropriation of all grant awards. This policy applies to any Frederick County program, department or constitutional office preparing and submitting grant applications to agencies outside the County government for funds, materials or equipment to be received and administered by the County or by an agency for which the County acts as fiscal agent.

Please refer to the policy flow chart on the back of this form to assist in determining the appropriate course of action. The policy in its entirety can be found on the Finance Intranet page.

Complete the information below and attach as the cover to all grant applications sent to the County Administrator for approval.

Requesting Department	Sheriff's Office						
Name of Grant	TRIAD						
Grantor	Office of the Attorney General						
Grant deadline for submission	04/01/2024						
Total Amount of Anticipated Award	\$ 2,500.00						
Purpose of grant (summary) PLEASE INCLUDE FISCAL YEAR	To provide food, supplies, program supplies, and necessary items related to reducing crimes against seniors for fiscal year 2024-2025						
Grant approved through budget process? (Yes/No)	No					-	
Local Match Requirement (Yes/No)	No	Amount:					
If yes, Source(s) & amount(s) of local match (fin comm/BOS approval required if match requires a budget amendment)							
Other associated costs	None						
Continuing obligation and cost (fin comm/BOS approval required)	None						
Addition of Staff and cost (Yes/No) (fin comm/BOS approval required)	No 🖸	How many?		Total cost, including frin	iges:		
Revenue and Expenditure codes & amounts	3010024040-0030 \$2,500.00 (IDBN) 4-010-031020-5413-000-000						
Department Contact (name, email, phone)	Veronica Beauvais, vbeauvai@fcva.us, 540-504-6575						
Department Head approval to apply for grant				C	Date	03/11/24	
BOS approval date (if applicable)	no loca	al fund	s = Cov	undy adm	5	approval to apply	
Finance review of grant policy compliance				,	ate	3/25/24	
County Administrator approval to				-	ate		
apply for grant				-	are		
once grant award is received, will need to go to finance conte for appropriation. St 3/26/21							

1/15/2019



Title: The Fire & Rescue Chief requests a General Fund supplemental appropriation not to exceed \$35,000.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds to complete repairs to the reserve apparatus that are currently in process and will be completed in August 2024. No additional local funds required.

The committee recommends approval.

Attachments:

Fire Repair CF.pdf



FIRE AND RESCUE DEPARTMENT

1080 Coverstone Drive Winchester, VA 22602

70

Steven A. Majchrzak Chief

MEMORANDUM

TO:

Cheryl Shiffler, Director

Finance Department

FROM:

Steve Majchrzak, Chief

Fire & Rescue Department

SUBJECT: Carry Forward Request

DATE:

August 8, 2024

The Fire & Rescue Department is requesting an FY24 fund carry forward of \$35,000.00 |/ from line item 4-010-035050-3004-000-002 (Repair and Maintenance of Vehicles) to the same line item in the FY25 budget. The carry forward will allow the department to complete repairs to our reserve apparatus which started in the FY 24 year but will not be completed until August 2024.

If you have any questions or need additional information, please do not hesitate to contact me.

SAM: kaj CC: file



Title: The Fire & Rescue Chief requests a General Fund supplemental appropriation not to exceed \$35,000.

This amount represents a carry forward to FY 2025 of unspent FY 2024 funds to complete the purchase of 2 wildland fire skid units that are currently in the solicitation process. No additional local funds required.

The committee recommends approval.

Attachments:

Fire Skid Units CF.pdf



Steven A. Majchrzak

Chief

FIRE AND RESCUE DEPARTMENT

1080 Coverstone Drive Winchester, VA 22602

MEMORANDUM

TO:

Cheryl Shiffler, Director

Finance Department

FROM:

Steve Majchrzak, Chief

Fire & Rescue Department

SUBJECT: Carry Forward Request

DATE:

August 8, 2024

The Fire & Rescue Department is requesting a FY24 fund carry forward of \$35,000.00 from line item 4-010-035050-8009-000-00 (Capital Miscellaneous Equipment) to the same line item in the FY25 budget. The carry forward will allow the department to pay for two wildland fire skid units for brush fire apparatus at Station 22 and 21. The solicitation began in FY24 but was unable to be completed prior to the end of the fiscal year.

If you have any questions or need additional information, please do not hesitate to contact me.

SAM: kaj CC: file



Finance Committee
Agenda Item Detail
Meeting Date: August 21, 2024
Agenda Section: Action Items

Title: The Director of Elections requests a General Fund supplemental appropriation in the amount of \$25,000.

This amount represents additional unbudgeted postage expenses for mailing absentee ballots of the November general and special election. Local funds are required.

The committee recommends approval.

Attachments:

Registrar Postage SA.pdf



OFFICE OF VOTER REGISTRATION

Richard M. Venskoske Director of Elections 343 Sunnyside Plaza Dr., Winchester, VA 22603-4281 E-mail: rich.venskoske@fcva.us Telephone: 540-665-5660

To: Frederick County Finance Committee

From: Rich Venskoske

Subject: Supplemental Budget Request for the November 2024, General Election

Date: Monday, August 19, 2024

The Director of Elections seeks approval of a Supplemental Budget Request for funding postage for over 10,000 Absentee Ballots, for the November 2024 Election. The Director asks that this request be placed on the Agenda for the Wednesday, August 21, 2024, meeting.

The amount of the Supplemental Budget Request is \$25,000.00. This amount should cover the additional expenses needed for mailing Absentee Ballots for the November General and Special Election.

This Supplemental Budget Request is to be done from the 2024 – 2025 Budget year.

13010-5204 \$10,000

13020-5204 <u>\$15,000</u>

\$25,000



Finance Committee Agenda Item Detail Meeting Date: August 21, 2024

Agenda Section: Items Not Requiring Action

Title: The County Administrator provides information and Abby Johnson from the Virginia PACE Authority will make a virtual presentation on the C-PACE program.

The committee requested that the County Administrator schedule the PACE requestor to be present at a future meeting and provide the presentation slides, which have been attached.

Attachments:

CPACE_2024.pdf
VA C-PACE Program_localities_2024.pdf

COUNTY of FREDERICK



Michael Bollhoefer County Administrator

> 540/665-6382 Fax: 540/667-0370

E-mail: michael.bollhoefer@fcva.us

MEMORANDUM

To: Finance Committee

From: Michael Bollhoefer

Date: August 14, 2024

Re: Commercial Property Assessed Clean Energy (C-PACE) Financing

Staff presented information regarding C-PACE financing to the Finance Committee on November 15, 2023. At that time, the Committee decided not to proceed further with the C-PACE program. Subsequently, it was requested to bring the item back to the committee and have a representative of the C-PACE program make a presentation.

C-PACE is a financing program for local businesses for renewable energy production and distribution facilities, energy efficiency improvements, water usage efficiency, and stormwater management improvements. The loans are originated by capital providers and the County would have no obligation to originate or guarantee the loans. The role of the County would be to secure the loan by recording a lien on the property, and in the event of a default on the loan, enforce the lien in the amount of the loan, associated costs and interest, in the same manner that a property tax lien against real property would be enforced.

The purpose of the up-coming presentation is to provide the Committee with information regarding the program so the Committee can determine if it wants to recommend that the program be presented to the Board of Supervisors for consideration for further consideration.

Attachments:

Section 1. State Statute

Section 2. Program Guidelines

Section 3. Power Point

Section 4. Sample Ordinance

Section I State Statute

Code of Virginia
Title 15.2. Counties, Cities and Towns
Chapter 9. General Powers of Local Governments

§ 15.2-958.3. Commercial Property Assessed Clean Energy (C-PACE) financing programs.

A. As used in this section:

"Eligible improvements" means any of the following improvements made to eligible properties:

- 1. Energy efficiency improvements;
- 2. Water efficiency and safe drinking water improvements;
- 3. Renewable energy improvements;
- 4. Resiliency improvements;
- 5. Stormwater management improvements;
- 6. Environmental remediation improvements; and
- 7. Electric vehicle infrastructure improvements.

A program administrator may include in its C-PACE loan program guide or other administrative documentation definitions, interpretations, and examples of these categories of eligible improvements.

"Eligible properties" means all assessable commercial real estate located within the Commonwealth, with all buildings located or to be located thereon, whether vacant or occupied, whether improved or unimproved, and regardless of whether such real estate i currently subject to taxation by the locality, other than a residential dwelling with fewer than five dwelling units or a condominium as defined in § 55.1-2000 used for residential purposes. Common areas of real estate owned by a cooperative or a property owners' association described in Subtitle IV (§ 55.1-1800 et seq.) of Title 55.1 that have a separate real property tax identification number are eligible properties. Eligible properties shall be eligible to participate in the C-PACE loan program.

"Program administrator" means a third party that is contracted for professional services to administer a C-PACE loan program.

"Resiliency improvement" means an improvement that increases the capacity of a structure or infrastructure to withstand or recover from natural disasters, the effects of climate change, and attacks and accidents, including, but not limited to:

- 1. Flood mitigation or the mitigation of the impacts of flooding;
- Inundation adaptation;
- 3. Natural or nature-based features and living shorelines, as defined in § 28.2-104.1;
- 4. Enhancement of fire or wind resistance;
- 5. Microgrids;
- 6. Energy storage; and
- 7. Enhancement of the resilience capacity of a natural system, structure, or infrastructure.
- B. Any locality may, by ordinance, authorize contracts to provide C-PACE loans (loans) for the initial acquisition, installation, and refinancing of eligible improvements located on eligible properties by free and willing property owners of such eligible properties. The ordinance may refer to the mode of financing as Commercial Property Assessed Clean Energy (C-PACE) financing and shall include but not be limited to the following:
- 1. The kinds of eligible improvements that qualify for loans;

- 2. The proposed arrangement for such C-PACE loan program (loan program), including (i) a statement concerning the source of funding for the C-PACE loan; (ii) the time period during which contracting property owners would repay the C-PACE loan; and (iii the method of apportioning all or any portion of the costs incidental to financing, administration, and collection of the c-pace loan among the parties to the C-PACE transaction;
- 3. (i) A minimum dollar amount that may be financed with respect to an eligible property; (ii) if a locality or other public body is originating the loans, a maximum aggregate dollar amount that may be financed with respect to loans originated by the locality of other public body, and (iii) provisions that the loan program may approve a loan application submitted within two years of the locality's issuance of a certificate of occupancy or other evidence that eligible improvements comply substantially with the plans and specifications previously approved by the locality and that such loan may refinance or reimburse the property owner for the total costs of such eligible improvements;
- 4. In the case of a loan program described in clause (ii) of subdivision 3, a method for setting requests from owners of eligible properties for financing in priority order in the event that requests appear likely to exceed the authorization amount of the loan program. Priority shall be given to those requests from owners of eligible properties who meet established income or assessed property value eligibility requirements;
- 5. Identification of a local official authorized to enter into contracts on behalf of the locality. A locality may contract with a program administrator to administer such loan program;
- 6. Identification of any fee that the locality intends to impose on the property owner requesting to participate in the loan progran to offset the cost of administering the loan program. The fee may be assessed as a program fee paid by the property owner requesting to participate in the program; and
- 7. A draft contract specifying the terms and conditions proposed by the locality.
- C. The locality may combine the loan payments required by the contracts with billings for water or sewer charges, real property ta assessments, or other billings; in such cases, the locality may establish the order in which loan payments will be applied to the different charges. The locality may not combine its billings for loan payments required by a contract authorized pursuant to this section with billings of another locality or political subdivision, including an authority operating pursuant to Chapter 51 (§ 15.2-5100 et seq.), unless such locality or political subdivision has given its consent by duly adopted resolution or ordinance. The locality may, either by ordinance or its program guide, delegate the billing; collection, including enforcement; and remittance of C-PACE loan payments to a third party.
- D. The locality shall offer private lending institutions the opportunity to participate in local C-PACE loan programs established pursuant to this section.
- E. In order to secure the loan authorized pursuant to this section, the locality shall place a voluntary special assessment lien equa in value to the loan against any property where such eligible improvements are being installed. The locality may bundle or package said loans for transfer to private lenders in such a manner that would allow the voluntary special assessment liens to remain in full force to secure the loans. The placement of a voluntary special assessment lien shall not require a new assessment on the value of the real property that is being improved under the loan program.
- F. A voluntary special assessment lien imposed on real property under this section:
- 1. Shall have the same priority status as a property tax lien against real property, except that such voluntary special assessment lien shall have priority over any previously recorded mortgage or deed of trust lien only if (i) a written subordination agreement, i a form and substance acceptable to each prior lienholder in its sole and exclusive discretion, is executed by the holder of each mortgage or deed of trust lien on the property and recorded with the special assessment lien in the land records where the property is located, and (ii) evidence that the property owner is current on payments on loans secured by a mortgage or deed of trust lien on the property and on property tax payments, that the property owner is not insolvent or in bankruptcy proceedings. and that the title of the benefited property is not in dispute is submitted to the locality prior to recording of the special assessment lien;
- 2. Shall run with the land, and that portion of the assessment under the assessment contract that has not yet become due is not eliminated by foreclosure of a property tax lien;
- 3. May be enforced by the local government in the same manner that a property tax lien against real property is enforced by the local government. A local government shall be entitled to recover costs and expenses, including attorney fees, in a suit to collect a delinquent installment of an assessment in the same manner as in a suit to collect a delinquent property tax; and

- 4. May incur interest and penalties for delinquent installments of the assessment in the same manner as delinquent property taxes.
- G. Prior to the enactment of an ordinance pursuant to this section, a public hearing shall be held at which interested persons may object to or inquire about the proposed loan program or any of its particulars. The public hearing shall be advertised once a week for two successive weeks in a newspaper of general circulation in the locality.
- H. The Department of Energy shall serve as a statewide sponsor for a loan program that meets the requirements of this section. The Department of Energy shall engage a private program administrator through a competitive selection process to develop the statewide loan program. A locality, in its adoption or amendment of its C-PACE ordinance described in subsection B, may opt into the statewide C-PACE loan program sponsored by the Department of Energy, and such action shall not require the locality to undertake any competitive procurement process.

2009, c. 773; 2010, c. 141; 2015, cc. 389, 427; 2019, cc. 564, 753; 2020, c. 664; 2021, c. 6; 2021, Sp. Sess. I, c. 532; 2022, c. 402. The chapters of the acts of assembly referenced in the historical citation at the end of this section may not constitute a comprehensive list of such chapters and may exclude chapters whose provisions have expired. 6/21/202

■ Virginia Law Library
The Code of Virginia, Constitution of
Virginia, Charters, Authorities, Compacts
and Uncodified Acts are now available in
both EPub and MOBI eBook formats. ②

Helpful Resources Virginia Code Commission Virginia Register of Regulations U.S. Constitution For Developers
The Virginia Law website data is available
via a web service. •



Section II Program Guidelines



VIRGINIA C-PACE PROGRAM GUIDELINES

Virginia's C-PACE Program (VA C-PACE) is sponsored by the Virginia Department of Energy and administered by the Virginia PACE Authority

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Note for Reader

All capitalized terms used in these VA C-PACE Program Guidelines that are not specifically defined shall have the meanings set forth in Appendix A (Glossary of Terms) of these Program Guidelines. All Glossary terms are bolded when first referenced in these Program Guidelines.

Executive Summary

The Virginia C-PACE Program or VA C-PACE is offered through the Virginia Department of Energy ("VE" and "Sponsor") and its program administrator, Virginia PACE Authority ("VPA" and "Program Administrator"). The VA C-PACE Program provides a range of services to local governments looking to establish C-PACE in their jurisdiction as well as assists property owners in using C-PACE to upgrade their buildings. The VA C-PACE Program is a public private partnership between local governments, private property owners and private capital providers. The rules, regulations, and guidance of the VA C-PACE Program are established through these VA C-PACE Program Guidelines.

Background on Commercial Property Assessed Clean Energy (C-PACE) Financing

C-PACE financing is an innovative loan program that provides private building owners a low-cost way to install a wide range of sustainable and cost-efficient measures to both new and existing commercial buildings ("Eligible Property"). The loan ("C-PACE Loan") is privately financed and secured as a special assessment lien ("C-PACE Lien" or "Lien") with the equivalent senior lien status of a real property tax assessment and enforced by the local government or the capital provider. This hybrid loan structure allows for loan terms that would otherwise be unavailable to many property owners.

C-PACE was developed as a financing mechanism to facilitate clean energy and resiliency property upgrades. The principal underlying concept of C-PACE is that these improvements have a public benefit, like a sewer or road extension, and therefore can be secured and repaid in the same manner as other government-secured liens.

C-PACE in Virginia

Through the C-PACE Act (§15.2-958.3 of the Code of Virginia), Virginia local governments are authorized to create C-PACE programs through adoption of an ordinance ("Ordinance") and opt into a statewide C-PACE financing program sponsored by the Virginia Department of Energy ("VA C-PACE Program or VA C-PACE") for which VPA is the C-PACE Program Administrator.

In Virginia, a C-PACE Loan can finance a wide variety of **Projects** on energy efficiency, water efficiency, renewable energy, resiliency, and environmental remediation ("Eligible Improvements") for private existing buildings and new developments. A C-PACE Loan is secured by a voluntary special assessment on the Eligible Property. Like property taxes, C-PACE Loans transfer to the next property owner if the Eligible Property is sold during the term of the C-PACE Loan. The remaining balance of the C-PACE Loan is repaid by the subsequent property owners, who continue to receive the benefits of the Eligible Improvements. Moreover, any current or past due **C-PACE Payments** can be collected each year while future C-PACE Payments stay with the property in the event of sale or default. For private lenders, C-PACE Loans provide greater security than conventional loans because payments are tied to the Eligible Property, thus enabling low interest capital to be raised from the private capital markets with no government financing required.

Property Owners benefit from long, fixed rate terms that are based on the useful life of a single improvement or the weighted average life of multiple installed improvements. Long-term C-PACE Loans lead directly to major property upgrades such as:

- Energy-efficient boilers
- Upgraded insulation
- Flood mitigation
- Solar installations

The Term for a C-PACE Loan may not exceed the **Weighted Average Expected Useful Life** of the Eligible Improvements or Expected Useful Life (EUL) of a single Improvement. Examples of benefits from a C-PACE Loan include improved business cash flow due to lower energy and water costs, a reduction in costs related to business interruption and storm/flood damage, less required owner equity, an increase in the value of the improved Eligible Property, and achievement of sustainability or environmental, social and governance (ESG) goals.

The C-PACE Loan process requires that a **Property Owner** develop Eligible Improvements with a **Registered Contractor** and arrange project financing with a qualified C-PACE Capital Provider ("**Capital Provider**"). Eligible Improvements include: energy efficiency, water efficiency and safe drinking water, renewable energy, resiliency, stormwater management, electric vehicle infrastructure, and environmental remediation. The Property Owner and/or Capital Provider then applies <u>online</u> through the project center to qualify the Eligible Improvements for a C-PACE Loan according to the criteria in the Guidelines. If the Project is approved, the jurisdiction ("**Locality**"), Property Owner, and Capital Provider enter into an agreement known as the **C-PACE Program Agreement** that memorializes the obligations of the parties. The Property Owner and Capital Provider will also execute a separate **Financing Agreement** that defines the terms and conditions of the C-PACE Loan. Transactional documents can be found in <u>Appendix E: Program Documents</u>.

The Program relies on private financial institutions to provide capital to fund C-PACE Loans. The Program is open to any Capital Provider interested in participating. Interested financial institutions should contact the C-PACE Program Administrator to become qualified Capital Providers.

1.0 Purpose of Program Guidelines

The purpose of the Program Guidelines is to establish and describe the rules governing the VA C-PACE program.

In this document you can find information about:

- Statutory and programmatic eligibility requirements for Eligible Properties in Virginia
- List of participating localities in VA C-PACE

- Approval, closing, recording, and servicing process of C-PACE Loans
- Process to become a Registered Contractor or Capital Provider
- Common Eligible Improvements
- VA C-PACE Checklist
- Links for all required documentations

2.0 Program Administration

The VA C-PACE Program is sponsored by the Virginia Department of Energy and administered by Virginia PACE Authority. VA C-PACE is a turnkey, open-market C-PACE program offered statewide available at no cost to localities that choose to participate. A major benefit to having a program offered statewide is that it allows localities, property owners, contractors, and lenders that are participants in the C-PACE market to adhere to a standardized set of rules across locality lines that enables scale and lower administrative costs. Participating localities in the VA C-PACE Program have passed an Ordinance and opted into VA C-PACE through entering an agreement with VE.

2.1 Virginia Energy

VA C-PACE is sponsored by Virginia Energy (VE), a Department within the Commonwealth of Virginia's state government and formally known as the Department of Mines, Minerals, and Energy. The mission of VE is to advance the adoption of clean energy solutions along with energy efficiency products, services, and technologies.

2.2 Virginia PACE Authority

Through a competitive procurement process, VE selected the <u>Virginia PACE Authority</u> (VPA) to administer the Program. VPA, a nonprofit 501(c)(3) organization whose mission is to educate, promote, and facilitate clean energy and resilient solutions through the administration of C-PACE financing programs in the Commonwealth. As the administrator for the VA C-PACE Program, VPA ensures that Improvements are eligible for a C-PACE Loan under the C-PACE Act, the local Ordinances, and these Guidelines and submits each C-PACE Project to the Locality for final approval.

VPA works with Virginia localities to:

- Pass enabling legislation for C-PACE financing
- Intake, review, and approve applications
- Facilitate closing of C-PACE Loans
- Register, qualify and train contractors and capital providers
- Provide marketing, outreach, and education on the Program
- Facilitate billing, collections, and remittance of C-PACE Payments, if required

VPA is supported by <u>Slipstream</u> in the application submittal, review, and approval process. Slipstream is a 501(c)(3) nonprofit organization providing program administration services in a number of states.

2.3 Contact information

Website: www.virginiapace.org Email: info@virginiapace.org

Phone: 757-603-3555

2.4 Key Billing and Collection Dates

The Capital Provider will be responsible for billing and collecting the C-PACE Payments from Property Owners over the Loan Term known as Servicing described in Section 7. Often, Capital Providers prefer to align Servicing with the real property tax cycle. Although billing and collection due dates can vary, typically, real property tax due dates are in June or July and in December, collected on an annual or semi-annual basis.

2.5 Key Responsibilities by Stakeholder

Property Owner

- Provide all information in the VA C-PACE Checklist (See <u>Appendix D: VA C-PACE Checklist</u>) to the Program Administrator including signing/executing the following:
 - Execute the C-PACE Program Agreement and C-PACE Lien Certificate with the Capital Provider and the Locality
 - Execute the Financing Agreement with the Capital Provider
 - Sign the Final Application
 - Sign the Project Information Request
 - Sign the Capital Provider & VPA Disclosures and Risks
 - Sign the Property Owner Affidavit
 - Sign the C-PACE Program Completion Certificate when the Project is complete

Capital Provider

- Assist Property Owner in gathering information in VA C-PACE Checklist and execute the following documents:
 - Execute the Capital Provider-VPA Agreement with VPA once for the VA C-PACE Program
 - Execute the C-PACE Program Agreement with the Property Owner and the applicable Locality for each transaction
 - Execute the C-PACE Lien Certificate with the Property Owner and the applicable Locality for each transaction
 - Service the C-PACE loan
 - Execute a Financing Agreement with the Property Owner

Locality

- Adopt enabling Ordinance to join the VA C-PACE Program or amend existing Ordinance that complies with the VA C-PACE Program
- Execute the Virginia Energy-Locality C-PACE Agreement
- Execute the C-PACE Program Agreement and the C-PACE Lien Certificate for each transaction with the Property Owner and the Capital Provider
- At the Locality's discretion, collaborate with VPA and VE in promotion of C-PACE

VE (Sponsor)

- Execute the Virginia Energy-Locality C-PACE Agreement with Localities
- Liaison with Localities for onboarding and strategic outreach and execute the Virginia Energy Locality C-PACE Agreement

VPA (Program Administrator)

- Execute the Capital Provider-VPA Agreement with Capital Providers once for the VA C-PACE Program
- Provide all key program administration functions listed under Section 2.2 including:
 - Liaison with Localities to work to pass enabling ordinances and onboarding Localities
 - Collaborate with Localities on economic development opportunities
 - Intake, review, and approve C-PACE Loan applications
 - Facilitate closing of C-PACE Loans
 - Register and train contractors and capital providers
 - Provide marketing, outreach, and education on the Program to stakeholders
 - Service the C-PACE Loans including facilitate billing, collections, and remittance of C-PACE Loan Payments (only if a Capital Provider will snot service a C-PACE Loan)

Please note that the above referenced documents including **Programmatic** and **Transactional Documents** are found in <u>Appendix E: VA C-PACE Program Documents</u>.

3.0 Eligibility Requirements

3.1 State Statutory Requirements

The Virginia C-PACE statute requires that interested localities pass enabling legislation to enable C-PACE in their jurisdiction. Full text for the legislation is here: https://law.lis.virginia.gov/vacode/title15.2/chapter9/section15.2-958.3/

3.2 Local Statutory Requirements

Localities must pass an Ordinance substantially similar to a form of the C-PACE Program Model Ordinance (See Appendix E: VA C-PACE Program Documents) to implement the VA C-PACE Program. To be eligible to participate in the Program, a locality must also execute the Virginia C-PACE-Locality

C-PACE Agreement with Virginia Energy. Once a participating jurisdiction, VPA will be responsible for ensuring that all C-PACE applications meet the local statutory requirements for project eligibility as set forth in an Ordinance.

3.3 Eligible Property

3.3.1 Property Types

C-PACE Financing is available to all types of commercial properties that meet the definitions as defined in § 15.2-958.3. Eligible property types include, but are not limited to: office, industrial, retail, multifamily properties with more than four single family dwelling units, hospitality, healthcare, agricultural and other specialty commercial uses. Properties such as nonprofits that are otherwise exempt from real estate taxation are eligible to participate, as long as they have a real estate assessment. Common areas of real estate owned by a cooperative or a property owners' association described in Subtitle IV (§ 55.1-1800 et seq.) of Title 55.1 that have a separate real property tax identification number are eligible. Commercial condominiums are eligible for a C-PACE Loan.

The Program does not authorize the placement of C-PACE Liens on a property owned by a local, state, or federal government.

3.3.2 Property Location

To be eligible, the property to be improved must be assessable **Real Property** located within the territorial limits of the Locality and must have a property tax or assessment identification number. Assessable real property includes both currently improved (with a building or structure) and unimproved real property.

3.3.3 Multiple Parcels

Properties with multiple tax maps or parcel identification numbers are eligible if all the lots, blocks, tracts, and parcels of land are located within an area enabled in the VA C-PACE Program. If a Project extends across multiple parcels, the Lien will be apportioned across those parcels according to square footage. The following application materials must be submitted separately for each parcel:

- Tax history
- Title report or commitment if a single title report or commitment is not able to clarify property history for each parcel
- Any other application document if the property addresses or owners differ per parcel

The Program Administrator reserves the right to deny applications for properties with multiple parcel identification numbers if any of the parcels is ineligible to participate in the Program.

3.4 Eligible Improvements

3.4.1 Construction Status

C-PACE Loans are available for improvements to both existing buildings, adaptive reuse, and new construction projects.

3.4.2 Real Property

Eligible Improvements must be permanently affixed to the Real Property and remain permanently affixed to the Real Property per the terms and conditions of the Financing Agreement.

3.4.3 Loan Underwriting Parameters

VA C-PACE has established general loan underwriting parameters for the Program. Any deviations from these parameters for local programs which have not yet joined the state are delineated in the VA C-PACE Locality Matrix (See Appendix F: Supplemental information). This matrix will be updated on an ongoing basis as Localities opt into the VA C-PACE Program.

3.4.3.1 C-PACE Loan Amount

A C-PACE Loan must be equal to or less than the amount of the Eligible Project Costs.

3.4.3.2 C-PACE Loan Amount Thresholds

There is no minimum or maximum loan amount per the state statute. The minimum C-PACE Loan amount established by the Program is \$50,000 with no maximum threshold other than stipulated under 3.4.3.3 below.

3.4.3.3 C-PACE Loan to Value Thresholds

The C-PACE Loan Amount, when combined with existing mortgage and other lien obligations, shall not exceed a 100% combined loan-to-value (CLTV) ratio to the assessed or market value of the Property, whichever is greater. Exceptions to CLTV limits shall be considered on a case-by-case basis by the Program Administrator. There is no maximum C-PACE only loan-to-value ratio requirement.

3.4.3.4 Determination of Value

The Property value must be determined for both taxable and tax-exempt properties. Determination of property value is a requirement of the Program Administrator and typically a requirement of the Capital Provider. There are four ways to calculate value of a property acceptable by the Program Administrator:

- 1. Assessed value as determined by the Land Records
- 2. Appraisal prepared by an independent real estate appraisal firm within 18 months of submission of the Final Application unless exception is granted by the Program Administrator
- 3. Automate Valuation Method
- 4. Insurance value (typically used for smaller projects)

Supporting documentation should be provided for all four valuation methods.

3.4.3.5 Project Term

C-PACE Loan Terms must not exceed the Weighted Average EUL of the proposed Eligible Improvements or the EUL of a single Eligible Improvement as described in Section 4: Project Analysis Process and Requirements. For the purposes of this calculation, Eligible Improvements that have a useful life that is difficult to determine according to standard professional methods by the Technical Reviewer will be assumed to have a useful life of 20 years. For the purposes of this calculation, the Weighted Average EUL for all Eligible Improvements will be capped at 35 years with exceptions made on a case-by-case basis.

The Term of the C-PACE Loan begins upon receipt of the Certificate of Occupancy or other evidence that the Eligible Improvements comply substantially with the plans and specifications previously approved by the Locality.

3.4.3.6 Interest Rates

Both fixed-rate and fixed rates adjusted at periodic intervals are eligible in the Program.

3.4.3.7 Capitalized Interest Periods

C-PACE Loans may be structured to include up to 36 months of capitalized interest payments. Exceptions to this limit will be considered on a case-by-case basis and at the discretion of the Program Administrator.

3.4.3.8 Interest Only Periods

There is no limit on Interest only periods set by the Program Administrator.

3.4.3.9 Loan Amortization

C-PACE Loans must be fully amortized at maturity.

3.4.4 Retroactive C-PACE

Completed installations of certain C-PACE Improvements are eligible for refinancing using C-PACE. Retroactive C-PACE are C-PACE Loans that close after the Property Owner completes the installation of the Eligible Improvements. Retroactive C-PACE must occur within 24 months of the time elapsed between the completion of the installation and approval of the application for a C-PACE Loan. Retroactive C-PACE Projects must satisfy the same requirements as other C-PACE Projects in terms of eligibility in most cases. See <u>4.4 Retroactive C-PACE</u> for more details.

3.4.5 Lender Consent

To receive a C-PACE Loan, the Property Owner must obtain written Lender Consent of the C-PACE Loan by the holder of each mortgage or deed of trust lien on the Property prior to Final Approval by the Program Administrator. See <u>Section 8.0 Lender Consent</u> for more detail.

3.5 Eligible Project Costs

Eligible Projects Costs or **Project Costs** include all **Hard Costs**, **Ancillary Costs**; and **s**. Costs to acquire an Eligible Property are <u>not</u> Eligible Project Costs.

3.5.1 Hard Costs

All direct installation/construction contract costs (materials, labor, and overhead) associated with the Project.

3.5.2 Ancillary Costs

Construction costs that are necessary to install an Eligible Improvement. Examples include roof structural improvements necessary to support a roof mounted solar PV array or building electrical upgrades necessary to support an energy efficient HVAC system.

Note: The Project documentation should demonstrate that the Ancillary Costs are necessary for installation of the Eligible Improvement(s).

3.5.3 Soft Costs

Soft costs are indirect costs that are not considered direct construction costs but are necessary to complete the Project. Examples include but are not limited to:

- Project management
- Closing Fees (program administration fees)
- Title reports and credit checks
- Financial services (e.g., Capital Provider fee, **Project Developer** fee)
- Legal services (e.g., Property Owner legal, Capital Provider legal)
- Recording taxes and fees, and escrow disbursement fees
- Architectural and engineering costs related to the Project
- Consulting reports (e.g., Project Analysis, energy audit, commissioning reports, measurement and verification, feasibility studies, financial projections, and surveys)
- Due diligence reports (e.g., appraisal, environmental, and physical condition assessments)
- Energy savings performance guaranty or insurance
- Building accreditation(s)
- Permitting fees
- Interest reserves
- Capitalized interest
- Any other closing costs or fees required to complete the Project

If an indirect cost cannot be allocated directly to the installation of an Eligible Improvement (e.g., Mechanical/Engineering/Plumbing (M/E/P) plans that include plans for installation of new lighting fixtures), then the Eligible Soft Cost would be calculated in the same proportion as the proportion of Project Costs to the total construction budget.

M/E/P plans: \$50,000

Eligible Improvements: HVAC and LED lighting (materials, labor, and overhead): \$100,000

Total construction budget: \$500,000

Percentage of Project to total construction budget: 20%

Eligible Soft Costs: \$10,000 (20%)

The Program Administrator has final discretion on Eligible Project Costs.

3.6 Eligible Improvements

Eligible Improvements for a Project are energy efficiency, water efficiency and safe drinking water, renewable energy, resiliency, stormwater management, electric vehicle infrastructure, and environmental remediation. A compendium of Common Eligible Improvements is found in <u>Appendix B: Common Eligible Improvements</u> as well as on the Virginia PACE Authority <u>website</u>.

3.6.1 Energy Efficiency

Any measure that results in reduction of consumption of energy over a baseline such as:

- High efficiency lighting
- Heating ventilation air conditioning (HVAC) upgrades
- High efficiency hot water heating systems
- Building shell or envelope improvements including fenestration
- Building energy management systems
- Process equipment upgrades

3.6.2 Water Efficiency and safe drinking water

Any measure that results in reduction of consumption of water over a baseline established such as:

- Stormwater runoff mitigation and improved drainage systems
- Water efficiency devices, measures, or systems
- Replacement of lead pipes that serve potable water supply

3.6.3 Renewable Energy

Any system using renewable resources such as sunlight, wind, or biomass to generate energy to supply such as:

- On-site demand of the Eligible Property
- Export of electricity to a utility provider
- Sale of the electricity using a Power Purchase Agreement (or similar approved agreement)
- A combination of the above three options
- Production of clean heat or power by use of a renewable energy resource

Types of renewable energy systems may include but are not limited to:

- Solar photovoltaic power
- Fiber optic solar
- Solar thermal
- Small wind microturbines
- Geothermal heat pump
- Fuel cells

Note: The Program Administrator may approve other types of renewable energy not listed in the Program Guidelines at its discretion.

3.6.4 Resiliency

Per the state statute, **Resiliency Improvements** means an improvement that increases the capacity of a structure or infrastructure to withstand or recover from natural disasters, the effects of climate change, and attacks and accidents, including but not limited to:

- Flood mitigation or the mitigation of the impacts of flooding
- Inundation adaptation
- Natural or nature-based features and living shorelines, as defined in §28.2-104.1
- Enhancement of fire or wind resistance
- Microgrids
- Energy storage
- Enhancement of the resilience capacity of a natural system, structure, or infrastructure

3.6.5 Stormwater management project

- Green roofs
- Blue roofs
- Pervious pavement/pavers
- Rainwater capturing systems

3.6.6 Electric Vehicle Infrastructure

- Charging stations
- Electrical upgrades necessary to install EV charging stations

3.6.7 Environmental Remediation

A project intended to remove environmental or health hazards including but not limited to:

- Soil and groundwater remediation
- Indoor air quality
- Indoor water quality
- Asbestos remediation
- Lead paint removal
- Mold remediation

3.7 Property Owners

The Program is voluntary and available to Property Owners with Eligible Properties located within a Locality. Only a Property Owner who voluntarily participates in the Program and owns a property upon which a Lien has been levied will have a secured lien imposed against its Eligible Property.

3.7.1 Statutory Requirements

The state law in Virginia also requires that a Locality to give due regard to a property owner's ability to repay C-PACE financing under §15.2-958.3 of the Code of Virginia.

3.7.2 Programmatic Requirements

- Be 100% title holder of the Eligible Property (as reflected in the Land Records) or the holder of an eligible long-term leasehold interest. The Property Owner or the Property Owner's legally authorized representative must sign the Final Application
- Submit evidence that the title of the Eligible Property is not in dispute prior to recording the C-PACE Lien Certificate, as evidenced by a title report certifying the condition of the title, performed, and signed by a title examiner who has been certified by the Virginia Land Title Association or a title insurance commitment from a title insurance company acceptable to the Capital Provider and the Program Administrator
- Be current in the payment of all obligations secured by the Eligible Property, including loans secured by mortgages or deed of trust liens on the Eligible Property, real property taxes, special assessments (including C-PACE Liens), special taxes, other tax liens, and/or water or sewer charges;
- Have no judgement lien, or other involuntary liens against the Eligible Property, including, but not limited to, construction or mechanics liens, judgments against the Property Owner, or eminent domain proceedings
- Have no notices of default or delinquency on property-based debt that have not been cured

The Program Administrator and the Capital Provider may review public records to verify compliance with this requirement.

Note: The <u>VA C-PACE Checklist</u> contains required documentation and process for approval.

3.8 Capital Providers

The Program is an open market, which means Property Owners have the flexibility to select their preferred Capital Provider for a Project. A Capital Provider is a lender that finances a C-PACE Loan. The open market model gives Property Owner's access to a range of private Capital Providers who offer competitive rates and financing terms and conditions. No exclusivity will be provided to Capital Providers, and Property Owners will retain the right to choose the provider of financing who best suits

their business needs. C-PACE Loans are currently financed exclusively by private lenders or financial institutions.

Private lenders and/or financial institutions interested in offering C-PACE Loans can apply by submitting a RFQ (Request for Qualifications), including the Capital Provider-VPA Agreement. As part of the Capital Provider-VPA Agreement, applicants will provide a copy of the Capital Provider's Financing Agreement that it will execute with a Property Owner so that the Program Administrator can confirm that the Financing Agreement is consistent with the state and local enabling C-PACE laws and the Capital Provider Agreement

Upon approval by the Program Administrator, the applicant will be considered qualified in the Program as a Capital Provider and will be listed on the VPA website.

Property Owners may pre-select their preferred lender for the Project. However, prior to the closing of the applicable C-PACE Loan, the Program Administrator must approve the private lender or financial institution as a Capital Provider as outlined above.

Responsibilities of a Capital Provider include the following:

- Making the C-PACE Loan
- Recording the C-PACE Lien Certificate and any C-PACE Amendment to the Lien in the Land Records and notifying the Program Administrator and Locality
- Notifying the Locality and the Program Administrator of any changes to the C-PACE Payments, including recording any updated Assessment Payment Schedules in the Land Records
- Notifying the Locality and the Program Administrator whenever a C-PACE Assignment or a C-PACE Amendment to a C-PACE Loan takes place

3.9 Registered Contractors

All Improvements financed through the Program must be installed by a business that has been approved by the C-PACE Program Administrator known as a Registered Contractor. Examples include an energy auditor, licensed engineer, HVAC company, or solar installer. The process includes completing a one page online <u>form</u> and agreeing to the terms of conditions of the C-PACE Program. The registration process does not evaluate the contractor's competence or the status of its licensure.

It should be noted that a Property Owner may hire a company that is not initially a Registered Contractor as long as the company is approved prior to approval of a Final Application. If a general contractor is responsible for the work of all subcontractors, then only the general contractor would be required to become a Registered Contractor.

To be eligible for a C-PACE Loan, work associated with the installation of an Eligible Improvement that requires a license must be installed by a Registered Contractor that holds the appropriate license.

Registered Contractors are responsible for ensuring that all subcontractors hold the appropriate licenses. Furthermore, it is the responsibility of the Property Owner to ensure that qualified, reputable contractors are chosen to perform the work on the Project according to the requirements set forth in the Program Guidelines.

3.10 Qualified Professionals

A Registered Contractor may perform a Project Analysis if they become a **Qualified Professional**. A Qualified Professional must hold one or more of the following credentials or certifications unless they are approved by the Program Administrator on a case-by-case basis:

3.10.1 Credentials

3.10.1.1 Energy and Water Efficiency

- Registered Architect (RA)
- Professional Engineer (PE)
- Certified <u>Building Energy Assessment Professional (BEAP)</u> offered by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE)
- Certified Energy Auditor (CEA) offered by the Association of Energy Engineers (AEE)
- Certified Energy Manager (CEM) offered by AEE
- Certified High-Performance Building Design Professional (HBDP) offered by ASHRAE
- <u>Certified Measurement and Verification Professional (CMVP)</u> offered by AEE and Efficiency Valuation Organization
- LEED Accredited Professional (LEED AP) with documented experience as determined by the Program Administrator

3.10.1.2 Renewable Energy

- Solar PV
 - Professional Engineer (PE)
 - Individuals with IBEW-NECA Solar PV Certification
 - Individuals with <u>North American Board of Certified Energy Practitioners (NABCEB)</u> certifications
 - PV Specialist
 - o PV Installation Professional
 - Provide proof of the following:
 - 35 hours of solar PV training, pass the NABCEP entry-Level PV exam, and provide proof that they have installed at least two solar PV systems- both using a minimum of 1 kWDC and inverter
 - Either hold a letter from NABCEP stating they are qualified to sit for the NABCEP PV Installer Certification Exam (you must apply to NABCEP to sit for this exam or hold a certificate verifying they have passed the NABCEP PV Installer Certification Exam

- Solar Thermal
 - Professional Engineer (PE)
 - NABCEP Solar Heating Installer certifications
- Other Renewable Systems
 - Professional Engineer (PE)

3.10.1.3 Resiliency

Qualifications for reviewing a resiliency Project vary based on the underlying Project scope, type, and complexity. For review of a report providing a broad range of potential resiliency improvements, a generalist may be approved as a Qualified Professional if they have expertise sufficient to comment on the condition or expected performance of a property relevant to the hazards(s) of concern. For this level of analysis, one or more of the following credentials typically suffice:

- Professional Engineer (PE)
- Registered Architect (RA)
- Professional Geologist (PG)

For specific hazards such as flood, wind or coastal erosion, a Qualified Professional with specialized experience and education should be retained depending on the hazards and level of risk identified. For example, for severe weather hazards including hurricanes, tropical and convective storms, a Qualified Professional could include a Certified FORTIFIED Commercial™ Evaluator for light commercial and multifamily properties.

3.10.1.4 Stormwater Management

For most stormwater management projects, a Qualified Professional should be a Professional Engineer licensed to practice civil engineering and/or stormwater management and have 5+ years of general civil engineering of properties, including 2+ years of experience in stormwater management or drainage calculation analysis.

For review of energy storage or alternative vehicle charging stations, a Qualified Professional should be a Professional Engineer with at least 5+ years of relevant experience.

3.10.1.5 Environmental Remediation and Safe Drinking Water

For most environmental remediation projects, a Qualified Professional will be an Environmental Professional as defined in the EPA All Appropriate Inquiry (AAI) 40 CFR §312.21 (Results of Inquiry by an Environmental Professional) as follows:

- Bachelor's degree or higher from an accredited institution of higher education in a relevant discipline of science or engineering and 5+ years of full-time relevant work experience
- State or tribal issued certification or license and 3+ years of full-time work experience
- 10+ more years of relevant, full-time work experience

For Indoor Air Quality (IAQ) projects, a Qualified Professional should have documented expertise in IAQ including one of the following professional qualifications:

- Professional Engineer (PE)
- Registered Architect (RA)
- IAQ Certified Industrial Hygienist (CIH)
- WELL AP with documented expertise
- LEED AP with documented expertise

For Safe Drinking Water (SDW)) projects, a Qualified Professional should have documented expertise in SDW including one or more of the following professional qualifications:

- Professional Engineer (PE)
- Registered Architect (RA)
- Water Quality Association Professional Certification
- Environmental Professional

3.10.1.6 Electric Vehicle Infrastructure

Professional Engineer (PE)

3.10.2 Selection of Qualified Professional

Property owners can select an individual or firm to perform the Project Analysis if they are approved by the Program Administrator or work with a preapproved firm for the Program. A list of pre-approved firms can be found at <u>virginiapace.org</u>.

4.0 Project Analysis Process and Requirements

For a Project to be approved, the Property Owner or Capital Provider must submit sufficient supporting documentation to the Technical Reviewer confirming that the project meets the Program requirements.

4.1 Project Analysis Approval Process

- Property Owner and/or Capital Provider engages contractor or consultant to develop the Project Analysis
- Capital Provider or Property Owner submits completed Project Analysis for review by the Program Administrator
- Program Administrator reviews and approves the Project or requests clarification/modification of Project Analysis

Resiliency and Environmental Improvements are new to the Program. As a result, requirements for Project Analysis for resiliency and environmental remediation projects should be discussed in advance with the Program Administrator.

Note: Although not anticipated nor common, the Program Administrator does have the authority to reject the recommendations of Project Analysis if the project does not meet the requirements of the Program Guidelines.

4.2 Project Analysis for Existing Building Improvements

4.2.1 Energy and/or Water Efficiency Improvements

At a minimum, proposed project analysis should include the following:

- Description of the proposed project including each individual Eligible Improvement that will be funded with the C-PACE Loan
- Expected annual energy savings (kWh, BTUs, or therms) over energy baseline usage; water savings (gallons or ccf) over water baseline usage; annual per unit energy and/or water cost savings (\$)
 - Optional annual demand savings (KW)
 - Optional operational savings (\$)
- Clear and logical documentation of assumptions for the calculations of savings
- Estimate of the EUL of each Eligible Improvement and documentation supporting the EUL
- Calculation of maximum eligible Term for the C-PACE Loan based on the Weighted Average EUL of the Eligible Improvements or EUL of a single Eligible Improvement (or Locality Term limit where applicable in a local program; see Existing Local Program Matrix in <u>Appendix F</u>)
- If an EUL cannot be reasonably determined, the maximum EUL for that improvement would be
 20 years
- Cost required for each Eligible Improvement or for combined Eligible Improvements if interactive effects between the Eligible Improvements make itemized costs impractical
- Copy of relevant calculations, equipment specs, data sheets, etc.

If renewable energy measures are under consideration, please refer to Section 4.2.2 Renewable Energy Improvements.

The Program recommends, <u>but does not require</u>, that the Project Analysis be based on one of the following:

- ASHRAE Energy Audit standards as defined by ANSI/ASHRAE/ACCA Standard 211-2018
- Pacific Northwest National Laboratory, A Guide to Energy Audits, PNNL-20956
- Investor Ready Energy Efficiency (IREE) Certification Protocol
- ASHRAE Standard 100
- ASHRAE Standard 90.1 Appendix G

Methods in accordance with the Virginia Energy Conservation Code

Property Owners are encouraged to obtain all applicable government, utility provider, and/or manufacturer rebates where available.

Note: The Program Administrator does not guarantee that any savings estimates provided by a Registered Contractor, Capital Provider, and/or Property Owner.

4.2.2 Renewable Energy Improvements

The energy generation baseline for all renewable energy improvements is assumed to be zero energy generation unless it is a replacement for an existing renewable energy system, in which case the project analysis must establish the baseline of the existing system using performance and/or nameplate rating which is the official power production rating given to the equipment.

At a minimum, project analysis should include the following:

- Description of proposed renewable energy system including production capacity and type (e.g., roof or ground mount solar PV)
- Description of the site's ambient conditions (e.g., shading analysis)
- Location of the renewable energy system
- Utility consumption profile of the site, including the site's historic energy use and cost (modeled energy consumption may be used in the case of new construction or adaptive reuse projects)
- Expected annual energy production (kWh), electrical demand reduction (kW), annual per unit energy production savings (\$) and operational, maintenance, and insurance cost savings (\$)
- Assumptions affecting the cost savings
 - Weighted cost of energy saved and generated by the Project
 - Cost savings to be realized from time-of-use and demand charge reductions, as applicable
 - Utility tariff to be applied to the site and/or system following installation
 - Utility escalation rate assumptions
 - Tax benefits and other incentives, as applicable
 - EUL of the renewable energy system
 - Maintenance expenses, as applicable
- Assessment of Eligible Project Costs and interconnection issues, including an analysis of the impacts of surplus energy generation by the renewable energy system (e.g., description of utility tariff, if any, to be applied to system production that exceeds consumption)
- Plans to monitor the system and maintain optimized system performance
- Verification of the availability of net metering if the system generates excess power that is delivered to the utility grid at any time

Note: At its discretion, the Program Administrator may waive one or more of the above required components.

4.2.3 Resiliency Improvements

Per the state statute, Resiliency Improvements means an improvement that increases the capacity of a structure or infrastructure to withstand or recover from natural disasters, the effects of climate change, and attacks and accidents, including but not limited to:

- Flood mitigation or the mitigation of the impacts of flooding
- Inundation adaptation
- Natural or nature-based features and living shorelines, as defined in §28.2-104.1
- Enhancement of fire or wind resistance
- Microgrids
- Energy storage
- Enhancement of the resilience capacity of a natural system, structure, or infrastructure

Please note that although Electric Vehicle (EV) Charging Infrastructure is specifically defined in the C-PACE Act, the Program considers EV Charging infrastructure to be a Resiliency Improvement for purposes of developing the Project Analysis.

4.2.3.1 General Resiliency Analysis and Approach

For determining a broad scope of potential resiliency improvements related to potential hazards, the following approach should be followed:

- 1. Identify and confirm the hazard(s) related to the Eligible Property
 - a) Review regional hazard data from public or commercial risk modeling/mapping sources
 - b) Based on results, perform site specific analysis
- 2. Identify and quantify site specific vulnerability (risk) associated with the hazard
- 3. Identify customized resilience improvements that mitigate the risk or provide adaptation strategies

4.2.3.2 Eligible Hazards

Hazards that qualify under the Program include but are not limited to:

- Precipitation
 - Heavy Rainfall
 - Lack of Rainfall (this covers drought), contributing to water stress
 - Wind-driven Rain
 - Freezing Rain (icing)
 - Freeze-thaw
- Flood
 - Storm Surge
 - Coastal Repetitive Flood (includes sea level rise)
 - Riverine (fluvial) Flood (includes ice-jamming)
 - Surface (pluvial) Flash Flood

- Wind
 - Tropical Cyclone
 - Winter Storms such as Ice storms
 - Severe Thunderstorm and Tornado
 - Localized Wind (includes Downslope Windstorm, Downbursts)
- Wildfire
 - Direct Physical Impacts
 - Air Quality
 - Water Quality
- Extreme Temperature and Snow/Hail
 - Extreme Temperature
 - o Cold
 - o Heat/Heat Stress
 - Extreme Precipitation
 - o Heavy Snow
 - o Hail
- Geologic Phenomenon
 - Subsidence
 - Landslide/Mudslide Coastal Erosion
 - Seismic

4.2.3.3 Standards and Resources

Project analysis for both new construction and existing buildings may follow standards issued by <u>The National Institute of Building Sciences</u>. The benefit/cost ratio of Resiliency Improvements can also be calculated by using resources such as the <u>FEMA BCA toolkit</u>. Other potential resources in identifying potential projects include: <u>American Institute of Architects (AIA) Disaster Assistance Handbook, Enterprise Green Communities strategies for Multifamily Building Resilience</u>, and <u>RELi Design</u>.

Virginia specific resources include:

- Virginia Department of Emergency Management
- https://www.dhcd.virginia.gov/resiliency
- https://resilientvirginia.org/

4.2.3.4 Eligible Savings

Eligible savings can include but are not limited to:

- Reduced insurance premiums
- Avoided incremental insurance expenses
- Avoidance of business interruption
- Uninterrupted power
- Calculated from a benefit/cost ratio > 1

Other demonstrable savings that can qualify on a case-by-case basis

4.2.3.5 Project Analysis

The Project Analysis must include a narrative description of the Resiliency Project and include technical documentation to support any assumptions and calculations. Examples of supporting technical project analysis include: narrative description, engineering calculations and models, quote or affidavit from insurance provider demonstrating decrease in or avoidance of insurance costs due to increased building resiliency, and schematics demonstrating raising of building above 100-year floodplain. The report should consider any data from a local climate action plan, where applicable. The report should include the expected useful life for each measure that is documented by manufacturer information or other sources. In addition, the Project Analysis should also incorporate any requirements from local or state laws or resilient related building codes and plans.

As resiliency is an emerging field, the Guidelines also include a Resiliency Compendium in <u>Appendix F</u> with resiliency related definitions and references to assist in Project development including additional tools to help qualify a Project. The Program Administrator anticipates that there will be regular updates over the next 12 to 24 months as property-specific resiliency standards are published that will be included in Appendix F.

4.2.4 Stormwater Management Improvements

Stormwater Management is defined as a measure that reduces onsite stormwater runoff into the stormwater system such as reduction in the quantity of impervious surfaces or onsite retention and/or filtering of stormwater. A Project Analysis for Stormwater Management Improvements must demonstrate that the Eligible Improvements result in a reduction in onsite stormwater runoff into the local stormwater systems, and/or provides reduction of stormwater runoff pollutants. These reductions must meet or exceed the requirements of Locality for stormwater management when constructing a new building. For existing buildings, the analysis must demonstrate that the improvement(s) will reduce the quantity of stormwater runoff and/or the pollutant load of existing runoff and bring the system to be code compliant at a minimum.

If an EUL cannot be reasonably determined, the maximum EUL for that improvement would be 20 years. The Program Administrator retains the right to limit the EUL of improvement(s) if sufficient supporting documentation cannot be provided or is unavailable.

4.2.5 Environmental Remediation

4.2.4.1 Asbestos, Lead Paint Removal, and Mold Remediation

Environmental remediation generally refers to the clean-up of land or buildings in response to a Phase 2 Environmental Site Assessment (ESA), Weatherization type analysis, and/or outlined in a Voluntary Remediation Plan that has been reviewed by the Virginia Department of the Environment. Per the C-PACE Act, the types of Eligible Improvements include:

Asbestos Remediation

- Lead Paint Removal
- Mold Remediation

The estimated cost for each remediation action for the Project, including an ESA Phase 1 and Phase 2 ESA costs (e.g., soil sampling) can be included in the C-PACE Loan amount.

4.2.4.2 Indoor Air Quality

An Indoor Air Quality (IAQ) Project can be defined as improving the rated performance in indoor air quality by reducing exposure to indoor airborne contaminants.

Permanently affixed measures that exceed the minimum standards of indoor air quality required by law for retrofit or ground up construction will typically be considered eligible. For existing buildings, Qualified Professionals may also establish a baseline model of building-wide CO₂ or oxygen levels and develop an "as complete" model incorporating proposed air quality measures to demonstrate improvements over the baseline. Examples of supporting technical project analysis include Equipment cutsheets, building models, etc. The following reference can provide guidance when developing an IAQ project: https://www.epa.gov/indoor-air-quality-iaq/clean-air-buildings-challenge.

4.2.4.3 Safe Drinking Water

For Safe Drinking Water (SDW) projects, the Project analysis/supporting documentation would demonstrate that contaminants in the potable water provided to a building had been removed such as replacement of lead-based piping with CPVC or copper piping. The following reference can provide guidance when developing an SDW project: https://www.epa.gov/ground-water-and-drinking-water.

Please note that supplemental information on IAQ and SDW may be provided in a future Appendix.

4.3 New Construction and Substantial Renovation/Adaptive Reuse

The Program is available for the construction of new buildings as well as the substantial renovation of existing buildings or the adaptive reuse of vacant buildings.

4.3.1 Baseline: New Construction

New construction projects, unlike existing-building retrofits, do not provide a baseline to compare potential savings from Eligible Improvements. Therefore, the baseline for new construction projects is taken from construction standards denoted in the 2018 version of the <u>Virginia Uniform State Building Code</u> (USBC). The USBC denotes the Virginia applicable building codes and standards that in turn are governed by other international and domestic building codes including the latest version of the <u>Virginia Energy Conservation Code</u>. For any new construction project, the Project must demonstrate through the appropriate Project Analysis that the Project exceeds the applicable code. The Qualified Professional should also verify local building code compliance with the applicable local government department for the purposes of the energy and/or water savings calculations prepared in the Project Analysis.

The Project Analysis should summarize that the building's total anticipated performance exceeds the building code (baseline) with a summary percentage of performance above the code baseline. To qualify for C-PACE Financing on a new construction Project, the Project must achieve energy and/or water savings that exceed the applicable building code. One hundred percent (100%) of the C-PACE Project Costs of all water or energy related measures in new construction projects that demonstrate a whole-building summary performance above the minimum code baseline are financeable through C-PACE.

A new construction project that only involves renewable energy installed on a new building is not subject to the additional requirements and should follow the Project Analysis requirements for renewable energy systems to existing buildings as described in 4.2.2 Renewable Energy Improvements.

4.3.2 Baseline: Substantial Renovation/Adaptive Reuse

The baseline utilized for establishing energy/water consumption for a substantial renovation or adaptive reuse project will be based on a number of factors such as availability of historic utility bills, type of equipment to be installed, and change of use or occupancy type. The Qualified Professional will make the determination if the energy or water savings for a Project should be determined under the Existing Building or New Construction methodology.

4.3.3 Methodologies for Determining Savings

A Project Analysis for a new construction project may demonstrate expected energy or water savings over this baseline in one of two methods:

- Method 1: Itemization of individual Eligible Improvements (Prescriptive Path): Itemization of individual Eligible Improvements in the Project whose efficiency specifications exceed the baseline requirements as outlined in the appropriate building code. The project analysis/supporting documentation must describe the characteristics of each Eligible Improvement and provide supporting documentation showing that each Eligible Improvement exceeds minimum baseline requirements. Examples of supporting documentation include but are not limited to: contract certificates, permits, equipment cutsheets, COMcheck certificates, building plans. 100% of the cost of each Eligible Improvement that exceeds minimum code requirements may be included in the C-PACE Loan amount.
- Method 2: Demonstration of total savings above applicable building code on a whole building basis: Estimated whole building energy and/or water savings above minimum baseline should be calculated using U.S. Department of Energy approved building energy modeling software or detailed engineering calculations, following one of the two allowable pathways in the applicable International Energy Conservation Code (IECC). Savings calculations for the whole building must state the building's total anticipated performance and specify the summary percentage of energy and/or water performance over code minimum. One hundred percent

(100%) of the energy and water-related measures included in the whole building model may be considered Eligible Improvements.

4.4 Retroactive C-PACE

4.4.1 Qualifications

Completed installations of certain C-PACE Projects are eligible for Retroactive C-PACE financing. Retroactive C-PACE are C-PACE Loans that close after the Property Owner completes the installation of the Eligible Improvements. Retroactive C-PACE Projects must satisfy the same requirements as other C-PACE Projects in terms of eligibility.

Per the C-PACE Act, Retroactive C-PACE must occur within 24 months of the time elapsed between the completion of the installation and approval of the application for a C-PACE Loan. Completion of installation is the date that the Certificate of Occupancy was issued or other evidence that the Eligible Improvements comply substantially with the plans and specifications previously approved by the Locality. For example, for an existing building, completion of installation could be determined based on information shown in the applicable invoice(s) or the date the installation was approved by a building inspector. The total costs of Eligible Improvements can be refinanced or reimbursed with C-PACE.

Typical scenarios include:

- Replacing an existing C-PACE loan with a new C-PACE Loan if the original C-PACE loan is paid
 off in its entirety from the proceeds of the new C-PACE loan
- Place a new C-PACE Loan on improvements that would have been eligible for C-PACE at the time of installation
- Refinancing a part of the entirety of a conventional loan with a C-PACE Loan
- Amending an existing C-PACE Loan

Other than increasing proceeds on an already approved C-PACE Loan amount, C-PACE Project Refinancing requires all application, approval and recording requirements like a new C-PACE Loan.

4.4.2 Lookback Period and C-PACE Loan Term

The C-PACE Loan Term would be based on the remaining Weighted Average EUL of the Eligible Improvements based on the time elapsed between the time of installation and closing of the new C-PACE Loan. For example, if an approved C-PACE Loan is funded one year after installation of the Eligible Improvements, the term of the C-PACE Loan would be one year less than if it had been funded at the time of completion.

4.4.3 Required Documentation

Verification is required to establish prior conditions (baseline) and describe the new Eligible Improvement(s) installed in the Retroactive C-PACE Project. The Project Analysis must include additional documentation that provides evidence of installation of the Eligible Improvements:

- Completion Date for the Eligible Improvement(s) subject to the Project
- Description of the baseline code that was used for project design and permit approval;
 - Most jurisdictions in Virginia have now adopted the 2018 Uniform Statewide Building Code including the 2018 Virginia Energy Conservation Code which corresponds to ASHRAE 90.1 2016 that became effective as of July 1, 2021.
 - o If the Retroactive C-PACE Project was approved under a prior code requirement, the Project's Eligible Improvement(s) must exceed the 2015 USBC or ASHRAE 90.1 2013 at a minimum to be eligible
- Make and model of equipment replaced, if applicable
- Photos supported by descriptions, which provide evidence of installation of new Eligible Improvement(s)
- Certifications of the Registered Contractor
- Certifications of the Qualified Professional

5.0 Program Fees

5.1 Program Administration Fees

The Program Administrator provides a wide variety of services at no upfront cost and is only paid upon closing of C-PACE Loans. These services include, at a minimum, processing, and approving C-PACE applications, assisting in closing and servicing of C-PACE Loans, providing marketing, education and training of Program participants and stakeholders, reporting to local government sponsors, and maintenance and upgrade of program documents, materials, and web resources on an ongoing basis.

5.1.1 Application Fee

There is no fee to apply for a C-PACE Loan.

5.1.2 Closing Fee

The Closing Fee is a one-time processing fee of the C-PACE Loan based on the Lien Amount. This fee may be capitalized into the Lien Amount for the Project. There is a minimum Closing Fee to cover the costs of review if the project does not close. This fee is paid out of the proceeds of the C-PACE Loan at closing. The fee schedule is found in <u>Appendix C</u>.

5.1.3 Servicing Fee

Servicing refers to the billing, collection, and remittance of C-PACE Payments on an annual or semiannual basis. The C-PACE Act gives Localities the option of outsourcing Servicing of C-PACE Payments to the Capital Providers who have total discretion over the fee charged to the Property Owner. Alternatively, if a Capital Provider is not able to service the C-PACE Payments, then the Program Administrator will act in this capacity and charge a market rate fee based on a percentage of the C-PACE Payments paid annually. The Property Owner will pay the C-PACE Payment to the Capital Provider, the amount of which is included in the Assessment Payment Schedule of the C-PACE Program Agreement.

5.1.4 Out of Scope Expenses

Closing and Servicing Fees cover the regular costs of the administration of the Program. These costs and expenses do not include any specialized optional professional services that may be necessary for a particular Project either prior or post-closing. Examples include but are not limited to:

- Requesting substantial assistance in developing the Project scope
- Obtaining Lender Consent on behalf of the Property Owner or Capital Provider
- Time-intensive negotiation of any Program documents
- Extensive review of a Project beyond the Program Administrator's standard scope of work
- Review of non-standardized Program documents
- Obtaining a legal opinion for the Capital Provider
- Assistance in amending a C-PACE Payment on behalf of a Capital Provider
- Assistance related to curing a delinquency on behalf of the Capital Provider

Expenses incurred prior to the closing of the C-PACE Loan can be added to the C-PACE Lien Amount if desired. Like the Closing Fee, these expenses can be paid out of proceeds at closing. Fees may be modified from time to time at the sole discretion of the Program Administrator.

5.2 Locality Fees

Although not typical, some Localities may charge fees to process the C-PACE Loan. Please contact the Program Administrator for more information.

5.3 Capital Provider Fee

Capital Providers and Project Developers may charge an origination fee to cover the costs of arranging the C-PACE Loan, which is agreed upon in the Financing Agreement. This is in addition to any fees for servicing the C-PACE Loan.

5.4 Sample Project Costs

Eligible Project Costs vary based on a number of factors such as the asset type, complexity of the Eligible Improvements, market, Locality requirements, and ownership structure. This sample Project provides an example of how the total C-PACE Lien Amount and annual C-PACE Payments are calcuated based on typical Loan terms such as interest rate, amortization period, term and capitalized interest period.

Project Costs and Fees	
Hard Costs	\$3,000,000
Project analysis	\$7,000
Appraisal, other 3rd party	\$5,000
Related A/E costs	\$210,000
Title report, credit check	\$200
Other lender expenses	\$4,000
Owner legal	\$10,000
Hard and Soft Project Costs	\$3,236,200
Recording fee (estimated)	\$115
Capital provider fee	\$53,780
Program Admin fee	\$37,646
Prepaid Capitalized interest	<u>\$257,695</u>
Total financing and admin fees	<u>\$349,23</u> 6
TOTAL LIEN AMOUNT	\$3,585,436

Loan Assumptions			
Interest rate	5.75%	Program admin fee	1.05%
Term (yrs.)	20	Cap Provider fee	1.50%
Amortization	20		
Fee and Capitalized Int	terest Calculations		
Closing day	6/30/22	Admin fee	\$37,646
First payment	9/30/23	Capital Provider fee	\$53,780
Days	450	Est. Lien Amount	\$3,585,321
Daily rate	0.016%	Capitalized interest	\$257,695
Contingency	7.19%		
Annual Lien Payments			
C-PACE Payment	\$306,280		

6.0 Loan Application Process

The application process includes application management, approval, and completion of the Project. Repayment of the C-PACE Loan is described in <u>Section 7.0 C-PACE Loan Administration</u>. To proceed with funding a C-PACE Project, a Property Owner must complete the application process, which has two phases, Pre-Application and Final Application.

6.1 Determine Eligibility and Complete Pre-Application

The applicant should review the VA C-PACE Checklist to understand the documentation requirement of obtaining a C-PACE Loan, found in <u>Appendix D</u>.

The Pre-Application gives an applicant the opportunity to establish project eligibility before investing in significant project development. The information collected in this step of the process will be used by the Program Administrator to verify that the property is qualified, and that the proposed Project falls generally within the parameters established in this Program Guidelines.

To begin the process, a Property Owner completes the online Pre-Application form available in the <u>Project Center</u>. The Project Center contains all documents, applications, and instructions required for a project to be approved for a C-PACE Loan. An applicant will be prompted to establish a username and password which will be used to submit information to the Project Center. The information collected on the Pre-Application includes:

- Property address (including jurisdiction with taxing authority)
- Property tax Identification number
- Point of contact for the Application
- Name of the Property Owner
- Approximate value of the Property
- Approximate C-PACE Loan Amount

Once a Pre-Application is submitted, the Program Administrator will conduct a preliminary review to determine if the project is eligible for enrollment in the Program. This review will typically be completed within 1-2 business days after receipt of a completed Pre-Application. The Program Administrator's approval of a Pre-Application is required prior to submitting the Final Application.

6.2 Select Capital Provider and Develop Project

If the Pre-Application is approved, the Property Owner moves forward with the project development phase.

6.2.1 Project Analysis

The Property Owner must complete a project analysis, as described in <u>Section 4.0 Project Analysis Process and Requirements</u>. Following the project analysis, a Property Owner or their representatives will develop the final scope, Project Costs, and schedule in conjunction with a Registered Contractor and/or Project Developer.

6.2.2 Lender Consent

If the Eligible Property has existing deeds of trust and/or mortgages, the Property Owner must obtain the written consent of all existing lienholders as a condition of closing the C-PACE Loan. Given that this process can take some time, the Program Administrator recommends that the Property Owner contact these lienholders early in the scoping process to gauge the likelihood that consent will be granted (See <u>Section 8.0 Lender Consent</u>).

During this phase, the Property Owner should also contact Capital Providers to secure acceptable C-PACE Loan terms and conditions. For more information, see <u>Section 3.8 Capital Providers</u>. The Capital Provider may conduct its own underwriting review of the Project.

6.3 Submit Final Application with Supporting Documentation

When the pre-development work for the project is complete, a Property Owner will complete the Final Application. The Final Application can be started upon approval of the Pre-Application and is accessible through the <u>Project Center</u>. The Property Owner will also receive an email with a link to the Final Application within the Project Center. The Program Administrator's approval of the Final Application is a requirement to closing the C-PACE Loan.

The Final Application contains a section available to the Property Owner to upload all supporting documents. The Program Administrator will only accept documents uploaded to the Project Center. At a minimum, the following supporting documentation must be provided:

- 1. Final Application completed and signed by the Property Owner
- 2. Owner tax history: Documents must be provided verifying the Property Owner is current on property taxes
- 3. Project Analysis
- 4. Installation contract(s) from the Registered Contractor(s) for the Project that includes the cost of the work, the scope of work, specifications for the equipment, and the schedule for the installation of the Eligible Improvement(s) identified in the Project Analysis
- 5. Capital Provider's offer to fund/term sheet. The Property Owner must provide documentation that indicates that a Capital Provider has offered to provide a C-PACE Loan for the Project. Such documentation may be evidenced by a signed term sheet, commitment letter, or other documentation satisfactory to the Program Administrator
- 6. Title Report or Commitment prepared by a Title Insurance company disclosing all current lienholders on the Eligible Property and confirming that there are no involuntary liens on the

- Eligible Property. The title report should be issued <u>no more than 30 days</u> prior to recording the Lien in the Land Records to avoid any intervening title matters appearing of record. The <u>Property Owner and Capital Provider are responsible for obtaining the title report</u>
- 7. Property value determination. The Property value must be determined for both taxable and tax-exempt properties using either the assessed value or an appraisal. The appraisal or real estate evaluation completed within 18 months of the submission of Final Application and prepared by an independent real estate appraisal firm. The appraisal or other acceptable forms of valuation must be completed within 18 months of the submission of the Final Application; however, exceptions can be granted at the discretion of the Program Administrator. Please note that the Capital Provider may have different and/or more stringent appraisal requirements than the Program
- 8. Lender Consent. Executed Lender Consent and Subordination to C-PACE Special Assessment and Lien agreement for the proposed Project from each existing lienholder that has a deed of trust on the Eligible Property, if applicable. Requests for Lender Consent should be delivered to lienholders well in advance (e.g., 30 days) of the anticipated C-PACE Loan closing date. This is signed by an existing lender
- 9. Documentation of Mortgage release(s) (if applicable)
- 10. Mortgage balance or commitment or other loan balance(s) (if applicable). Copies of the most recent mortgage loan statement(s) for all loans outstanding or commitment for mortgage on the Eligible Property must be included to determine the current loan-to-value ratio
- 11. Capital Provider and VPA Disclosures & Risks: This document link can be found in <u>Appendix E</u> under the Transactional Documents folder. It is signed by the Property Owner
- 12. Property Owner Affidavit: Signed by the Property Owner
- 13. Project Information Request: Property Owner grants permission to the VA C-PACE Program to market publicly certain project specific information at Loan closing or in the future.

Once a complete Final Application is received, the Program Administrator will review it for completeness, accuracy, and compliance with this Program Guidelines. The Program Administrator may provide exceptions to a Final Application and allow certain documents to be provided prior to closing versus prior to project approval, which is communicated via a letter of Conditional Approval. The Program Administrator will provide the Property Owner a Conditional Approval Letter or request more information within five business days after submission of a completed Final Application. A letter of Final Approval will be issued once all of the documents known as the Transactional Documents have been reviewed by the Program Administrator typically within five business days and ten business days, respectively of receipt. A Capital Provider may require additional documentation as part of its financing due diligence and closing requirements.

6.4 Close C-PACE Loan and Initiate Project Construction

6.4.1 Overview

Upon the Final Approval letter has been submitted to the parties, the Property Owner may proceed with closing the C-PACE Loan. The Property Owner must submit to the Program Administrator:

- Executable copy of the C-PACE Program Agreement
- Executive copy of the C-PACE Lien Certificate
- Executable copy of the Financing Agreement

A form of the C-PACE Program Agreement is included in this Program Guidelines in <u>Appendix E.</u> The Program Administrator will send the C-PACE Program Agreement, C-PACE Lien Certificate, Financing Agreement, and the Final Approval Letter to the Locality for review. Following the execution of these documents, payment of all applicable fees, and consummation of the C-PACE Loan closing, the Capital Provider will record the fully executed C-PACE Lien Certificate with exhibits in the Land Records. If required, the Capital Provider will obtain all wet signatures from the jurisdiction, the Property Owner, and the Capital Provider and appropriate checks/wiring information for jurisdictions that may charge fees. The Program Administrator will assist the Capital Provider in this process as needed. Upon receipt of recorded documents, the Capital Provider will send copies to the Program Administrator. Per the terms of the Financing Agreement, the first C-PACE Payment due may not be the year that the C-PACE Loan closes. The C-PACE Loan proceeds will be disbursed by the Capital Provider according to mutually agreeable terms between the Capital Provider and Property Owner in accordance with the Financing Agreement.

6.4.2 Simultaneous Close of C-PACE and Transfer of Property Owner

If C-PACE financing is closing alongside a transfer of property ownership, then the Program Administrator must receive a substantively final copy of the deed or similar instrument that will be recorded at close as part of the application package. On the day of recording, the deed or similar instrument must be submitted to the Land Records office prior to submission of the C-PACE Lien Certificate.

6.4.3 Simultaneous Close of C-PACE and Mortgage or Deed of Trust

If C-PACE financing is closing alongside a mortgage or deed of trust or other similar instrument, then the Program Administrator must receive a substantively final copy of the mortgage or deed of trust or similar instrument that will be recorded at close as part of the application package. On the day of recording, the mortgage or deed of trust or similar instrument must be submitted to the Land Records Office prior to submission of the C-PACE Lien Certificate.

6.4.4 Simultaneous Close of C-PACE and Mortgage Release

If C-PACE financing is closing alongside a mortgage release instrument, then the Program Administrator must receive a substantively final copy of the mortgage release instrument that will be recorded at close as part of the application package. On the day of recording, the mortgage release instrument must be submitted to the Land Records office prior to submission of the C-PACE Lien Certificate. In this situation, Lender Consent is not required for the mortgage being released at close.

6.4.5 Closing and Lender Consent

In cases where existing secured lienholder(s) will not be lienholders on the Eligible Property as of financial close of the C-PACE Loan and/or when the Eligible Property will have new senior lender(s) as of financial close of the C-PACE Loan (e.g., a simultaneous acquisition and refinancing of the

Property), the Property Owner must provide the Program Administrator with a letter prior to the closing that describes any and all mortgage transactions taking place on the property prior to or simultaneous with closing the C-PACE Loan. All parties that have a mortgage on the property as of the close of the C-PACE Loan must provide consent in accordance with the C-PACE Act. Secured lienholder(s) not providing consent must provide a letter stating agreement to being paid out in full. The Property Owner must attach the applicable consents, copies of payoff letter(s) from existing mortgage provider(s), and a closing letter containing instructions for fund distribution as of financial close.

On the day of close, the Property Owner must provide confirmation of the escrow agent's receipt of funds and request that the Program Administrator authorize the release of signatures simultaneous to all other parties to the transaction releasing their signatures. Upon the release of signatures by other parties, the title company must follow the list of instructions outlined in the closing letter (including releasing funds to the appropriate parties and recording documents in the order outlined in the closing letter).

6.5 Project Completion

When the Project is complete, the Property Owner will forward evidence of completion to the C-PACE Program Administrator by submittal of a C-PACE Program Completion Certificate, which can be found in <u>Appendix E</u>. It is the responsibility of the Property Owner to ensure that the Project has been successfully completed, including completion and compliance with any necessary approvals of local building codes or standards as issued by Locality building officials or other Locality agencies.

7.0 C-PACE Loan Administration

7.1 C-PACE Lien

The C-PACE Payments that are due, and any interest or penalties accrued thereon, constitute a first and prior lien against the Eligible Property from the date that the C-PACE Lien Certificate is recorded with the Locality until the C-PACE Loan and all interest and penalties are paid in full and the Lien has been released of record.

The Lien is attached to the land and no portion of the C-PACE Loan shall be eliminated by a foreclosure sale. The C-PACE Loan cannot be accelerated, and the Lien cannot be extinguished until the C-PACE Loan is fully repaid. The Lien will be enforced by the Locality or the Capital Provider in a similar manner as the Locality enforces delinquent real estate taxes, as specifically provided in the Ordinance and the C-PACE Lien Certificate. A C-PACE Loan transfers to the new property owner upon a sale or transfer of the Eligible Property during the Term.

7.2 Repayment of the C-PACE Loan

Repayment of the C-PACE Loan will commence according to the terms of the C-PACE Documents. The first repayment date for the C-PACE Loan will be due in accordance with the Assessment Payment Schedule. Although not a statutory or programmatic requirement, it is recommended that the Assessment Payment Schedule for the proposed C-PACE financing <u>must</u> match the applicant's property tax schedule: e.g., if the Property Owner owes property tax payments in semi-annual installments, then the C-PACE Payments would be due in semi-annual installments. Interest only periods are determined by the terms dictated in the Financing Agreement. Capitalized Interest is capped at 36 months unless an exception is made at the discretion of the Program Administrator.

C-PACE Payments will be billed and collected by the Capital Provider. Pursuant to the C-PACE Lien Certificate, C-PACE Program Agreement, and the Financing Agreement, each C-PACE Payment must be paid in full by the relevant due date reflected on the Assessment Payment Schedule, or the C-PACE Payment will be considered delinquent. Further discussion is under <u>Section 5.1.3 Servicing fees</u> and in <u>Section 7.5 Servicing of C-PACE Payments</u>.

Pre-payment of a C-PACE Loan is permissible per the terms and conditions laid out in the Financing Agreement. Nothing in the Program Guidelines may supersede or alter the terms and conditions contained in the C-PACE Lien Certificate, C-PACE Program Agreement, and the Financing Agreement.

7.3 Delinquent Payments and Enforcement Remedy

If the Property Owner defaults for failing to pay the C-PACE Payments on time, then the Lien will be enforced by the Locality in a similar manner as the Locality enforces delinquent real estate taxes, including enforcement through a tax lien sale or assignment of these rights to the Capital Provider. If the Locality elects to not enforce the C-PACE Lien, the Locality must relinquishes and assign its right to enforce the C-PACE Lien to the Capital Provider, substantially in the form attached as Addendum 1 to the C-PACE Lien Certificate found in <u>Appendix E</u>. It should be noted that the outstanding balance of the C-PACE Loan will not be accelerated, and the Lien will not be extinguished by any collection remedies.

Delinquent Payments are subject to interest, penalties, and/or other fees in accordance with the executed documents with the Capital Provider and the applicable Locality.

Localities are entitled to recover costs and expenses, including attorneys' fees, in a suit to collect Delinquent Payments, in a similar manner as in a suit to collect delinquent real estate taxes, including utilizing any administrative remedies provided by Virginia law. The costs and expenses recovered by the Locality would be in addition to any costs, expenses, interest, or other amounts due and owing to Capital Provider in accordance with the executed documents.

7.4 Amendment of Lien and Payment Schedule

7.4.1 Overview

The Capital Provider can amend the Lien and/or Payment Schedule per the C-PACE Documents during the Term of the C-PACE Loan. This process could be to amend the Assessment Payment Schedule to reflect interest charges related to late payments, or to amend and restate the C-PACE Lien Certificate to increase the C-PACE Loan proceeds if the project qualifies. Please see <u>Appendix E</u> for a form of C-PACE Amendment.

7.4.2 Process

The Capital Provider must use the form of C-PACE Amendment linked in <u>Exhibit E</u> and submit to the Program Administrator for review. Once reviewed, the Capital Provider will submit this Amendment to the Locality that reflects the adjustment and file the Amendment in the Land Records. The Locality will sign the C-PACE Amendment and the Capital Provider will record the C-PACE Amendment in the Land Records. The Capital Provider will provide advance notification of the pending amendment and a copy of the executed C-PACE Amendment to the Program Administrator.

In all scenarios, the Capital Provider should communicate the reasons for the Amendment to the Program Administrator to understand the process and any associated incremental costs for the facilitation of this process.

7.5 Release of the C-PACE Lien

Once the C-PACE Loan is repaid in full according to the terms of the C-PACE Documents, the Capital Provider will record a release of the C-PACE Lien in the Land Records.

7.6 Servicing of C-PACE Payments

The Capital Provider will bill and collect the C-PACE Payments. The Capital Provider will also provide the C-PACE Program Administrator with information on an annual basis to confirm payment, prepayment, delinquent payment, etc. of C-PACE Payments. The Capital Provider will notify the C-PACE Program Administrator and the Locality immediately of any delinquencies, repayments, or lien releases, and related actions required of the local government, as applicable.

If the Capital Provider is not able to service the loan, the Program Administrator will service it, upon request. The Program Administrator will issue a bill to the Property Owner instructing that payment be made to the Capital Provider. The Capital Provider will confirm receipt of the payment with the Program Administrator immediately, pursuant to the terms of the C-PACE Loan Documents and any other Project servicing agreement that is required by the Program Administrator. Each C-PACE

Payment that is serviced by the Program Administrator will include a Servicing Fee, as described in <u>Section 5.3 Servicing Fee</u>.

8.0 Lender Consent

Per the C-PACE Act, a Property Owner must obtain the written consent of all existing mortgage or deed of trust lienholders of record encumbering the Eligible Property prior to closing the C-PACE Loan. Lender Consent must be in the form approved by each existing lienholder. The purpose of Lender Consent is for all existing secured lienholders with interest in the Eligible Property to consent to the due and unpaid C-PACE Payments having a lien status senior to their position. When an existing secured lienholder will not consent to C-PACE, the mortgage or deed of trust must be prepaid in full prior to or simultaneous to the closing of the C-PACE Loan.

The Lender Consent document will achieve the following:

- Request confirmation from the secured lienholder(s) that the levy of the Lien, subject to the C-PACE Documents will not trigger an event of default nor the exercise of any remedies under the mortgage loan documents or other security documents held by the lienholder
- Advise the secured lienholder(s) that the C-PACE Lien will be repaid in installments collected pursuant to the terms of the C-PACE Documents and subject to the same penalties, remedies, and lien priorities as a special assessment. Additionally, provide notification that the secured lienholder's lien will be junior to the payments of the C-PACE Lien as they come due and that the C-PACE Lien does not accelerate
- Advise the secured lienholder(s) of the terms of the C-PACE Loan that describe the maximum Lien Amount, the maximum Term based on the Weighted Average EUL, and the amount financed cannot exceed the Eligible Project
- Advise the secured lienholder(s) that the Locality will enforce the Lien in the same manner as property taxes and other special assessment charges or assign rights of enforcement to the Capital Provider.

The Capital Provider may provide financing for up to 110% of the financing amount requested without obtaining additional Lender Consent. In addition, the amounts of the individual components of the total C-PACE Loan requested may change from the amounts listed above, if the C-PACE Loan requested will not increase by more than 10% of the total C-PACE Loan amount.

The Program Administrator recommends that the Property Owner consult with its chosen Capital Provider or Project Developer before approaching any existing lienholders of the Eligible Property. Many traditional lenders are not familiar with C-PACE and may not understand how the Program works. In seeking consent, the Property Owner may find it helpful to inform secured lienholders that if there is a C-PACE Loan default and tax foreclosure, the C-PACE Loan will not accelerate, and only current and Delinquent Payments enjoy senior lien status over existing secured liens. Further, a

Property Owner should emphasize that a C-PACE Loan typically increases the value of the lienholder's collateral.

A form of the Lender Consent agreement is provided in <u>Appendix E</u> in the Transactional Documents folder.

9.0 Change Orders

All change orders that result in an alteration of the anticipated savings attributed to the Project must be pre-approved by the Program Administrator to ensure that the changes to the Project remain consistent with the Program requirements. The Property Owner must provide documentation of the following:

- Any substantive change in Project scope with a description of the changes
- Revised Project budget to account for changes in Project Costs
- Revised Project Analysis documentation confirming new savings estimates
- Approval of the change by the Capital Provider.

A Property Owner who requires a change order is required to complete a summary of the above changes and submit the same to the Program Administrator for approval.

10.0 Marketing and Outreach

The VA C-PACE Program provides stakeholders with a variety of resources that can be used to promote the Program. Resources such as fact sheets for different stakeholders and case studies by property type. The majority of these resources can be found on the Program's website at www.virginiapace.org.

Marketing, Outreach and Training (MOT) is key to successfully launching and sustaining an accelerated growth of C-PACE in the Virginia marketplace. MOT leverages the Program brand utilizing various channels including the website, public relations, email communications, and outreach efforts to educate stakeholders and channel partners. Providing the benefits of C-PACE with a focus on energy and equity goals provides economic development tools to promote Virginia Localities.

C-PACE is a complex program to implement because of the different stakeholder groups that are part of the customer acquisition process. There are five major groups of C-PACE stakeholders that the Program targets through direct outreach or through channel partnerships including:

- Property owners of existing properties
- Developers of new projects

- Contractors and service providers with focus on small, minority and veteran businesses
- Localities
- National and community-based capital providers and lending institutions

The Program Administrator conducts education and outreach programming tailored to each stakeholder group around the benefits of C-PACE financing and posts online training modules to assist contractors and Capital Providers on the benefits and mechanics of utilizing C-PACE. The Program Administrator also establishes specific marketing channels to conduct outreach and education to minority, women, and veteran partners.

C-PACE has evolved from being primarily a small retrofit financing tool to a gap financing product that replaces equity or mezzanine debt in the capital stack. The market has shifted because the Capital Providers – who originate most of the transactions nationwide – recognized the need to generate a minimal level of fee income and to increase the certainty of close. Continued outreach and marketing to lenders to register and participate in the Virginia C-PACE Program is a key strategy in bringing new construction and retrofit Improvements.

Appendix A: Glossary of Terms

Ancillary Costs - Costs necessary to install an Eligible Improvement. Examples include roof structural improvements necessary to support a roof-mounted solar PV array or building electrical upgrades necessary to support an energy efficient HVAC system.

Assessment Payment Schedule - Schedule of C-PACE Payments necessary to repay the C-PACE Loan over the C-PACE Term, which is attached to and incorporated into the C-PACE Program Agreement and certain other C-PACE Documents, including the C-PACE Lien Certificate. C-PACE Loans must be fully amortized. Interest only periods are not limited but the Term of the C-PACE Loan begins upon receipt of the Certificate of Occupancy or other evidence that the Eligible Improvements comply substantially with the plans and specifications previously approved by the Locality.

Capital Provider - 1) Private lending institution that has been approved by the Program Administrator in accordance with the Program Guidelines to originate a C-PACE Loan and its successors and assigns or 2) Current holder of a C-PACE Loan.

Capital Provider and VPA Disclosures and Risks - Property Owner written acknowledgement of the disclosures and risks associated with the Property Owner's obtaining a C-PACE Loan through the VA C-PACE Program.

Capital Provider - VPA Agreement - Document executed by the Program Administrator and Capital Provider that defines the terms in which the Program Administrator designates the private lender or financial institution as a Capital Provider qualified to lend in the Program.

Clerk's Office - The Clerk's Office of the Circuit Court of State of Virginia.

Closing Fee - One-time fee paid to the Program Administrator at loan closing.

Combined Loan to Value (LTV) - All secured debt like mortgages plus all C-PACE assessments.

Commonwealth - The state of Virginia.

Conditional Approval - Letter provided to the Property Owner or Capital Provider by the Program Administrator indicating that the documents associated with the Pre- and Final-Application have been completed.

C-PACE - Commercial Property Assessed Clean Energy.

C-PACE Act - Virginia's Commercial Property Assessed Clean Energy (C-PACE) financing program, codified in §15.2-958.3.

C-PACE Amendment - Amendment to the C-PACE Lien Certificate executed by the local government, Capital Provider, and Property Owner, which is recorded in the Land Records against the Property by the Capital Provider to evidence each amendment to the C-PACE Loan and C-PACE Lien.

C-PACE Assignment (CP to CP) - Written assignment by one Capital Provider to another Capital Provider of the C-PACE Payments and/or C-PACE Lien pursuant to the terms of the assignment document.

C-PACE Assignment (Locality) - Written assignment by the Locality to the Capital Provider to whom the C-PACE Loan is then due, wherein the Locality relinquishes and assigns its right to enforce the C-PACE Lien to the Capital Provider, substantially in the form attached as Addendum 1 to the C-PACE Lien Certificate.

C-PACE Documents - C-PACE Program Agreement, Financing Agreement, C-PACE Lien Certificate, C-PACE Assignment (CP to CP) (if any), C-PACE Assignment (Locality) (if any), C-PACE Amendment (if any), and any other document, agreement, or instrument executed in connection with a C-PACE Loan.

C-PACE Lien or Lien - Charge levied by the Locality against the Eligible Property and for the benefit of the Eligible Property at the request of the Property Owner.

C-PACE Lien Certificate - Voluntary special assessment document signed by the Capital Provider, Property Owner and the Locality that is recorded in the Land Records against an Eligible Property to secure the C-PACE Loan.

C-PACE Loan - Loan from a Capital Provider to a Property Owner to finance a Project in accordance with the Program Guidelines. Per the C-PACE Act, a C-PACE Loan is available for commercial buildings. Residential properties with fewer than five (5) single family dwelling units are not eligible.

C-PACE Loan Amount - Total amount of the loan principal, plus all interest, penalties, fees, costs, and other amounts accrued as outlined in the C-PACE Documents and resulting Lien levied against the Eligible Property.

C-PACE Model Ordinance or Ordinance - Piece of legislation enacted by a locality establishing C-PACE in that jurisdiction.

C-PACE Payment - Periodic installment payments of the C-PACE Loan by a Property Owner, due and payable to the Capital Provider as permitted by the C-PACE Act in such amounts and at such times as described in the C-PACE Lien Certificate, C-PACE Program Agreement, and Financing Agreement.

C-PACE Program Administrator - Virginia PACE Authority, Inc. (VPA) which has a contract with Virginia Energy to provide program administrative services for the Virginia C-PACE Program.

C-PACE Program Agreement - Agreement between the Property Owner, Locality, and Capital Provider, and their respective successors and assigns, which includes the terms and conditions for participation in the Program; the Property Owner's acknowledgment and consent for the Locality to impose a voluntary special assessment and record a C-PACE Lien Certificate against the Property Owner's Eligible Property; and a summary of the terms of the C-PACE Loan.

C-PACE Program Completion Certificate - Certificate of completion completed by the Property Owner and signed by the Property Owner and the Capital Provider.

Delinquent Payment - Any C-PACE Payment that was not paid by the Property Owner in accordance with the C-PACE Documents.

Eligible Improvement(s) - A specific improvement or multiple improvements installed as part of an Eligible Project on an Eligible Property including the following categories:

- Energy efficiency improvements
- Water efficiency and safe drinking water improvements
- Renewable energy improvements
- Resiliency improvements
- Stormwater management improvement
- · Environmental remediation improvements, and
- Electric vehicle infrastructure improvements

Eligible Project Cost or Project Cost - A cost necessary to install an Eligible Improvement to complete an Eligible Project which consists of Hard, Soft and Ancillary Costs.

Eligible Project or Project - A project that is approved by the Program Administrator containing Eligible Improvements.

Eligible Property - All assessable commercial real estate located within the Commonwealth, with all buildings located or to be located thereon, whether vacant or occupied, whether improved or unimproved, and regardless of whether such real estate is currently subject to taxation by the locality, other than a residential dwelling with fewer than five (5) dwelling units or a condominium as defined in § 55.1-2000 used for residential purposes. Common areas of real estate owned by a cooperative or a property owners' association described in Subtitle IV (§ 55.1-1800 et seq.) of Title 55.1 that have a separate real property tax identification number are eligible properties.

Expected Useful Life (EUL) - Estimated lifespan of an asset during which it is in good enough condition to function properly and be used.

Final Application - Full application to participate in the Program and receive the C-PACE Loan that is approved by the Program Administrator and that confirms that the Property Owner has met all the

requirements set forth in the Program Guidelines. Approval of the Final Application by the Program Administrator is a condition to closing the C-PACE Loan.

Final Approval - Letter provided by the Program Administrator that signifies that the Final Application is complete and has been approved. Following receipt of this notice, the Property Owner may close the C-PACE Loan.

Financing Agreement - Document executed by the Property Owner and Capital Provider that defines the terms of the C-PACE Loan, which comply with the requirements of the Program, and which are mutually agreed upon by the Property Owner and Capital Provider.

Hard Costs - All direct installation/construction contract costs (materials, labor, and overhead) associated with the Project.

Land Records - Means the land records of the Clerk of the local jurisdiction of Virginia Circuit Court.

Lender Consent - Written consent and subordination agreement executed by the holder of each existing lien, mortgage, or deed of trust on an Eligible Property that is the subject of a C-PACE Loan, which allows the C-PACE Lien to have senior priority over any existing lien, mortgage, or deed of trust, other than real property taxes.

Locality - Means all Cities, Counties, and Incorporated Towns within the Commonwealth of Virginia.

Pre-Application - Initial application completed by a Property Owner by which the Program Administrator can determine whether the proposed Project is located on an Eligible Property and that the prospective Property Owner is aware of the Program requirements. Approval of a Pre-Application is required prior to submittal of the Final Application.

Program Administrator - Virginia PACE Authority (VPA).

Program Manager - The Locality Point of Contact or such person designated in writing by the Locality to supervise the Program and act as liaison with the Program Administrator.

Program Sponsor - Virginia Energy (VE).

Programmatic Documents - Documents that are not specific to a specific transaction including the C-PACE Program Model Ordinance, Capital Provider-VPA Agreement, VA C-PACE Program Guidelines, and Virginia Energy-Locality C-PACE Agreement.

Project Analysis - an analysis of the Eligible Improvements proposed for the Project conducted by the Registered Contractor or Qualified Professional in compliance with <u>Section 4.0 Energy and Resiliency Analysis Requirements.</u>

Project Center - A web portal containing all documents, applications, and instructions required to be approved for C-PACE Loans offered through the Program Administrator.

Project Developer - An individual or company that assists the Property owner in developing the scope of the Project and/or assisting in arranging C-PACE Loans.

Property Owner - Owner of Eligible Property who obtains a C-PACE Loan from a Capital Provider under the Program in accordance with the Program Guidelines or the successor in title to the original Property Owner.

Property Owner Affidavit or Property Owner Certification - Notarized certificate from Property Owner, certifying that (1) Property Owner is current on payments on loans secured by a mortgage or deed of trust lien on the Property and on real estate tax payments, (2) that the Property Owner is not insolvent or in bankruptcy proceedings, and (3) that the title of the Property is not in dispute, as evidenced by a title report or title insurance commitment from a title insurance company acceptable to the Program Administrator and Capital Provider

Qualified Professional - A professional meeting the criteria to perform the Energy and/or Resiliency Analysis and that has registered as Contractor in the Virginia PACE Program.

Real Property - One or more defined interests, benefits, or rights inherent in the ownership of real estate.

Registered Contractor - A business or organization that has registered with the Program to provide services to Property Owners. Examples of Registered Contractors include general contractors, HVAC installers, lighting contractors, solar developers and installers, energy engineering firms, commissioning agents, and licensed engineers and architects.

Retroactive C-PACE - Completed installations of certain C-PACE Projects are eligible for Retroactive C-PACE financing. Retroactive C-PACE are C-PACE Loans that close after the Property Owner completes the installation of the Eligible Improvements. Retroactive C-PACE must occur within 24 months of the time elapsed between the completion of the installation and approval of the application for a C-PACE Loan. Retroactive C-PACE Projects must satisfy the same requirements as other C-PACE Projects in terms of eligibility.

RFQ - Request for Qualifications provided to lenders who want to be Capital Providers in the Program.

Servicing Fee - Fee that is collected annually with the C-PACE Payment over the term of the C-PACE Loan if the C-PACE Program Administrator services the C-PACE Payments. (See <u>Section 5.0 Program Fees</u> for further details).

Soft Costs - Indirect costs that are not considered direct construction costs but are necessary to complete the Project.

Term - Period beginning on the effective date of the C-PACE Documents and ending on the date on which the C-PACE Loan and any other amounts owed pursuant to the C-PACE Documents have been repaid in full in accordance with the C-PACE Documents and Assessment Payment Schedule.

Transactional Documents - Suite of documents and forms necessary to apply for and close a C-PACE Loan.

VA C-PACE Checklist - List of documents and information required for each C-PACE transaction.

Virginia C-PACE Program or VA C-PACE - C-PACE financing program established in the State of Virginia which facilitates the financing of Eligible Improvements and provides for a C-PACE Lien to be levied and recorded against the Property to secure the C-PACE Loan.

VA C-PACE Program Guidelines or Program Guidelines - Document that outlines the requirements of the VA C-PACE Program.

Virginia Code - The Code of Virginia Annotated (1950), as amended.

Virginia Energy - The state energy department sponsoring the VA C-PACE Program.

Virginia Energy-Locality C-PACE Agreement - Agreement between Virginia Energy and the Locality to which the Locality elects to participate in the Virginia C-PACE Program.

Virginia C-PACE Program - The VA C-PACE Program.

Virginia PACE Authority, LLC ("VPA") - Tax-exempt 501(c)3 nonprofit entity that administers the VA C-PACE Program on behalf of Virginia Energy and for Localities that sponsor a local C-PACE program.

Weighted Average Expected Useful Life (EUL) - Weighted average of the estimated lifespan of the Eligible Improvements.

Appendix B: Common Eligible Improvements

Eligible Improvements for the expanded VA C-PACE Program include energy efficiency, water efficiency and safe drinking water, renewable energy, resiliency, stormwater management, EV infrastructure, and environmental remediation measures installed as part of an Eligible Project. Any deviations from these Eligible Improvements legislated through local C-PACE programs are delineated in the Existing Local Program Matrix in <u>Appendix F: Supplemental information</u>.

Energy Efficient Improvements

The following list of predominant, long-standing, proven energy efficiency technologies, water conservation technologies, and renewable energy generation systems is intended as a reference list and can change at any time. If not included on this list, the Program Administrator will review proposed Eligible Improvements and accept them on a case-by-case basis.

- High efficiency lighting
- Heating ventilation air conditioning (HVAC) upgrades
- New automated building and HVAC controls
- Variable speed drives (VSDs) on motors fans and pumps
- High efficiency chillers
- High efficiency boilers and furnaces
- High efficiency hot water heating systems
- Combustion and burner upgrades
- Fuel switching resulting in an overall reduction in the number of BTUs required to achieve a given end use
- Heat recovery, including air, water, or steam condensate heat or energy recovery
- Steam traps
- Building enclosure/envelope improvements
- Building automation (energy management) systems

The following end-use savings technologies are more applicable to industrial facilities:

- New automated process controls
- Heat recovery from process air and water
- Cogeneration used for peak shaving
- Process equipment upgrades
- Process changes

Shown below are key aspects of some of the most applied technologies listed above, with their typical simple payback range. These payback ranges are only provided for informational purposes and should not be construed as a guarantee of performance or requirement for C-PACE Financing eligibility.

Automated Building and HVAC Controls

- New electronic controls which are more precise and reliable when compared to old controls that may still be pneumatic systems based on compressed air
- Automated lighting, chiller, boiler, and HVAC operation including
 - Load management, including load shedding, scheduling, and other building-to-grid interactive features;
 - Optimal start/stop/warm up
 - Ventilation control
- Whole-building energy management systems, which may come with other advanced control technologies, such as:
 - Security, fire, and life safety
 - Alarm monitoring and report generation
 - Preventive maintenance scheduling
- Remote monitoring/metering capabilities
- Plug-load controls

Boilers

- Replacement of steam with hot water boilers for hot water heating loads; including heat pump water heaters
- Improved maintenance
- Optimized operation/staging in multiple boiler plants
- Optimized boiler controls
- Tuning or replacement of burners
- Addition of small "pony" boilers for low loads, which result in
 - Reduced fuel consumption/energy costs
 - Reduced emissions
 - Reduced maintenance costs
 - Higher reliability

Building Shell and Fenestration

- Roof insulation, which, when combined with reflective roof coatings in warm climates, reduces energy consumption
- R review of building pressurization for proper ventilation
 - Balance exhaust and intake air quantities
 - Add weather-stripping on doors and windows
 - Seal cracks and unnecessary openings
- Window films to reduce solar heat gain and/or heat loss
- Replacement windows with more energy efficient glazing
- Present value of the embodied energy in the building envelope

Chillers

- New chiller models, which can be up to 30-40 percent more efficient than existing equipment
- Upgrades of lead chiller(s) (base load) to high efficiency
- Management of chiller and condenser settings to minimize compressor energy
- Optimization of pumping energy for the distribution of chilled water
- Optimization of HVAC operation to
 - Improve temperature/humidity control
 - Eliminate unnecessary cooling loads
- CFC reclamation program/inventory
 - Chiller replacement may achieve both CFC management and energy efficiency objectives

Heat Recovery

- Heat recovery devices to capture waste heat from water, process heat and exhaust air to re-use it for preheating of
 - Building intake air, including energy recovery units, heat pipes, enthalpy wheels or similar
 - Boiler combustion air
 - Boiler feedwater
 - Inlet water for domestic hot water

HVAC

- New packaged units for increased efficiency and indoor comfort
- Heat pumps
- Proper sizing of HVAC equipment
 - Full-load operation is more efficient than part load operation
 - consider fan capacity reduction or staging of two (2) smaller units rather than partial loading of one large unit
- Installation of VSDs on HVAC motors
- The balancing of air and water supply systems (by installing economizers and direct digital controls) which removes trouble spots demanding inefficient system operation
- Improves maintenance and eliminates simultaneous heating and cooling
- Variable air volume conversions, which differ significantly from constant air flow
- Ventilation reduction (when possible and not below ventilation rates required by USBC)
- Unoccupied shutdown or temperature setback/setup (controls)
- Combined heat and power

Lighting

- Daylight controls and natural daylighting designed to reduce energy and improve visual comfort
- Upgrades for existing fluorescent fixtures including electronic ballasts, T8 lamps, reflectors, and the installation of LED bulbs and fixtures
- Timers and occupancy sensors for meeting rooms and other intermittently occupied spaces
- Smaller impact opportunities including security lighting, stairwell lighting, exterior night-time security lighting, and exit signs

Motors

- High efficiency electric motor replacements
 - The cost premium over standard motors normally can be recovered in less than two (2) years
- Motor sizing to the actual load profile to improve efficiency and control electrical power factor

Refrigeration

- Improvements to refrigerated cases and walk-in coolers to improve efficiency and decrease waste
 - Additional insulation, anti-sweat heater controls, auto-closers for cooler/freezer doors, caselighting controls, improved defrost controls, suction line insulation, etc.
- Thermal Storage Systems (for load shifting)
- Compressors (VFD and controls, heat recovery, mechanical sub-cooling, evaporative condensers)

Variable Speed Drives

- VSDs applied to motors, pumps, and fans
 - Matches motor use to variable operating load
 - Can save up to 40 percent in power consumption
 - Can be packaged with controls
 - Extends motor life

Water Efficiency and Safe Drinking Water Improvements

- Replacement of toilets, urinals, and other bathroom fixtures which can greatly impact domestic water use
- Replacement of pre-rinse valves, dishwashers, and icemakers in commercial kitchens, which can save water
- Upgraded laundry equipment in commercial properties and Laundromats
- Installation of cooling towers, condensers, and steam boilers HVAC systems, which can reduce water consumption
- Installation of new equipment in car washes to achieve 80-100% recycled water use or utilization of applicable gray water sources, film and x-ray processing, and high-tech manufacturing which can reduce industrial water consumption
- Replacement of lead pipes that serve potable water supply

Renewable Energy Improvements

- Solar photovoltaic power
- Solar thermal
- Wind power
- Geothermal energy
- Fuel cell

- Green Hydrogen (hydrogen produced by splitting water into hydrogen and oxygen using renewable electricity)
- Combined heat and power
- Solar battery storage
- Voltage optimization devices: Savings may be achieved by reducing energy lost during the transmission and transformation processes

Resiliency Improvements

- Stormwater management systems
 - Green roofs
 - Blue roofs
 - Pervious pavement/pavers
 - French drains
 - Rainwater capturing systems and other stormwater management systems as approved by the Virginia Best Management Practices (BMP) Clearinghouse, or the Chesapeake Bay Basin wide BMP Verification Program
- Wind
 - Wind resistant felt underlayment
 - Existing roof-structural-framing-member-to-wall connections (e.g., hurricane straps)
 - Commercial doors including roll-up, overhead, and sectionals
 - Reinforced gutters and downspouts
 - Hurricane shutters
 - Wind resistant shingles
 - Secondary water barrier
- Flood mitigation/inundation adaptation
 - Relocation of HVAC, plumbing, servers, electrical rooms, backup generators, and other critical infrastructure above the height of expected flood levels
 - Dry flood protection such as flood gates, walls, or doors, inflatable barriers
 - Direct Costs to build > 3 feet above base flood elevation
 - Infrastructure to raise equipment above 3-foot freeboard
 - Site Perimeter floodproofing
 - Flood vents
 - Floating foundations
 - Thermal protection/insulation
 - Sump Pumps (permanent)
 - Backwater Valves
 - Waterproof or water-resistant materials for flooring, foundation etc.
 - Windows and doors on ground level to be watertight
 - Elevators to include water detectors that stop the elevator above flood inundation levels;
 - Elevating sites
 - Sea walls

- Energy Storage systems
- Stormwater management project
 - green roofs
 - blue roofs
 - pervious pavement/pavers
 - rainwater capturing systems

Environmental Remediation Improvements

- Soil and groundwater remediation
- Asbestos remediation in tiles, ceilings, and other interior building areas
- Mold remediation of walls and ceilings
- Removal of lead paint in building interiors
- Protect water piping from contamination due to flooding
- Ultra-violet lamp systems in air handling units or hospital rooms

Electric Vehicle Infrastructure

- Electric vehicle charging stations
- Electrical upgrades necessary to install EV charging stations

Non-Eligible Improvements

- Improvements that are not permanently installed and can be easily removed
- Any measure that cannot be explained in terms of industry-standard engineering or scientific principles

Appendix C: Program Fees

Closing Fee

■ 1.05% of Lien Amount

Minimum Fee: \$3,300

Servicing Fee (if provided by Program Administrator)

■ 1.5% of Annual Loan Amount

Minimum Fee: \$300

Maximum Fee: \$2,000

Appendix D: VA C-PACE Checklist

APPLICATION		
Pre-Application for C-PACE financing	Create credentials in <u>Project Portal</u> . Pre-approval will be confirmed via email and logged into system. Program Administrator (PA) will contact Property Owner if there are issues with Pre-Application	
Final Application for C-PACE financing	Complete in Project Portal. Documentation must be uploaded at this time.	
Property information detail	PA will confirm property information detail including verification of property address.	
Property Owner tax history (3 years)	Documents verifying Property Owner is current on property taxes.	
Project Analysis	Project Analysis report with supporting documentation and calculations	
Signed installation contract(s)	Must include estimated costs	
Capital Provider (CP) offer to fund	Term sheet or similar	
Title Report or Commitment	Must be current within 30 days of project approval	
Property value determination	Appraisal, assessed value, other as listed in Program Guidelines	
Lender Consent	Obtain written Lender Consent from all lienholders, if applicable	
Documentation of Mortgage Release	Evidence that existing mortgage(s) has been released, if applicable	
Documentation of Mortgage Balance(s)	Copies of most recent mortgage loan statement(s) for all existing loans or mortgage commitment on Property to determine LTV ratio	
CP and PA Disclosures and Risks	Property Owner signs	
Property Owner Affidavit	Property Owner and Capital Provider sign	
Project Information Request	Property Owner signs	
PA Conditional Approval Letter	PA indicates that Final Application is complete, and CP can initiate closing	
CLOSING		
Capital Provider-VPA Agreement	CP executes with PA if first project in Program.	
C-PACE Program Agreement and C- PACE Lien Certificate	CP sends documents to PA for review; PA sends back if modifications required	
PA Final Approval Letter	Indicates Project is ready to close. PA sends Letter to Locality with CP and Property Owner signatures on Program Agreement, Financing Agreement, and C-PACE Lien Certificate.	
C-PACE Program Agreement and C- PACE Lien Certificate	PA sends Program Agreement and C-PACE Lien Certificate to Locality. Locality executes and returns to all parties. CP closes and disburses funds.	
Closing Fee Paid to PA and any other fees	Wire addressed to Virginia PACE Authority. Payment and wiring information will be provided in an invoice/notification from VPA.	
C-PACE Lien recordation	CP records C-PACE Lien Certificate in Land Records and provides copy to PA	
POST-CLOSING		
C-PACE Program Completion Certificate	Property Owner or CP provides to PA at Project completion	

Appendix E: VA C-PACE Program Documents

To access the documents, either click the links below or go to http://virginiapace.org

Programmatic Documents
Transactional Documents

Appendix F: Supplemental Information

- State Statute
- Resiliency Compendium
- Existing Local Program Matrix

Section III Power Point

Commercial Property Assessed Clean Energy (C-PACE)

Overview of C-PACE and the new VA C-PACE Program

November 2022



Virginia PACE Authority (VPA)

- Organized as a 501(c)(3) nonprofit
- Key staff have 10 years of experience in C-PACE around the country and in Virginia since 2014
- Program administrator for the VA C-PACE Program sponsored by the Virginia Department of Energy
- Administer 10 legacy C-PACE programs

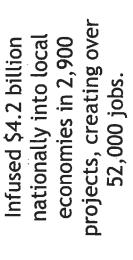




C-PACE 101 Commercial Property Assessed Clean Energy



Economic Development





projects, reducing GHG and energy usage, improving air Funds clean energy, water efficiency, and resiliency and water quality.







Innovative Clean Energy Financing Solution C-PACE 101

100% upfront financing for eligible projects and properties

Eligible projects: energy efficiency, renewable energy, resiliency environmental remediation, and EV infrastructure

Eligible properties: private and nonprofit commercial, multifamily and agricultural -only residential 1-4 units excluded

Competitive fixed-rate, fully amortizing loans for up to 30+ years

No personal or corporate guarantees

Refinance eligible improvements two years after completion





Innovative Clean Energy Financing Solution C-PACE 101

Private lenders known as Capital Providers structure financing terms directly with borrowers Secured by a voluntary special assessment lien placed on the property

As a special assessment, stays with property upon sale or refinance

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As a special assessment, lien is enforced by the locality or Capital Provider (per 2022 statutory changes)

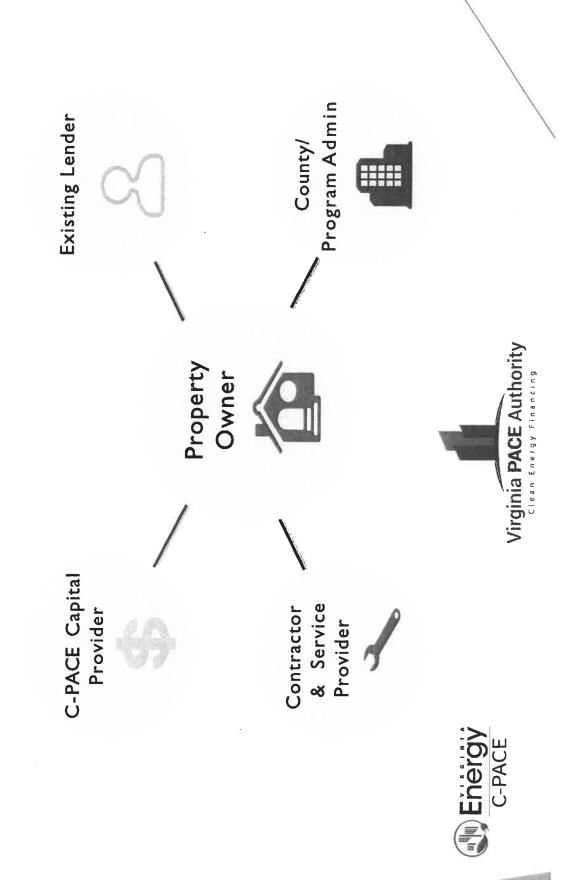
C-PACE loans are prepayable per agreement with Capital Provider







C-PACE 101 Project Stakeholders



Statewide Update

- New documentation is now available to localities:
- Legal: C-PACE ordinance, program agreement, recording documents, etc.
- Technical: Program Guide centralized application and approval process
- For existing C-PACE programs, a simple amendment is needed to update prior documentation
- Statewide program allows new localities to join using one set of standardized documents and guidelines
- VPA will work with localities for marketing/outreach. New updates are being made to the website, marketing collateral, tutorials and training.





VA C-PACE Opt-in Process

Localities



Locality staff review Ordinance and program documents. VPA answers any questions



VPA works with staff and elected officials to present C-PACE at public hearing, if necessary



Staff issues public notice that Ordinance will be on docket of next Council/BOS meeting



VPA markets, vets and approves projects and facilitates loan closings with Locality



Locality designates Point of Contact and Program Manager



Note: Existing programs remain operational in interim

Energy-Locality Agreement

Locality adopts Ordinance

and executes Virginia





§ 15.2-958.3: 2022 Amendments

- Addition of safe drinking water, environmental remediation and EV infrastructure as eligible improvements
- Common areas of cooperatives and POAs eligible
- Locality can delegate billing, collection (including enforcement), and remittance of C-PACE Loan payments to third-party
- Specific locality opt-in language for statewide program



Energy



10

§ 15.2-958.3: 2022 Amendments

Resiliency improvement: an improvement that increases the capacity of disasters, the effects of climate change, and attacks and accidents, a structure or infrastructure to withstand or recover from natural including, but not limited to:

- 1. Flood mitigation or the mitigation of the impacts of flooding
- 2. Inundation adaptation
- 3. Natural or nature-based features and living shorelines
- 4. Enhancement of fire or wind resistance
- . Microgrids
- 6. Energy storage and
- Enhancement of the resilience capacity of a natural system, structure, or infrastructure





C-PACE Potential Benefits for Virginia

- Powerful economic development tool:
- If 15% of buildings in VA were financed with C-PACE:
- 250,000 jobs would be created
- \$32 Billion economic impact
- 17 million metric tons of reduced carbon



Source: From PACENation's A PACE Enabled World, January 20, 2022





Opportunities of VA C-PACE Program Building Owners and Developers

- Install high performing improvements with no upfront costs
- Pays for wide range of hard and soft costs in both existing buildings and new construction
- Lowers cost of new construction or gut rehab
- Addresses value engineering issues in high performing buildings
- Helps meet ESG Targets



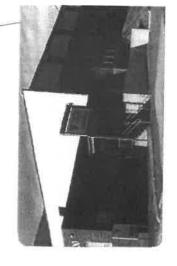


Building Retrofit

- Pay for building upgrades with C-PACE and use cash instead for operations or other purposes
- Enhance building value by upgrading building with highly efficient improvements
- utility and maintenance costs, making C-PACE cash Install high-efficiency improvements that lower flow neutral or even positive
- Off-balance sheet potential
- Pass through to tenants depending on lease type







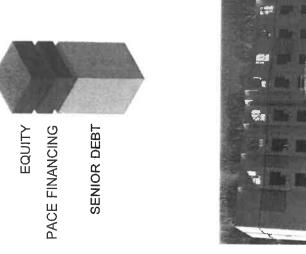
20-year, \$785K C-PACE loan for nonprofit

New development or gut rehab

- Fund up to 25% of hard and soft construction costs
- Gap financing that replaces equity or more expensive "mezz" debt
- Lowers overall cost of capital on development projects, improves ROI
- Defer payments for multiple years
- Interest only financing available
- Funding soft costs in loan can improve construction cash flow









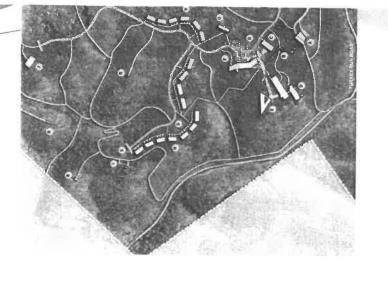
20-year, \$1.93MM C-PACE loan on new hotel

Select Projects in pipeline

- Large mixed use tourism project in Shenandoah County
- New senior housing project in Winchester County
- Upgraded warehouse facility in Suffolk
- Several Multifamily projects in Richmond
- Senior housing/assisted living in Prince William County
- Ground up multifamily in Newport News







Localities

- Free Economic development tool
- Meet Sustainability and/or resiliency goals
- Attract or retain new businesses
- Help small and underserved communities and businesses that cannot access affordable capital easily
- Building values increase over time
- Create new jobs





THANK YOU!

For More Information:

Abby Johnson, Executive Director

abby@virginiapace.com

Andy Friedman, Business Development

andy@virginiapace.org ellen@virginiapace.com

Ellen Dickson, Operations & Outreach

http://www.virginiapace.com



Section IV Sample Ordinance

THE COMMON COUNCIL



Rouss City Hall 15 North Cameron Street Winchester, VA 22601 540-667-1815 TDD 540-722-0782 www.winchesterva.gov

I, Kerri A. Mellott, Deputy Clerk of the Common Council, hereby certify on this 09 day of June 2021 that the following Ordinance is a true and exact copy of one and the same adopted by the Common Council of the City of Winchester, assembled in regular session on the 08 day of June 2021.

AN ORDINANCE ENACTING CHAPTER 25.1 OF THE CITY CODE FOR THE CITY OF WINCHESTER CITY, VIRGINIA.

NOW, THEREFORE, BE IT ORDAINED by the Common Council of the City of Winchester, Virginia that Chapter 25.1, Commercial Property Assessed Clean Energy (C-PACE) Financing and Resiliency Program of the City Code of the City of Winchester, Virginia is hereby enacted as follows:

CHAPTER 25.1 - COMMERICAL PROPERTY ASSESSED CLEAN ENERGY (C-PACE) FINANCING AND RESILIENCY PROGRAM

Article I. - In General

Sec. 25.1-1. Purpose.

The purpose of this Chapter is to create a "The City of Winchester Commercial Property Assessed Clean Energy (C-PACE) Financing Program," in accordance with the Commonwealth of Virginia's Clean Energy Financing Law, § 15.2-958.3 of the Code of Virginia of 1950, as amended (hereinafter the "C-PACE Act"). The C-PACE Program will facilitate loans made by Capital Providers to Borrowers to finance renewable energy production and distribution facilities, energy efficiency improvements, water usage efficiency, resiliency and stormwater management improvements. Subject to the limitations set forth in this Chapter, the C-PACE Act, or other applicable law, each C-PACE Loan, inclusive of principal, interest, and any financed fees, costs, or expenses, will be secured by a voluntary special assessment lien on the property that is the subject of such Loan.

Sec. 25.1-2. - Definitions.

Borrower means (i) the owner(s) of Eligible Property who voluntarily obtain(s) a C-PACE Loan from a Capital Provider in accordance with the Program Guide; or (ii) a successor in title to the Borrower.

Borrower Certification means a notarized certificate from Borrower, certifying that (i) Borrower is current on payments on loans secured by a mortgage or deed of trust lien on the Property and on Real Estate Tax payments, (ii) that the Borrower is not insolvent or in bankruptcy proceedings, and (iii) that the title of the

C-PACE Program or Program means the program established by the City through this chapter, in accordance with the C-PACE Act, that facilitates the financing of Eligible Improvements and provides for a C-PACE Lien to be levied and recorded against the Property to secure the C-PACE Loan.

C-PACE Program Agreement means the Agreement executed between the Borrower, City, and Capital Provider, and their respective successors and assigns, which includes the terms and conditions for participation in the C-PACE Program; the Borrower's acknowledgment and consent for the City to impose a voluntary special assessment and record a C-PACE Lien Certificate against the Borrower's Eligible Property; and a summary of the terms of the C-PACE Loan. A copy of the draft C-PACE Program Agreement is included herein as Appendix A-1.

Clerk's Office means the Clerk's Office of the City of Winchester, Virginia.

Delinquent Payment means any C-PACE Payment that was not paid by a Borrower in accordance with the C-PACE Documents.

Eligible Improvement means the initial acquisition and installation of clean energy, energy efficiency, water efficiency, resiliency or stormwater management improvements for both existing properties and new construction, as further prescribed in this Chapter and the Program Guide.

Eligible Property or Property means real property located within the City, with all buildings located or to be located thereon whether vacant or occupied, improved or unimproved, and regardless of whether such real estate is currently subject to taxation by the City, excluding i) a residential dwelling with fewer than five (5) units, and (ii) a condominium project as defined in Virginia Code § 55.1-2000. Exclusion of condominium projects will be limited to residential condominium projects as defined in the 2021 amendment to the C-PACE Act effective July 1, 2021.

Financing Agreement means the written agreement, as may be amended, modified, or supplemented from time to time, between a Borrower and a Capital Provider, regarding matters related to the extension and repayment of a C-PACE Loan to finance Eligible Improvements.

Land Records means the land records of the Clerk of the City of Winchester Circuit Court.

Lender Consent means a written subordination agreement executed by each mortgage or deed of trust lienholder with a lien on the Property that is the subject of a C-PACE Loan, which allows the C-PACE Lien to have senior priority over the mortgage or deed of trust liens.

Loan Amount means the aggregate amount of a C-PACE Loan, inclusive of principal, interest, and any financed fees, costs, and/or expenses, as provided for in the C-PACE Documents.

Program means the City C-PACE financing program established to provide C-PACE Loans to Borrowers in accordance with the C-PACE Act, this Chapter, the C-PACE Documents, and the Program Guide.

Program Administrator means the person or entity retained by the City to administer the Program in accordance with the requirements of the C-PACE Act, this Chapter, and the Program Guide.

- (3) Water usage efficiency improvements (e.g., recovery, purification, recycling, and other forms of water conservation);
- (4) Resiliency improvements may include mitigation of flooding or the impacts of flooding or stormwater management improvements with a preference for natural or nature-based features and living shorelines as defined in Virginia Code § 28.2-104.1.
- (5) Construction, renovation, or retrofitting of a Property directly related to the accomplishment of any purpose listed in subsections (1), (2), (3) or (4) above, whether such Eligible Improvement was erected or installed in or on a building or on the ground; it being the express intention of the City to allow Eligible Improvements that constitute, or are a part of, the construction of a new structure or building to be financed with a C-PACE Loan; or,
- (i) Any other category of improvement approved by the Program Administrator with the consent of the Program Manager as qualifying for financing under the C-PACE Act and the Program.
- (b) Use of C-PACE Loan Proceeds. The proceeds of a C-PACE Loan may be used to pay for the construction, development, and consulting costs directly related to Eligible Improvements, including without limitation, the cost of labor, materials, machinery, equipment, plans, specifications, due diligence studies, consulting services (e.g., engineering, energy, financial, and legal), Program Fees, C-PACE Loan fees, capitalized interest, interest reserves, and C-PACE transaction underwriting and closing costs.
- Program Applications; Prioritization. The Program Administrator will develop a Program application process that allows for the review and approval of proposed Eligible Improvements and C-PACE Documents. Program applications will be processed on a first come, first serve basis; provided, however, that the applicant meets eligibility requirements as set forth in the Program Guide.

Sec. 25.1-5. - C-PACE Loan Requirements; Program Fees; Reporting; Program Administrator; Program Guide.

- (a) Source of Loans. C-PACE Loans shall be originated by Capital Providers. The City and/or its respective governmental entities shall have no obligation to originate or guarantee any C-PACE Loans.
- (b) C-PACE Loan Amount Thresholds. The minimum Loan Amount that may be financed for each Project is fifty thousand dollars (\$50,000). Effective July 1, 2021, there is no

- shall be responsible, subject to and in accordance with the terms of the C-PACE Program Agreement and other C-PACE Documents, for the servicing of the C-PACE Loans and the collection of C-PACE Payments. In the alternative, C-PACE Loans may be serviced by the Program Administrator. Nothing herein shall prevent the Capital Provider from directly billing and collecting the C-PACE Payments from the Borrower to the extent permitted by the C-PACE Act or other applicable law.
- (j) C-PACE Loan Assumed. The Borrower shall assume the obligation to repay all remaining unpaid C-PACE Payments, whether it obtained ownership of the Property voluntarily or involuntarily, which are due upon acquisition of the Property, if any, and which accrue during Borrower's period of ownership. Only the current C-PACE Payment and any Delinquent Payments, together with any costs of collection, shall be payable at the settlement of a Property upon sale or transfer, unless otherwise agreed to by the Capital Provider.
- (k) Transfer of C-PACE Loans. C-PACE Loans may be transferred, assigned, or sold by a Capital Provider to another Capital Provider at any time until the C-PACE Loan is paid in full provided that Capital Provider shall (i) notify the Borrower and Program Administrator prior to the billing date of the next C-PACE Payment due, (ii) record a C-PACE Loan Assignment among the Land Records, and (iii) deliver a copy of the recorded C-PACE Assignment to the Borrower, City, and Program Administrator as set forth in the C-PACE Program Agreement and Program Guide. Recordation of the C-PACE Assignment shall constitute an assumption by the new Capital Provider of the rights and obligations of the original Capital Provider contained in the C-PACE Documents.
- (l) Program Fees. The Program will be self-financed through Program Fees charged to participating Borrowers. The Program Fees are established to cover the actual and reasonable costs to design and administer the Program, including the compensation of a third-party Program Administrator. Program Fees will be assessed as a percentage fee of the C-PACE Loan paid at closing. The amount(s) of the Program Fees shall be set forth in the Program Guide. Program Fees may be changed by the Program Manager from time to time and shall only apply to C-PACE Loans executed after the date the revised Fees are adopted.
- (m) Notification of Proposed Loan and Closing. The Program Guide will set forth the C-PACE Loan notification requirements and Loan closing process.
- (n) Reporting. The City may require the Capital Provider and/or the Program Administrator

Office.

- (b) Recordation of C-PACE Lien Certificate. Each C-PACE Loan shall be secured by a C-PACE Lien as evidenced by the recordation of the C-PACE Lien Certificate among the Land Records. The Program Manager, on behalf of the City, is hereby authorized to execute the C-PACE Lien Certificate prior to recordation. Upon complete execution of the C-PACE Documents and funding of the C-PACE Loan, Capital Provider or the Program Administrator shall record the C-PACE Certificate in the Clerk's Office.
- (c) Priority. The C-PACE Lien, together with any penalties and interest thereon, shall have the same priority as a real property tax lien against real property, except that it shall have priority over any previously recorded mortgage or deed of trust lien only if prior to the recording of the C-PACE Lien, i) Borrower has obtained a written subordination agreement, in a form and substance acceptable to each prior lienholder in its sole and exclusive discretion, executed by the holder of each mortgage or deed of trust lien on the Property and recorded with the C-PACE Lien in the Land Records; and ii) prior to the recording of the C-PACE Lien, Borrower has delivered an executed Borrower Certification to the City in connection with the C-PACE Loan closing. Only the current C-PACE Payment and any Delinquent Payments shall constitute a first lien on the Property. The C-PACE Lien shall run with the land, and any portion of the C-PACE Lien under the C-PACE Program Agreement that has not yet become due shall not be eliminated by foreclosure of: (1) a City property tax lien, or (2) the lien for any past due portion of the C-PACE Loan. In the event of a sale or transfer of the Property by Borrower, the obligation for the C-PACE Lien and Borrower's obligations under the Loan Documents will be transferred to the succeeding owner.
- (d) Amendment of Lien. Upon written request by a Capital Provider in accordance with the Program Guide, the Program Manager may execute an amendment of the C-PACE Lien after the closing of a C-PACE Loan. The Amendment will be recorded in the Land Records.
- (e) Enforcement and Collection Costs. In the event of Borrower's default under the terms of the C-PACE Documents, the City shall enforce the C-PACE Lien for the amount of the Delinquent C-PACE Payments, penalties, interest due, and any costs and expenses of collection, including without limitation, attorneys' fees, as set forth in the C-PACE Documents, in the same manner that a property tax lien against real property may be enforced. The Capital Provider agrees to cooperate with the City in its enforcement of the C-PACE Lien by providing all necessary documents, information, and testimony

Borrower, Capital Provider, or other participant under the Program, shall comply with all applicable requirements of the Program Guide.

Sec. 25.1-8. – Severability.

The provisions of this Chapter are severable. If a court of competent jurisdiction determines that a word, phrase, clause, sentence, paragraph, subsection, section, or other provision is invalid, or that the application of any part of the chapter or provision to any person or circumstance is invalid, the remaining provisions of this Chapter shall not be affected by that decision and continue in full force and effect.

Ordinance No. O-2021-21

ADOPTED by the Common Council of the City of Winchester on this 08 day of June 2021.

Witness my hand and the seal of the City of Winchester, Virginia.

reni a mella

Kerri A. Mellott

Deputy Clerk of the Common Council

Commercial Property Assessed Clean Energy (C-PACE) Financing

2024 Statewide Program Overview





Virginia PACE Authority



Formed in 2019 as a 501c3 nonprofit; administrator for VA C-PACE, state sponsored C-PACE program

11+ years of national program administrative and project development experience

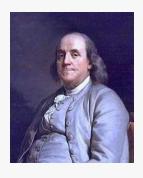
Onboards localities to turn on C-PACE; most MSAs in state are now enabled.

Responsible for all aspects of vetting and closing C-PACE loans including marketing and outreach to all stakeholders

Three loans closed totaling \$15.3 million

C-PACE 101: The Basics



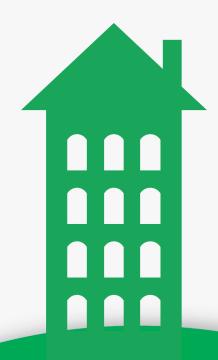


Ben created the first assessment district in 1776

- C-PACE loan secured by a voluntary special assessment lien
- Transfers to new owner unless voluntary prepayment before end of loan term
- Capital Providers structure financing directly with borrowers
- Payments billed and collected by Capital Providers
- Enforced by locality or Capital Provider
- Consent of all secured mortgage holders required

C-PACE 101: The Basics





- 100% financing for eligible projects and properties
- Wide range of eligible improvements
- Commercial properties eligible except residential 1-4 units
- Fixed-rate, fully amortizing loans for up to 30+ years
- No personal or corporate guarantees/non-recourse
- Available within two years after project completion
- Transfer to new owner unless prepaid (voluntary)

C-PACE 101: The Basics



A Public - Private Partnership

Public Private





C-PACE loan secured by special assessment on property

Locality or capital provider enforces C-PACE loan in case of foreclosure Funding provided by private Capital Providers for private owners

Program Administrator (PA) is hired by the Locality; PA is paid through fees from closed projects

Public/Private: C-PACE loan installments are paid back directly to Capital Providers

Virginia C-PACE: Eligible Improvements



OFFICE



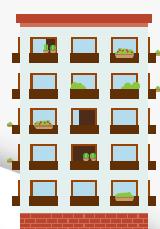


INDUSTRIAL

NON PROFIT



MULTIFAMILY





RETAIL



HOTEL

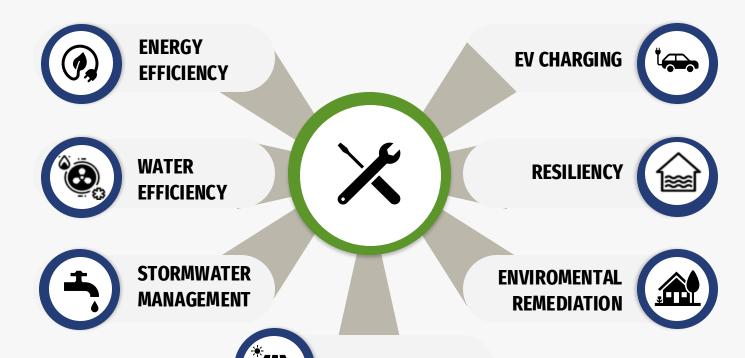






Virginia C-PACE: Eligible Improvements





RENEWABLE ENERGY



Virginia C-PACE: Examples



Energy Efficiency

HVAC Lighting Water heaters Building envelope

Renewables

Solar panels
Geothermal improvements
Wind turbines
Solar plus storage

- Stormwater management
- EV charging equipment

Water Efficiency

Low flow fixtures
Rainwater capture
Grey water systems

Resiliency

Wind Flood mitigation Seismic

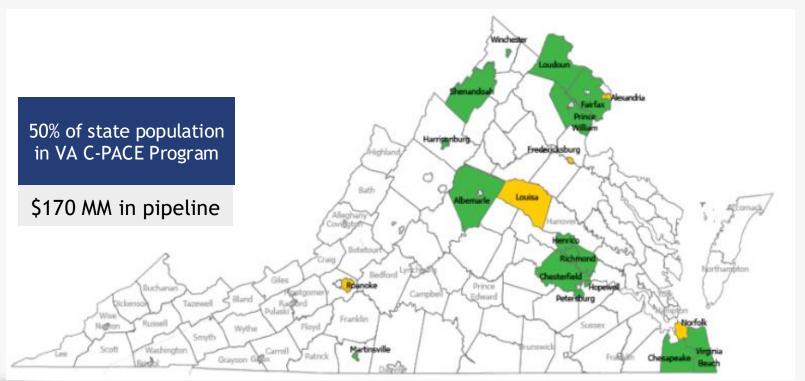
Environmental Remediation

Asbestos Mold Ground water



Virginia C-PACE: Market Penetration







Retrofits: Benefits





- CPACE funds upgrades; owner has equity for other uses
- Enhance building value by upgrading building with highly efficient improvements
- Lower utility and maintenance costs, making C-PACE cash flow neutral or even positive
- Fund soft costs: certifications, energy/project reports, and legal
- Pass through to tenants of pro-rate share of C-PACE payments depending on lease type

Retrofits: Case Study





C-PACE: \$680,000

- Type: Office
- Story: Long term owner/architect used C-PACE to showcase clients and local community of building green
- Measures: LED Lighting, combined heat and power, variable speed drives, high efficiency boilers
- 18-year financing term
- 42% estimate in reduction of annual energy costs
- C-PACE Capital Provider: Greenworks Lending



New development/Gut rehab: Benefits





- Funds eligible hard and soft construction costs up to 100% total debt
- Replaces equity or more expensive "mezz" debt as gap financing tool
- Lowers overall cost of capital of projects, improving ROI
- Defer payments for multiple years until stabilization
- Interest only financing available
- Flexible prepayment for project construction and stabilization



Gut Rehab: Case Study





C-PACE: \$2.64 million

- Type: Boutique Hotel
- Story: Developer renovated 1915 historic building using state and local incentives and historic tax credits. C-PACE closed the remaining capital gap
- Measures: high efficiency building shell upgrades, HVAC systems, lighting fixtures, and water efficiency
- 25-year term
- C-PACE Capital Provider: Pace Equity



Virginia C-PACE: New Construction





C-PACE: \$8.7 million

- Type: Assisted Living facility
- Story: Developer had a gap in capital once the project was underway due to increasing costs. C-PACE closed the remaining capital gap
- Measures: high efficiency building shell upgrades, HVAC systems, lighting fixtures, and water efficiency
- 30-year term
- C-PACE Capital Provider: Nuveen Green Capital



Virginia C-PACE: Structure



- Set of consistent program documents and processes for property owners, developers, contractors and local governments
 - Technical: centralized application and approval process, one set of <u>Program Guidelines</u> and forms
 - Marketing/Outreach: centralized <u>website</u>, <u>fact sheets</u>, tutorials, training
 - Legal: template ordinance, program agreement, transactional documents, recorded documents, etc.
- Statewide program has opt-in for localities Agreement signed between Virginia Energy and locality
- Existing programs can opt-into the statewide program but can continue to operate as local programs in the interim



Virginia C-PACE: Documentation



□ > _05 VPA Statewide Program (VA C-PACE) > _06 VA C-PACE PROGRAM DOCUMENTS

	UPDATED	SIZE
00	Mar 23, 2023 by Abby Johnson	4 Files
00	Nov 14, 2022 by Ellen Dickson	12 Files
0	Sep 14, 2022 by Abby Johnson	300.2 KB
	Feb 24, 2023 by Abby Johnson	202.9 KB
0	Sep 15, 2022 by Bettina Bergoo	223.9 KB
Ø.	Sep 22, 2022 by Abby Johnson	195.5 KB
	© Ø	Mar 23, 2023 by Abby Johnson Nov 14, 2022 by Ellen Dickson Sep 14, 2022 by Abby Johnson Feb 24, 2023 by Abby Johnson Sep 15, 2022 by Bettina Bergoo



Virginia C-PACE: Program Administrator





Provides all key program administration functions, including:

- Liaison with Localities to pass enabling ordinances and onboard Localities
- Intake, review, and approve C-PACE Loan applications
- Facilitate closing of C-PACE Loans
- Register and train contractors
- Register and educate capital providers
- Provide marketing, outreach, and education to stakeholders
- Service the C-PACE Loans if a Capital Provider cannot
- Collaborate with Localities on economic development opportunities



Virginia C-PACE: Locality





- Adopt enabling Ordinance to join the VA C-PACE Program or amend existing ordinance that complies with the VA C-PACE Program
- Execute the Virginia Energy-Locality C-PACE Agreement
- At each loan closing, review and execute the C-PACE Program Agreement and the C-PACE Lien Certificate for each transaction
- At the Locality's discretion, collaborate with VPA and Virginia Energy to promote C-PACE



Virginia C-PACE: Locality – costs, burden





- Costs to locality
 - Offered at no cost to localities
- Staff burden, limited to:
 - Enabling C-PACE by passing ordinance and signing Locality Agreement
 - Signing off on C-PACE transaction after VPA has reviewed



Virginia C-PACE: Locality - risks





Section 4 - Indemnification.



Without limiting any other obligation or liability of the Property Owner, or any right or remedy of the Capital Provider or the [County/City/Town], Property Owner agrees to indemnify and hold harmless the Capital Provider and the [County/City/Town], their [councilmembers][supervisors], directors, officers, employees, agents, subsidiaries, and affiliates (each, an "Indemnified Party"), from and against all damages, losses, settlement payments, obligations, liabilities, claims, suits, penalties, assessments, citations, directives, demands, judgments, actions or causes of action, whether created by statute or common law, including all costs and expenses, including attorneys' fees, arising from or associated with this C-PACE Loan transaction. This section shall survive the expiration of the Term of this Agreement.



Virginia C-PACE: Locality







(a) Indemnification. The Program Administrator shall indemnify, defend and hold the [City/County/Town] harmless against any claim brought against the [City/County/Town] or any liability imposed on the [City/County/Town] as a result of any action or omission to act by the Program Administrator.



Virginia C-PACE: Application Process





Locality staff review Ordinance and program documents. VPA answers any questions



VPA works with staff and elected officials to present C-PACE at public hearing, if necessary



Staff issues public notice that Ordinance will be on docket of next Council/BOS meeting



Locality adopts Ordinance and executes Virginia Energy-Locality Agreement



Locality designates Point of Contact and Program Manager



VPA markets, vets and approves projects and facilitates loan closings with Locality



Contact information



Abby Johnson, Executive Director and President abby@virginiapace.com

Ellen Dickson, Director of Marketing & Outreach <u>ellen@virginiapace.com</u>

Andy Friedman, Outreach Advisor andy@virginiapace.com

Energy

C-PACE 187



Finance Committee Agenda Item Detail Meeting Date: August 21, 2024

Agenda Section: Items For Information Only

Title: The Finance Director provides a General Fund transfer report for July 2024.

Attachments:

July 2024 TXFs.pdf

BUDGET TRANSFERS JULY 2024 DEPARTMENT/GENERAL FUND

COUNTY OFFICE BUILDINGS/COURTHOUSE

COUNTY OFFICE BUILDINGS/COURTHOUSE

COUNTY OFFICE BUILDINGS/COURTHOUSE

COUNTY OFFICE BUILDINGS/COURTHOUSE

DATE

8/8/2024

7/11/2024 RECREATION CENTERS AND PLAYGROUNDS 7104 8005 000 TRANSFER FOR PARKS VAN 36.964.20 000 TRANSFERS/CONTINGENCY 9301 5807 000 004 (36.964.20) 7/12/2024 INFORMATION TECHNOLOGY 1220 8001 000 000 326,210.00 TRANSFERS/CONTINGENCY 9301 5807 000 004 (326,210.00) 7/17/2024 COUNTY OFFICE BUILDINGS/COURTHOUSE MICROMAIN GLOBAL WORK ORDER 4304 3010 000 000 (4,140.00)COUNTY OFFICE BUILDINGS/COURTHOUSE 4304 9005 000 000 4,140.00 ANIMAL SHELTER SUPPLEMENT FOR FY2025 4305 3001 000 (10,000.00) 7/17/2024 000 ANIMAL SHELTER 4305 3001 001 10,000.00 000 7/14/2024 CLEARBROOK PARK 21,965.92 UTILITY CARTS AND RAIN REELS 7109 8001 000 000 SHERANDO PARK 7110 8001 000 000 31,961.31 TRANSFERS/CONTINGENCY 9301 5807 000 004 (53.927.23) 7/22/2024 SHERIFF WARRANT CART 3102 5401 (8,500.00) 000 000 3102 8001 000 8,500.00 PHASE I ARCHEOLOGICAL SURVEY FOR OLD CHARLESTOWN 7/22/2024 PARKS AND RECREATION ADMINISTRATION 7101 3002 (17.000.00) 000 000 PARKS AND RECREATION ADMINISTRATION 7101 8900 000 000 17.000.00 7109 8001 71,422.73 7/22/2024 CLEARBROOK PARK WIDE MOWER 000 000 CLEARBROOK PARK Z TURN MOWER 7109 8001 15,999.00 000 000 WIDE MOWER & Z TURN MOWER TRANSFERS/CONTINGENCY 9301 5807 000 004 (87,421.73) 7/23/2024 INFORMATION TECHNOLOGY (3,000.00) PAY ROSS VIDEO 1220 3005 000 000 INFORMATION TECHNOLOGY 1220 5401 000 000 3,000.00 PARKS AND RECREATION ADMINISTRATION 7101 3002 (7,850.00) 7/25/2024 NEPA ASSESSMENT OLD CHARLESTOWN ROAD 000 000 PARKS AND RECREATION ADMINISTRATION 7101 8900 000 000 7,850.00 7/25/2024 SHERANDO PARK PARKS CREW CAB 7110 8005 000 000 48,080.59 TRANSFERS/CONTINGENCY 9301 5807 000 004 (48.080.59) 7/25/2024 INFORMATION TECHNOLOGY RECLASS SBITA PORTION OF PHONE SYSTEM 1220 8001 (63,043.50) 000 000 INFORMATION TECHNOLOGY 1220 9005 000 63,043.50 000 (10) NEW IP CAMERAS INSTALLED 8/7/2024 COUNTY OFFICE BUILDINGS/COURTHOUSE 4304 3010 (5,000.00) 000 005 COUNTY OFFICE BUILDINGS/COURTHOUSE 4304 8007 000 005 5.000.00 COUNTY OFFICE BUILDINGS/COURTHOUSE 4304 3010 000 052 (5,338.90) COUNTY OFFICE BUILDINGS/COURTHOUSE 4304 8007 000 005 5,338.90

GAS RANGE MILLWOOD

REASON FOR TRANSFER

FROM TO ACCT CODE

4304 3004

4304 8007

4304 3004

4304 8001

000 003

000 005

000

000 021

021

(5,000.00)

5,000.00

(5,519.00)

5,519.00

AMOUNT