JOB AID · MGBA-CBCU-JA-03

Economic Benefit and Engineer Certification Verification Guide

The statutory standard, the program requirement, and what a credit officer reads first

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Two standards, and why the difference matters

Two related standards operate here. Conflating them causes real problems in a credit file, and the error is common enough in national C-PACE material that it is worth stating plainly.

	Standard	Source	What it requires
Statutory	Economic benefit	§67.2800 RSMo	A qualifying project must demonstrate economic benefit to the property, established through the process the district requires.
Program	SIR ≥ 1.0	MGB program requirement	A savings-to-investment ratio of at least one point zero, supported by qualified engineer certification.

If you are asked whether SIR is required by Missouri law

The accurate answer is no. Economic benefit is the statutory standard. A savings-to-investment ratio of at least one is the industry's working expression of that standard, and it is the requirement this program applies. Describing SIR as statutory is inaccurate wherever it appears — and the distinction matters when you are explaining the file to an examiner or to counsel.

Treat the certification as three things at once

1. **An eligibility gate.** Without it there is no program approval and no transaction.
2. **An independent technical review.** A licensed professional who is neither the contractor nor the capital provider has examined the scope. In most middle-market transactions it is the only such review in the file — frequently the only independent look at the mechanical scope your credit file will ever contain.
3. **A credit control.** A project that cannot clear a savings-to-investment ratio of one is a project whose economics do not support the obligation being placed on the parcel.

What the certification must contain

- [ ] Identification of the licensed professional, with license number, jurisdiction, seal, signature, and date.
- [ ] An independence statement confirming the engineer is neither the contractor performing the work nor the capital provider funding the assessment, and has no financial interest in either.
- [ ] The property, parcel identification, and the scope of improvements certified — measure by measure, not in aggregate.

- ▢ The baseline condition and the methodology used to establish it, identified by name.
- ▢ Projected savings by measure, with the assumptions and rates used, and the period over which savings are projected.
- ▢ Useful life by measure, and the weighted average useful life of the financed scope.
- ▢ The savings-to-investment ratio calculation, showing inputs, and the resulting ratio.
- ▢ A statement of economic benefit to the property.
- ▢ Any exclusions, limitations, or measures examined and not certified.

What a credit officer reads first

In this order. Most of what you need is on two pages.

4. **The weighted average useful life.** It sets the ceiling on the term alongside the twenty-year statutory cap. Both apply; the shorter governs. If the proposed term exceeds the weighted average useful life, the file is wrong before you reach anything else.
5. **The ratio itself.** At or above 1.0, and by how much. A ratio at exactly 1.0 is not disqualifying but merits a look at the assumptions.
6. **The independence statement.** If the engineer is affiliated with the contractor, the independent review you are relying on is not independent.
7. **The measure-level scope.** Compare it to the project budget and to the assessment amount. Scope in the certification that is not in the budget — or the reverse — is the most common defect.
8. **The assumptions behind the savings.** Rate escalation, occupancy, and operating hours are where optimism lives.

Red flags

- The certification is dated after the assessment amount was set, or references a scope that has since changed.
- Savings are stated in aggregate with no measure-level detail.
- Useful life is stated as a single figure with no weighting shown across measures.
- The engineer is retained by, employed by, or shares ownership with the contractor or the capital provider.
- The ratio clears only after including measures that are not being financed.
- Escalation assumptions are materially above regional experience and are not sourced.
- The certification is unsigned, unsealed, or provided as a summary letter with no supporting calculation.

Term and useful life together

> **Both constraints apply, and the shorter governs**
>
> **Missouri caps the assessment term at twenty years.** The term may also not exceed the weighted average useful life of the improvements financed. A scope with a fifteen-year weighted average useful life supports a fifteen-year term, not a twenty-year one. National material describing twenty-five and thirty-year terms reflects other states; those terms are not available here.

One practical note for originators

The sizing question is not how large the assessment can be. It is what installment this property can carry alongside taxes, insurance, and the senior debt. Underwrite the installment.

The current assessment-to-value threshold should be confirmed against program documents rather than recalled from memory. Eligibility treatment of water conservation and resiliency measures is under confirmation with counsel and the district; the statute defines energy efficiency and renewable energy improvements. This guide is a reference tool for internal credit use and is not legal or engineering advice.