MGB ACADEMY · MISSOURI MUNICIPAL LEADERS TRACK

Municipal Fiscal Exposure: What C-PACE Is and Is Not

The finance and legal answer, written to be forwarded without the training

DOCUMENT	PROGRAM SEGMENT	AUDIENCE	VERSION
MGBA-MUN-JA-03	Segment 3 — How C-PACE Works in Your Community	Finance directors, city attorneys, city administrators	v1.0 · August 21, 2026

This sheet exists because the question always arrives in the same form: what does this put on our books? The short answer is nothing. The rest of this page is the support for that answer, in the order a finance director or attorney will want it.

The direct answers

Question	Answer
Does the municipality lend money?	No. The capital is private. It comes from a capital provider selected by the property owner.
Does the municipality guarantee repayment?	No. The special assessment is secured by the participating property. There is no municipal guarantee, moral obligation, or backstop in the structure.
Is this municipal debt?	No. The obligation is the property owner's, created by an assessment contract between the owner and the district. It does not appear as a liability of the municipality.
Is this a tax increase?	No. Nothing is levied on any property that has not voluntarily entered an assessment contract. No rate changes, and no other taxpayer is affected.
Does the municipality bill or collect?	No. The county collector collects the special assessment alongside ad valorem real property taxes and pays it over to the district.
Does the municipality underwrite or approve projects?	No. The district makes the statutory findings and enters the assessment contract. Your permitting and inspection authority is unchanged and unaffected.
Does the municipality staff a program?	No. The district provides the framework, the documents, and the operational support.
What if an owner defaults?	A delinquent special assessment is enforced against the property through the county collection process, with the same priority as delinquent real property taxes. The municipality is not a creditor and is not called on to cure.

Why the structure produces that result

THE PARTIES TO THE TRANSACTION DO NOT INCLUDE YOU

An assessment contract is executed by the clean energy development board and the benefitted property owner. The municipality is not a party, a signatory, or a guarantor. Membership makes the district's authority operative within your boundaries; it does not enroll you in individual transactions.

THE DISTRICT IS A SEPARATE ENTITY

A clean energy development board formed under §67.2810, RSMo is an independent political subdivision. MCED is not a subdivision of any current or future member of the district. Its obligations are its own.

PARTICIPATION IS VOLUNTARY AT THE PROPERTY LEVEL

Only an owner who applies and signs an assessment contract is assessed. There is no automatic application, no opt-out mechanism to administer, and no effect on any non-participating property.

SECURITY IS THE PROPERTY, NOT THE GENERAL FUND

The special assessment becomes a lien on the assessed property as each annual assessment comes due, collected with the same priority as ad valorem real property taxes. That priority is what makes the financing work — and it is entirely contained within the assessed parcel.

What the municipality does retain

Two things, and both are worth stating affirmatively rather than defensively.

- **Full regulatory authority.** All projects under the Act remain subject to your ordinances and regulations, including zoning, subdivision, building, fire safety, and historic or architectural review. C-PACE financing does not create a code exemption of any kind.
- **The economic result.** The improved building, the reduced energy load, the construction activity, and the assessed value are all local. That is the whole return on the governance decision.

Points a reviewing attorney will want to confirm independently

We would rather name these than have them discovered. None is an obstacle; each is a normal item of diligence.

- The district's governing documents and cooperative agreement, and the specific authorizing instrument your governing body would adopt.
- The intergovernmental agreement between the district and your county collector governing collection mechanics.
- The district's program guidelines, including its senior lender consent requirement and its underwriting criteria.
- Your own charter or code provisions on joining intergovernmental entities, if any.

> **ONE SENTENCE FOR THE STAFF REPORT**
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> Joining the Missouri Clean Energy District makes commercial C-PACE financing available to eligible property owners within the municipality at no cost to the municipality, creates no municipal debt or guarantee, requires no municipal staffing or collection activity, and leaves all local regulatory authority intact.

This sheet summarizes the Property Assessment Clean Energy Act, §§67.2800–67.2840, RSMo, and standard MCED program structure. It is provided for orientation and is not legal or financial advice. Each municipality should reach its own conclusions with its own counsel and finance staff.

Markets set in motion. It all starts with collaboration.

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