MGB ACADEMY

C-PACE FOR PROPERTY MANAGEMENT COMPANIES

Assessment Mechanics and Operating Budget Effect

How the assessment is billed, and what it does to your numbers

DOCUMENT CODE
MGBA-PM-JA-07

VERSION
1.0

ISSUED
August 2026

THE MECHANISM IN ONE PARAGRAPH

The C-PACE assessment is repaid on the property tax bill as a special assessment. It is billed and collected the way property taxes are billed and collected in that jurisdiction. It is not a loan you service. It is not a line you manage in the owner's operating account. It rides the tax bill.

THE BILLING PATH

STAGE	WHO ACTS	WHAT HAPPENS
Assessment agreement	Owner and MCED	The owner voluntarily consents to the assessment; the agreement is executed and recorded against the parcel.
Levy	MCED	The assessment is levied on the parcel and certified to the county collector on the schedule the county requires.
Billing	County collector	The assessment appears on the property tax bill for the parcel, alongside other taxes and assessments.
Collection	County collector	Payment is made on the county's normal tax cycle and remitted through to the capital provider.
Reconciliation	Property manager	The manager confirms the assessment appeared correctly, and recovers from tenants where the leases permit.
Payoff or transfer	Owner, MCED, buyer	The remaining obligation transfers with the property at sale unless prepaid, subject to the disclosure duties in JA-08.

Billing model note. Some jurisdictions bill through the county tax cycle and some MCED programs use a direct or self-billing structure. Confirm which model applies to your county before you build the year's escrow and reconciliation calendar. See MGBA-PM-BR-01, item 5.

WHAT CHANGES IN YOUR OPERATING BUDGET

The assessment is a new line. Four other lines move in the opposite direction, and the net story is usually favourable on the expense side.

BUDGET LINE	DIRECTION	WHY
Real estate taxes and assessments	Up	The annual assessment appears here, on the tax bill.
Utilities	Down	New systems, better controls and a tighter envelope reduce consumption.
Repairs and maintenance	Down	New equipment under warranty replaces equipment being nursed.
Unplanned and emergency repair	Down and less volatile	The failure you were managing around no longer happens at a premium in July.
Reserve contribution	Down or deferred	A financed replacement removes a scheduled reserve draw.
Capital call / owner contribution	Eliminated for the financed scope	The point of the mechanism.
Tenant recoveries	Up where leases permit	Subject entirely to the read recorded in JA-06.

THE NOI CONVERSATION

Because the capital improvement is financed rather than drawn from reserves, the reserve study eases. Because emergency repairs decline, the unplanned maintenance line stabilises. Because systems are new, operating costs fall. The NOI story improves on the expense side without a capital call. Where the assessment is recoverable under the leases, the effect is stronger still.

State it carefully. Present the assessment as a new expense line and the offsets as offsets. Owners and their accountants will find the assessment on the tax bill regardless, and a manager who presented only the upside loses the room.

ESCROW, LENDER AND ACCOUNTING TOUCHPOINTS

- If the mortgage lender escrows taxes, the escrow analysis must be updated for the assessment or the account will run short mid-year.
- Notify the owner's accountant before the first billing so the treatment is settled in advance rather than at audit.
- Confirm the assessment appears correctly on the first tax bill after levy, and again after any reassessment or parcel change.
- Build the assessment into the operating budget for the full term, not only the first year.
- Where tenants are billed monthly against an estimate, adjust the estimate in the same cycle the assessment begins.

FIRST-YEAR CHECKLIST

☐ Assessment agreement recorded and a copy in the property file.

☐ Levy confirmed with MCED and certification date noted.

- ☐ Lender escrow analysis updated, if applicable.
- ☐ Operating budget revised across all affected lines.
- ☐ Tenant estimates adjusted where recovery is confirmed.
- ☐ Owner's accountant notified of the treatment.
- ☐ First tax bill reviewed line by line against the expected assessment.
- ☐ Reconciliation calendar updated for the assessment term.

THE MANAGER'S JOB HERE

None of this is difficult. All of it is the kind of thing that becomes a problem when nobody owned it. The assessment is administered by MCED and collected by the county — but the escrow analysis, the tenant estimate and the first bill review sit with you.

Markets set in motion. It all starts with collaboration.

Missouri Green Banc · Administrator of the Missouri Clean Energy District · (866) 554-4083