MISSOURI GREEN BANC

MGB Academy · C-PACE for Property Owners

Reference & Materials Manual

Understand what you are signing. Protect what you own.

COMPANION TO	C-PACE for Property Owners — a six-module program of MGB Academy, delivered by MGB Virtual Presenter. Approximately 32 minutes.
WHO THIS IS FOR	Commercial property owners, their attorneys, CFOs, family business partners, and heirs — anyone whose signature or counsel matters to a C-PACE decision.
HOW IT IS USED	Download it. Print it. Take it to your attorney. Mark it up.
ADMINISTERING AUTHORITY	Missouri Clean Energy District, the statutory C-PACE authority under §67.2800 RSMo, administered by Missouri Green Banc.
VERSION	Draft for review

HOW TO USE THIS MANUAL

This manual follows the program module by module. Each section is written so you can hand it to someone who did not watch the program — your attorney, your CFO, your co-owner — and have them understand the same thing you do.

Three sections are meant to be written in: the Four Outcomes Worksheet, the Sample Annual Cash-Flow Analysis, and the Seven Questions. Those pages are the ones to bring to the meeting.

Nothing in this manual is legal, tax, or investment advice. It is written to make you literate in a transaction you are being asked to sign. Your own attorney is your protection.

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Markets set in motion. It all starts with collaboration.

1 · The Owner's Plain-Language Definition

One sentence carries the entire program. If you remember nothing else, remember this.

> **C-PACE, IN ONE SENTENCE**
> C-PACE is an annual assessment on your property, paid through your tax bill, secured only by the property itself, non-recourse to you personally, used to fund energy-saving improvements — including water-conservation and resiliency measures tied to energy use — that the property needs anyway.

What each phrase actually means

PHRASE	WHAT IT MEANS FOR YOU
An annual assessment	The same legal mechanism your city uses for a sidewalk, sewer, or street light assessment. The mechanism has been on the books in this country for more than a hundred years. It is not a loan product.
Paid through your tax bill	The installment appears on the property tax bill you already pay each year, collected by the county collector or administrator.
Secured only by the property	The assessment is a charge on the parcel. The property owes it. You do not owe it in your own name.
Non-recourse to you personally	No promissory note. No personal guarantee. Nothing on your personal credit.
Energy-saving improvements	HVAC, lighting, windows, insulation, building envelope, on-site solar and energy storage — along with water-conservation measures that reduce the energy used to heat, pump, or treat water, and resiliency measures tied to your building's energy systems.
Runs with the land	When you sell, the next owner inherits the assessment along with the building.

Five things C-PACE will not do

1	It will not put a new mortgage on your building. No new mortgage. No new mortgage holder.
2	It will not give any party the right to foreclose on your property. The capital provider has no foreclosure right.
3	It will not require you to personally guarantee anything. No recourse note. No lien on you.
4	It will not appear on your personal credit. Your FICO score will not change.
5	It will not create a default on your existing mortgage, provided your senior lender consents — which they almost always do.

The word 'lien' — and why it is not the threat

C-PACE does create a lien on the property. So does your existing mortgage. So do your property taxes. Liens are how every claim on a property is recorded. What matters is what the lien holder can do.

MORTGAGE LIEN	C-PACE ASSESSMENT
If you stop paying, the lender can foreclose on the building.	If an installment is unpaid, it behaves like an unpaid property tax. The installment becomes delinquent and the county collection process applies.
The full balance can be accelerated and called.	There is no acceleration of the full balance and no separate foreclosure action by the capital provider.
Can be re-priced, re-margined, or called in a downturn.	The installment is what it always was. The schedule is what it always was. No surprise call. No demand for additional collateral.

THE STABILITY FEATURE

Non-acceleration is the single most important protection you have as the owner. Cap rates expand, NOI compresses, a tenant moves out, your mortgage might get re-priced — the C-PACE assessment does not care. C-PACE is, by design, the most stable long-term capital you can put on a commercial building. Not the cheapest. The most stable.

2 · The Four Outcomes Worksheet

C-PACE is either right for your building or it is not. You decide by looking at four outcomes. Run them against the building actually in front of you. If even two of the four matter on that building, the transaction deserves a serious look.

Fill this in with your own numbers before your next meeting. Where you do not know a figure, that gap is itself the finding — it tells you what to ask for.

Outcome One — Return on Investment

Utility savings is one part of the return, not the whole return. Add all four factors before you judge the payback.

A. Annual utility savings projected $

B. Annual emergency repair costs avoided on aging equipment $

C. Annual value of tenant retention from reliable systems $

D. Annualized value of avoiding catastrophic failure $

TOTAL ANNUAL RETURN (A + B + C + D) $

> **THE MEASUREMENT SHIFT THAT CHANGES THE MATH**
> When you pay out of pocket, ROI is measured against the cash you sent out the door. When the capital is financed through C-PACE, ROI is measured against the annual installment. The math is completely different — which is the whole of Outcome Two.

Outcome Two — Cash-Flow Neutrality

Cash-flow neutrality means annual savings from the improvements is approximately equal to, or greater than, the annual C-PACE installment.

E. Total annual return (from the line above) $

F. Annual C-PACE installment quoted $

NET ANNUAL CASH-FLOW EFFECT (E − F) $

Reading your answer: Positive is best. A modest gap is acceptable — you are still getting new systems without writing the check. A large gap is a flag, and the right response is to ask why, not to walk away.

> **WHAT THE LAW ACTUALLY REQUIRES — AND WHAT IT DOES NOT**

> The statutory standard in Missouri is economic benefit, not a savings ratio. Under §67.2815.1 RSMo, the district cannot enter into an assessment contract or levy the assessment without finding that there are sufficient resources to complete the project and that the estimated economic benefit expected from the project during the financing period is equal to or greater than the cost of the project.
>
> Economic benefit is broader than the utility bill. It is the same full accounting as Outcome One above — which is why filling in all four factors is not busywork. It is closer to the test the statute actually applies than a utility-savings figure alone would be.
>
> A savings-to-investment ratio of 1.0 or greater is an industry best-practice underwriting guideline. It is widely used, it is worth asking for, and a strong SIR is good evidence. But it is not the statutory standard, and it is not applied identically by every program or capital provider. If someone tells you a ratio is what the law requires, they are describing market practice, not Missouri law.

Outcome Three — Building Value Enhancement

The value of your building is not what you paid for it. It is what the next buyer will pay. The next buyer looks at net operating income, cap rate, and capex burden — the capital improvements they inherit from you. Every dollar of deferred capex is a dollar subtracted from their offer, often with a multiplier, because they know they will write that check at less convenient timing.

G. Deferred capex on your building today, as a buyer would price it $

H. Annual NOI improvement from lower operating costs $

I. Your market cap rate %

VALUE EFFECT OF THE NOI IMPROVEMENT (H ÷ I) $

J. Remaining assessment balance a buyer would net from their offer $

Net effect: buildings with C-PACE-funded improvements typically sell at higher prices, and often faster, than buildings carrying held capex.

Outcome Four — Preservation of Your Operating Capital

If you fund building improvements out of pocket, that cash is gone — not forever, but for the next several years it is no longer available to you.

K. Project cost you would otherwise fund from operating capital $

What that capital stays available for — write in what applies to you

The next acquisition

Capital calls on other partnerships

Distributions to investors or family

The estate plan, a philanthropic commitment, the reserve that lets you sleep

WHY THIS ONE IS FELT THE MOST

Operating capital is optionality. The owner with operating capital can act. The owner without it can only react. C-PACE funds the improvements the building needs without consuming the cash you need for everything else.

3 · Document Walkthrough

Three documents. That is what a C-PACE transaction comes down to from your perspective. Each one does a specific thing and each is signed by a specific party. Once you understand all three, closing stops being a mystery and becomes a checklist.

Document 1 — The Assessment Contract

SIGNED BETWEEN	You, the property owner, and the Missouri Clean Energy District — the political subdivision authorized to administer C-PACE in Missouri.
WHAT IT DOES	Identifies the property by legal description and parcel ID. Establishes the assessment amount, the annual installment schedule, the interest rate, and the term. Authorizes recording of the assessment in the county public records. It also carries your acknowledgment that the project delivers a special benefit to the property equal to or exceeding the total assessments due — an acknowledgment the statute requires the contract to contain.
WHAT IT DOES NOT DO	It does not create a debt obligation in your name. No promissory note. No personal guarantee. The contract creates a charge on the property. The property owes the assessment. You do not.
ATTORNEY FOCUS	The property description, to make sure it is accurate. The payment schedule, to make sure it matches what you were quoted. The transfer provisions, to make sure they match how you expect the assessment to behave at sale. And the special benefit acknowledgment, to make sure it is consistent with the economic benefit analysis you were actually shown.

Document 2 — The Financing Agreement

SIGNED BETWEEN	You and the capital provider — the institutional investor actually funding the C-PACE capital.
WHAT IT DOES	Sets the commercial terms. The amount. The fixed rate. The term. The amortization. The disbursement schedule, if the project will fund in stages. The fees. The conditions to funding.
WHERE NEGOTIATION HAPPENS	This is where the commercial deal lives, and it is the document where any negotiation happens.
ATTORNEY FOCUS	The conditions precedent to funding. The disbursement mechanics, if your project will draw in stages. The ongoing reporting obligations. The default and remedy provisions — which should be consistent with the non-acceleration structure described in Section 1.

Document 3 — The Lender Consent

SIGNED BY	Your existing senior mortgage lender. This is not a document you negotiate — your lender either signs or does not sign. Your role in the process is still essential.
WHY IT IS REQUIRED	The C-PACE assessment, once recorded, has senior priority on its annual installment. The senior mortgage holder is being asked to acknowledge that priority.

WHY MOST LENDERS CONSENT	The improvements make the building more valuable, which makes their collateral more valuable. The assessment does not subordinate the principal balance of the mortgage — only the annual installment. Their existing borrower is being made stronger by the transaction.
YOUR ROLE	Make the introduction. When the C-PACE administrator is ready to deliver the consent package, introduce them to the right person at your senior lender — not the relationship manager, but the portfolio management or credit officer who holds consent authority. If you do not know who that is, ask your relationship manager to route you.

THE CRITICAL RULE

Do not sign the Assessment Contract or the Financing Agreement until your senior lender's Consent is fully executed and in your hand.

Take these three documents to your attorney. Send them to your CFO. Walk through them with your family business partner. Missouri Green Banc is available to walk through any of them with you and your attorney, line by line. That is part of the job.

4 · The Five Concerns, Answered

Five concerns come up over and over — not always in the same order, not always out loud, but always there. Each is legitimate. Each is answered here in language you can repeat to your own counsel or partner.

Concern 1 — What if I sell the building?

When you sell, the C-PACE assessment goes with the building. The new buyer inherits the asset and the remaining assessment — the same way they inherit a sidewalk assessment or the existing property tax bill.

Here is what does not happen. You do not pay off the C-PACE balance at sale. It does not need to be retired. The buyer does not have to refinance it.

What does happen is that the assessment is disclosed in diligence like any other recorded encumbrance. The buyer underwrites it as part of their model, and in most transactions it is netted from the sale price as a known line item. Because C-PACE funded improvements that raised NOI and removed deferred capex, the building usually sells for more, not less.

Concern 2 — What about my existing mortgage?

Your existing mortgage stays in place. Same terms. Same balance. Same maturity. Same lender.

What changes is that your existing lender provides a written consent. Once the consent is signed, your mortgage relationship is exactly what it was. No rate change. No re-margining. No new collateral demand.

Will your senior consent? In the vast majority of cases, yes. C-PACE consents are now standard in commercial real estate — senior lenders consent because the assessment strengthens their collateral and is non-accelerating. If your senior has not seen one before, MGB walks them through it with their counsel.

Concern 3 — What if a tenant moves out and I lose income?

The assessment is paid through your property tax bill. It is part of the operating cost of the building, like property taxes, and in most commercial lease structures those operating costs are recovered from tenants through CAM or expense pass-through.

In most commercial buildings your tenants are paying the assessment as part of operating expense recovery — not you out of net income. When a tenant leaves you lose their share of that recovery, but you also lose their share of utilities, insurance, and every other expense. The C-PACE assessment is no more vulnerable than your insurance premium.

And critically, the installment is non-accelerating. If you have a bad year, the installment continues at its scheduled level. No balloon. No margin call. No surprise demand.

Concern 4 — What happens when I pass the building to my heirs?

The asset transfers with the assessment attached — the same way it transfers with the existing mortgage attached. Your heirs inherit the building. Your heirs inherit the assessment. They also inherit a building in better physical condition than they would have if you had deferred the capex.

From an estate planning standpoint, C-PACE does not create new complications. The assessment is a recorded obligation against the property, and your estate counsel treats it the way they treat any recorded encumbrance. Talk to them — MGB has seen no scenario in which C-PACE created a material estate planning problem.

Concern 5 — What if I want to refinance later — will C-PACE make it harder?

In most cases, easier. By the time you refinance, the building is in better physical condition, operating costs are lower, NOI is stronger, and the capex backlog is gone. The new lender underwrites the assessment as a recorded encumbrance — like property taxes — and sizes their loan accordingly.

Owners who have used C-PACE typically refinance into better senior debt terms than owners who carried deferred capex into the conversation.

> **IF YOU HAVE OTHER CONCERNS**
>
> You might — and they are worth writing down rather than carrying. Bring them to your attorney. Bring them to us. MGB is not in the business of avoiding hard questions.

My own concerns — to raise with counsel and with MGB

5 · Sale, Inheritance, and Transfer Scenarios

The single question owners return to most is what happens to the assessment when the building changes hands. Four scenarios cover nearly every case.

SCENARIO	WHAT HAPPENS TO THE ASSESSMENT	WHAT TO CONFIRM ON YOUR DEAL
Sale before the end of the term	The remaining assessment transfers with the property. It is not accelerated, not retired at closing, and not required to be refinanced by the buyer. It is disclosed in diligence as a recorded encumbrance and typically netted from the purchase price as a known line item.	The transfer provisions in the Assessment Contract, so they behave the way you expect at sale. Whether your exit timeline and the remaining term are consistent.
Transfer to heirs	The building and the assessment both pass to the heirs, as with an existing mortgage. Your estate counsel treats the assessment as they would any recorded encumbrance.	That your estate counsel has seen the recorded assessment and the installment schedule.
Refinance of the senior mortgage	The new lender underwrites the assessment as a recorded encumbrance, like property taxes, and sizes the loan accordingly. The assessment itself is unchanged by the refinance.	Whether the new senior lender requires any acknowledgment at closing.
Change of entity or ownership interest	***[MGB to confirm treatment of entity-level transfers, partnership admissions, and change-of-control events under the MCED program documents]***	Whether your contemplated structure is a transfer of the property for program purposes.

THE ONE THING THAT DOES NOT CHANGE IN ANY SCENARIO

The assessment attaches to the property, not to you. In every scenario above, the obligation follows the parcel — which is exactly why none of these transitions requires you to pay it off.

6 · Mortgage, Insurance, and Tenant Impact

Your mortgage

- Terms, balance, maturity, and lender are unchanged. The assessment is not a second mortgage and creates no new mortgage holder.
- The senior lender consents in writing before closing. The consent acknowledges the senior priority of the annual installment — not of the whole financed balance.
- The principal balance of your mortgage is not subordinated. Only the annual installment carries priority.
- Your loan documents may contain covenants on additional encumbrances. Your attorney should read the consent against those covenants rather than assume they align.

Your insurance

- New and properly commissioned building systems generally present better to a carrier than aging equipment, though the effect on premium is a question for your broker.
- The Financing Agreement will carry insurance requirements — coverage types, minimum limits, and additional insured or loss payee provisions.
- Specific coverage and endorsement requirements for MCED transactions: ***[MGB to supply from the program documents]***

Your tenants

- The assessment appears on the property tax bill and is an operating cost of the building, like property taxes.
- In most commercial lease structures, operating costs are recovered from tenants through CAM or expense pass-through — meaning in most buildings the tenants, not the owner's net income, carry the assessment.
- Pass-through is never automatic. It depends on the language in your specific leases, and it is a question for your counsel before you assume recovery.
- Tenants generally benefit: reliable systems, lower utility costs where they are separately metered, and fewer complaints. Improvements financed this way are among the few capital projects tenants and owners both want.

> **THE LEASE QUESTION, STATED PLAINLY**
>
> Whether the assessment is recoverable through CAM is a lease-language question and a counsel question. Confirm it against your actual leases before you build it into your model — not after.

7 · Sample Annual Cash-Flow Analysis

Illustrative only. The figures below are a worked example of how the arithmetic behaves, using the round numbers from the program. They are not a quote, a projection for your building, or an indication of available terms. Use the blank column for your own deal.

LINE	ILLUSTRATIVE EXAMPLE	YOUR BUILDING
Total project cost financed	$5,000,000	
Term	***[years — MGB to confirm the program maximum]***	
Fixed rate	***[rate]***	
Annual C-PACE installment	$400,000	
Annual utility savings	$310,000	
Annual emergency repair avoidance	$60,000	
Annual tenant retention value	$20,000	
Annualized catastrophic failure avoidance	$10,000	
Total annual return	$400,000	
Net annual cash-flow effect	Approximately zero — cash-flow neutral	
Cash retained in operating accounts	$5,000,000	

How to read this

- The building gets new systems. Net cash flow is approximately unchanged from year one. The capital you would have written a check for never left your operating account. That is cash-flow neutrality in a single table.
- The savings line should come from a qualified engineer's model, not from an equipment vendor's brochure. The finding the district must make before entering an assessment contract is that estimated economic benefit over the financing period equals or exceeds the cost of the project — a test that counts more than the utility bill alone.
- A modest negative in the net line is not disqualifying. A large one is a flag worth asking about — usually a question about scope, term, or the savings model rather than about C-PACE itself.

WHAT TO ASK FOR ON YOUR OWN DEAL

Ask for this table, filled in, from whoever is asking for your signature. Ask for the annual installment expressed per square foot of your building. Both should be available before you are asked to sign anything.

8 · The Seven Questions To Ask Before You Sign

This is the close of the program, and it is deliberately a question list rather than a call to action. If you can get a good answer to each of these on your specific deal, you can sign with confidence. If you cannot, you have your reason to wait — or to decline. Either way, the decision is yours.

#	THE QUESTION	WHAT A GOOD ANSWER SOUNDS LIKE
1	**What is the all-in cost of the C-PACE financing, expressed as an annual installment per square foot of my building?**	This converts an abstract rate into the number that shows up in your budget. A good answer is a specific dollar figure per square foot.
2	**What economic benefit has been estimated for this project over the financing period, and what engineering analysis supports it?**	This is the statutory test: estimated economic benefit during the financing period equal to or greater than the cost of the project. A good answer is that finding, supported by a qualified engineer's savings model in your file. An SIR of 1.0 or greater is best-practice underwriting and good evidence — but it is not the legal standard.
3	**What is the projected annual cash-flow impact — projected annual savings minus the annual installment?**	A specific dollar figure. Positive is best. A modest gap is acceptable. A large gap is a flag.
4	**Has my senior mortgage lender consented in writing?**	No consent, no transaction. A good answer is a fully executed consent in hand, or a clear timeline with the right lender contact identified.
5	**Have I reviewed the Assessment Contract, the Financing Agreement, and the Lender Consent with my own attorney?**	Your attorney is your protection. Not the developer's. Not the contractor's. Yours.
6	**What happens to the assessment if I sell, and is that consistent with my exit timeline?**	An owner who plans to hold for ten years should think about C-PACE differently than one who plans to sell in two. Both can be the right answer.
7	**Who is the administrator and capital provider, and what is their track record?**	You are entering a long-term relationship. Multi-decade. Know who you are entering it with.

IF YOU CANNOT GET GOOD ANSWERS

That is information, not failure. The deal may need more time. The people asking for your signature may need to do more work before earning it. Both are legitimate outcomes.

A printable version of these seven questions, with room to write answers, is available as a separate two-page checklist — designed to be taken into the meeting.

9 · Frequently Asked Questions

Questions that fall outside the five concerns, asked often enough to answer in print. Bracketed items are program specifics to confirm with MGB before relying on them.

Is C-PACE a loan?

No. It is a voluntary special assessment on the property, collected with property taxes. There is no promissory note and no personal guarantee.

Will this show up on my personal credit?

No. The assessment attaches to the property, not to you personally.

Can the capital provider foreclose on my building?

No. An unpaid installment is handled through the county collection process that applies to unpaid property taxes. There is no separate foreclosure action by the capital provider and no acceleration of the full balance.

What kinds of improvements qualify?

Energy-efficiency improvements — HVAC, lighting, windows, insulation, building envelope, on-site solar and energy storage — along with water-conservation measures that reduce the energy used to heat, pump, or treat water, and resiliency measures tied to the building's energy systems.

Do water and resiliency measures qualify on their own?

They qualify where they are tied to the building's energy use or energy systems. The energy connection is what makes them eligible.

What is the maximum term?

[MGB to state the program maximum and how term relates to useful life]

Is my property in a participating community?

[MGB to supply the jurisdiction-check step and link — MCED serves 300+ member communities, roughly 62% of Missouri's population, but eligibility should be confirmed parcel by parcel]

Can I use C-PACE for work already completed?

[MGB to state the lookback policy, if any]

What does it cost to apply?

[MGB to supply application, administration, and closing fee schedule]

Can a nonprofit or tax-exempt owner participate?

Yes. Property tax exemption applies to ad valorem taxes; a C-PACE assessment is a separate voluntary charge the owner agrees to be billed for. Participating does not affect exempt status.

How long does a transaction take?

[MGB to supply typical timeline from application to funding]

Who holds the assessment over time?

The assessment is administered by the Missouri Clean Energy District, the statutory C-PACE authority, with Missouri Green Banc as administrator. The capital is provided by an institutional capital provider identified in your Financing Agreement.

10 · Contact Information and What Happens Next

THE OFFER, WITHOUT PRESSURE

If you have a C-PACE transaction on your desk, take the seven questions to the people who put it there. If you do not yet, but someone has mentioned C-PACE — call us. We will spend a half hour with you, no obligation.

How to reach Missouri Green Banc

PHONE	(866) 554-4083
EMAIL	communications@missourigreenbanc.org
WEB	missourigreenbanc.org · program page: missourigreenbanc.org/owners
MAIL	16305 Swingley Ridge Road, Suite 220, Chesterfield, MO 63017

What the half hour covers

- Whether your parcel is in a participating community, and what that means for eligibility.
- Whether the scope being proposed for your building is eligible, and how the energy anchor applies to any water or resiliency measures in it.
- What the savings analysis should show, and what to ask for if you have not seen it.
- Who at your senior lender needs to receive the consent package, and what the introduction looks like.
- A line-by-line walkthrough of the three documents with you and your attorney, if you want one.

The intake steps

1	You call or write. No transaction and no timeline required.
2	The half-hour conversation above. No obligation attached.
3	***[MGB to supply the formal application step — form, required attachments, and where it is submitted]***
4	***[MGB to supply review, savings-analysis, and approval sequence with typical durations]***
5	Document execution, in the order set out in Section 3 — lender consent fully executed and in hand before you sign anything else.

One closing note.

You did not buy, build, or inherit your building by being easily persuaded. This program was not built to tell you to say yes. C-PACE is a tool, and the right answer for your building might be yes, not now, or never. The point of this manual is that the answer is yours, made from understanding.

Markets set in motion. It all starts with collaboration.