

## **ENHANCEMENT FOR MILWAUKEE CLEAN ENERGY FINANCING**



### **Background:**

Ordinance 304-26.5 created the Me2 program in order to stimulate energy efficiency improvements for the Milwaukee commercial building market with the goal of increasing property values, increasing Milwaukee economic activity and providing environmental benefits by way of reduced energy costs and a reduced carbon footprint for the people of the City of Milwaukee.

### **Challenge:**

As currently structured, the Me2 program is not attracting sufficient private capital. Changes that enhance the current program are needed to attract specialized lenders and thereby stimulate energy efficiency building improvements in Milwaukee and help property owners realize energy-cost savings.

### **Solution:**

Based on discussions with these specialized lenders, we propose modifying the program so that the City:

- Makes the Special Charge lien secure payment of the entire scheduled amount of the energy efficiency loan, not just the 12 months of Principal and Interest (P&I) now covered by the Me2 program. To address the concerns of first mortgage holders, even in the event of a default, acceleration of the energy efficiency loan would be limited to the annual installments due in the year of the default.
- Collects the annual installment of the Special Charge on the tax bills in the ordinary course and then remit the same amount to the energy efficiency lender when and if received by the City.
- If the Special Charge is not timely paid, enforces the lien in the ordinary course, consistent with the City's normal tax lien foreclosure methods, except does so after 12 months (rather than the 3-year period currently followed by the City).
- Segregates the revenue from the Special Charge in a separate account and grant the energy efficiency lender a lien on the account.
- Confirms that an affiliate of an owner may fund the energy improvements and be repaid with Special Charges that are passed through to the owner's tenants (who are the utility rate payers that realize the energy-cost savings).

### **Benefits to the City:**

- Stimulates the market for energy efficiency building improvements.
- Reduces energy costs for property owners.
- Lowers the Milwaukee carbon footprint.
- Creates jobs for local residents.

If you have questions, please contact: Jason Childress 608-258-4468; or Sarah Jelencic 414-297-5719