



Bricker closes historic tax-exempt PACE financing for 501(c)(3) recovery center

September 20, 2021

The Columbus Regional Energy Special Improvement District closed the State of Ohio's first tax-exempt 501(c)(3) PACE financing on August 24, 2021. A first-of-its-kind financing, PACE special assessments were used as security for a tax-exempt revenue bond, leveraging the combined power of tax lien-secured financing with low rate tax-exempt bond financing.

Alvis, Inc. is a 501(c)(3) human services organization that has served the Columbus, Ohio, area for more than 50 years. Alvis provides behavioral health and substance abuse treatment services, recovery housing for women and their children, and services to individuals with developmental disabilities.

The Columbus-Franklin County Finance Authority issued \$6,300,000 in PACE revenue bonds through its "A-" rated Central Ohio Regional Bond Fund. Fifth Third Securities, Inc. served as placement agent for the bonds. The proceeds of the bonds will be used to finance the costs of qualifying improvements for a new facility to be constructed and occupied by Alvis. The new facility is an approximately 86,500 square foot community reentry, behavioral health and developmental disabilities services facility to be owned and operated by Alvis. The qualifying PACE improvements to be incorporated into the facility include high-efficiency lighting and controls, energy-efficient roofing, energy-efficient building walls and high-efficiency HVAC and controls. The financing was made possible in cooperation with the City of Columbus, which levied the PACE special assessments that will be used to pay and secure the bonds, and Franklin County, which owns the ground on which the facility will be located and provided TEFRA approval for the bonds.

Tax-exempt financing enables borrowers to access historically low interest rates for certain categories of project financing that

are granted tax-exempt status by the federal government, including projects for 501(c)(3) borrowers such as non-profits, hospitals, and colleges and universities, and borrowers that operate private activity facilities such as airports, transportation facilities, solid waste disposal facilities and affordable housing. Combining PACE special assessments as tax lien security together with tax-preferred interest rates can produce very attractive results for borrowers. The tax-exempt 501(c)(3) bonds issued for Alvis have a 22-year term and an interest rate of 2.5 percent.

Bricker attorneys Colin Kalvas, Brooke Mangiarelli and Caleb Bell served as bond counsel for this important milestone in tax-exempt PACE financing. We were privileged to combine our specialized knowledge as tax-exempt bond counsel and our diverse experience with PACE financing to assist Alvis in its mission to serve the Columbus community.

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