

In Partnership with Bricker & Eckler ATTORNEYS AT LAW

CDFA-Bricker PACE Webinar Series: How PACE Gets Utilized Across All Market Segments

Welcome

The Broadcast will begin at 2:00 PM (Eastern)





CDFA Administrator



Ariel Miller

Manager, Research and Technical Assistance Council of Development Finance Agencies

See all of CDFA's resources online at www.cdfa.net/resources



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Submit your questions to the panelists here.





Moderator



Chris Jones

PACE Financing Consultant Bricker & Eckler, LLP

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More About This Series

CDFA-Bricker PACE Webinar Series:

Retroactive PACE January 26, 2021

How PACE Gets Utilized Across All Market Segments March 30, 2021

Advancing Multi-Family Housing & Renewable Energy Goals with PACE July 27, 2021

Best Practices for Marketing & Selling PACE Across All Market Sectors September 28, 2021

PACE 2.0 – The Next 10 Years November 30, 2021

Register online at www.cdfa.net



Panelists



Colin Bishopp

Executive Director PACENation



Rafi Golberstein

Chief Executive Officer Pace Loan Group



Matt Schnipke

Deputy Director Warren County Port Authority



Brooke A. Mangiarelli

Associate Bricker & Eckler LLP



David Zehala

President Plug Smart

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Panelist



Colin Bishopp

Executive Director PACENation

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PACENation Building the clean energy economy

Colin Bishopp, Executive Director Colin@PACENation.org

PACE Market Update and Forecast CDFA/Bricker – March 30, 2021

PACENation



PACENation is a membership-based non-profit organization. Our mission is to support state and local governments, community organizations and private sector stakeholders in their efforts to strengthen and expand access to property assessed financing.

Our work includes:

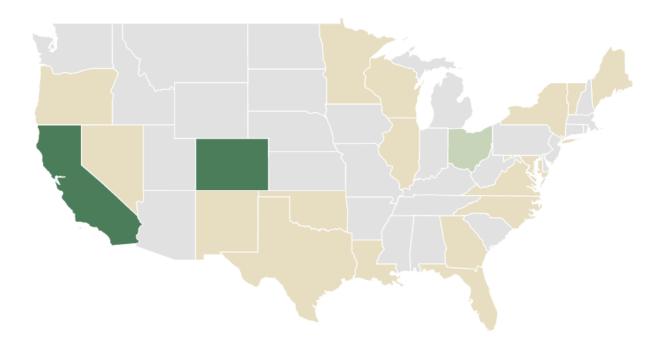
- Policy advocacy and market development
- Informational resources for members
- Market research and analysis

PACENation.org





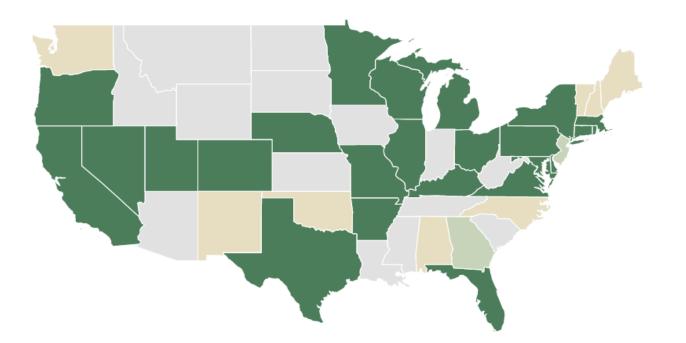
20 states C-PACE enabled, 2 with active programs58 projects completed, \$5 million







37 states plus D.C. C-PACE enabled, **24** plus D.C. with active programs **2,500+** projects completed, **\$2+** billion



Recent legislative & program developments

2020 key milestones:

- Washington enacts C-PACE (+ resilience) legislation (SB5730/HB1796)
- Massachusetts launches C-PACE program
- Bills introduced in Michigan to expand PACE for environmental hazard mitigation incl. lead mitigation for drinking water
- Illinois enables C-PACE funded resilience investments: incl. seismic, flood mitigation, fire suppression, energy storage, microgrid, backup power generation (HB3501)
- New York enables C-PACE funding for new construction projects (A.7805/S.6523)
- First projects closed in Pennsylvania and Delaware

PACE & COVID-19 (Indoor Air Quality)



- In general, C-PACE can be used to improve indoor air quality should local governments mandate specific types of HVAC systems with higher air exchange rates (like 8x/hour) that are also energy efficient for high-density buildings.
- In states like Illinois, Virginia and Washington, where resilience is defined broadly, it is possible for local governments to include IAQ measures as eligible improvements with or without additional code changes.





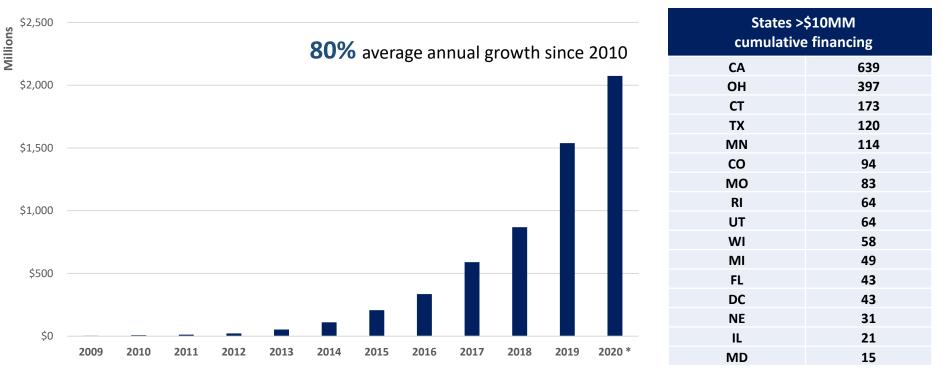
C-PACE is uniquely well-positioned to help the Biden Administration achieve its goal to retrofit 4 million buildings. To achieve this goal, more than \$125 billion in C-PACE investments would be required over the next four years.

What can the USG do to accelerate buildings upgrades with C-PACE?

- <u>Administrative</u>: Comprehensive updated guidance in support of C-PACE across the federal government, especially:
 - HUD
 - SBA
 - USDA
 - Fannie & Freddie
- <u>Legislative</u>: Amend and Pass the SHELTER Act to establish a 25% investment tax credit for resilience and energy efficiency
- <u>States:</u> Add COVID mitigation and broader resiliency measures to PACE legislation going forward

Cumulative C-PACE financing

(2009-2020)

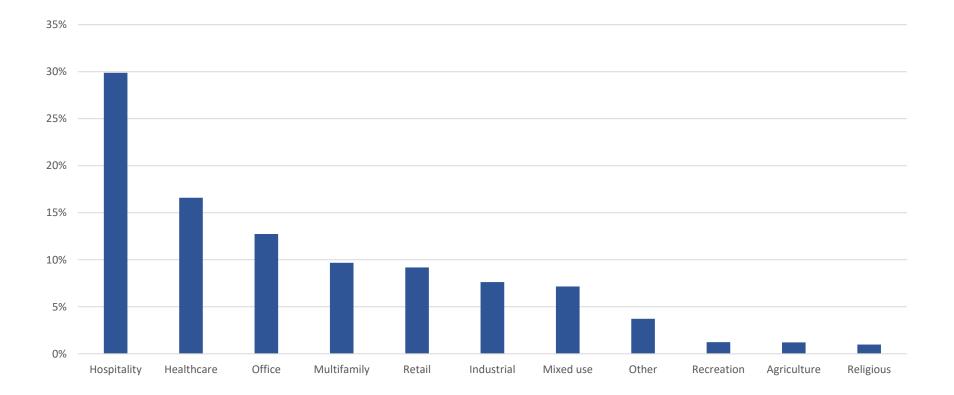


PACENation Building the clean energy econom

*Not yet finalized

C-PACE property types (% of dollars invested)

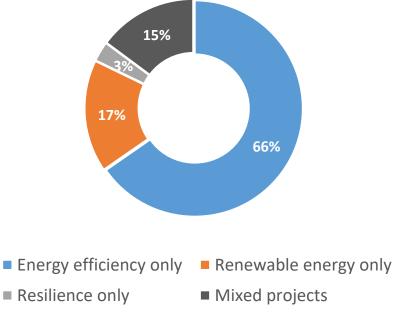




How is C-PACE used?

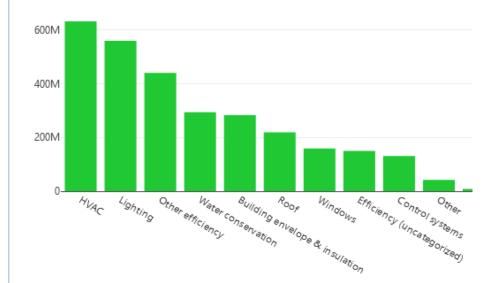


C-PACE funding by category:



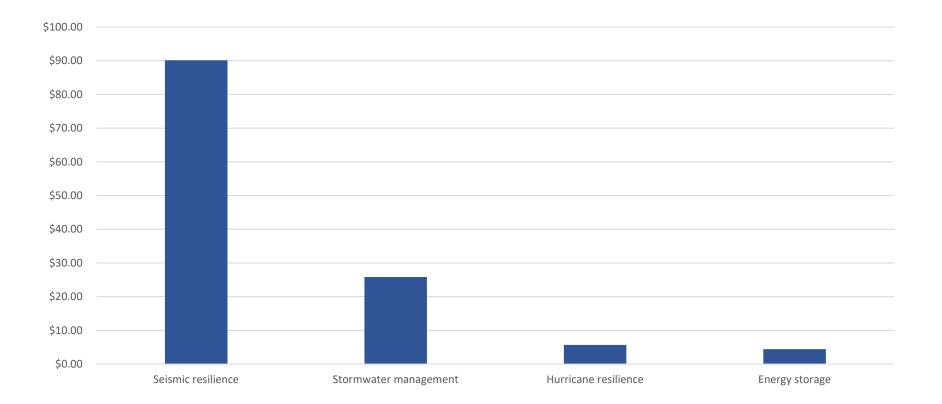
EE-only and mixed projects

Specific measures:



Resilience only

C-PACE resilience measures (\$, millions)



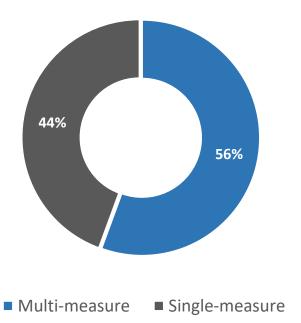
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FNa Building the clean energy economy

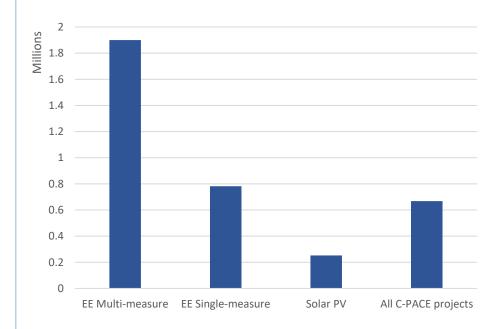
Multi-measure C-PACE projects

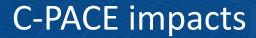


Funding: EE Multi-measure vs. EE Single-measure



Average project size: Multi-measure vs. Single-measure









Job-years created



kWh energy saved



Economic impact



Metric tons carbon abated

Estimated over useful lifetime of installed measures

PACE would have a tremendous impact on the environment and the economy if enabled nationwide.

If C-PACE and R-PACE were used by 15% of eligible buildings in the United States, the total potential market would reach \$650 billion, which represents \$282 billion invested to improve commercial buildings and \$368 billion invested in homes.

PROJECTED IMPACT IF PACE WERE UTILIZED IN 15% OF ELIGIBLE BUILDINGS IN EACH STATE

	Job-years Added	Economic Output (\$)	Energy Saved (kWh)	Total Carbon Abated (metric tons)
Commercial PACE	3,270,000	512,146,400,000	990,858,970,000	351,680,000
Residential PACE	6,440,000	772,180,070,000	1,293,751,040,000	467,680,000
Total market	9.71 million	1.28 trillion	2.28 trillion	819 million

CENatio

Impacts are estimated over useful lifetime of installed measures. Includes data reported to PACENation as of April 1st, 2020.

C-PACE project examples



Hospitality	Office	Retail	
Hyatt Regency Salt Palace Salt Lake City, UT	PAE Living Building Portland, OR	Greenleaf Grocery St. Louis, MO	
\$54.7MM	\$2.5MM 25 year term	\$2.7M 20 year term	
Industrial	Mixed Use	Apartments / Mixed	
Pacific Ethanol Madera, CA \$10MM 20 year term	OM Station Madison, WI \$7MM 25-year-term	DuPont Building Wilmington, DE \$3-9MM 25 year term	

C-PACE project examples

year term ill



Healthcare	Agriculture		Religious	
Acute Care Hospital System Various Locations	Wheatfield Niagara Co		Congregation Beth Israel Austin, TX	
Recreatio	'n	Education		
D.C. United Sta Washington, D		Elsie Whitlow Stokes Charter School Washington, D.C.		

\$1.4MM 20 year term



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Panelist



Brooke A. Mangiarelli

Associate Bricker & Eckler LLP

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PACE Financing Across Market Segments

CDFA-Bricker Webinar Series: How PACE Gets Utilized

Across All Market Segments

Brooke Mangiarelli

Associate

Bricker & Eckler LLP



Bricker&Eckler

PACE Financing 101



Property Assessed Clean Energy Financing

- Special-assessment based financing mechanism for energy efficiency, renewable energy, and water conservation projects
- Can be used in conjunction with other project finance tools, including TIF, HTC, NMTC, bonds, and opportunity zones
- Can be used across all market segments for new construction, gut rehab, or refinancing projects

Ohio Case Studies



Trolley Barn



- Transformation of blighted landmark into vital community asset
- Rehabilitation of historic, five-building electric trolley station on the Near Eastside of Columbus, Ohio
- Approx. 60,979 square-foot mixed-use development to include multitenant retail and office space
 - Fresh food market
 - Small business co-working and flex office space
 - Restaurant and beer garden space
 - Community and education space
- Five-story apartment complex also planned across from main site



Trolley Barn









Trolley Barn

















- Complex capital stack included PACE, New Market Tax Credits, and State and Federal Historic Preservation Tax Credits
 - Required much coordination among stakeholders and careful transaction structuring
- PACE funded \$1,961,250 in building envelope improvements for main project site
 - 18-year term at 7.75% interest
 - Funded by the Columbus-Franklin County Finance Authority's Energy Loan Fund



Columbus-Franklin County Finance Authority

Tomco Machining, Inc.



- New construction of an approx. 24,000 square-foot office and manufacturing facility in Springboro, Ohio
 - Tomco Machining, Inc., a manufacturer of aerospace industry parts and assemblies
- PACE funded \$975,000 in rooftop solar array, energy-efficient lighting and HVAC system improvements
 - 19-year term at 4.50% interest
- Funded through PACE bonds issued by the Dayton-Montgomery County Port Authority
 - Also included Ohio Air Quality Development Authority financing



Tomco Machining (Springboro, OH)





Beth Abraham Synagogue



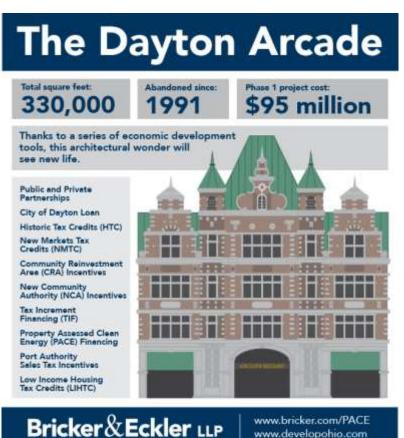
- Renovation of approx. 48,000 square-foot Beth Abraham Synagogue in Oakwood, Ohio
- PACE funded \$1,345,000 in LED lighting, high-efficiency boiler and chiller, electrical equipment, building transformer and building control improvements
 - 19-year term at 4.50% interest
- Funded through PACE bonds issued by the Dayton-Montgomery County Port Authority



Dayton Arcade



- Multi-phase redevelopment of neglected landmark into transformational mixed-use development in Dayton, Ohio
 - Restaurant and retail, office space, community space, housing
- Broad coalition to plan and organize
- PACE financed a variety of energy efficiency improvements, including:
 - Building envelope
 - Geothermal system
 - HVAC •
 - Elevators
 - Dome skylight and windows •



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www.bricker.com/PACE www.developohio.com

Dayton Arcade









Dayton Arcade











Toledo Self Storage



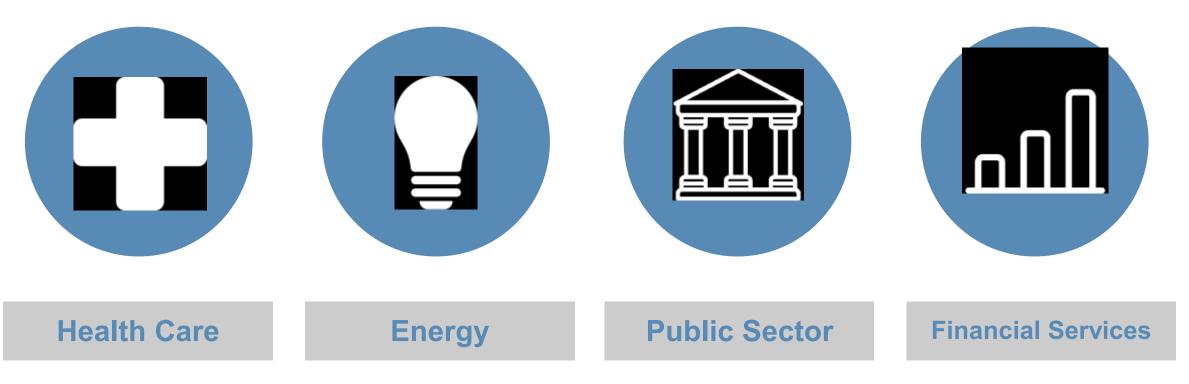
- Redevelopment of early 1900's commercial warehouse building into a 690-unit self storage facility in Toledo, Ohio
- First project in Ohio to use both Qualified Opportunity Zone funds and PACE
- PACE funded \$1,200,000 in energy efficiency improvements, including:
 - Roof replacement
 - Ceiling insulation
 - Double-pane window installation
 - High-efficiency furnaces
 - High-efficiency AC units
 - LED lighting
 - Building controls



About Bricker



Bricker represents a wide variety of clients, with particular strength in the following industries:



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Panelist



David Zehala

President Plug Smart

Project Profile

Cascade Plaza

Akron, Ohio

The Challenge

Due to the aging infrastructure, the building's systems were inefficient, resulting in high operational costs. The heating and cooling plant was located in the penthouse on the top floor making system retrofits much more complex and challenging.

Our Solution

Plug Smart compressed the implementation schedule to meet the needs of the client, finding innovative ways to reduce the required number of crane lifts and roadway shutdowns, while also eliminating any building downtime.

By taking advantage of the regional Property Assessed Clean Energy (PACE) program, the Client was able to finance 100% of the project off-balance sheet. The operational savings were able to be utilized to directly finance the project, cover the debt service, and create an overall positive cash flow environment for the owner without requiring any money out-of-pocket.

The Client

Cascade Plaza, owned by Arthur Goldner & Associates, Inc., is the second tallest building in Akron, Ohio. The commercial office space was built in 1968, stands 23 stories tall, and has 233,889 total square feet of conditioned space.





Project Profile

Blue Water YMCA

Port Huron, Michigan

The Challenge

Blue Water YMCA's Energy Utilization Index (EUI) was approximately 55% higher than its peer group, costing them an estimated \$1.3 million in additional utility bills over the next 20 years. Blue Water YMCA did not have a way to finance capital improvements that would help reduce excess utility consumption.

Our Solution

Plug Smart identified and implemented six (6) PACE-compliant energy conservation measures that help the YMCA save on energy costs while maintaining budget neutrality. We also helped solicit and facilitate project financing through Michigan's PACE program. Project scope included:

- LED lighting throughout building
- Controls Retro-Commissioning (RCx)
- Upgrade domestic hot water heaters
- Install Variable frequency drives on pool circulation pumps
- Replace hardware on all flush valves to conserve water
- Repair and upgrade roof

The Client

The Blue Water YMCA in Port Huron, MI is dedicated to ensuring every individual has access to the essentials needed to learn, grow, and thrive. The 62,000 square-foot facility houses an oversized gym, several pools and fitness studios, and other recreational spaces.







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Panelist



Rafi Golberstein

Chief Executive Officer Pace Loan Group



PACE Case Studies



KEX Social House - Portland, OR



The Cottonwood Hotel - Omaha, NE



Strong Scott Building - Minneapolis, MN



PAE Living Building - Portland, OR



Praha Village - New Prague, MN



Centro Apartments - Austin, TX



Premier Gear - Portland, OR

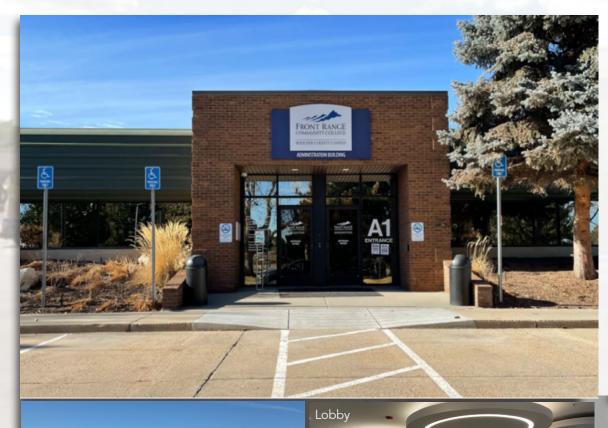


Treasure Island Center - St. Paul, MN



IMS - Minneapolis, MN

PLG Portfolio: Front Range CC



Location:	Longmont, CO
Project Type:	Retroactive
PACE Loan:	\$1.5 million
Loan-to-Cost	73.5%

Project Description:

Acquisition of net lease property occupied by a community college. Retroactive PACE claimed by buyer increasing yields from 16.9% to 18.9%.

PACE Improvements:

Roofing, electric & HVAC.

PLG Portfolio: Urban Farm



Location:	Detroit, MI
Project Type:	Construction
PACE Loan:	\$3.5 million
Loan-to-Cost	85%

Project Description:

Large scale urban development to create urban greenhouse for lettuce production.

PACE Improvements: High efficiency hydroponic



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Panelist



Matt Schnipke

Deputy Director Warren County Port Authority



Warren County Office of Economic Development

Matt Schnipke -

Director, Warren County Office of Economic Development Deputy Director, Warren County Port Authority





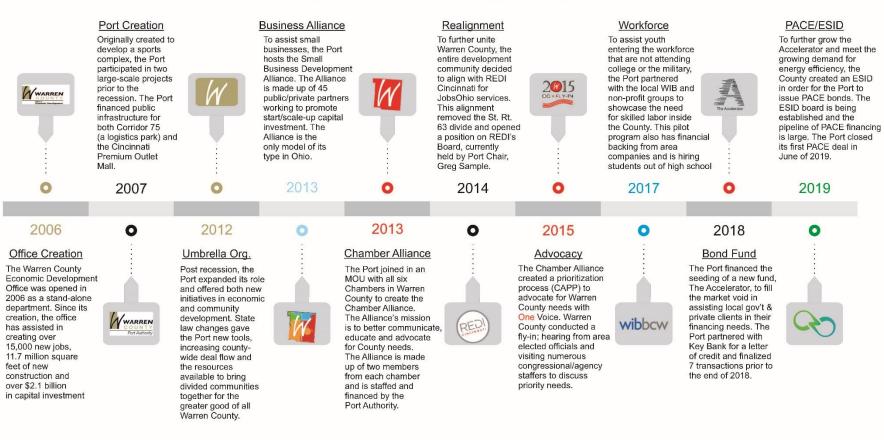
Office Structure

- Warren County Office of Economic Development
- Warren County Port Authority





Warren County Economic/Community Development Timeline





Dayton

Cincinnati

Warren County

ESID Board Composition

- Turtlecreek Township 2 seats (Administrator & Trustee)
- City of Lebanon 2 seats (Development Director & City Manager)
- Warren County 3 seats (County Auditor, Deputy Administrator, & Development Director)





Dayton

Cincinnati

Warren County

Economic Development Perspective

- ESID established in 2019 with Turtlecreek Township & City of Lebanon
- Port Authority took on the role of administrator
- Wanted to offer PACE as benefit for all new, expansion, & renovation projects
- County-wide & community driven
- Many projects coming into pipeline
 - Multi-family
 - Industrial
 - Commercial
 - Recreational Sites



Benefits

- Another incentive tool to offer for attraction & retention projects
- Users interested in:
 - Access to capital
 - Long-term financing
 - Off balance sheet structure
 - Lease-pass through





Lebanon Senior Living

- 142-unit senior living community
- 170,000 sq. ft.
- 65 FTE's created
- \$7.9 million in PACE improvements
 - 30 years term at 5.7%
 - \$25,000 per year annual energy savings
 - Building envelope, LED lighting, HVAC, windows & door





Lebanon Jeep Dealership

- Chrysler, Dodge, Jeep dealership
- 35,500 sq. ft.
- \$1.35 million in PACE improvements
 - 28 year term at 5.7%
 - \$1,930 annual energy savings
 - Building envelope
 - HVAC system





Thank You!

Matt Schnipke <u>matthew.schnipke@co.warren.oh.us</u> Phone: 513-695-2090



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Questions?



CDFA Rural Development Finance Webinar Series

Upcoming Events



REGISTER

TODAY >>

Intro Opportunity Zones Finance WebCourse

April 28-29, 2021 12-5 PM EST

This course qualifies for the CDFA Training Institute's Development Finance Certified Professional Program.

Thank you

for joining the conversation today. Send us your questions and comments!

CDFA SSBCI Briefings

Every Other Friday, April 9 - June 25, 2021 @ 1:00 PM Eastern

CDFA Food Systems Finance Webinar Series: Financing Food-Centered Redevelopment

Tuesday, April 13, 2021 @ 2:00 PM Eastern



CDFA-Bricker PACE Webinar Series: How PACE Gets Utilized Across All Market Segments

Upcoming Events





CDFA-Bricker PACE Webinar Series Mar 26 Mar 30 Jul 27 Sep 28 Nov 30

Next in this Series:

CDFA–Bricker PACE Webinar Series: Advancing Multi-Family Housing & Renewable Energy Goals with PACE July 27, 2021, 2:00 – 4:00 PM Eastern

Register online at www.cdfa.net





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