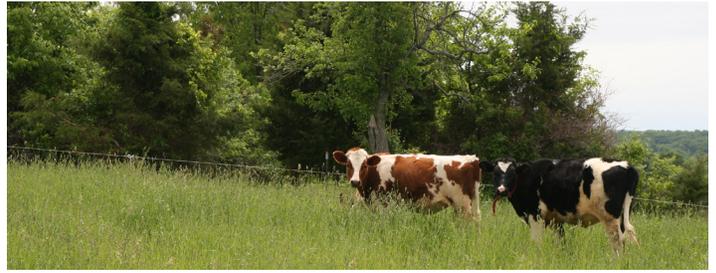
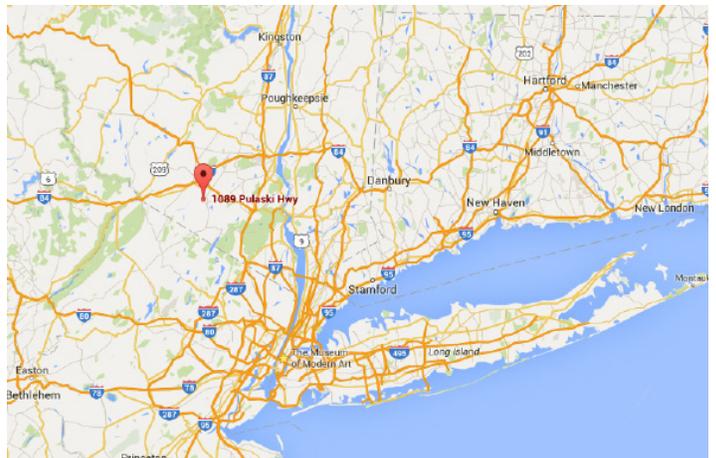


The Power of PACE: Energize NY™ Finance empowered 5 Spoke Creamery to spend less on power and more on growing the business



Summary

5 Spoke Creamery, a Hudson Valley-based artisanal cheese making business, installed a 53kW solar system that will provide 108% of the farm's electricity needs. The farm used PACE financing, offered by the Energize NY™ Finance program, to pay for the solar arrays over 5 years. PACE financing was combined with state and federal solar incentives and resulted in a cash flow positive project from day one. Alan Glustoff, 5 Spoke Creamery owner, noted that having solar is a “major boost to the farm,” and it fits well with his lifelong commitment to a sustainable lifestyle.



Project Highlights

Address: 1089 Pulaski Highway, Goshen, NY

Date funded: March 11, 2015

Total PACE amount: \$74,687

Financing term: 5 years

Financing provided through the Energize NY program





5 Spoke Creamery solar installation, photo by Energize NY, www.energizeny.org

The Story

5 Spoke Creamery sits on 73 acres of land near Goshen, NY. The farm was founded nine years ago by Alan and Barbara Glustoff, who specialize in hand crafted, raw milk, cave-aged cheeses. The creamery, in upstate New York, maintains a herd of 35 cows and produces its own milk. The cheese is sold to a variety of clients, ranging from national giants like Whole Foods, to New York City artisan grocery stores like Zabar's, Murray's, and Fairway Market.

Farmers often confront variable operating expenses due to unexpected weather events, cattle care, fuel cost hikes, etc. It was particularly beneficial for the Glustoffs to be able to stabilize their energy costs. For Alan, reducing annual electric costs meant investing into the core business - building more aging rooms or buying more cows. Solar made good economic sense and it fit well with the sustainable lifestyle philosophy. "The inspiration for the name, 5 Spoke, comes from a bike's wheel and it stands for a simple way of living," Alan notes. "We were thinking about the future and wanted to help protect the environment, but financing a solar project was a big obstacle."

PACE had a couple of key advantages compared to other forms of financing:

- **No up-front investment.** For Alan, as for any other small business owner, it was important to avoid a large out of pocket investment in a solar array.
- **Long-term repayment.** 5 Spoke Creamery chose the repayment period of 5 years, while PACE can be extended for as long as 20 depending on the useful life of an improvement.
- **Stays with the property.** Since PACE is a land-secured financing it transfers to the new owner upon sale.
- **Easy repayment mechanism.** PACE financing will be repaid as a line item through Alan's existing annual property tax bill.

The solar arrays will fully off-set the annual electric costs and result in positive cash flow. "The important thing is that the power generated exceeds the cost of the financing each and every year," said Robert Fischman, director of commercial programs for Energize NY.

Property Owner

5 Spoke Creamery is a artisanal cheese-making farm founded by Alan and Barbara Glustoffs. The property includes the barn, "dance hall" and 110 year old farm house which has been restored and repurposed for the cheese making operation.

Building Details

Address: 1089 Pulaski Hwy,
Goshen, NY
Type: Agricultural
Contractor: Novel Approaches

Project Financing

PACE Project Size: \$74,687
Term: 5 years
Type: Financed by Energize NY



How PACE Works

PACE, which stands for Property Assessed Clean Energy, is a simple and effective way to finance energy efficiency, renewable energy, and water conservation upgrades to buildings. PACE can pay for new heating and cooling systems, lighting improvements, solar panels, water pumps, insulation, and more. It can be used for almost any property –commercial, industrial, multifamily, non-profit, and agricultural properties and in some states, homes as well. PACE financing is available in many states across the country, from California to New Hampshire. While there are variations in program design and financing arrangements across the country, at minimum a PACE project should include: a local government, a property owner, an energy services professional, and a PACE financing provider.

In this case, Orange County joined the Energy Improvement Corporation, which offers PACE financing through its Energize NY program. The solar panels were installed by Novel Approaches, a solar contractor based in Middletown, NY.

“Combining energy efficiency with dairy farming is a win-win for the County,” noted Steve Neuhaus, Orange County Executive. “Energize NY offers attractive terms and technical assistance, so that property owners do not need to go out and figure it out by themselves. The county’s role is essentially managing a payment on a property owner’s tax bill,” points out Dave Church, Planning Commissioner for the Orange County.

This project demonstrated the synergy between state, federal, and local incentives and grants. Approximately \$39,000 came from a U.S. Department of Agriculture grant, \$50,000 from the New York State Energy Research and Development Authority (NYSERDA), and the remaining nearly \$75,000 financed with PACE arranged by Energize NY. NYSERDA’s project review and program infuse the state’s clean energy market with high standards that help create an investor friendly market.

Steve Neuhaus further notes, “The rewards stemming from this project are really multifaceted. The local engineering companies are getting the work by installing the panels. We have a local dairy farm that is growing and able to produce not only energy for its consumption, but energy that goes back into the grid.”

Broader Applicability

In New York, all commercially-owned properties, including commercial, industrial, agricultural, nonprofit and multi-family buildings, are eligible for PACE financing through the Energize NY program. PACE covers up to a 100% of project’s cost and can be repaid over 20 years as a charge on property taxes. Unique benefits of PACE make it an attractive financing option for small businesses, like 5 Spoke Creamery, and for large multi-million dollar REITs alike.

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