C-PACE FOR PRIVATELY-OWNED BUILDINGS

ACCELERATING THE UPTAKE AND *EXPANDING* THE SCOPE OF ENERGY AND RESILIENCY RETROFITS

About Me

- Seasoned Energy and Sustainability Professional w/Finance focus over the past 5+ years
  - Directed Sustainability and Green Building/Energy-Efficiency programming at large public and private sector organizations
- Professional Credentials
  - Leadership for Energy and Environmental Design (LEED) AP O+M
  - Certified Energy Manager (CEM)
  - Certified Sustainable Development (CSDP)
- Passionate about advancing more sustainable and resilient real estate in the marketplace

$1MM → $3.7MM "Bundled" Scope with PACE

C-PACE

$3.7 Million
25 yr. C-PACE Financing

$125,000
Annual Energy Savings

CASE STUDY
BUNDLED RETROFIT (FL)

PROJECT

Development Stage: Retrofit

Property City: Miami, FL

Project Developers: TRANE

PROPERTY DETAILS

Property Name: Victoria Nursing and Rehabilitation Center

Building Type: Medical/ALF

8 floors, 312 beds

IMPROVEMENT TYPES

- HVAC System upgrades
  - Mini-split systems
  - New centrifugal chiller
  - Cooling tower upgrade
- Standby emergency generator
- Wind resistant windows
- Building automation upgrades

BENEFITS

- Retain utility rebates & incentives to yield near net-zero and positive cash flow
- Pass through expense
- Fully non-recourse to sponsor
- Combine with tax credits

"PACE has enabled our team to engage in a project that maximizes both the energy efficiency of our facility as well as the comfort and safety of our residents. There's a benefit to the property owner, environment and community."

Richard Stacey
President, Victoria Towers Inc.

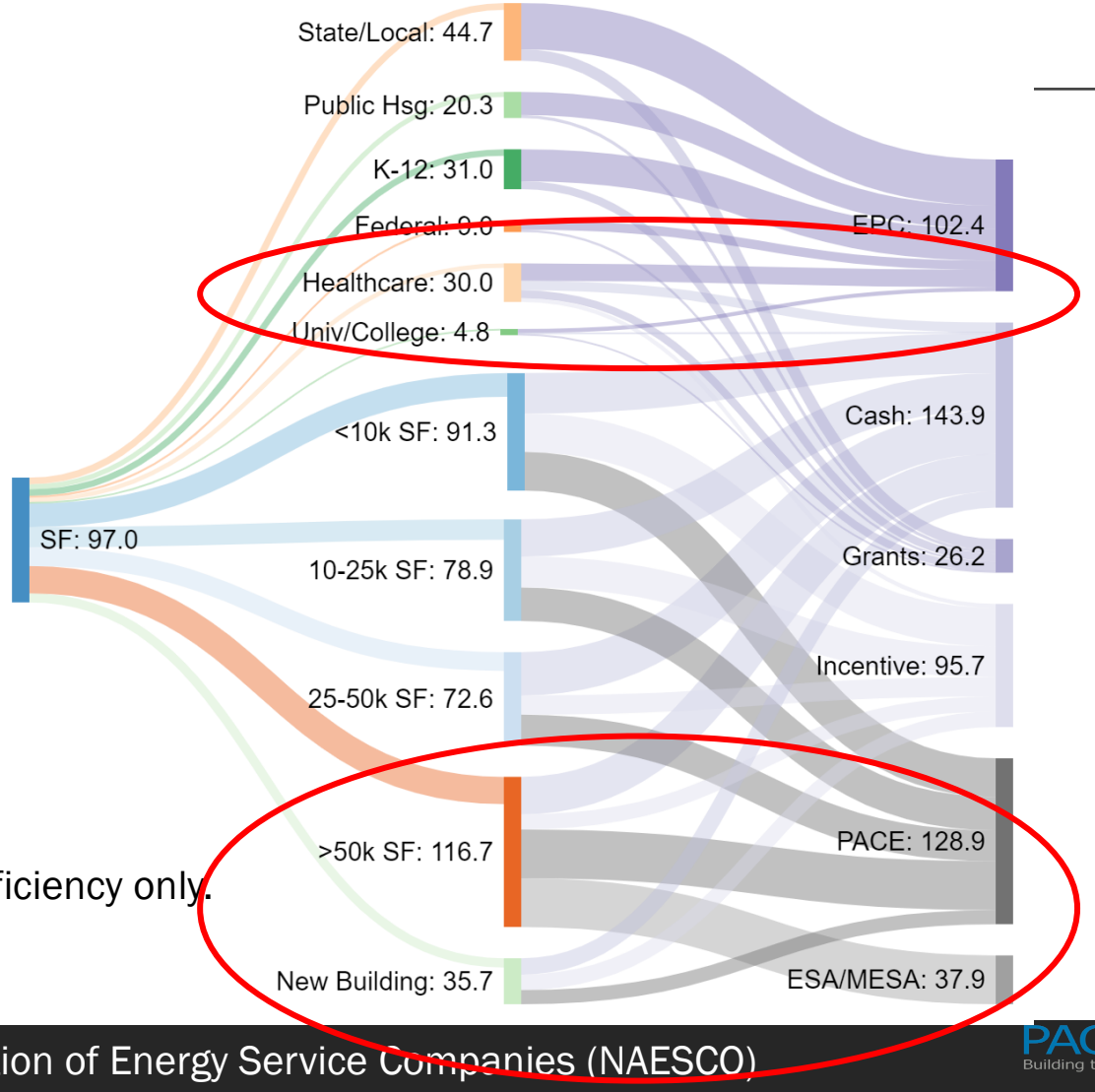
Example: Biden's Goal to Upgrade 4M Buildings

Where will the money come from to upgrade buildings at scale?

Sources of Capital

- EPC/UESC – Public Buildings - $103 billion
- Cash, Bank Loans -- $144 billion
- Grants (Federal) -- $26 billion
- Utility Incentives -- $96 billion
- Commercial PACE – $129 billion
- ESA/MESA -- $38 billion
- **Total: $536 billion**

Note: These estimates are for energy efficiency only. Does not include solar or electrification.



Analysis performed by National Association of Energy Service Companies (NAESCO)

PACENation
Building the clean energy economy

RELEASING THE EFFICIENCY PROJECTS FLOOD GATES FOR PRIVATE BUILDINGS

Removing Barriers

- Resources go first to mission critical investments: ex. Employees, Technology, Marketing, Tenant Retention, Real Estate Acquisitions, etc.
- Property improvements may not be a 1st priority
- <2 yr Payback thresholds result in deferred maintenance
- Landlord-Tenant Split Incentive

US DOE INDUSTRIAL ASSESSMENTS: WHAT'S LEFT ON THE TABLE?

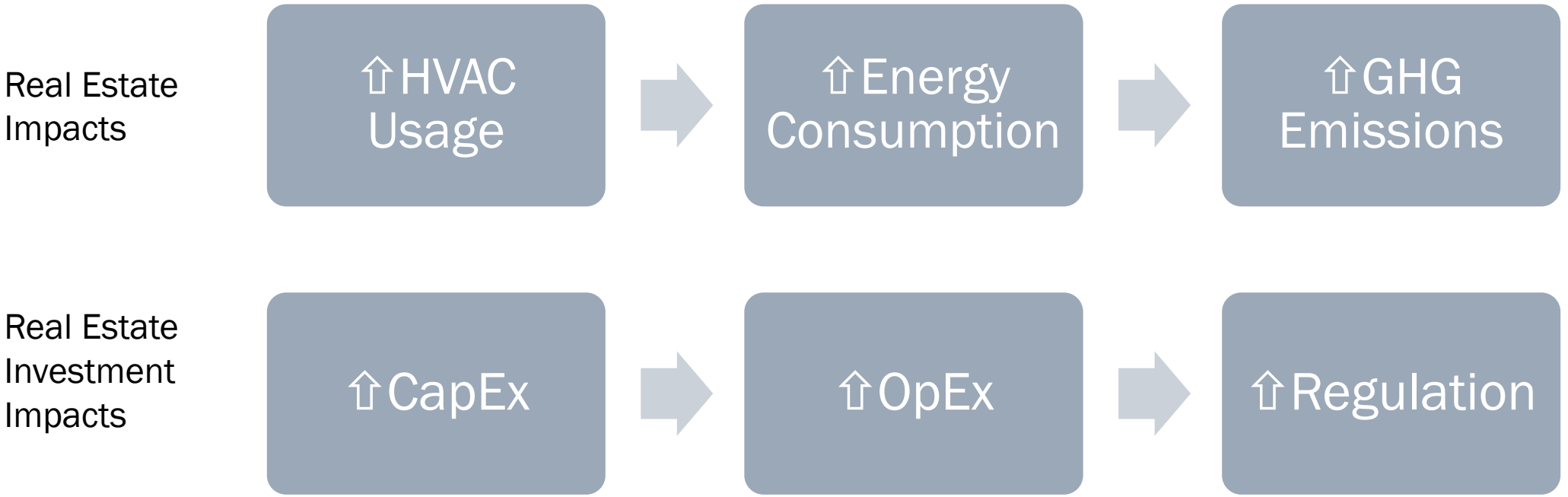
ASSESSMENT RECOMMENDATIONS (ARs)

Summary of Savings and Costs

	AR Number and Description	Potential Savings ($/yr)	Implementation Cost ($)	Simple Payback Period (yr)	Return on Investment (% /yr)	Energy Savings (kWh/yr)	Demand Savings (kW)	CO_2 Reduction (tons of CO_2/yr)
	ENERGY ASSESSMENT RECOMMENDATIONS							
1	Install a Combined Heat and Power System	371,464	1,750,000	4.71	21.23	8,760,000 (74,722.8 MMBtu/yr)	1,000	-
2	Replace Blowers with Compressed Air Blow Lines	212,420	75,000	0.35	283.0	2,345,375	553	1,248.2
3	Install High Efficiency Lighting	62,330	139,780	2.24	44.6	784,601	123.3	417.6
4	Install Wet Tanks in Compressed Air System	22,663	18,928	0.84	119.7	45,693	-	24.3
5	Paint the Roof With Reflective Coating	19,167	89,865	4.7	21.3	299,480	-	159.4
6	Repair Compressed Air Leaks	9,978	400	0.04	2,495	112,109	13.8	59.7
7	Replace V-Belts With Cogged V-Belts	6,987	0	Immediate	N/A	104,801	-	55.8
8	Install Canopy Over Cooling Tower	4,945	5,090	1.03	97.15	77,263	-	41.1
	Energy Sub-Total	709,954	2,079,063	2.93	34.15	12,529,322 (74,722.8 MMBtu/yr)	1,690	758
	WASTE ASSESSMENT RECOMMENDATONS							
9	Use Wastewater for Landfill Irrigation	17,615	0	Immediate	N/A	-	-	5.0
	Total Energy ARs	**727,569**	**2,079,063**	**2.86**	**35.0**	**12,529,322 (74,722.8 MMBtu/yr)**	**1,690**	**763**

Equipment List: A list of your major electric energy equipment is shown at the end of the report.

Business-as-Usual: We end up with a *Vicious Feedback Loop*



⇩ Energy Costs → ⇧ Net Operating Income → ⇧ Building Value

Drivers of Resilient, Future-proof Buildings and Communities

Global Investment Managers Committing to ESG and downstream impacts

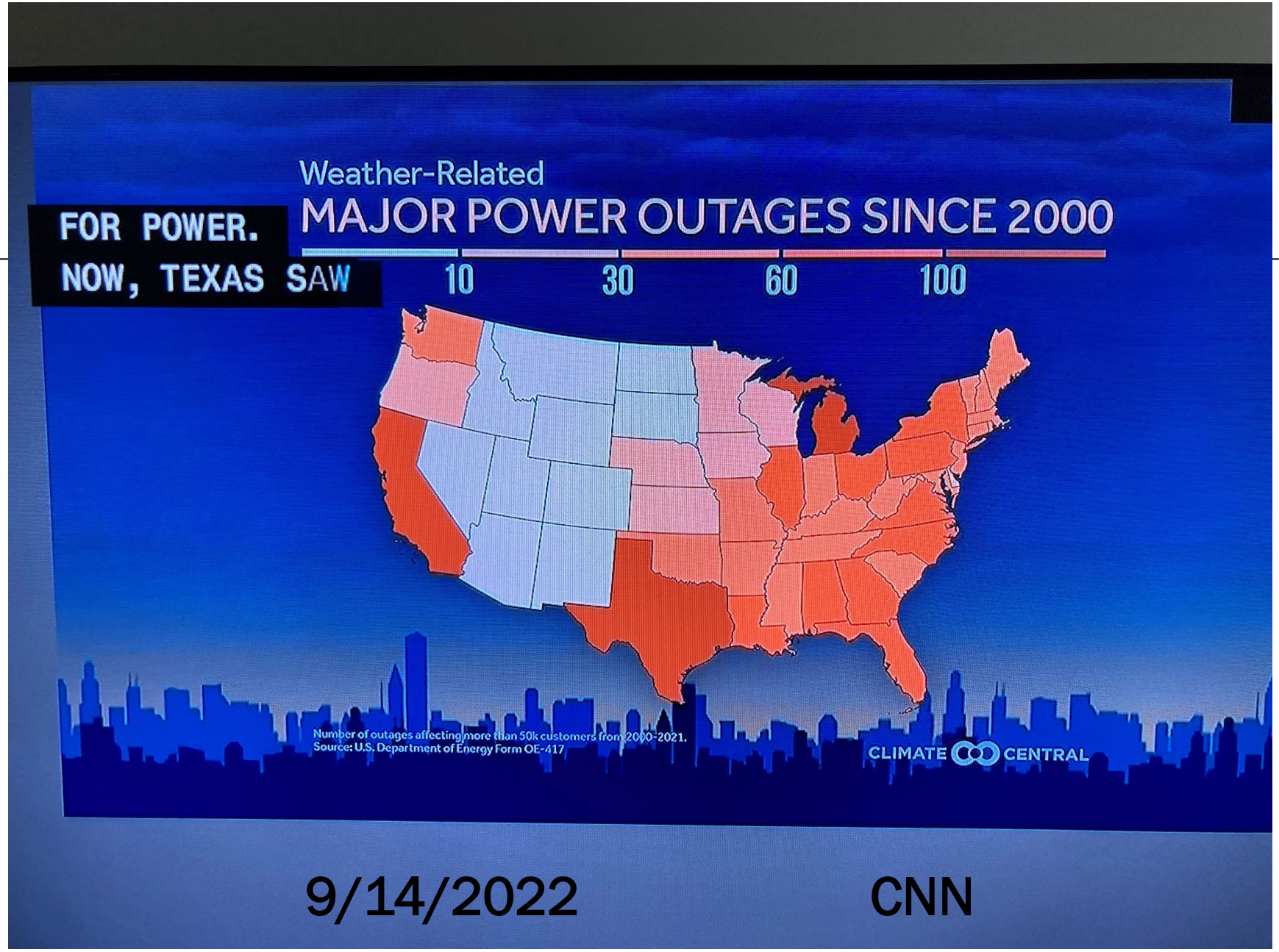
Renewable Energy Price Parity with Fossil Fuels ($/kWh)

Building resiliency strategy that incorporates microgrids for both revenue generation and cost avoidance

Recognition of Unpredictable magnitude of productivity loss associated with Climate / Weather Stressors and Shocks ex. COVID Pandemic, Heat Waves, etc.

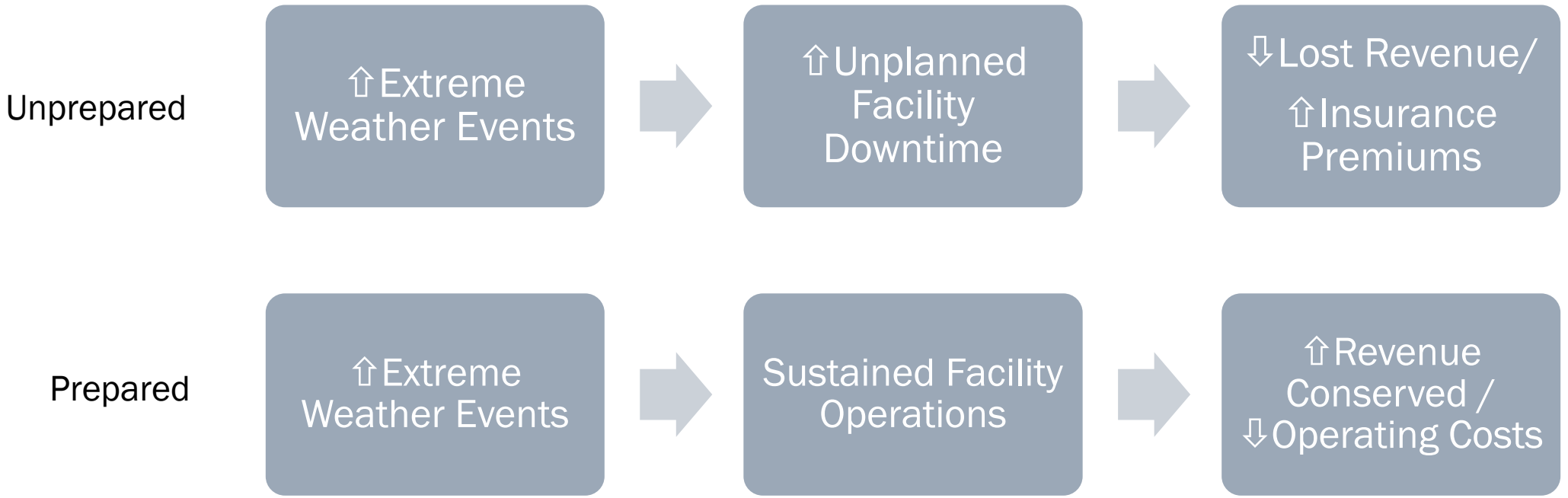
Preservation of Critical Assets / Business Continuity during power outages

Technology advancements


FOR POWER.
NOW, TEXAS SAW
Weather-Related
MAJOR POWER OUTAGES SINCE 2000
10
30
60
100
Number of outages affecting more than 50k customers from 2000-2021.
Source: U.S. Department of Energy Form OE-417
CLIMATE CENTRAL

9/14/2022 CNN

We end up with *Vicious Feedback Loop* When We are **Unprepared for** Rapid Changes/**Shocks to the System**



Texas Winter Storm | Hurricanes | Heat Waves

Other Scenarios: *Prepared vs Unprepared*

- EV Charging Regulations
- Unexpected Increases in Energy / Resource Costs
- Growing market preference for sustainable and resilient investments (ESG)

Property Assessed Clean Energy (PACE)

- Public Purpose combined w/Private Benefit
- Financing repayment through voluntary non ad-valorem special assessment on tax bill
- Broad Eligibility across Resource Efficiency and Resiliency property features / improvements including soft, hard and ancillary costs
- Geographic differentiation of eligible measures and financing leverage limitations: LTV, LTC, Savings to Investment Ratios (SIR), etc.

Commercial Property Assessed Clean Energy (C-PACE)

- C-PACE is a Public / Private partnership which allows property owners to finance projects through voluntary assessments placed on the property often by a state economic development agency.

- C-PACE programs may finance 100% of the energy efficiency, renewable energy, water conservation, resiliency improvements and the related costs (ex. audits), covering retrofits to ground-up construction (typically no more than 20% of the appraised value). Improvements increase NOI and property value, improve aging infrastructure, and align landlord and tenant interests.

- The financing is typically collected with regular local real estate taxes and assessment payments are amortized over a 5 - 30 year term, not to exceed the useful life of the project.

PACE available in 35+ States

Unique Benefits and Flexibility of C-PACE

Commercial financing for energy-saving, resiliency and water conservation

Benefits of C-PACE

- 100% financing of projects through *non-recourse* financing
- May be off-balance sheet to relieve stress on balance sheet
- Provides low cost of capital to alternative funding source of municipal financing, equity or mezzanine debt with no guarantees
- Offers liquidity relief by recouping capital from recently completed projects
- Accelerates start of retrofits with streamlined underwriting and closing
- Coverage of some or all eligible soft costs: energy assessments, green building certification, design/engineering, etc.

How C-PACE works

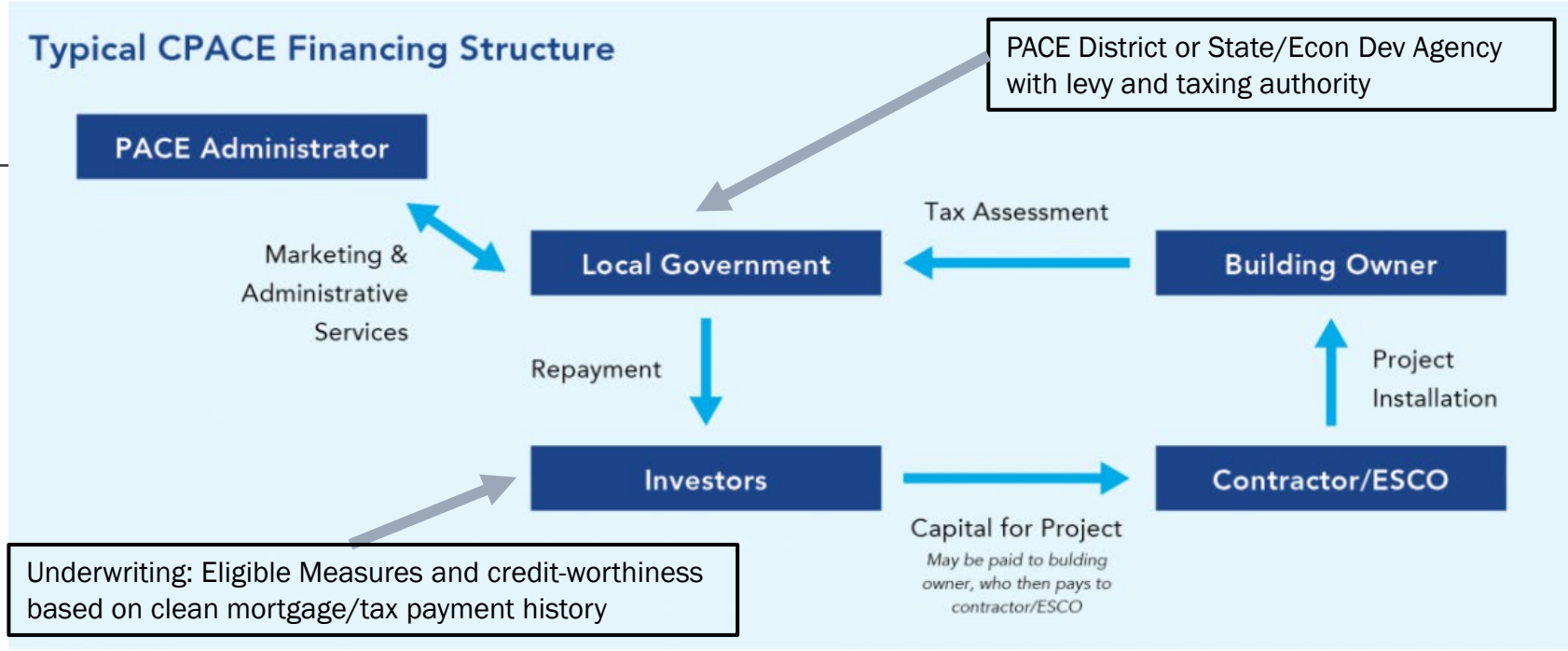
- Standardized and simple tax lien contract with no intercreditor agreements
- Cost of improvements/upgrades and measures is repaid through a special tax assessment
- Owner keeps all incentives and rebates
- Terms are up to useful life of equipment, generally 25 years
- May defer repayment for years by capitalizing interest

Property Resiliency Investments: Self-funded vs PACE vs ESA

CRE / Lending Metrics	Self-funded / Design-Bid-Build	ESA	PACE
Credit Standing	High	High	Medium
Credit Impact	High	None	None
Funding Source	Capital Budget	Financing + Energy Savings	Financing
Balance Sheet Impact	Capital Dollars	None	None*
Time to Construction	Slow	Fast	Fast
Comprehensive Scope ex. "bundling" of services/products	Narrow	Wide	Wide
Lease Pass-through Viability	Possible	Complicated	High
Potential NOI impact	Low to Medium: Payback threshold constrained	Medium to High: no payback threshold; terms up to 20 years	Medium to High: no payback threshold; terms up to 30+ years
Overall Relative Resiliency Impact	Low	Medium to High	Medium to High

*Note: Please consult accountant regarding "off-balance" sheet treatment of PACE. While it may be common practice, each business' situation is unique

PACE TRANSACTION STRUCTURE EXPLAINED



CPACE MAY BE A GOOD FIT IF YOUR ORGANIZATION...

- Owns or occupies facilities located in jurisdictions with CPACE programs
- Wants long-term financing (10+ years) with lower monthly payments
- Prefers to do pilot projects at a few locations before implementing more broadly
- Does not plan to own or occupy its facilities long-term and wants to transfer financing obligations at the time of sale
- Wants to invest in long-term improvements to building resiliency and reliability

To compare CPACE to other financing options that might be a good fit, answer a few questions about your organization.

Source: Adapted from https://betterbuildingssolutioncenter.energy.gov/financing-navigator/option/cpace

PACE is Unique and Differentiated for Future-Proof + Resilient Operations

- Energy and Resiliency Investments w/no CapEx in non-recourse manner
- Mitigate Value Engineering & Achieve High-Performance
- Push CapEx out into Future OpEx in Cash Neutral / Positive Fashion: fixed rate & long-term 25 – 30 yrs
- Maximize Net Operating Income → Best possible resale / refinance

STANDARD SCREW CHILLER RETROFIT

PACE MAY ENABLE POSITIVE CASH FLOW FROM DAY 1 FOR ELIGIBLE RETROFITS

Simple Payback

Year	1	2	3	4	5	6	7	8	9
Standard Chiller Upfront Costs	$175,000								
Energy Savings	$30,000	$29,550	$29,107	$28,670	$28,240	$27,816	$27,399	$26,988	$26,583
Maintenance Costs			$5,000		$10,000		$5,000		
Net Annual Cash Flow	$145,000	$29,550	$24,107	$28,670	$18,240	$27,816	$22,399	$26,988	$26,583
Cumulative Net Annual Cash Flow	$145,000	$115,450	$91,343	$62,673	$44,433	$16,617	$5,783	$32,771	$59,354
PACE Financing	$0	$0	$14,436	$14,436	$14,436	$14,436	$14,436	$14,436	$14,436
PACE Annual Cash Flow	$30,000	$29,550	$9,671	$14,234	$3,804	$13,380	$7,963	$12,552	$12,147

MAGNETIC BEARING (HE) CHILLER RETROFIT

THE MORE EFFICIENT, HIGH-PERFORMANCE RETROFIT OPTION GENERATES GREATER POSITIVE CASH FLOW VS STANDARD PERFORMANCE ALTERNATIVE

Simple Payback

Year	1	2	3	4	5	6	7	8	9
Standard Chiller Upfront Costs	$300,000								
Energy Savings	$42,000	$42,000	$42,000	$42,000	$42,000	$42,000	$42,000	$42,000	$42,000
Maintenance Costs					$5,000				
Net Annual Cash Flow	$258,000	$42,000	$42,000	$42,000	$37,000	$42,000	$42,000	$42,000	$42,000
Cumulative Net Annual Cash Flow	$258,000	$216,000	$174,000	$132,000	$95,000	$53,000	$11,000	$31,000	$73,000
PACE Financing	$0	$0	$24,756	$24,756	$24,756	$24,756	$24,756	$24,756	$24,756
PACE Annual Cash Flow	$42,000	$42,000	$17,244	$17,244	$12,244	$17,244	$17,244	$17,244	$17,244

PACE ELIGIBLE MEASURES IN FLORIDA

ENERGY EFFICIENCY	REQUIRED MEASUREMENT	EUL	REQUIRED PROJECT DETAIL	STATES
BUILDING ENVELOPE MEASURES				
Air Sealing, Weatheriztion and Caulking	SQ FT and R-value	20	Manufacture/Model/Projected Energy Savings	ALL
Attic Insulation	SQ FT and R-value	30	Manufacture/Model/Projected Energy Savings	ALL
Ceiling Insulation	SQ FT and R-value	30	Manufacture/Model/Projected Energy Savings	ALL
Roof Insulation	SQ FT and R-value	30	Ma	
Wall Insulation	SQ FT and R-value	30	Ma	
Floor Insulation	SQ FT and R-value	30	Ma	
Insulating Carpet & Padding	SQ FT and R-value	15	Ma	
Siding	SQ FT and R-value	20	Ma	
Cool Wall	SQ FT and R-value	15	Ma	

LIGHTING		
ENERGY STAR Lighting Fixture-fluorescent	# Installed	15
ENERGY STAR Lighting Fixture-LED	# Installed	15
Lighting Controls & Occupancy Sensors	# Installed	15
Interior Fixtures and Luminaires	# Installed	15
Exterior Fixtures, Posts, Luminaires	# Installed	15
Recirculating Hot Water System	Description of project	15

- Energy-Efficiency
- Clean/Renewable Energy
- Windstorm Resiliency
- ✓ *Hard, Soft and Ancillary Costs*

HVAC-VENTILATION				
Fans: Attic, Ceiling, Bathroom and Other	# installed	20	Manufacture/Model/Projected Energy Savings	ALL
Destratification Fans	# installed	20	Manufacture/Model/Projected Energy Savings	ALL
Exhaust Ventiation Fixture	# installed	20	Manufacture/Model/Projected Energy Savings	ALL
Heat Recovery Ventilation	# installed	20	Manufacture/Model/Projected Energy Savings	ALL
Unit Ventilators and Packaged Units	# installed	20	Manufacture/Model/Projected Energy Savings	ALL
Variable Air Volume (VAV)	# installed	20	Manufacture/Model/Projected Energy Savings	ALL
Economizers	# installed	20	Manufacture/Model/Projected Energy Savings	ALL
Duct Replacement, Sealing and Insulation	SQ FT/R-value	20	Manufacture/Model/Projected Energy Savings	ALL
HVAC-AIRE CONDITIONING				
Air Conditioning-Central and Mini-Split	# installed and Size	20	Manufacture/Model/Projected Energy Savings	ALL
Air Conditioning-Packaged and Unit	# installed and Size	20	Manufacture/Model/Projected Energy Savings	ALL
Air Conditioning-Air Handling Units	# installed and Size	20	Manufacture/Model/Projected Energy Savings	ALL
Chillers (Air and Water Cooled)	# installed and Size	20	Manufacture/Model/Projected Energy Savings	ALL
Cooling Towers	# installed and Size	20	Manufacture/Model/Projected Energy Savings	ALL
Condensing Units	# installed and Size	20	Manufacture/Model/Projected Energy Savings	ALL
Water Softener/Deionization	# installed and Size	20	Manufacture/Model/Projected Energy Savings	ALL
Thermal Energy Storage (Hot of Cold)	# installed and Size	20	Manufacture/Model/Projected Energy Savings	ALL
Heat Pumps (Heating or Cooling)	# installed and Size	20	Manufacture/Model/Projected Energy Savings	ALL
Cool and Hot Water Loop Piping	# installed and Size	20	Manufacture/Model/Projected Energy Savings	ALL

NET OPERATING INCOME (NOI):PACE-FINANCED RETROFIT OF $1,000,000

	Pre-Improvement	Increase / Decrease	Post Improvement
Gross Revenue	$1,000,000	$60,000	$1,060,000
Op Expenses	<300,000>	$55,000	<245,000>
NOI	700,000	115,000	815,000
Cap Rate	6%	<1%>	5%
Building Value	$11,666,667	40%	$16,300,000

Resiliency Finance Value

40% Building Value Increase ($4,633,333)

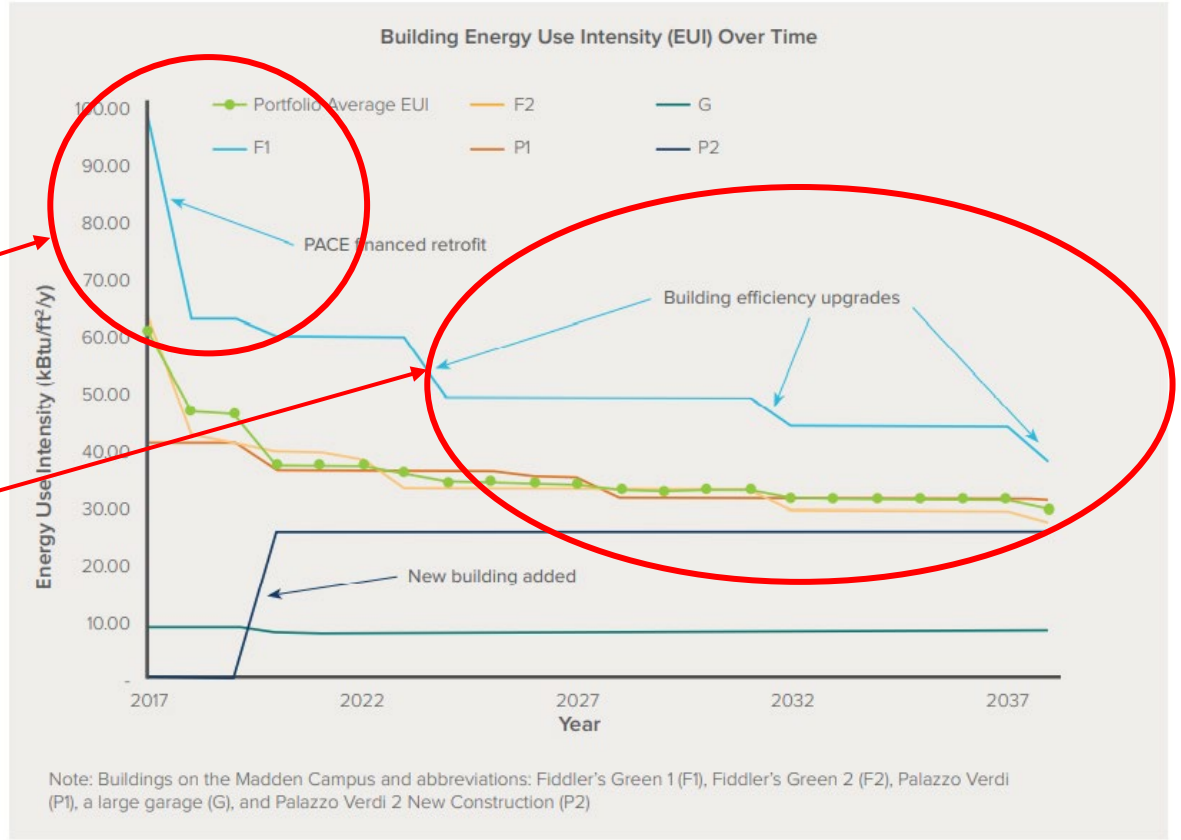
- Achieved w/o owner's cash or debt obligation
- Increases effective investment leverage
- Much greater incentive for Owners to make substantive Energy Efficiency upgrades, breaking cycle of "run it till it breaks" deferred maintenance strategies

PACE + NET ZERO ENERGY (NZE) JOURNEY FOR BUILDING PORTFOLIO

- PACE enabled major retrofit that dropped the Energy Use Intensity (EUI = kWh/sq ft) by over 30% in < 2 years
- Notice the regular retrofits that occur over the building life-cycle ex. tenant/lease turnover events across buildings in the portfolio

FIGURE 13

ENERGY USE INTENSITY REDUCTIONS FOR EACH BUILDING AND THE PORTFOLIO—AVERAGED OVER 20 YEARS—BRING THE PORTFOLIO TO NZE READY LEVELS. EVEN WITH A NEW BUILDING COMING ONLINE IN 2020, THE PORTFOLIO'S TOTAL ENERGY CONSUMPTION DECREASES, DUE TO AGGRESSIVE ENERGY EFFICIENCY.

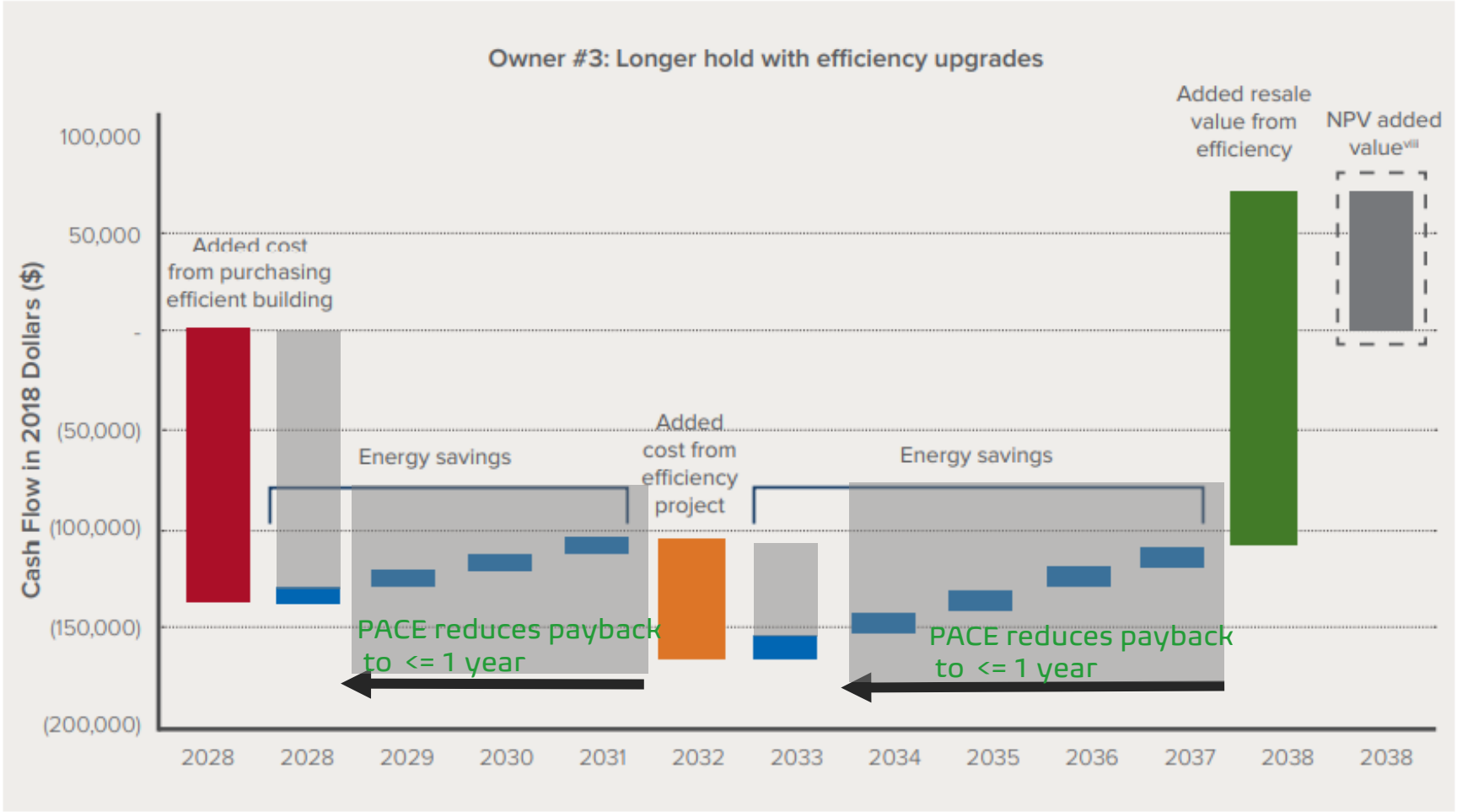


Note: Buildings on the Madden Campus and abbreviations: Fiddler's Green 1 (F1), Fiddler's Green 2 (F2), Palazzo Verdi (P1), a large garage (G), and Palazzo Verdi 2 New Construction (P2)

Source: *GUIDE: BEST PRACTICES FOR ACHIEVING ZERO OVER TIME FOR BUILDING PORTFOLIOS* , Rocky Mountain Institute (2018)

ROI: Reduce Payback Periods

LONGER HOLD WITH EFFICIENCY UPGRADES



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Recapturing Expenditure and Expanding Scope of Work

$42 Million - Hospital

The Challenge:

- Corporate hesitant to approve a facilities management request to replace HVAC at end of useful life while the hospital was in midst of large capital expenditure for a new emergency department

The Solution:

- $23 million reimbursement for completed work for new ED
- $19 million financing provided for expanded scope of work and new projects with no capital outlay as 100% of project costs financed

The Result:

- Corporate approved expanded scope work including roof replacement, elevator modernization, HVAC upgrades and $1.8 million for IAQ COVID-19 related measures
- $42.16 million of self-amortizing, fixed rate C-PACE repaid through property tax mechanism as an operating expense at 25 year term
- First year estimated annual electrical savings of 1,320,00kWh reduced operating costs and annual carbon emissions by 721.30 CO2e.

During major renovation of ED with large CAPEX, acute-care hospital expanded work to replace

Near Net Zero Office Retrofit

$3.7 Million Class B

The Challenge:

- Investment grade audit revealed office building could be retrofit to reach near-net zero at a cost of roughly half of building's value
- Tenants would receive the benefit of reduced utility costs through NNN lease structure and the resiliency benefits of power during grid outages

The Solution:

- 100% financing with no expenditure by owner to finance $3,719,000 net zero retrofit
- Owner keeps all rebates, incentives and benefits of depreciation
- Tenants benefit from reduced utility costs and repay PACE assessment through property taxes under NNN leases

The Result:

- Appraised stabilized valuation of property projected to increase by $4.7MM to benefit owner and mortgage holder
- 20 year savings of $5,114,395 for tenants from reduced utility bills due to renewable generation and increased energy efficiency
- Tenants also benefit from building's improved resiliency with power available during grid outages,
- Owner expended no funds and keepss rebates and incentives of $1.45MM
- Multiple upgrades including BAS, generator, solar and BESS
- >90% of energy use generated from solar

$4.7MM increased in property value with no capital expenditure and special assessment repaid through property taxes by tenants

Code Compliance and Expanded Scope of Work

$3.7 Million | Skilled Nursing and Rehabilitation Center

The Challenge:

- After Hurricane Irma, the state of Florida mandated the installation of emergency standby generators for HVAC tp keep nursing home and assisted living facilitiy residents cool during outages
- At the time the Emergency Power Plan was enacted, the CAPEX budget of the facility was strained due to the recent purchase of additional space and large renovation to add 48 beds
- Owner sought funds for generator with HVAC upgrade to reduce required energy load

The Solution:

- $3,700,000 20-year fixed-rate PACE financing
- 1st payment 18 months after closing

The Result:

- Estimated annual savings 1.27MWh, $125,000
- New Centrifugal Chiller, Cooling Tower, Condenser Coils & Control Valves, Mini-splits, Water pumps, AHUs, HVAC automation, Window glazing, as well as the mandated generator

"Counterpointe's program has enabled our team to engage in a project that maximizes both the energy efficiency of our facility as well as the comfort and safety of our residents."

- Richard Stacey, President, Victoria Towers, Inc.

Solar to Reduce Energy Costs in Self Storage

$1.07 Million | Self Storage| Hallandale Beach, Florida

The Challenge:

- Property owner sought positive cash flow from renewables in a low-cost electricity market while avoiding capital expenditure for project.

The Solution:

- ITC credit of $300,000 and long-term (25 years) amortization of $1.07 million in C-PACE financing resulted in positive net cash flows.

The Result:

- 370 kW solar system is anticipated to reduce annual electricity use by 675,000 kWh
- Estimated $43,000 utility savings in the first year.
- Long term PACE financing, and low annual payments generated positive cash flows for renewable project even in area with low utility electricity rates.

Megacenter Self Storage
25yr C-PACE Financing

Laundry Wastewater Heat Recovery

$1.17 Million | Industrial Laundry | Baltimore, MD

The Challenge:

- 70-year-old commercial healthcare laundry facility seeking to reduce carbon footprint.
- Owners utilizing capital to support recent expansion
- Owners sought low-cost financing to meet ESG goals while preserving capital for business operations

The Solution:

- $1.17 million of C-PACE to finance installation of wastewater heat recovery system and replacement of leaking steam pipes

The Result:

- Utility and cost savings exceeds annual PACE payment to result in projected annual operational savings of an estimated$128,800 per year.
- Additional savings from tax credits and depreciation.
- Total savings over 25 years estimated at $7.8MM
- Energy use decreased 387,964 therms resulting in reduction of 1,892.43MT CO_2e per year

The C-PACE financing from CounterpointeSRE is helping our business take on an energy-saving project that otherwise would not fit in our capital improvement plan."

- Mark Carter, Up to Date Laundry

Eliminating The Split Incentive and Reducing Tenant Expenses

$600,000 | Regional Mall | Pensacola, FL

The Challenge:

- Simon Properties wished to upgrade common areas and parking area fluorescent lights to LED lighting across the two-story 680,000 sq. ft. Cordova mall
- Split incentive discourages energy-efficiency investment as owners pay for improvement and tenants realize the savings through lower utility bills

The Solution:

- $600,000 C-PACE for 10-year term aligning with tenant 10-year lease structure
- Non-ad valorem assessment paid by tenants as a line item on the property tax bill.

The Result:

- Upgraded LED interior and exterior lighting throughout the 48-acre property
- Net savings to tenants after PACE payment estimated at $623,080 over 10 years
- Estimated annual energy demand reduced 777,000 kWh reducing greenhouse gas emissions 463MT CO_2e annually

Energy savings of approximately 777,000 kWh annually contributing to Green Star rating awarded by GRESB to Simon Property Group

Reducing Corporate Carbon Footprint with Biogas

$18 Million | Industrial Facility | Michigan

The Challenge:

- JBS USA's goal to achieve net-zero greenhouse gas emissions by 2040 and 30% reduction by 2030 requires significant investment
- Beef processing facility identified as ideal to reduce carbon emissions through cogeneration system fueled by biogas
- Facility seeking off-balance sheet, non-recourse financing that would be immediately cash flow positive despite the low utility rates
- Facility straddles county line requiring a complicated closing process and negotiations with 2 municipalities to activate 2 different PACE programs

The Solution:

- $18 million to finance 100% of project at low, fixed rate to make project financially viable and immediately cash flow positive
- Repayment delayed 18 months to allow completed installation and operation of system with accrual of utility savings, realization of tax credits and receipt of incentives before repayment begins.

The Result:

- 8 MW biogas co-generation system capable of meeting 100% of the facility's 41.3 million kWh load.
- No impact to credit rating, no CAPEX and the facility retained benefits of tax credits, incentives and depreciation.
- $2,313,750 utility cost savings in the first year

CO_2e reduced annually by 24,602 metric tons through biogas fueled 8MW Cogen

Code Compliance & Aged Equipment

$49.5 Million | Healthcare System | Los Angeles, CA

The Challenge:

- For-profit hospital system mandated to perform seismic retrofit budgeted at $20 million, pharmacy compliance and R-22 compliance of over $2 million
- These code compliance projects were in addition to scheduled HVAC, roof replacement, and elevator modernization budgeted at over $8 million
- Funding for projects was available through CAPFX a line of credit, but the owner sought to conserve capital and to not increase debt while maintaining operating margin

The Solution:

- $49.5 million PACE financing for 25-year term repaid through property tax bill

The Result:

- Additional energy and water conservation measures approved by corporate In addition to mandated and already budgeted measures, resulting in addition operational savings and new equipment for facility
- Projects financed included: HVAC upgrades, Cool roof, seismic retrofit, elevator modernization and LED lighting as well as emergency standby generators, windows, window film, doors, electric modernization, pneumatic tube, refrigerators, ice machines, MRI, CT, blanket warmers, sensor faucets and sterilizers
- At the time of its closing, this transaction represented the largest PACE financing transaction in the nation

Savings projected to be 1347 MT CO2e, 2.67MWh, 43,711 therms and almost 55,000,000 gallons of water annually.

Reducing Tenant Utility Bills in a Townhome Community

$500,000 | Townhomes

The Challenge:

- Developer of 48 townhome community desired to build rental midmarket family townhomes in area with long history as farming community
- Annual utility bill estimates of $700-$1,200 for each tenant
- Tenant utility costs to be offset by tankless water heaters and on-site energy generation
- Looking for alternative to leasing so to keep all incentives, to avoid increased monthly payment for low-electricity users, and to avoid credit check and transfer costs if units are ever sold

The Solution:

- 100% financing through non-recourse C-PACE

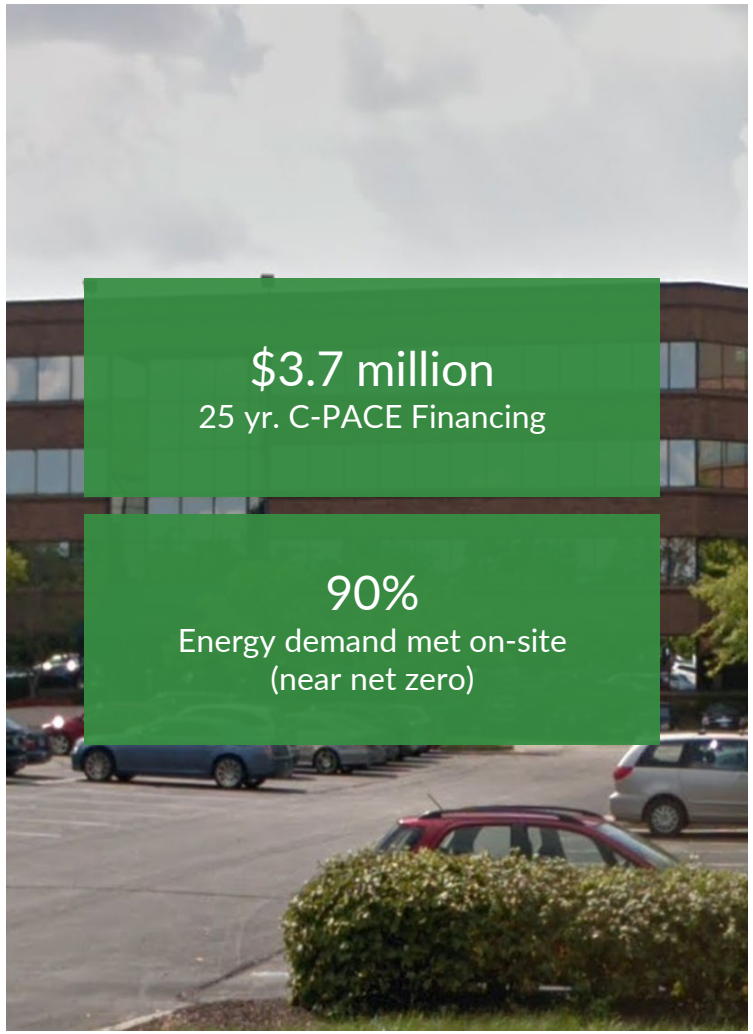
The Result:

- The combined 144kW DC from solar power is anticipated to avoid annual 2,310 MT CO_2 in greenhouse gas emissions and new demand on the grid by 213,500 kWh annually
- Tenants enjoy decreased annual utility burden estimated at $1,000-$1,550 per unit
- Sponsor reduced development budget and keeps ITC estimated at $132,000, MACRS depreciation and other tax benefits to offset annual repayment made through property tax bills

Blackbird Homes tenants enjoy decreased energy cost burden from rooftop solar

CASE STUDY:

NEAR NET-ZERO OFFICE RETROFIT (MD)



PROJECT

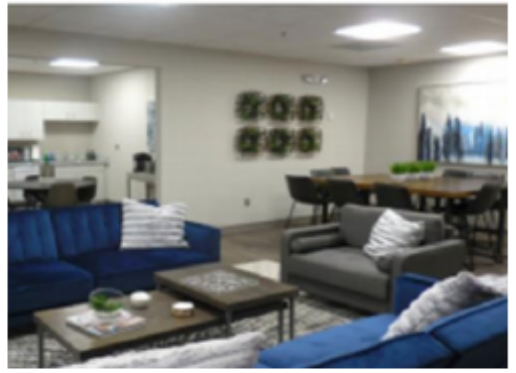
Development Stage:
Retrofit

Property City:
Hanover, MD

Project Developers:
Consolidated Energy Design
HT Lyons

ELIGIBLE IMPROVEMENTS

- ☑ 65kW AC solar PV system
- ☑ 500 KWH /125 KW Battery Energy Storage System (BESS)
- ☑ 400 KW distributed generation
- ☑ Building automation
- ☑ Energy efficiency



existing tenant space
7250 Parkway Drive, Hanover MD

PROPERTY DETAILS

Property Name:
7250 Parkway Drive

Building Type:
Office
76,000 sq. ft. commercial space
32-year old building

BENEFITS

- ☑ Pass through expense
- ☑ Fully non-recourse to sponsor
- ☑ Combine with tax credits
- ☑ Retain utility rebates & incentives

"What moved the builting owner and his team from energy audit to action was our ability to deliver a technology (FADRS) that brings the building to near net-zero with economics from PACE financing that make sense for years to come."

Scott Sine
Lead Engineer
Consolidated Energy Design

EXAMPLE FINANCING

ASSESSMENT	EXAMPLE ANNUAL PAYMENT
$500,000	$43,000
$1,000,000	$82,000
$5,000,000	$400,000
$10,000,000	$775,000

Illustrative payments
Actual annual payments vary with market conditions as well as by property and by project.

MULTI MEASURE EXAMPLE

	LIGHTING & CONTROLS	ECM 2 WINDOWS	ECM 3 AHU	TOTAL
Total Cost	$565,000	$750,000	$550,000	$2,011,800
Annual PACE	$44,300	$59,000	$43,500	$146,800
Utility Savings (annual)	$129,917	$28,422	$78,312	$236,651
			Immediately positive annual savings:	**$89,851**

Operating vs. CapEX
Analysis is done on annual cash flow basis and not upon ROI that may take years to be cash positive. Present as costs to operating budget instead of CapEX budget.

For illustrative purposes and all amounts are estimated. This is not a commitment to provide financing and all financing is subject to approval. Terms and conditions apply. Programs, rates, terms and conditions are subject to change without notice.

NET Cash Flow Positive from Day One

Example is based on ultra-low temp freezer (ULT), saving 20kWh/day. Each freezer costs $5,000 (capital expense) and is projected to save $600/yr. Ten such freezers required for a facility would cost $50,000 cash.

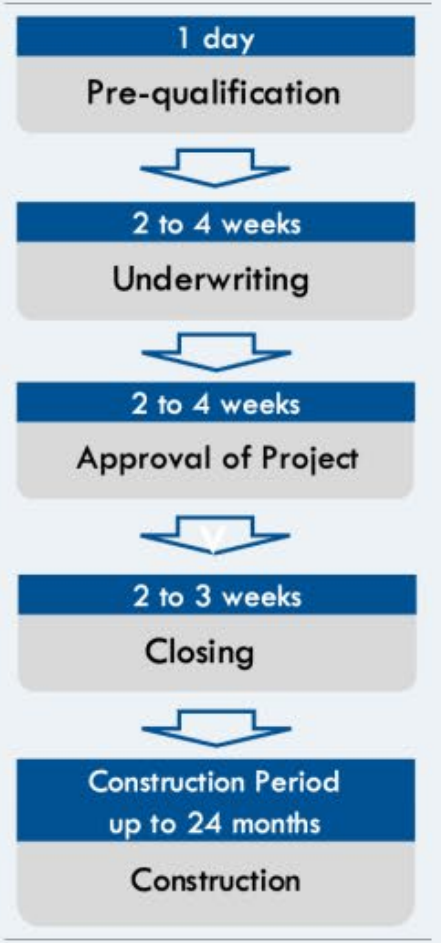
TERM	CAPITAL OUTLAY FIRST YEAR	ESTIMATED. UTILITY SAVINGS	NET CASH FLOW FIRST YEAR (CHICAGO)	NET CASH FLOW UNTIL 1ST PAYMENT (FL)
Capital (cash) Expense	$50,000	$6,000	-$44,000	-$44,000
PACE 10 yr	$7,775	$6,000	-$1,775	$1,225
PACE 15 yr	$6,000	$6,000	$0	$3,000
PACE 20 yr	$5,000	$6,000	$1,000	$4,000
PACE 25 yr	$4,500	$6,000	$1,500	$4,500

Industrial Property for Sale: What could C-PACE do?

- Refinance recent upgrades
  - Wet fire suppression system
  - Plumbing of Airlines and high-pressure compressor upgrades
  - 480 volt electrical service/1000 amps
  - Lighting upgrades
  - Energy Audits / Assessments
- Enable high-performance / resilient structure
  - Solar
  - Battery Storage: power redundancy and peak shaving
  - Fleet EV charging infrastructure optimized for load / demand
  - Other resource-efficiency tenant requirements
  - Pre-paid maintenance contracts

PACE PROCESS

	Underwriting	Transaction Documents	Process
1	Appraisal & Environmental Reports	Application	Submit application and project eligibility determined
2	3 years of property financials or Pro forma financials and Budget	Assessment Contract/Financing Agreement	Collect documents for underwriting
3	If applicable: lender consent and mortgage documents	PACE lien agreement with local authority	CounterpointeSRE obtains all approvals for project
4	Organizational documents and EIN	Officer's Certificate	Contracts executed, assessment recorded and funded
5	Energy report/Feasibility study	Disbursement Agreement with monthly draws or 2-4 milestones including the purchase of materials	Owner reimbursed for expenses
6	Executed contract(s), draw schedule and permits		Disbursements wired directly to contractor



Thank You!

Devesh Nirmul

CEM | CSDP | LEED AP O+M

Executive Director

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