



Making Properties More Valuable with Property Assessed Clean Energy (PACE)

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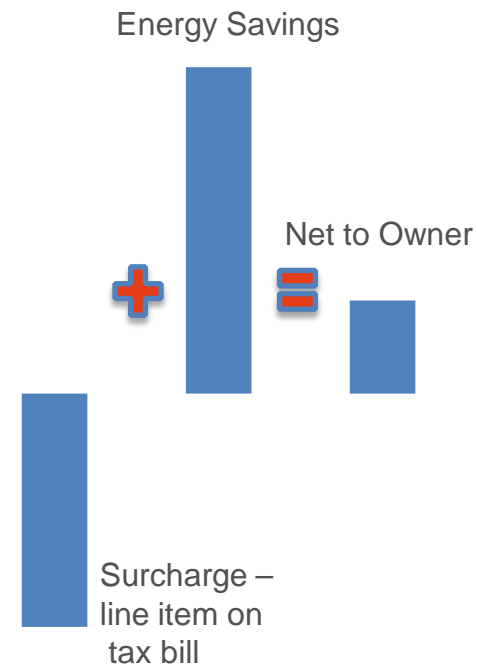
PACE Introduction & Benefits

PACE is a financing tool in which a building owner: Receives 100% up-front financing – no cash outlay

- Owner repays improvements via municipal property tax bill
- Is cash-flow positive from day 1 as energy savings are greater than repayment → Increasing NOI
- Conserves equity, replacing higher cost financing
- Does not impact his balance sheet as PACE is considered an operating expense – it's a line item on tax bill
- Higher cash flow because of lower operating costs

Broad Applicability

- energy efficiency, renewables, water efficiency – or any enabling investment
- Available for new construction, retrofits at many stages of development
- Multifamily-Residential, Condominiums, Commercial, Industrial, Non-profit, Agricultural, Institutions, Universities, Hospitals



What Can Be Financed?

Energy Efficiency



Air Sealing & Ventilation
Insulation
HVAC Systems
Lighting

Envelope
Water Heating
Refrigeration
Compressed Air

EV Charging Stations
Elevator Modernization
Building Controls
Windows

Renewable Energy



Solar
Wind
Combined Heat & Power
Fuel Cells
Geothermal

Storm Water Mgmt.
Low Flow Fixtures
Grey/Black Water
Irrigation

Water Efficiency



Most Soft Costs



Permits
Architectural &
Engineering Plans
Measurement &
Verification

Energy Audits
LEED Compliance



What is the Ideal Customer?

The ideal CBJ Customer has:

- A building valued at over \$500,000 (owners can borrow 20% of the total value of the property)
- A mortgage-free property
- Over \$100,000 of retrofits to complete
- Limited access to other forms of financing
- A minimal number of authorized decision-makers

Why?

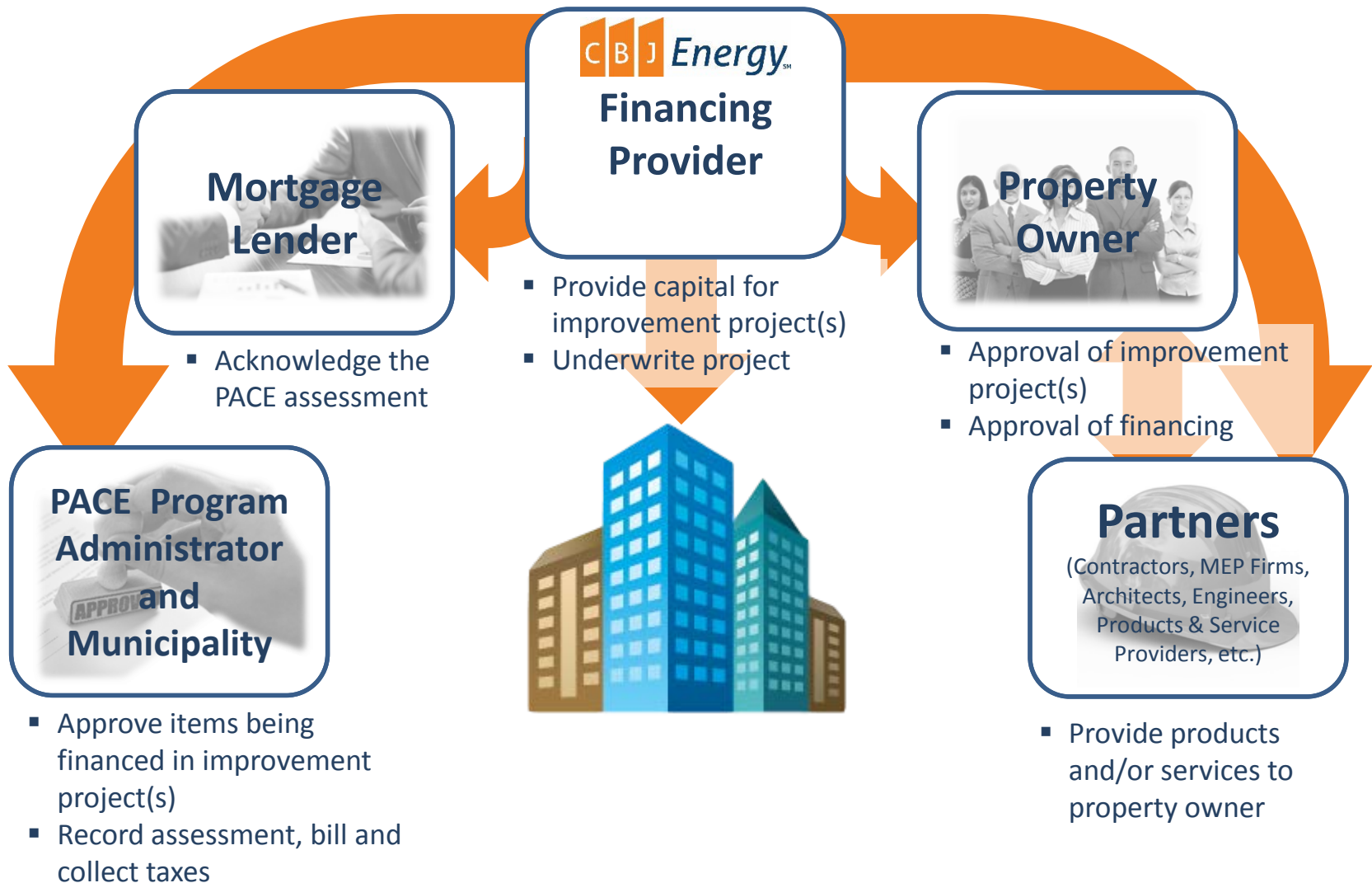
- PACE requires mortgage holder consent – as property taxes are paid before everything else
- 20% lien to value ratio

CBJ and CleanFund's PACEDirect Financing

Project Size:	\$100,000 – \$25 million
Tenor:	Up to 30 years
Terms:	Non-recourse Flexible amortization schedule No guarantees or covenants required. Non-accelerating, transferable, and assignable
Maximum Leverage:	20% Lien to Value (LiTV), 100% Combined Loan to Value (CLTV)
Rates	5.5-6.75% 2-4% closing fee; 1.5% program fee
Mechanics:	Special assessment recorded on your property, paid back via property taxes. <i>Treated as operating expense</i>
Approvals:	CBJ facilitates: <ol style="list-style-type: none">1. Financing2. Mortgage lender acknowledgement3. Underwriting4. Program approval

How CBJ Energy works: The PACE Ecosystem

CBJ coordinates the entire financing process, and funds the project



CBJ Financing Process – close in 2-4 months

Prequalify Project

- Locations
- Scope
- Size
- Property Value
- Lender

Application

- Financer collects initial application
- Owner/Partner submits project scope

Eligibility and Scoping

- Financer performs cursory underwriting
- Financer provides term sheet
- Mortgage holder consent

LOI to Close

- Owner commitment (non-binding)
- Financer underwriting (30-90 days)

Funding and Construction

- Closing documents
- Financer funds into escrow
- Owner and contractor request draws upon completion of milestones

Financing that adds value across many property strategies and situations



PACE Mid-Atlantic Timeline: 2008 - 2017

PACE Created
Berkeley, CA
2008

MD & VA
PACE
Authorized
2009


DC
PACE
Authorized
2010

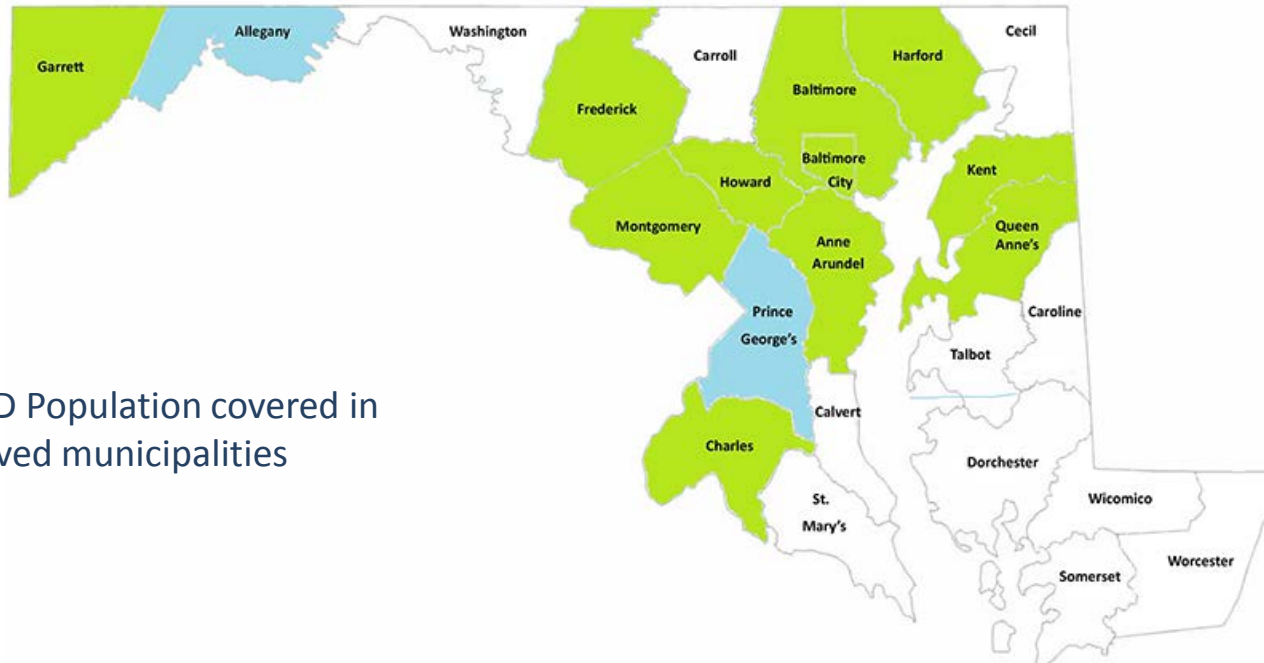
DC
1st PACE
Project
2013

Maryland
PACE
Amended
2014 &
2016

Montgomery, Anne
Arundel, Howard, Queen
Anne's, Baltimore,
Baltimore City PACE
Ordinances Passed 2016-
2017

 - Active PACE Program

 - PACE Program in Discussion



> 70% of MD Population covered in
PACE approved municipalities

PACE Market Growth

- \$330 MM financed
- across 988 commercial buildings nationwide
- 33 states (80% of population covered)
- Funding by type of improvement
 - 51% energy efficiency
 - 36% renewable
 - 14% mixed

- Average project size: \$300 K
- Number of projects by dollar amount:
 - 27% small (< \$75K)
 - 55% medium (\$75K-\$750K)
 - 18% large (> \$750 K)

Fig. 1: Cumulative C-PACE Financing (2009 - Dec 2016)

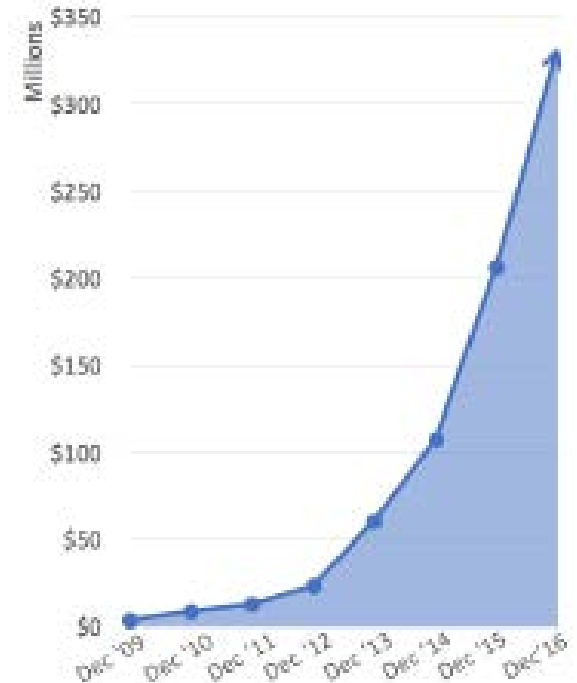
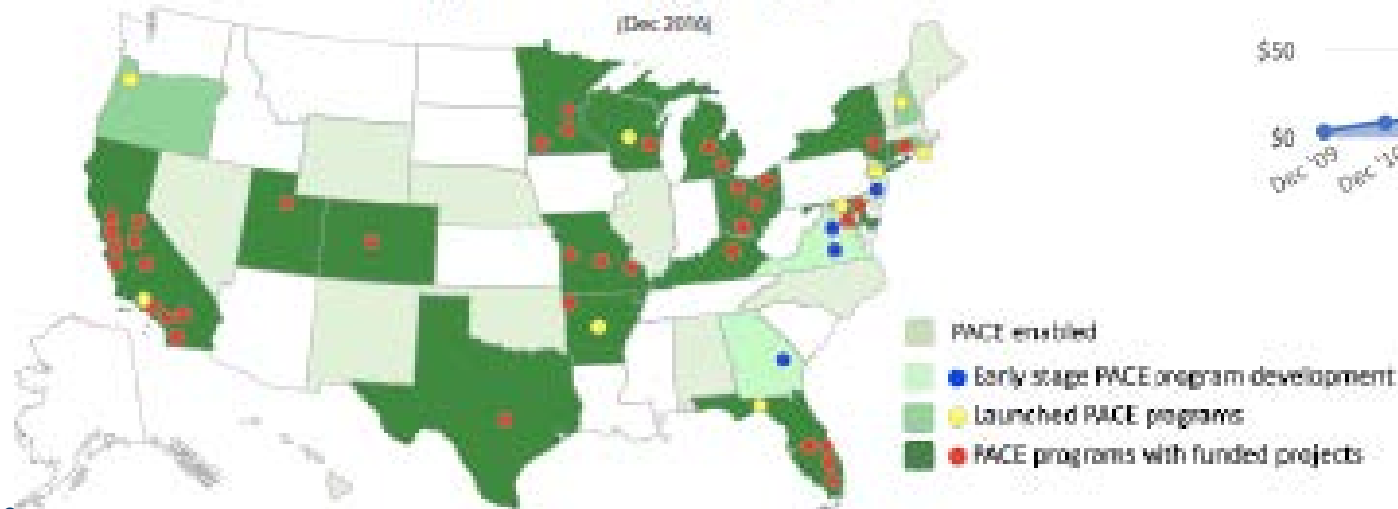


Fig. 3: States with PACE-enabling legislation (Dec 2016)



PACE Examples



PACE financing: \$8.4 million

Term: 25 years

Projected Energy Savings: 90%

Eligible projects: Central Heating & Cooling plant: chillers, natural-gas fired condensing boilers, steam boilers, etc.

Address: 10-90 State House Square, Hartford, CT

Type: Commercial Office Space

Size: 100,000 sq ft

Year of Construction: 1920

PACE financing: \$1.8 million

Term: 20 years

Projected Energy Savings: 24%

Eligible projects: HVAC Replacement, LED lighting, building controls, cool roof, envelope improvements (insulation, high performance windows), low flow water fixtures

Address: 644 Broadway, San Francisco

Type: Mixed-use

Size: 45,000 sq ft

Year of Construction: 1984



Example PACE Projects:

400M Street SE | \$.34 MM
Washington, DC

Pratt Street | \$2.8 MM
Meridan, CT

Forstone Capital | \$2 MM
Bridgeport, CT

YMCA | \$1 MM
Brookfield, CT

Simon Property Group | \$3.4 MM
Toledo, OH

Missouri Athletic Club | \$2.4 MM
St. Louis, MO

Hilton | \$7 MM
Los Angeles, CA

Prologis | \$1.4 MM
San Francisco, CA

Summary

PACE financing structures enable property owners to:

- *Lower Operating Costs*
- *Preserve Capital*
- *Increase Property Value*

About CBJ Energy

*CBJ Energy provides turnkey services to building owners and can **Originate, Finance, and Execute** all aspects of a Property Assessed Clean Energy Transaction*

- General contracting
- Financing
- Program Compliance
- Incentive Capture

CBJ Energy Has Extensive Clean Energy Sector Expertise:

- SunEdison (SUNE) Founder
- Hannon Armstrong (HASI)
- Next Step Living
- U.S. Department of Energy
- Mintz Levin Cleantech Practice & Government Relations
- Existing / Former Clients // Suniva, SolarCity, Sempra, Iberdrola

Next Steps: Project Pipeline Analysis

- Educate distributors, developers, and property owners
- Create pipeline of projects with ideal characteristics:
 - ✓ Capital constrained property owner
 - ✓ Need retrofits
 - ✓ Property owners with tax liability / appetite
 - ✓ Master metered property owners
- Screen initial projects for PACE eligibility
- Develop project economics
- Arrange financing and execute cash flow positive projects





Thank you

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Case Study: Upgrade Generates Building Appreciation

600,000 Sq. Ft. Building
 \$1,000,000 Investment @ 6%
 \$165,000 Annual Energy Savings

PACE



	Self Funded	Gross Lease	Triple Net
Investment by Landlord	\$ (1,000,000)	\$ -	\$ -
Energy cost decrease for landlord per year	\$ 165,000	\$ 165,000	\$ 165,000
Energy cost decrease passed on to tenants per year			\$ (165,000)
Real Estate Tax increase for landlord per year	\$ -	\$ (86,525)	\$ (86,525)
Real Estate Tax increase recovered from tenants per year	\$ -	\$ -	\$ 86,525
EBITDA/FFO impact for landlord	\$ 165,000	\$ 78,475	\$ -
Cash Flow Year 1	\$ (835,000)	\$ 78,475	\$ -
Cash Flow Year 2 through PACE Term	\$ 165,000	\$ 78,475	\$ -
Cash on Cash IRR over 10 years	13.38%	NA	NA
10 year NPV of cash flow	\$ 181,238	\$ 526,575	\$ -
Property Value increase at 6% cap rate	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
Tenant Net Cost Increase / (Decrease)	NA	NA	\$ 78,475

(\$Thousands)

Assumptions: 6.1 Year Simple Payback // 20-year Term // 8% Discount Rate for NPV analysis;
 // to be conservative, property value increase is only 40% of total projected increase in Property Value based on increase in Net Operating Income; Example from PACENow.org