

C-PACE for Solar

- John Burns, Adler Financial Group
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- Michele Pitale, M.D., Counterpointe Sustainable Real Estate
- Moderator: Abby Johnson, Virginia PACE Authority



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The Mid-Atlantic PACE Alliance (MAPA) is a regional partnership to advance property assessed clean energy financing solutions. MAPA is supported by a grant from the US Department of Energy.

www.pacealliance.org

What is Commercial PACE?

Commercial Property Assessed Clean Energy (C-PACE) is a tax-assessment based financing mechanism for commercial property owners to fund energy efficiency, renewable energy, and water conservation projects with no upfront costs.



100% financing.
Funds hard and soft costs.



Improves building stock + decreases operating costs.

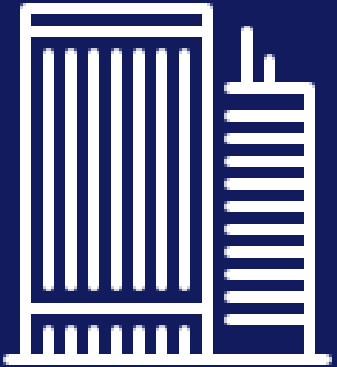


Market-based. Uses private financing.



Spurs economic development + creates local jobs.

Who can use C-PACE?



Commercial



Industrial



Multifamily
(5+ units)



Agricultural



Nonprofit

What can be financed with C-PACE?



HVAC upgrades



High-efficiency lighting



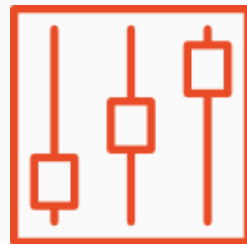
Solar energy equipment



Water conservation & hot water systems



High-efficiency
boilers and furnaces,
heating ventilation



Building energy
management and
controls



Building envelope
improvements



Cogeneration,
energy storage and
more!



I 250 TAYLOR ST NW

JOHN BURNS

ADLER FINANCIAL GROUP



1250 TAYLOR ST NW

- Delivered in 2018
- ~1,000 self-storage units
- Washington, DC's first solar/green roof
- Developed and owned in partnership between Adler Financial Group and Lock7 Development



1250 TAYLOR ST NW

- Financed 100% with PACE financing through Urban Ingenuity/United Bank
- 462 REC, Twinpeak 2 285WV modules
- 131.7 kW size array
- Expected to produce 179.2 MWh annually (Did 170.92 in Yr 1, but missed January)

1250 TAYLOR ST NW



1250 TAYLOR ST NW

- 232.99 MWh produced through 5-22-20
- 360,761.72 lb of CO₂ emissions saved
- Equivalent of 2,725.89 trees planted

1250 TAYLOR ST NW





FREDERICK INDOOR SPORTS CENTER (FISC)

PAUL FUHRMANN

SUSTAINABLE ENERGY SYSTEMS



FREDERICK INDOOR SPORTS CENTER (FISC)

- Installed Measures: 443kW Solar Array
- 65,000 sq. ft.
- \$881,429.00 Approved PACE Financing through LordCap PACE
- Project Partners: Dividend Finance and Sustainable Energy Systems



FREDERICK INDOOR SPORTS CENTER (FISC)

- Offset 100% of electricity consumption
- Installation of 1,300 Solar Panels on the roof of facility 100% financed by PACE





COVID-19 Impact and Implications for Solar

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RENEWABLE INDUSTRY ACTIONS DUE TO COVID-19



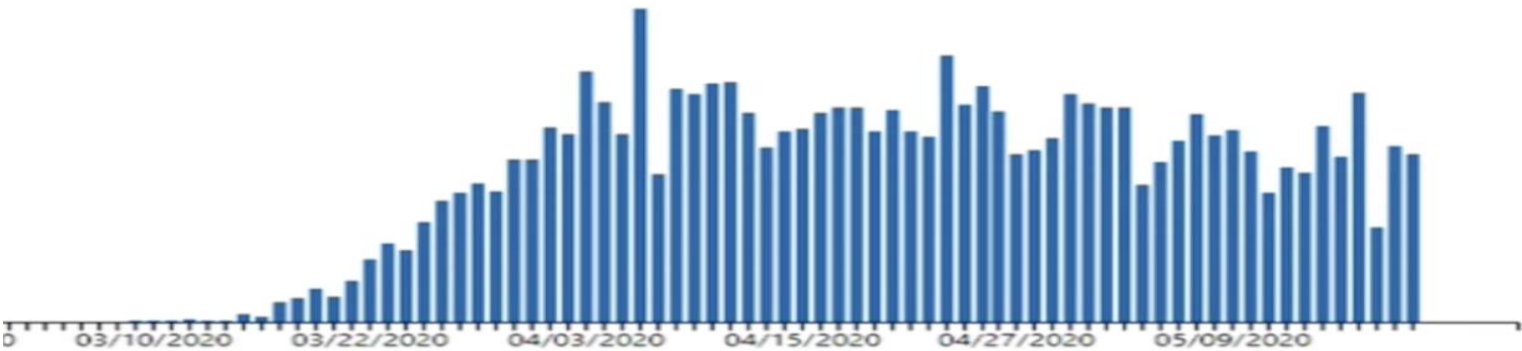
ITC and PTC safe harbor deadline extension

Direct pay of PTC/ITC

Reduce tariff on components and raw materials

Regulatory Relief for Energy Tax Credits

Plan to modify relevant rules



Impact of COVID-19 on Renewables

- **SUPPLY CHAIN DELAYS** Factory lockdowns, standby inventory
- **CONSTRUCTION and PERMITTING TIMELINES DELAYED**
- **OWNER REVENUE DECREASE** reducing investment and ability to use ITC
- **INVESTOR REVENUE DECREASE**-Lack of liquidity in the markets is tightening reducing investment especially tax equity, 9 trillion global GDP loss 2020-2021

SMALL BUSINESS INDUSTRY-Solar is a small business industry with door to door sales

Impact of COVID-19 on Energy Use and US Solar Industry



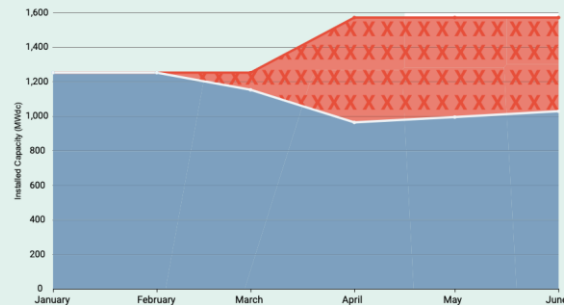
Due to COVID-19, the U.S. will install just 3 gigawatts (GW) of solar capacity in Q2 2020.

↓ **37% less solar capacity installed than pre-COVID forecasts**

The deployment losses for Q2 2020 are equivalent to powering **288,000 homes** and **\$3.2 billion** in economic investment.

Impact of COVID-19 on 2020 U.S. Solar Deployment

Baseline Forecast
COVID-19 Impact



Decreased Demand in global energy demand (3.8% in 1st quarter)

2020 20gW solar now projected at 13.27gW

2020 Solar industry employment down 38%
June 2020 Job Loss projections

Maryland	-2803
North Carolina	-1853
Pennsylvania	-3222
Virginia	-2015

Considerations to reduce contamination risk in Airborne Infection Isolation (All) rooms

- **Utilities- must be connected to essential power systems**
- **Energy Recovery Systems- not to be used in All rooms**
- Air intake and exhaust -25 ft apart, sealed exhaust ductwork-pressurized-10 ft above roof; consider wind speed and direction
- Filtration-depends upon bypassed air and any leakages
- Heating and Cooling Systems-cooling coil drain pans
- AHU-prevent water intrusion, corrosion and allow O&M
- Humidifiers- valves dependent upon AHU, sterilization light; sub-micron filter
- Air Distribution Systems-discharge vertically towards ceiling or horizontally near floor
- Insulation and Duct Lining- no duct lining within 15 ft of humidifiers
- Maintenance: change filters, test for leakage, cleaning



Impact of COVID-19 on Real Estate



Hotel , Retail, Senior Living



Multifamily, Student Housing, Office



MUSH -Healthcare



Warehouse, Industrial

- Increase interest in supply chain resilience
- increased demand for industrial automation
- “reshoring” interest increase from 10-64%

PA, WI, TX hubs most likely

Increased efficiency- smaller near customer

Mitigate project disruptions and cost overruns

Impact to
supply chain

Designers

Contractor
workforce

Government
inspectors

Considerations

- Delay notices
- Safety violations
- Convenience suspension or termination
- Time extensions
- Delay damages
- Labor inefficiencies
- Consider flexible contract completion dates
- Project documentation

Before and After

Case Studies Analysis of potential COVID-19
on Solar Projects

CASE STUDY (PPA): AIRPORT



\$3.35 Million
25YR Term Fixed Rate
PPA

1,308 Acres of forest
Equivalent annual carbon
sequestering capacity

PROJECT

Development Stage:
Retrofit

Building Type:
Airport

Property Name:
Santa Barbara Airport Carport

Property City:
Santa Barbara, CA

Developer:
Endelos Energy

PROPERTY DETAILS

Open 24/7

763 Total Spaces

Clearance for vehicles of all types

20,000 square foot terminal

2,100 passengers a day



IMPROVEMENT TYPES

- ☐ Building Envelope
- ☐ HVAC and/or chillers
- ☐ Wind or seismic risk mitigation
- ☐ Lighting
- ☒ Renewable energy
- ☐ Cool or Green Roof

BENEFITS

- ☒ Long-term Fixed energy costs
- ☒ No Equipment Maintenance/Cost
- ☒ Pay only for kW hours generated
- ☒ Fully non-recourse to property owner
- ☐ Combine with tax credits
- ☐ Retain utility rebates & incentives

“Solar was an excellent choice for the airport to power its operations, while the PPA model represented the best use of their capital as it allows them to make investments in other areas while addressing their energy needs today.”

Randy Arntson
Endelos Energy, Inc.

CASE STUDY:

KINGS INN Anaheim and San Diego



\$1.97 Million

25YR Term Fixed
Rate
C-PACE Financing

\$4.2 Million

Estimated Savings: MACRS,
ITC, reduced energy use

PROJECT

Development Stage:
Retrofit

Building Type:
Hotel

Property Names:
Kings Inn

Property Cities:
Anaheim, CA / San Diego, CA

Developers:
Westward Ho Seven Seas Motel
Valley Ho Hotels, Inc.

PROPERTY DETAILS

Kings Inn Anaheim
265 kW DC solar system
173 guest rooms
Outdoor Swimming pool/ Jacuzzi

Kings Inn San Diego
401 kW DC solar system
140 guest rooms
Outdoor Swimming pool/Jacuzzi
Fitness/Banquet Rooms
Restaurants



1333 Hotel Circle South
San Diego, California

IMPROVEMENT TYPES

- ☐ Building Envelope
- ☐ HVAC and/or chillers
- ☐ Wind or seismic risk mitigation
- ☐ Lighting
- ☒ Renewable energy
- ☒ Green or cool roof

BENEFITS

- ☒ MACRS/ accelerated depreciation
- ☒ Combine with tax credits (ITC)
- ☒ Retain utility rebates & incentives
- ☒ Fully non-recourse to sponsor
- ☐ Reduce WACC
- ☐ Increase Leverage

"Taking advantage of our rooftops with PACE financing for solar has helped us lower our operating expenses and provide our guests with the knowledge that we are doing our part for the environment."

Stephanie Petersen
CEO/CFO/Secretary
Valley Ho Hotels, Inc.

Project: Various Roofing & Energy Retrofits

Financing: PACE

Transaction: \$15.7MM

Property: Retail

Various cool roof and energy upgrades for Simon Mall Portfolio including Santa Rosa Mall, Fashion Valley Mall, Brea Mall, Great Mall, Stoneridge Mall, Camarillo Mall, Las Americas Mall, Carlsbad Mall, Ontario Mills, and Cordova Mall.



RESILIENCY: Power Supply



HURRICANE IRMA –lives lost
FL Dept of Elder Care Rule
“Mandatory Generator Rule”

CASE STUDY:

VICTORIA NURSING & REHABILITATION CENTER



\$3,700,000
20YR Term Fixed Rate
C-PACE Financing

**Mandated
HVAC for
Generator**

PROJECT

Development Stage:
Retrofit

Property City:
Miami, FL

Developers:
Victoria Partners/ Victoria Towers

Energy Services Provider:
Trane Inc.

IMPROVEMENTS

- ☒ (2) HVAC including automation
- ☒ Mini-Split Air Conditioner
- ☒ Centrifugal Chiller
- ☒ Cooling Tower
- ☒ Standby Emergency generator
- ☒ Wind Resistant Windows



955 NW 3rd Street
Miami, Florida

PROPERTY DETAILS

Property Name:
Victoria Nursing & Rehabilitation
Center

Property Type:
Skilled Nursing Facility

8 Floors

312 Beds

BENEFITS

- ☒ 100% project financing
- ☐ Increase Leverage
- ☐ Pass through expense
- ☒ Fully non-recourse
- ☐ Combine with tax credits
- ☒ Retain utility rebates & incentives

“Counterpointe’s PACE 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. There’s a benefit to the property owner, environment and community.”

Richard Stacey
President
Victoria Towers, Inc.

Power outages in 2019



JUNE 9-JUNE 12, 350,000 PEOPLE IN DALLAS COUNTY, **TEXAS** LOST POWER AFTER A SEVERE THUNDERSTORM DOWNED HUNDREDS OF TREES ACROSS THE AREA. 200,000 REMAINED WITHOUT POWER ON THE EVENING OF JUNE 10 AND 16,000 ON THE AFTERNOON OF JUNE 12 RESTORED.



JULY 19 THROUGH JULY 20: SEVERE THUNDERSTORMS, TORNADOES AND FLOODS CAUSED DAMAGE AND POWER OUTAGES THROUGHOUT **WISCONSIN**, DISRUPTING POWER TO MORE THAN 277,000 CUSTOMERS. DURING THE PEAK OF THE OUTAGE, GOVERNOR TONY EVERS DECLARED A STATEWIDE STATE OF EMERGENCY, WITH PRELIMINARY ESTIMATES OF DAMAGE AND CLEANUP COSTS OF \$5.3 MILLION.



JULY 19-JULY 25, STORMS AND HIGH WINDS IN **MICHIGAN** CAUSED LOSS OF POWER TO ROUGHLY 600,000 TO 800,000 CUSTOMERS AND LEFT MANY STILL WITHOUT POWER FOR 6 DAYS, THE SECOND HIGHEST NUMBER OF STORM RELATED OUTAGES IN MICHIGAN POWER COMPANY DTE ENERGY CO.'S HISTORY.



JULY 22 THROUGH JULY 26, **NEW JERSEY** GOVERNOR PHIL MURPHY NOTED THERE WERE OVER 300,000 PEOPLE WITHOUT POWER IN HIS STATE DUE TO STORM



STARTING ON 1 **SEPTEMBER**, **HURRICANE DORIAN** DAMAGED TRANSMISSION SYSTEMS AND CAUSED EXTENSIVE LENGTHY POWER OUTAGES IN THE BAHAMAS AND THE EASTERN SEABOARD OF THE UNITED STATES AND CANADA.



OCTOBER 31- NOVEMBER 2, 2019, A MAJOR STORM LEFT NEARLY 2,000,000 PEOPLE WITHOUT POWER THROUGHOUT THE NORTHEAST UNITED STATES AND SOUTHEAST CANADA.



Project: Solar

Financing: PACE with HUD consent

Transaction: \$1MM – 25 Years

Property: Affordable Senior Housing

Two apartment buildings with 210 units for very-low income senior citizens in Fontana. The owner financed over \$1MM in solar systems with lender consent from the U.S. Department of Housing and Urban Development. The solar systems are expected to save over \$5.3MM in utility savings over the life of the system.

CASE STUDY:

MEGACENTER



\$1.07 Million
25YR Term Fixed Rate
C-PACE Financing

\$42,719
Estimated Annual
Savings

PROJECT

Development Stage:
Retrofit

Building Type:
Mixed-Use

Property Name:
Megacenter Hallandale

Property City:
Hallandale Beach, FL

Developer:
Unlimited Solar Tech Corp

PROPERTY DETAILS

3 Floors

150,504 Square Feet

600 Self-Storage Units

63 Office Units

370.08 KW (DC) Solar System



1000 West Pembroke Road
Hallandale Beach, Florida

IMPROVEMENT TYPES

- ☐ Building Envelope
- ☐ HVAC and/or chillers
- ☐ Wind or seismic risk mitigation
- ☐ Lighting
- ☒ Renewable energy
- ☐ Green or Cool Roof

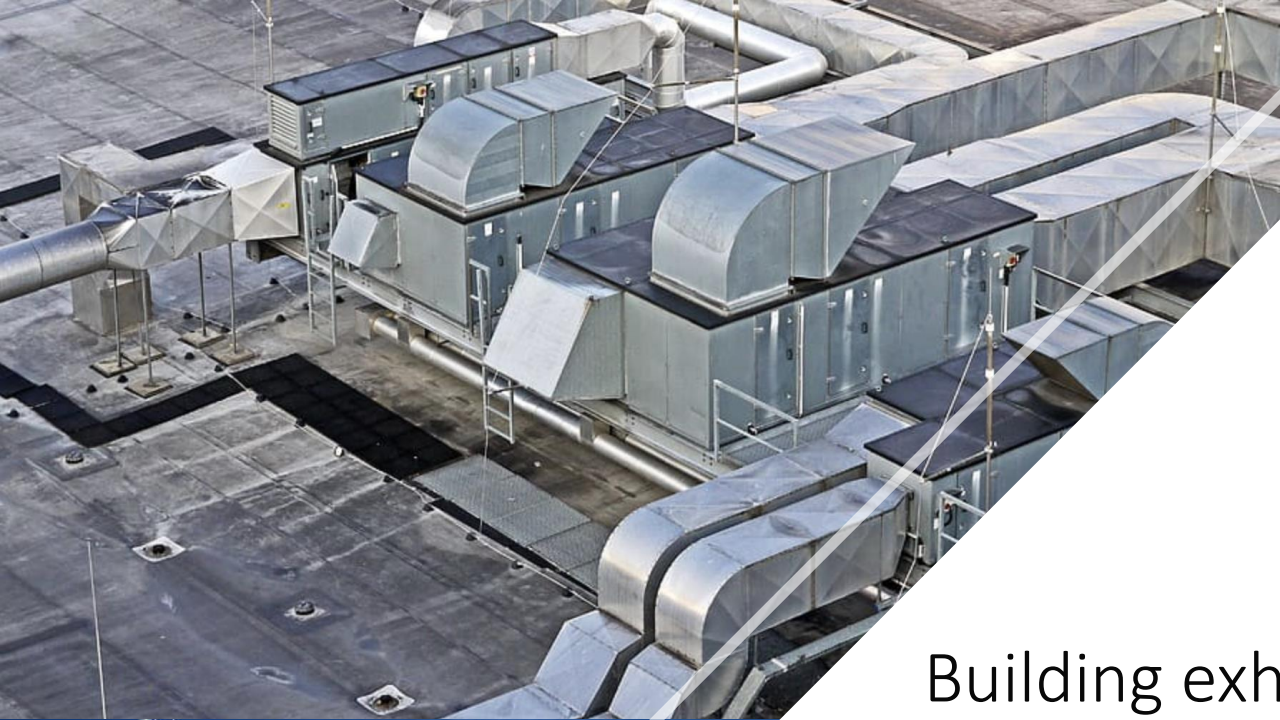
BENEFITS

- ☐ Reduce WACC
- ☐ Increase Leverage
- ☐ Pass through expense
- ☒ Fully non-recourse to sponsor
- ☐ Combine with tax credits
- ☒ Retain utility rebates & incentives

"This is the sunshine state, solar is here to stay and people are jumping on the bandwagon with low rates and C-PACE financing"

Gabriel Golindano
Sales Manager
Unlimited Solar





Building exhaust and air flow





Project: Energy Efficient Retrofit

Transaction: \$49.5MM 20 years

Property: Hospital

When a hospital network (name withheld) examined its energy use against benchmarking, it identified five properties in its portfolio that could immediately benefit from energy efficiency and other PACE-financing covered measures. Multiple HVAC, lighting, equipment and other eligible upgrades that reduce operating expenses were financed. Water conservation measures specific to the practice of hospital-based medicine (replacement of sterilizer units, etc.) as well as emergency standby generators, elevator modernization were also included.

At the time of its closing in August of 2019, the transaction represented the largest single-borrower PACE financing completed in the nation.

CASE STUDY:

MIXED-USE SOLAR



\$507,472

20YR Term Fixed Rate
C-PACE Financing

\$502,175

Estimated Lifetime
Savings

PROJECT

Development Stage:
Retrofit

Building Type:
Mixed-Use/Industrial

Property Name:
57 Mall

Property Cities:
Commack, NY

Developers:
NY Excelsior Development

IMPROVEMENT TYPES

- ☐ Building Envelope
- ☐ HVAC and/or chillers
- ☐ Wind or seismic risk mitigation
- ☐ Lighting
- ☒ Renewable energy
- ☒ Green or cool roof



57 Mall Drive
Commack, NY

PROPERTY DETAILS

20,000+ Sq. Ft./ 2.5 Acres

2,950 Sq. Ft. of Office Space

20 Foot Ceilings

Six Loading Doors (1 Tailgate Loading
Dock, 5 Drive-In Loading Doors)

102 KW (DC) Solar System

BENEFITS

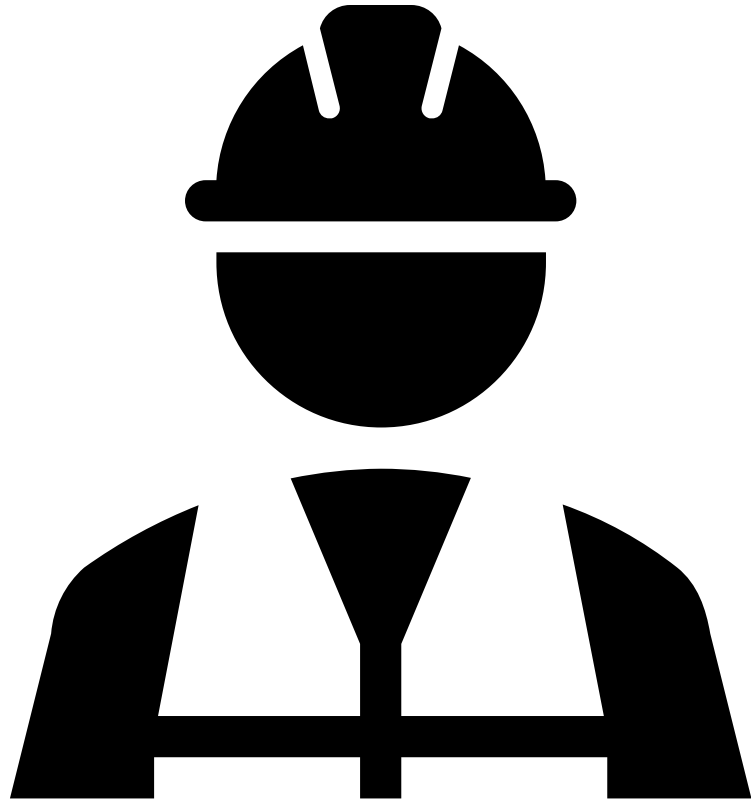
- ☒ Reduce WACC
- ☒ Increase Leverage
- ☐ Pass through expense
- ☒ Fully non-recourse to sponsor
- ☒ Combine with tax credits
- ☒ Retain utility rebates & incentives

"We are excited to have our PACE program expand into Suffolk County. PACE is an important part of bringing energy savings to our communities and it works well with other incentives."

Susan Morth
CEO
EIC



A**B****C**



Aerosolized Particle Generation

- High Pressure Cleaning or Turbulence
- Heavy Breathing, Shouting, and Singing
- Coughing and Sneezing
- Medical Procedures

Precautions

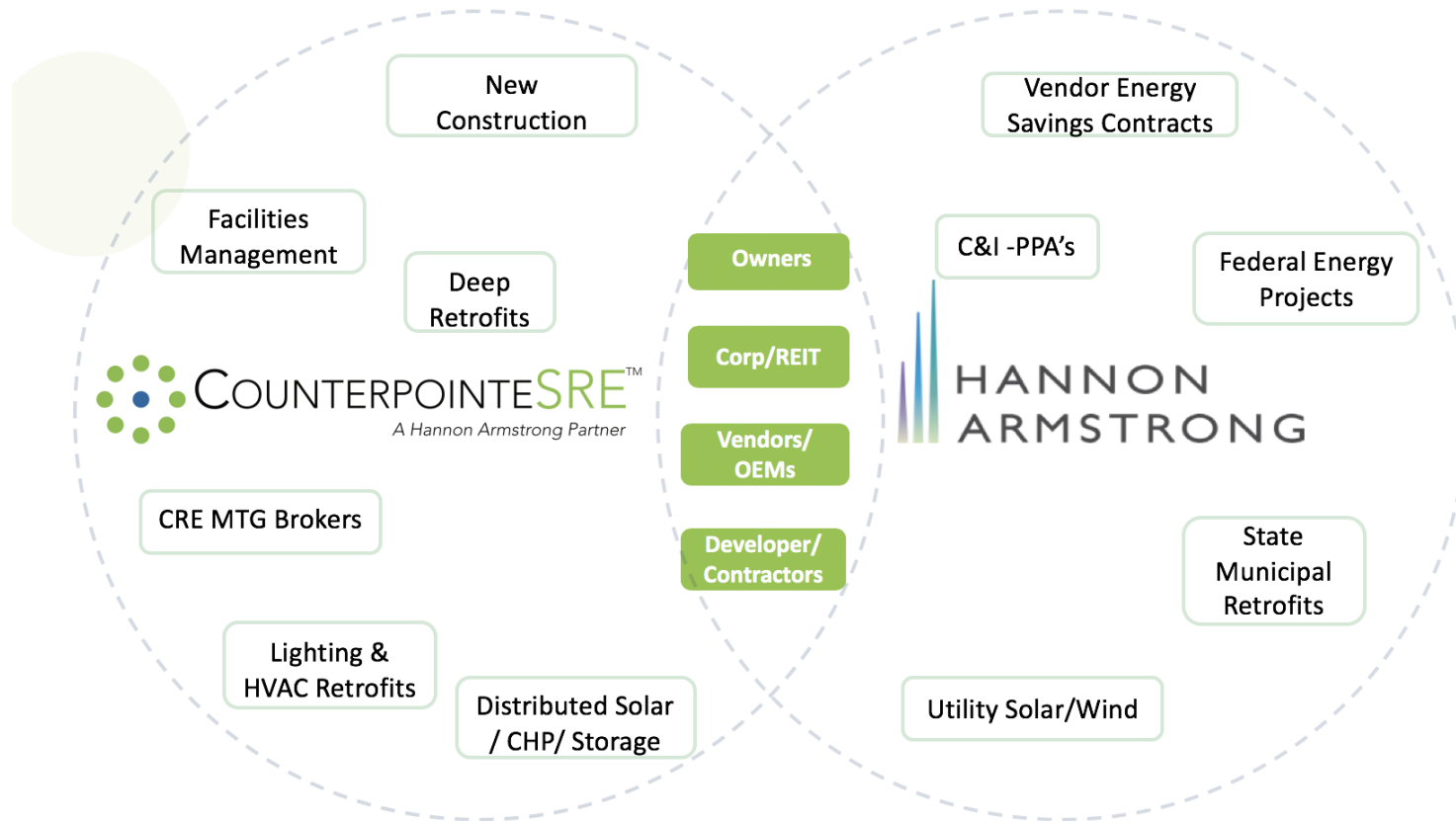
- Designated “exposed” person.
- Portable hand washing station
- Train Staff (mask removal)
- Take precautions around exhaust air or if heavy breathing
- Take precautions with turbulence as droplets can become aerosolized
- Take precautions around toilets
- Consider virtual morning meeting
- Bring all your own needed equipment and food. Mark so will be only touched by you.
- Assign tasks-assembly line mentality

Summary

- Treasury will be issuing modifications to existing regulations
- HVAC as an essential system in all buildings resulting in increased energy demand
- Some energy savings measures are being discontinued such as DCV and energy recovery systems
- Power outages can have catastrophic consequences
- Air Quality as a factor in Resiliency

Renewable sector is an essential contributor to Resiliency

C-PACE to Finance Resiliency Improvements

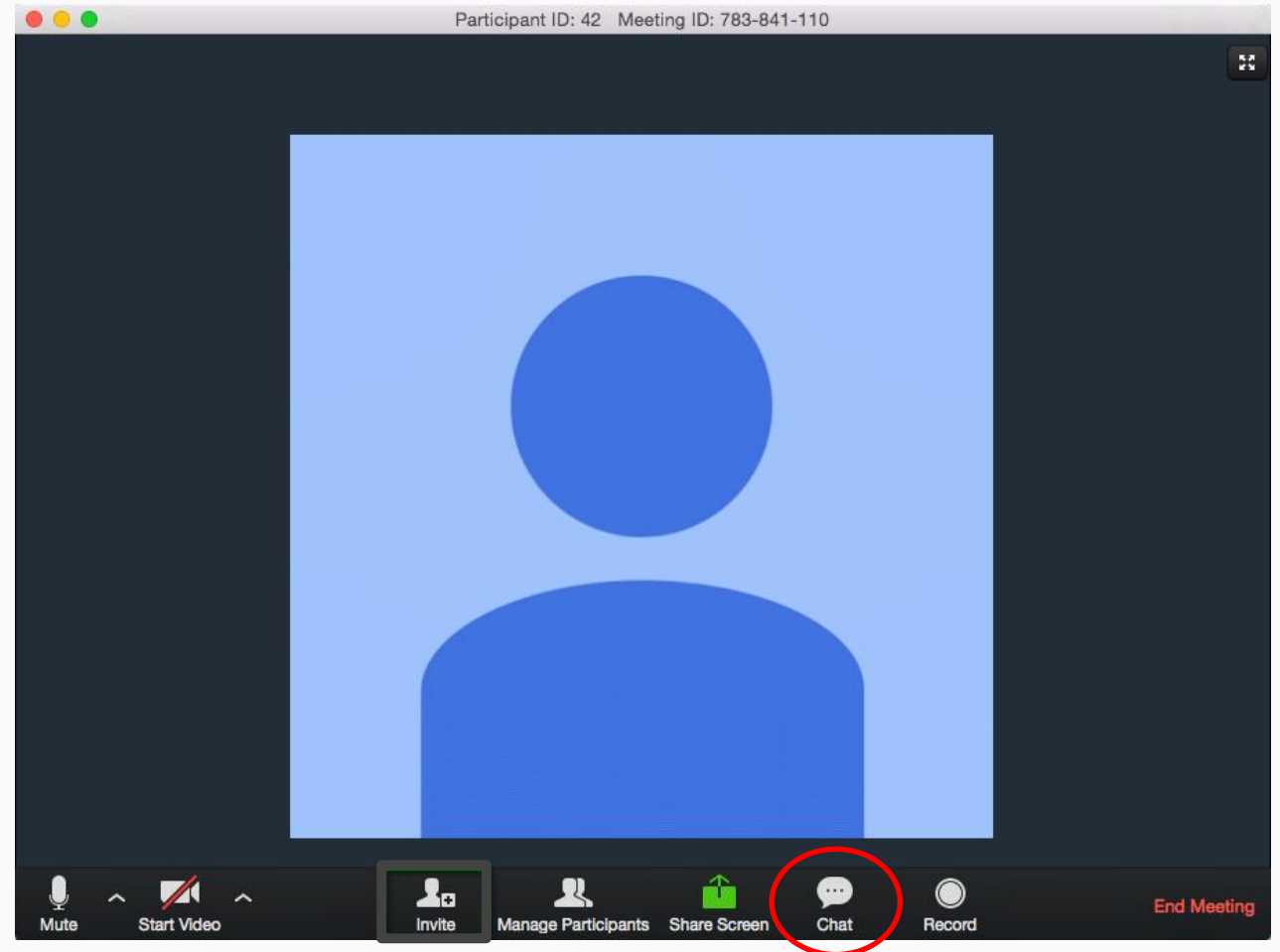


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C-PACE for Solar

Questions?

Submit your questions using the “Chat” button located at the bottom of your screen



C-PACE for Solar

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