



 **ENERGIZE NY™ FINANCE**



NYSERDA
Supported

Energize NY™ PACE

March 9, 2017

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EIC

Energy Improvement Corporation



EIC is a not-for-profit, Local Development Corporation

- Mission to increase clean energy adoption across NYS
- Owned by member municipalities – shared service model
- Funded by NYSERDA, US-DOE, revenue from financings
- Serve property owners with services:
 - Energize NY (PACE) Finance- Provides Capital
 - Energize NY Commercial- Support and Guidance
 - Energize NY Residential- Support and Guidance

PACE Finance

Why are you here?



Property Assessed Clean Energy (PACE) Finance = alternative, affordable financing for renewable energy and energy efficiency upgrades to buildings

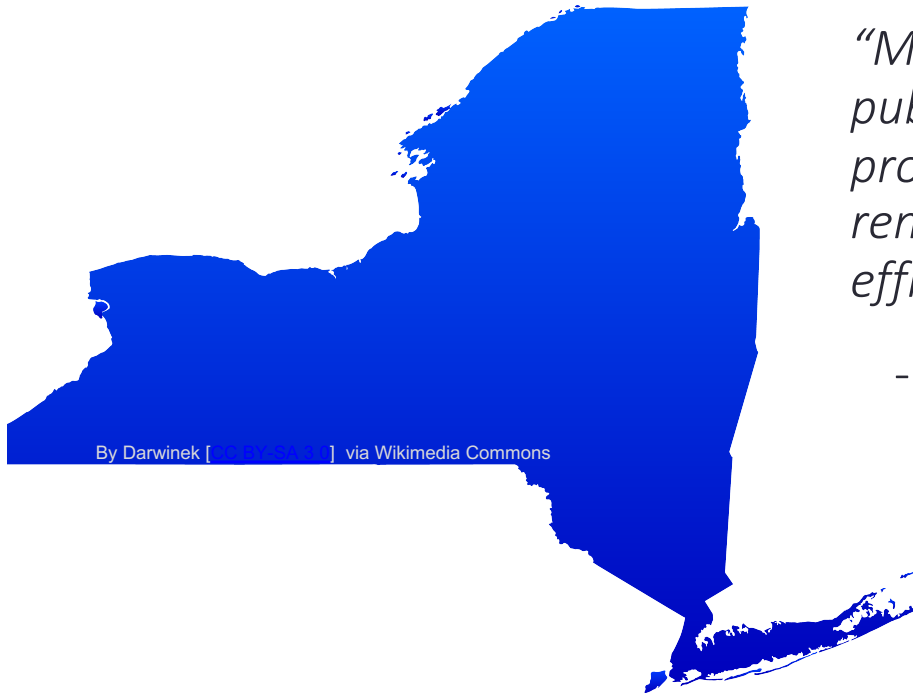
- PACE can expand your customer base. Why?
- PACE is NOT a bank loan
- Building owners are not applying for credit and do not share their personal or corporate financial information to apply
- PACE “loans” are tied to financial value and health of the building. The improvements stay with the building, and the “loan” remains with the building for the length of the financing

PACE

Property Assessed Clean Energy



Energize NY Finance is NY State PACE



“Municipalities would fulfill an important public purpose by providing financing to property owners for the installation of renewable energy systems & energy efficiency measures.”

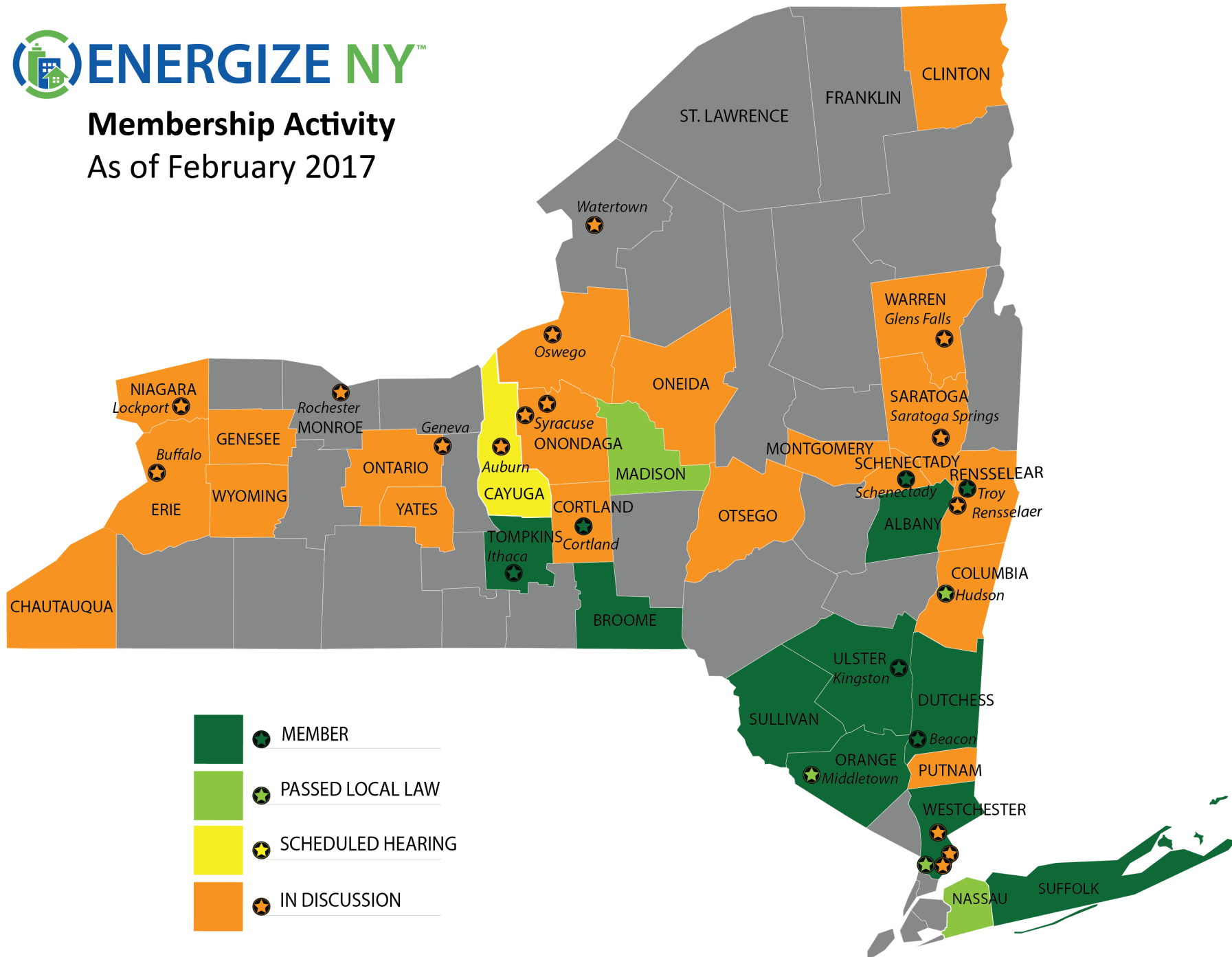
- Article 5L of the NYS General Municipal Law

- *Repayments collected with regular taxes by municipality via tax bill charge*



Membership Activity

As of February 2017



Energize NY Finance

Rates



5 year = 5.20%

10 year = 5.50%

15 year = 5.75%

20 year = 6.00%

QECCB: 20YR = 3%



Energize NY PACE Finance

Benefits



Property Assessed Clean Energy (PACE) = alternative, affordable financing

- **Up to 100% of the cost** of solar and energy efficiency projects of all sizes
- Eligibility is **not based on traditional credit metrics**, but on the building's ability to carry the extra tax charge and generate positive cash flow from reduced energy costs
- Is **repaid through an annual charge on the tax bill** for the property over the term of the loan
- **Automatically transfers to new owner** if the property is sold during the loan term
- Flexible customizable loan **terms up from 5 - 20 years**
- **Competitive interest rates (5.20 to 6.0%)*** depending upon market conditions and even lower rates for not-for-profits located in Westchester County.

*Rates as of 11-10-2016

Benefits

Energize NY PACE Finance



1. Finance up to 100% of project cost
2. Long term amortization of costs up to 20 years
3. Low Rates
4. Automatic transfer to next property owner upon sale
5. Easy to pay
6. Access to capital for most building owners

Finance Criteria



- Estimated annual energy savings from improvements must be greater than annual finance payments
- Improvements have savings-to-investment ratio > 1
- Commercially or Not-for-Profit owned property
- Property's existing loan-to-value is no greater than 80%
- Financing up to 10% of value of benefitted property
- No bankruptcy within last 7 years
- At least 3 year history of timely property tax payments
- Existing lender consent required
- NYSERDA/Utility energy assessments and verification

Energize NY PACE Finance

Close more projects



Capital for most building owners, even those who lack access to traditional credit

- Eligibility based on the building's ability to improve and the ability to carry the additional tax charge
- Personal credit guarantees not needed
- No effect on existing credit lines



Energize NY Finance

Expand your Business



Finance Larger Projects with low rates and long terms

Long term amortization of costs up to 20 years

- Deeper upgrades
- Renewables
- Positive cash flow

Low interest rates

- Positive Cash Flows = immediate cash to Owner
- Long terms facilitate higher Net Operating Income on clean energy investments
- Adds value to property

5 year = 5.20% , 10 year = 5.50%

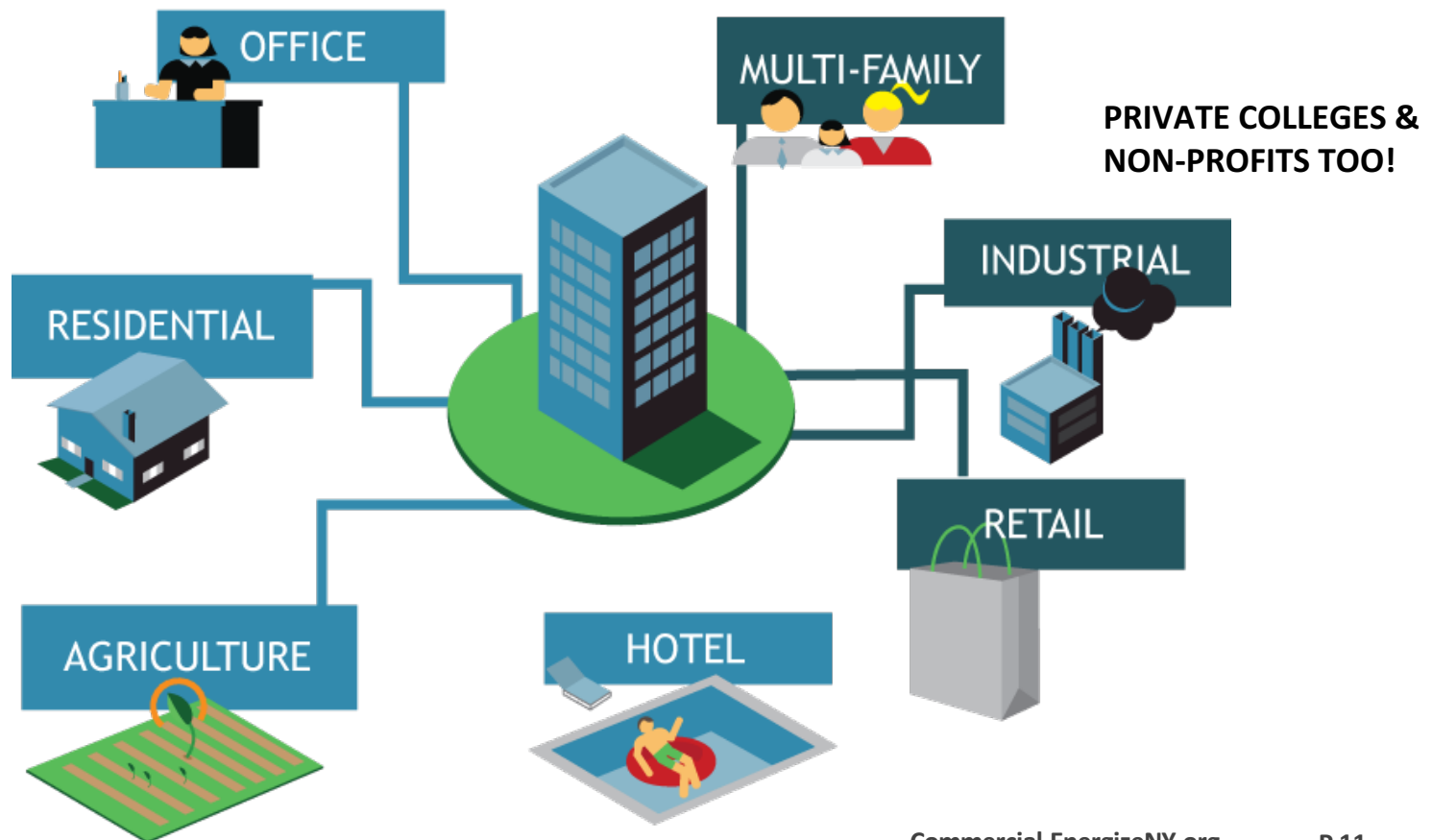
15 year = 5.75%, 20 year = 6.00%

QECCB: 20YR = < 3%

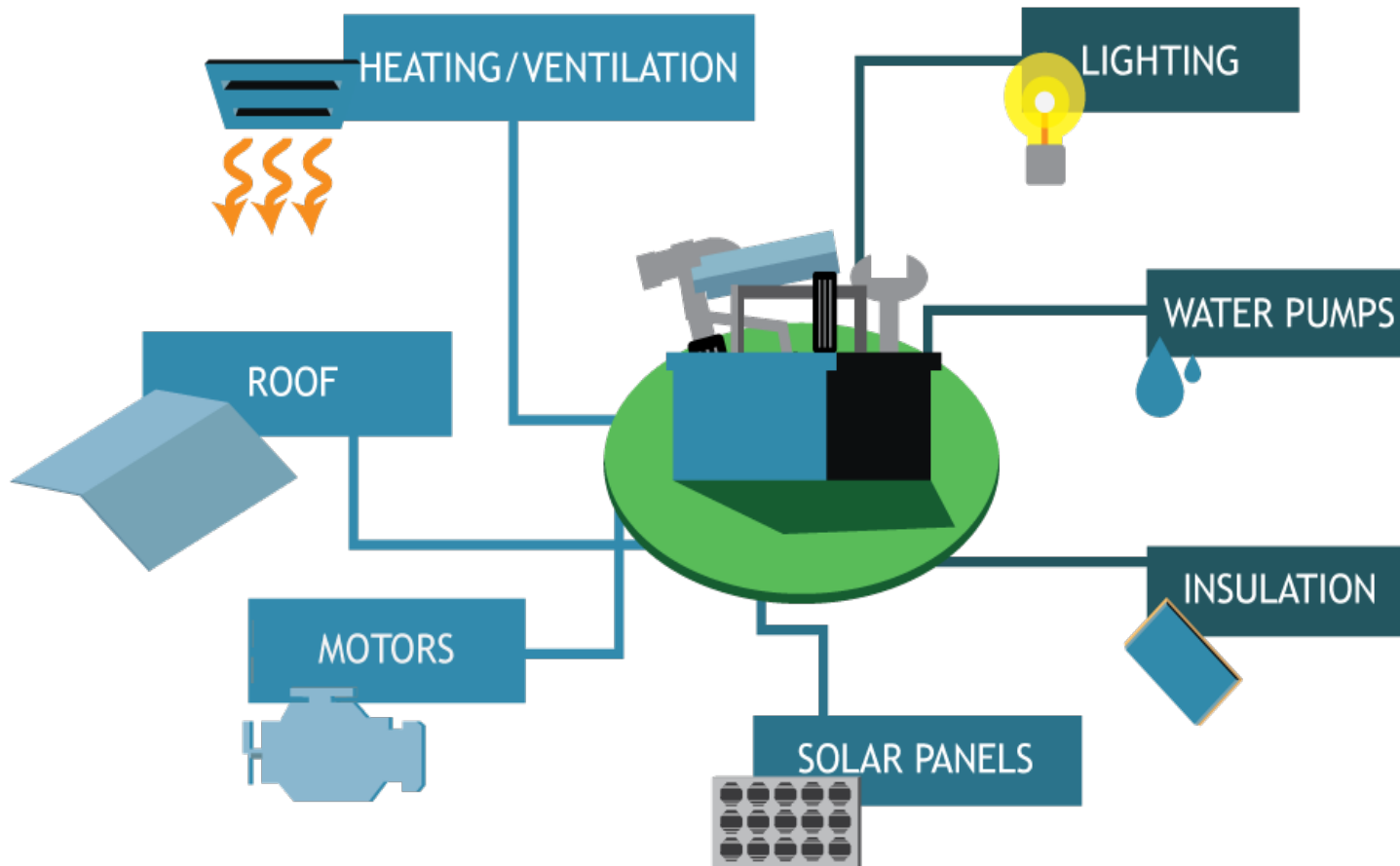
Eligible Building Types



Almost Any Building – Including Non-Profits



Eligible Improvements



Application Process

1. Submit online Pre-Application
2. Scope of Work < ALREADY FROM NYSEG
3. Submit Finance Application with required documents
 - Underwriting Documents
 - Market Value Appraisal + Title Search
 - Mortgage Documents
 - Organizational Documents
 - Existing Lender Consent
4. ENY disburses capital

Energize NY Finance Checklist

| CHECK IF COMPLETED | STEPS | NOTES | TIMELINE |
|--------------------------|---|--|------------------------------------|
| <input type="checkbox"/> | 1. Pre-application | Submit the pre-application here: http://commercial.energizeny.org/commercial-finance-application | - |
| <input type="checkbox"/> | 2. Conditional Reservation Number | Energize NY (ENY) issues a conditional reservation number if responses on pre-application indicate ENY criteria will be met. ENY informs the client about the estimated maximum eligible amount of financing equal to 10% of the market value of the property determined from the municipal tax rolls. | 2 business days |
| <input type="checkbox"/> | 3. Property Value | <ul style="list-style-type: none"> a. If Client is fine with the assessed property value – go to step 4. b. If Client believes property value is higher than the assessed value by the municipality – client provides ENY an MAI appraisal no older than 1 year. ENY can help find an appraiser. ENY will accept an MAI “As Proposed” appraisal. | Client dependent |
| <input type="checkbox"/> | 4. Energy Assessment/Scope of Work | <ul style="list-style-type: none"> a. Client needs help finding a contractor/energy auditor. <u>Please contact ENY commercial team:</u> <ul style="list-style-type: none"> - Jana Petrikova, ENY Assistant Commercial Director, 914-302-7300, janap@energizeny.org - Robert Fischman, ENY Commercial Director, 914-302-7300, robertf@energizeny.org b. Client is already working with a contractor. Please provide ENY with the energy assessment/audit/feasibility study and/or the scope of work. | Client dependent |
| <input type="checkbox"/> | 5. Incentive Programs | Collaborate with contractor and the ENY Commercial Team on applying for the appropriate incentive programs with NYSERDA or local utility to lower overall cost of the project. | Dependent on the incentive program |
| <input type="checkbox"/> | 6. Title Search | Reserve and pay for the title search when requested by ENY Director of Underwriting. | 7-10 business days |

| | | | |
|--------------------------|---|---|-------------------------------------|
| <input type="checkbox"/> | 7. Application | <p>Complete the customized application obtained from the ENY Director of Underwriting. The documentation required:</p> <ol style="list-style-type: none"> a. Determine whether to pay up front or capitalize the ENY Application Processing Fee (\$100-\$1,000 based on the cost of the proposed improvements in the approved Scope of work). b. Provide organizational documents (NYS Department of State Certificate of Good Standing or, in the case of a Partnership, a copy of the Partnership Agreement; in the case of a Corporation, the Certificate of Incorporation; for a LLC, the Articles of Organization; for a Trust, a copy of the Trust Agreement; and a corporate resolution). c. Submit NYSERDA and/or utility incentives and corresponding approved Scope of Work. d. For solar improvements – provide evidence of Property & Casualty insurance. e. Provide Appraisal – if required. f. Certificate of Resolution (indicates that the individual signing the agreement has been authorized to do so). g. By-Laws (for corporations). h. Sanctioned Countries Statement (indicates that you either do not do business outside of the United States or, if you do, that you do not do business with sanctioned countries). <p>If property has a mortgage:</p> <ol style="list-style-type: none"> i. Provide two most recent mortgage statements. j. Provide completed ENY Finance Lender Consent Form (written consent from mortgagee(s) or other lenders who have provided credit secured by the Property). | <p>Client dependent</p> |
| <input type="checkbox"/> | 8. ENY Approval | <p>Upon ENY approval, client receives from ENY:</p> <ol style="list-style-type: none"> a. Finance agreement b. Client Summary Term Sheet c. Finance Disclosure Form d. Certificate of Owner e. Closing instructions | <p>15-20 business days</p> |
| <input type="checkbox"/> | 9. Sign and return Finance Agreement documents | <p>Some documents need to be signed by the client in front of a notary. At signing, ENY confirms and locks the finance rate.</p> | <p>Client dependent</p> |
| <input type="checkbox"/> | 10. Notice to proceed | <p>Upon receipt of the Finance Agreement documents, EIC issues a Notice to Proceed.</p> | <p>1 business day</p> |
| <input type="checkbox"/> | 11. Disbursement upon completion | <p>Disbursement occurs when project has been certified as completed by NYSERDA or utility.</p> | <p>Dependent on completion date</p> |

Step 3 – Apply EIC Fees



EIC Fees: *(all fees may be capitalized)*

1. 4.25 point administration fee
2. \$400 Title Search Fee
3. \$100-1000 Application Fee
4. \$1000 (and up) Appraisal Fee (optional)

Rate locks out to 6 months add 4 to 39 basis points (0.04 – 0.39%) to the rate

Step 3 - Apply Lender Consent



- EIC prepares a package for the bank
- Over 100 financial institutions nationally have given consent – and every EIC project to date
- EIC underwriting standards created to gain confidence from financial institutions
 - Value of mortgage holder's collateral increases
 - Enhanced ability to make existing mortgage payments
 - Possibility of re-finance with willing bank



Post-Training

Partner Qualification Steps



- ✓ Complete and leave the attendance confirmation form or just leave us your business card
2. Complete the *online* Energize NY Partner Profile
3. Watch Energize NY webinars to reinforce today's training
4. Send your project(s) to Energize NY Commercial Team
 - Set up call/meeting to discuss your project
 - (optional): set up call/meeting with your client + Energize NY Team
5. **YOU'RE AN ENERGIZE NY QUALIFIED PARTNER**
 - Finish your first project with Energize NY
 - **YOU'RE AN ENERGIZE NY PREFERRED QUALIFIED PARTNER**

Questions?



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