

RESOURCE SYNERGY

Washington C-PACER Overview

What is C-PACER?

- Property-based debt financing
 - Energy efficiency
 - Renewable energy
 - Water efficiency
 - Safe drinking water
 - Fire, flood, seismic hardening
- Acts like an Assessment
 - Funds repaid over a long time-horizon
 - Assessment Lien resides with the building, not the owner
 - Non-accelerating – only past payments due at foreclosure.
- Can be designed to be cash-flow positive from Day 1
- Guaranteed by a voluntary tax assessment - Low risk to lenders/capital providers = great interest rates!



A New Idea?

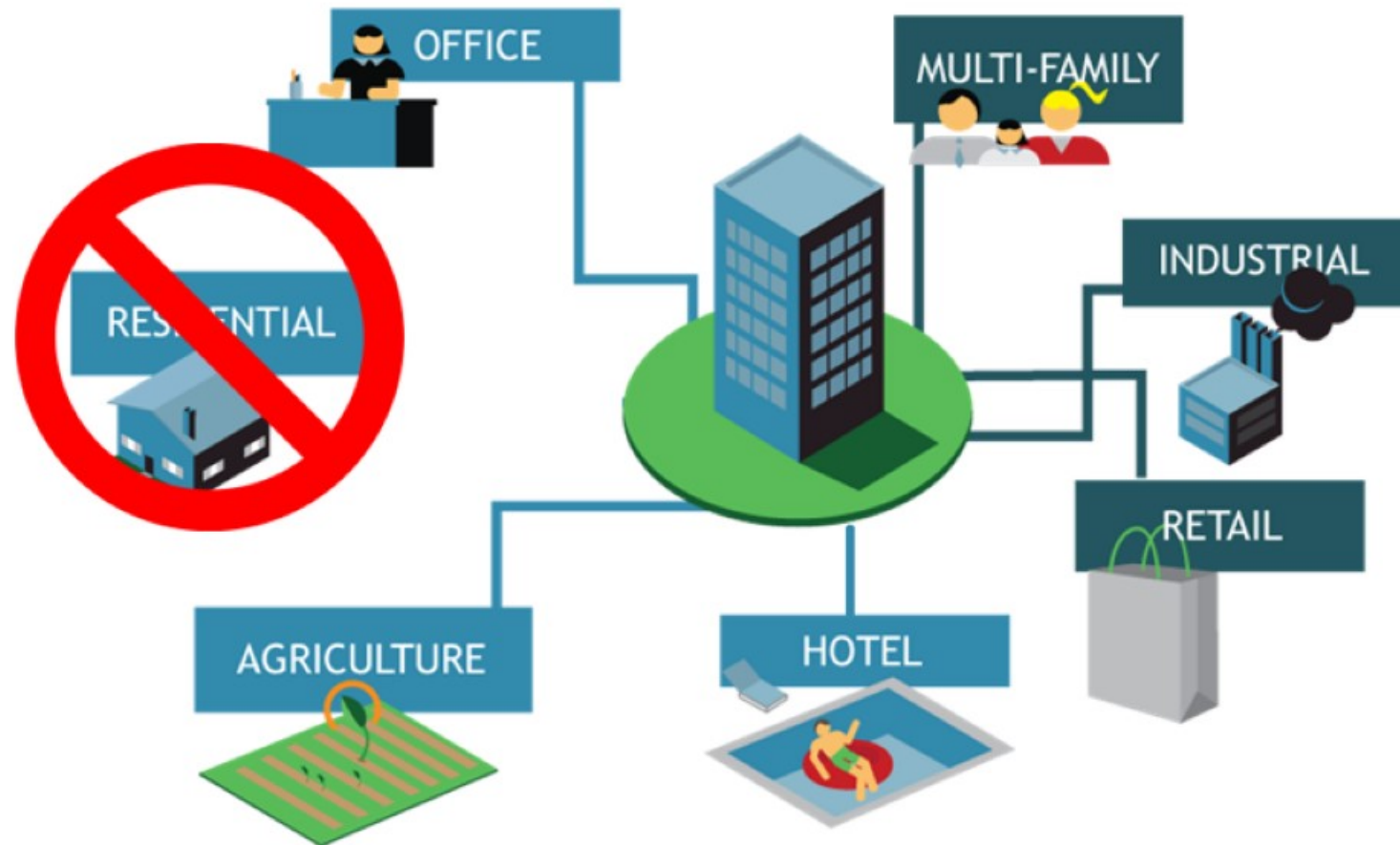
Financing a Public Purpose



- 1736 – First Assessment District in Philadelphia
- Today – 37,000 Assessment Districts nationwide
 - ✓ Water & Sewer Service
 - ✓ Parks
 - ✓ Sidewalks
 - ✓ Lighting
 - ✓ Downtown Renewal
 - ✓ Energy & Resilience (PACE)

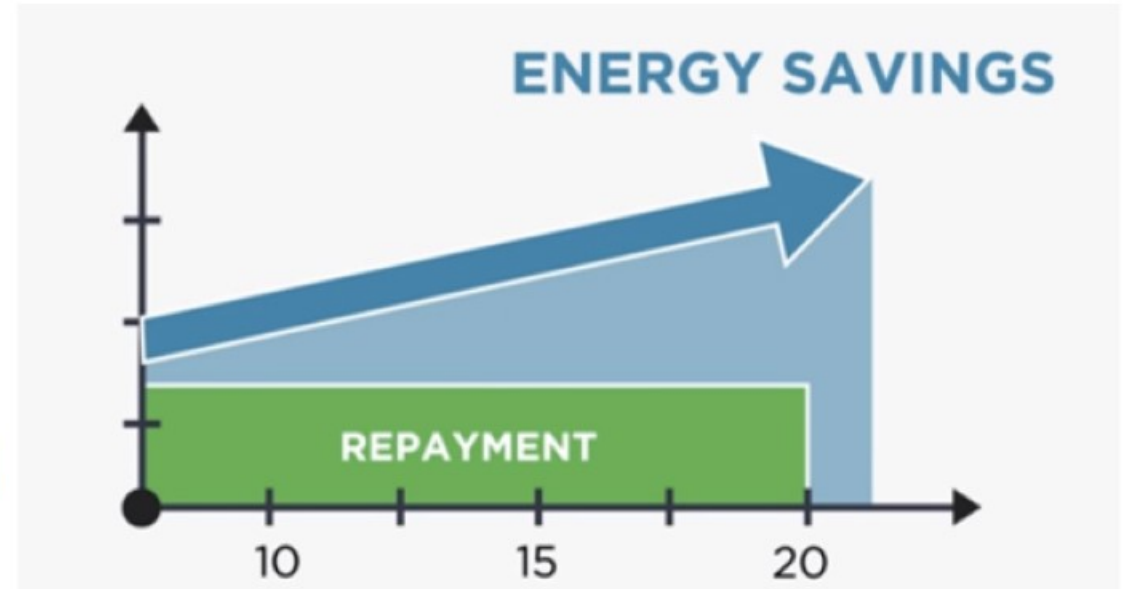
Who Can Use C-PACER?

Most Properties, Even Non-Profits!



How it Works

- 1) Project improvements identified (energy, seismic, fire, water)
- 2) Projects include both retrofits and new construction
- 3) Project Costs Verified and Improvements certified by a qualified professional
- 4) Property Owner and PACE Capital Provider reach mutual terms for financing, including interest rate, term, etc.
- 5) Property owner (or project manager) chooses contractors, uses a PACE Capital Provider to fund the improvements
- 6) Repayment maximum term = weighted average of useful life of improvements (15-30 years)
- 7) County files assessment
- 8) PACER repayment collected directly by PACE Capital Provider.



Benefits of C-PACER to Property Owners



- **100% Financing:** No out of pocket payment for improvements. Includes development costs.
- **Cash-Flow Positive:** Energy savings > Payments, immediately improving net operating income (NOI)
- **Increases Property Values:** Increase in NOI = Increase in property value
- **Long Term Financing:** Amortization up to 30 years
- **Enables DEEP Retrofits:** Overcomes payback hurdles that have historically led to harvesting only low-hanging fruit

Benefits to Property Owners

- **Overcomes Split Incentive:** Can debt service will flow through to tenants some lease structures
- **Increases Marketability:** Projects may enhance building comfort and aesthetics, attracting tenants and buyers
- **Transferability:** Voluntary assessment is tied to the building, transfers with ownership
- **No Impact to Debt-to-Equity Ratio:** Does not impede the owner's ability to borrow additional funds
- **Seismic and Fire Retrofits:** Distributes expense over long term



Clean Buildings Compliance

- Passed in 2019
- Establishes energy efficiency benchmarks for buildings
- Incentives for early compliance, strong penalties for non-compliance
- C-PACER facilitates compliance by operationalizing large capital investments required to achieve the targets.



Nation-Wide Impact

Commercial PACE

C-PACE INVESTMENT BY PROJECT TYPE

Energy efficiency (55%)

Renewable energy (17%)

Mixed (15%)

Resiliency (3%)

\$4,192

Investment (MM)

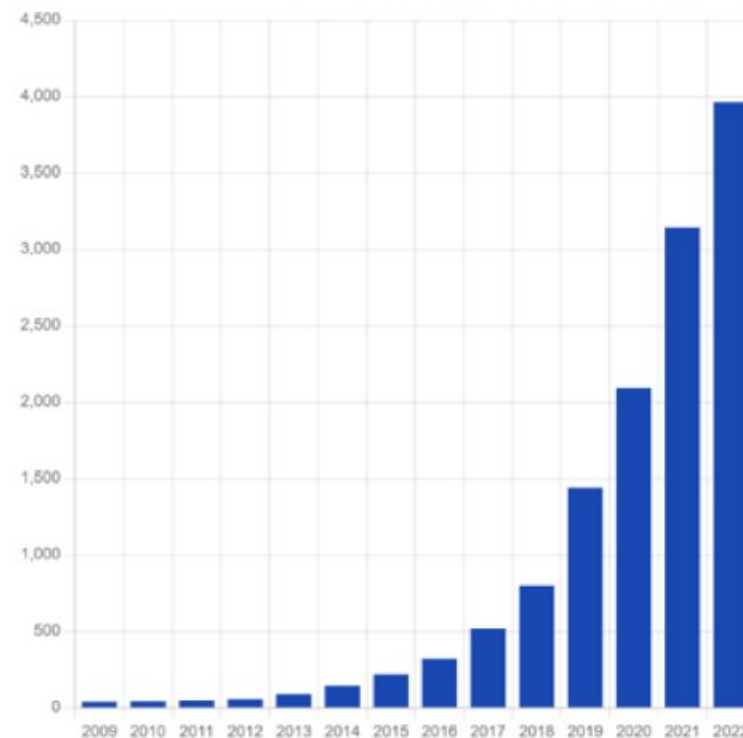
2900

commercial projects

52,000

job-years created

CUMULATIVE C-PACE INVESTMENT, MM (2009-SEPT. 2022)



When coupled with residential pace, equates to nearly \$12 Billion in investment

Contact Information



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