PACE Presentation by Tim Cali
Commercial Sales manager for Renew Financial
Renew financial is a PACE Property Assessed Clean Energy Company located in Oakland CA. We offer Commercial Pace Financing in Partnership with CleanFund Commercial PACE Capital. Renew Financial was one of the first PACE companies. Our Founder Cisco DeVries is credited with coming up with this idea, and rolling out the first city managed program of it’s kind. Renew Financial founded in 2008 has roughly 300 employees and has offices in GA, FL and CA.
Is PACE part of the solution?

I believe so!

PACE has unique benefits that make it a great fit for long term sustainability projects, complex energy efficiency projects and projects that are either owner occupied or tenant occupied.
The RPACE & CPACE Landscape?

Residential
4 Billion

Commercial
500 Million
Solar & EE Financing with PACE

Where is PACE today?

Residential vs. Commercial

3.5 Billion vs 450 Million

Recent successes stories

What are the roadblocks?

How to win with PACE

Case Study
Is this really to much to ask?
Success Stories?

India Community Cultural Center
Fremont CA
550K - Renew Financial / First Edison Solar

Kids First, a sports facility in Cincinnati
600K
Greenworks Lending
More Success Stories

40 Million Dollars !!!
Seismic retrofit project

Project Partners
CleanFund
Petros PACE Finance Renew Financial
<table>
<thead>
<tr>
<th>Challenges</th>
<th>Associated Fees</th>
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</thead>
<tbody>
<tr>
<td>Awareness</td>
<td>Associated Fees</td>
</tr>
<tr>
<td>Lender consent</td>
<td>Title History</td>
</tr>
<tr>
<td>Property Equity/LTV</td>
<td>Occupancy</td>
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<tr>
<td>Lack of Standardization</td>
<td>Monetization of the ITC</td>
</tr>
<tr>
<td>Maturity of the CPACE</td>
<td>Cost of Capital - Interest Rate</td>
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Unique Advantages of PACE?

- Requires no initial investment with terms to 30 yrs and up to 100% CLTV
- Creates instant pay back and increases cash flow and increases NOI
- Does not require traditional underwriting since debt is secured by a property tax
- The debt is nonrecourse debt - owner is not personally liable
- Paves the way for sustainability projects with long paybacks
- Naturally compliments triple net leases and gross leases
- Accommodates the split incentive for tenants and owners
The Split Incentive

① The property owner can take advantage of the ITC and MACRS depreciation

② The property tax passes through to the tenant via the triple net lease or modified gross lease. The tenant saves money on the utility bill
How can nonprofits monetize the ITC?

We can in some cases coordinate a 3rd party owner to buy the system and discount and project by 15-25%

Example 80% PACE and 20% 3rd party investor
Stop the Wild Goose Chase

They waste time and resources

They give you a false pipeline

They never actually fund!

They wear you out and can be fatal
1. Identify projects that are free and clear or have just one MTG lender
2. Identify projects that are not single use properties
3. Identify properties that are 65% occupied
4. Identify properties that need multiple measures
5. Ask if property taxes are paid
6. Simple ownership structure
7. Can the value support the project?
## Monolithic Sample Case Study #1

### HAVC Lighting and Controls Project

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Project cost</td>
<td>$745,546.00</td>
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<tr>
<td>Project savings</td>
<td>$188,702.00</td>
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<tr>
<td>Annual Pace 20yr Assessment</td>
<td>$73,000.00</td>
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<tr>
<td>Increased NOI (per year accelerating at approx. 3.5% per year)</td>
<td>$115,702.00</td>
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<tr>
<td>Rebate</td>
<td>$125,000.00</td>
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Monolithic Sample Case Study #2

HAVC Lighting and Controls Project and Boiler & 4 Chiller Units

<table>
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<tr>
<th>Description</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Project cost</td>
<td>$1,445,546.00</td>
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<tr>
<td>Project savings</td>
<td>$188,702.00</td>
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<tr>
<td>Annual Pace 20yr Assessment</td>
<td>$146,000.00</td>
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<tr>
<td>Increased NOI (per year accelerating at approx. 3.5% per year)</td>
<td>$42,702.00</td>
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<tr>
<td>Rebate</td>
<td>$125,000.00</td>
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</table>
### HAVC Lighting and Controls Project and Boiler & 4 Chiller Units

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td><strong>Project cost</strong></td>
<td>$1,945,546.00</td>
</tr>
<tr>
<td><strong>Project savings</strong></td>
<td>$188,702 + 40,500.00 = $229,202.00</td>
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<tr>
<td><strong>Annual Pace 20yr Assessment</strong></td>
<td>$196,700.00</td>
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<tr>
<td><strong>Annual Pace 30yr Assessment</strong></td>
<td>$150,000.00</td>
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<tr>
<td><strong>Increased NOI (per year accelerating at approx. 3.5% per year)</strong></td>
<td>$32,500.00 / $79,200.00</td>
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<tr>
<td><strong>Rebate</strong></td>
<td>$125,000.00</td>
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<tr>
<td><strong>Tax Credit and MACRS depreciation value is approx.</strong></td>
<td>$268,875.00</td>
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<tr>
<td><strong>Plus delayed utility bill for 12 months -- cash flow!!!</strong></td>
<td></td>
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The Process

Step 1: Get Property Pre-Qualified and Request Term Sheet

Step 2: Have Owner Submit CleanFund Application

Step 3: Underwrite - Docs Out

Step 4: Sign Docs - Fund !!

Step 5: LOI Call with CleanFund and Owner

Provide Proposal and Savings Analysis
Commercial PACE has a lot of potential!

Contact Information

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QUESTIONS? COMMENTS?