

MD-PACE and Kent County



Property Assessed Clean Energy (PACE) Financing

- Property Assessed Clean Energy (PACE) is a government financing policy that classifies energy-savings upgrades as a public benefit– like a sewer, road extension, etc.
- 100% of hard and soft costs are funded by private capital and repaid via a surcharge on the property tax bill.
- Payback periods match equipment life (frequently 20+ years)...
- **This makes most projects cash flow positive from day one.**

PACE: Removing Barriers for Energy Financing

Barriers for Financing



Lack of funding?

Plan to sell building?

Payback period too long?

Tenant pays energy bills?

Unsure if savings will appear?

How PACE unlocks capital



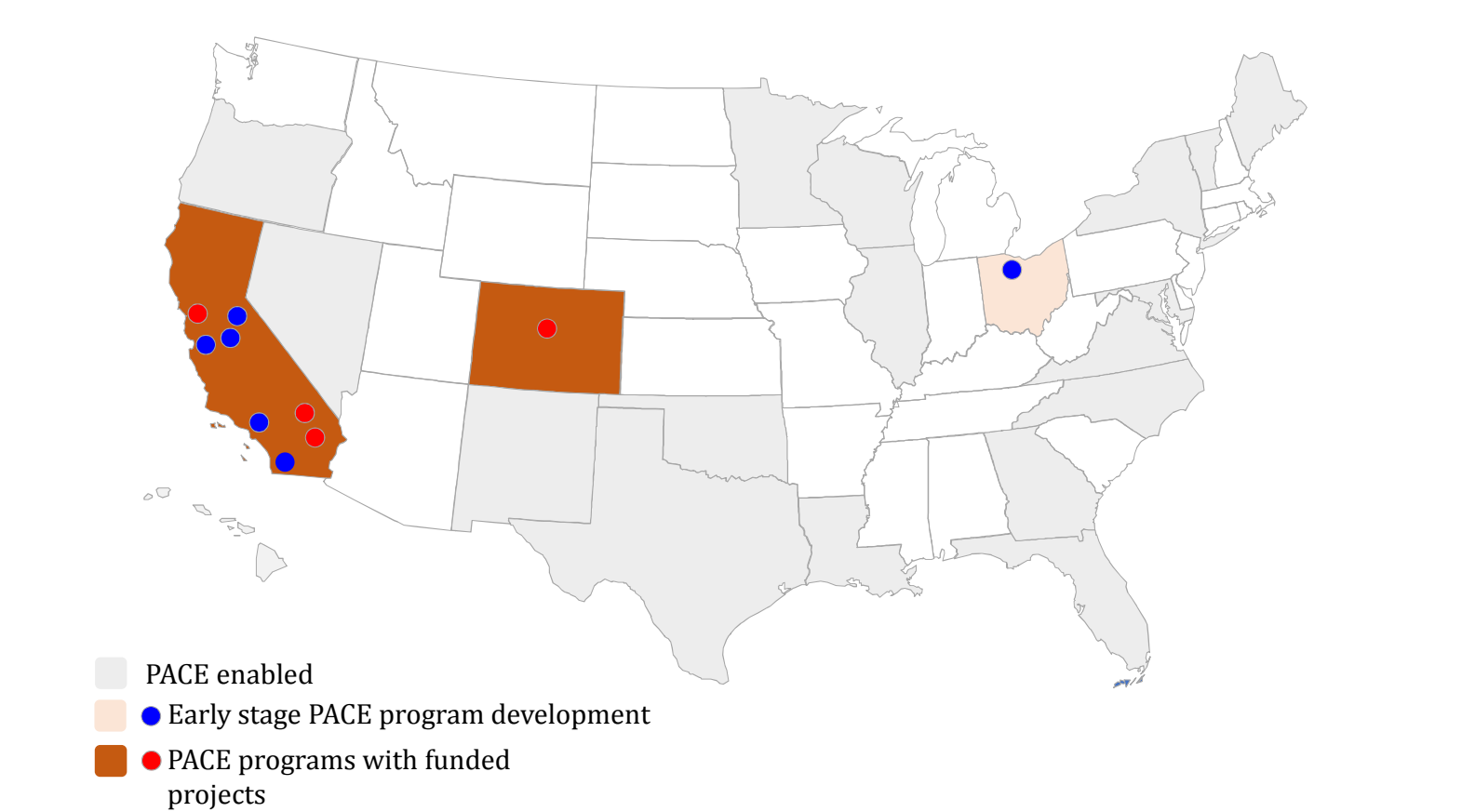
100% upfront, 20+ year financing

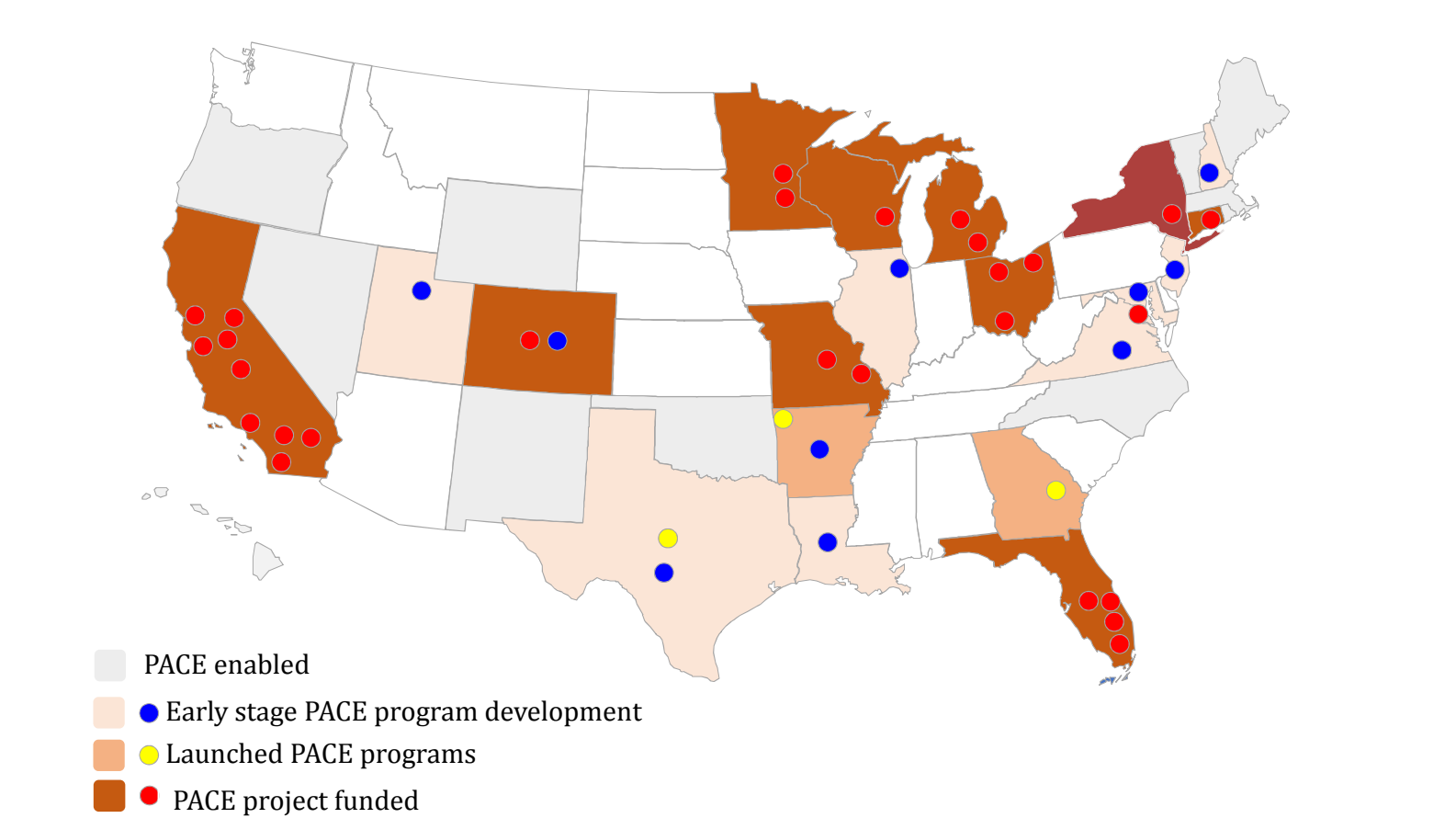
Obligation transfers with property

Positive cash flow in year 1

Assessment/savings pass to tenants

Third party technical review





National PACE Market

Completed Commercial Projects

- 750 Commercial Buildings
- \$250 million
- 3,000 jobs created

Completed Commercial Projects

- 46% Efficiency
- 45% Renewable
- 9% Mix



Maryland Senate Bill 186

(signed, May 2014)

- Enables PACE for:
 - Commercial
 - Industrial
 - Multi-family
- Enables Counties to Opt-In by Passing an Ordinance that Describes:
 - Eligible Measures
 - Eligible Properties and Property Owners
 - Loan Terms and Conditions
- Requires Consent of Existing Mortgage Lenders



Maryland PACE Program (MD-PACE)

- Maryland Commercial PACE Program (MD-PACE)
 - Partnership between Pace Financial Servicing and Maryland Clean Energy Center
 - PFS provides turnkey and standard program design, implementation, and administrative services.
 - Goal is to design for scale!



Maryland PACE Counties

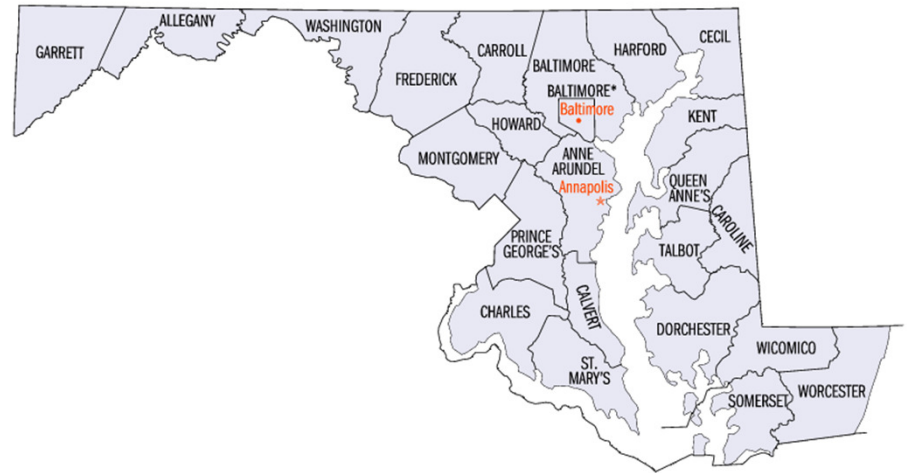
Open for Business

- Anne Arundel County
- Garrett County
- Howard County
- Montgomery County**
- Queen Anne's County

Considering PACE

- Allegany County
- Baltimore City
- Baltimore County
- Cecil County
- Charles County
- Frederick County
- Worcester County

* Not MD-PACE



PFS Programs

PFS helps counties:

- Pass ordinances
- Set up programs
- Standardize approaches to implementing PACE districts
- Establish program guidelines
- Establish legal documents to govern the PACE process throughout the lifecycle of a project.
- Market their programs and train contractors and capital providers
- Collect and remit PACE payments



PACE Financial Servicing Overview

Outsourced PACE program administration

- No fee for county
- Collects regular, small fees from PACE projects to support administration

Open market administration

- Allows any capital providers to finance deals at a low application cost (structured either as an application fee or points on deal – with portion to cover county's expenses if required)

Online application for PACE approval

- Tracks applications for reporting volume to county
- Rapid response team reviews applications for PACE approval

Standardization

- Documents for applicants to submit proof of lender consent, signed risk disclosure forms
- Lien filing for counties or municipalities to file upon project approval

Technical Expertise

- List of eligible measures, based on relevant enabling state statute
- Partnership with engineer for review of complicated projects to confirm energy savings (added cost to applicant)

MD-PACE Program Documents

- PACE Ordinance
- PACE Application
- PACE Website
- PACE Program Guidelines
- Notice of Approval
- Confirmation of Surcharge
- Notice of Levy of Lien (Recordation)
- Standard Offer and Master Purchasing Agreement for Capital Providers



Genevieve Rose Sherman

gsherman@paceservicing.com

917-968-0948

Gerard K. Neely

gneely@paceservicing.com

443-910-4932