



accelerating clean energy projects through PACE

Agenda

- **CT PACE overview**
- The story of CT PACE
- **Lessons learned**
- Version 2.0: Greenworks Lending



CT's PACE policy

- Commercial, industrial & multi-family property
- Requires the consent of the existing mortgage lender
- Requires SIR > 1, permanently affixed
- Single statewide program with CT Green Bank as named administrator, municipalities opt-in
- Renewable and energy efficiency (and related measures)

CT Green Bank's role

Design Program

- Design guidelines, bring on technical team
- Onboard municipalities
- Market the program

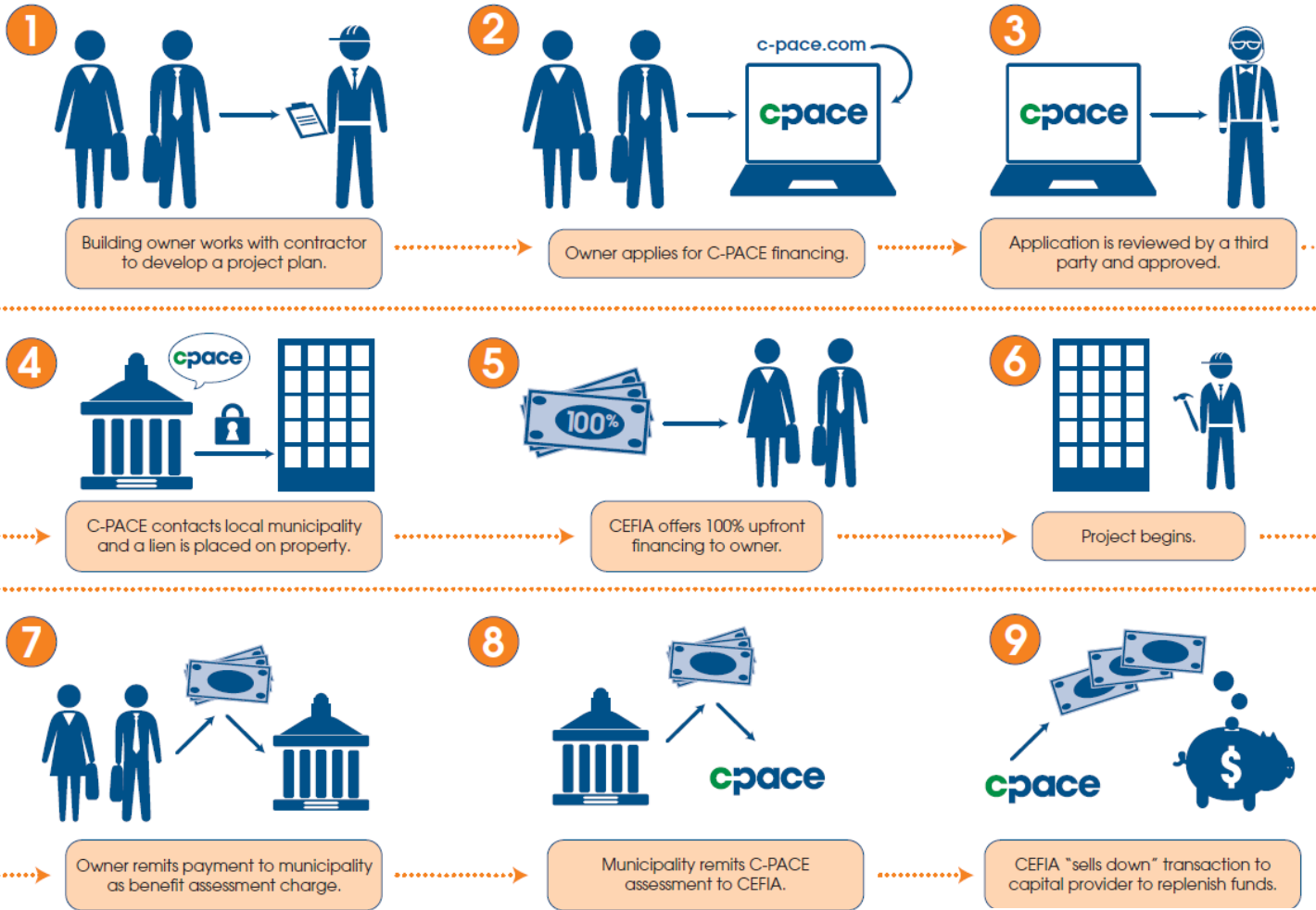
Determine Project & Building Eligibility

- $SIR > 1$
- Financial due diligence
- Secure lender consent

Attract Private Capital

- Qualify Capital Providers
- Provide capital (as needed)
- Sell-down portfolio

THE C-PACE PROCESS

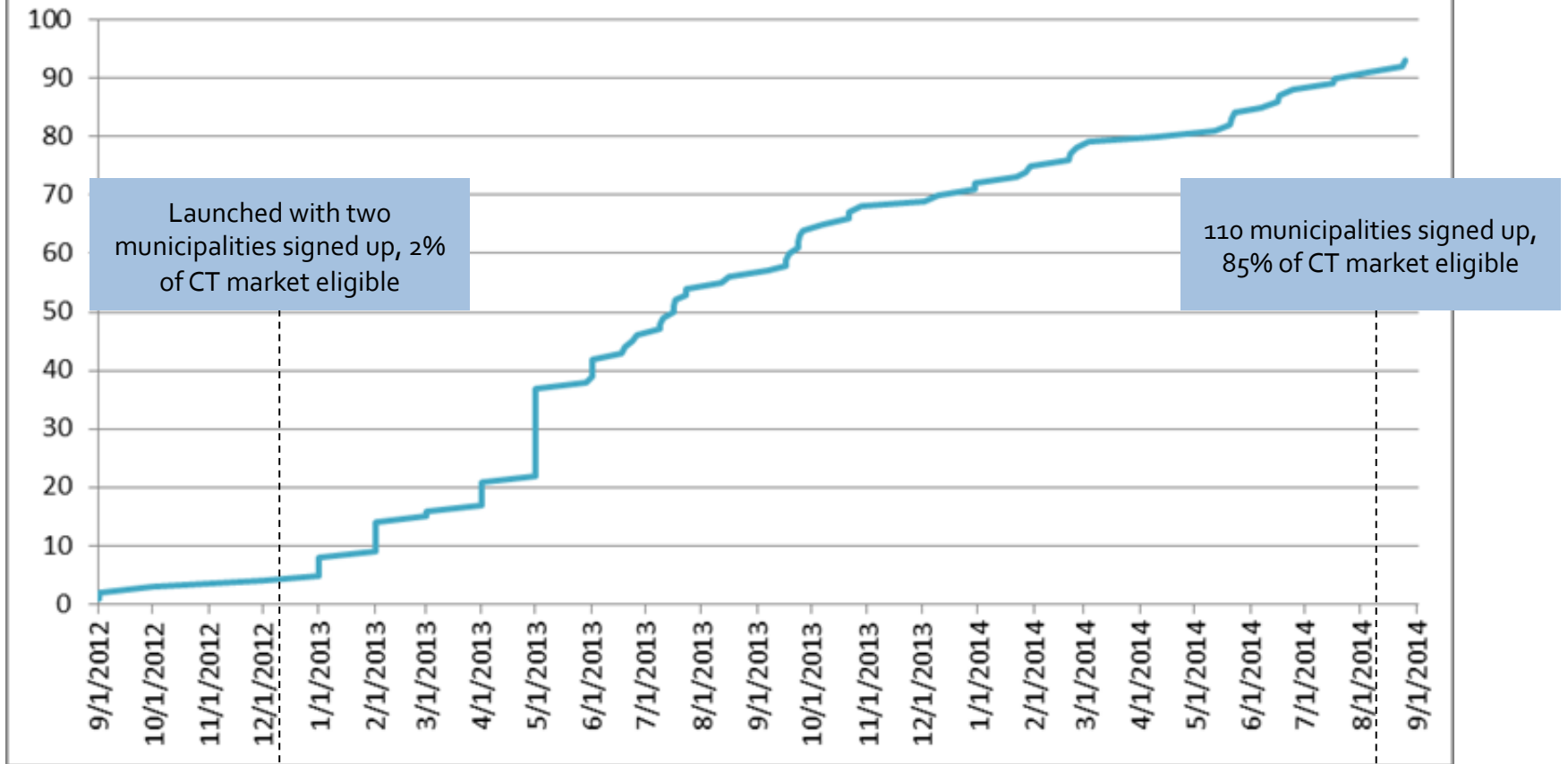


The CT PACE story

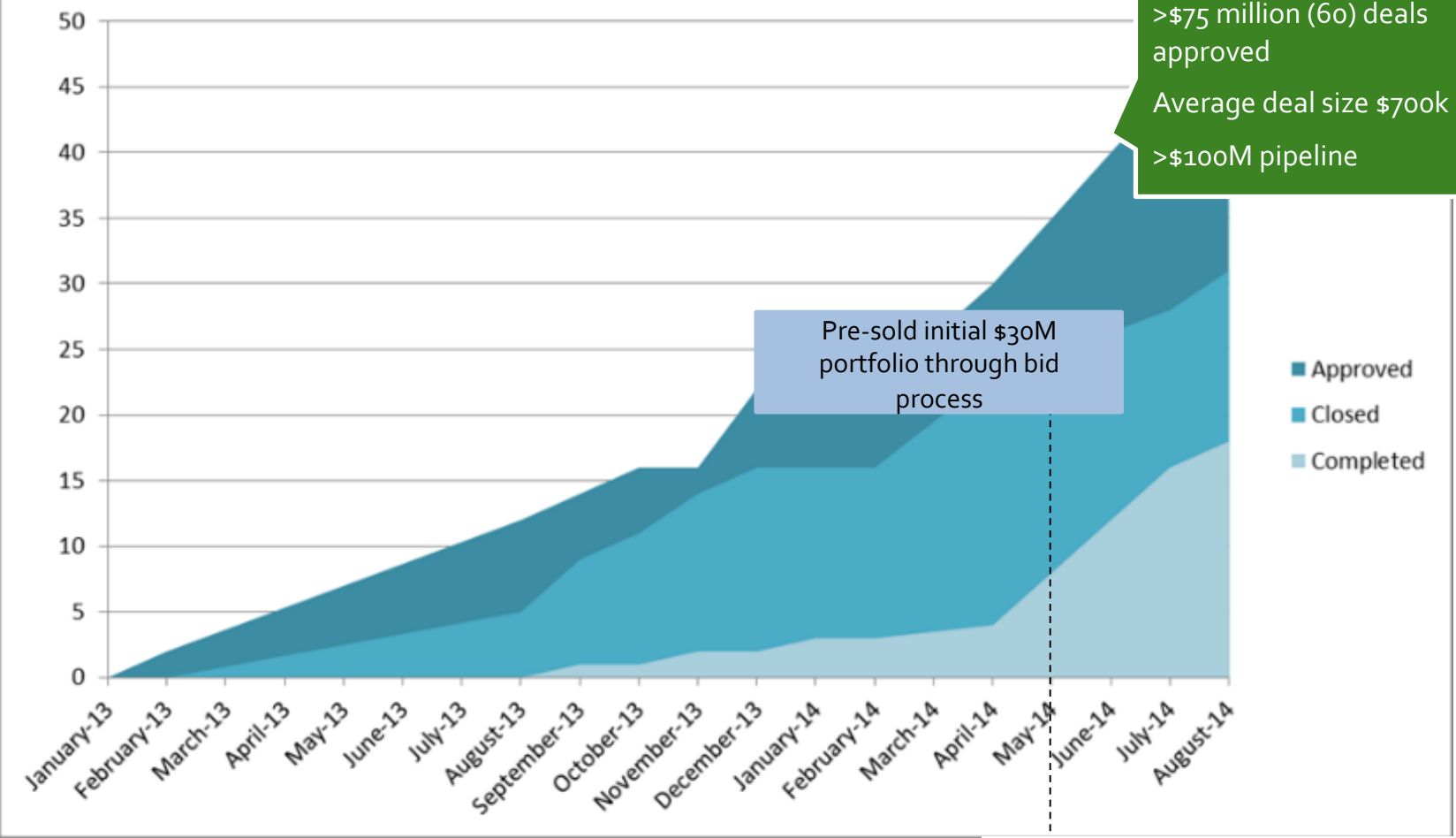
- Launched in January 2013
- Two years later....
 - 200+ contractors trained
 - 25 qualified capital providers
 - Originated with \$75M internal warehouse CEFIA capital
 - 30 mortgage lenders have provided consent
 - And...



Towns Adopting C-PACE



C-PACE Projects

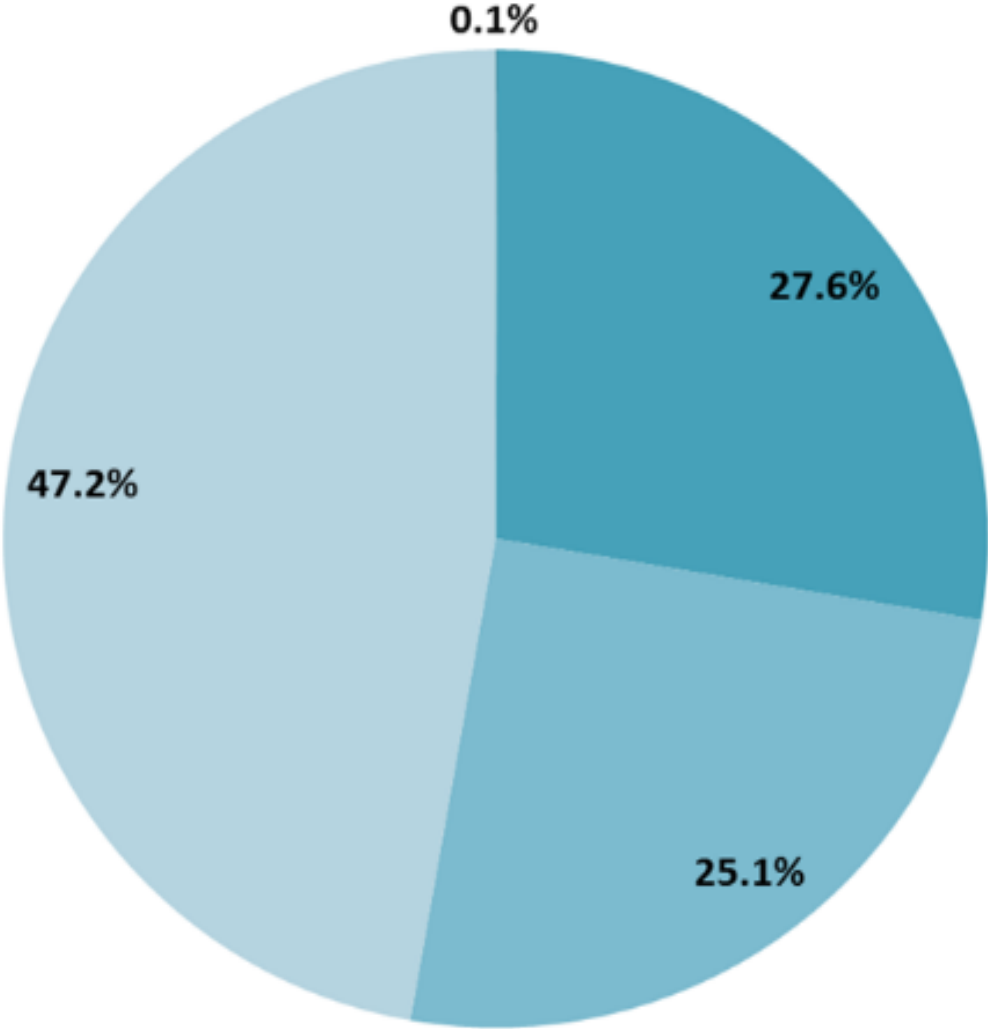


4Q 2014:
 >\$75 million (60) deals approved
 Average deal size \$700k
 >\$100M pipeline

Pre-sold initial \$30M portfolio through bid process

C-PACE Project Type

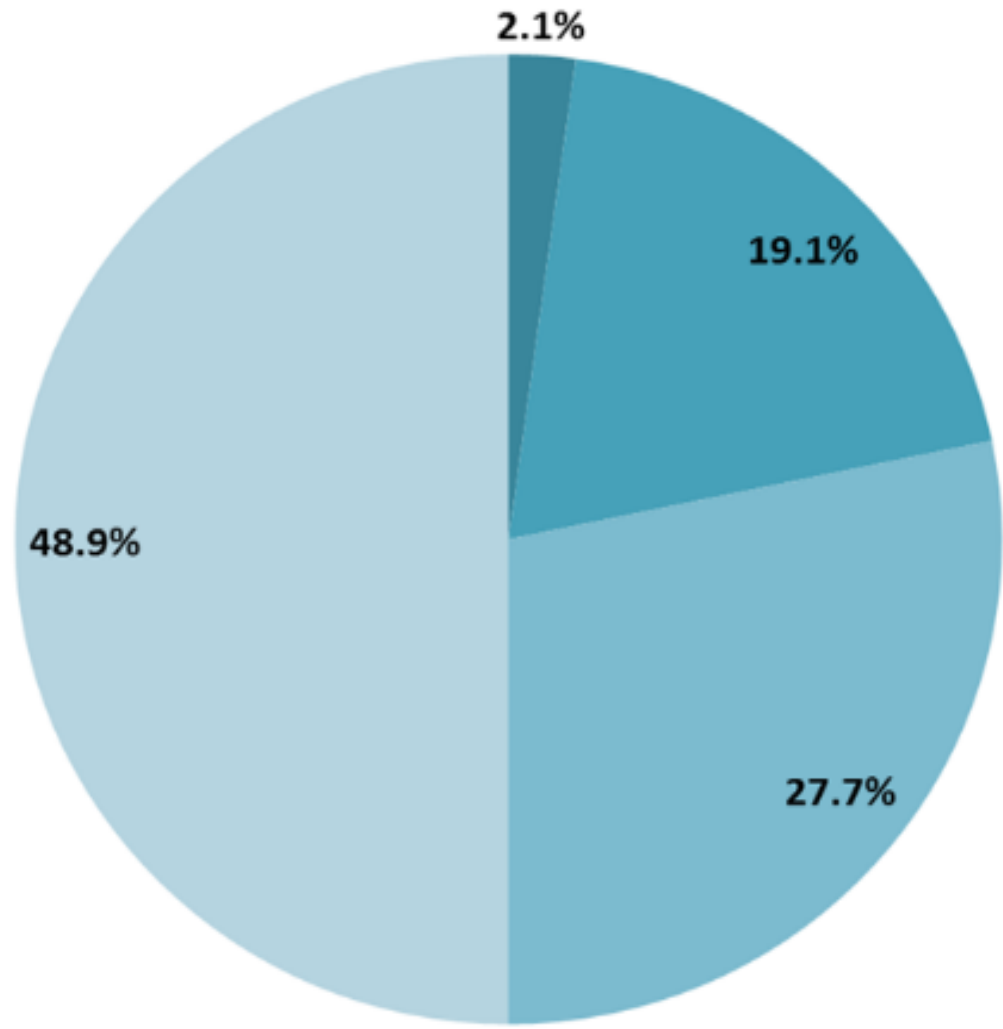
(\$ Financed)



Boiler Both Energy Efficiency Renewable

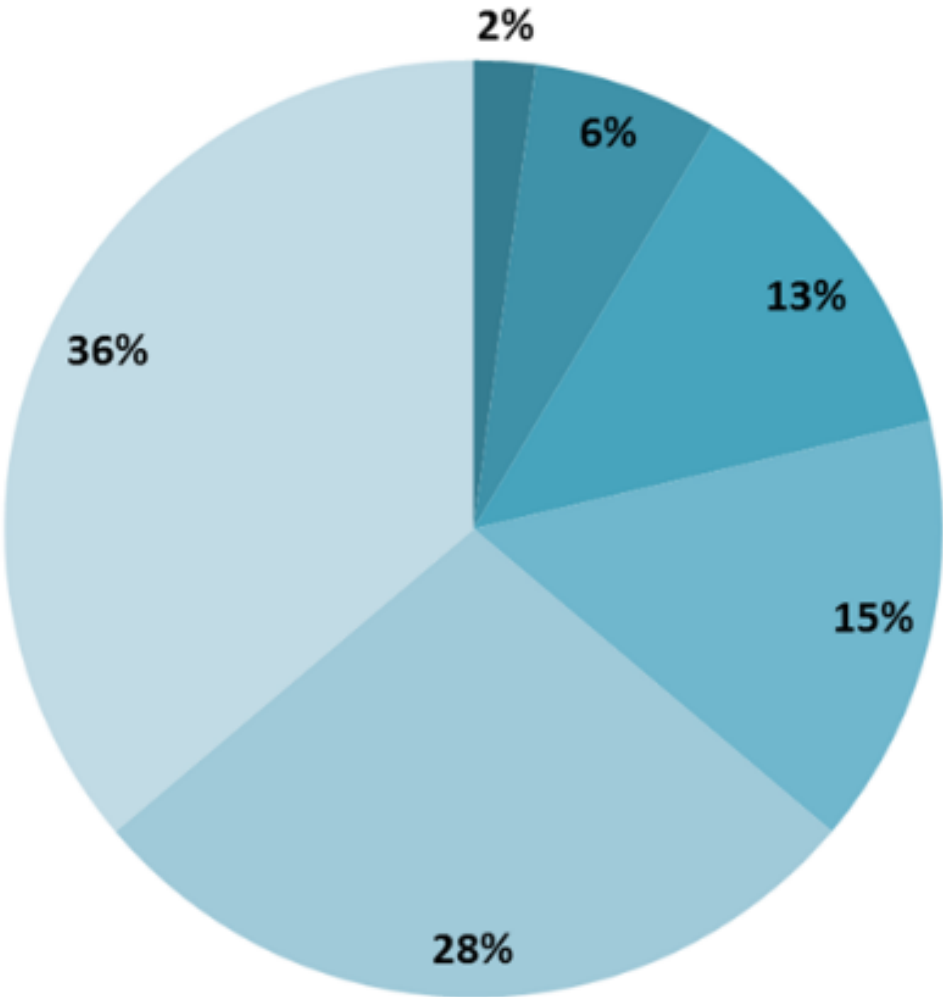
C-PACE Project Type

(# of projects)



■ Boiler ■ Both ■ Energy Efficiency ■ Renewable

C-PACE Property Type



■ Hotel ■ Multifamily ■ Non profit ■ Retail ■ Industrial ■ Office

Why CT PACE worked

- Legislative framework
 - Financing product works (senior lien)
 - SIR test ensures positive cash flow for owner and elicits consent from mortgage lender
 - CGB as administrator – good housekeeping stamp of approval
 - Statewide program – consistency for contractors, owners, lenders
- Programmatic
 - Contractor training and outreach to get deals in
 - Coordination with ZRECs to maximize cash flow
 - Momentum/word of mouth around the state (boot leather)
- Warehouse
 - On demand capital
 - Standard, transparent rates
 - Low fees
 - Clear process from application to cash



Need for a v2

- State contractor considerations
- Volume considerations
- Limited capacity to meet demands of growing market (ex. underwriting)
- CGB not structured efficiently to take on growth (overhead)
- Political risks of future of CGB (defund)
- Quasi-state processes (PSAs, state contracting requirements, staff recruitment and retention)
- Replicability around the country

“Our role is to be **catalytic** and then get out of the way of the market when it doesn't need public money anymore.”

Bryan Garcia, CEO of CT Green Bank
at IMN Sunshine Backed Bonds Panel, April 2014

Key lessons

PACE isn't just about the money.

Work with banks early on consent – get creative.

Flexibility is critical.

Pick the right market.

Green Bank "crowded in" funding by taking early risk & aggregating.

Volume drives everything.

Keep it simple.

PACE doesn't work for everyone.



Version 2.0: Greenworks Lending

Greenworks Lending is an origination and lending platform for money- and energy- saving capital upgrades in commercial buildings

Launched in 2015 to expand the CT model of PACE and help fulfill vision of the CT Green Bank

Co-founded by **Jessica Bailey** and **Alexandra Cooley**

Funded by **FNA Capital Management**

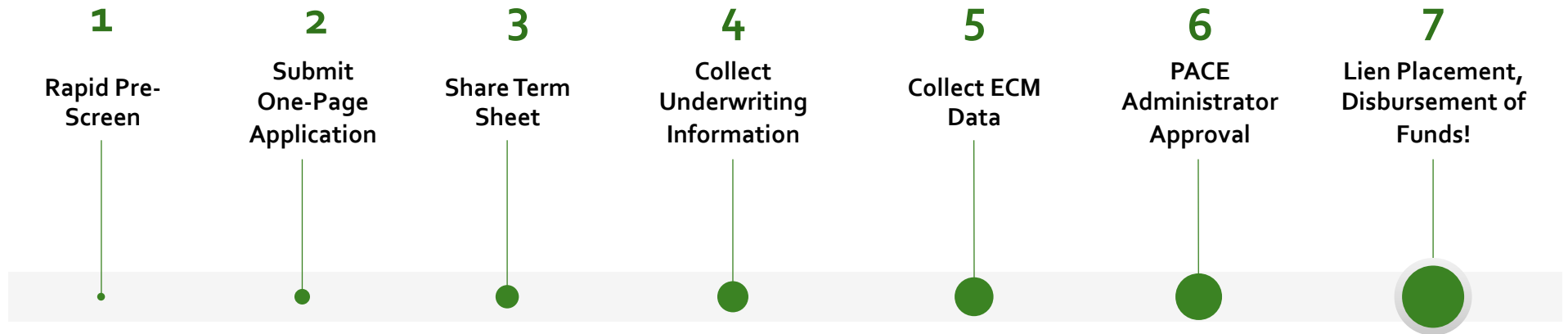


What Greenworks does

- Supports **contractors** to originate PACE deals
 - identifies leading partners
 - trains sales teams
 - provides tools to assist origination
 - troubleshoots through process
- Offers PACE **financing** to eligible property owners
 - financing available through construction
 - 100% financing
 - competitive rates
 - fast and simple underwriting



The Greenworks Process



Market Selection Criteria

- ✓ Workable PACE policy
 - ✓ Senior Lien
 - ✓ Open market
- ✓ Borrower Economics
 - ✓ High energy prices
 - ✓ Good incentives
- ✓ Operational Program
 - ✓ Low application fees
- ✓ Project opportunities
 - ✓ Clustering
 - ✓ Potential market size
 - ✓ Contractor Network

Greenworks' Entry into a New Market

1. Business review of program guidelines and barriers/opportunities



5. Development of marketing plan and identification of key channel partners

Leadership

- Greenworks' founders developed the Connecticut C-PACE program
 - Originated and financed >\$75M in commercial PACE transactions across hundreds of buildings in 2013-14, more than the combined efforts of the rest of the country
 - Leadership team combines deep experience with public-private partnerships like PACE and with developing deep relationships with channel partners
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Jessica Bailey, CEO and Co-Founder

- C-PACE Director at CT Green Bank
- Sustainable Development at Rockefeller Brothers Fund (RBF)
- White House "Champion of Change"
- Board Member, New England Clean Energy Council, Senior Fellow at PACENow
- MA, Yale University
- BA, University of Notre Dame



Ali Cooley, CIO and Co-Founder

- Led or supported >\$100M of public-private structured finance deals at CT Green Bank, including:
 - Led development of C-PACE underwriting guidelines
 - Directly underwrote >\$20M C-PACE assessments
- NewWorld Capital & OC&C Strategy
- MBA / MEM, Yale University
- BA, University of Pennsylvania



Andrew Zech, CBDO

- 7 years enterprise sales and marketing leadership at Advisory Board Company
 - Led sales and marketing for two new product lines totaling \$60M in contract value
- MS, Georgetown University
- BA, University of Pennsylvania



Jessica Bailey

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