

# **ENERGIZE NY**<sup>TM</sup>

## Municipal Membership Package

# PACE

## Property Assessed Clean Energy



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

- 2009 Article 5L of the NYS General Municipal Law

- Repayments collected by municipality via tax bill charge
- Senior lien status

# PACE is Nationwide

## Property Assessed Clean Energy Finance



# Workforce Development



- Energy projects increase demand for skilled building professionals
- Job creation and increased opportunity in engineering, architecture, HVAC and renewable fields
- ENY trainings for local building professional workforce, in collaboration with local incentive programs



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Commercial.EnergizeNY.org

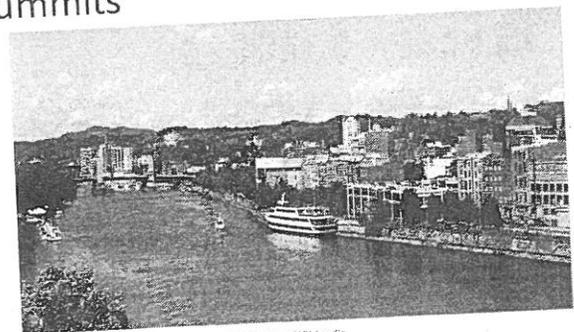
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# Energize NY Commercial:



## PROPERTY OWNER SERVICES

- Support with NYSERDA + Utility Programs
- Property owner information summits
- Finance analysis tools
- Contractor qualification
- Finance Application support

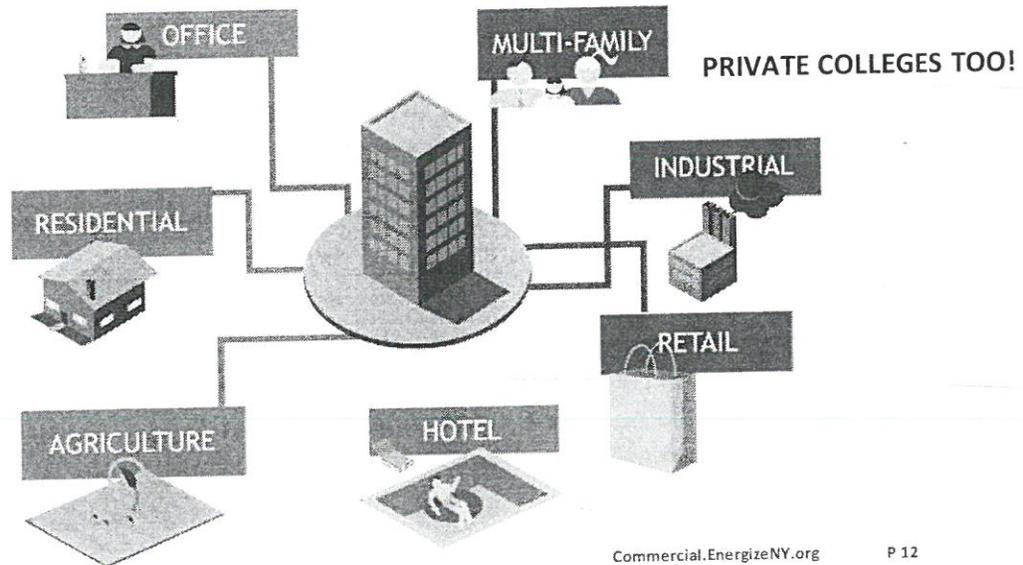


Tray waterfront CC-BY-SA-3.0/ Matt H. Wada at Wikipedia

# Energize NY Finance Eligible Building Types



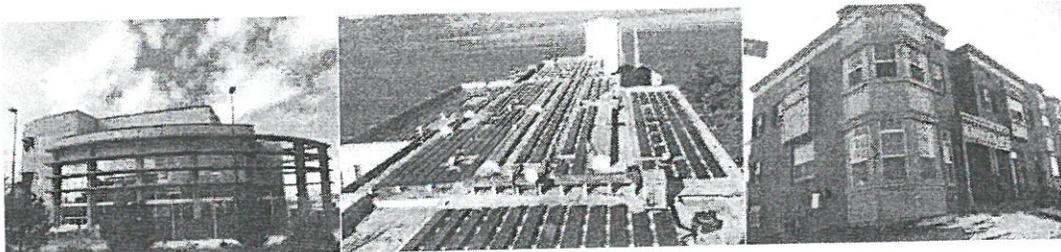
*Commercially owned; Including Non-Profits*



# Energize NY Finance Eligible Improvements



- **Renewables:** Solar PV, Solar Thermal, Geothermal, Wind
- **Efficiency:** Lighting, Boiler Conversions, Furnace Upgrades, Insulation, HVAC, Chillers, Windows, Pumps, Smart Controls



# Project Profile #2

## Multifamily Affordable Housing



photo credit NREL

*Energize NY Finance provides positive cash flow on deep energy retrofits*

### The challenge

- Low / Moderate Income housing
- High heating and air conditioning costs
- Deferred maintenance needs
- Indoor air quality issues

# Project Profile #2

## Multifamily Affordable Housing



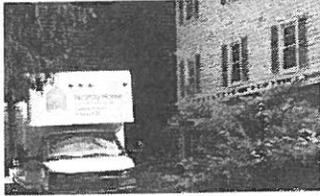
(Estimated Figures)	5YR TERM	20YR TERM
▪ Total Project Cost:	\$ 494,406	\$ 494,406
▪ NYSERDA Incentive:	\$ 162,000	\$ 162,000
▪ Cost Financed:	\$ 332,406	\$ 332,406
▪ Annual Payments:	\$ 73,291	\$ 23,260
▪ Est. 1st year savings:	\$ 89,793	\$ 89,793
▪ Annual Cash Flow:	\$ 16,502	\$ 56,533
▪ Positive cash flow	IMMEDIATE	IMMEDIATE



*Energize NY Finance provides positive cash flow on deep energy retrofits*

## PROJECT PROFILE: Robson House, Affordable Housing Owned by A-HOME, a not-for-profit

*Energize NY: simple, low-cost, long-term financing for clean energy upgrades*



THE PROJECT

### Building details:

- 1800s building
- 3,816 sq ft
- Multifamily home
- 4 apartments  
(2 senior studios,  
2 family apartments)
- Oil heat
- Window AC units

### Energy Efficiency Measures

- Air sealing and insulation
  - Exterior walls
  - Rim joists
  - Attic

### Project Completed:

July 2015

### FINANCED BY



## ENERGIZE NY™

NY State's PACE Program

**Project cost:** \$25,717

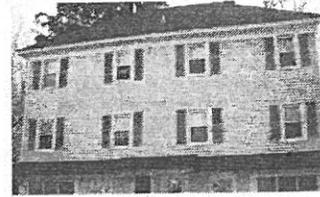
**Incentives:** \$ 2,570  
(NYSERDA Home Performance with  
ENERGY STAR incentive)

**Amount financed:** \$25,258

**Term:** 15 years

**Total interest rate:** 2.94%\*  
\*Westchester County subsidized interest

**Energize NY member:**  
Town of North Salem



ESTIMATED SAVINGS

**Energy savings: 31%**  
(112 MMBtu/yr)

**Cash flow to owner:**  
+\$1,050/yr

*"We are planning to upgrade our other properties, since these projects directly reduce our operating costs and improve our bottom line. We can use the saved dollars for things that are important to us, our programs and the residents we serve."*

**-Debbie Haglund,  
Executive Director; A-HOME**

## PROJECT PROFILE: St. Christopher's Church, Buchanan, NY

*Energize NY: simple, low-cost, long-term financing for clean energy upgrades*



THE PROJECT

### Building details:

- 5 Buildings part of St. Christopher's Parish:
- Catholic Church built in 1964
  - Rectory
  - Community Classroom
  - 2 outbuildings
  - Aggregate 181,000 sq ft

### Renewable energy measures

- 36 kW solar electric system
- Roof mounted
- Roof replacement

### FINANCED BY



## ENERGIZE NY™

NY State's PACE Program

**Amount financed:** \$150,800

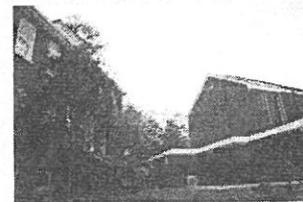
**Term:** 20 years

**Interest rate:** 3.83%  
\*QEBC enhanced interest rate

**Financing Cost:** \$ 10,900/yr

**Energize NY member:**  
Town of Cortlandt

**Project Completed:** April 2016



ESTIMATED SAVINGS

**Electric use offset:** 100%

**Annual average net Cash flow to owner:** + \$3,600/yr

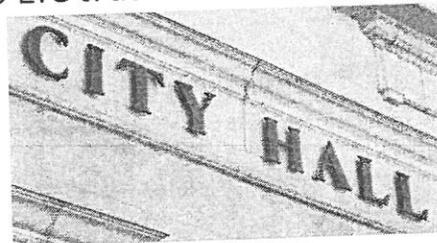
*"Pope Francis strongly urged the people to protect the environment, and I thought what could I do to protect this environment? Installing solar on our church is another way of keeping his word in our practical life. This project provides us with both financial and environmental benefits"*

**-Reverend  
Dr. George Oannoony  
Pastor; St. Christopher  
Catholic Church**

# Enabling Energize NY Finance



1. Municipality passes local law establishing program within municipal borders
  - Template legislation completed
2. Sign Municipal Agreement that codifies the tax repayments to be transferred to EIC trustee
  - Template MA completed
3. Formally request membership through letter to EIC Board



## EIC Member Costs



EIC Municipal Members incur no variable costs.



- No fees to join
- No membership fees

# EIC Funds for Members



## 1) Municipal Permanent Loss Fund

- *Automatic with EIC Membership - No Cost to Member*
- *Losses on sales of defaulted property are covered*
- *Over \$1MM in reserves and 0.35% fee from every financing increases balance*

## 2) Municipal Tax Delinquency Fund (MTDF)

- *Optional with upfront fee to be paid by EIC Member - fee rebatable if fund is not tapped*
- *Ready source of funds available during the pendency of a delinquent tax charge payment*
- *Backed by a \$5MM Line of Credit from NYS Green Bank*

# Program Modification Options



## Article Three of Municipal Agreement

- *Offers modification options to fit needs of the Member's building stock*
- *Restrict sectors of building stock that have chronic delinquency problems*
- *Allows for collaboration with existing Member initiatives to support building stock improvements and revitalization*

# Current Members



<b>Dutchess County</b>	Troy	North Salem
<b>Orange County</b>	Bedford	Ossining
<b>Suffolk County*</b>	Cortlandt (Town)	Peekskill
<b>Tompkins County</b>	Croton-On-Hudson	Pound Ridge
<b>Ulster County</b>	Greenburgh	Rye (City)
<b>Albany County*</b>	Lewisboro	Schenectady (City)
Beacon	Mt. Kisco	Somers
Cortland (City)	Mt. Vernon	White Plains
Ithaca	New Castle	Yonkers*
Kingston	New Rochelle	Yorktown

\*Membership pending

# Prospective Members

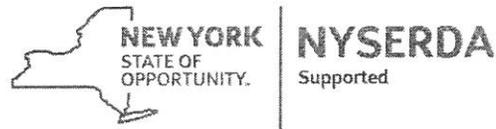


Auburn (City)	Middletown (City)	St. Lawrence (County)
Broome (County)	Monroe (County)	Sullivan (County)
Buffalo (City)	Nassau (County)	Syracuse (City)
Cayuga (County)	Oneida (County)	Warren (County)
Clinton (County)	Onondaga (County)	Watertown (City)
Columbia (County)	Putnam (County)	Westchester (remaining areas)
Erie (County)	Rensselaer (City)	Yates (County)
Genesee (County)	Rochester (City)	
Madison (County)	Saratoga (City)	

## For More Information



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@EnergizeNY

## Environmental Benefit



### Mid Hudson Region Sustainability Plan: Section ES-13

“Our plan for energy is to... Become radically less energy and fossil fuel intensive while strengthening the regional economy... To achieve these objectives, as the highest priority, we must: Create community energy districts... develop innovative project, financing, and policy models.”

- Goals of Energize NY Finance directly align with municipal goals to:
  - Support healthier, livable communities
  - Reduce GHG emissions and particulate pollution.



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## Frequently Asked Questions

*Municipal Leaders*

*Updated December 14, 2014*

### Administrative Questions

#### **What kinds of properties can use Energize NY Finance?**

Financing is available to **existing, commercially owned** properties within Energy Improvement Corporation (EIC) member municipalities in New York State. New construction is not eligible although financing for a renewable energy system on a recently completed building is eligible. Commercial properties include but are not limited to: offices, retail spaces, healthcare facilities, hospitality facilities, incorporated multifamily properties, cooperative multifamily properties, industrial buildings, warehouses, manufacturing, nonprofits, religious houses of worship, and more.

#### **Can a municipality restrict a certain building from using the program?**

As per Article 3 of the municipal agreement, you may modify the program by requesting that the EIC pass a resolution for your municipality that restricts a class of buildings and/or introduces a more restrictive underwriting requirement. You may not approve or deny specific building owners or projects on a case-by-case basis.

#### **Can the municipality make edits or changes to the wording in the local law or municipal agreement?**

The wording of the local law is based on Article 5-L of the NYS General Municipal Law which enables PACE in NYS and is not subject to edits or changes by individual municipalities. All municipalities that join the EIC must sign the same local law and same municipal agreement, so the wording is uniform for all members. Modifications to the municipal agreement may be requested as a separate document, as per Article 3.

#### **How much does it cost to join the EIC?**

There is no cost to join the EIC, no membership fees, and no charge to withdraw at any time.

### Underwriting Criteria Questions

#### **What is the maximum amount Energize NY can finance?**

Energize NY Finance can provide capital up to 10% of the value of the property. There is no dollar amount at which the financing is capped. Energize NY also requires that any existing debt on the property does not exceed 80% of the value of the property (80% LTV). Financing must be based on a scope of work that is conducted by an accredited contractor and approved by NYSERDA (New York State Energy Research and Development Authority.)

#### **How is the property value determined?**

Energize NY recognizes two types of property appraisals. 1) The fair market value (FMV) as reported by the local assessor on the latest Final Tax Roll. 2) An appraisal conducted within the last 12 months by a certified New York State Appraiser who is a Member of the Appraisal Institute (MAI).

shows that it is unlikely that a property owner in this good standing would become delinquent due to their Energize NY Finance charge. In the unlikely case that this does happen, the municipality would be responsible for remitting the amount of the finance charge to the EIC trustee.

If the municipality can demonstrate a permanent loss on a property that has unpaid Energize NY Finance tax charges, the municipality will have access to the Municipal Loss Reserve Fund which refunds the amount that was lost, specific to the finance charge. This is explained further in Article 6 of the municipal agreement.

### **How does a municipality demonstrate a permanent loss?**

A permanent loss can be demonstrated through proof that the property went into In-Rem foreclosure, and after the tax sale, the amount the municipality used to pay the finance charge was not fully recovered.

In the event of a permanent loss on the behalf of the municipality, Energize NY Finance is the only public authority with a plan in place to ensure that municipal funds are replenished. Permanent losses from charges and assessments related to schools, water, sewers, etc. are not reimbursed.

### **How is the Municipal Loss Reserve account funded?**

Our reserve fund currently has a balance of \$1.1mm, funded with a NY Green Bank letter of credit and federal dollars from grants. With each financing that is closed .35% of the total loan is deposited into the reserves.

### **Can you explain the constitutionality of foreclosure as it relates to Energize NY Finance?**

Article 5-L of the NY State General Municipal Law requires that the repayment for Energize NY financed improvements be made through a tax line on the regular property tax bill of the improved property. Furthermore, it states that these tax bill charges are to be collected in the same manner and same form as regular property taxes.

## **Lender Consent Questions**

### **Why would a bank holding a senior mortgage on a property, give lender consent for the Energize NY Finance charge to take senior standing?**

The underwriting standards for Energize NY Finance were aided by bankers representing national financial institutions specifically to make lender consent an attractive option to financial institutions holding a senior mortgage.

Senior mortgage lenders understand property taxes and assessments and factor them into underwriting decisions. There is broad acceptance of PACE as an assessment or tax charge, which limits lien exposure only to unpaid assessments, distinguishing it from a loan.

There are many reasons a financial institution holding a senior mortgage would give lender consent for Energize NY Finance to hold senior lien status. The most common three reasons that banks approve lender consent are:

1. When a property implements energy improvements or installs renewable energy sources, the value of that property increases. This improves the value of the mortgage holder's collateral.
2. To be approved for Energize NY Finance, all projects must be immediately cash flow positive. The property owner will have immediate increased cash flow, which enhances their ability to make existing mortgage payments.
3. Lenders not consenting to Energize NY Finance run the risk of losing their customers to other financial institutions that are willing to refinance competitor loans and include Energize NY Finance in the new