



AK C-PACE 101:

INTRODUCTION TO
COMMERCIAL PROPERTY
ASSESSED CLEAN ENERGY
FINANCING IN ALASKA

What is C-PACE?

Commercial Property Assessed Clean Energy (C-PACE) is a special assessment- based financing mechanism for commercial property owners and developers to fund energy efficiency, renewable energy, and water conservation projects.



100% financing
Funds hard and soft costs



Improves building stock
Decreases operating costs

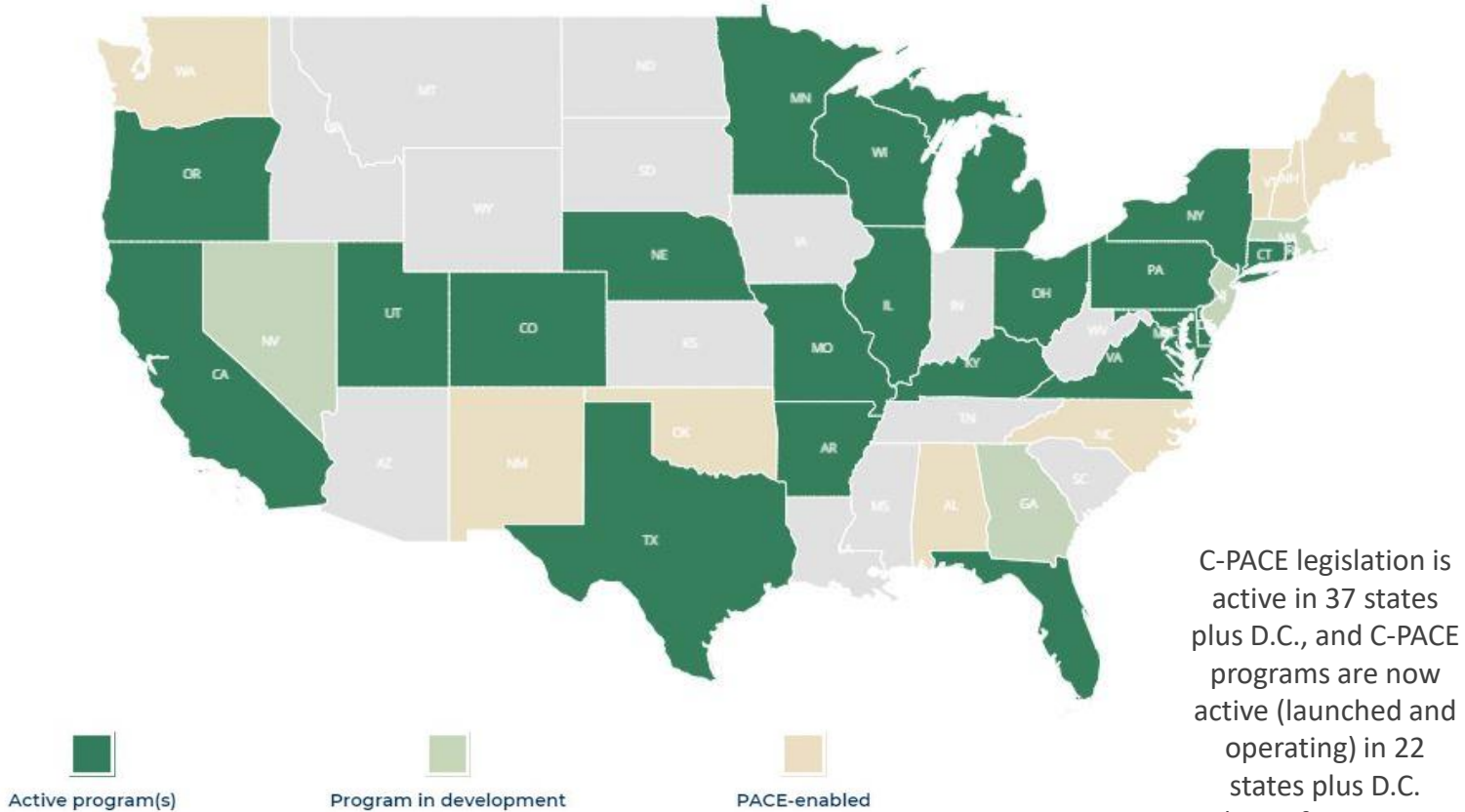


Market-based
Uses private financing



Spurs economic development
Creates local jobs

C-PACE Nationwide



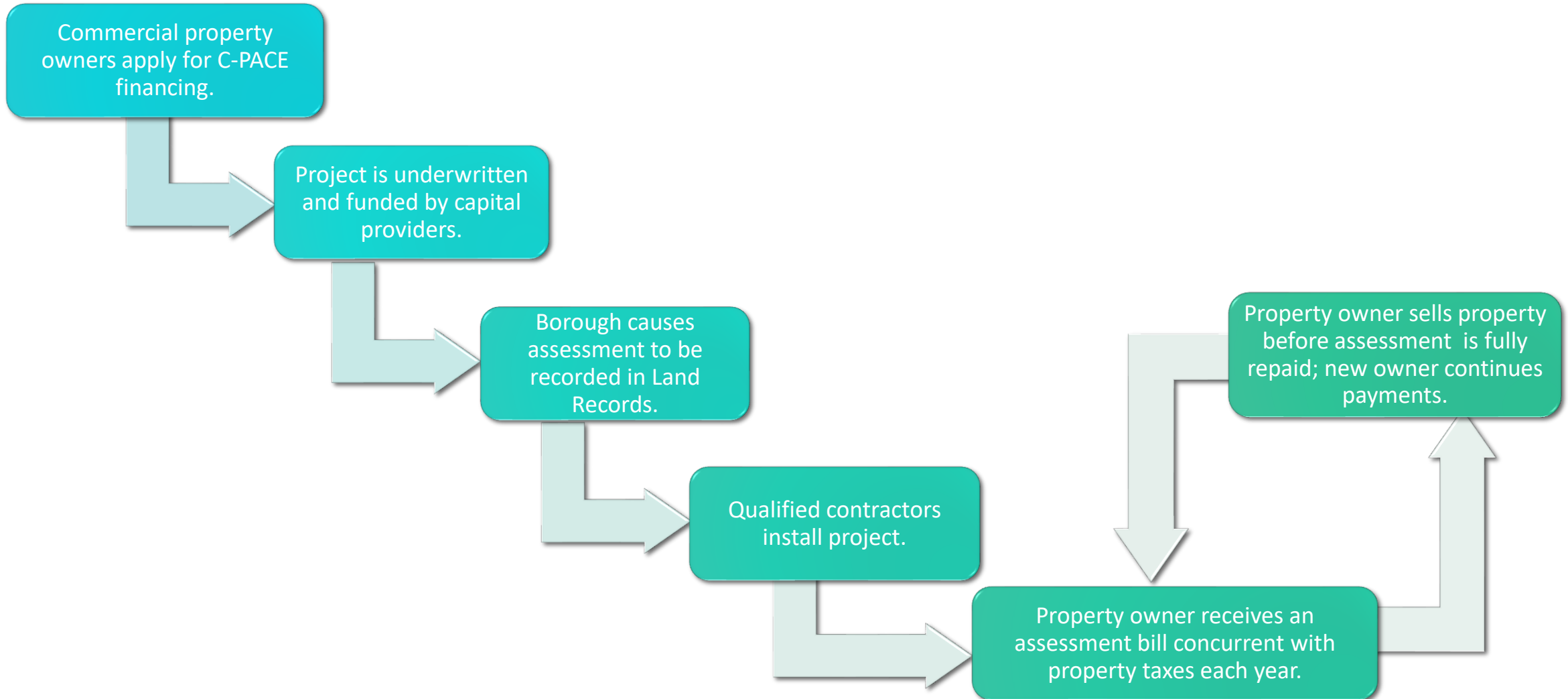
\$2,074 million
investment

2,560
(commercial projects)

24,000
jobs created

C-PACE legislation is active in 37 states plus D.C., and C-PACE programs are now active (launched and operating) in 22 states plus D.C.
*map from 2020

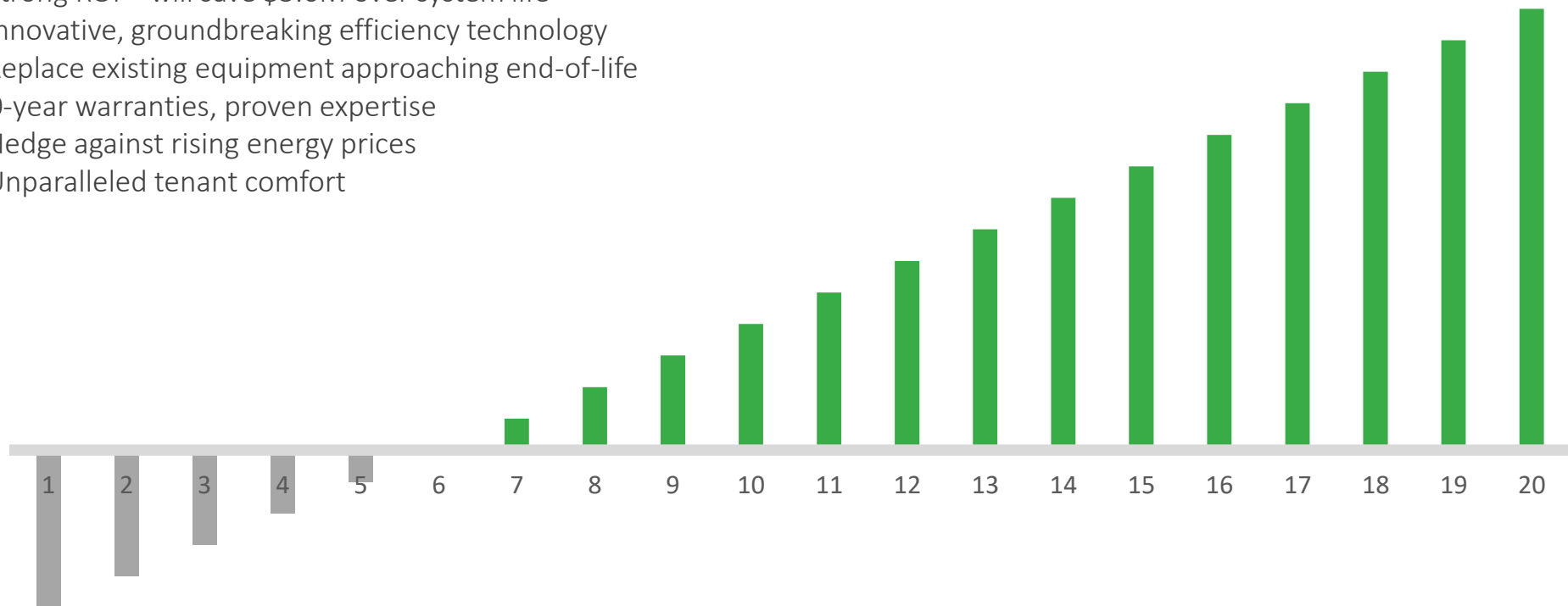
From Project Origination to Repayment



Benefits of C-PACE

Replacing old or broken energy and water systems have multiple benefits:

- ✓ Strong ROI – will save \$5.6M over system life
- ✓ Innovative, groundbreaking efficiency technology
- ✓ Replace existing equipment approaching end-of-life
- ✓ 20-year warranties, proven expertise
- ✓ Hedge against rising energy prices
- ✓ Unparalleled tenant comfort

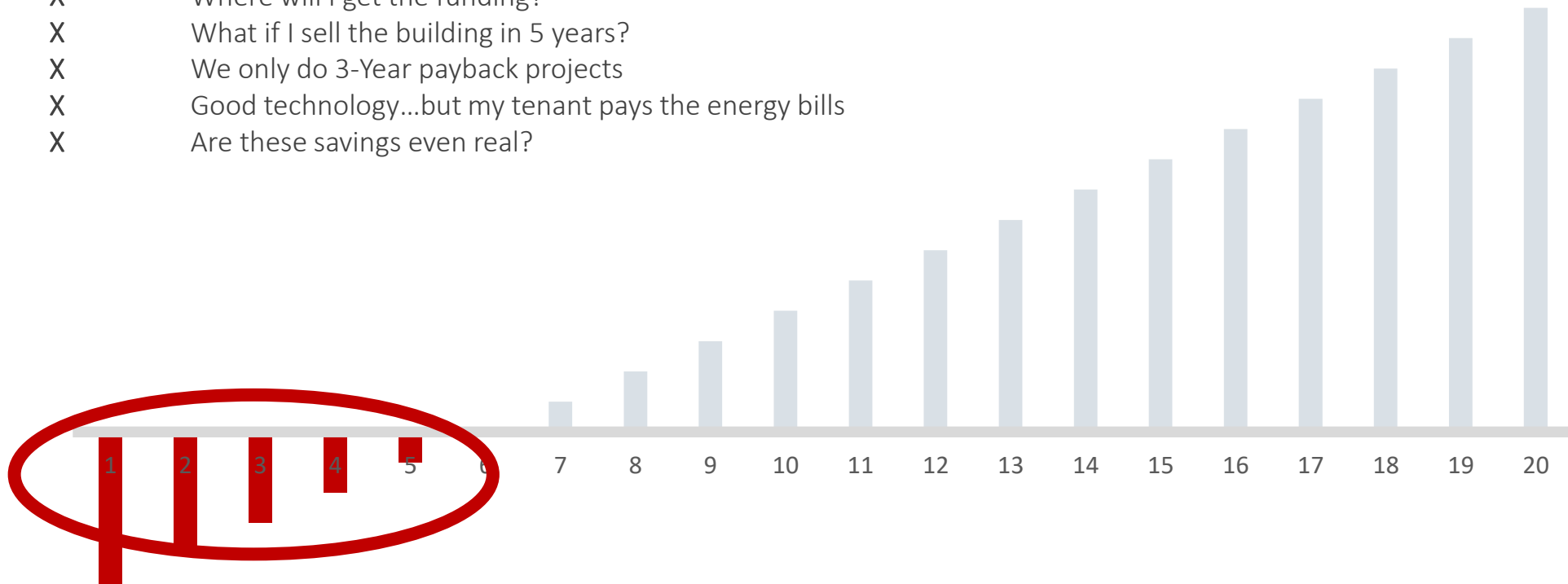


Sample \$2M Project with \$320,000 in Annual Savings (~6.25 Year Simple Payback)

Benefits of C-PACE

But treatment of energy improvements as Capex investment considers only short-term costs:

- X Where will I get the funding?
- X What if I sell the building in 5 years?
- X We only do 3-Year payback projects
- X Good technology...but my tenant pays the energy bills
- X Are these savings even real?



Sample \$2M Project with \$320,000 in Annual Savings (~6.25 Year Simple Payback)

Benefits of C-PACE

C-PACE provides 100% upfront funding and amortizes these costs over the full equipment lifetime

	Cash	Bank Loan	PACE Assessment
Down payment amount	(\$2,000,000)	15% - (\$300,000)	\$0
Loan amount	\$0	\$1,700,000	\$2,000,000
Loan term	NA	5 yrs	20 yrs
Interest rate	NA	4.00%	6.25%
Annual Cash Flow			
Annual payment	NA	(\$382,295)	(\$180,978)
Annual energy savings	\$320,000	\$320,000	\$320,000
Net annual cash flow	\$320,000	(\$62,295)	\$139,022
5-Year Financial Performance			
5-Year Net Cash Flow	(\$400,000)	(\$611,475)	\$695,110
5-Year NPV @ 6%	(\$258,430)	(\$530,574)	\$585,611
5-Year IRR	-7%	NA	Infinite

Benefits of C-PACE for Property Owners

C-PACE solves the economics of energy efficiency projects by producing “Day 1 Payback.” C-PACE’s property-backed structure is secured by a tax lien, which allows for:

- \$0 down financing
- Long repayment terms (up to 30 years)
- Low, fixed-rate interest
- Projects are cash flow positive from day 1
- Secured by property – not by owner guarantee, bond rating, or credit score
- Obligation transfers with building
- Assessments may pass through to tenants

Benefits of C-PACE for Local Governments

The structure drives job growth, economic development, and clean, efficient energy use

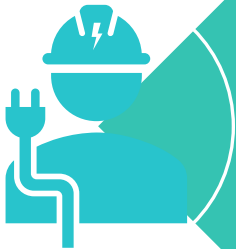
- Drive **private sector investment in your community**
- Serve as a tool for business owners to **decrease costs** and **improve asset value**
- **Improve taxable property base**
- Create **energy efficiency and clean energy jobs**
- Help meet efficiency and clean energy standards
- Carry **little/no cost for government**

Other Beneficiaries of C-PACE



Mortgage Holders

- Improves the senior lender's collateral value
- Increases cash flow
- C-PACE assessments are not accelerating



Contractors

- Immediate, secure project financing for services
- Avoid using own credit line to fund projects
- Unlock projects that were previously “locked”



Communities

- Commercial buildings are energy and water intensive structures; even modest proportional improvements can result in large decreases in carbon footprint
- Increase economic development by attracting external investment in local businesses