



A Guide to Marketing C-PACE in Alaska

Prepared for the Alaska Energy Authority

By PACE Financial Servicing, LLC

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Introduction

Document Purpose

The purpose of this document is to assist C-PACE Program Administrators in Alaska in creating, maintaining, and supporting the Alaska C-PACE program. C-PACE programs are widespread in the United States and are often facilitated by industry experts who provide industry knowledge and convene stakeholders. The purpose of this document is to provide guidance for those wishing to contribute to the success of C-PACE in Alaska by making it less daunting and more procedural; the document is divided into accessible sections by program aspect, including marketing C-PACE to different property types, examples of proven visual media that can promote C-PACE, and appendixes of C-PACE allies in the state. The last section in this document includes a roadmap to the first five years of marketing a C-PACE program.

C-PACE in Alaska

The State of Alaska presents a unique opportunity for the growth of a commercial property assessed clean energy (C-PACE) financing market. The widespread popularity of C-PACE in the contiguous U.S. indicates that there is a place for C-PACE in Alaska so long as Alaska's unique characteristics are accounted for. Chief among these is the low density and widespread population, varied topography, and harsh climate. Alaska comprises 663,268 square miles of land but 40% of the state's population lives in a single municipality, the Municipality of Anchorage.

Temperatures in Alaska fall well below those of most of the United States, and energy is priced at its highest in any state other than Hawaii.¹ With steeper temperature drops, longer cold seasons, and high and fluctuating energy prices, homes and businesses waste hundreds of millions of dollars annually to heating costs alone.² This problem is so severe that numerous government programs provide aid to those for whom increasing energy costs are a concerning financial burden. Though energy programs typically benefit residences, the high cost of energy affects the owners of commercial real estate as well. The hospitality industry, the manufacturing industry, office real estate, healthcare, private schools, and non-profits all pay unnecessarily high prices, but without access to measures that reduce energy use, these industries and the greater Alaskan economy will fail to achieve its potential. C-PACE financing can help to address the high costs that commercial real estate owners and companies in Alaska experience by accessing energy efficient measures that save the entity from paying inflated utility bills.

Beyond energy efficiency benefits, C-PACE offers additional value to the people and commercial real estate of Alaska. In the 2019 "State of the Air" report, the American Lung Association found troubling statistics to indicate that Alaska has one of the worst dirty air problems in the United States.³ Unusually, the legislation enabling C-PACE in Alaska also makes provision for this fact

¹ Electric Choice. "Electricity Prices by State." Accessed May 23rd 2019. <https://www.electricchoice.com/electricity-prices-by-state/>

² Pride, Dominique J. "Valuing Residential Energy Efficiency in Two Alaska Real Estate Markets: A Hedonic Approach." University of Alaska, 2017.

³ American Lung Association. "Alaska Has Some of the Most-Polluted Areas in the Country According to 2019 'State of the Air' Report." April 24th 2019. <https://www.lung.org/media/press-releases/sota-2019-alaska>

and allows C-PACE to be used for measures that benefit air quality, improving building occupant comfort and health.

C-PACE financing also benefits businesses and commercial real estate owners through providing a long-term, non-recourse form of private capital. By amortizing C-PACE financing over the lifetime of the loan term, commercial property owners can experience utility savings that ordinarily would only become available years in the future, after the initial upfront investment in energy saving building improvements has been repaid. Further, a growing body of studies suggests that increasing energy efficiency can result in higher external valuations of the asset.⁴ In a competitive business and real estate market, these attributes of C-PACE financing and the building improvements it helps finance can make a substantial difference for property owners.

Since C-PACE was enabled by state statute in 2017, there has been sustained interest in creating a C-PACE program. The Alaska Energy Authority (AEA) applied for and was awarded a competitive grant from the U.S. Department of Energy State Energy Program (DOE SEP) in 2018 for the purpose of developing a statewide C-PACE program. Along with a multistakeholder advisory group and a C-PACE consultant, AEA was able to design the Alaska C-PACE program platform and publish the resultant Guide to Establishing a C-PACE Program and Alaska C-PACE Program Handbook in 2020.

At the same time as this program platform was under development, a targeted study of commercial property owners by the McDowell Group in 2019 found evidence that the market is ready for C-PACE. This study was commissioned by AEA in order to assess the willingness of the owners of commercial real estate in Alaska to use C-PACE to finance improvements. The study's findings demonstrate that the majority of respondents had made energy improvements to their properties in the past five years and expected to do so in the immediate future (a five-year horizon). The respondents were chiefly motivated to make improvements to improve profit through limiting energy expenditures, appeal to prospective tenants, ensure tenant satisfaction, and replace measures nearing the end of their useful life. Significantly, the McDowell group study also found that while most commercial real estate owners preferred to rely on cash to make improvements, they were not averse to using C-PACE for future projects; additionally, those surveyed admitted to insufficient cash being a major obstacle to making energy-saving improvements. These findings illustrate a baseline knowledge of the benefits of energy investments but also a limitation in access to easy capital and in understanding of the benefits of financing capital improvements over paying upfront in cash. The stage is set, it would seem, for a flexible, long-term, and affordable form of capital to enter the equation: in short, the Alaska market is ready for C-PACE.

Alaska is investing in C-PACE at the right time. C-PACE financing is a significant and growing form of capital for commercial projects across the nation. Data gathered by PACENation, the country's leading C-PACE advocacy and research organization, shows that the total financing amount across all commercial properties surpassed \$1.5 BN in 2019.⁵ Total project financing across all properties is expected to soar in the next decade. The McDowell Group report and other regional and state factors indicate a clear desire in Alaska for greater energy efficiency in the

⁴ Bleyl, Jan W., et al. "Office Building Deep Energy Retrofit: Life Cycle Cost Benefit Analyses Using Cash Flow Analysis and Multiple Benefits on Project Level." *Energy Efficiency*, vol. 12, no. 1, 2018, pp. 261–279., doi:10.1007/s12053-018-9707-8.

⁵ PACENation Market Data 2019. <https://www.pacenation.org/pace-market-data/>
7/12/2021

commercial building stock and for a flexible financing apparatus to help achieve this goal. The intent for this marketing plan is to simplify and direct the efforts of a C-PACE program administrator in its marketing and outreach activities; it is the hope of the authors that C-PACE financing will become an integral tool to help Alaska's populace, economy, and environment flourish in the coming decades.

Key Components of a C-PACE Marketing Strategy

C-PACE programs are a panacea for promoting economic development through energy contracting. Using C-PACE financing, projects that would otherwise be locked can open to commercial property owners, creating energy contracting and renovating jobs, helping the community by consuming less electricity, and improving the local property stock. This is all without a heavy burden local government, as program administration is typically outsourced to a third party and the financing itself is provided by private capital providers. Yet much of the population does not know of C-PACE, or if they have heard of it, they do not know its benefits. Thus, the program administrator needs to make sure that they are marketing C-PACE financing effectively and building market knowledge.

A successful C-PACE marketing plan incorporates three components: raising awareness, activating market influencers, and percolating deals.

- 1. Raising Awareness:** One of the largest challenges facing C-PACE in Alaska in early stages is the general lack of awareness about the program. It is the job of the program administrator to combat this challenge by increasing awareness of C-PACE and of the Alaska C-PACE program brand. Building a brand and website, developing a social media presence, creating program collateral, and hosting events are all components of raising awareness about the Alaska C-PACE Program.
- 2. Activating Market Influencers:** Target customers require an active market in which to secure lending. An “active market” requires that all relevant stakeholders be engaged and knowledgeable about C-PACE to the extent that they can field general questions, generate excitement, and feel encouraged to disseminate knowledge about the program. A large pool of educated program partners increases the likelihood that appropriate potential customers will learn about the Alaska C-PACE program. Activating market influencers requires educating channel partners in-depth through regular trainings, specialized collateral, and the addition of case studies to the collateral suite.
- 3. Percolating Deals:** The primary goal of the program administrator is to increase the number and volume of C-PACE deals closed within the program’s jurisdiction. This requires that the administrator thoughtfully market the Alaska C-PACE program. Percolating deals requires developing specialized program collateral, case studies, and press releases with messaging that speaks to specific real estate segments then conducting direct outreach to those target segments through one-on-one business development activities or

Program administrators are not only tasked with building and maintaining programs, but also with ensuring that accurate, compelling, and relevant knowledge is being shared with local stakeholders.

Core Messaging

Later sections in this document will describe detailed, individualized messaging for target customer segments and different program stakeholders. No matter which party a program administrator is trying to access, there are basic principles to follow when messaging the Alaska C-PACE program:

“Do’s” and “Do Not’s” of C-PACE Messaging

Do:

- Describe the program as a commercial property assessed clean energy or “C-PACE” program
- Focus on the benefits of C-PACE financing, such as:
 - 100% upfront financing
 - Long repayment terms
 - Low, fixed interest rates
 - Potential for a day one payback if the energy savings generated exceed the total investment
 - Secured by property, not by an owner guarantee, a bond rating, or a credit score
- Always specify messaging for your target audience

Do Not:

- Call the financing simply “PACE,” or confuse with residential PACE (“R-PACE”)
 - State interest rates without a disclaimer that rates are set by the capital provider
 - Guarantee savings
-

Logo and Branding

Having an evocative name and associated branding, including a website, tailored URL, and logo, are important to the success of any program. It is recommended for “PACE” or “C-PACE” to be in the name for clarity purposes. This is particularly important to prevent conflation with R-PACE, or residential PACE intended for home improvements. By creating an association of your program and C-PACE, the administrator can ensure that there is no confusion about what the program actively delivers. The logo should be on every piece of collateral, attached to every event, and on every presentation utilized by the program.

- The Alaska C-PACE Program is so named and has a logo, viewable in Appendix Exhibit A.

Website

The website is the primary access point for stakeholders interested in a C-PACE program. The website hosts the most important information for developing projects including financing information and program guidelines, application documents, and contact information. The program website also is the natural location to host blog posts, recordings, case studies, external media links, and contractor and capital provider directories.

- The Alaska C-PACE Program website is available at www.akcpaace.com.

Social Media Presence

An active social media presence is important in today's age. Not only does frequent utilization of a social media account actively promote a business, neglecting the account can be harmful. LinkedIn and Twitter are standard professional social media sites, and even Facebook, Instagram, Pinterest, and TikTok can have their place in the business world. Each site will have its core audience and a structure that facilitates different types of content best, so it can be helpful to diversify. The extent of the Alaska C-PACE Program's social media presence is also reliant upon whether the program is offered by a program administrator alongside other programs or whether it is branded as a standalone program. The former may not require specific social media for the Alaska C-PACE Program whereas with the latter, it is advised to create at least a LinkedIn page for the program.

Events

Events, whether held virtually or in person, are vital for programs to share information in a forum that first provides information and then opens the floor for questions. Online events became the norm during the covid-19 pandemic of 2020. After the pandemic has passed, it may still be useful to host some events online or to record live events and make them available online later given the challenges in traveling to some areas of Alaska in person. Facilitating a question-and-answer event can not only help to percolate deals but can also reveal blind spots in the program.

Case Study 1: AK C-PACE Program Development Series

In the summer of 2020, the Alaska Energy Authority ("AEA") and an advisory council hosted a series of three webinars on C-PACE. These were:

"AK C-PACE 101: Introduction to Alaska Commercial Property Assessed Clean Energy"

"AK C-PACE: Workshop to Develop Commercial Property Assessed Clean Energy in Alaska"

"AK C-PACE: Benefits and Implications for Local Government"

Each event was planned several months before launch, with approximately fifty hours of direct phone and email outreach expended between the three webinars with an ultimate impact of forty, twenty-nine, and twenty participants, respectively. Contact lists were made prior to this date and drew upon the knowledge of local partners to identify channel partners and associations that could share event information further. Recordings of these webinars are available www.akcpaace.com.

Case Study 2: Anchorage C-PACE Program Launch Webinar

For the launch of the Anchorage C-PACE Program in April 2021, the Municipality of Anchorage officials invested approximately eight hours of direct phone and email outreach, resulting in over one hundred attendees.

For a recommended plan of action for an event, see the Appendix for Exhibit D.

Collateral

Collateral encapsulates many types of visual media including flyers, infographics, and FAQs. Readers absorb information rendered visually more easily than solely through text, so a well-constructed and informative piece of collateral can deliver program or financing details reliably.

- A flyer, *Alaska C-PACE for Property Owners*, is available at www.akcpace.com
- A flyer, *Alaska C-PACE for Contractors*, is available at www.akcpace.com
- A flyer, *Alaska C-PACE for Capital Providers*, is available at www.akcpace.com
- A flyer, *Alaska C-PACE for Mortgage Holders*, is available at www.akcpace.com

Because basic brochures for key program stakeholders already exist, the Alaska C-PACE program administrator should focus on building out collateral that addresses particular property types. An example of a marketing image for the Alaska C-PACE Program is available in Appendix Exhibit B.

Blog Posts

Blog posts help to reinforce the expertise of the Program Administrator. They can be written quickly, vary greatly in extent, and used to engage with targeted members of the market. A successful blog post may incorporate a local voice or an expert's assessment or reference quantitative trends occurring in the state. A regular blog is most useful when the C-PACE program administrator needs an outlet to establish itself as an industry expert; known local entities may not find that a blog adds value to their brand or may already operate a blog, in which case articles about C-PACE can be rolled up into the existing blog. For inspiration, visit the website of other programs where examples are readily available.

Tip: *Blog posts succeed when they have something to say.*

C-PACE can be written about in the context of a wide array of subjects including changing work conditions, recovering industries, new types of business, or environmental protection. Regardless of a blog's topic, it should be clear throughout that the piece will point back to C-PACE; one structure that helps facilitate this is by concluding the blog post with a "Why is this important?" paragraph that contextualizes and connects the preceding information to C-PACE financing.

Press Releases

Publishing press releases about closed C-PACE transactions is the single most impactful strategy for marketing C-PACE, as the specifics of the project speak loudly to C-PACE's ability to serve different real estate segments. When drafting, the author should seek to emphasize uniqueness of the project, particularly if it represents a novel property type, improvement, or utilization of C-

PACE in the market. In other C-PACE programs, press links have been shown to outperform general blog posts by a magnitude of 3x.

Case Studies

Case studies offer a non-narrative approach to project descriptions. Case studies vary in length and content, but most will share the total amount financed through C-PACE, a brief description of the property and financed measures, and a short breakdown of the motivations of the borrower and outcome of the financing (see Appendix Exhibit C).

Sharing case studies with relevant trade associations or organizations can help to drive traffic from their websites or listservs to the program's. Most importantly, case studies are the most convenient way to help prospective borrowers contextualize how C-PACE might benefit them.

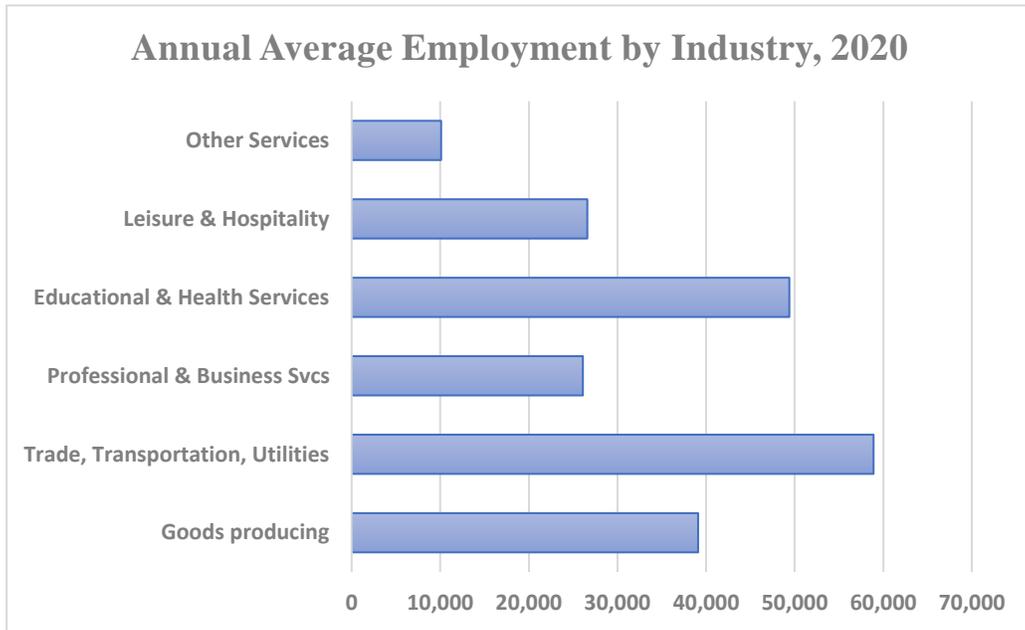
Activating Channel Partners

A channel partner is an organization willing to partner with the Alaska C-PACE program to market C-PACE financing. A channel partner can be a trade association, a contractor, a local government, a nonprofit, or another organization with an interest in C-PACE financing. For example, an association of commercial real estate owners in a municipality can act as a bridge to its members to whom C-PACE financing would appeal.

“Activating” a channel partner means enabling the partner to effectively market the Alaska C-PACE Program and refer potential clients or other partners to program. Activating channel partners in this way helps disseminate general information about the program and its benefits more quickly and broadly than a C-PACE program administrator could accomplish on its own, freeing the program administrator to focus on marketing the program to targeted program end users (see “Target Customer Overview.” For specific messaging and strategies for on engaging with different channel partners, see “Target Audience Overview”).

Target Customer Overview

“Key Components of a C-PACE Marketing Strategy,” described the core messaging of a C-PACE program. However, in order to most effectively draw customers to a C-PACE program, specialized messaging should be used for different property types. The bar chart below depicts average employment by industry in Alaska as a rough proxy for building square footage. Appendix Exhibit E includes an extensive list of bodies in Alaska that represent these customer types.



Source: Alaska Department of Labor and Workforce Development. Monthly Employment Statistics.⁶

Healthcare

Healthcare is one of Alaska’s fastest growing employment areas with roughly 38,000 employees in 2020. With an aging population that will likely see its largest total number of residents over 65 within the next several years, the healthcare sector is likely to experience even more growth. Not only is it one of the largest and most rapidly growing employers in the state,⁷ the large energy requirements and resiliency imperatives of healthcare facilities make energy upgrades a sound investment.⁸ C-PACE can be used as an effective tool in change of use projects and to benefit air quality, replace lighting, or increase efficiency in existing locations.

⁶ Department of Labor and Workforce Development, State of Alaska. “Monthly Employment Statistics: 2019 – Alaska.” <https://live.laborstats.alaska.gov/ces/ces.cfm>

⁷ Ibid.

⁸ Fairbanks, Peter. Electric Energy Online. “Hospital Energy Use: Taking Advantage of Energy Efficiency.” <https://electricenergyonline.com/energy/magazine/1147/article/Hospital-Energy-Use-Taking-Advantage-of-Energy-Efficiency.htm>

Talking points:

- C-PACE can finance the types of measures required to build Alaska’s rapidly growing healthcare industry.
- C-PACE can finance deferred maintenance projects where there is not an immediate need.
- C-PACE can reduce the energy burden on healthcare as a result of the industry’s extended hours by financing energy savings measures such as HVAC, lighting, and temperature regulation, freeing other capital for more acute staffing or medical equipment needs.
- C-PACE can finance improvements that benefit air quality or reduce emissions, necessary in Alaska where the American Lung Association found some of the worst areas of air quality in the entire nation.⁹

View a healthcare case study in Exhibit G.

Office Buildings

Many commercial properties in Alaska are several decades old and can benefit from new technology to make them more efficient and modern, including office real estate. Offering C-PACE financing as a way to cut utility costs while preserving cash may help businesses move forward with more confidence and can benefit the owners of commercial office space who wish to increase the value of these assets. Office buildings are the second largest user of C-PACE nationwide.

Talking points:

- Like hospitality, the owners of office real estate often examine performance and per-square-foot value and costs. C-PACE reduces operating cost and increases value, thereby improving net operating income.
- C-PACE offers an affordable alternative to scheduled maintenance projects and allows a project to be financed while the true costs of the project are amortized over an extended period.
- Where appropriate, C-PACE assessments can be passed through to tenants. An example of this is in a triple-net lease where the property owner finances capital improvements but the tenants pay utilities.
- Energy efficient improvements can help to draw and retain tenants.

View an office building case study in Exhibit G.

Retail

Trade, transportation, and utilities represent the largest non-governmental employer in Alaska at nearly 60,000 employees, as depicted in Figure 1. Retail accounts for over half of these employees, employing at least 35,600 individuals in 2019. Retail locations can often benefit from low-cost property improvements available through C-PACE finance.

⁹ American Lung Association.
7/12/2021

Talking points:

- Owners of smaller retail locations can use C-PACE to finance deferred maintenance projects or improve internal air quality for a healthier, safer environment. C-PACE financing appeals to retail owners as a non-recourse financing for those without good access to affordable capital or with low cash reserves.
- Large retail locations, sometimes referred to as “hypermarkets,” have substantial operational expenses that can easily exceed hundreds of thousands of dollars annually in electricity costs. By focusing on cost-reduction and the “lowest hanging fruit,” profit can increase and be used to finance other projects.

View a retail case study in Exhibit G.

Manufacturing

The goods producing industry, including mining, aquatic harvesting, manufacturing and oil and gas, is Alaska’s largest GDP contributor at \$11.63 billion in 2020.¹⁰ A leading global contributor to greenhouse gas emissions, goods producing industries can help to improve their bottom line, their employee well-being, and their public perception, by using C-PACE to finance facility upgrades.

The goods production sector of Alaska is robust, employing 42,900 people in 2019. In 2020, goods producing industries including mining, quarrying, and oil and gas extraction added \$11.63 BN in Gross Domestic Product (GDP) to the Alaskan economy, more than any other sector. However, research indicates that manufacturing is leaving substantial profit on the table by neglecting energy investments.¹¹

Talking points:

- C-PACE financing is a way to preserve credit lines and save cash for core business opportunities.
- Using C-PACE to invest in renewable energy or battery storage technology can help businesses earn tax credits.
- Businesses can achieve more stability by improving energy efficiency and reducing operating costs, creating a larger cash buffer to withstand uncontrollable market realities such as fluctuating product demand.

View a manufacturing case study in Exhibit G.

¹⁰ Statista Research Department. Statista.com, “Real value added to the Gross Domestic Product (GDP) of Alaska in 2020, by industry.” <https://www.statista.com/statistics/1064725/alaska-real-gdp-by-industry/>

¹¹ Solnørdal, Mette, and Lene Foss. “Closing the Energy Efficiency Gap—a Systematic Review of Empirical Articles on Drivers to Energy Efficiency in Manufacturing Firms.” *Energies*, vol. 11, no. 3, 2018, p. 518., doi:10.3390/en11030518.

Multifamily

Apartment vacancy is higher than the national average of 4.7% everywhere in Alaska except Juneau.¹² Rental unit vacancy is greater in most areas of Alaska than the national average,¹³ creating a rental market that favors tenants. Such a market may make multifamily property owners more likely to invest in upgrades to distinguish their unit but may find it difficult to finance improvements themselves.

Talking points:

- C-PACE financing is a convenient way to finance deferred maintenance projects.
- C-PACE financing can help to finance improvements that ensure the comfort of tenants.
- C-PACE financed improvements can reduce operating expenses and cost per square foot.
- Many prospective tenants now consider the environmental impact of their homes; C-PACE financing can make your multifamily property more sustainable and climate-friendly.

View a multifamily case study in Exhibit G.

Hospitality

Hospitality is a major contributor to Alaska's economy and is one of the fastest-growing borrower segments of C-PACE financing. Many within the state are employed by hospitality, over 36,000 in 2019.¹⁴ In 2019, tourists spent nearly \$300 million in Anchorage alone independent from travel or lodging expenses.¹⁵ The hospitality industry of Alaska can make effective use of C-PACE not only to answer deferred maintenance projects but also to retrofit historical properties and achieve the efficiency imperatives of property improvement plans (PIPs) required for brand transformation.

Talking points:

- C-PACE can add value in the form of reducing operation costs which in turn reduces cost per square foot and increases net operating income.
- C-PACE financed improvements make the property more efficient and modern, both of which are considered in private valuations. This can increase the asset value.
- Major retrofit projects that require large-scale installations of a measure can be financed with C-PACE if they have energy or air quality benefits. This includes many measures required for hospitality units such as lights, HVAC technology, and water heaters.
- Many C-PACE financeable improvements can also be used to comply with Property Improvement Plans (PIP), required when upgrading a hospitality property to another brand.

View a hospitality case study in Exhibit G.

¹² Department of Labor and Workforce Development, State of Alaska. "Alaska Rental Costs And Vacancy Rates, All Units, Selected Areas, 2010 – 2020." <https://live.laborstats.alaska.gov/housing/rentall.cfm>

¹³ Ibid.

¹⁴ Department of Labor and Workforce Development, State of Alaska. "Monthly Employment Statistics: 2019 – Alaska."

¹⁵ Anchorage.net "Tourism pays for Anchorage and Alaska." Accessed June 3rd 2021. <https://www.anchorage.net/about-visit-anchorage/tourism-pays-for-anchorage/>

Schools

C-PACE financing is available to privately owned educational facilities (not publicly owned facilities). C-PACE financing can not only assist educational institutions in day-to-day utility costs but can also potentially finance energy-resiliency improvements that can help to render these facilities safer and able to serve as community meeting locations in weather emergencies and other crises. To address the significant energy needs of schools in Alaska,¹⁶ C-PACE can be harnessed for energy efficiency and to address a growing trend of education centers promoting values of sustainability and stewardship.

Talking points:

- Significant temperature control costs can be reduced by improving buildings with high-efficiency appliances, windows, and insulation; these all have the potential to be C-PACE financed and amortized over a twenty-year term instead of paid for right away.
- C-PACE financing can purchase solar technology for schools to make use of ample rooftop space and net a long-term profit without using school funds.
- C-PACE financing can be used to help fund projects from school sustainability programs which adds cache to the school's profile.

Nonprofits

Nonprofits have a difficult time finding the capital needed for deferred maintenance or projects with long return on investment horizons. C-PACE can help to secure financing for these organizations that would otherwise need to undergo a long process of capital solicitation. C-PACE can step in to handle property improvement or maintenance costs without leaning on funds better spent on mission-oriented projects.

Talking points:

- C-PACE financing can fund renovation projects while avoiding a long capital budget process with donors.
- C-PACE financed efficiency can be in line with nonprofit values or mission.

View a nonprofit association case study in Exhibit G.

Religious Institutions

Religious institutions have turned to C-PACE to address acute replacement needs, similarly to other cash-strapped property types.

Talking points:

- Religious institutions can use C-PACE financing to manage acute needs like faulty systems or poor insulation.
- Religious institutions can use C-PACE to access long-term, low-interest financing for improvements that make an immediate impact while deferring full system repayment.

¹⁶ Madden, Dustin, et al. "Energy Efficiency of Public Buildings in Alaska: Schools." Prepared for Alaska Housing Finance Corporation. November 21st 2014.

View a religious institution case study in Exhibit G.

Target Audience Overview

The groups that enable, support, and facilitate C-PACE programs includes a diverse range of stakeholders. Contractors and C-PACE capital providers are present in all C-PACE transactions, but mortgage lenders, special interests, industry associations, and commercial banks all contribute to the success of C-PACE. This section is organized by channel partner or stakeholder group, and for each endeavor to provide information on why they are important and how to speak to them about C-PACE financing. Appendix Exhibit F includes an extensive list of bodies in Alaska that represent these stakeholder types.

State Government:

In the same manner that C-PACE helps to improve the quality commercial real estate, attracts private capital financing, and creates jobs at the local level, so it does also at the state. The state government has even less responsibility to help in managing C-PACE transactions than local government, as recordation and enforcement are handled locally. It is important that C-PACE facilitators maintain good relationships with state government to help promote C-PACE across the state.

Talking points:

- Low- or no-cost to state
- Local oversight means little no state resources required
- Benefits local communities by driving private investment and supporting businesses and local health
- See “Local Government” for other talking points

Local Government:

Local legislatures can benefit their constituents by promoting C-PACE financing. C-PACE financing is a widely considered a win-win-win solution to climate change: private capital providers lend out capital for eligible property improvements, meaning no government funds are required for transactions; energy use and pollution decrease thanks to financeable improvements; and improving property value increases the local government’s tax base. C-PACE financing is a unique form of financing used to improve local commercial property. The structure drives job growth, economic development, and clean, efficient energy use.

Talking points:

- Drives private sector investment in local communities
- Serves as a tool for business owners to decrease costs and improve asset value
- Improves taxable property base
- Improves resiliency of the built environment
- Creates energy efficiency and clean energy jobs
- Helps meet efficiency and clean energy standards
- Requires little to no cost on the part of government

Economic Development Offices:

Economic development is one of the central arguments behind expanding C-PACE programs. C-PACE helps to create energy and construction jobs by unlocking projects, decreases the cost of energy in Alaska, frees up capital for property owners to use in other pursuits, and can draw new business to areas with the lure of low utility costs and high-quality facilities. By assisting C-PACE program to succeed locally, economic development offices can help to create jobs and attract private investment.

Talking points:

- C-PACE is an important source of credit for property owners seeking to make needed capital improvement and implement deferred maintenance to their properties
- C-PACE is underwritten against the long term (e.g. 20 – 30 year) asset value of commercial property rather than company credit, making it a critical source of capital for non-investment grade buildings
- Can help complete capital stacks for projects that are tapped out with their existing lender and can help fill gaps that have been created by construction delays and cost overruns
- Typically paid on an annual basis commencing 12 – 24 months after financing, allowing time to complete building construction or renovation and stabilization before payments are due; this is especially relevant in program that allow C-PACE to finance new construction
- Energy saving and building resiliency investments that can be made through private investment are particularly critical when public investment in these areas is redirected elsewhere

Commercial Real Estate Trade Associations:

C-PACE financing appeals to trade association leadership as they can see it as a way of growing the bottom line for their membership base. Conveyors of commercial real estate (CRE) industry professionals can be useful for getting the word out about C-PACE. Even in established markets, property owners may be un- or under-informed of C-PACE financing's benefits. CRE trade associations often share updates and create programming for their members, and in other markets have done so for C-PACE.

Talking points:

- C-PACE is a flexible tool for increasing property value or answering building or tenant needs
- A form of long-term financing up to 20 years
- Non-recourse financing, making it a safe and reliable way to make improvements
- A financing that can access improvements with the potential for immediate positive net cash flow
- Possible to be passed through to tenants
- Transferable upon sale

Sustainability Organizations:

Organizations and member associations that have sustainability imperatives are often interested in supporting C-PACE's energy and environmental benefits. Focus on promoting aspects of C-PACE financing that are in line with the organization's mission (in parentheses).

Talking points:

- C-PACE financing used to install renewable energy measures or improvements with greater energy efficiency reduce energy (organizations seeking to reduce energy use, promote green energy, decrease waste)
- C-PACE financing can be used to benefit air quality (organizations with air quality or eye, throat, or lung health concerns)
- C-PACE financed retrofits avoid the need to build all-new properties to house businesses and people, which pollutes and requires massive amounts of resources (organizations focused on resource conservancy, climate change, historical building conservation)
- C-PACE financed improvements with energy-reduction benefits limit the need to scale up energy production from non-renewable sources (energy independence, Alaskan nature, or climate change organizations)

Contractors:

Contractors can help to percolate deals by providing information on C-PACE as a financing option to complete projects. It is recommended the administrator provide training for contractors to inform them of the benefits and value pitch of C-PACE, enabling contractors to understand not only what it can do for their own business, but also how to more effectively "sell" C-PACE to their clients.

Talking points:

- C-PACE financing provides a solution for property owners seeking to implement deep energy retrofits and renewable energy installations
- Being a C-PACE contractor may allow the company to offer a greater range of services by making services more financially accessible to clients
- C-PACE financing can help to close more deals by providing project-end financing
- C-PACE financing can benefit larger projects by providing a new source of construction funding tied to the property owner's building, rather than relying on working capital lines
- C-PACE financing provides capital to nontraditional borrowers such as nonprofits or non-investment grade commercial buildings
- C-PACE financing can be used to unlock projects that had demonstrated prior interest in a contractor's services but been unable to afford those services

Specialty Capital Providers:

Specialty C-PACE lenders are vital to C-PACE programs. They form the other key component of the financing equation, the lender to the borrower. Because of Alaska's small population size, there may not be a strong lender market quick to emerge. However, once established, capital providers are often the largest contributors to a pipeline through their own direct marketing and outreach. Specialty C-PACE lenders are always on the lookout for new markets to break into.

Talking points:

- The C-PACE program has nationally competitive pricing for program fees and billing
- The C-PACE program operates under an open market where all capital providers are equally favored
- The C-PACE program is helping to build a demand for C-PACE through educational efforts, so capital providers will not operate in a vacuum of information

Community Development Finance Institutions (CDFIs):

C-PACE capital providers are capable of financing large projects, as seen across the United States, but can miss out on smaller projects. CDFIs can help to fill this gap by their institutional mission of providing capital for smaller projects and supporting local communities. CDFIs can also provide C-PACE themselves; in a study published in 2012, one of the key policy takeaways was that in order to increase institutional impact, CDFIs should have the ability to provide longer term capital offerings.¹⁷ This pairs perfectly with C-PACE, which is partly defined by its potential for extended loan periods and security. If they do not want to expand their offerings to include C-PACE, CDFIs can also point potential borrowers to C-PACE to let them decide what is best for their project needs. When speaking with CDFIs, focus on the following attributes of C-PACE:

Talking points:

- C-PACE financing does not tie up a borrower with debt
- C-PACE is non-recourse financing
- C-PACE can help to achieve energy savings for lower-income members of the community
- Long-term financing for immediate impact

Commercial Banks:

In relation to C-PACE programs, commercial banks often fall into two categories: commercial lenders looking to break into C-PACE financing and commercial mortgage holders. For the former category, a program administrator should highlight C-PACE as another product that banks can offer their existing client base and a way to attract new clients to their portfolio.

Talking points:

- Alternative and innovative financial product to offer to customers and commercial mid-market buildings
- Low-risk financing vehicle secured through a statutory senior lien on commercial property; billed and collected alongside other property taxes and special assessments
- A way to build the local community and benefit the economy, which has circular benefits to the bank through investing in local businesses

Mortgage Holders:

C-PACE assessments are legally recorded as a voluntary property tax assessment, meaning it is repaid before all non-tax debt in a delinquency or foreclosure scenario; this includes mortgages.

¹⁷ Hangen, Eric, et al. "CDFI Industry Analysis: Summary Report." Spring 2012. <https://www.cdfifund.gov/sites/cdfi/files/documents/carsey-report-pr-042512.pdf>
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Some mortgage lenders are concerned by this, but the hundreds of bank that have consented to C-PACE financing demonstrate that with the right education, mortgage holders can become comfortable with C-PACE financing.

Talking points:

- Assessment financing is non-accelerating; only *annual* C-PACE assessments and taxes are paid first
- Energy improvements improve collateral value
- Energy improvements help reduce operating expenses and increase cash flow
- Assessment payments can be escrowed
- Providing consent to C-PACE borrowers helps to maintain good relationships between the bank and the borrower

Market Strategy Execution

A statewide C-PACE program administrator in Alaska will not begin marketing C-PACE from scratch. As of this writing, there has been a statewide, three-part web event series that brought together over seventy-five stakeholders from across Alaska, hosted by the Alaska Energy Authority and an advisory group. Additionally, the Alaska C-PACE platform has a sophisticated website that is expected to expand with news, case studies, press releases, and program information as new programs launch. A preliminary packet of collateral is also to be found on this website, including FAQs on C-PACE financing for property owners, contractors, capital providers, and mortgage lenders in Alaska. A future statewide program administrator can build on these resources. This section provides an example of a five year calendar of marketing activities that a program administrator might follow to initialize and support a fledgling C-PACE program.

Year 1: Creating a Foundation

At the end of the program’s first year, you will have achieved the following:

- Created a website landing page for property owners, contractors, and capital providers that redirects to the Alaska C-PACE website
- Formed several professional relationships with channel partners that can help to share information about C-PACE
- Developed an e-mail listserv of C-PACE partners and potential applicants
- Organized, marketed, and executed an introductory C-PACE event
- Created a set of slides or PowerPoint presentation used during the introductory C-PACE event

Month	Activities
January	Create landing page with information on program and application process.
February	Create news/events page on website.
March	
April	
May	Design “Introduction to C-PACE” event and market.
June	
July	
August	Market and host “Introduction to C-PACE” event.
September	
October	Design outreach and event schedule for Year 2.
November	
December	

Years 2-3: Market Education and First Projects

At the end of the program’s third year, you will have achieved the following:

- Created an expanded outreach list divided into sections for different audiences and targets
- Built on your channel partner base by forming additional professional relationships with associations or organizations
- Organized, marketed, and executed events for seven important audiences: commercial real estate owners in general; contractors; the healthcare industry; the hospitality industry; the office real estate market; the retail trade real estate market; and the multifamily real estate market
- Created a set of slides or PowerPoint presentations for each of the seven audiences described
- Created five pieces of collateral (a flyer, FAQ, infographic, or similar) for healthcare, hospitality, office real estate, retail trade real estate, and multifamily real estate audiences that can be shared with relevant channel partners
- Researched, written, and published two blog posts to host on the program website
- Drafted and published press releases for all closed projects
- Drafted and published case studies for unique closed projects

Month	Activities
January	Notify contact list and channel partners of upcoming events. Establish Twitter and LinkedIn social media accounts for program.
February	Plan first of webinar series: CRE Owners (expect three months to prepare and market the webinar).
March	Write and publish blog post 1.
April	
May	Plan second of webinar series: Contractors (expect three months to prepare and market the webinar).
June	Write and publish blog post 2.
July	
August	Plan third of webinar series: Hospitality (expect three months to prepare and market the webinar).
September	Draft Hospitality collateral.
October	
November	Plan fourth of webinar series: Healthcare (expect three months to prepare and market the webinar).

December	Draft Healthcare collateral.
January	
February	
March	Plan fifth of webinar series: Office real estate (expect three months to prepare and market the webinar).
April	Draft Office real estate collateral.
May	
June	Plan sixth of webinar series: Retail CRE (expect three months to prepare and market the webinar).
July	Draft Retail real estate collateral.
August	
September	Plan seventh of webinar series: Multifamily (expect three months to prepare and market the webinar).
October	Draft Multifamily real estate collateral.
November	
December	Draft end of year newsletter.

Year 4-5: Program and pipeline management

At the end of the program’s fifth year, you will have achieved the following:

- Created a template for regular newsletters
- Drafted and shared three end-of-year newsletters (end of Years 3, 4, and 5)
- Organized, marketed, and executed an event for manufacturing, goods production, and resource extraction industries
- Created a set of slides, PowerPoint, or piece of collateral for manufacturing, goods production, and resource extraction industries
- Drafted and shared two mid-year newsletters (Years 4 and 5) Researched, written, and published four more blog posts
- Been featured in a publication or news site with local or state circulation and/or used paid media to promote the program (floating date)
- Drafted and published press releases for all closed projects
- Drafted and published case studies for all closed projects

Month	Activities
January	
February	Plan eighth of webinar series: Manufacturing, Goods Producing, and Resource Extracting Industries (expect three months to prepare and market the webinar).
March	Draft Manufacturing, Goods Producing, and Resource Extracting Industries collateral.
April	
May	
June	Draft semi-annual newsletter.
July	
August	Write and publish blog post 3.
September	
October	
November	
December	Draft end of year newsletter.
January	
February	Write and publish blog post 4.
March	
April	Write and publish blog post 5.
May	
June	Draft semi-annual newsletter.
July	
August	
September	Write and publish blog post 6.
October	
November	
December	Draft end of year newsletter.

Source

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Appendix

Exhibit A: Alaska C-PACE Logo



Exhibit B: Example of Collateral Designed for Alaska

C-PACE FOR JOBS AND THE ECONOMY

Largest non-government employers in the Municipality of Anchorage

Industry	Number of Employees (Approximate)
Retail/Trade, Utilities, and Travel	30,000
Professional & Business Services	25,000
Hospitality	12,000

Some of the key industries in the Municipality of Anchorage are major beneficiaries of C-PACE nationally.

Source: Municipality of Anchorage Monthly Labor Statistics

Commercial property assessed clean energy (C-PACE) is a form of financing that is newly available to the owners of commercial property for the purpose of making energy efficiency improvements. C-PACE also contributes to jobs and the local economy by:

- Funneling private investment into the community.
- Creating energy efficiency, engineering, and construction jobs.
- Facilitating economic growth by providing finance for industries and helping local business owners invest in their property.
- Improving Anchorage's real estate building stock and increasing the municipality's taxable base, which results in more revenue for local government to reinvest into the community.

Learn more about C-PACE for jobs and the economy at the Anchorage C-PACE Launch and Lunch event!

ALASKA C-PACE ANCHORAGE

ANCHORAGE C-PACE LAUNCH & LUNCH WEBINAR
APRIL 1, 12 - 1:30PM

REGISTER AT
MUNI.ORG/CPACE

Exhibit C: Example Case Study



PROJECT OVERVIEW

PROPERTY TYPE:
Class B/C Office Building to Hospitality

INSTALLED MEASURES:
New automated building and HVAC controls, high efficiency lighting improvements, water heating improvements, climate control appliances, and other controls and improvements that reduce energy and water use.



\$3,990,536
Approved PACE Financing



25 years
Term



Twain Financial Partners
Lender



Southway Builders
Project Partner - Contractor



MID-ATLANTIC
PACE
ALLIANCE
pacealliance.org

CASE STUDY:

LATROBE BUILDING

C-PACE AS A CRITICAL COMPONENT OF CAPITAL STACK IN HISTORICAL RETROFIT



THE CHALLENGE:
In June 2017, Ash NYC acquired the historical Latrobe Building with the intent to retrofit the Class B/C office building to hospitality. In order to finance this significant transformation and ensure the efficiency of the building's operations, ASH NYC needed a diverse, multi-layered capital stack to improve cash-flow and short-term realized ROI.

THE SOLUTION:
ASH NYC used more than \$3.9 million of a \$29.2 million capital stack to finance C-PACE eligible improvements. These improvements will make the building more efficient while also providing a high degree of cost effectiveness; not only does this demonstrate ASH NYC's commitment to improving underperforming properties, it also indicates the advantages that C-PACE financing has over traditional capital, such as having an extended loan term, being non-recourse debt, and being repaid with savings from the improvements. The \$3.9 million of C-PACE financing is predicted to have a savings to investment ratio of 1.19.




To learn more about MD PACE:
md-pace.com
info@md-pace.com

ABOUT MD-PACE
 MD-PACE is a statewide partnership between PACE Financial Servicing and the Maryland Clean Energy Center to build a statewide commercial Property Assessed Clean Energy (C-PACE) program.

Exhibit D: Event Planning Outline

1. Identify a topic in consultation with colleagues or local stakeholders. It should be determined who the target audience is, ideal audience size, and what the audience can expect to learn.
2. Plan the date of the event and whether it should be held virtually or in person. In person events can appeal to those without easy access to video conferencing technology or otherwise prefer to meet in person.
3. Create an online event, such as on Eventbrite. If held virtually, determine a videoconferencing platform.
4. Plan the marketing campaign. How will you engage with the target audience? What channel partners can be involved to spread awareness?
 - a. Create supporting collateral and presentation material in advance of the event. Create an outreach list in consultation with stakeholder groups, associations, and channel partners.
 - b. Start “soft marketing” the event.
5. Starting four weeks out from the event, start “hard marketing” the event with direct calls, email campaigns, and social media posts. Activate stakeholders to do the same.
6. Several days before the event, create social media posts and email reminders referencing the time and date of the event. Make necessary final preparations.
7. Host event.
8. Send exit email with “Next Steps” or “For further information” sections.

Exhibit E: Target Customer Outreach in Alaska¹⁸

Potential healthcare property targets:

- Alaska Native Medical Center, Anchorage
- Alaska Regional Hospital, Anchorage
- Bartlett Regional Hospital, Juneau
- Bassett Army Community Hospital, Fort Wainwright
- Central Peninsula General Hospital, Soldotna
- Cordova Community Medical Center, Cordova
- Elmendorf AFB Hospital, Anchorage
- Fairbanks Memorial Hospital, Fairbanks
- Kakanak Hospital, Dillingham
- PeaceHealth Ketchikan Medical Center, Ketchikan
- Maniilaq Health Center, Kotzebue
- Mat-Su Regional Medical Center, Palmer
- Mt. Edgecumbe Hospital, Sitka
- Northstar Hospital, Anchorage
- Norton Sound Regional Hospital, Nome

¹⁸ **Disclaimer:** *These lists were compiled in June 2021 and not intended to be complete, but to provide the reader with potential ideas. C-PACE must be enabled by the local governing body in each borough or municipality. At the date of this publishing, only the Municipality of Anchorage has established a C-PACE program.*

- Petersburg Medical Center, Petersburg
- Providence Alaska Medical Center, Anchorage
- Providence Kodiak Island Medical Center, Kodiak
- Providence Seward Medical and Care Center, Seward
- Samuel Simmonds Memorial Hospital, Utqiagvik
- Sitka Community Hospital, Sitka
- South Peninsula Hospital, Homer
- St. Elias Specialty Hospital, Anchorage
- Wrangell Medical Center, Wrangell
- Yukon-Kuskokwim Delta Regional Hospital, Bethel

Potential hospitality property targets:

- Springhill Suites by Marriott Anchorage
- Hilton Garden Inn Anchorage
- The Breakwater Inn
- Baranof Westmark
- Pikes Waterfront Lodge
- Springhill Suites by Marriott Fairbanks Alaska
- Best Western Plus Landing Hotel
- Travelodge Hotel Juneau
- Inlet Tower Hotel & Suites 1200 L Street Anchorage,
- Travelodge Anchorage
- Best Value Inn-Executive Suites/ Airport
- Holiday Inn Express Seward Harbor Alaska
- Best Western Golden Lion Hotel - Anchorage Alaska
- Best Western Kodiak Inn - Kodiak Alaska
- Best Western King Salmon Motel - Soldotna Alaska
- Holiday Inn Express Hotel Onalaska (La Crosse Area) - Onalaska Wisconsin
- Hampton Inn Anchorage
- Days Inn Downtown Anchorage
- Super 8 Juneau
- Best Western Country Lane Inn
- Extended Stay Deluxe Fairbanks
- Super 8 Fairbanks
- Shee Atika Totem Square Inn
- Super 8 Motel Sitka
- Ketchikan's Black Bear Inn
- Aspen Extended Stay Suites Kenai
- 406 Sportsman Lodge
- Comfort Inn Kodiak
- Best Western Kodiak Inn and Convention Center
- Hotel Captain Cook
- Sheraton Anchorage Hotel and Spa

- Puffin Inn
- Clarion Suites Downtown
- Parkwood Inn
- Ramada Downtown Anchorage
- Extended Stay Deluxe Downtown Anchorage
- Courtyard by Marriott Anchorage
- Residence Inn Anchorage Midtown
- Embassy Suites Anchorage
- Best Western Grandma's Feather Bed
- Baranof Westmark
- Regency Fairbanks Hotel
- Westmark Hotel & Conference Center
- Holiday Inn Express Fairbanks
- Fairbanks Hampton Inn & Suites
- Fairbanks Princess Riverside Lodge
- Bridgewater Hotel
- Rivers Edge Resort
- Best Western Chena River Lodge

Potential office real estate targets:

- Park View offices, Anchorage
- Land Company Building, Wasilla
- Airport Business Park, Anchorage
- Carr Gottstein Building, Anchorage
- International Business Plaza, Anchorage
- Bragaw Office Complex I & II, Anchorage

Potential retail property targets:

- Anchorage 5th Avenue Mall
- Great Alaska Mall
- Glenn Square shopping mall
- Co-op Market Grocery and Deli, Fairbanks
- IGA Food Cache, Delta Junction
- Cubby's Marketplace
- New Sagaya City Market
- Macy's Anchorage
- Costco, Anchorage and Juneau
- Dimond Center
- Bentley Mall

Potential nonprofit targets:

- Alaska Center, Anchorage
- Alaska Marine Conservation Council, Anchorage

- Alaska Wildlife Alliance, Anchorage
- Nature Conservancy – Alaska Chapter, Anchorage
- Community Pregnancy Center, Anchorage
- The Lemong-o Project, Anchorage
- Save Bristol Bay, Bristol
- Northern Susitna Institute, Talkeetna
- Kodiak Area Native Association, Kodiak
- Southcentral Foundation, multiple locations

Potential religious institution targets:

- Islamic Community Center of Anchorage
- Anchorage Alaska Temple
- Wat Alaska Yanna Vararam Buddhist Temple
- Wat Dhamma Bhavana Buddhist Center
- Wat Lao of Anchorage
- First Baptist Church of Kenai
- Kenai Christian Church
- Oceans United, Kodiak
- Bethel Church, Fairbanks
- Congregation Beth Shalom, Anchorage
- Congregation Sukkat Shalom, Juneau
- Congregation Or HaTzafon, Fairbanks

Potential school targets:

- Holy Rosary Academy
- Catholic Schools of Fairbanks
- Grace Christian School
- Fisburne Military School
- Cook Inlet Academy
- Anchorage Junior Academy
- Alaska Pacific University
- Charter College
- Alaska Christian College

Potential multifamily property targets:

- Town Square Manor Apartments, Anchorage
- Susitna View Apartments, Eagle River
- Yenlo Square, Wasilla
- The Alaskan Apartment Homes, Anchorage
- Country Lane Apartment Homes, Anchorage
- Willow Woods Apartments, Fairbanks

Potential manufacturing and goods production targets:

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- Alaska General Seafoods
- Trident Seafoods
- Alaska Glacier Seafoods Inc
- Kodiak Salmon Packers
- Alaska Specialty Woods
- Deltic Timber
- Das Fuels, LLC
- Global Fuel, LLC

Exhibit F: Target Audience Outreach in Alaska

State government channel partners:

- Alaska Department of Commerce, Community, and Economic Development
- Alaska Department of Health and Social Services
- State of Alaska Real Estate Commission
- Alaska Department of Environmental Conservation
- Alaska Department of Natural Resource

Local government channel partners:

- Municipality of Anchorage Treasury Department
- Anchorage Department of Economic and Community Development
- City and Borough of Juneau Assessor's Office
- FNSB Sustainability Commission
- Alaska Small Business Development Council (ASBDC)

Sustainability channel partners:

- Northern Alaska Environmental Center
- Kachemak Heritage Land Trust
- Citizen's Climate Lobby
- Juneau Audubon Society
- Southeast Alaska Conservation Council
- Natural Resource Conservation and Development Board
- Renewable Energy Alaska Project (REAP)
- Alaska Independent Power Producers Association
- Sierra Club - Alaska

CRE trade association channel partners:

- Anchorage Real Estate Investors Club
- Alaska Land Title Association
- The Summit Group Real Estate Services
- Commercial Real Estate Alaska
- Alaska Property Owners Association, Inc.
- Wasilla West Property Owners Association
- The Last Frontier REI Group BOMA Alaska (Anchorage)

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- Real Estate Commission
- CCIM Alaska
- IREM Alaska Chapter Alaska Hospitality Retailers
- Community Associations Institute/Greater Alaska Chapter Alaska Hotel and Lodging Association

Contractor/engineering/building channel partners:

- Association of Builders and Contractors
- AK International Living Future Institute
- Alcan Electrical & Engineering Inc (Fairbanks, Anchorage, and Juneau)
- Associated General Contractor AK
- Renewable Energy Alaska Project
- Matanuska Electric Association
- Alaska Commercial Contractors, Inc
- Cascadia Green Buildings Council (USGBC)
- ULI Northwest
- Interior Alaska Building Association
- Alaska Chapter of the National Electrical Contractors Association

Specialty C-PACE lenders:

- CleanFund Capital
- Inland Green Capital
- Twain Financial Partners
- LordCap PACE
- PACE Loan Group
- Greenworks Lending
- Counterpointe SRE
- Petros PACE Finance

Commercial banks:

- First Bank
- Live Oak Bank
- National Cooperative Bank
- KeyBank
- Spirit of Alaska FCU
- ALPS Federal Credit Union
- Mt. McKinley Bank
- Alaska USA Mortgage Company
- Denali Bank
- Northrim Bank
- Unibank
- Evergreen Business Capital
- First National Bank Alaska

Economic development channel partners:

- ASBDC Anchorage
- ASBDC Fairbanks
- Aleutians East Borough Community Development
- Denali Borough Department of Land Management
- Bristol Bay Borough Planning and Economic Development
- Ketchikan Gateway Borough Department of Planning and Community Dev
- Haines Economic Development Corporation
- ASBDC Mat-Su
- Wrangell Borough Department of Economic Development
- Petersburg Borough Department of Economic Development
- Sitka Economic Development Association
- Northwest Arctic Borough Department of Community and Economic Dev
- Sitka Borough Department of Planning and Community Development
- The North Slope Borough
- Matanuska-Susitna Borough Department of Community Development
- ASBDC Seward/Soldotna Center
- Lake and Peninsula Borough ASBDC Rural
- Kodiak Island Borough Department of Community Development

CDFIs:

- Alaska Growth Capital
- BIDCO, Inc.
- Coastal Villages Community Development Fund, LLC
- MAC Federal Credit Union
- Aleutian Financial, Inc.
- Cook Inlet Lending Center, Inc
- Tongass Federal Credit Union

Exhibit G: Example Case Studies

Healthcare Case Study



C-PACE CASE STUDY



C-PACE Program Improves Resident Comfort, Boosts Cash Flow for Aurora Senior Care Facility

Energy Efficiency Improvements will result in 34% energy savings

THE CHALLENGE

Shalom Park, a senior care facility located in Aurora, Colorado, provides skilled care to the residents of the nursing home, as well as to patients who come there for rehab at the state-of-the-art wellness center. The facility was in desperate need of comprehensive facility upgrades to improve the facility's comfort and energy use.

THE SOLUTION

Haynes Mechanical installed the project—the second C-PACE project in Colorado for a nonprofit—at the 120,378-square-foot facility. The project included the installation of premium-efficiency chiller pumps equipped with variable frequency drives, new building controls, a new centrifugal chiller, an air handling unit, an exhaust fan, a rooftop unit, a make-up air unit, and new LED lighting.

THE IMPACT

"By helping Shalom Park secure innovative C-PACE financing, we not only enabled the nonprofit to make upgrades with no money down, but we also provided them with an energy-saving project that delivers positive cash flow from day one," said Eliot Abel, the founder of Abel Clean Energy Advisors.

"Focusing on building asset value and streamlining operational costs are key for how we approach investments with our clients," said Danny Sprague, a project sales engineer with Haynes Mechanical. "We work with every client to identify potential barriers to their success and jointly create balanced economic solutions that allow them to thrive. This C-PACE project is a win for everyone involved."

"C-PACE made it possible for us to upgrade our facility affordably, which will improve the comfort of our residents, reduce our carbon footprint, and—important for a nonprofit—save us money, which we can invest in programs for our residents."

— Mark Penner, President and CEO of Shalom Park



Greenworks Lending, a private capital provider uniquely dedicated to funding commercial real estate through C-PACE, provided the \$1.9M in financing. "The Shalom Park project is significant to the marketplace because it demonstrates the C-PACE program's ability to support a multi-measure retrofit and be applied by yet another business type—senior care," said Genevieve Sherman, head of New Markets and Partnerships at Greenworks Lending.

BY THE NUMBERS

Project type:
Energy efficiency

Building type:
Senior Center

Building size:
120,378 square feet

Total project cost:
\$1,924,121

Percent financed:
100 percent

Finance term:
20 years

Reduction in energy use:
34 percent

ABOUT COLORADO C-PACE



Colorado C-PACE provides financing for energy efficiency, renewable energy and water efficiency improvements, including new heating/cooling systems, lighting, water pumps, insulation, and renewable energy projects for commercial properties. C-PACE offers long-term financing that covers 100 percent of the project cost and is repaid over a period of up to 25 years as a line item on the existing property tax bill. Because the loan runs with the property, if the building is sold, the repayment obligation can transfer to the new owner, who will enjoy the ongoing utility cost savings associated with the project.

Visit copace.com for more information.

CONTACT COLORADO C-PACE TODAY TO LEARN MORE

Tracy Phillips, C-PACE program director: 720.933.8143 | tphillips@copace.com
Ken Gallagher, C-PACE program manager: 877.325.1882 | kgallagher@copace.com



A program of:
The Colorado New Energy Improvement District

 **TEXAS PACE**
AUTHORITY

CASE STUDY
1225 North Loop West
Houston, Texas

1225 North Loop Investments, Inc. utilized the City of Houston's PACE program to invest \$1.3M in property upgrades, making 1225 North Loop West the first commercial office building to implement a TX-PACE project.

THE PROBLEM:

The 1984 commercial office high-rise had 35-year-old chillers, an antiquated control system, and inefficient lighting. The chiller replacement parts were costly and difficult to find and the ongoing reliability issues of the aging equipment were haunting for staff and ownership. Management explored replacement options but hesitated at the substantial upfront capital outlay.



According to the US Energy Information Administration, the average office building spends \$1.51 per square foot on energy costs. Just slightly above the nationwide average, the property's management initiated a preliminary energy analysis and concluded that upgrading the aging equipment using operational savings created a realistic opportunity.

THE PACE SOLUTION:

John Myers, President of Peloton Commercial Real Estate, introduced the TX-PACE concept to General Manager Alessandro Clerici at 1225 North Loop Investments. As a Keeping PACE in Texas member who helped create the PACE in a Box toolkit, Myers suggested utilizing TX-PACE to redirect current utility expenses and eliminate the need for diverting core capital. The savings report indicated that the priority mechanical equipment would qualify for the program if it was paired with the inclusion of LED lighting throughout the entire facility. By grouping together efficiency measures with short and long-term paybacks, the projected energy savings would exceed the cost of the project over the 20-year term.

The project includes two new chillers, variable speed drives, air handlers, interior and exterior LED lighting, and building controls. The project will reduce utility consumption by 38% and provide \$3.66 million in savings over the 20-year term. The lasting benefits of steadier budgets, more comfortable work environments, and diminished equipment emergencies will positively impact both ownership and tenants.

Property Manager Seth Eslami explains, "Our priority was the mechanical equipment upgrade. The efficiency component was just an added benefit. I am hopeful that this project will help more people see that TX-PACE is not a typical 'green' program focused solely on saving the environment, but instead has a focus on improving the financial side of a business. TX-PACE can upgrade a building and can pay for itself."

COMMUNITY IMPACT:

"Houston is the energy capital of the world and has a responsibility to lead by example and use our energy resources as efficiently as possible," said Houston Mayor Sylvester Turner.

PROJECT OVERVIEW

PROJECT PARTNERS

Financial Lender: Petros PACE Finance
Advisor: PACE Houston
Project Manager: Stellar International

PROJECT FINANCING

Total Assessment: \$1,304,352
Utility Incentives: \$30,000
Term: 20 years

BUILDING DETAILS

Square footage: 200,418
Year Built: 1984

IMPACT

Anticipated annual utility use reduction of 38%

IMPROVEMENTS

Two Chillers, Building Automation System, Complete LED Fixture Upgrade

PACE IN TEXAS

Texas PACE answers the question, "How are we going to pay for it?" and is transforming how developers, owners, and contractors look at projects, proving that there is a clear path forward for energy efficiency, distributed generation, water use reduction, and resiliency projects in existing buildings.

CONTACT

Texas PACE Authority
admin@texaspaceauthority.org
1-855-738-PACE (7223)
www.texaspaceauthority.org

 **TEXAS PACE AUTHORITY** **CASE STUDY**
Elgin General Store
Bastrop County

Rural, locally funded PACE: The Elgin General Store Solar PV project, Bastrop County's 1st PACE project, included a grant from the USDA and utility incentives, and is the first TX-PACE project to be financed by a local bank.



THE PROBLEM:

Historic Elgin, Texas is treasured for its sausage and its Hogeye Festival (the best little pig gig in Texas). Like many small Texas towns, Elgin is blessed with new and historic buildings that require significant investment to maintain and small businesses without the capital to maintain them.

Explosive population growth across Texas over the last decade both creates opportunity and stresses communities and businesses to improve infrastructure and reduce power and water demands so that these resources can be freed up for incoming businesses and people. For many local businesses in small towns, the ability to lower operating expense can mean the difference between success and cash flow crisis. The problem is how to find a source of capital to make the improvements without draining company cash flow.

Successful entrepreneur and owner of Elgin General Store, David Glass, had already updated the store's lighting. "Energy savings and electrical outages are a big problem when you're in the retail business. I need reliable power to operate my sales terminals as well as credit card processing," noted Glass.

THE PACE SOLUTION:

Bastrop County's first PACE project demonstrates that small town businesses do have access to capital to address deferred maintenance without a cash flow crunch. When he learned about the ability to use the TX-PACE program to finance solar PV on the roof of his general store without draining capital, Mr. Glass became an advocate for the Bastrop County PACE program.

A local community bank became the first bank in Texas to finance a PACE project. "Frontier Bank worked hand in hand with Texas PACE Authority to fund our first project. We are incredibly proud of David Glass for leveraging this program to bring sustainable energy to Bastrop County," notes Patrick Johnson, Frontier's president and CEO. "We thank him for getting us involved, and we look forward to finding additional opportunities to use this program in Bastrop, Travis, Hays, and Williamson counties."

PACE financing complements other rural economic development incentives important to so many historic towns in Texas. Elgin General Store also benefited from a Texas USDA REAP grant and Oncor's solar incentives.

PROJECT OVERVIEW

PROJECT FINANCING

Lender: Frontier Bank of Texas
Total Assessment: \$120,000
Term: 10 Years
Incentives:
- USDA Rural Energy for America Program (REAP) Grant - \$30,781
- Oncor Electric Grant/Rebate - \$38,186
Lender consent granted by:
Frontier Bank of Texas

IMPACT

Total anticipated annual electric energy savings: 91,081 kWh
Anticipated electric utility use reduction: 26%
Clean air improvements:
- Annual avoided CO2: 48.96 tonnes
- Annual avoided NOX: .03 tonnes
- Annual avoided SOX: .08 tonnes

BUILDING DETAILS

Building Size: 15,776 square feet
Built: 2004 with 2007 addition

IMPROVEMENTS

Solar PV

PACE IN TEXAS

Texas PACE answers the question, "How are we going to pay for it?" and is transforming how developers, owners, and contractors look at projects, proving that there is a clear path forward for energy efficiency, distributed generation, water use reduction, and resiliency projects in existing buildings.

FOR MORE INFORMATION CONTACT

Texas PACE Authority
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CASE STUDY:

PRINTING TO PROFIT

PIKESVILLE PRINTING PRESS TO BECOME SELF-STORAGE FACILITY

PROJECT OVERVIEW

PROPERTY TYPE:
Industrial Warehouse

INSTALLED MEASURES:
HVAC, Lighting Upgrades,
Solar PV, Elevators,
Water Conservation,
Building Envelope



\$2,981,689
Approved PACE
Financing



20 Years
Loan Term



Greenworks Lending
Lender



Garver Development,
Sandy Spring Bank
Partners



THE CHALLENGE:

New owners purchased the former printing facility of a Baltimore periodical, saving the vacant light industrial warehouse from disuse. With a vision of serving the under-addressed needs of self-storage and motor vehicle storage in Baltimore County, the owners needed to complete a gut rehabilitation of the existing industrial warehouse while avoiding a hefty price tag.

THE SOLUTION:

The owners of the facility were able to cost efficiently finance nearly \$3M worth of property improvements by using C-PACE financing to cover the upfront construction costs. Thanks to C-PACE, the owners avoided paying for any improvements out of pocket and will have twenty years to pay down the investment.



To learn more about MD PACE:
md-pace.com
info@md-pace.com

ABOUT MD-PACE

MD-PACE is a statewide partnership between PACE Financial Servicing and the Maryland Clean Energy Center to build a statewide commercial Property Assessed Clean Energy (C-PACE) program.



CASE STUDY:

PHYLLIS WHEATLEY YWCA

MULTI-FAMILY ENERGY SAVINGS



PROJECT OVERVIEW

PROPERTY TYPE:
Low-income Multi-Family Housing

INSTALLED MEASURES:
30 kW Solar System, Efficient HVAC Systems, Heat Recovery System, LED Lighting, Energy Star Appliances, Low-flow Water Fixtures

 **\$700,000**
Approved PACE Financing

 **20 Years**
Term

 **Amalgamated Bank**
Lender

 **\$7,000**
Annual Savings

 **MID-ATLANTIC PACE ALLIANCE**
pacealliance.org

THE CHALLENGE:

The Phyllis Wheatley YWCA was first constructed in 1920, and provides 84 rental units to low-income and vulnerable women. The building was in urgent need of upgrades to preserve local affordable housing. Washington, D.C. real estate developer, Dantes Partners, was charged with redeveloping the property.

THE SOLUTION:

Dantes Partners worked with the DC PACE program to integrate PACE financing into a \$17 million capital stack, with eight other sources of capital. The project integrated SREC solar credits from the installed solar system, as well as Low Income Housing Tax Credit (LIHTC) investment. This project marked the first use of PACE financing for a U.S. HUD assisted mixed-finance public housing property. Improvements are expected to reduce energy use by 24% and water use by 47%.

ABOUT URBAN INGENUITY

DC PACE is independently administered by Urban Ingenuity, a District of Columbia clean energy financing company working on behalf of the District Government's Department of Energy & Environment. Urban Ingenuity works on behalf of building owners to structure, underwrite, and fund energy and green building upgrades. Urban Ingenuity has successfully funded millions of dollars of property improvements with DC PACE, and is working nationally to bring clean energy investment to underserved communities.

 **URBAN INGENUITY**

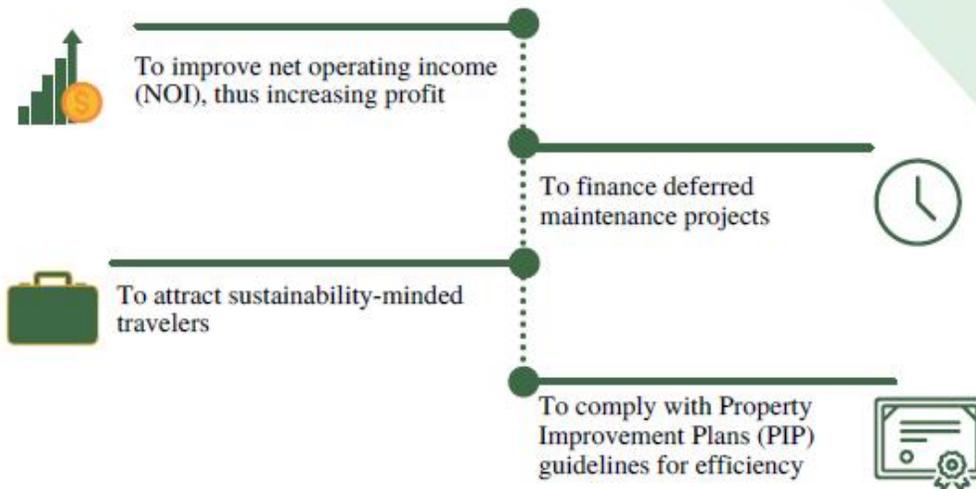
To learn more about DC PACE:
DCPACE.com
202-796-8925
info@urbaningenuity.com

MD-PACE for Hospitality Properties



C-PACE is a flexible financing tool that can allow commercial borrowers, including owners of hospitality properties, to access capital for energy efficiency, water or air quality, resiliency, and environmental remediation projects. The financing is secured by a voluntary tax assessment on the property and repaid via a surcharge on the property's tax bill.

Why the hospitality industry uses C-PACE:



Other advantages of C-PACE:

- Property-backed financing requires no personal matching or other collateral requirements to access funds
- 100% upfront financing
- Assessment transfers upon sale to subsequent owners
- Low fixed interest rates
- Long repayment terms
- Assessment never accelerates



Case Study: The Latrobe Building



ASH NYC acquired Baltimore's historic Latrobe Building and sought to convert it into luxury hospitality space. To achieve efficiency savings and provide a high-quality, sustainable lodging experience for guests, ASH NYC needed to invest in high-performance energy and water measures. C-PACE provided an option that avoided \$3.9 MM of upfront capital commitments, and could be paid down over an extended period. The ultimate result of this project was a durable, efficient, and high-quality space that was achieved at a substantially lower cost than if ASH NYC used mezzanine debt. The efficiency savings of the measures installed using C-PACE financing will net ASH NYC a projected \$4.6 MM over the lifetime of the savings, a return of 1.19 on the initial investment.

Improvements that are C-PACE financeable:



Energy efficient lighting and fixtures



Energy efficient systems such as HVAC systems



Renewable energy and battery storage systems



Measures that improve property resiliency



Water conservation improvements



Elevator modernization



Water or air quality improvements



Environmental remediation projects

To learn more about C-PACE, visit the MD-PACE program's website at www.md-pace.com.

To contact the MD-PACE program, please email info@md-pace.com.



LUELLA HANNAN MEMORIAL FOUNDATION

LEAN & GREEN MICHIGAN'S FIRST NON-PROFIT PACE PROJECT



Project Quick Stats:

PACE district: Wayne County
Property owner: Luella Hannan Memorial Foundation
PACE developer: Private Energy Partners
PACE contractor: Danboise Mechanical & Electrical
PACE lender: Twain Financial Partners
Amount financed: \$908,695.80
Project term: 25 years
Net 25 year savings: \$1,387,869.04
Energy conservation measures: Power generation, space heating, space cooling, hydronic heating and cooling system upgrades, LED lighting, full building controls, and power systems upgrade.
Impact: The project will result in major reductions in energy consumption across multiple categories, as well as reducing air pollution from compounds such as nitrous oxides, sulfur dioxide, and carbon monoxide.

Overview

On January 23, 2018, The Luella Hannan Foundation, which operates a senior community center on Woodward Ave. in Detroit, became the first property owner to complete a Lean & Green Michigan PACE project in 2018 and the third in Wayne County in six months. The Hannan Foundation board and staff collaborated with Levin Energy Partners, Twain Financial, and Private Energy Partners to develop the project, which dramatically reduces utility costs and increases property value. Companies completing the electrical and mechanical work on the project are members of the National Electrical Contractors Association (NECA) of Southeastern Michigan, who partner with the highly skilled workforce of the International Brotherhood of Electrical Workers, Local 58.

With this project, Hannan became the first non-profit to use PACE financing with Lean & Green Michigan. Improvements to the 1971 building include LED lighting, building controls, heating and cooling work, and a power systems upgrade that will save the foundation a net \$1.39 million dollars over the coming years. Also during that span, the building's greenhouse gas emissions and local pollution will be reduced as the building will no longer rely on steam power.



Project Quick Stats:

PACE district: Wayne County
Property owner: The Detroit Unity Association
PACE contractors: Green Portfolio Solutions,
Wright Energy Partners
PACE lender: Greenworks Lending, LLC
Amount financed: \$250,000
Project term: 20 years
Total energy savings: \$527,825*
Energy conservation measures:

- Lighting improvements
- Insulation
- Building envelope
- Roof repair

Impact: The Detroit Unity Temple PACE project will result in a reduction in CO2 emissions equivalent to eliminating the energy use of 124 homes for each of the 20 years of the project.

*Under PACE Express, savings is not required to exceed investment, but in this case, it does - by a wide margin!

Overview

Located in the heart of Detroit's Palmer Park, the historic Detroit Unity Temple is the first house of worship to take advantage of PACE financing! This project is also the first PACE Express project completed in Wayne County.

Green Portfolio Solutions helped Detroit Unity Temple to receive \$250,000 - the maximum amount of financing under the PACE Express program.

Wright Energy Partners will complete the retrofit. The project bundles important roof repair with lighting, insulation, and building envelope improvements. Wright Energy Partners curated a cash-flow positive PACE project for Detroit Unity Temple that will result in long-term utility savings for the Detroit Unity Association, and a more comfortable building for all who visit and worship at Detroit Unity Temple.

"Our modest building upgrades will allow us to reduce our operating cost, reduce our energy usage and increase our awareness of other saving opportunities," said Eugene Franklin of the Detroit Unity Temple. "It's a 'win-win' for us all!"