



Energy Efficiency Financing

October 15, 2015



About Virginia Community Capital


- Founded in 2006, then Governor Mark Warner privatized \$15M state loan funds to create VCC
- VCC is a **non-profit** community development financial institution (CDFI) loan fund
 - \$121 million in consolidated assets
 - \$94 million loan portfolio
 - Lending \$50-55 million per year in Virginia
- Community Capital Bank of Virginia (CCB) is a **for profit** community development bank
 - State chartered bank subsidiary
 - B certified corporation – mission driven
 - \$67 million in deposits
 - Business focused vs. consumer focused



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VA SAVES - Green Community Program

- Interest Rate Subsidy Program- approx. 3%
- Utilizing Virginia's Allocation of Federal Qualified Energy Conservation Bonds
- Local Governments and Private Sector
- Commercial Scale- Energy Efficiency and Renewable Energy Projects
- Limited Allocation- \$20 million
- Learn More: www.vasavesgcp.com



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Property Assessed Clean Energy – PACE

- Energy efficiency, renewable energy and water efficiency loan program
- Set up by locality (required by law)
- Private lenders make these loans
- Repaid on real estate tax bill
- Lien is senior to existing mortgage- equal status as a real estate tax lien
- Loan stays with property upon resale



Property Assessed Clean Energy – PACE

- PACE legislation passed in 2015
- Virginia Bankers Association- neutral position
- Existing mortgage holder must subordinate
- Commercial, Industrial, Multifamily (not SF)
- Requires localities to set up PACE programs
- Private lenders can participate



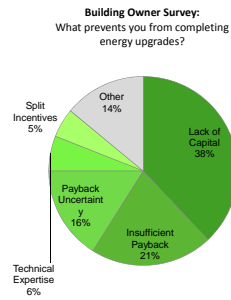
PACE – Solution to Market Place Program

- Property owners unwilling to invest in long payback energy projects due to short duration of property ownership
- No long term loans (beyond 10 years) for energy projects.
- Cash flow positive day one



Why Building Owners Like PACE

- 100% upfront financing
- Obligation secured by property
 - Enables up to 20-year terms
 - Can be passed on to tenants
 - Transfers to subsequent owners upon property sale
- Positive cash flow in first year
- Energy savings offset property tax assessment



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PACE Across the Country



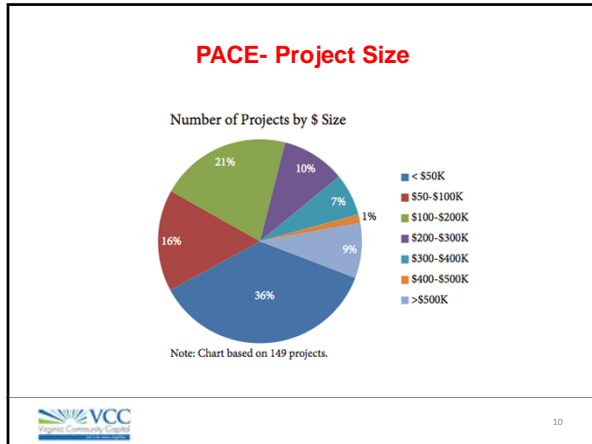
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Case Study: Medical Office

- 50,000 SF low rise medical office
- Built early 1980s
- Needed upgrades to HVAC & controllers
- \$270,000 budget
- Rate between 6% -7%, 20 year term, full amortizing, **non recourse**
- PACE LTV: <5% of assessed value, Total Load: <75% of assessed value
- Avoided additional debt on balance sheet
- No personal guarantees required
- **100%** project financing



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- ### Why Is PACE Good for Cities
- Provides local business owners with **100% upfront financing** for critical capital improvements to their buildings – tangible **retention strategy**
 - Creates local **employment opportunities** for G.C.s, trades, engineers, vendors, etc.
 - Serves as **redevelopment tool** for "tired" buildings with obsolescent and inefficient systems.
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