

EIC C-PACE Advisory Committee March 5, 2020 Meeting Minutes

Susan Morth: Good morning, its Susan Morth, Alain Pierroz, Mike Castracan and Robert Fischman from EIC and additionally, we do have our counsel, Anna Lee, from Norton Rose. We have four things on the agenda today. Starting out we wanted to let those of you we haven't spoken to or that haven't looked at our handbook recently, EIC is increasing the cap on our upfront fees from \$75,000 to \$125,000. The upfront fee is tapping out at \$125,000 and at the same time we have lowered the interest rate adder from 20 basis points to 15 basis points for transactions over 20 million. The net of this is, we could slice it a lot of different ways, if you have a project between \$5 and \$20 million the cap is increased to \$125,000 however, for larger projects of \$20 million and up EIC's total fees are lower. Property owners are paying less to EIC in fees for transactions over 20 million. One of things we are addressing is this doesn't impact any current deals you have sent. What we really are doing is looking at is our break even for 2022 and also the idea that we are seeing fewer transactions but likely much larger transactions than we had previously anticipated a year ago when we set this fee schedule. When new construction comes on this summer we would anticipate that the latter half of this year and into next year we would likely be seeing larger projects and again EIC does need the income up front to meet our budgetary constraints with the NYSERDA grants, but property owners will actually be paying less to us because we are reducing the adder. We hope that doesn't create friction for people. We have talked to several of our capital providers about this and they have indicated they don't find it to be an issue. If any finds it to be an issue, we apologize, but we have to make our numbers.

The second thing we wanted to talk to the group about is the construction amendment status and thank everybody, many of you have sent your letters of support to the energy committee in both the New York State Assembly and Senate. We have received great feedback from Sean Ewart who is working for Assemblyman Cusick. Sean is Director of Communication and Energy Policy in Mike Cusick's office and he is really leading this effort for us on the Assembly side. The bill is being lead on the Senate side by Senator Kevin Parker from Brooklyn. Alain and I have been to Albany a couple of times to meet with both NYSERDA folks and several people in both the assembly and the senate. We have had personal meetings. There's no opposition to the amendment and it's high on the list of important initiatives. We feel very good we should see a successful amendment for new construction. This year the Legislative Committee should be the first week of June. If anyone hasn't sent their letter of support, it is on our website and there is also a list on our website of those folks on the Energy committees that you should send a letter to. There's no need to address it to "Dear So and So" just the way that it is with a slight customization as to who you are and your signature at the bottom suffices and they are appreciated and thanks to everyone who sent that through.

The next thing on the agenda is Mike Castracan, is going to all about a couple of transactions that happened here at EIC and our experience and maybe highlight a couple of lessons learned. For those of you that haven't yet done a transaction we've had a great experience and we want to thank Counterpointe, Greenworks Lending, and Petros for being fantastic partners. These are three great projects and we just couldn't be happier with how everyone has been so professional and so helpful and we look forward to working with those folks again. Thank you.

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Mike Castracan: As Susan pointed out we closed three transactions and there is just a couple of resulting changes that I would like to highlight. The first is working up an amortization schedule as very early as possible so we can duplicate the schedule in our software program.

You work up an amortization schedule very early so we can just see how its calculated then make sure it works with our software and I'll provide you a loan data checklist that spells out what we are looking for but it will be things like how the interest rate is calculated; is it based on actual days or 30 days; 360 vs 365; and is there a grace period? Remember the first version only needs to be a pro forma so I'm sure you know you might have an idea of the interest rate and that's fine as we go through the transaction then we will make sure that final version ties well with the both the finance agreement and benefit assessment lien. The second assessment lien and recordation of that and the assignment that process proved to be more challenging than we initially estimated. What we have done is where we have an upcoming transaction, we ask their county clerk to review the recording documents for adequacy, we think it's a good practice but even that doesn't guarantee a seamless process because each group's has different points of requirements. So, for instance one jurisdiction asked that we put the mortgage tax exemption language that is in the local law into the filing document, so we did that. Another jurisdiction flagged that the signer's signature that was being notarized didn't include her middle initial, so we make sure that is done. And the last one was sort of important, although again we ran the documents by the County Clerk when it was time to file, they required a mortgage exemption affidavit which we did do for them just because we wanted the deal to close but ultimately we asked them to rescind it, which they did. As we complete more deals we will continue to document and refine the process and communicate those changes to you. Thanks very much.

Susan Morth: The last item on the agenda is membership and Sarah Smiley is not here so I will give you that update for her. She is actually in Buffalo making a presentation in one of their commercial real estate groups talking about PACE. Buffalo has adopted the local law but we are waiting for them to sign the municipal agreement just a little back and forth with their legal departments wanting us to provide insurance, they believe EIC is a vendor almost like a contractor providing a service like a painter or some such thing and we are just elevating this conversation higher within their law department. The reason we are being picky about not accommodating things that municipalities might want in their agreements is we are trying very hard for this program to be a uniform state-wide program. Again, we are trying to reduce friction in such that if one of you does a project in Syracuse, when you move to do a similar project in Buffalo we want it to be the exact same playing field. That is our goal to have all municipalities to opt-in and have it be a uniform state-wide program. The update from Sarah is that there are 42 municipalities who have fully completed the process; there are another ten for a total of 52 who have adopted the local law—that's the heavier lift—and importantly to people Nassau County is on that list as is the City of Buffalo and in the case of Nassau we are just awaiting for the receipt of their signed Municipal Agreement and then they will be ready to go. We do think that Buffalo will shake out sometime in the next week or so as Syracuse has benefitted from a fairly nice transaction and they've seen those press releases. In terms of other cities and counties I know the group on the phone is interested in, the City of Rochester has a committee meeting on March 12th to hear the local law and it will vote on it March 17th and the Mayor's public hearing will follow shortly after that, so Rochester is getting very close. Erie County on March 22nd they do have a committee meeting there, that's another county we have quite a few projects looking to close there.

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Those four items were the only what we had on our list for today. As always we are happy to take questions or happy to open up if Aaron is on the phone or Fred if they'd like to comment at all about the program we would be happy to hear from you guys as well.

Aaron Ordower, NYC Mayor's Office of Sustainability: Thanks Susan for giving us a chance to say hello. I haven't been able to join these calls for a few months. We are really pleased to see the development and the growth across New York State. I will share with folks that here in New York City we are getting very close to issuing a rules; that's a week or two away maybe a couple more for our C-PACE program and so with the goal that once that rule making which is a couple of month's public review process is finalized we might have our program really formally launched and up and running by the end of June is the new goal we are working towards. Many of you have been in touch with Fred Lee and NYCEEC directly but I'm also happy to be in touch with updates and we will also be planning be at the PACE Nation conference in Columbus and we can connect and give updates there as well.

Susan Morth: Thanks so much Aaron I appreciate that as does everyone on the call appreciate the update and thanks for mentioning PACE Nation. We are booking meetings, we meaning EIC, and our legal counsel will jointly be hosting meetings at PACE Nation. We have a lot of meetings on the calendar primarily with folks who are new to the program as capital providers and some that have not yet submitted their RFQ but fully intend to participate in the program. We have space available if any of you on the call would like to schedule a meeting, please let me know and we will be sure to make time for you and look forward to seeing everyone at PACE Nation later this month.

Cliff: Thank you Susan for running such an efficient call.

Susan Morth: Thank you we try, thank you Cliff. If there are no further questions we are happy to leave it there and as always call any of us directly.