



**Economic Innovation and Sustainability Committee
MEETING AGENDA
May 5, 2022
Upon Adjournment of Regular CSCDA Meeting**

Pursuant to Government Code Section 54953(e) (Assembly Bill 361), Commissioners of the California Statewide Communities Development Authority or staff may participate in this meeting via a teleconference. In the interest of maintaining appropriate social distancing, members of the public may participate in the meeting telephonically. Members of the public may observe and offer comment at this meeting telephonically by dialing 669-900-9128, Meeting ID 259-798-2423, Passcode 129070. If you experience technical problems with the telephonic meeting, please contact info@cscda.org or 1-800-531-7476 for assistance. If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act ("ADA") please contact info@cscda.org or 1-800-531-7476 prior to the meeting for assistance.

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.

_____ Brian Stiger, Member
_____ Tim Snellings, Member
_____ Brian Moura, Member
2. Consideration of the Minutes from the March 17, 2022 Meeting.
3. Public Comment.

B. ITEMS FOR CONSIDERATION AND ACTION

4. Consideration of Lief Real Estate Energy Partners as a CSCDA commercial PACE Program Administrator.
5. Consideration of Proposal from Allectrify.
6. Consideration of three-year program administration agreement extension for Nuveen Green Capital (formerly Greenworks).

C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS

7. Staff Updates.

8. Adjourn.

NEXT MEETING: Thursday, June 16, 2022 upon adjournment of CSCDA Regular Meeting



MINUTES

MEETING OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY ECONOMIC INNOVATION & SUSTAINABILITY COMMITTEE

March 17, 2022

1. Roll Call.

Committee members participating via teleconference: Tim Snellings, Brian Moura and Brian Stiger.

Others participating via teleconference: Cathy Bando, CSCDA Executive Director; James Hamill, Bridge Strategic Partners.

2. Consideration of the February 17, 2022 Minutes

The Committee unanimously approved the minutes.

3. Public Comment.

There were no public comments.

4. Consideration of North Bridge as a CSCDA commercial PACE Capital Provider.

Committee recommended North Bridge as a PACE Capital Provider to be considered by the CSCDA Commission.

5. Staff Updates.

None.

The meeting was adjourned at 2:25 p.m.

Submitted by: James Hamill, Managing Director

NEXT MEETING: Thursday, April 21, 2022 after the regular CSCDA meeting.

Agenda Item No. 4

Agenda Report

DATE: May 5, 2022

TO: Committee Members

FROM: James Hamill, Managing Director

PURPOSE: Consideration of Lief Real Estate Energy Partners as a CSCDA commercial PACE Program Administrator.

EXECUTIVE SUMMARY:

On November 18, 2021 this Committee approved recommending Lief Real Estate Energy Partners (Lief) as a Capital Provider, and subsequently the CSCDA Commission unanimously approved Lief as a Capital Provider.

Lief has been engaged on a \$40+ million renewable energy project in the City of Stockton. The financing will involve a ground-lease with the Port of Stockton. In discussions with PACE counsel, Jones Hall, the protections afforded to CSCDA via a Program Administrator Agreement will be stronger and better than if Lief is only a Capital Provider. Lief does meet the requirements of a Program Administrator.

Therefore, Staff is recommending Lief be approved as a Program Administrator. Below is an overview of Lief.

OVERVIEW:

Lief

- **Experienced Sustainable Investment Professionals**
 - Lief Real Estate Energy Partners, LLC, the applicant, is a subsidiary of Lief, LLC, which is led by sustainable investment pioneer Brad Kavin.
 - Lief's C-PACE team members have collectively over 40 years of real estate investment management, development, transaction management and direct private lending experience.
- **Institutional Capitalization and Expert Investment Management**
 - Lief is capitalized by balance sheet investments from seasoned institutional investors.

- Together with its investors, Lief presents a asset and investment management team committed to careful underwriting and thoughtful investment management.
- **CSCDA Open PACE Strategy**
 - Lief has developed a substantial pipeline of projects which it anticipates to close in the coming months.

Lief exceeds all of the CSCDA Program Administrator requirements as outlined below:

1. Minimum of \$10MM in capital available for financing C-PACE loans. Availability of capital needs to be evidenced by a capital commitment letter or letter of intent;
2. Minimum transaction size \$2MM;
3. C-PACE finance team established including bond counsel, assessment engineer and trustee;
4. Minimum 2 years of C-PACE or similar financing experience;
5. Ability to manage delinquency of assessments.

Attachment A – Powerpoint Overview of Lief

RECOMMENDED ACTION:

Recommend the approval of Lief Real Estate Energy Partners as a commercial Open PACE Program Administrator to the CSCDA Commission.



Lieef

CSCDA Open PACE Capital Provider Application

Executive Summary

CSCDA Open PACE Capital Provider Application

- **Experienced Sustainable Investment Professionals**
 - Lief Real Estate Energy Partners, LLC, the applicant, is a subsidiary of Lief, LLC, which is led by sustainable investment pioneer Brad Kavin
 - Lief's C-PACE team members have collectively over 40 years of real estate investment management, development, transaction management and direct private lending experience
 - Lief, together with its investors, is committed to lowering the cost of C-PACE and improving structures for borrowers to encourage and enable transformative, sustainable, and regenerative low-emission and net-zero real estate development
- **Institutional Capitalization and Expert Investment Management**
 - Lief is capitalized by balance sheet investments from seasoned institutional investors
 - Target C-PACE investment size ranges from \$2M to \$500M+
 - Together with its investors, Lief presents a formidable asset and investment management team committed to careful underwriting and thoughtful investment management
- **Best-in-Class 3rd-Party Execution Partners**
 - Lief will use best-in-class 3rd-party experts and counterparties to underwrite and execute C-PACE transactions
 - Bond Counsel: Jones Hall; Trustee: Wilmington Trust; Assessment Engineer: David Taussig and Associates
- **CSCDA Open PACE Strategy**
 - Lief has developed a substantial pipeline of projects which it anticipates to close in the coming months
 - To ensure execution, Lief is applying first to become a Capital Provider under the CSCDA Open PACE Program
 - Lief will then work with CSCDA towards becoming a Program Administrator



Company Profile and Leadership

Experienced and Innovative Sustainable Investment Management

- **Lieef, LLC and Lieef Real Estate Energy Partners, LLC**
 - Lieef LLC is a sustainable investment manager founded by CEO Brad Kavın in 2020
 - Lieef makes direct, structured equity investments in sustainable, regenerative, and renewable energy infrastructure projects and C-PACE investments in clean energy and efficiency improvements
 - Lieef's C-PACE investments are executed through its subsidiary Lieef Real Estate Energy Partners, LLC, a joint venture with TEC Partners, a boutique sustainable real estate private equity investment firm
 - Lieef's target C-PACE investment size ranges from \$2M to \$500M+
 - Lieef is committed to lowering the cost of C-PACE for borrowers over the near, medium, and long term with the goal of exponentially growing the C-PACE marketplace and encouraging transformatively green real estate development
- **Brad Kavın, Founder and CEO of Lieef, LLC**
 - Founding member of BlackRock's Renewable Energy and Infrastructure principal investment platform
 - Together with team members, grew assets under management from \$0 to over \$34Bn
 - Co-led BlackRock's largest renewable energy private investment to date
 - Secured over \$1Bn of first-time non-recourse debt as borrower for portfolio companies
 - Co-led BlackRock's first solar LBO and executed dividend recap generating returns for investors
 - Co-led BlackRock's first investment in a Japanese solar company
 - Led industry first wind power financing beyond useful life as sponsor/borrower
 - Co-created BlackRock's proprietary Merchant Power Forecast



Lief C-PACE Financing Team

Experienced Sustainable Real Estate Investment Professionals

- **Tom Bencivengo (Principal and CEO of Lief Real Estate Energy Partners, LLC)**
 - 14 Years of Principal Real Estate Development and Equity investment experience
 - Structured joint venture with Lief, LLC and co-created Lief's sustainable real estate investment vertical
 - Founded TEC Partners, a carbon conscious real estate private equity firm with Caleb Stokes in 2015
 - As founding principal of TEC Partners developed and grew TEC's equity and preferred equity investment platform
 - As a principal at Synapse Partners, oversaw the acquisition and repositioning of \$40M of existing buildings and raw land in NYC, including Manhattan's first large-scale certified Passive House rental project
- **Caleb Stokes (Principal and COO of Lief Real Estate Energy Partners, LLC)**
 - 14 years of Direct Private Lending, Capital Markets, and Risk Management experience
 - Co-created Lief's sustainable real estate investment vertical
 - Founded TEC Partners, a carbon conscious real estate private equity firm with Tom Bencivengo in 2015
 - Developed direct private lending advisory business and underwrote over \$400M in institutional loans
 - Developed TEC's Transitional Asset Carbon Reduction (TransACRe) Preferred Equity program and executed inaugural transaction
- **Brendan Cody (General Counsel)**
 - Experienced C-PACE and private debt transaction counsel
 - As transaction counsel for Cleanfund Commercial PACE Capital, responsible for \$125M in accurate and timely C-PACE closings
 - Experience included some of the largest and most complex C-PACE transactions consummated to date
- **Kris Knecht (Managing Director)**
 - Over 10 years in financial services as an analyst, director, and principal
 - Lead a multidisciplinary investment platform including over 250,000 sf of office, retail, residential, and arts programming uses



Lieef C-PACE Investment Program Focus

Asset Classes, Financing Types, and Transformative Development

- **Asset Classes**

- Lieef will lend to all commercial real estate asset types, including:
 - Multifamily housing, including affordable housing and market rate projects
 - Healthcare, including seniors housing, skilled nursing, medical office, and hospitals
 - Hospitality, including hotels, corporate and student housing, resorts, stadiums and entertainment venues
 - Industrial, including data centers, cold storage, agricultural and sustainable infrastructure assets
 - Retail, including mixed use assets
 - All other commercial real estate assets

- **Financing Types**

- Lieef will provide financing to the following project types:
 - New construction
 - Gut renovation
 - Efficiency retrofit
 - Retroactive refinancing of previously completed improvements

- **Transformative Sustainable Development**

- In addition to projects meeting CSCDA Open PACE qualifying clean energy, efficiency, and sustainability guidelines, Lieef will seek to provide financing to projects with exceptional efficiency and clean energy aspirations and achievements:
 - Net-zero
 - Passive House
 - LEED Platinum
 - Other similarly transformative developments



Capitalization and Investment Management

Balance Sheet Capital from Experienced Investors

- **Capitalization**

- Lief receives allocations of capital from institutional investors for deployment into C-PACE transactions
 - Lief's C-PACE investors have raised over \$50Bn in capital and have over \$75Bn in assets under management, and have deployed well over \$100M in C-PACE transactions to date
 - Lief has over \$500M of direct partner equity available for standard C-PACE transactions of \$100M or less, and has a wide range of sources available for larger transactions

- **Investment Management**

- Lief forms project-specific joint ventures for each C-PACE financing with its investor or investors and maintains an equity interest in each investment
- Lief's asset management team will maintain a close dialogue with the assessment obligor, first-mortgage lender, CSCDA, and all other stakeholders in the case of delinquency
- Lief manages each asset on behalf of its investors
 - Lief's C-PACE team has over 40 years of real estate development, asset management, and capital markets experience
 - Lief's investors are large institutional asset managers with robust in-house capabilities
 - In the unlikely event of a workout, Lief will manage and resolve its investment in partnership with its institutional investor partner or partners



Underwriting and Due Diligence

Experienced In-House and Outsourced Resources

- **Underwriting**
 - Lief's Investment committee reviews each transaction, applying a robust risk and mitigant analysis and asset-level stress testing prior to term sheet issuance and again prior to closing
 - Lief principals are seasoned real estate professionals
 - Lief's team has underwritten over \$1Bn real estate debt and equity capital transactions, including over \$200M of C-PACE financings
 - Lief's investment committee includes representatives from its institutional investors, providing additional layers of risk management and investment review prior to closing
- **Due Diligence and Program Qualification**
 - Lief contracts with certain firm-approved building engineers and construction managers to evaluate and qualify C-PACE eligible measures
 - Approved engineers and construction managers include Asset Environments, Bright Power, and BuildingPrep LLC
 - Lief makes a good-faith effort to use third party reports commissioned by first-mortgage lenders whenever possible to reduce borrower costs, as long as those reports come from Lief-approved providers
 - Approved Appraisal providers include CBRE, Cushman Wakefield, JLL, and Integra Realty Resources
 - Approved Environmental Site Assessment providers include EBI Consulting, Hillman Consulting, and Partner Engineering and Science



Bond Placement and Assessment

Experienced CSCDA Open PACE Resources

- **Jones Hall – Bond Counsel**
 - Jones Hall is the established preferred bond counsel for the CSCDA Open PACE Program
 - Jones Hall is a top-ranked law firm devoted exclusively to public and municipal finance projects
 - Founded in 1978, Jones Hall has represented over 1,100 California public entities as bond or disclosure counsel
- **Wilmington Trust – Trustee**
 - Wilmington Trust is the established preferred trustee for the CSCDA Open PACE Program
 - In existence for over 115 years, merged with M&T Bank in 2010
 - Currently the 10th largest fiduciary institution in the United States
- **David Taussig and Associates – Assessment Engineer**
 - David Taussig and Associates (“DTA”) is the preferred assessment engineer for the CSCDA Open PACE Program
 - DTA is the assessment engineer for more than 90% of PACE loans made in California
 - Currently servicing over \$4Bn of PACE loans across California, Missouri, and Florida



CSCDA Capital Provider Application

Near-Term Execution; Long Term Partnership

- **Capital Provider First**
 - Lief has established a substantial near-term executable pipeline within the CSCDA Open PACE jurisdiction
 - Lief is applying to become a C-PACE Capital Provider as an interim step to ensure smooth execution of deals
 - Lief intends to execute its first transactions with CSCDA as the Program Administrator
- **Transition To Program Administrator**
 - Lief will then work towards establishing itself a Program Administrator within the CSCDA Open PACE program
 - Lief will develop thorough and lasting program documentation in partnership with CSCDA guidance



Contact Information

Lieef C-PACE Contact Information:

- **Caleb Stokes (Principal and COO)**
 - caleb.stokes@lieef.com
 - 917.349.4101

Lieef, LLC Contact Information:

- **General Information**
 - contact@lieef.com
 - www.lieef.com





Agenda Item No. 5

Agenda Report

DATE: May 5, 2022
TO: Committee Members
FROM: James Hamill, Managing Director
PURPOSE: Consideration of Proposal from Allectrify.

EXECUTIVE SUMMARY:

Allectrify is a new company consisting of seasoned PACE professionals looking to provide a solution for small and medium scale commercial PACE. Through direct engagement with banks and credit unions a more cost-effective and efficient mechanism is being proposed to provide financing for commercial PACE projects as low as \$25,0000.

OVERVIEW:

key components of the proposed offering include the following:

1. **Standards** – The program will abide by all of CSCDA’s Open PACE requirements, including lender consent.
2. **Portfolio** – Pre-screening of lenders to ensure they understand and can meet the requirements of the CSCDA Open PACE program.
3. **Standard Documentation** – Creation of standard documentation to streamline the processes.
4. **Agreement** – The agreement between Allectrify and CSCDA would be different than the standard CSCDA Program Program Administration including duties, obligations and implementation.

Attachment A – Powerpoint Overview of Allectrify

RECOMMENDED ACTION:

Recommend the Committee provide direction to staff to work with Allectrify and CSCDA General Counsel to document how the potential relationship would operate, and bring back the details of how the program will work to the EIS Committee for a recommendation to the Commission.

**A Proposal for CSCDA
from Allectrify, PBC**



Colin Bishopp

colin@allectrify.com | (202) 550-7570

CONFIDENTIAL

Overview

Our mission is to make Commercial PACE (C-PACE) a more accessible financing option for small and medium-sized projects where the investment required may be as low as \$25,000.

To accomplish this goal, we partner with public agencies like CSCDA to develop and operate a C-PACE origination process that is more appropriate for small and medium-sized projects. With a more efficient process for smaller projects, we are confident C-PACE can become a mainstream product that hundreds of banks, credit unions and CDFIs will offer directly to their customers. Four banks have expressed interest so far.

At Allectrify, our vision for the future is in our name. We believe in an “All Electric Economy Accessible to All.” We look forward to working with CSCDA to ensure that Commercial PACE fulfills its promise as a financing option that is good for people, good for communities and good for business.





WHY WE ARE HERE

New and forthcoming regulatory changes are putting pressure on property owners—and banks—to decarbonize the commercial buildings they own.

Seattle Orders Building Standard and Walk Zone for Climate



OCC outlines climate risk standards for big banks

California to require solar power and batteries in commercial structures

New ordinance to squeeze emissions from Boston's largest buildings

New York's Local Law 97: Is this the world's most ambitious building emissions reduction plan?

Another California City — San Diego — Phasing Out Natural Gas Use

SEC Chairman Gensler Re-Affirms Focus on Climate Disclosures

Denver adopts rules to cut greenhouse gas emissions from large commercial buildings

St. Louis Passes First Building Performance Standard in the Midwest

More than 50 California municipalities have committed to phasing out gas in all new buildings and some existing buildings. More requirements for existing buildings are coming.

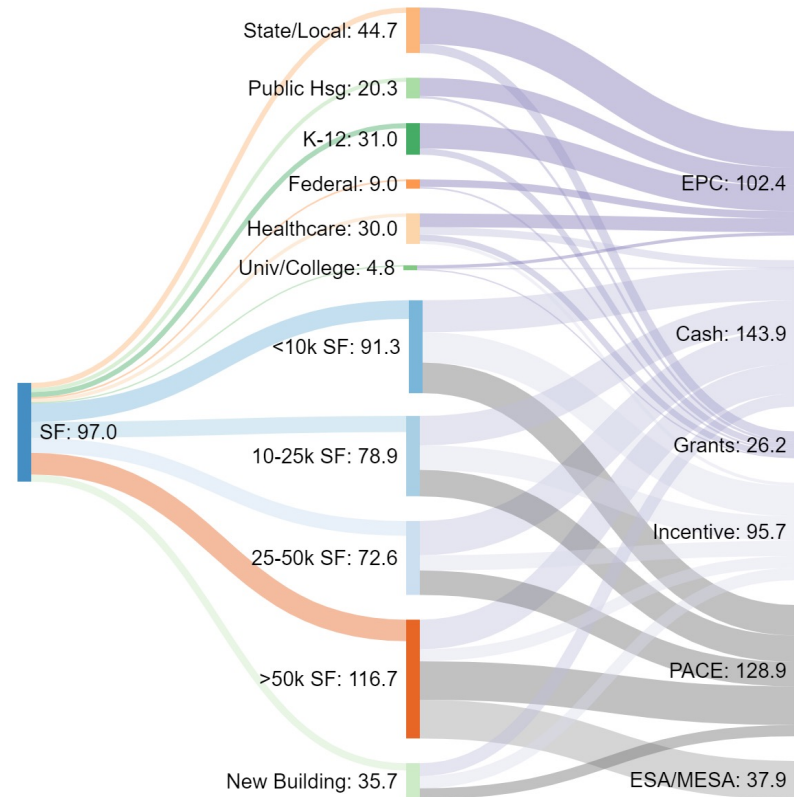


The Capital Required to Achieve Scale

Example: White House Goal to Upgrade 4M Buildings

Sources of Capital

- EPC/UESC Public Buildings – \$103 B
- Cash, Bank Loans – \$144 B
- Grants (Federal) – \$26 B
- Utility Incentives – \$96 B
- **Commercial PACE – \$129 B**
- ESA/MESA – \$38 B
- **Total: \$536 B**



According to NAESCO, 24% of the funding required to upgrade buildings at scale needs to come from C-PACE. If we consider only privately owned commercial properties, the number climbs to 33%!

Key: Total CRE footprint: 97B sqft

Millions of \$ required by property type for 4M buildings

Millions of \$ by funding source for 4M buildings

In CA, C-PACE Growth for Small Projects is Essential

At least 33% of the Capital Required Must Come from C-PACE

California Forging Ahead on Zero Emission Buildings

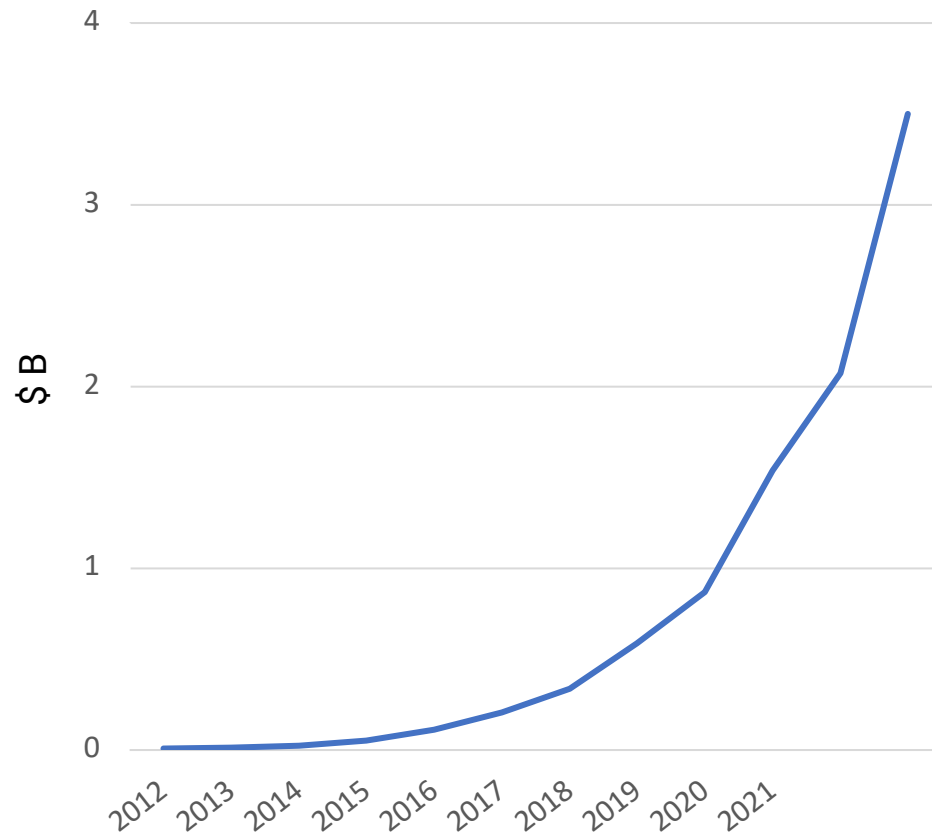
August 11, 2021

Pierre Delforge

12/14/2021: The California Building Standards Commission voted unanimously today to confirm the 2022 update of the state's building energy efficiency standards, as adopted by the California Energy Commission in August earlier this year. They become effective January 1, 2023.

C-PACE has emerged as an accepted, broadly available financial product that satisfies regulatory requirements and meets investment objectives

Cumulative Investment in C-PACE



- **\$3.5 Billion** - C-PACE is growing in popularity and since 2012 has financed approximately \$3.5 Billion in property improvements. Nearly \$1.5 B in the last year alone
- **\$2.2 Trillion** - The addressable market for C-PACE eligible improvements in the United States is at least \$2.2 Trillion
- **4,377** - There are 4,377 FDIC insured banks in the United States
- **5,164** - There are 5,164 credit unions in the United States
 - The National Credit Union Administration (NCUA) has already approved C-PACE for the credit unions it regulates
- **100** - A credit union in Minnesota recently closed their 100th C-PACE deal. Of the 30 other banks and credit unions across the country that have funded at least one C-PACE transaction, most have completed fewer than five.

BANKS & CREDIT UNIONS LIKE C-PACE



High Yield
(>5%)



Low Credit
Risk



Community
Reinvestment Act
Credit



100% ESG Investment
(Environmental
Social & Governance)



C-PACE helps
existing customers &
attracts new business

Banks & CUs Already
Active in PACE



Most C-PACE Programs Are Optimized for Large Deals

But the Average Bank-Funded C-PACE Deal Is Just \$900K

Bottom Line

- In order to facilitate greater market adoption of C-PACE by banks, credit unions and CDFIs, we need to develop an origination process that meets their needs.
- Let's make it easier for regulated institutional lenders to offer C-PACE directly to their customers.
Lender consent is built in!



allectrify

OUR APPROACH



Our goal is to work with CSCDA to develop and implement a more efficient C-PACE origination process for conforming small and medium sized projects. We propose piloting this origination process with banks, credit unions and CDFIs. Eventually, we can open CSCDA's small-balance "Fast Lane" to other approved lenders in the market.

Benefits

Comprehensive Value Proposition at No Cost to CSCDA

Increase C-PACE Volume & Reduce Administrative Burden Simultaneously

We will enable CSCDA to originate significantly more small & medium balance C-PACE projects via a tech-enabled platform. CSCDA staff can focus on large projects while Allectrify manages the small & medium balance “fast lane.” This will reduce CSCDA’s administrative burden as the C-PACE marketplace grows.

Achieve Policy Goals & Create National Standard

The original promise of C-PACE was that it could be used to upgrade existing buildings, especially those that sometimes have difficulty accessing capital for clean energy and resilience upgrades. Yet the majority of incumbent C-PACE capital providers are all chasing large, new construction deals...which doesn’t serve the original mission. We will enable CSCDA to achieve key policy goals related to existing buildings and create a national model for how to accelerate market growth.

Overcome Market Barriers

Lender Consent is considered a major barrier to C-PACE market adoption for small and medium projects. We sidestep this barrier by making it easier for senior lenders to offer C-PACE directly to their customers. Lender consent is baked in from the beginning!

Revenue Generation At No Cost to CSCDA

Our services come at no cost to CSCDA. CSCDA will earn a fee on all closed transactions via the new origination process for small and medium sized projects.

IMPLEMENTATION PARTNERS In formation



Small & Medium Balance C-PACE Program Manager



Initial bank partners

Alphaledger.

Licensed broker-dealer, if needed



Community Advisors (partial list)

PROPOSED NEXT STEPS

- We seek a contractual relationship with CSCDA, where Allectrify, PBC manages the origination process for all conforming small and medium-sized C-PACE deals.
- Once we have formalized our relationship, Allectrify will immediately begin working with CSCDA staff and counsel to design a “fast lane” to pilot with banks, credit unions and CDFIs.





allectrify

ABOUT US

TEAM

Our team is growing
More people will be announced soon



Colin Bishopp

Fmr head of the PACE industry trade association; active in PACE for 13 years



Paul Makowski

Mortgage, credit, and banking executive with 30 years of experience



Simón Bryce

CRE finance professional and attorney; fmr head of C-PACE at Renew Financial



Quest Capital



Dylan O'Carroll

Tech professional; fmr lead engineer at Wisp; also Neighborly, a muni bond brokerage



THANK YOU!

Colin Bishopp

Allectrify, PBC

colin@allectrify.com | (202) 550-7570





Agenda Item No. 6

Agenda Report

DATE: May 5, 2022

TO: Committee Members

FROM: James Hamill, Managing Director

PURPOSE: Consideration of three-year program administration agreement extension for Nuveen Green Capital (formerly Greenworks).

EXECUTIVE SUMMARY:

Nuveen Green Capital, formerly Greenworks entered into an Open PACE Program Administration Agreement with CSCDA for commercial PACE in 2019. The initial term was three-years and is expiring at the end of May, 2022. Staff recommends extending the contract another three years. CSCDA's General Counsel has drafted an extension that may be considered by the CSCDA Commission.

Since Greenworks was purchased by Nuveen they have invested in representatives in California, and have expanded its general team to create a robust closing team. To date, Nuveen Green Capital have closed three transactions totaling \$12 million, with another project scheduled to close in the next week for \$12 million.

RECOMMENDED ACTION:

Recommend to bringing a three year Open PACE Program Administration Agreement extension for Nuveen Green Capital to the CSCDA Commission for approval.