



**Economic Innovation and Sustainability Committee
MEETING AGENDA
September 5, 2024
Upon Adjournment of CSCDA Meeting**

**League of California Cities
1400 K Street, 4th Floor
Sacramento, CA 95814**

Telephonic Locations:

709 Portwalk Place
Redwood City, CA 94065

12715 Lookout Circle
Nevada City, CA 95959

Members of the public may also observe and offer comment at this meeting telephonically by dialing 669-900-9128, Meeting ID 259-798-2423, Passcode 129070.

A. OPENING AND PROCEDURAL ITEMS

1. Roll Call.

____ Brian Stiger, Member
____ Tim Snellings, Member
____ Brian Moura, Member

2. Consideration of the Minutes from the October 19, 2023 Meeting.

3. Public Comment.

B. ITEMS FOR CONSIDERATION AND ACTION

4. Consideration of proposal by North Bridge to act as a commercial PACE provider.

5. Consideration of proposal by AXCS PACE to act as a commercial PACE provider.

6. Consideration of proposal by Dwight Green Finance to act as a commercial PACE provider.

C. STAFF ANNOUNCEMENTS, REPORTS ON ACTIVITIES OR REQUESTS

7. Staff Updates.

8. Adjourn.

NEXT MEETING: Thursday, October 17, 2024 upon adjournment of CSCDA Regular Meeting.



MINUTES

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

October 19, 2023

1. Roll Call.

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

Others participating: Cathy Barna, Executive Director; James Hamill, Bridge Strategic Partners.

2. Consideration of the June 1, 2023

The Committee unanimously approved the minutes.

3. Public Comment.

There were no public comments.

4. Consideration of contract extension for GreenPACE Capital as a commercial PACE Administrator.

Approved five-year contract extension for GreenPACE Capital.

5. Consideration of contract extension for LordCap PACE.

Approved five-year contract extension for LordCap PACE.

6. Consideration of proposal by REVL to act as a commercial PACE provider.

Recommended REVL as a commercial PACE provider to the CSCDA Commission.

7. Consideration of updated commercial PACE guidelines.

Recommended following updates to commercial PACE guidelines:

a. Capital Provider Indemnification.

- b. Increase Maximum Amount Authorized –The recommendation is to increase this maximum amount to \$500MM.*
 - c. Certification of Energy Efficiency and Water Efficiency Upgrades – Recommend a requirement that a third-party certify proposed energy efficiency and water efficiency upgrades.*
 - d. Multifamily Projects –To avoid such projects being residential PACE projects the recommendation it to require the PACE assessment be paid-off upon sale of the property. In addition, an escrow account needs to be established that holds funds upon the sale of the property to payoff such assessments.*
 - e. Notarized Lender Consent*
8. Staff Updates.
- None.*

The meeting was adjourned at 2:42 pm.

Submitted by: James Hamill, Managing Director

NEXT MEETING: Thursday, November 16, 2023 after the regular CSCDA meeting.



Agenda Item No. 4

Agenda Report

DATE: September 5, 2024
TO: Committee Members
FROM: James Hamill, Managing Director
PURPOSE: Consideration of North Bridge as a CSCDA commercial PACE Program Administrator

EXECUTIVE SUMMARY:

CSCDA received a proposal from North Bridge (NB) to act as a commercial PACE Program Administrator for the CSCDA Open PACE program. NB was approved as a capital provider by the CSCDA Commission on April 7, 2022, and has closed one transaction, and another transaction that was approved on today's agenda.

OVERVIEW:

NB

- North Bridge (“NB”) was founded by a real estate industry veteran, Laura Rapaport, to provide solutions at the intersection of real estate and ESG.
- Currently, North Bridge is solely focused on C-PACE programs because:
 - o Reducing building carbon emissions is critical in order to meeting our national climate goals.
 - o Firm principals have relevant experience as real estate lenders / developers / owners and see the need and opportunity to use this financing to improve the energy efficiency of buildings.
 - o This is a unique opportunity for NB to invest in a new product as it gains scale.
- Since inception in 2020, North Bridge has signed term sheets for over \$350M of C-PACE transactions across the country.
- The firm successfully completed C-PACE transactions in Utah, California, Pennsylvania and Florida.

NB 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 NB

RECOMMENDED ACTION:

Recommend the approval to the CSCDA Commission of North Bridge as a commercial Open PACE Program Administrator.

NORTH BRIDGE

CONFIDENTIAL

FIRM OVERVIEW

2024





See "Important Notices" on Slide 19

NORTH BRIDGE

Leader at the intersection of real estate, finance and sustainability

- North Bridge is a **NATIONAL C-PACE LENDER AND SERVICER** bridging the gap between institutional commercial real estate and the sustainability sector
- **FIRST MOVER** in the **LARGE-SCALE C-PACE** space with few competitors, enabling private capital to flow into sustainable real estate investments
- Focus of **SCALE** by targeting **INSTITUTIONAL BORROWERS** and lenders in **MAJOR US MARKETS**
- Founded in 2021 by industry veteran **LAURA RAPAPORT**, North Bridge benefits from decades of experience in private equity, development and capital markets
- C-PACE is an **EMERGING ALTERNATIVE FINANCING TOOL** that is becoming an effective solution for current distress and new commercial real estate projects
- North Bridge is a **FEMALE FOUNDED AND OWNED M/WBE** that services its loans via North Bridge ESG Servicing LLC



WE ARE DIFFERENT

Evaluate opportunities through lens of real estate and credit

- **BENEFIT FROM CRE RELATIONSHIPS¹** from decades of proven execution. Able to work with, structure and execute complicated transactions with institutional counterparties
- Dual pronged go-to market strategy for **INCREASED BREADTH WHILE BEING BOTTOM LINE FOCUSED**
- **TOP-DOWN DEAL TARGETING** for portfolio, repeat and partnership opportunities to scale
- Known for **CREATIVE STRUCTURES** for complex problems. Focus on what is best for all parties in the capital stack and work collaboratively for smooth execution
- **DIFFERENTIATED DEAL APPROACH** to de-risk transaction prior to signing term sheet
- Diligent and thorough **UNDERWRITING PROCESS** including advisory board involvement
- **ACCESS TO CAPITAL** from groups seeking to buy differently sized C-PACE transactions
- North Bridge platform is set up to enable introduction of **ACCRETIVE ESG-CENTRIC REAL ESTATE FINANCING OPPORTUNITIES** to the market creating future revenue streams

(1) Relationships include GPs, operators, lenders, sales and debt brokers, leasing brokers, third parties

COMPLETED TRANSACTIONS

North Bridge has deployed nearly \$140 million across four transactions



SNOW PINE LODGE

Atla, UT

Hospitality

Blend + extend

\$15.4M proceeds

\$19.5M TFA

33% LTV

5.85%

fixed rate



NEWPORT BEACHSIDE

Sunny Isles Beach, FL

Hospitality

Repositioning

\$36.6M proceeds

\$42.7M TFA

20% LTV

6.62%

US 10yT + 315



RESIDENCE INN

Berkeley, CA

Hospitality

Construction loan takeout

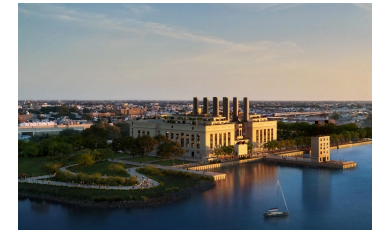
\$46.2M proceeds

\$50.0M TFA

21% LTV

7.75%

US 10yT + 350



THE BATTERY

Philadelphia, PA

Mixed-use

Gap financing

\$22.5M proceeds

\$26.6M TFA

14% LTV

7.59%

US 10yT + 315

NORTH BRIDGE'S LEADERSHIP IN INSTITUTIONAL C-PACE

Since inception, North Bridge has achieved a number of "firsts" across the nation

MEMBERSHIPS & ASSOCIATIONS



Source: PACE Nation as of January 2024

LEADING C-PACE LENDER IN MAJOR STATES



LARGEST
C-PACE TRANSACTION



3RD LARGEST
C-PACE TRANSACTION



LARGEST C-PACE
HOSPITALITY TRANSACTION



WORKED WITH NEW
MUNICIPALITIES TO NAVIGATE
THE C-PACE OPT-IN PROCESS



INSTITUTIONAL LEADER



First C-PACE lender to receive consent
from a large commercial bank – Wells
Fargo

NORTH BRIDGE LEADERSHIP

Diverse experience and skillset drives North Bridge's ability to originate and execute

LAURA RAPAPORT – FOUNDER + CEO

- Laura Rapaport is the CEO and Founder of North Bridge, a national C-PACE lender and servicer. North Bridge focuses on institutional borrowers and lenders in major US markets. Prior to founding North Bridge, Laura was a Managing Director at L&L Holding Company, an owner-operator and developer in New York City. She was a key member of the leadership team member for almost a decade including roles running Capital Raising and as Development Manager of 425 Park Avenue. Laura's previous experience was as a Director in the New York development group of Tishman Speyer. She started her career at Lehman Brothers in their Global Real Estate Group in London.
- Laura graduated cum laude from the University of Pennsylvania and received her MBA with honors from the Wharton School of Business. She is on the board of PACENation, Member and former Board Member of WX, Co-founder of Penn Women in Real Estate, ULI District and National Council Member, C-PACE Alliance Member and was named by Crain's Magazine as one of New York's 2017 "40 Under 40" Rising Stars.



NORTH BRIDGE

CONTACT

LAURA RAPAPORT

Founder & CEO
laura@northbridgeops.com
(917) 747-5474



APPENDIX: CASE STUDIES



CASE STUDY: SNOW PINE LODGE HOTEL, ALTA, UTAH

\$19.5M Retroactive C-PACE financing for 5-star hotel

SITUATION OVERVIEW

- Hotel opened Q4 '19 and the senior construction loan matured in early 2021. Due to Covid-19, occupancy and liquidity at the property suffered
- Borrower had built project to a high standard with a number of energy efficiency measures resulting in ~\$20M of C-PACE eligible measures, including: concrete to prevent against avalanches (storm resiliency), electrical, HVAC, plumbing, building envelope and water conservation

NORTH BRIDGE ROLE / STRUCTURE

- North Bridge sourced transaction off-market and structured retroactive C-PACE financing of \$19.5M with four years of accrued interest (Cap-I) and pre-payment penalties that decreased over time; Greenworks acted as Program Admin and helped to enact creation of local PACE program

RESULT

- Borrower extended Senior Loan (to end of Cap-I) and C-PACE proceeds used for Senior Loan paydown
- Money previously spent as part of renovation was recycled in capital stack maintaining liquidity at the property



CASE STUDY: NEWPORT BEACHSIDE HOTEL & RESORT, SUNNY ISLES, FL

\$42.7M C-PACE financing for oceanfront hotel repositioning

SITUATION OVERVIEW

- The 339 key, full-service, oceanfront hotel in Sunny Isles Beach, FL opened in 1968. Borrower undertook a property-wide renovation and financed improvements with C-PACE
- The renovation will reposition the asset with all new rooms, reimagined oceanfront F&B, upgraded event spaces, and thoroughly modernized common areas
- The renovation included a variety of energy efficiency and resiliency improvements resulting in ~\$37M of C-PACE eligible expenses including: new bathrooms with low-flow plumbing fixtures, highly efficient HVAC, new elevators, impact glass, generator replacement, and seawall restoration

NORTH BRIDGE ROLE / STRUCTURE

- North Bridge sourced the off-market transaction and structured a \$42.7M C-PACE financing with 2 years of accrued interest, 3 years of interest only payments, and a fully amortizing 20-year term
- North Bridge and Florida PACE Funding Agency worked with the city of Sunny Isles Beach to adopt C-PACE legislation in June 2022

RESULT

- Fully funded loan into escrow at close with \$7.3M of proceeds released for retroactive work. Remaining funds are disbursed by North Bridge ESG Servicing for completed work
- Anticipated project completion in December 2024



CASE STUDY: RESIDENCE INN BERKELEY, CA

\$50.0M C-PACE financing for construction loan takeout

SITUATION OVERVIEW

- The 331 key, full-service, hotel in downtown Berkeley, CA opened in 2021.
- Borrower used C-PACE as part of the construction loan refinancing due to rising interest rates and ability to get proceeds at effective price due to retroactive financing
- The LEED Gold property included a variety energy efficiency and resiliency measures resulting in over \$75M of C-PACE eligible improvements such as: the building enclosure (facade, roof, and low U-value windows), high efficiency HVAC and domestic hot water systems, LED light fixtures, low-flow plumbing fixtures, and specially designed foundations and load bearing elements to bolster structural support in case of an earthquake

NORTH BRIDGE ROLE / STRUCTURE

- North Bridge structured a retroactive \$50.0M C-PACE financing with 1 year of accrued interest, 8 years of interest only payments, and a fully amortizing 16-year term
- Property benefits from additional cashflow during initial ramp-up period
- Other lenders in the capital stack included a \$82.0M senior loan and a \$40.0M mezzanine loan both with two-year initial terms and extension periods

RESULT

- The loan was fully disbursed to borrower at close since funds were fully retroactive
- Borrower benefitted from reduced WACC, saving over \$5.5M in annual interest expense



CASE STUDY: THE BATTERY PHILADELPHIA, PA

\$26.6M C-PACE retroactive financing as part of construction loan modification at TCO

SITUATION OVERVIEW

- The Battery is an adaptive reuse project by Lubert-Adler that opened in 2023. The former PECO power plant was transformed into a first-class mixed-use project including hospitality, multifamily, retail, and commercial spaces. The site is located in a Qualified Opportunity Zone
- Borrower used C-PACE as part of a construction loan modification given cost overruns and delays.
- The property includes a variety energy efficiency and water conservation measures resulting in over \$45M of C-PACE eligible improvements such as: the building enclosure (facade, roof, and low U-value windows), high efficiency HVAC and domestic hot water systems, LED light fixtures, and low-flow plumbing fixtures

NORTH BRIDGE ROLE / STRUCTURE

- North Bridge structured a 25-year retroactive \$26.6M C-PACE financing with accrued interest payments during the initial senior extension term followed by 3 years of interest only payments, and a fully amortizing 20-year term
- The capital stack also included a \$107.5M construction loan from Wells Fargo and HTC investors

RESULT

- The C-PACE loan was fully disbursed at close as all C-PACE eligible work had been completed
- C-PACE Proceeds paid down the Wells Fargo loan reducing the Lender's at-risk dollars, reducing the WACC of the entire project, enabling the borrower to reduce the amount of additional equity needed to allow the project to be completed
- Borrower and Lender can quantify and highlight the \$8M of energy savings over the C-PACE term



Agenda Item No. 5

Agenda Report

DATE: September 5, 2024
TO: Committee Members
FROM: James Hamill, Managing Director
PURPOSE: Consideration of AXCS as a CSCDA commercial PACE Program Administrator

EXECUTIVE SUMMARY:

CSCDA received a proposal from AXCS to act as a commercial PACE Program Administrator for the CSCDA Open PACE program.

OVERVIEW:

AXCS

- AXCS is a New York based commercial real estate financing company focused across all states.
- AXCS has a \$500MM mandate to deploy capital into the C-PACE marketplace.
- The firm has over 28 years of commercial real estate experience, and have closed \$120MM in C-PACE transactions in Washington D.C., Wisconsin and Michigan.
- AXCS currently has a pipeline of approximately \$262MM in California C-PACE transactions.

AXCS 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 AXCS

RECOMMENDED ACTION:

Recommend the approval to the CSCDA Commission of AXCS as a commercial Open PACE Program Administrator.



AXCS C-PACE Overview

September 2024



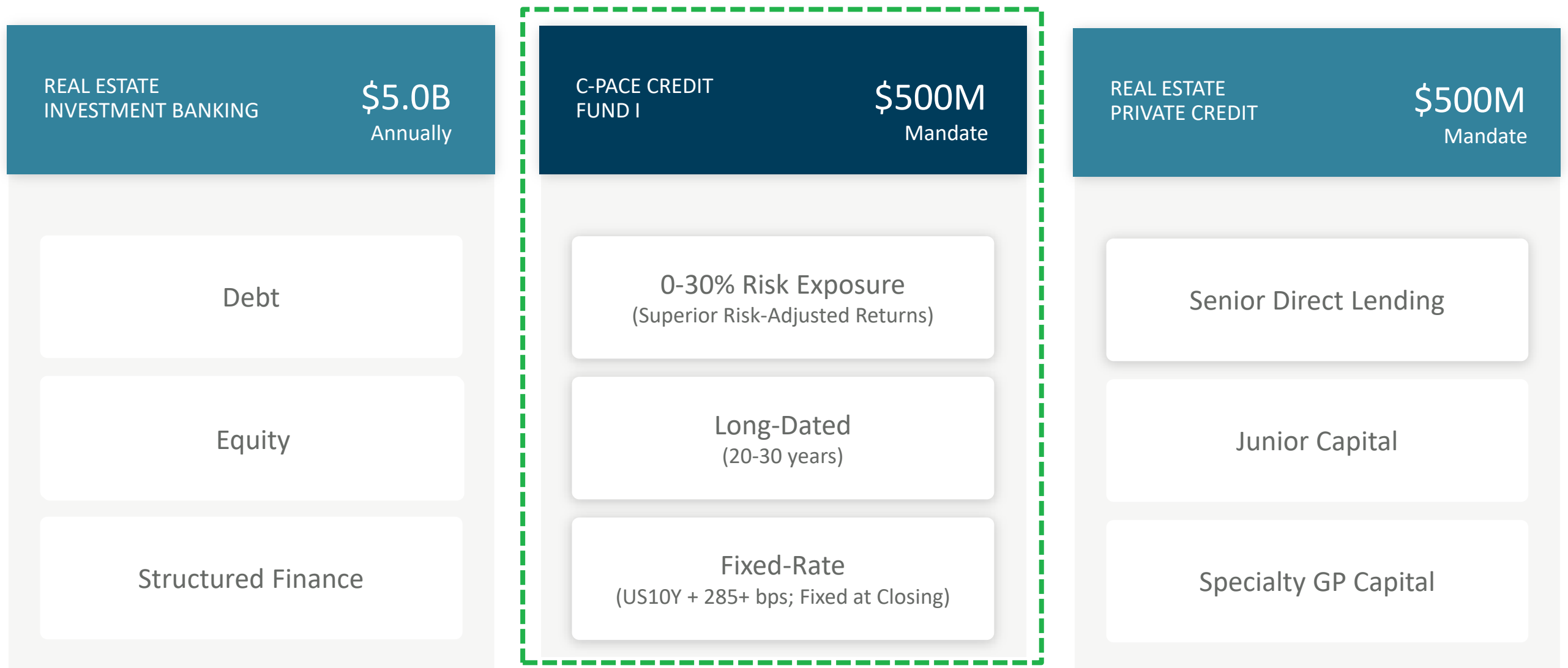
CSCDA
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY



AXCS PACE C-PACE Credit Vehicle

AXCS PACE, LLC (“APACE”) is a New York-based, national direct lender specializing in C-PACE financing for commercial real estate across all asset classes and geographies. APACE offers low-cost, fixed-rate, long-term loans ideal for new construction or as bridge financing for recently completed projects. Our team of seasoned real estate professionals, with extensive expertise in structured finance is focused on aligning with sponsor needs to leverage the demand at the intersection of CRE and sustainable finance.

AXCS Capital, Inc. (“AXCS”), the parent company of both AXCS PACE, LLC and George Smith Partners, LLC (“GSP”), is an investment management firm with offices in Los Angeles and New York. The firm is focused on real estate and related investments across the capital structure spanning all asset types and geographies in the U.S. Supported by a team of over 50 investment professionals nationally, AXCS leverages deep industry expertise to generate tailored investment solutions and superior risk-adjusted returns for its investors.



AXCS Pace is differentiated from most C-PACE lenders due to the deep bench of experienced structured finance professionals who know how to navigate the nuances of C-PACE. AXCS PACE understands C-PACE needs to work for both senior lenders and for sponsors, and the relationship with George Smith Partners allows us access to senior lenders that is unique in the industry.

THE AXCS C-PACE ADVANTAGE

28

Avg. Years of
CRE Experience

\$120MM

Closed
C-PACE Loans

\$2.0B+

C-PACE.COM YTD
Financing Requests

\$1.0B+

C-PACE
Pipeline

\$262MM

California C-PACE
Live Opportunities

\$5B

Annual Proprietary
Deal Flow via GSP

CURRENT C-PACE PIPELINE

Project Type	Total Capitalization	Total Financed Amt.	Net Financed Amt.	LTC / LTV (%)	Property Type
Retroactive	\$195,500,000	\$45,800,000	\$37,000,000	23.4%	Office
Retroactive	\$149,000,000	\$44,600,000	\$36,000,000	29.9%	Office
New Construction	\$180,000,000	\$54,500,000	\$44,000,000	30.3%	Multifamily
New Construction	\$455,000,000	\$108,900,000	\$88,000,000	23.9%	Life Science
Retroactive	\$1,100,000,000	\$297,000,000	\$240,000,000	27.0%	Mixed-Use
New Construction	\$135,000,000	\$37,100,000	\$30,000,000	27.5%	Life Science
New Construction	\$84,000,000	\$24,800,000	\$20,000,000	29.5%	Multifamily
New Construction	\$29,805,481	\$11,100,000	\$8,941,644	37.2%	Multifamily
New Construction	\$123,000,000	\$24,500,000	\$19,800,000	19.9%	Multifamily
New Construction	\$69,035,705	\$21,400,000	\$17,258,926	31.0%	Multifamily
New Construction	\$392,044,225	\$145,600,000	\$117,613,268	37.1%	Hotel
New Construction	\$85,115,000	\$29,800,000	\$24,072,200	35.0%	Multifamily
New Construction	\$40,690,000	\$16,700,000	\$13,750,000	41.0%	Multifamily
New Construction	\$77,000,000	\$27,200,000	\$22,000,000	35.3%	Multifamily
New Construction	\$204,500,000	\$81,100,000	\$65,500,000	39.7%	Multifamily
Retroactive	\$49,000,000	\$18,600,000	\$15,000,000	38.0%	Multifamily
Retroactive	\$63,500,000	\$17,300,000	\$14,000,000	27.2%	Multifamily
New Construction	\$39,000,000	\$7,400,000	\$6,000,000	19.0%	Multifamily
New Construction	\$101,000,000	\$34,500,000	\$28,000,000	34.2%	Build-to-Rent
TOTAL	\$3,572,190,411	\$1,047,900,000	\$846,936,038	29.3%	

C-PACE Team Leadership Profiles



Jonathan Seabolt

CEO, Head of Originations

Jonathan Seabolt is a seasoned real estate investment professional with 18 years of experience spanning the full spectrum of commercial real estate across the capital structure, encompassing all asset types and geographies throughout the U.S. He has closed over \$1 billion in financings, excelling in deal sourcing, financial modeling, underwriting, due diligence, and execution across acquisitions, investor relations, and originations roles. Jonathan launched Clearwater Capital Management in 2021, focusing on C-PACE, which was acquired by AXCS Capital in February 2024. Previously, he served as Director of Originations at a New York boutique investment bank, leading large loan mandates for notable developers. Jonathan holds a B.S. from Appalachian State University, an MBA in Finance, and an M.S. in Real Estate Finance from NYU, where he graduated as a Hirsh Fellow with honors.



Bill Burns

MD, Head of Capital Markets

Bill Burns brings over 20 years of commercial real estate experience to AXCS. Previously, Bill was SVP at iStar Financial Inc., now Safehold Inc., the largest publicly traded ground lease company. At iStar, he managed over \$2.5 billion in real estate investments across various asset classes, including hotels, multi-family, office, residential development, data centers, condos, marinas, and mixed-use properties. He handled negotiations, underwriting, structuring, and documentation of large loans and sale lease-back transactions. During the Great Financial Crisis, Bill completed \$750 million in loan workouts, restructurings, asset dispositions, foreclosures, and repositionings. He also worked at Goldman Sachs in the Real Estate Principal Investments Area and Deloitte & Touche in the Real Estate Tax Department. Bill holds a BA from the College of the Holy Cross and an MBA from Columbia Business School.



Michael Llodra

MD, Head of Asset Management

Michael Llodra joined AXCS Capital in 2024 as the Managing Director and Head of Asset Management of AXCS Investments. In his role, Michael leads the development of innovative investment platforms, including launching several real estate credit and equity funds. Michael has experience and a proven commercial real estate finance and capital markets track record. Michael was recently Co-Head of Mortgage Finance for Wells Fargo, overseeing a \$25 billion loan portfolio. Prior to working at Wells Fargo, Michael was a member of the structured product investment team for Harvard's endowment fund focused on opportunistic investments spanning residential and commercial real estate structured finance. Michael also held varying executive-level structured finance roles at J.P. Morgan, Bank of America, and Citibank. Michael holds a B.S. from Drew University and an MBA from NYU's Stern School of Business.



Select Transactions

Select AXCS C-PACE Closed Transactions

New Construction | Value-Add | Retroactive



New Construction | Multifamily

Washington, D.C.

Loan Amount	\$15,000,000
Term	30-Year
PIK Period	3 Years
Interest Rate	5.00%
Origination Fee	1.00%
Guaranty	Non-Recourse; Completion Guaranty
Call Protection	Yrs. 1-3: 5%; Yrs. 4-7: 2%; Yrs. 8-10: 1%; Yr. 10+: Par



Value-Add | Hotel

Madison, WI

Loan Amount	\$3,027,000
Term	30-Year
PIK Period	3 Years
Interest Rate	5.83%
Origination Fee	2.00%
Guaranty	Non-Recourse; Completion Guaranty
Call Protection	Yrs. 1-3: 5%; Yrs. 4-7: 2%; Yrs. 8-10: 1%; Yr. 10+: Par



New Construction | Hotel

Lansing, MI

Loan Amount	\$3,850,000
Term	30-Year
PIK Period	3 Years
Interest Rate	4.00%
Origination Fee	1.00%
Guaranty	Non-Recourse; Completion Guaranty
Call Protection	Yrs. 1-3: 5%; Yrs. 4-7: 2%; Yrs. 8-10: 1%; Yr. 10+: Par

Select C-PACE Lending Opportunities

Active Transactions



New Construction | Build-to-Rent

Austin, TX



New Construction | Multifamily

Salt Lake City, UT



Retroactive | Multifamily

Baltimore, MD

Total Proceeds **\$31,750,000**

Term **30-Year**

PIK Period **36 Months**

I/O **12 Months**

Interest Rate **7.05%**

Origination Fee **1.00%**

Call Protection **Yrs. 1-3: 5%; Yrs. 4-7: 2%;
Yrs. 8-10: 1.5%; Yrs. 10+ Par**

Total Proceeds **\$37,000,000**

Term **30-Year**

PIK Period **36 Months**

I/O **60 Months**

Interest Rate **6.95%**

Origination Fee **1.00%**

Call Protection **Yrs. 1-3: 5%; Yrs. 4-7: 2%;
Yrs. 8-10: 1.5%; Yrs. 10+ Par**

Total Proceeds **\$16,000,000**

Term **30-Year**

PIK Period **12 Months**

I/O **60 Months**

Interest Rate **7.25%**

Origination Fee **1.00%**

Call Protection **Yrs. 1-3: 5%; Yrs. 4-7: 2%;
Yrs. 8-10: 1.5%; Yrs. 10+ Par**



Thank You



300 Park Avenue, 5th Floor
New York, NY 10022

info@c-pace.com



Agenda Item No. 6

Agenda Report

DATE: September 5, 2024
TO: Committee Members
FROM: James Hamill, Managing Director
PURPOSE: Consideration of Dwight Green Finance as a CSCDA commercial PACE Program Administrator

EXECUTIVE SUMMARY:

CSCDA received a proposal from Dwight Green Finance (“DGF”) to act as a commercial PACE Program Administrator for the CSCDA Open PACE program.

OVERVIEW:

DCF

- DCF is a Miami and New York based commercial real estate financing company focused on multiple sectors including affordable housing, market rate housing, senior housing and structured finance.
- DCF’s related companies offer bridge loan, mezzanine and HUD financing solutions that can be integrated into C-PACE financings.
- DCF’s internal servicing capabilities will provide a seamless C-PACE platform for CSCDA and California transactions.
- One of DCF’s goal is to tap into the multifamily housing space in California to integrate C-PACE into transactions.
- DCF is led by Lisa Nordel, formerly of StoneHill PACE, who has been one of CSCDA’s most active C-PACE program administrators.

DCF 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 Dwight Green Finance

RECOMMENDED ACTION:

Recommend the approval to the CSCDA Commission of Dwight Green Finance as a commercial Open PACE Program Administrator.



DWIGHT GREEN FINANCE

C-PACE Presentation to CSCDA

August 2024

STRICTLY CONFIDENTIAL

Confidentiality Notice

The confidential information contained in the presentation is intended only for personal and confidential use. “Confidential Information” specifically refers to the Dwight Green Finance operations referred to throughout this presentation and includes any data or information that is proprietary to Dwight Green Finance and not generally known to the public whether in tangible or intangible form, whenever and however it is disclosed. In accepting this presentation and the information contained herein, you agree to use the confidential information solely in connection with the current or contemplated business relationship between the parties.

Contents

- 4 Dwight & Co
- 6 Dwight Timeline
- 7 Company Growth
- 8 Dwight Servicing Portfolio
- 9 Dwight Green Finance
- 16 DGF Benefits to CSCDA
- 18 Our Team
- 19 Contact





DWIGHT & Co



Dwight & Co is a group of affiliated entities that specialize in creating financial solutions tailored to our clients' needs.

Dwight & Co.

Dwight & Co. includes the following affiliated companies:

- Dwight Capital - commercial real estate lender and loan servicer
- Dwight Mortgage Trust - private mortgage REIT that actively invests in commercial real estate debt products
- Dwight Green Finance - C-PACE lending platform
- Dwight City Group - active investor in commercial real estate
- Hudson Oak - Built-for-Rent focused developer/investor
- Dwight Funding - asset-based lending company

We are motivated self-starters who effectively collaborate, innovate, and evolve to create financial solutions that achieve the best results for our clients. Our firm is dual headquartered in Miami, FL, and New York, NY, with additional offices in St. Petersburg, FL, and Columbus, OH

Service & Structured Finance Solutions



DWIGHT & Co

Affordable Housing

The Dwight team works closely with borrowers to navigate both the 4% and 9% Low Income Housing Tax Credit (LIHTC) programs in conjunction with HUD financing via HUD's 221(d)(4) and 223(f) programs. We have a deep knowledge base within these programs and are highly motivated to aid in the creation and preservation of low income and affordable rental housing across the country.

Market Rate Multifamily

Dwight's executives have closed over \$11 billion worth of loans for market-rate multifamily properties through various HUD programs and balance sheet bridge, mortgage, and mezzanine financings. The team has deep relationships within all major national markets and brings a significant value add to secondary and tertiary markets. We are eager to provide our clients with market insights tailored to their specific needs.

Seniors Housing & Healthcare

Dwight provides senior living organizations with short-term and long-term financing options that fit their specific needs. As experts in the field, we work with the full continuum of seniors housing and care, including Independent Living, Assisted Living, Memory Care, Skilled Nursing, Continuing Care Retirement Communities, and Hospitals. Healthcare financings are tailored to our client's needs and include our proprietary bridge program and HUD, agency, and conventional bank debt.

Structured Finance

Dwight prides itself on finding creative solutions for clients in the capital stack including JV equity, preferred equity, and mezzanine financing. We have strong relationships with a range of capital providers including institutional funds, REITs, foreign capital sources, family offices, and high net worth individuals.

C-PACE Financing

Dwight Green Finance provides a C-PACE (Commercial Property Assessed Clean Energy) financing solution specifically designed to fund energy efficient improvements. C-PACE allows commercial property owners to secure favorable, long-term financing for energy efficiency upgrades, renewable energy installations, water conservation projects, and other program specified enhancements.

Dwight & Co. Timeline



DWIGHT CAPITAL

Adam and Josh Sasouness launch Dwight Capital, an FHA/HUD approved lender focused on the origination of multifamily and healthcare mortgages.



Dwight Capital is ranked as a top multifamily HUD lender nationwide for the second consecutive year.

DWIGHT

CITY GROUP



DWIGHT MORTGAGE TRUST

Dwight launches an affiliated real estate holding company called Dwight City Group.

Dwight launches Dwight Bridge Fund (DBF), an affiliated bridge loan fund specializing in the financing of commercial mortgages across a range of real estate asset classes. DBF is later converted to a Mortgage REIT and is re-branded as Dwight Mortgage Trust.

Dwight ends the year with \$3.2 billion in its servicing portfolio.



Dwight Capital acquires Love Funding from Midland States Bank (MSB).

Dwight ends the year with over \$6 billion in its servicing portfolio.

Dwight Capital and LyonJay launch Hudson Oak Development, a Built-for-Rent focused developer/investor.



Dwight continues to expand its operations as it opens an additional office in Miami, FL.

Dwight Capital ranks as the second largest HUD lender nationwide once again, and Dwight ends the year with over \$12 billion in its servicing portfolio.

2014

2015

2016

2017

2018

2019

2020

2022

2023

2024

Adam & Josh launch Dwight Funding, an asset-based lender, along with partners Ben Brachot & Dan Basloe.

In its second year of operations, Dwight Capital is ranked as a *top-five* multifamily HUD lender nationwide.

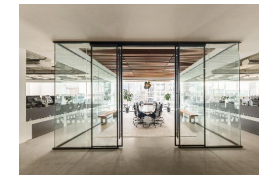
Dwight Capital is approved to be a GNMA Issuer/Servicer and begins servicing its own loans. Dwight ends the year with \$2.3 billion in its servicing portfolio.



Dwight Capital is ranked as a top HUD lender for the fifth consecutive year, and Dwight ends the year with \$4.2 billion in its servicing portfolio.



Dwight Capital is ranked as the second largest HUD lender nationwide for the third consecutive year, and Dwight ends 2022 with over \$11 billion in its servicing portfolio.



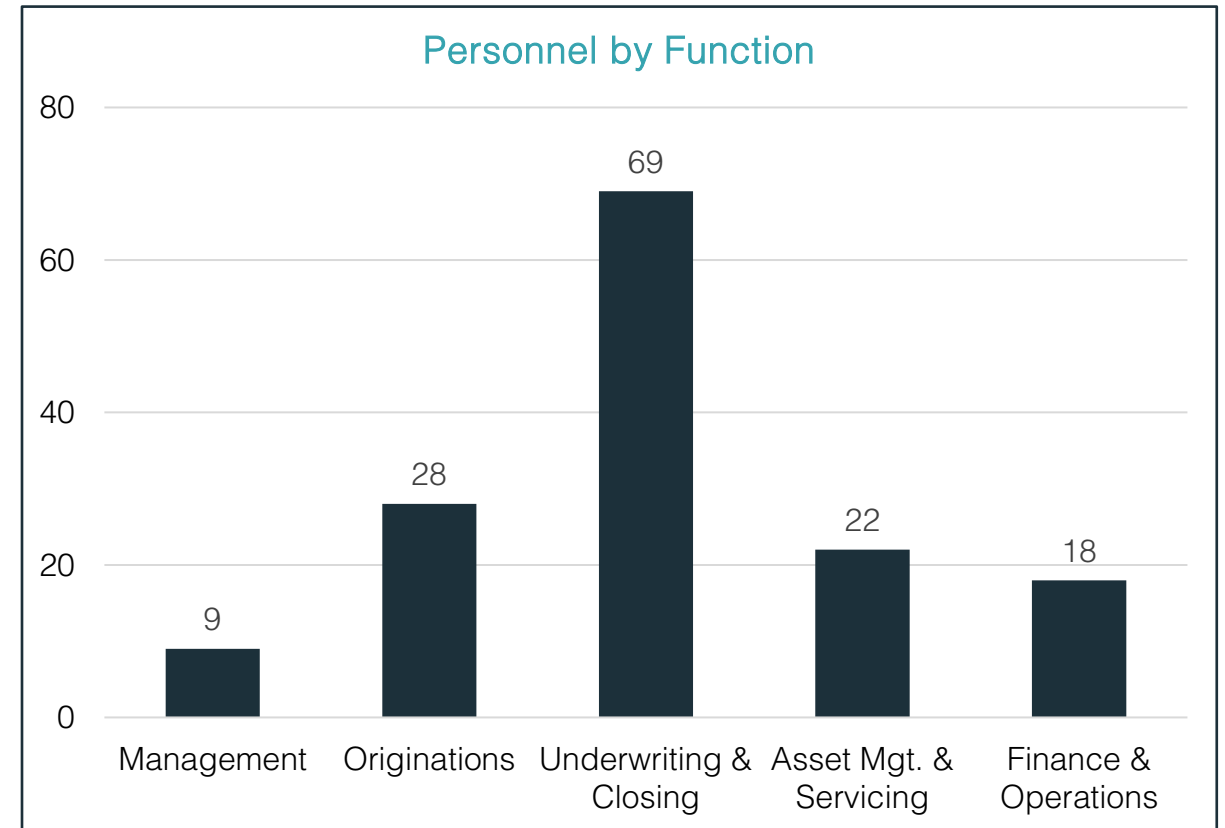
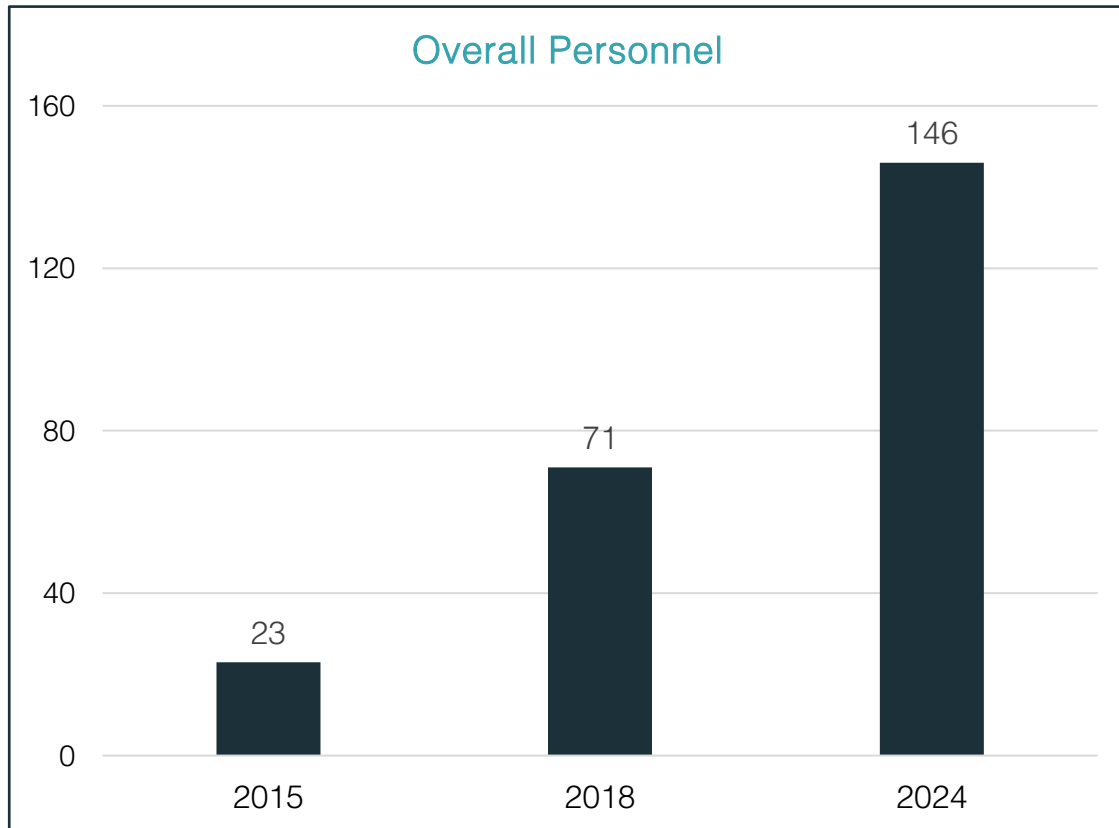
Dwight launches its healthcare A/R lending platform and expands its healthcare team.

Dwight Mortgage Trust surpasses \$600MM in AUM (managed by DSM).

Dwight Capital launches Dwight Green Finance, a C-PACE lending platform.



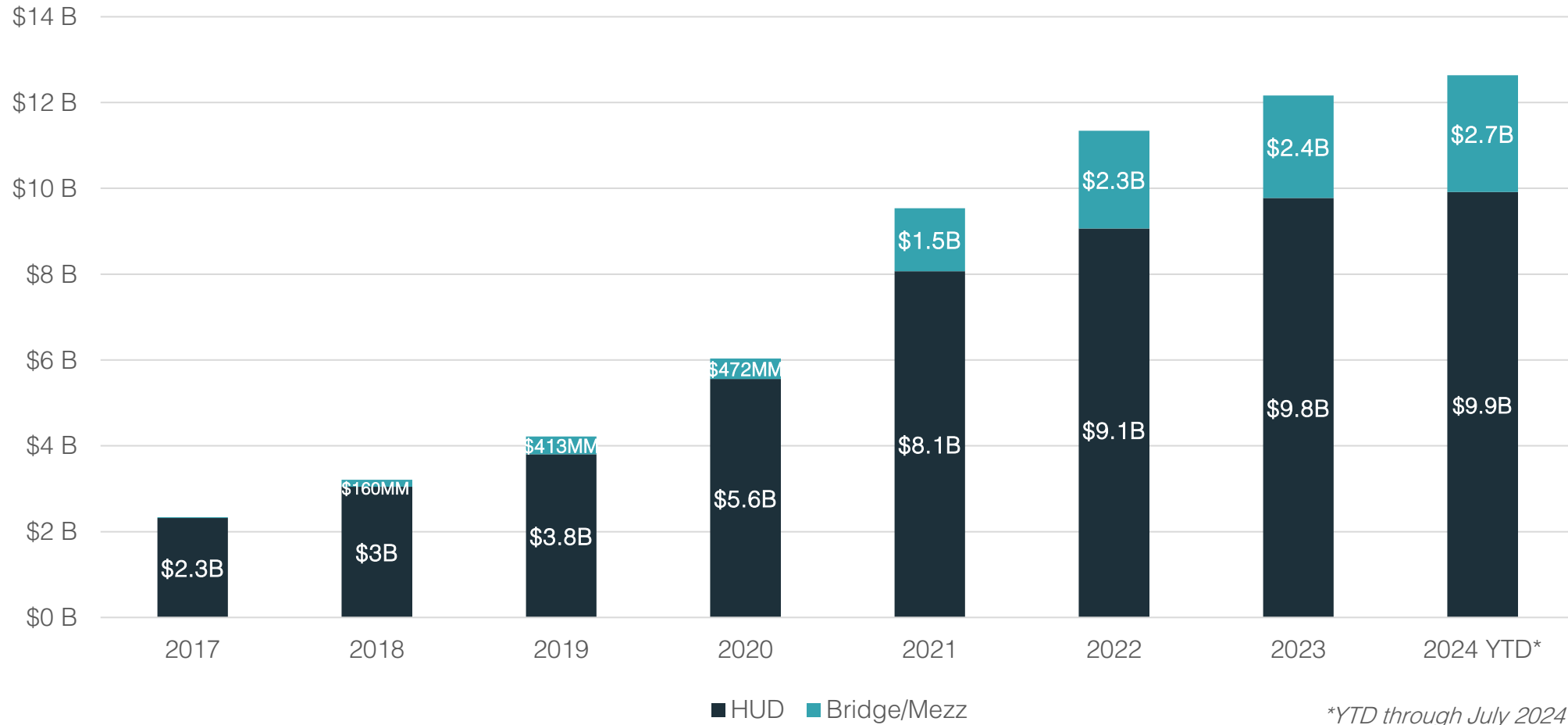
Dwight & Co. Company Growth



Data on this slide is through Q2 2024.

Dwight Servicing Portfolio

Servicing Portfolio (2017-2024 YTD*)





DWIGHT GREEN FINANCE

Dwight Green Finance provides a C-PACE financing solution specifically designed to fund energy efficient property improvements.

Dwight Green Finance

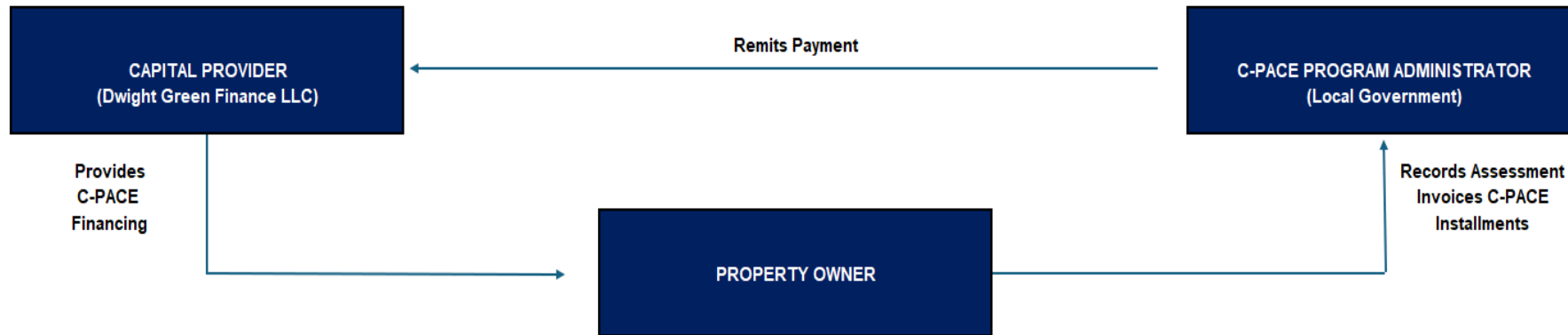
Dwight Green Finance's C-PACE offering enhances Dwight's suite of financial solutions, which includes bridge loans, mezzanine financing, and HUD lending platforms, providing commercial property owners with additional capital options.

C-PACE (Commercial Property Assessed Clean Energy) is a long-term, voluntary financing program that funds energy-efficient improvements. Property owners can borrow money and repay it through a property tax assessment. The financing remains with the property even if it is sold, facilitating long-term investment. C-PACE operates under state-specific legislation with local government oversight where the property is located.



C-PACE Public-Private Partnership

In a C-PACE financing arrangement, the process begins when a capital provider closes on C-PACE financing and disburses funds for energy-efficient improvements on a property. Once the enhancements are completed, the property owner repays the financing through a special C-PACE assessment, which is included on their property tax bill. The local government collects these payments and follows the program administration's guidelines for transferring collected funds to the capital provider, ensuring compliance with C-PACE regulations. This structure allows for effective financing of sustainable property upgrades, with the repayment obligation tied to the property rather than the owner.





DWIGHT GREEN FINANCE

Setting the Stage for C-PACE

With the strategic launch of Dwight Green Finance LLC (“DGF”), Dwight is aligning with the rising demand for energy efficiency, supporting sustainable development, and diversifying its revenue streams. The Dwight team is already securing HUD Green MIP Reductions for borrowers with properties certified as green or energy-efficient under the LEED program. Adding a C-PACE financing platform is a natural extension of these efforts, further enhancing Dwight’s financial solutions and providing additional benefits to its borrowers.

- **Market Demand:** As interest in sustainability rises, property owners are increasingly seeking financing options for energy-efficient upgrades
- **Enhanced Property Values:** Improvements financed through C-PACE can lower operating costs and increase property values. This not only benefits property owners but also supports all capital providers, including Dwight, by contributing to a more stable commercial real estate market through the long-term financing structure of C-PACE assessments
- **Favorable Terms for Capital Stack:** For properties that would otherwise require subordinate debt, such as mezzanine debt (12%-16%) or preferred equity (14%-18%), C-PACE financing offers more attractive interest rates set as a spread over US Treasuries. The C-PACE rate is fixed at the closing of the financing for the duration of the assessment period



DWIGHT GREEN FINANCE

C-PACE Representative Terms

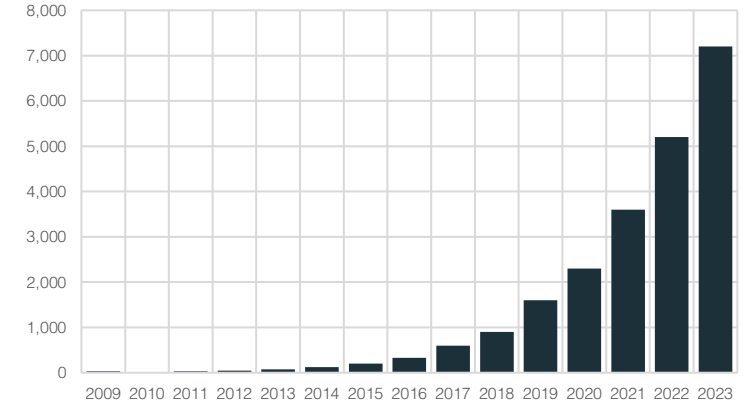
Eligible Properties	Multifamily, commercial, industrial, and agricultural located in a county that has opted into the CPACE program
Borrower	Single asset entity, either for profit or non-profit
Recourse	CPACE installment payments to be guaranteed during the construction period; converts to non-recourse upon completion
Assessment Amount	Up to 35% LTV; contingent on local program requirements
Interest Rate	300-400 bps over applicable US Treasury Benchmark; determined by market conditions at time of rate lock, fixed for term of loan
Related Fees	Origination fee of 1% - 2%, Program Administrator fee(s), and closing fees including but are not limited to third party reports, legal, title
Term and Amortization	Up to 30 years, but cannot exceed the weighted average useful life of CPACE eligible improvements determined by engineering/energy report; interest only option for up to five years, fully amortizing thereafter
Prepayment	Prepayment fees vary for each C-PACE transaction and scale down over the financing term
Capitalized Interest	Interest through project completion will be capitalized/reserved and included in the gross assessment amount
First Payment Date	Typically upon stabilization
Disbursement Terms	Assessment proceeds are funded into an escrow account at closing and are available for the borrower to draw as costs are incurred for the CPACE eligible improvements
Third Party Reports	Appraisal, Phase I (environmental), Engineering, & Energy
Assumption	Fully assumable
Timeline	Typically 60 days; CPACE assessment will close simultaneously with other financing in the capital stack



C-PACE Market and Investment Volume

- Launched in California in 2008, C-PACE financing is increasingly becoming a significant component of the capital stack for commercial real estate projects
- By the end of 2023, C-PACE has financed over 2,300 projects, totaling more than \$7 billion in funding. In 2024 alone, C-PACE financing is expected to exceed \$3 billion
- As the push for energy-efficient properties gains momentum and influences construction standards, demand for C-PACE financing is anticipated to rise
- Hundreds of lending institutions have consented to C-PACE, recognizing it as a vital part of the capital stack for property owners
 - C-PACE legislation is in place in 38 states
 - Available for both new construction and retroactive upgrades
 - C-PACE is applicable to all commercial property types
 - Long-term financing fully amortizing over duration of term (20-30 years)

Cumulative C-PACE Investment, MM (2009-DEC. 2023)



C-PACE Investment by State (States >\$50MM, To DEC. 2023)

State	Investment (\$, MM)
1. CA	\$1,999
2. OH	\$761
3. TX	\$604
4. UT	\$426
5. FL	\$369
6. MN	\$291
7. MI	\$275
8. CO	\$271
9. PA	\$254
10. CT	\$252
11. MO	\$223
12. NY	\$209
13. IL	\$207
20 records	Max \$1,999



DWIGHT GREEN FINANCE

Objectives

Our goal is to advance energy efficiency through C-PACE financing and support the development of sustainable real estate projects

- **Capture Significant Market Share in the C-PACE Sector:** Secure a leading position in the C-PACE financing market by leveraging relationships with borrowers and developers, with an initial focus on multifamily and senior housing sectors
- **Expand and Leverage Client Relationships:** Grow our client base by leveraging exceptional service to deepen existing relationships. Present C-PACE financing opportunities to current borrowers and developers to uncover and pursue new opportunities across various asset classes
- **Achieve Financial Profitability:** Utilize accretive leverage, optimal advance rates, and a market-aligned pricing structure to drive financial success, drawing from diverse income sources including origination fees, interest rate spreads, and exit fees
- **Forge Strategic Partnerships:** Align with financing partners, program administrators, and technical consultants to enhance market reach, support funding needs, and improve operational capabilities
- **Engage with Governments and Industry Stakeholders:** Collaborate with local governments on policy developments, participate in industry events, and pursue educational opportunities to raise awareness and drive adoption of C-PACE financing



DWIGHT GREEN FINANCE

Financial Strategy

Our business plan centers on managing a C-PACE asset portfolio to maximize financial returns. Our goal is to deliver optimal outcomes for the company, our partners, and stakeholders throughout the duration of the assessment financing. Our systematic process is outlined below:

- Close C-PACE assessments with quality sponsors following our underwriting and investment committee approval process
- Simultaneously, we will seek approval from the local C-PACE program administrator to ensure that the project's energy improvements and associated savings comply with their standards under the C-PACE statute
- To facilitate C-PACE closings with underlying borrowers, DGF will secure a warehouse lender to provide capital advances, complementing DGF's equity, which will be provided by Dwight's principals. This arrangement will ensure complete funding of the C-PACE assessments at closing. As the business grows, we will consider third-party equity partners to meet increasing equity funding needs
- DGF plans to aggregate a portfolio of 8-10 commercial properties with C-PACE financing into the warehouse facility, aiming to secure a portfolio-style rating from Morningstar DBRS. This will enable us to pool these loans and execute a private placement securitization, which will act as an off-take from the warehouse facility. The securitization will preserve the facility's capacity for new DGF C-PACE closings and allow for future tranches or delayed draws, enabling the addition of more C-PACE financed properties



DWIGHT GREEN FINANCE

Benefits to CSCDA with DGF Partnership

Dwight Green Finance will streamline the process of financing energy efficient improvements by ensuring projects are feasible, compliant under the CSCDA program, and successfully executed

- [Project Evaluation and Approval](#) – DGF will review and assess each energy efficient project proposed by commercial property owners. This includes engaging the appropriate technical consultant to determine eligibility of the proposed improvements and ensuring each project meets CSCDA's program criteria under the C-PACE financing program
- [Streamlined Financing Processes](#) – DGF has the experience to structure financing and funding terms that align with the property owner's needs and CSCDA's requirements. Dwight Loan Servicing has established systems and processes for managing and disbursing funds to property owners
- [C-PACE Administration](#) – DGF has experience working with public finance consultants involved with CSCDA's bond financing transactions including Property Tax Administration and Bond Trustees



DWIGHT GREEN FINANCE

Benefits to CSCDA with DGF Partnership (Continued)

- [Compliance](#) – DGF will work closely with CSCDA's Bond Counsel to ensure all transaction related documentation is complete and recorded. After the financing closes, DGF will track each project's progress
- [Extended Market Reach](#) – DGF will educate property owners, developers and other stakeholders who have not utilized the program about the benefits of the C-PACE program and how to participate
- [Support and Guidance](#) – DGF will work with each property owner as questions or problems arise to ensure issues are managed effectively and in accordance with CSCDA program guidelines



DWIGHT GREEN FINANCE

Strength of Team

With over 150 dedicated professionals across origination, underwriting, capital markets, asset management and servicing, Dwight Capital is well-positioned to support its clients nationwide



Adam Sasouness

Managing Principal, DMT
Co-CEO, Dwight Capital

- Co-founded Dwight Capital in 2014 and DMT in 2018
- Also launched Dwight City Group and Dwight Funding
- Formerly at Greystone



Josh Sasouness

Managing Principal, DMT
Co-CEO, Dwight Capital

- Co-founded Dwight Capital in 2014 and DMT in 2018
- Also launched Dwight City Group and Dwight Funding



Ben Siegel

Chief Operating Officer

- Joined Dwight in 2023
- Former commercial real estate CFO and PwC M&A advisor, with a decade of experience providing transaction services to real estate and hospitality clients



Lisa Nordel

Managing Director, Head of C-
PACE

- Joined DGF in 2024
- Formerly at Peachtree Group, The Benoit Group and Ambling
- 25+ years experience in CRE; 5+ in C-PACE



Joshua Kravitz, CPA

Chief Financial Officer

- Joined Dwight in 2023
- Formerly at Pantzer Properties and BDO
- Received his accounting degree from Yeshiva University's Sy Syms School of Business



DWIGHT GREEN FINANCE

Lisa Nordel

Managing Director,
Head of C-PACE
ln@dwightgf.com
404-434-3419

Ben Siegel

Chief Operating
Officer
bsi@dwightcap.com
347-846-0672