Montana Facility Finance Authority

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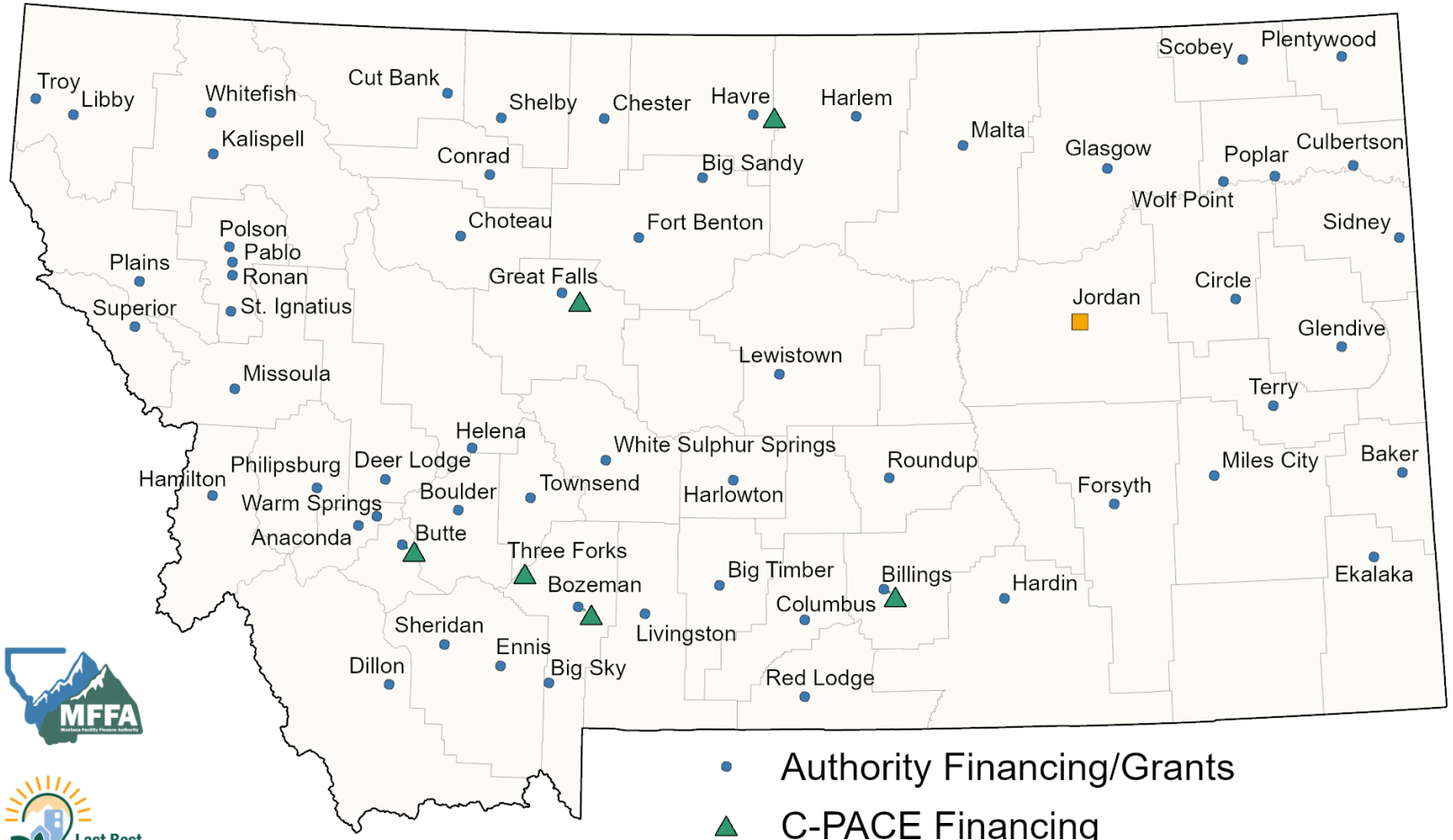
COMMERCE

The Montana Facility Finance Authority

Mission: Enhance Montana healthcare and community development through access to cost-effective capital financing and development services.

The MFFA does this by providing borrowers with access to capital from private lenders through conduit bonding and C-PACE financing.

Montana Facility Finance Authority



- Authority Financing/Grants
- C-PACE Financing
- Authority Financing Consultation

What is C-PACE?

Commercial **P**roperty-**A**ssessed **C**apital **E**nhancements

A financing structure that allows building owners to borrow private sector funds to pay for:

- Energy efficiency improvements
- Water conservation improvements
- Renewable energy systems
- Public safety and resiliency improvements

Paid back via a special assessment on the property

Why C-PACE?

Because wasted energy = wasted money

- Montana's average utility cost per year
  - Commercial: $710,564,780
  - Industrial: $467,120,200

  $1.2 billion spent per year

- 30% of the energy used in commercial and industrial buildings is wasted

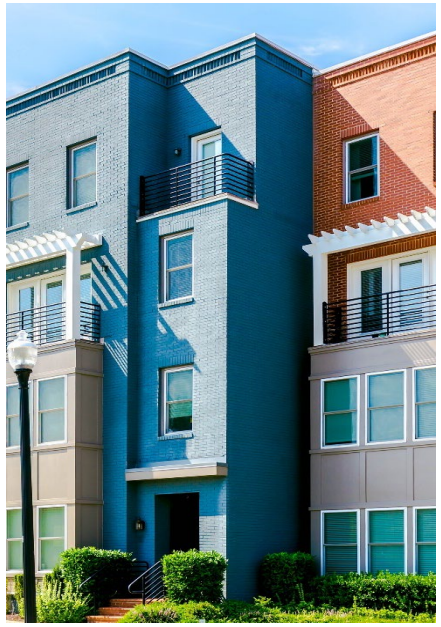
  $353.3 million lost to waste annually

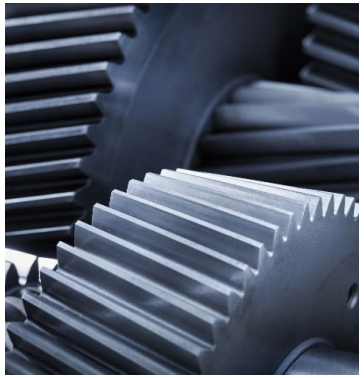
Eligible Properties:

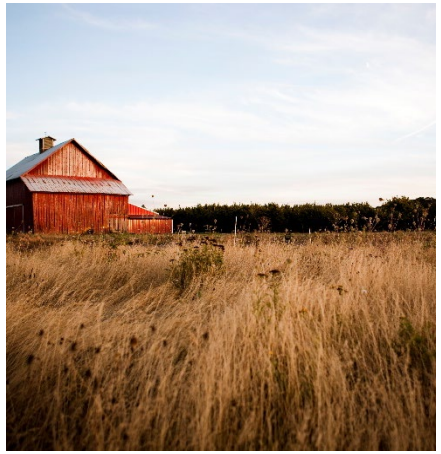
- Commercial
- Industrial
- Mixed-use
- Agricultural
- Multifamily - five or more dwelling units

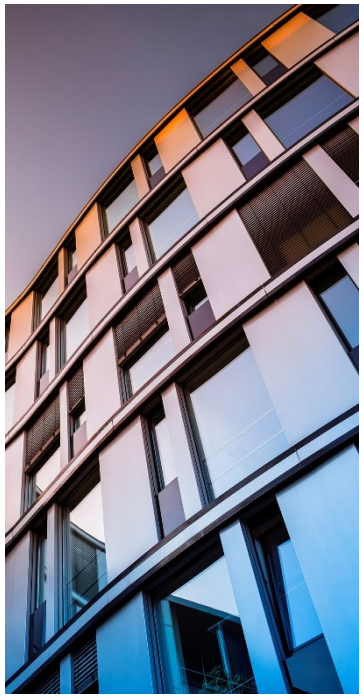
Eligible Projects:

- New construction
- Retrofit
- Retroactive - up to three years









Typical Measures Funded by C-PACE

Energy/Water Efficiency

- HVAC
- Building Envelope
- Roof
- Elevator
- Water Reuse
- Lighting
- Boiler

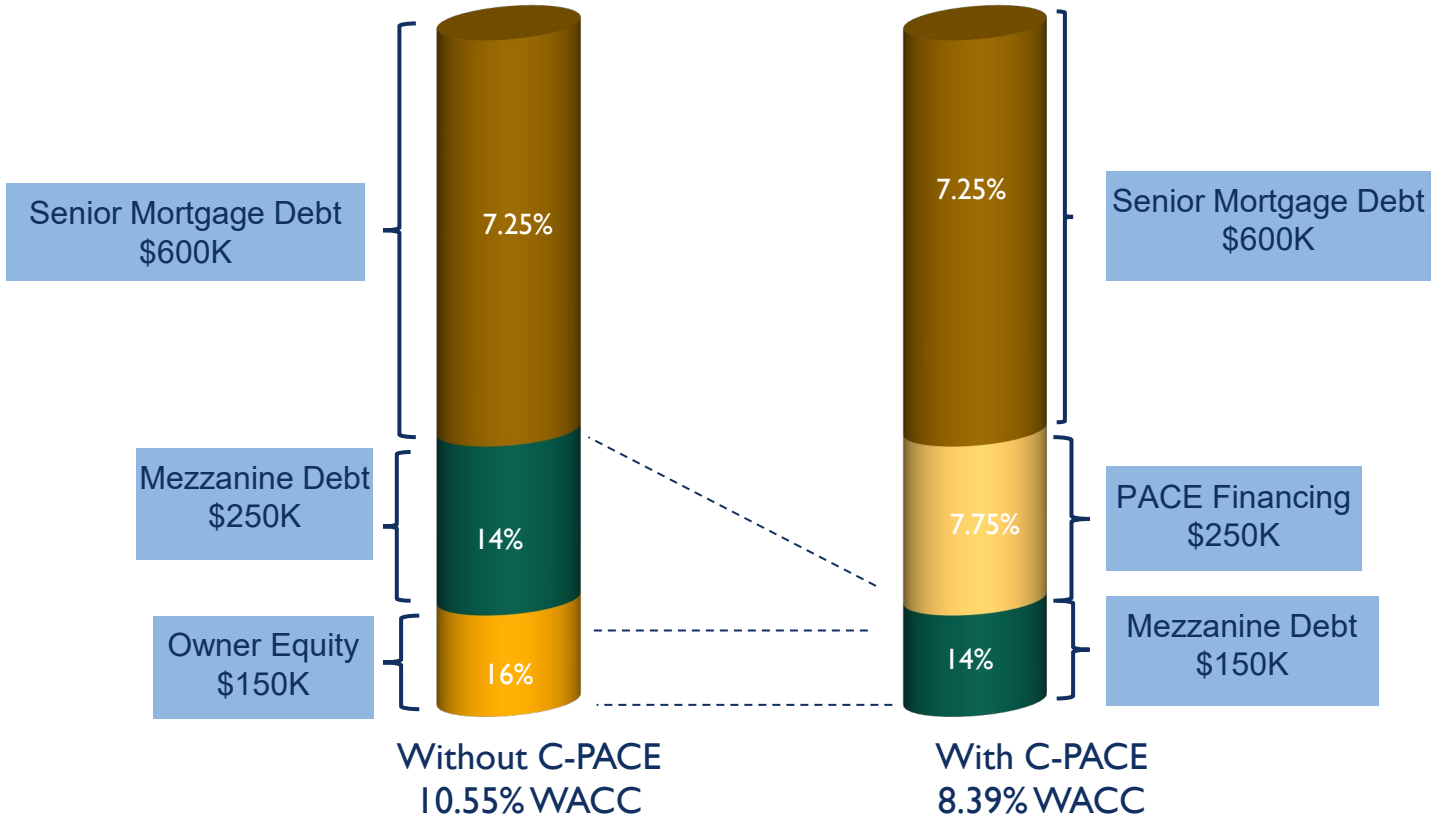
Renewable Energy

- Solar
- Geothermal
- Cogeneration
- Battery Storage
- Biomass

Building Resiliency/Safety

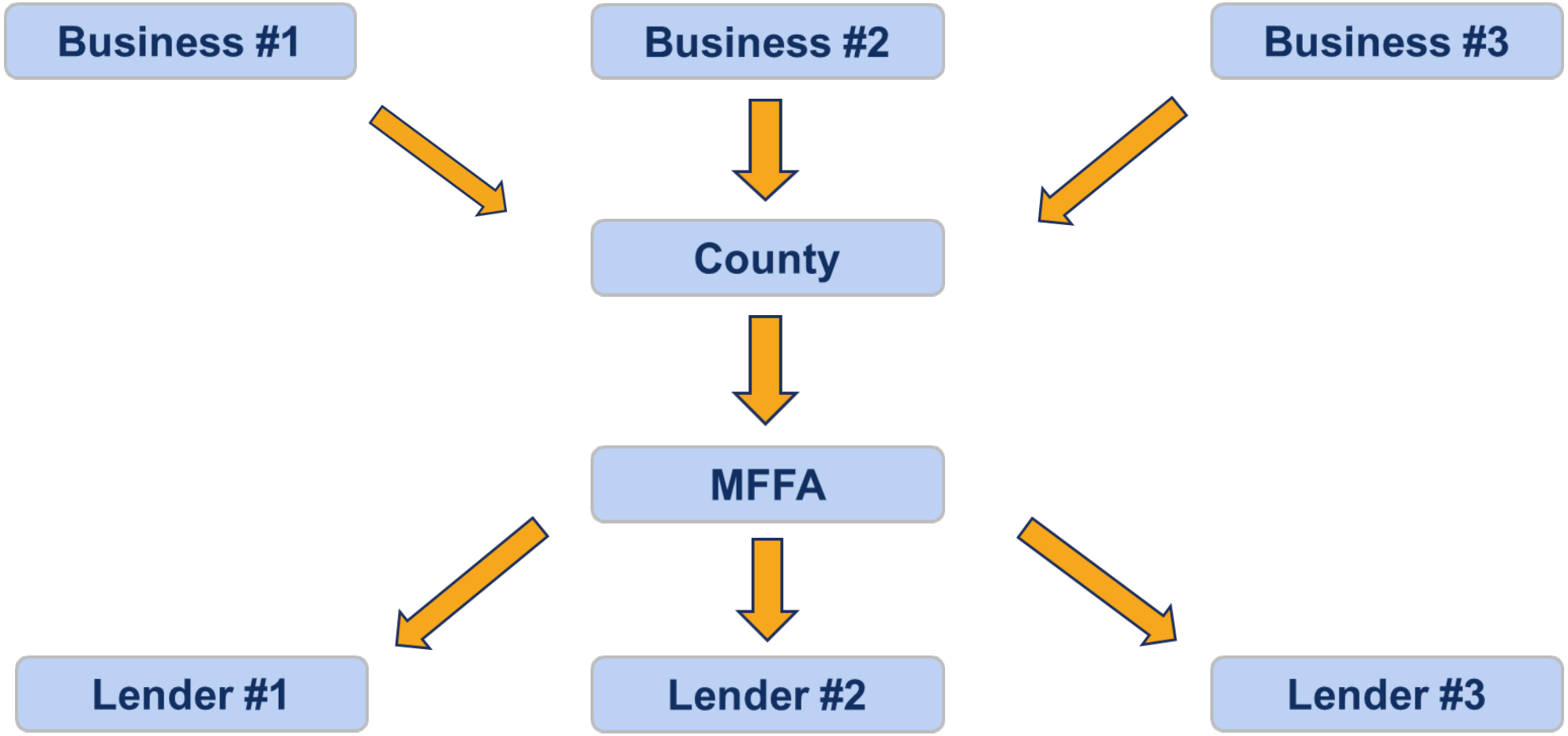
- Seismic
- Fire, Wind & Flood
- Indoor Air Quality
- Stormwater Mitigation
- Power Backup
- Firearm Storage

Where C-PACE Fits in the Capital Stack



Developers utilize PACE to fill gaps in their capital stack and lower project's WACC

C-PACE Payment Process



Where Are We Now?

Twenty-four counties and five cities have approved C-PACE districts:

- Broadwater, Butte-Silver Bow, Cascade, Custer, Dawson, Fergus, Gallatin, Granite, Hill, Jefferson, Lincoln, Madison, McCone, Meagher, Mineral, Missoula, Musselshell, Park, Pondera, Powell, Ravalli, Roosevelt, Wheatland, and Yellowstone Counties
- Cities of East Helena, Helena, Kalispell, Red Lodge, and Whitefish
- 73% of commercial buildings covered

Montana Commercial Property Assessed Capital Enhancements (C-PACE) Designation

Supported by the Montana Facility Finance Authority (MFFA)

MONTANA DEPARTMENT OF COMMERCE

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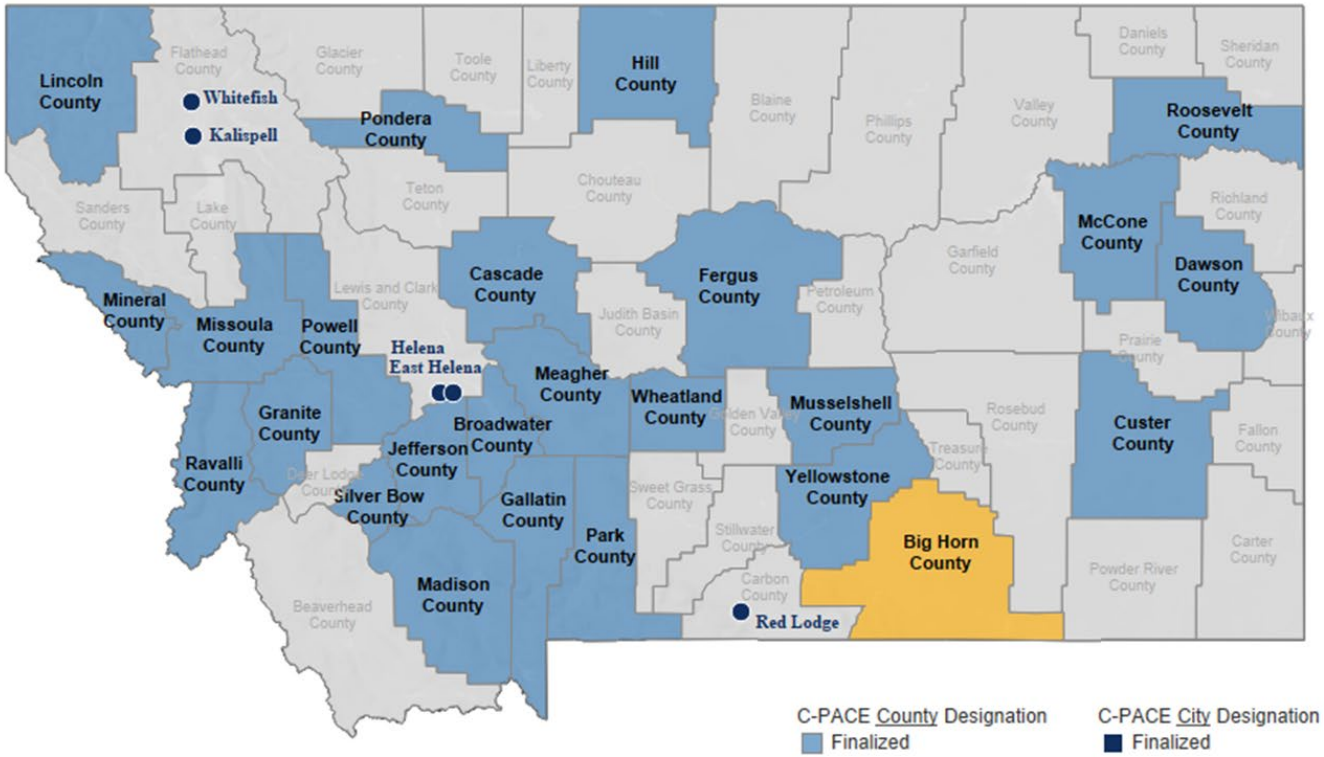

Where Are We Now? (continued)

Program launched January 1, 2022

Projects:

- 8 total
  - 2 New Construction
  - 3 Retrofits, some also include Renewable Energy
  - 3 Renewable Energy
- $10,448,637 in C-PACE financings, generating total benefit of $29,677,376:
  - $14,173,872 in Projected Savings and
  - $15,503,504 in Projected Additional Revenue

Continued outreach to local governments for C-PACE District adoption

Current discussions with potential C-PACE projects

Old Soldier - Hedden Empire Building: Billings

- Project type: Retrofit
- Property type: Commercial
- Industry: Office/retail
- Amount financed: $1.6 million
- Total savings/revenue: $13.5 million
- Total improvements: $1.39 million
  - Heat pumps
  - Lighting upgrades
  - Windows
  - Plumbing fixtures
- Adjustable-rate financing with rate reset every five years

Project partners:

FASTPACE™ by Allectrify, PBC

C-PACE lender: Three Rivers Bank of Montana

Energy assessment: Asset Environments

Third-party reviewer: Cushing Terrell

Senior lender: Mountain America Credit Union

Legal counsel: Jackson Murdo & Grant, PC

Darius Investments – Wingate by Wyndham – Butte

- Project Type: Renewable Energy
- Property Type: Commercial
- Industry: Hospitality
- Percent Financed: 100%
- Amount Financed: $235,010
- Total Savings/Revenue: $341,320
- Improvements:
  - 76.14 kW Solar Project
- Other Project Incentives:
  - USDA-RD REAP

Project Partners:

C-PACE Lender: Clearwater Federal Credit Union

Solar Contractor: OnSite Energy, Inc.

Third-Party Reviewer: The National Center for Appropriate Technology (NCAT)

Senior Lender: Clearwater Federal Credit Union

Legal Counsel: Jackson Murdo & Grant, PC

Kiln Bozeman

- Project Type: Retrofit
- Property Type: Commercial
- Industry: Office
- Amount Financed: $1.85 million
- Total Savings: $4.85 million
- Improvements:
  - HVAC
  - Lighting upgrades
  - Building Envelope
  - Insulation
  - Water Conservation
- Loan Term: 30 years

Project partners:

C-PACE lender: Peachtree Group

Energy assessment: Bernhard TME

Third-party reviewer: Asset Environments

Senior lender: Goldenwest Federal Credit Union

Legal counsel: Jackson Murdo & Grant, PC

MT Premium Processing Cooperative: Havre

- Project Type: Retrofit/renewable energy
- Property Type: Commercial
- Industry: Agriculture
- Percent Financed: 100%
- Amount Financed: $229,313
- Loan Term: 15 years
- Total Savings: $374,217
- Improvements:
  - 94.05 kW solar project
  - Freezer equipment replacement
- Other Project Incentives:
  - USDA-RD REAP

Project partners:

C-PACE lender: Clearwater Federal Credit Union

Contractors: Carbon Recall Kalispell and Air Tech Heating & Cooling, Inc.

Third-party reviewer: The National Center for Appropriate Technology (NCAT)

Senior lender: Bear Paw Development Corporation

Legal counsel: Jackson Murdo & Grant, PC

For More Information: www.LastBestPACE.com

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