



New York City Energy Efficiency Corporation

Catalyzing Efficiency Financing May 2013

Overview

NYCEEC: the first of its kind



MISSION

Catalyze private retrofit finance market for private building owners in NYC

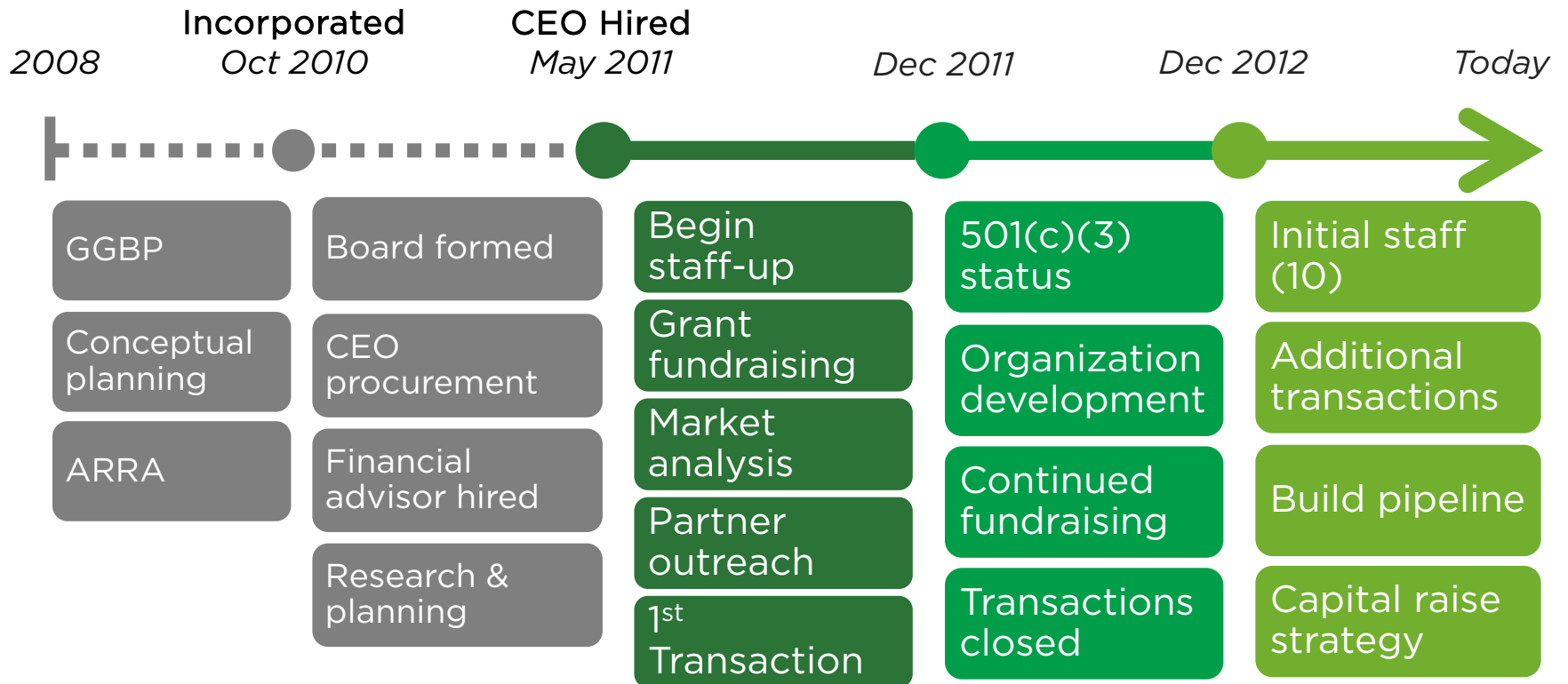
CAPITAL

\$45M initial capitalization from ARRA, NYC & philanthropy

INNOVATION

1st quasi-public independent financing entity offering products to support efficiency

\$28 of \$37.8 million committed

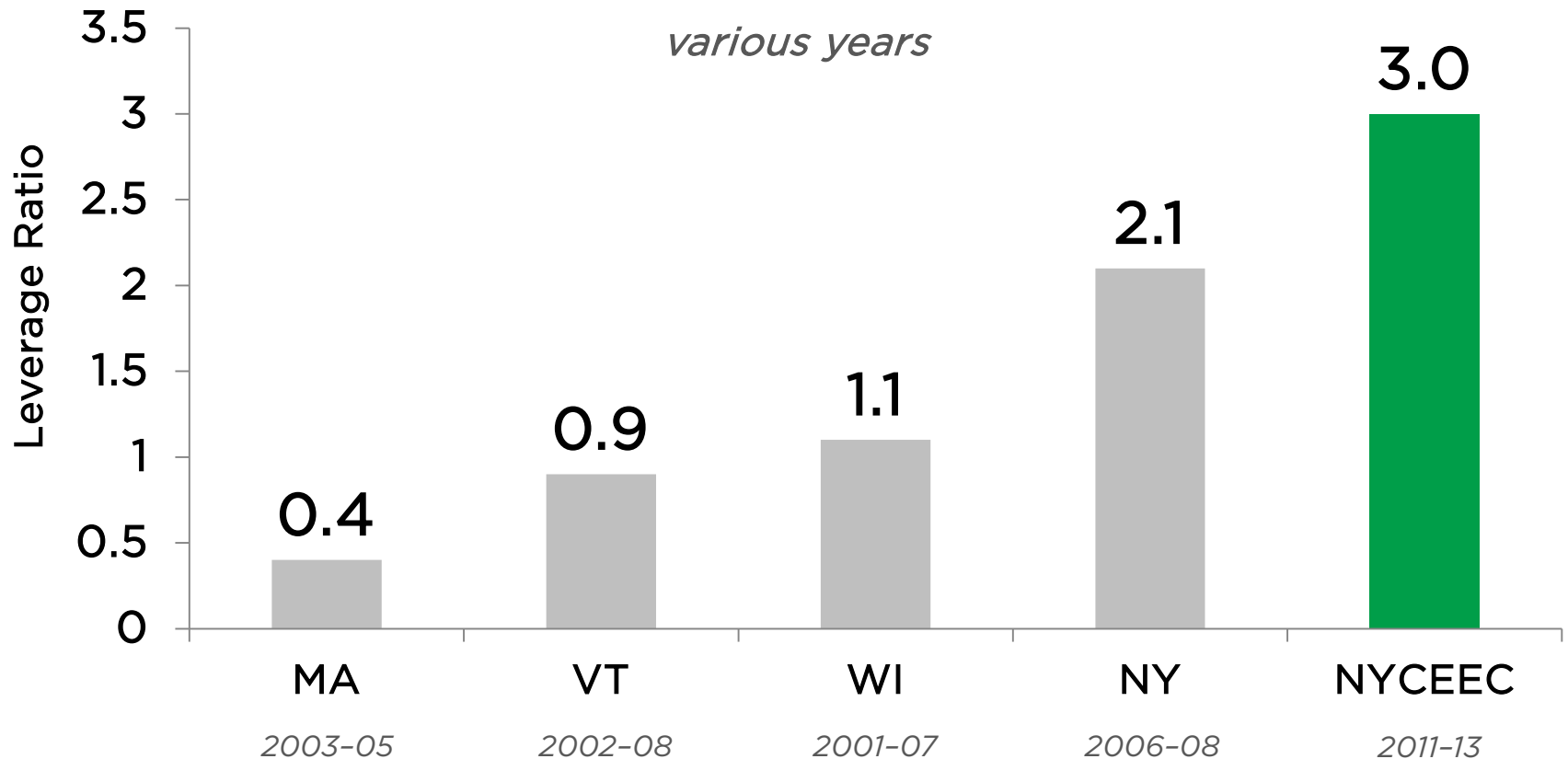


Each dollar expected to leverage \$3.00 in project investment

Ratio of Project Investment to Program Costs

State Efficiency Programs vs. **NYCEEC**

various years



Source: ACEEE, *Saving Energy Cost-Effectively*, 2009

Nationally-recognized program sponsors



U.S. DEPARTMENT OF
ENERGY



SURDNA FOUNDATION



Rockefeller
Brothers Fund

Philanthropy for an Interdependent World

THE
ROCKEFELLER
FOUNDATION



DORIS DUKE
CHARITABLE FOUNDATION



Deutsche Bank



LIVING CITIES

INNOVATE ▶ INVEST ▶ LEAD

*Products &
Transactions*

Critical beginnings: simultaneous **planning** & **action**

Planning

Find the market need

- Understand existing real estate finance
- Identify specific gaps & barriers
- Complement existing EE programs
- Leverage regulations:
Greener, Greater Buildings Plan Local Laws

Action

Close transactions

- Entrepreneurial approach to pipeline development
- Multiple products & flexible solutions
- Negotiated deals
- High-impact partnerships

Multifamily: Strong partnerships & scalable solutions
to meet big challenges

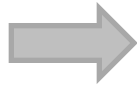
Limited access to
capital for retrofits

Large market,
difficult to access

Cost of Local Law
compliance

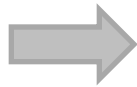
Multifamily: Strong partnerships & scalable solutions to meet big challenges

Limited access to capital for retrofits



NYCEEC credit enhancement to induce EE mortgage products

Large market, difficult to access



Partnerships with established institutions (e.g., Fannie Mae Multifamily & NYC HDC)

Cost of Local Law compliance



Development of technical standards that “mesh” with lending practices

Case Study: Fannie Mae M-PIRE Loan

Fannie Mae Multifamily Portfolio

- Financing **\$200+ billion** in multifamily debt & serving **3.9 million multifamily units & coops** across the U.S. as of 2012*

NYCEEC Role

- **Credit enhance multifamily mortgage loan** (refinance, supplemental, or acquisition) to support additional proceeds for energy & water efficiency

Innovation

- Incorporate **projected energy & water cost savings** into underwritten NOI

Benefits

- Reaches a **broad audience** of owners
- Delivers **additional funds for Local Law compliance & retrofits**
- Data to **track results** & optimize savings

* Source: *Fannie Mae Multifamily*

Additional closed/in-documentation MF lending programs



NYC Housing Development Corp.
Energy Retrofit Loan Program
4.4 million SF



Deutsche Bank
Community Clean Heat Fund
8.0 million SF



Chase-Hess
NYCEEC Fuel Receivables LLC
2.5 million SF

Commercial/institutional: Turnkey solutions to mitigate risk

Barriers to
comprehensive
efficiency investment

Most owners have limited
capacity (staff/capital)
to implement
comprehensive retrofits*

*Excluding Class A

Commercial/institutional: Turnkey solutions to mitigate risk

Barriers to comprehensive efficiency investment



Energy Services Agreements (ESAs) provide no/low upfront cost financing for retrofits

ESA: contract that packages efficiency as a service to owners that is repaid over time through savings

Most owners have limited capacity (staff/capital) to implement comprehensive retrofits*



NYCEEC + ESAs provide implementation & operations support

*Excluding Class A

Case Study: 125 Maiden Lane

Building/ Condition

- **320,000 SF** Class B office condo
- Aging, dated energy systems (1958)
- Owners w/ limited funds for upfront cost

NYCEEC Role

- **\$1.4M retrofit:** SClenergy provided retrofit financing credit enhanced by NYCEEC

Innovation

- Financing repaid through energy savings

Benefits

- No upfront cost, no debt on building, & no increase in OpEx
- **24% annual energy savings**

Additional closed/in-documentation transactions



Roosevelt Landings
1,005 multifamily units



Millennium Hilton Hotel
400,000 SF, 570 rooms



Winn / LISC
500 affordable multifamily units



Millennium Broadway
450,000 SF

Looking Forward:
Key Drivers of Success

Market maturity informs role in driving transformation

Mortgage products

Building on
existing models

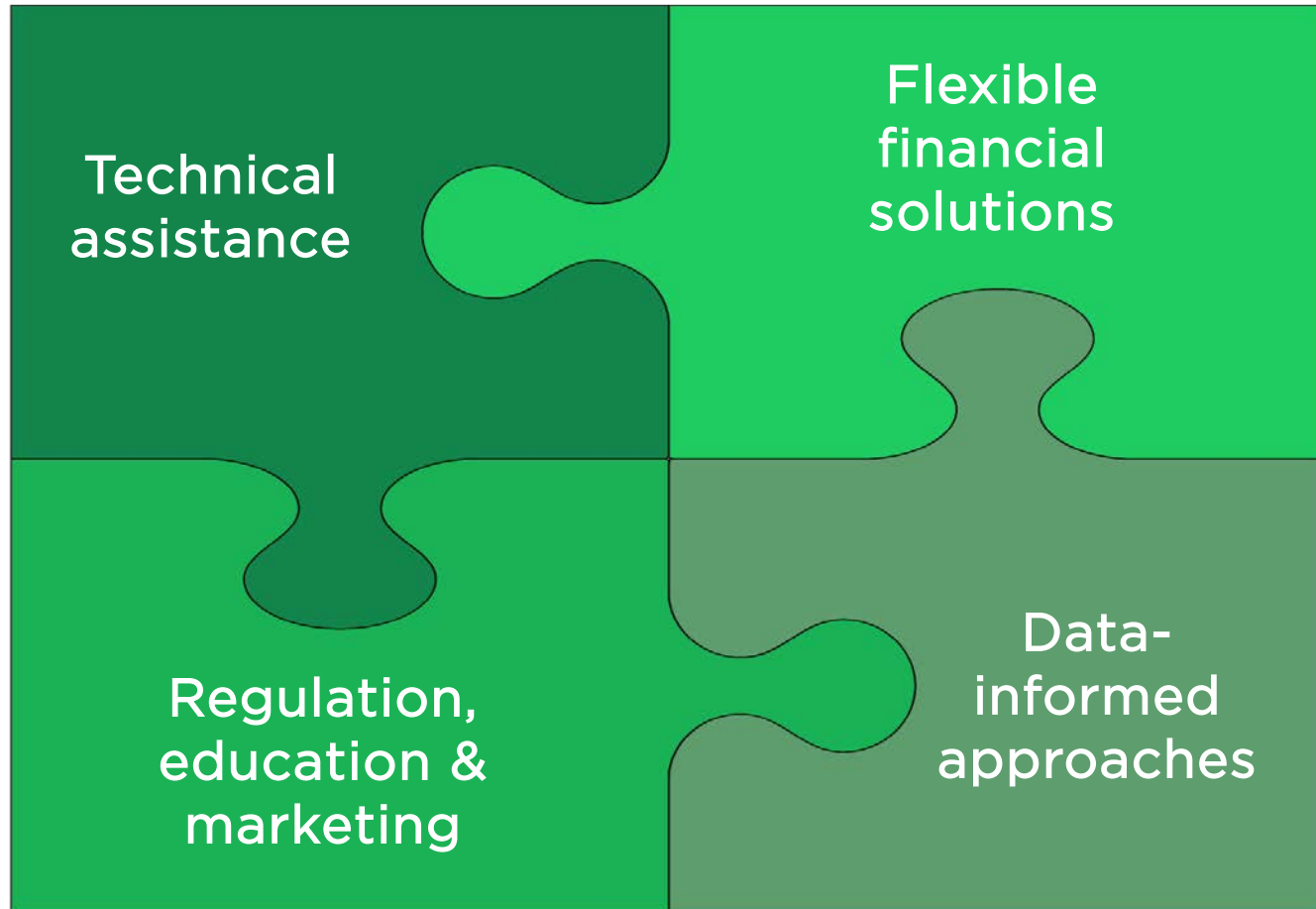
ESAs

Innovating
energy finance

Organizational structure & partnerships lend credibility

- **Regulatory influence** strengthens operations but permits market responsive approach
- Building staff with **deep expertise** in finance & engineering ensures results
- Adopting **commercial lending practices** adds credibility & facilitates partnerships
- High-visibility **public & private partnerships** bring both customers & capital

Good financial products are not a complete solution





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