

Meriden Visioning Series: Session 3

Funding Opportunities and Strategies

June 5th, 2024

Welcome

Joe Feest: Welcome and Introductions

Dale Kroop: Facilitator: Rex Development

Ricardo Vidal: Director of Lending: CT Economic Development Fund

Fiona Stewart: Senior Manager, Investments: CT Green Bank

Binu Chandy: CT. Department of Economic and Community Development



Agenda

Presentations

- ❖ The Importance of Funding
- ❖ Small Business Lending
- ❖ Energy Conservation and Investments
- ❖ Brownfields and Redevelopment Funding Programs

Financing options for your Small Business

Presented by
Community Economic
Development Fund





Our mission

- ✓ **Access to capital for small businesses that can't get traditional bank financing.**
- ✓ **Business education to build knowledge for success.**
- ✓ **Business advisory services to promote sustainability.**

CT's leading SBA
Microlender for
eleven



SBA Microloans

- Up to \$50,000
- Terms up to 7 years
- Inventory
- Equipment
- Working capital
- Refinance debt
- Currently 7.5%



Commercial Term Loans

- Up to \$250,000
- Terms up to 10 years
- Inventory
- Equipment
- Working capital
- Refinance debt

[CEDF.com/inquiry](https://cedf.com/inquiry)



CT Small Business Boost Fund Lender.

- Up to \$500,000.
- Five or Six Year Terms.
- 4.5% fixed rate with no pre-payment penalties.
- Connecticut based businesses with less than 100 employees and annual revenues less than \$8M.
- Small businesses and non-profit businesses that have been in business for at least one year.
- A limited amount of start-up business financing is available.

Commercial Mortgages



- Up to \$500,000
- 51% owner-occupied
- Business use
- Terms up to 20 years
- No pre-payment penalties

CEDF.com/inquiry



Commercial Lines of Credit

- Up to \$250,000
- Terms up to 2 years
- Cash flow needs
- Renewable options

CEDF.com/inquiry

Business Advisory Services

- ✓ Full-time advisors with deep business ownership experience
- ✓ Coaching on best practices in management, marketing, finance
- ✓ Moral support for the burdens of ownership



Business Education

- ✓ Live seminars & workshops
- ✓ Teleconferences & webinars
- ✓ Online learning courses
- ✓ Chalkboard instructional email series
- ✓ Small Business As Usual podcast series



WeTeachSuccess.org



Our team

James S. Bzdyra, President and CEO

Finance & Administration

Karen Maciorowski, Vice President & CFO

Kathy Domijan, Director of Accounting

Marie Dumas, Loan Servicing Specialist

Lending

Ricardo Vidal, Director of Lending

Michael Bianchi, Loan Officer

Lisa Valliere, Senior Underwriter

Emilsa Santana, Loan Program Coordinator

Client Services

Frederick Welk, Director of Business Education and Communications

Steven Adamo, Business Advisor

Jennifer Avallone, Business Advisor

Celeste Tapia, Business Relationship Coordinator



How to connect with us:

Visit <https://www.cedf.com/forms/program-intake/> or

Call (203) 235-2333 ext. 2001

Thank you

Visioning Meriden:

Focus: Commercial Property Assessed Clean Energy (C-PACE) Financing

June 5, 2024



CONNECTICUT
GREEN BANK®



Welcome & Agenda



About the Green Bank

C-PACE Financing Overview

What is C-PACE and how does it work

What properties are eligible for C-PACE

What are eligible expenses

Case Studies

Contact Information



Mission & Vision



Connecticut Green Bank is the nation's first state level green bank. Established in 2011 as a quasi-public agency, the Green Bank uses limited public dollars to attract private capital investment and offers green solutions that help people, businesses and all of Connecticut thrive.

Our mission is to confront climate change by increasing and accelerating investment into Connecticut's green economy to create more resilient, healthier, and equitable communities.



Our Goals



Leverage limited public resources to scale-up and mobilize private capital investment in the green economy of Connecticut.

Pursue investment strategies that advance market transformation in green investing while supporting the organization's financial sustainability goals.

Strengthen Connecticut's communities, especially vulnerable communities, by making the benefits of the green economy inclusive and accessible to all individuals, families, and businesses.



How it works:



Financing

Financing available to commercial properties for clean energy upgrades



Funding

100% low-cost, long term funding (up to 25 years)



Repayment

Owner repays over time through a senior assesment placed on the property



Assessment

Assessment stays with the property regardless of ownership

c-pace Addresses Key Barriers



Lack of funding?

100% financing up to 25 years

Near term plan to sell?

Repayment obligation transfers at sale

Insufficient payback/ROI?

Positive cash flow in year 1

Split incentives?

Assessment / savings pass to tenants

Uncertain savings?

Technical underwriting / $SIR > 1$

Deferred Maintenance?

Include required/related costs in C-PACE project (e.g. solar plus roof replacement are both eligible costs)

c-pace Eligibility Requirements

- **Must be in a town that participates in the C-PACE program**

<https://www.ctgreenbank.com/building-solutions/c-pace/participating-municipalities/>

- **Building type:**

- Any type of commercial building
- Municipal or state buildings are **not** eligible.

- **Project types:**

- Retrofit of Existing Buildings
- Ground up New Construction/Gut Rehab/Repositioning

All Kinds of Properties use c-pace



Location

L.C. Doane • Ivoryton, CT

Energy Update

200 kW roof mounted solar photovoltaic system

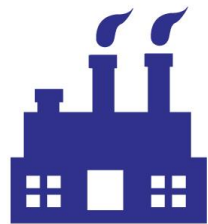
Total Loan Amount

\$1.06 million • Over 10 years

Projected Energy Savings

\$1.47 million • Over the life of the upgrades

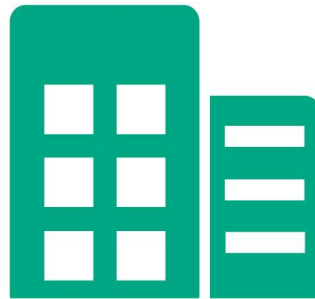
25%
Industrial



16%
Other



24%
Office



16%
Nonprofit



19%
Retail



c-pace Eligible Measures

Eligible Measures

- Energy Saving Measures that are affixed to the property (e.g. solar PV, lighting, HVAC)
- Related measures and cost (capital expenditures required such as new roof with solar)
- EV Charging Infrastructure (exempt from Savings to Investment Ratio (SIR) requirement)
- Resilience (climate change adaptation, nature-based solutions, Fortified designations, also exempt from SIR requirement)

Ineligible Measures

- Appliances, plug load device, vending machine controls
- Measure packages that do not have an SIR >1
- Measures that can be easily removed or not permanently installed
- Measures that don't save energy or create renewable energy

<https://ctgreenbank.com/wp-content/uploads/2018/05/Appendix-D-Technical-Standards.pdf>

<https://www.ctgreenbank.com/about-us/governance/c-pace-program-guidelines/>

Customer Story

DiMare Pastry Shop will save more than \$20,000 in energy costs this year.

Location

Stamford, CT

Energy Upgrade

75.8 kW roof mounted solar photovoltaic system

C-PACE Financing*

\$246,000 over 20 years

Projected Energy Savings

More than \$20,000 a year



"We are always so busy and focused on serving our customers. We don't have time to think about rising energy costs. Going green with our new solar system takes some of the pressure off our business by giving us lower energy costs. We're proud to be doing the right thing for the environment too. We want to keep baking, delighting our customers and continuing on as a long-standing partner with the towns we serve"

- *Maria DiMare*

Customer Story: Enko Chemical

- R&D start-up making environmentally friendly pesticides
- Purchased 91,000 SF former Monsanto site in Mystic
- Investment from Ct. Innovations
- Has completed 4 phases of energy upgrades



Case Study

Clean Energy Scope Installed

New and/or Retrofit Lighting and Lighting Occupancy Controls
High Efficiency LED Grow Lights
Upgrade Chillers to High Efficiency,
Insulation & Controls measures (5 measures)
Pump Variable Frequency Drives - Chilled water and hot water
Solar PV

Table 2. Savings Summary

Financed amount (including closing costs)	\$3,381,375
First year electric energy generation (kWh/yr.)	\$364,047
Utility Incentives	\$1,089,105
Modified Accelerated Depreciation	\$129,013
Federal Income Tax Credit	\$216,828
First year energy cost savings	\$338,047



Investment Summary

Table 1. Financial Metrics

Savings to Investment Ratio (SIR)	1.58
Project cost	\$3,331,375
Amount financed	\$3,381,375
Gross total cost savings over EUL	\$7,989,517
Total PACE + O&M payments over EUL	\$5,060,356
% financed	100%
Owner equity contribution	\$0
Interest rate	5.500%
Finance term, years	15



Team Approach/Keys to Project Success

- **Partners** sent Enko to us early in the process
- Enko engaged **mortgage lender** early to gain consent for C-PACE
- **Contractor** team was able to design project, and navigate technical requirements of C-PACE and Eversource
- **C-PACE was woven with other incentives** (e.g. ITC, utility incentives) to create cash flow.



Summary



- More than 400 properties have used C-PACE to improve their property, create energy savings, and realize cash flow.
- Up to 25- year financing terms, allow savings to outstrip payments over time.
- C-PACE loans have ranged from \$30,000 to nearly \$14,000,000.
- We work with all types of properties (e.g. manufacturers, to agriculture, to nonprofits, and on).
- C-PACE works great in tandem with tax credits, utility incentives and other equity streams.
- Our team is dedicated to helping you, and commercial property owners in your town.



Stay in touch

Fiona Stewart

Senior Manager, Investments, Clean Energy

Connecticut Green Bank

fiona.stewart@ctgreenbank.com

860-258-7806

Peter Ludwig

Senior Manager, Market Engagement

Connecticut Green Bank

peter.ludwig@ctgreenbank.com

860-258-7806

<https://calendly.com/peter-ludwig>



CT DECD Brownfield Funding Programs

Binu Chandy, Director
Office of Brownfield Remediation &
Development

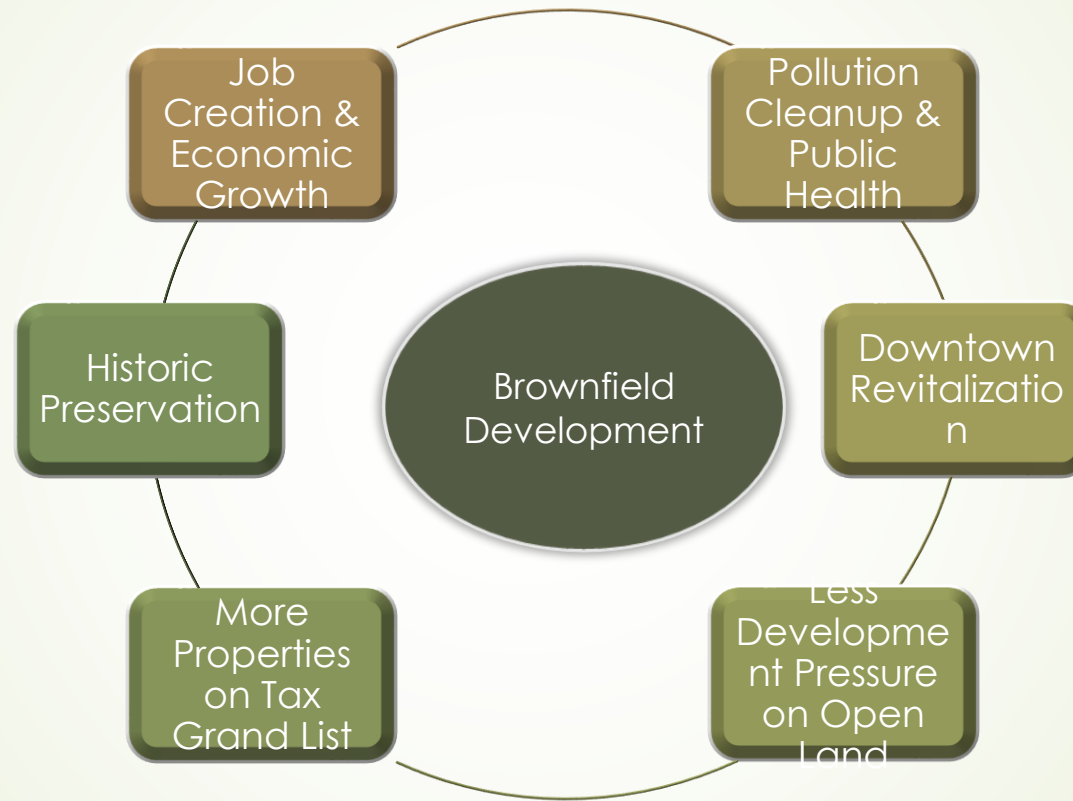
*Connecticut Department of Economic
& Community Development*

June 5, 2024

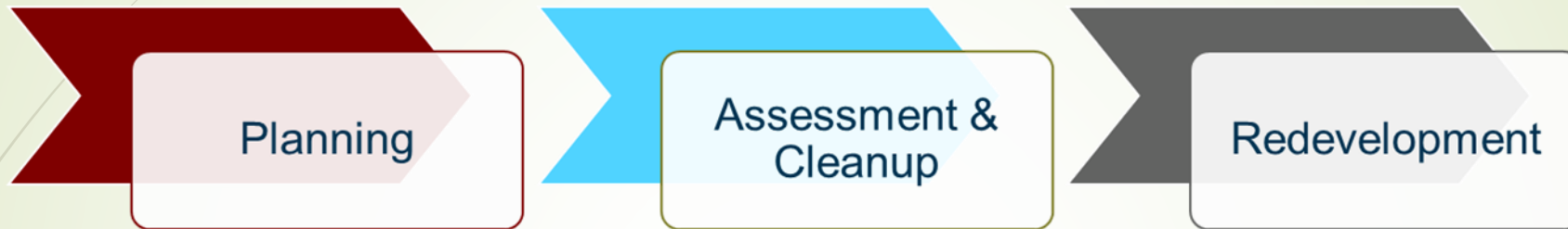


Why Brownfield Development

31



Comprehensive Redevelopment Strategy



Available Toolkit

Brownfield Area-wide Revitalization (BAR) Planning Grant Program

- Brownfield Municipal Grant Program
- Targeted Brownfield Loan Program
- Brownfield Liability Protection Programs (ABC & BRRP)
- Voluntary Remediation Program (VRP)

- Urban Action/STEAP Program
- Community Investment Fund 2030/Challenge Grant
- Historic Tax Credits
- DOH/CHFA Programs
- CT Green Bank
- EPA/DEEP & other federal
- Non-DECD/other state programs

Types of Funding Programs

33

PROGRAM	MAX per application	MIN per application	Notes
Grant – Remediation/Limited Assessment	\$4 million	\$200,000	Note: Max is \$4 million
Loan – Remediation/Limited Assessment	\$4 million	\$500,000	Min. is \$500K
Grant – Assessment-only (Land Banks/COGs)	\$500,000	\$100,000	Can apply for multiple projects/sites. Maximum per project - \$200K
Grant – Assessment-only (Others)	\$200,000	\$100,000	
BAR Planning Grant	\$200,000	Min. not specified	

Funding Programs

- Competitive Process – typically two rounds
- Recent past – \$25 million available in each round for all programs
- Depends on amount approved in the Governor's Budget + SBC allocations
- To access funding - one needs to submit an application form
- Typically, Notices of Funding Availability or Request for Applications published in January and July.
- Applications dues in March/April or Sep/Oct.
- Decisions made in May/June or Nov/Dec.
- Visit CT Brownfields Website (www.ctbrownfields.gov)
- Sign up on mailing list to receive info

Remediation/Limited Assessment Grant and Loan Programs

Remediation Programs (Grant and Loan)

- Primary mission - bringing brownfields back to economic productivity. OBRD has been set up as a one stop resource for brownfield redevelopment
- Competitive process
- Multi-dimensional scoring
 - Shovel Readiness – remediation plan, assembly of financing, redevelopment plan completeness
 - Economic & Community Development Impact
 - Financing/Local – Private Leverage; (developer equity; loan to value ratio)
 - Applicant Experience
- Grant projects with a developer and a proposed end use/redevelopment plan are more cost efficient and have a better success rate – also have a higher chance of receiving an award

Grant versus Loan

	GRANT	LOAN
Max. Request	\$4m	\$4m
Min. Request	\$200K	\$500K
Primary Applicant	Public entities only (Municipalities, Brownfields Land Banks, EDAs (see statutory definition))	Private entities
Collateral	Mortgage Lien	Mortgage Lien and Completion Guaranty

Eligible Uses – Remediation Programs

- Limited investigation, assessment, planning, environmental consultancy
- Soil and groundwater remediation
- Abatement; hazardous materials or waste disposal; demolition activities
- Groundwater monitoring; institutional/engineered controls
- Attorneys' fees (not DECD-contract related tasks)

Threshold Requirements

- Threshold requirements:
 - ▶ Site is a brownfield as per C.G. S. Sec. 32-760
 - ▶ Applicant and potential development partners have no direct or related liability for the conditions of the brownfield.
 - ▶ Applicant has access or will have access to the property, site control or path to site control (for loans - Applicant is the property owner, a potential purchaser)
 - ▶ Potential development partner is registered to do business in the State of CT and is in good standing – no pending lawsuits, liens filed and tax arrears.

Loan Specifics

- Eligible entities - Potential brownfield purchasers and current brownfield owners including, but not limited to, for-profit and non-profit entities, municipalities, Connecticut brownfield land banks, economic development agencies or regional councils of governments.
- Minimum Developer Equity – 10% of total project cost (redevelopment + remediation project)
- No loan forgiveness
- Duration – up to 30 years (should match the private debt financing terms)
- Rate – 3%
- Debt Service Coverage Ratio – 1.15
- Loan deferral can be negotiated; balloon payment plans will not be approved; amortization over the larger portion of the repayment period.
- Permanent Refinancing - The loan will have to be fully repaid on permanent refinancing (does not apply to initial conversion from construction to permanent debt).

Collateral and Security Requirements - Grant

- Completion guarantee or mortgage lien on property
- To be provided by either Applicant or the development partner
- Will be held until redevelopment project is completed
- If plan is to transfer the site to a private developer after remediation, the collateral will have to be assumed by the developer upon transfer.
- Negative Pledge placed on property – Approval from DECD Commissioner to sell, lease, transfer, assign or in any way encumber the property (10 years)
- Use Restriction placed on property – Covenant placed on property that it will be used for purposes described in Application (10 years)
- Negative Pledge and Use Restriction is placed on the land records

Collateral and Security Requirements - Loan

- Completion guarantee and mortgage lien on property
- Will be held until redevelopment project is completed
- The full value of the loan will be recouped if the redevelopment project is not completed.
- Negative Pledge placed on property – Approval from DECD Commissioner to sell, lease, transfer, assign or in any way encumber the property (10 years)
- Use Restriction placed on property – Covenant placed on property that it will be used for purposes described in Application (10 years)
- Negative Pledge and Use Restriction is placed on the land records

Prevailing Wage Rule

- All projects will have to be consistent with the requirements of C.G.S. Section 31-53c and C.G.S. Section 31-53.
- The applicability of prevailing wage as per the statutes is dependent on various factors including, but not limited to,
 - the amount of cumulative DECD funding
 - the entity entering into the grant contract with DECD,
 - the funding sources for the overall project,
 - the entity that will be holding the construction contract (primary recipient versus a private entity),
 - the nature of the improvements (public versus private),
 - and the nature of the end uses (public versus private).
- Please see Grant and Loan FAQs for more information
- DOL Contact (Mary Toner), Wage Enforcement Agent, Public Contract Compliance, DOL - mary.toner@ct.gov; 860.263.6606

Affordable Housing Policy

- Effective July 20, 2022 (from Round 16)
 - May apply to conditional redevelopment initiatives from previous rounds (where scope was not negotiated)
- Threshold requirement – Part A of Application
- Covers grant and loan remediation programs when the proposed redevelopment project includes 10 or more units
- A portion of those units must be deed-restricted for below market rates for 30 years
- Either A. 10% affordable to households making 50% of AMI (Area Median Income) OR B. 20% affordable to households making 80% of AMI.
- Amount spent on housing costs may not exceed 30% of criteria AMI (50% or 80% AMI as per option chosen).
- Units – sizes, finishes, bedroom counts, distribution similar to and blended with market rate units
- All projects have to comply – unless requested and approved by DECD Commissioner

**Remediation Grant Program
Public Private Partnership (PPP)**

What is PPP under the Remediation Grant Program?

46

Grant eligible entities (municipality or other public-entity) partners with a private entity to undertake a brownfield redevelopment project

Need for PPP

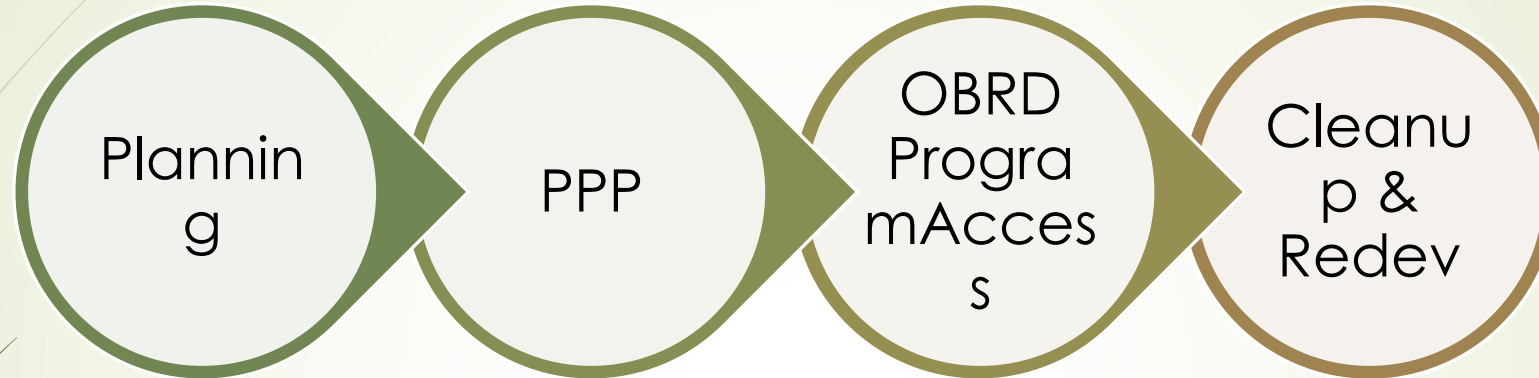
- ❑ Brownfields are not always an attractive option for private developers
- ❑ Higher costs compared to greenfields (untouched lands)
- ❑ Burden of regulations and permits and liability risk with brownfield redevelopment
- ❑ Brownfield sites are usually in the best locations – downtowns, near transit, regional hubs, work centers etc.
- ❑ Brownfield sites usually have an already established infrastructure system
- ❑ The public entity can access the state/OBRD brownfield program (especially the grant program)
- ❑ The private entity can utilize private capital
- ❑ Brownfield cleanup strategies developed in tandem with the redevelopment/construction design are more cost effective

Previous model (typical)



- **Cleanup cost much higher**
- **Reduces redevelopment options for the site**
- **The “clean-up-to” standards – residential vs industrial/commercial pre-decided before end use is formalized**
- **May not be based on market demand – highest and best end use**
- **Changing markets**
- **Gambling on a developer coming to a cleaned-up site**
- **Community “not in my backyard” issues**

Model being encouraged by OBRD



- **Cleanup costs significantly lower**
- **Smart cleanup strategies while being safe for public**
- **Results driven – DECD and OBRD’s mission will be achieved**
- **Better success rate of project delivery**
- **Will not be impacted by market fluctuations**
- **Better chance that developer stays**
- **Community sign-in assured**

Advantages for Private Entity to participate in a PPP

50

Opens up the grant funding option

Support of municipality to move project forward

State/Local help to tackle regulatory issues

Helps with cleanup costs

Helps choice of brownfields vs greenfield

How is OBRD Enabling PPPs

51

Allowing grant pass-throughs to a private entity

Offering options for different types of site ownership

Working with client team to match solutions to type of situation

Allowing grant receiving entity to make decisions on the type of pass-through

Assessment-only Grant Program (up to \$200K/project)

- Value-driven program
- Sowing the seeds for brownfield redevelopment
- Helps stakeholders understand issues
- Potential/Cost-benefit for redevelopment
- Potential end uses (including highest and best end use)
- Attracts developers
- Public information

Eligible Uses of Funds

Assessment-Only Projects

53

Costs Associated with:

- Soil, groundwater assessment and investigation (Environmental Site assessment reports)
- Hazardous building materials survey/design and other infrastructure investigation
- Planning (Conceptual Drawings, Market Demand Studies, etc)
 - (Maximum of 25% of grant funds)
- Engineering and environmental consulting
- Limited clearing activities to conduct investigation activities
- Limited structural investigation
- Attorney fees related to non-DECD contract related legal work
 - Example: Property title and ownership search, environmental use restrictions, etc.
 - No DECD legal expenses involved
- Maximum of 5% for admin soft costs

Application Review & Award Criteria

Assessment-Only Applications

- ▶ Clarity on Assessment Needs
 - Knowledge of contamination and site history
 - Primary investigation
 - Project Description
 - Budget Feasibility / Cost-efficiency
 - Project is in distressed municipality
- ▶ Economic and Community Development Impact
 - Project in Opportunity Zone
 - Locational benefits / merits
 - Developer interest and non-DECD support
- ▶ Non-DECD Support
 - Non-DECD funds committed
 - Market demand / Studies for the site
- ▶ Applicant Experience
 - Applicant experience with completing similar projects on time and within budget

Brownfield Area-wide Planning Grant Program

BAR Planning Grant (up to \$200k/project)

Goals and Outcomes

56

- Comprehensive understanding of the existing conditions and issues
- Community participation to develop a successful implementation strategy
- Effective implementation strategies (based on market studies and feasibility analyses)
- Prioritization of brownfield sites for cleanup and reuse
- Priorities for public and private investment
- Formation of an advisory/steering committee – helps with future strategies/decisions
- **REQUIRED:** Final report with specific implementation strategies to remediate and redevelop BAR Project Area
- Eligible entities – Municipalities, CT Brownfield Land Banks, Economic Development Agencies, Regional COGs

BAR Planning Grant

Eligible Uses

57

- Community visioning / Public Participation Exercises
- Existing conditions analysis
- Limited ESAs (achieve BAR Plan goals & not greater than 25%)
- GIS mapping of brownfields
- Market studies
- Infrastructure analysis
- Roadway and streetscape planning
- Site inventory, Site identification
- Cost-benefit analysis
- Conceptual design, site reuse plans, and implementation strategies
- Financial analysis – project funding sources
- Acquisition due diligence
- Marketing to developers
- Local zoning revisions
- Legal analysis of environmental liabilities
- EPA/DEEP's prepared workbook
- Other actions to spur investment
- Project management (not greater than 5%)
- Other actions to spur investment

Thank you!

- ▶ For additional questions:
- ▶ Please send email to brownfields@ct.gov (preferred) or Contact the dedicated OBRD hotline number at 1.860.500.2395
- ▶ Visit the OBRD Website to access the Application material:
- ▶ www.ctbrownfields.gov



Thank you!

➤ Binu.Chandy@ct.gov

➤ 860.500.2454

➤ www.ctbrownfields.gov

