Support of High-Performance Buildings in New York State

Wildflower Farms

In April 2021, NY Green Bank (“NYGB”) committed $25.0 MM to a construction loan to finance the construction of a 65-room, energy efficient hotel in Gardiner, NY, named Wildflower Farms (the “Project” or “Hotel”). NYGB will be supporting the Project alongside CleanFund Commercial PACE Capital, Inc., marking its first investment alongside a C-PACE capital provider. This transaction demonstrates NYGB’s commitment to supporting high performance buildings and represents NYGB’s first debt investment in an energy efficient (“EE”) new construction property.

Transaction Description

Wildflower Farms qualifies for financing under the C-PACE program and is the first property in NYS to be exclusively financed by clean energy financing sources. The Project is expected to demonstrate energy savings of 31% vs. a standard built hotel of its size and qualifies under the NYSERDA New Construction Program’s definition of “Deep Energy Savings.” The Project will purchase 100% renewable power from offsite sources through NYS Power to Choose. The Hotel will be managed by Auberge Resorts Collection, the operator of 19 unique hotels across North America and Europe. The Project is sponsored by Hudson Valley Management, LLC, an investment vehicle managed by New York-based real estate investor SY Holdings.

This transaction supports EE new construction in NYS and demonstrates to the marketplace that NYGB capital is available to support such projects alongside PACE and C-PACE financing. Through this transaction NYGB continues to demonstrate the viability of EE construction in the State, draw new investors and financial institutions into the marketplace, and lower the cost of capital in this market sector. Increased EE construction will continue to drive PACE financing activity in the State, which will help NYS meet its clean energy targets by 2025.

This Transaction Profile is provided pursuant to the updated NY Green Bank – Metrics, Reporting & Evaluation Plan, Version 3.0 (the “Metrics Plan”) developed in collaboration with the NYS Department of Public Service and filed with the New York Public Service Commission (the “Commission”) on June 20, 2016. This Transaction Profile contains specific information in connection with the April 2021 Wildflower Farms transaction as required by the Metrics Plan.

Form of NYGB Investment

<table>
<thead>
<tr>
<th>NYGB Product</th>
<th>Product Sub-Type</th>
<th>Committed Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency</td>
<td>Construction Loan</td>
<td>$25.0 million</td>
</tr>
</tbody>
</table>

Location(s) of Underlying Project(s)

Hudson Valley. The Project will be in Gardiner, NY.

1 Property Assessed Clean Energy (“PACE”) and Commercial Property Assessed Clean Energy (“C-PACE”)
2 Case 13-M-0412.
Types of Client & Counterparty Organizations that are Transaction Participants

<table>
<thead>
<tr>
<th>Name</th>
<th>Participant Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor</td>
<td>Hudson Valley Management, LLC</td>
</tr>
<tr>
<td>PACE Capital Provider</td>
<td>CleanFund Commercial PACE Capital, Inc.</td>
</tr>
</tbody>
</table>

Summary of Financing Market Objectives & Barriers Addressed

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Market Barrier</th>
<th>Financing Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Asset Owners</td>
<td>When designing new buildings in NYS, owners and developers of new construction projects are not always able to rely on energy modeling and cost-benefit analysis in order to secure appropriately-priced capital, reducing their ability to realize the benefits of energy efficient technology.</td>
<td>NYGB financing provides funding to construct the Project with accretive and environmentally-friendly EE features. NYGB’s role helps to enable greater deployment of EE measures throughout the State.</td>
</tr>
<tr>
<td>Capital Markets Participants</td>
<td>Many investors may find it difficult to assess the viability and price the value of underlying EE measures in high-performance buildings.</td>
<td>The Project supported by this transaction will generate project and performance data and will draw new investors and financial institutions into the marketplace by demonstrating the value of high-performance buildings.</td>
</tr>
</tbody>
</table>

Technologies Involved

<table>
<thead>
<tr>
<th>Technology</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency</td>
<td>Various</td>
</tr>
</tbody>
</table>

Metrics & Evaluation Plan

Planned Energy & Environmental Metrics

NYGB’s minimum investment criteria specifically require that “transactions have the potential for energy savings and/or clean energy generation that will contribute to GHG emission reductions in support of New York’s energy policies.”\(^3\) In addition, the Metrics Plan requires that the following energy and environmental measures, applicable to this transaction, be reported:\(^4\)

- Estimated gross lifetime and annual electricity savings (MWh);  
- Estimated gross lifetime and annual fuel savings (MMBtu); and  
- Estimated gross lifetime and annual GHG emission reductions (metric tons).

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\(^4\) See Metrics Plan, Section 2.0, pages 2 - 6.
The estimated gross lifetime and annual energy and environmental impacts of the Construction Loan are as follows:

<table>
<thead>
<tr>
<th>Energy/Environmental Impact</th>
<th>Lifetime Low Estimate</th>
<th>Lifetime High Estimate</th>
<th>Annual Low Estimate</th>
<th>Annual High Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated electricity savings (MWh)</td>
<td>11,872</td>
<td>12,497</td>
<td>440</td>
<td>463</td>
</tr>
<tr>
<td>Estimated fuel savings (MMBtu)</td>
<td>12,445</td>
<td>13,100</td>
<td>461</td>
<td>485</td>
</tr>
<tr>
<td>Estimated GHG emission reductions (metric tons)</td>
<td>6,712</td>
<td>7,063</td>
<td>249</td>
<td>262</td>
</tr>
</tbody>
</table>

Planned Market Characterization Baseline & Market Transformation Potential

The Metrics Plan requires that market evaluation occur when a critical mass of NYGB financing and investment arrangements are in place. Market evaluation activities commenced in 2018 in sectors that NYGB has supported since inception, consistent with the requirement for such assessments approximately three to five years following initial NYGB capital deployments. NYSERDA collected baseline data for the solar sector in 2019 and will update the data to include indicators specific to this transaction. NYSERDA will use baseline data collected for indicators as a comparison point against which to assess market progress in later studies. Progress indicators are defined below for the short, medium and long terms.

NYGB expects that program tracking and/or future market evaluation will demonstrate progress across short-term indicators; including:

- Size (i.e., expected dollar value) and type of improvements spurred by the Construction Loan;
- Aggregate expected energy savings for improvements spurred by the Construction Loan; and
- The number of improvements completed.

NYGB expects that program tracking and/or future market evaluation will demonstrate progress across medium- and long-term indicators; including:

- Increase in market volume of energy efficient new construction;
- Increase in general understanding of energy efficiency benefits by financial community;
- Increase in general understanding of lending alongside PACE financing by financial community;
- Increased awareness and use of energy efficiency investment performance data by financing entities;
- Demonstration of competitive risk-return profiles for energy efficient properties;
- Decreased operating costs of energy efficient properties; and
- Increased number of new lending participants.

Proposed Method of Outcome/Impact Evaluation (by NYSERDA) & Timeframe

NYSERDA will evaluate the impacts this transaction has had on the clean energy finance markets and the energy/environmental benefits it delivers.

**Market evaluation** will address the short, medium and long-term indicators identified above. Methods will include analysis of program data along with interviews and surveys of market participants (industrial service providers, financial community) to track information including but not limited to: participation rates, project scale information, and influence of NYGB’s participation on financial markets. As noted, baseline data was collected on key indicators in the first phase evaluation during 2018 – 2019. Subsequent studies will assess progress against baseline levels for other market segments. The specific timing of these efforts will be determined (and may be revised) on an ongoing basis as NYGB’s investment portfolio continues to grow and evolve.

**Impact evaluation** will assess the performance of the building funded under the loan, once completed, commissioned, and operational. In accordance with the Metrics Plan, NYGB will track the Wildflower Farms construction process that may receive an incentive or funding from other entities (e.g., utility, other NYSERDA program) to minimize any double-counting activity on a consolidated basis. As set out in the Metrics Plan, evaluation sampling approaches will also be

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5 See Metrics Plan, Section 3.3, page 7.
used as a mechanism to estimate overlap and minimize double counting. NYSERDA and NYGB will attempt to coordinate market and impact evaluation activities for projects that receive support from multiple sources in order to maximize the efficiency of data collection and avoid participant survey fatigue.