THE ARLINGTON AT Poughkeepsie: PHASE 1

Construction-to-term loan to support the construction and operation of a 100% electrified residential and commercial property in Poughkeepsie, New York

Transaction amount: $21.0 million
Counterparties:
(Project Sponsor) PAZ Management, Inc.
(Project Borrower) Arthur May Redevelopment Holdings, LLC
Product: Construction-to-term loan
Date closed: December 2022
Estimated lifetime metric tons CO₂e reduced: 2,430
Technologies: Energy efficiency / building decarbonization
Location: Upstate
End-use segment: Residential, commercial & Industrial

PAZ Management, Inc. will use NY Green Bank’s facility to finance the construction and operation of an electrified, mixed-use property. The Phase 1 Facility will finance the renovation of a former school building and a new construction.

Market Barriers and Solutions
Owners and developers of new construction projects are not always able to secure appropriately priced capital based on projected energy savings and cost-benefit analysis. NY Green Bank’s facility demonstrates the availability of capital to finance construction / renovation of real estate developments pursuing energy efficiency.

“PAZ Management, Inc. is proud to have worked with NY Green Bank to develop the Arlington of Poughkeepsie, a mixed-use, all-electric real estate development in the Town of Poughkeepsie. Our collaboration will deliver sustainable, energy-efficient housing and commercial spaces that reflect our joint commitment to environmental and community-focused infrastructure. We are grateful to NY Green Bank’s leadership for their vision and innovation in achieving this shared mission.”

Jacob Reckess, President of PAZ Management, Inc.
The Arlington at Poughkeepsie: Transaction Profile

February 2023

Construction-to-term loan to support the construction and operation of a 100% electrified residential and commercial property in Poughkeepsie, New York

THE ARLINGTON AT POUGHKEEPSIE: PHASE I

On December 19, 2022, NY Green Bank (“NYGB”) closed a $21.0 million construction-to-term loan to PAZ Management, Inc. PAZ Management, Inc. will use NYGB’s facility to finance the construction and operation of an electrified, mixed-use property. The Phase 1 facility will finance the renovation of a former school building and new construction.

Transaction Description

PAZ Management, Inc. is a second-generation community-focused developer headquartered in Poughkeepsie, NY, with over 40 years of experience in developing, owning, and managing assisted living and multifamily projects. PAZ Management, Inc. currently owns and operates three assisted living facilities and a licensed home care services agency and maintains an active real estate development and management division.

With this investment, NYGB continues to support the decarbonization of New York State’s building sector. Real estate developers planning fully electrified projects can find it difficult to secure sufficient construction and term financing. NYGB’s facility demonstrates the availability of capital to finance construction / renovation of real estate developments pursuing energy efficiency measures. Further, NYGB’s support of a fully electrified property in an underserved community will provide Poughkeepsie residents with modern and resilient living facilities.

This Transaction Profile is provided pursuant to the updated NY Green Bank – Metrics, Reporting & Evaluation Plan, Version 3.1 (the “Metrics Plan”) developed in collaboration with the NYS Department of Public Service and filed with the NYS Public Service Commission (the “Commission”) on May 2, 2022.¹ This Transaction Profile contains specific information in connection with the PAZ Management, Inc. transaction entered into in December 2022, as required by the Metrics Plan.²

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>Asset Loan &amp; Investment</td>
<td>Construction-to-Term Loan</td>
<td>$21.0 million</td>
</tr>
</tbody>
</table>

Location(s) of Underlying Project(s)

Upstate. Project is located in Poughkeepsie, New York.

¹ Case 13-M-0412.
² See Section 4.0 at page 8 - 9 and Schedule 3.
Types of Organizations that are Transaction Participants

<table>
<thead>
<tr>
<th>Name</th>
<th>Participant Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counterparty PAZ Management, Inc</td>
<td>Project Sponsor</td>
</tr>
<tr>
<td>Counterparty Arthur May Redevelopment Holdings, LLC</td>
<td>Project Borrower</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>Owners and developers</td>
<td>Owners and developers of new construction projects are not always able to secure appropriately priced capital based on projected energy savings and cost-benefit analysis.</td>
<td>NY Green Bank’s facility demonstrates the availability of capital to finance construction / renovation of real estate developments pursuing energy efficiency.</td>
</tr>
</tbody>
</table>

Technologies Involved

<table>
<thead>
<tr>
<th>Technology</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency / Building Decarbonization</td>
<td>Appliances &amp; Hot Water; Building Envelope; Energy Management / Control Systems; HVAC; Lighting, etc.</td>
</tr>
</tbody>
</table>

Metrics & Evaluation Plan

Planned Energy & Environmental Metrics

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

- Estimated gross lifetime and annual total energy savings (MMBtu equivalent);
- Estimated gross lifetime and annual natural gas fuel savings (MMBtu);
- Estimated gross lifetime and annual GHG emission reductions (metric tons).

The estimated gross lifetime and annual energy and environmental impacts of the investment 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 total energy savings (MMBtu equivalent)</td>
<td>45,786</td>
<td>45,786</td>
<td>1,017</td>
<td>1,017</td>
</tr>
<tr>
<td>Estimated natural gas fuel savings (MMBtu)</td>
<td></td>
<td></td>
<td>Same as above</td>
<td></td>
</tr>
<tr>
<td>Estimated GHG emission reductions (metric tons)</td>
<td>585</td>
<td>2,430</td>
<td>13</td>
<td>54</td>
</tr>
</tbody>
</table>

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4 See Metrics Plan, Section 2.0 at pages 2 - 6.
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 on sectors that NYGB has supported since inception, consistent with the requirement for such assessments approximately three to five years following initial NYGB capital deployments.\(^5\) NYSERDA collected baseline data for the NYGB portfolio 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 and/or future market evaluation will demonstrate progress across short-term indicators, including:

- Size and location of projects financed by the investment;
- Aggregate expected energy savings for projects financed by the investment.

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 properties;
- Increase in general understanding of energy efficient properties by the 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 impact this transaction has had on the clean energy finance markets and the energy/environmental benefits it delivers.

Market evaluation will assess the short, medium and long-term indicators identified above. Methods will include analysis of program data along with interviews and surveys of market participants (e.g., financial community) to track information including but not limited to: project scale information and influence of NYGB’s participation on financial markets. As noted, NYSERDA collected baseline data on key indicators in its first phase evaluation during 2018 – 19. Later follow-up studies will assess progress against baseline levels for other market segments as those evolve. The specific timing of these efforts may be revised based on experience or other factors as NYGB’s investment portfolio further develops and evolves.

Impact evaluation will assess which of the projects funded under the investment raised construction financing and were completed, commissioned, and placed in service.

In accordance with the Metrics Plan, NYGB will track PAZ Management, Inc. projects that receive incentives or funding from other entities (e.g., utility, other NYSERDA programs) to minimize any double-counting activity on a consolidated basis. As set out in the Metrics Plan, evaluation sampling approaches will also be 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.

\(^5\) See Metrics Plan, Section 3.3 at page 7 - 8.