

Transaction Profile

Financing in action

WILDFLOWER FARMS

Construction lending supports the construction of a high-performance, energy-efficient, luxury hotel



In April 2021, NY Green Bank committed \$25 million to finance the construction of a 65-room, energy-efficient hotel in Gardiner, NY, named Wildflower Farms. This transaction demonstrates NY Green Bank's commitment to supporting high-performance buildings and represents NY Green Bank's first debt investment in an energy efficient, new construction property. The project is expected to demonstrate energy savings of 31% versus 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.

In November, 2022, NY Green Bank increased the size of its existing facility by an additional \$4 million, which will continue to support the construction of Wildflower Farms.

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 senior lender comfort in investing in all-electric, new building projects with C-PACE financing.

Transaction amount: **\$29.0 million**

Counterparties:

(Project Sponsor) Hudson Valley Management, LLC

(Project Borrower) Shinrin Yoku LLC

(C-PACE Lender) CleanFund Commercial PACE Capital, Inc.

Product: **Construction loan**

Date closed: **November 2022**

Estimated lifetime metric tons

CO₂e reduced: **2,775**

Technologies: **Energy efficiency/
building decarbonization**

Location: **Upstate**

End-use segment: **Commercial
& industrial**



"NY Green Bank enabled Wildflower Farms to access private market capital via the first Property Assessed Clean Energy (PACE) financing in New York State. As senior lender, NY Green Bank brought thoughtfulness and creativity to the table at a time when other lenders were hesitant to tackle the complexity inherent in doing the first C-PACE transaction in New York."

*Phillip Rapoport, Managing Partner,
SY Holdings*

Construction Lending to Support the Construction of a High-Performance Hotel

Wildflower Farms

In April 2021, NY Green Bank (“NYGB”) committed \$25.0 million 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 committed an additional \$4.0 million in November 2022, bringing the total commitment to \$29.0 million. NYGB will be supporting the Project alongside CleanFund Commercial PACE Capital, Inc.,¹ 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 3.1 (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 May 2, 2022.² This Transaction Profile contains specific information in connection with the April 2021 and November 2022 Wildflower Farms transactions as required by the Metrics Plan.

Form of NYGB Investment

NYGB Product	Product Sub-Type	Committed Capital
Energy Efficiency	Construction Loan	\$29.0 million

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 Organizations that are Transaction Participants

	Name	Participant Type
Counterparty	Hudson Valley Management, LLC	Project Sponsor
Counterparty	Shinrin Yoku LLC	Project Borrower
Counterparty	CleanFund Commercial PACE Capital, Inc.	C-PACE Lender

Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
Owners and Developers	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 senior lender comfort in investing in all-electric, new building projects with C-PACE financing.

Technologies Involved

Technology	Measures
Energy Efficiency	Appliances & Hot Water; Building Envelope; HVAC; Lighting; Water Conservation, etc.

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

The estimated gross lifetime and annual energy and environmental impacts of the Construction Loan are as follows:

Energy/Environmental Impact	Lifetime Low Estimate	Lifetime High Estimate	Annual Low Estimate	Annual High Estimate
Estimated total energy savings (MMBtu equivalent)	55,740	55,740	2,065	2,065
Estimated electricity savings (MWh)	12,497	12,497	463	463

³ Case 13-M-0412, "Order Establishing New York Green Bank and Providing Initial Capitalization" issued and effective December 19, 2013 of the Commission, Ordering Clause 6 at pages 24 – 25.

⁴ See Metrics Plan, Section 2.0, pages 2 - 6.

Energy/Environmental Impact	Lifetime Low Estimate	Lifetime High Estimate	Annual Low Estimate	Annual High Estimate
Estimated natural gas fuel savings (MMBtu)	13,100	13,100	485	485
Estimated GHG emission reductions (metric tons)	2,775	2,775	185	185

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.⁵ 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-

⁵ See Metrics Plan, Section 3.3, page 7 - 8.

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.