



Lead Organization: SCIenergy (formerly Transcend Equity Development Corporation)

Program start: August 2011

Target: Commercial/Industrial Building Owners

Credit Enhancement:

Pre-development Revolving Loan Fund - \$1,000,000

Loan Loss Reserve - \$3,000,000

Private Investment Available for Retrofit Lending: At least \$40,000,000

SCIenergy provides green development and financial services to owners of commercial office properties to enhance yield on their real estate investments through energy efficiency and sustainability. SCIenergy uses a unique set of skills in real estate, capital markets and project development to overcome traditional hurdles to getting green in commercial real estate. Its Managed Energy Services Agreement structure improves the financial performance of commercial buildings while making them green, which makes their buildings more attractive to new and existing tenants. It also works with debt constrained private institutions – from private hospitals and universities to corporate real estate – to provide capital for urgent infrastructure.

Project purpose: The C&I Retrofit Program is designed to increase the amount of private lending for energy efficiency retrofits to the commercial building sector by providing 10% loan loss reserve that stands behind loans included made through the portfolio.

Scope of Services: SCIenergy will improve commercial and industrial buildings through a contract structure known as a Managed Energy Services Agreement (MESA). Under a MESA, SCIenergy will assume responsibility for paying all of a building owner's energy expenses for a period not to exceed 10 years. For the duration of the agreement, the landlord pays SCIenergy the historical costs of energy services replaced by the MESA, adjusted for rates, weather, occupancy and other parameters (i.e., the MESA is expense neutral to the building). SCIenergy then invests capital into major infrastructure improvements for the property (mechanical, electrical, building envelope, and control systems) to create cost savings while still meeting the comfort and service obligations of the tenants' lease agreements. SCIenergy uses the expense savings produced by the improvements to recover its investment. Replacing a landlord's capital with SCIenergy's improves the landlord's yield on the asset, and replacing aging systems with modern equipment; thereby improving the reliability and quality of the environment provided to tenants. Throughout the program, SCIenergy is also responsible for:

- Recruitment and enrollment of building owners into loan program
- Oversight of all retrofit activity including building energy modeling, contractor selection, construction and project management.
- Loan origination and administration

Anticipated Outcomes

- Leverage the \$3 million credit enhancement at a minimum of a 10:1 ratio leverage to achieve at least \$40 million in private investment for retrofits
- Retrofit at least 4 million square feet of commercial/industrial space