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PACE Financial Servicing (PFS) is program administrator of the Maryland Commercial Property Assessed Clean Energy (MD-PACE) program, which is sponsored by the Maryland Clean Energy Center (MCEC).

PFS is led by the award-winning team who created the country's most successful PACE program and its leadership team has advised or worked with virtually every commercial PACE program nationally. With more experience in commercial PACE administration than anyone in the country, PFS offers unparalleled service to its public sector partners. PFS has leveraged its PACE experience and technology to help develop a highly efficient PACE administration and servicing platform, all of which has earned PFS national recognition as the gold standard in PACE financing. PFS makes PACE easy: its goal is to build PACE programs that seamlessly connect PACE capital to interested building owners. The result is increased economic activity, reduced environmental pollution, and new jobs.

HB0517 – Clean Energy Loan Program –Remediation and Resiliency

Hearing Date: February 2nd, 2021

Committee: Environment and Transportation

Recommendation: Support

As manager of the Maryland Commercial Property Assessed Clean Energy (“MD-PACE”) program (the Clean Energy Loan Program established by §§ 1-1101 et. seq. of the Local Government Article of the Maryland State Code, and which HB0517 will amend), I can comment confidently on the impact of HB0517 on the program. I am pleased to support HB0517.

The MD-PACE program is the statewide vehicle for property assessed clean energy (“PACE”) financing in Maryland. C-PACE-enabling legislation is active in thirty-six states plus D.C., and C-PACE programs are active in twenty-four states plus D.C. Maryland is one of the early adopters of PACE-enabling legislation. The MD-PACE program is sponsored by the Maryland Clean Energy Center (“MCEC”) and administered by my firm, PACE Financial Servicing (“PFS”). The MD-PACE program must be adopted by local governments and we currently serve sixteen jurisdictions in Maryland. Montgomery County and Prince George’s County operate their own standalone C-PACE programs, meaning that eighteen jurisdictions across the state benefit from a C-PACE program. C-PACE financing allows commercial and non-profit property owners to access low interest, long term financing from private capital providers for energy efficiency and renewable energy improvements to both new and existing buildings. No government funds are involved in administering the program or financing C-PACE projects.

The program has been actively funding projects for approximately four years, during which time forty-seven properties across the state have been able to access \$44.3 million of private financing for energy-related improvements which would not otherwise have been available. These projects have ranged from main street businesses in Chestertown to non-profits in Baltimore to summer youth camps in Frederick and hotels in Towson and Gambrills. Most recently, the program allowed for its largest project yet, over

\$8 million in financing for the construction of an apartment complex in Baltimore City. Looking ahead, the program has reached an inflection point. In the past year alone, we have more than doubled the program's financial impact and made Maryland a state with one of the most robust C-PACE programs in the country.

Senate Bill 0319 will facilitate a second evolution of the MD-PACE program. States that have most recently passed C-PACE-enabling legislation have expanded the public benefit that C-PACE is mandated to support to include resiliency measures, effectively creating what some now call a "C-PACER" program. Senate Bill 0319 will do the same, expanding the measures that are eligible for C-PACE financing in Maryland beyond energy efficiency and renewable energy measures to include environmental remediation, resiliency improvements, and air quality improvements, including those building improvements necessary to allow Marylanders to safely return to work. This will place Maryland on the cutting edge of the C-PACE industry.

I encourage the enthusiastic support of HB0517. The MD-PACE program has had a considerable impact on economic development and the improvement of the state's building stock. Through this legislation, the program will be able to have an even greater impact on improving the economies and environments of our local communities.