

# Montana Facility Finance Authority

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A long time ago in a galaxy far,  
far away....

**INNOVATION**

**What are some market risks we're seeing?**

# What are we doing to get over these risks?

## Breakout:

- Are you/partners/clients working on any new programs / projects?
- If not, are you looking into new programs / projects?

# Innovations: Maine Pooled Loan

- **>\$600,000 loan size**
- **Finances smaller facilities**
- **80% unrated**
- **Pooled Program: \$3.2 billion since 1991**
- **Conduit Program: \$2.8 billion since 1972**

## Innovations: WA Quick Loan

- Direct placement with a bank
- 65-day turnaround
- Quick, simple, lower cost
- Use bank's standard loan documents
- In past 3 years: 13 loans, saving \$5.4 million for borrowers

# Innovations: South Carolina

- Help local governments bridge financial gaps due to COVID
- \$100 million program
- First 5 years interest free



# C-PACE – A New Financing Option for Businesses

## Commercial Property Assessed Capital Enhancements (C-PACE)

Private capital covers the costs of improvements that:

- save energy
- save water
- generate renewable energy

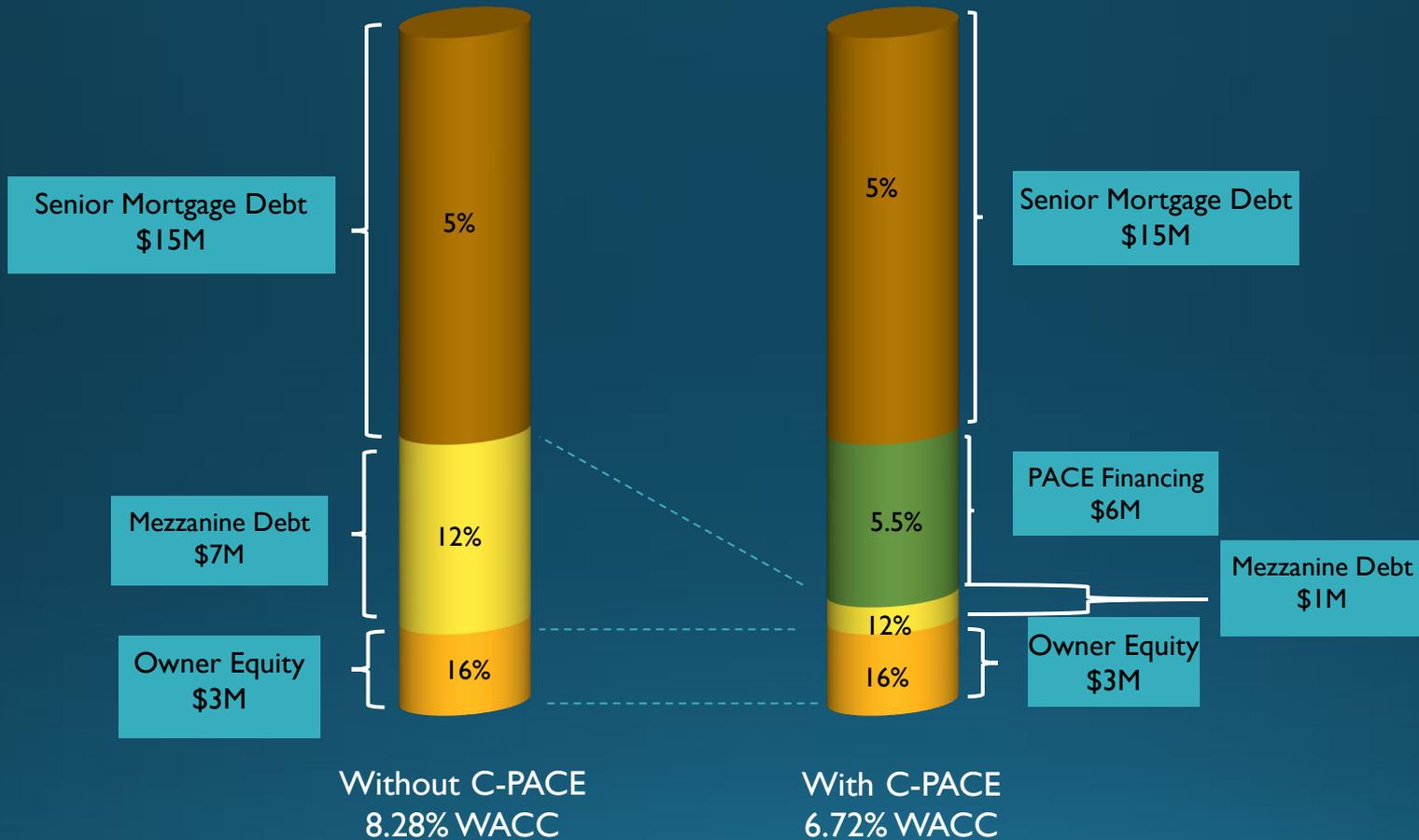
Savings cover the cost of financing

No out of pocket

Paid back via a special assessment on the property



# Where C-PACE fits in the Capital Stack



Developers utilize PACE to fill gaps in their capital stack and lower project's WACC

# Why C-PACE is Popular

For retrofits, 100% Funding, Zero Out-of-Pocket	Non-Recourse	Non-Accelerating = only delinquent payments are collectible
Increases Cash Flow, Net Operating Income & Asset Value	Fixed Rates for the asset's useful life	Transferrable Payment Obligation
Combines well with other finance programs such as SBA and NMTC	Lower cost of capital than mezzanine or preferred equity	For new construction, typically 15-25% of total project costs

\*\* Slide material provided by C-PACE Alliance\*\*

## Innovations: Illinois FA C-PACE

- Fixed rate for up to 30-40 years
- Issued \$57.92 million over 6 C-PACE projects
- Started short-term warehouse lending with capital provider for \$12.3 million project
- \$351,125 in revenue over 7 financings

## Takeaway Question:

- If the means of doing business changed tomorrow, how easily can you pivot so you continue to accomplish your mission and serve your communities?