



Green Corridor Board of Directors Meeting

September 22, 2022



Imagine what we can do.

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Agenda

- Roll Call
- Approval of Minutes – February 16, 2022; May 20, 2022; and July 29, 2022
- Public Comments
- Discussion and Action Items
 - Consideration of **Resolution #2022-04** Adopting the Fiscal Year 2023 Budget
 - Consideration of **Resolution #2022-05** Increasing Interest Rates and Origination Fees; Adding Rates for Commercial Buy Down Program and Charging Residential Buy Down Rates to Match the Commercial Rates; Extending the Final Maturity Date For all Series of Bonds By 15 Years; Increasing the Total Amount of Bonds Authorized to Be Issued By \$1 Billion; Changing the Bond Purchaser from Ygrene Energy Fund, Inc. To Ygrene Energy Fund Florida, LLC
 - Consideration of **Resolution #2022-06** Amending Program Guidelines to Reflect Increases in Interest Rates and Origination Fees and Adding Rates for Commercial Buy Down Program and Changing Residential Buy Down Rates to Match the Commercial Rates
 - Consideration of **Resolution #2022-07** Authorizing \$1 Billion of New Bonds (Series 2022) under a New Trust Indenture to Provide For Two Annual Distributions of Bond Payments Instead of the Single Annual Distribution Structure of the 2017 Series of Bonds
- Acceptance of the Audit for Fiscal Year Ending September 30, 2021
- Staff Reports
 - Attorney Report
 - Manager Report
 - Status of Audit
 - Presentation of Draft Budget
 - Administrator Report
- Financial Reports
 - Summary of Invoices
 - Balance Sheet
- Board Member Requests
- Adjournment

Administrator Report

What Ygrene Is Seeking

Rate Increases – Ceiling Request

1. Increase interest rate charged to Property Owner over Life of Assessment

Current Base Rate: 7.99%

Buy Down Range: 7.99% - 3.99%

Proposed Base Rate: Up to 9.99%

Proposed Buy Down Range: 9.99% - 4.99%

Present Intent: Keep rate at 8.99%

2. Increase origination fee (percent of project cost)

Currently charging: 3%

Proposing: ability to charge up to 5%

Intent: keep origination fee at 4%



Proposed Adjustments to SelectRate Program (Property Owner Buydown Program)

With market interest rates continually rising, the current buydown program is not sustainable. The below proposed adjustments will allow Ygrene the flexibility needed to keep the SelectRate Program in place.

Not to exceed:

- 7% of project costs for 1% rate reduction
- 14% of project costs for 2% rate reduction
- 21% of project costs for 3% rate of reduction
- 28% of project costs for 4% rate of reduction



Authorization of New Bonds

A new set of Bond Documents is needed in order to institute a bond structure that provides for distributions of assessments to Bondholders twice a year rather than once a year as currently structured under the 2017 Bond Documents. The change in structure cannot be made by amending the 2017 Bond Documents, as the change would require 100% bondholder approval, which is nearly impossible to obtain. The new bond structure with twice a year distributions will provide for more advantageous marketing and pricing when the PACE assets are securitized.

Why Adjustments Are Needed

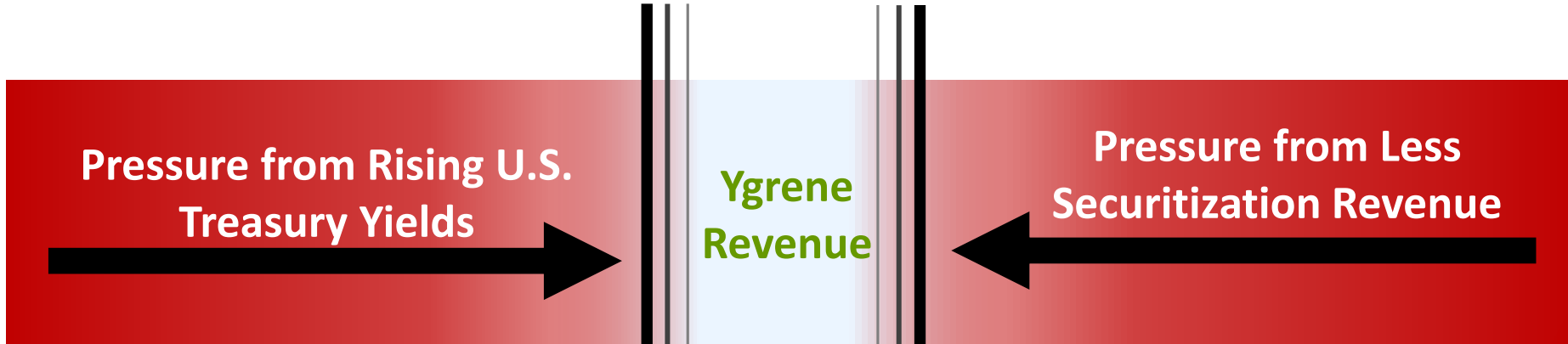


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What Is Happening?

- Under the current environment of rising Treasury yields and higher securitization investor spread premiums, Ygrene's revenue is getting squeezed from both ends. Revenue margins have declined over 60%.
- Increasing interest rates and origination fees will allow Ygrene to adjust to these economic pressures and fulfill our mission to serve property owners and communities.



Basis for Origination Fee Increase

Multiple steps in the origination process have been added since 2019 to improve consumer protections; increasing Ygrene's annual operational costs.

- In the last two years, Ygrene has had to hire over fifty Operations Team members to support and operationalize the new consumer protections. (approximate annual cost: \$2M)
- System changes to accommodate the special requests for Palm Beach County, Pasco County and other jurisdictions (approximate annual cost: \$920,000)
- Hired a consultant and 3rd party company to review pricing and useful life for eligible improvements (approximate cost: \$480,000)
- Earlier this year, we implemented the Inspection software to verify completion of projects with a 3rd party tool (approximate annual cost to maintain: \$85,000)

Basis for Origination Fee Increase (continued)

- Ygrene currently charges a 3% origination fee to cover operational costs, including overhead. The 3% fee has not increased from the start of the program.
- All of Ygrene's other programs (California and Missouri) have increased the fee to 4% in response to increased costs.
- Approving the increase helps Ygrene remain competitive operationally.



PACE Consumer Protections

Begin Day 1

~Month 6-7



Key Pre-NTP Consumer Protections

Key Post-NTP Consumer Protections



Application Disclosures*
Underwriting Process



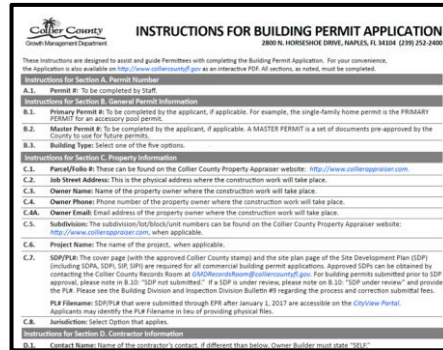
Confirm Terms Call
2nd Verification call for certain age groups
/income brackets *



IDV (Identification Verification)
Process – Automated through
DocuSign



Finance Agreement
Right to Cancel Adjustment*
Improvement Review
Language support App through
Funding*
Special handling: Palm Beach*,
Pasco and Sarasota*



Estimated Settlement Statement



Contractor
Payment

Completion Call*
TruePic/ Permit Inspection Review*
Completion Certificate Review
E-Notary

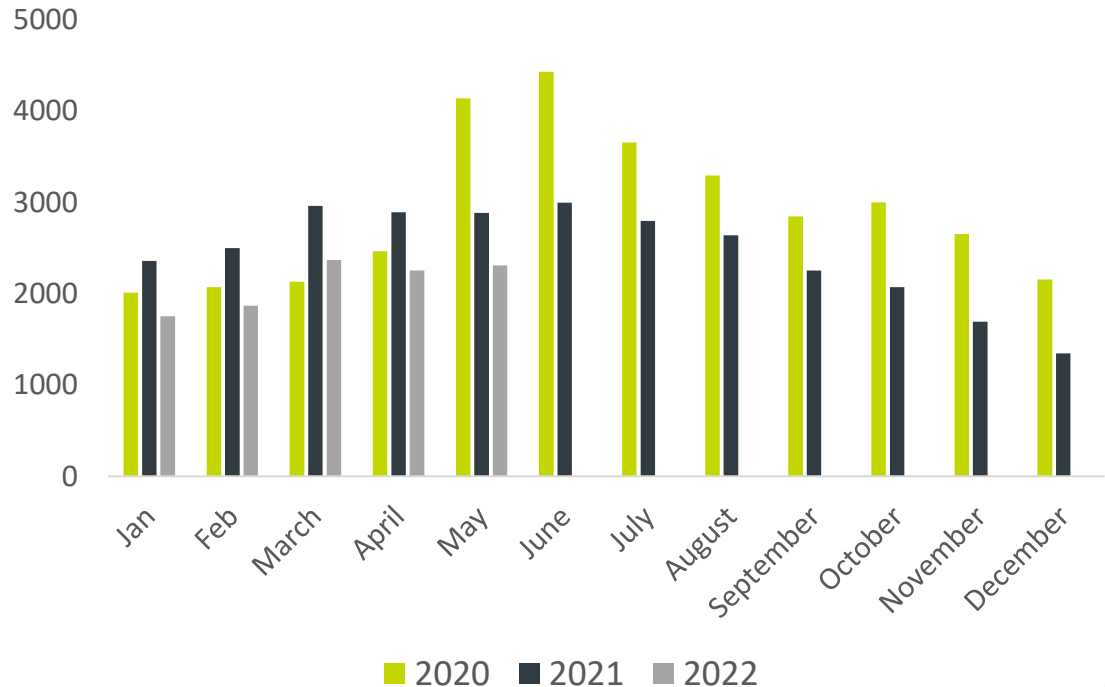
Contractor Oversight and
management

* New in 2021/22

Operational Cost Increases Are Impacted by Lower Application and Funding Volumes

- Growing operational costs and increased vendor fees are spread over fewer applications and fewer funded projects.
- Lower operational capital prevents Ygrene from increasing marketing and customer outreach.

Applications by Month and Year



Impacts of Proposed Origination Fee on Typical Project

	Today:	Proposed:	
	3% Origination Fee	4% Origination Fee	5% Origination Fee
Project Size	\$20,000	\$20,000	\$20,000
Origination Fee %	3%	4%	5%
Origination Fee \$	\$600	\$800	\$1,000
Other Project Fees	\$580	\$580	\$580
Prepaid Interest	\$1,269	\$1,281	\$1,293
Financed Amount	\$22,449	\$22,661	\$22,873
Annual Payment, 20 Yr Term	\$2,285	\$2,306	\$2,328
Increase in Annual Payment, 20 Yr Term		\$22	\$43
Annual Payment, 30 Yr Term	\$1,992	\$2,011	\$2,030
Increase In Annual Payment, 30 Yr Term		\$19	\$38



Source: Residential Projects in Florida Funded April 2021-March 2022 with 7.99% Interest Rate

Basis for Interest Rate Increase

- The Federal Reserve is now expected to keep raising rates and hold them there (hike and hold, not hike and cut as many in the markets had been forecasting.)
- The central bank is forecasted to keep hiking until the rate peaks in March 2023 at 4.26%*
- In order to stay competitive in the capital markets, Ygrene must increase rates accordingly

Rapid Increase in 5-year Treasury Rate %



Basis for SelectRate Program Adjustments

Why Buydowns Matter (Importance)

1. Empowers property owners to lower their interest rate over the term of the assessment in exchange for a fee
2. Results in lower annual payments and total interest paid over the term of the property assessment

Current SelectRate Buydown Schedule

Elevated interest rates have made the program, in its current state, unviable.

Not to exceed:

- 5% of project costs for 1% rate reduction
- 10% of project costs for 2% rate reduction
- 12% of project costs for 3% rate reduction
- 15% of project costs for 4% rate reduction

Proposed Adjustments to SelectRate Program

The below adjustments will allow us to keep the program in place.

Up to:

- 7% of project costs for 1% rate reduction
- 14% of project costs for 2% rate reduction
- 21% of project costs for 3% rate reduction
- 28% of project costs for 4% rate reduction

Property Owner Savings

Example	Term	Project Costs	Original Face Value ⁽¹⁾	Interest Rate	Buy Down Rate	Buy Down Fees	Annual Payment	Annual Savings ⁽²⁾	Total Savings ⁽³⁾
Base Rate	20 yrs	\$100,000	\$119,718	8.99%	-	-	\$13,105	-	-
With SelectRate Plan 1	20 yrs	\$100,000	\$126,208	7.99%	7.0%	\$7,000	\$12,845	+\$260	+\$5,206
With SelectRate Plan 2	20 yrs	\$100,000	\$132,478	6.99%	14.0%	\$14,000	\$12,495	+\$610	+12,201
With SelectRate Plan 3	20 yrs	\$100,000	\$138,528	5.99%	21.0%	\$21,000	\$12,068	+\$1,038	+\$20,752
With SelectRate Plan 4	20 yrs	\$100,000	\$144,358	4.99%	28.0%	\$28,000	\$11,574	+\$1,531	+\$30,629

(1) Original Face Value = Project Costs + Program Fees + Capitalized Interest (based on July 1 funding date)

(2) Annual Savings = Annual payment reduction directly attributable to buydown; all figures are compared to Base Rate scenario

(3) Total Savings = Actual dollar amount the borrower saves over the full term of the contract; all figures are compared to Base Rate scenario



Questions?



APPENDIX

Base Rate - Payment Schedule



Fixed - (20 Year Amort Term 0.00 % buydown)

Contract Amount: \$100,000.00 Interest Rate: 8.99% Program Fees: \$5,717 Buydown Fees: \$

Beginning Balance also includes an assumed capitalized interest of \$14,001 Total Financing Amount: \$119,718

Installment	Beginning Balance	Payment*	Principal Payment	Interest Payment	Ending Balance
1	\$119,718	\$13,105	\$2,343	\$10,763	\$117,375
2	\$117,375	\$13,105	\$2,553	\$10,552	\$114,822
3	\$114,822	\$13,105	\$2,783	\$10,322	\$112,039
4	\$112,039	\$13,105	\$3,033	\$10,072	\$109,006
5	\$109,006	\$13,105	\$3,306	\$9,800	\$105,700
6	\$105,700	\$13,105	\$3,603	\$9,502	\$102,097
7	\$102,097	\$13,105	\$3,927	\$9,179	\$98,171
8	\$98,171	\$13,105	\$4,280	\$8,826	\$93,891
9	\$93,891	\$13,105	\$4,665	\$8,441	\$89,226
10	\$89,226	\$13,105	\$5,084	\$8,021	\$84,142
11	\$84,142	\$13,105	\$5,541	\$7,564	\$78,601
12	\$78,601	\$13,105	\$6,039	\$7,066	\$72,562
13	\$72,562	\$13,105	\$6,582	\$6,523	\$65,980
14	\$65,980	\$13,105	\$7,174	\$5,932	\$58,807
15	\$58,807	\$13,105	\$7,819	\$5,287	\$50,988
16	\$50,988	\$13,105	\$8,521	\$4,584	\$42,467
17	\$42,467	\$13,105	\$9,288	\$3,818	\$33,179
18	\$33,179	\$13,105	\$10,122	\$2,983	\$23,057
19	\$23,057	\$13,105	\$11,032	\$2,073	\$12,024
20	\$12,024	\$13,105	\$12,024	\$1,081	-
Total		\$262,106	\$119,718	\$142,388	

Scenario #1 – Base Rate; No Buydown

- Interest rate: 8.99%
- Annual payment amount: \$13,105
- Term: 20 years
- Cumulative payments over term: \$262,106



SelectRate Plan 1 - Payment Schedule



Fixed - (20 Year Amort Term -1.00 % buydown)

Contract Amount: \$100,000.00 Interest Rate: 7.99% Program Fees: \$5,911 Buydown Fees: \$7,000

Beginning Balance also includes an assumed capitalized interest of \$13,297 Total Financing Amount: \$126,208

Installment	Beginning Balance	Payment*	Principal Payment	Interest Payment	Ending Balance
1	\$126,208	\$12,845	\$2,761	\$10,084	\$123,447
2	\$123,447	\$12,845	\$2,982	\$9,863	\$120,465
3	\$120,465	\$12,845	\$3,220	\$9,625	\$117,245
4	\$117,245	\$12,845	\$3,477	\$9,368	\$113,768
5	\$113,768	\$12,845	\$3,755	\$9,090	\$110,014
6	\$110,014	\$12,845	\$4,055	\$8,790	\$105,959
7	\$105,959	\$12,845	\$4,379	\$8,466	\$101,580
8	\$101,580	\$12,845	\$4,729	\$8,116	\$96,851
9	\$96,851	\$12,845	\$5,107	\$7,738	\$91,744
10	\$91,744	\$12,845	\$5,515	\$7,330	\$86,230
11	\$86,230	\$12,845	\$5,955	\$6,890	\$80,275
12	\$80,275	\$12,845	\$6,431	\$6,414	\$73,843
13	\$73,843	\$12,845	\$6,945	\$5,900	\$66,899
14	\$66,899	\$12,845	\$7,500	\$5,345	\$59,399
15	\$59,399	\$12,845	\$8,099	\$4,746	\$51,300
16	\$51,300	\$12,845	\$8,746	\$4,099	\$42,554
17	\$42,554	\$12,845	\$9,445	\$3,400	\$33,109
18	\$33,109	\$12,845	\$10,200	\$2,645	\$22,909
19	\$22,909	\$12,845	\$11,015	\$1,830	\$11,895
20	\$11,895	\$12,845	\$11,895	\$950	-
Total		\$256,900	\$126,208	\$130,692	

Scenario #2 – SelectRate Plan 1; 1% Buydown

- Interest rate: 7.99%
- Annual payment amount: \$12,845
(\$260 reduction)
- Term: 20 years
- Cumulative payments over term: \$256,900
(\$5,206 reduction)



SelectRate Plan 2 - Payment Schedule



Fixed - (20 Year Amort Term -2.00 % buydown)

Contract Amount: \$100,000.00 Interest Rate: 6.99% Program Fees: \$6,099 Buydown Fees: \$14,000

Beginning Balance also includes an assumed capitalized interest of \$12,379 Total Financing Amount: \$132,478

Installment	Beginning Balance	Payment*	Principal Payment	Interest Payment	Ending Balance
1	\$132,478	\$12,495	\$3,235	\$9,260	\$129,243
2	\$129,243	\$12,495	\$3,461	\$9,034	\$125,782
3	\$125,782	\$12,495	\$3,703	\$8,792	\$122,079
4	\$122,079	\$12,495	\$3,962	\$8,533	\$118,117
5	\$118,117	\$12,495	\$4,239	\$8,256	\$113,878
6	\$113,878	\$12,495	\$4,535	\$7,960	\$109,343
7	\$109,343	\$12,495	\$4,852	\$7,643	\$104,490
8	\$104,490	\$12,495	\$5,191	\$7,304	\$99,299
9	\$99,299	\$12,495	\$5,554	\$6,941	\$93,745
10	\$93,745	\$12,495	\$5,943	\$6,553	\$87,802
11	\$87,802	\$12,495	\$6,358	\$6,137	\$81,444
12	\$81,444	\$12,495	\$6,802	\$5,693	\$74,642
13	\$74,642	\$12,495	\$7,278	\$5,217	\$67,364
14	\$67,364	\$12,495	\$7,787	\$4,709	\$59,578
15	\$59,578	\$12,495	\$8,331	\$4,164	\$51,247
16	\$51,247	\$12,495	\$8,913	\$3,582	\$42,334
17	\$42,334	\$12,495	\$9,536	\$2,959	\$32,798
18	\$32,798	\$12,495	\$10,203	\$2,293	\$22,595
19	\$22,595	\$12,495	\$10,916	\$1,579	\$11,679
20	\$11,679	\$12,495	\$11,679	\$816	-
Total		\$249,905	\$132,478	\$117,427	

Scenario #3 – SelectRate Plan 2; 2% Buydown

- Interest rate: 6.99%
- Annual payment amount: \$12,495
(\$610 reduction)
- Term: 20 years
- Cumulative payments over term: \$249,905
(\$12,201 reduction)



SelectRate Plan 3 - Payment Schedule



Fixed - (20 Year Amort Term -3.00 % buydown)

Contract Amount: \$100,000.00 Interest Rate: 5.99% Program Fees: \$6,281 Buydown Fees: \$21,000

Beginning Balance also includes an assumed capitalized interest of \$11,247 Total Financing Amount: \$138,528

Installment	Beginning Balance	Payment*	Principal Payment	Interest Payment	Ending Balance
1	\$138,528	\$12,068	\$3,770	\$8,298	\$134,758
2	\$134,758	\$12,068	\$3,996	\$8,072	\$130,762
3	\$130,762	\$12,068	\$4,235	\$7,833	\$126,527
4	\$126,527	\$12,068	\$4,489	\$7,579	\$122,039
5	\$122,039	\$12,068	\$4,758	\$7,310	\$117,281
6	\$117,281	\$12,068	\$5,043	\$7,025	\$112,239
7	\$112,239	\$12,068	\$5,345	\$6,723	\$106,894
8	\$106,894	\$12,068	\$5,665	\$6,403	\$101,229
9	\$101,229	\$12,068	\$6,004	\$6,064	\$95,225
10	\$95,225	\$12,068	\$6,364	\$5,704	\$88,861
11	\$88,861	\$12,068	\$6,745	\$5,323	\$82,117
12	\$82,117	\$12,068	\$7,149	\$4,919	\$74,968
13	\$74,968	\$12,068	\$7,577	\$4,491	\$67,390
14	\$67,390	\$12,068	\$8,031	\$4,037	\$59,359
15	\$59,359	\$12,068	\$8,512	\$3,556	\$50,847
16	\$50,847	\$12,068	\$9,022	\$3,046	\$41,825
17	\$41,825	\$12,068	\$9,562	\$2,505	\$32,263
18	\$32,263	\$12,068	\$10,135	\$1,933	\$22,128
19	\$22,128	\$12,068	\$10,742	\$1,325	\$11,386
20	\$11,386	\$12,068	\$11,386	\$682	-
Total		\$241,354	\$138,528	\$102,826	

Scenario #4 – SelectRate Plan 3; 3% Buydown

- Interest rate: 5.99%
- Annual payment amount: \$12,068
(\$1,038 reduction)
- Term: 20 years
- Cumulative payments over term: \$241,354
(\$20,752 reduction)



SelectRate Plan 4 - Payment Schedule



Fixed - (20 Year Amort Term -4.00 % buydown)

Contract Amount: \$100,000.00 Interest Rate: 4.99% Program Fees: \$6,456 Buydown Fees: \$28,000

Beginning Balance also includes an assumed capitalized interest of \$9,902 Total Financing Amount: \$144,358

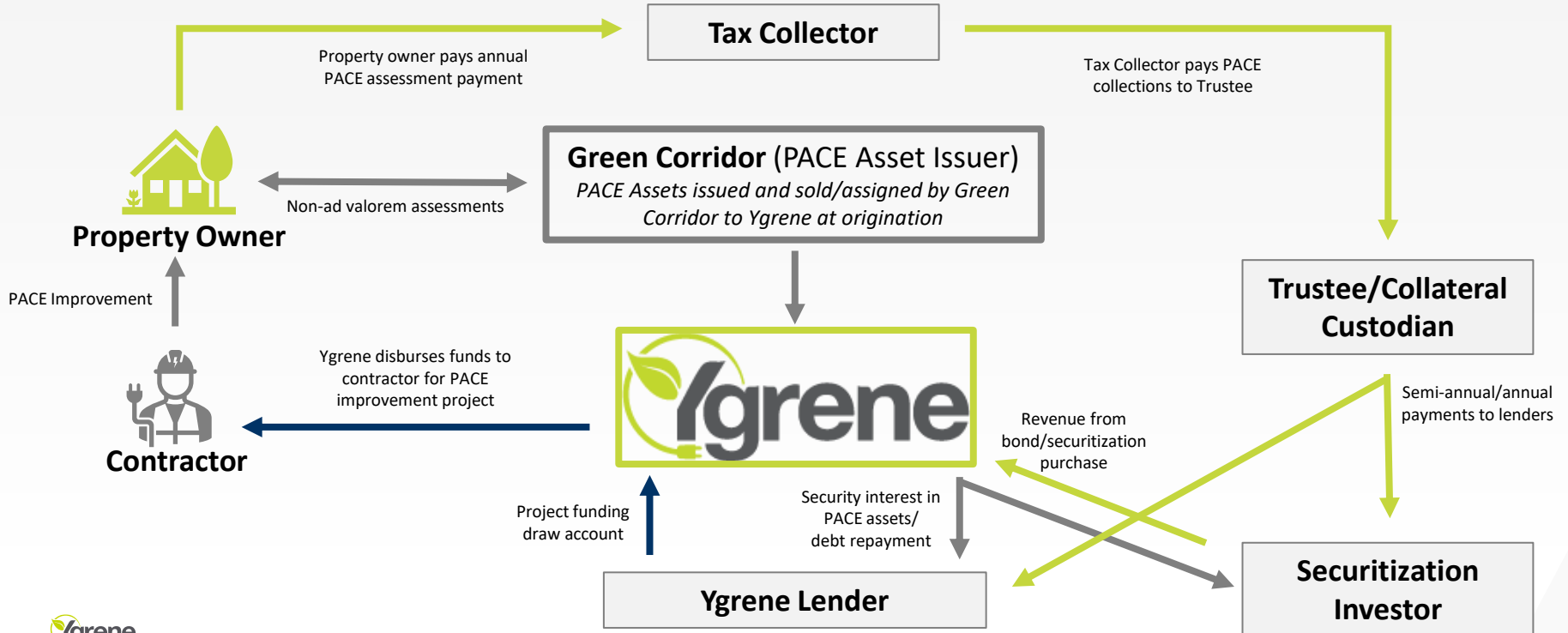
Installment	Beginning Balance	Payment*	Principal Payment	Interest Payment	Ending Balance
1	\$144,358	\$11,574	\$4,370	\$7,203	\$139,988
2	\$139,988	\$11,574	\$4,588	\$6,985	\$135,399
3	\$135,399	\$11,574	\$4,817	\$6,756	\$130,582
4	\$130,582	\$11,574	\$5,058	\$6,516	\$125,524
5	\$125,524	\$11,574	\$5,310	\$6,264	\$120,214
6	\$120,214	\$11,574	\$5,575	\$5,999	\$114,639
7	\$114,639	\$11,574	\$5,853	\$5,720	\$108,785
8	\$108,785	\$11,574	\$6,145	\$5,428	\$102,640
9	\$102,640	\$11,574	\$6,452	\$5,122	\$96,188
10	\$96,188	\$11,574	\$6,774	\$4,800	\$89,414
11	\$89,414	\$11,574	\$7,112	\$4,462	\$82,301
12	\$82,301	\$11,574	\$7,467	\$4,107	\$74,834
13	\$74,834	\$11,574	\$7,840	\$3,734	\$66,995
14	\$66,995	\$11,574	\$8,231	\$3,343	\$58,764
15	\$58,764	\$11,574	\$8,642	\$2,932	\$50,123
16	\$50,123	\$11,574	\$9,073	\$2,501	\$41,050
17	\$41,050	\$11,574	\$9,525	\$2,048	\$31,524
18	\$31,524	\$11,574	\$10,001	\$1,573	\$21,524
19	\$21,524	\$11,574	\$10,500	\$1,074	\$11,024
20	\$11,024	\$11,574	\$11,024	\$550	-
Total		\$231,477	\$144,358	\$87,119	

Scenario #5 – SelectRate Plan 4; 4% Buydown

- Interest rate: 4.99%
- Annual payment amount: \$11,574
(\$1,531 reduction)
- Term: 20 years
- Cumulative payments over term: \$231,477
(\$30,629 reduction)



PACE Bond Originations and Collections Flow Chart



Impact of Proposed Origination Fee and Interest Rate Increases on Typical Project

Interest Rate %	Today:			Proposed:					
	3% Origination Fee			4% Origination Fee			5% Origination Fee		
	7.99	8.50	8.99	7.99	8.50	8.99	7.99	8.50	8.99
Project Size	←—————			\$20,000			—————→		
Origination Fee %	←———— 3% ———→			←———— 4% ———→			←———— 5% ———→		
Origination Fee \$	←———— \$600 ———→			←———— \$800 ———→			←———— \$1,000 ———→		
Other Project Fees	←———— \$580 ———→			←———— \$580 ———→			←———— \$580 ———→		
Prepaid Interest	\$1,269	\$1,350	\$1,428	\$1,281	\$1,363	\$1,442	\$1,293	\$1,376	\$1,455
Financed Amount	\$22,449	\$22,530	\$22,608	\$22,661	\$22,743	\$22,822	\$22,873	\$22,956	\$23,035
Annual Payment, 20 Yr Term	\$2,285	\$2,381	\$2,475	\$2,306	\$2,403	\$2,498	\$2,328	\$2,426	\$2,522
Increase in Annual Pmt., 20 Yr Term¹	-	\$96	\$190	\$22	\$118	\$213	\$43	\$141	\$237
Annual Payment, 30 Yr Term	\$1,992	\$2,096	\$2,199	\$2,011	\$2,116	\$2,219	\$2,030	\$2,136	\$2,240
Increase In Annual Pmt., 30 Yr Term¹	-	\$104	\$206	\$19	\$124	\$227	\$38	\$144	\$248



(1) Vs. 7.99 Interest Rate and 3% Origination Fee | Source: Residential Projects in Florida Funded April 2021-March 2022

Borrowers Benefit from Buydowns

Buydowns offer a **lower annual payment option** and allow borrowers to **contribute more to principal** compared to the standard base rate option

	Base Rate	-1% Buydown	-2% Buydown	-3% Buydown	-4% Buydown
PACE Amount	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Base Interest Rate	8.99%	8.99%	8.99%	8.99%	8.99%
Buydown	0.00%	-1.00%	-2.00%	-3.00%	-4.00%
Final Interest Rate	8.99%	7.99%	6.99%	5.99%	4.99%
Total Funding Amount	\$119,718	\$126,208	\$132,478	\$138,528	\$144,358
Annual Payment Amount	\$13,105	\$12,845	\$12,495	\$12,068	\$11,574
Principal*	\$5,986	\$6,310	\$6,624	\$6,926	\$7,218
Interest*	\$7,119	\$6,535	\$5,871	\$5,141	\$4,356
Annual Borrower Savings	-	\$260	\$610	\$1,038	\$1,531
Total Payments (over full term)	\$262,106	\$256,900	\$249,905	\$241,354	\$231,477
Total Borrower Savings	-	\$5,206	\$12,201	\$20,752	\$30,629

Buydown allows borrowers option to lower interest rates...

...lower rates reduce annual payments and allow borrowers to contribute more to principal...

...thus, resulting in substantial costs savings.

* Averages based on payments made over the full 20-year term.