



Pathway Lending

Financing Energy Efficiency. Empowering Businesses.



Provide lending solutions and educational services that support the development, growth, and preservation of underserved small businesses, affordable housing and sustainable communities





**ENERGY
EFFICIENCY
LENDING**



OUR PARTNERS



U.S. DEPARTMENT OF
ENERGY

INDUSTRIAL TECHNOLOGIES PROGRAM



DESIGNED TO PROVIDE LOW COST (4%) FINANCING TO TENNESSEE BUSINESSES & NON-PROFITS

A low-interest, revolving loan fund to finance energy efficiency and renewable energy projects. To date we have funded over 350 projects throughout the state.



WHY

Traditional financing sources often will not lend for energy efficiency projects because they are outside of the institution's knowledge base and adequate collateral is not available.



general markets

Industrial, Commercial, Private Non-Profit, and local government facilities located in the state of Tennessee.

key markets

- Private, Locally-Owned Industrials
- Hotels
- Auto Dealerships
- Athletic/Community Centers
(for-profit & non-profit)
- Private Schools

GENERAL PROJECTS

Any investment in a fixed asset that provides significant reductions in energy, emissions, and/or utility consumption.



COMMON PROJECTS

- Lighting
- Solar
- HVAC Replacements
- Cool Roofs
- Air Compressors

LOAN AMOUNT

Range from
\$20K to \$5MM



COMMERCIAL & INDUSTRIAL PROGRAM FEATURES

- Below Market Rates
- 4% rate for 5 years or 6% rate for 10 years
- Interest-Only Draw Period
- 100% Financing

PROGRAM BENEFITS



VENDOR

- Get larger projects done sooner

BUSINESS OR ORGANIZATION

- Below Market Rates
- Get more EE projects done today
- Working capital remains where it needs to be to finance the operations



LIGHTING

SUCCESS STORY: WADE'S FOOD CENTER

Wade's Food Center replaced T-12 and incandescent lighting at 4 grocery stores and a hardware store with LED lighting. Lighting was replaced in refrigerated cases. Motion controls were also added in some areas.

- Total Project Cost: \$211,158
- Annual Energy Reduction: 1,375,993 kWh
- Annual Energy Cost Savings: \$137,599
- USDA Grant



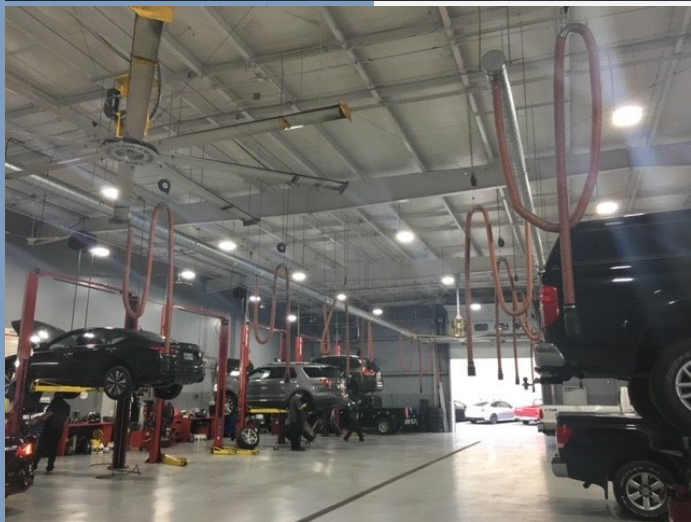
LIGHTING

SUCCESS STORY: ALBAHEALTH

Albahealth in Rockwood, Tennessee used a Pathway Lending Energy Efficiency loan to retrofit lighting in its 100 year old manufacturing facility. The company also used Pathway loans to replace its air compressor system and improve HVAC.



	Lighting	Compressor	HVAC
• Total Project Cost:	\$66,000	\$137,500	\$57,960
• Annual kwh Reduction:	861,285	702,838	36,054
• Annual Cost Savings:	\$68,903	\$56,277	\$3,966



LIGHTING

SUCCESS STORY: Newton Nissan

Newton Nissan in Gallatin, Tennessee used a Pathway Lending Energy Efficiency loan to retrofit its lighting. The project included changing exterior and interior lighting to more efficient LED lighting. The owners also financed projects at 3 other locations.

- Total Project Cost: \$179,302
- Annual Energy Reduction: 591,168 kWh
- Annual Cost Savings: \$59,117
- USDA Grant



Renewable +

SUCCESS STORY: Lick Skillet Farm

Lick Skillet Farm worked with Solar Alliance to install a 14.3kW solar array in New Market, TN. In addition to the solar system, an old HVAC system was replaced with geothermal and ductless mini-splits.

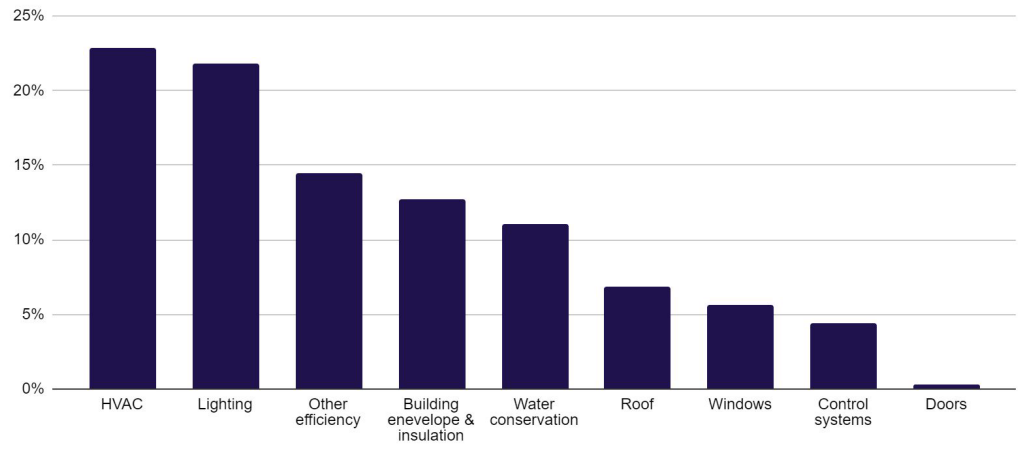
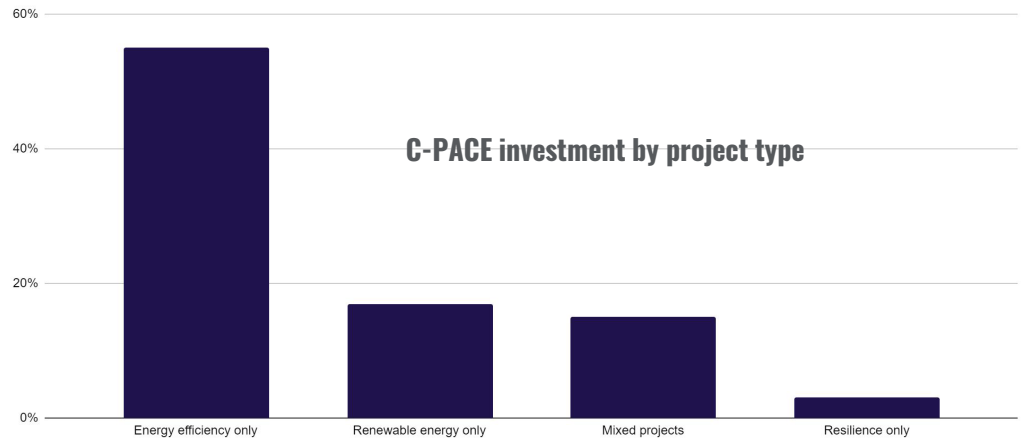
- Solar Project Cost: \$69,370
- Annual Energy Production: 26,613 kWh
- Annual Cost Savings: \$3,222
- USDA Grant

C-PACER

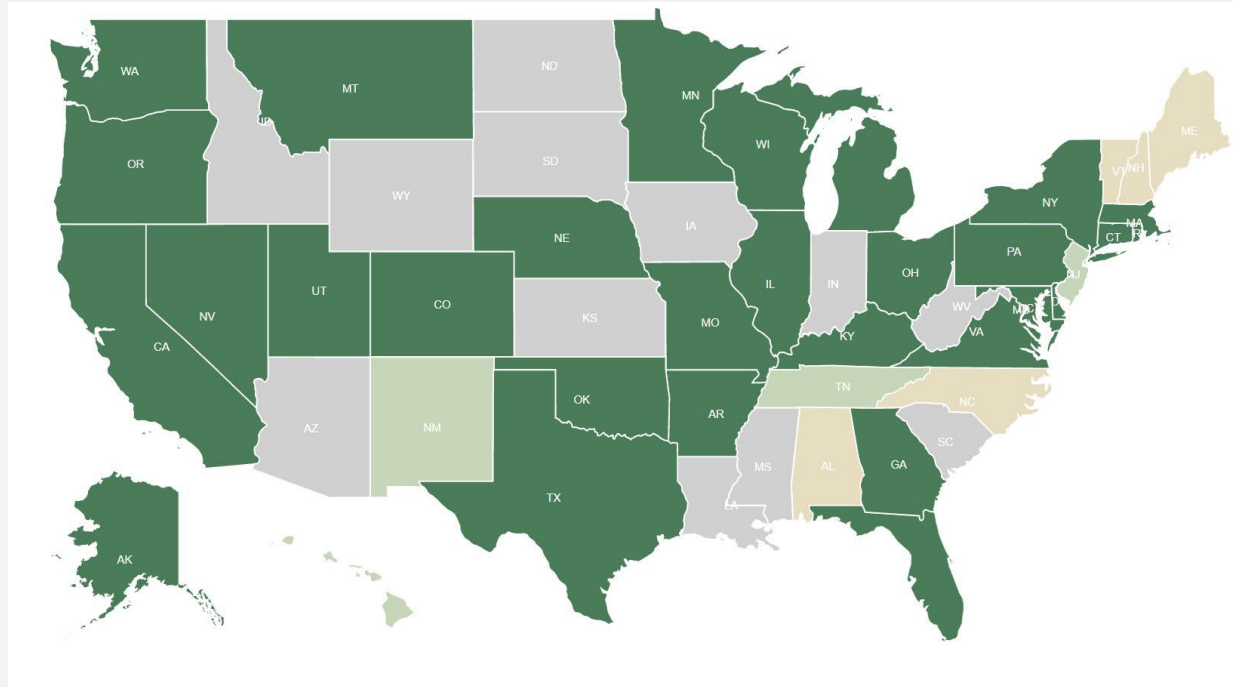
- Commercial Property Assessed Clean Energy & Resiliency
- Special assessments are government charges imposed to pay for a “public good” improvement (roads, sidewalks, sewer, etc.)
- PACER is a voluntary, private assessment on a single parcel for the “public good”

C-PACER Eligibility

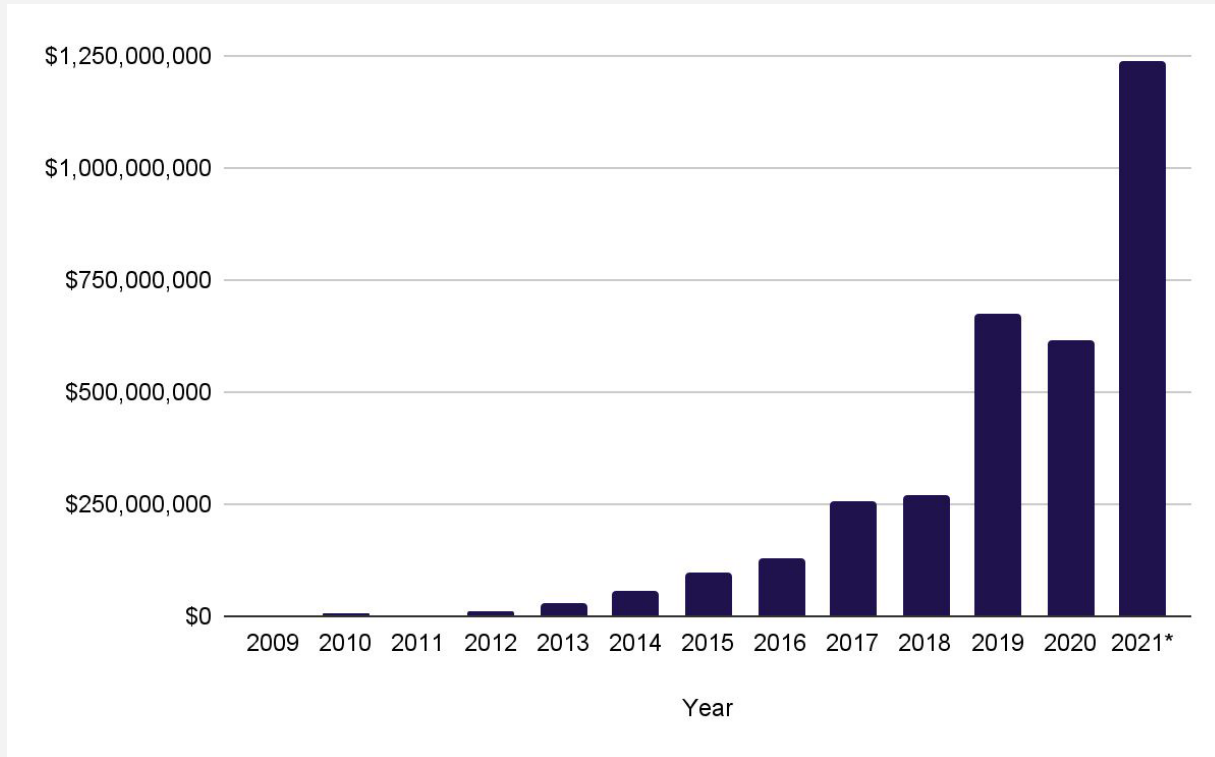
- Legislation:
 - Decrease energy consumption or demand.
 - Support the production of clean, renewable energy.
 - Decrease water consumption or demand and address safe drinking water.
 - Allow for the reduction or elimination of lead from water.
 - Increase water or wastewater resilience, wind resistance, energy storage, microgrids, or other resilience projects.
- Energy or relevant audits are often required.
- New construction and major rehabs have to attain a standard above code.
- Exact program requirements are determined by local ordinances and program administrator.



PACE legislation is active in 37 states

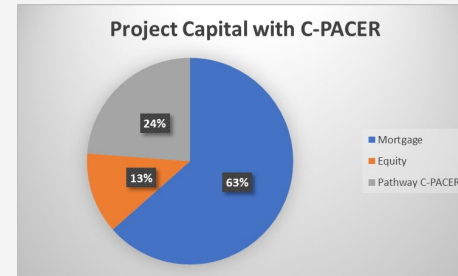
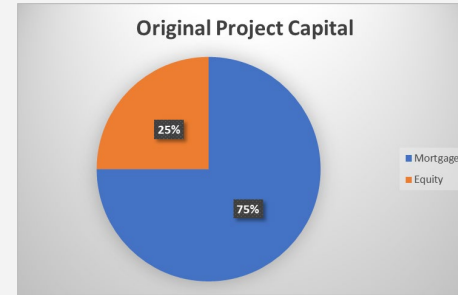


National C-PACE Investment

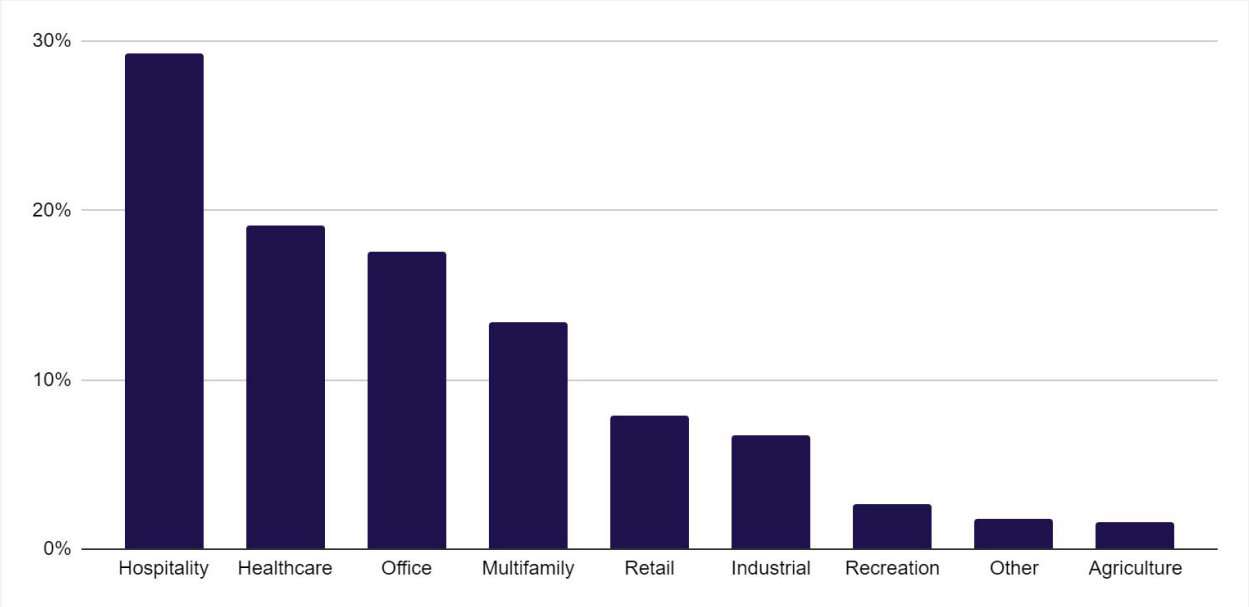


Benefits of C-PACER to Borrower

- Integrates with other economic development incentives (opportunity tax zone incentives, tax incremental financing, Low Income Housing Tax Credits, Historic Tax Credits, Utility rebates, new markets tax credits, etc.)
- 100% financing of applicable project costs
- Payments can be passed to tenants
- Non-recourse
- Transferrable upon sale.
- Long terms – 15 to 25 years
 - Determined by equipment life
 - Projects often cash flow immediately
- Preserves working capital for existing business and equity for investors
- Increases Return on Equity



C-PACE by investment type



Difficulties of C-PACER?

- Lender consent
- C-PACER must be approved by local jurisdiction
- Collection fees can differ by jurisdiction
- Legal fees
- Long time to process

TN Availability

- State legislature signed April 2022
- Memphis ordinance passed September 2022
- Nashville ordinance passed January 2023
- Knoxville and Chattanooga developing ordinance

THANKS

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