

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **Largest PACE Bond Securitization Completed.**

*Seventh Securitization of PACE Bonds by Renovate America Totals \$305.3 Million; Brings Company's Total of Widely Marketed PACE Green Bonds to \$1.35 Billion*

SAN DIEGO, June 6, 2016 /PRNewswire/ — Renovate America, the largest provider of residential Property Assessed Clean Energy (PACE) financing in the U.S., announced the closing of its seventh securitization of PACE bonds – the largest ever completed to date by any issuer and a designated green bond. The securitization, HERO 2016-2, includes \$305,313,000 in Class A Notes rated AA (sf) by Kroll and AA (sf) by DBRS, secured by 13,432 PACE assessments levied on residential properties in 31 California counties. The PACE assessments have an average balance of approximately \$24,433, a weighted-average annual interest rate of 7.96 percent and a weighted-average original term of 14.95 years. The PACE assessments were originated between January 2016 and April 2016.

“This transaction is our most successful issuance so far in terms of the level of interest from investors including, for the first time, international investment,” said Renovate America’s CEO J.P. McNeill. “This private capital is directly benefitting homeowners and communities by lowering utility bills, reducing carbon emissions, and creating clean energy jobs. This all comes at no cost to taxpayers.”

The HERO Bond platform is the first asset-backed securities (ABS) platform to solely produce green bonds, with each of the company’s seven securitizations having been assessed by Sustainalytics, a leading provider of ESG and corporate governance research and ratings. The company provided a second opinion that the bonds adhere to the Green Bond Principles, and that the proceeds fund projects with measurable environmental benefits. PACE green bonds have received significant interest in part because they do not fund aspirational or speculative projects; the proceeds have already been invested in projects with verified environmental impact.

“Investor interest in HERO Bonds is growing with each issuance because the bonds provide significant relative value versus bonds of similar credit and duration,” said Renovate America’s SVP for Capital Markets Adam Garfinkle. “Our core investor base remains solid and we add new investors with each transaction.”

Renovate America partners with local governments to provide its version of PACE, the HERO Program (Home Energy Renovation Opportunity), to homeowners who finance a wide variety of product installations to conserve water and energy. These installations include energy-efficient products like HVAC, windows, and roofing; renewable and alternative products like solar; and water efficiency products for indoor systems and outdoor landscaping. HERO is unique in that it provides 100 percent financing for energy and water saving products for up to 20 years with fixed interest rates designed to make payments affordable. Homeowners make payments along with their property taxes, and in the event the property is sold, the remaining balance may be able to transfer to the new owner.

Since 2011, the HERO Program has financed more than \$1.5 billion in home improvements which will save more than \$2 billion on energy bills, conserve nearly 10 billion kWh of electricity, reduce

emissions by more than 2.6 million tons, and save more than 4.4 billion gallons of water. It has already created 12,700 jobs across California and had a local economic impact of more than \$2.6 billion.

HERO is the largest and most successful residential PACE program in the United States. More than 415 cities and counties have adopted the program across California, including the cities of Los Angeles, San Francisco, San Diego, Sacramento, San Jose, Fresno, Riverside, Anaheim, Santa Ana, Bakersfield, and San Bernardino, among others. HERO will expand into the states of Missouri and Florida in 2016.

### **About Renovate America**

Renovate America is the leading provider of financing for energy and water efficiency home improvements in the U.S. The company's HERO Program provides local governments with a comprehensive residential PACE financing solution that also includes consumer protection, business automation software, workforce training and ongoing access to private capital. This unique public-private partnership offers consumers access to more than 60 types of products that reduce energy and water consumption, without the need for government funding. The HERO Program has received a number of awards including the Governor's Environmental and Economic Leadership Award in California, the Urban Land Institute Best of the Best, and the Southern California Association of Governments President's Award for Excellence. In March, HERO was awarded the U.S. Climate Leadership Certificate for Innovative Partnerships by the U.S. Environmental Protection Agency and was a participant in the 2016 White House Water Summit. Additional information can be found at [www.renovateamerica.com](http://www.renovateamerica.com) and [www.heroprogram.com](http://www.heroprogram.com).

Jun 06, 2016, 16:24 ET from Renovate America