

PACE Project Memo: Alpena Ramada Inn

Parties:

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| Property Owner | Rachee Lodging, Inc. |
| Lender | PACE Equity, LLC |
| Contractor | TRC Roofing, The Macomb Group, Inc., PACE Equity, LLC |
| Jurisdiction | Alpena County |

Project summary relative eligibility criteria

The subject property is an existing two-story, 97,716 sf, economy full-service hotel with 146 guest rooms. The property was recently retrofitted with a new, high-performance roof, as well as a high efficiency pool heater, both of which will increase the efficiency of the property as well as decrease utility costs.

Address: 1000 North US-21 Highway, Alpena, MI 49707

Parcel Number: 092-097-000-001-00

According to a property tax record and title report, there are no delinquent taxes, special assessments, or water or sewer charges on the property. There are no delinquent assessments on the property under a PACE program.

A title report was provided by Thunder Bay Title as of November 1, 2022, and shows no outstanding/past due property tax. LAGM has noted that BS&A is showing approximately \$4,796.05 in unpaid taxes from Winter 2019, which the property owner has stated are paid. LAGM will confirm this with the County.

The term of the assessment, as agreed upon by the lender and borrower, is 20 years. The weighted useful life of the improvements has been calculated by PACE Equity to be 20 years. The terms of financing do not exceed the useful life.

An appraisal of the property was completed November 28, 2022, by Paul & Associates, Real Estate Services. The appraisal was prepared for Rachee Lodging, Inc. The property in question has a real property market value of \$5,250,000 and a market value of \$5,800,000 including FF&E and intangibles. The project cost is approximately \$293,620 with a total assessment amount of \$340,377. This size of assessment relative the value of property is approximately 5.6% and is in line with the ATV requirement of 25% in the Alpena County Program Report.

There a mortgage on the property held by Home Loan Investment Bank, in the amount of \$2,670,593.04. Taking this amount plus the PACE project amount gives an LTV of 56.5%. This is appropriate under the program guidelines.

Lender Consent for the project, including the additional funding, has been executed.

An energy audit was completed by PACE Equity and is sufficient to meet the energy audit requirement. PACE Equity established a baseline using modeling of future energy usage based on the historical equipment and established savings against that baseline using energy modeling based on the more efficient equipment being installed.

PACE Equity, LLC is developing the project. They have executed an *Energy Savings Agreement*, dated 12/8/2022, which guarantees the SIR for the project.

The fulfillment of the initial reporting requirements via Energy Star are **pending**.

The installation verification is **pending**. It will occur upon completion of the project via a letter signed by PACE Equity.