Property Overview

Constructed in 1985, The Comfort Inn Shady Grove is a 60,000 square foot, 127-room hotel, seven stories tall with an interior corridor. Public areas include a lobby and reception area, two meeting rooms, each with theater style 30-person seating capacity, a fitness center, a business center, a breakfast room with two sections, and a small gift/sundries shop. The non-public areas include management and sales offices, mechanical, electrical, and telecom rooms, a pantry for food preparation, and a commercial laundry room.

The Project

The Comfort Inn Shady Grove found C-PACE (Commercial Property Assessed Clean Energy) financing to be the right choice for addressing its significant needs for facility improvements. The thirty-one-year-old hotel had outdated, inefficient heating, ventilating, and air-conditioning (HVAC) and control systems; interior and exterior lighting; and an aging roof. Property owner Rock Grove Associates LTD Partnership was able to deal with all of their facility deficiencies in a cash flow positive manner with no upfront capital investment on their part.

“We are fortunate to have worked with Recurrent and Greenworks Lending to be the first commercial PACE efficiency project in Montgomery County and the state of Maryland. This project allows us to materially improve our buildings comfort for our guests and employees, upgrade the equipment to be more energy efficient, and significantly reduce our carbon footprint,” remarked Bob Eisinger, Managing Partner of Rock Grove Associates LTD Partnership.

Comfort Inn Shady Grove, located in Gaithersburg, is part of the first energy project in Maryland to use PACE financing. The $1.4 million project also included comprehensive improvements to the Shady Grove Professional Building which is co-located on the same parcel, and also owned by Rock Grove Associates LTD Partnership.

The Solution

Recurrent had complete responsibility for developing and implementing the improvements to the Comfort Inn, which resulted in a 29% reduction in energy use while improving guest comfort and system reliability.

The project included replacement of the room HVAC systems, and the addition of a wireless digital control system to assure efficient operation and guest comfort. Interior and exterior lighting was replaced with low maintenance LED lighting systems. The building envelope improvements included a new roof, caulking, and masonry repairs.

Principal Project Partners

- Recurrent, LLC
- Montgomery County C-PACE
- Rock Grove Assoc., LTD Partnership
- Greenworks Lending

www.greenworkslending.com
Case Study: C-PACE Program

Comfort Inn Shady Grove
16216 Frederick Road
Gaithersburg, MD, 20877-3502
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Project Results
• 29% energy cost savings achieved
• $22,500 in utility incentives captured
• Eliminated over $600,000 in facility deficiencies
• Improved property value by $800,000

Project Financing
The use of PACE financing will create $475,000+ in net cash flow to the property over the 20+ year useful life of the upgrades in addition to a brand new roof for the Comfort Inn Hotel. The collective value of the two buildings is expected to increase by a total of $1.7 million. All this will be accomplished with no up-front cost to either the owner or the contractor. “We founded this company to bring this innovative financing option to more building owners in more places. Closing the first commercial PACE deal in Maryland is incredibly exciting,” said Greenworks Lending CEO Jessica Bailey.

Greenworks Lending, the PACE lender, is a cutting edge private finance company that taps into the power of PACE to unlock energy savings in commercial real estate. Founded by the architects of the most successful commercial PACE program in the country, the team at Greenworks Lending has more experience in commercial PACE than anyone in the industry.

About PACE Maryland
PACE is an innovative and affordable way for commercial, industrial and nonprofit building owners to pay for energy upgrades. Commercial PACE financing covers 100% of project costs with no money down and is repaid through an assessment on the property. The financing structure makes energy upgrades accessible and allows owners to immediately increase net positive operating cash flow while increasing the value of the property. Maryland passed policy enabling PACE in May 2014.

“The goal of the commercial PACE program is to increase the number of buildings that take advantage of this innovative program. We hope this is the first of many building owners in the county to take advantage of the PACE program”, notes Genevieve Sherman, Managing Director of PACE Financial Servicing.

PACE requires 0% down and allows long payback periods
– Building owners can be cash flow positive from day 1
– Underwriting is focused on the underlying building
– PACE is accessible to those with non-investment grade credit

PACE Allows Tremendous Flexibility
– Buildings that may sell before full payoff
– Buildings where tenants pay energy bill but owner finances upgrades
– Projects that have longer payback periods

Immediate net operating income improvement
– Increases net operating income; all PACE projects are cash flow positive
– PACE doesn’t tie up your balance sheet with debt
– Also increases value of underlying asset

To learn more about PACE programs in Maryland or Washington, DC, contact:

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