



# ESG Counsel and Sustainable Finance

As a law firm focused on finance, Chapman works with the most sophisticated financial companies and institutional investors in the world.

We have industry-leading practices in multiple markets and have been on the leading edge of sustainability finance for decades.

From structuring financings for alternative energy, green energy, and other ESG projects—to launching the first wind ETF—to introducing new social impact investing projects, we have helped our clients become early adopters and leaders in sustainable finance.

## **Renewable and Clean Energy Finance**

Chapman provides a wide spectrum of legal services to investors, lenders, developers, owners, contractors, equipment suppliers, and utilities in the renewable and clean energy sector. We bring an interdisciplinary team of lawyers with extensive experience in the areas of energy, finance, real estate, construction, energy regulation, environmental, tax, corporate, and other relevant areas of the law to each transaction.

Chapman attorneys are pioneers in developing financing products for solar energy assets and projects, wind energy projects, hydroelectric facilities, other alternative energy projects, and energy-efficiency improvement assets, including property assessed clean energy (PACE) loans. We represent financial institutions in tax equity financings, tax-exempt lease financings, and debt financings on solar energy products, wind farm projects, and ethanol production facilities. We work closely with developers, private equity sponsors, and asset-based lenders to assess prospects and develop solutions for using securitization to provide pool-based financing for residential and small commercial solar energy contracts.

Our experience with tax equity structures in the clean energy space includes representing funding sources in connection with tax equity investments in distributed solar generating systems used by municipal and school off-takers with collateral assignments of power purchase and solar renewable energy certificate (SREC) sales contracts, as well as representing tax equity investors in their investments in commercial solar energy generating systems.

## **Infrastructure Finance**

Chapman represents clients on a wide range of infrastructure projects involving both civil infrastructure (toll roads, airports, ports, mass transit, energy generating and delivery, water, and wastewater) and social infrastructure (schools, universities, hospitals, correctional facilities, university housing and energy, and other governmentally owned or utilized infrastructure). We represent lenders in financing infrastructure projects and equipment for the environmental services industry, such as material recovery and recycling, composting, and water reclamation facilities. We also represent private and public sector clients with respect to sports and multi-use arenas and stadium finance.

Green bonds are used to fund infrastructure projects that have sustainable components and positive environmental or climate benefits. Chapman served as underwriter's counsel in one of the first such transactions with green bond proceeds used to implement renewable energy and green modernization schemes for school buildings. We continue to represent clients in green bond transactions across the country, the proceeds of which are used for reducing environmental impact, including through water reclamation, sustainable construction, and renewable energy projects.

## **Investment Management**

Chapman has served investment company and private investment fund clients for over 50 years, and continues to lead the development of innovative investment products, including products that incorporate ESG factors into their investment strategies.

We counsel clients on the formation of both registered and private funds covering a variety of environmental impact strategies, including wind, solar, natural gas, the electric economy and carbon impact reduction. In addition, our private funds group represents institutional investors in private equity transactions involving investments in a variety of asset classes along the risk/return spectrum, including renewable energy and natural resources.

## **Sustainability-Linked Finance**

Sustainability-linked loans (SLLs), notes (SLNs), and bonds (SLBs) are performance-based financial instruments that satisfy ESG credentials and appeal to a wide range of investors. Chapman represents institutional investors in the purchase of securities in private placements of sustainability-linked financing products.

### Housing Finance and Community Development

Chapman acts as bond counsel, issuer's counsel, special tax counsel, underwriter's counsel, purchaser's counsel, credit enhancer's counsel, and general partner counsel on a wide variety of multifamily and single-family housing bond issuances. Our experience includes structures with fixed, variable, and convertible interest rates, as well as tax-exempt and taxable structures. We routinely represent our housing issuer clients in a wide variety of general matters, such as multifamily sales and acquisitions, partnership advice, bond defeasances and restructurings, and general corporate matters. We also represent lenders in providing loans to housing development and neighborhood improvement corporations, community organizations, and other not-for-profit institutions.

With respect to impacting development, legislation creates new ways to finance housing for low-income and underserved communities. The Tax Cuts and Jobs Act of 2017 created the Opportunity Zone program to stimulate economic development and job creation by incentivizing long-term investments in low-income or distressed communities throughout the United States. Chapman has worked on transactions for new multifamily housing financed through capital investments in qualified Opportunity Zones, in lieu of traditional financing in the form of public bonds or housing tax credits.

### Not-for-Profit Institutions

Chapman serves as bond counsel, bank counsel, borrower's counsel, or underwriter's counsel in connection with the issuance of tax-exempt and taxable bonds for the benefit of 501(c)(3) not-for-profit institutions providing social benefit throughout the country. We work on financings for colleges and universities, hospitals and health care systems, senior living facilities, YMCAs, social service agencies, museums, zoos, research institutions, and cultural facilities.

### Impact Investing

Impact investing, also known as social finance, is an increasingly important complement to governmental and philanthropic aid in addressing social and environmental issues facing communities around the world. In social finance transactions, both traditional and innovative financing tools use private and/or philanthropic capital to solve social problems while at the same time delivering financial return.

Chapman is one of the few law firms in the country to have completed social impact bond financings, also known as pay-for-success financings. Our attorneys have served as lender's counsel, government counsel, service provider's counsel, and intermediary's counsel in pay-for-success transactions across the country. In addition, attorneys in Chapman's Investment Management Group served as counsel to a nonprofit organization dedicated to mobilizing capital to drive social progress in the formation and operation of its first private impact investing fund, which provides catalytic capital to support education and training programs for low-income and underserved communities. We have also assisted institutional investors in evaluating and negotiating impact investments.

### Policy and Governance

Chapman helps clients develop responsible investing and lending policies that incorporate environmental, social, and governance factors. We also represent a number of investor-owned utilities in matters associated with securities regulation compliance, corporate governance, and investor relations, including advising executive management teams, in-house counsel, boards of directors, and board committees on reporting, governance, and compliance issues.

### Environmental Actions and Compliance

Chapman has extensive experience in environmental, health, and safety matters. We regularly assess and negotiate environmental liabilities and represent lenders, bidders, targets, and investors with regard to the environmental aspects of a wide variety of corporate and financial transactions. We also work with renewable energy, manufacturing, agricultural, and other commercial and industrial clients in connection with environmental compliance, permitting, and enforcement matters. We regularly advise clients with respect to a wide variety of corporate sustainability and ESG initiatives, including on climate change risk, environmental diligence, ESG ratings and program qualifications, public disclosures, and the development of ESG and sustainability policies. We also represent clients in investigations and enforcement proceedings before state and federal agencies.

Chapman attorneys have helped clients develop and adopt new financing products for environmental and social projects, resulting in a number of “first-of-its-kind” transactions, such as:

### **First Wind ETF**

Chapman served as counsel on the launch of the first wind industry exchange traded fund (ETF), including its registration with the Securities and Exchange Commission. Tied to an index of carefully selected companies in the wind energy industry, the fund allows participants to invest in the performance of the industry as a whole rather than the performance of a single company.

### **First Solar Energy Securitization**

Chapman represented the trustee and back-up servicer in the first rated term solar energy securitization. Chapman attorneys continue to collaborate with several financial institutions to establish programs for financing loans made to promote energy efficiency.

### **First Illinois C-PACE Financing**

Chapman served as special counsel to an Illinois county in the state's first transaction under a commercial property assessed clean energy (C-PACE) financing program, which allows property owners to obtain upfront financing from private capital providers for energy efficiency and renewable energy projects in new and existing buildings. The financing provided for a roof replacement and solar installation for a commercial property in DuPage County.

### **First US Pay-for-Success Financing Supporting Veterans with PTSD**

Chapman represented three investors in the first US pay-for-success financing that supports unemployed or underemployed veterans with post-traumatic stress disorder (PTSD) in attaining competitive and compatible employment. The \$5.1 million Veterans Coordinated Approach to Recovery and Employment (Veterans CARE) initiative is a partnership of Social Finance, the US Department of Veterans Affairs, local governments, and impact investors. It is the first multi-state project of its kind.

### **First Senior Living Green Bond Financing**

Chapman served as counsel to the underwriter in a \$297 million first-of-its-kind tax-exempt green bond financing of a senior living facility. The Zen-inspired life plan community is designed to achieve net zero energy status, will be built using sustainable construction materials, and will feature food recycling and other sustainability-minded upgrades. In addition to market-rate independent living apartments, the community will incorporate low- and moderate-income housing, as well as assisted living and memory support units.

### **Innovative Public Housing Refunding**

Chapman acted as bond counsel on the nation's first advance refunding securitized by federal public housing capital grant funds. The \$270 million transaction restructured the Chicago Housing Authority's debt and freed up a significant amount of capital grant funds from HUD for use in the CHA's landmark Plan for Transformation for Chicago's public housing system.

### **Drafting Policy Provisions for CREBs**

Chapman assisted in the drafting of the Clean Renewable Energy Bond (CREB) provisions of the Energy Policy Act of 2005. CREBs were established as tax credit bonds issued by CFC, rural electric cooperatives, and governmental bodies to finance clean renewable energy projects, such as wind, biomass, geothermal, solar, solid waste, refined coal, and hydropower facilities. We completed a number of CREB transactions authorized under the Energy Policy Act.

# Impact Matters

## We are united in the business of a better world.

Chapman is committed to doing our part to ensure safe and healthy workplaces for our people and sustainable and ethical business practices with our clients, business partners, and communities.

### **United Nations Global Compact**

Chapman signed onto the United Nations Global Compact (UNGC) in 2020 and formed a Social Impact and Sustainability Task Force to oversee and guide the firm's internal practices, promote opportunities to partner with clients on community and pro bono work and sustainability initiatives, and hold the firm accountable to our UNGC goals.

### **Statement from Business Leaders for Renewed Global Cooperation**

Chapman is among the more than 1,000 signatories to the Statement from Business Leaders for Renewed Global Cooperation, "uniting in the business of a better world" to advance the UNGC's Principles and Sustainable Development Goals within our firm and with our clients and business partners.

Visit us at [www.chapman.com](http://www.chapman.com) to learn more.



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