

City of Boerne

John Clamp,
Chief Financial Officer
AACOG

www.TexasPACEAuthority.org

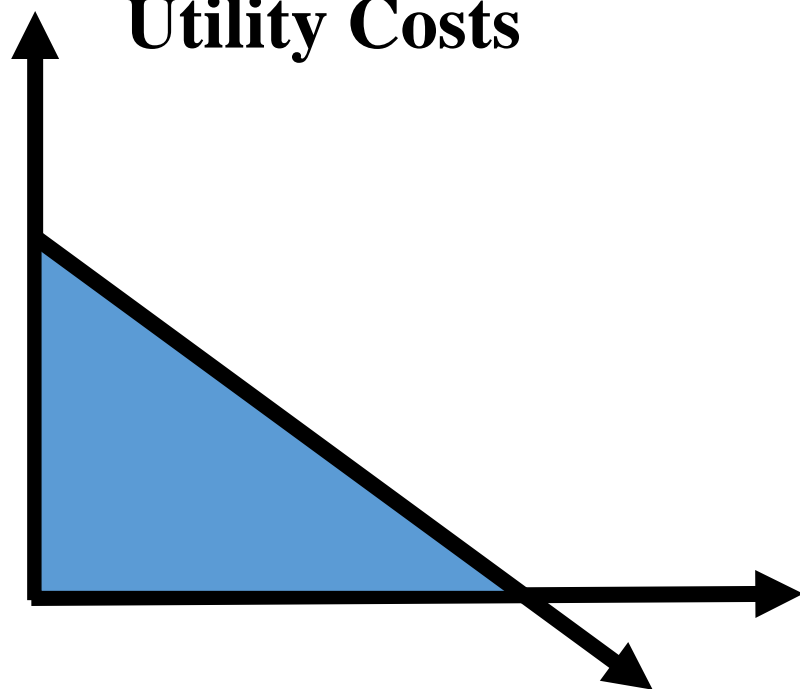
P - Property *Innovative Financing for*
A - Assessed *Commerical Buildings*
C - Clean *Improvements*
that Save Money
E - Energy *For Energy or Water*

Texas PACE answers the question, “How are we going to pay for it?”

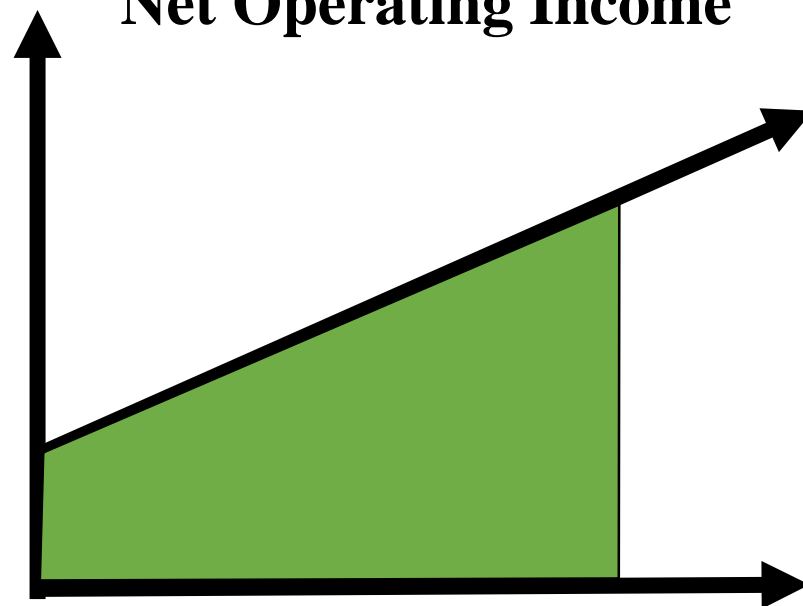
TX-PACE is transforming how developers, owners, and contractors look at projects, proving that there is a clear path forward for energy efficiency, distributed generation, water use reduction, and resiliency projects in existing buildings.

WHAT TX-PACE DOES

LOWER
Utility Costs



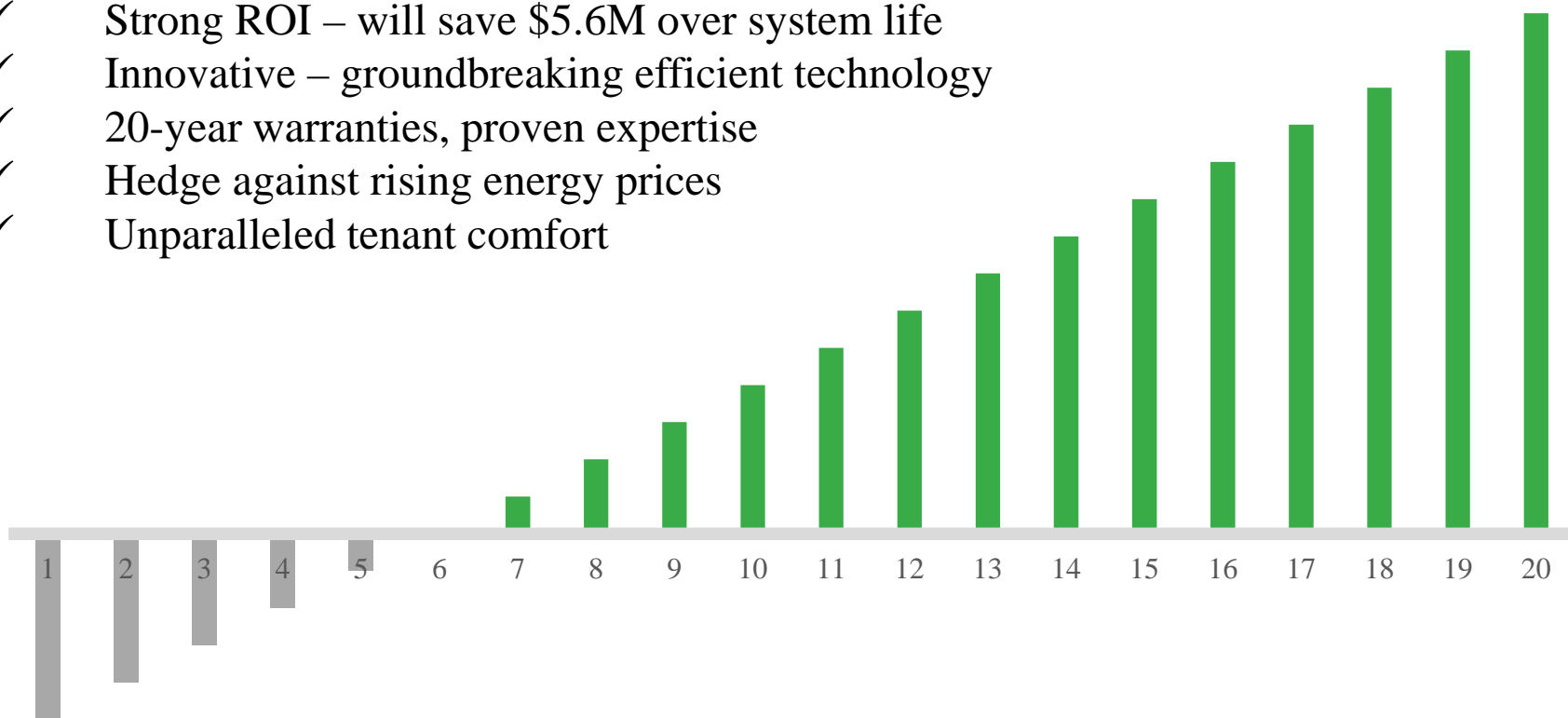
INCREASE
Net Operating Income



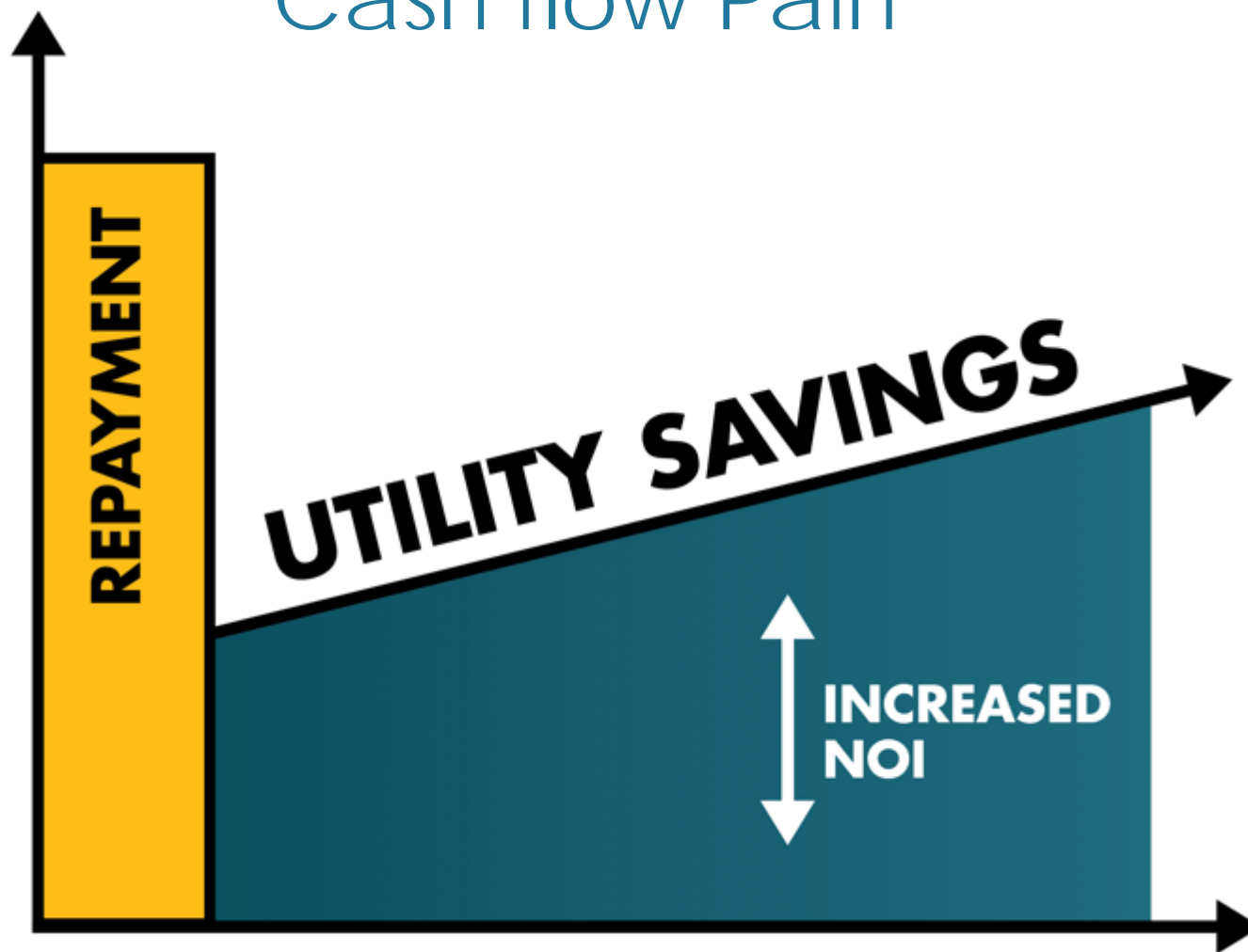
Bottom Line: Increased Building Value

What Contractors PITCH

- ✓ Strong ROI – will save \$5.6M over system life
- ✓ Innovative – groundbreaking efficient technology
- ✓ 20-year warranties, proven expertise
- ✓ Hedge against rising energy prices
- ✓ Unparalleled tenant comfort



Short Financing term + Long ROI =
Cash flow Pain



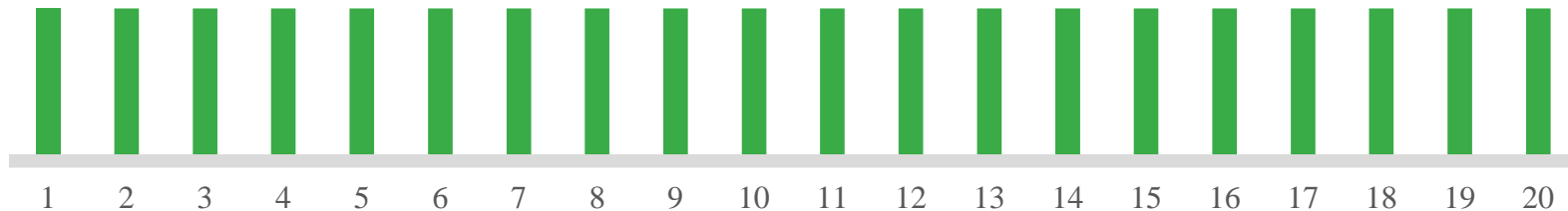
LONG SIMPLE PAYBACK? NO PROBLEM!



Changing the Story

What if you could develop a solution that...

1. Provides 100% up front funding of all hard and soft costs?
2. Allows a 20+ Year repayment term = **immediate income source**
3. Allows transfer of obligation automatically on sale
4. Doesn't tie up borrowing capacity
5. Requires savings to be validated by third party review





WHAT IS TX-PACE?

- Local Adoption economic development tool - Property assessment
- 100% long term, low cost financing
- For energy efficiency, water conservation, distributed generation, and demand reduction (resiliency)
- On commercial, industrial, and multi-family (5+ units) properties



How It Works

A Building Owner:

finds a
contractor

selects
a project

identifies
a capital
provider

applies to
PACE program

If the owner, building, and project all meet PACE requirements:

the owner
signs a
contract with
the PACE
program,
which places
a senior lien
on the
property

capital
provider
signs a
contract
with the
county in
exchange
for the
assessment
payments

the
capital
provider
supplies
funding

contractors
complete
the
project

the owner
sends
installment
payments
directly
to the
lender



PACE IN A BOX

“PACE in a Box” is a toolkit of recommendations and templates for counties and municipalities to:



- ▶ **Create uniform, user friendly, scalable, and sustainable PACE programs**
- ▶ **Administered by a nonprofit in a transparent manner, focused on gov’t tasks; free market with decision/power in hands of property owner**



LOCAL GOVERNMENT ACTION



- ✓ **Post Report on how the program will work**
- ✓ **Pass a Resolution of Intent**
- ✓ **Hold a Public Hearing**
- ✓ **Adopt a Resolution Establishing PACE Program**



LOCAL GOVERNMENT BENEFITS



- ✓ Property owners/occupants to substantially save in utility costs
- ✓ Reduce demand on electricity grid
- ✓ Mitigate greenhouse gas emissions (energy generation)
- ✓ Enhance the value and efficiency of buildings
- ✓ Enhanced economy
- ✓ Support State's water conservation plan
- ✓ Support City water and utility conservation goals.

Local Government Risk Avoidance

- Financial
 - No tax dollars (user fee)
 - No risk to treasury
 - No risk to public servants – HB 2654
 - Limited impact on public servant work load
- Fiduciary
 - Build strong local stakeholder support
 - Best practices/consumer protection
 - Gov't doesn't compete w/private sector
- Gov't costs covered if foreclosure



Property Owner BENEFITS



- ✓ Innovative Financing
 - ✓ Long term amortization
 - ✓ Strong ROI
- ✓ Property Value Enhancement
- ✓ Qualify for rebates, tax credits, other incentives



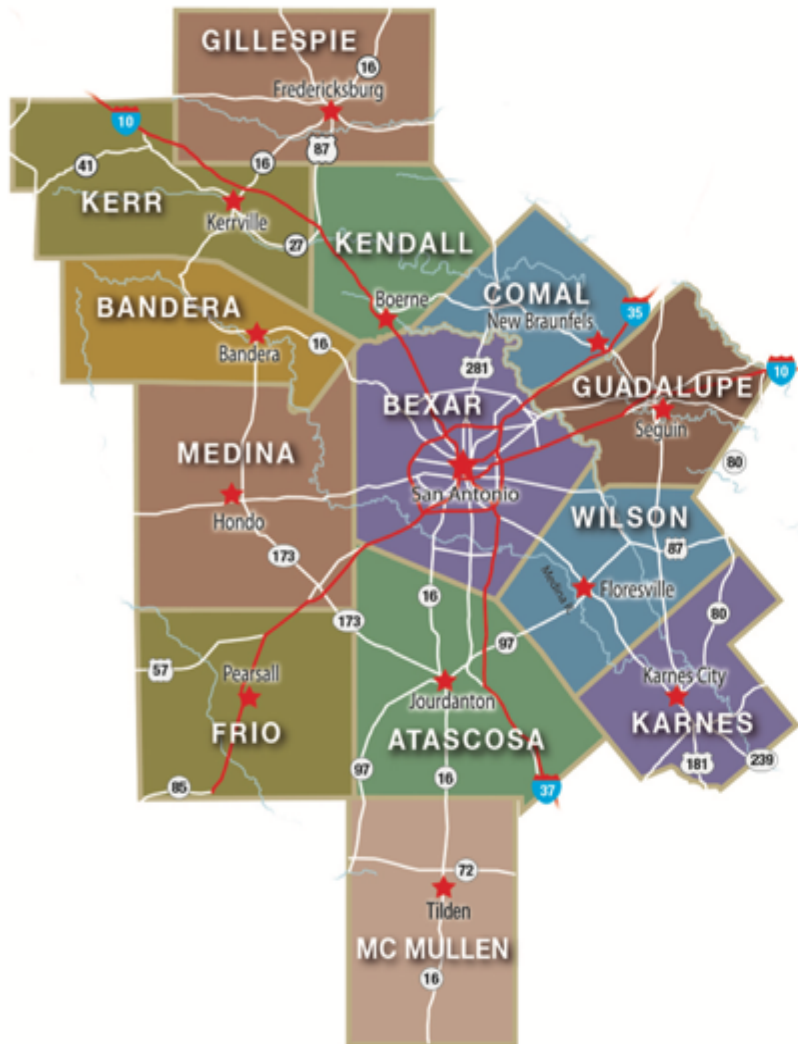
Lender Benefits

BENEFITS



- ✓ Very Secure investments
- ✓ PACE Lien has priority over other liens
 - ✓ Lender (first lien) consent for PACE lien
- ✓ New product high demand market niche
- ✓ Enhanced collateral for lenders

AACOG Region



AACOG serves the Alamo Area State Planning Region 18, which is comprised of Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, McMullen, Medina and Wilson counties.

- The AACOG 13 county region covers 12,585 square miles.
- The AACOG 13 county region population is approximately 2.5 million.

GROWING TX-PACE MARKET



COUNTIES

| | | |
|------------------|-------------------|----------------|
| Bastrop County | Bell County | Brazos County |
| Cameron County | Comal County | El Paso County |
| Fort Bend County | Galveston County | Hays County |
| Hidalgo County | Jefferson County | Medina County |
| McLennan County | Navarro County | Nueces County |
| Tarrant County | Tom Green County | Travis County |
| Willacy County | Williamson County | |

CITIES

| | | |
|-------------------|------------------------|-----------------|
| City of Amarillo | City of Cameron | City of Corinth |
| City of Dallas | City of Farmers Branch | City of Hondo |
| City of Houston | Jacinto City | Johnson City |
| City of Panhandle | City of Princeton | Town of Prosper |

- Over \$100 million of investment to date
- + 42% of state population covered

TX-PACE BY THE NUMBERS

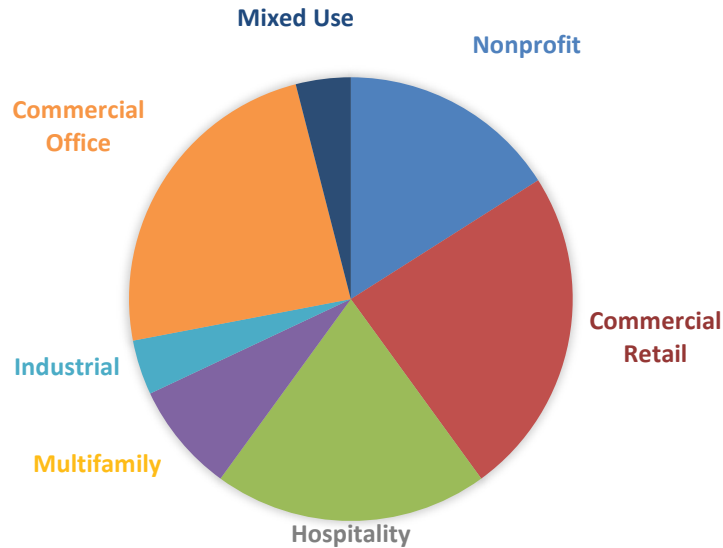
+\$101.5M

INVESTED

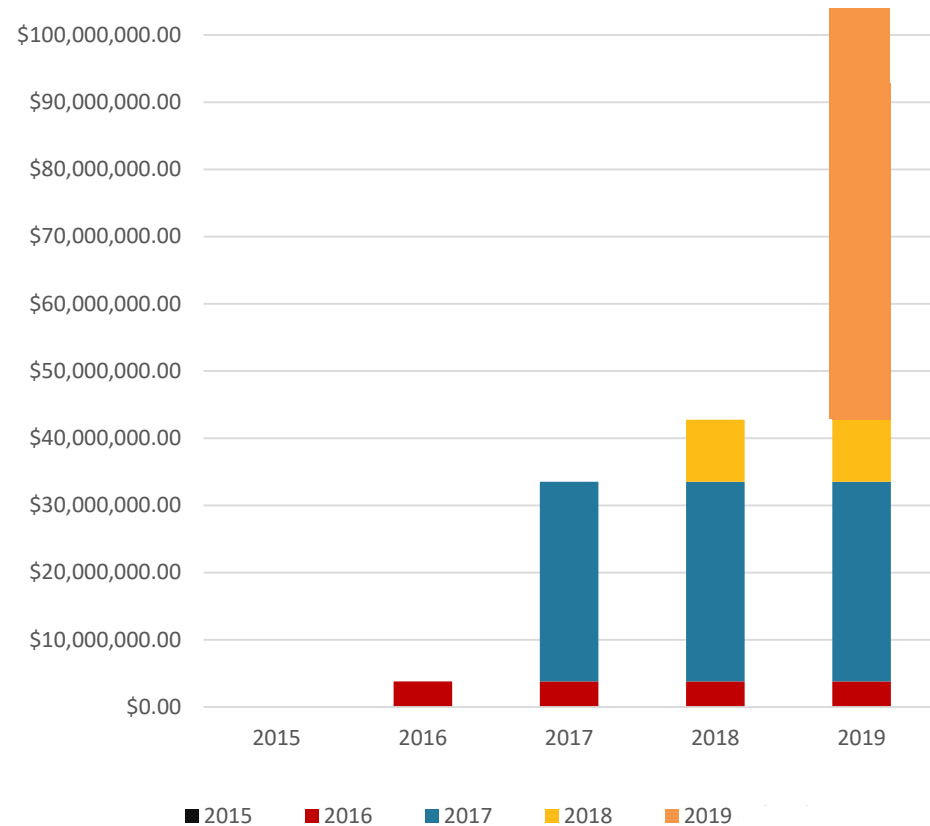
26

TOTAL
PROJECTS

PROJECT BREAKDOWN

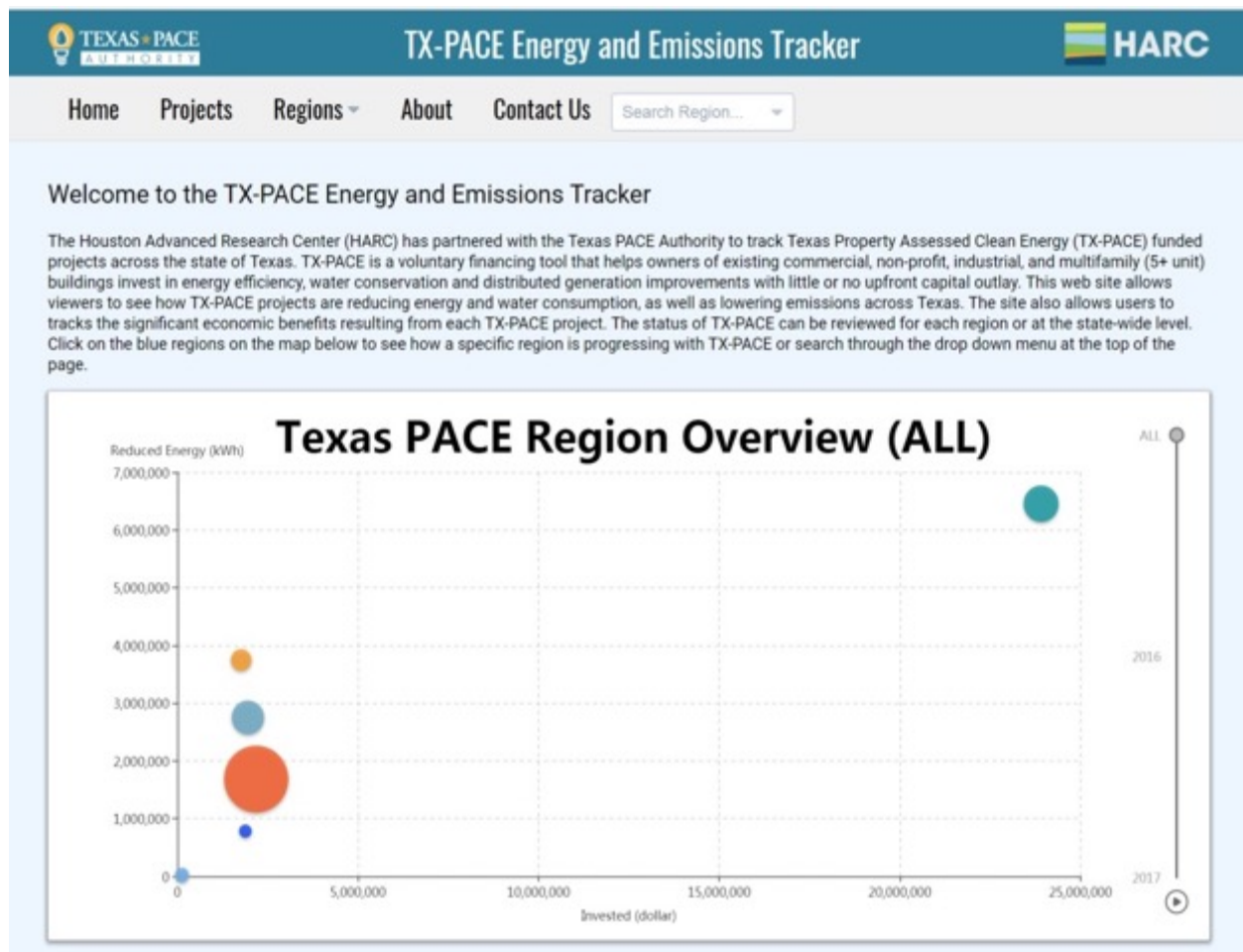


ANNUAL TX-PACE INVESTMENT



Houston Advanced Research Center's TX-PACE Energy and Emissions Tracker

<http://www.harcresearch.org>



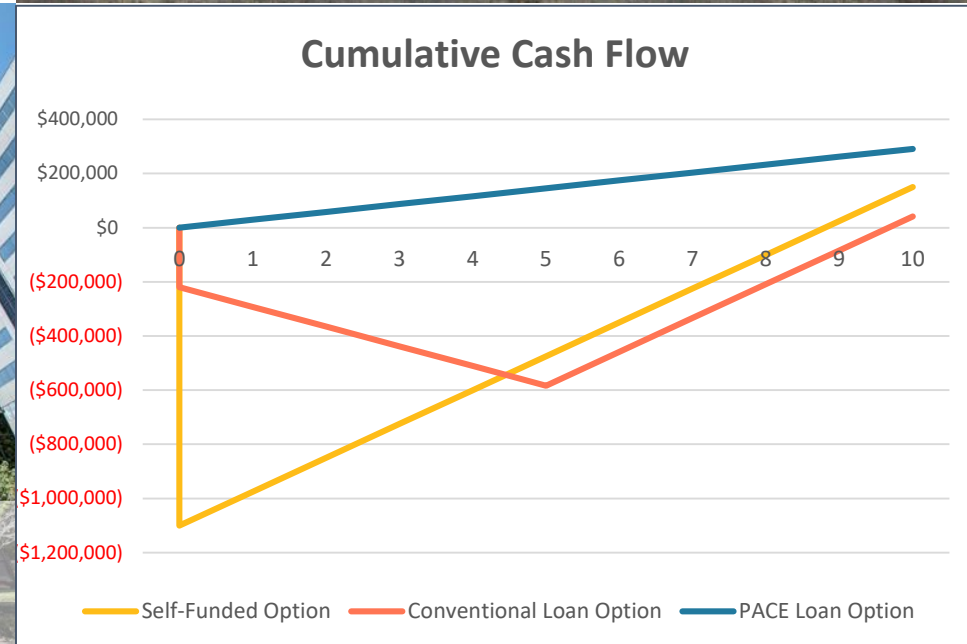
COMMERCIAL



Dallas Paint & Body Shop • City of Dallas
LED Lighting • Solar PV
Assessment: \$74,000 • Annual Energy Reduction: 92%



1225 North Loop West • City of Houston
HVAC • LED lighting • BAS Controls
Assessment: \$1.3 Million • Annual Savings: \$185,000



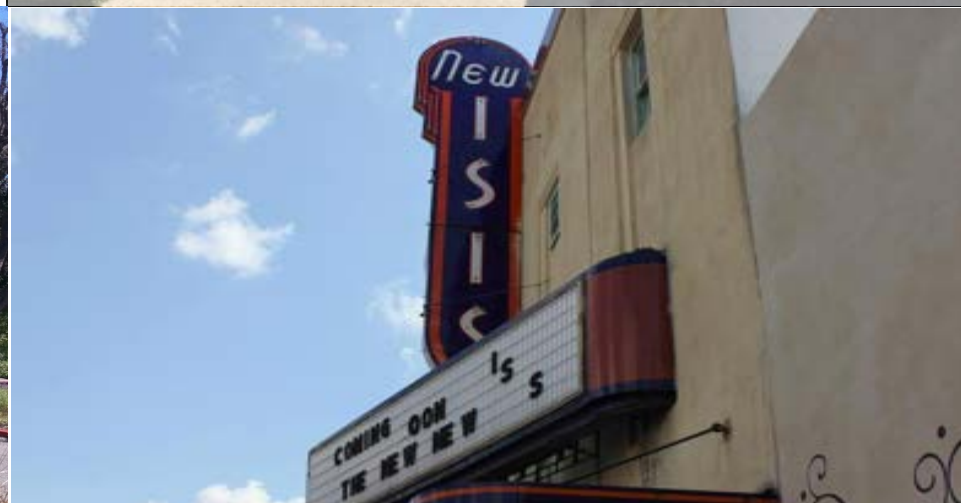
NON-PROFIT



Family Eldercare • Travis County
Solar PV • Cool Roof
Assessment: \$260,000 • Annual Savings: \$20,000



Congregation Beth Israel • Travis County
Boilers • Chillers • Window Film • BAS Controls
Assessment: \$450,000 • Annual Savings: \$40,000

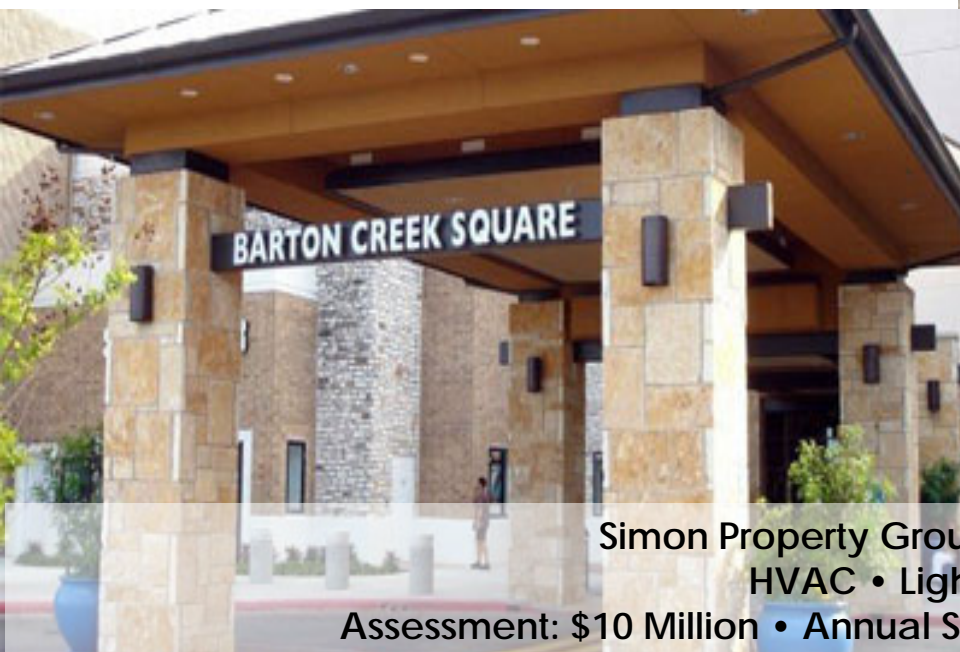


New Isis Theater • Tarrant County
HVAC • Building Envelope • Water
Assessment: \$2.3 Million • Annual Savings:

INDUSTRIAL & RETAIL



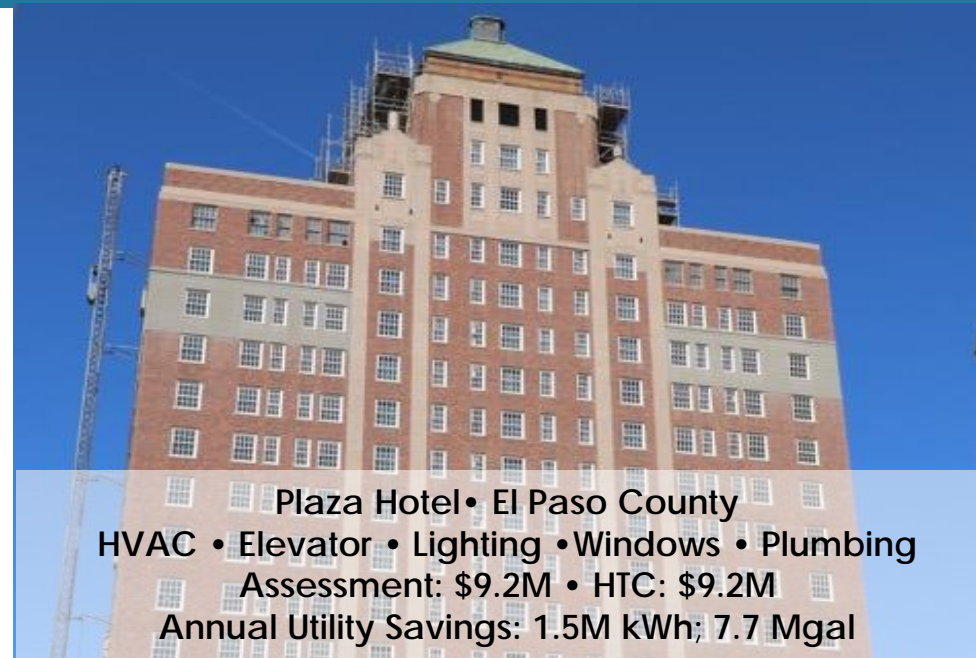
R.J. Liebe Company • Navarro County
HVAC • LED lighting
Assessment: \$325,000 • Annual Utility Savings: 30%



Simon Property Group • Multiple Counties
HVAC • Lighting • Water
Assessment: \$10 Million • Annual Savings: 7.3 mill kWh, 16 mill gallons



HOSPITALITY



Plaza Hotel • El Paso County
HVAC • Elevator • Lighting • Windows • Plumbing
Assessment: \$9.2M • HTC: \$9.2M
Annual Utility Savings: 1.5M kWh; 7.7 Mgal

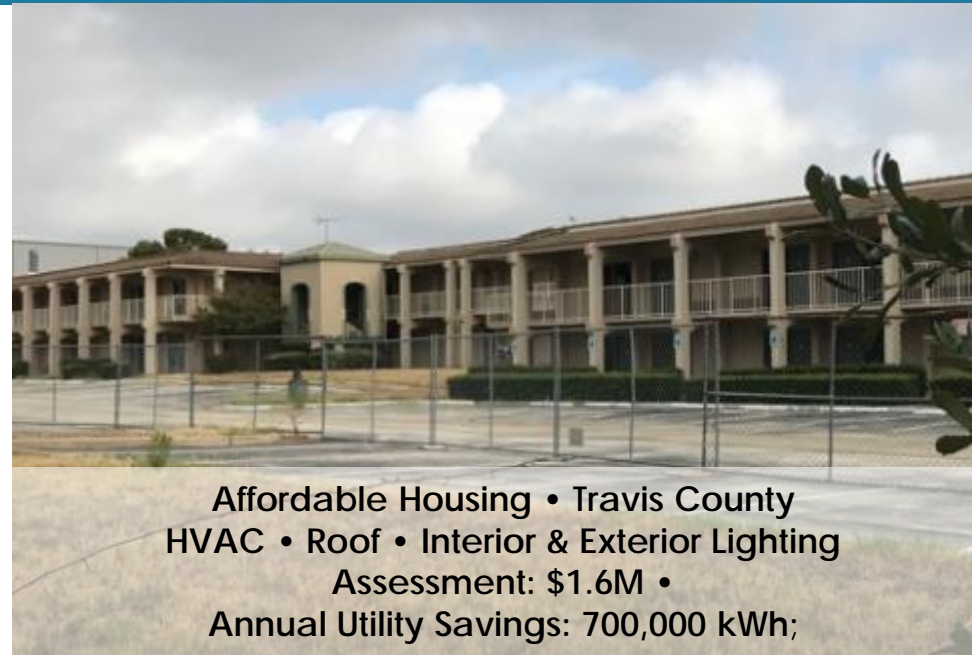


Barfield Building • City of Amarillo
LED lighting • Building Envelope • Water Efficiency •
Domestic Hot Water Heating
Assessment: \$6.4 Million • HTC: \$9M • Savings:



Kimpton Hotel • Tarrant County
HVAC • Lighting • Water Heater
Assessment: \$5.8 Million • Annual Savings:
2,000,000 kWh; 15,000 BTU

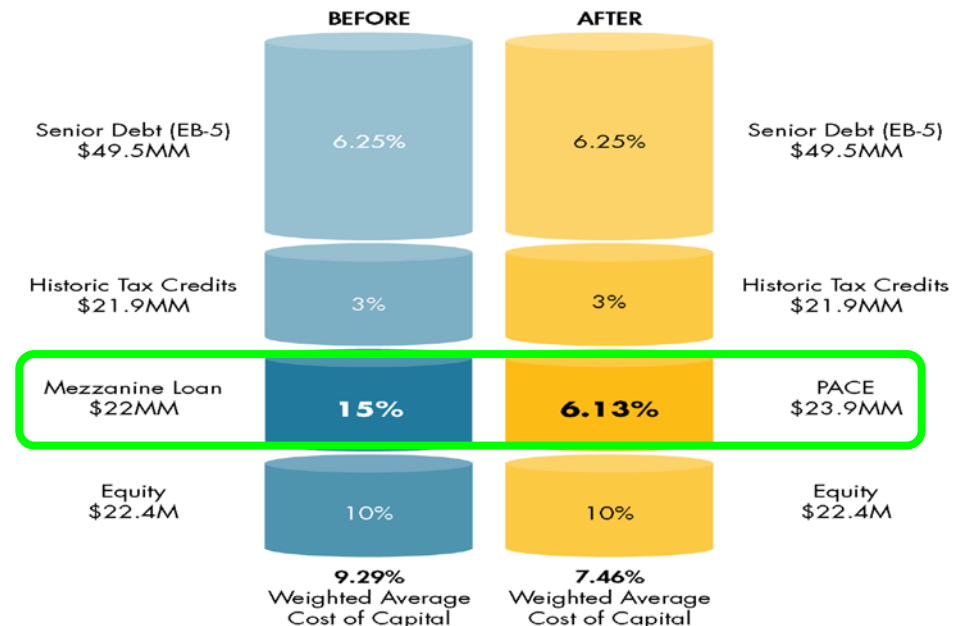
RESIDENTIAL & MIXED USE



Affordable Housing • Travis County
HVAC • Roof • Interior & Exterior Lighting
Assessment: \$1.6M •
Annual Utility Savings: 700,000 kWh;



Butler Brothers Building • City of Dallas
HVAC • Lighting • Insulation • Roofing • Glazing •
Plumbing • Irrigation • Envelope
Assessment: \$24M • Annual Savings: 40% energy;



Documents

- Underlying Loan Agreement
- Closing:
 - Lender Consent
 - Owner contract
 - Lender contract
 - Notice of assessment lien



PACE is a WIN-WIN-WIN

- **Property Owners** – lower utility bills, energy independence, energy efficiency, property value increase
- **Contractors** – source of increase in business, more local hiring, best practices, keeping up with technology advancements
- **Lenders** – new loans, steady & stable process, fully collateralized, Tax Assessment lien position, improved asset value
- **State of Texas** – reduced peak demand, improved grid loading, distributed generation as resilient power source, improved air quality, better water conservation
- **Communities** – increased economic development and jobs, improved building infrastructure, more appealing building stock



TEXAS ★ PACE

AUTHORITY

TEXAS' OPEN-MARKET PACE
PROGRAM ADMINISTRATOR

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POWERED BY:

