City of Boerne

John Clamp,
Chief Financial Officer
AACOG

www.TexasPACEAuthority.org

P - Property

A - Assessed

C - Clean

E - Energy

Innovative Financing *for*

Commerical Buildings Improvements

that ***Save Money***

For ***Energy or Water***

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TEXAS PACE AUTHORITY

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.

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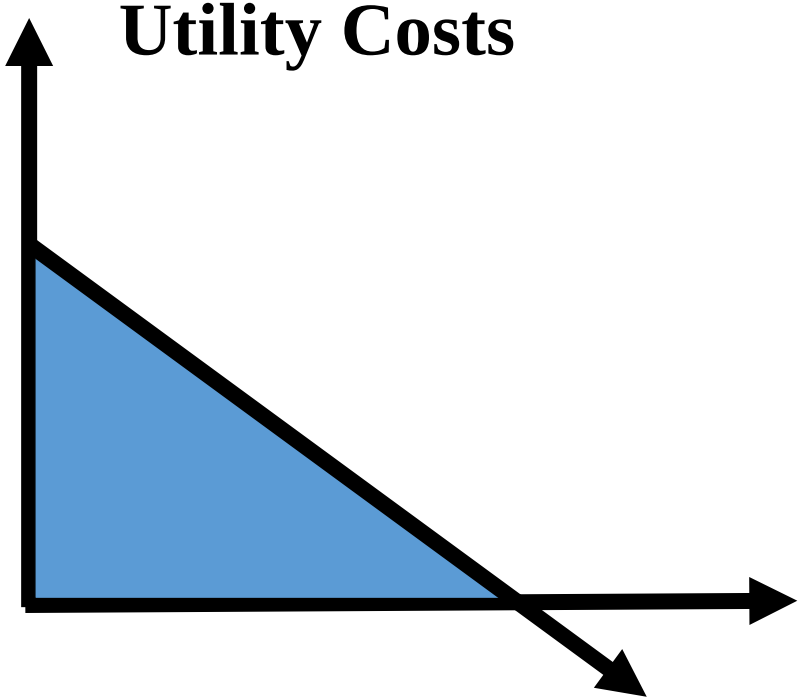
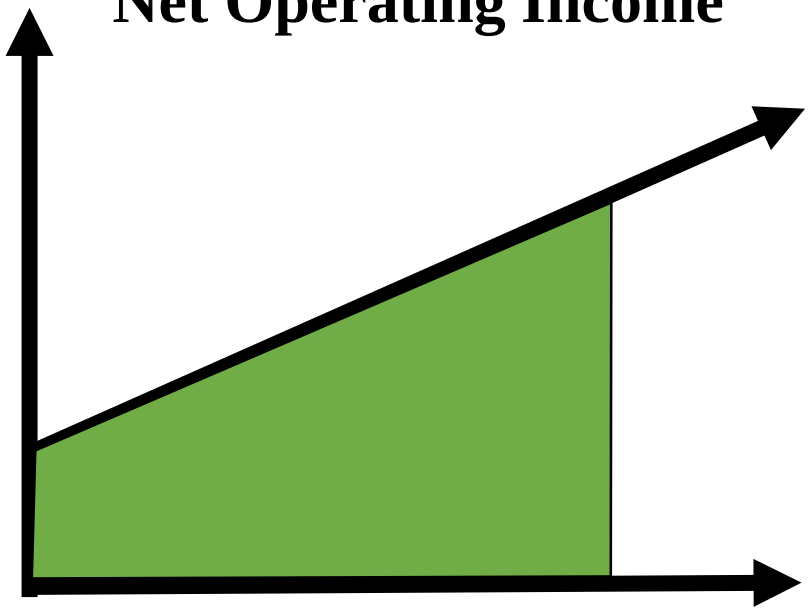
WHAT TX-PACE DOES

LOWER
Utility Costs



INCREASE
Net Operating Income



Bottom Line: Increased Building Value

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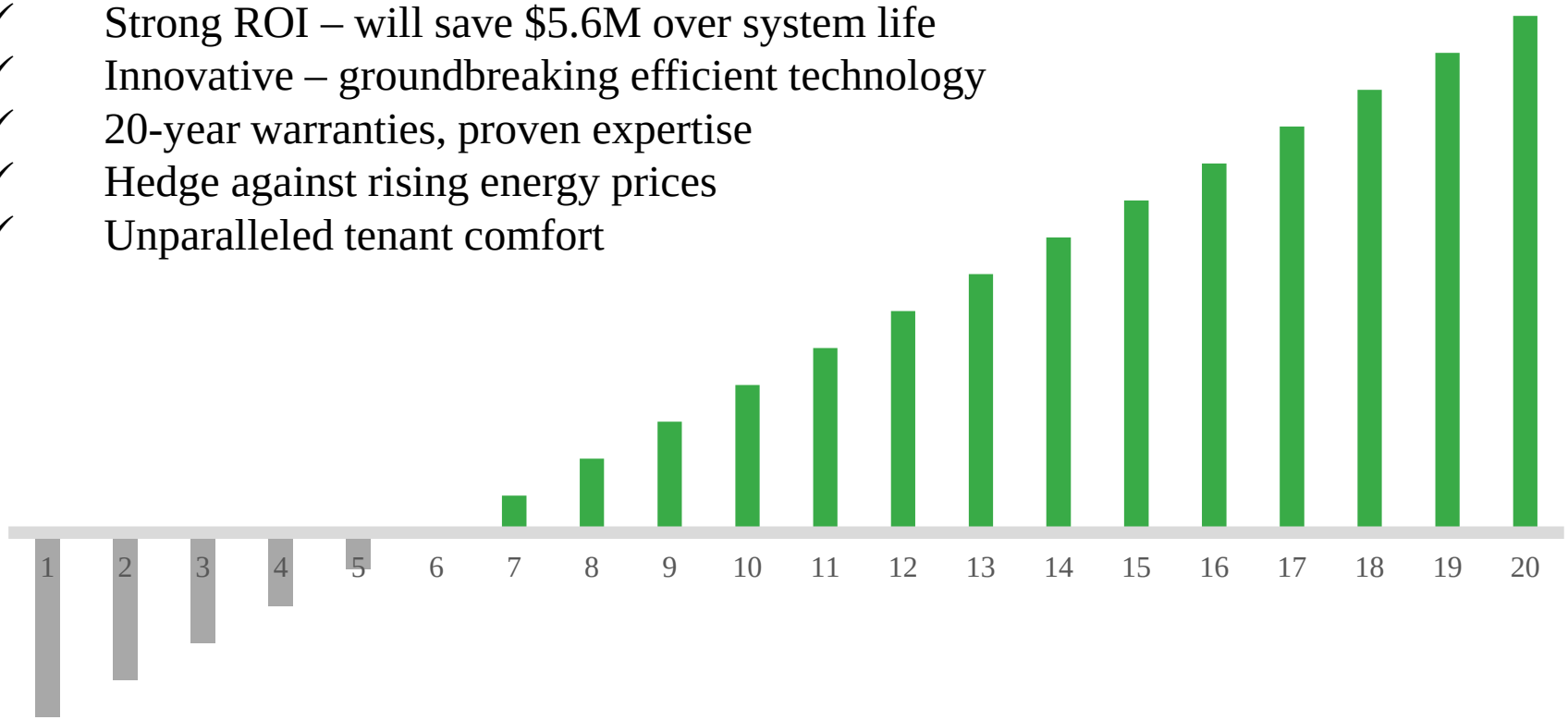
What Contractors PITCH

- ✓ 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



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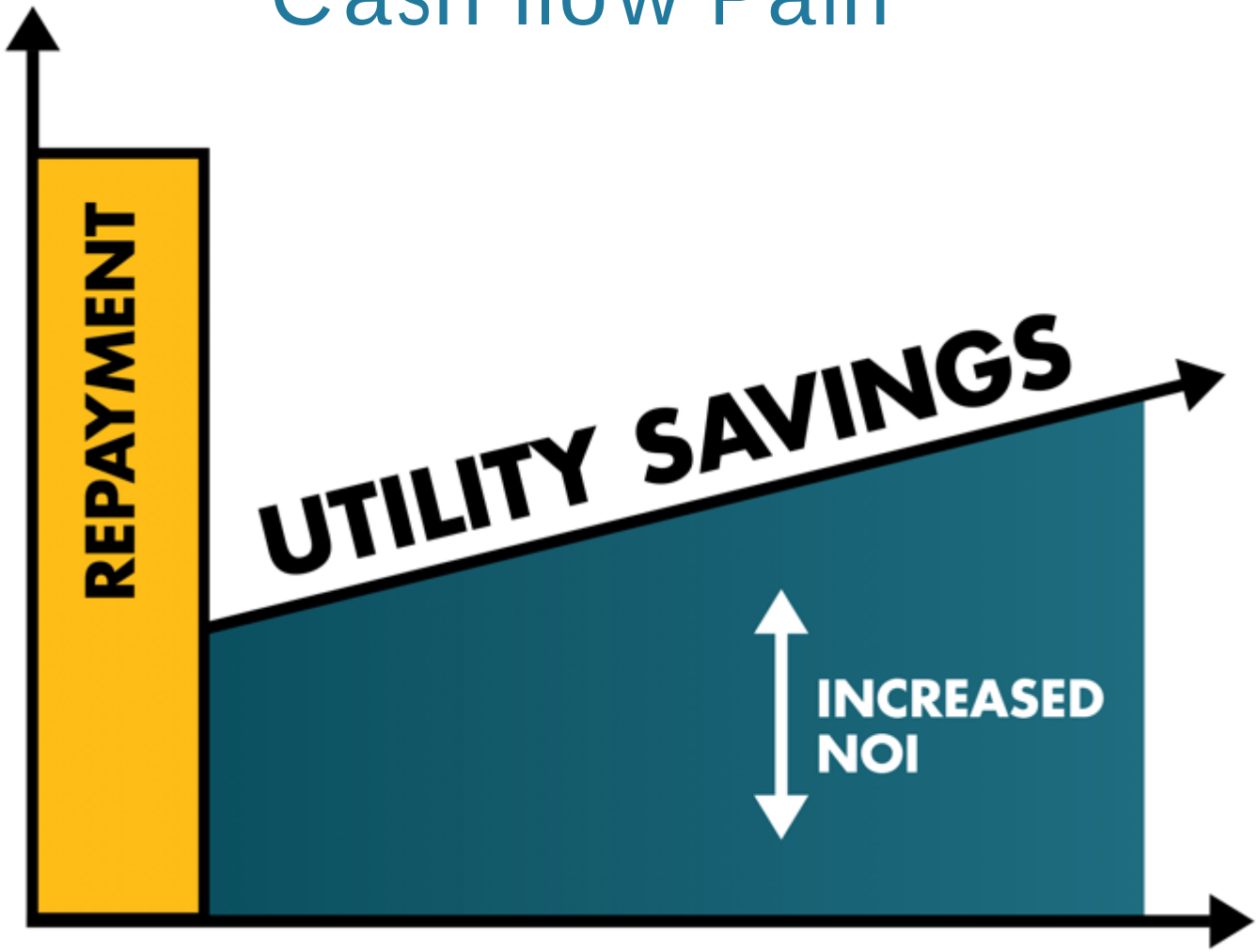
Short Financing term + Long ROI = Cash flow Pain



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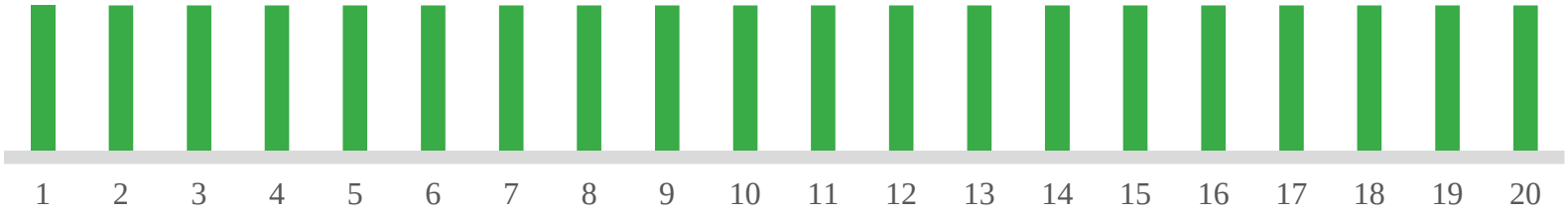
LONG SIMPLE PAYBACK? NO PROBLEM!

TEXAS PACE AUTHORITY

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



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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

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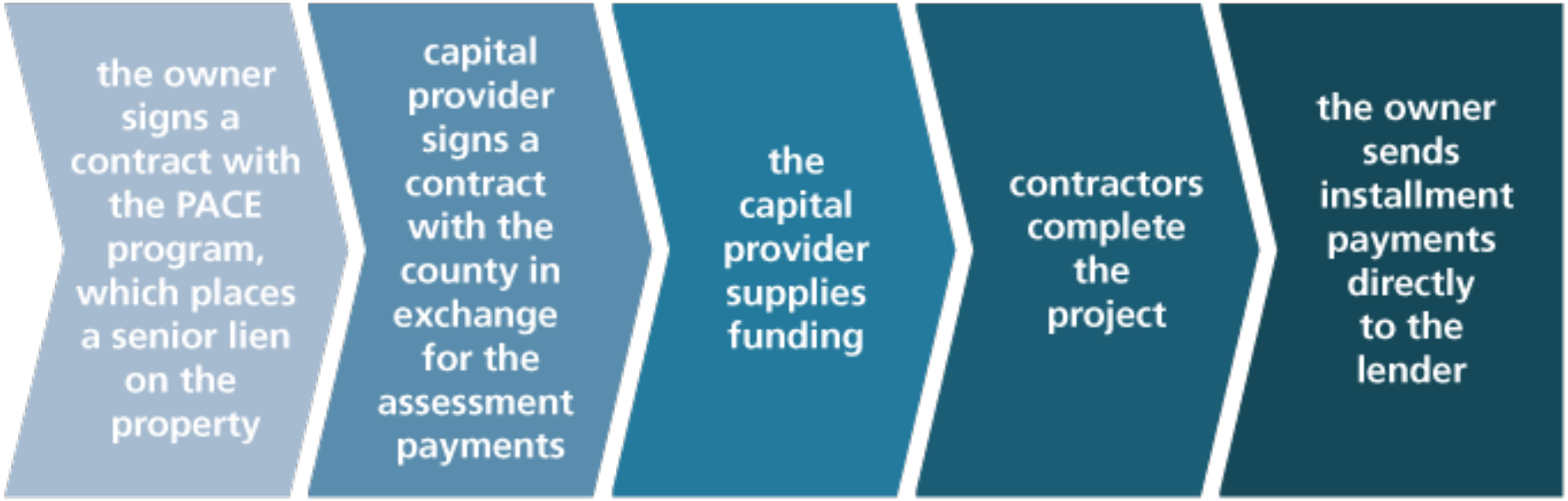
How It Works

A Building Owner:

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



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**

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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

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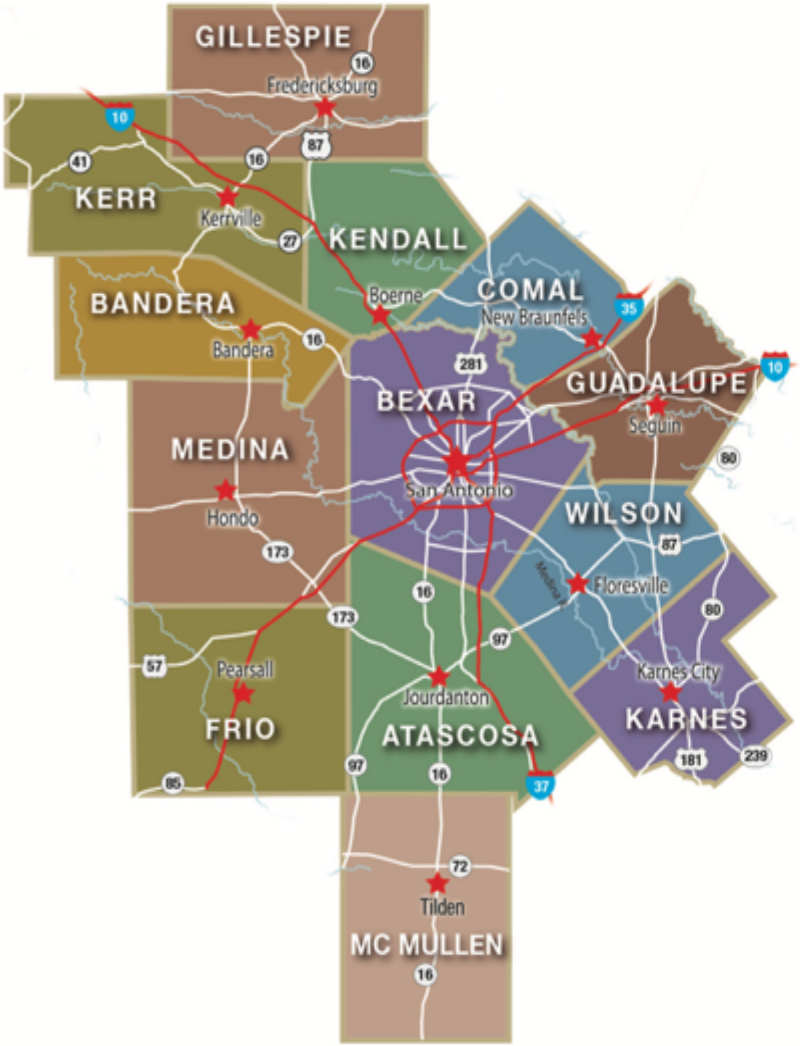
Property Owner BENEFITS

- ✓ 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.

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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

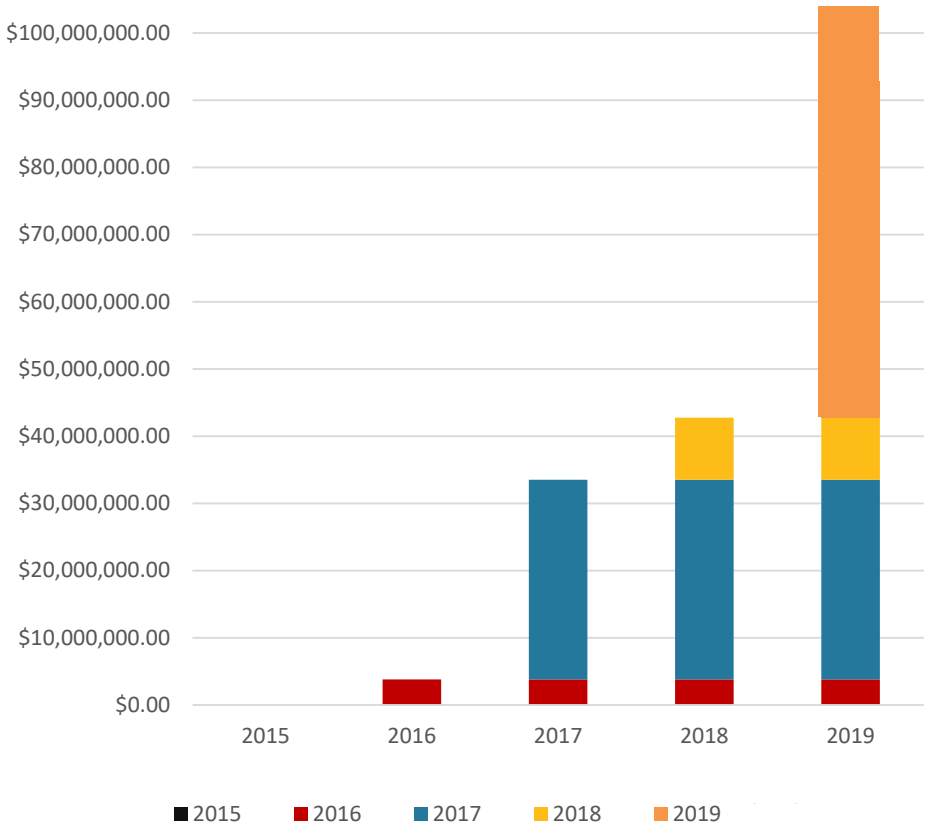
- Over $100 million of investment to date
- + 42% of state population covered

TX-PACE BY THE NUMBERS

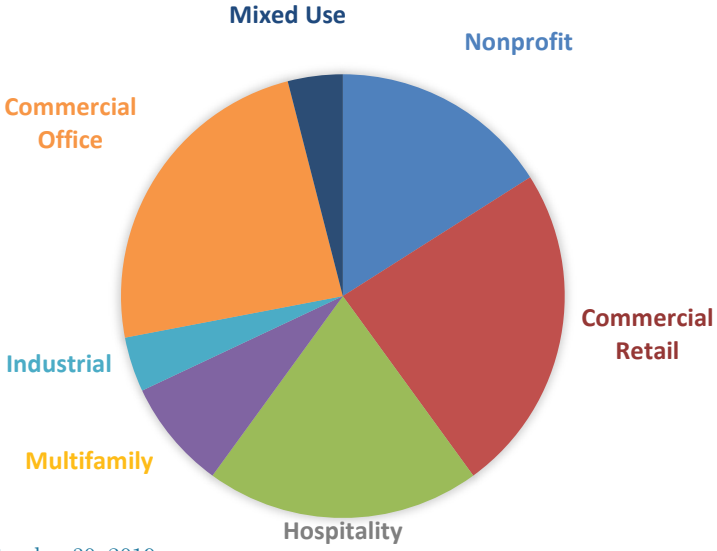
+$101.5M INVESTED

26 TOTAL PROJECTS

ANNUAL TX-PACE INVESTMENT



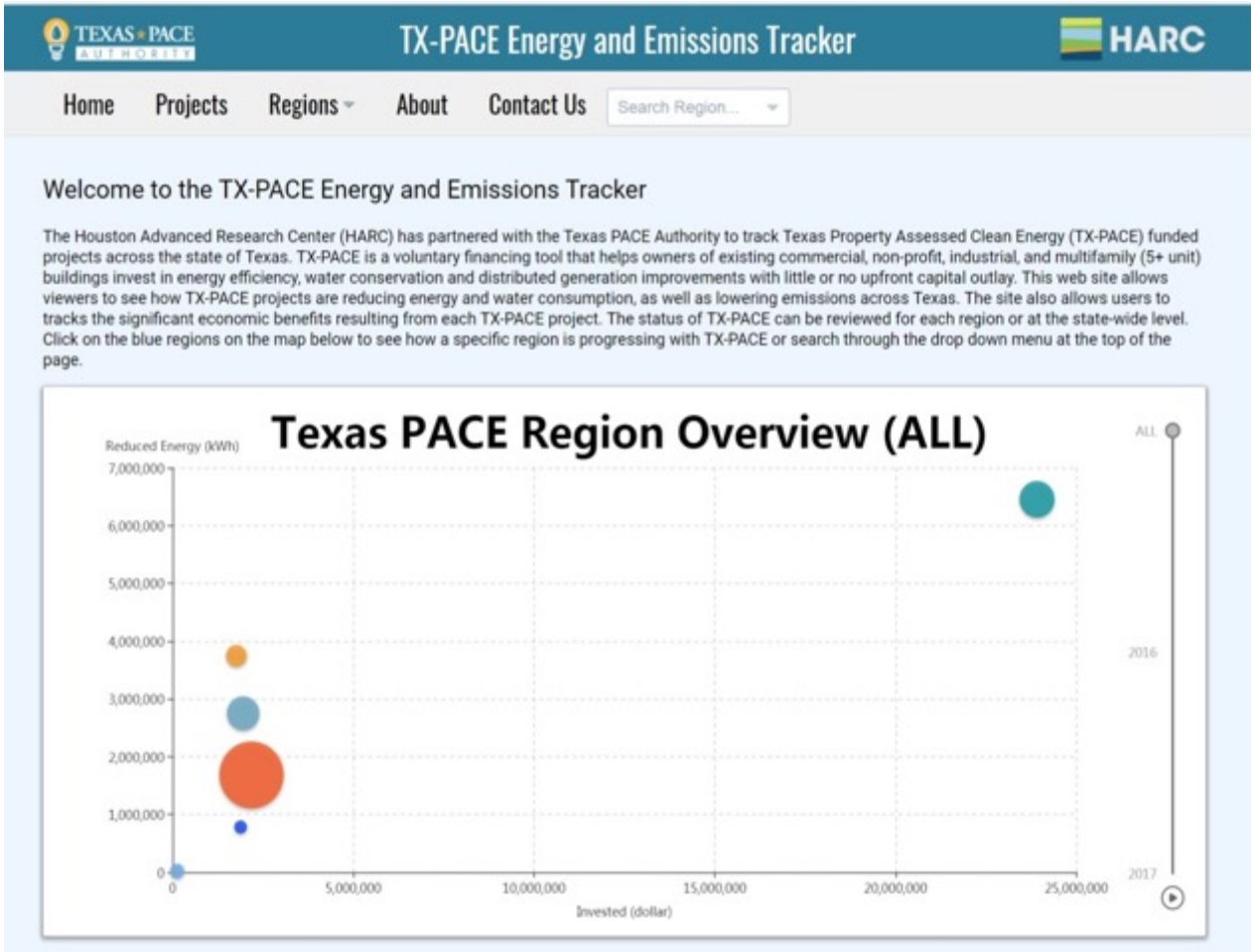
PROJECT BREAKDOWN



* As of September 30, 2019

TEXAS PACE AUTHORITY

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



http://www.harcresearch.org

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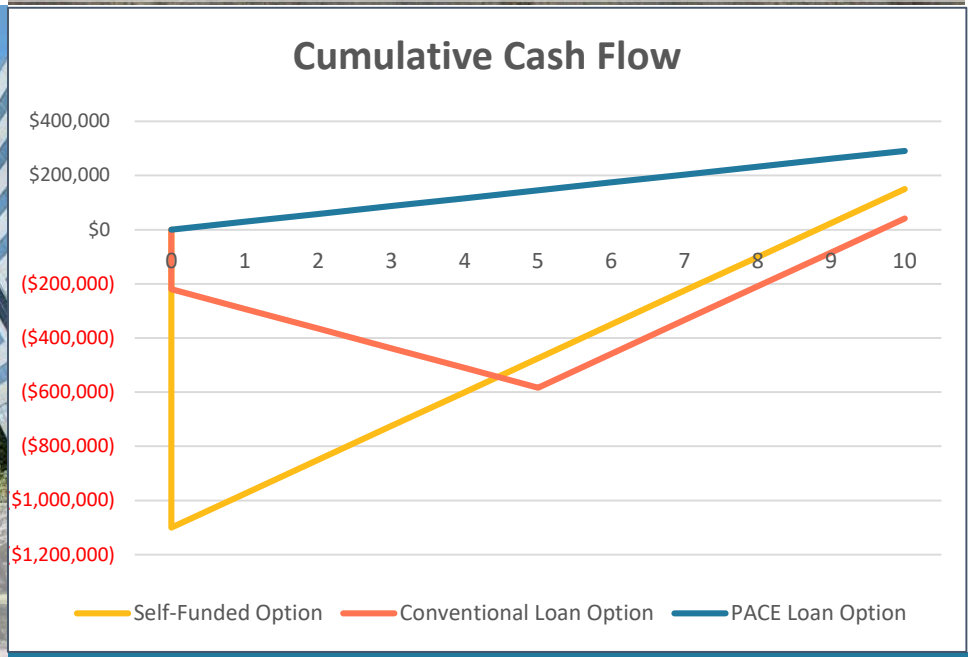
COMMERCIAL

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



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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:

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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

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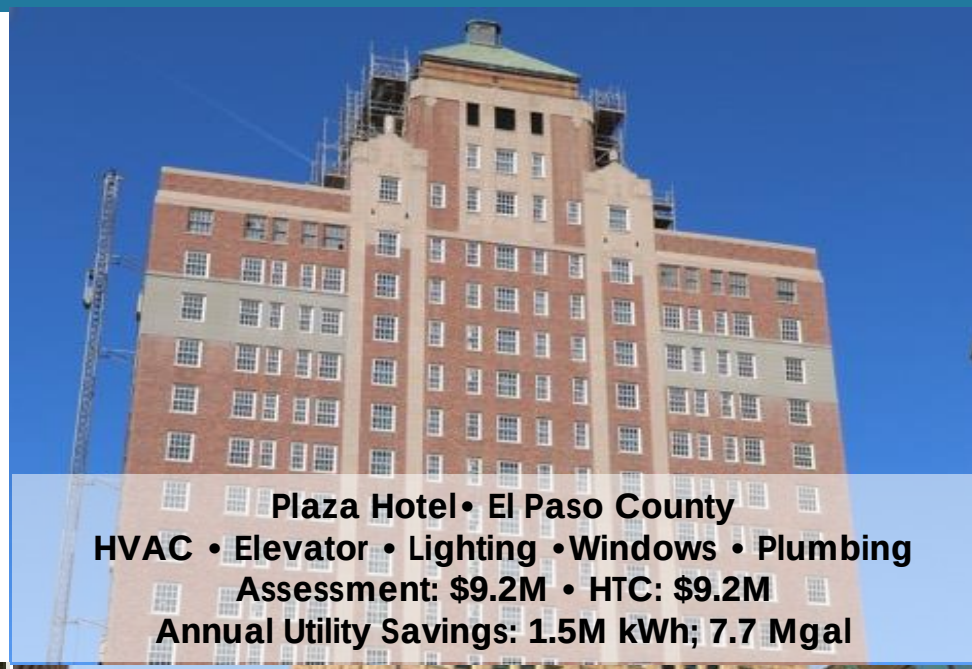
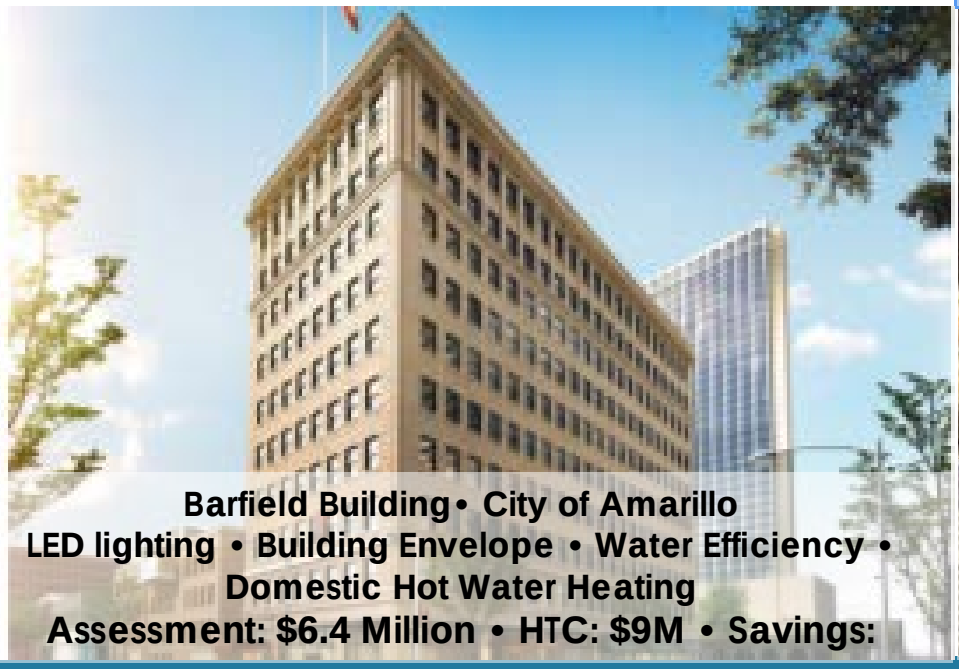
HOSPITALITY



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

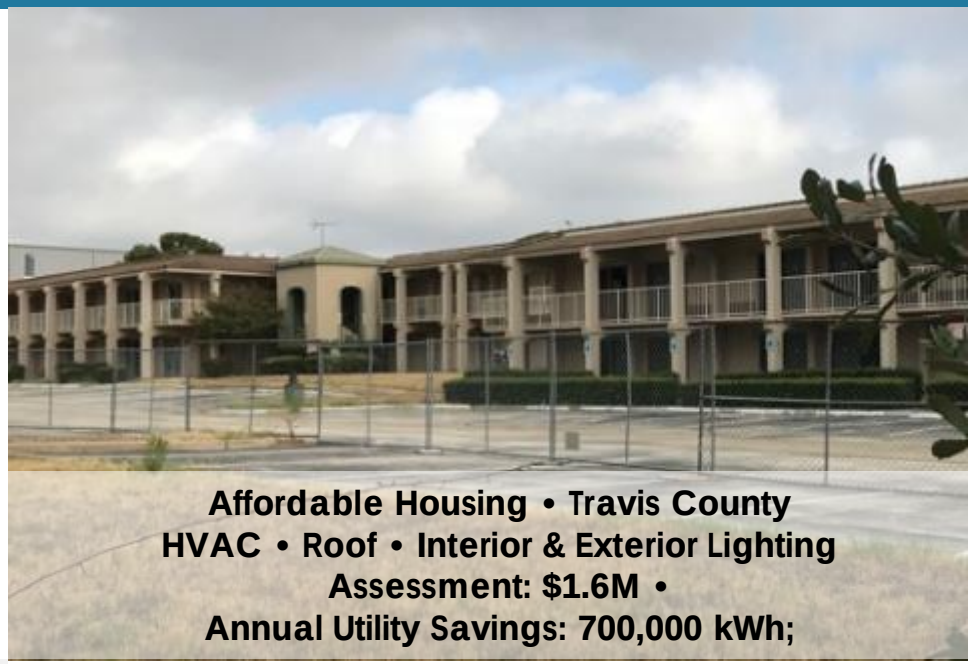


Barfield Building• City of Amarillo
LED lighting • Building Envelope • Water Efficiency • Domestic Hot Water Heating
Assessment: $6.4 Million • HTC: $9M • Savings:

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

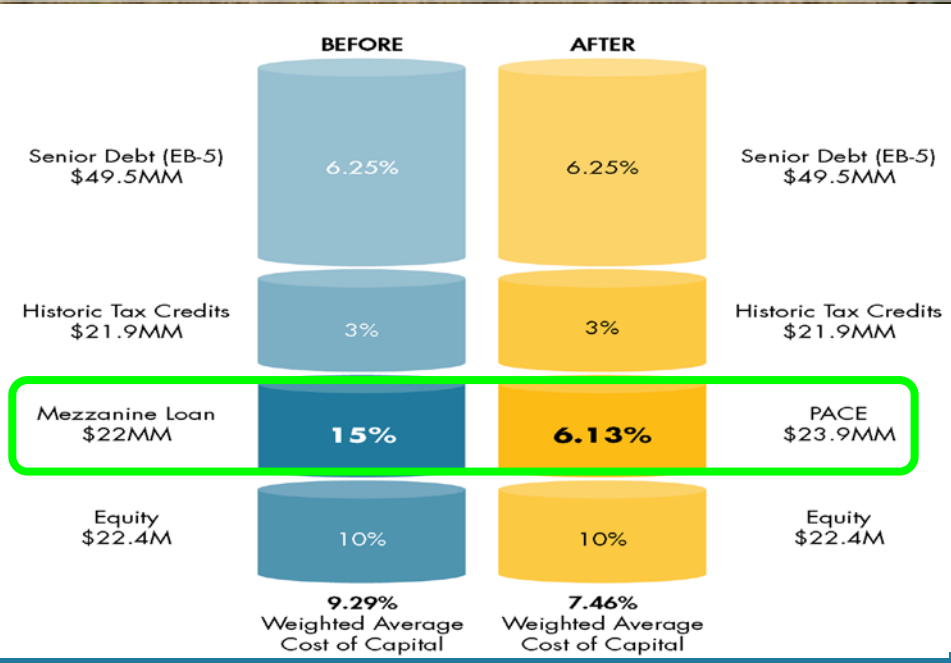
TEXAS PACE AUTHORITY

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

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

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TEXAS PACE AUTHORITY

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TEXAS' OPEN-MARKET PACE PROGRAM ADMINISTRATOR

www.TexasPACEAuthority.org

POWERED BY:

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