

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.

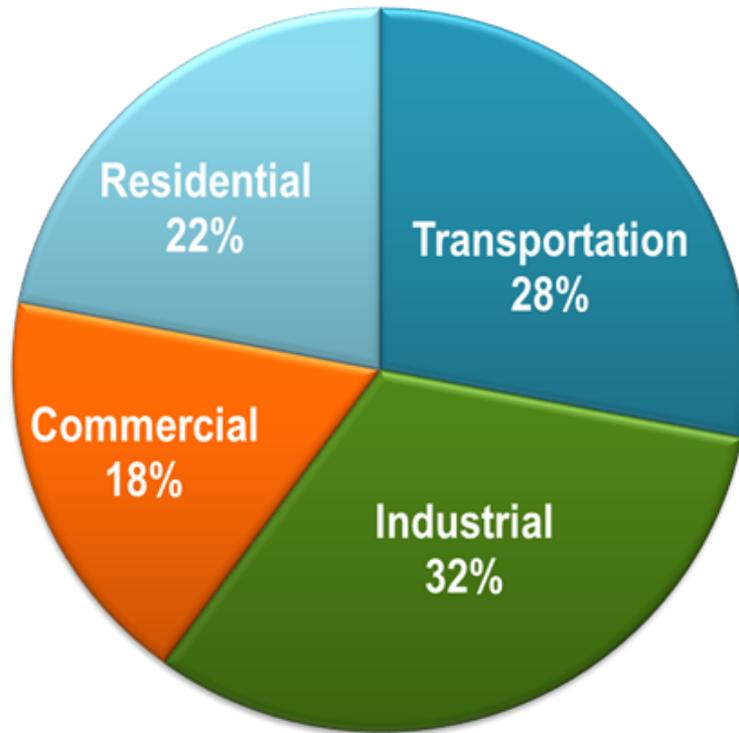


Advancing PACE in Central Texas

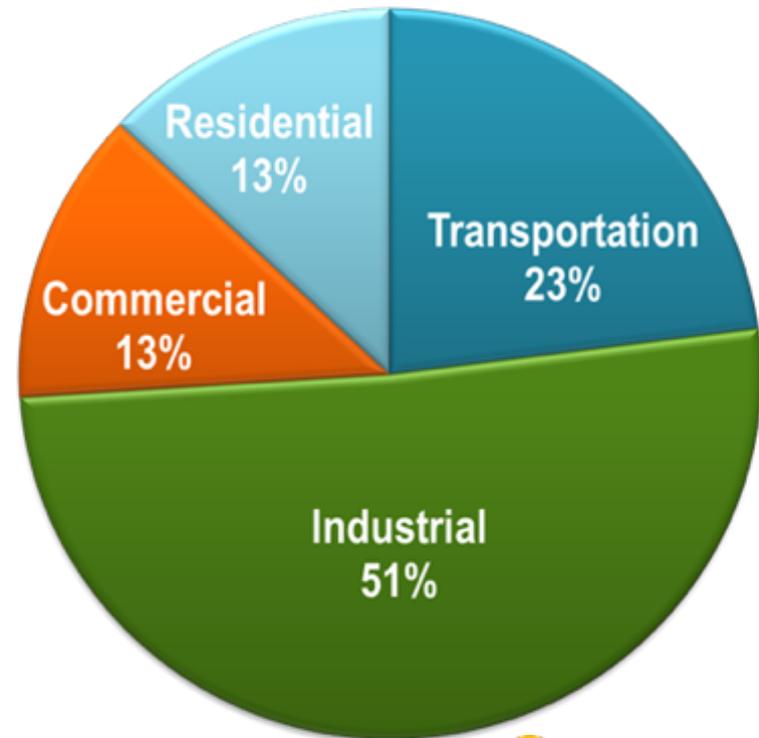
www.TexasPACEAuthority.org

Energy Sector Consumption

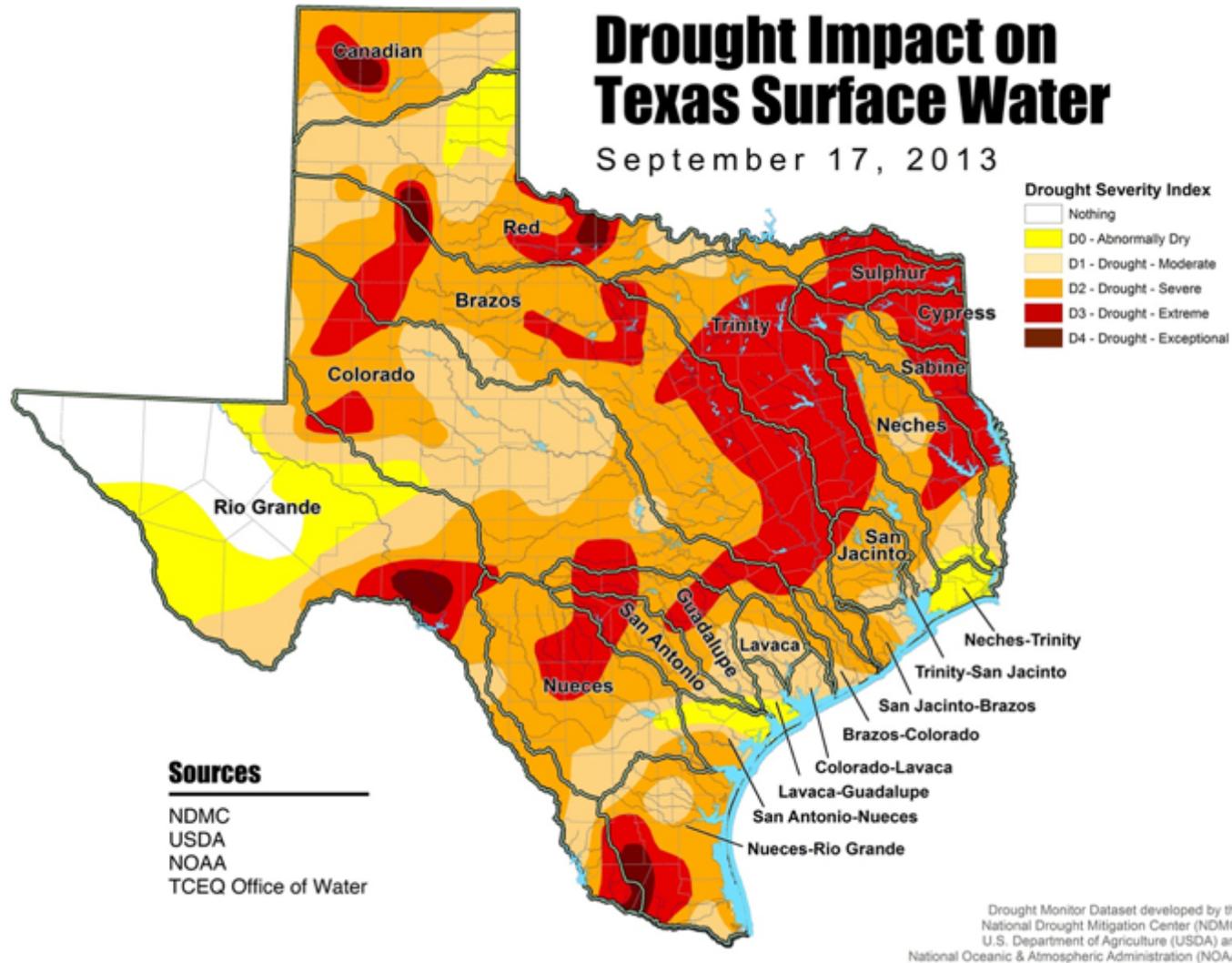
U.S.



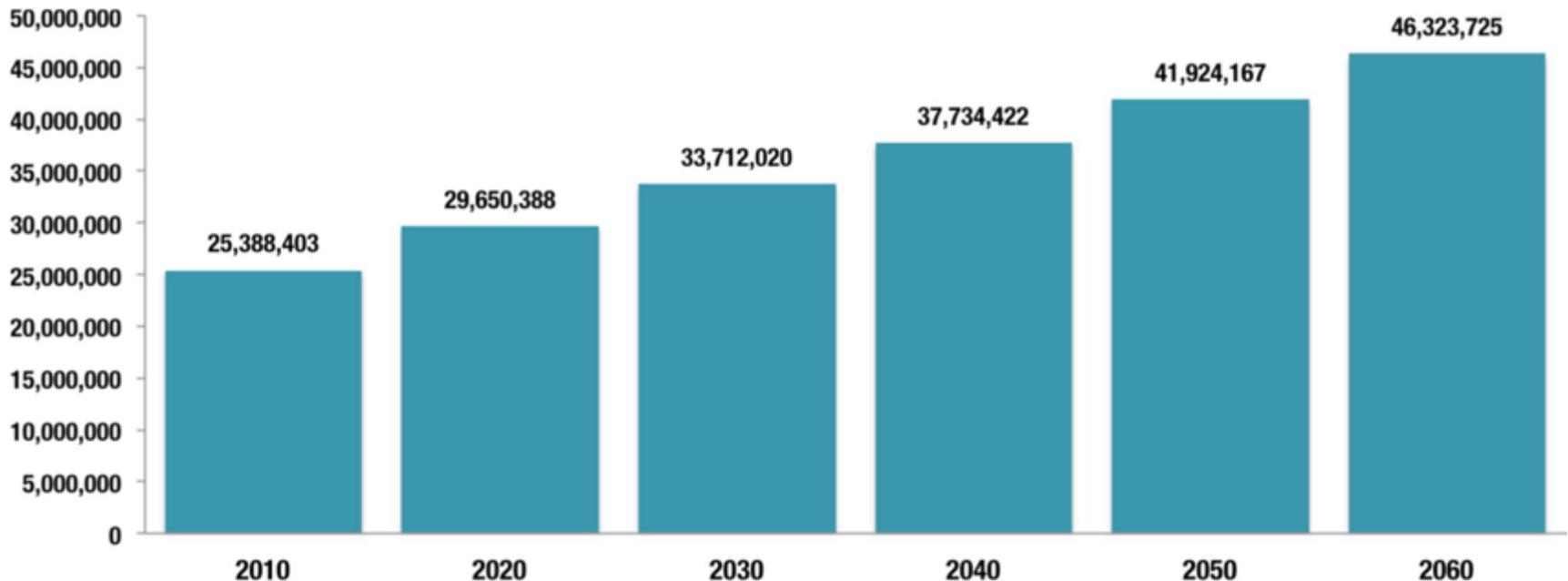
Texas



Texas Drought Impact



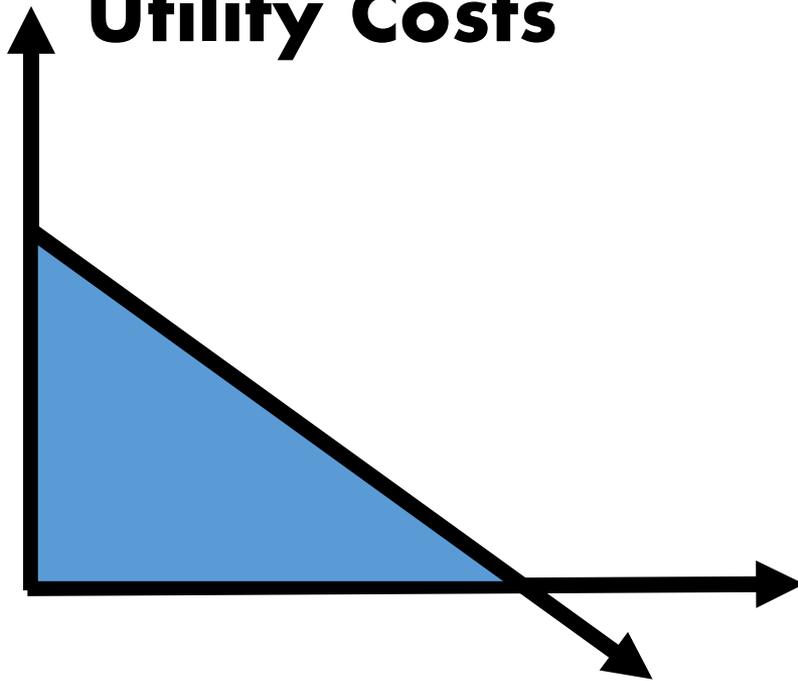
Projected Texas Population



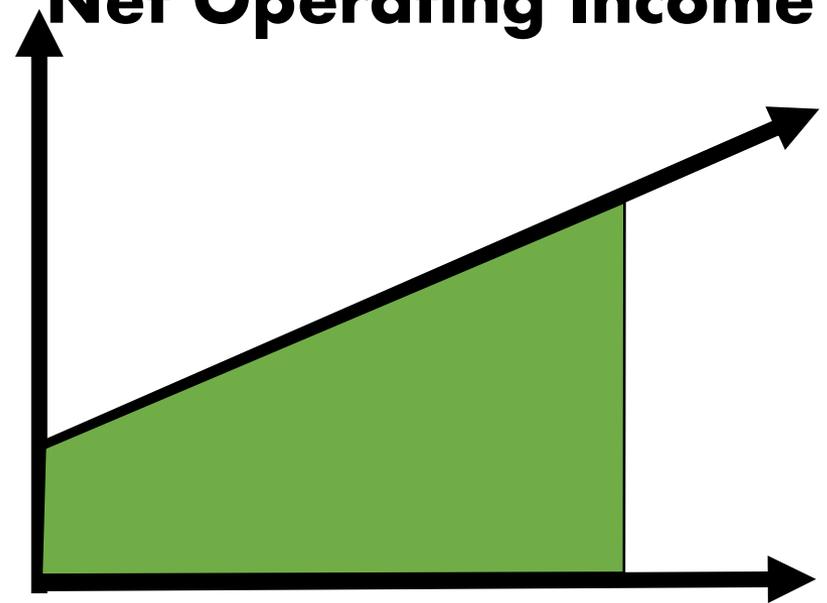
“More than 1,000 people...move to Texas every day.”
Gov. Rick Perry, 12/2012.

WHAT TX-PACE DOES

**LOWER
Utility Costs**



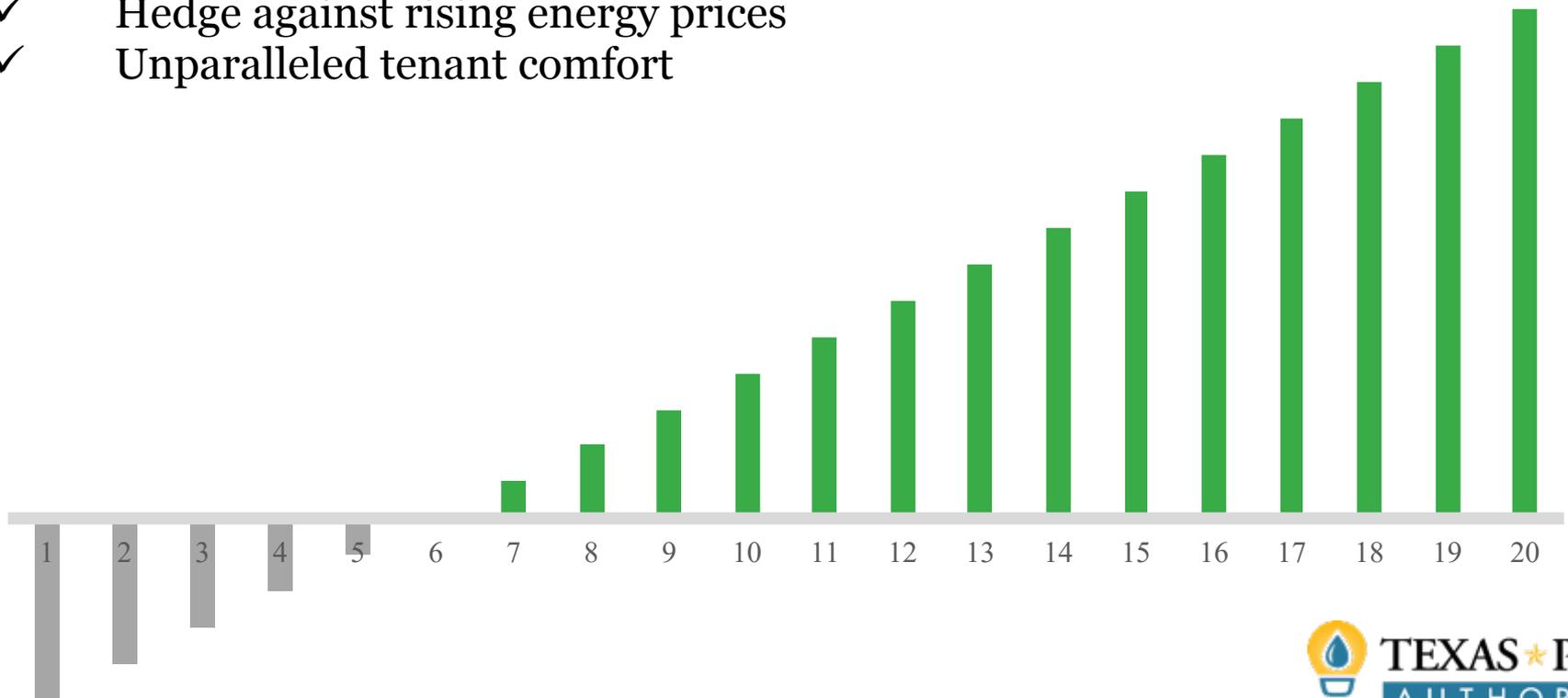
**INCREASE
Net Operating Income**



Bottom Line: Increased Building Value

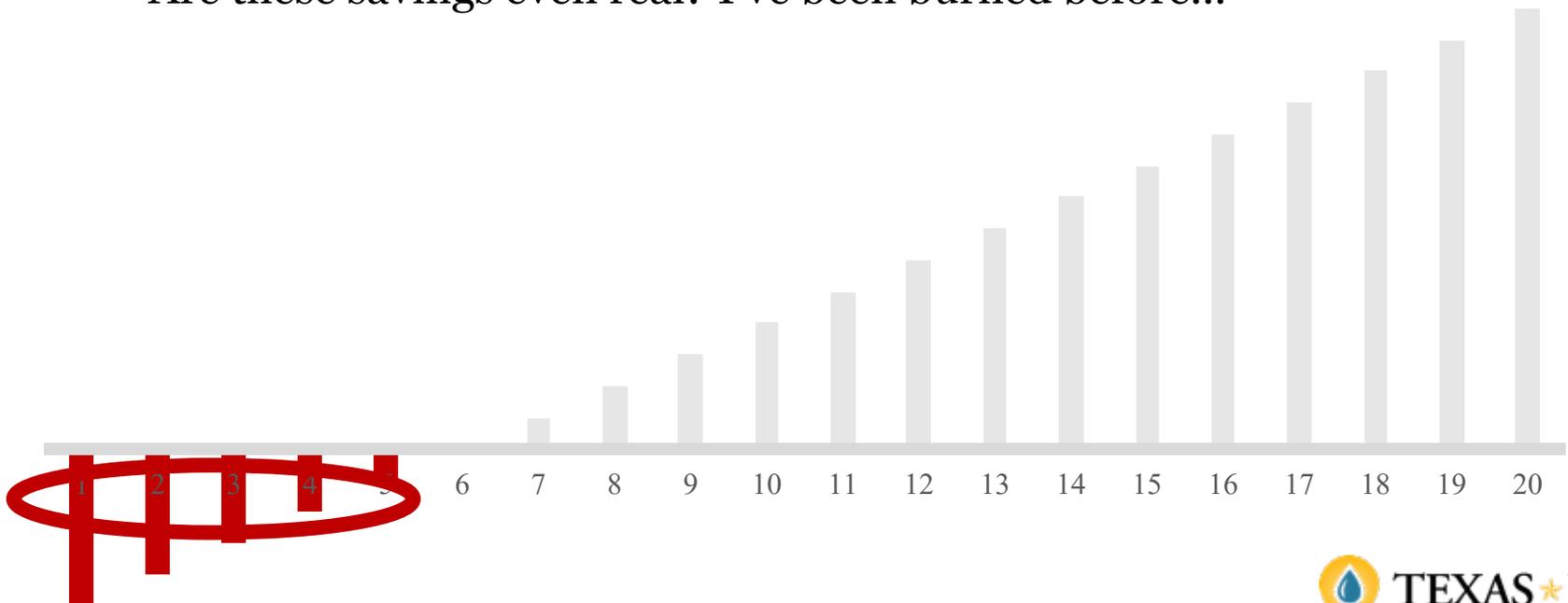
What Contractors PITCH

- ✓ 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



What the CFO/Owner HEARS...

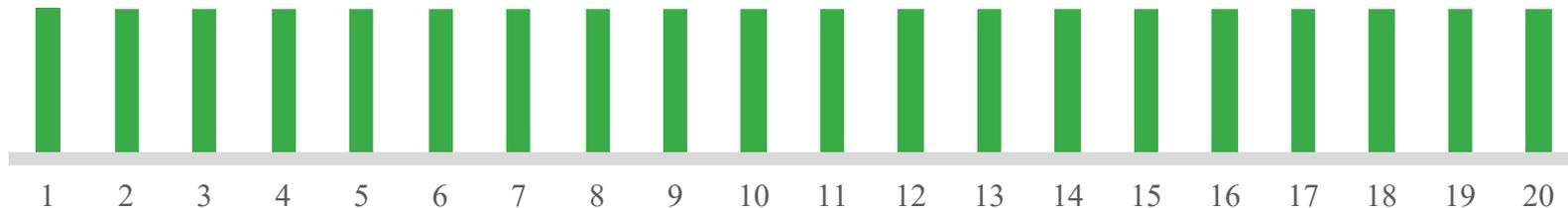
- X Where will I get the funding?
- X What if I sell the building in 5 years?
- X We only do 3-Year payback projects
- X Good technology...but my tenant pays the energy bills
- X Are these savings even real? I've been burned before...



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?

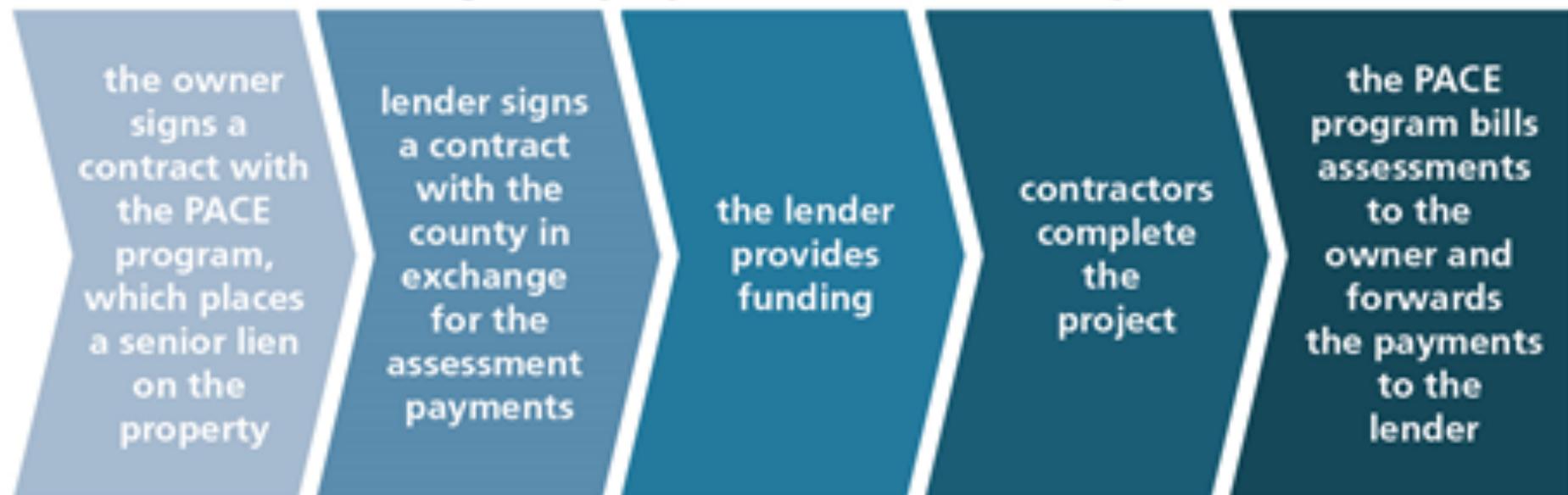
- Local Adoption economic development tool - Property assessment
- 100% long term, low cost financing
- For energy efficiency, water conservation, distributed generation, and demand reduction (resiliency)
- On commercial, industrial, and multi-family (5+ units) properties

How It Works

A Building Owner:



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**

WHERE IS PACE?



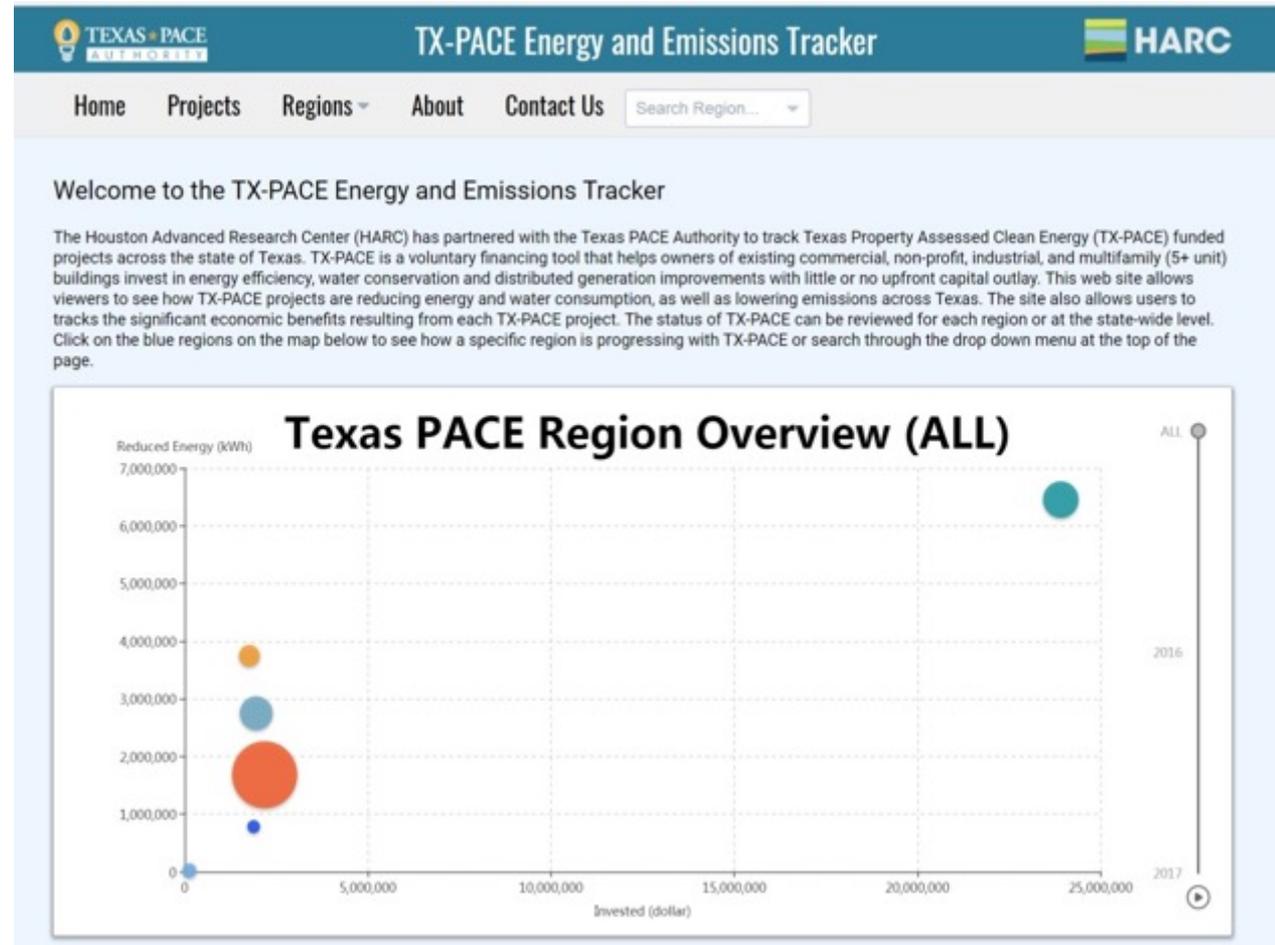
COUNTIES

- | | | |
|-------------------|------------------|------------------|
| Bastrop County | Brazos County | Cameron County |
| El Paso County | Fort Bend County | Galveston County |
| Hays County | Hidalgo County | Jefferson County |
| McLennan County | Navarro County | Nueces County |
| Tarrant 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 Houston |
| Jacinto City | Johnson City | City of Panhandle |

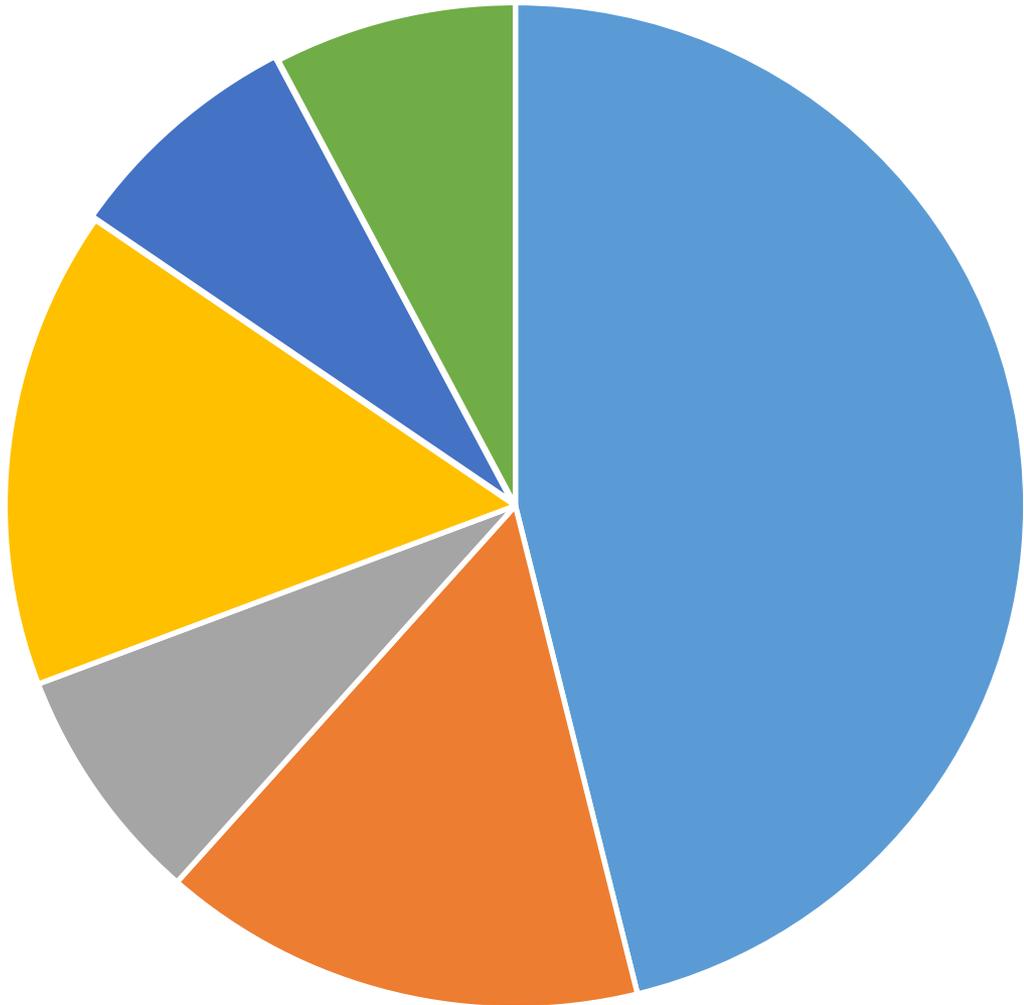
Houston Advanced Research Center's TX-PACE Energy and Emissions Tracker



<http://www.harcresearch.org>



Property by Project type (#of Projects)



- Commercial Retail
- Commercial Office
- Industrial
- Nonprofit
- Hotel
- Mixed Use

2018 Project Savings

Property Name	2018 Savings		
	Electricity Consumption	Water Consumption	Natural Gas Consumption
Elgin	26%		
Barfield	73%	60%	79%
Dallas P&B	92%		
Softex	47%		
Cielo Vista	48%	20%	
Average	57%	40%	79%

Butler Brothers Building

Dallas

Measures:

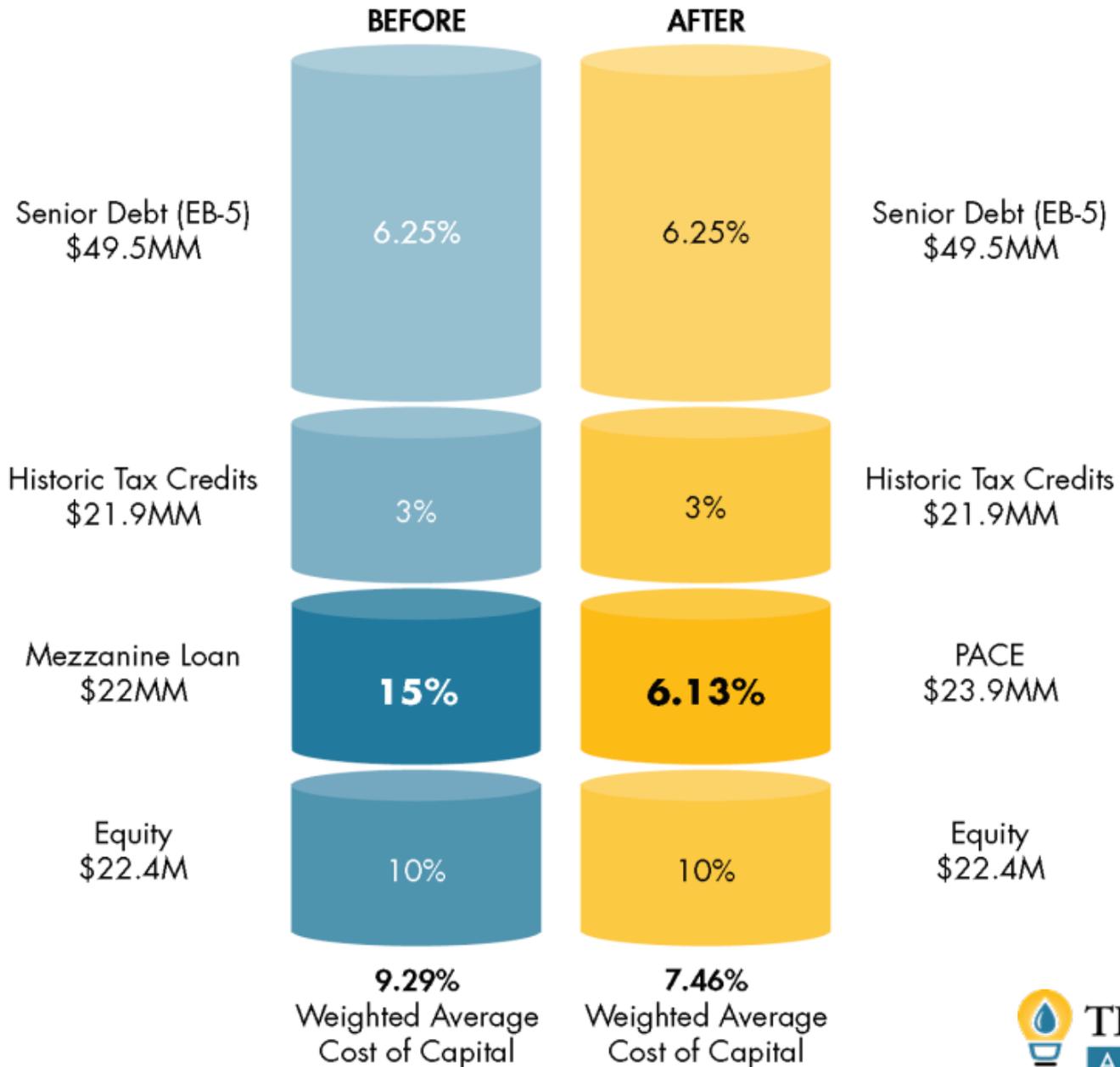
- HVAC
- Lighting
- Insulation
- Roofing
- Glazing
- Plumbing
- Irrigation
- Exterior Waterproofing/Plaster



Assessment Total: \$24 Million

Annual Savings: 40% energy reduction

700,000 gallons of water; 3,500 metric tons CO_{2e}



1225 N Loop, Houston

Built 1984

PACE Project:

Assessment Total:

\$1.3 Million

Utility Incentives:

\$30,000

Term: 20 years

Annual Savings:

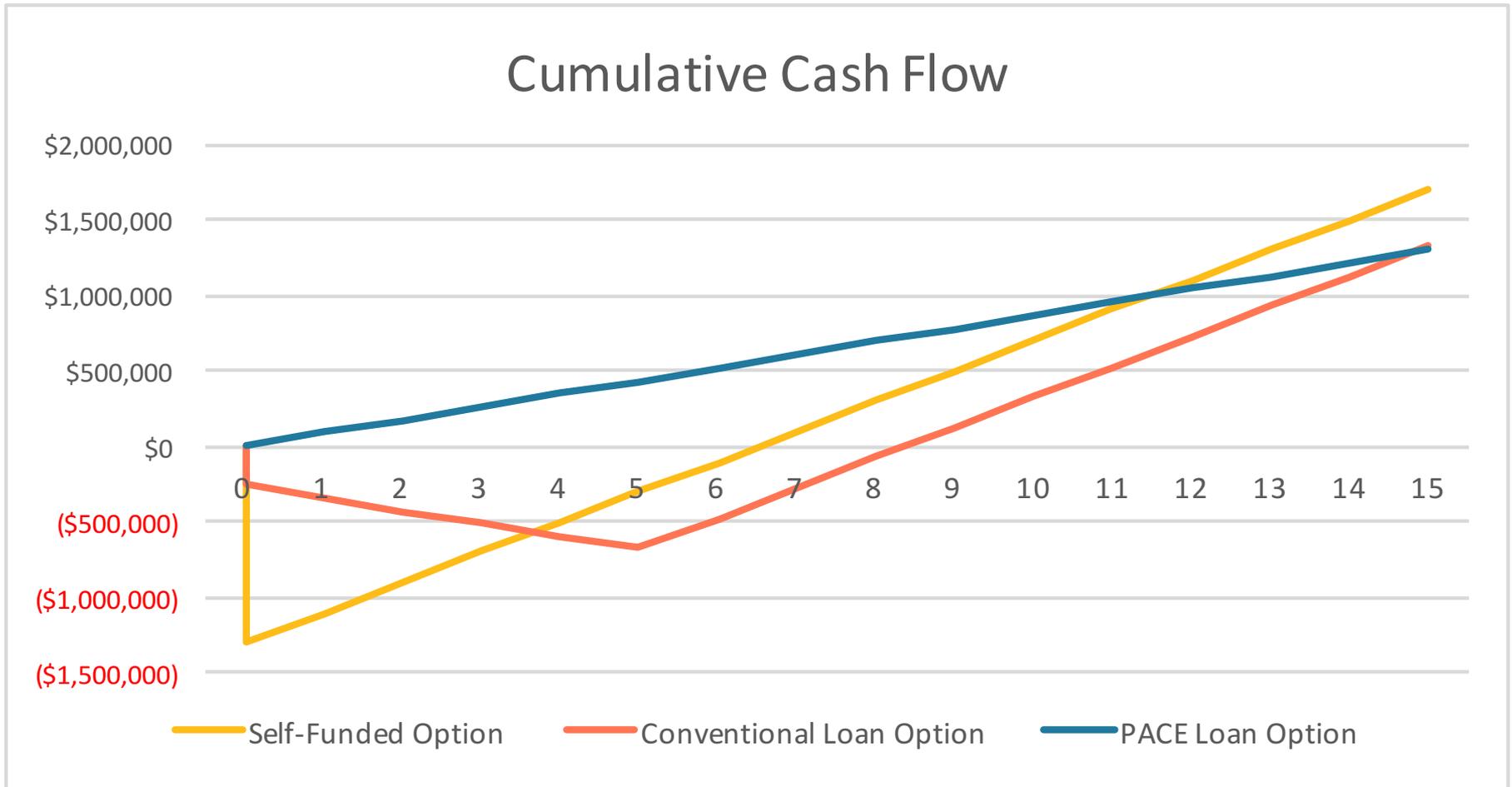
38% energy reduction

Measures:

- 2 Chillers
- Building Automation
- LED Fixture Upgrade



Cash Flows



Gross Lease Scenario

Financing Scenario Comparison Summary			
	Self-Funded	Conventional Loan	PACE
Out-of-Pocket Investment	(\$1,300,000)	(\$260,000)	\$0
Savings (First Year)	\$200,000	\$200,000	\$200,000
Annual Payment	\$0	(\$282,803)	(\$113,340)
Cash Flow Impact Year 1	(\$1,100,000)	(\$342,803)	\$86,660
Net Project Cash Flow Year 2	(\$900,000)	(\$425,607)	\$173,320
Years to Positive Project Cashflow	6.5	8.4	IMMEDIATE
Debt Service Over Finance Term	0	(1,414,017)	(2,266,798)
10-Year Project NPV	\$104,716	(\$14,833)	\$608,664
20-Year NPV	\$818,803	\$699,253	\$918,078

NPV Discounted at 7%.



Barfield Building

City of Amarillo

Measures:

- LED lighting
- Building envelope
- Water efficiency
- Domestic hot water heating



State Historic Tax Credit financing: \$9,050,551

Assessment Total: \$ 6,447,609

Total Savings: electric energy: 73%
natural gas: 79%
water: 40%

SOFTEX HEADQUARTERS



- Built 1985
- \$291,000 PACE Investment
- 188,291 kWh Saved Annually
- Measures:
 - HVAC
 - Roof
 - Thermostats
 - Solar

First office building in Travis County

First minority owned PACE project in Travis County

Simon Property Group

6 projects to date: El Paso, Hays, Travis, Williamson Counties, & City of Houston



Measures:

- HVAC
- Lighting
- Water

Assessment total: \$10 Million



Family Elder Care Travis County

Measures:

- 63 kW PV
- Cool Roof



Assessment Total: \$260,000

Annual Savings: \$20,000

R.J. Liebe Company

Navarro County



Measures:

- HVAC
- Lighting

- Investment: \$325,000
- 187,000 annual KWh
- 60 – 80 new, permanent manufacturing jobs

Congregation Beth Israel

Austin

Measures:

- Boilers
- Chillers
- Window Film
- BAS Controls



Assessment Total: \$450K
Annual Savings: \$40,000

Dallas Paint & Body

City of Dallas

Measures:

- LED lighting
- Solar PV

Assessment Total:
\$ 74,000

92% Electric
consumption
reduction



Elgin General Store

Bastrop County

Measures:

➤ Solar PV



USDA REAP Grant & Oncor Incentives: \$62,000

Assessment Total: \$ 120,000

Total Savings: 26%; 91,081 kWh

1st local bank funded TX-PACE project (Frontier Bank)



Plaza Hotel El Paso County

PACE Assessment:
\$9.2 million

Annual Savings:
1,488,687 kWh

770,100 Gallons
water



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:

