

# TX-PACE for The CITY OF FREEPORT



March 9, 2021

# WHAT IS TX-PACE?

TEXAS **P**ROPERTY **A**SSESSED **C**LEAN **E**NERGY (FINANCING)

*A simple way of paying for capital projects with no money out of pocket*

## What:

**Long term, low cost 100% financing** for **energy efficiency, water conservation** and **distributed generation** projects

## Where:

**Commercial** (including non-profit), **industrial** (manufacturing/agricultural) & **multi-family properties** (5+units)

## How:

Repaid via special property assessment over the useful life of the improvements

- State Authorized
- Local Government Enabled & Non-profit Administered
- Voluntary & Open Market

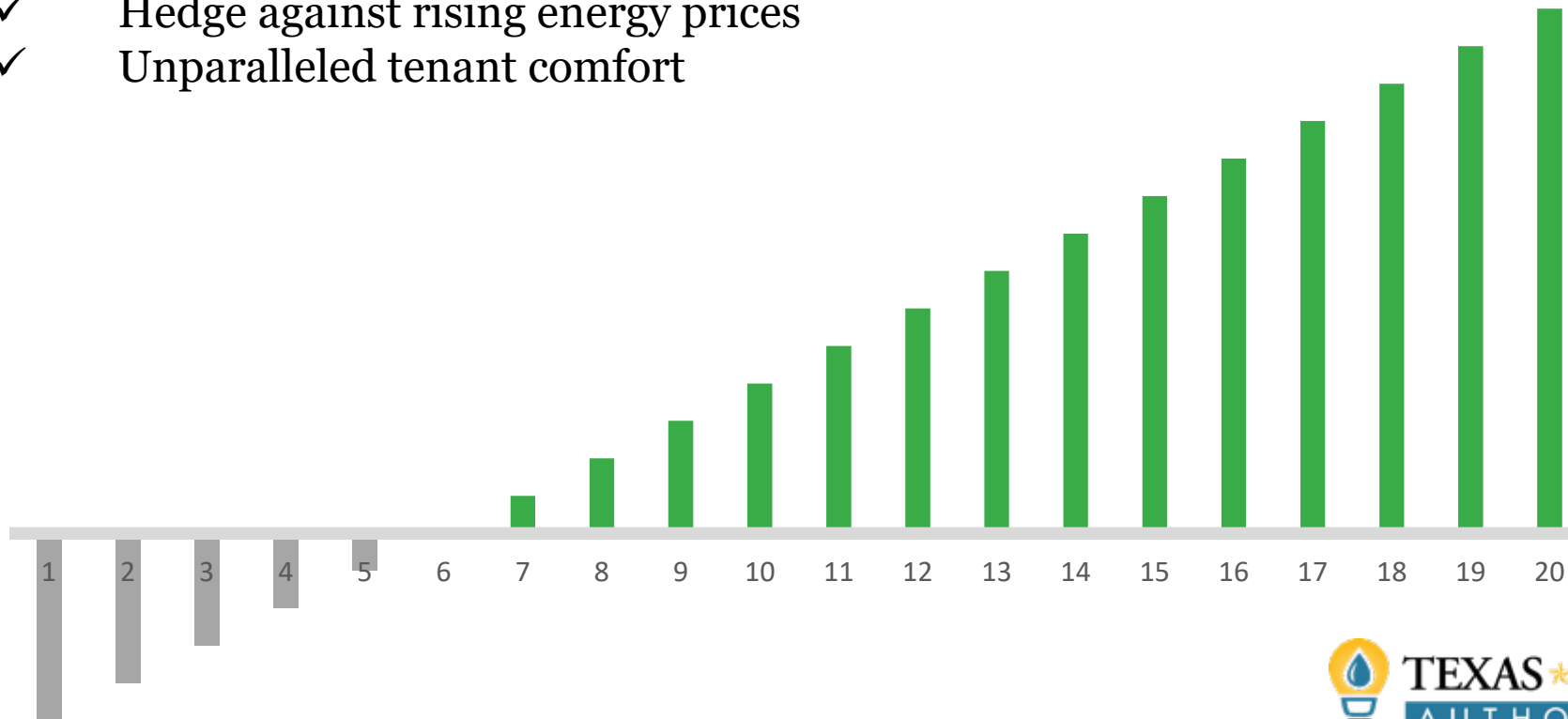
# Texas PACE answers the question...

## *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 and water efficiency, and distributed generation projects** in existing buildings and plants

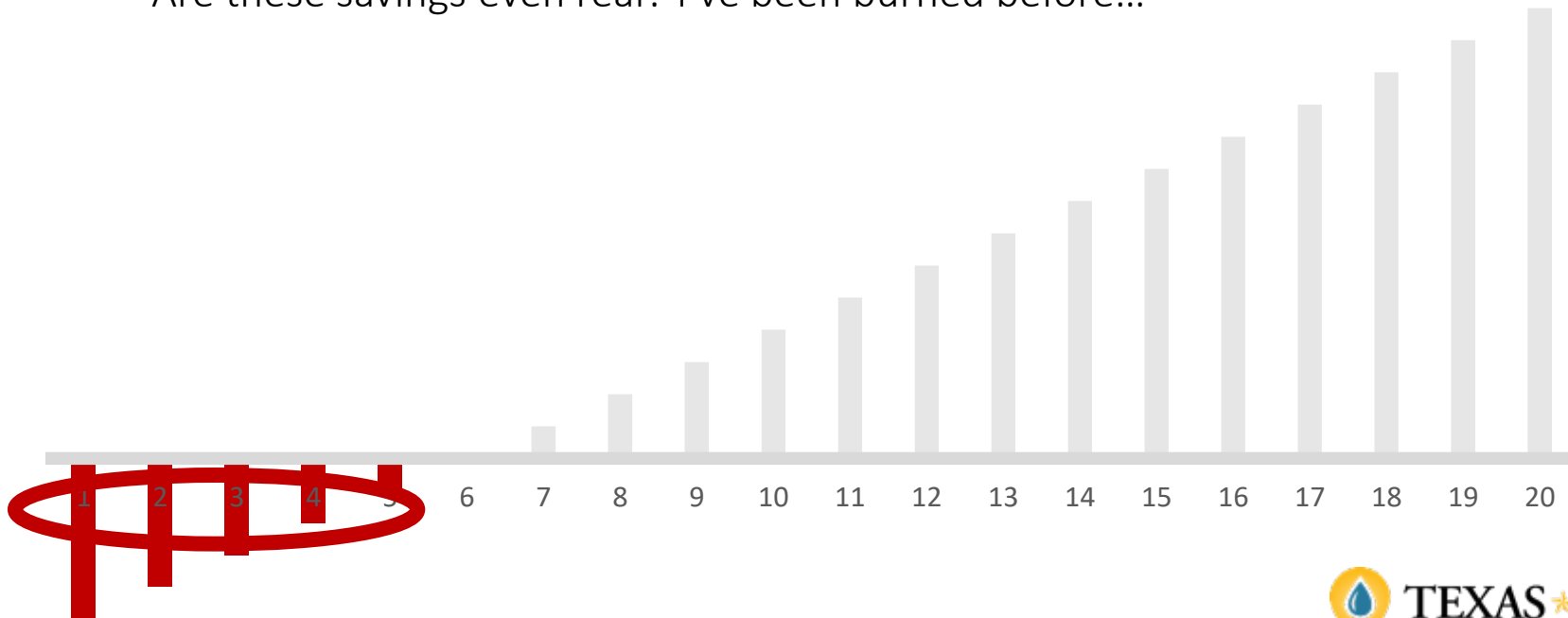
# What Contractors PITCH

- ✓ 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...

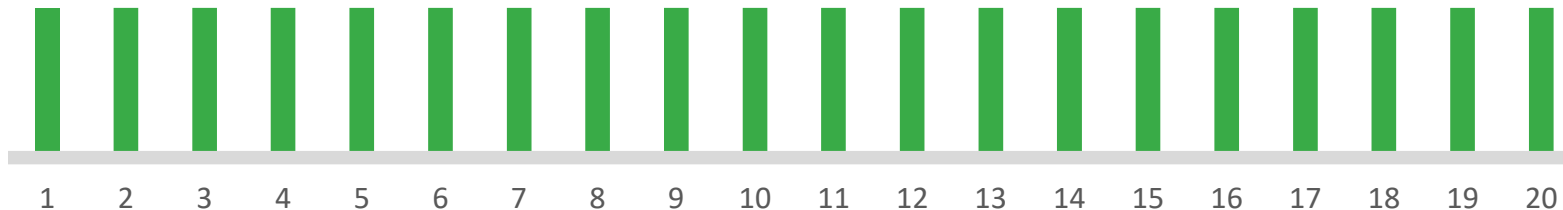
- X Where will I get the funding?
- X What if I sell the building in 5 years?
- X We only do 3-Year payback projects
- X Good technology...but my tenant pays the energy bills
- X Are these savings even real? I've been burned before...



# Changing the Story

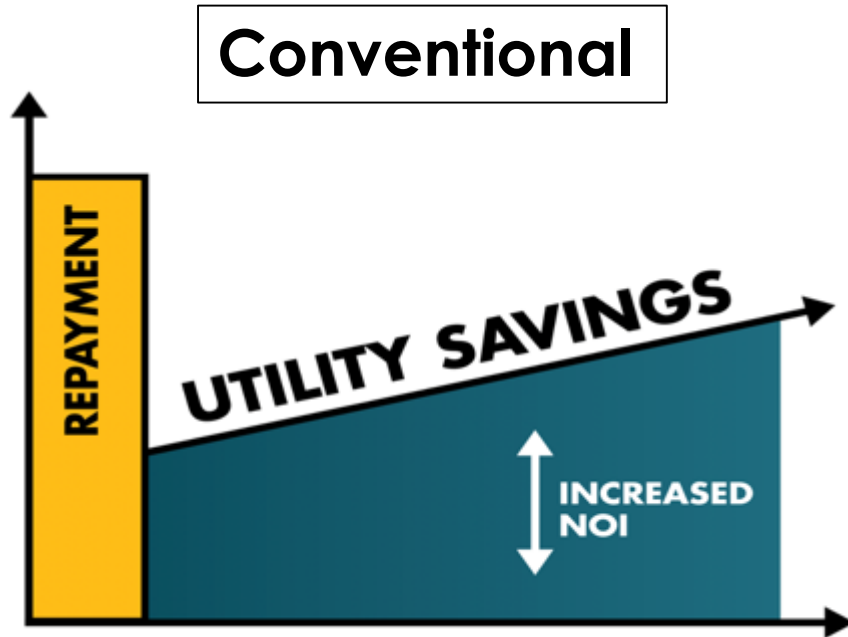
What if you could develop a solution that...

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



# WHY TX-PACE?

Lower Utility Costs & Increased Net Operating Income



# Barfield Building City of Amarillo

**PACE Assessment:**  
**\$7,357,580**

## **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: 73%, natural gas: 79%, water: 40%**





# 1225 NORTH LOOP WEST

## Houston



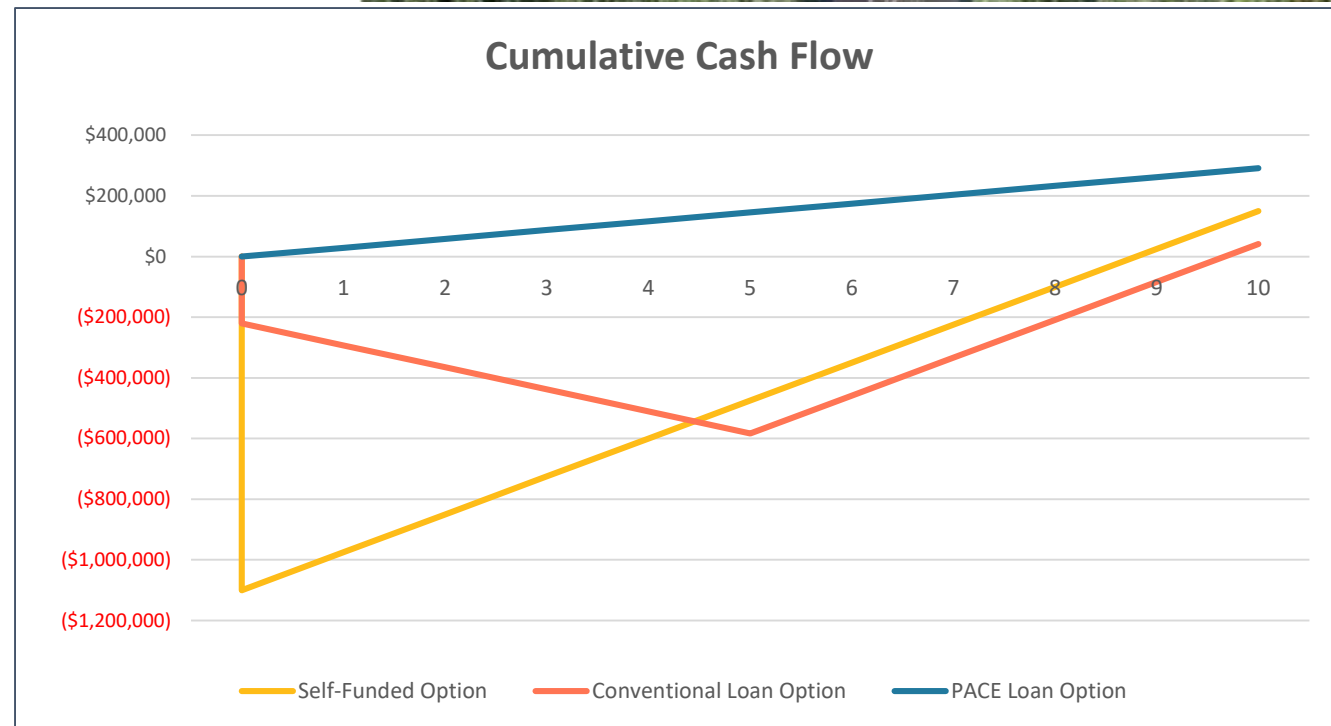
**Assessment Total:**  
\$1,304,352

**Measures:**

- HVAC
- BAS
- LED lighting

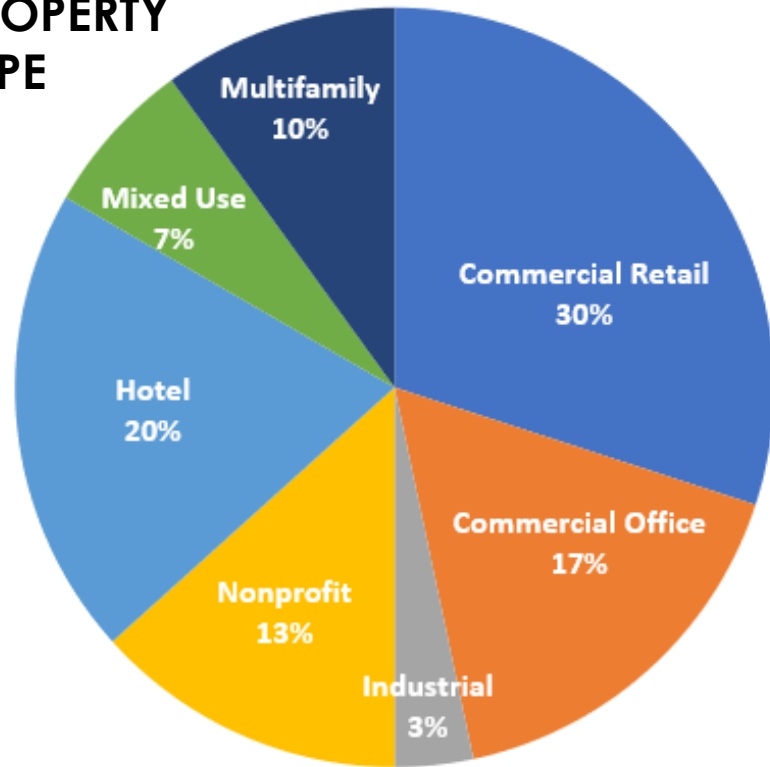
**Utility Incentives:**  
\$30,000

**Utility Savings:**  
38% Annually

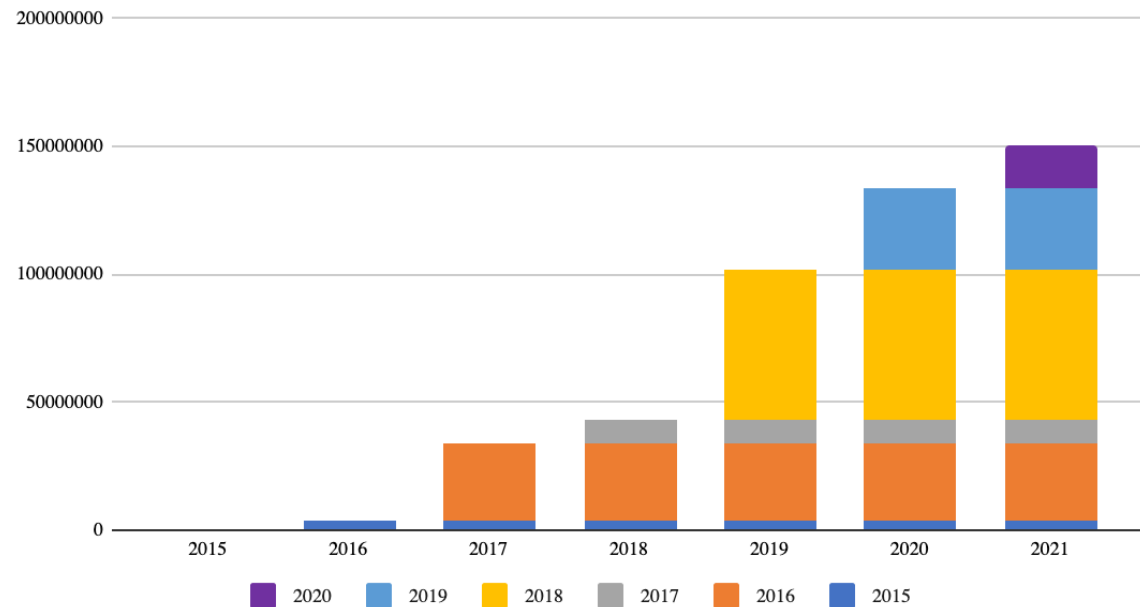


# TX-PACE BY THE NUMBERS

## PROPERTY TYPE



## ANNUAL TX-PACE INVESTMENT



## MEASURE TYPE

Energy Efficiency: 55% / Water Conservation: 33% / Distributed Gen: 12%

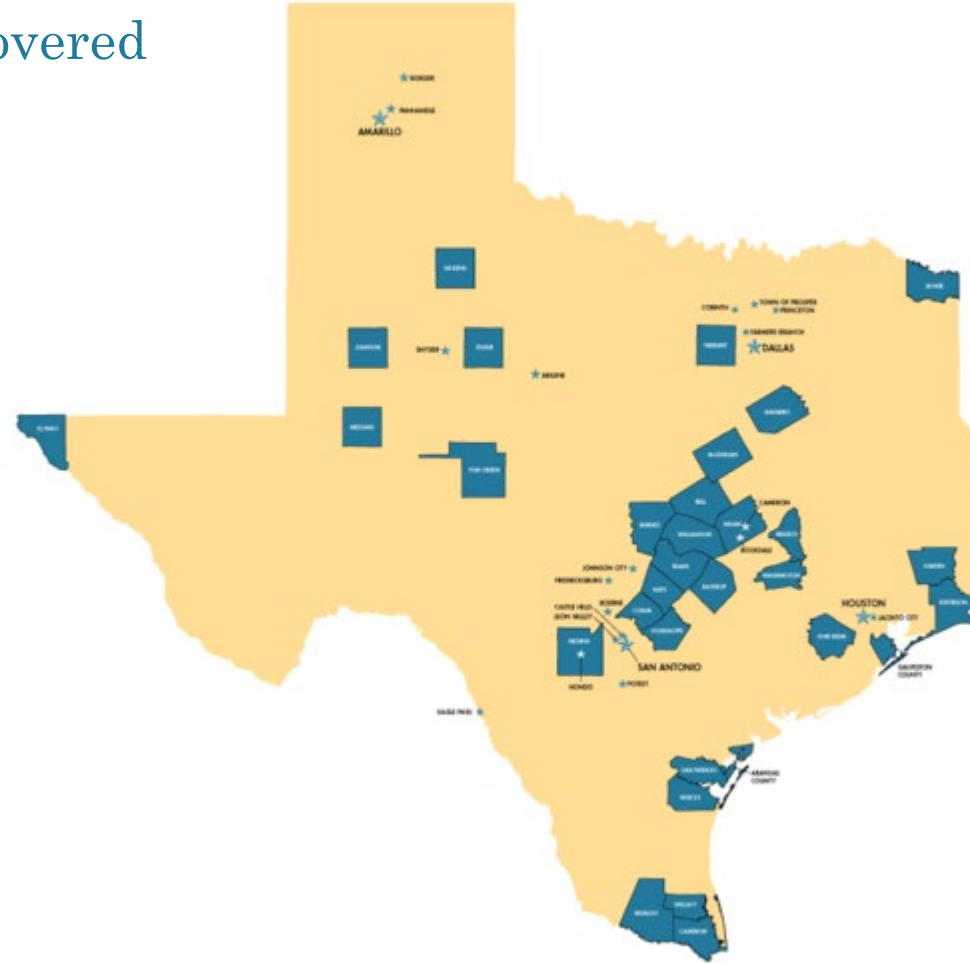
# GROWING TX-PACE MARKET



- Serving 55 Local Governments
- \$145.6 million of investment to date
- + 60% of state population covered

## CITIES

- |                        |                        |                     |
|------------------------|------------------------|---------------------|
| City of Abilene        | City of Amarillo       | City of Boerne      |
| City of Borger         | City of Cameron        | City of Castle Hill |
| City of Corinth        | City of Dallas         | City of Eagle Pass  |
| City of Farmers Branch | City of Fredericksburg | City of Hondo       |
| City of Houston        | Jacinto City           | Johnson City        |
| City of Leon Valley    | City of Panhandle      | City of Poteet      |
| City of Princeton      | Town of Prosper        | City of Rockdale    |
| City of San Antonio    | City of Snyder         |                     |



## COUNTIES

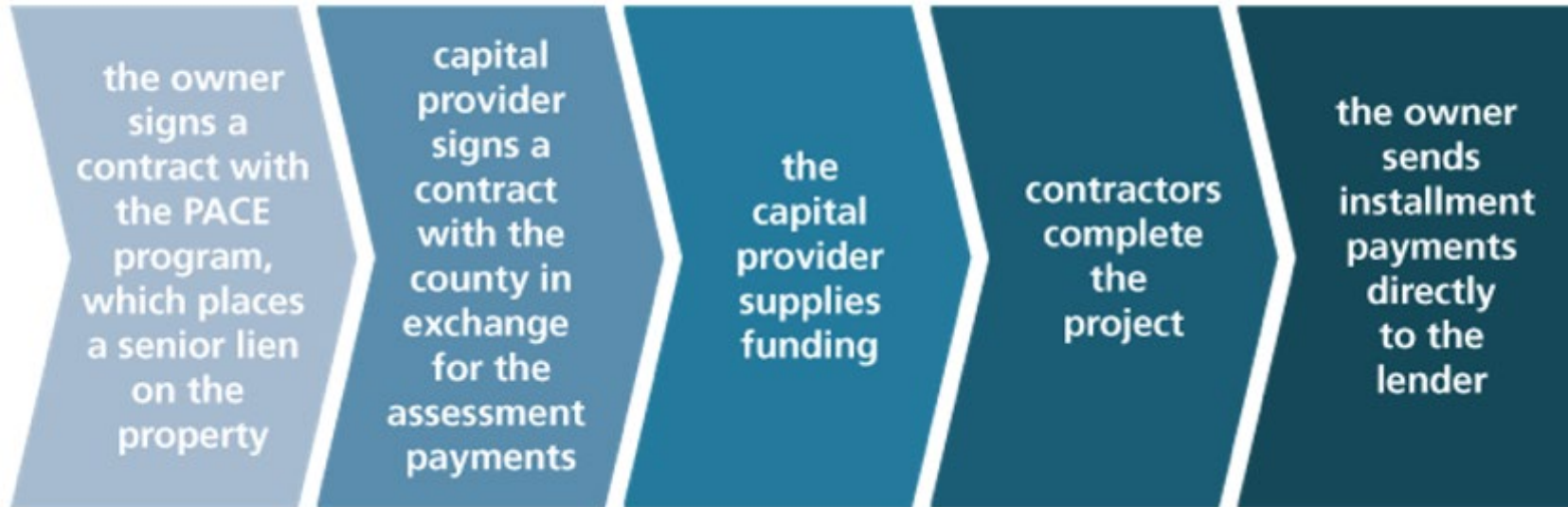
- |                  |                     |                   |
|------------------|---------------------|-------------------|
| Aransas County   | Bastrop County      | Bell County       |
| Bowie County     | Brazos County       | Burnet County     |
| Cameron County   | Comal County        | Dawson County     |
| Dickens County   | El Paso County      | Fisher County     |
| Fort Bend County | Galveston County    | Guadalupe County  |
| Hardin County    | Hays County         | Hidalgo County    |
| Jefferson County | Medina County       | McLennan County   |
| Midland County   | Milam County        | Navarro County    |
| Nueces County    | San Patricio County | Tarrant County    |
| Tom Green County | Travis County       | Washington County |
| Willacy County   | Williamson County   |                   |

# HOW PACE 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



# LOCAL GOV'T RISK AVOIDANCE

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

# 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



# 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



# PEARL POINT APARTMENT HOMES

Rockport / Aransas County

## Assessment Total:

\$4 million

## Measures:

Above-code

- Lighting
- Plumbing fixtures
- Building envelope
  - Windows
  - Wall insulation
  - Roof insulation

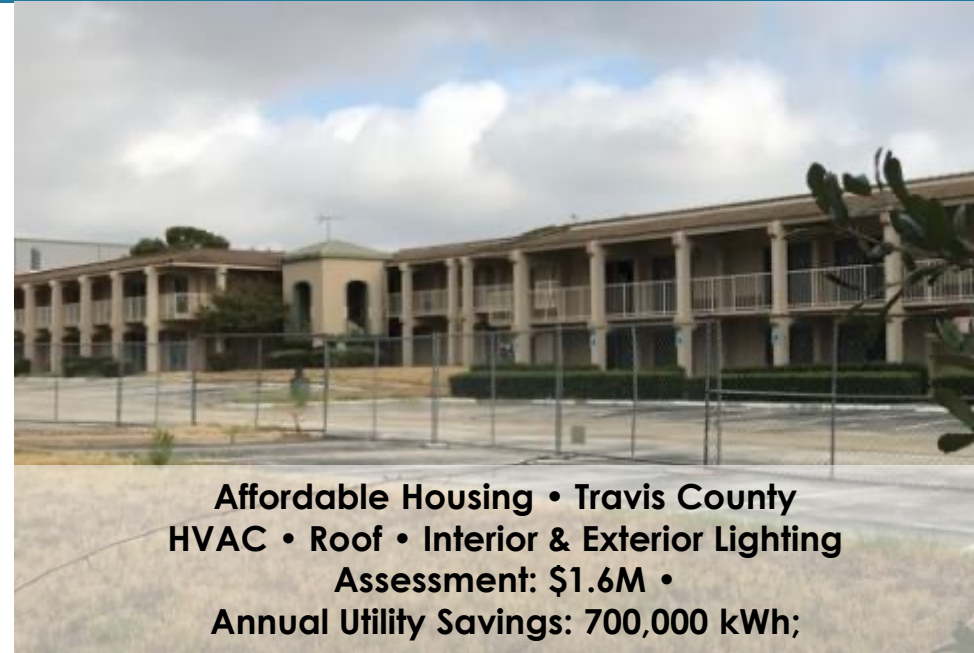
## Annual Utility Savings:

Electric: 926,000 kWh

Water: 3.2 million gallons



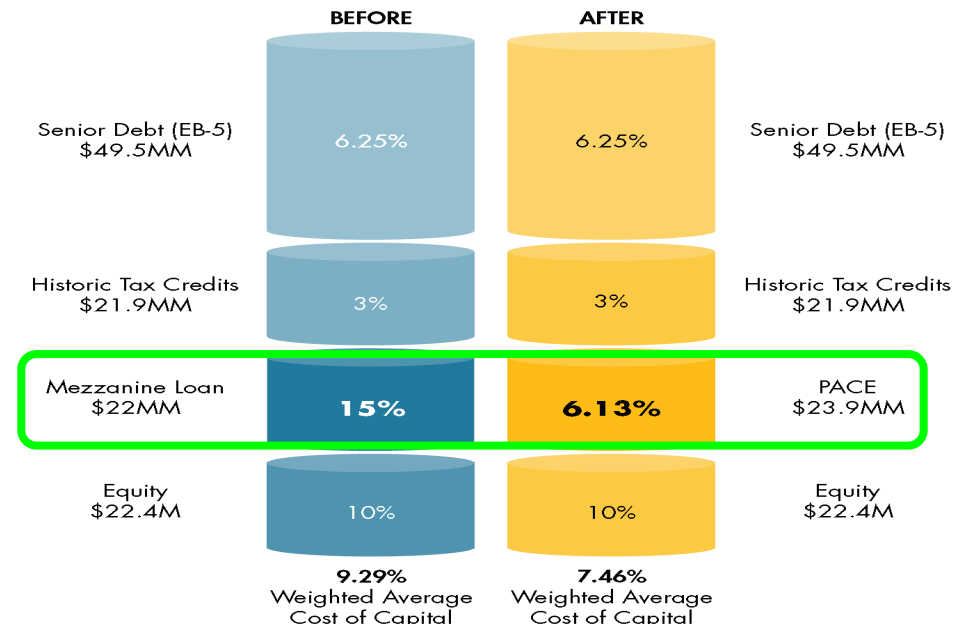
# RESIDENTIAL & MIXED USE



**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;**



# 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
- **Communities** – increased economic development and jobs, improved building infrastructure, more appealing building stock and plants
- **State of Texas** – reduced peak demand, enhanced grid reliability, distributed generation as resilient power source, improved air quality, water resource conservation

# QUESTIONS?

**Charlene Heydinger**

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TEXAS' OPEN-MARKET PACE  
PROGRAM ADMINISTRATOR

[www.TexasPACEAuthority.org](http://www.TexasPACEAuthority.org)

POWERED BY:

