



TEXAS ★ **PACE**

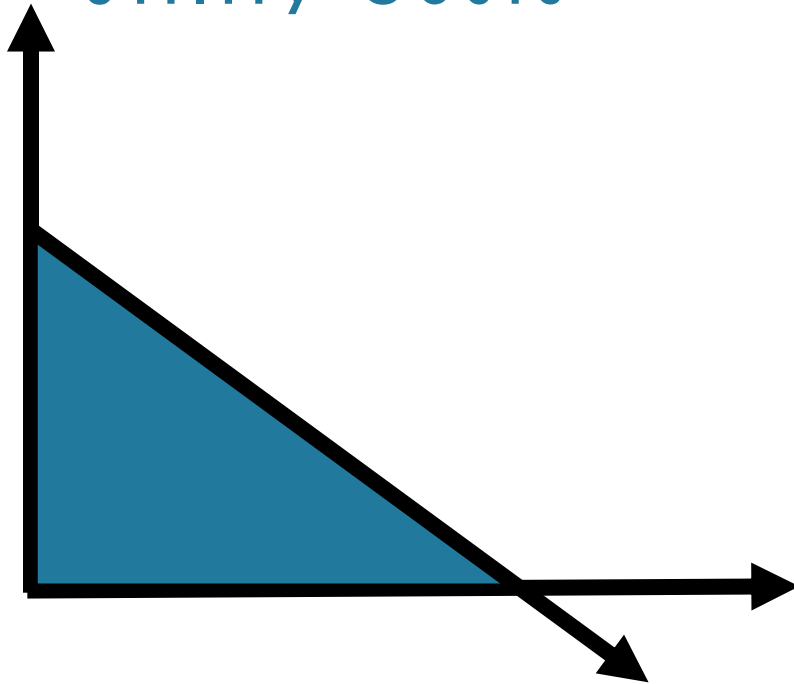
AUTHORITY

PACE FINANCING

**UPGRADE YOUR BUILDING AND IMPROVE
YOUR BOTTOM LINE**

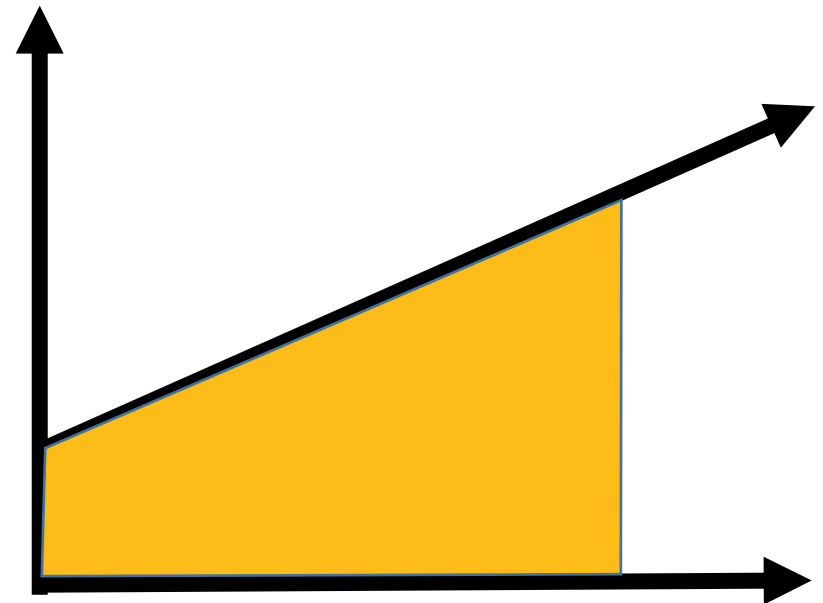
Lower

Utility Costs



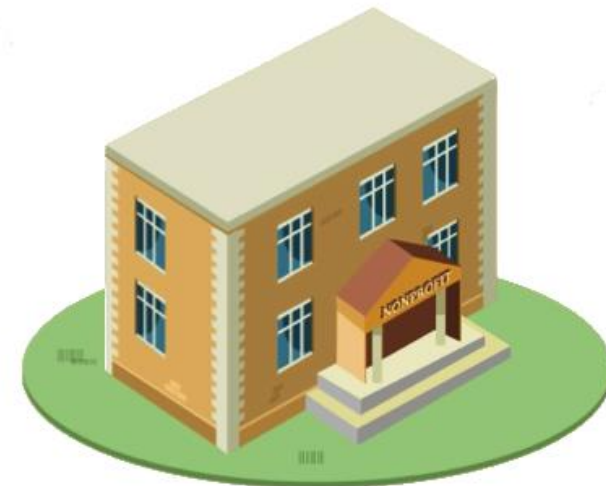
Increase

Net Operating Income

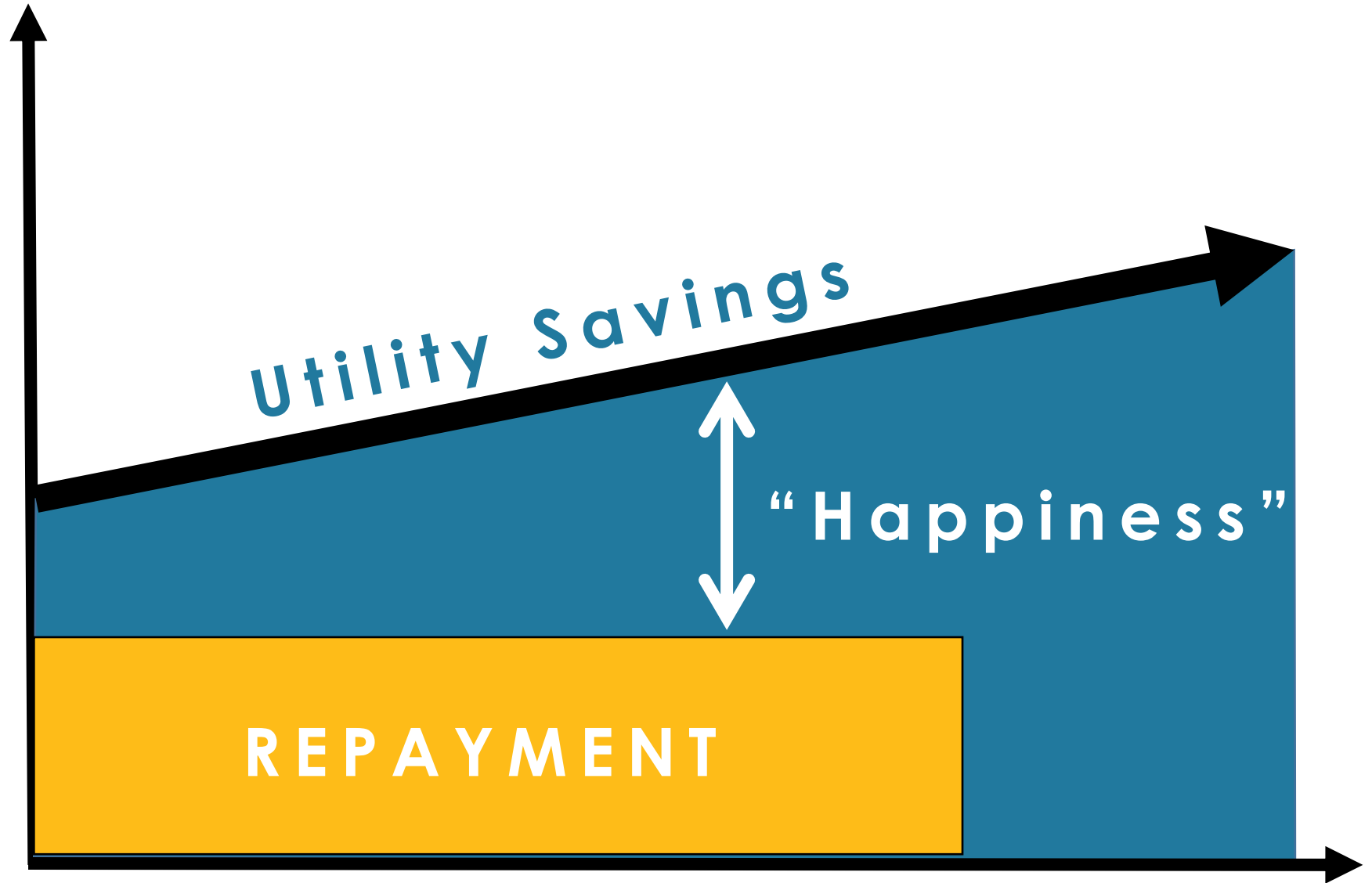


Bottom Line: Increased Building Value

What is eligible for PACE?



Long Simple Payback? No Problem!



Short Holding Period? No Problem!



No payoff on sale – PACE automatically transfers to the new owner,
like any other real estate assessment

Split Incentives? No Problem!



Both the energy savings and the PACE assessment can be shared with tenants

- ✓ Eliminates the landlord/tenant split incentive
- ✓ Triple Net Lease Mechanism

Financial Impact of PACE

- An Example

- ✓ Commercial Office Building
- ✓ Project involves a \$1.1M energy efficiency retrofit
- ✓ Annual energy and maintenance savings of \$100,000 (11 years simple payback)
- ✓ The project does not pass the Landlord's hurdle rate for investment in energy efficiency
- ✓ PACE funding available for 25 years at 6.5%.
- ✓ Conventional Funding for 5 years at 4.5%.

Gross Lease Scenario

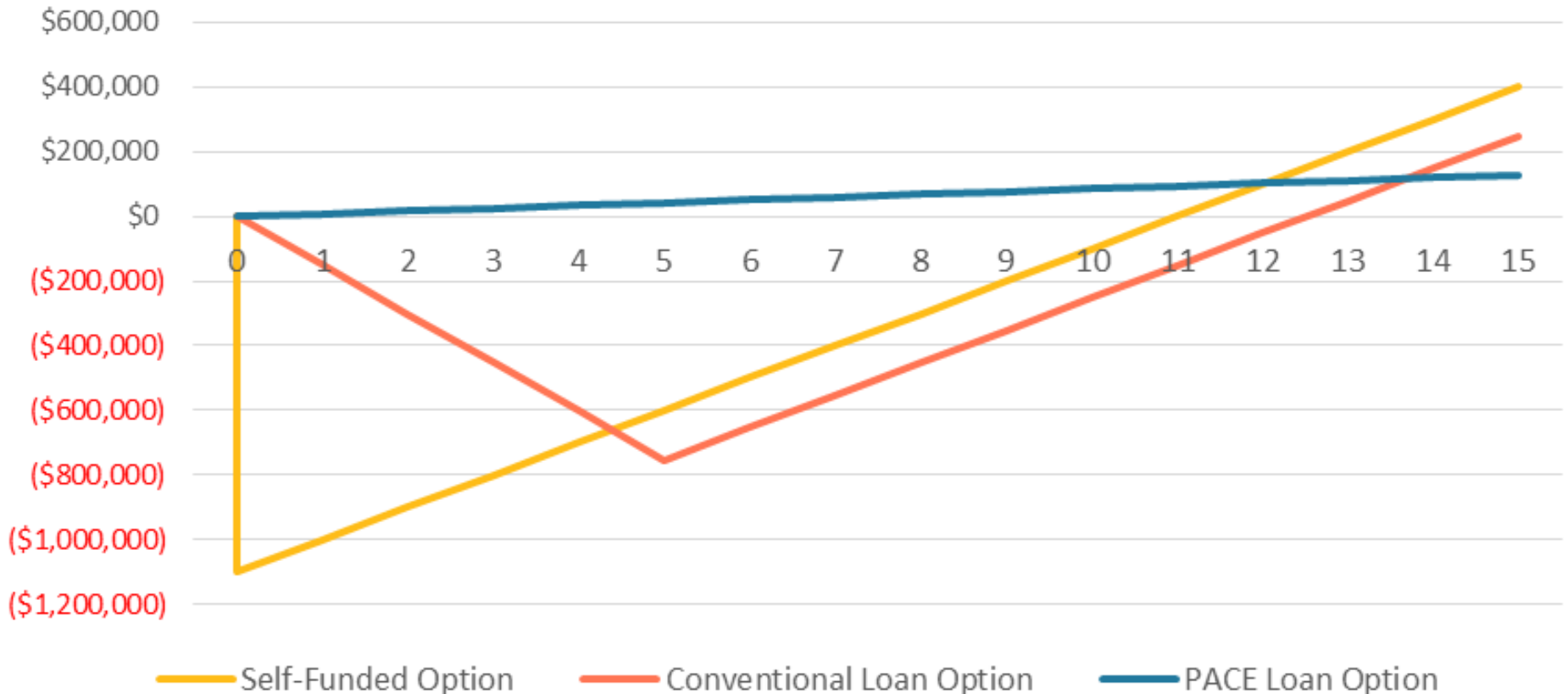


Financing Scenario Comparison Summary

	Self-Funded	Conventional Loan	PACE
Out-of-Pocket Investment	\$1,100,000	\$0	\$0
Savings (First Year)	\$100,000	\$100,000	\$100,000
Annual Payment	\$0	(\$250,571)	(\$91,409)
Cash Flow Impact Year 1	(\$1,000,000)	(\$150,571)	\$8,591
Net Project Cash Flow Year 2	(\$900,000)	(\$301,142)	\$17,181
Years to Positive Project Cashflow	11.0	12.5	IMMEDIATE
Debt Service Over Finance Term	0	(1,252,854)	(2,285,234)
10-Year Project NPV	(\$5,212,398)	(\$2,983,550)	\$280,802
Property Value Increase (20-Year NPV)	(\$118,185)	(\$18,642)	\$84,344

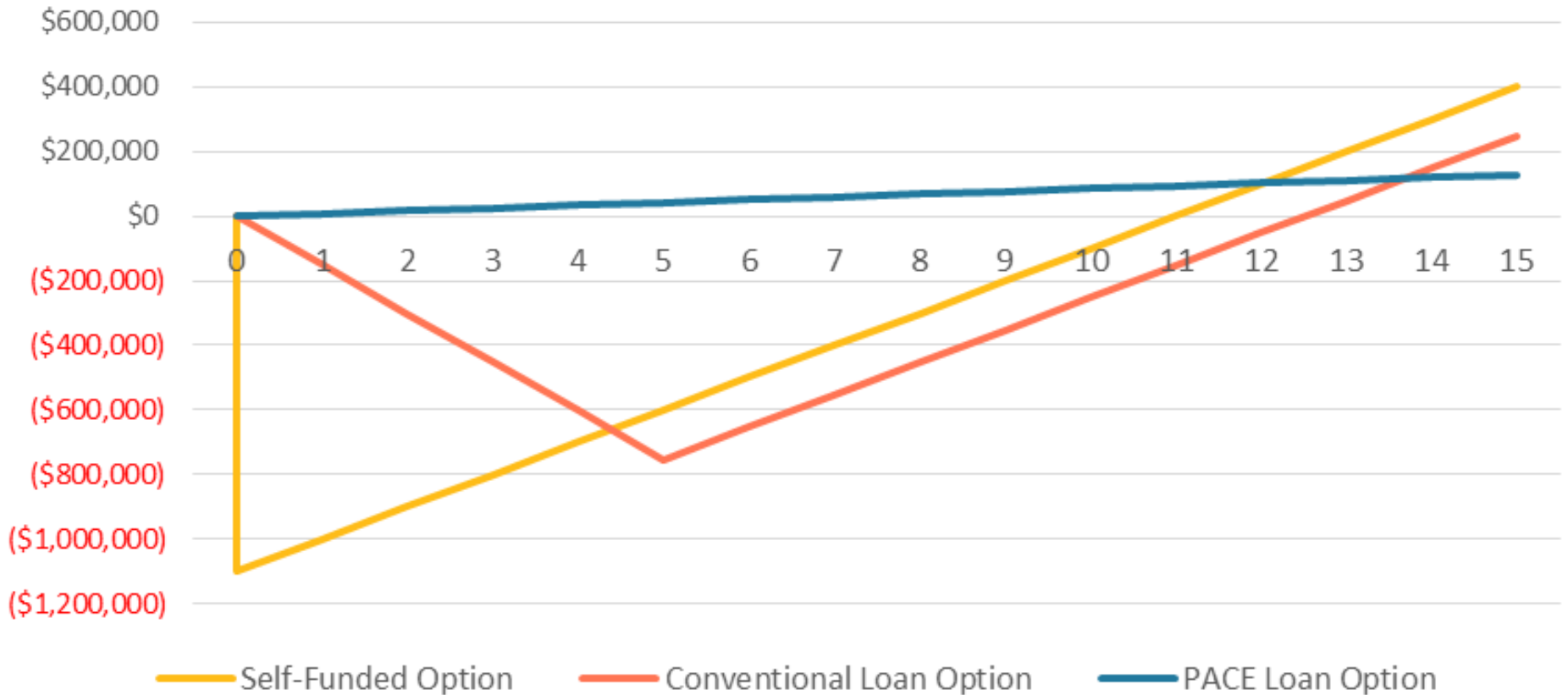
Cash Flows

Cumulative Cash Flow



Cumulative Cash Flow Comparison

Cumulative Cash Flow



**Happiness is
positive cash flow.**

PACE Assessments Can Include:

- The cost of materials and labor necessary for the installation of a qualified improvement;
- Permit fees;
- Inspection fees;
- Lender's fees;
- Program application and administrative fees;
- Project development and engineering fees;
- ITPR fees, including verification fees; and
- Any other fees or costs that may be incurred by the property owner incidental to the installation, modification, or improvement: Legal, consulting and other fees on an actual cost basis; and
- Changes to the existing property that are incidental to the installation.

PACE in Texas Update





TEXAS ★ PACE

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TEXAS' OPEN-MARKET PACE PROGRAM
ADMINISTRATOR