



TEXAS ★ **PACE**
AUTHORITY

2020 Annual Report

Celebrating 5 years of PACE in Texas

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Letter from the President

Building a new program from scratch for long-term success isn't easy in an instant gratification world. TPA's success remains dependent on the hundreds of people donating time and talent to make TX-PACE what it is today. Immediately after the legislature enacted the Texas PACE Act in 2013, more than 130 volunteers, under the umbrella of Keeping PACE in Texas, worked together to create the model "PACE in a Box" program of uniform best practices for Texas as a service to local governments. TPA is committed to operate using the PACE in a Box model. The last 5 years prove the success of standardized best practices across jurisdictions.

Thanks to this army of hardworking expert volunteer policy makers and market participants, the Texas PACE program is available in 55 urban and rural areas for large and small businesses and nonprofits reaching more than 60% of the Texas population. \$150 million in energy and water saving PACE investments have been realized across Texas for projects ranging from \$70 thousand to \$24 million. And, more Texas counties and cities are considering adopting PACE utilizing the PACE in a Box model.

Looking to the future, we believe this collaborative investment is creating an informed foundation of essential market stakeholders and local government officials supporting uniform best practices across Texas. As the program continues to earn reputational credibility and experience and grows to serve the largest developers and the smallest businesses in underserved communities, the best is yet to come. It is an honor to play a part in this market transformation for the greater good.

Charlene Heydinger
March 2021

Texas PACE Authority Leadership

Board of Directors



Stephen Block, Secretary, Of Counsel, Real Estate and Banking Law, Thompson & Knight, LLP



Michael Gromacki, Director, Global Wind and Composite Systems, Olin, former President, Dixie Chemical, and VP at Cook Composites and Polymers



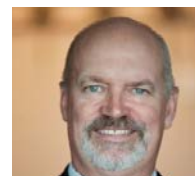
Hon. John Hall, President, John Hall Public Affairs, formerly Associate VP at EDF, Chairman at the Texas Water Commission and the Texas Natural Resource Conservation Commission (predecessor agencies to TCEQ)



Charlene Heydinger, President, TPA, former VP & Washington Council, Capital Cities ABC Inc., and General Council to Hon. Robert H. Michel, US House Republican Leader



Hon. Penny Redington, retired; former ED, Texas Association of Regional Councils, Leg. Liaison, Texas Association of Counties, and Ellis County Judge



Carlton Schwab, President and CEO, Texas Economic Development Council

TPA Team



Charlene Heydinger,
President



Dub Taylor,
Chief Operating Officer



Marina Badoian-Kriticos,
Senior Program Advisor



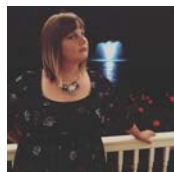
Amy Vanderbilt,
Operations and Compliance
Manager



James Cargas,
Counsel



Craig Smith,
Counsel



Deborah Camp,
Creative Manager



Sarah Silberman,
Program Coordinator

Advisory Committee

Hon. Kip Averitt | Tony Bennett | Rick Carrera |
Hon. Warren Chisum | Kathey Ferland | Debbie
Kimberly | Luke Legate | Steve Minick | Hon. Diane Rath

Statement of Principles: Who We Are

TPA is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. TPA was established exclusively to operate PACE programs for local governments across Texas, and now administers PACE programs for 55 Texas cities and counties.

In providing this outsourced governmental function, TPA offers the highest levels of service, transparency and ethics at the lowest cost possible. TPA run PACE programs are revenue neutral to each local government they serve.

Experience

TPA's team of policy, legal, technical, sustainability and operations experts have an unmatched combined 65 years of public service employment at the local, state, and federal government levels. We know firsthand the challenges and expectations public officials face.

TPA's expertise is respected nationwide. As other states initiate new commercial PACE programs, several consulted TPA for guidance in 2020, including Alabama (December), Alaska (March), Arkansas (March), North Carolina (November), and Oklahoma (October).

Performance

At the close of 2020, TPA facilitated the cumulative investment of \$133 million through PACE financing across Texas. From its inception, TPA has strictly adhered to the guidance provided by Keeping PACE in Texas' PACE in a Box Working Groups found at <https://www.keepingpaceintexas.org/library.document-library>

TPA Promotes Uniformity

All local governments establishing TX-PACE and selecting TPA as their authorized representative have uniform programs of best practices, benefiting stakeholders statewide. For example, Simon Property Group completed 6 PACE projects on malls located in Austin, Cedar Park, El Paso, Houston, Round Rock, and San Marcos using uniform documents with one lender.

TPA is User Friendly and Transparent

Texas PACE Authority provides uncompromised oversight and does not compete in the marketplace it oversees on behalf of local governments. Stepping into the shoes of each local government, TPA does not seek to also serve as the lender, engineer, or any other party to the transaction. TPA is fully committed to ethics and transparency; engaging a firewall between TPA and the free market competition in project development. TPA acts as “Switzerland” in its interactions with market competitors – treating market stakeholders fairly and objectively.

TPA serves the local government, provides education, outreach, and training. TPA is committed to ensuring that TX-PACE is available to all local businesses and organizations regardless of size or location. Materials are provided in Spanish, TPA’s website can be translated into Spanish with the click of a button, and beginning in 2021, Spanish translations will be provided for webinars.

TPA is Scalable

The ability of Texas PACE Authority to use one common overhead structure to serve 55 local governments significantly reduces costs by avoiding unnecessary duplication of services. This scalability enables TPA to control costs and minimize administrative fees. The use of uniform processes and documents furthers TPA’s efficiency and effectiveness throughout the state. Scalability also lowers transaction fees; once contractors, capital providers, architects, property managers and other stakeholders understand their local program, that knowledge base can be applied to all other TPA administered TX-PACE programs.

TPA is Sustainable

As a nonprofit, TPA has reduced its fees several times over the last five years and will continue to find operational efficiency and scaling opportunities – allowing TPA to offer the highest quality PACE administration at the lowest cost possible. Additionally, low transaction costs enable more stakeholders to participate, especially small and minority-owned businesses.

A BRIEF HISTORY OF TEXAS PACE AUTHORITY



2011

Keeping PACE in Texas (KPT) formed as Texas 501(c)(6)

2013

Texas PACE Act enacted

2014

PACE in a Box (PiaB) model program released at no cost to local governments



Houston's Mayor establishes City of Houston's PACE program in 2015

2015

TPA formed to administer PiaB
Travis County establishes 1st PACE Program in TX
Two PACE programs established

2016

Nine PACE programs established
Five PACE projects closed
TPA awarded Outstanding Non-Profit at CATEE Conference

2017

Six PACE programs established
Seven PACE projects closed



Elgin General Store project closes in 2018

2018

Six PACE programs established
Five PACE projects closed
TPA named "Access to Capital Champion" by MBDA

2019

Thirteen PACE programs established
Nine PACE projects closed



FEBRUARY

Washington County establishes PACE program
Burnet County establishes PACE program

City of Boerne
establishes PACE
program in
March, 2020



APRIL

City of San Antonio establishes PACE program
College of the Mainland project closes
Racing & Altitude Trampoline Park project closes
T5 Training Webinar series established

Wells Fargo
Tower project
closes in June,
2020



JULY

Dawson County establishes PACE program

SEPTEMBER

City of Castle Hills establishes PACE program
Stratton Building Project closes
Central Plaza project closes
Mall of the Mainland project closes

NOVEMBER

Stonecreek at Copperfield project closes
Westin Houston Medical Center project closes

JANUARY

City of Fredericksburg establishes PACE program
Midland County establishes PACE program
Pearl Point project closes
The Sterling Building project closes

MARCH

City of Abilene establishes PACE program
The Containery project closes
City of San Antonio establishes PACE program
Hardin County establishes PACE program
City of Boerne establishes PACE program
City of Leon Valley establishes PACE program
Guadalupe County establishes PACE program

JUNE

HBDi project closes
Dickens County establishes PACE program
Bowie County establishes PACE program
Milam County establishes PACE program
San Patricio County establishes PACE program
Wells Fargo Tower project closes

AUGUST

City of Eagle Pass establishes PACE program
Falstaff Storage project closes

OCTOBER

City of Snyder establishes PACE program
City of Poteet establishes PACE program
World Gym project closes

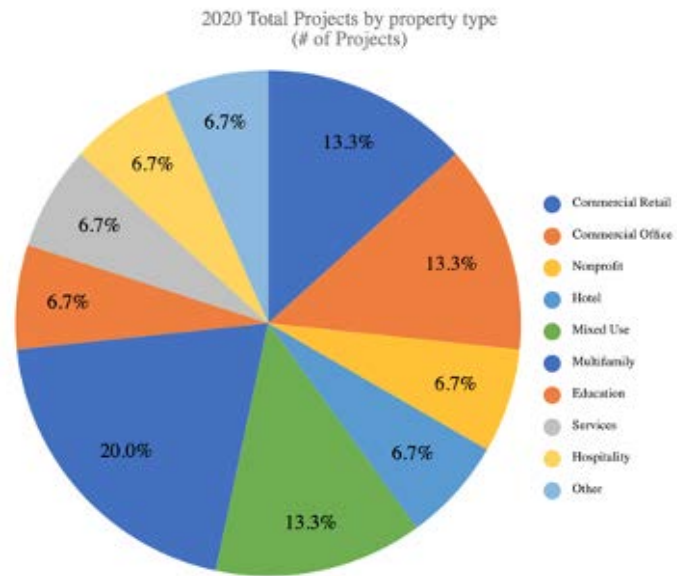
DECEMBER

Sinclair Hotel project closes

2020 Impact: Projects

Despite challenges related to the COVID-19 pandemic, the Texas PACE market continues to grow with more transactions closed in 2020 than any prior year.

In 2020, eight communities benefited from 15 PACE-financed energy and water saving investments totaling \$31,137,950 in new property investment benefiting a broad section of property types.



“My clients are bottom-line driven and, in my experience, the low-cost and flexibility of PACE financing is encouraging owners and developers to invest in improvements that generate significant operating cost savings that enhance the value of their assets while generating environmental benefits to the wider community.”

- Phill Geheb, Munsch Hardt Kopf & Harr, P.C.



**Note: City and County project total bars are reflective of all PACE projects in that area from 2016 to the time of publish

Aransas County PACE Program -
Rockport

Pearl Point Apartments

Multifamily

PACE Assessment: \$2,794,544

Qualified Measures: Lighting,
building envelope, water conservation

Annual Benefits: 41% electricity
savings and 38% water savings



“Stonehill partnered with the TPA to help solve a Texas community in need of housing after Hurricane Harvey. There had not been a housing project built in Rockport, Texas since the hurricane and the community had a strong demand for it. CPACE allowed this project to be built because it lowered the overall cost of capital and made it feasible. The borrowers have been community leaders for many years, and this was their passion project to bring a great housing project to this community. We were honored to work with the TPA to help make their dreams a reality.”

– Jared Schlosser, Vice President, Stonehill

“We faced a range of challenges in converting our under-utilized property into a neighborhood, particularly during COVID. And it would not have happened without PACE financing. Charlene Heydinger and her team at TX-PACE Authority and Aransas County Judge Burt Mills and his team have been consistently supportive, always positive and available to us throughout our development process. I encourage anyone thinking about developing property in Texas to first visit Texas PACE Authority and consider the options available to you.”

– John Frew, Co-Manager Rockport Harvey Housing, LLC.



Aransas County PACE project totals

Bell County PACE Program – Temple

Central Plaza

Multifamily

PACE Assessment: \$1,025,000

Qualified Measures: Mechanical, lighting,
building envelope, roof, and domestic
water heating

Annual Benefits: 44% electricity savings



Bell County PACE project totals

Galveston County PACE Program

Falstaff Storage

Warehouse

Galveston Island

PACE Assessment: \$2,160,000

Qualified Measures: HVAC, lighting,
building envelope, and water conservation

Annual Benefits: 39% electricity savings
and 46% water savings



Image courtesy of Reihl Engineering, LLC.



College of the Mainland

Nonprofit, Education

League City

PACE Assessment: \$704,000

Qualified Measures: HVAC, lighting, building envelope, and water conservation

Annual Benefits: 32% electricity savings and 78% water savings

Image courtesy of Reihl Engineering, LLC.

Racing and Altitude Trampoline Park

Retail

Texas City

PACE Assessment: \$1,060,000

Qualified Measures: HVAC, lighting, and building envelope

Annual Benefits: 46% electricity savings



Image courtesy of Reihl Engineering, LLC.



Mall of the Mainland

Retail

Texas City

PACE Assessment: \$3,840,000

Qualified Measures: HVAC, lighting, building envelope, water conservation

Annual Benefits: 22% electricity savings and 76% water savings

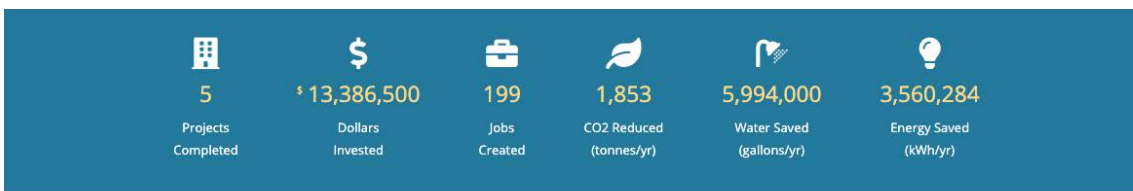
Current image

Image courtesy of JMK5 Holdings, LLC.



Rendering of Mall of the Mainland City Center

Image courtesy of JMK5 Holdings, LLC.



Galveston County PACE project totals



City of Houston PACE Program

HDBi

Nonprofit

PACE Assessment: \$1,264,071

Qualified Measures: HVAC,
lighting, building envelope, solar,
and water conservation

Annual Benefits: 51% electricity
savings and 35% water savings



Westin Houston Medical
Center

Hospitality

Qualified Measures: HVAC,
lighting, building envelope,
elevators, and water conservation

Annual Benefits: 31% electricity
savings, 25% natural gas savings,
and 45% water savings



Image courtesy of Stonecreek Real Estate Partners.

Stonecreek at Copperfield

Multifamily

PACE Assessment: \$2,800,000

Qualified Measures: HVAC, lighting, building envelope, domestic water heating, and water conservation

Annual Benefits: 44% electricity savings, 26% natural gas savings, and 44% water savings

“The PACE program funding from Counterpointe SRE aligns well with our goals for this development. We are bringing a project to life that will raise the standard of living for Houston seniors while incorporating energy efficiency, and because of that effort, we are able to use the program to enhance our capital position.” – Nick Craig, Stonecreek Real Estate Partners

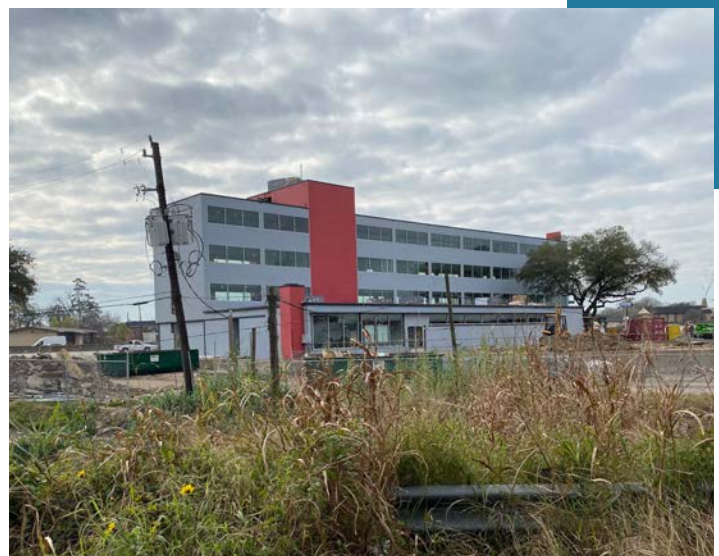
World Gym

Services

PACE Assessment: \$1,000,000

Qualified Measures: HVAC, lighting, building envelope, and water conservation

Annual Benefits: 45% electricity savings and 46% water savings



The Houston PACE Program was recently featured in the February 2021 edition of NBiz.

“What is remarkable about Houston, though, is its ability to bounce back to something stronger and more sustainable through tools like PACE. The resiliency of the Houston community is nothing short of extraordinary.”
PACE as a Tool for Businesses, by Sarah Silberman

In early 2020, the City of Houston released its Climate Action Plan which laid out the goal of completing 8 PACE projects in Houston by 2025. By the end of 2020 this was accomplished.

BUILDING OPTIMIZATION

TARGET

	Goal 1: Reduce building energy use and maximize savings.		Adopt the 2021 ICC model building code by 2025 with a minimum 5-year update.
	Goal 2: Expand investment in energy efficiency.		Double the current number of PACE projects by 2025.
	Goal 3: Invest in skilled local jobs to optimize building operations.		70% of non-residential buildings operated by trained building operator by 2030.

Building optimization goals as laid out in the Houston Climate Action Plan
 Courtesy of City of Houston's Office of Sustainability

						
8	\$ 33,428,043	441	6,900	28,395,000	12,770,235	4,799,000
Projects Completed	Dollars Invested	Jobs Created	CO2 Reduced (tonnes/yr)	Water Saved (gallons/yr)	Energy Saved (kWh/yr)	Natural Gas Saved (BTU/yr)

City of Houston PACE project totals

McLennan County PACE Program

Containery

Mixed use

PACE Assessment: \$856,451

Qualified Measures: HVAC, solar, roof insulation, windows and water conservation

Annual Benefits: 59% electricity savings and 75% water savings



"The Containery features 60 repurposed shipping containers and a renovated century-old garage. The Containery is the largest development of its kind in the U.S." <https://wacocontainery.com>

"The TX-PACE Program allowed us to provide a unique source of funding to an already creative project. The partnership between TFNB Your Bank for Life and Texas PACE Authority enabled us to leverage this valuable program with one of our local developers while also promoting energy efficiency. We were honored with the distinction of completing the first TX-PACE project in McLennan County. We look forward to a continued relationship with the Texas PACE Authority for projects in the future."

- Travis Kemp, SVP/Chief Lending Officer, TFNB Your Bank for Life



Wells Fargo Tower

Office

PACE Assessment: \$730,713

Qualified Measures: HVAC, lighting, and controls

Annual Benefits: 25% electricity savings

Stratton Building

Mixed use

PACE Assessment: \$1,300,000

Qualified Measures: Mechanical, lighting, roofing and water conservation

Annual Benefits: 60% electricity savings, 25% natural gas savings, and 11% water savings



McLennan County PACE project totals

Tarrant County PACE Program

Sinclair Hotel

Hospitality

PACE Assessment: \$8,219,116

Qualified Measures: HVAC, lighting, building envelope,
and water conservation

Annual Benefits: 35% electricity savings, 60% natural
gas savings, and 38% water savings










Sterling Building

Office

PACE Assessment: \$448,055

Qualified Measures: HVAC and
lighting

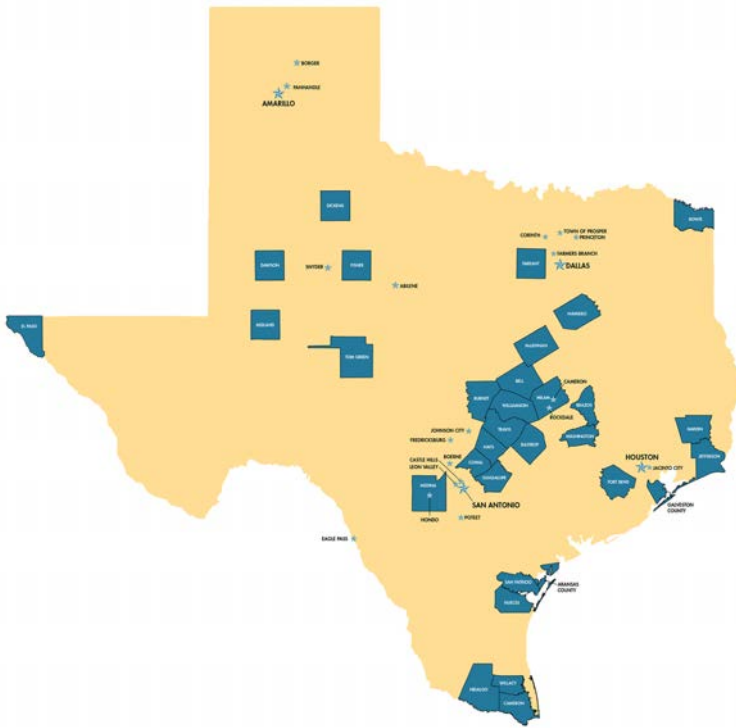
Annual Benefits: 29% electricity
savings and 29% natural gas
savings

						
8	\$ 24,725,666	306	4,157	10,060,070	5,937,830	20,210,720
Projects Completed	Dollars Invested	Jobs Created	CO2 Reduced (tonnes/yr)	Water Saved (kgals/yr)	Energy Saved (kWh/yr)	Natural Gas Saved (BTU/yr)

Tarrant County PACE project totals

2020 Impact: Regional Growth

In 2020, nineteen local governments established PACE programs and selected TPA as their administrator. This is a 53% increase in regions served by TPA for a total of fifty-five local governments. TPA welcomes the opportunity to build on these successes.



More and more cities and counties across Texas continue to establish PACE programs and select TPA to administer them. TPAs' mix of urban and rural programs now covers over 60% of Texas' population, making PACE accessible to more property owners than ever. Each local government served by TPA has its own unique landing page on the TPA website. Regionally, TPA is proud to partner with the Alamo Area Council of Governments and the Lower Rio Grande Valley Development Council to serve their member local governments.

With the help of the Texas Commission on Environmental Quality (TCEQ), TPA continues to promote PACE along the Texas-Mexico border. The City of Eagle Pass established the 5th border PACE region on August 4, 2020. TCEQ has made Spanish translations of TPA documents and educational materials possible.

TPA stands ready to serve this expanding community of local government PACE programs using uniform standards and processes, while maintaining the highest service levels for existing communities. This approach, and common operating model, results in compatible projects that can be bundled for the secondary securities market – facilitating local lender participation in PACE project funding.

National and State Recognition

2020 PACENation PACEsetter Awards to Texas Recipients

PACENation, the national PACE trade association, announced the 2020 PACENation awards on August 31, 2020. TPA's president was recognized as one of three PACE Champions for extraordinary leadership over multiple years to strengthen and expand the PACE marketplace. Additionally, two Texans received national recognition for their PACE leadership.

- Charlene Heydinger, president, Texas PACE Authority, was recognized as one of 3 national PACE Champions for extraordinary leadership over multiple years to strengthen and expand the PACE marketplace.
- Bruce Elfant, Travis County Tax Assessor-Collector was recognized as a PACEsetter for excellence in advocacy and policy innovation.
- Chip Bray, Banking Center President, Prosperity Bank was recognized as a PACEsetter for leadership helping C-PACE administrators and capital providers expand PACE in Texas.

"PACE is collaborative. This is not a recognition of one person, it's about the hundreds of volunteers and the vision we share for what PACE can be when we work together for the greater good. It's about the 'why' that drives us. We're in this together, and now more than ever, we need to help create new economies and inspire environmental benefits for communities."

– Charlene Heydinger, 2020 PACE Champion, president and CEO of Texas PACE Authority

Texas Energy Summit – Lifetime Achievement Award, November 2020

The Honorable Brigid Shea, Travis County Commissioner earned a lifetime achievement award—with an acknowledgement that her work is far from done—and her vision will continue to create a greener future. She co-sponsored and passed, with unanimous support, Travis County's PACE program – the first PACE program in Texas, which has resulted in almost \$4 million in energy and water saving investment in Travis County, and over \$133 million in Texas by the end of 2020. But those are just recent accomplishments. For more than 35 years, Commissioner Shea has been involved in the causes of clean air and clean energy.

TPA's Public Service to Texas PACE Regions

In 2020, TPA pivoted from in person outreach and education workshops and presentations to webinars. It was an opportunity to build on its existing library of educational webinars and recorded training workshops. Stakeholders can now view a multitude of topics at their convenience. The TPA YouTube channel currently contains 24 educational videos. In response to the COVID-19 pandemic, TPA created "TPA's Third Thursday at Two Training" (T-5) Webinars, providing monthly educational training workshops every third Thursday at 2pm.

In addition, TPA began working with local economic development professionals to highlight local development opportunities with PACE. The 2020 Community Engagement Appendix contains a listing of TPA's national, state, regional and local community engagement in 2020.

TPA is honored to have assisted local governments in achieving the following environmental benefits through cumulative PACE projects from 2016 -2020:

CO2 avoided: 23,652 tonnes
Electricity saved: 41,315,673 kWh
Natural gas saved: 40,521 mmBTU's
Water gallons saved: 64,316,070 gallons



Climate Action Plans

The Texas PACE Authority's program is a recognized tool for assisting cities in achieving their Climate Action Plan goals. Local governments across the state engaged their communities to develop locally tailored comprehensive, collaborative approaches to climate and resiliency issues. Millions of dollars will be saved through recommendations and goals to improve quality of life, harden infrastructure against extreme weather conditions, and contribute to the stabilization and diminishment of environmental harms and resulting impacts. Their PACE programs offer a common sense mechanism enabling property owners to use the savings resulting from these improvements to pay for their more resilient and efficient improvements.

City of Dallas Climate Plan

The Dallas Comprehensive Environmental and Climate Action Plan (CECAP) was adopted by City Council on May 27, 2020. CECAP encourages businesses to “Harness the PACE financing program to access low-cost loans for water conservation, energy efficiency, and/or renewable retrofits.” (p 48)

The report also recommends a comprehensive, inclusive education program for property owners, and TPA actively supports this outreach effort.

City of Houston Climate Plan

The Houston Climate Action Plan (HCAP), adopted by City Council on April 22, 2020, noted “The largest barrier to implementing energy efficiency projects is the combination of high upfront costs and low availability of financing. Traditional financing has limits, and we must help bridge that gap to encourage energy-efficiency investments. Programs such as Property Assessed Clean Energy (PACE) help owners and occupants overcome the upfront costs to realize numerous benefits including increased property value, lower operating costs, and better financing terms.” (P 40)

The City of Houston set a Building Optimization goal to double the current number of PACE projects by 2025. TPA was able to assist the City in reaching its target in 2020. TPA continues to work with Houston to increase awareness and greater use of the program.

City of San Antonio

The City of San Antonio City Council adopted the SA CLIMATE READY: A PATHWAY FOR CLIMATE ACTION & ADAPTATION on October 17, 2019 after an extensive community outreach and input process conducted by the City’s Sustainability Office. The Office encouraged the City to analyze potential mechanisms including PACE.

On December 4, the City celebrated the anniversary of its Climate Action Plan adoption at the SA Climate Ready Forum, a one-day virtual event that included a video about the City’s new PACE program established on March 5, 2020.

Capital Provider Expansion

Texas PACE Authority website [lists lenders](#) that have filled out the TPA Capital Provider Interest Form and have registered to do business with the Texas Secretary of State. This nonexclusive list is provided to assist property owners in identifying PACE lenders. As more PACE savvy lenders enter the Texas PACE market, they bring teams of project developers reaching out to property owners to educate them about PACE financing and to help them compile the necessary information to build successful PACE projects. In 2020, the number of PACE lenders seeking outreach to property owners on the TPA capital provider webpage increased to 22. These capital providers represent a wide range of institutions from traditional banks to private equity funds to PACE-specific investment vehicles. Together, they represent billions of dollars ready to invest in Texas.

Texas PACE Authority neither recommends nor endorses any particular PACE capital provider. Under the TPA's open market model, property owners are free to use the PACE lender of their choice, including those not listed on TPA's website.

Expanding Mortgage Consent

The Texas PACE Act requires mortgage holders to consent in writing before property is eligible for PACE financing. Fourteen of the fifteen projects closing in 2020 received lender consent. For one project, consent was not required. As more banks become familiar with the PACE in a Box best practices, they are granting lender consent to projects at an increasing level.

Increasing Local Lender Participation

In 2020 TFNB - Your Bank for Life became the first national bank to finance a PACE project in Texas. Once pandemic restrictions are lifted, TPA will continue to provide in-person local lender training and workshops. Until then, a popular T-5 webinar tailored for the lender community provides information for this key sector of the TX-PACE market.

APPENDIX A 2020 COMMUNITY ENGAGEMENT

On February 4, 2021, the Dallas Morning News noted that even with the pandemic, Texas was first in the nation for commercial real estate development, contributing more than \$65 billion to the Texas 2020 economy and supporting more than 428,000 Texas jobs. PACE financing contributed common sense capital that enabled commercial development and redevelopment to include energy and water saving measures that increased operating income and environmental improvements that might not have otherwise been included in these projects.

Early in 2020, TPA needed to pivot and adapt to remote and virtual community outreach. Going forward, TPA anticipates keeping some virtual outreach methods since they enable TPA to reach individuals and public officials in all 254 counties.

To engage stakeholders at the state, regional and local levels, TPA engaged in the following education and outreach efforts during 2020

National

- Ask a PACE Administrator Webinar, presenter, May 1
- US Department of Energy (DOE) Better Buildings Virtual Conference, PACE at 10 Years and Beyond Panel, presenter, October 6
- International Economic Development Council (IEDC) Virtual Annual Conference, Capitalizing on Clean Energy Through PACE Session, facilitator, October 14
- TPA is a Market Partner in the Department of Energy's C-PACE Working Group. The City of Dallas is also a member,

<https://www.energy.gov/eere/slsc/commercial-pace-working-group>.

Statewide

Conferences

- Texas Energy Virtual Summit – Policies to Accelerate Financing Solutions breakout session, facilitator and presenter, November 11

Virtual presentations

- SPEER City Efficiency Leadership Council (CELC) – PACE for Local Governments, presenter, April 23
- US Green Building Council – PACE in Texas Presentation, presenter, June 25
- Governor's Economic Development and Tourism Regional Staff PACE Presentation, presenter, September 21

T-5 Training Webinars

- Technical & Engineering Part 1, April 16
- Technical & Engineering Part 2, May 21
- PACE for the Lending Community, June 26
- Maximizing Utility Incentives Part 1, July 16
- Maximizing Utility Incentives Part 2, September 17
- PACE for Property Owners, October 15
- The Future of Buildings Transportation & Power with Roger Duncan, November 19

Service Provider Virtual Training Workshops

- Freese and Nichols University Training Webinar Series, presenter, April 6
- Powering Coastal Texas 3-part Training Webinars for Electrical Engineers, presenter, August 6, 13, & 25
- Eagle Pass PACE Service Provider Training Workshop, presenter, October 21
- El Paso PACE Service Provider Training Virtual Workshop, presenter, December 3

Regional

- Texas Economic Development Council PACE along the I-35 Corridor Webinar (Bastrop, Bell, Burnet, Hays, McLennan, Travis, & Williamson counties), facilitator, April 28
- Coastal Bend Regional Meeting hosted by Corpus Christi Regional Economic Development Corporation (CCREDC): COVID-19 Business Resource Working Group PACE Virtual Presentation, presenter, (Aransas, Bee, Brooks, Duval, Jim Wells, Kenedy, Kleberg, Live Oak, Nueces, Refugio, & San Patricio counties), June 5

- TEXOMA Regional Council of Governments, PACE Programs: Creating Budget Neutral Improvements Virtual Presentation (Cooke, Fannin, and Grayson counties), presenter, June 24
- Texas City Managers Association, Region 8, PACE Virtual Presentation with Alamo Area Council of Governments, presenter, August 27
- Dallas 2030 Energy Efficiency Financing Webinar PACE Presentation, presenter, October, 22
- Economic Development Opportunities with PACE in the DFW Area Webinar (Cities of Dallas & Farmers Branch and Navarro & Tarrant counties), facilitator, November 18
- El Paso PACE Virtual Forum, presenter, December 1
- Bell County Commissioners Court PACE Workshop, December 7

Boston Local Engagement

- Bowie County Commissioners Court PACE Presentation, June 8
- Bowie County Commissioners Court PACE Hearing Presentation, June 22

Brenham Local Engagement

- Washington County PACE Hearing Presentation, February 4
- Washington County PACE for Lenders Workshop, February 27

Local

Property Owner Workshops

- BOMA Austin, BOMA Building Energy Efficiency Program Training Webinar, presenter, April 30
- Texas Energy Poverty Research Institute (TEPRI) Stakeholder Workshop, participant, Houston, February 28

Local Lender Training Workshops

- Washington County Workshop in Brenham: PACE for Lenders, February 27

Abilene Local Engagement

- City Council Presentation, February 27
- City Council PACE Hearing Presentation, March 11

Alamo Local Engagement

- Meet with City Mayor and Economic Development Director, February 12

Austin Local Engagement

- LBJ School Policy on the Rocks PACE Presentation, February 25
- Water Conservation Advisory Committee PACE Update, March 10
- Shades of Green Radio PACE Program, June 8
- Travis County Commissioners Court PACE Document Update Presentation, August 11
- UT Austin Technology Incubator Venture Mentoring Service Presentation, October 19

Belton Local Engagement

- Bell County Commissioners Court PACE Workshop Presentation, October 26

Burnet Local Engagement

- Presentation to County Judge and Staff, City Council Members and Economic Development Leaders, January 30
- County Commissioners Court PACE Presentation, February 14
- County Commissioners Court Hearing Presentation, February 25

Carrollton Local Engagement

- City Council PACE Workshop Presentation, October 13
- City Council PACE Hearing Presentation, October 27

Dallas Local Engagement

- City of Dallas /NCTCOG Climate Change Symposium PACE Presentation, January 3
- Southern Dallas PACE Web Presentation to Texas Real Estate Council, St. Phillip's Church, Cornerstone Baptist Church, and City Square, July 2
- Dallas 2030 Energy Efficiency Financing Webinar PACE Presentation, October, 22
- Dallas 2030 Leadership Meeting PACE Presentation, November 18

Dawson Local Engagement

- Dawson County PACE Hearing Presentation, June 8

Eagle Pass Local Engagement

- City Council PACE Presentation, March 17
- City Council PACE Presentation, July 15
- City Council PACE Hearing PACE Presentation, August 4

El Paso Local Engagement

- El Paso Hispanic Chamber of Commerce Posada Virtual Market PACE Presentation, December 18

Georgetown Local Engagement

- Williamson County Commissioners Court PACE Document Update Presentation, December 8

Houston Local Engagement

- Association of Energy Engineers PACE Presentation, February 19
- Texas Industrial Energy Efficiency Forum PACE Presentation, April 2
- Houston Climate Action Plan Anniversary Week Building Optimization Virtual Panel Presentation, September 21
- Houston Climathon Info Session PACE Introductory Presentation, November 5
- Houston Climathon PACE Presentation November 13

Johnson City Local Engagement

- Blanco County Community Resource Center Ribbon Cutting, February 28

Kountze Local Engagement

- Hardin County Commissioners Court PACE Presentation, February 6
- Hardin County Commissioners Court PACE Hearing Presentation, March, 10
- Hardin County Commissioners Court PACE Resolution to Establish Presentation, March 24

Paris Local Engagement

- PACE Presentation to County Judge, City Council Members and Economic Development Officials, January 22

Lamesa Local Engagement

- Dickens County Judge and County Officials PACE Presentation, June 8
- Dickens County Commissioners Court PACE Presentation, June 30
- Dickens County Commissioners Court PACE Hearing Presentation, July 14

Liberty Local Engagement

- Liberty County Commissioners Court PACE Presentation, December 1

Marlin Local Engagement

- City Council PACE Presentation, June 9

Mathis Local Engagement

- San Patricio County PACE Webinar for City of Mathis Economic Development Stakeholders, July 10

McAllen Local Engagement

- Hidalgo County Judge Staff, County Economic Development and Legal Staff and LRGVDC PACE Program and Document Presentation, February 11

McKinney Local Engagement

- Collin County Commissioners Court PACE Presentation, October 19

Midland Local Engagement

- Midland County Commissioners Court PACE Hearing Presentation, January 23

Orange Local Engagement

- Orange County Commissioners Court PACE Presentation, November 10

San Antonio Local Engagement

- International Facilities Managers Association (IFMA) San Antonio Chapter PACE Presentation, February 5
- American Institute of Architects (AIA) San Antonio Chapter PACE Webinar, June 30
- San Antonio 2030 District PACE Webinar with AACOG, July 24
- Association of Energy Engineers (AEE) Austin-San Antonio Chapter Meeting PACE Presentation, July 28
- City of San Antonio Office of Sustainability PACE Virtual Presentation, July 28
- AIA San Antonio Chapter PACE Webinar, September 16
- International Real Estate Managers (IREM) San Antonio Chapter Virtual Presentation, October 1

Sinton Local Engagement

- San Patricio Commissioners Court PACE Presentation, June 1
- San Patricio Commissioners Court PACE Presentation, June 15
- San Patricio Commissioners Court PACE Hearing Presentation, June 22

Snyder Local Engagement

- Snyder City Council PACE Presentation, August 3
- Snyder City Council PACE Presentation, September 14
- Snyder City Council PACE Hearing Presentation, October 5

Texarkana Local Engagement

- Bowie and Miller County Judges and Texarkana Economic Development Officials PACE Presentation, March 11

COVID-19 Cancellations

Due to COVID-19 pandemic restrictions, TPA's invitations to participate and present in the following conferences were cancelled:

National:

- PACENation Summit, Columbus, OH, March 30 - April 1
- Main Street Now Conference, PACE Panel, Dallas, May 18-19
- DOE Better Buildings Conference PACE Panel, Arlington, VA, June 8-10

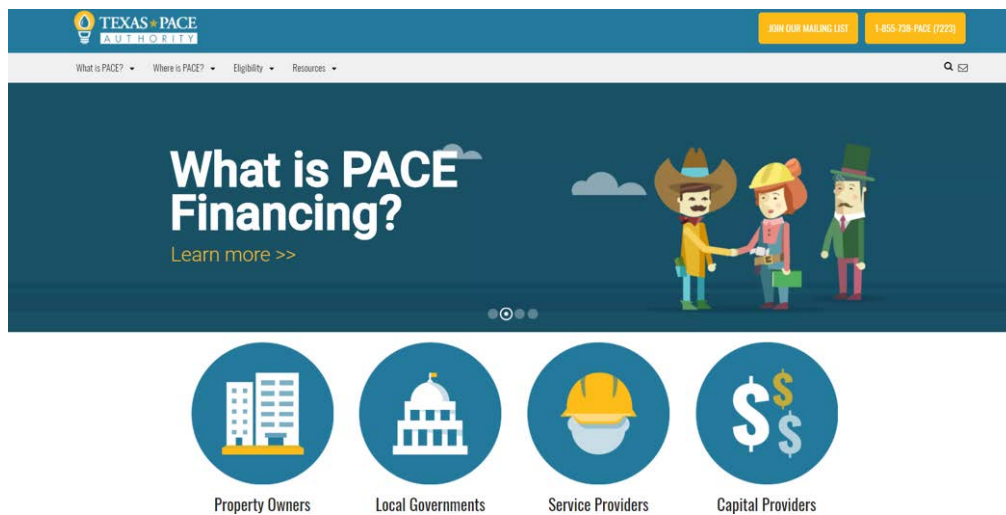
Local:

- Fredericksburg Local Lender Workshop, April 2
- Nueces County Opportunity Zone Summit with Federal Agencies, Corpus Christi, April 7-8
- Houston Permitting Office "PACE 3" Training

APPENDIX B SCOPE OF SERVICES

Program Website and Database

TPA continues to develop a more user-friendly and organized website by improving the appearance, effectiveness, and streamlining the availability of stakeholder resources as well as enhancing the application process. Texas PACE Authority's website hosts hundreds of unique visitors each month. (<http://www.texaspaceauthority.org/>).



The website includes a local program page for each of the 55 counties and municipalities TPA serves highlighting the benefits of PACE projects to that community. In programs with completed projects, the website displays the cumulative number of projects completed, total local PACE investment, jobs created (using the US Department of Energy formula), tonnes of CO2 reduced annually, kilowatts of energy saved annually, and gallons of water saved annually. This example is from the City of Houston PACE page on the TPA website:



TPA is constantly updating content and continues to reach out to each local government to make these pages and corresponding pages on the local government's website more informative and helpful.

Eligibility Assessment Tool

An eligibility assessment tool on the TPA website allows prospective stakeholders to quickly vet project eligibility. Using this tool, the contractor or owner answers a series of basic questions about the property, project, and owner, and receives instant feedback on whether the project is likely to be eligible for PACE financing.

Benefits Calculator

Texas PACE Authority has developed a PACE project pro forma model to quickly demonstrate the benefits of a PACE loan to property owners by comparing the impact of benefits of PACE financing with self-funding and traditional loan financing. This model allows a user to take project inputs (namely, cost and savings assumptions) and prepare a consolidated financial report for presentation to the property owner. One must be able to accurately produce such a report in order to properly evaluate a project. In addition, this tool helps contractors and developers present projects using metrics that property owners want to see. It is also used to demonstrate the benefits of PACE financing to a mortgage holder.

Project Inputs	
Project Cost	\$1100000
Annual Savings	\$125000
Cap Rate (Discount Rate)	5%
PACE Loan Inputs	
Term (years)	20
PACE Interest Rate	6.5%
Conventional Loan Inputs	
Loan Term (years)	5
Loan Interest Rate	4%
Down Payment	20%
Self-Funded Inputs	
Include Opportunity Cost?	no <input checked="" type="checkbox"/>
Opportunity Cost	3%

Summary of Results			
	Self-Funded	Conventional Loan	PACE
Out-of-Pocket Investment	(\$1100000)	(\$220000)	\$0
Average Annual Savings	\$125000	\$125000	\$125000
Annual Payment	\$0	(\$247090)	(\$99832)
Cash Flow Impact Year 1	(\$915000)	(\$342090)	\$25168
Net Project Cash Flow Year 2	(\$850000)	(\$464100)	\$90336
Years to Positive Project Cashflow	8.8	11.64	IMMEDIATE
Debt Service Over Finance Term	\$0	(\$1235449)	(\$1096641)
10-Year Project NPV	(\$134783)	(\$314553)	\$194340
20-Year NPV	\$457776	\$268007	\$313668

Marketing Plan

TPA informs and engages the market about the TX-PACE program based on the marketing strategies outlined in Section 5 of PACE in a Box. Texas PACE Authority has a promotional video: <https://www.youtube.com/watch?v=1zybcEAwYoQ&t=5s>.

Logo



Growing PACE Market Infrastructure

In 2020, TPA pivoted from in-person PACE presentations and workshops to virtual presentations and webinars to expand community awareness of the TX-PACE program and establish a complete local TX-PACE community – one that includes all the necessary channel partners to provide property owners with competitive choices for each of the services necessary to establish a successful PACE project. This ongoing effort to build outreach infrastructure is a necessary first and ongoing step in the education, outreach, and marketing effort to establish a vibrant Texas PACE community, and a positive, efficient, user-friendly experience for property owners interested in the program. A list of key in-person and virtual presentations and workshops can be found in the 2020 Community Engagement Appendix.

Channel partners are the stakeholders necessary to serve property owners interested in utilizing the Texas PACE program. Capital providers, mortgagees, project originators and others working to provide the necessary capital for TX-PACE improvements need to be familiar with and understand the program in order to serve the property owners and prospective property owners interested in utilizing TX-PACE. Contractors, architects, engineers, manufacturers of energy and water saving equipment, and their service organizations need to know about the program and understand the underwriting and technical requirements, so they can advise property owners on how to put together a successful PACE project in an efficient manner.

Flyers and Case Studies

Texas PACE Authority currently has six general flyers for market use listed. Successful projects are superb advertisements for the PACE program. To help distribute information about these successful projects, TPA has created case studies that are available on the resources page of the website. Project case studies are created on an ongoing basis as projects close.

With support from TCEQ, TPA flyers and case studies are now available in Spanish.

Social Media

TPA uses WordPress to effectively connect with target markets and online communities. Information and content are shared via Twitter and a TPA website blog. TPA is also leveraging LinkedIn to engage business professionals. Measures are in place to increase traffic to TPA's website and social media sites.

Constant Contact Email Distribution List and Blasts

More than 6,300 people receive emails from Texas PACE Authority. In 2020, subscribers gained access to 14 email blasts that included updates about new programs, project closings, TPA trainings and workshops, as well as relevant and noteworthy industry news and events.

Stakeholder Inquiries

The complexities of PACE for the various stakeholders created a need for an accessible repository of Frequently Asked Questions. The 65 questions listed on the TPA website are broken into categories to apply to property owners, service providers, capital providers, and local governments. <https://www.texaspaceauthority.org/resources/faqs>.

A toll-free number was established to encourage inquiries: 1-855-738-PACE (7223). In addition, stakeholders are able to submit email inquiries by using the 'Contact Us' webpage link to the TPA Administrator account: admin@texaspaceauthority.org.

PACE in a Box Technical Standards Manual

TPA uses a Technical Standards Manual which was designed by one of the PACE in a Box stakeholder working groups, which is chaired by the manager of the State of Texas Energy Conservation Office (SECO). It relies primarily on the SECO technical requirements for a similar revolving loan program for public buildings called LoanSTAR, <https://comptroller.texas.gov/programs/seco/funding/loanstar/>. The program also utilizes the Investor Confidence Project (ICP) Energy Performance Protocols (EPP) for standard and large commercial facilities contributing to the ICP nationwide effort to standardize the technical review of energy efficiency. The manual is a key component of the TPA Program Guide and service provider training. The Program Guide and Technical Standards Manual are updated to include additional guidance from the PACE in a Box working groups as it becomes available.

TPA is participating in a PACENation national effort to increase the standardization in PACE project technical standards. The Program Guide and Technical Standards Manual are also available in Spanish thanks to TCEQ assistance.



Helping Property Owners Identify PACE Capital Providers

This link provides a list of interested and qualified capital providers to enable property owners to easily identify potential sources of private third-party financing. Texas PACE Authority neither recommends nor endorses any particular PACE capital provider. Under the TPA's open market model, property owners are free to use financing of their choice. Thus, this directory is by no means an exclusive list of available capital providers. It is provided solely for convenience in consolidating a list of PACE capital providers.

The non-exclusive list of capital providers increased from 19 in 2019 to 22 in 2020. Traditional banks make up 23% of the capital providers doing business in Texas. These capital providers are competing robustly for PACE projects of all sizes throughout Texas. The increase in the number of capital providers developing PACE projects has a direct impact on the increase in PACE projects in Texas.

Service Provider Training

The Texas PACE Authority's service provider training sessions are designed to inform contractors, capital providers, and other stakeholders about the financial intricacies of PACE and introduce them to a suite of tools, resources, and reports designed to generate owner enthusiasm for a specific project. The traditional contractor focus is on quick payback projects. This is a result of property owner requirements that projects meet a two to three-year simple payback. Energy and water efficiency projects rarely meet this requirement without PACE.

Increasing the number of contractors with knowledge, experience, and tools to fully integrate the compelling reasons to use PACE financing in a business proposal is critical to property owner awareness of the TX-PACE program. To promote service provider awareness and expertise, TPA regularly conducts service provider training sessions throughout the state. In 2020 these sessions became training webinars hosted on the TPA website and YouTube Channel.

The Service Provider Training Workshops and Webinars typically cover in-depth PACE topics, such as:

- Introduction to PACE (“How to Market PACE”)
- Overview of steps in a PACE Project
- Available Energy and Solar Rebates and Commercial Incentives
- Available Water Commercial Rebates
- Technical Standards as part of a PACE Project
- The Role of the Independent Reviewer
- Financial Modeling: PACE Project Report
- PACE Network and Project Development
- Current ICP Protocol and its use in PACE

A series of training webinars for licensed Texas engineers interested in serving as ITPRs can be found on the TPA website at: <https://www.texaspaceauthority.org/technical-standards/>.

Helping Property Owners Identify PACE Service Providers

Texas PACE is designing a webpage directory to help property owners, developers and capital providers identify service providers who have attended a Texas PACE Authority training workshop. TPA is also collecting best practices from other states to determine alternative means for helping property owners identify PACE knowledgeable service providers.

Quality Assurance and Anti-Fraud Measures

TPA reviews each PACE application for completeness and supporting documents through independent review and verification procedures. TPA uses checklists and a legal review of required documents supplied by the capital provider to ensure that all statutory and PACE in a Box best practices are satisfied. The application and required documents identify and supply the information necessary to ensure that the property owner, the property itself, and the proposed project all satisfy PACE in a Box program underwriting and technical standard requirements.

TPA also reviews the report submitted by an independent third-party reviewer (ITPR), who must be a Texas licensed professional engineer, before the project can proceed. The report confirms that the energy and water savings baseline and projected savings are in compliance with the Technical Standards Manual. The ITPR performs an initial site visit, and then issues a report and a letter certifying that he or she has no financial interest in the project and is an independent reviewer. After the construction of the project is complete, an ITPR conducts a final site inspection and determines whether the project was properly installed and operating as intended. The reviewer’s certification for this 2nd review also includes a statement that the reviewer is qualified and has no financial interest in the project.



TEXAS ★ PACE

AUTHORITY

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