



Annual Report

Serving Communities
Improving Properties
Increasing Capital

On The Cover

The Monarch Hotel is the anchor for the redevelopment of Hemisfair Park, the site of the 1968 World's Fair. Envisioned, developed, and owned by Zachry Hospitality, the Hilton Curio Collection Hotel sits on the River Walk across the river from Zachry Hospitality's 1968 Hilton Palacio Del Rio Hotel, developed in record time for the World's Fair by CEO and President David Zachry's grandfather. The Monarch Hotel was the vision of David Zachry's father. To bring the development to life, Mr. Zachry and his team worked for years with many public and private stakeholders.

The Hotel is the largest PACE project in Texas and the \$48.5 million in PACE financing enables significant efficiency and water conservation measures. The San Antonio PACE Program enabled this key portion of the financing for the Monarch, slated to provide the most luxurious hospitality experience in the greater San Antonio area. Construction is expected to be completed in 2025.

“Each day Hemisfair is one step closer to creating one of the world's great public places, and a hotel, especially one that is designed to connect with the rich history of San Antonio while celebrating the natural elements of Hemisfair, helps us reach our goal...While a majority of the built area in the Hemisfair District will be mixed-income residential, a hotel delivers on the strategy that a mix of uses is vital to the long-term sustainability of the Hemisfair neighborhood.”

Andres Andujar,
Hemisfair CEO



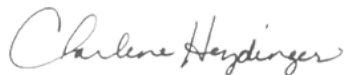
Letter From the President

2023 marked the 10th anniversary of the enactment of the Texas PACE Act and it gave me the opportunity to look back on all we've accomplished in that time. On some days it feels like we are running in Jell-O. On others, I am bursting with pride over what the Texas PACE Authority (TPA) team continues to accomplish on behalf of the local governments we serve. We continue our commitment to public service – to bring this program to every business and nonprofit in Texas. We can do this successfully through hard work and patience, and the continued commitment of so many volunteer stakeholders committed to the investment and delivery of energy and water saving improvements that strengthen the built environment and strengthen the financial health of Texas businesses and nonprofits.

TPA has proven the model: TX-PACE works. In 2023, despite high interest rates, TPA facilitated \$107 million in energy and water saving improvements for businesses and nonprofits in compliance with Texas' self-regulation best practices. TPA's 2023 numbers exceeded all other independent administrators in the US according to data collected in the C-PACE Alliance January 2024 administrator calls.

I am also proud that TPA facilitated Texas' two largest 2023 PACE projects: the \$48.5 million Monarch Hotel project and the \$28 million Intercontinental Hotel renovation, both in San Antonio. Yet I am equally proud that TPA played a role in the \$280,000 solar project on a small business on Vickery Boulevard in Fort Worth (Tarrant County PACE region) and the \$891,167 water and energy efficiency upgrades to the nonprofit Houston Area Urban League (Houston PACE Program). All businesses and nonprofits can benefit from this program. As the public servant administrator of 94 PACE regions across Texas (as of December 31, 2023 with more jurisdictions to come), our goal is to build a trusted program that benefits all of Texas, and we will do just that, one trusted step at a time, long into the future.

My goal is that 5 years from now TX-PACE is so common, available, and trusted that no one thinks twice about using it. To reach that goal requires transparency, vigilance, patience, and quality oversight. There is no avenue where flash-in-a-pan corner cutting achieves long-term success. Can we do better? You bet, and we won't stop our efforts toward self-improvement and the delivery of enhanced services in a transparent, trustworthy manner.



Charlene Heydinger President, Texas PACE Authority



Monarch Hotel - San Antonio



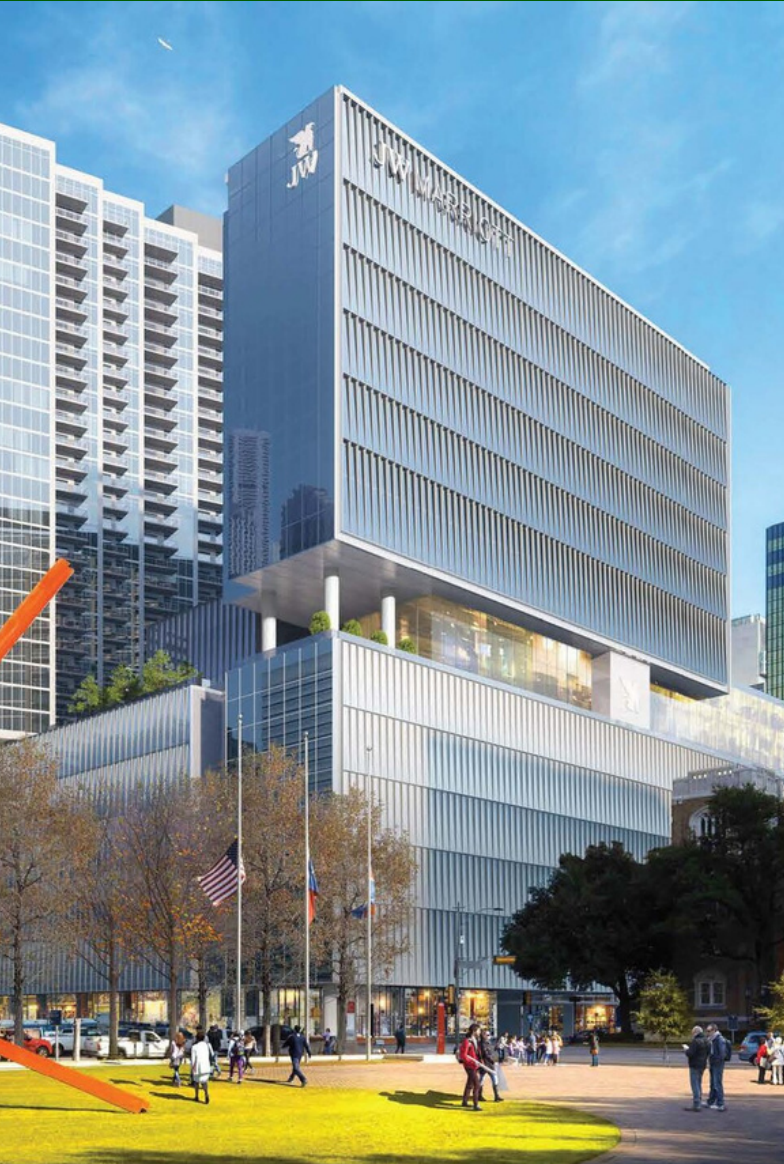
Houston Area Urban League



Vickery Blvd - Tarrant County

94	83	\$469.3MM	5,955	44,840	77,993,264	80,178	118,541,000
PACE REGIONS	PROJECTS COMPLETED	DOLLARS INVESTED	JOBS CREATED	CO ² REDUCED (tonnes/yr)	ENERGY SAVED (kWh/Year)	NATURAL GAS SAVED (mmBTU/Year)	WATER SAVED (gallons/Year)

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Pictured Left

Dallas' new JW Marriott Dallas Arts District is a shining example of how PACE financing enables developers to access the capital necessary to invest in sustainable, resilient measures that reduce cost and contribute economically and environmentally to Texas communities.



Steve Block

Board Secretary, retired; formerly Partner, real estate and banking law, Thompson & Knight, LLP



Michael Gromacki

CEO, McClarin Composites; formerly Director, Global Wind and Composite Systems, Olin, formerly President, Dixie Chemical



Hon. John Hall

President/CEO, Houston Advanced Research Center (HARC); formerly Associate VP, Environmental Defense Fund (EDF); Chairman, Texas Water Commission and the Texas Natural Resource Conservation Commission (predecessor agencies to the Texas Commission on Environmental Quality)



Charlene Heydinger

Board President, Texas PACE Authority; formerly Executive Director, Topfer Family Foundation, VP & Washington Council, Capital Cities, ABC Inc.; and General Council to Hon. Robert H. Michel, US House Republican Leader



Yarcus Lewis

Sustainability Program Lead, Federal Reserve Bank of Dallas, with 30 years of management experience, LEED Accredited Professional, Housing Development Finance Professional, and Certified Sustainability Practitioner. Former Sustainability Projects Supervisor, City of Plano.



Diane Rath

Executive Director of AACOG from December 2014 to October 2023. Former Senior Vice President at ResCare Workforce Services. Chair and Commissioner of the Texas Workforce Commission 1996-2008. Nominated for Assistant Secretary of Administration for Children and Families at U.S. Health and Human Services. Senior Director of Public Affairs at KCI in San Antonio



Hon. Penny Redington

Retired; formerly Executive Director, Texas Association of Regional Councils; Legislative Liaison, Texas Association of Counties; and Ellis County Judge



Carlton Schwab

President and CEO, Texas Economic Development Council



Patrick Worrall

VP Asset Marketplace, LevelTen Energy; formerly Interim Head of Debt Capital Markets, Sunnova Energy; S.V.P Finance & Strategy, Extol Energy, Principal, Scanden; and Director, Constellation Energy

Board of Directors



Charlene Heydinger, JD

President
9 Years of Federal Government Public Service



Dub Taylor

Chief Operating Officer
27 Years State of Texas Public Service



Amy Vanderbilt

Operations and Compliance
Manager



Stephen Minick

Program Director
34 Years State of Texas Public Service



Autumn Radle

Program Manager
8 Years of Local Government Public Service



Brian Wright

Program Liaison



Jack Belt

Program Liaison



Marina Badoian-Kriticos

Senior Program Advisor
9 Years of Local Government Service



Christine Cahill

Transaction Manager



Jonathon Blackburn, PE

Technical Advisor



James Cargas, JD

Counsel
11 Years of Local Government Service
4 Years of Federal Government Service



Deborah McCray

Creative and Technology
Manager

Team Members

2023 Impact - TPA Administration

A YEAR OF FIRSTS

2023 brought another year of “firsts” for the Texas PACE program. TPA is proud to continue its efforts to grow awareness and use of the program while maintaining its commitments to quality administration, underwriting, and technical standards to ensure the delivery of energy and water savings – the public benefit, without undue risk to local governments or stakeholders. TPA facilitated:

- More dollar investment than any other independent PACE administrator in the country - \$107 million in PACE assessments despite high interest rates and market uncertainty according to data collected in the C-PACE Alliance January 2024 administrator calls
- 2023's largest PACE project in Texas – the Monarch Hotel in San Antonio - \$48.5 million and the 2nd largest Texas PACE project in 2023 – the Intercontinental Hotel in San Antonio - \$28 million
- Texas' first PACE project with a USDA guaranteed senior loan – Clarksville Hospital in Clarksville
- Texas' first large bank funded project – Clarksville Hospital in Clarksville, \$5.5 million in PACE capital provided by TransPecos Bank in San Antonio.

“Any Texas developer that doesn't consider PACE in their capital stack is making a mistake.”
Timothy Crowley, Developer,
2022 Alta Frontera project (resort event pictured right),
Jeff Davis County PACE Program (Fort Davis)

THE IMPORTANCE OF LOCAL LENDER PARTICIPATION

Local lender involvement remains critical to providing PACE capital for smaller projects, rural projects, and projects in underserved communities throughout the United States. TPA is working with the Rio Grande Council of Governments (El Paso) on a contract with the State Energy Conservation Office (SECO) to identify an alternative approval path for smaller projects and to attract local lenders as PACE capital providers. This multi-year effort, currently called “TurboPACE” is underway, and we welcome collaboration with interested parties. Bank education and outreach continues across the state to increase capital and local lender participation in the program. TPA is also working closely with the new statewide CDFI Coalition, housed in the Texas Association of Community Development Corporations and with the Dallas office of the Federal Reserve's effort to coordinate the Texas CDFI's efforts to access federal sustainability funding.



ALIGNING WITH UTILITY INCENTIVE PROGRAMS

In 2023, TPA presented to Texas utility providers at the Public Utility Commission of Texas (PUCT). This statewide meeting initiated a series of training sessions TPA provided the Utility provider's commercial incentives teams across the state of Texas. This created opportunities for businesses and nonprofits seeking utility incentives to learn about PACE – the practical way to finance the rest of their energy and water saving measures.

IMPROVING FROM WITHIN

Growing Board: The board of TPA has expanded and includes enormous talent and experience. We are grateful for this leadership and the time and attention these experts in their fields provide to TPA.

Growing Staff: TPA continues to build a team of experts to provide PACE Administration as a public service. The team now brings a total of over 100 years of public service dedicated to best practices as we move forward to increase the amount of energy and water savings and economic improvements to the communities we serve and their businesses and nonprofits.



Pictured Above

Top: TPA team members design vision for the future
Bottom: Amy Vanderbilt inspires joy and great ideas.

IMPROVING FROM WITHIN - CONTINUED

Retreat: The entire TPA team converged at the Five Oak Ranch near Dripping Springs for a facilitated retreat to prepare the TPA Team for the market demands of PACE stakeholders throughout Texas. After a dinner with board members, the team set to work absorbing how much we've accomplished in the past 10 years and planning for the next decade.



Five Oak Ranch

Customer Relationship Management (CRM): The team continues to design and implement a customized Salesforce database to improve timelines and increase efficiencies through process automation. This two-year project is just beginning to make the needed impact on project processing.



“This is a wonderful program and we share it with most, if not all, our business prospects.”

Scott Norton,
Executive Director/CEO
TexAmericas Center,
New Boston, TX



Pictured Left

TPA's Dub Taylor presents his thoughts on potential areas of improvement during TPA's inaugural team retreat at the Five Oaks Ranch near Dripping Springs, Texas.

Awards

Texas PACE Authority, its board and team members, and a Dallas PACE project all received recognition in 2023:

2023 OUTSTANDING NON-PROFIT

Presented to Texas PACE Authority and Keeping PACE in Texas in recognition of the extraordinary work of these two organizations across the state to bring over \$400 million in water and energy saving investments so far.

Received at the 20th Annual Texas Energy Summit, hosted by the Texas A&M Texas Energy Systems Lab (TEES) at the Texas Capitol

PACENATION 2023 PACESETTER AWARD - DUB TAYLOR

Dub Taylor (pictured middle right) was the recipient of the PACENation 2023 PACESetter Award for Excellence in Program Design and Implementation.

Presented at the 2023 PACENation Summit in New York by Cisco DeVries, 2020 PACE Champion recipient

GREGG COOKE AWARD FOR EXCELLENCE IN ENVIRONMENTAL LEADERSHIP - JOHN HALL (BOARD MEMBER)

Hon. John Hall (pictured right) was the 2023 Recipient of the Gregg Cooke Award for Excellence in Environmental Leadership.

Presented at the 20th Annual Texas Energy Summit, hosted by the Texas A&M Texas Energy Systems Lab (TEES) at the Texas Capitol





2023 PACESETTER AWARD FOR WOMEN LEADERS IN PACE - DIANE RATH (TPA BOARD MEMBER)

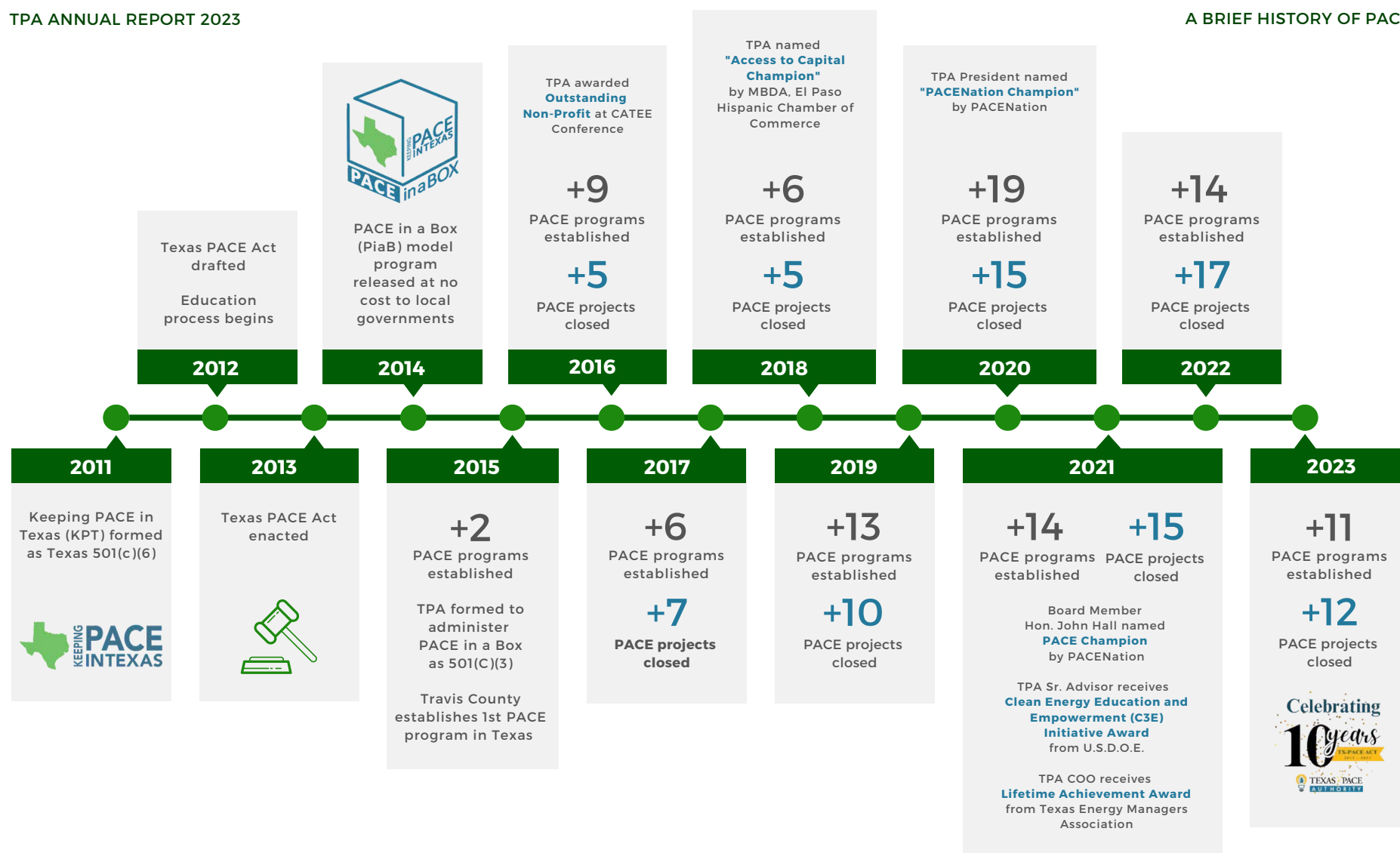
Diane Rath, Board member, was the recipient of the PACENation 2023 PACEsetter award for Women Leaders in PACE.
2023 PACENation Summit in New York, presented by Dub Taylor to Diane at an AACOG Board meeting (pictured left)

BEST HOSPITALITY PROJECT, HÔTEL SWEXAN

HÔTEL Swexan (pictured bottom-left), Dallas, which accessed \$40 million in PACE financing, was named Best Hospitality Project.
Presented at the D CEO 2023 Commercial Real Estate Awards

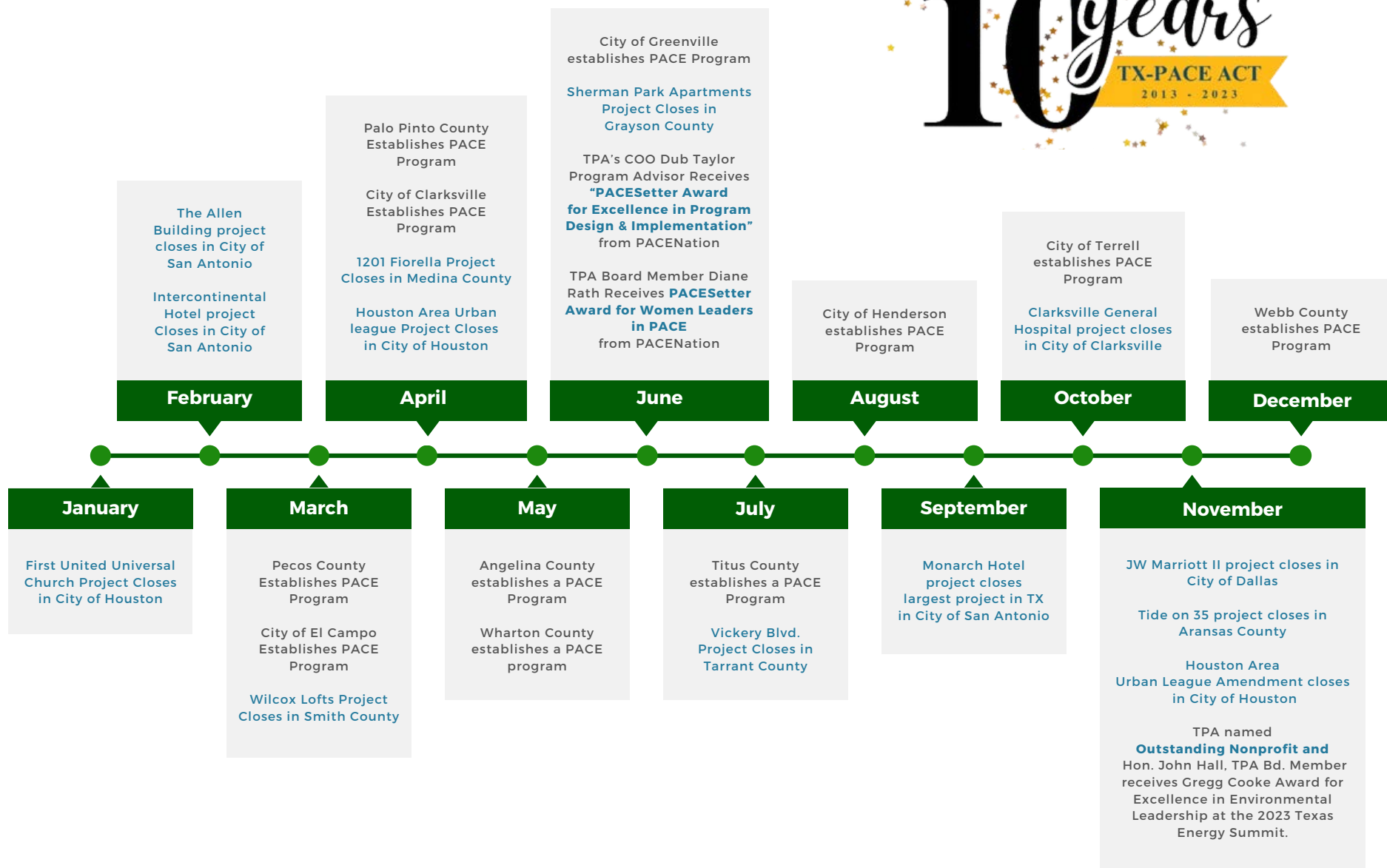
Pictured Below: TPA Team and Board Members gather to celebrate their accomplishments at the TPA Team Retreat

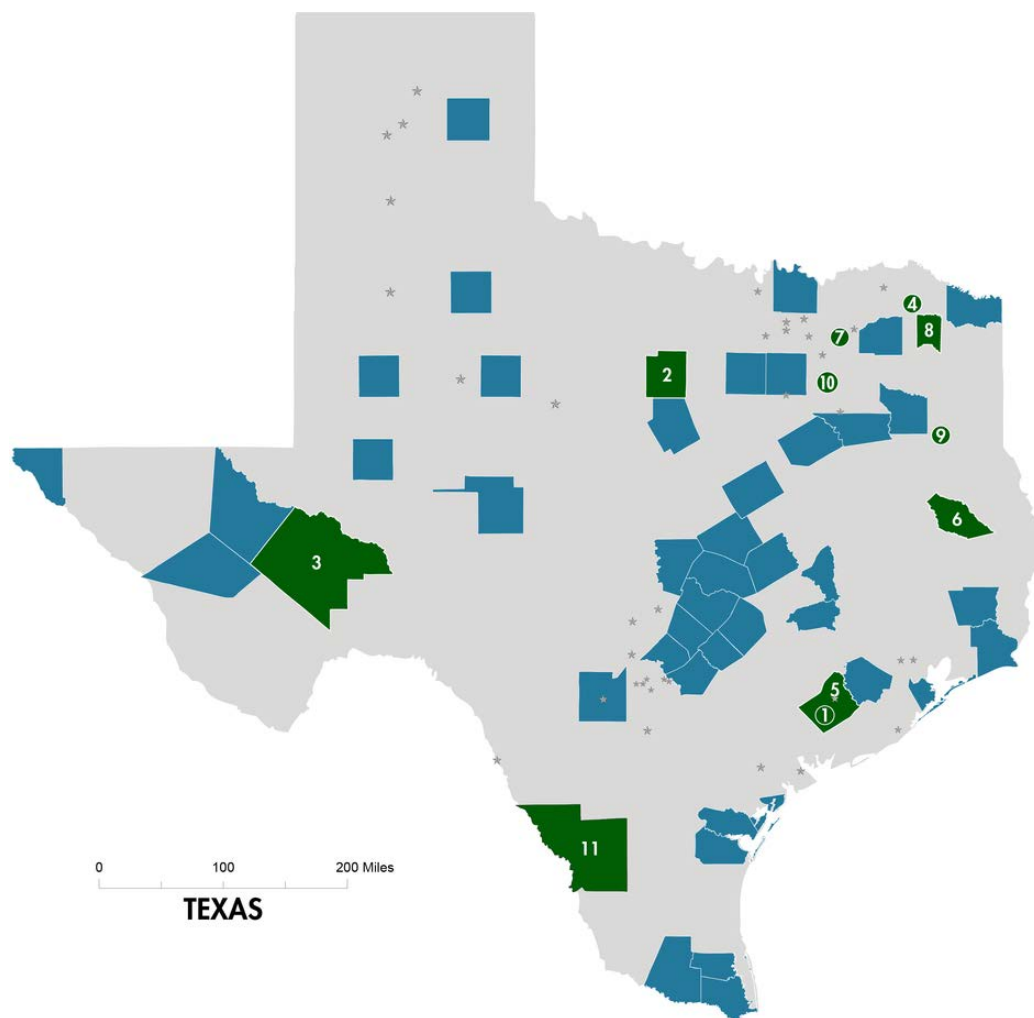




A Brief History of TPA & TX-PACE

2023 in Review





2023 PROGRAM GROWTH

Eleven local governments established new TX-PACE programs in 2023 and selected TPA as program administrator. This continued growth brings TPA's public servant leadership to ninety-four local governments, reaching more than 73% of the Texas population. Each local government served by TPA has its own unique landing page on the TPA website that tracks local PACE project impacts and shares other local PACE information. TPA welcomed the following local governments establishing new TX-PACE programs in 2023 - **Pictured left in green:**

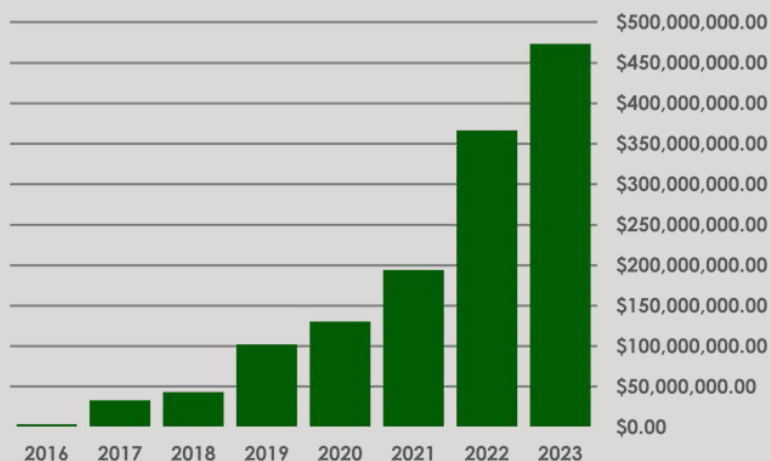
1. El Campo, City of (March 27)
2. Palo Pinto, County of (April 10)
3. Pecos County (April 24)
4. Clarksville, City of (April 27)
5. Wharton County (May 22)
6. Angelina County (May 23)
7. Greenville, City of (June 13)
8. Titus County (July 24)
9. Henderson, City of (August 22)
10. Terrell, City of (October 10)
11. Webb County (November 27)

2023 Impact: Program Growth

2023 Impact: Projects

In 2023, TPA facilitated \$107 million in energy and water saving PACE investments for Texas businesses and nonprofits. Despite high interest rates, this dollar volume was the largest of any C-PACE administrator in the country, according to data collected in the C-PACE Alliance January 2024 administrator calls. In 2023, PACE project financing ranged from \$280,000 to \$48.5 million in both urban and rural communities throughout Texas.

TPA CUMULATIVE INVESTMENT 2016-2023



ARANSAS COUNTY

PROJECT NAME:

Tide on 35 (Phase II)
Multifamily

PACE ASSESSMENT:

\$1,165,739
Stonehill PACE

QUALIFIED IMPROVEMENTS:

Interior Lighting, Exterior Lighting, High-Efficiency Windows and Doors, Low-Flow Plumbing Fixtures

ANNUAL BENEFITS

Energy Savings
150,578 kWh

Water Savings
531,000 gallons

Avoided CO²
78.36 tonnes



(Below) 2015 - 2023 Cumulative Impact of TX-PACE in Aransas County



3

Projects
Completed



\$ 12,826,546

Dollars
Invested



245

Jobs
Created



1,075

CO₂ Reduced
(tonnes/yr)



2,065,801

Energy Saved
(kWh/yr)



0

Natural Gas Saved
(mmBTU/yr)



7,247,000

Water Saved
(gallons/yr)

CITY OF CLARKSVILLE

PROJECT NAME:

Clarksville General Hospital
Healthcare

PACE ASSESSMENT:

\$5,500,000
TransPecos Bank

QUALIFIED IMPROVEMENTS:

Building Envelope, HVAC, Interior Lighting, Exterior
Lighting, Plumbing and Water Conservation

ANNUAL BENEFITS






Energy Savings
360,878 kWh

Water Savings
57,580 gallons

Avoided CO²
201 tonnes



2023 Cumulative Impact of TX-PACE in the City of Clarksville

						
1	\$ 5,500,000	71	360,878	58,000	249	201
Projects Completed	Dollars Invested	Jobs Created	Energy Saved (kWh/yr)	Water Saved (gallons/yr)	Natural Gas Saved (mmBTU/yr)	CO2 Reduced (tonnes/yr)

“I have been in the banking and economic development industry for 35 years. The PACE financing program is a very unique funding source and can be the best fit for certain funding needs. It would do well for every city to be knowledgeable of the PACE financing program and have it available for projects should the need arise. The TPA team is great to work with.

Clay Meadows, the financial leader of the development hospital group”

Clarksville is the county seat of Red River County in northeast Texas. The entire county was without a medical facility since 2015, and the nearest hospital was 30 miles away.

The Clarksville Hospital is the first PACE project in Texas to receive consent from USDA. The primary USDA guaranteed loan was paired with New Markets Tax Credit financing and PACE. TransPecos Bank provided the PACE funding.

Construction began in October 2023 on the \$25M hospital which is projected to be completed by the end of 2024. The project is the bank's first PACE project and the third PACE project to be funded by a Texas bank.

CITY OF DALLAS

PROJECT NAME: PACE ASSESSMENT:

JW Marriot II
Hospitality - Hotel

\$13,909,789
PACE Equity

QUALIFIED IMPROVEMENTS:

HVAC, Electrical, Building Envelope

ANNUAL BENEFITS

Energy Savings:	Jobs Created	Avoided CO ²
146,970 kWh	180	76.49 tonnes

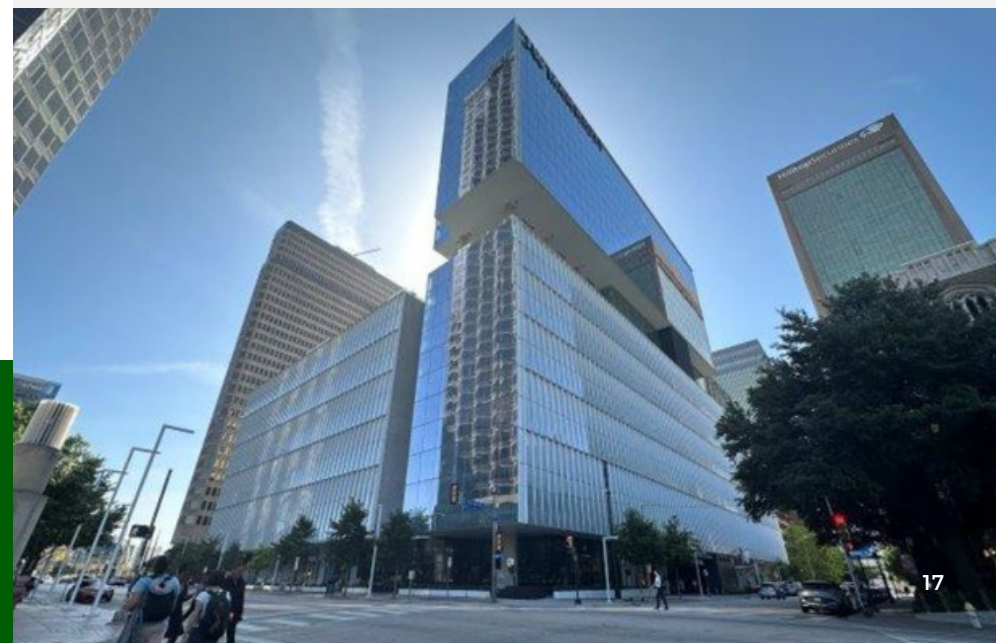


2016 - 2023 Cumulative Impact of TX-PACE in the City of Dallas

11	\$ 126,852,250	1,517	15,788,976	10,591,500	15,319	9,028
Projects Completed	Dollars Invested	Jobs Created	Energy Saved (kWh/yr)	Water Saved (gallons/yr)	Natural Gas Saved (mmBTU/yr)	CO2 Reduced (tonnes/yr)

The new JW Marriott Dallas Arts District (pictured below) received a second PACE Assessment after a dramatic market value increase after opening. The increased value allowed the owners to finance additional energy and water investments that exceeded the financing limit under the original market valuation. As the Dallas economy continues its expansion, more developers and owners will seek PACE financing for investments that lower operating expenses and contribute to the City's Climate Action Plan and the region's clean air focus.

Over 25% of PACE financing in Texas has occurred in Dallas, in large part to the City's strong Office of Economic Development's efforts to include Dallas PACE as a key incentive.



Early TX-PACE projects prove the concept. In 2017, 1225 North Loop in Houston (pictured below) was the first office building to use PACE in Texas. Seven years later, the PACE assessment resulted in better than expected utility and repair savings. The property is also benefiting from increased occupancy and tenant satisfaction and retention.



The PACE project ignited 1225 North Loop West's remarkable transformation, leading to enhanced service and maintenance, and resulting in higher occupancy rates and an improved financial outcome over time.

Seth Eslami, Asset Manager
1225 Investments

GRAYSON COUNTY (SHERMAN, TX)

PROJECT NAME:

Sherman Park Apartments
Multifamily

PACE ASSESSMENT:

\$4,848,303
Twain Financial Partners

QUALIFIED IMPROVEMENTS:

HVAC, Lighting, Building Envelope

ANNUAL BENEFITS

Energy Savings
168,231 kWh

Jobs Created
63

Avoided CO²
87.54 tonnes



2022 - 2023 Cumulative Impact of TX-PACE in Grayson County

2	\$ 7,351,970	95	497	0	954,731	0
Projects Completed	Dollars Invested	Jobs Created	CO2 Reduced (tonnes/yr)	Water Saved (gallons/yr)	Energy Saved (kWh/yr)	Natural Gas Saved (mmBTU)

The Houston Area Urban League leveraged the City of Houston PACE Program to achieve positive impacts and benefits to its headquarters property in downtown Houston including upgrades such as an energy-efficient HVAC/heating and cooling system, LED lighting replacement, insulation improvements, and other measures aimed at reducing energy consumption and costs.

“By promoting energy efficiency improvements, the Houston Area Urban League contributed to economic development in Houston by engaging minority contractors to perform the energy efficiency retrofit and remodel. Energy-efficient upgrades supported jobs in construction leading to local economic growth and employment opportunities. By participating in the PACE program, the Houston Area Urban League took control of energy usage resulting in an approximate 14% decrease year-over-year end contributed to a more sustainable future.”

**Eric Goodie, Executive Vice President,
Houston Area Urban League**

CITY OF HOUSTON

PROJECT NAME:

Houston Area Urban League
Nonprofit - Office

PACE ASSESSMENT:

\$891,167
Nuveen Green Capital

QUALIFIED IMPROVEMENTS:

Lighting, HVAC, Building Envelope, Water Conservation

ANNUAL BENEFITS

Energy Savings	Water Savings	Avoided CO ²
324,552 kWh	101,720 gallons	168.89 tonnes



CITY OF HOUSTON

PROJECT NAME:

First UU Church Houston
Nonprofit - Religious

PACE ASSESSMENT:

\$488,120
Nuveen Green Capital

QUALIFIED IMPROVEMENTS:

Envelope, Lighting, HVAC, Solar

ANNUAL BENEFITS

Energy Savings	Jobs Created	Avoided CO ²
326,797 kWh	6	170.05 tonnes



2015 - 2023 Cumulative Impact of TX-PACE in the City of Houston

10	\$34,807,331	459	7,239	28,496,720	13,421,584	4,799
Projects Completed	Dollars Invested	Jobs Created	CO2 Reduced (tonnes/yr)	Water Saved (gallons/yr)	Energy Saved (kWh/yr)	Natural Gas Saved (mmBTU/yr)

“The church could not have afforded the energy efficiency upgrades and solar without PACE. The longer term and better interest rate allowed them to proceed with all of the projects. Its great to be able to help people who want to do the right thing...do just that!”

Keith Reihl, PE, MBA, CEM, AVS, LEED® AP, GBE, CSDP, HBDP
President, Reihl Engineering LLC



Something extraordinary is happening in one of Texas' oldest historic districts – downtown Castroville, Texas, founded in 1844. Castroville families banded together to revitalize their downtown by creating the for profit Castroville Downtown Redevelopment Fund in July 2021 to purchase and restore historic downtown buildings one at a time. The Fund issued an RFP to PACE capital providers to fund PACE projects on five buildings and Inland Green Capital won the bid and has provided the financing for the energy and water saving measures in three downtown Castroville buildings to date. In 2022, the fund utilized the Medina County PACE program to access Inland Green Capital's financing for the historic 407 Paris building that had once housed the local newspaper and a post office. The second PACE project was Dan's Meat Market on Lorenzo Street.

In 2023, the Castroville Downtown Redevelopment Fund accessed Inland Green Capital's PACE financing to update the Chateau Lafayette, an office building on Fiorella Street. TPA looks forward to facilitating the Fund's continued revitalization efforts.



IMPACT: PROJECTS

MEDINA COUNTY

PROJECT NAME:

1201 Fiorella
Office

PACE ASSESSMENT:

\$390,000
Inland Green Capital

QUALIFIED IMPROVEMENTS:

Envelope, Lighting, HVAC


ANNUAL BENEFITS

Energy Savings	Jobs Created	Avoided CO ²
59,890 kWh	5	31.16 tonnes



2019 - 2023 Cumulative Impact of TX-PACE in Medina County


3
Projects
Completed


\$ 1,225,000
Dollars
Invested


16
Jobs
Created


83
CO₂ Reduced
(tonnes/yr)


181,000
Water Saved
(gallons/yr)


159,115
Energy Saved
(kWh/yr)

Pictured Left

1201 Fiorella after PACE upgrades

CITY OF SAN ANTONIO

PROJECT NAME:

Intercontinental Hotel
Hospitality - Hotel

PACE ASSESSMENT:

\$28,000,000
Nuveen Green Capital

QUALIFIED IMPROVEMENTS:

Envelope, HVAC, Lighting, Water Conservation

ANNUAL BENEFITS

Energy Savings
3,689,497 kWh

Water Savings
955,000 gallons

Avoided CO²
1918.33 tonnes



(Below) 2015 - 2023 Cumulative Impact of TX-PACE in the City of San Antonio

4	\$ 83,127,403	1,067	2,749	5,259,836	233	3,093,000
Projects Completed	Dollars Invested	Jobs Created	CO2 Reduced (tonnes/yr)	Energy Saved (kWh/yr)	Natural Gas Saved (mmBTU/yr)	Water Saved (gallons/yr)

“In October 2019, San Antonio City Council passed the SA Climate Ready Plan committing San Antonio to reach carbon neutrality by 2050. In order to meet this goal, significant emission reductions are needed in our building sector. PACE has been a tremendous tool that uses free market mechanisms to allow property owners to finance energy efficiency improvements, and reduce energy consumption, and operating costs. Projects such as the Intercontinental Hotel and the Monarch Hotel are testament to the effectiveness of the PACE financing model.”

Douglas Melnick,
Chief Sustainability Officer,
City of San Antonio



I had some knowledge of the PACE program from a previous presentation at a real estate function. At or around the same time, my client George Wommack was undergoing an adaptive reuse project called The Allen, converting a warehouse building to class “A” office. At the time we were only using sponsor equity, senior debt and state and federal tax credits. The tax credits helped gap the budget to be able to bring in the rents at a market rate, yet allow for the building to be redeveloped.

I introduced the PACE program to George, as a way to further help gap the budget and enhance the overall scope of the project. The program was a great fit and the Borrower was able to execute his development plan and incorporate energy efficiencies such as solar panels, triple pane windows. The outcome was “The Allen”, a catalyst development at the corner of McCullough and Ashby which has since had a spillover effect with neighboring properties redeveloping.

Broadway Bank is a community focused Bank. By using the PACE program for the subject property we helped fulfill our mission for community investment in bringing the Allen building back for the benefit of all.

Andrew M. Ozuna
Senior Vice President
Broadway Bank

CITY OF SAN ANTONIO

PROJECT NAME:

The Allen
Office

PACE ASSESSMENT:

\$1,559,719
PACE Equity

QUALIFIED IMPROVEMENTS:

Envelope, HVAC, Lighting

ANNUAL BENEFITS

Energy Savings
57,071 kWh

Jobs Created
20

Avoided CO²
29.70 tonnes



CITY OF SAN ANTONIO

PROJECT NAME:

Monarch Hotel
Hospitality - Hotel

PACE ASSESSMENT:

\$48,475,000
Nuveen Green Capital

QUALIFIED IMPROVEMENTS:

Lighting, HVAC, Building Envelope, Water Conservation

ANNUAL BENEFITS

Energy Savings	Water Savings	Avoided CO ²
1,119,970 kWh	1,436,000 gallons	582.79 tonnes



The Monarch Hotel is the cornerstone of the Hemisfair Park Area Redevelopment Corporation's initiative to revitalize the historic Hemisfair Park - site of the 1968 World's Fair. The challenges of incorporating PACE financing into the Monarch's capital stack were met by CBRE, which collaborated with PACE capital provider, Nuveen Green Capital, and a consenting senior lender, InterBank.

Nuveen's PACE capital enabled Zachry Hospitality to maintain full ownership of the Monarch. The single ownership by the well-established and respected Zachry Hospitality provided essential senior lender confidence in the project. With PACE financing, the project is underway, creating energy and water savings that will reduce operating costs, free up significant energy and water resources for the City, and facilitate tourism and economic activity on the River Walk and in Hemisfair Park.



Pictured Right

San Antonio Mayor Ron Nirenberg speaks on the impact of the project to the City's redevelopment of the 1969 World's Fair location - Hemisfair Park

SMITH COUNTY

PROJECT NAME:

Wilcox Lofts
Multifamily

PACE ASSESSMENT:

\$1,412,500
Nuveen Green Capital

QUALIFIED IMPROVEMENTS:

Envelope, HVAC, Lighting, Water Conservation

ANNUAL BENEFITS

Energy Savings	Water Savings	Avoided CO ²
287,700 kWh	298,000 gallons	149.71 tonnes



2021 - 2023 Cumulative Impact of TX-PAVE in Smith County



2

Projects
Completed



\$ 9,912,500

Dollars
Invested



128

Jobs
Created



4,131

CO₂ Reduced
(tonnes/yr)



4,954,716

Energy Saved
(kWh/yr)



29,289

Natural Gas Saved
(mmBTU/yr)



9,193,000

Water Saved
(gallons/yr)

“

Honestly, there are no words that express The Magic that Happens with Creative Financing like TX-PAVE, Federal, State, and City, Tax Incentives & Rebates.

I guess it takes an Energy Nerd like me to truly appreciate how with a little patience and planning, we can achieve unimaginable things in the built environment that end up being cost-neutral.

With the technology that is now available, we can achieve amazing things. But you have to have the right team to make it happen. A run of the mill project team does not work, you need energy specialists, finance people who truly understand numbers and creative financing, and you must have patience to apply and receive rebates and incentives.

It is a great time to achieve amazing things! Why not now?”

Valerie Shoup, PE, CEM, CWHF, ICP,
Heritage Institute of Sustainability

Imperial Ridge is proud to be the capital provider for the commercial multi-tenant building located at 3613 W Vickery Boulevard, Fort Worth Texas. This is one of our most impactful projects even though from a dollar volume perspective it is one of our smallest financings. There were dramatic improvements to the efficiency of the building along with the addition of renewable energy, but as important we believe this project demonstrates that C-PACE financing can work across the real estate spectrum from billion dollar master planned projects to small multi-tenant buildings.

**Mark Boyer, CEO,
Imperial Ridge Real Estate
Capital**

TARRANT COUNTY

PROJECT NAME:

Vickery Boulevard
Retail

PACE ASSESSMENT:

\$280,000
Imperial Ridge
Real Estate Capital

QUALIFIED IMPROVEMENTS:

Building Envelope, Solar

ANNUAL BENEFITS

Energy Savings
69,039 kWh

Jobs Created
4

Avoided CO²
35.93 tonnes



2017 - 2023 Cumulative Impact of TX-PACE in Tarrant County

						
10	\$ 59,176,133	751	5,218	15,917,070	7,978,287	20,121
Projects Completed	Dollars Invested	Jobs Created	CO2 Reduced (tonnes/yr)	Water Saved (gals/yr)	Energy Saved (kWh/yr)	Natural Gas Saved (mmBTU/yr)

Statement of Principles

What is TX-PACE?

Texas Property Assessed Clean Energy (TX-PACE) is a proven financial tool that incentivizes property owners to upgrade facility infrastructure with little or no capital outlay. Approved by state legislation in 2013 and established by 94 local governments at the close of 2023, TX-PACE programs enable owners to lower their operating costs and use the savings to pay for eligible water conservation, energy efficiency, resiliency, and distributed generation projects. Owners gain access to private, affordable, long-term (typically 10-25 years) financing that is not available through traditional funding avenues. Texas PACE Authority (TPA) administers uniform, best practices PACE programs at no cost to local governments.

When businesses and nonprofit organizations make energy and water-saving improvements to commercial, industrial, and multifamily properties, they not only reduce operating costs and increase property value, but they also contribute economic and environmental benefits to their communities and make their communities more resilient, healthy, and sustainable.

A word cloud of TX-PACE principles. The words are arranged in a circular pattern, with the most prominent words in the center and smaller words towards the edges. The words are in various shades of blue and green. The most prominent words are: sustainable, public-service, best-practices, transparent, energy-saving, uniform, user-friendly, and scalable. Other words include: self-pace'd-training, wicked-fun, public-benefit, successful, on-site-energy, professional, responsive, innovative, cost-effective, conscientious, fee-market, recognized, en-espanol, award-winning, inclusive, water-savings, sustainability, impact-projects, clean-energy, national-leader, multi-family properties, texified, dedicated, diligence, ethical, pace-in-a-box, hud/fha, conservation, experienced, oversight, cost-effective, stakeholder-driven, voluntary, distributed-energy, perpetual-improvements, networked, helpful, program-growth, annual-benefits, resilient, collaborative, water-saving, principled, integrity, job-creating, and conservation.

Who We Are

Texas PACE Authority (TPA) is a nonprofit organized under Section 501(c)(3) of the Internal Revenue Code. TPA was established exclusively to operate PACE programs as a public service for local governments across Texas, and now administers PACE programs for 94 Texas cities and counties at no cost to taxpayers.

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

Our Experience

TPA's team of policy, legal, technical, sustainability, and operations experts has an unmatched combined 102 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 and worldwide. As other states initiate and update commercial PACE programs, representatives often consult TPA for guidance. In 2023, this list included representatives from Alaska, Hawaii, Maine, Maryland, Michigan, Missouri, Montana, New Jersey, New Mexico, Oklahoma, Oregon, and Virginia.

Our Performance

At the close of 2023, TPA facilitated the cumulative investment of \$470 million through PACE financing across Texas. Projects in 2023 alone financed \$107 million, which is more than any other commercial PACE administrator in the United States based on data collected from the C-PACE Alliance. From its inception, TPA has strictly adhered to [PACE in a Box best practices and the guidance provided by Keeping PACE in Texas' PACE in a Box Working Groups.](#)

TPA follows a thorough and thoughtful project review process that is charted in the [Texas PACE Authority Program Guide®](#) provided in English and Spanish on the TPA website for PACE project stakeholders and the local governments TPA serves.



Pictured Left

TPA's counsel James Cargas and his daughter alongside Harris County Sustainability Director, Lisa Lin, at the April 2023 celebration of Earth Day in Houston.

TPA is User-Friendly and Transparent

Texas PACE Authority provides uncompromised administrative oversight on behalf of local governments and does not compete in the marketplace it oversees. Stepping into the shoes of each local government, TPA will not serve as the lender, engineer, broker, or any other party to the transaction. And no TPA affiliates or team members do so either. TPA is fully committed to ethics and transparency, engaging a firewall between TPA and the free market competition in project development. TPA acts neutrally in its interactions with market competitors – treating market stakeholders fairly and objectively.

TPA also serves the local government by providing 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. **Educational materials and TPA's Program Guide are provided in English and Spanish, and TPA's entire website can be translated into Spanish (pictured below) with the click of a button.**

TPA Promotes Uniformity

All local governments establishing TX-PACE programs administered by TPA have uniform programs adopting best practices, benefiting stakeholders statewide. Property owners have used TX-PACE programs on multiple properties in multiple jurisdictions, taking advantage of the efficiencies stemming from uniform best practices and standardized documents across all of TPA's regions. Similarly, statewide stakeholders and those based outside of Texas appreciate the uniform best practices in underwriting and technical standards and forms used in each TPA region. The uniformity and quality reduce project costs and promote trust in TX-PACE.



TPA is Scalable

The ability of Texas PACE Authority to use one common, efficient overhead structure to serve 94 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 ultimately lowers transaction costs. Once contractors, capital providers, architects, property managers, and other stakeholders understand one local program, that knowledge can be applied to all other TPA-administered TX-PACE programs across the state.

TPA is Sustainable

As a nonprofit, TPA has reduced its fees several times over the last eight years and will continue to find operational efficiency and scaling opportunities, and then pass the savings on to the property owners. In this way, TPA offers 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 and nonprofits.



Pictured Left

TPA was selected to moderate a national panel on Best Practices in Program Design and Administration at the 2023 PACENation Summit in New York.

Panelists included: Anna Maria Kowalik, Senior VP, Illinois Energy Conservation Authority NFP; Catherine Duncan, Associate Director, Connecticut Green Bank; Kyle Madden-Peister, Senior Legal Associate, NYCEEC; and Robbie Pinkas, Director, Northbridge

Challenges & Opportunities

2023 marked the 10th anniversary of the Texas PACE Act, and TPA is proud to have played a key role in proving the TX-PACE concept is a success and sustainable.

The 2023 numbers speak for themselves - \$107 million in new investment in energy and water savings for Texas businesses and nonprofits.

IN 2023

11	12	\$107MM	218	3,530	6,758,173	249	3,379
PACE REGIONS	PROJECTS COMPLETED	DOLLARS INVESTED	JOBS CREATED	CO2 REDUCED (tonnes/yr)	ENERGY SAVED (kWh/Year)	NATURAL GAS SAVED (mmBTU/Year)	WATER SAVED (kGals/Year)

Challenges

Unfortunately, there is pressure to skirt the uniform best practices of *PACE in a Box* without disclosure to affected local governments or consenting lenders. *PACE in a Box* is adaptable via a deliberate process open to all stakeholders, so if there is a need to update this existing guidance, then the correct process for change is to engage the relevant *PACE in a Box* working groups and invite all affected stakeholders to participate in the discussion so that all views are heard and incorporated into any changes to the *PACE in a Box* model guidance.

Ignoring best practices on an individual project basis threatens trust in the ability of PACE the industry to self-regulate and TX-PACE as a whole. For example, allowing PACE financing that exceeds the *PACE in a Box* loan to value (LTV) amount and encouragement of waivers of the cash flow positive savings to investment ratio (SIR) without consideration of the required factors for review. Also, lending that does not require payments of principal for 5 years after the PACE loan closes compromises savings offsets as the loan matures, especially in refinancing projects already constructed.

Such questionable practices threaten project success and delivery of actual energy and water savings, thus increasing the risk of default.

Challenges - Continued

In some PACE regions, projects are closed without transparency since there is no published manual identifying how projects are approved. **This lack of transparency on the deliverable of a “public benefit” on behalf of a local government under the Texas PACE Act is concerning.**

After observing the disastrous results of ignoring published self-regulation standards and lack of oversight ruining residential PACE programs in other states, it is reasonable to anticipate the same behaviors trickling into TX-PACE programs will result in the ruination of TX-PACE. Easing administrative oversight and underwriting to place more capital than allowed under PACE in a Box untethers PACE financing from the legislative public purpose of facilitating energy and water savings and increases risk of project failure.

Texas PACE Authority urges local governments to pay attention to the details of how their programs are being administered because local governments are the collection agents if projects default. Finally, we are concerned about the significant additional fees some developers and property owners are paying for services in regions not served by TPA. The Texas PACE program is not immune from failure or political fallout resulting from the removal of the guardrails of self-regulation.

Opportunities

The real opportunity for Texas businesses and nonprofits will be the maturity of a trusted, stable, and transparent, PACE programs throughout the state. This requires time, trust, and grit - and TPA will continue to deliver despite the tight market and high interest rates.

Texas PACE Authority will continue to improve its services while staying true to the Texas self-regulation model, PACE in a Box, and urges all stakeholders to refrain from shortcuts that undermine trust in the program and can lead to failures to deliver the public benefits expected by the Texas PACE Act. **TPA will continue to hone its internal processes to provide efficient oversight and project processing. We are committed to improving our outreach and education and to improving our internal processing.**

TPA will also continue its aggressive efforts to identify sources of capital for small businesses, rural communities, and underserved communities. We will continue to seek opportunities to show local lenders throughout Texas that PACE assessment financing is a wonderful new product for their best customers. Local lender education continues to be a priority for Texas PACE Authority as we seek to increase involvement from local banks, credit unions, and CDFI's.

TPA is committed to serve all of Texas and we will continue to drive that outcome with integrity and transparency.

Education & Outreach

Statewide Presentations

Texas Historical Commission, Real Places Conference, PACE Panel: Historic Buildings + Environmental Upgrades: It Can Be Done (Affordably!), Austin, February 2

TPA's T-5 Webinar: US Housing and Urban Development (HUD) Approves TPA's PACE projects with HUD, February 16

Public Utility Commission of Texas (PUCT) Energy Efficiency Implementation Project (EEIP): PACE presentation to PUCT and electricity retailers, March 28

Texas Association of Community Development Corporation (TACDC) Annual Conference PACE Panel: Using PACE to Finance Clean Energy Housing, April 18

TPA's T-5 Webinar: Tracking Success: Why TX-PACE is taking off and how you can take advantage, May 18

Texas Governor's Office Economic Development Community Relations Regional Representatives, PACE update presentation, July 7

CLEAResult, AEP and TNNP, Utility Provider PACE education, July 17

Texas Association of Business (TAB), Advocacy Committee webinar: PACE presentation, July 18

TPA's T-5 Webinar: United States Department of Agriculture (USDA) Texas Rural Development Office Webinar: USDA 's Rural Energy for America (REAP) Rural Energy Efficiency and On-site Generation Grants, August 17



T5 webinars are recorded and available through [TPA's Webinars and Video web page](#) and on [TPA's YouTube Channel](#)

Pictured Left

TEDC 2023 Annual Conference TX-PACE Panel: Charlene Heydinger, TPA (moderator); Remi Ramos, Economic Director, Fort Stockton Economic Development Corporation; Sara Harris, Economic Director, Midland Development Corporation; and Mike Culbertson, President, Corpus Christi Regional Economic Development Corporation

Texas Association of Community Development Corporations (TACDC) webinar: PACE For Multifamily Housing, August 29

South Central Partnership for Energy Efficiency as a Resource (SPEER) Industry and Policy Workshop presentation: 10th Anniversary of the Texas PACE Act & Outcomes, September 14

Texas Economic Development Council (TEDC) Winter Conference, PACE Panel: Keeping PACE with \$400 Million in Energy and Water Saving Investments in Texas, Houston, October 11

Texas Industrial Energy Efficiency Network (TIEEN) Webinar: Legislative and Regulatory Developments in Texas Impacting Energy Production, Efficiency, and Use; PACE presentation, October 17

Texas Affiliation of Affordable Housing Providers (TAAHP) webinar: Creative Financing – Utilizing New and Old Resources Innovatively to Maximize Outcomes; PACE presentation, October 26

20th Annual State Energy Summit, break out session: Energy Efficiency: Growing the Largest Source of Clean Energy Jobs, panelist, Texas Capitol, Austin, November 15

20th Annual State Energy Summit, break out session: The Potential of the Inflation Reduction Act for Texas, Panelist, Texas Capitol, Austin, November 15

Pictured Right

Top: Hon. Kathleen Jackson, PUCT interim chair (center) with Cyrus Reed, Charlene Heydinger, Todd McAllister, and Chris Pasch at the 2023 SPEER industry and policy Workshop

Middle: Charlene Heydinger reports on 10 years of Texas PACE Act success at the 2023 SPEER Industry and Policy Workshop



Regional Presentations

Continental Gin PACE Workshop, Dallas, January 19

Holland & Knight LLP, CLE Lunch & Learn TX-PACE presentation, Dallas, February 14

Houston PACE Education Breakfast, Houston, February 22

Lubbock Economic Development Alliance, Corporate Recruitment team, PACE presentation, Lubbock, February 23

Lubbock Association of Realtors Commercial Group PACE Presentation, Lubbock, February 23

Palo Pinto Commissioners Court, TX- PACE Presentation, Palo Pinto, March 13

DFW Building Sciences Expo, TPA Booth, Fort Worth, March 31.



"When the business community supports an idea, change can happen fast. Annual ideas collection, compiled in cooperation with the World Economic Forum, names PACE Financing 1 of 10 fresh solutions we believe would make the world better."
Harvard Business Review

How to Use PACE 100% Financing Educational Breakfast Panel

Self-Liquidating Loans fund Energy Efficiency Improvements now with new dollars outside of and in addition to your capital budget. PACE financing can allow up to a two year delay of the first annual payment if necessary. \$640 Million Dollars of Pace projects in Texas.



Keith Reihl P.E. (ITPR)
Chair City of Houston
Energy Code Committee
Dir. Sustainability CoH Airports
Reihl Engineering LLC
Sustainable Engineering for a Better Tomorrow



Marina Badoian-Kriticos
Senior Program Advisor
Texas PACE Authority
Pace Administrator
TEXAS PACE AUTHORITY



Tim Crockett
Founder of PACE Building Efficiency
PACE Project Facilitator
Dir. Business Development KEEN Realty
KEEN REALTY

Wednesday, February 22nd 2023
7:30AM - 9:30AM

The Junior League of Houston Inc.
[1811 Briar Oaks Lin, Houston, TX 77027](https://www.jlhf.org/1811-Briar-Oaks-Lin-Houston-TX-77027)
Free Covered Parking



Host:
Unify Energy Solutions



"PACE Financing is a powerful tool, truly a game changer for any property owner looking to make energy and water efficiency improvements to their property."
Mayor Sylvester Turner

Pictured Right

Top: Flyer for Houston PACE Education Breakfast, featuring TPA's Marina Badoian-Kriticos

Left: TPA's Marina Badoian-Kriticos speaks at the Houston PACE Breakfast with Keith Reihl and Tim Crockett

City of Clarksville City Council, PACE presentation,
Clarksville, April 11

Oncor Incentives Team, PACE presentation, April 18

Angelina County Commissioners Court, PACE
presentation, Lufkin, May 9

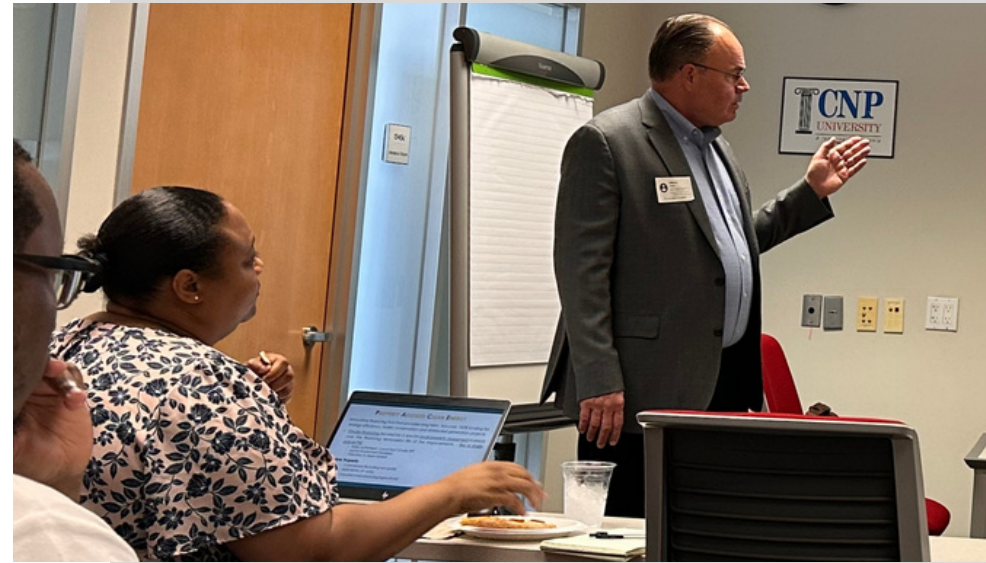
City of Red Oak and Red Oak Chamber, PACE Webinar,
May 18

San Antonio Chapter of American Institute of
Architecture (AIA), presentation: Preservation and PACE,
San Antonio, May 22

Mt. Pleasant EDC board, PACE presentation, May 27

City of Red Oak and Red Oak Chamber, PACE Workshop,
Red Oak, June 20

CenterPoint Energy, Utility Incentives Team, PACE
presentation, Houston, June 28



Pictured Above

TPA's Dub Taylor teaches CenterPoint Energy's Incentives
Team about PACE



PANELISTS
Marc Couderc
Climate Resilience &
Adaptation Manager
City of Austin

PANELISTS
Danny Ea
Director of Smart Grid &
System Operations
Austin Energy

PANELISTS
Charlene Heydinger
President
Texas PACE Authority

MODERATOR
Caitlin Admire
Project Manager
Francis & Neff



USGBC San Antonio Chapter, PACE presentation, San Antonio, July 13

TCOG City Series Event, Panel discussion "Planning for Infrastructure, PACE presentation, Sherman, August 3

Terrell City Council, PACE presentation, Terrell, August 15

El Paso Downtown Management District Board meeting, PACE presentation, August 30

Longview Chamber of Commerce, PACE presentation, September 13

Walker County Commissioners Court, PACE presentation, Huntsville, October 10

Urban Land Institute (ULI) Austin, Monthly meeting, Resilience Panel with PACE presentation, October 18

Gillespie County Commissioners Court, PACE presentation with AACOG, Fredericksburg, November 13

Webb County Commissioners Court, PACE presentation, Laredo, November 13

San Antonio Commercial Real Estate Women (CREW), PACE presentation, November 16

Oncor Small Business Incentives team, PACE presentation, November 28

Mexia EDC board meeting, PACE presentation, November 30

Brazos Valley EDC, PACE meeting, December 14



Pictured Left

Top: Urban Land Institute - Austin Chapter Resiliency Panel

Center: Charlene Heydinger speaks to San Antonio Commercial Real Estate Women (CREW) monthly luncheon

Bottom: Flyer for San Antonio CREW Luncheon

National Presentations

PACENation video meeting with US Small Business Administration (SBA), SBA consent to C-PACE projects, participant, January 19

C-PACE Alliance webinar & TPA Activity Summary presentation, January 26

White House, Office of the Environment video meeting regarding SBA policy on consent to TX-PACE projects, February 16

EPA Administrator Michael Regan and staff tour community solar projects, Sunnyside neighborhood in Houston, March 10

C-PACE Alliance Program Administrator Roundtable, participant, Chicago, May 23

PACENation 2023 Annual Summit, New York City

Invitation only discussion re: Capital for small PACE projects, June 6

Panel: C-PACE and Multifamily, panelist, June 7

Panel: C-PACE Best Practices for Program Design & Administration, panel facilitator, June 7

PACENation Membership webinar: Showcasing large 2023 PACE projects, TPA presentation on the Monarch Hotel project, December 12



Pictured Right

Top: PACENation Summit New York City, Charlene and Dub visit with David Gabrielson, founding Executive Director of PACENation.

Middle: PACE Nation Summit C-PACE and Multifamily panelists: Lisa Shulock, Director of Commercial Programs, Philadelphia Energy Authority; Bob Iber, Senior Advisor, Multifamily Housing Programs, HUD, Michele Pital, M.D., Managing Director, Counterpoint Energy Solutions (Moderator); and Charlene Heydinger, TPA

Bottom: On March 10, US Environmental Protection Agency Administrator Michael Regan visited the Sunnyside neighborhood in Houston. During the visit, TPA's James Cargas spoke with Jahi A. Wise, Senior Advisor to Administrator Regan.



In 2023



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Find us online

www.texaspaceauthority.org



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TEXAS PACE AUTHORITY

PRESENTED
AT
227
PUBLIC PRESENTATIONS
THROUGHOUT TEXAS

RECEIVED
AND
PROCESSED
60
ELIGIBILITY CHECKS AND
PRELIMINARY APPLICATIONS

PARTICIPATED IN
MORE
THAN
650
EDUCATION & OUTREACH
CONVERSATIONS, MEETINGS,
AND WEBINARS

PARTICIPATED IN
MORE
THAN
25
CONVERSATIONS WITH
NATIONAL PACE ADMINS RE:
BEST PRACTICES & CHALLENGES

ENGAGED IN
MORE
THAN
200
ALLIED ENGAGEMENT
EVENTS

PARTICIPATED IN
MORE
THAN
65
PROFESSIONAL
DEVELOPMENT
EVENTS