



# TEXAS PACE AUTHORITY

Interested in upgrading your commercial property with energy/water efficiency and distributed generation technologies but lack the needed capital?

The Texas PACE program (Property Assessed Clean Energy), enables commercial property owners to obtain affordable, long-term financing covering up to 100 percent of the cost for energy efficiency, water conservation, and on site generation technologies. PACE secures private financing for a term as long as the projected useful life of the improvements, resulting in utility cost savings that exceed the amount of the repayment.

You can modernize your commercial property without fear of over-investment because if you sell the property, the PACE loan repayment obligation transfers with the property to the new owner.

## CASE STUDIES:



### RDM PROS,

RDM Pros, a 30 year-old small business was able to finance upgrades to its aging 8,000 square foot building with a \$129,356 PACE assessment for new HVAC, solar, and roof and light fixtures. The improvements will reduce demand on the power grid by approximately 33% and decrease operating costs over the 20 year assessment with no cash out of pocket.

## NEW FINANCING OPTION FOR COMMERCIAL PROPERTY OWNERS

Simon Property Group closed three commercial PACE projects totaling over \$3 million in two counties with one lender in Texas on the same day.



### BARTON CREEK SQUARE, AUSTIN, TX

The project included LED lighting and HVAC energy saving improvements and water conserving low-flow fixtures.



### LAKELINE MALL, CEDAR PARK, TX

This project also included LED lighting and HVAC energy saving retrofits and water conserving low-flow fixtures.



### ROUND ROCK PREMIUM OUTLETS, ROUND ROCK, TX

The project retrofits include updated lighting and low-flow fixtures.

The combined projected annual savings for these three malls are:

- 3,119,892 kWh annually
- 2, 418,000 gallons of water annually

### Typical examples of qualified improvements:

- High efficiency chillers, boilers, and furnaces
- Combustion and burner upgrades
- Heat recovery equipment
- Mechanical system modernization
- Industrial energy system sensors and controls
- Systems to capture, treat and use other on-site sources of water (condensate, rainwater, reverse osmosis reject water, etc.)
- High efficiency lighting
- Water conservation equipment
- Building enclosure/envelope improvement
- On site generation (resiliency benefits)
- Fuel switching
- Wastewater onsite reuse systems

“If you can upgrade lights and save money, and get funding through PACE to do so, it’s a no brainer whether commercial or nonprofit, because of increase in cash flow value.”

— Rudy Grimaldo, Owner, RDM Pros

## THE FINANCIAL IMPACT OF COMMERCIAL PACE

This example compares self funding and conventional funding with PACE financing:

- Commercial Office Building
- Project involves a \$1.1M energy efficiency retrofit
- Annual energy and maintenance savings of \$125,000 (8.8 years simple payback)
- The project does not pass the property owner’s hurdle rate for investment in energy efficiency
- PACE funding available for 20 years at 6.0%.
- Conventional Funding for 5 years at 4.0% (with 20% down payment).



Financing Scenario Comparison Summary			
	Self-Funded	Conventional Loan	PACE
Out-of-Pocket Investment	(\$1,100,000)	(\$220,000)	\$0
Savings (First Year)	\$125,000	\$125,000	\$125,000
Annual Payment	\$0	(\$247,090)	(\$95,903)
Cash Flow Impact Year 1	(\$975,000)	(\$342,090)	\$29,097
Net Project Cash Flow Year 2	(\$850,000)	(\$464,180)	\$58,194
Years to Positive Project Cashflow	8.8	11.6	IMMEDIATE
Debt Service Over Finance Term	0	(1,235,449)	(1,918,060)
10-Year Project NPV	(\$261,240)	(\$367,798)	\$195,243
Property Value Increase (20-Year NPV)	\$127,268	\$20,710	\$285,679

### A PACE LOAN ASSESSMENT CAN INCLUDE:

- Cost of materials and labor necessary for the installation of a qualified improvement
- Permit fees
- Inspection fees
- Lender fees
- Program development and engineering fees
- Independent third party reviewer audit fees, including verification fees
- Any other fees or cost that may be incurred by the property owner incidental to the installation, modification or improvement
- Legal, consulting and other fees on an actual cost basis
- Changes to the existing property incidental to the installation

Contact us to discuss your potential PACE project or to learn more about establishing a PACE program in your community.



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