
PACE **PROPERTY ASSESSED CLEAN ENERGY**

CEEPC Meeting

May 22, 2013

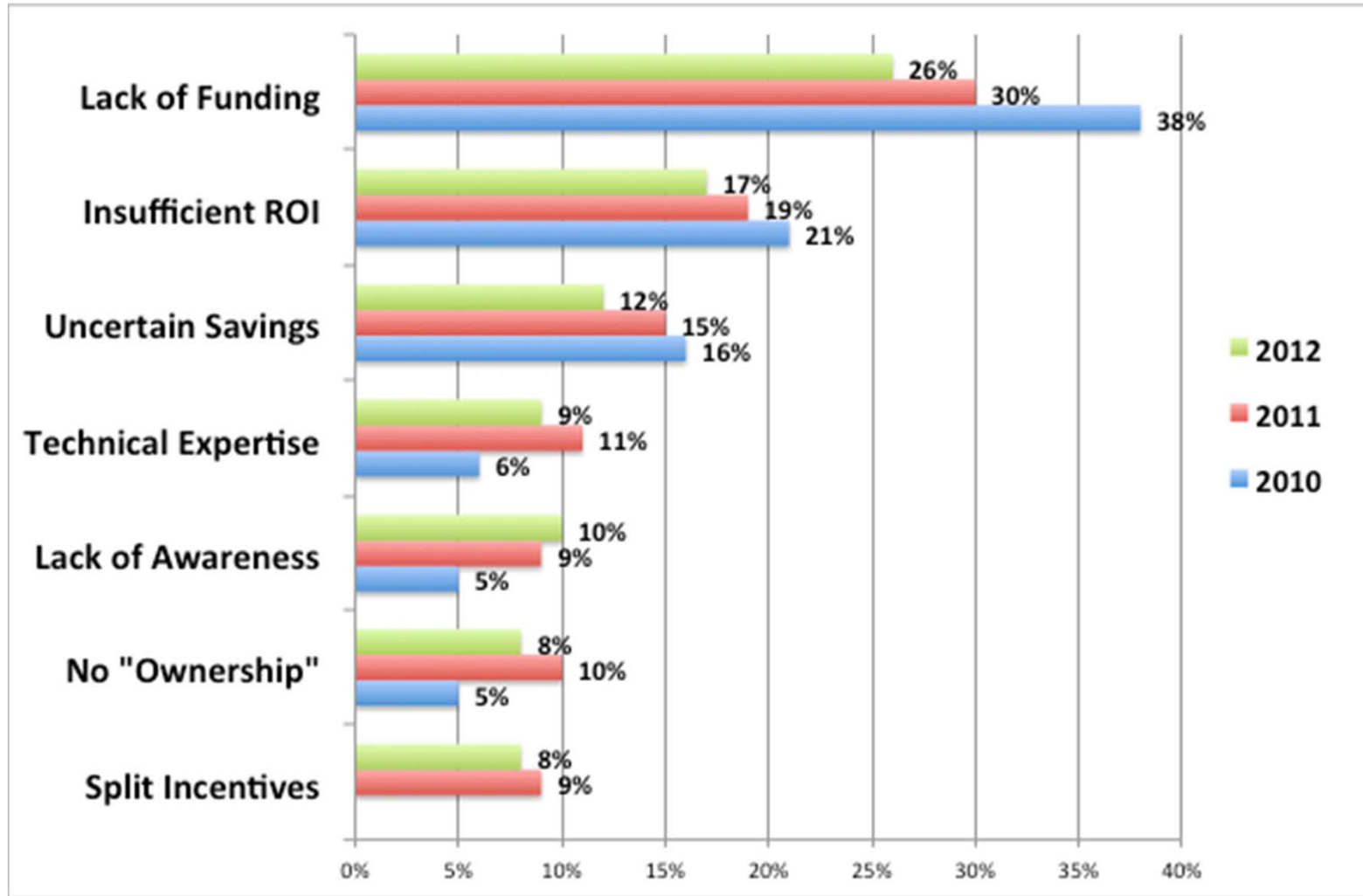
Natalie Trojan

Senior Director, PACE*Now*

natalie@pacenow.org

914-741-2055

WHAT'S HOLDING US BACK?



Source: Institute for Building Efficiency: JCI/IFMA 2012 Energy Efficiency Indicator

PACE 101

- PACE is a financing vehicle for commercial property owners to finance the following:
 - Clean energy improvements
 - Energy efficiency improvements
 - Water conservation measures
- Long Term (up to 20 year term)
- Non-Recourse
- Off- Balance Sheet

How PACE WORKS



Local government creates PACE benefit district



Building owners choose cost saving projects



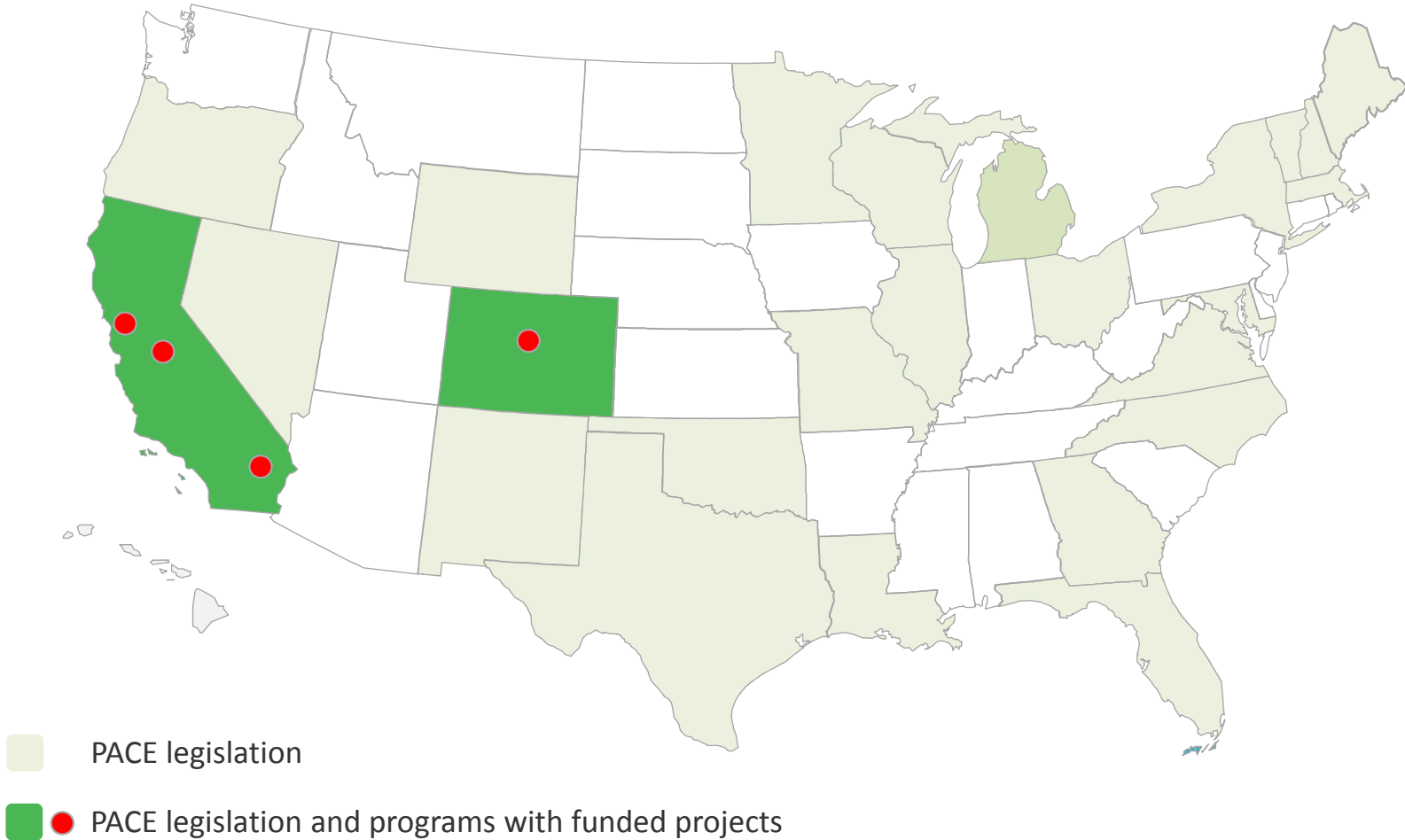
Local government arranges financing – adds PACE assessment to property tax roll



Building owner pays PACE assessment with other property taxes

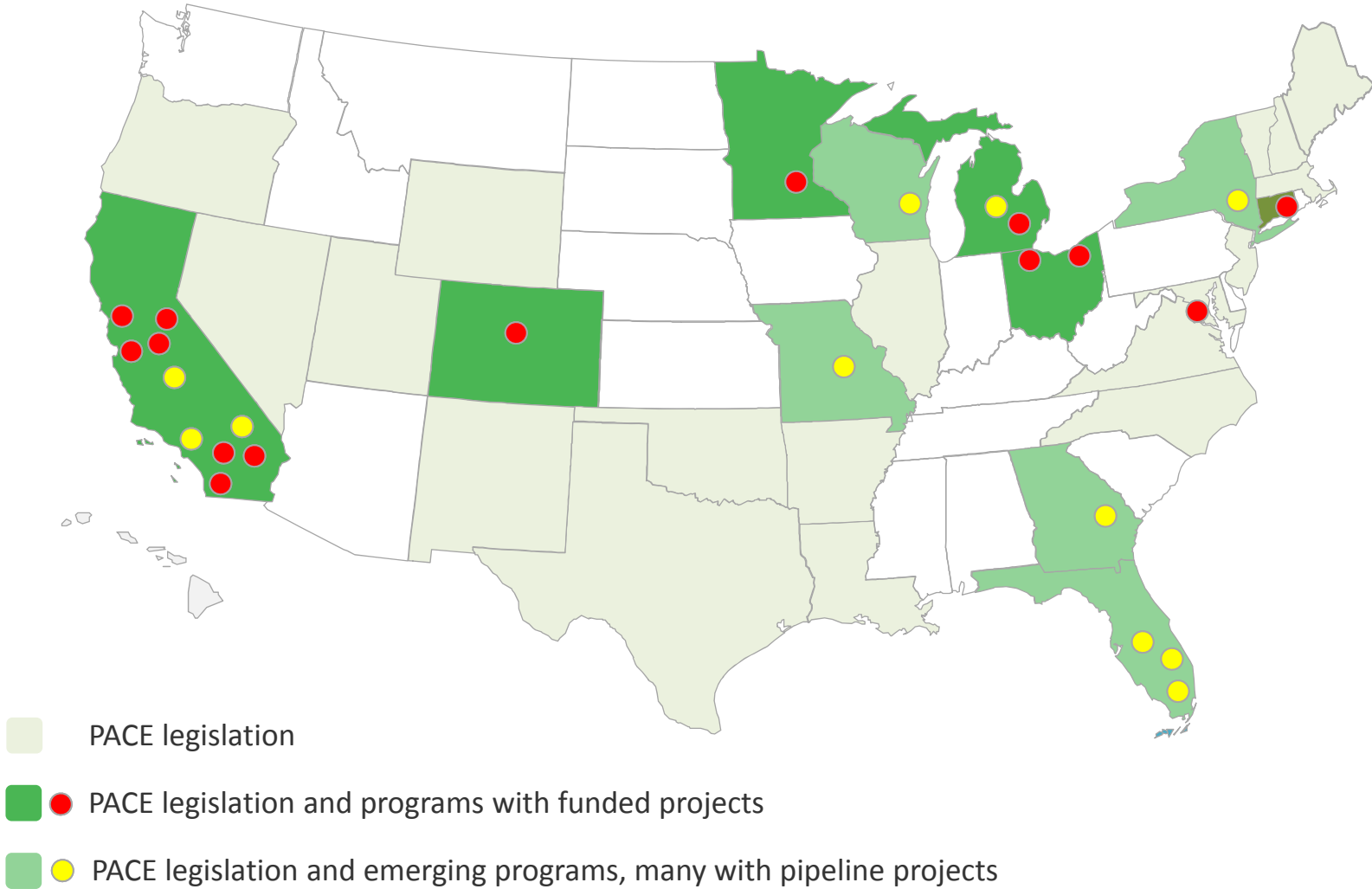
18 MONTHS AGO

70 Projects – \$11 Million +/-



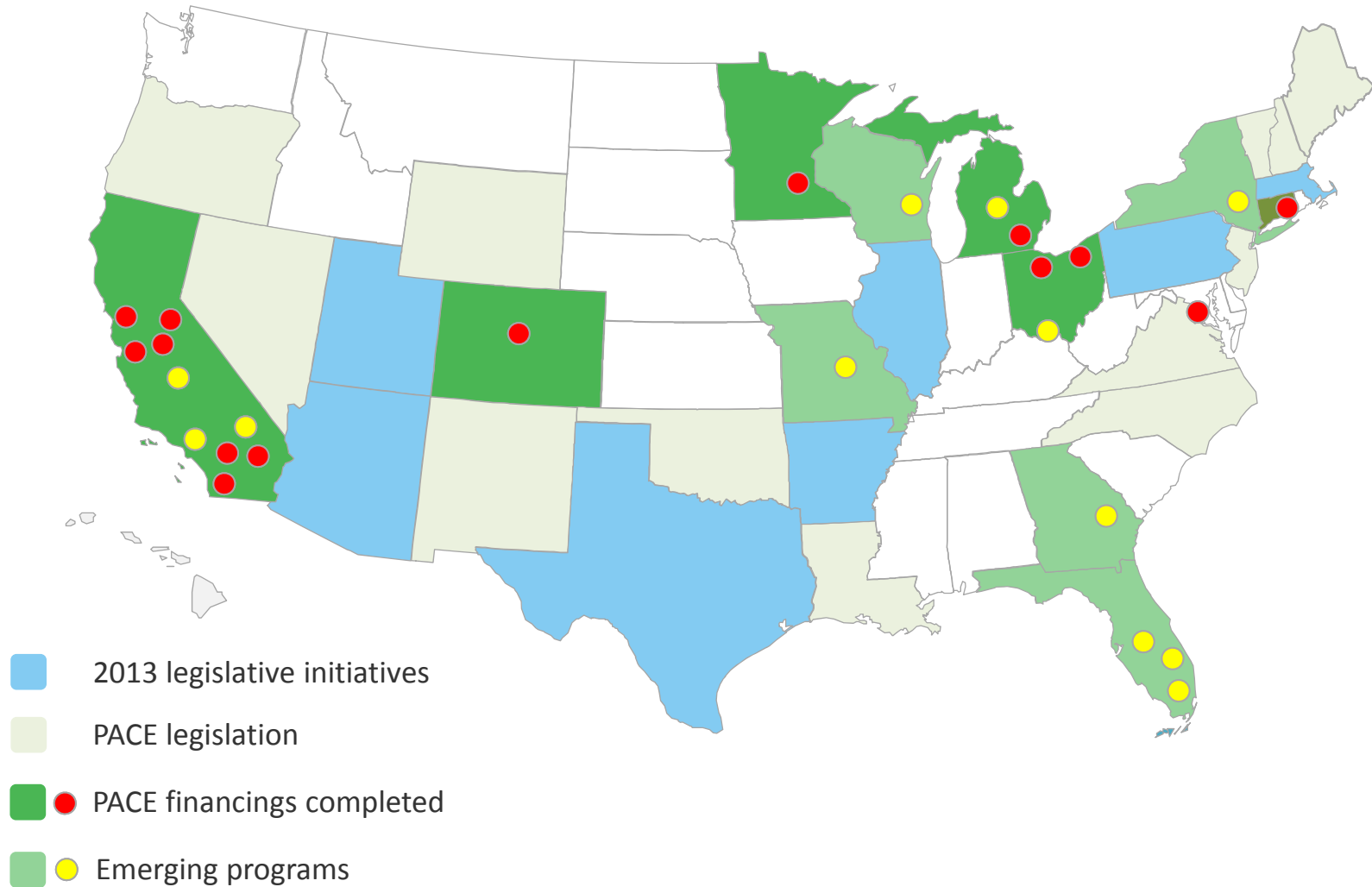
2013

200+ Projects – \$100 Million +/-



2013 NEW INITIATIVES

Legislation and Program Implementation for 2013 / 2014



WHO & WHAT?

Who Can Use PACE?

- Commercial property owners
 - ✓ office, retail, industrial, hotel, and multi-family (5+)
 - ✓ Agricultural
 - ✓ Not for profits
 - ✓ Government facilities
- Property managers
- Asset/portfolio managers
- Institutional Investors

What Types of Projects?

- Projects that demonstrate savings
- Permanently affixed
 - ✓ Lighting fixtures & controls
 - ✓ HVAC upgrades
 - ✓ Roofing
 - ✓ Envelope upgrades
 - ✓ Elevator modernization
 - ✓ Solar PV or fuel cells
 - PACE PPA

WHY PACE?

Barriers to EE Upgrades

1. Lack of funds
2. No lenders
3. Poor ROI – Short term funding
4. Might sell property
5. Split incentives
6. Information gaps

PACE Solutions

1. 100% external source
2. Unlimited private capital
3. Positive cash flow – Long term funding
4. Transfers to new owner
5. Tenants share cost & savings
6. Local awareness

SIMON PROPERTY GROUP – SANTA ROSA, CA



World's largest REIT is a PACE innovator. Simon used PACE to finance reflective roof at S. Rosa Mall in CA

Project Economics

Amount - \$463K

Term – 20 years

Rate – 7% fixed

Building Size – 699,000 sf

Building Value - \$240 million

PACE Assessment to Value – 0.2%

“It is our hope that we will serve as pioneers in this arena, encouraging others to explore the many ways to reduce energy use now, rather than delaying sound financial and environmental decisions.” *George Caraghiaur, SVP Energy and Procurement at Simon Property Group*

GRANDVIEW TIRE & AUTO – EDINA, MN



Family owned Grandview Tire & Auto used PACE to finance solar panels on its roof. The PACE portion of the project was \$34,000 and Edina's program cost the city just \$12,000 to implement.

“PACE preserves capital, makes good financial sense for property owners due to the fact that the assessment stays with the property. Most importantly, it is the right thing to do.”

Brad Hansen, Blue Horizon Energy

FOR LOCAL GOVERNMENT

A Win, Win, Win, Win, Win Proposition

- Constituents save money and build property value
- Only participants pay special PACE assessments
- Improves the environment
- Creates local jobs – funds spent on local labor & contractors
- Programs can be self supporting and at little to no cost to local government
- Funding source is from private investors not the government

PACENow

- National, impartial, fact based advocate for PACE
- Foundation supported
- Non-profit corporation w 501c3 status. Board members:
 - George Caraghiaur, SVP, Energy at Simon Property Group
 - Cisco DeVries, CEO, Renewable Funding
 - Beau Engman, VP, Johnson Controls
 - David Gabrielson, Exec. Director, PACENow
 - Ashok Gupta, Economist, Natural Resources Defense Council
 - Angela Sung Pinsky, VP, Real Estate Board of NY
 - Jigar Shah, former CEO, Carbon War Room
 - Jeff Tannenbaum, President, Fir Tree Partners
- Provide information, resources, networking services and solutions to challenges
 - Support for legislative efforts and program design
 - Outreach to commercial real estate organizations and companies
 - Outreach to existing lenders
 - Development of financing solutions
- Contact: Natalie Trojan, Senior Director, PACENow
natalie@pacenow.org, 914-741-2055