

The Benefits of PACE for Texas' Municipalities and Counties

By creating new investment opportunities, PACE will stimulate employment growth and economic development in municipalities and counties (local governments) throughout Texas. Improvements financed through PACE will reduce energy and water consumption, thereby helping local communities achieve critical energy and water conservation goals. For communities facing potential non-attainment levels under the Clean Air Act, PACE provides a very real opportunity to dramatically reduce building energy consumption and the emissions associated with energy generation. PACE programs will also improve the quality of the community's commercial and industrial building stock. The benefits of PACE for municipalities and counties are magnified by the fact that PACE programs can be established with minimal financial and administrative assistance from local governments and once established can be self-sustaining.

The New Texas PACE Law

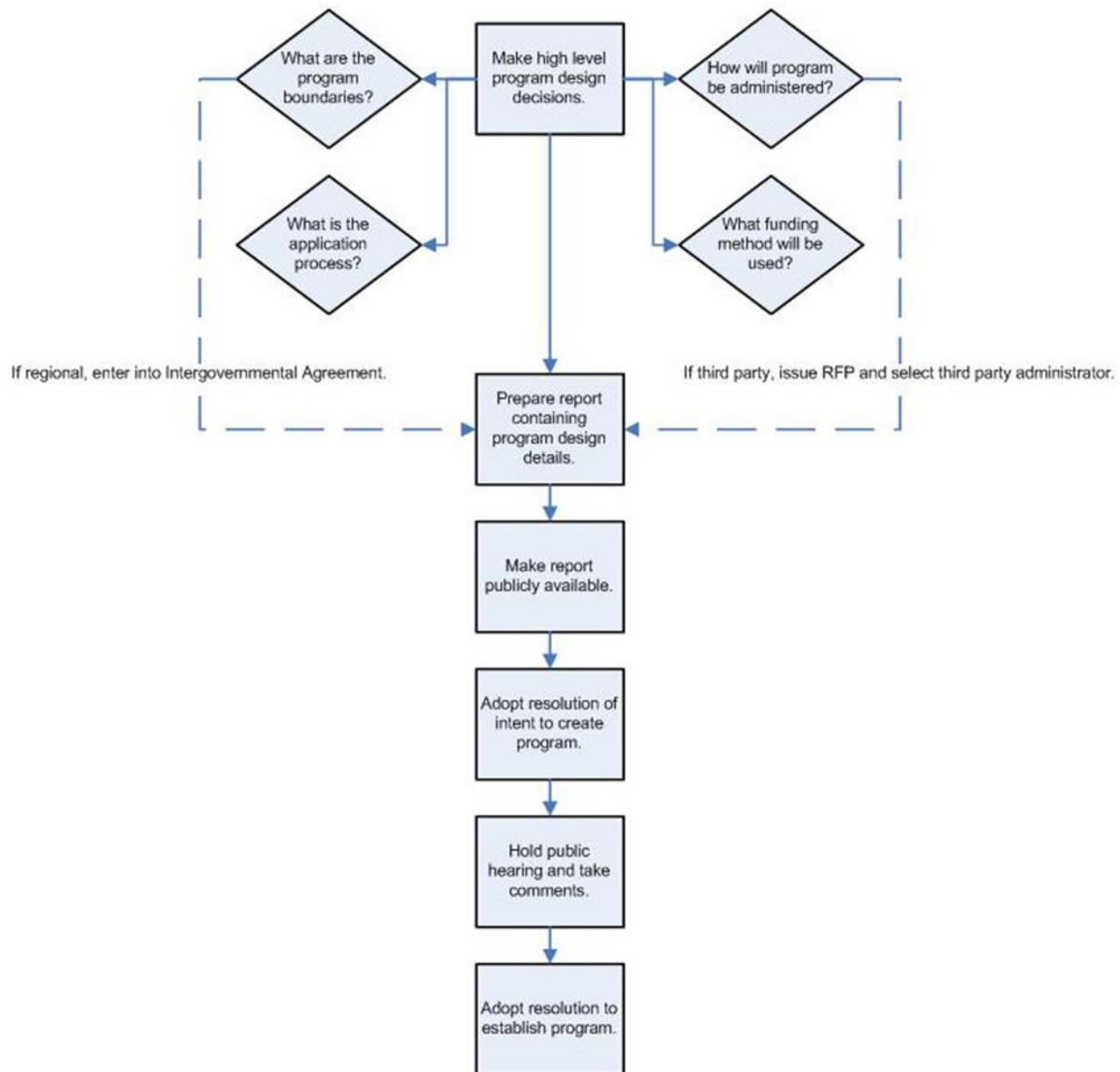
The Property Assessed Clean Energy Act, (the "PACE Act"),⁶ enacted during the 2013 Texas legislative session, authorizes local governments to implement PACE programs within their jurisdictions. While the PACE Act creates the statutory framework for PACE programs, local governments have broad discretion in designing the specific attributes of their PACE programs. No public funds are required for PACE financing.

Phases of Program Development

The following sections describe how the **PACE in a Box** toolkit is structured to meet these design principles. There are three main phases involved in implementing a local PACE program in Texas.

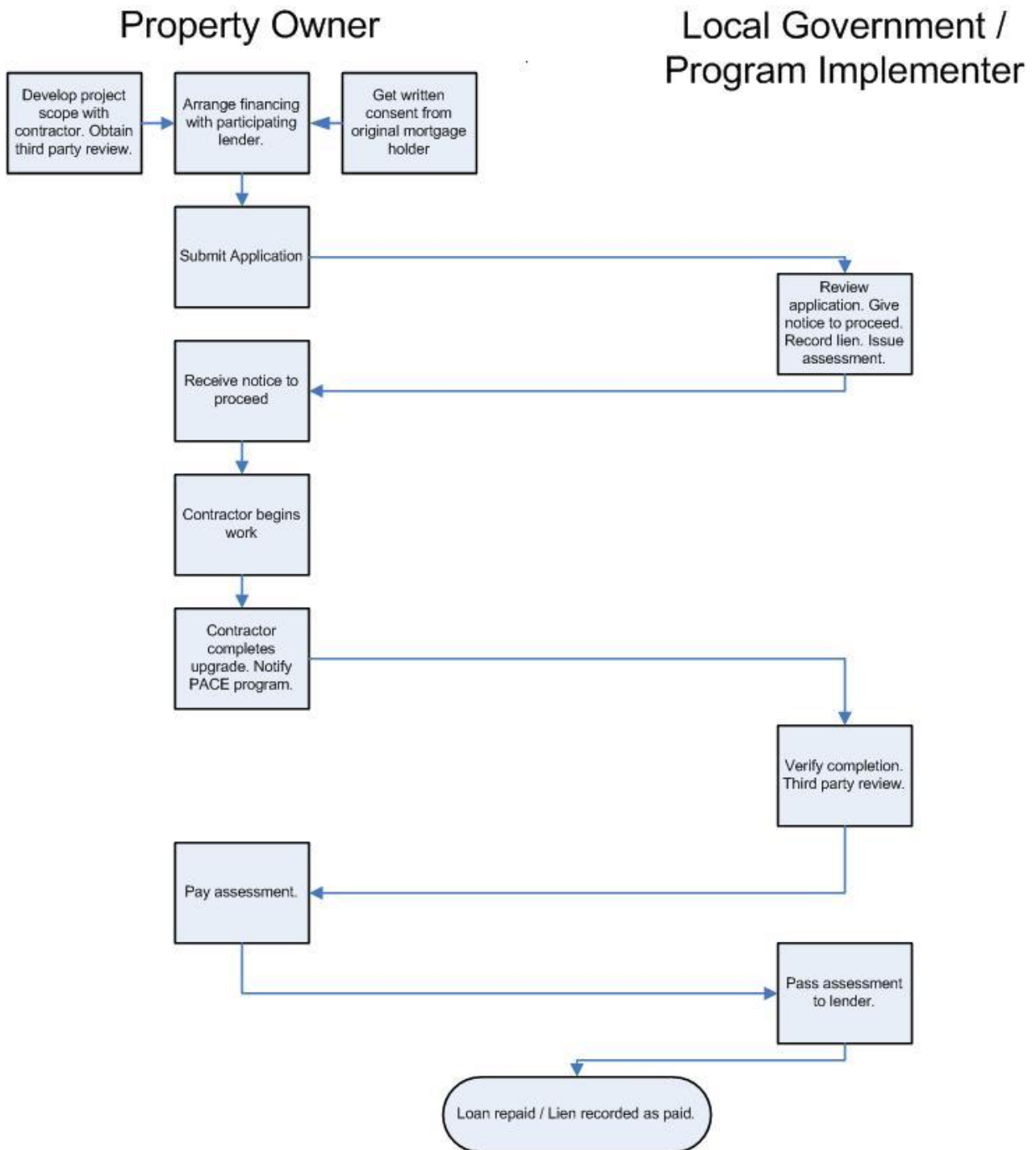
Initiation – The first phase is initiation of a PACE program by a local government. After designing the program, a local government must publish a report about the program, adopt a resolution of intent to create the program, conduct a public hearing, and adopt a resolution to create the program. **PACE in a Box** provides recommendations and templates to help with each of these steps in Section 4 of this guide.

Creating a PACE Program



Administration – Administration requires a plan for program administration and applicable fees; contracts with regional program administrators; documents setting forth the criteria for properties, property owners and projects that are eligible to participate in the program; identification of funding sources and the underwriting requirements; establishment of an application process; and assignment of responsibility for reporting, marketing and education efforts. These elements of the program administration (Section 5) and project qualifications (Section 6) must be thoroughly considered prior to, and largely resolved within the context of, initiating a PACE program (Section 5).

Example Project Path



Review and Adaptation – After a program has been successfully implemented, its effectiveness must be measured and, where necessary, changes may be proposed, assessed and incorporated into the program. Section 5 sets forth recommendations for administrative structures and processes to be used in the adoption of changes to the program.

PACE in a Box library provides templates for the necessary documents for these three main phases.

Program Underwriting

Section 6 of PACE in a Box lays out the statutory requirements and PACE in a Box best practice recommendations for ensuring that projects, property and property owners measure up to ensure that PACE assessments reflect the quality and high standards of your community.

Third-Party Lending

Section 7 of PACE in a Box establishes the contractual framework for third-party lending.

Contractual PACE Relations

