



MINUTES

NOVEMBER 19, 2024

BRAZOS COUNTY COMMISSIONERS COURT

PUBLIC HEARING

Call to Order

A public hearing of the Commissioners' Court of Brazos County, Texas was held in the Brazos County Commissioners Courtroom in the Administration Building, 200 South Texas Avenue, in Bryan, Brazos County, Texas, beginning at 9:30 a.m. on Tuesday, November 19, 2024 with the following members of the Court present:

Duane Peters, County Judge, Presiding;
Steve Aldrich, Commissioner of Precinct 1;
Chuck Konderla, Commissioner of Precinct 2;
Nancy Berry, Commissioner of Precinct 3;
Wanda J. Watson, Commissioner of Precinct 4;
Karen McQueen, County Clerk.

The attached sheets contain the names of the citizens and officials that were in attendance.

The County will hear public comments related to Amending the Brazos County Property Assessed Clean Energy ("PACE") Program.

Judge Peters called the meeting to order at 9:33 a.m. and invited Assistant General Counsel Allison Lindblade to speak.

Ms. Lindblade briefly explained that the Public Hearing is part of the statutory process for updating the County's Resolution regarding the Property Assessed Clean Energy (PACE) Program. She stated that by amending the Resolution, the County will be able to partner with more than one PACE program.

Judge Peters then invited the PACE program representatives in attendance to speak.

Texas PACE Program representative Charlene Heydinger gave a presentation on what the Texas PACE Program has to offer as a financing tool to provide long term, low cost, funding for energy efficiency, water conservation and distributed generation projects.

Lone Star PACE Program representative Lee McCormick discussed the Lone Star PACE Program and what it can offer to businesses in Brazos County. He thanked the County's legal staff and Court for the opportunity to work within Brazos County. The Court entered into a brief discussion on the matter.

Judge Peters invited members of public to offer comments regarding amending the PACE Program. No members of the public wished to speak. The meeting was adjourned at 9:52 a.m.

A copy of the presentations is attached.

FILED FOR RECORD

DATE 11-14-2024

AT 3:45 O'CLOCK P. M

KAREN MCQUEEN
BRAZOS COUNTY CLERK

By [Signature]

No.



**BRAZOS COUNTY
BRYAN, TEXAS
PUBLIC HEARING**

BRAZOS COUNTY COMMISSIONERS COURT

**BRAZOS COUNTY COMMISSIONERS COURT WILL CONDUCT A
PUBLIC HEARING ON TUESDAY, NOVEMBER 19, 2024 AT 9:30 A.M.
IN THE COMMISSIONERS COURTROOM OF THE COUNTY
ADMINISTRATION BUILDING, 200 SOUTH TEXAS AVENUE, SUITE
106, BRYAN, TEXAS 77803**

The County will hear public comments related to Amending the Brazos County Property Assessed Clean Energy ("PACE") Program.

The Brazos County Administration Building, 200 S. Texas Avenue, Suite 106, Bryan, TX 77803 is wheelchair accessible. Handicap parking spaces are available. Any request for sign interpretive services must be made two working days before the meeting. To make arrangements, please call (979) 361-4102.

BRAZOS COUNTY COMMISSIONER'S COURT

19 DAY OF November, 2024
9:30 AM PM, Public Hearing

Name

(PLEASE PRINT)

Aubrey Leggett

Sharyl Lowe

Cheryl Coffman

Allison Lindblade

Rhita Koches

Karen McQueen

Ashlie Peters-Bowman

Katie Connor

Nina Payne

Cathie Viens

Charlene Hymn

Ed Bull

Travis Smith

MIKE STREET

[Signature]

Organization

(PLEASE PRINT)

Comm. Court

Comm. Court

Comm. Court

Co. Judge

Texas Assoc. of Counties

Co. Clerk

Co. Clerk

Auditor

Budget

Caree Viens

City Auditor - Texas PKE Authority

Comm. Court

Co. Judge

ABRAHAM

JT

BRAZOS COUNTY COMMISSIONER'S COURT

19th DAY OF November, 2024
9:30 (A)M/PM, Public Hearing

Name

(PLEASE PRINT)

Glenn Silva

Lee McAl

Donald Lampo

Bruce Erratt

~~MICHAEL SANDER~~

Cynde Wilbey

Keith T. King

marcaturel

Karen Simpson

Organization

(PLEASE PRINT)

LONG SPRING PACE

Long Spring PACE

Constable Petz

CJ OFF.

~~OFF. SANDER~~

SP/F

Quinton

self

BRAZOS COUNTY PACE PROGRAM



YOUR TRUSTED LOCAL EXPERTS IN ALL THINGS PACE

Charlene Heydinger
charlene@texaspaceauthority.org
www.texaspaceauthority.org
November 19, 2024

TEXAS PACE AUTHORITY

YOUR TRUSTED LOCAL EXPERTS IN ALL THINGS TX-PACE

- Established 2015 as 501(c)(3) public servant model – serving local governments in quality control – delivering public benefit with economic development and environmental benefits
- TPA team has over 100 years of combined government service
- TPA’s Board includes two former county judges, CEO of TEDC, former chair of TCEQ’s two predecessor agencies, finance experts, the Dallas Fed. Reserve’s Sustainability Director, and the CEO of a national chemical company
- Serving 103 Local Governments reaching 75% of the Texas population
- Facilitated almost \$500 million in private financing for new water and energy saving investment for Texas businesses and nonprofits
- Named 2023 Outstanding Nonprofit, Texas Energy Summit, Texas Capitol and 2024 Texas Impact Enterprise, SMU; TPA has been winning awards since 2016



A SOLUTION...

PACE = PROPERTY ASSESSED CLEAN ENERGY

Innovative financing tool that provides long term, low cost, 100% funding for

- Energy efficiency,
- Water conservation,
- Distributed generation projects

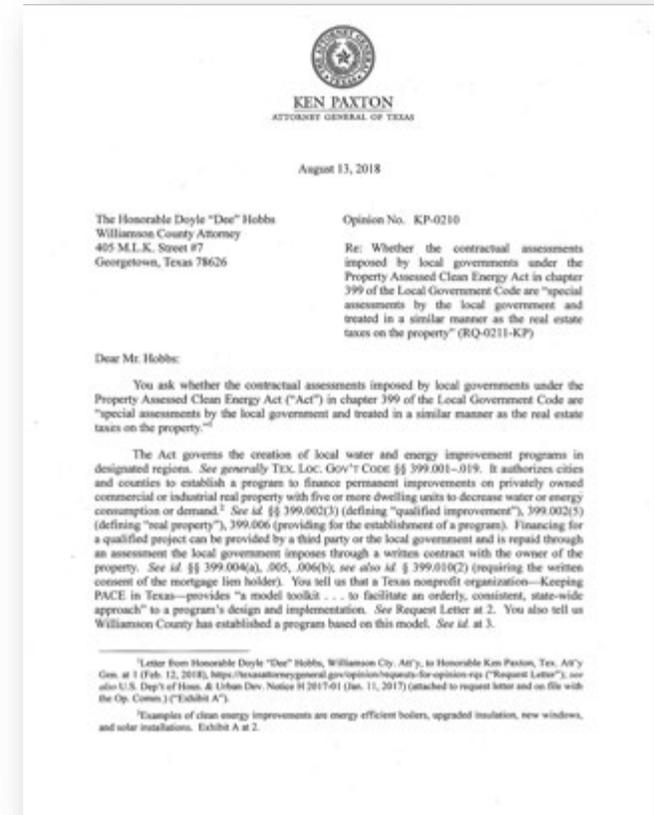
Eligible Property

- Commercial (including non-profit)
- Multi-family (5+ units)
- Industrial (manufacturing/agricultural)
- Special use (Storage, Data Center, Manufacturing)



PACE Act: An Assessment

- An **assessment** under this chapter may be imposed to repay the financing of qualified projects on real property located in a region designated under this chapter. LGC §399.004(a)
- “the Legislature intended to treat the [special] assessment, at least with respect to lien priority status, enforcement, and delinquencies including the recovery of costs and expenses, in a manner similar to real property taxes.” –Texas Attorney General Opinion No. KP-0210 (Aug. 13, 2018)



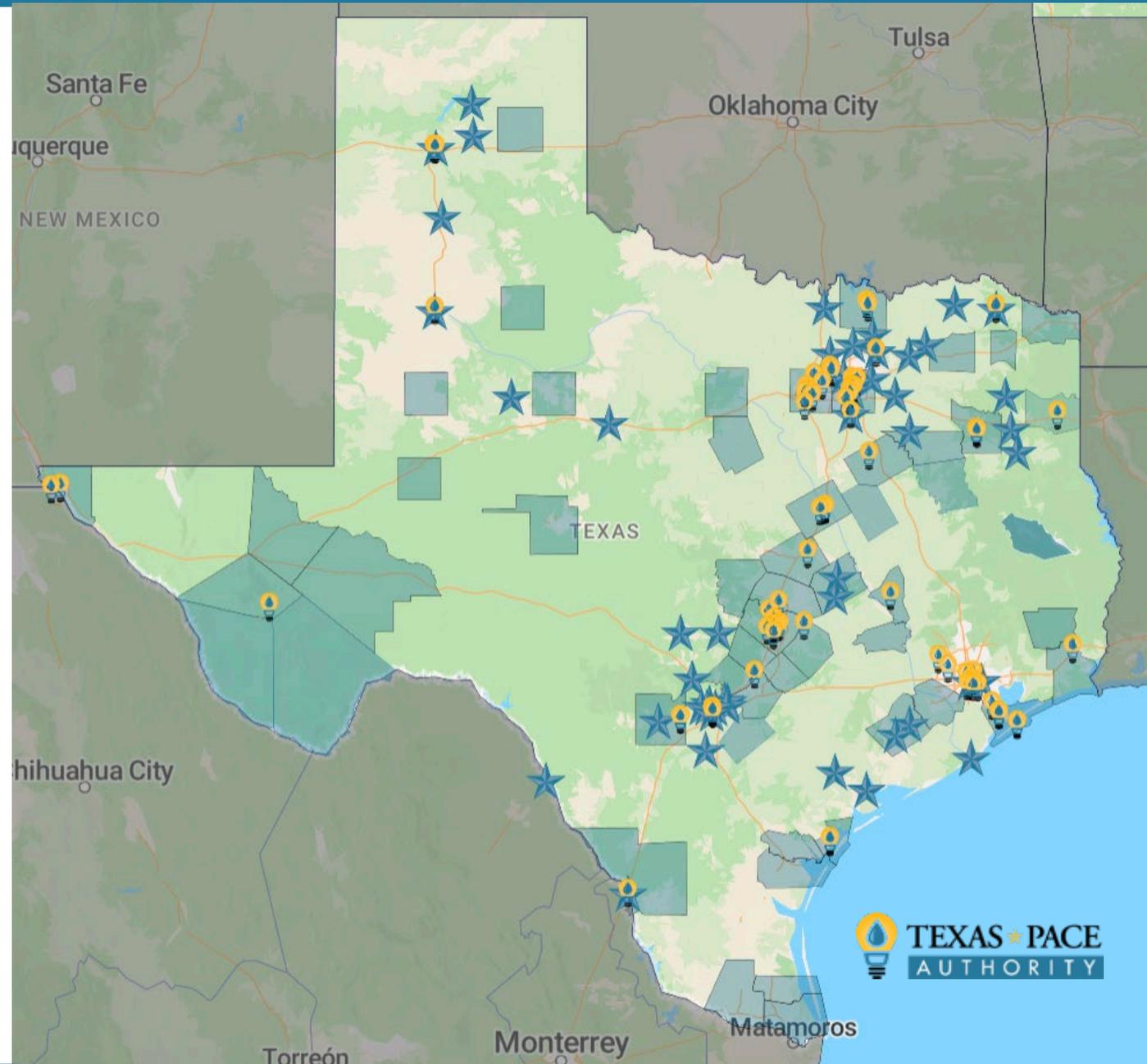
THE GROWING TEXAS PACE MARKET

As of November 19, 2024

103 local PACE programs
49 Cities
54 Counties

75% of Texas' population
covered

<https://www.texaspaceauthority.org/service-areas/>

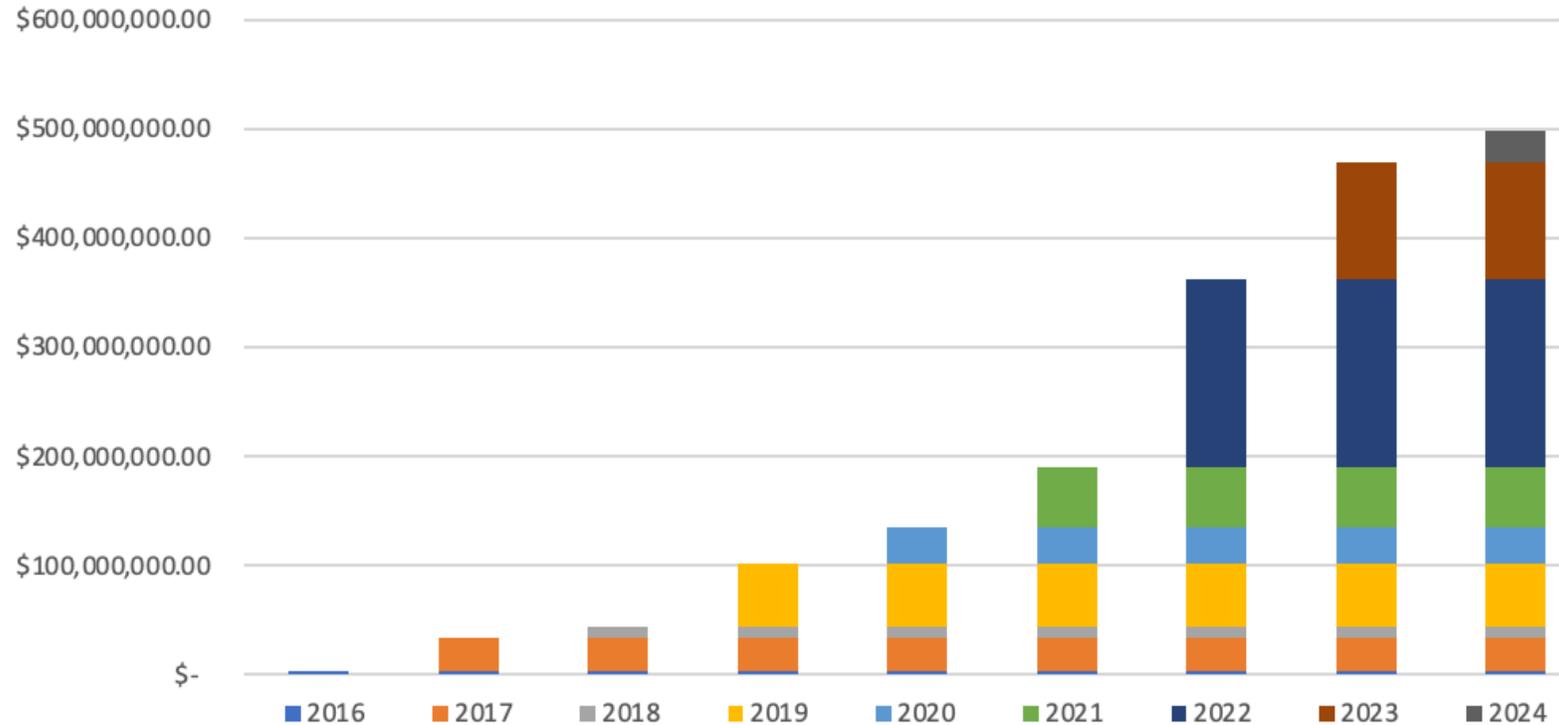


Become so wrapped up in something that you forget to be afraid” – Lady Bird Johnson

We are living our commitment to serve all of Texas: TPA Facilitated projects in Amarillo, Austin, Bedford, Beaumont, Bryan, Castroville, Cedar Park, Clarksville, Corsicana, Cypress, Dallas, El Paso, Elgin, Flower Mound, Fort Davis, Fort Worth, Galveston, Grapevine, Houston, Laredo, League City, Marshall, Red Oak, Round Rock, Princeton, Rockport, San Antonio, San Marcos, Sherman, Texas City, Temple, Tyler, Universal City, and Waco.

TPA was Featured in Texas Real Estate Research Center, Texas A&M University’s Magazine, TG Spring 2024 Issue

TEXAS PACE BY THE NUMBERS



102

PACE Programs

Established in Texas



87

Projects

Completed



\$ 497,581,510

Dollars

Invested



6,236

Jobs

Created



46,975

CO2 Reduced

(tonnes/yr)



82,081,380

Energy Saved

(kWh/yr)



80,324

Natural Gas Saved

(mmBTU/yr)



121,711,870

Water Saved

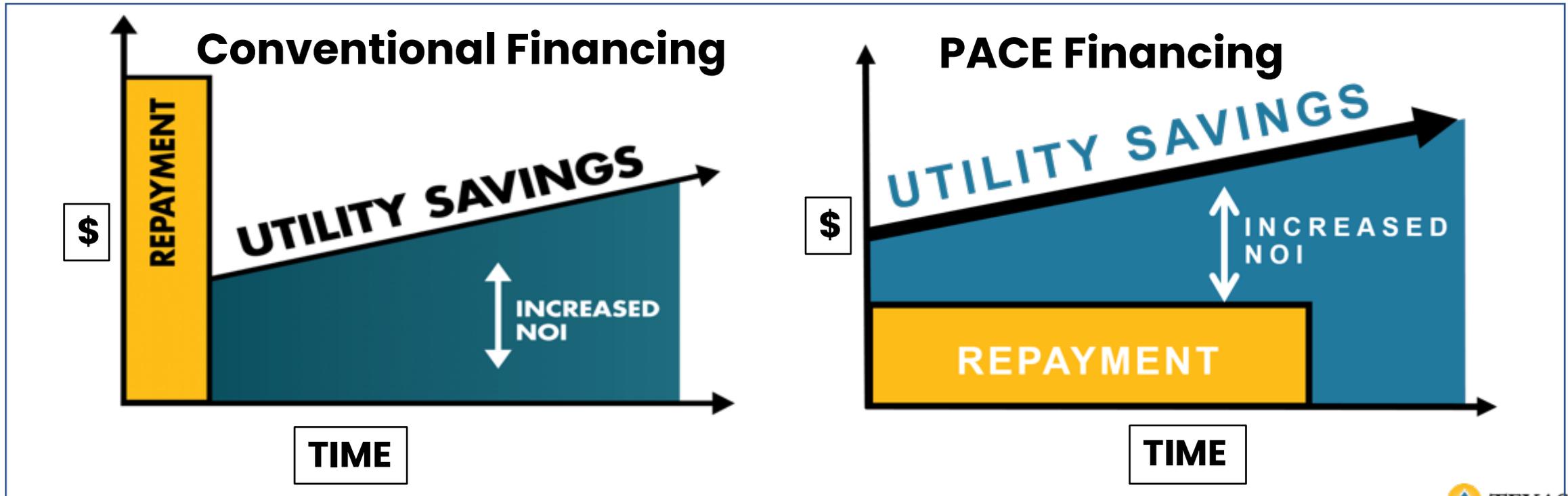
(Gal/yr)

TPA has delivered uniform best practices since 2015, and continues to invest in quality

- TPA creates a webpage for each local government that tracks program success and measurable outcomes;
- TPA offers online service provider “Self-PACE’d” contractor Training;
- TPA’s Program Guide, case studies, flyers and webpage are in English and Spanish;
- TPA’s website includes lists of trained service providers, PACE lenders, helpful services, and consenting senior lenders;
- TPA is one of a handful of PACE Administrators approved by HUD for multifamily HUD and FHA properties in the US
- TPA is working with RIOCOG on a SECO grant to involve more local lenders in PACE financing to support funding for small businesses

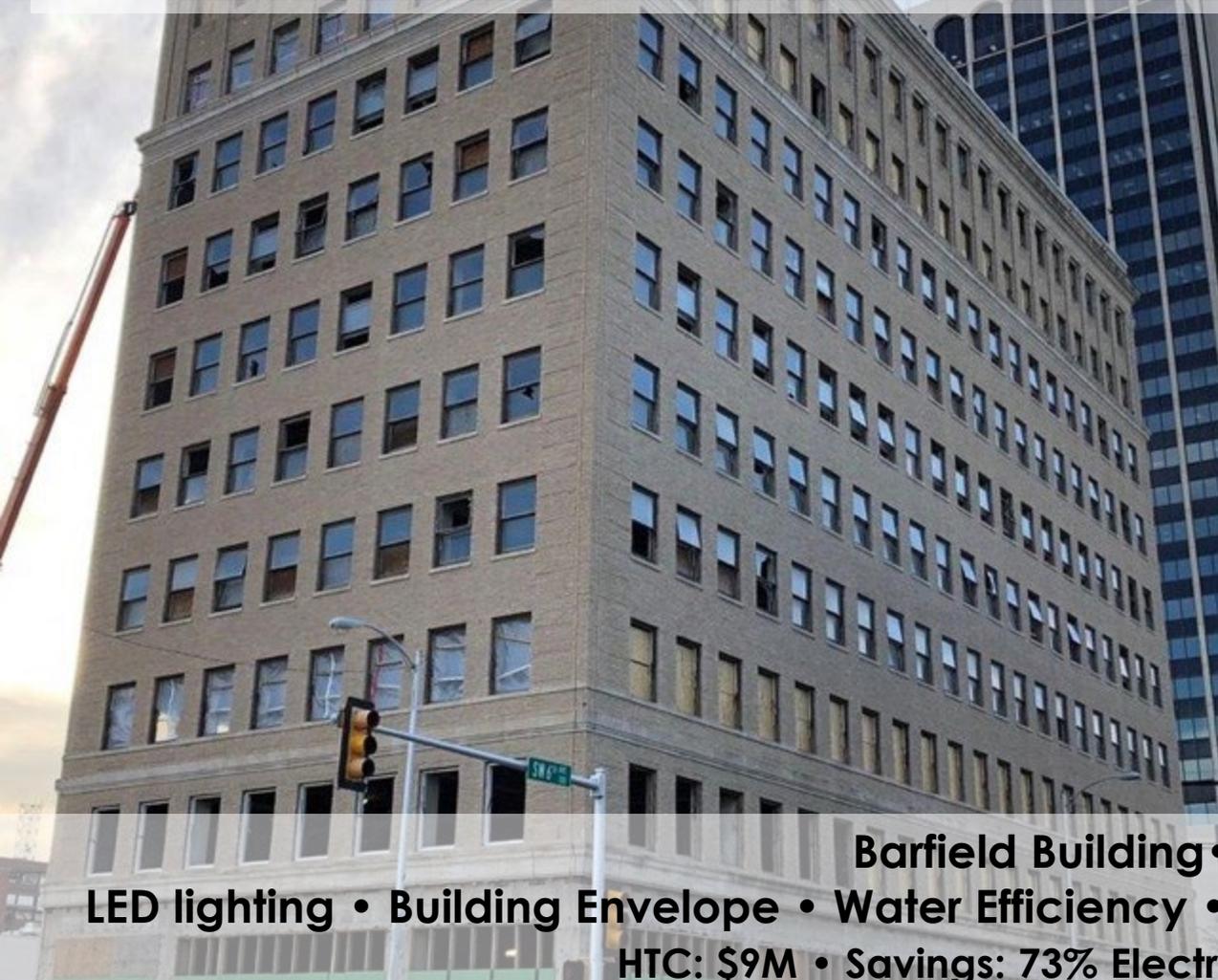
WHY PACE?

- Improves assets – budget neutral/cashflow positive
- Lowers utility usage/costs
- Increases net operating income



WHAT TX-PACE DOES – Amarillo

BEFORE



AFTER



The Jewel of West Texas: Barfield hotel officially opens in downtown Amarillo

David Gay Amarillo Globe - News



Barfield Building • City of Amarillo

LED lighting • Building Envelope • Water Efficiency • Domestic Hot Water Heating • Assessment: \$7.3 M

HTC: \$9M • Savings: 73% Electric, 79% Natural Gas, 40% Water

Municipalities
Counties



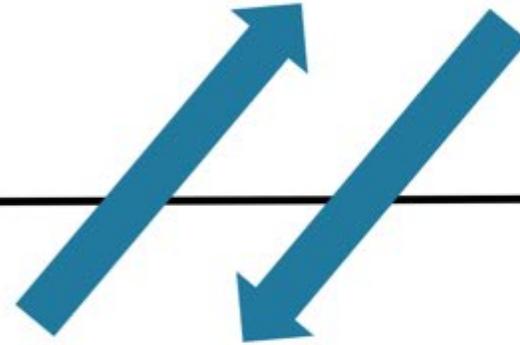
TEXAS PACE
AUTHORITY

501(c)(3)



Governmental

Private



Capital Providers



Property Owners



Service Providers

1225 NORTH LOOP WEST

Houston



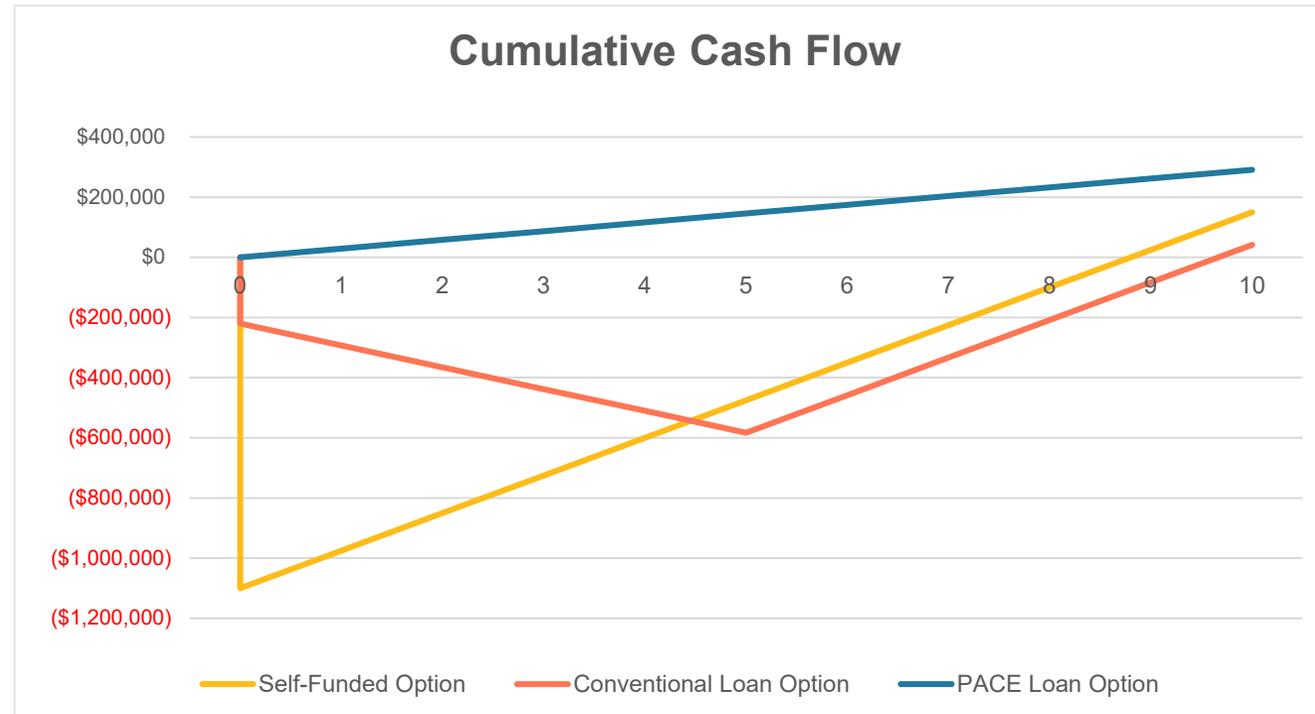
Assessment Total:
\$1,304,352

Measures:

- HVAC
- BAS
- LED lighting

Utility Incentives:
\$30,000

Utility Savings:
38% Annually



PACE IN A BOX

A tool kit of recommendations and templates for counties and municipalities to:

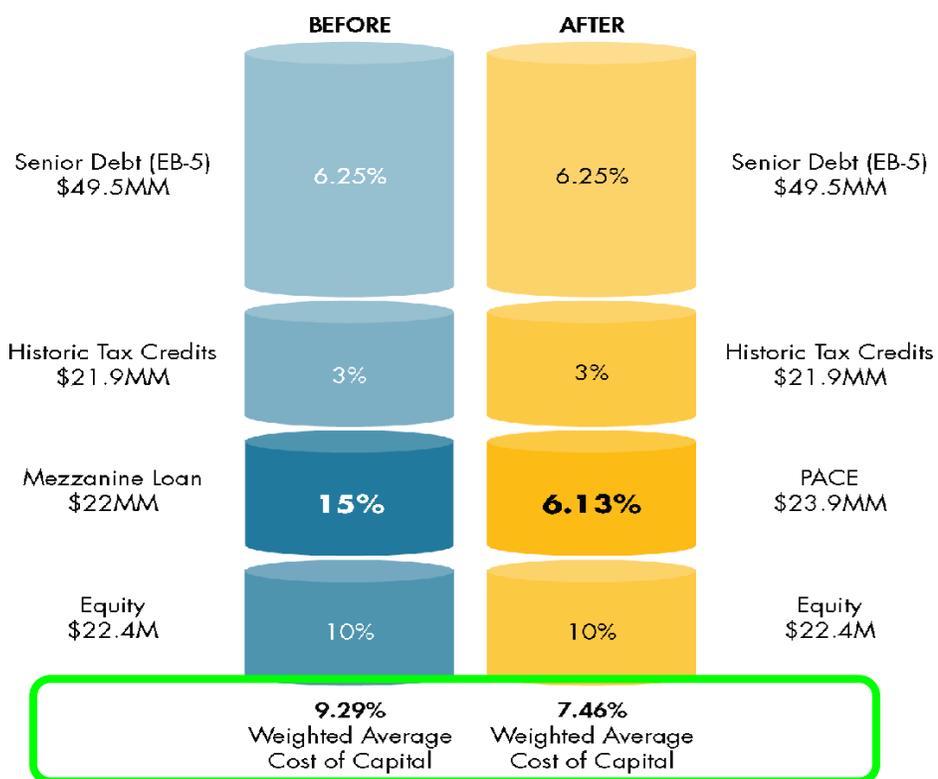


- ▶ **Create uniform, user friendly, scalable, and sustainable PACE programs**
- ▶ **Administered by a nonprofit in a transparent manner, focused on gov't tasks; free market with decision/power in hands of property owner**



BUTLER BROTHERS BUILDING

HVAC • Lighting • Insulation • Roofing
 Glazing Plumbing • Irrigation • Envelope
 Assessment: \$24M



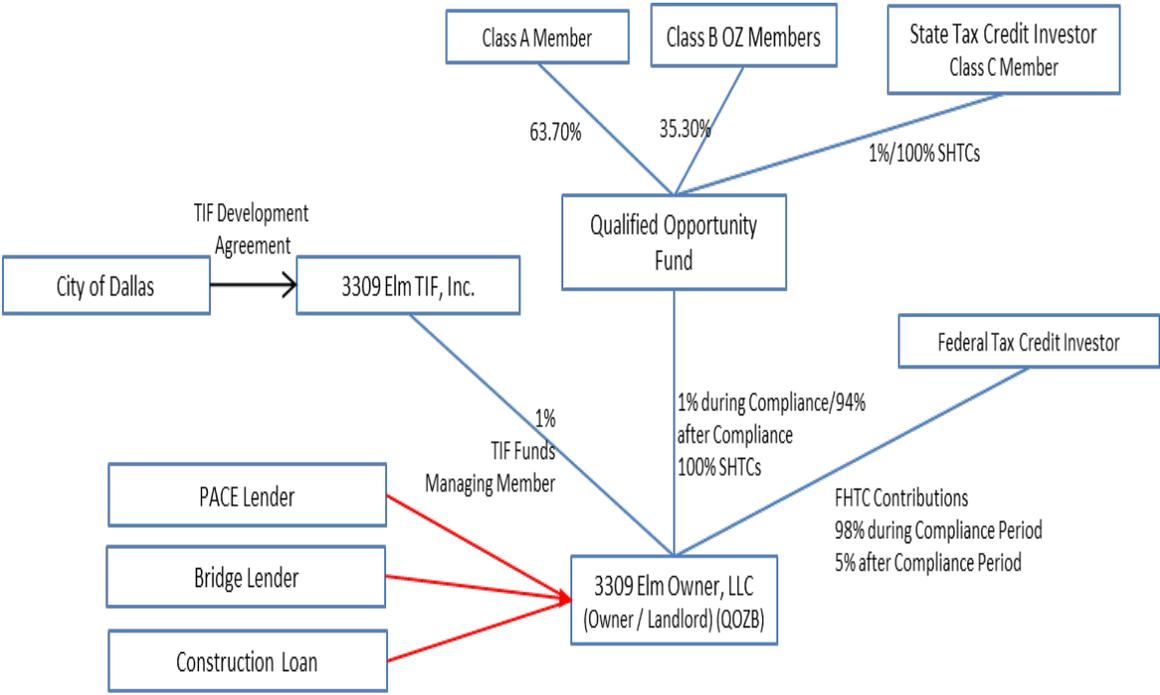
RESIDENTIAL & MIXED USE



CONTINENTAL GIN BUILDING

Mixed Use – office & retail

- Roofing • Glass/Glazing • Ext. Walls
- Mechanical/HVAC • Lighting Solar • Elevators
- Assessment: \$5M



PRINCETON SELF STORAGE

City of Princeton

Assessment Total:

\$,2895,206

Measures:

- HVAC & Controls
- Building envelope
- Water conservation

Annual Savings:

190,708 kWh



BEDFORD BUILDING

City of Bedford, Tarrant County



Assessment Total:
\$499,994

Measures:

- HVAC
- Lighting
- Window seal/replacement
- Building Controls

Annual Savings:
83,753 kWh

THE SHOPS AT REDBIRD

City of Dallas

Assessment Total:
\$3.35M

Measures:

- Lighting
- HVAC
- Plumbing

Annual Savings:

Energy Savings:
673,784 kWh

Water Savings:
3,420,000 gallons

Avoided CO2:
351 tonnes



FALSTAFF HOTEL

Galveston

Assessment Total:

\$5,622,500

Measures:

- Envelope
- LED lighting
- HVAC
- Plumbing

Annual Savings:

952,039 kWh

1,022,000 gallons



ELGIN GENERAL STORE

Elgin, Bastrop County

Assessment Total:

\$120,000

Measures:

➤ Solar

Annual Savings:

26%

USDA REAP Grant & Oncor Incentives:

\$62,000



1st Local Bank Funded TX-PACE Project
– Frontier Bank

B&B Theater, City of Red Oak



CITY OF RED OAK

PROJECT NAME:

Ali's Theatre
Recreation-Theater

PACE ASSESSMENT:

\$6,413,023

QUALIFIED IMPROVEMENTS:

Building Envelope, Lighting, HVAC, Plumbing and Water Conservation

ANNUAL BENEFITS

Energy Savings
261,132 kWh

Water Savings
4,200,000 gallons

Avoided CO²
135.88 tonnes



CENTRAL PLAZA MULTIFAMILY

Temple, Bell County

Assessment Total:

\$1,025,000

Measures:

- Mechanical
- Lighting
- Building Envelope
- Roof
- Domestic water heating

Annual Savings:

Energy: 44% savings



PEARL POINT APARTMENTS PHASE I

Aransas County / Rockport

Pearl Point Phase I, First Amendment (Rockport)

- Multifamily
- PACE Assessment: \$4,000,000
 - Original in 2020: \$2,754,944;
Additional in 2021: \$1,245,056
- Qualified Improvements: Building Envelope, Lighting, Water
- Annual Benefits:
 - Energy Savings: 925,680 kWh
 - Water Savings: 3,226,000 gallons
 - Avoided CO2: 482 tonnes



COLLEGE OF THE MAINLAND

League City, Galveston County

Nonprofit

Assessment Total:

\$704,000

Measures:

- HVAC
- Lighting
- Building Envelope
- Water Conservation

Annual Savings:

- Energy: 32%
- Water: 78%



510 Collective McLennan County, City of Waco

Assessment Total:

\$2,442,815

Measures:

- Building Envelope
- HVAC
- Lighting
- Elevator
- Plumbing

Annual Savings:

Energy: 327,162 kWh

Water: 1,469,000 gallons

Natural Gas: 664,000 BTU

Avoided CO2: 205 tonnes



CITY OF LAREDO

PROJECT NAME:

Concord
Multifamily & Retail

PACE ASSESSMENT:

\$3,577,294

QUALIFIED IMPROVEMENTS:

Building Envelope, HVAC, Lighting, Plumbing,
Domestic Hot Water (DHW)

ANNUAL BENEFITS

Energy Savings
305,424 kWh

Water Savings
691,000 gallons

Avoided CO²
158.93 tonnes



TRAVIS BUILDING

City of San Antonio, AACOG Region



Assessment Total:

\$5,092,684

Measures:

- HVAC
- Envelope
- LED lighting
- Roof
- Plumbing

Annual Savings:

396,298 kWh

233 mmBTU

702,000 Gallons

Plaza Hotel

El Paso, El Paso County

Assessment Total:
\$9.2M

Measures:

- HVAC
- Lighting
- Building Envelope

Annual Savings:

Energy: 1,488,687 kWh
Water: 770,100 gallons



CITY OF LUBBOCK

PROJECT NAME:

Buddy Holly Hall
Nonprofit- Recreation

PACE ASSESSMENT:

\$20,864,230

QUALIFIED IMPROVEMENTS:

HVAC, Lighting, Building Envelope, Plumbing

ANNUAL BENEFITS

Energy Savings
2,965,134 kWh

Water Savings
4,401,000 gallons

Avoided CO²
1,542.96 tonnes



HOUSTON AREA URBAN LEAGUE

Assessment Total:
\$891,167

Measures:

Building envelope, lighting, HVAC,
Water conservation; annual savings: 14%

Impact: “Overall, the Houston Area Urban League's participation in the PACE program provided tangible advantages for the agency, including improved energy efficiency, financial empowerment, environmental impact, community development, and increased education and awareness.” – Eric Goodie, Executive VP



STRATTON BUILDING

City of Waco, McLennan County

Assessment Total:
\$1,625,000

Measures:

- Mechanical
- LED lighting
- Roofing
- Plumbing

Annual Savings:
561,203 kWh
162 mmBTU
292,000 Gallons



Sinclair Hotel Tarrant County

Assessment Total:
\$8,219,116

Measures:

- HVAC
- Lighting
- Building Envelope
- Water Conservation

Annual Savings:

Energy: 35%
Water: 38%
Natural Gas: 60%



JEFF DAVIS COUNTY

PROJECT NAME:

Alta Frontera in Fort Davis
Hospitality - Hotel

PACE ASSESSMENT:

\$3,407,183

QUALIFIED IMPROVEMENTS:

Building Envelope, Lighting, HVAC, Plumbing and Water Conservation

ANNUAL BENEFITS

Energy Savings
648,049 kWh

Water Savings
860,000 gallons

Avoided CO²
362.88 tonnes



FAMILY ELDER CARE

Austin, Travis County

Assessment Total:
\$260,000

Measures:

- Solar
- Cool Roof

Annual Savings:
\$20,000



NEW BIRTH BAPTIST CHURCH

Fort Worth, Tarrant County – Nonprofit

Assessment Total:

\$152,130

PACE Measures:

- Solar

Annual Savings:

Energy Savings:

71,448 kWh



PACE is a WIN-WIN-WIN (WIN-WIN)

- ✓ **Property Owners** – lower utility bills, energy independence, energy efficiency, property value increase
- ✓ **Contractors** – source of increase in business, more local hiring, best practices, keeping up with technology advancements
- ✓ **Lenders** – new loans, steady & stable process, fully collateralized, Tax Assessment lien position, improved asset value
- ✓ **State of Texas** – reduced peak demand, enhanced grid reliability, distributed generation as resilient power source, improved air quality, water resource conservation
- ✓ **Communities** – increased economic development and jobs, improved building infrastructure, more appealing building stock and plants

POWERED BY:



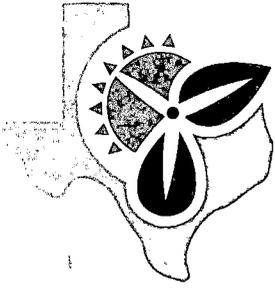
If all the difficulties were known at the onset of a long journey, most of us would never start out at all.”
– Dan Rather

Charlene Heydinger

Charlene@texaspaceauthority.org

www.TexasPACEAuthority.org





LONE ★ STAR
— PACE —

2023

ANNUAL REPORT

www.LoneStarPACE.com



The Lone Star PACE Difference

COST EFFECTIVE, EXPERIENCED, AND COMMUNITY FOCUSED

Property Assessed Clean Energy (PACE) program for energy efficiency, water conservation, and renewable energy improvements to commercial properties

ANNUAL
REPORT

2023

The Lone Star PACE Difference

COST EFFECTIVE, EXPERIENCED, AND COMMUNITY FOCUSED

TABLE OF CONTENTS

I	MESSAGE FROM THE PRESIDENT	4
II	LOCAL GOVERNMENT	6
III	STRATEGIC OUTREACH	8
	A. PACE Overview	10
	B. 2023 Highlighted Projects	12
	C. Educating and Training Stakeholders	20
	D. Expanding Reach and Availability	22
IV	OUTCOMES	24
	A. Project and Program Expansion	
	• Partnership with the Local Business Community	
	• Conservation Impacts	
	B. Key Insights	27
	• Adaptation to External Dynamics	
	• Economic and Sustainable Development Benefits	
	• Education	
V	LONE STAR PACE LEADERSHIP	28
VI	COMMUNITY SERVICE	30
VII	CONCLUSION	31
	A. Program Expansion and Outreach Strategy	
	B. Future of PACE in 2024 and Beyond	

SECTION I

Message from the President



Lee A. McCormick

President,
Program Administrator

“ Throughout the year, Lone Star PACE remained steadfast in our mission to underscore the economic and environmental advantages of PACE programs in Texas. We firmly believe that embracing PACE presents a significant opportunity to enhance inclusive prosperity and sustainability across our great state.

On behalf of Lone Star PACE (LSP) and our dedicated staff, it is with great pleasure that I present to you the 2023 Annual Report. This report serves as a comprehensive overview of the notable accomplishments and activities undertaken by our organization throughout the past year.

Lone Star PACE operates as a program administrator with a core focus on advancing investment in commercial real estate utility conservation measures and technologies in the state of Texas. As part of the broader statewide economic development initiative known as Property Assessed Clean Energy (PACE), LSP collaborates closely with local governments, energy sector stakeholders, and policymakers. Our shared objective is to promote energy and water efficiency while simultaneously supporting economic development through the PACE program.

In 2023, Lone Star PACE maintained its commitment to training and outreach efforts within our participating communities. Notably, we expanded our reach by adding three additional jurisdictions to the list of cities and counties that we serve for a total of 21. Furthermore, we witnessed substantial growth in activity, successfully completing 15 PACE projects while actively working on numerous others at various stages of development. LSP also played a role in the Keeping PACE in Texas Technical Standards Working Group — a coalition of PACE stakeholders responsible for developing updated standards and guidance for PACE implementation in our state. Our primary aim in this endeavor was to encourage the adoption of consistent standards for PACE while allowing local governments the flexibility to tailor their programs to meet specific needs, so long as they remain aligned with current legislation.

Throughout the year, Lone Star PACE remained steadfast in our mission to underscore the economic and environmental advantages of PACE programs in Texas. We firmly believe that embracing PACE presents a significant opportunity to enhance inclusive prosperity and sustainability across our great state. Our unwavering commitment is to expand the societal benefits of PACE programs and advocate for their broader adoption by businesses and communities throughout Texas.

Education and engagement with our valued PACE stakeholders remained a central focus in 2023. We organized a series of online and in-person meetings, and training seminars that attracted participants from all corners of our state. These events featured webinars and educational sessions catering to a diverse range of stakeholders, including Economic Development Corporations, Chambers of Commerce, developers, property owners, lenders, contractors, and other influential community members. Additionally, we made substantial efforts to raise awareness of PACE among diverse communities. Our digital marketing campaign played an instrumental role in reaching a wide array of stakeholders in the communities we serve, thereby increasing awareness of the PACE program.

In closing, it is important to recognize that each of us has a role to play in reducing our environmental impact and creating a more sustainable world. Small actions, collectively undertaken, can yield substantial results. The purpose of this annual report is twofold: to showcase the remarkable progress that has been achieved and, to inspire increased engagement and action from both the public and private sectors. While we take pride in our accomplishments to date, we remain acutely aware that much work remains. Our collective efforts are laser-focused on driving long-term, systemic change that benefits individuals, communities, and our planet.

By working together and harnessing the power of collaboration, we are poised to create a more sustainable and prosperous future for all residents of our beloved Texas.

Thank you for your unwavering support and commitment to our shared vision.

SECTION II

Local Government

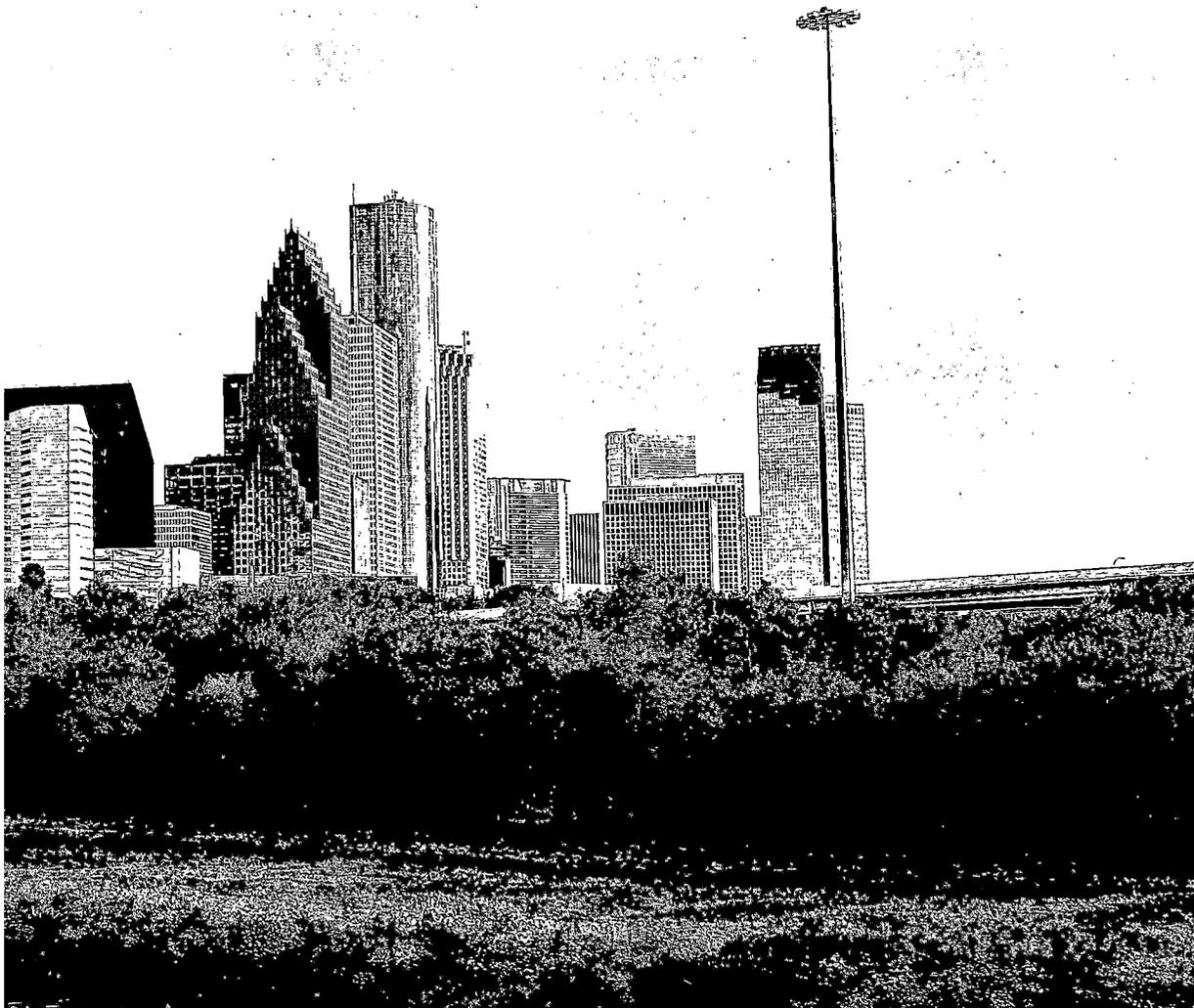
PACE financing benefits local governments by expanding the tax base through increased property values, creates economic development and supports sustainability goals. PACE financing also enables property owners to make energy efficiency, water conservation, and renewable energy upgrades to their properties, which may lower operating costs and increase a property's overall efficiency and marketability. As a result, PACE-upgraded properties often have a higher resale value, making them more attractive to buyers and tenants.

When properties are worth more, they generate more property tax revenue for the local governments. This provides a stable source of funding for essential public services, such as schools, infrastructure, and public safety, which in turn can improve the



overall quality of life for the community. Furthermore, an increase in property values can also lead to an increase in economic development, as more businesses and individuals are drawn to the area. This creates more jobs, higher tax revenues, and a more vibrant community.

In addition to an increased tax base, PACE also benefits local governments in addressing sustainability goals and promoting environmental stewardship, which can further boost the reputation of the community and bring in additional investments. Overall, PACE financing is a win-win for both property owners and local governments, as it not only improves energy efficiency and lowers costs for property owners but also provides local governments with a way to improve the community.



SECTION III

Strategic Outreach

To enhance the outreach and accessibility of PACE projects across the State of Texas, Lone Star PACE has implemented several strategies:

Collaboration with Local Governments

Lone Star PACE recognizes the pivotal role that local governments play in advocating for PACE within their communities. Through strategic partnerships, we have actively engaged with local stakeholders to further promote PACE utilization.



Engagement with Lenders and Contractors

Recognizing the significance of lenders and contractors in promoting access to PACE financing, Lone Star PACE has actively collaborated with these stakeholders. By forging strong relationships and providing guidance, we've provided an efficient process for property owners to obtain PACE financing and successfully execute their projects.

Empowering Property Owners and Businesses Through Education

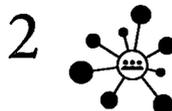
Many property owners and businesses may not be fully informed regarding the benefits and opportunities offered by PACE financing. Through extensive outreach efforts, Lone Star PACE has educated thousands of stakeholders, shedding light on the advantages of PACE and its potential economic and sustainability impact. By increasing awareness and understanding, we aim to stimulate demand for PACE projects across various sectors.

Lone Star PACE's commitment to advancing the PACE program in Texas remains steadfast. We continue to spearhead efforts to benefit cities and counties, enabling them to harness the full potential of PACE, drive reductions in utility consumption and open the door to economic development within their jurisdictions.

Strategies at a Glance



Administer current PACE projects



Expand the reach and accessibility of PACE projects throughout the State of Texas



Educate and train stakeholders about PACE



Facilitate future PACE-funded projects

0 2 0 0 1 1
 0 0 0 0 0 1
 0 1 0 0 0 0
 3 0 2 2 1 3
 0 0 0 2 1 1
 3 0 0 0 0 0

A. PACE Overview

The State of Texas has established ambitious sustainability goals set by the State Water Development Board and the State Energy Conservation Office. PACE emerges as a pragmatic solution, offering benefits that help achieve these goals.

Facilitating Financing for Efficiency and Renewable Upgrades

PACE financing empowers property owners to undertake energy efficiency, water conservation and renewable energy projects that may be financially impractical otherwise.

Encouraging Retrofitting of Existing Structures

PACE financing supports property owners in retrofitting existing buildings with new utility conservation measures. This translates to tangible decreases in water and energy consumption, as well as greenhouse gas emissions, from these improved properties.

Given the size of Texas and the potential for PACE to make a significant impact on energy and water savings, it's prudent to have multiple program administrators helping local governments maximize their programs. The intricacies of PACE financing necessitate personalized attention to ensure compliance. Expanding the program's reach fosters economies of scale while improving overall outcomes which incentivizes administrators to deliver the service and support that benefits the State of Texas.

2023 Projects by Type



Multi Family
13%



Hospitality
13%



Mixed-Use
13%



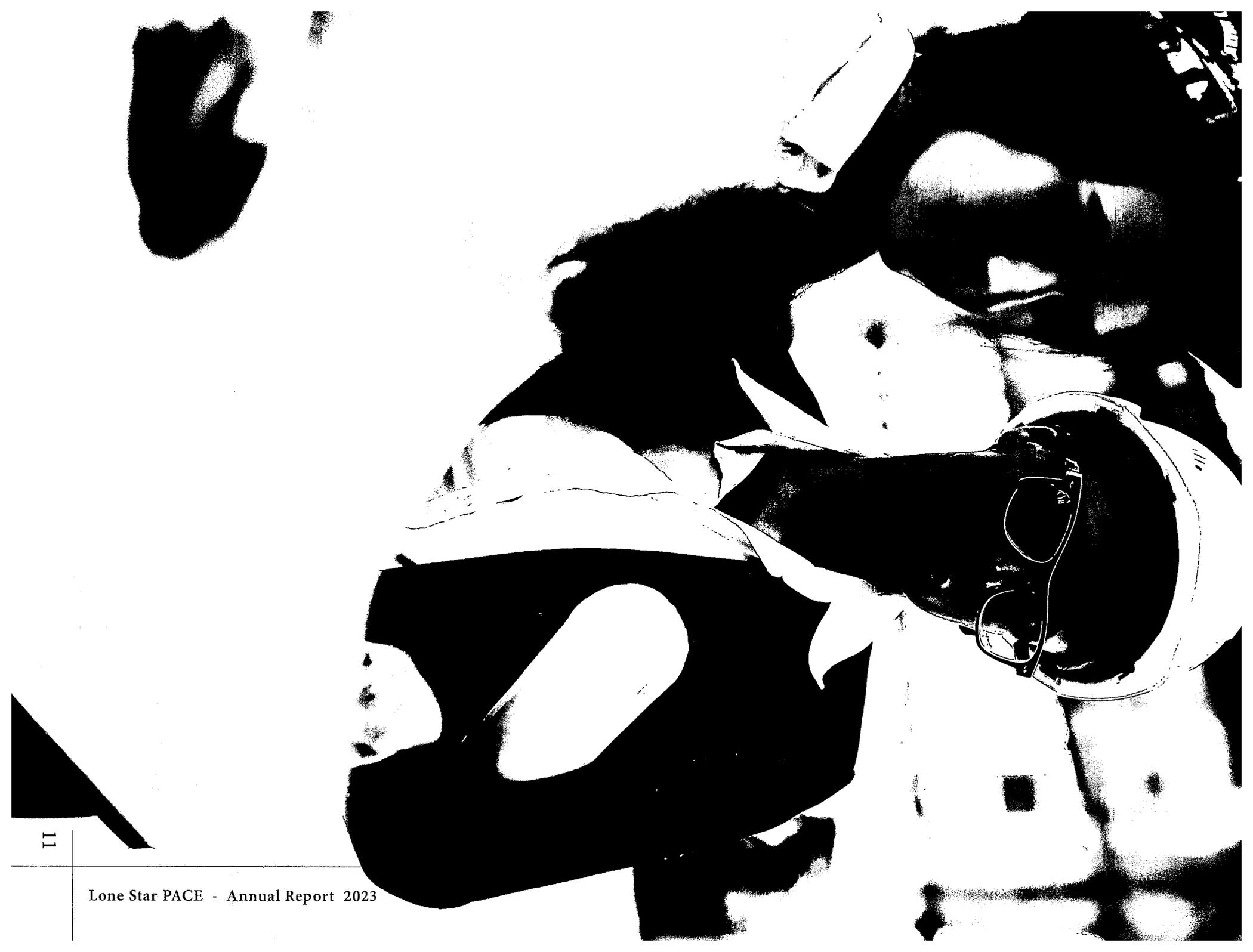
Industrial
47%



Office
7%



Special Purpose
7%



B. 2023 Highlighted Projects



1. BLOSSOM HOTEL

Date of Assessment	February 8
PACE Municipality	Harris County
PACE Assessment	\$22.5M
Project	267-unit boutique hotel
Improvements	Envelope, Electrical Lighting, HVAC, Domestic Hot Water, Water Reduction, High Efficiency Elevators
Utility Savings	1,574,398 kWh/yr (35% reduction) 3,923 kgal/yr (34% reduction)



2. UNICORN LAKE APARTMENTS

Date of Assessment	February 17
PACE Municipality	Denton County
PACE Assessment	\$9M
Project	153-unit Multifamily
Improvements	Envelope, Electrical Lighting, HVAC, and Plumbing
Utility Savings	210,999 kWh/yr (12% reduction) 853 kgal/yr (51% reduction)

Project Overview

Unicorn Lake Apartments offers more than just a tranquil living experience in Denton, Texas; it's a testament to sustainable living. The complex is in the scenic Unicorn Lake development and includes PACE-eligible improvements such as improved envelope, electrical lighting, HVAC, and plumbing.



Impact

By obtaining PACE financing, the property owner was able to upgrade the building's envelope, electrical, water and mechanical systems, which had the following effect:

- Provided an estimated 12% reduction in annual energy consumption totaling 210,999 kWh/yr
- Provided an estimated 51% reduction in annual water consumption totaling 853 kgal/yr
- Enabled Denton to further their sustainability and economic development goals and reduce demand on the Texas electrical grid

Equivalent to offsetting
the energy used by

15 average
Texas homes/yr



Equivalent
to reducing

6,457,210
water bottles/yr



Source: U.S. Energy Information Administration

3. BIOLABS PEGASUS PARK

Date of Assessment	October 4
PACE Municipality	Dallas County
PACE Assessment	\$11.3M
Project	Biotechnology
Improvements	Envelope, Electrical Lighting, HVAC, and Plumbing
Utility Savings	1,733,575 kWh/yr (25% reduction) 222 kgal/yr (79% reduction)

Project Overview

Biolabs is a leading life-science biotechnology firm renowned for its cutting-edge research and commitment to advancing scientific discovery. The project is located in the state-of-the-art Pegasus Park and includes PACE-eligible improvements such as, improved envelope, electrical lighting, HVAC, and plumbing.

Impact

By obtaining PACE financing, the property owner was able to upgrade the buildings envelope, electrical, water and mechanical systems, which had the following effect:

- Provided an estimated 25% reduction in annual energy consumption totaling 1,733,575 kWh/yr
- Provided an estimated 79% reduction in annual water consumption totaling 222 kgal/yr
- Enabled Dallas to further their sustainability and economic development goals and reduce demand on the Texas electrical grid.

Equivalent to offsetting
the energy used by

123 average
Texas homes/yr



Equivalent
to reducing

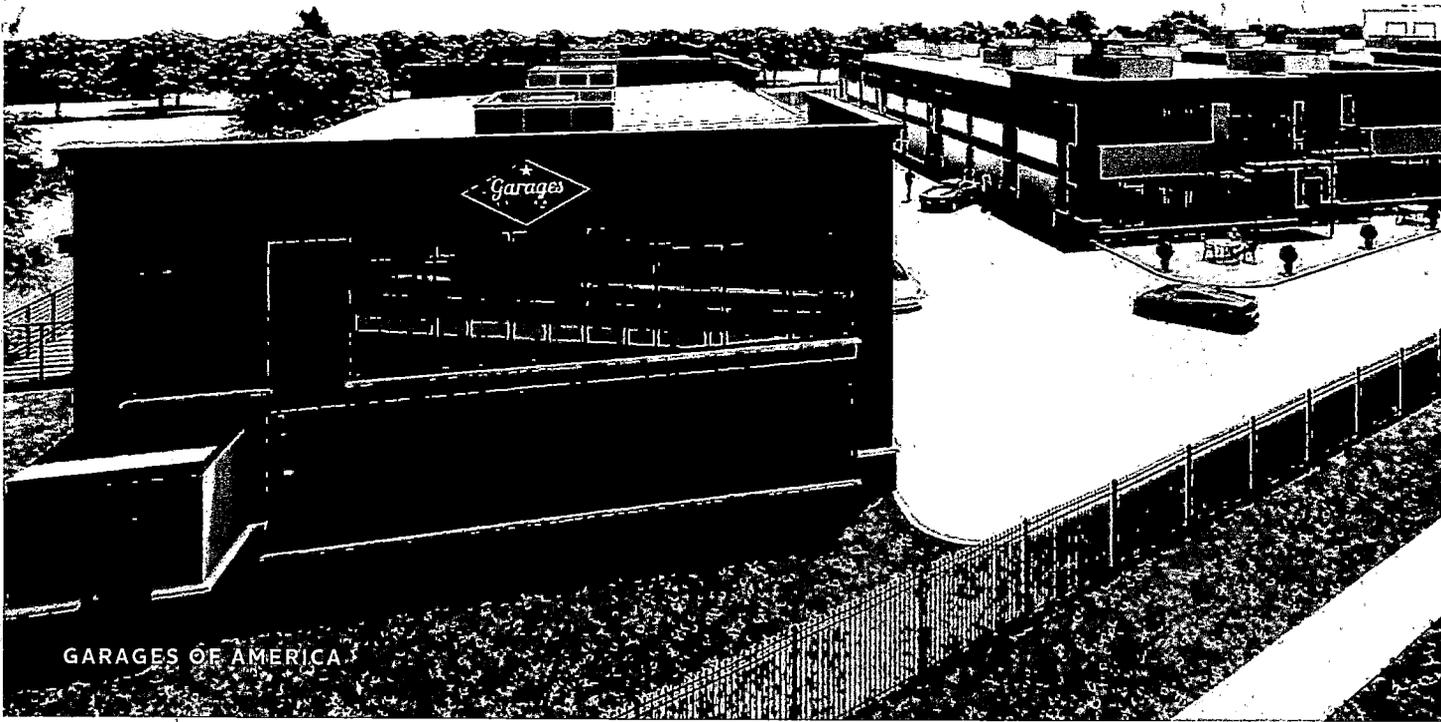
1,680,540
water bottles/yr



Source: U.S. Energy Information Administration

BIOLABS PEGASUS PARK





4. GARAGES OF AMERICA – FRISCO

Date of Assessment	December 15
PACE Municipality	Collin County
PACE Assessment	\$6.7M
Project	Industrial
Improvements	Envelope, Electrical lighting, HVAC, and Plumbing
Utility Savings	52,756 kWh/yr (5% reduction) 804 kgal/yr (51% reduction)

Project Overview

Garages of America Frisco is a haven for car aficionados and collectors, blending cutting-edge facilities with unmatched services. The project is located in Frisco and includes PACE-eligible improvements such as improved envelope, electrical lighting, HVAC, and plumbing.

Impact

By obtaining PACE financing, the property owner was able to upgrade the building's envelope, electrical, water and mechanical systems,

which had the following effect:

- Provided an estimated 5% reduction in annual energy consumption totaling 52,756 kWh/yr
- Provided an estimated 51% reduction in annual water consumption totaling 804 kgal/yr
- Enabled Collin County to further its sustainability and economic development goals and reduce demand on the Texas electrical grid

Equivalent to
offsetting the energy
used by

4 average Texas homes/yr



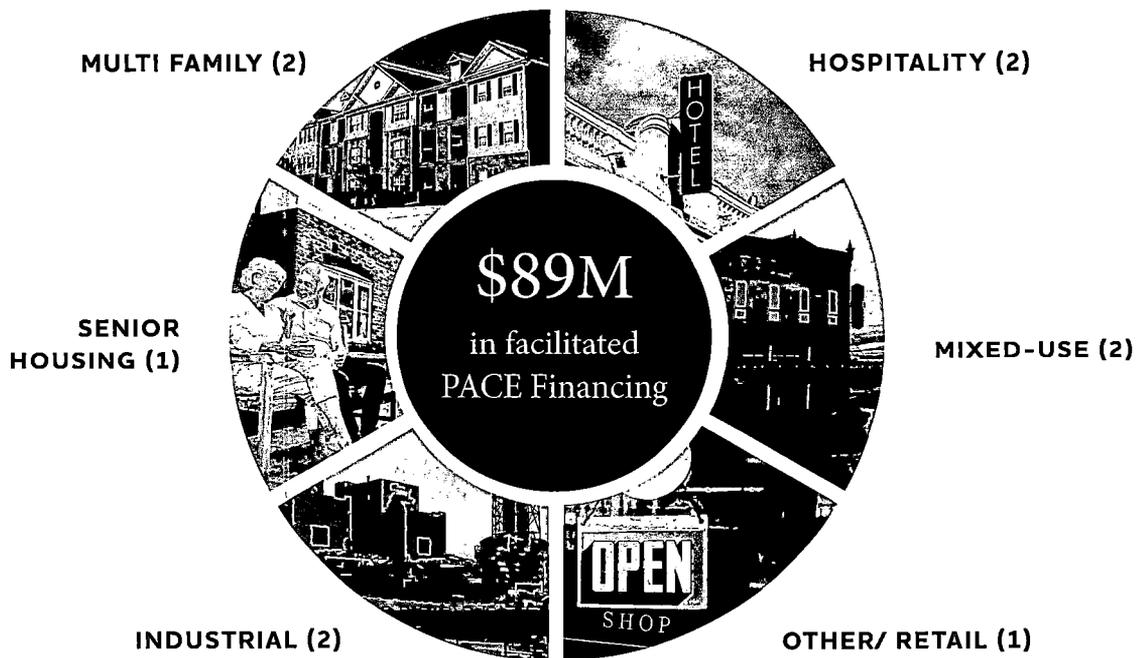
Equivalent
to reducing

6,086,280
water bottles/yr



Source: U.S. Energy Information Administration

2023 Closed Projects



C. Educating and Training Stakeholders

Throughout 2023, Lone Star PACE was actively engaged in promoting and educating diverse stakeholders about the PACE program.

Outreach endeavors targeted prominent organizations like the Counselors of Real Estate and Urban Land Institute, as well as various capital providers. Additionally, presentations, meetings, and events were conducted to illustrate how Chambers of Commerce and Economic Development Corporations can effectively utilize PACE to encourage growth and improve properties within their communities. One-on-one conversations were prioritized to ensure individuals involved in the project lifecycle felt confident about the process and were equipped with the knowledge to execute a PACE-funded project effectively.

These various efforts were targeted at the various stakeholders of the PACE program.



Elected Officials



City and County Council Members



County Judges



Commercial Lenders



Commercial Property Owners



Commercial Property Developers



Chambers of Commerce

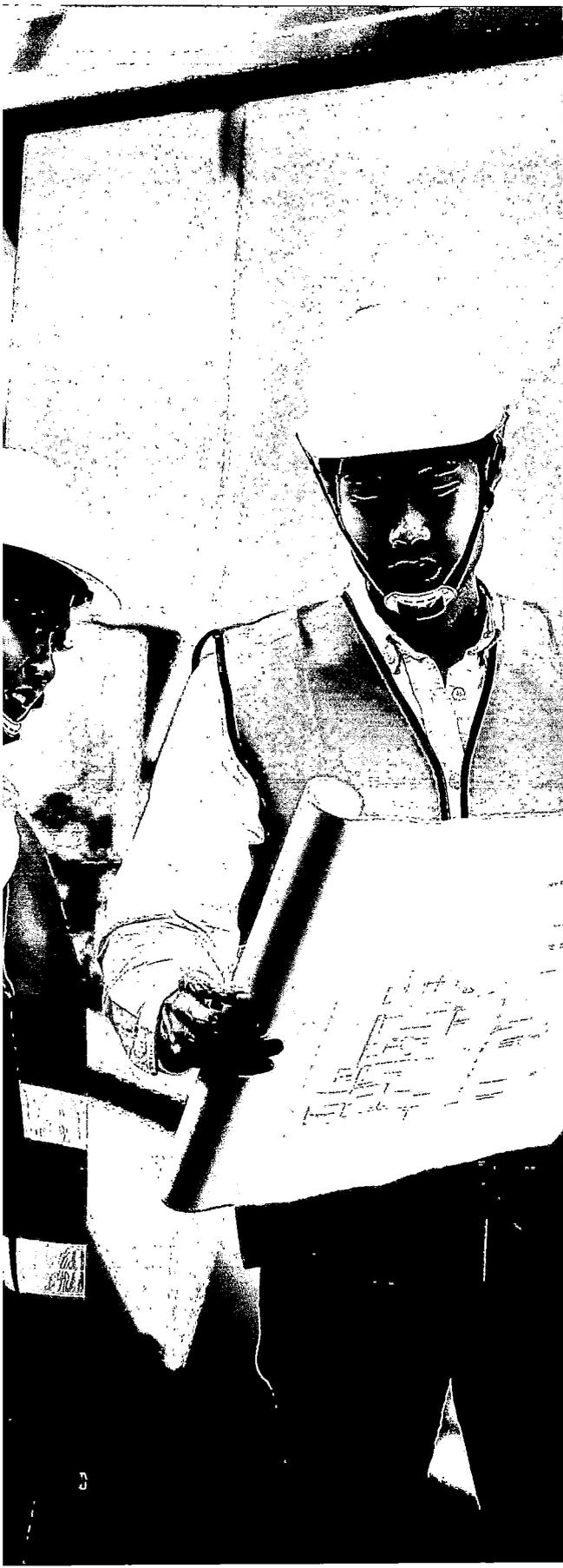


Economic Development Councils



Contractors





Throughout 2023, the Lone Star PACE team travelled or held over



9,700 miles traveled across Texas to present and meet with stakeholders



229 face-to-face meetings



51 webinar/
group meeting
presentation events

Outreach included over _____



38,000
emails



6,300
web visits



3,900
phone calls



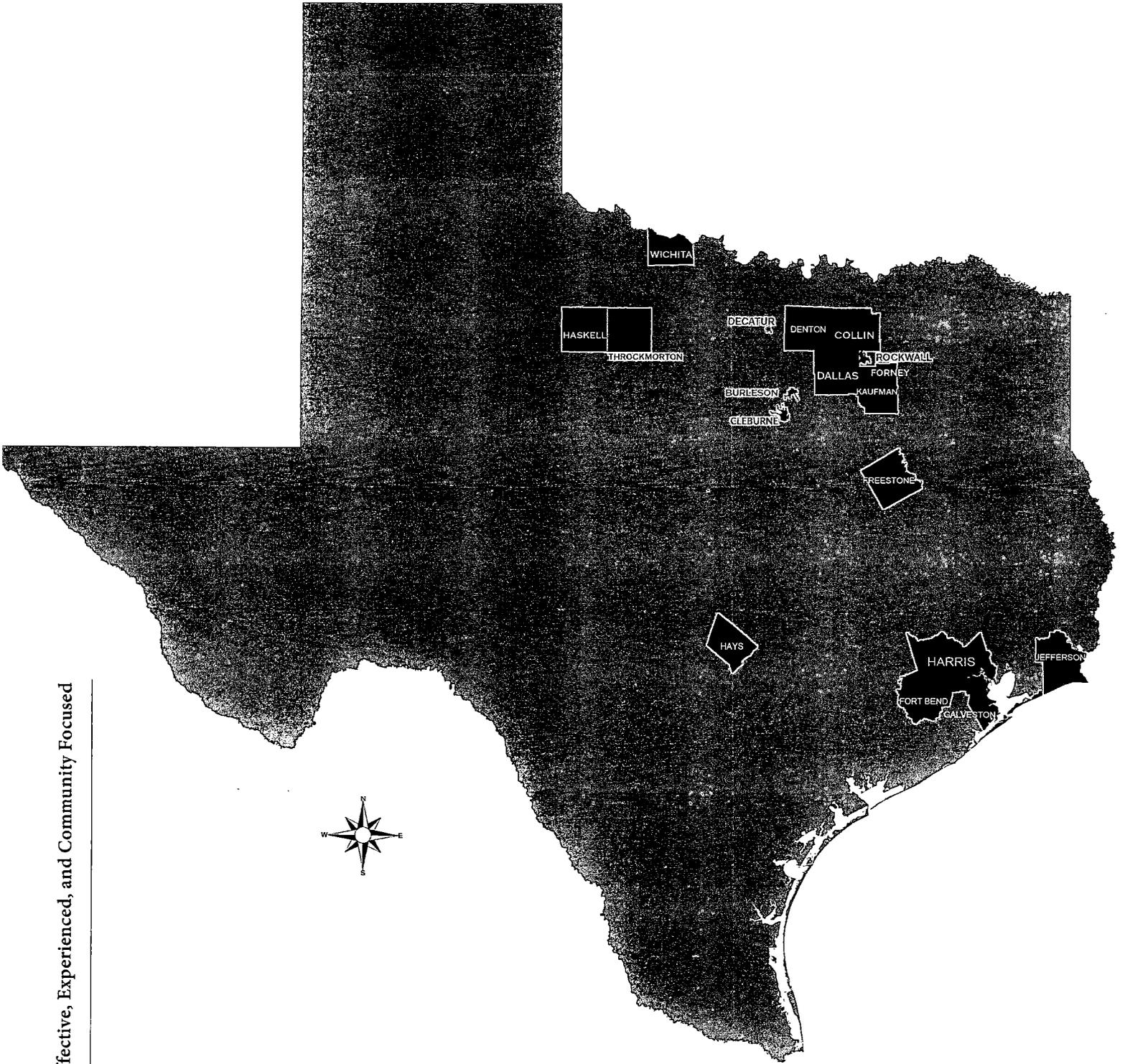
2,900
social media
impressions



17
presentations to influencer
organizations

Additionally, awareness campaigns introduced or reinforced familiarity with PACE in the community we serve over 4 million times.

Areas Served by Lone Star PACE



Cost Effective, Experienced, and Community Focused

D. Expanding Reach and Availability

Over the past year, Lone Star PACE has experienced significant growth, marked by the successful completion of 15 Commercial PACE (C-PACE) projects, amounting to over \$89 million invested in energy and water efficiency upgrades for commercial buildings for projects with total capital investment of \$992M.

The benefits of PACE are evident across Texas, particularly as more cities and counties commit to establishing program. This growth is further reflected in the expansion of our program's reach to 21 local government jurisdictions, demonstrating the team's commitment to sustainable and managed program growth. By expanding the availability and promotion of PACE projects throughout the state, Lone Star PACE aims to ensure that the benefits of these programs are shared by an increasing number of communities across Texas.

Lone Star PACE established
PACE programs for:

City of Alvin
June 1

City of Rockwall
August 21

County of Throckmorton
December 27



SECTION IV
2023 Outcomes

A. Project and Program Expansion

In 2023, Lone Star PACE achieved significant growth by establishing PACE Programs for three local governments while successfully managing 15 projects. Our expansion has been carefully paced to maintain exceptional service standards within existing Lone Star PACE jurisdictions while effectively integrating new areas.



Partnership with the Local Business Community

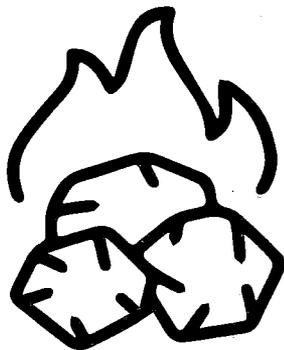
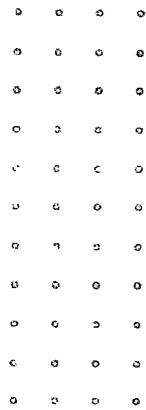
In 2023, Lone Star PACE continued to cultivate relationships across Texas, supporting counties and cities that have opted into the PACE program and selected LSP as their administrator. Additionally, we fostered connections with new municipalities and counties interested in PACE. We proactively engaged with developers and property owners seeking information or clarification on PACE for their specific projects. Notably, we focused on building partnerships with Economic Development Corporations and Chamber of Commerce groups within our served areas, emphasizing the synergy between sustainability and economic development. These efforts have established trust, resulting in regular inquiries from EDCs and Chambers regarding potential transactions.



Conservation Impacts

The financing administered by Lone Star PACE in 2023 facilitated numerous improvements to existing and new-properties, enabling investments in water and energy efficiency that would have otherwise been financially challenging. Upgrades such as efficient HVAC systems, lighting, windows, insulation, plumbing, and property envelopes collectively resulted in significant energy savings of 6,915,521 kWh/yr and water savings of 18,063 kGal/yr.

Utility Conservation



Energy savings
were calculated at

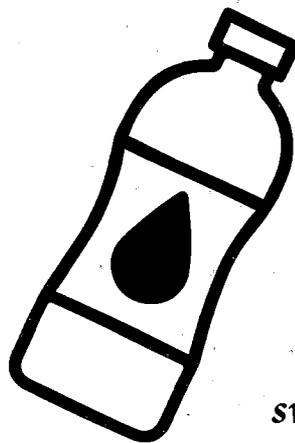
6,915,521
KWH
per year

equivalent to

5,324,259
pounds of coal burned

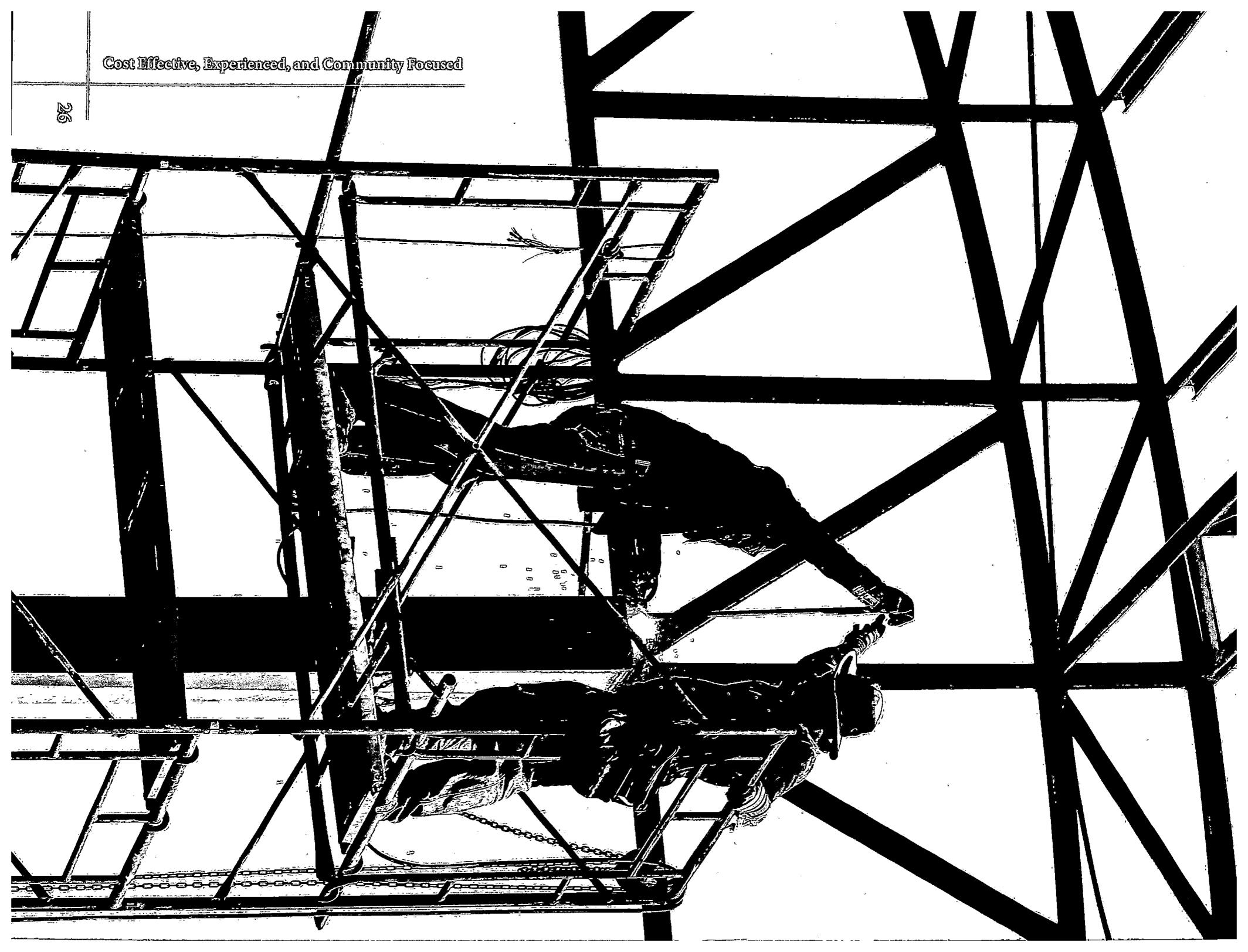
Source: Environmental Protection Agency

Water savings
were calculated at
18,063,000
GAL
per year



Equivalent to water:
contained in

36
*Olympic-size
swimming pools per year*



6	9	2	3	5	6
8	9	3	3	6	7
8	9	6	6	3	6
3	7	7	7	3	6
8	4	3	3	3	3
7	6	7	7	7	7

B. Key Insights

Adaptation to External Dynamics

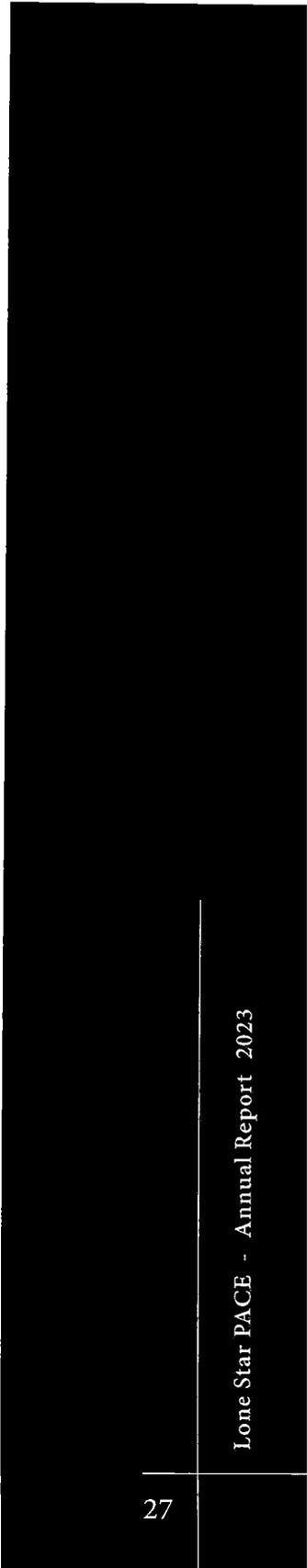
In 2023, Lone Star PACE remained sensitive to external factors influencing the capital markets and Texas economy. As interest rates climbed, creating shifts in the lending environment, we recognized an opportune moment for PACE to play a more significant role in promoting sustainability while also assisting property owners with their capital needs. With senior lenders scaling back their commitments and reducing lending amounts for transactions, PACE emerged as an appealing complement to senior loans, offering an attractive alternative that was met with acceptance from developers and property owners.

Economic and Sustainable Development Benefits

Beyond the economic advantages for property owners, PACE plays a pivotal role in fostering economic development and sustainability within local communities. By generating employment opportunities in the clean energy and construction sectors while encouraging the revitalization of older buildings, PACE contributes to job creation and urban renewal. Additionally, PACE serves as a catalyst for cities and counties to achieve sustainability, utility conservation and economic development objectives.

Education

Educational efforts and outreach are crucial to the adoption of PACE. It's imperative for property owners to grasp the benefits and mechanics of PACE to make informed decisions regarding its suitability for their projects. Similarly, local governments benefit from having Lone Star PACE efficiently manage their PACE programs.





SECTION V

Lone Star PACE Leadership



Lee A. McCormick, President, Program Administrator

Lee is a registered Municipal Advisor with 35 years of experience in domestic and international finance. For the past 20 years he has served as a Program Administrator for local governments, overseeing various types of economic development and environmental financing programs.

Lee founded Lone Star PACE to serve as a Program Administrator to the cities and counties within the State of Texas that elect to implement the Property Assessed Clean Energy Program. He works with government and elected officials to help them realize energy and water conservation targets via the PACE program in their regions.

Lee received his BA in Finance, with honors, from Sam Houston State University and his MBA, with honors, from the University of Houston. Lee is a member of the Frisco Chamber of Commerce, the Finance Committee for Prince of Peace Christian School, PACENation and Keeping PACE in Texas, and he serves as an Advisor on the Department of Energy C-PACE Working Group.



John P. Stoecker, Program Administrator

John is a registered Municipal Advisor with 35 years of successful mission critical and operations leadership. He has led the municipal advisory services on over 1,000 affordable housing, public benefit and economic development transactions totaling over \$30 billion. John recently retired as a lieutenant colonel from the Air Force Reserves after serving our country in numerous leadership roles in both combat and peacetime for the last 28 years; 16 of those years as a C-130 Pilot. He handles select legislative efforts in addition to working with city and county government officials.

John received his BS from Southeastern Oklahoma State University, with honors, and his MBA from the University of Southern California.



E. Glenn Silva, Chief Operating Officer,
Program Administrator

Glenn has over 35 years in the real estate industry. He holds the Counselor of Real Estate (CRE), is an MAI Member of the Appraisal Institute and is a Certified General Real Estate Appraiser in Texas. As President of KLM Realty Advisors, Glenn led his team in underwriting over \$18.8 Billion in loans for Commercial Mortgage Backed Securities. He oversees the daily operational activities of LSP and drives marketing, and growth opportunities within the cities and counties in Texas.

Glenn received his MRE in Land Economics and Real Estate (LERE) and BS in Agricultural Economics from Texas A&M University.



Ryan D. McCormick, Program Administrator

Ryan brings over 10 years of experience in the mortgage and finance industry. Prior to joining LSP, Ryan worked as a Mortgage Loan Originator at Nation's Lending where he facilitated loan originations in eight states. He currently serves as a Program Administrator and assists in the marketing and educational seminars provided by LSP to contractors, lenders, local government and users of the PACE financing program.

Ryan received his BA in Marketing and Nonprofit Management from the University of North Texas.



Jean M. Gard, Office Manager, Executive Assistant

Jean has over 20 years of experience in tax-exempt financing programs. For five years, Jean oversaw the daily operations of a \$2.3 billion tax-exempt bond portfolio as a Treasury Analyst at Waste Management. Currently, Jean keeps the LSP team on-task as the Office Manager and Executive Assistant to President, Lee McCormick.

Jean graduated from the Sawyer School of Business in Milwaukee, Wisconsin after serving her country honorably in the United States Navy.

SECTION VI

Community Service

For Lone Star PACE, giving back
is part of our culture.

For Lone Star PACE, giving back is part of our culture. We started the year by assembling meal kits for Feed My Starving Children, a North Texas-based nonprofit that sends food to malnourished populations around the world. In partnership with a Frisco-based church, the Lone Star PACE team packed 74,736 meal kits for children across the globe.

As our COO, Glenn Silva, sits on the board of the Real Estate Financial Executives Association (REFEA), we enthusiastically supported their annual golf tournament to benefit Scottish Rite Hospital. Last year's event raised \$15,802 to help the hospital continue its mission of providing free medical care to families in need.

Lone Star PACE also sponsored the Teufel Hunden Foundation's golf tournament, which raises money for families of Marines who have made the ultimate sacrifice.

Our service engagements reflect and reinforce our commitment to promoting a Texas which is sustainable and supportive to all.

SECTION VII

Conclusion

Looking Forward

Program Expansion and Outreach Strategy

Lone Star PACE is committed to strategically expanding the reach of the PACE program in Texas while delivering high-quality customer service and education. Through deliberate, gradual growth and dedication to individualized support and education, LSP aims to ensure the success of the PACE program and its positive impact on communities statewide.

Continued outreach efforts, such as the PACE 101 and technical standards 101 presentations are integral to our mission of educating and engaging stakeholders about the PACE program. By offering these seminars both in-person and online, Lone Star PACE seeks to broaden its audience reach, providing easier access to information and resources for stakeholders including Chambers of Commerce, Economic Development Corporations, contractors, property owners, and influencer groups.

Future of PACE in 2024 and Beyond

The momentum of PACE programs nationwide, including in Texas, is promising. The escalating number of transactions and substantial project values underscore the growing interest and demand for PACE financing among property owners and businesses. Data from PACENation reveals that commercial PACE transactions surpassed \$6.9 billion through 3,320 projects to date nationwide, signifying a substantial increase from previous years.

As stewards of the PACE program in Texas, Lone Star PACE is well-positioned to ensure its success in the state and advocate for its benefits to stakeholders. By emphasizing customer service, education, and outreach, Lone Star PACE aims to equip property owners and businesses with the understanding of PACE's value and its role in accessing financing for energy efficiency, water conservation and renewable energy enhancements. This, in turn, fosters the adoption of clean energy technologies and advances the development of a more sustainable built environment in Texas.



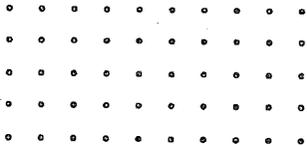
LONE ★ STAR
— PACE —

6988 Lebanon Road, Suite 103, Frisco, TX 75034

(214) 256-3209

info@LoneStarPACE.com

www.LoneStarPACE.com



0424fAR23