

HOW A PACE PROJECT WORKS



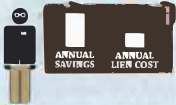
1. *The County* chooses to enable PACE.



2. *The Property Owner* gets a baseline energy audit to identify needed efficiency upgrades.



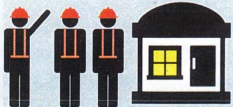
3. *The Property Owner* submits a project application to the PACE program administrator.



4. *The Program Administrator* reviews the application with an independent review of energy projections.



5. Valid projects are sent to PACE participating *Banks and Investors*.



6. *Local Workers* get the job.



7. *The Property Owner* pays back PACE financing as an assessment on their property.

THE OUTCOME:



The Property Owner wins by saving money on improving their



Local Workers win by getting more job opportunities.



Banks and Investors win by making a low-risk investment.



The County wins by meeting its goals of enhancing local business.

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SD-PACE

PROPERTY ASSESSED CLEAN ENERGY

COMMERCIAL PROGRAMS

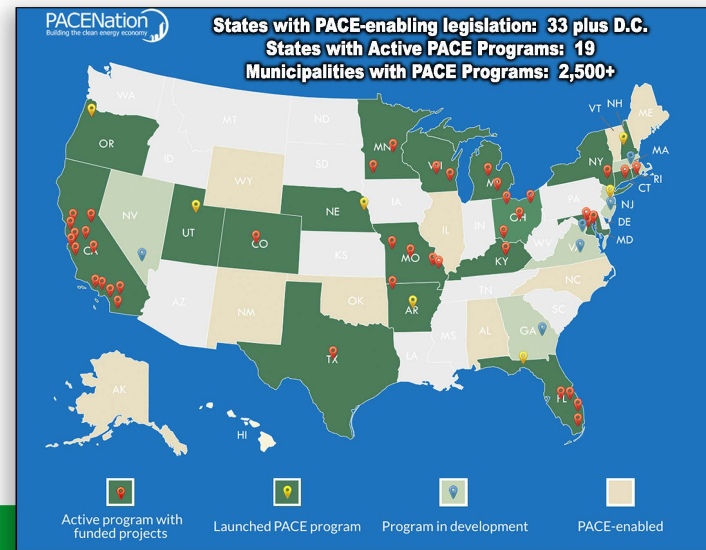
PACE is a simple and effective way to finance efficiency, renewable energy, and water conservation.

Many businesses experience high utility bills because of old, inefficient buildings in need of upgrades. Although upgrades would save the business much more money on utilities than they cost in the long run, it can be a challenge to afford the upfront cost.

THERE IS A SOLUTION. Property Assessed Clean Energy (PACE) uses private capital from banks and investors to finance the up-front cost of energy efficiency upgrades, for water conservation, renewable energy, heating and cooling, lighting, insulation and more. PACE can be used to make upgrades to older properties or new construction. Once legislation is in place the property owner can get a baseline energy audit, by experts in the field, to identify needed efficiency upgrades. If the property is a good match for PACE, the property owner then applies to the PACE program administrator.

The Program Administrator reviews the application with an independent review of energy projections. Only valid projects are sent to PACE participating Banks and investors. Local workers and businesses get the jobs! Increasing local business to business and creates creates jobs! *The Property Owner pays off the debt and still enjoys the savings!*

PACE Nationwide in 2017



Why SD-PACE?

PROPERTY ASSESSED CLEAN ENERGY

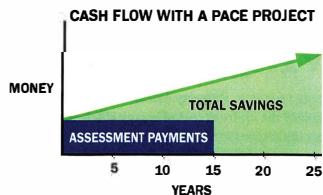
COMMERCIAL PROGRAMS

NO COST TO TAXPAYERS

PACE programs do not use public money! Projects are funded using private capital, and a small fee on each project pays for program administration costs, including any cost to state and local governments.

ADDS VALUE

Property owners across the U.S. are using PACE because it saves them money and makes their properties more valuable. Improving properties is an economic revitalization strategy for the state. PACE projects increase the property base over time.



TRIED & TRUE

Assessment financing has been used effectively in the United States for decades to fund improvements to private properties that meet a public purpose, like Special Improvement Districts that are used for water and sewer systems, sidewalks, and street lighting, etc.

VOLUNTARY & OPTIONAL

PACE is 100% voluntary. Once state PACE-enabling legislation is passed, cities and counties can choose whether or not to enable PACE in their jurisdiction. Counties will have the option to opt into a statewide program administered by a trusted third-party to ease the local workload. In communities that adopt PACE, a PACE assessment is only paid by the participating property owner for their project. The county will create a model contract with clear disclosures including the payment schedule, effective interest rate, and consequences in the case of default. The program administrator will qualify contractors and track consumer complaints.

ELIGIBLE PROJECTS State and local government buildings are not PACE eligible

- INSULATION & WINDOWS
- NEW HEATING & COOLING SYSTEMS
- LIGHTING IMPROVEMENTS
- SOLAR PHOTOVOLTAIC SYSTEMS
- SOLAR THERMAL SYSTEMS
- GEOTHERMAL
- WIND TURBINES
- WATER EFFICIENT FIXTURES & MORE!

ELIGIBLE PROPERTY TYPES

- AGRICULTURE
- COMMERCIAL
- HEALTHCARE
- HOSPITALITY
- INDUSTRIAL
- MULTIFAMILY
- NONPROFIT
- OFFICES

CREATES LOCAL JOBS

When building owners can finance the up-front cost of an energy efficient project, more extensive projects are completed. This creates more work for HVAC (Heating Ventilation & Air Conditioning), lighting, insulation, and electrical contractors as well as renewable energy installers. A 2015 Texas study projected that every \$1 million in total spending on Commercial PACE projects would result in 6.92 jobs directly created, plus 4.32 jobs indirectly created.

For every
\$1M invested
PACE creates:
6.92 direct jobs
&
4.32 indirect jobs



DRIVES PRIVATE INVESTMENT

PACE projects are funded with private capital. PACE can attract a wide range of private market investors with low interest rates because the financing mechanisms are stable and have strong credit

PUBLIC-PRIVATE PARTNERSHIP

Both local governments and lenders support PACE because it's a win-win. Counties place property assessments and facilitate repayment because PACE meets their economic development goals. Lenders support the creation of more tools to help them deploy capital in the community. Existing mortgage lenders can choose whether or not to consent to PACE assessments on their customer's properties. More than 200 major lenders nationwide have consented to PACE projects because the improvements increase the value of their collateral, the property, and reduce the owner's monthly expenses.

ACCESSIBLE TO EVERYONE

- 100% financing requires no up-front investment and covers costs like the energy audit and application fee.
- Must be current on property taxes, have an appropriate assessment-to-value ratio, and pass credit review.
- PACE financing is easy for property owners to share cost with tenants.

PACE financing is an investment in the property, not a loan to the individual. Thus PACE projects must be permanently affixed to the property and save money for the property owner. An initial energy analysis evaluates the property's needed energy upgrades and a follow-up evaluation ensures that the improvements were successful.

Supporters include:



WHO BENEFITS

- Property Owners**
By Saving Money and Improving Their Building!
- Local Workers**
More Job Opportunities!
- Banks & Investors**
By Making a Low-Risk Investment!
- Counties**
By meeting its goals of enhancing local business!

ECONOMIC DEVELOPMENT • REDUCE ENERGY USE