

# Financing Resiliency: Private Sector Tools & Perspectives

New Partners for Smart Growth

February 3<sup>rd</sup>, 2018

# Outline

1. What is PACE Financing & How it Works
2. Projects Getting Funded
3. The Capital Market Perspective
4. Opportunities for the future

**But first....**

## 3 Truth's and a Lie

1. I'm very flexible because of over a decade of yoga practice.
2. I was raised a ballroom dancer but transitioned to breakdancing in my 20's and all-styles hip-hop 2 years ago
3. I once was homeless, living in my car, a two door Honda Civic, for two months
4. I learned to speak fluent Japanese because it was the only language class in college that worked with my work scheduled

# **What is PACE Financing?**



## Property Assessed Clean Energy (PACE) Financing

Unique form of finance that funds energy & water savings improvements as well as hurricane & seismic strengthening depending on the state.

Enabling legislation in over 30 states

Not a new concept, just repurposing of an existing mechanism (property assessments) for a defined public good

## PACE in Action

- Property owner works with a contractor to make improvements to their property.
- Payback of those improvements is done through the property taxes.
- PACE Administrator bundles projects together and sells them on the capital market as a rated asset.



# What's Getting Funded through PACE?





## Mission Specific Financing...by law

Program is structurally designed to only allow measures that meet the legislative mandate and therefor also provide mitigation and/or adaptation benefits

# Projects going in the ground



Cool roofs / Green

Roofs:

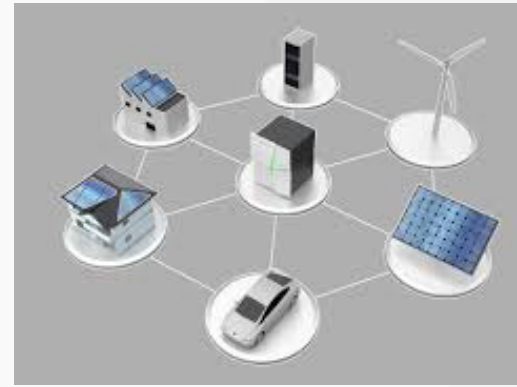
- Over \$400 million



Wind hardening /

Hurricane

- \$100+ million



Grid Resiliency

through EE/ DG/

Storage

\$3.5 billion+



Water Conservation /

Drought

\$160+ million

# Capital Market Perspective

## Capital Markets:

- ❑ Bonds are consistently over-subscribed and each round has a broader investor base
- ❑ Green bond features helpful
- ❑ Structure and security strongest driver





# Opportunities for the Future

# Opportunities for the Future

District financing a powerful tool to manage and finance adaptation/mitigation.

Sea Walls?

Urban heat island mitigation district?

Grid Resiliency investment

Key to engaging private capital is structure and risk-mitigation

Forward flow agreements could help manage consumer cost expectations

Thank You

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