



Dallas' first PACE project is now the largest in Texas. \$23.9 million in PACE financing enabled the inclusion of energy and water-saving measures in the redevelopment capital stack of the historic Butler Brothers Building.

### THE PROBLEM:

Originally constructed in 1910, the nine-story, 600,000 square-foot historic mercantile warehouse, known as the Butler Brothers Building, had long been an empty eyesore across from City Hall. The abandoned building, purchased by Alterra International, a Dallas-based global real estate development company, had deteriorated, with walls covered in graffiti and warping hardwoods soaked from rain leaking into the building. However, redeveloping a historic building could be a costly, complicated venture. Nathan Whigham, VP Business Development at CleanFund, explains one of the common hurdles with redevelopment projects, "A typical real estate capital stack falls short of the funds necessary to cover the additional up-front cost of more expensive energy and water-saving equipment that lowers the property's operating costs." Accessing future operating savings rarely justifies the diversion of significant existing sources of capital from the core business or company growth.

### THE PACE SOLUTION:

The utilization of the TX-PACE program to finance energy and water conservation measures has renewed the Butler Brothers Building and demonstrated that there is a low-cost, long-term replacement to expensive equity partner financing.

Alterra International, a Dallas-based global real estate development company, acquired the historic facility in 2011 with the goal of redeveloping the former warehouse and adding to the revitalization underway at the eastern end of downtown. "The TX-PACE financing allowed us to increase the building's energy-efficiency, attracting more interest and appealing to residents and tenants that look for high-efficiency facilities with low maintenance costs, said Mike Sarimsakci, President of Alterra International. "Additionally, we are able to satisfy the sustainability preference of hotel guests, building greater retention and loyalty."

Apartment residents now relish the restored original hardwoods, the exposed brick and concrete columns, and the layers of charm that have been brought back to life.

"PACE loans pair incredibly well with historic buildings that are typically energy inefficient and require additional capital in order to renovate the property to modern energy efficiency standards," Phill Geheb with Munsch Hardt stated. "I am beginning to see greater interest in the utilization of this program for historic and nonhistoric renovation projects because of its flexibility, relative low-cost and non-recourse nature."

### COMMUNITY IMPACT:

This project will contribute to the creation of over 100 jobs in the Dallas area, reduce annual electricity use by more than 6.6 million kilowatt hours, remove over 3,500 metric tons of CO2e each year, and save almost 700,000 gallons of water per year.

"It is great to see Dallas' first PACE deal make it across the finish line. Hopefully this financial model will serve as an example for the other PACE transactions in the Dallas pipeline," said Robin Bentley, Interim Director of the City's Office of Economic Development.

The redevelopment into 238 apartments, a 270-room dual-branded Fairfield Inn/TownePlace Suites by Marriott, and retail and office space is expected to spur additional revitalization in the area.

## PROJECT OVERVIEW

### PROJECT FINANCING

Lender: CleanFund Commercial PACE Capital, Inc.  
Total Assessment: \$23.9 million  
Incentives:  
- Historic Tax Credits: \$21 million  
Term: 20 years  
Lender Consent Granted

### IMPACT

- Approximately 6,600,000 kWh in electricity savings annually
- Almost 700,000 gallons of annual water savings
- Approximate annual energy use reduction of 40%

### BUILDING

Size: 600,000 Square Feet  
Built: 1910

### IMPROVEMENTS

HVAC, lighting, insulation, roofing, glazing, exterior waterproofing and plaster, plumbing fixtures, and irrigation systems

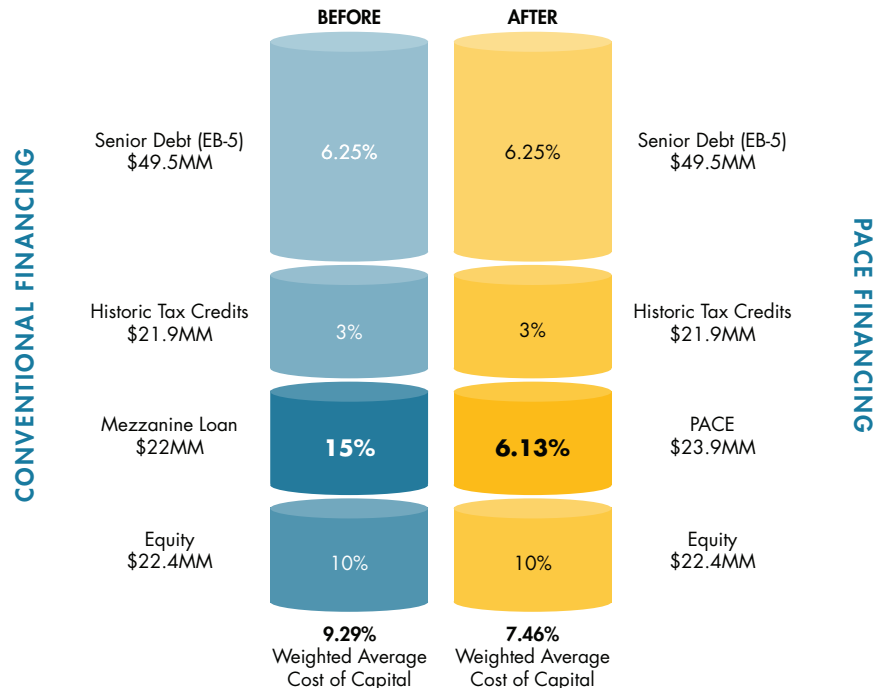
## PACE IN TEXAS

Texas PACE answers the question, "How are we going to pay for it?" and is transforming how developers, owners, and contractors look at projects, proving that there is a clear path forward for energy efficiency, distributed generation, water use reduction, and resiliency projects in existing buildings.

## CONTACT

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# CAPITAL STACK COMPARISON



## HOW DOES TX-PACE WORK?

Texas Property Assessed Clean Energy (TX-PACE) is an innovative financing program that offers commercial, industrial, and large multi-family property owners a voluntary program to obtain up to 100% financing for water conservation, energy-efficiency, resiliency, and distributed generation retrofits. TX-PACE has great potential to directly affect a business' bottom line; a project's savings in utility costs offsets the cost of installing the project. In most instances, this will result in an immediate positive cash flow.

### CITY OF DALLAS

The City's TX-PACE program is based on the Texas PACE in a Box model program created by over 130 stakeholders. The City of Dallas provides a market-based, flexible TX-PACE program that enables property owners to do business with the parties of their choosing at the lowest possible administrative cost. The program includes a high level of consumer protection to ensure that the projects will deliver the anticipated savings.

[dallas.texaspaceauthority.org](http://dallas.texaspaceauthority.org)



### TEXAS PACE AUTHORITY

The nonprofit organization, Texas PACE Authority, administers the uniform "PACE in a Box" model on behalf of the City of Dallas. This model approach ensures local governments can establish an effective program quickly and economically, providing a tool for building owners to invest in more efficient infrastructure.

[www.texaspaceauthority.org](http://www.texaspaceauthority.org)



### CLEANFUND COMMERCIAL PACE CAPITAL

CleanFund Commercial PACE Capital is the leading direct provider of long-term financing for energy efficiency, water conservation, renewable energy and seismic improvements to commercial, multifamily and other nonresidential properties in the U.S. With significant expertise in commercial real estate, finance, renewable energy and PACE policy, CleanFund offers PACEDirect™ and SolarPACE™ financing programs, which enable property owners to upgrade their properties with no up-front cost, increasing property cash flows and value.

[www.CleanFund.com](http://www.CleanFund.com)

