



MinnPACE

A division of the Saint Paul Port Authority

September 19, 2017

Natural Gas Conservation Conference
By: Peter Klein, VP Finance

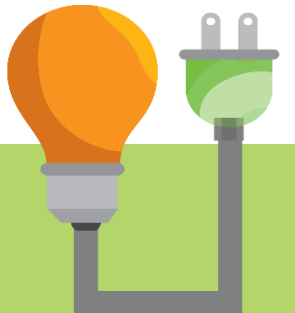
Energy Financing Programs

- Trillion BTU
- Property Assessed Clean Energy (PACE)
- Energy Savings Partnership (ESP)



Trillion BTU Results

- 173 Projects
- \$64,600,000 of Project Costs
- \$11,600,000 Annual Savings
- 314,200,000,000 BTUs Saved Annually
- 700 Jobs Retained/Created
- 1,114 Construction Jobs Created



How Does it Work?

Property Assessed Clean Energy

- Local government establishes a Joint Powers Agreement with MinnPACE
- Building owner evaluates and selects projects that reduce energy costs
- *MinnPACE* (or third party lender) provides financing to building owner
- Local government adds assessment to tax rolls
- Building owner pays assessment for up to 20 years



Qualifying Industries

Property Assessed Clean Energy

- Industrial/manufacturing
- Multi-family housing (5+ units)
- Agriculture
- Nonprofit
- Places of Worship



Client Benefits

Property Assessed Clean Energy

- No upfront costs
- No payments until following May
- No accrued interest for the first three months
- Payments rolled into biannual property tax assessment
- Bonus depreciation and investment tax credits
- Utility savings exceed payment obligations (CASH POSITIVE)



Potential Hurdles

Property Assessed Clean Energy

- Financing limited to 20% of the current assessed value of the property
- Application requires signature from existing mortgage holder(s)



Niches for PACE

Property Assessed Clean Energy

Renewable Energy Projects

- ITC & MACRS before first payment
- Positive cash flow

Multi-tenant Buildings

- Owner does not pay the utilities
- Line item on real estate taxes
 - Passed through to tenants along with regular property taxes
- Still positive cash flow to tenant
- Not a negative cash flow to owner



Motives of Building Owners

Property Assessed Clean Energy

Renewable Energy Projects

- Cost reduction / positive cash flow
- Marketing

Energy Efficiency Projects

- Tenant comfort
- Tenants increasingly requiring more efficiency
 - Governmental requirements
- Public disclosures & rankings of building efficiencies



PACE Results

Property Assessed Clean Energy

- 103 Projects
- \$39,227,000 of Project Costs
- \$3,524,000 Annual Savings
- 135,678,000,000 BTUs Saved Annually
- 71 Jobs Retained/Created
- 407 Construction Jobs Created

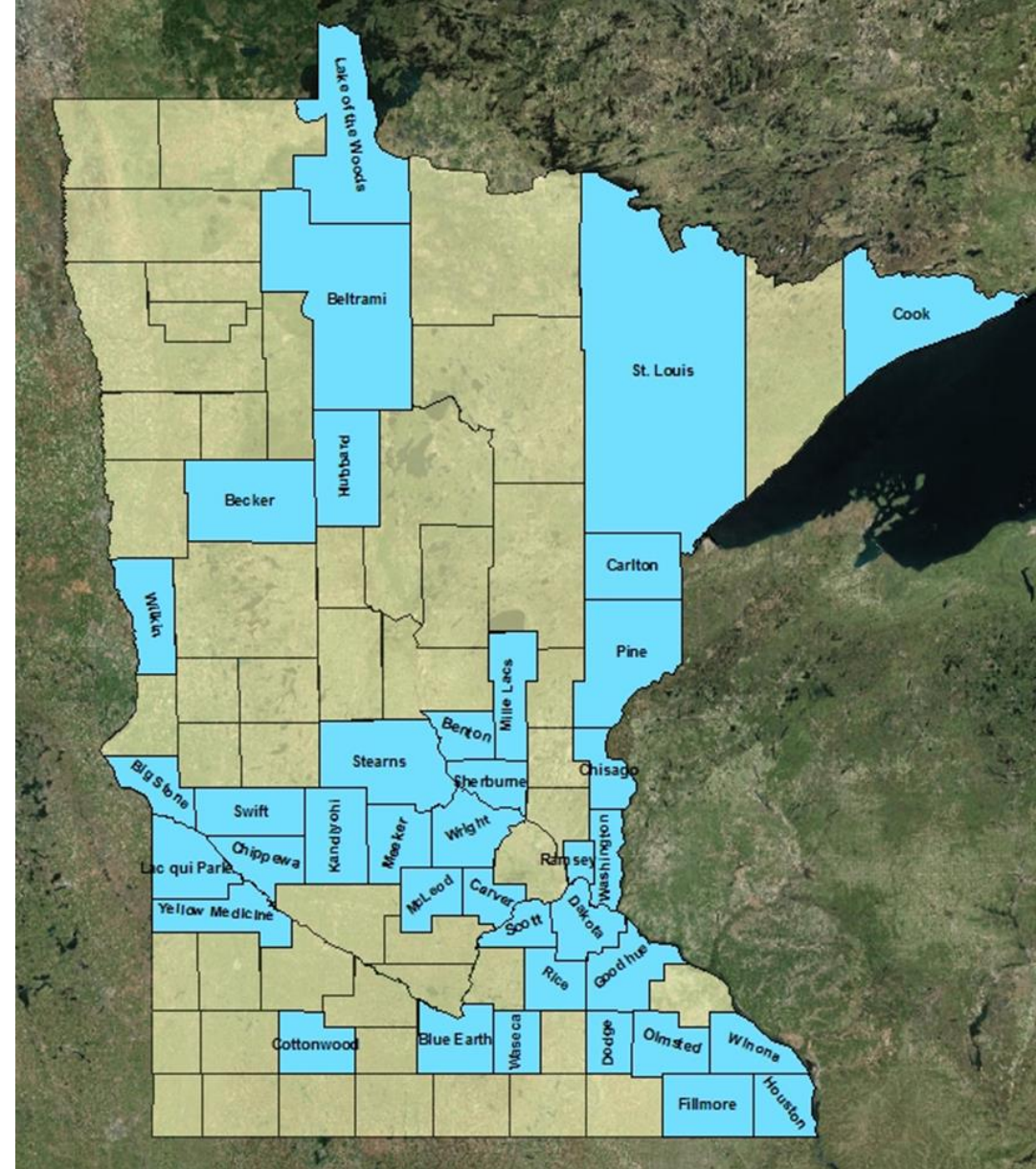


Current County List

Joint Powers Agreements

- Becker
- Beltrami
- Benton
- Big Stone
- Blue Earth
- Carlton
- Carver
- Chippewa
- Chisago
- Cook
- Cottonwood
- Dakota
- Dodge
- Fillmore
- Goodhue
- Houston
- Hubbard
- Kandiyohi
- Lake of the Woods
- Lac qui Parle
- McLeod
- Meeker
- Mille Lacs
- Olmsted
- Pine
- Ramsey
- Rice
- Saint Louis
- Scott
- Sherburne
- Stearns
- Stevens
- Swift
- Waseca
- Washington
- Wilkin
- Winona
- Wright
- Yellow Medicine

Pending: Anoka, Clay, Hennepin, Lyon, Marshall, Mower, Nicollet, Renville, Sibley, and Wabasha



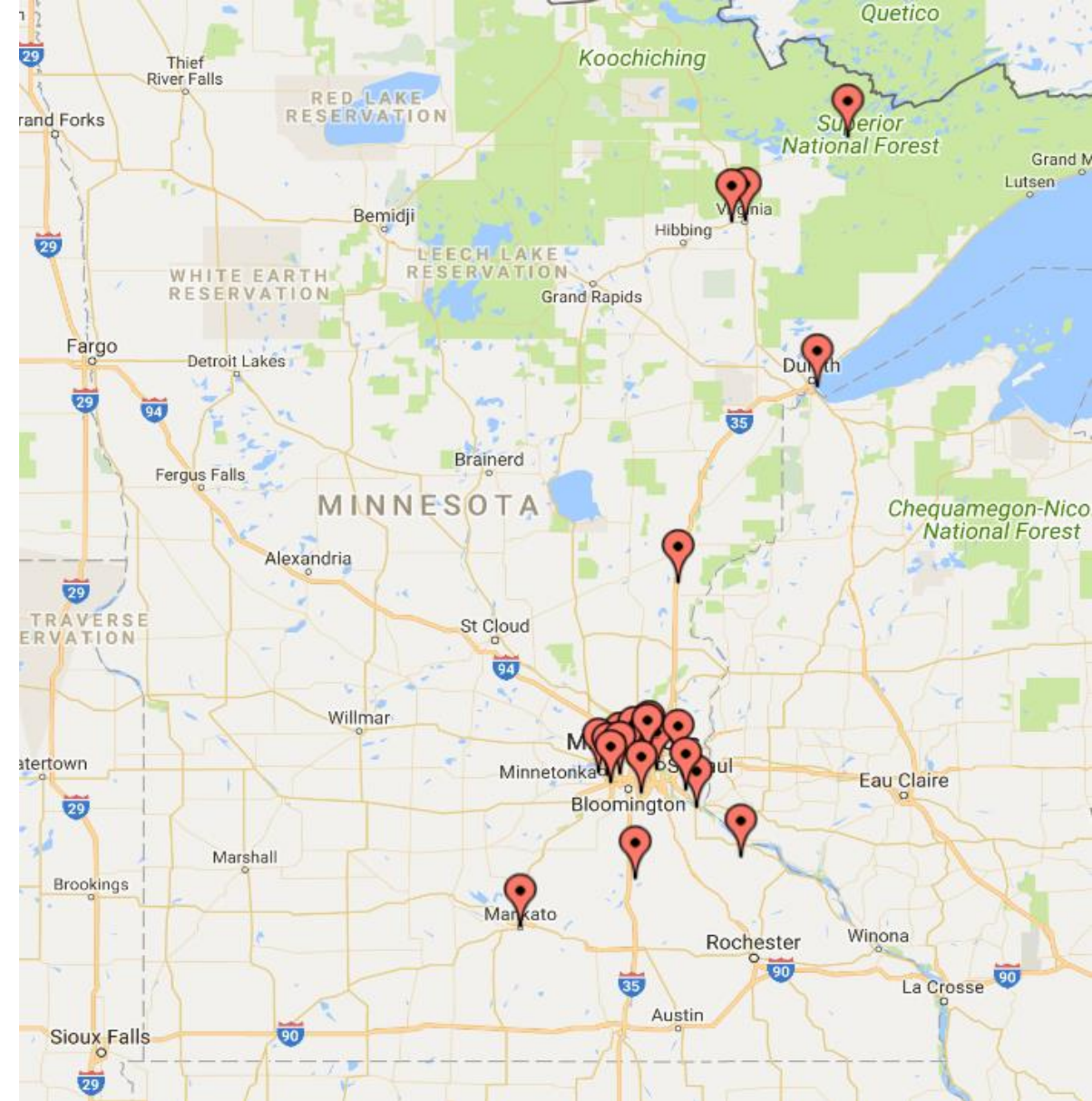
Map does not include pending counties

Current City List

Joint Powers Agreements

- Bridgewater Township
- Cottage Grove
- Duluth
- Egan
- Eden Prairie
- Edina
- Ely
- Falcon Heights
- Hastings
- Hopkins
- Mankato
- Minneapolis
- Minnetonka
- Mountain Iron
- Oakdale
- Pine City
- Red Wing
- Roseville
- Saint Louis Park
- Saint Paul
- Virginia

Pending: Blaine, Bloomington, Marshall, Morris and Saint Cloud



Map does not include pending cities

PACE Solar Projects

Project	City	Kw	Project Cost	PACE/TBTU Financing	Annual Savings
Crankshaft Supply	Minneapolis	40	\$ 180,000	\$ 55,000	\$ 5,000
Greenway Office	Minneapolis	80	500,000	100,000	10,000
Buffie Chiropractic	Rockford	40	250,000	49,000	5,000
Water Street Inn	Stillwater	40	210,000	160,000	5,000
Cover Park Manor	Oak Park Hts.	10	52,000	40,000	1,000
Meyers Cozy Corner	Richmond	40	135,000	135,000	5,000
Carver Co. Comm'l Prop.	Cologne	7	37,000	37,000	800
World Imports	Eden Prairie	40	171,000	171,000	5,000
RJFK Media Productions	Saint Paul	12	57,000	57,000	2,300
St. Christopher's Church	Roseville	30	119,000	119,000	3,750
Encaustic, LLC	Minneapolis	31	165,000	113,000	8,500

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PACE Solar Projects

Project	City	Kw	Project Cost	PACE/TBTU Financing	Annual Savings
P & E Peterson	Dassel	40	\$ 174,000	\$ 174,000	\$ 9,000
W & G Klassen	Mountain Lake	40	174,000	150,000	9,000
Meyers Cozy Corner – 2	Richmond	40	210,000	210,000	10,000
Precision Fiberglass	Grove City	80	248,000	248,000	10,000
Bork Lumber & Steel	Paynesville	20	93,000	93,000	4,000
Playschool Childcare	Maplewood	20	75,000	75,000	4,000
R & M Olson	Cologne	40	186,000	186,000	9,000
Tubman	Minneapolis	80	186,000	186,000	18,000
Mary Gibson	Montevideo	70	148,000	148,000	7,800
Vogel Display Corp.	Becker	42	147,000	147,000	8,000
Gibson Hospitality	Montevideo	180	320,000	320,000	25,000

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PACE Solar Projects

Project	City	Kw	Project Cost	PACE/TBTU Financing	Annual Savings
Stillwater Companies	Minneapolis	10	\$ 47,500	\$ 47,500	\$ 1,700
Winona Rental	Winona	40	140,000	140,000	3,200
Timm's Trucking	Morristown	30	108,000	108,000	4,000
D & J Bruns	Gibbon	13	30,000	30,000	1,600
R & L Kittelson	Lisbon Township	13	36,000	36,000	1,500
B & C Massmann	Sauk Centre	18	52,000	52,000	3,000
Forteva Investments	Minneapolis	10	26,500	26,500	1,500
38, LLC	Minneapolis	13	104,000	104,000	2,000
P & T Savaryn	Waconia	40	195,000	195,000	9,000
Pono, LLC	Bloomington	40	150,000	150,000	9,000
George Zenanko	Minnestricta	40	128,500	128,500	9,000

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PACE Solar Projects

Project	City	Kw	Project Cost	PACE/TBTU Financing	Annual Savings
MVP Real Estate	Saint Paul	40	\$ 170,000	\$ 170,000	\$ 9,000
Todd Hoebing	Austin	30	72,000	72,000	5,000
Liberty Crossing	Golden Valley	236	625,000	625,000	31,500
Hentges Glass	Byron	40	100,000	100,000	6,000
R & R Meier	Sauk Centre	45	224,000	224,000	10,000
Ruether Brothers, LLC	Montevideo	28	100,000	100,000	4,000
Gabriel Financial Group	Mendota Heights	20	53,000	53,000	3,000
P & M Kluesner	Red Wing	10	34,000	34,000	1,725
W & A Panning	Hancock	12	67,500	67,500	2,500
K & L Remund	Waseca	29	140,000	140,000	5,100
L & D Dreier	Norwood	65	310,000	310,000	16,500

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PACE Solar Projects

Project	City	Kw	Project Cost	PACE/TBTU Financing	Annual Savings
J & F Grote	Kenyon	20	\$ 95,000	\$ 95,000	\$ 4,200
R & K Grover	Madelia	40	192,000	192,000	9,000
M & G Hellickson	Preston	40	190,000	190,000	7,300
3800 28th Ave S, LLC	Minneapolis	10	45,000	45,000	1,500
NE Where, LLC	Minneapolis	20	55,000	55,000	2,000
M & S Yunker	Rose Creek	40	188,600	188,600	9,100
Spychala Real Estate, LLC	Albany	43	127,000	127,000	5,500
2746 31st, LLC	Minneapolis	134	438,000	254,000	15,000
B & L Axdahl	Stillwater	60	207,000	207,000	9,500
Dougherty, LLC	Willmar	20	122,000	44,000	2,500
Hanisch Bakeries	Red Wing	20	70,000	70,000	3,000

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PACE Solar Projects

Project	City	Kw	Project Cost	PACE/TBTU Financing	Annual Savings
C Paler	Montevideo	40	\$ 129,000	\$ 129,000	\$ 7,300
M Singlestad	Waseca	40	122,000	51,000	1,800
Modern Automotive	Cottage Grove	100	195,000	195,000	14,000
K & J Androli	Janesville	50	236,000	236,000	10,000
R & D Androli	Janesville	28	138,000	138,000	5,800
R & C Freiborg	Renville	35	152,000	152,000	6,800
Meadow Creek	Montevideo	160	250,000	139,000	29,000
Youngest Child, LLC	Minneapolis	40	132,000	74,000	6,000
M & N Yunker	Rose Creek	40	100,000	64,000	7,000
Apartment Renovations	Minneapolis	40	107,000	107,000	4,400
Lynwood Partners	Richfield	80	223,000	223,000	9,200
St. Anthony Apartments	Minneapolis	107	302,000	302,000	12,400

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PACE Solar Projects

Project	City	Kw	Project Cost	PACE/TBTU Financing	Annual Savings
Deneen Pottery	Saint Paul	152	\$ 390,000	\$ 390,000	\$ 20,000
B & M Delzer	Mantorville	40	116,000	116,000	5,800
Donley Farms/Glenelda	Byron	85	405,000	405,000	16,000
D Lanning	Cannon Falls	15	80,000	80,000	1,600
Mankato MAHC, LLC	Mankato	140	300,000	300,000	22,000
R & J Tvrdik	Glenwood	41	151,000	151,000	8,700
Totals		3,524	\$ 12,007,600	\$ 10,605,600	\$ 561,375

PACE Efficiency Projects

Project	City	MMBTUs	Project Cost	PACE/TBTU Financing	Annual Savings
Excelen	Minneapolis	750	\$ 223,000	\$ 223,000	\$ 25,000
Longfellow Market	Minneapolis	1000	270,000	270,000	25,000
Colonial Manor	Mankato	50	184,000	184,000	7,000
Into the Mystic	Minneapolis	200	340,000	340,000	17,000
Brave New Workshop	Minneapolis	250	350,000	350,000	20,000
J&J Distributing	Saint Paul	5,000	950,000	950,000	150,000
First Nat'l Bank Building	Saint Paul	37,491	6,800,000	6,800,000	737,614
861 E. Hennepin	Minneapolis	350	225,000	200,000	20,000
Burnsville Medical	Burnsville	250	250,000	250,000	30,000
US Bank Centre	Saint Paul	12,301	3,820,000	3,820,000	428,588
375 Jackson	Saint Paul	11,929	1,650,000	1,650,000	215,410

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PACE Efficiency Projects

Project	City	MMBTUs	Project Cost	PACE/TBTU Financing	Annual Savings
Mesabi Family YMCA	Virginia	150	\$ 24,500	\$ 24,500	\$ 4,000
Bemidji Holdings	Bemidji	659	25,000	25,000	6,075
Bigos – Jackson/Sibley	Saint Paul	5,000	2,100,000	2,100,000	200,000
990 Payne Ave, LLC	Saint Paul	285	73,000	73,000	11,500
Atrium, LLC	Saint Paul	800	120,000	120,000	15,000
R & R Flynn	Cloquet	120	42,000	42,000	4,000
3800 28th Ave, LLC	Minneapolis	52	15,000	15,000	1,500
Brooklyn Park Auto Mall	Brooklyn Park	181	39,000	39,000	5,430
Burnsville Auto Mall	Burnsville	153	33,000	33,000	4,595
Eagan Auto Mall	Eagan	181	39,000	39,000	5,430
Hopkins Auto Mall	Hopkins	65	14,000	14,000	1,950

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PACE Efficiency Projects

Project	City	MMBTUs	Project Cost	PACE/TBTU Financing	Annual Savings
NE Where, LLC	Minneapolis	15	\$ 40,000	\$ 40,000	\$ 800
Go Wild, LLC	Saint Paul	35,000	6,710,000	6,710,000	700,000
1024 Atlantic Ave, LLC	Minneapolis	50	27,000	27,000	1,700
Men as Peacemakers	Duluth	180	127,000	127,000	5,000
T & H Omerza	Ely	100	27,000	27,000	2,600
Intelligent Nutrients	Minneapolis	380	100,000	100,000	13,000
DRFC Metro, LLC	Bloomington	6,000	2,000,000	2,000,000	250,000
Mankato MAHC, LLC	Mankato	1,000	550,000	550,000	29,000
Positively 2nd Street	Saint Paul	735	52,000	52,000	25,000
Totals		120,677	\$ 27,219,500	\$ 27,194,500	\$ 2,962,192

Treasure Island Center

Property Assessed Clean Energy



Treasure Island Center

Property Assessed Clean Energy

Financing Summary		
Sources of Funds:		
Construction / Permanent Financing	\$	40,000,000.00
Tax Increment Financing (TIF)	\$	8,000,000.00
MinnPACE	\$	7,000,000.00
Equity	\$	15,000,000.00
Total	\$	70,000,000.00

Madison Equities

Property Assessed Clean Energy

First National Bank Building



Madison Equities

Property Assessed Clean Energy

	First National Bank Building	U.S. Bank Centre	375 Jackson	Total
Square Feet	1,133,010	586,371	271,927	1,991,308
Total Project Costs	\$ 6,800,000.00	\$ 3,820,000.00	\$ 1,650,000.00	\$ 12,270,000.00
Xcel Rebates	\$ (965,321.00)	\$ (498,507.00)	\$ (264,498.00)	\$ (1,728,326.00)
Net Costs	\$ 5,834,679.00	\$ 3,321,493.00	\$ 1,385,502.00	\$ 10,541,674.00
Financing				
Trillion BTU	\$ 1,800,000.00	\$ -	\$ -	\$ 1,800,000.00
MinnPACE	\$ 5,000,000.00	\$ 3,820,000.00	\$ 1,650,000.00	\$ 10,470,000.00
Annual Savings	\$ 737,614.00	\$ 428,587.00	\$ 215,410.00	\$ 1,381,611.00
Annual Payments	\$ (507,378.00)	\$ (328,105.00)	\$ (128,048.00)	\$ (963,531.00)
Cash Flow	\$ 230,236.00	\$ 100,482.00	\$ 87,362.00	\$ 418,080.00

*“MinnPACE
allows us to
sell more
projects, install
more systems,
and in some
cases it allows
us to increase
project size.”*

-Eric Pasi
IPS Solar

Questions?

www.minnpace.com