

Laura Parrott & Jessica Bailey

Episode 247: The ABCs of C-PACE: Revolutionizing Green Financing for Insurance Investors



GUEST Q & A



Stewart: My name's Stewart Foley. I'll be your host. Hey, welcome back. It's so nice to have you. We've got a great podcast for you today, and the title of it is The ABCs of C-PACE for Insurance Investors, and we're going to figure out what all that means in just a moment. We're joined today by Jessica Bailey, who's the president and CEO of Nuveen Green Capital. Jessica, thanks for being on. We're thrilled to have you.

Jessica: Thanks, Stewart. Happy to be here.

Stewart: And we're also joined by Laura Parrott, Senior Managing Director and Head of Private Fixed Income at Nuveen. Laura, thanks for being on.

Laura: I'm thrilled, Stewart. Thank you.

Stewart: All right, good stuff. So here's what I want to start, like I always do. It would be super helpful to know where you grew up, what was your hometown, what was your first job, and then give a little bit of background on how you got into the seat that you're in, because a lot of folks, and me included, I remember meeting people who were very successful and accomplished in their careers, and you don't really appreciate the fact that not everybody had it figured out the whole way through. So Jessica, can we start with you? Where'd you grow up, what was your first job, and how'd you get where you are today?

Jessica: Sure. So I grew up in a town outside of Chicago called Oak Park, Illinois, the first western suburb bordering the city. And my first job, I will still say, was my most difficult job. I was the hostess at a restaurant in Washington DC that didn't take reservations, and my job was ballparking how long people's wait times were going to be.

Stewart: Did you make people get... The whole party had to be there before you'd see them?

Jessica: I think that was the rule, and I think I ended up giving away more drinks than any other hostess in history because I always felt so guilty that I would tell everyone 20 minutes, which is what you're supposed to tell people, "It's a 20-minute wait," and it was never 20 minutes. And so I would always be running up to the bar to get a glass of wine for all of the poor politicians who were waiting to get into Johnny's on the Half Shell in Dupont Circle in Washington DC.

Stewart: Oh, there you go. There's a good shout-out. So how did you become president and CEO of Nuveen Green Capital? By the way, we haven't had a lot of presidents and CEOs on the show. You've founded a firm. I founded this. I feel some commonality there. You're very accomplished. I'd love to know a little bit how you got here.

Jessica: Yeah, thanks. I think it's always an interesting thing when I talk about the title, because as you probably did too, Stewart, I gave myself my title when I started the company, so it's a really easy way to become CEO. So co-founded a company called Greenworks Lending with my partner, Ali Cooley, to do C-PACE lending around the country, and my background is really pretty much tracing with the C-PACE industry, which we're going to get into here in just a minute. But I came out of graduate school trying to figure out a way I could contribute to something meaningful in my career.

Energy was a major issue at the time, 2001, 2002, as it is today. Climate change was becoming more of a focus for folks, and I made the decision I wanted to figure out a way to help scale solutions to climate change, and I started that from a seat in philanthropy here at the Rockefeller Brothers Fund in New York, moved into government work in the state of Connecticut, and then ultimately founded a company to provide C-PACE financing to decarbonize the built environment. Fast-forward to 2021, and Nuveen acquired the company that I co-founded, and now here I am, sitting at Nuveen Green Capital.

Stewart: So before we go down too far, can you give a little bit of background. When you say C-PACE for built solutions, I've talked to Joe Pursley about this at length, although it was at a racing event. So tell me about what C-PACE is, and when you say the built environment, you're talking about buildings that are already up, right? This is not new construction we're talking about.

Jessica: It's actually both. So the type of financing-

Stewart: It's both?

Jessica: Yeah. The type of financing we provide is to renovate existing buildings, so putting in new Windows, HVAC systems, solar on the roof, to make the building more energy-efficient or to build a new construction project above energy code. So energy code is the minimum standards you've got to meet if you're a real estate developer. If you're building a building that is going above those building codes, you can use our financing to do that.

Stewart: But what does C-PACE stand for?

Jessica: So C-PACE, the acronym, is Commercial Property Assessed Clean Energy. Without completely boring your audience with a civics lesson here, it is a public-private partnership that depends upon a state policy that has been passed in about 40 states around the country here. The policy is quite simple. It says energy upgrades in our state are a public benefit. So that sounds like that shouldn't matter, but turns out, when you designate something in state law as a public benefit, you are allowed to use the public benefit assessment mechanism to secure financing for it. So think about sewers or sidewalks or firehouses. Those are public benefits. What it means as an investor is that we are able to secure the loans we make to commercial-building owners with a tax assessment on the parcel of real estate, and our loans are serviced by the tax collector. So it creates a very secure cash-flow stream and has allowed this asset class to scale and partner up with US insurance companies.

Stewart: You're speaking my language as a former municipal treasurer.

Jessica: Oh, there you go. Okay.

Stewart: Yeah. I was the Treasurer of the City of Columbia Missouri at the ripe old age of 27, which has been a minute from today. So, Laura, let's talk about you. Where did you grow up? What was your first job, not the fancy one? And tell me about how you got in your seat today.

Laura: Sure. So I grew up in Raleigh, North Carolina. I mentioned we both share Texas, but I was born in Texas but very quickly moved to North Carolina where I was raised. And my first job was, aside from camp counselor growing up, I worked in an independent bookstore just off campus at Wake Forest University to help get a little pocket money in college. And I've always enjoyed reading. That job in particular was perfect for me. I was asked to bring home bestsellers at night and skim through them so that I could help sell books the next day, and I just loved it. I continue to love to read. Jessica and I actually are always talking about books we've read, passing on. Everyone on my team is tired of getting book recommendations from me, but I continue to do that now, just don't get paid for it. Didn't get paid a whole lot in college either for that job, but I really loved it.

Stewart: That's awesome. How'd you get where you are today?

Laura: Yes.

Stewart: I think for students out there, these rotational programs, and a lot of them died for a long time, but they seem to be back, those are really good programs. Gives you a lot of exposure to a lot of the business units of a major corporation like that. Right?

Laura: You nailed it. I mean, it really was great. I just didn't really know what I was doing. "Oh, I've got a job on Wall Street, I don't really know what an investment bank does." So I, for two years, rotated through six different business areas. Ultimately ended up in more of a project-management type role within equities, and it was a great company, and we merged with Chase during my tenure and so really saw a small investment bank become part of a huge organization. So just from a learning perspective, as a junior person it was a great place to, I think, start my career, but I recognized I wanted to be more involved in managing money and not on the project-management side or running the bank. I wanted to be more involved in the front office, if you will.

Decided to go back to business school, because I, again, was trying to figure out what I wanted to do, and ended up at Nuveen on recommendation of a classmate who had spent her summer at Nuveen. She and I are still working together at Nuveen, and she said, "You should check out this company. They've got a great fixed-income rotational program out of business school." So applied, was accepted, and actually never rotated, Stewart. I started my rotational program on the private placement team and here I am. I'm running the business. So sometimes you just get lucky.

Stewart: Well, and there's something to specialization at some point, right? So I think that's interesting that you've found something that... It usually is the confluence of something you like and something you're good at allows you to excel. So I want to go back to you, Jessica, and you talked about being concerned about boring our audience. Trust me when I tell you, we haven't even gotten into duration convexity yet, so we're still in the 'light reading' section, but I mentioned talking to Joe before C-PACE is really interesting, and it's my understanding that the story of how it was created is actually a pretty interesting one. So can you talk a little bit about... We know what C-PACE is. How did it actually get started?

Jessica: Sure. So the story of C-PACE actually began in California back in about 2008. So the story goes, there was a government official who was trying to figure out a way to finance rooftop solar on homes and decided he could use the garbage district in his city to secure the financing for these rooftop solar systems. So that was the first use of C-PACE or the use of this type of structure for clean energy, and I learned about it when I was working in philanthropy with the mandate of trying to promote clean-energy policies, and I thought, "Huh, that sounds pretty smart. I wonder if what they're doing in California on residential rooftops for solar could work across the country for commercial buildings." Those of your audience listeners who know about climate change, 40% of emissions, something like that, come from building. So it's a major place you've got to focus if you care about climate change.

Laura: Yeah. So I was a finance major in college and my first job was on Wall Street at JP Morgan. I actually, though, started in an analyst rotational program because I didn't really know what I wanted to do.

Stewart: Those programs are great, aren't they?

So really what we did is we took that policy out of California and we started exporting it. So we got it passed in a dozen states, and all across the US, these states were passing these policies, people were high-fiving, and from my seat in philanthropy, I got a little bit itchy because even though we were having success on the policy front, I wasn't seeing the buildings get renovated. So it was a little bit unfulfilling for me. So I had the opportunity to move into the state of Connecticut. The Green Bank is what it was called. The governor of Connecticut set up a structure with the goal of using private capital to scale clean-energy solutions.

I thought that was a pretty good idea, so I went up and helped him get that started, and we started doing C-PACE in Connecticut as a government employee and it worked really well in Connecticut. We originated a pool of loans in the state, and buildings were getting upgraded and climate was being mitigated. And I thought, "This is probably something that's not just a Connecticut story", so left in 2015 and started Greenworks Lending, which was the precursor to Nuveen Green Capital, with the goal of really trying to take this type of lending and make it national.

Stewart: It's really interesting. One of the things that is when you talk to insurance investors, and I've said this on several podcasts, it seems that no one should have more skin in the game than the insurance industry. Extreme weather events, the phone in the claims department starts ringing off the hook. I was just at an event and someone basically quipped that every house in Texas has gotten two new roofs in the last six years because of all the hail, and it has a material impact. And yet when you talk to the investment community, they rightly say, "We're fiduciaries, and if there's a coal plant that's chugging out a bunch of junk into the air but economically makes more sense than solar or whatever else, I have to buy it. I can't give up the economics." But in this situation, my understanding is that you are able to generate very competitive rates of return and reduce carbon emissions at the same time. So this one's to you, Laura. How do you manage to institutionalize the asset class and scale it?

Laura: Sure. I guess I'll go back a little bit in the storytelling. While Jessica was setting up Greenworks Lending, I was helping to run our private placement business here at Nuveen and invest on behalf of TIAA, our owner, and determined that there was a space within private placements for ABS. And so this has been almost 10 years now, but we realized after the recession there was a bit of white space and there was some solutions that insurance capital could provide and more of a private ABS context and so our teams started building out that capability and determining how to best structure. We staffed up. We tried to get smart on private ABS, and as part of that, we're reaching out to banks and partners and we're attending conferences and events.

Fast-forward to 2017 and I attended ABS East at the famous Fontainebleau in Miami Beach and with some colleagues and some bankers, and they had set up several meetings, and here we are in insurance capital looking to find ways to invest in the private market. And there were all sorts of interesting ideas, but very memorably, I had a meeting with Jessica and her co-founder, Alexandra Cooley, and I still remember, in one of these awkward hotel rooms where you're sitting on a couch and a bed looking at each other, and Jessica and Ali were so excited to talk to me about C-PACE.

Now, I'd done a little bit of studying on it because there were a couple of C-PACE originators down in Miami that year and I thought, "What the heck is this?" So I had done a little bit of reading up on it, and it was interesting from an insurance perspective because it's long-duration, so different than the other ABS facilities that we were seeing that aren't as attractive to an insurance company balance sheet, for instance. So Jessica and Ali quickly pulled out their one-page Excel spreadsheet of loans that they had originated or were in the pipeline, which I think was somewhere around \$30 million, and were really excited for me to do an ABS securitization. And I said, "Well, let's keep talking."

So it wasn't quite ready for prime time, but we did ultimately move forward. We kept in touch and I was thrilled to see that their business, there was something behind it, and there was momentum. And so what we did at Nuveen was look for a way to partner with them really as a long-term offtake, so they were able to originate the loans via warehouse facilities but didn't have the balance sheet for that long-term takeout, if you will. And so that long-term piece is very attractive to my parent, TIAA, their balance sheet, and other institutional insurance clients.

And so we helped to build a mousetrap, basically, of what a C-PACE securitization should look and feel like, how it would work. Importantly, part of working with the rating agency to ensure we got it rated, because obviously that's super important to our clients, and to our regulator, who frankly... Nobody had heard of a C-PACE securitization before. So it did take quite a bit of time and partnership between Nuveen, the investment bank, but importantly, Greenworks Lending, our law firms. And we ultimately did transact, and then we had \$75 million of loans in a pool and then that quickly grew. The rest is history.

Jessica: My mind is racing back to those early days, and I think what was really interesting is Laura mentioned that the industry and our company were very nascent. I mean, we were like The Little Engine That Could. I think it's embarrassing to think of how few loans we closed when we sat in that hotel room with you, Laura. But what ended up happening, because we built the relationship with Nuveen early, we were able to get real-time feedback about what they wanted these loans to look like from a credit perspective, from a legal perspective, and so it was very iterative. We were right in the playbook as we were playing the game, as we were out there getting new states to sign up for these policies. We were getting building owners to commit to using our financing. But to have Nuveen telling us what they wanted it to look like to get the right structure in place was really critical, and I think helped us scale far quicker than we would have been able to scale this without that partnership.

Stewart: Well, and I think, too, that it sounds like you were able to satisfy some of the long-duration needs of your parent as well. I mean, that's a win-win all the way around. So if I'm a CIO at an insurance company, how am I thinking about C-PACE within the framework of my SAA? So am I thinking about this in terms of commercial real-estate exposure, or is it more esoteric private ABS, or neither, or both?

Laura: It can be all of those things. I try not to get too caught up in the nomenclature, particularly in the private credit landscape, because there's so much overlap between infrastructure, ABS, structured and even real estate. But I would say here at Nuveen, our clients are roughly in those two buckets. So our parent client, TIAA, looks at C-PACE as part of an ABS mandate. So it's structured, financed, basically. However, their exposure has gotten so large, they now have their own C-PACE bucket. And so now they are just allocating to C-PACE. So they have an allocation to private ABS, an allocation to C-PACE.

But a lot of our clients that we've partnered with on this asset class, it's coming out of that private placement writ large, and potentially private ABS. However, we do have some insurance-company clients that have invested and taken part of their real-estate allocation to green capital and C-PACE because it's a different way to play commercial real estate, and right now it's a very attractive way, potentially. You mentioned, how do we impact the environment? How can we actually move the needle on climate change as an industry? Here is a product that actually is meaningful impact that you can measure. So that's very attractive.

But it's also within a real-estate context where it's hard to know the right price and value and commercial real estate right now. In C-PACE, there's a meaningful way to play within the real-estate construct. Now, when you have a securitization, a pool of these loans, or even in a SASB context, you're getting a rating. You're getting Schedule D treatment. So you're getting bond treatment for your balance sheet. But we've seen it both ways from a strategic asset allocation. I think it's ultimately, frankly, going to grow. The momentum seems to be there. I think you're going to start seeing insurance company, like TIAA has, allocating to C-PACE, but that maybe would be a few years into the future.

Stewart: One of the things that was brought up to me at a recent event... And I thought that this was very well understood and I stand corrected. So it gets into the allocation of trades between a parent and a firm like Nuveen when you have third-party clients, and I worked for a company that was owned like that, where we had third-party clients but we also had a parent. And there's a lot of rules around fairness in that allocation. In other words... I want to make a statement and I want you to tell me if I'm right or wrong here. But the ownership does not cherry-pick across the potential asset classes. I mean, there's fairness and allocation between your parent and your third-party clients. We can go way into that, but it's worth pointing out, I think, because I heard it from somebody and I was like, "Do people still think that?" Clearly there's a lot of regulation around that allocation process.

Laura: Yes, absolutely, but it's worthwhile pointing out we don't have a lot of businesses where TIAA has purchased a platform like we did with Green Capital, and we did that because of all the things you've already talked about, why it's such an attractive product, specifically to insurance companies. But it's not something that we have generally done. We have kept a pretty thick Chinese wall, if you will, or church and state, whatever you want to say, between Nuveen Green Capital and the remainder of the private ABS investing that we do. In fact, it's so opaque that the investment team has continued to maintain very strong and deep relationships with other C-PACE originators.

So while Green Capital, we would like to think, is the leader and the largest originator, there are other originators, and it's important that the entire market is supported with institutional capital for it to grow, where it's still rather nascent. And so we are actually, at Nuveen, providing capital to other C-PACE originators and ensuring that there is complete separation between Nuveen Green Capital and how they're pricing and structuring deals and how competitors who come to Nuveen private placements looking for capital and to structure their own deals, how those deals get done. But you're right, and we have tons of regulatory oversight and allocation policies between our clients and our parent to ensure we can continue to have these conversations, and I'm not wearing orange somewhere.

Stewart: Yeah, exactly, and that was always the way it was at my old shop too. Everybody took that process very seriously. I want to go back to you, Jessica. I've been at this for a minute, as you can see by looking at me, and I remember hearing the word PACE a long time ago, but the program was much different. Can you talk a little bit about how C-PACE is now, how it's grown and changed from the early days? Give us a little bit of a history lesson there.

Jessica: Yeah, for sure. It definitely has grown a lot in the 10 years or so that I've been doing it, and I think about the growth in three different ways. I mentioned earlier that this type of lending is made possible by a public-private partnership. So the table stakes are you've got to get this policy passed in the state in which you want to do deals. So when we left Connecticut and got green work started back in 2015, there was maybe three or four states where you could do C-PACE transactions. The map was very white, if you will, very clear at the time. I remember going to early equity investor meetings and trying to pitch, raising some growth capital, and folks saying, "Come back and talk to us when you've got some real states that you can do this type of lending in." We only had a handful of the time.

So getting the map turned green... As I said, 40 states now have this type of policy, so we really are able to lend nationally. That did a couple of things, the two and three on my list of what's changed over the last couple of years. The fact that you can do C-PACE lending in most of the US at this point means that major institutional owners of real estate are starting to pay attention to this as a financing source, and they're starting to say, "Hey, I can use this type of financing across my portfolio because I own buildings all over the US." And that really allowed for the average deal size to go up. It allowed for folks to see C-PACE used in new construction as well as in renovation, but you really saw some heavy-hitters start to use C-PACE, and that was accelerated, of course, by the dislocation in the more traditional commercial real-estate lending markets over the last two years, when construction lending all but dried up and folks were starting to look for more sources of financing and C-PACE was able to fill that gap.

And then the final thing that's changed is really what Laura's talking about. It's the institutional investor attention to C-PACE. So all of a sudden, when you've got more than a handful of loans and you can start doing securitizations, you can start putting funds in place. You've got insurance companies and other investors who are saying, "Wow, this is scratching a lot of my itches. It's long-dated. It's attractive. It's got a nice risk adjusted return. Oh, and it happens to be green. Sign me up." And so once we were able to create a market big enough to produce the volume on the origination side, we started to get the attention of investors who said, "Yeah, we like that flow. Can you put us down for some of that?" So it's really been like a snowball rolling down the hill. It was hard at first to get it started, because it was a lot more about selling the vision of what it could be, but over the last 18 months or so, I think the numbers have spoken for themselves, the impact has spoken for itself, and it's really woken up the industry.

Stewart: I'm one of those people that it seems like it just arrived, but you've said that you've been at it for 10 years. And so it reminds me of my own business where people go, "Oh, how long have you been doing this?" And I'm like, "Well, it's been a decade or more. Thanks." But where are we in the life cycle of C-PACE? Is it still early innings, or do you think that we've gotten to a fully mature asset class?

Jessica: I think one of the reasons I'm still doing this, to be honest with you, is because I still think there's a huge amount of growth in front of us. It has been an industry that has reinvented itself at least three times since I've been doing it. So this is a type of lending that was for renovating existing buildings, swapping out boilers. Our average deal sizes were \$600,000. We were doing them in Connecticut and Ohio, and that was years of grinding in that way. And then all of a sudden we thought, "Oh, hey, I bet we could use this for new construction and provide a source of capital for a building owner to stretch above building code and put the solar panels on top or get the more efficient windows." And so that wave we rode for a while and we saw larger transactions, bigger sponsors, a lot more capital being put to work.

And then Covid hits, and no one's building anything. We think, "Oh gosh, maybe this is it. Maybe C-PACE isn't going to last through Covid." And lo and behold, we realized that most states had passed policies that allow you to retroactively finance work that's been done over the last two or three years. So you've got a whole bunch of sponsors who realize that they can recap projects that they had used, usually equity or a more expensive source of debt, and so we saw wave of what we call recap projects, so our capital coming in after the energy upgrades had been completed.

So the next wave, it's hard to know exactly what it is, but it's a really flexible source of capital, and I think we're seeing new use cases all the time. As we've moved into other states, we see policymakers wanting to use C-PACE to meet their own public policy goals. So where you're sitting in Texas, you guys have a water issue. I'm sure you're aware of that. The policymakers in Texas said, "Hey, why don't we use C-PACE for water conservation?" That's a brilliant idea, and so we can use our financing to help reduce water usage. Florida's got the issues with hurricanes, of course, so let's use C-PACE to do resiliency work and make sure that these insurance companies are writing the big checks every time it rains hard. So there's all sorts of new ways that both the public-sector side of our industry as well as the private-sector side have reinvented themselves, and it's kept it interesting, that's for sure, but it definitely feels like we're still in the early stages. We're still growing.

Laura: I would just say from the perspective of the investor, I think it was a little bit of, is there enough pace for there to be at an institutional product? Is there enough institutional capital to support these loans? So it's, do we have enough capital? Do we have enough loans? And I'm so excited about it, and obviously to have been even a small piece of the success of the business that Jessica has created... There's so much more room to grow from an institutional capital perspective, and I think as the real-estate community is waking up to the financing solution, the insurance and other institutional capital is saying, "Okay, this is really interesting and I want a piece of it." And so now when you have those two marry together, the opportunity set just gets greater.

Stewart: Super helpful. I've got a complicated question. So we're in election year and we're talking about a green investment. Now, one of the things that I think you've solved is a lot of times when people say, "Well, I'm going to do a green investment," somehow, the other people think that it's not economically feasible or I'm going to get worse economics. So I think one of the reasons this has taken off is that you've got green and you've got very competitive rates of return, which solves that issue. But you mentioned that C-PACE legislation happens at the state level. Is there a difference in the uptake between blue and red states? And really importantly for an investment perspective, are the terms similar or identical state to state, or do I need to worry about origination vintage the way that I care about where the house is located in my mortgage pool?

Jessica: It's a great question. So in election year, everyone thinks about politics more than they usually do. I tend to think about politics all the time, and actually, the reason I fell in love with C-PACE originally was because it was this beautiful purple policy that appealed to red states and blue states for different reasons. So my background had come out of policy work trying to get things like cap and trade to price carbon and do all sorts of things that we thought would dramatically cut emissions, none of which worked. And so after failing at a whole bunch of things, recognizing that if you could figure out a state-based policy that would set a market signal to allow private capital to scale a solution, you might be on to something.

And so when we went out trying to pitch this policy to lawmakers, we use different words. If you're up there in Massachusetts, as I have been, we're talking about climate change. We're talking about economic development. We're talking about environmental protection. If you're down in Kentucky where I've also been, you're talking about the government staying out of the private sector's way and allowing solutions to scale and allowing for jobs to be created, and you use the words that resonate with the audience.

But the reality is this is an incredibly durable policy that isn't new. I mean, this is what Ben Franklin did back when he wanted to start up the first fire district in the US. So we're not geniuses. We're just copycats, I guess. But using this type of structure to allow building owners to have a source of financing to do what is good for the environment but also good for the bottom line is the secret sauce here. So it's insulated from what's happening in DC, which feels good, because none of us know what's going to happen in DC and anyone who thinks that they do is probably crazy. And the policy seems to be continuing to have favor on both sides of the aisle. So it's been fun.

Stewart: Yeah. It seems to be a win-win. So you've got 40 states. It seems like at this point you'll be able to make a C-PACE investment if you choose to. Is it possible to use this financing globally or does it only work in the US? And where do you envision C-PACE going in the future?

Jessica: It's a great question. I think the first conference call I had after Nuveen acquired Greenworks, somebody on the call said, "Well, we're talking about C-PACE world domination, aren't we?" And Laura and I, even though we were in different spots because it was during Covid, we virtually high-fived, and I think that's really what we're after. This is a product that can work in other countries. We're actively right now reviewing how to get this moving in Canada and in Europe, where we not only have real-estate owners who want to have access to this type of financing, but investors who are eager to see their capital being deployed in the countries in which they live. So we're out there. We're trying to figure out exactly what it looks like. In the same way it's different in every state here in the US, it's different in every country, but there are some similarities that we know to look for, and we've got the structures that we think can help take it from a US story to a global story next year.

Stewart: That's super helpful. So it's very interesting. I mean, I was super interested in this when Joe had originally explained it to me. I don't know if we were at the racing thing or in Bermuda. One or the other. But I want to take it back, Laura, to an insurance lens for a minute. What makes it attractive for an insurance investor in particular?

Laura: Sure. So I think there's a lot of flexibility within this product, if you will, within a strategic asset allocation, how you can fill some gaps. So right now, within private credit, I feel like we're hearing a lot of momentum around private structured, private ABS, esoteric ABS, so C-PACE fits within that mandate. At Nuveen, we're looking at other types of ABS opportunities as well, like low-income tax credits and music royalties, for instance. But C-PACE is a really nice complement to some shorter-dated type, potentially revolving or receivable type ABS pools that you may have in your portfolio. You've got this longer-dated type of tool from a duration perspective. So a really nice complement there within ABS. And then I had mentioned as a potential addition or substitute for some of your commercial real-estate allocation could go towards a product like C-PACE.

Stewart: So I've gotten a tremendous education today. I really appreciate you both coming on and being professors for the day. I always ask this question. If you could give advice to your 21-year-old self or someone who's early in the business, what would it be, just to quickly wrap? Jessica.

Jessica: Oh, I would give the advice to myself that I give to a lot of younger people that work with me, which is to raise your hand and take on new things. I think the people that move most quickly up the ranks in whatever they care about are the ones who are always eager to learn more, eager to lean into projects, eager to stretch themselves, and I would suggest to my earlier self to keep doing that.

Stewart: Good deal. How about you, Laura?

Laura: I think I would repeat what a mentor said to me when I was probably 21 or 22 and just getting started, which was don't be so focused on what it is exactly that your job is. Look at, are you part of a business area that's growing? If not, align yourself with the business that's growing. And then are you working for someone that you want to work with and respect, and could you see yourself doing that person's job? And if those things are happening, then it doesn't really matter what it exactly is you're doing. You're part of a growth engine, you're learning, and you're working for somebody that you respect. And I think those are really important and have been guideposts for me in my career.

Stewart: Really, really great advice. I think so. All right, so my last one. Lunch table of four, the two of you, and you each get one person. I'll go to you first, Laura. Alive or dead, who's your lunch guest?

Laura: Jessica and I get along great. We've obviously known each other for many, many years, so I'm excited to get to have lunch with her. This will be a lot of fun. And I could go an intellectual route. I mentioned I love reading and I could go a lot of directions, but I think she and I both share a love of music, and I think, Jess, if you're cool with it, I'm going to go with Taylor Swift.

Jessica: Oh, man. I was going to go with music too, Laura. All right, good. Well, I would have a hard time focusing on anyone other than Taylor Swift at that lunch, but I would invite Springsteen because I feel like the two of them would have a lot to talk about. We could bore them with C-PACE and institutional investing, but ma'am, to hear about how they write songs might be fun.

Stewart: You might come out with a couple of allocations, you never know.

Jessica: Yes, I might.

Stewart: That'd be a great lunch. I've really enjoyed having you both on. Thanks so much for joining us. We've been joined today by Jessica Bailey, President and CEO of Nuveen Green Capital, and Laura Parrott, Senior Managing Director and Head of Private Fixed Income at Nuveen. Laura, Jessica, thanks for being on.

Laura: Thank you.

Stewart: If you have ideas for a podcast, please shoot me a note at Stewart@InsuranceAUM.com. Please rate us, like us, and review us on Apple, Podcasts, Spotify, Google Play, or wherever you listen to your favorite shows. My name's Stewart Foley, and we'll see you next time on the InsuranceAUM.com podcast.