# Illinois Finance Authority PACE Program

The Illinois Finance Authority (“IFA”) has standardized Commercial Property Assessed Clean Energy (“C‑PACE”) financing in Illinois through the nonpartisan, nonpolitical Illinois Finance Authority PACE Program (“IFA PACE Program”). Any interested county or municipality that desires to create a PACE area can establish the IFA PACE Program by adopting the enabling PACE Ordinance and related Program Report provided by IFA. These documents are posted on [IFApace.com](http://www.ifapace.com/) for counties or municipalities to download.

At no cost to the county or municipality, the IFA PACE Program makes C‑PACE financing available to any eligible record owner of eligible property that voluntarily requests the levy of a special assessment to secure the financing or refinancing of a PACE Project (see below) pursuant to an assessment contract. C‑PACE financing to fund PACE Projects occurs through the issuance of conduit debt obligations (such as bonds or notes), similar to other special assessment financing programs in Illinois. Counties and municipalities can avoid using their own time and resources to issue bonds or notes by establishing the IFA PACE Program to fund PACE Projects. IFA has statewide authorization to issue bonds and notes to fund PACE Projects in any PACE area.

The IFA PACE Program is administered by a component unit of IFA known as the C-PACE Open Market Initiative, which is a 501(c)(3) organization. Referred to as the PACE Area Administrator, it is the independent, neutral program administrator of the IFA PACE Program, and provides a fair and competitive, statewide open market. The PACE Area Administrator approves capital providers or their affiliates as participants in the IFA PACE Program to act as program administrators on a non-exclusive basis, with their own resources, and within appropriate guidelines. Referred to as PACE Project Administrators, such program administrators originate financings or refinancings of PACE Projects, purchase or arrange for the purchases of the related bonds or notes issued by IFA, provide or arrange any related interim financing by a warehouse fund prior to the issuance of such bonds or notes, and provide or arrange for the administration and servicing of such PACE Projects. Record owners are afforded the opportunity to work with PACE Project Administrators of their own choosing.

For each PACE Project approved under the IFA PACE Program, the assessment contract and related assignment agreement (assigning the assessment contract to IFA) will be in substantially the forms appended to the Program Report. Such collateral documents require execution and delivery by an authorized officer of the applicable county or municipality for each PACE Project approved under the IFA PACE Program. In connection with each request, IFA will provide a summary of the PACE Project and its estimated annual impact regarding any energy savings, energy utility bill savings, water savings, and water bill savings. The PACE Project Administrator will further provide a Compliance Certificate for the PACE Project as required by the enabling PACE Ordinance and Program Report. Any financing or refinancing, or interim financing, of a PACE Project approved under the IFA PACE Program must be accompanied by a written opinion from a nationally recognized municipal bond counsel in form and substance acceptable to IFA as the issuer of the bonds or notes.

**About PACE Projects**

C-PACE financing can be used by owners and developers to finance or refinance eligible improvements affixed to any privately-owned commercial, industrial, non-residential agricultural, or multi-family (of 5 or more units) property or any property owned by a not-for-profit in connection with renovations of existing buildings and new construction, in each case up to 25% of the value of the property. Eligible improvements generally include fixtures, products, systems, equipment, devices, and materials intended for ***energy efficiency***, ***renewable energy***, ***resiliency***, or ***water use***; ***electric vehicle charging stations*** are eligible improvements too. C-PACE financing is non-recourse to the record owner and assignable upon transfer of the property.  C-PACE financing does not accelerate upon a default (payment or otherwise), permits terms of up to 40 years, and allows financing of up to 100% of all project and closing costs.

**Additional Features of the IFA PACE Program and Key Benefits to Counties and Municipalities**

* The exhibit and schedules included with each assessment contract will reflect the actual terms and conditions governing that particular financing or refinancing and assessment as agreed between the record owner and the PACE Project Administrator. The form of the body of the assessment contract and the form of the assignment agreement are standardized and will not be subject to change. ***Counties and municipalities have no legal obligation to execute and deliver any assessment contract if they are not satisfied, may suspend or terminate the PACE Area Administrator or any PACE Project Administrator for any reason, and may terminate the IFA PACE Program at any time.***
* Each county or municipality establishing the IFA PACE Program will have no risk or liability or operational responsibilities. The record owner provides an indemnity under the assessment contract in connection with its PACE Project. Each PACE Project Administrator provides an indemnity with respect to its activities and is required to maintain insurance policies under which each participating county and municipality is an additional insured. ***PACE Projects approved under the IFA PACE Program do not require billing and collecting by the county or municipality or any use of public funds, similar to the structure of commercial real estate mortgages***.
* The simplification of a single conduit issuer (such as IFA) with statewide authorization to fund PACE Projects attracts capital providers that desire a standardized, efficient, and affordable way to facilitate access to capital for record owners and appeals to record owners seeking lower legal and financing costs to existing alternatives. ***Counties and municipalities establishing the IFA PACE Program benefit by not incurring any related conduit debt compliance or accounting obligations.***
* If a PACE Project is in a municipality (i.e., city, village, or incorporated town) where neither the county nor the municipality has established the IFA PACE Program, IFA has a policy preference to discuss adoption of the enabling PACE Ordinance with the same set of stakeholders that are responsible for the applicable property’s zoning, construction permitting, and building code enforcement. If a PACE Project is in a municipality where the county and municipality have both established the IFA PACE Program, IFA will defer to the preferences of record owners on a case-by-case basis given the open market architecture of the IFA PACE Program. ***Under the enabling PACE Ordinance, each county and municipality establishing the IFA PACE Program retains its right to establish other property assessed clean energy programs and to issue its own bonds or notes under such other programs***.

**About Illinois Finance Authority**

IFA is a body politic and corporate created under the laws of the State of Illinois. IFA was created under the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et seq*., as amended (the “IFA Act”), which consolidated seven of the State’s previously existing financing authorities. Pursuant to the IFA Act, IFA is governed by up to 15 Members appointed by the Governor with the advice and consent of the Senate. The Members receive no compensation for the performance of their duties but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of such duties. Meetings of IFA are conducted in accordance with the Open Meetings Act, 5 ILCS 120/1 *et seq*., as amended (the “Open Meetings Act”).

**About C-PACE Open Market Initiative**

C-PACE Open Market Initiative is an Illinois not-for-profit corporation and component unit of IFA. Members of IFA also serve as the Board of Directors of C-PACE Open Market Initiative. The Directors receive no compensation for the performance of their duties but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of such duties. Meetings of C-PACE Open Market Initiative are conducted in accordance with the Open Meetings Act.