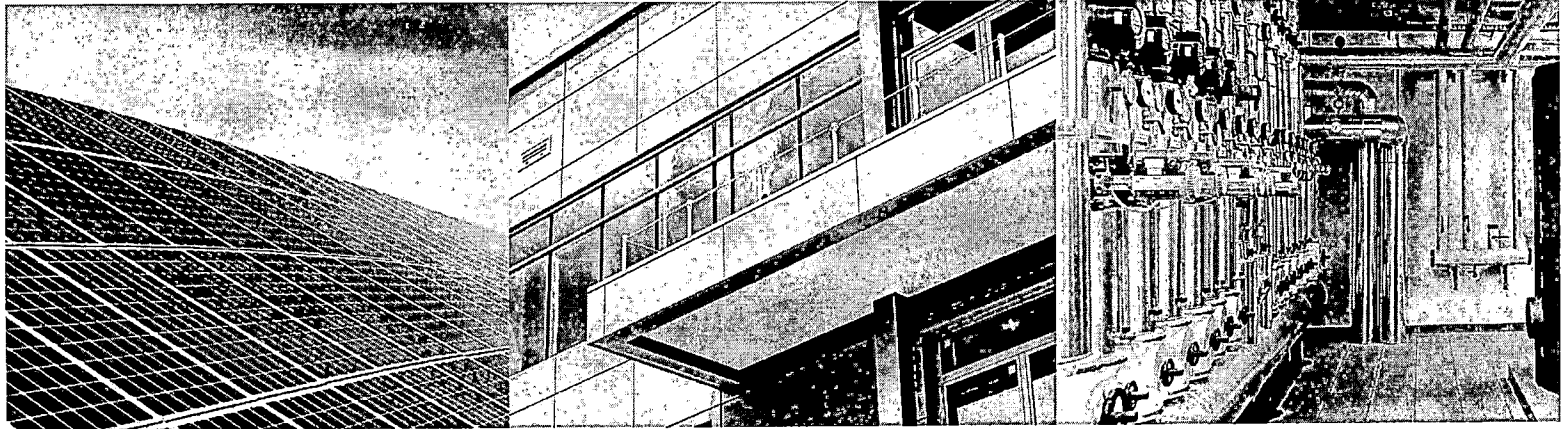




# Create Value, Reduce Costs through C-PACE Financing



THE ILLINOIS  
ENERGY  
CONSERVATION  
AUTHORITY NFP



C-PACE is an innovative program that provides long-term, fixed-rate, non-recourse financing to private building owners for energy efficiency, renewable energy, water conservation, electric vehicle charging and resiliency projects ("PACE Projects") to be installed in commercial buildings. Property owners may obtain up to 100 percent financing from private capital providers for eligible improvements such as HVAC, lighting and solar photovoltaic (PV) systems and other improvements in both existing buildings and new construction projects. One of the distinguishing features of C-PACE is that it is secured by a special assessment lien on the property and is repaid as a line item on the property tax bill.

## C-PACE BENEFITS FOR PROPERTY OWNERS:

- **Up to 100% financing** of eligible PACE Project costs and soft costs necessary to design, engineer, install and finance the project.
- Long-term, **fixed-interest rates**, up to the estimated useful life of the improvements (up to 30 years).
- **C-PACE Projects reduce operating costs** and increase property value.
- Ability to generate **net positive cash flow** on certain improvements in the first year.
- **No personal guarantees** – non-recourse financing.
- C-PACE assessments "run with the land," therefore C-PACE does not accelerate or become due upon sale.
- Property owner may **pass through C-PACE assessment** payments to tenants (if allowed by the lease agreement).
- C-PACE assessments **transfer upon sale** to the next property owner.
- **Reduces capital expenditure budget** – upgrades paid through operating savings.
- C-PACE may qualify for **off balance sheet** treatment (consult your accounting advisor).
- Eligible measures cover broad capital and facility improvement needs that enhance the occupant/tenant experience and **extends building lifespan**.

The Illinois Energy Conservation Authority NFP (IECA), an Illinois not-for-profit corporation, has been at the forefront of developing Commercial Property Assessed Clean Energy (C-PACE) programs in Illinois (IECA PACE). Commercial and multifamily property owners across the IECA PACE participating communities can use C-PACE financing to lower both operating expenses and their cost of capital.

VISIT [www.iecaPACE.org](http://www.iecaPACE.org) FOR MORE INFORMATION  
Phone: (888) 874-4322 | Email: [info@iecapace.org](mailto:info@iecapace.org)



# Frequently Asked Questions for Local Governments



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## What is the legal authority for C-PACE financing in the State of Illinois?

The Illinois Property Assessed Clean Energy Act, 50 ILCS 50/1 et. Seq (“PACE Act”), enables your community to establish a C-PACE program.

## How Do Local Governments establish a PACE Program?

A governmental unit must adopt a local ordinance that, among other things, creates the program, establishes the means of financing qualified projects through the use of Assessment Contracts as security for a PACE financing, and adopt a program report that includes qualification requirements, standards and documentation for the program. This ensures that C-PACE financings made in its jurisdiction are consistent with the PACE Act.

## What is the IECA?

The Illinois Energy Conservation Authority NFP (“IECA”), is a not-for-profit corporation that was formed out of a commitment to bring innovative PACE program administration to Illinois communities and the Midwest region. The IECA has compiled a team of partners and advisors with deep ties to the region, and five decades of experience in serving the commercial real estate industry as well as nearly eight years of experience in PACE around the country. The IECA is uniquely positioned to assist the state of Illinois and the Midwest region in establishing successful commercial PACE (C-PACE) programs that will support greater economic development activity, as well as contribute to developing high performing buildings through the installation of energy efficiency, water conservation, resiliency and clean energy technologies.

## What is IECA PACE?

The market facing brand name for the IECA PACE programs (“IECA PACE”) administered by the IECA.

## What is the advantage to Illinois local governments to offer PACE Financing through the IECA PACE Program?

Creating and operating a C-PACE program requires industry expertise and is time consuming and resource-intensive. To reduce the burden on Illinois municipalities and counties (collectively, “Communities”), IECA established the IECA PACE, which offers an efficient and cost-effective solution to administer C-PACE programs in Illinois. IECA works with Communities to establish their programs based on a uniform set of program guidelines, reports and documents that incorporate best practices learned from many years of C-PACE experience. Participating Communities that offer this type of uniform C-PACE program promote scalability by simplifying participation for stakeholders (Capital Providers, contractors, Communities, project developers, and building owners).

## How do Illinois local governments opt into the IECA PACE program?

For Communities to opt into the IECA PACE program, their legislative body must 1) pass a resolution to empower the county to establish a C-PACE program and enter into a program administrative service agreement with the IECA, and 2) adopt a model C-PACE Ordinance & Program Report, which IECA will provide upon request. Once a Community has opted into the IECA PACE program, it is considered a “Participating Community.” Among other powers, the C-PACE Ordinance authorizes Participating Communities to enter into an Assessment Contract with a property owner to facilitate the financing of a qualified PACE Project by billing and collecting the payments for the PACE financing through the real estate tax bills and agreeing to enforce those assessments. At closing, Participating Communities assign the Assessment Contract to a private Capital Provider as security for the PACE financing of up to 100% of the cost of the PACE Project associated with the Assessment Contract.

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## **What is the role of the IECA as the Program Administrator?**

The IECA serves as a single point of access for stakeholders to access C-PACE financing. Serving as an agent of Participating Communities, the IECA maintains and enforces comprehensive program guidelines to ensure each C-PACE project meets the requirements of the PACE Act, the model C-PACE Ordinance and the program report. The IECA is also responsible for: 1) recruiting Communities to participate in the IECA PACE program, 2) qualifying C-PACE Capital Providers to offer financing to program participants, 3) qualifying contractors, 4) providing marketing and outreach to IECA PACE stakeholders, 5) reviewing and approving C-PACE project applications, 6) facilitating the Participating Community's approval of Assessment Contracts, 7) servicing the annual repayments of installments through tax bills, and 8) administering all other matters as required.

## **Which property owners are responsible for repaying the Assessment Contract?**

Property owner participation in IECA PACE is 100% voluntary. Property owners that choose to use C-PACE to make qualified improvements to their property are required to make C-PACE installment payments to pay back their PACE financing through their real estate tax bill.

## **Who is the PACE Capital Provider?**

IECA PACE is an "open market" program, meaning any registered Capital Provider can participate. Open markets drive participation and provide property owners access to competitive rates and financing terms.

## **What are the costs to the local government to offer the IECA PACE program in their jurisdiction?**

The IECA PACE program is available at no cost to a Participating Community. IECA PACE works with local tax collectors to accommodate adding the C-PACE assessment to the property's tax bill and then collecting, accounting for and remitting the assessments. The IECA recovers its costs through program and servicing fees collected from closed C-PACE financings.

In consideration for offering the IECA PACE program in their jurisdiction and collecting semi-annual assessment installments for closed C-PACE transactions, Participating Communities can earn a one-time program fee and semi-annual servicing fees collected from closed transactions.

## **What are the responsibilities of the local government once the PACE financing is made?**

A Participating Community is responsible for billing and collecting C-PACE assessment installments made by the property owner and ensuring that the C-PACE assessment installments are properly separated from other tax payments made to the Participating Community. The Participating Community remits to the IECA PACE program only the installments received by the building owner and is not liable for any deficiency or delinquency. A delinquent C-PACE assessment installment is handled in the same manner as any delinquent payment of real property taxes, pursuant to the PACE Act.

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