

Illinois Bridge Loan Program Term Sheet

Program Sponsor	Illinois Environmental Protection Agency, acting through Illinois Finance Authority, designated as Illinois Climate Bank
Funding/ authorization	<ul style="list-style-type: none"> • Program Sponsor has received an allocation of \$15,963,220 under U.S. Department of Energy’s Energy Efficiency Revolving Loan Fund Capitalization Grant Program, authorized under Section 40502 of the Infrastructure Investment and Jobs Act, commonly referred to as the Bipartisan Infrastructure Law. • Program Sponsor will use \$14,366,898 of its grant for bridge (construction) loans issued to finance costs eligible for federal tax credit refundable payments authorized under the Inflation Reduction Act of 2022 (“IRA”) for public- and privately-owned commercial buildings, including those owned by nonprofits, and multifamily buildings with five or more units located in Illinois, which shall be repaid upon the Borrower’s receipt of its refundable tax credit payment. For projects participating in the Illinois Solar for All program, the Bridge Loan will also finance the portion of project costs eligible for the Illinois Solar for All project incentive, which shall be repaid upon receipt of the incentive payment. • Program Sponsor may also participate in a loan issued by a Project Lender to finance costs of an Eligible Project not funded by the Bridge Loan upon request by Project Lender.
Project Lender	<ul style="list-style-type: none"> • The Project Lender will finance Eligible Project costs not funded by the Bridge Loan. • Eligible Project Lenders will include: <ul style="list-style-type: none"> ○ Federal- and state- chartered banks and credit unions; ○ Community development financial institutions certified by the U.S. Department of the Treasury CDFI Fund; and ○ Any other type of lending institution as may be approved by Program Sponsor for an Eligible Project.
Eligible Projects	<ul style="list-style-type: none"> • Each upgrade or retrofit must be recommended in a qualifying Energy Audit completed for a public- or privately-owned commercial building/structure located in Illinois. • The project must be life-cycle cost-effective, as determined by Program Sponsor. Generally, this will be determined in the energy audit report by demonstrating that anticipated energy savings over the useful life of the improvements will equal or exceed the total cost of such improvements. Program Sponsor reserves the right to use other approaches to determine project cost-effectiveness. • The project must address at least one of the following: <ul style="list-style-type: none"> ○ The energy efficiency of the building or facility ○ The physical comfort of the building or facility occupants ○ The quality of the air in the building or facility <ul style="list-style-type: none"> ▪ NOTE: Based on the criteria above, geothermal heating systems are eligible, but solar/PV systems would need to be paired with energy storage or designed to provide operation during utility electricity grid outage to be eligible. • The project must lead to at least one of the following outcomes: <ul style="list-style-type: none"> ○ Reduce the energy intensity of the building or facility of the Eligible Recipient. ○ Improve the control and management of energy usage of the building or facility to reduce demand during peak times.

Energy Audit Requirements	<ul style="list-style-type: none"> • Each Eligible Project must have an energy audit completed for the project which meets certain statutory and DOE requirements: Revolving Loan Fund Energy Audit Guide. • Illinois Environmental Protection Agency will retain one or more energy auditors who shall provide audits free of charge for eligible building owners. • The Illinois Finance Authority may accept a recent and previously completed energy audit, provided that it meets statutory and DOE requirements.
Eligible Borrower	<p>An entity or individual which owns or operates a commercial or multifamily (as defined under Funding/Authorization) building/structure which qualifies for refundable tax credit payments under the IRA (including for-profit entities which would file the refundable tax credit through their federal income tax return, and governmental or not-for-profit entities which would file for the refundable tax credit through Elective Pay), and which also may qualify for a Illinois Solar for All project incentive.</p> <p>For commercial projects, including nonprofits, the Borrower must satisfy both of the following:</p> <ul style="list-style-type: none"> • Conduct the majority of its business (or derive the majority of its revenue/income) in Illinois; and • Own or operate* one or more commercial buildings or commercial space within a building; These requirements are not applicable for projects in multifamily buildings. <p>*Operators may refer to occupants, with the necessary permission of the building owner to perform the work.</p>
Tax Credit Bridge Loan Terms	<ul style="list-style-type: none"> • Minimum Loan Amount: \$50,000. • Maximum Loan Amount: \$1,000,000. • The amount of the Bridge Loan shall be set at the eligible basis for costs eligible for federal tax credit refundable payments under the IRA plus any eligible Illinois Solar for All project incentives. • The Borrower shall be required to make payment on principal within 30 days of receipt of any refundable tax credit payment or Illinois Solar for All project incentive for the amount received or at maturity, whichever occurs first. • The loan final maturity will be 24 months after the date of the loan, or such later date as Program Sponsor may establish based on the anticipated project schedule. • Interest shall accrue on all amounts advanced under the Bridge Loan at a rate determined by Program Sponsor (generally 3-6% per annum). • Interest shall be due at time of the final payment of principal on the Bridge Loan or at maturity, whichever occurs first. • Upfront origination fee of no more than 2% of loan. • Projects must be paired with a completed standardized energy audit pursuant to U.S. DOE EE RLF Program guidance. • Borrowers must agree to all EE RLF Program reporting requirements on metrics pursuant to EE RLF Program rules and this Agreement.
Project Lender Loan Terms	<p>Established by Project Lender and reviewed and accepted by Program Sponsor.</p>
Loan Participation (optional)	<p>If the Project Lender desires IFA to participate in the loan, the Lender must provide a statement on why IFA participation in the Lender's Loan is required. Program Sponsor may elect to participate in Project Lender's Loan subject to the following terms:</p> <ul style="list-style-type: none"> • Program Sponsor's participation may not exceed the lesser of 50% of Lender's Loan or \$1,000,000. • The loan term may not exceed 7 years with an amortization not to exceed 15 years.

	<ul style="list-style-type: none"> • Program Sponsor’s share of loan will accrue interest at 3% per annum, which shall be paid on the dates established by Project Lender. • Project Lender will service the loan and remit Program Sponsor’s share of principal and interest payments within 10 days of receipt. • Borrower principal and interest payments shall be allocated between Project Lender and Program Sponsor. • Program Sponsor’s share of loan may be subordinated to Project Lender only in default. • Any additional principal payments should be applied per percent share of participation for Lender and IFA.
Underwriting Criteria	<ul style="list-style-type: none"> • Program Sponsor will verify programmatic eligibility. • Bridge Loans will be subject to Borrower providing evidence of funding for the full project costs. • For Loan Participations, Project Lender shall be responsible for underwriting criteria used to approve its loan.
Loan Advances	For Loan Participations, Program Sponsor and Project Lender shall mutually agree upon a draw schedule for the project, which shall draw upon Borrower equity first, followed by the Bridge Loan and until fully drawn. Remaining draws when applicable will be advanced from Project Lender’s Loan.
Construction Review	Program Sponsor may require independent construction verification at the Borrower’s expense.
Tax Opinion	<p>Program Sponsor may require Borrower to provide a certification as a condition of closing from a third-party consultant acceptable to Program Sponsor of the eligibility of costs for refundable tax credit under the IRA, at the Borrower’s expense.</p> <p>Program Sponsor may require that government/NFP Borrower has registered and received approval for tax credit through Elective Pay as condition of closing on the Bridge Loan, at the Borrower’s expense.</p>
Loan Security	<ul style="list-style-type: none"> • Bridge Loan shall be secured by the financed project assets, including equipment. Additional collateral may be required. • For Loan Participations, Project Lender determines any security features for its loan.
Program Sponsor Responsibilities	<ul style="list-style-type: none"> • Process draw requests against Bridge Loan in accordance with draw schedule if project and Borrower are in compliance with program requirements. • If applicable, make payment to Project Lender for participation when loan is fully funded. • Review Energy Audit and communicate project approval to Borrower and Project Lender. • Monitor federal grant requirements (Davis Bacon Act, Build America Buy America Act, National Environmental Policy Act). • Servicing of Bridge Loan.
Project Lender Responsibilities	<ul style="list-style-type: none"> • Loan origination for Project Lender’s Loan. • Loan servicing for Project Lender Loan, using the same standards as Project Lender would use for loans made from its own account without support from Program Sponsor. • Collections for loans in default, at Lender’s expense, or can be recaptured from the liquidation proceeds, using the same standards as Project Lender would use for loans made from its own account without support from Program Sponsor. • Remit to Program Sponsor its share of principal and interest payments no later than 30 days after receipt (if applicable).

<p>Federal requirements</p>	<ul style="list-style-type: none"> • All Eligible Projects must comply with laborer wage and benefit requirements and reporting under the Davis-Bacon Act. See Davis-Bacon Act Requirements for Recipients of Bipartisan Infrastructure Law Funding Department of Energy. • The project prime contractor (and any subcontractors) responsible for implementing and installing the Eligible Project improvements will be required to submit weekly certified wage and benefit reports using DOE's LCPtracker system during the term of the Eligible Project. See Weekly DBA Payroll Tracking with LCPtracker Department of Energy. Program Sponsor's Bridge Loan will include contractual language that Borrower must flow down to its prime project contractor and any of its subcontractors. • Projects must comply with applicable requirements of the Build America Buy America Act, National Environmental Policy Act, and National Historic Preservation Act, where applicable. • Program Sponsor will review and monitor EE RLF federal requirements for Eligible Projects. • Borrower must comply with all Elective Pay and/or Tax Credit requirements.
<p>Loan Documents and Agreements</p>	<ul style="list-style-type: none"> • Bridge Loan Documents and Agreements • Project Lender Loan Documents and Agreements (if applicable) • Intercreditor agreement (if applicable) • Participation agreement (if applicable)