

Illinois Finance Authority PACE Program

C-PACE Financing Process

The nonpartisan, nonpolitical Illinois Finance Authority PACE Program (“IFA PACE Program”) is administered by a component unit of the Illinois Finance Authority (“IFA”) known as the C-PACE Open Market Initiative, which is a 501(c)(3) organization, and it provides a fair and competitive, statewide open market. Any county or municipality that desires to make Commercial Property Assessed Clean Energy (“C-PACE”) financing available can do so by adopting the enabling PACE Ordinance and related Program Report provided by IFA.

Step 1

- If a record owner and capital provider intend to execute or have executed a term sheet, the capital provider applies to IFA for the proposed financing or refinancing, or interim financing, of the PACE Project.

Step 2

- If approved under the IFA PACE Program, IFA provides the applicable county or municipality 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 applicable county or municipality receives a Compliance Certificate for the PACE Project.

Step 3

- If satisfied, an authorized officer of the applicable county or municipality executes the assessment contract and related assignment agreement in substantially the forms appended to the Program Report.
- 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.*

Step 4

- IFA issues bonds or notes under a standardized, statewide open indenture approved by IFA for the capital provider, or assists the record owner with any interim financing to be provided by a warehouse fund.
- Such financing or refinancing, or interim financing, of the PACE Project is primarily secured by the assigned assessment contract and accompanied by a written opinion from a nationally recognized municipal bond counsel.

Step 5

- The capital provider (or its designated transferee) purchases the bonds or notes issued by IFA, or the capital provider arranges any related interim financing by a warehouse fund, in each case to fund the acquisition, construction, installation, or modification of the PACE Project.

Step 6

- Final payment to the contractor or contractors is not authorized until the applicable county or municipality receives a Completion Certificate from the record owner that the PACE Project was properly acquired, constructed, installed, or modified and is operating as intended.

Step 7

- The capital provider can directly bill and collect assessments to the record owner or indirectly bill and collect assessments through a third-party servicer to the record owner, similar to the structure of commercial real estate mortgages.

* The exhibit and schedules included with each assessment contract will reflect the actual terms and conditions governing that particular financing or refinancing and assessment.