

1 CHAIR HOBERT: Good morning. This is Will
2 Hobert, Chair of the Board of Directors of the
3 newly formed not-for-profit Corporation named the
4 Illinois C-PACE Open Market Initiative. This is
5 the inaugural meeting of the Corporation. I would
6 like to call the meeting to order.

7 ASSISTANT SECRETARY MEYER: Good morning.
8 This is Mark Meyer, Assistant Secretary of the
9 Authority or of the Corporation. Today's date is
10 Tuesday, October 11, 2022, and this special meeting
11 of the Corporation has been called to order by
12 Chair Hobert at the time of 10:30 a.m.

13 The Governor of the State of Illinois
14 issued a Gubernatorial Disaster Proclamation on
15 September 16, 2022, finding that, pursuant to the
16 provisions of the Illinois Emergency Management
17 Agency Act, a disaster exists within the State of
18 Illinois related to public health concerns caused
19 by COVID-19 and declaring all counties in the State
20 of Illinois as a disaster area, which remains in
21 effect for 30 days from its issuance date.

22 In accordance with the provisions of
23 Subsection (e) of Section 7 of the Open Meetings
24 Act, as amended, the Chair of the Corporation, Will

1 Hobert, has determined that an in-person meeting of
2 the Corporation today, October 11, 2022, is not
3 practical or prudent because of the disaster
4 declared. Therefore, this special meeting of the
5 Corporation is being conducted via video and audio
6 conference, with the physical presence of the
7 Directors being optional.

8 Executive Director Chris Meister is
9 currently in the Corporation's Chicago office at
10 the location of the meeting and participating via
11 video and audio conference; some Directors are
12 similarly at the location of the meeting and
13 participating via video and audio conference while
14 some other Directors will attend this meeting
15 solely via video or audio conference.

16 As we take the roll calls, the
17 response of the Directors will be taken as an
18 indication that they can hear all other Directors,
19 discussion, and testimony.

20 CHAIR HOBERT: This is Will Hobert. Thank
21 you, Mark. Will the Assistant Secretary please
22 call the roll?

23 ASSISTANT SECRETARY MEYER: This is Mark
24 Meyer. With all Directors attending via video or

1 audio conference, I will call the roll. I will
2 call the full roll in alphabetical order.

3 Mr. Amaro?

4 (No audible response.)

5 ASSISTANT SECRETARY MEYER: Mr. Beres?

6 DIRECTOR BERES: Here.

7 ASSISTANT SECRETARY MEYER: Mr. Fuentes?

8 (No audible response.)

9 ASSISTANT SECRETARY MEYER: Ms. Juracek?

10 DIRECTOR JURACEK: Here.

11 ASSISTANT SECRETARY MEYER: Ms. Nava?

12 (No audible response.)

13 ASSISTANT SECRETARY MEYER: Mr. Pawar?

14 DIRECTOR PAWAR: Here.

15 ASSISTANT SECRETARY MEYER: Mr. Poole?

16 DIRECTOR POOLE: Present.

17 ASSISTANT SECRETARY MEYER: Mr. Ryan?

18 (No audible response.)

19 ASSISTANT SECRETARY MEYER:

20 Mr. Strautmanis?

21 (No audible response.)

22 ASSISTANT SECRETARY MEYER: Mr. Tobon?

23 DIRECTOR TOBON: Here.

24 ASSISTANT SECRETARY MEYER: Ms. Watson?

1 DIRECTOR WATSON: Here.

2 ASSISTANT SECRETARY MEYER: Mr. Wexler?

3 DIRECTOR WEXLER: Here.

4 ASSISTANT SECRETARY MEYER: Mr. Zeller?

5 DIRECTOR ZELLER: Here.

6 ASSISTANT SECRETARY MEYER: And Chair

7 Hobert?

8 CHAIR HOBERT: Here.

9 ASSISTANT SECRETARY MEYER: Vice Chair

10 Nava, are you present?

11 CHAIR HOBERT: She was.

12 EXECUTIVE DIRECTOR MEISTER: She's

13 rebooting.

14 ASSISTANT SECRETARY MEYER: Oh, okay.

15 Should we take a moment? We've got eight, right?

16 Again, this is Mark Meyer. Chair

17 Hobert, in accordance with Subsection (e) of

18 Section 7 of the Open Meetings Act, as amended, a

19 quorum of the Directors has been constituted.

20 Before we begin making our way through

21 today's agenda, I would like to request that each

22 Director mute their audio when possible to

23 eliminate any background noise unless you are

24 making or seconding a motion, voting, or otherwise

1 providing any comments for the record.

2 VICE CHAIR NAVA: This is Roxanne Nava.
3 I'm joining via phone. Rejoining, rejoining.

4 (Vice Chair Nava rejoined the
5 meeting.)

6 ASSISTANT SECRETARY MEYER: Oh, thank you.
7 You'll be able to see the control bar by moving
8 your mouse or touching the screen of your tablet.
9 For any Director or anyone from the public
10 participating via phone, to mute and unmute your
11 line, you may press star 6 on your keypad if you do
12 not have that feature on your phone.

13 As a reminder, we are being recorded
14 and a court reporter is transcribing today's
15 proceedings. For the consideration of the court
16 reporter, I would also like to ask that each
17 Director state their name before making or
18 seconding a motion or otherwise providing any
19 comments for the record.

20 Finally, I would like to confirm that
21 all Directors and members of the public attending
22 in person or via video or audio conference can hear
23 this meeting clearly. Chris, can you confirm that
24 this video and audio conference is clearly heard at

1 the physical location of this meeting?

2 EXECUTIVE DIRECTOR MEISTER: Thank you
3 very much, Mark. This is Executive Director Chris
4 Meister. I am physically present in the conference
5 room here on the tenth floor of 160 North LaSalle
6 Street in Chicago, Illinois, along with Chair
7 Hobert, Members Beres, Juracek, and Wexler. I can
8 confirm that I can hear all discussions,
9 presentations and votes at this morning's meeting
10 location. I have advised security on the first
11 floor of this building that we have this public
12 meeting today. The agenda for this meeting was
13 posted both on this floor, on the first floor of
14 this building, as well as on the Corporation and
15 Authority's website as of last Wednesday, October
16 5, 2022, and building security has been advised
17 that any members of the public who choose to do so
18 and who chose to comply with the building's public
19 health and safety requirements may take the
20 elevator to this room, go through the door, and
21 listen to this morning's proceedings. At the
22 moment, we only have one. We have no members of
23 the public wishing to make comment, and back to
24 you, Mark.

1 ASSISTANT SECRETARY MEYER: This is Mark
2 Meyer. Thank you, Chris. If any Directors or
3 public participating via video or audio conference
4 find that they cannot hear these proceedings
5 clearly, please call 312-651-1300 or write
6 info@il-fa.com immediately to let us know and we
7 will endeavor to solve the audio issue.

8 CHAIR HOBERT: This is Will Hobert. Thank
9 you, Mark. Does anyone wish to make any additions,
10 edits, or corrections to today's agenda?

11 (No audible response.)

12 CHAIR HOBERT: Hearing none, I would like
13 to request a motion to approve the agenda.

14 Is there such a motion?

15 DIRECTOR BERES: This is drew Beres. So
16 moved.

17 DIRECTOR JURACEK: This is Arlene Juracek.
18 Second.

19 CHAIR HOBERT: This is Will Hobert. Will
20 the Assistant Secretary please call the roll?

21 ASSISTANT SECRETARY MEYER: This is Mark
22 Meyer. On the motion by Director Beres and second
23 by Director Juracek, I will call the roll.

24 In person: Mr. Beres?

1 DIRECTOR BERES: Yes.

2 ASSISTANT SECRETARY MEYER: Ms. Juracek?

3 DIRECTOR JURACEK: Yes.

4 ASSISTANT SECRETARY MEYER: Mr. Wexler?

5 DIRECTOR WEXLER: Yes.

6 ASSISTANT SECRETARY MEYER: Chair Hobert?

7 CHAIR HOBERT: Yes.

8 ASSISTANT SECRETARY MEYER: And remote:

9 Ms. Nava?

10 VICE CHAIR NAVA: Yes.

11 ASSISTANT SECRETARY MEYER: Mr. Pawar?

12 DIRECTOR PAWAR: Yes.

13 ASSISTANT SECRETARY MEYER: Mr. Poole?

14 DIRECTOR POOLE: Yes.

15 ASSISTANT SECRETARY MEYER:

16 Mr. Strautmanis?

17 (No audible response.)

18 ASSISTANT SECRETARY MEYER: Mr. Tobon?

19 DIRECTOR TOBON: Yes.

20 ASSISTANT SECRETARY MEYER: Ms. Watson?

21 DIRECTOR WATSON: Yes.

22 ASSISTANT SECRETARY MEYER: And

23 Mr. Zeller?

24 DIRECTOR ZELLER: Yes.

1 ASSISTANT SECRETARY MEYER: Again, this is
2 Mark Meyer. Chair Hobert, the ayes have it and the
3 motion carries.

4 CHAIR HOBERT: This is Will Hobert. Thank
5 you, Mark. Next on the agenda is public comment.

6 ASSISTANT SECRETARY MEYER: This is Mark
7 Meyer. If anyone from the public participating via
8 video wishes to make a comment, please indicate
9 your desire to do so by using the "Raise Hand"
10 function. Click on the "Raise Hand" option located
11 at the center of your control bar at the bottom of
12 the screen. You will be able to see the task bar
13 by moving your mouse or touching the screen of your
14 tablet.

15 If anyone from the public
16 participating via phone wishes to make a comment,
17 please indicate your desire to do so by using the
18 "Raise Hand" function by pressing star 9.

19 CHAIR HOBERT: This is Will Hobert. Is
20 there any public comment for the Directors?

21 (No audible response.)

22 CHAIR HOBERT: Hearing none, I would like
23 to welcome everybody to the inaugural October 11,
24 2022 meeting of the Illinois C-PACE Open Market

1 Initiative, an Illinois not-for-profit Corporation,
2 a component unit of the Illinois Finance Authority.

3 Chris?

4 EXECUTIVE DIRECTOR MEISTER: Thanks, Will.
5 Built upon the same principles of standardization,
6 efficiency, and affordability that we use as the
7 Authority, as the primary Illinois Conduit Bond
8 issuer and as recommended by the United States
9 Department of Energy, our state support model helps
10 empower municipalities and counties with respect to
11 implementing Commercial Property-Assessed Clean
12 Energy, or C-PACE, financing.

13 Taking into account feedback from
14 local policy makers, private lenders, and other
15 experts, the Illinois C-PACE Open Market
16 Initiative, the adoption of C-PACE and the closing
17 of C-PACE financings across Illinois, our
18 colleague, Brad, will provide greater detail in his
19 presentation on Agenda Item 6.

20 Will, back to you.

21 CHAIR HOBERT: Thank you, Chris.

22 ASSISTANT SECRETARY MEYER: Let the record
23 reflect that Member Strautmanis or Director
24 Strautmanis has joined the meeting at the time of

1 10:40 a.m.

2 (Director Strautmanis joined the
3 meeting.)

4 CHAIR HOBERT: Thank you. I would now
5 like to ask for the general consent of the
6 Directors to consider the New Business Items 1, 2,
7 and 3 collectively and to have the subsequent
8 recorded vote applied to each respective,
9 individual New Business Item, unless there are any
10 specific New Business Items that a Director would
11 like to consider separately.

12 (No audible response.)

13 CHAIR HOBERT: Hearing no need for a
14 recusal, I would like to consider New Business
15 Items 1, 2, and 3 under the consent agenda and take
16 a roll call vote.

17 Brad?

18 MR. FLETCHER: Good morning, Mr. Chairman
19 and Directors of the C-PACE Open Market Initiative.
20 This is Brad Fletcher. There's so much to set the
21 stage for today's inaugural meeting. I'd like to
22 read into the record the process of the Program
23 Report for the contemplated Illinois Finance
24 Authority PACE Program that is under consideration

1 for the Directors' approval today.

2 The Program Report of the newly
3 created Illinois Finance Authority PACE Program
4 begins on Page 44 of the Directors' meeting packet
5 distributed last Friday, and the process begins
6 just after the in-tight cover of the Program
7 Report. From time to time, I'll subtly paraphrase
8 when appropriate. Again, I'll be reading from
9 Page 46 of the Directors' meeting packet.

10 Personal property of such clean
11 energy, often referred to as C-PACE financing, can
12 be used by owners and developers of commercial
13 properties to finance or refinance eligible
14 improvements in connection with renovations of
15 existing buildings and new construction, in each
16 case up to 25 percent of the value of the property.
17 Eligible improvements generally include the
18 fixtures, product, systems, equipment, devices, and
19 materials intended for energy efficiency, renewable
20 energy, resiliency, or water use; electric vehicle
21 charging stations are eligible improvements, too.

22 C-PACE financing has features that
23 make it very attractive as an alternative or
24 supplement to existing types of commercial real

1 estate financing. For example, C-PACE financing is
2 non-recourse to the record owner and assignable
3 upon transfer of the property. While these
4 features may be found in conduit mortgage loans,
5 are included in commercial mortgage backed
6 securities often referred to as CMBS loans or CMBS
7 financing, they are not common in either
8 traditional bank financing or mezzanine financing
9 which is often used to finance significant new
10 commercial real estate construction or deep energy
11 retrofit projects.

12 C-PACE financing also has attractive
13 features that are not available with any other type
14 of commercial real estate financing. C-PACE
15 financing does not accelerate upon a default
16 (payment or otherwise), permits terms of up to 40
17 years, and allows financing of up to 100 percent of
18 all projects and closing costs.

19 Beginning of the next paragraph,
20 C-PACE financing is secured by a voluntary special
21 assessment on the benefit of property that is
22 represented by an assessment contract between a
23 record owner and a governmental unit. A special
24 assessment is senior to all mortgages and other

1 private liens on such properties and is pari passu
2 to other real estate taxes and assessments. The
3 same priority and preferences of C-PACE financing
4 are the reason why capital providers are willing to
5 provide up to 100 percent financing. It is
6 non-recourse, non-callable in the event of default,
7 and is assignable in the event of the transfer of
8 the property.

9 C-PACE financing is usually fixed
10 throughout the term although that is not required
11 by the PACE Act and is generally well below the
12 rates charged by mezzanine lenders and equipment
13 lenders.

14 Under the PACE Act, the assessment
15 contract must be recorded and serves as collateral
16 for C-PACE financing, similar to a recorded
17 commercial mortgage serving as collateral for
18 commercial real estate loans. C-PACE financing to
19 fund PACE Projects occurs through the issuance of
20 conduit debt obligation, such as bond or notes,
21 similar to other special assessment financing
22 programs in the State of Illinois.

23 Despite these attractive features and
24 plentiful amounts of capital from providers

1 enthusiastic to consider environmental, social, and
2 governance factors alongside financial factors in
3 the investment decision-making process, business
4 C-PACE financing in Illinois has been limited to
5 date.

6 Counties and municipalities have
7 informed the Authority of their desire to avoid the
8 need to devote the time and resources necessary to
9 develop and implement a property assessed clean
10 energy program with the features of the Illinois
11 Finance Authority PACE Program, and to otherwise be
12 required to issue bonds or notes to finance or
13 refinance PACE Projects and incur the related
14 compliance and accounting obligations.

15 Additionally, capital providers have
16 informed the Authority of their desire for a fair
17 and competitive statewide Open Market sponsored by
18 an independent neutral Program Administrator.

19 Finally, record owners have informed
20 the Authority of their desire to minimize the
21 program administration and governmental fees
22 associated with C-PACE financing. The Authority
23 has observed that the lack of market activity is
24 also because C-PACE financing on their existing

1 case programs is not uniform throughout Illinois.
2 Under such programs, capital providers cannot
3 administer and service their own C-PACE financing
4 origination. Moreover, under existing PACE
5 programs, the program administrators are attached
6 roles and responsibilities that are typically
7 performed by capital providers, such as marketing,
8 establishing processes for contractors, statutory
9 underwriting, processing applications, billing and
10 collecting, and enforcement.

11 This structure, a vestige of C-PACE
12 financing markets earliest days, is both cumbersome
13 and costly. Similar to commercial mortgage
14 lenders, the Authority believes capital providers
15 in the C-PACE financing market should, instead,
16 facilitate access to capital by performing these
17 activities for their own account or others of their
18 choosing with their own resources and within
19 appropriate guidelines.

20 In consideration of these factors, the
21 Illinois Finance Authority has standardized the
22 structure, implementation, and delivery of C-PACE
23 financing in Illinois to lessen the burden on
24 counties and municipalities throughout Illinois

1 that may desire to create PACE series and establish
2 related PACE Programs, to attract capital
3 providers, to purchase bonds or notes issued by the
4 Authority to fund PACE Projects throughout
5 Illinois, and to assist record owners in the
6 financing or refinancing of PACE Projects
7 throughout Illinois.

8 Nonpartisan, nonpolitical, the
9 Illinois Finance Authority PACE Program intends to
10 achieve these objectives in PACE areas created by
11 counties and municipalities by applying the
12 structure of the commercial mortgage industry to
13 better align the roles and responsibilities of the
14 C-PACE financing market. The Illinois Finance
15 Authority PACE Program allows capital providers to
16 not only originate C-PACE financing in the
17 statewide open market sponsored by an independent,
18 neutral Program Administrator, but also allows
19 capital providers to administer and service such
20 PACE Projects directly or through affiliates in the
21 capacity of PACE Project Administrators for their
22 own account or others of their choosing.

23 Record owners will benefit from lower
24 C-PACE financing costs amid the resulting fairness

1 of competition among capital providers all at no
2 cost to any county or municipality. All parties
3 will also benefit from the Authority's vast
4 experience in the issuance of conduit debt
5 obligations which each share amounts to billions of
6 dollars of long-term investment and voluntary
7 projects of private sector borrowers throughout
8 Illinois.

9 Statewide conduit issuer of bonds and
10 notes, the Authority's uniform C-PACE financing
11 documents for all PACE Projects will simplify due
12 diligence in the asset backed securities market for
13 capital providers in contrast to a fragmented
14 market of numerous county and municipal issuers of
15 conduit debt obligations throughout Illinois.

16 Accordingly, the Authority elected to
17 leverage these competitive advantages to achieve
18 vertical integration and economies of scale in
19 local markets by forming the C-PACE Open Market
20 Initiative, an Illinois not-for-profit Corporation
21 and component unit of the Authority to offer an
22 independent neutral Program Administrator in the
23 capacity of PACE Area Administrator, to any county
24 or municipality and its residents and taxpayers all

1 at no cost to such counties and municipalities.

2 The goals of the C-PACE Open Market
3 Initiative are to spur investment in energy
4 efficiency and water conservation and to stimulate
5 growth of renewable energy and resilient building
6 design throughout Illinois.

7 So that's a really good primer on why
8 we are here today. Today is essentially the
9 culmination of nearly five years of work on behalf
10 of the Authority Staff to develop subject matter
11 expertise and become a leader in the C-PACE
12 financing market to help move the needle on climate
13 change and diversify the Authority's operation.

14 More specifically, today's Resolutions
15 before you will begin with what I would term as
16 Phase 3 of the Authority's professional services to
17 be offered to the C-PACE financing market.

18 Phase 1 was working hand-in-glove with
19 municipalities like the City of Chicago and Village
20 of Rosemont that engaged with exclusive capital
21 providers to develop city-wide PACE Programs
22 whereby the Illinois Finance Authority was simply
23 the conduit issuer of PACE Bonds for PACE Projects
24 relieving municipalities of issuing conduit debt

1 obligations themselves to finance or refinance PACE
2 Projects.

3 During this time, Authority Staff
4 developed standardized financing documents and
5 introduced into the General Assembly a
6 comprehensive technical rewrite to the PACE Act
7 that was approved by a unanimous vote in both the
8 Illinois House and Illinois Senate, ultimately
9 signed into law by Governor Pritzker in July of
10 2019.

11 Thereafter, the Authority closed its
12 first C-PACE financing in November, 2019,
13 approximately three years ago. Total, the
14 Authority has financed two PACE Projects in
15 Rosemont and three PACE Projects in Chicago.

16 Phase 2 was building upon the success
17 of financing PACE Projects on a discrete project
18 basis throughout Illinois wherever there was no
19 existing exclusive capital provider or affiliate
20 engaged as the Program Administrative for a
21 particular municipality.

22 The Authority financed PACE Projects
23 in Beardstown, Highland Park, and Skokie.
24 Additionally, the Authority expects to close within

1 this quarter on PACE Projects located in
2 Springfield, Freeport, and Quincy. All three
3 municipalities have adopted the Authority's prior
4 form of the PACE Ordinance in the form of
5 collateral documents necessary to issue PACE Bonds
6 as so requested by the applicable capital
7 providers.

8 Each of these circumstances, it was
9 the applicable capital provider that agreed to be
10 the Program Administrator for the respective PACE
11 Project approved by each municipality, which taught
12 us a valuable lesson. Capital providers can and
13 will administer and service their own C-PACE
14 financing origination if given the opportunity for
15 a neutral and level playing field. It is
16 independent of any affiliation with a competing
17 capital provider, which brings us to today,
18 Phase 3.

19 To be successful in the C-PACE
20 financing market, the Authority needs volume and
21 economies of scale. Currently, each PACE Project
22 is being approved by municipalities on a discrete
23 project basis because each capital provider's
24 interest in being a Program Administrator does not

1 extend beyond its own existing or perspective
2 C-PACE financing origination unless they have been
3 engaged as an exclusive Program Administrator for
4 an entire county or municipality. This exclusivity
5 has become problematic as well which we will
6 discuss in more detail when considering Resolution
7 No. 3 today.

8 That being the case, there is a gap
9 that exists between the needs of any county or
10 municipality and the needs of capital providers.
11 In each case, balanced against the best interest of
12 residents and taxpayers that may voluntarily
13 request C-PACE financing from time to time.

14 Under the PACE Act, a Program
15 Administrator must be either a for-profit entity or
16 a not-for-profit entity. Phase 3 C-PACE Open
17 Market Initiative fills that gap. Members of the
18 Authority's Executive Committee have organized the
19 Illinois C-PACE Open Market Initiative to conduct
20 business in Illinois as a not-for-profit
21 Corporation.

22 The purpose of the C-PACE Open Market
23 Initiative is to administer a nonpartisan,
24 nonpolitical PACE Program on behalf of or at the

1 discretion of counties and municipalities in
2 Illinois. The proposed Illinois Finance Authority
3 PACE program to be administered by the C-PACE Open
4 Market Initiative at all times for participating
5 counties and municipalities aspires to approve
6 access to and the affordability of capital, thus
7 generating more PACE Project volume and ultimately
8 producing economies to scale in the approved
9 operating margins for the Authority.

10 Last Wednesday, Chair Hobert, Vice
11 Chair Nava, Director Amaro and Director Tobon
12 executed the Corporation's first resolutions by
13 unanimous consent. As a result of such adoption,
14 the 14 Members, 14 current Members of the Authority
15 were appointed as Directors of the Corporation.
16 The Articles of Incorporation and Amendment were
17 acknowledged. Bylaws that mirror those of the
18 Authority were approved. The Officers of the
19 Authority were elected as Officers of the
20 Corporation. I was designated as the Registered
21 Agent of the Corporation. Conflict of interest and
22 whistleblower policies were enacted among other
23 administrative matters.

24 Particular note, with respect to the

1 Corporation bylaws, the Corporation has elected to
2 conduct business in accordance with the Illinois
3 Open Meetings Act for purpose of transparency,
4 which is also the rationale for today's meeting
5 format.

6 We'll provide these executed unanimous
7 consent resolutions and related exhibits to each
8 Director once we receive our Articles of Amendment
9 filed just last Friday back from the Illinois
10 Secretary of State.

11 As you can tell, the organization of
12 the Corporation is intended to leave no daylight
13 between the wall and the wallpaper. That is, the
14 Corporation is legally distinct but nevertheless a
15 fiscally sponsored component unit of the Authority.
16 The Authority Staff will conduct day-to-day
17 operations of the Corporation and, therefore,
18 business of the Corporation will be subject to
19 Freedom of Information Act requests as well as
20 auditing by the Office of the Illinois Auditor
21 General.

22 This regulatory framework was also
23 true of the Authority's previous component unit,
24 the Illinois Finance Authority Development Fund,

1 NFP, which was created for the purpose of new
2 market tax credits and is being dissolved due to
3 lack of activity in favor of capitalizing the
4 C-PACE Open Market Initiative with its remaining
5 assets.

6 Finally, before we introduce today's
7 three Resolutions, I'd like to introduce two guests
8 with us who are only today on Zoom. First is David
9 McEllis from the Environmental Law and Policy
10 Center who will say a few words during the
11 consideration of Resolution No. 3.

12 And also with us today is David
13 Schaefer of DSS Advisors, LLC. David is the
14 Authority's C-PACE consultant, as Six mentioned at
15 our prior meeting. He's helped me design and
16 develop the Illinois Finance Authority PACE
17 Program. David Schaefer is an MIT alum, a retired
18 Wall Street attorney, and in my opinion, one of the
19 foremost experts in the C-PACE financing market.

20 David's wealth of knowledge spans from
21 being an attorney practicing in the CMBS financing
22 market on Wall Street to the PACE Program
23 development in states across the country.

24 David, would you like to introduce

1 yourself and perhaps give a little background on
2 your C-PACE history before we begin moving through
3 today's agenda?

4 MR. SCHAEFER: This a David Schaefer.
5 Thank you, Brad, for that introduction. Good
6 morning, everyone. It's a pleasure to be with you
7 today. I am the principal of the DSS Advisors.
8 One of our significant areas of consulting and
9 advisory services is in the PACE industry. We
10 provide services to state and local governmental
11 authorities, capital providers, program
12 administrators, and other stakeholders in the PACE
13 capital stack.

14 I started my career as an attorney. I
15 practiced law for over 30 years concentrating
16 mostly in finance and other capital markets. I
17 became involved in PACE financing in 2013 starting
18 with representing a capital provider in the State
19 of Florida, which is also a state that issues bonds
20 like Illinois on one of the first commercial
21 programs followed shortly thereafter in
22 representing another capital provider in the State
23 of Illinois -- the State of California which, also,
24 is also a bond-issuing state and one of the first

1 Open Market Programs in the PACE industry.

2 In 2015, I retired from the practice
3 of law and cofounded Counterpoint Energy Partners.
4 Its commercial arm is Counterpoint Sustainable Real
5 Estate. I was the chief operating officer there
6 for about five years. I was involved in all
7 aspects of financing and strategic relationships,
8 product development, legal, legislative and
9 governmental affairs, which is where I met Chris
10 and Brad.

11 And then in 2020, I left Counterpoint
12 after change in control and founded DSS Advisors.

13 MR. FLETCHER: This is Brad Fletcher.
14 Thank you, David. Does any Director have any
15 comments or questions before we begin?

16 (No audible response.)

17 MR. FLETCHER: Okay. Hearing none, Item 1
18 is a Resolution Adopting the Budget of the Illinois
19 C-PACE Open Market Initiative for Fiscal Year 2023
20 and Other Matters Related Thereto.

21 I'm showing an Exhibit A to a related
22 memo provided to the Directors last Friday. The
23 proposed budget of the Corporation for Fiscal Year
24 2023 that ends on June 30th, 2023, is \$10,000. It

1 is expected that the remaining assets of the
2 Illinois Finance Authority Development Fund, NFP,
3 will be approximately \$11,488 on its dissolution,
4 this dissolution of which was approved by Members
5 of the Authority this past April. Additional funds
6 were returned to the Authority.

7 Enumerated expenses in the tentative
8 Fiscal Year 2023 budget include a registration fee
9 with the Office of the Illinois Attorney General,
10 filing fees with the Office of the Illinois
11 Secretary of State, the exemption user fee with the
12 Internal Revenue Service to apply for Federal
13 filing NT3, a tax-exempt status, transcription of
14 minutes for Corporation meetings, and a Program
15 Opinion from Foley & Lardner, LLP.

16 Forecast of that position is \$3,500
17 which is anticipated to cover any operating
18 expenses of the Corporation for at least one to
19 two years going forward. The Corporation's
20 services are provided free of charge as a loss
21 leader to the Authority, and operations are
22 delivered by Authority Staff. The Authority Staff
23 is already substantially providing these services
24 to PACE areas on a limited basis.

1 Does any Director have any questions
2 or comments?

3 (No audible response.)

4 MR. FLETCHER: Item 2 is Resolution
5 Approving the Schedule of Regular Meetings for
6 Fiscal Year 2023.

7 Again, as earlier mentioned, the
8 Corporation's bylaws provide that the Corporation
9 shall act in accordance with the Open Meetings Act.
10 This is an optional election. The Corporation
11 intends to meet once per year, and the next regular
12 meeting date is scheduled for June 13th, 2023. At
13 such time, the Corporation will approve a budget
14 for fiscal year 2024 and elect a vice chair,
15 similar to the policies and procedures for the
16 Authority.

17 Does any Director have any questions
18 or comments?

19 (No audible response.)

20 MR. FLETCHER: Item 3 is a Resolution
21 Authorizing and Establishing the Illinois Finance
22 Authority Property Assessed Clean Energy Program;
23 Authorizing and Approving the Illinois Finance
24 Authority Property Assessed Clean Energy Program

1 Ordinance and Related Program Report for Use by
2 Governmental Units; Authorizing Execution and
3 Delivery of a Master Participation Agreement with
4 Program Administrators to Act Thereunder;
5 Authorizing and Approving the Illinois Finance
6 Authority Property Assessed Clean Energy Program
7 Handbook; and Approving Related Matters.

8 Through the IFA PACE Program,
9 interested counties and municipalities throughout
10 Illinois may participate in a stabilized open
11 market of PACE areas administered by the
12 Corporation as the independent neutral Program
13 Administrator referred to as the PACE Area
14 Administrator.

15 PACE Area Administrator, among other
16 things, acts as a liaison to each county and
17 municipality participating in the IFA PACE Program,
18 and its respective residents, taxpayers, and other
19 interested persons. Commercial property owners
20 meanwhile are afforded the opportunity to work with
21 capital providers of their own choosing as PACE
22 Project Administrators and to assemble a team of
23 professionals desired for any potential PACE
24 Project; for example, architects, engineers, energy

1 auditors, appraisers, contractors, bond counsel,
2 trustees, and title companies.

3 The IFA PACE Program is appealing
4 because its neutrality among capital providers
5 avoids the conflict of interest that exists under
6 certain other PACE Programs throughout Illinois.
7 Under the IFA PACE Program, capital providers and
8 their affiliates will administer and service their
9 respective PACE Projects as PACE Project
10 Administrators.

11 This feature eliminates the additional
12 program administration fees otherwise charged by
13 affiliates and competing capital providers or other
14 third parties that have secured or will endeavor to
15 secure an exclusive role as Program Administrator
16 for a county or municipality.

17 As a result, the IFA PACE Program
18 incentivizes competition to lower costs and
19 improved service for commercial property owners.
20 Additionally, in their capacity as PACE Project
21 Administrators, capital providers can fairly manage
22 existing and future relationships with commercial
23 property owners without the risk associated with
24 sharing business intelligence with affiliates and

1 competitors that have secured an exclusive role as
2 a Program Administrator for a county or
3 municipality.

4 State and wide open market
5 architecture of the IFA PACE Program also offers
6 what no other PACE Program in Illinois can offer:
7 uniformity. The financing or refinancing of all
8 PACE Projects regardless of location is undertaken
9 by a single issuer of a bond, the Illinois Finance
10 Authority. The Authority has statewide
11 authorization to issue bonds and notes to fund PACE
12 Projects located in any PACE area, thus doing away
13 with any issuance of bonds or notes by counties or
14 municipalities, themselves. In turn, the counties
15 and municipalities enjoy the benefits of not
16 incurring any relating conduit debt, compliance, or
17 accounting obligations.

18 Simplification of a single conduit
19 issuer with statewide authorization to fund PACE
20 Projects attracts capital providers from the East
21 Coast, West Coast, and Sun Belt that desire a
22 standardized, efficient, and affordable turnkey
23 solution to facilitate access to capital for
24 commercial property owners further reducing legal

1 and financing costs for such commercial property
2 owners.

3 Through the IFA PACE Program, each
4 county and municipality adopting the proposed form
5 of PACE Ordinance always retains its prerogatives
6 as set forth in the PACE Act. The form of PACE
7 Ordinance meets requirements of Section 15 of the
8 PACE Act and includes the right of each county or
9 municipality to establish other PACE Programs and
10 to issue its own bonds or notes under such other
11 programs.

12 Shown in the three attachments to the
13 related memo provided to Directors last Friday,
14 this Resolution approves the form of PACE Ordinance
15 wherein each county or municipality approves the
16 IFA PACE Program to be administered effectively by
17 two classes of Program Administrators; first, the
18 Corporation as the PACE Area Administrator, and
19 second, each capital provider as a PACE Project
20 Administrator.

21 Attached to the form of Ordinance is a
22 statutory required Program Report which is somewhat
23 C-PACE's version of the Rules of the Road. That
24 prescribes the roles and responsibilities of each

1 county and municipality, the roles and
2 responsibilities of the Authority as the issuer of
3 bonds or notes, duties and obligations as a
4 Corporation as a PACE Area Administrator, and the
5 duties and obligations of each capital provider or
6 its affiliate as PACE Project Administrator.

7 Even so, the Program Report otherwise
8 mostly reflects the statutory framework required in
9 any PACE Program in Illinois thanks to a best in
10 class state enabling statute and state law as
11 comprehensively rewritten by the Authority back in
12 2019 with the support of the LPC benefits of which
13 will be fully realized under the IFA PACE Program
14 at this time.

15 The Program reported two appendices;
16 first the form of assessment contract as collateral
17 for any C-PACE financing, which is the Authority's
18 form of the assessment contract; second, the form
19 of assignment agreement, the signing and assessment
20 contract that's collateral for any C-PACE financing
21 from a county or municipality, which, again, is the
22 Authority's form of assignment agreement.

23 The second attachment to the related
24 memo is the form of Master Participation Agreement

1 each capital provider and its affiliate must
2 execute with the Corporation before participating
3 in the IFA PACE Program. It establishes
4 eligibility and scope of services among other
5 matters for each capital provider and its affiliate
6 to act as a PACE Project Administrator in the
7 Illinois Finance Authority Program, in addition to
8 those prescribed in the Program Report.

9 Finally, the third attachment is the
10 new PACE Handbook. The PACE Handbook supplements
11 each Master Participation Agreement and the Program
12 Report. The PACE Handbook contains items that may
13 change from time to time, such as, insurance
14 requirements and additional underwriting
15 requirements. For example, the current PACE
16 Handbook contemplates a maximum combined LTV ratio
17 and a minimum combined debt service coverage ratio
18 for any PACE Project.

19 I'd like thank Katten Muchin and its
20 pro bono practice, in particular, Janet Hoffman and
21 her staff, for assisting in the formation and
22 organization of the Corporation. Katten's pro bono
23 team will be assisting Authority Staff with this
24 application for 501(c)(3) status.

1 I'd like to thank the Smart Energy
2 Design Assistance Center at U of I in Champaign for
3 offering energy audits for potential PACE Projects
4 as required by state law if record owners need such
5 assistance under the IFA PACE Program. In
6 particular, Todd Russ, SEDAC's Associate Director
7 has been an invaluable resource during our various
8 conversations. I'd like to thank Foley & Lardner
9 for reviewing each of these documents that comprise
10 this IFA PACE Program for validity and
11 enforceability under the PACE Act in the Illinois
12 Finance Authority Act. Chair of Foley's public
13 finance practice, Laura Bilas, informed Authority
14 Staff last week that she has signed off on each of
15 the documents before you today and is ready to
16 provide a clean opinion.

17 Finally and perhaps most importantly,
18 we'd like to thank Environmental Law and Policy
19 Center for their tireless efforts in advancing
20 C-PACE legislation in Illinois being a trusted
21 legal advocacy organization in all matters
22 climate-related in Illinois and throughout the
23 Midwest.

24 Please allow me to introduce our

1 guest, David McEllis, Illinois Legislative Director
2 of ELPC. David?

3 ASSISTANT SECRETARY MEYER: This is Mark
4 Meyer. David, just one moment. Let the record
5 reflect that at 11:05 a.m., Director Wexler needs
6 to exit the meeting. Director Wexler, can you
7 confirm that you could hear all participants'
8 discussion and testimony?

9 DIRECTOR WEXLER: Yes. As of this date, I
10 can confirm that I could hear all testimony, all
11 participants.

12 ASSISTANT SECRETARY MEYER: Great. Thank
13 you.

14 MR. FLETCHER: David, the floor is yours,
15 McEllis.

16 MR. McELLIS: Thank you very much, Brad.
17 Chair Hobert and Members of the Board of Directors,
18 ELPC thanks you and your staff, particularly Brad
19 Fletcher, for the long-time commitment to and
20 investment in making Commercial Property Assessed
21 Clean Energy Financing a standard, efficient, and
22 affordable climate finance tool for commercial
23 property owners, private lenders, and local
24 government in Illinois.

1 ELPC's support for the Illinois PACE
2 legislation goes back over a decade, and ELPC
3 continued to support PACE in the General Assembly
4 even when it was challenging and looked unlikely to
5 happen. ELPC is particularly proud of our support
6 in the 2019 amendments to the PACE Act which
7 Governor Pritzker signed into law, and the Illinois
8 Finance Authority was an indispensable partner in
9 that effort to pass that law in 2019.

10 ELPC is active throughout the Midwest
11 on climate policy issues in the courts as well as
12 at the legislature and at the federal, state, and
13 local level.

14 We understand that laws and policies
15 are words on a page unless an organization invests
16 in giving those words life. With the IFA's record
17 of successfully closing C-PACE financing, the
18 Authority has done just that. Given the words of
19 the Illinois PACE Act life and creating new climate
20 finance product for the people of Illinois, ELPC
21 looks forward to continuing to partner with you and
22 others to take Illinois C-PACE to the next level
23 with widespread adoption by counties and
24 municipalities, private lenders, and commercial

1 property owners through the implementation of this
2 Illinois C-PACE Open Market Initiative.

3 Importantly, C-PACE works because it
4 is a form of enhanced security and not a public
5 subsidy. ELPC believes that the standardized,
6 efficient, and affordable climate financing tool
7 will help combat climate change in our state, and
8 to meet the challenge of climate change, we will
9 need every tool available.

10 Thank you very much for your time and
11 for your efforts, and Brad and Chris, your efforts,
12 in creating this new C-PACE Open Market Initiative.

13 MR. FLETCHER: This is Brad Fletcher.
14 Thank you, David. With respect to Resolutions 1,
15 2, or 3, does any Director have any questions or
16 comments?

17 (No audible response.)

18 CHAIR HOBERT: This is Will Hobert. Thank
19 you, Brad. I would like to request a motion to
20 pass and adopt the following New Business Items;
21 Items 1, 2 and 3.

22 Is there such a motion?

23 VICE CHAIR NAVA: This is Roxanne Nava.
24 I'd also like to commend Director Meister and Brad

1 Fletcher for five years of work in getting us to
2 this point, and you, too, Chairman Hobert, for the
3 support, for addressing market needs so that we can
4 create a sustainable economy.

5 So I so move on your motion.

6 DIRECTOR PAWAR: This Ameya Pawar.

7 Second.

8 CHAIR HOBERT: This is Will Hobert. Will
9 the Assistant Secretary please call the roll?

10 ASSISTANT SECRETARY MEYER: This is Mark
11 Meyer. On the motion by Vice Chair Nava and second
12 by Director Pawar, I will call the roll.

13 Mr. Beres?

14 DIRECTOR BERES: Yes.

15 ASSISTANT SECRETARY MEYER: Ms. Juracek?

16 DIRECTOR JURACEK: Yes.

17 ASSISTANT SECRETARY MEYER: Chair Hobert?

18 CHAIR HOBERT: Yes.

19 ASSISTANT SECRETARY MEYER: Ms. Nava?

20 VICE CHAIR NAVA: Yes.

21 ASSISTANT SECRETARY MEYER: Mr. Pawar?

22 DIRECTOR PAWAR: Yes.

23 ASSISTANT SECRETARY MEYER: Mr. Poole?

24 DIRECTOR POOLE: Yes.

1 ASSISTANT SECRETARY MEYER:

2 Mr. Strautmanis?

3 DIRECTOR STRAUTMANIS: Yes.

4 ASSISTANT SECRETARY MEYER: Mr. Tobon?

5 DIRECTOR TOBON: Yes.

6 ASSISTANT SECRETARY MEYER: Ms. Watson.

7 DIRECTOR WATSON: Yes.

8 ASSISTANT SECRETARY MEYER: And

9 Mr. Zeller?

10 DIRECTOR ZELLER: Yes.

11 ASSISTANT SECRETARY MEYER: Again, this is
12 Mark Meyer. Chair Hobert, the ayes have it and the
13 motion carries.

14 CHAIR HOBERT: This is Will Hobert. Thank
15 you, Mark. Is there any matter for discussion in
16 closed session? I'm sorry. Wrong spot.

17 Thank you, Mark. Is there any other
18 business before the Directors?

19 ASSISTANT SECRETARY MEYER: This is Mark
20 Meyer. Chair Hobert, Directors Amaro, Fuentes and
21 Ryan were unable to participate today.

22 CHAIR HOBERT: Will Hobert. Thank you,
23 Mark. I would like to request a motion to excuse
24 the absences of the Directors who were unable to

1 attend and participate today.

2 Is there such a motion?

3 DIRECTOR JURACEK: Arlene Juracek. So
4 moved.

5 DIRECTOR TOBON: This is Eduardo Tobon.
6 Second.

7 CHAIR HOBERT: This is Will Hobert. Will
8 the Assistant Secretary please call the roll?

9 ASSISTANT SECRETARY MEYER: This is Mark
10 Meyer. On the motion by Director Juracek and
11 second by Director Tobon, I will call the roll.

12 Mr. Beres?

13 DIRECTOR BERES: Yes.

14 ASSISTANT SECRETARY MEYER: Ms. Juracek?

15 DIRECTOR JURACEK: Yes.

16 ASSISTANT SECRETARY MEYER: Chair Hobert?

17 CHAIR HOBERT: Yes.

18 ASSISTANT SECRETARY MEYER: Ms. Nava?

19 VICE CHAIR NAVA: Yes.

20 ASSISTANT SECRETARY MEYER: Mr. Pawar?

21 DIRECTOR PAWAR: Yes.

22 ASSISTANT SECRETARY MEYER: Mr. Poole?

23 DIRECTOR POOLE: Yes.

24 ASSISTANT SECRETARY MEYER:

1 Mr. Strautmanis?

2 MR. STRAUTMANIS: Yes.

3 ASSISTANT SECRETARY MEYER: Mr. Tobon?

4 DIRECTOR TOBON: Yes.

5 ASSISTANT SECRETARY MEYER: Ms. Watson?

6 DIRECTOR WATSON: Yes.

7 ASSISTANT SECRETARY MEYER: Mr. Zeller?

8 DIRECTOR ZELLER: Yes.

9 ASSISTANT SECRETARY MEYER: Again, this is
10 Mark Meyer. Chair Hobert, the ayes have it and the
11 motion carries.

12 CHAIR HOBERT: This is Will Hobert. Thank
13 you, Mark. Is there any matter for discussion in
14 closed session?

15 (No. audible response.)

16 CHAIR HOBERT: Hearing none, the next
17 regularly scheduled meeting will be June 13th,
18 2022.

19 ASSISTANT SECRETARY MEYER: 2023.

20 CHAIR HOBERT: 2023. Thank you. I would
21 like to request a motion to adjourn.

22 Additionally, when responding to the
23 roll call for this motion, I ask that each Director
24 confirm they were able to hear the participants,

1 discussion, and testimony of this proceeding.

2 Is there such a motion?

3 DIRECTOR WATSON: This a Jennifer Watson.

4 So moved.

5 DIRECTOR ZELLER: This is Director Brad

6 Zeller. I'll second that motion.

7 CHAIR HOBERT: This is Will Hobert. Will

8 the Assistant Secretary please call the roll?

9 ASSISTANT SECRETARY MEYER: This is Mark
10 Meyer. On the motion by Director Watson and second
11 by Director Zeller, I will call the roll.

12 Mr. Beres?

13 DIRECTOR BERES: Aye, and I confirm that I
14 could hear all participants, discussion, and
15 testimony.

16 ASSISTANT SECRETARY MEYER: Ms. Juracek?

17 DIRECTOR JURACEK: Aye, and I confirm that
18 I could hear all participants, discussion, and
19 testimony.

20 ASSISTANT SECRETARY MEYER: Chair Hobert?

21 CHAIR HOBERT: Aye, and I confirm that I
22 could hear all participants, discussion, and
23 testimony.

24 ASSISTANT SECRETARY MEYER: Vice Chair

1 Nava?

2 VICE CHAIR NAVA: Aye, and I confirm that
3 I could hear all participants, discussion, and
4 testimony.

5 ASSISTANT SECRETARY MEYER: Mr. Pawar?

6 DIRECTOR PAWAR: Aye, and I confirm that I
7 could hear all participants, discussion, and
8 testimony.

9 ASSISTANT SECRETARY MEYER: Mr. Poole?

10 DIRECTOR POOLE: Aye, and I confirm that I
11 could hear all the discussions and testimony.

12 ASSISTANT SECRETARY MEYER:

13 Mr. Strautmanis?

14 DIRECTOR STRAUTMANIS: Aye, and I confirm
15 that I could hear all participants, discussion, and
16 testimony.

17 ASSISTANT SECRETARY MEYER: Mr. Tobon?

18 DIRECTOR TOBON: Aye, and I confirm that I
19 could hear all participants, discussion, and
20 testimony.

21 ASSISTANT SECRETARY MEYER: Ms. Watson?

22 DIRECTOR WATSON: Aye, and I confirm that
23 I could hear all participants, discussion, and
24 testimony.

1 ASSISTANT SECRETARY MEYER: And

2 Mr. Zeller?

3 DIRECTOR ZELLER: Aye, and I confirm that
4 I could hear all participants, discussion, and
5 testimony.

6 ASSISTANT SECRETARY MEYER: Again, this is
7 Mark Meyer. Chair Hobert, the ayes have it and the
8 motion carries. The time is 11:13 a.m. This
9 meeting is adjourned. Thank you.

10 (Which were all the proceedings had
11 in the above-entitled cause at this
12 time.)

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REPORTER CERTIFICATION

I, DEBRA LYNN SCHULTZ, CSR, a Certified Shorthand Reporter of the State of Illinois, do hereby certify that I reported the proceedings had by stenographic means at the meeting aforesaid, and that the foregoing is a true, complete, and correct transcript of the proceedings of said meeting as appears from my stenographic notes so taken and transcribed under my personal direction.

Debra Lynn Schultz, CSR
License No. 084-001307