

Make Way for PACE Funding in Illinois:

*Strategic State Support Provided
by
Illinois Finance Authority*

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C-PACE:



Commercial Property Assessed Clean Energy

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Implementation

- ❖ As recommended by the U.S. Department of Energy's "*Lessons in Commercial PACE Leadership: The Path from Legislation to Launch*" dated February 2018, a strategic state support model is beneficial as the state develops standard materials, protocols and offerings; localities use these as they see fit.



- ❖ More than 8 months after enabling legislation enacted into law in Illinois, no county, city or village established a C-PACE area in Illinois; hence, trailer bill was introduced for a strategic state support model to be provided by the IFA.





Conduit Issuance

- ❖ Historically, IFA has served as the primary statewide conduit bond issuer for the public financing of projects voluntarily undertaken by private borrowers (healthcare systems, educational institutions, small manufacturers, etc.).
 - State statutory bond debt limit of \$28.15 billion



- ❖ Illinois General Assembly previously granted IFA \$2.0 billion of bonding authorization for energy efficiency and renewable energy projects that is yet to be utilized.
 - \$2.0 billion energy project debt limit is separate and apart from \$28.15 billion general IFA debt limit noted above



Enabling Legislation

❖ Public Act 100-0077 (HB2831) effective August 11, 2017

❖ C-PACE Trailer Bill (SB2773)

- Passed Senate May 2, 2018
- Passed House May 30, 2018
- Governor signed August 19, 2018*
 - *Effective January 1, 2019

❖ IFA Omnibus Bill (SB0043)

- Passed Senate April 24, 2018
- Passed House May 22, 2018
- Governor signed August 17, 2018*
 - *Effective immediately



Springfield, IL



State Support

- ❖ Pursuant to this legislation, local units of government (or their procured Program Administrator(s)) may now assign assessment contracts to IFA to finance C-PACE projects on their behalf.
- ❖ Benefits of assignment to IFA include:
 - Standardized C-PACE bond documents, reducing legal fees
 - C-PACE bonds issued by experienced, statewide conduit bond issuer
 - **Local unit of government still earns a fee!**
 - IFA open market model allows transaction participants to engage their own financing team, including Bond Counsel and Capital Providers
 - **No procurement issues!**
 - One monthly IFA meeting can approve C-PACE financings from a variety of local jurisdictions across the state
 - Dedicated IFA balance sheet assets can fund C-PACE interim loans before bonding





Warehouse Fund

- ❖ C-PACE projects that are otherwise uneconomical for purposes of bond financing may access interim funding provided by IFA's C-PACE Warehouse Fund, if desired by transaction participants.
- ❖ Functioning as a warehouse lender, IFA will utilize its balance sheet to interim fund small, qualifying C-PACE projects in anticipation of bond financing.
- ❖ Tentative Rate (i.e. cost of capital to local units of government (or their procured Program Administrator(s)):
 - Federal Reserve Bank of New York's Daily Secured Overnight Financing Rate + 1/8%





Economies of Scale

- ❖ Upon multiple interim loans reaching economies of scale for bond financing, assessment contracts will be pooled together and IFA will issue taxable municipal bonds.
 - Borrowers now pay only a pro-rata share of bond issuance costs.
 - **Lower fees!**
- ❖ Alternatively, stand-alone C-PACE bonds can be issued for larger, individual C-PACE projects.
- ❖ Capital Providers that purchase IFA C-PACE bonds are selected by transaction participants at the time of origination, not IFA.





C-PACE Launch!

- ❖ Kane County RFQ for C-PACE Program Administrators due April 10, 2018.
 - Illinois Energy Conservation Authority approved August 14, 2018

- ❖ DuPage County RFQ for C-PACE Program Administrators due May 22, 2018
 - Illinois Energy Conservation Authority approved July 17, 2018

- ❖ City of Chicago RFP for C-PACE Program Administrators due June 11, 2018
 - Loop-Counterpointe PACE LLC approved July 25, 2018

- ❖ More to come!

REQUEST FOR PROPOSALS (RFP) For

PACE Program Administrator

Issued by:

City of Chicago

(Department of Planning and Development)

**Kane Energy
Efficiency Program
(KEEP)**



Questions?

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