



IFFA

ILLINOIS FINANCE AUTHORITY

Illinois Infrastructure Bank

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**PROGRAMS OFFERED BY THE ILLINOIS FINANCE
AUTHORITY THAT COULD BE COMPLEMENTARY TO
OPPORTUNITY ZONES:**

COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY

PARTICIPATION LOAN PROGRAM

PRIVATE ACTIVITY BONDS

**Chris Meister, Executive Director
Illinois Finance Authority
(312)651-1300 cmeister@il-fa.com
www.il-fa.com**

**160 N. LaSalle Street, Suite S-1000, Chicago, IL 60601
2929 Broadway Street, Suite 7B, Mt. Vernon IL 62864
500 E. Monroe St., Third Floor, Springfield, IL 62701**

Commercial Property Assessed Clean Energy (“C-PACE”)

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What is C-PACE?

In Illinois, counties, cities, and villages develop C-PACE programs so commercial property owners can economically finance or refinance up to 100% of their energy efficiency, renewable energy, and water conservation projects on a voluntary, long-term basis with a Capital Provider (i.e., Bondholder).



C-PACE liens are voluntarily attached to a property tax bill. Like any other property tax, a C-PACE lien is senior to a commercial mortgage.

- C-PACE repayment obligations can transfer to a new property owner upon the sale of the property (along with the ongoing energy savings)
- Allows C-PACE financing to exceed standard commercial lending terms that are otherwise typically only 5-7 years. The C-PACE financing term can equal the useful life of energy project (~20 years)

C-PACE Implementation Begins in Illinois

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State Support Model

Counties, cities, and villages may now assign assessment contracts to IFA to finance C-PACE projects on their behalf, which offers the following benefits:

- Standardized C-PACE bond documents drafted by IFA, which increases market liquidity across the state
- Reduced legal fees and faster bond financing through IFA vs. bond financing by local units of government through the Special Assessment Supplemental Bond and Procedures Act
- Certain balance sheet assets of IFA can be dedicated as a warehouse fund for interim funding of smaller C-PACE projects to achieve economies of scale in advance of long-term bond financing

Implementation

Given the state support model offered by IFA, local units of government have begun the first step of procuring Program Administrators to develop and administer C-PACE programs in their communities.

- **July 17, 2018:** DuPage County approved Illinois Energy Conservation Authority as Program Administrator
- **July 25, 2018:** City of Chicago approved Loop-Counterpointe PACE LLC as Program Administrator
- **August 14, 2018:** Kane County approved Illinois Energy Conservation Authority as Program Administrator

Rejuvenated Participation Loan Program

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Background

- IFA assists Illinois businesses that create or retain jobs by offering its Participation Loan Program in conjunction with approved lenders.



- IFA will purchase a participation directly from the borrower's lender of up to the lesser of:
 - 25% of a total project;
 - 50% of a specific loan within the total project; or
 - \$500,000.
- Special opportunities for Veteran, Minority, Women and Disabled (VMWD)-owned businesses
- Benefits lenders: mitigates lender credit risk by providing support in the form of subordinated debt
- Benefits borrowers: improves access to credit; provides subsidized interest rates on IFA's portion of the loan

Private Activity Bond Program

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Core Business: Private Activity Bonds

- Historically, IFA has served as the primary statewide conduit bond issuer for the public financing of projects voluntarily undertaken by private borrowers (first-time farmers, family manufacturers, healthcare systems, educational institutions etc.).



- Tax-exempt bonds offer borrowers a lower-interest rate when financing the acquisition of fixed assets including land, buildings and equipment.
- Bond proceeds may be used for either new construction or renovation, and may be used to purchase new equipment.

Private Activity Bond Program

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Producing Results for Illinois

- As of June 30, 2017, IFA's bonds issued on behalf of for-profit, non-profit, and local government borrowers totaled more than \$25.33 billion in outstanding principal.
- Hospitals and Health Systems, including: Advocate, Edward, Loyola, Northwestern, Norwegian American, Swedish Covenant, etc.
- Schools, universities and colleges, including: DePaul, Elmhurst, IIT, Loyola, North Central, Providence St. Mel, Roosevelt, etc.
- Museums and cultural institutions, including: Art Institute of Chicago, Cantigny Foundation, Field Museum, Museum of Science and Industry, etc.
- Manufacturing Companies: Camcraft, Inc., Fitzpatrick Brothers, Inc., Freedman Seating, Peddinghaus Corp., Sterling Lumber, etc.
- Private Water Supply and Wastewater Treatment Utilities: Aqua Illinois, Inc. and Illinois-American Water Co.

No Taxpayer Support

- IFA receives no taxpayer support or state appropriation for operating expenses.
- Revenue generated from fee income and investment earnings
- Approximately 12 full-time staff; annual budget of ~\$5.0 million



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QUESTIONS?

C-PACE (Commercial Property Assessed Clean Energy):

Brad Fletcher 312-651-1329

bfletcher@il-fa.com

Participation Loan Program:

Stan Luboff, 312-651-1337 (o), 630-740-3841 (cell)

sluboff@il-fa.com

Private Activity Bonds:

Rich Frampton, 312-651-1313

rframpton@il-fa.com

Executive Director:

Chris Meister, (312)651-1300

cmeister@il-fa.com

www.il-fa.com