



# IECA PACE PROGRAM GUIDELINES

A Property Assessed Clean Energy (PACE) Program  
Offered by the Illinois Energy  
Conservation Authority NFP (IECA)  
*Version 2.3*

February 2024

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## 1.0 Introduction

Pursuant to Illinois Public Act 100-0980 (see Appendix A: State of Illinois PACE Act), Illinois Local Units of Government are authorized to create a Property Assessed Clean Energy (PACE) Area in order to partner with private sector Capital Providers to provide PACE Financing to property owners for qualified PACE Projects. A PACE Financing is secured by an Assessment on the real property where clean energy, sustainability, resiliency, and other designated public benefit improvements are installed. As authorized by the Illinois PACE Act and the PACE Ordinance the Illinois Energy Conservation Authority, NFP (the “IECA” or “Program Administrator”) is pleased to administer PACE programs on behalf of Participating Communities.

### IECA PACE (“The Program”)

IECA PACE is an innovative program that enables commercial property owners to obtain 100% long-term, fixed-rate financing for energy efficiency, renewable energy, resiliency, water use and electric vehicle charging building improvements. The term of a C-PACE financing may extend through the useful life of the improvement, which may be up to 20-30 years long, and can result in cost savings that exceed the amount of the C-PACE financing. PACE Financings help property owners overcome financial barriers that typically discourage investment in energy and water conservation improvements to new construction and existing buildings.

One of the distinguishing features of C-PACE is that it is secured by a special assessment lien on the property and is repaid as a line item on the property tax bill. C-PACE special assessments “run with the land”, not the Property Owner and does not accelerate upon a default or become due upon sale. This allows Property Owners to invest in longer-term payback clean energy improvements that can generate positive cash flow, as well as invest in resiliency improvements which can reduce the long-term risk of catastrophic loss. The results may include improved business profitability, an increase in the property value and improved sustainability of the real estate asset.

PACE Financing is secured through a voluntary PACE Assessment, repayment of which can be collected on the property tax bill. PACE Financings may be transferred to the next property owner if the property is sold. The remaining balance of the PACE Financing is repaid by the subsequent owners, who continue to receive the benefits of the improvements from the PACE Project. PACE Financing is available for property owners of commercial, industrial, agricultural, institutional, and multifamily buildings with five or more units. PACE Financing for residential properties with four or fewer units is not offered by The Program at this time.

To take advantage of The Program, a Property Owner develops a qualifying energy and/or water conservation, resiliency, renewable energy, and/or alternative energy project with a Registered Contractor of their choice. (Contractor registration instructions and a roster of registered contractors is available here: <https://www.iecapace.org/registered-contractors> .) Building owners have the choice to arrange project financing with any qualified Capital Provider. The Property Owner and Capital Provider then apply to Program Administrator via <https://iecapace.org/project-application-project-center> to qualify their project for PACE Financing according to the criteria in these Program Guidelines.

If the PACE Project is approved, the Local Unit of Government and the Property Owner enter a PACE Assessment Contract that governs the terms of the PACE Financing. The Property Owner and Capital Provider execute a separate Supplemental PACE Agreement and other agreements required by the Capital Provider that define the terms of the PACE Financing.

The Program relies on private financial institutions to provide capital to fund PACE Financings. The Program is open to any Capital Provider interested in participation. Interested financial institutions may apply to the Program Administrator to become a qualified Capital Provider via <http://iecapace.org/capital-providers>.

The Program is a low-cost PACE program that offers an open-market solution for building owners and promotes clean energy, sustainability, resiliency, and economic development in Illinois communities. The benefits of The Program are available to building owners located in Participating Communities. Any Illinois Local Unit of Government may enact a PACE Ordinance to establish a PACE Area within its corporate boundaries and opt into The Program. Communities interested in participation should visit <https://iecapace.org/local-government> and contact the Program Administrator at [governmentinfo@iecapace.org](mailto:governmentinfo@iecapace.org).

## 2.0 Definitions

This section establishes definitions of terms used in these Program Guidelines.

**Alternative Energy Improvement** - any fixture, product, system, equipment, device, material, or interacting group thereof intended to charge a motor vehicle that is fully or partially powered by electricity, including, but not limited to, electrical wiring, outlets, or charging stations.

**Administrative Expense** - This fee is collected annually with the Assessment Contract Assessment Payment over the term of the PACE Financing. (See [Section 6.0 Program Fees](#) for further details.)

**Applicant** - Any Person, or their authorized agent, that applies to the Program Administrator with the intent to utilize PACE Financing to fund a PACE Project for Property that it owns.

**Application** - The application to participate in The Program and receive a PACE Financing that is approved by the Program Administrator and that confirms the Applicant has met all the requirements set forth in these Program Guidelines. Approval of the Application by the Program Administrator is a condition precedent to closing a PACE Financing. (See [Section 7.1 Application Process Overview](#).)

**Application Fee** - This fee is due at the time the Application is submitted for review by the Program Administrator. (See [Section 6.0 Program Fees](#) for further details.)

**Assessment Contract** - A voluntary written contract between the Local Unit of Government and Property Owner governing the terms and conditions of financing and assessment under The Program, that is recorded in the appropriate jurisdiction's property records, and setting forth the terms of the PACE Financing. The form of the Assessment Contract is attached hereto as [Appendix D](#). Also referred to in this document as a PACE Assessment Contract.

**Assessment Payments** – The installments that the Property Owner is anticipated to pay through tax assessments levied on the Property from time to time by the Local Unit of Government pursuant to the PACE Act (including principal payments, interest and estimated Administrative Expenses ), that are described in the Assessment Contract.

**Bond Agreement** - An agreement or an assignment between a Capital Provider and a Local Unit of Government pursuant to which such Local Unit of Government agrees to pay-over amounts due to Capital Provider paid by a Property Owner pursuant to an Assessment Contract.

**Capital Provider** – Any financial institution that meets the participation requirements set forth in the Request for Qualifications from interested Capital Providers and that makes a PACE Financing.

**Capitalized Interest** – is an amount of interest that is included and reserved in the Financed Amount. Capitalized Interest payments are paid directly to the Capital Provider from funds reserved in the Financed Amount for the purposes of funding interest only payments due during the Capitalized Interest Period, according to the Assessment Contract.

**Capitalized Interest Period** - is the period-of-time following the effective date of the Assessment Contract (closing date) until Assessment Payments are due according to the Assessment Contract.

**Completion Certificate** – A written acknowledgement by a Property Owner and Registered Contractor that all work required under the Application for the PACE Project has been fully and satisfactorily completed and that the Local Unit of Government has fulfilled its responsibilities under Section 25 of Public Act 100-0980.

**Direct Costs** - All Energy Project-related direct costs necessary to complete the installation of a PACE Project, such as the installation/construction contract amount (materials and labor) and any required ancillary cost incurred in order to complete the installation of an Energy Project.

**Eligible Property** – Any Property located in a PACE Area that is utilized for general commercial purposes such as retail, industrial, office, agricultural, and hospitality uses, as well as certain multifamily property with five or more units.

**Eligible Property Owner** – A Person who is a Property Owner of an Eligible Property (including a Person who will become the Property Owner of an Eligible Property immediately following the closing of a PACE Financing, subject to documentation reasonably satisfactory to the Program Administrator) located in a PACE Area that meets the eligibility requirements set forth in in these Program Guidelines.

**Energy Efficiency Improvement** - Equipment, devices, or materials intended to decrease energy consumption or promote a more efficient use of electricity, natural gas, propane, or other forms of energy on property, including, but not limited to, the following:

- (1) insulation in walls, roofs, floors, foundations, or heating and cooling distribution systems.

- (2) storm windows and doors, multi-glazed windows and doors, heat-absorbing or heat-reflective glazed and coated window and door systems, and additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption.
  - (3) automated energy control systems.
  - (4) high efficiency heating, ventilating, or air-conditioning and distribution system modifications or replacements.
  - (5) caulking, weather-stripping, and air sealing.
  - (6) replacement or modification of lighting fixtures to reduce the energy use of the lighting system.
  - (7) energy controls or recovery systems.
  - (8) day lighting systems; and
    - (8.1) any energy efficiency project, as defined in Section 825-65 of the Illinois Finance Authority Act; and
  - (9) any other installation or modification of equipment, devices, or materials approved as a utility cost-savings measure by the governing body.
- As set forth in the PACE Act.

**Energy Project** – the acquisition, construction, installation, or modification of an alternative energy improvement, energy efficiency improvement, renewable energy improvement, resiliency improvement, or water use improvement affixed to real property (including new construction) as set forth in the PACE Act and as set forth in the Program Guidelines.

**Energy Project Assessment** – An assessment of the Energy Projects proposed for the PACE Project conducted by the Registered Contractor or certified professional in compliance with [Section 4.4 Energy Project Assessment Requirements](#).

**Financed Amount** – The dollar amount of the special assessment levied against the Property as set forth in the Assessment Contract.

**IECA PACE (or “The Program”)** – The PACE program administered by the Illinois Energy Conservation Authority (IECA) according to the PACE Act, PACE Ordinance and the terms of these Program Guidelines.

**Interest-Only Period** – is the period-of-time at the beginning of the PACE Financing Term during which the Capital Provider agrees to allow Property Owner to pay Assessment Payments that only include interest payments and Administrative Expenses.

**Local Unit of Government** - A county, city, or village, as defined in the PACE Act.

**Mortgage Lender Consent** – The written consent of the existing holder(s) of a mortgage or other real property lien on the Eligible Property of an Applicant, which must be obtained by an Applicant prior to closing on a PACE Financing. (See [Section 4.6 Mortgage Lender Consent](#) for further details.)

**Notice of Program Approval** – This is a notice provided to the Property Owner by the Program Administrator that signifies that the Application is complete and has been approved by the Program Administrator. Following receipt of this notice the Property Owner may close their PACE Financing.

**PACE** – The acronym for Property Assessed Clean Energy.

**PACE Act** – Illinois Statute, 50 ILCS 50.

**PACE Area** - An area within the jurisdictional boundaries of a Local Unit of Government created by an ordinance or resolution of the Local Unit of Government to provide financing for Energy Projects under a Property Assessed Clean Energy Program. A Local Unit of Government may create more than one PACE Area under The Program, and PACE Areas may be separate, overlapping, or coterminous.

**PACE Financing** – Any set of activities undertaken between a Participating Community, a Capital Provider, a Registered Contractor(s), and a Property Owner to enter an Assessment Contract, Supplemental PACE Agreement, Escrow Agreements and other transaction documents necessary to fund a PACE Project.

**PACE Financing Term** – the period-of-time in which all scheduled Assessment Payments are due, as further defined in Section 4.3 – Eligible PACE Projects.

**PACE Ordinance** – the model C-PACE Ordinance & Program Report prepared according to the PACE Act, authorizes Participating Communities to join The Program and enter into an Assessment Contract with a Property Owner to facilitate the financing of a qualified PACE Project by billing and collecting the payments for the PACE financing through the real estate tax bills and agreeing to enforce those assessments.

**PACE Project** – An Energy Project installed on real property that meets the requirements set forth in these Program Guidelines.

**Participating Community** – An Illinois Local Unit of Government that has adopted the PACE Ordinance to establish a PACE Area, joined The Program and selected the Program Administrator.

**Person** - An individual, firm, partnership, association, corporation, limited liability Company, unincorporated joint venture, trust, or any other type of entity that is recognized by law and has the title to or interest in property. "Person" does not include a Local Unit of Government or a homeowner's or condominium association but does include other governmental entities that are not Local Units of Government.

**Program Administrator** – The Illinois Energy Conservation Authority, NFP (IECA), a not-for profit entity that will administer The Program on behalf of or at the discretion of the Local Unit of Government.

**Program Fee** – A one-time administration processing and Program Fee paid to the Program Administrator at or prior to the PACE Financing closing date. (See [Section 6.0 Program Fees](#) for further details.)

**Program Guidelines** – This document setting forth The Program’s requirements, recommendations, and processes under which Property Owners seeking to complete a PACE Project may be approved to utilize PACE Financing.

**Project Center** – A web portal containing all documents, applications, and instructions required to be approved for a PACE Financing through by the Program Administrator and The Program.

**Property** - Privately-owned commercial, industrial, non-residential agricultural, or multi-family (of 5 or more units) real property located within the Local Unit of Government but does not include property owned by a Local Unit of Government or a homeowner's or condominium association.

**Property Owner** - The Person who is the titleholder or owner of the beneficial interest in Property, also a Record Owner, as set forth in the PACE Act.

**Refinance PACE Financings** - A PACE Financing that closes financing after the Eligible Property Owner completes the installation of an Energy Project(s).

**Registered Contractor** – A business or organization that possesses all required licenses; has accepted all required terms and conditions of participation in The Program; and has been approved by the Program Administrator to provide services to Property Owners.

**Renewable Energy Improvement** - any fixture, product, system, equipment, device, material, or interacting group thereof on the property of the record owner that uses one or more renewable energy resources to generate electricity, including any renewable Energy Project, as defined in Section 825-65 of the Illinois Finance Authority Act, as set forth in the PACE Act.

**Renewable Energy Resource** - includes energy and its associated renewable energy credit or renewable energy credits from wind energy, solar thermal energy, geothermal energy, photovoltaic cells and panels, biodiesel, anaerobic digestion, and hydropower that does not involve new construction or significant expansion of hydropower dams. For purposes of this Act, landfill gas produced in the State is considered a renewable energy resource. The term "renewable energy resources" does not include the incineration or burning of any solid material, as set forth in the PACE Act.

**Resiliency improvement** – any fixture, product, system, equipment, device, material, or interacting group thereof intended to increase resilience or improve the durability of infrastructure, including but not limited to, seismic retrofits, flood mitigation, fire suppression, wind resistance, energy storage, microgrids, and backup power generation, as set forth in the PACE Act.

**Supplemental PACE Agreement** – An agreement between the Property Owner and Capital Provider that specify the terms and conditions on which the Capital Provider is willing to fund the PACE Project in connection with the Special Assessment.

**Warehouse Lender** - Any financial institution participating in a PACE Area that finances an Energy Project from lawfully available funds in anticipation of issuing bonds as described in Section 35 of the PACE Act.

**Water Use Improvement** - any resiliency improvement, fixture, product, system, equipment, device, material, or interacting group thereof intended to conserve water resources or improve water quality on property, including, but not limited to, all the following:

- (1) water management or efficiency systems.
  - (2) water recycling.
  - (3) capturing, reusing, managing, and treating stormwater.
  - (4) bioretention, trees, green roofs, porous pavements, or cisterns for maintaining or restoring natural hydrology.
  - (5) replacing or otherwise abating or mitigating the use of lead pipes in the supply of water; and
  - (6) any other resiliency improvement, fixture, product, system, equipment, device, or material intended as a utility or other cost-savings measure as approved by the governmental unit.
- As set forth in the PACE Act.

## 3.0 Program Information

### 3.1 Program Authorization

The PACE Act empowers Local Units of Government to establish a PACE Area and create a PACE Program within their corporate boundaries. Through the PACE Act, Participating Communities adopted the PACE Ordinance, created The Program, and selected The Illinois Energy Conservation Authority (IECA) as the Program Administrator.

### 3.2 Program Administrator

Each Participating Community delegates to the IECA the authority to administer The Program in its jurisdiction and serve as its Program Administrator.

#### IECA Contact Information

Website- <http://iecapace.org>

Email- [info@iecapace.org](mailto:info@iecapace.org)

Phone- 888-874-4322

The Illinois Energy Conservation Authority (IECA) is a non-profit organization formed to facilitate clean energy initiatives, sustainability, resiliency, and economic development in the State of Illinois. IECA offers the State of Illinois a single point of access for Eligible Property Owners, Participating Communities, Registered Contractors, and Capital Providers to qualify PACE Projects for PACE Financing. The Program Administrator is responsible for handling administration of The Program including, registering contractors, qualifying Capital Providers, establishing Program Guidelines, PACE Financing application reviews and approvals, training stakeholders, marketing, as well as servicing repayment of Assessment Payments collections on behalf of Participating Communities, among other responsibilities. The Program Administrator ensures that PACE-financed projects are eligible for PACE Financing under the PACE Act, the PACE Ordinance, and these Program Guidelines.

Slipstream—a clean-energy focused nonprofit organization—works in partnership with IECA to provide core C-PACE Program Administration Services: the proprietary C-PACE technology platform, application management, and technical review. Slipstream's role also includes the management of contractor qualification, along with assisting marketing and training.

### 3.3 Participating Communities

Participating Communities are Illinois Local Unit of Government that have adopted The PACE Ordinance established a PACE Area, selected the Program Administrator, and joined the IECA PACE Program.

A current roster of Participating Communities is available on the [IECA PACE website, see 'where is PACE?'](#)

[C-PACE County Programs | The Illinois Energy Conservation Authority NFP \(iecapace.org\)](#)

## 4.0 Eligibility Requirements

### 4.1 Eligible Properties

The Program is currently available to commercial properties [office, retail, multifamily (5+ units), warehouse, hospitality, non-residential agricultural and industrial] located within a PACE Area. Eligible properties may be owned by non-governmental, tax-exempt organizations that operate facilities such as community centers, hospitals, theaters, schools, religious facilities, etc. The commercial portion of a mixed-use commercial/residential property is eligible. Nursing homes, and other care facilities are eligible.

#### Eligible Property Location

To be eligible, the Property must be (or must be eligible to be placed) on the property tax rolls of a County or municipality within a PACE Area and have a property tax identification number.

#### Ineligible Property Types

Residential single family (1 – 4 units), Property owned by a local, state, or federal government, as well as property that is owned by a homeowner's association or by a condominium association is not eligible.

#### Multiple Parcel IDs

Buildings with multiple Parcel ID/Parcel Number/tax keys require additional documentation and underwriting. For PACE Projects that encompass multiple Parcel IDs/tax keys, the Assessment will include 1) a description of the method of spreading the Assessment Payments between the parcels; 2) a list of lots, blocks, tracts, and parcels of land in the PACE Area; and 3) the amount assessed on each parcel. However, Program Administrator reserves the right to deny buildings with multiple Parcel ID/tax keys if any one Parcel ID/tax key cannot support the PACE Project.

### 4.2 Eligible Property Owners

PACE Financing is a voluntary project financing solution available to Eligible Property Owners with Eligible Properties located within a Participating Community. Only Eligible Property Owners who voluntarily participate in The Program and close a PACE Financing will have an Assessment Contract imposed against their Property. To be eligible to participate in The Program, a Property Owner must, at a minimum:

- Be the Person or Persons possessing the most recent fee title or land contract vendee's interest of an Eligible Property as shown by the records of the Recorder of Deeds. Alternatively, if the Applicant will become the Property Owner of the property concurrently upon closing of the PACE Financing, documentary evidence showing such anticipated transfer reasonably satisfactory to the Program Administrator will be required. All owners of the fee simple title to the subject property, or their legally authorized representatives, must sign the Application. Therefore, before submitting the Application, please ensure that all owners (or their representatives) of the subject Property will agree to participate in The Program on these terms.
- Obtain the written affirmative acknowledgment of the holders or loan servicers of any mortgages secured by the Property of participation in The Program (See [Section 4.6 Mortgage Lender Consent](#) below).

- Certify they (and its owner of the Property Owner if the Property Owner is a single-purpose entity) are solvent and that no proceedings are pending or threatened in which the Property Owner (or the owner of the Property Owner, as applicable) may be adjudicated as bankrupt, become the debtor in a bankruptcy proceeding, be discharged from all of the Property Owner's (or the owner of the Property Owner's, as applicable) debts or obligations, be granted an extension of time to pay the Property Owner's (and the owner of the Property Owner's, as applicable) debts or be subjected to a reorganization or readjustment of the Property Owner's (and the owner of the Property Owner's, as applicable) debts. The Property Owner must also certify that the Property Owner (or any owner of the Property Owner if the Property Owner is a single-purpose entity) has not filed for or been subject to bankruptcy protection in the past two years.
- Be current in the payment of all obligations secured by the subject Property, including property taxes, special assessments (including Assessment Contracts), special taxes, other tax liens, or water or sewer charges. The Program Administrator and Capital Provider may review public records, including the real property records, to verify compliance with this requirement
- Have no involuntary liens on the Property, including, but not limited to, construction or mechanics liens, lis pendens or judgments against the Property Owner, environmental proceedings, or eminent domain proceedings. The Program Administrator and its financing partners may review public records, including the real property records and court documents, to verify compliance with this requirement.
- Have no notices of default or delinquency on property-based debt that have been recorded and not cured.
- Certify that it is not a party to any litigation or administrative proceeding of any nature in which the Property Owner has been served with notice of pending litigation, and that no such litigation or administrative proceeding is pending or threatened that, if successful, would materially adversely affect the Property Owner's ability to operate its business or pay the contractual assessment when due, or which challenges or questions the validity or enforceability of the PACE Assessment Contract or any other documents executed by Property Owner in connection with the Property Owner's participation in The Program.
- Properties that are currently appealing a property tax assessment will be reviewed, and eligibility for The Program will be determined on a case-by-case basis. The Prevailing Wage Act does not apply to PACE projects that were completed prior to the PACE financing and the PACE proceeds will be used to reimburse the Property Owner.

### 4.3 Eligible PACE Projects

All PACE Projects must meet the following eligibility criteria:

- The PACE Financing plus the outstanding principal amount of all mortgages secured by liens encumbering the Property typically do not exceed the amount of the Property value. Capital Providers and existing Mortgage/Lien holders will impose limits based on their underwriting criteria. Property value will be determined by either the assessed value from the appropriate

assessor's office or alternatively Eligible Property Owners may supply an appraisal completed within 12 months prior to the submission of an Application to the Program Administrator that is prepared by an independent licensed real estate appraisal firm, prepared by a qualified professional in compliance with the Uniform Standards of Professional Appraisal Practices (USPAP). Eligible Property Owners of property-tax exempt properties must provide an appraisal.

- The amount of all outstanding PACE Financing on a given Property may not exceed 25 percent of the property value (as defined above).
- The PACE Financing Term shall not exceed the expected life of the proposed Energy Project as described in the Energy Project Assessment. For projects that include multiple improvements, the PACE Financing Term may not be greater than the improvement in the Energy Project with the longest expected useful life. The component of the Energy Project with the longest expected useful life must be a substantial portion of the PACE Project, subject to the Program Administrator's review and approval.
- The PACE Project and associated Energy Project(s) must be permanently affixed to the real property, and the Property Owner must leave the improvements with, affixed, or attached to, the Property during the term of the Assessment Contract.
- PACE Project must be supported by an Energy Project Assessment prepared for all Improvements included in the project according to [Section 4.4 Energy Project Assessment Requirements](#). Examples of eligible Improvements include, but are not limited to (See [Appendix C](#) for more detail):

#### Alternative Energy Improvements

- Electric vehicle charging infrastructure

#### Energy & Water Efficiency Improvements

- High efficiency lighting
- Heating ventilation air conditioning (HVAC) upgrades
- New automated building and HVAC controls
- Variable speed drives (VSDs) on motors, fans, and pumps
- High efficiency chillers, boilers, and furnaces
- High efficiency hot water heating systems
- Combustion and burner upgrades
- Heat recovery and steam traps
- Building enclosure/envelope improvements
- Beneficial Electrification
- Building automation (energy management) systems

- Hot water systems
- Low flow water fixtures (water conservation)

#### Renewable Energy Improvements

- Solar PV
- Solar Thermal
- Wind energy
- Biofuel facilities
- Geothermal energy

#### Resiliency Improvement

- Wind resistance measure
- Flood mitigation
- Fire suppression systems
- Energy storage & backup power generation (micro-grids)

#### Water Use Improvement - Purification

- Water recycling systems
- Stormwater management, capture, reusing and recycling
- Bioretention, green roofs, cisterns & porous pavement
- Lead pipe abatement

#### Ineligible installation projects include but are not limited to:

- Compact fluorescent and screw-in LED lamps.
  - Plug load devices.
  - Measures that are not permanently installed and can be easily removed.
  - Measures that save energy solely due to operational or behavioral changes
  - Any measure that is not an Alternative Energy Improvement and does not result in energy savings, water savings or renewable energy production.
  - Any measure that cannot be explained in terms of industry-standard engineering or scientific principles.
  - Refrigerant charge (AC/Split Systems/Heat Pumps)
- PACE Projects can qualify for and receive additional rebates and incentives from utility-based clean energy and water conservation programs, and other sources. Applicants are encouraged to obtain all applicable government, utility provider or manufacturer rebates, and other upfront cost reductions to reduce the total PACE Project cost for purposes of calculating the amount of the PACE Financing.

## **4.4 Energy Project Assessment Requirements**

A Property Owner must obtain an Energy Project Assessment for the PACE Project. All Applicants must obtain an Energy Project Assessment that includes a description of the proposed/completed Energy Project(s) and a certification that the subject Energy Projects meet the requirements of the PACE Act and these Program Guidelines.

#### **4.4.1 Requirements for All Energy Project Assessments**

All Energy Project Assessments for a proposed PACE Project must address the following components & information:

- Energy Project Assessments shall report the required characteristics for each eligible Energy Project by the appropriate building system category. (Examples of Measures include indoor lighting, HVAC, windows, insulation, air sealing, low flow fixtures, solar PV and building controls, electric vehicle charging infrastructure, etc.)
- Description of the proposed Energy Project(s)/Measure(s).
- Estimate of the useful life of each Measure.
- The Direct Costs for each Energy Project/Measure.
- A certification by the Qualified Energy Project Assessment Professional that the Energy Project is an eligible PACE Project according to these program guidelines.

#### **Qualified Energy Project Assessment Professionals:**

All Energy Project Assessments must be prepared by a qualified professional(s). Qualified professionals have the professional credential necessary to validate that the Energy Project complies with the PACE Act and these program guidelines. An Energy Project Assessment Professional is defined as a professional holding one, or more of the following certifications:

- Certified Building Energy Assessment Professional (BEAP) (offered by ASHRAE)
- Certified Energy Auditor (CEA) (offered by Association of Energy Engineers [AEE])
- Certified Energy Manager (CEM) (offered by AEE)
- Certified High-Performance Building Design Professional (HBDP) (offered by ASHRAE)
- Certified Measurement and Verification Professional (CMVP) (offered by AEE and Efficiency Valuation Organization)
- Certified Energy Management Professional (EMP) (offered by the Energy Management Association)
- Licensed Architect
- Licensed Professional Engineer (P.E.)
- NABCEP PV
- Investor Confidence Project (ICP) Quality Assurance Assessor
- Investor Confidence Project (ICP) Project Developer
- Illinois Utility Energy Efficiency Service Provider
- Other certifications & qualifications as approved by the Program Administrator

A Registered Contractor with relevant demonstrated experience may also be approved by the Program Administrator to conduct Energy Project Assessments. A Registered Contractor may request approval to conduct Energy Project Assessments from the Program Administrator.

The Program Administrator recognizes that developers and installers of Renewable Energy Improvements and Alternative Energy Improvements may provide a qualifying Energy Project Assessment for Renewable Energy Improvements to an Eligible Property Owner without engaging an Energy Project Assessment Professional, as described above.

The name, firm name and credentials of the Energy Project Assessment Professional shall be included in the Energy Project Assessment.

The cost of the Energy Project Assessment, as well as the cost of any other third-party review of the assessment may be included in the Financed Amount.

### Baseline Energy & Water Guidelines

Energy Project eligibility and savings calculations depend on a set of baseline conditions that vary based on the type of Energy Project and PACE Project type (e.g. existing buildings vs. new construction) as expressed in the table and descriptions below:

### Baseline Requirements

Project Type	Energy Project Improvement Type				
	Energy & Water Efficiency	Renewable Energy	Water Purification	Resiliency	Electric Vehicles
Equip. Replacement	Existing	Existing			
Retrofit	Existing	Existing			
Renovation	Existing	Existing			
Adaptive Reuse	Existing	Existing			
New Construction	Code	Code	Code	Code	

Existing: Existing/prior building conditions. Code: Applicable local building code.

#### Existing Building and Gut Renovation / Adaptive Reuse Baseline (Equipment Replacement / Retrofit)

- The existing conditions of a building shall be used to establish the baseline level of energy usage, water usage, and resilience against which the performance of the Energy Projects will be measured. Existing conditions may be determined based on nameplate efficiency ratings of currently installed equipment. Alternatively, the energy engineer may use modeled energy performance of the building or other professionally accepted methods of establishing energy and water efficiency performance of the existing building.

#### New Construction Baseline

- The baseline for new construction projects is the minimum level of equipment efficiency required by the current applicable local building energy code. For any new construction PACE Project, the Applicant must demonstrate Energy Efficiency Improvement and Water Use Improvement (efficiency) exceeds the IECC or equivalent ASHRAE 90.1 standard established in the state of Illinois building code, plus any state or local amendments.
- The energy engineer should establish and verify with appropriate local (county or municipality) building code enforcement jurisdiction to ensure local building code compliance.

The state of Illinois publishes the Illinois Building Code and Energy Conservation Code here: <https://www2.illinois.gov/cdb/business/codes/Pages/default.aspx>

#### Renewable Energy Improvement

- Energy savings baseline is zero, unless the proposed Renewable Energy Improvement will replace or substantially renovate an existing Renewable Energy Improvement located on the Eligible Property. In this case, the production associated with the existing Renewable Energy Improvement shall be the baseline.

## Energy Project Assessment Requirements

Requirements	Energy Project Improvement Type				
	Energy & Water Efficiency	Renewable Energy	Water Purification	Resiliency	Electric Vehicles
<b>Certification*</b>	X	X	X	X	X
<b>Savings Calculation**</b>	X	X			

\* Third-party certification that Energy Project qualifies to the guidelines.

\*\* Savings Calculation is an assessment of energy & water savings and monetary savings associated with the Energy Project(s), prepared according to the guidelines.

Separate, additional requirements apply to each of the following two categories of Energy Projects:

1. Energy Projects that DO NOT include energy or water cost savings.
  - a. Resiliency Improvements
  - b. Alternative Energy Improvements
  - c. Water Use Improvements undertaken solely to improve water quality)
2. Energy Projects that include energy and/or water cost savings
  - a. Energy Efficiency Improvements
  - b. Renewable Energy Improvements

- c. Water Use Improvements (unless the Water Use Improvement is undertaken solely to improve water quality)

#### **4.4.2 Energy Project Assessments with NO Energy Savings Calculations**

Energy Project Assessments for Energy Projects with no energy savings must include the following components:

- Resiliency Improvements
- Alternative Energy Improvements, and
- Water Use Improvements (purification) that are undertaken to improve water quality

For all such projects the Qualified Energy Project Assessment Provider must define the baseline condition, describe, and certify that those eligible Improvements that exceed this baseline.

##### Alternative Energy Improvements, Resiliency Improvements & Water Use Improvement (purification) Energy Project Assessment guidelines:

**New Construction:** Eligible Energy Projects that include Alternative Energy Improvements, Resiliency Improvements and/or Water Use Improvements (purification) must exceed the new construction baseline set forth in Section 4.4.1 above. An example of an eligible Resiliency Improvement in a New Construction PACE Project is an impact resistant windows upgrade that exceeds the New Construction Baseline (applicable local building code). The Qualified Energy Project Assessment Provider must define the baseline condition, describe, and certify that those eligible Improvements that exceed this baseline.

**Existing Buildings:** Eligible Energy Projects that include Alternative Energy Improvement, Resiliency Improvements and/or Water Use Improvements (purification), must exceed or improve upon the baseline for existing buildings set for in Section 4.4.1 above (prior to the installation of the alternative energy, resiliency and water use improvement). The Qualified Energy Project Assessment Provider must define the baseline condition, describe, and certify those Energy Projects that exceed this baseline.

#### **4.4.3 Energy Project Assessments that REQUIRE Savings Calculations**

Energy Project Assessments that include Energy Efficiency Improvements, Renewable Energy Improvements or Water Use Improvement (efficiency), must complete savings calculations that include an evaluation of the baseline energy & water usage and a modeling of expected energy and monetary savings associated with these types of PACE Projects. Below are The Program Guidelines for determining the savings calculations, the baseline energy & water usage and the energy and financial savings calculations.

##### **Format of Information included in the Energy Project Assessment:**

- Provide expected annual energy savings (kWh or therms), electrical demand reduction (kW), water savings (gallons or ccf), renewable energy capacity (kW), renewable electrical production (kWh) and operational cost (\$) savings for each Measure.

- Provide annual energy and water bill savings and operating cost projections for each Measure. These shall include projected annual energy and water bill savings and operating cost assumptions (in \$ dollars).

### **Energy Savings Calculation Guidelines:**

General Guidelines for all energy & water efficiency and renewable energy improvements:

- Provide clear and logical documentation of assumptions for energy savings calculations.
  - Document assumptions and inputs to calculations (e.g., hours of operation, equipment efficiencies, lighting power, controls, load factors, power factor, motor efficiencies, etc.) and use consistently throughout any calculations (as appropriate).
  - Key numbers should be easily identifiable (circled, bold, highlighted, etc.) with correct units shown.
  - Where necessary, as determined by the energy engineer, provide step-by-step calculations detailing the estimated annual energy savings, energy production, peak electrical demand reduction, and/or water usage. The calculations must be detailed and orderly enough that one can follow the calculation process without prior knowledge of the Project, specialized software, or specific technical knowledge.
- Assessments for energy and water efficiency projects: An energy engineer may use generally acceptable engineering calculations or a building energy model in a U.S. Department of Energy (DOE)-approved energy modeling software to determine savings attributable to the proposed Energy Efficiency Improvement projects. The assessment for energy and water efficiency can adhere to one of the following:
  - ASHRAE Energy Audit standards as defined by ANSI/ASHRAE/ACCA Standard 211-2018 (See [Appendix E](#))
  - Pacific Northwest National Laboratory, A Guide to Energy Audits, PNNL-20956.
  - Investor Ready Energy Efficiency (IREE) Certification. An IREE certification is an acceptable alternative to an Energy Survey.
  - ASHRAE Standard 100
  - ASHRAE Standard 90.1 Appendix G
  - Any methodology deployed in an Illinois utility (e.g. ComEd, Ameren, NICOR Gas, etc.) energy efficiency program.
  - Other methodologies may be considered at the discretion of the Program Administrator. In this instance Energy Project Assessment Professionals are encouraged to seek Administrator approval prior to completing any alternative methodologies.
- New Construction PACE Project Energy Assessment guidelines:
  - The Energy Project Assessments for a new construction project may demonstrate expected energy or water savings over this baseline in one of two ways:
    - I) New construction Energy Project Assessments may use prescriptive energy savings methodology to determine savings associated with each Energy Project as determined by the energy engineer. The Energy Project Assessment must itemize each energy and water improvement (measure) that exceed the baseline requirements as outlined in the appropriate building code and describe the methodology used to determine savings.
    - II) New construction Energy Project Assessments may demonstrate overall savings on a whole building level, following a methodology consistent with

ASHRAE 90.1 Appendix G guidelines. Estimated energy savings above minimum baseline should be calculated using a DOE approved building energy modeling software or detailed engineering calculations. Energy and water savings calculations shall state the anticipated performance of each energy and water savings measure that is better than the baseline.

- New construction projects that only involve Renewable Energy installed on new buildings are not subject to the additional requirements and should follow the established Energy Project Assessment requirements for Renewable Energy Improvements, set forth below.
- Adaptive reuse / Gut Renovation savings guideline
  - Energy savings for adaptive reuse and vacant buildings may be established using the appropriate energy survey methodology as set forth above, provided that the existing equipment will serve the same function at the end of the project.
- Renewable Energy Improvements savings calculation guidelines
  - For all PACE Projects that include a Renewable Energy Improvement the Energy Project Assessment should address the following components:
    - Site conditions that impact shading of PV panels
    - Location for the Renewable Energy Improvement
    - Energy system foundation & Characteristics of the building that are relevant to the energy production of the Renewable Energy Improvement and/or the energy consumption of the building.
    - Utility consumption profile of the site, including the site's historic energy use and cost. (Assumptions regarding on-site energy consumption in new buildings should be stated and explained.)
    - Projected energy production (energy savings)
    - Financial cost savings to be generated by the Renewable Energy Improvement, including assumptions affecting the cost savings:
      - Weighted cost of energy saved and generated by the Project
      - Cost savings to be realized from time-of-use and demand charge reductions
      - Utility tariff to be applied to the site and/or system following installation
      - Utility escalation rate assumptions
      - Tax benefits and other incentives
      - Expected Useful Life of the Renewable Energy Improvement
    - Assessment of total Project capital cost, utility tariffs and interconnections issues, including analysis of impacts of surplus energy generation by the Renewable Energy Improvement
    - At its sole discretion, the Program Administrator may waive one or more required components of the Energy Project Assessment requirements for a Renewable Energy Improvement.

## 4.5 Eligible Financed Amount, Interest Periods and Maturity Dates

### Financed Amount

The PACE Project budget may include all Direct Costs required to install all Energy Projects as well as soft costs required to develop and finance the installation of the PACE Project.

The Financed Amount shall be the lesser of the sum of the Direct Costs of the Eligible Improvement(s) plus eligible soft costs or 25% of the property value (as determined in section 4.2 Eligible PACE Projects). The Financed Amount may not be less than \$50,000. The Program Administrator may review and approve PACE Financings where the Financed Amount is less than \$50,000 on a case-by-case basis.

100% of the Direct Cost may be included in the Financed Amount. Eligible Direct Costs include all Energy Project related costs necessary to complete the installation, such as the installation/construction contract amount (materials, labor and overhead) and any required ancillary cost incurred necessary to acquire, construct, install or modify the Energy Project. Examples of eligible ancillary costs are roof structural upgrade necessary to allow the installation of a roof mounted solar PV array and building electrical upgrades necessary to install an efficient HVAC system or efficient lighting. All such ancillary costs are subject to the Program Administrator's review and approval.

In addition to the eligible Direct Cost the Financed Amount may include the following PACE Project related eligible soft costs: Energy Project Assessment, other required design and engineering, project development fees, Program Fees, permit fees, appraisal reports, pre-paid warranties & service contracts for repairs and maintenance, environmental reports, surveys, legal fees, Capital Provider fees, title reports, credit checks, owner's legal Trustee fees, recording charges, escrow disbursement fees, other third-party reports, financing fees, fees associated with the issuance of bonds for the financing, interest reserves and Capitalized Interest. Some fees may not apply depending on transaction scope and owner's availability to certain due diligence reports.

### **Interest Periods and Maturity Dates**

Following the close of the Assessment Contract there are certain periods of time where interest only and Administrative Expense payments may be due, with no corresponding repayment of principal due. Interest only payments may occur during the Capitalized Interest Period or Interest Only Period as further defined below.

The Capitalized Interest Period may not exceed the period-of-time between the effective date of the Assessment Contract (closing date) and a reasonable date following the anticipated completion of construction of the Energy Project. The end of the Capitalized Interest Period may not exceed one calendar year following the anticipated completion of the Energy Project, unless otherwise approved by the Program.

The Capitalized Interest Period may be for a period-of-time that is exclusive of the PACE Financing Term. Therefore, the maximum maturity date of the Assessment Contract may be the Capitalized Interest Period, plus the maximum allowable PACE Financing Term.

The Capital Provider and Property Owner may agree to include an Interest Only Period in the PACE Financing Term. Any such Interest Only Period shall begin with the first Assessment Payment due during the PACE Financing Term, according to the Assessment Contract. The Interest Only Period shall not exceed three (3) years, unless otherwise approved by the Program.

#### **4.6 Mortgage Lender Consent**

All Property Owners must provide the written consent of the existing holder or loan servicer of any existing mortgages or other real property lienholder of record on the Eligible Property (“Existing Lien Holder”) prior to Application approval by the Program Administrator. The purpose of the Mortgage Lender Consent is to:

- Provide notice to the Existing Lien Holder that the Property Owner is proposing the Eligible Property participate in THE PROGRAM and obtain the Existing Lien Holder’s consent to such participation.
- Request confirmation from the Existing Lien Holder that the levy of the PACE Assessment Contract, subject to the PACE Assessment Contract will not trigger an event of default or the exercise of any remedies under the mortgage loan documents or other security documents held by the Existing Lien Holder.
- Advise the Existing Lien Holder that the PACE Financing will be repaid in Assessment Payments collected pursuant to the terms of the Assessment Contract and subject to the same penalties, remedies, and lien priorities as a special assessment. Additionally, provide notification that the Existing Lien Holder’s lien will be subordinate to the PACE Assessment Contract.
- Advise the Existing Lien Holder of the maximum amount of the PACE Financing and the maximum annual assessment amount necessary to repay the maximum PACE Financing.
- Advise the Existing Lien Holder that the Local Unit of Government, or its permitted assignee, can foreclose the property if the PACE Assessment Contract is not paid.
- Contain a declaration from the Property Owner of the Eligible Property to pay on a timely basis both the existing obligations secured by the Eligible Property and the proposed PACE Financing.

The Program Administrator recommends that the Property Owner consult with its Capital Provider or the Program Administrator before they approach an Existing Lien Holder. Many traditional lenders are not familiar with PACE Financing and may misunderstand how it works. In seeking Existing Lien Holder consent, the Property Owner may find it helpful to inform Existing Lien Holder(s) that in the event of PACE Financing default and tax foreclosure, the PACE Financing will not accelerate and only the delinquent amount of the PACE Financing will enjoy super-priority lien status. Further, participating Eligible Property Owners should emphasize that PACE-financed projects increase the value of the Existing Lien Holder’s collateral. Property Owners are encouraged to have the Capital Provider attend the meeting with the Existing Lien Holder.

A copy of the Mortgage Lender Consent template can be found within the Project Center in the Documents section located [here](#).

## 4.7 Eligible Capital Providers

The Program operates an “Open Market” PACE Program whereby Eligible Property Owners have the flexibility to select their preferred Capital Provider for a PACE Project on their Eligible Property. The open market model gives Eligible Property Owners access to a range of private capital providers who offer competitive rates and financing terms and conditions. Public funds are not anticipated to be made available for funding PACE Projects, though units of government are not prohibited from participating as Capital Providers. No exclusivity will be provided to Capital Providers, and the Property Owners will retain the right to choose the type and provider of financing that works best for their business needs.

Any capital provider interested in offering PACE Financing must meet certain qualifications to become a Capital Provider and to participate in The Program. The process for becoming a Capital Provider is as follows:

1. The interested capital provider must respond to an RFQ (Request for Qualifications) for consideration by the Program Administrator. The RFQ is available at: <https://iecapace.org/capital-providers>
2. Upon approval by the Program Administrator and execution of a Capital Provider Agreement, the capital provider will be considered a “Capital Provider.” Capital Providers are listed on the IECA PACE website (<https://www.iecapace.org/qualified-ieca-capital-providers>).
3. Capital Providers may receive information from The Program Administrator regarding financing opportunities as well as pertinent developments related to The Program.
4. Applicants may also pre-select their preferred capital provider prior to the capital provider submitting a response to the RFQ. Information pertaining to the Applicant’s applications to the IECA shall be kept confidential among the parties to the Application. However, prior to the closing of the applicable PACE Financing, the capital provider must be approved by the Program Administrator as a Capital Provider as outlined above.

The information provided by Capital Providers will be used to link Capital Providers, project developers, energy service companies, Registered Contractors, energy auditors, engineering firms, utility companies, Property Owners, and others to develop and fund qualified PACE Projects.

The Program Administrator reserves the right to rescind the “Capital Provider” status of any Capital Provider according to the terms of the Capital Provider Agreement.

## 4.8 Eligible Contractors

THE PROGRAM seeks to facilitate good, locally based jobs for contractors and their employees. All Projects financed through THE PROGRAM must be installed by a Registered Contractor, approved by the Program Administrator. If a Property Owner desires to have a company that is not a Registered Contractor install the Energy Projects to be funded through the PACE Financing, the non-participating

company may become a Registered Contractor by submitting a Registered Contractor application (“Contractor Application”) and receiving approval from the Program Administrator.

To be eligible for PACE Financing, all work associated with the installation of an Energy Project that requires a license under any applicable law must be installed by a Registered Contractor who holds the appropriate license. Notwithstanding the forgoing, Refinance PACE Projects or the portion of a PACE Financing that concerns a Refinance PACE Project (see Section 4.9 Refinance PACE Projects) is not subject to these Registered Contractor requirements.

The Property Owner and Capital Provider are required to ensure that qualified, reputable contractors are chosen to perform the work on the PACE Project according to plan, specifications, and requirements set forth in these Program Guidelines.

#### **4.8.1 Approval of Registered Contractors**

New Energy Projects financed through The Program must be installed by a Registered Contractor. Contractors who completed work prior to the Applicant’s PACE Project application (Refinance PACE Projects) are not required to become Registered Contractors.

To become a Registered Contractor, a company must complete and submit a contractor application available through The IECA website (<https://iecapace.org/registered-contractors>) and receive approval from the Program Administrator. The Program Administrator will review and respond to Contractor Application submissions within ten business days.

As part of its Contractor Application, a Registered Contractor must review and agree to certain terms and conditions that will govern its participation, included in these guidelines in [Appendix H: Registered Contractor Terms and Conditions](#). As a part of the terms and conditions of participation Registered Contractors shall agree to the following:

- 1) Provide evidence of any applicable licenses that it holds.
- 2) All work funded by the PACE Financing be certified to be substantively complete by a final Certificate of Completion that is signed by the Property Owner. A copy of the form Certificate of Completion is attached as Exhibit A to [Appendix H](#).
- 3) Final disbursement of the PACE financing proceeds will be contingent upon receipt and approval by the Program Administrator of the Certificate of Completion.
- 4) The Certificate of Completion will certify that all Energy Projects that are included in the PACE Project have been properly installed and are operating as intended.
- 5) In accepting the Terms and Conditions of the IECA, the Registered Contractor retains all legal rights and remedies in the event of a disagreement with the Property Owner.

## **4.9 Refinance PACE Projects**

Completed installations of eligible Energy Projects are eligible for Refinance PACE Financing. Refinance Projects must satisfy the same requirements as other PACE Projects. However, the

Program Administrator recognizes that an Eligible Property Owner may not have been aware of PACE Programs when undertaking a project that would have been eligible. Another situation that justifies Refinance PACE Financings is a new construction project, which begins with a short-term construction phase financed by a construction loan, followed by long-term permanent loan that refinances the construction loan. Typically, Eligible Property Owners can access permanent financing only after completion and stabilization of the project. PACE Financing is eligible at both phases. If the PACE Financing is put in place at the closing of the permanent loan, it is considered a Refinance Project.

Eligible Property Owners with Refinance PACE Projects may apply to The Program Administrator to be approved for PACE Financing. Refinance PACE Projects are subject to the following additional requirements:

- 1) All such Refinance PACE Financings are eligible for completed Energy Projects where the application to the Program is made within **thirty-six (36) months** of the completion date of the Energy Project and the Program application date. Final closing shall occur within 90 days of receipt of the Program application, unless otherwise extended by the Program Administrator.
- 2) For any such Refinance PACE Project, the term of the PACE Financing will be reduced to account for any of the Energy Project's life that has elapsed between the time of installation and the close of a PACE Financing. For example, if a PACE Financing is funded one year after installation of the Energy Project(s), the eligible term of the financing will be reduced by one year.

#### Required Documentation

Verification is required to establish prior conditions (baseline) and describe the new Energy Projects installed in any such Refinance PACE Project, The Energy Project Assessment for a Refinance PACE Project shall include additional documentation that provides evidence of installation of the Energy Project(s) that are the subject of the PACE Project, as follows:

- Completion Date for the Energy Project(s) that are subject to the PACE Project
- Describe the baseline equipment and systems and provide documentation that demonstrates evidence of the equipment installed prior to replacement (photographs of original equipment/systems and nameplate information or as-built plans).
- Confirmation that the Energy Project(s) that are the subject of the Refinance PACE Project are installed on the Eligible Property (photographs of new installed equipment/systems and nameplate information, certification by the Energy Project Assessment Professional and/or as-built plans).

## 5.0 [Intentionally Left Blank]

## 6.0 Program Fees

The Program and Program Administrator reserve the right to modify the following fee structure at any time due to changes to program requirements or market factors. Such modifications will be published in updates to these Program Guidelines.

### 6.1 Program Fee

The Program Fee is paid to the Program Administrator at or prior to the PACE Financing closing date. (See [7.0 Program Administration \(Application Process\)](#)). The Program Fee is a one-time processing fee for the transaction that is equal to one and three quarters percent (1.75%) of the Financed Amount stated in the Assessment Contract for the subject PACE Project. The Program Fee is limited to a maximum of \$75,000. This fee may be capitalized into the Financed Amount for the subject PACE Project. There may be a minimum Program Fee amount assessed on smaller PACE Projects.

### 6.2 County Fee

The fee is paid to the county in which the Eligible Property is located at or prior to the PACE Financing closing date. The rate and amount of the county fee varies by county according to the schedule below:

County	County Fee	County Fee Cap
Cook	0.25% (25 bps)	\$50,000
DuPage	0.25% (25 bps)	\$50,000
Lake	0.25% (25 bps)	\$50,000
Will	1.00% (1 point)	\$50,000
All other Participating Communities	1.00% (1 point)	negotiable

The county fee is calculated based on the stated percentage amount in the table above times the Financed Amount. The County Fee may be capped subject to the County's discretion. This fee may be capitalized into the Financed Amount for the subject PACE Project.

### 6.3 Bond Counsel Fee

Bond Counsel legal fees will be 1% of the Financed Amount up to \$3.5 million, plus 0.75% of the Financed Amount greater than \$3.5 million to \$7 million, plus 0.50% of the Financed Amount greater than \$7 million to \$10.0 million, plus 0.35% of the Financed Amount greater than \$10.0 million, subject to adjustment on certain transactions as circumstances warrant. Any Bond Counsel fees charged in excess of the stated fee amount will be discussed with the Property Owner or the Capital Provider, as appropriate, prior to being included in any summary of expected costs of issuance.

The Bond Counsel Fees include the cost to issue the Bond Agreement including, bond counsel, issuer fees and the trustee. These fees may be capitalized into the Financed Amount for the subject

PACE Project. The amount of such fees is set by the Program and appropriate Participating Community and may be capped subject to negotiation or the Participating Communities discretion.

#### **6.4 Administrative Expense**

Each Assessment Payment due through the term of the Assessment Contract shall include an Administrative Expense of \$400 per Assessment Payment (\$300 per Assessment Payment for a Financed Amount less than \$500,000). The Administrative Expense includes a County Treasurer servicing fee of \$200 per Assessment Payment for the collection and processing of the Assessment Payment(s) from the real estate tax bill. Throughout the PACE Financing Term the Program may establish alternate Administrative Expense fee guidance.

#### **6.5 Program Expenses**

The foregoing Program Fee, County Fee, Bond Counsel Fee and Administrative Expense Fee include the suite of fees generally necessary to cover the regular costs of the administration of The Program. These costs and expenses do not include any specialized professional services that may be necessary should the circumstances of any PACE Project require them. For example (and without limitation), should any participant in a PACE Project submit substantive comments to The Program documentation (including but not limited to the PACE Assessment Contract), request a legal opinion from The Program counsel or require other time and resource intensive review of a transaction, the Property Owner for such PACE Project shall be responsible for covering such The Program expenses at cost. These expenses may be included in the Financed Amount. The Program Administrator will require evidence that such expenses will be paid before closing of a PACE Financing may proceed.

Program Administrator may pass through Program Expenses to the Capital Provider or the Property Owner to recover the cost of certain servicing functions such as processing prepayments, servicing any delinquent installments and any revision to the Assessment Payments schedule set forth in the Assessment Contract.

#### **6.6 Capital Provider Fee**

Capital Providers may charge an origination fee to cover their cost of arranging the PACE Financing. Any such fee shall be arranged and agreed to in an agreement between the Capital Provider and Applicant. If applicable, a debt service reserve may be included in the PACE Financing.

## 7.0 Program Administration (Application Process)

To proceed with a PACE Project a Property Owner must complete the application process outlined below. The Application and Program Administration process is broken into two distinct parts: Part 1 includes the application submission, administrative approval, and completion of the project. Part 2 involves the repayment of the PACE Financing.

### 7.1 Application Process

#### 7.1.1 Application Process Overview

To proceed with funding a PACE Project the Property Owner must complete an application through the IECA Project Center. Approval of the application by the Program Administrator is a requirement prior to closing a PACE Financing.

#### 7.1.2 Project Center

The Project Center portal contains all documents, applications, and instructions required to be approved for PACE financing through The Program. Users may access the Project Center at [https://iecapace.org/ieca\\_project/user/login](https://iecapace.org/ieca_project/user/login). Applicants are encouraged to review the process below and begin an application to determine if their property is eligible for financing.

### 7.2 Determine Eligibility and Begin the Application

Before beginning an Application, the current eligibility requirements [regarding property and improvement eligibility](#), as well as the [list of participating Local Units of Government](#), should be reviewed.

Step one in the process is to create a user account for the Project Center. Once logged in, users may determine property location eligibility by completing the first page of the Application. The first page of the Application gives Property Owners the opportunity to establish property eligibility for participation in The Program before they invest in project development or construction. The information collected in this step of the process will be used by the Program Administrator to verify that the Applicant's property is an Eligible Property, and that the proposed project falls within the parameters established in these Program Guidelines.

Once the first page is completed, the Applicant will be able to view property eligibility and have access to the remainder of the Application pages from the Application Overview screen. If the property is denoted as Eligible on the Application Overview page, the Applicant should proceed with project development; if an Applicant's property is not eligible because there is not a PACE Program for the Local Unit of Government where the property is located, the Program Administrator will provide guidance on what steps the Applicant can take to help bring PACE to their community.

Please note that, while a property may not be eligible at the time the Application process is started, Local Unit of Government in which a property is located may become a participating community in

the future. Obtaining data in the form of applications initiated for ineligible property locations may encourage additional Local Units of Government to participate.

### 7.3 Develop Energy Project and Lender Consent

Following completion of the first page of an Application and confirmation that the property is located within an participating Local Unit of Government, Property Owners should move forward with the Project development process.

Property Owners will work with their designated representatives to develop and define an eligible PACE Project. Applicants should obtain an Energy Project Assessment at this point in the process, as previously described in [Section 4.4 Energy Project Assessment Requirements](#) above. Following the Energy Project Assessment, Applicants will work with their Registered Contractors to determine the final scope, project cost and schedule.

Simultaneously to the Project development process the Program Administrator recommends the Applicant approach any current mortgage holder(s) to acquire written Mortgage Lender Consent for the proposed PACE Financing. (See [Section 4.7 Mortgage Lender Consent](#), below). Mortgage Lender Consent is required to close a PACE Financing under THE PROGRAM. If requested by the Applicant and/or Capital Provider, the Program Administrator may assist with this step.

Applicants should also contact eligible Capital Providers to secure acceptable PACE Financing terms and conditions.

The Program Administrator manages a list of qualified Capital Providers and this information is available to all Applicants on the Program Administrator's website [iecapace.org](http://iecapace.org). Applicants are free to work with any Capital Provider who will provide financing in accordance with The Program Guidelines. (See [Section 4.6 Eligible Capital Providers](#).) The Capital Provider will conduct its own review of the PACE Project according to its underwriting requirements.

### 7.4 Submit Completed Application with Supporting Documentation

When the project development work for the PACE Project is substantially complete, Property Owners should then complete the remaining pages of the Application. The entire Application is available to the Applicant after submitting the first page; required information can be viewed and entered in any order, at any time. For reference there is a sample copy of the form Application in [Appendix G](#).

Along with a complete Application form, Property Owners are required to submit documentation about the PACE Project. The Application form within the Project Center contains a section available to Property Owners to upload all the required documents. The Program Administrator will only accept documents uploaded through the Application form in the Project Center. Applicants shall supply the following supporting documentation:

- **Executed Application** completed by the Property Owner, with all fields completed, including all owner certifications and signatures.
- **Signed Installation Contract(s)** or other such documentation that confirms the Direct Cost of the PACE Project and includes the cost of the work, the scope of work, and the schedule for the installation of the Energy Project(s).

- **Energy Project Assessment** conducted according to the requirements of these Program Guidelines (section 4.3).
- **Appraisal or Assessed Value** as indicated on the Application by the Property Owner, which will indicate the basis for the Eligible Property valuation. If the Applicant selects appraised value, a copy of such appraisal, conducted within 12 months of the estimated closing date shall be submitted along with its application.
- **Capital Provider Offer to Fund:** Applicant must provide documentation that indicates that a Capital Provider has offered to provide PACE Financing for the Applicant's PACE Project. Such documentation may be evidenced by a signed term sheet, commitment letter or other documentation reasonably satisfactory to the Program Administrator.
- **Payment of Program Expenses (if applicable)** must be evidenced in a proposed source and uses or some other documentation reasonably satisfactory to the Program Administrator. (See [Section 6.7 Program Expenses](#) for further detail.)

**Pre-closing Documents (May be submitted after submission of Application however documents must be submitted prior to closing of the subject PACE Financing).**

- **Title Report** disclosing all current mortgage and lien holders on the property and showing that there are no involuntary liens on the property (the Title Report must be issued not more than 30 days prior to closing of the PACE financing). The Applicant and Capital Provider are responsible for obtaining the report. This document is required to prepare draft Assessment Contract and Supplemental PACE Agreement.
- **Closing/Disbursement Statement** listing the fees, expenses, third party services, etc. to be disbursed with the proceeds of the PACE financing including the amount of payment. This document is required to prepare draft Assessment Contract and Supplemental PACE Agreement.
- **Amortization Table** completed by the Capital Provider in the form contain in Appendix F: Amortization Table Form. Amortization table shall be submitted to Program Administrator in an 8.5" x 11" sized PDF document.
- **Certificate of the Secretary of the Property Owner** certifying as to the organizational documents good standing, authorization, and incumbency.
- **Mortgage Lender Consent** evidenced by written consent from all existing mortgage holders on the Eligible Property for the proposed PACE Project. (See [Section 4.6 Mortgage Lender Consent](#) for further detail.)
- **Mortgage Loan Balance(s)** submitted as copies of the most recent mortgage loan statement(s) for all such loans outstanding on the property to determine the current loan-to-value ratio.

Once a complete Application is submitted, the Program Administrator will review it for completeness and accuracy of the information and documents enclosed to ensure they comply with these Program Guidelines. The Program Administrator will provide the Property Owner with written Notice of The Program Approval or a request for more information within 5 business days of a submission of a

completed Application. If the Program Administrator finds the Property Owner's Application is incomplete, the Program Administrator will notify the Property Owner who will have the opportunity to complete any missing information. Upon resubmission of a completed Application, the Program Administrator will complete its review within 5 business days and respond in writing with the results of its review of the Application. Thereafter, the PACE Project may be submitted for final approval.

## **7.5 Close Financing & Execute PACE Assessment Contract**

Upon the approval of the Application, a Notice of Program Approval will be sent to the Property Owner and its designated agent. Upon receipt of the Notice of The Program Approval and delivery of the Title Report and Closing/Disbursement Statement the Capital Provider and Property owner will be sent draft Assessment Contract and Supplemental PACE Agreement and the Property Owner may proceed with closing of the PACE Financing.

The PACE Assessment Contract is a contract between the Participating Community and the Property Owner that memorializes for the public record that there is a PACE Financing and a PACE Assessment Contract outstanding against the Property Owner's real property, among other terms. A copy of the PACE Assessment Contract is included in these Program Guidelines in [Appendix D](#). Following the execution and payment of all applicable fees, the Program Administrator will record the PACE Assessment Contract with the recorder of deeds in the county in which the Eligible Property is located.

In addition to the Assessment Contract the Property Owner and Capital Provider will execute the Supplemental PACE Agreement and other Capital Provider required PACE agreements.

## **7.6 PACE Project Implementation & Disbursement of Funds**

Following close of the PACE Financing and receipt of the proof of recording of the PACE Assessment Contract, the Property Owner and its agents may initiate construction of the PACE Project or otherwise fund the PACE Financing in accordance with the agreements with the Capital Provider, the PACE Assessment Contract and the installation contractor's contract.

### *Disbursement of Funds*

During construction of the PACE Project the Property Owner or Registered Contractor will submit interim funding requests to the Capital Provider and Program Administrator. Program Administrator will review funding requests to ensure they are consistent with the Application submission information, the Program Guidelines, and the PACE Act. Capital Provider and Property Owner shall conduct their own review of each draw request to determine the suitability of the PACE Project and its compliance with the PACE Act and these Program Guidelines. Funds will be drawn directly from the Capital Provider according to terms agreed to between those parties.

Periodic funding requests may be sent to the Program Administrator at: [servicing@iecapace.org](mailto:servicing@iecapace.org). Please add the street address, County and Property Owner name to the email subject line.

### Change Orders

Property Owner, Capital Provider and Program Administrator shall review and approve any changes to the scope of the PACE Project to ensure the PACE Project remains compliant with the Program Guidelines and PACE Act.

Change order requests may be sent to the Program Administrator at: [servicing@iecapace.org](mailto:servicing@iecapace.org). Please add the street address, County and Property Owner name to the email subject line.

## **7.7 Project Completion**

Upon final completion of the PACE Project, the Property Owner and Registered Contractor will execute a final completion certificate. The Capital Provider is prohibited from releasing the final draw of the PACE Financing funds until the Property Owner signs a final Completion Certificate (See Exhibit A to [Appendix H](#)) and submits it to the Program Administrator on behalf of the Local Unit of Government. The Completion Certificate will acknowledge that all contracted work has been fully and satisfactorily completed. The Completion Certificate will further acknowledge that the Local Unit of Government has complied with all requirements of Section 25 of Public Act 100-0980.

Executed Completion certificates may be sent to the Program Administrator at: [servicing@iecapace.org](mailto:servicing@iecapace.org). Please add the street address, County and Property Owner name to the email subject line.

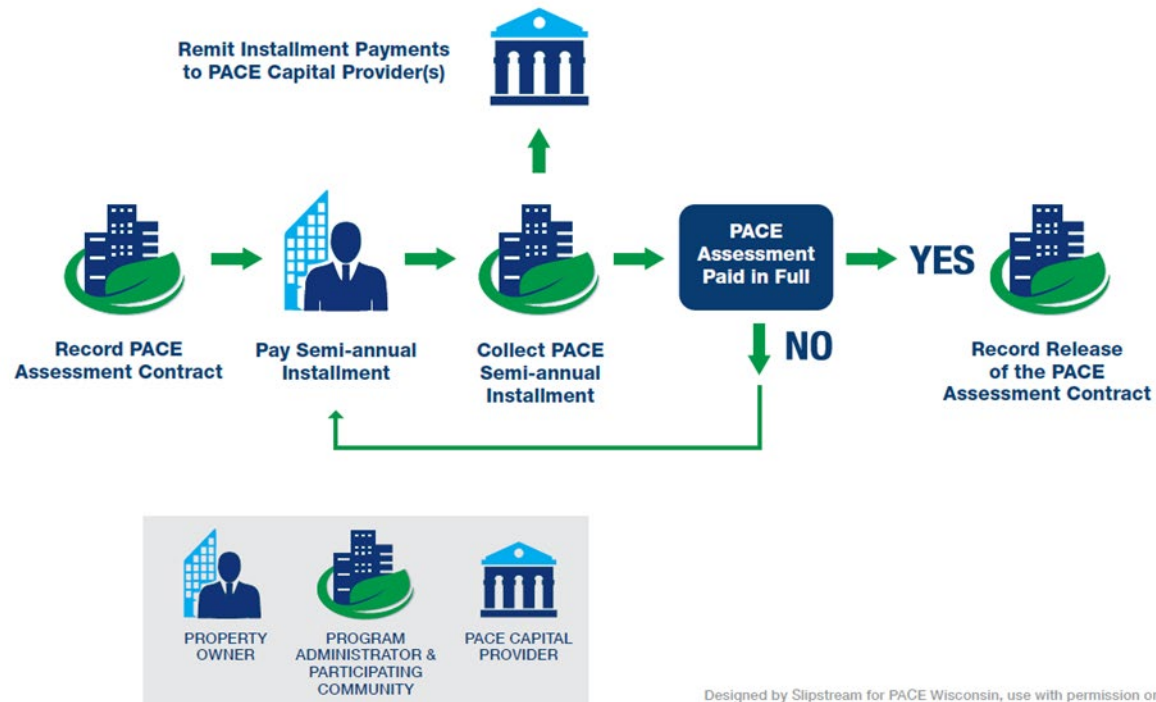
The Program recommends, but does not require, that the Registered Contractor or Energy Project Assessment Provider complete commissioning of the Energy Projects prior to executing the final Completion Certificate. Commissioning is a quality assurance and operations and maintenance (O&M) training process that ensures that new or renovated building systems perform to their design intent and meet the needs of building owners and occupants. Commissioning is an integral part of achieving real-world energy savings, thermal comfort and indoor air quality from energy efficiency and clean energy improvements.

Learn more about the cost-effectiveness and benefits of Commissioning from Lawrence Berkeley National Laboratory, here:  
<https://www.energy.gov/eere/buildings/articles/new-doe-research-strengthens-business-case-building-commissioning>

The Program recommends that the commissioning provider submit a post-construction commissioning report to the Property Owner, Program Administrator and Capital Provider. A post-construction commissioning report should include:

- 1) A statement that systems have been completed in accordance with the Energy Project Assessment and/or Renewable Energy Feasibility Study and contract documents, and that the systems are performing as expected.
- 2) Identification and discussion of any substitutions, compromises, or variances between the final design intent, contract documents and as built conditions.
- 3) Description of components and systems that exceed the owner's Project requirements and those which do not meet the requirements and why; and
- 4) A summary of all issues resolved and unresolved and any recommendations for resolution.

## 8.0 Assessment Administration



### 8.1 Assessment Lien

An Assessment Contract created pursuant to the PACE Act and PACE Ordinance, including the full amount of the PACE Financing, the Assessment Payments, and any interest or penalties accrued thereon, constitutes a first and prior lien against the Property on which the Assessment Contract is imposed from the date the Assessment Contract is recorded until the Assessment Contract and all interest and penalties thereon is satisfied.

The Assessment Contract lien has the same priority status as a lien for any other tax imposed by any agency, municipality or county of the State of Illinois and shall be treated as a tax imposed by any agency, municipality, or county. The Assessment Contract (lien) runs with the land and that portion of the Assessment Contract that has not yet become due is not eliminated by foreclosure of a property tax lien. The Assessment Contract lien can only be accelerated in limited circumstances and will not be extinguished until fully repaid. The Assessment Contract lien may be enforced by the County in the same manner as failure to pay real property taxes within such County.

### 8.2 Repayment of the PACE Financing

Repayment of the PACE Financing will commence according to the terms of the PACE Assessment Contract. The first repayment date for an Assessment Payments of an assessment will be subject to the assessment repayment schedule in the Assessment Contract as well as the existing schedule for billing and collection of real property taxes for the county in which the Eligible Property is located.

Assessment Payments will be collected by the applicable Local Unit of Government using their present tax collection process, including through a county tax claim bureau, locally elected tax collector or contracted third party tax collector. Notwithstanding the above, Assessment Payments will not be subject to payment plans or grace periods allowable for real property taxes; each Assessment Payments must be paid in full on the relevant due date under the Assessment Contract or will be considered delinquent. While partial payments of Assessment Payments may be accepted, such Assessment Payments will be considered delinquent with respect to the outstanding unpaid amount of that Assessment Payments. Assessment Payments will be added to the Eligible Property Owner's real estate tax bill or stand-alone bill as a separate line item.

Each Assessment Payments payment shall include a Program Administrator Maintenance Fee and a County Treasurer Fee. The Program Administrator will remit collected Assessment Payments, including any penalty or interest thereon, to the Capital Provider pursuant to the terms of the Assessment Contract.

All other procedures related to the payment of the Assessment, including remedies for delinquency and defaults, will be set forth in the Assessment Contract related to the applicable PACE Financing. Nothing in these Program Guidelines may supersede or alter the terms and conditions contained in an Assessment Contract entered by an Eligible Property Owner and a Participating Community.

Nothing in these Program Guidelines may supersede or alter the terms and conditions contained in a PACE Assessment Contract entered into between a Property Owner and a Capital Provider.

### **8.3 Delinquent PACE Assessment Payments and Enforcement Remedy**

Pursuant to the PACE Act, PACE Ordinance and an executed Assessment Contract related to an Eligible Property, the Assessment Contract (lien) on such Property will be enforced by the county in the same manner that a property tax lien against real property is enforced by the county to the extent the enforcement is consistent with the laws of Illinois. Delinquent Assessment Payments will incur interest and penalties in the same manner as delinquent property taxes. Delinquent Assessment Payments will be enforced by the county subject to the county's present tax collection process, including through tax sale and/or foreclosure, and pursuant to the terms of the of Assessment Contract. In the event a delinquent Assessment Payments is enforced; the outstanding balance of the Assessment Contract will not accelerate.

Other events of default may occur if the Property Owner fails to adhere to other obligations specified in the Assessment Contract.

An Assessment Contract may be transferred to a Property Owner upon sale or transfer of the Eligible Property during the term of an Assessment Contract.

## 8.4 Once a PACE Assessment Contract Has Been Paid in Full

Once the Assessment Contract is repaid in full according to the terms of the Assessment Contract, repayment of the Assessment Payments will cease, and upon notice of payment in full from the Capital Provider the Participating Community or Program Administrator will record a termination of the Assessment Contract with the appropriate county recorder of deeds.

## 10.0 Change Orders

All change orders that result in an alteration of the anticipated energy and water savings attributed to the PACE Project must be pre-approved by Program Administrator to ensure that the changes to the PACE Project remain consistent with the requirements as set forth in these Program Guidelines. The Property Owner shall provide documentation of the change as follows:

- Change in PACE Project scope, description of changes
- Revised PACE Project budget to account for changes in PACE Project cost
- Energy and operations savings estimates, as evidenced in a revised Energy Project Assessment or Renewable Energy Feasibility Study
- Approval of the change by the Capital Provider.

A Property Owner who requires a change order is required to complete a summary of the above changes and submit the same to Program Administrator for approval.

## 11.0 Disclosure

- The Program Administrator does not provide legal advice and will not mediate any disputes between any participants in The Program, including but not limited to, Property Owners of Eligible Properties and their tenants, Capital Providers, Registered Contractors, energy service companies, and utilities.
- In addition to other designated and implied responsibilities in the PACE Program, Applicant is responsible for reviewing the terms, conditions, and obligations set forth in the PACE Assessment Contract and Supplemental PACE Agreement, as well as the terms of any supplemental agreements with the Capital Provider and all agreements with Registered Contractors, Energy Project Assessment providers, and any other parties to the project.
- When approving an installation contractor as a Registered Contractor, the Program Administrator conducts a limited review of the company, including review of professional licenses held by the contractor. Property Owner should not rely on Program Administrator's approval of a Registered Contractor as assurance of the Registered Contractor's qualifications. Property Owner is responsible for conducting its own due diligence, including but not limited to consideration of finances, performance, and pricing, before selecting a contractor.

- The Program Administrator does not provide any accounting advice regarding how a Property Owner should treat the PACE Financing in their books and records.
- The Program Administrator has the right to review all projects for eligibility and may approve PACE Projects for PACE Financing according to the standards and criteria set forth in these Program Guidelines.
- The Program and the Local Unit of Government retain ultimate discretion whether to approve a PACE Financing and enter a PACE Assessment Contract to levy an Assessment Contract against an Eligible Property.
- Capital Providers are prohibited from releasing, and installation contractors are prohibited from receiving, final payment for a PACE Project until the required parties have duly executed a Certificate of Completion and the Program Administrator has accepted the Certificate of Completion.
- The Local Unit of Government and Program Administrator:
  - Do not endorse any Capital Provider, Registered Contractor, engineering firm, manufacturer, product, or system design by this offering.
  - Are not responsible for any tax liability imposed on the recipient as a result of the payment.
  - MAKE NO REPRESENTATION OR WARRANTY, AND ASSUME NO LIABILITY WITH RESPECT TO THE QUALITY, SAFETY, PERFORMANCE, OR OTHER ASPECT OF ANY DESIGN, CONSULTING, PRODUCT, SYSTEM, EQUIPMENT, OR APPLIANCE INSTALLED OR RECEIVED AND EXPRESSLY DISCLAIM ANY SUCH REPRESENTATIONS, WARRANTIES, AND LIABILITY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Please contact your contractor for detailed manufacturer equipment warranties.
  - Do not guarantee that installation and operation of energy efficient equipment will result in reduced usage or in cost savings to a Property Owner or any occupants of an Eligible Property.
  - Are not responsible for the proper disposal/recycling of any waste generated as a result of any Project.
  - Are not liable for any damages, including any incidental or consequential damages, arising out of the operation or malfunction of the products, equipment, or appliances, or the installation thereof related to a PACE Project.
  - Unless notified in writing, Program Administrator reserves the right to publicize participation in the Program.
  - Upon reasonable notice period a Program Administrator representative may schedule a site visit to verify that qualified products, systems, equipment, or appliances were installed.



## Appendix A: State of Illinois PACE Act

Illinois Public Act 100-0980 enables Commercial Property Assessed Clean Energy Financing in the state of Illinois. Illinois amended Public Act 100-0980 in August 2018. The full text of the act, as amended in August, 2018, is available on the website of the Illinois General Assembly and may be accessed at: <http://ilga.gov/legislation/publicacts/fulltext.asp?Name=100-0980>

The state may approve additional amendments to the enabling legislation in the future. Eligible Property Owners, Capital Providers, and Registered Contractors are responsible for complying with any applicable future amendments to the law.

## **Appendix B: Intentionally Left Blank**

## Appendix C: Eligible PACE Improvements

### Common Eligible Energy Projects

The following list of predominant, long-standing, proven energy efficiency technologies, water conservation technologies, and renewable energy generation systems is intended as a reference list for THE PROGRAM Applicants and can change at any time. If not included on this list, Program Administrator will review proposed Energy Project(s) and accept them on a case-by-case basis.

- High efficiency lighting
- Heating ventilation air conditioning (HVAC) upgrades
- New automated building and HVAC controls
- Variable speed drives (VSDs) on motors fans and pumps
- High efficiency chillers
- High efficiency boilers and furnaces
- High efficiency hot water heating systems
- Combustion and burner upgrades
- Fuel switching resulting in an overall reduction in the number of BTUs required to achieve a given end use
- Water conservation measures
- Heat recovery and steam traps
- Building enclosure/envelope improvements
- Building automation (energy management) systems
- Renewable Energy Improvements
- Electric vehicle charging stations
- Voltage optimization devices that reduce energy consumption by an end user

The following end-use savings technologies are generally more applicable to industrial facilities:

- New automated process controls
- Heat recovery from process air and water
- Cogeneration used for peak shaving
- Process equipment upgrades
- Process changes

Shown below are key aspects of some of the most applied technologies listed above, with their typical simple payback range. These payback ranges are only provided for informational purposes and should not be construed as a guarantee of performance or requirement for The Program funding eligibility.

### Lighting (typical two- to three-year simple payback)

- Daylight controls and natural daylighting designed to reduce energy and improve visual comfort.
- Upgrades for existing fluorescent fixtures including electronic ballasts, T8 lamps, and reflectors including the installment of LED bulbs and fixtures.
- Meeting rooms and other intermittently occupied spaces can garner significant energy savings with the use of timers and occupancy sensors.
- Smaller impact opportunities including security lighting, stairwell lighting, exterior night-time security lighting and exit signs.

**Refrigeration (typical 3 to 5-year simple payback)**

- Install improvements to refrigerated cases and walk-in coolers to improve efficiency and decrease waste.
  - Additional insulation, anti-sweat heater controls, auto-closers for cooler/freezer doors, case-lighting controls, improved defrost controls, suction line insulation, etc.
- Thermal Storage Systems (for load shifting).
- Compressors (VFD and controls, heat recovery, mechanical sub-cooling, evaporative condensers, etc.)

**Motors (typical 3 to 5-year simple payback)**

- High efficiency electric motor replacements usually pay back when a motor is running for long periods at high load, or at the end of motor life.
- The cost premium over standard motors normally can be recovered in less than 2 years
- Motor sizing to the actual load profile to improve efficiency and control electrical power factor.

**Variable Speed Drives (typical 3 to 5-year simple payback)**

- Applied to motors, pumps and fans
- Matches motor use to variable operating load
- Can save up to 40 percent in power consumption
- Can be packaged with controls
- Extends motor life.

**HVAC (typical 2 to 8-year simple payback)**

- New packaged units can increase efficiency and indoor comfort
- Proper sizing of HVAC equipment is a major opportunity, since full-load operation is more efficient than part load operation - consider fan capacity reduction or staging of 2 smaller units rather than partial loading of one large unit
- Install VSDs on HVAC motors
- Balance air and water supply systems to remove trouble spots demanding inefficient system operation
  - Improve maintenance
  - Eliminate simultaneous heating and cooling
  - Install economizers and direct digital controls
- Variable air volume conversions versus constant air flow
- Ventilation reduction
- Unoccupied shutdown or temperature setback/setup (controls).

**Chillers (typical 5 to 10-year simple payback)**

- New chiller models can be up to 30-40 percent more efficient than existing equipment.
- Upgrade lead chiller(s) (base load) to high efficiency
- Manage chiller and condenser settings to minimize compressor energy
- Optimize pumping energy for distribution of chilled water
- Optimize HVAC operation to:
  - Improve temperature/humidity control
  - Eliminate unnecessary cooling loads

- CFC reclamation program/inventory - chiller replacement may achieve both CFC management and energy efficiency objectives.

**Boilers (typical 3 to 5-year simple payback)**

- Replace steam with hot water boilers for hot water heating loads
- Improve maintenance
- Optimize operation/staging in multiple boiler plants
- Optimize boiler controls
- Tune or replace burners
- Add small “pony” boilers for low loads:
  - Reduced fuel consumption/energy costs
  - Reduced emissions
  - Reduced maintenance costs
  - Higher reliability.

**Heat Recovery (typical 2 to 4-year simple payback)**

- Heat recovery devices to capture waste heat from water, process heat and exhaust air to re-use it for preheating: of Building intake air
  - Boiler combustion air
  - Boiler feedwater
  - Inlet water for domestic hot water.

**New Automated Building and HVAC Controls (typical 3 to 5-year simple payback):**

- Old controls may still be pneumatic systems based on compressed air - new electronic controls are more precise and reliable, with greater capabilities.
- Can automate lighting, chiller, boiler, and HVAC operation:
  - Load shedding
  - Optimal start/stop/warm up
  - Ventilation control.
- Whole-building energy management systems may come with other advanced control technologies:
  - Security, fire, and life safety
  - Alarm monitoring and report generation
  - Preventive maintenance scheduling
- Remote monitoring/metering capabilities may be attractive.

**Building Shell and Fenestration (typical 3 to 10-year simple payback)**

- Roof insulation, combined with reflective roof coatings in warm climates, reduces energy consumption
- Review building pressurization for proper ventilation: o
  - Balance exhaust and intake air quantities
  - Add weather-stripping on doors and windows
  - Seal cracks and unnecessary openings
- Window films to reduce solar heat gain and/or heat loss
- Replace windows with more energy efficient glazing.

**Water Conservation Improvements (typical 3 to 5-year simple payback)**

- Domestic water use can be impacted greatly by the replacement of toilets, urinals, and other bathroom fixtures.
- Commercial kitchens can save water through the replacement of pre-rinse valves, dishwashers, and icemakers.
- Laundry equipment in commercial properties and Laundromats can benefit greatly with upgraded equipment.
- HVAC systems can reduce water consumption through the installation of cooling towers, condensers, and steam boilers.
- Industrial water consumption from car washes, film and x-ray processing, and high-tech manufacturing can be reduced through the installation of equipment involved in each specific process/facility.

#### **Renewable Clean Energy Improvements (typical 3 to 15-year simple payback)**

- Solar photovoltaic power
- Solar thermal
- Wind Power
- Geothermal energy
- Fuel Cell
- Methane Gas from landfills
- Low emission advanced renewable energy conversion technologies
- Internal Combustion Engine (ICE) using renewable fuel
- Projects that seek to deploy electric, electric hybrid, natural gas or alternative fuel vehicles and associated infrastructure and any related storage, distribution, manufacturing technologies or facilities
- Sustainable Biomass Facility

#### **Electric Vehicle Charging Stations**

- Transitioning from gasoline and diesel-powered vehicles frequently reduces total transportation-related energy consumption, as measured by total BTUs consumed.
- Electric vehicles have lower cost for operation, maintenance, and fuel than gasoline or diesel-powered equivalents.

#### **Voltage Optimization Devices**

- Savings may be achieved by reducing energy lost during the transmission and transformation processes.

#### **Ineligible Measures**

The following items will not be considered as efficiency measures under the Program Administrator program:

- Compact fluorescent, screw-in lamps
- Plug load devices
- Measures that are not permanently installed and can be easily removed
- Measures that save energy solely due to operational or behavioral changes
- Any measure that does not result in energy savings, reduced water consumption, or renewable energy production.
- Any measure that cannot be explained in terms of industry-standard engineering or scientific principles

- Vending machine controllers
- Refrigerant charge (AC/Split Systems/Heat Pumps)

## **Appendix D: PACE Assessment Contract**

## Appendix E: ASHRAE Audit and Engineering Descriptions

### ASHRAE Level I

ASHRAE Level I standards are defined by ANSI/ASHRAE/ACCA Standard 211-2018. An ASHRAE Level I energy audit consists of 1) a walk-through analysis to assess a building's energy cost, 2) a utility bill analysis to assess its efficiency (using ASTM BEPA Methodology to establish the building's baseline energy use), and 3) conducting a brief on-site survey of the building. The walk-through may be targeted at a specific building component that is intended to be replaced or upgraded or added (such as in the case of installing a solar energy system) or may include checking all major energy-using systems. Operational metrics of building equipment are typically limited to data collection of nameplates but may be more detailed if that data is readily available. Level I energy analysis should at the minimum identify Energy Projects and the associated potential energy savings, the estimated cost of the Energy Projects and specify where further consideration and more rigorous investigation is warranted.

### ASHRAE Level II

An ASHRAE Level II energy audit is a more detailed investigation and includes a more comprehensive building survey and energy analysis than a Level I audit. It also includes more detailed financial analysis. In addition to nameplate data collection, empirical data may also be acquired through various field measurements using handheld devices. The Level II audit should at the minimum identify and provide the investment and cost savings analysis of all recommended Energy Projects that meet the owner's constraints and economic criteria, along with a discussion of any changes to operation and maintenance procedures. Detailed financial analysis includes ROI, IRR, NPV and payback period determination reflecting PACE Financing. Enough detail on projected energy savings is provided to justify project implementation.

### ASHRAE Level III

The ASHRAE Level III energy audit (often referred to as an "investment grade audit") is generally applicable to projects that are very capital intensive and demand more detailed field data gathering as well as more rigorous engineering analysis. The Level III energy audit provides even more comprehensive project investment and cost savings calculations to bring a higher level of confidence that may be required for major capital investment decisions. Data collection may involve field measurements acquired through data loggers and/or an existing energy management system.

## Appendix F: Amortization Table Form

### Schedule I

SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS, INCLUDING PRINCIPAL, INTEREST AND ANNUAL ASSESSMENT ADMINISTRATIVE FEE.

Payment Date	Payment #	Beginning Balance	Interest Payment	Principal Payment	Assessment Payment (P&I)	County Treasurer Fee	Program Maintenance Fee	Total Payment	Ending Balance
	Capitalized Interest								
	1								
	2								
	3								
	4								
	5								
	6								
	7								
	8								
	9								
	10								
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## Appendix G: Sample Application

The following is a sample of The Program Administrator's Application completed and submitted through the [https://iecapace.org/ieca\\_project/user/login](https://iecapace.org/ieca_project/user/login). It may serve as a reference for information required when completing a Application. Note that, in addition to the fields on the sample, additional data regarding measures will be required; these values are listed after the sample application.

## IECA PACE Final Application



The purpose of this Final Application is to confirm property owners and proposed PACE Projects meet all eligibility requirements set forth in the IECA PACE Program Guidelines. The data collected here and document submissions are required to complete this verification process. Once the Program Administrator completes a review of this information, approved PACE Projects will receive a Notice of IECA PACE Approval letter. If the Program Administrator determines that the Final Application is incomplete then the Applicant will receive a request for more information. A copy of this Final Application signed by the key principal(s) is a required document.

**CONTACT:** For questions about IECA PACE or application status, email [iecapace@energyfinancesolutions.com](mailto:iecapace@energyfinancesolutions.com).

### PROPERTY LOCATION

Address Line 1	County
Address Line 2	State
City	ZIP

### POINT OF CONTACT INFORMATION

Business Contact Name	Company Legal Name
Title (Job Title)	
Business Contact Phone	Business Contact Email

### PROPERTY OWNER INFORMATION

Property Owner Legal Name

Property Owner Business Classification

Key Principal Name	Title
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Property Type

Value of Property	Valuation Source
-------------------	------------------

Have you ever filed for bankruptcy or is the property currently an asset to a bankruptcy?

Are there delinquent property taxes, utility payments, or property-secured debt payments for the property?

Are any involuntary liens recorded against the property?

### ENERGY CONSERVATION IMPROVEMENTS

Measure Description	Measure Type	Useful Life
Measure with longest useful life (years)	Annual Dollars Saved	



#### CONTRACTORS

Energy Assessment Provider

Contractor Company Name

Contractor Name

#### CAPITAL SOURCES

PACE Financing Amount

Other Loan

Utility Rebates

Owner Cash Contributions

Total Capital Sources **\$0.00**

#### PROJECT COST

Installation Contractor Cost

Project Development Fee

PACE Program Fee

Financing Fees

Other Project Cost

Energy Assessor Cost

Legal Cost

Capitalized Interest

Total PACE Project Cost **\$0.00**

#### PROJECT SCHEDULE

Anticipated Project Completion (Quarter, Year)

#### PACE FINANCING INFORMATION

Capital Provider Name

Financing Interest Rate 0.00%

Financing Term



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#### REQUIRED DOCUMENTS

Please upload a copy of each required document listed below. A signed copy of this Final Application must be scanned and uploaded to your account. By signing this application, the property owner(s) certifies that it meets the Eligible Property Owner requirements, listed on the last page of this document and in the IECA PACE Program Guidelines.

**Document(s)**

Final Application (Signed)

Signed Installation Contract(s)

Energy Assessment

Existing Mortgage Loan Statement(s)

Mortgage Lender Consent

Title Report

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#### APPLICATION FEE

A \$150.00 fee is due to the Program Administrator at the time the Final Application is submitted to it for review. This fee is to be paid before the Program Administrator will begin review of the Final Application. A credit for the Application Fee will be applied toward the Program Fees assessed on an approved Final Application.

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#### OWNER SIGNATURE(S)

To the best of my knowledge, the statements made above are complete, true and correct. I hereby certify that I meet the IECA PACE Eligible Property Owner requirements (stated in the Program Guidelines and below) and am authorized to submit this application and affix my signature below. Submission of this application and required project documents does not guarantee approval for funding.



## ELIGIBLE PROPERTY OWNER REQUIREMENTS

IECA PACE is a voluntary program available to property owners with Eligible Properties located within a Participating Community. Only property owners who voluntarily participate in the program and close a PACE Financing will have a PACE Assessment imposed against their property. To be eligible to participate in the program, a property owner must, at a minimum:

- Be the Person or persons possessing the most recent fee title or land contract vendee's interest of an Eligible Property as shown by the records of the Recorder of Deeds. Alternatively, if the Applicant will become the owner of the Eligible Property concurrently upon closing of the PACE Financing, documentary evidence showing such anticipated transfer reasonably satisfactory to the Program Administrator will be required. All owners of the fee simple title to the Eligible Property, or their legally authorized representatives, must sign the Final Application. Therefore, before submitting the Pre-Application, please ensure that all owners (or their representatives) of the subject property will agree to participate in IECA PACE on these terms.
- Certify that they or the organization they represent (and the owner of the Eligible Property Owner if the Eligible Property Owner is a single-purpose entity) are solvent, and that no proceedings are pending or threatened in which the Eligible Property Owner (or the owner of record, as applicable) may be adjudicated as bankrupt, become the debtor in a bankruptcy proceeding, be discharged from all of the Eligible Property Owner's (or the owner of record's, as applicable) debts or obligations, be granted an extension of time to pay the Eligible Property Owner's (and the owner of record's, as applicable) debts or be subjected to a reorganization or readjustment of the Eligible Property Owner's (and the owner of record's, as applicable) debts.
- Certify that they or the organization they represent (or the owner of the Eligible Property Owner if the Eligible Property Owner is a single-purpose entity) has not filed for or been subject to bankruptcy protection in the past two years.
- Be current in the payment of all obligations secured by the subject Eligible Property, including property taxes, special assessments (including PACE Assessments), special taxes or any other tax liens, or water or sewer charges.
- Have no involuntary liens on the Eligible Property, including, but not limited to, construction or mechanics liens, lis pendens or judgments against the Eligible Property Owner, environmental proceedings, or eminent domain proceedings.
- Certify that it is not a party to any litigation or administrative proceeding of any nature in which the Eligible Property Owner has been served with notice of pending litigation, and that no such litigation or administrative proceeding is pending or threatened that, if successful, would materially adversely affect the Eligible Property Owner's ability to operate its business or pay the contractual assessment when due, or which challenges or questions the validity or enforceability of the PACE Assessment Contract or any other documents executed by Eligible Property Owner in connection with the Eligible Property Owner's participation in IECA PACE.
- Certify that it has no notices of default or property-based debt that have been recorded and not cured.
- Pay a one-time Program Fee to the Program Administrator and a one-time County Fee to the county in which the Eligible Property is located at or prior to the PACE Financing closing date. Pay annually a Program Administration Maintenance Fee and a County Treasurer Fee. Please refer to the IECA PACE Program Guidelines for details about these fees.



- Acknowledge that the Program Fee, County Fee, Program Administration Maintenance Fee, and County Treasurer Fee include the suite of fees generally necessary to cover the regular costs of IECA PACE's administration of the PACE program. These costs and expenses do not include any specialized professional services that may be necessary should the circumstances of any particular PACE Project require them. For example (and without limitation), should any participant in a PACE Project submit substantive comments to the IECA PACE program documentation (including but not limited to the PACE Assessment Contract or Bond Agreement), request a legal opinion from IECA PACE counsel or require other time and resource intensive review of a transaction, the Eligible Property Owner for such PACE Project shall be responsible for covering such IECA PACE expenses at cost. All fees and expenses may be paid out of the proceeds of the PACE Financing. The Program Administrator will require evidence that all expenses are paid before closing of a PACE Financing may proceed.
- The Eligible Property Owner understands that additional fees may be charged by the PACE Capital Provider, Energy Assessment provider, project developer (if applicable), bond issuer (if applicable), and other providers of services associated with the PACE Project and/or PACE Financing. IECA PACE promotes an open market and recommends that the Eligible Property Owner conduct appropriate due diligence when engaging service providers.



**Measures details needed for Application:**

- Measure Type
- Other Improvement(s)
- Weighted Average Measure Life
- Service Life of Longest-Lived Measure

**Annual Savings (dependent on measure types used)**

- Electric (kWh/year)
- Natural Gas/Fuel (Therms/year)
- Electric Demand Reduction (kW/year)
- Water (Gallons/year)
- Electric Production (kWh/year)
- Total Projected Cash Flow Savings (\$/year)

## Appendix H: Registered Contractor Terms and Conditions

The IECA Property Assessed Clean Energy Program (IECA PACE) is an open-market program that allows Property Owners to select the qualified installation contractor, energy assessment provider, and capital provider that best fits the owner's objectives. To become a Registered Contractor with the IECA PACE Program and install Energy Projects funded through a PACE Assessment Contract, an installation contractor must be approved as a Registered Contractor with the IECA PACE Program. This document defines the terms and conditions to which all Registered Contractors must adhere. IECA PACE and the Registered Contractor are the parties to these terms and conditions and may be referred to herein individually as Party or jointly as The Parties.

### General Provisions

Term of the Agreement: Registered Contractor status shall commence on the date this application is approved by the Program Administrator and shall continue until terminated in writing by either party.

No Guarantee of Additional Business: IECA PACE makes no representations or guarantees that Registered Contractor will obtain additional business revenue or opportunities through its participation in the program.

Relationship of the Parties: Registered Contractor may present itself as a Registered Contractor in the IECA PACE Program. By submitting this application, Registered Contractor does not become an agent, employee, or representative of the IECA PACE Program. The Parties shall not be considered to be joint venture, partners, agents, servants, employees, fiduciaries, or representatives of each other, and no Party shall have the right or power to bind or obligate any other Party to, or third-party beneficiary of, these terms and conditions.

Indemnification: Registered Contractor agrees to indemnify and hold the IECA Program and its Program Administrator, their respective directors, commissioners, officers, employees, and agents harmless against all claims, liabilities, damages, losses, costs, or expenses (including, but not limited to, reasonable attorneys' fees) arising out of or related to any act or omission of the Registered Contractor, its directors, officers, employees, subcontractors, or agents of Registered Contractor or its subcontractors, including, but not limited to, the failure of Registered Contractor to properly and/or timely pay any wages and/or benefits to the Registered Contractor's employees. The obligations of Registered Contractor under this section shall survive termination or expiration of Registered Contractor's status and shall be in addition to the warranty obligations of Registered Contractor. Registered Contractor waives the right to bring or assert any claim against IECA PACE and its subcontractors relating to its registration and status as a Registered Contractor (including listing as a Registered Contractor) and releases IECA PACE and its subcontractors from any and all liability therefore or relating thereto.

Final Payment: Registered Contractor acknowledges that The Program Administrator will not authorize final payment of the proceeds from the PACE Financing to Registered Contractor until The Program Administrator has received written confirmation from the Property Owner that the improvements were properly installed and are operating as intended. The Completion Certificate is attached as Exhibit A. Registered Contractor retains the right to exercise all available legal rights and remedies in the event there is a disagreement with the Property Owner.

Use of IECA PACE Logo: Registered Contractor may include the IECA PACE logo and program name in its marketing materials and may provide IECA PACE Program materials to its customers. Registered Contractor may not imply or state that it is a representative of the IECA PACE program or that it has been endorsed by the IECA PACE Program. If the Program Administrator terminates the contractor's status as a Registered Contractor, contractor must immediately discontinue the use of the IECA PACE logo and program name in its marketing materials.

## **Registered Contractor Responsibilities**

True and Accurate Information: Registered Contractor shall provide true, accurate, current, and complete information on the IECA Registered Contractor Application. Contractor is required to ensure, update, and maintain the truthfulness, accuracy, and completeness of all information that it provides on its Registered Contractor Application.

Licensing and Registration: Registered Contractor shall be and remain licensed, authorized to conduct business, and in good standing in all jurisdictions in which it conducts business, including the State of Illinois and shall have the legal authority and power to offer, sell and/or install improvements that are permanently affixed to real property. Registered Contractor is responsible for providing documentation of the licenses that it maintains at the time it applies to participate in the IECA PACE Program. Registered Contractor agrees to notify the IECA PACE Program Administrator of any future changes to the licenses and certifications that it possesses and will provide the Program Administrator with documentary evidence of all licenses that it obtains. As a condition of approval of the Registered Contractor or any time following approval of the Registered Contractor, the IECA PACE Program Administrator may request copies of all relevant licenses held by the Registered Contractor. Registered Contractor agrees to promptly provide the requested copies of licenses to the IECA Program Administrator.

Adherence to Laws, Regulations, and Program Guidelines: Registered Contractor shall comply with all laws, ordinances, and regulations. Registered Contractor shall also comply with the IECA PACE Program Guidelines, which define the requirements and processes of the IECA PACE Program. The IECA PACE Program Guidelines may be revised from time to time without notice by IECA PACE or its designee. It is Registered Contractor's responsibility to verify current program requirements and procedures and to comply with all laws, ordinances, regulations, and program guidelines.

By executing this agreement, the Contractor expressly acknowledges and agrees that the County, the Program Administrator and the Capital Provider shall have no responsibility with respect to, and shall not be held liable by the Contractor, the Property Owner or any other party for, compliance by the Contractor with any local, State or Federal labor or similar laws, including without limitation the Illinois Prevailing Wage Act. The Contractor shall be solely responsible for compliance with such laws, and shall, to the extent it deems necessary, consult with its own counsel as to the applicability, if any, of any such laws.

Insurance: Registered Contractor agrees to carry appropriate insurance for its type of business.

## IECA PACE Responsibilities

No Endorsement: IECA PACE does not verify, vet, endorse, or rank Registered Contractors. Capital Providers may maintain additional requirements that a Registered Contractor must satisfy for the Capital Provider to approve PACE Financing for Energy Projects that Registered Contractor installs.

Right to Remove Contractor: IECA PACE reserves the right to revoke an installation contractor's Registered Contractor approval, and/or remove Registered Contractor from its listing of Registered Contractors, for any reason or for no reason.

Information Sharing: By submission of an IECA PACE Registered Contractor Application, Registered Contractor agrees that information provided on the application may be published or otherwise publicly disseminated.

## Authorization

By submitting the IECA PACE Registered Contractor Application, you represent that you are authorized to act on behalf of the Registered Contractor and that the Registered Contractor accepts and agrees to the IECA Registered Contractor Terms and Conditions. I declare under penalty of perjury that the foregoing statement is true and correct, and I am aware that if I present any material matters as true which I know to be false, I may be subjected to penalties prescribed for perjury under the laws of the State of Illinois.

\_\_\_\_\_  
Signatory Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Company Name

### Exhibit A: IECA PACE Final Completion Certificate

**Registered Contractor:**

**Street:**

**City/State/Zip Code:**

**Date of Completion:**

**Description of the completed installation funded by the PACE Financing:**

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**PACE Project Address**

**Property Street:**

**City/State/Zip Code:**

My signature below attests that all work funded by the PACE Financing has been installed and is substantively complete. I certify that the financed improvements have been properly acquired, constructed, installed, or modified and is operating as intended. Per the terms of the Assessment Contract, I authorize the final proceeds of the PACE Financing to be disbursed to the applicable Registered Contractor(s).

I am an authorized signatory of the Property Owner/Registered Contractor and have authority to make the statements in this Final Completion Certificate.

**Property Owner**

**Registered Contractor**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Company Name