



LAKE COUNTY  
Investing in People  
and Our Communities

# Property Assessed Clean Energy (PACE) Overview

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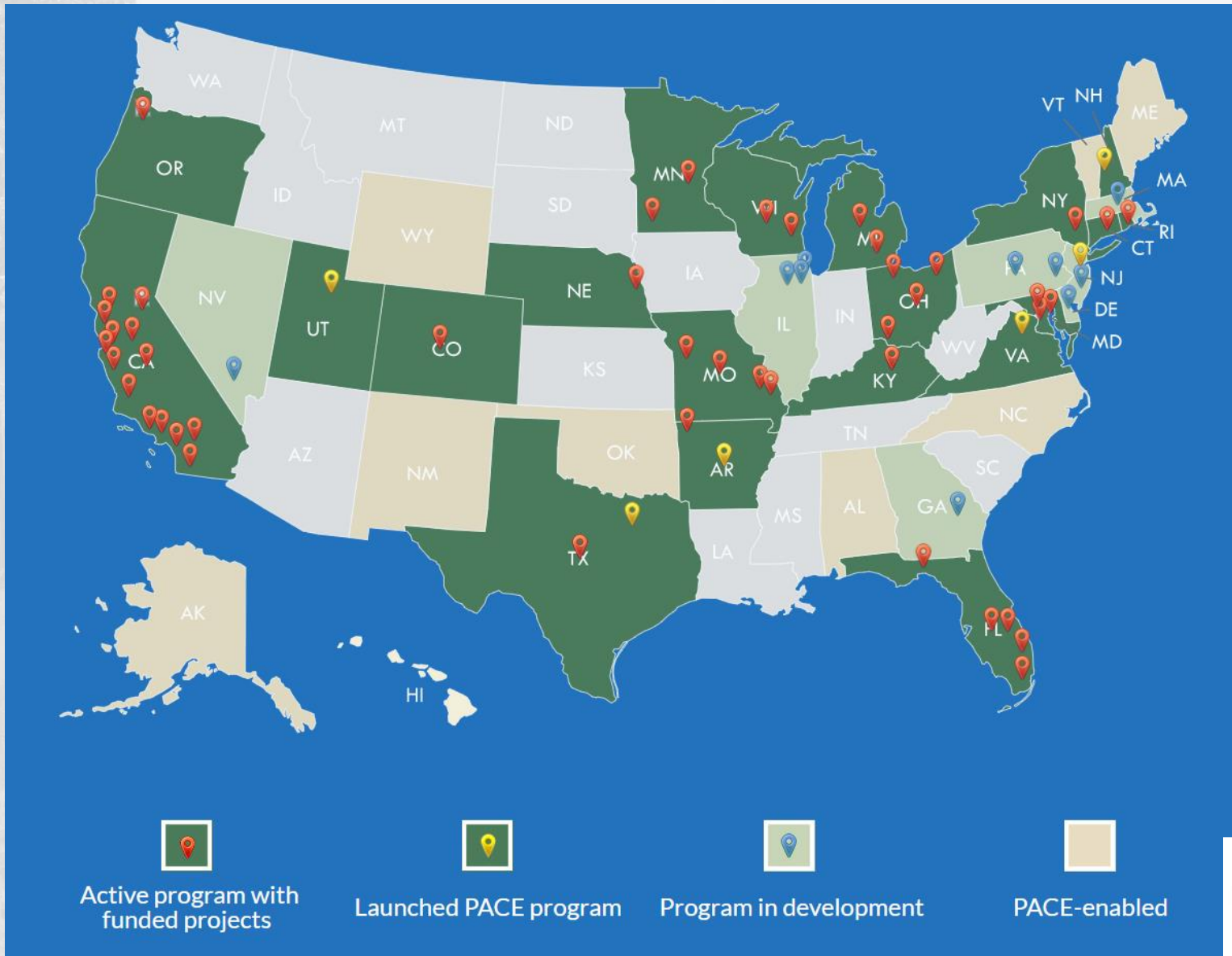
August 7, 2019

# PACE Overview

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- PACE is a financing option for commercial property owners to fund energy efficiency, renewable energy, and water conservation upgrades
- Improvements are permanently affixed to the property
- Can offer 100% funding through capital from approved lenders or local and state government bonds
- Amount of financing is limited relative to the assessed value of the property
- The loan is attached to the property, not the owner. A lien is recorded on the property and repaid annually on property tax bill

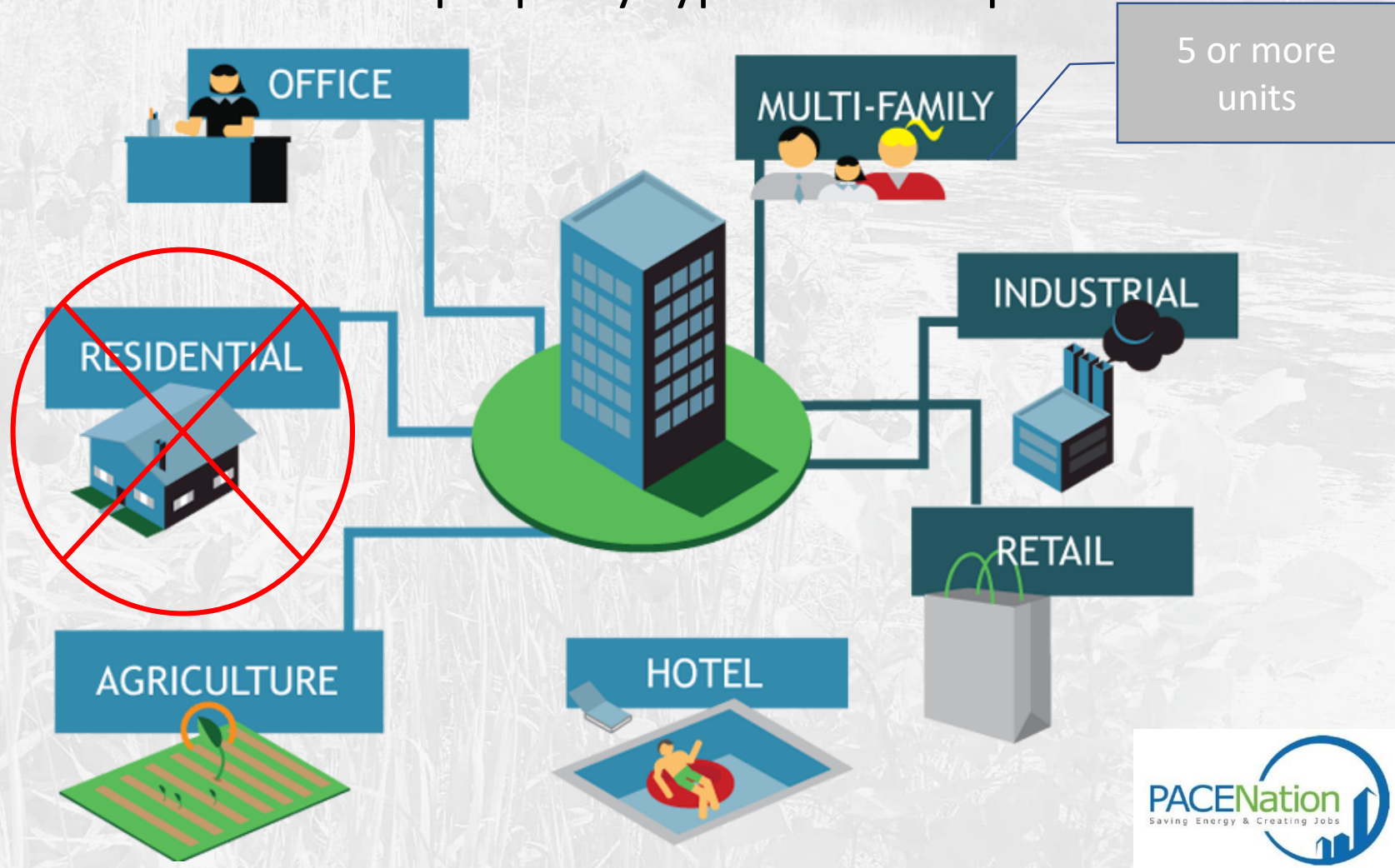
# PACE Programs



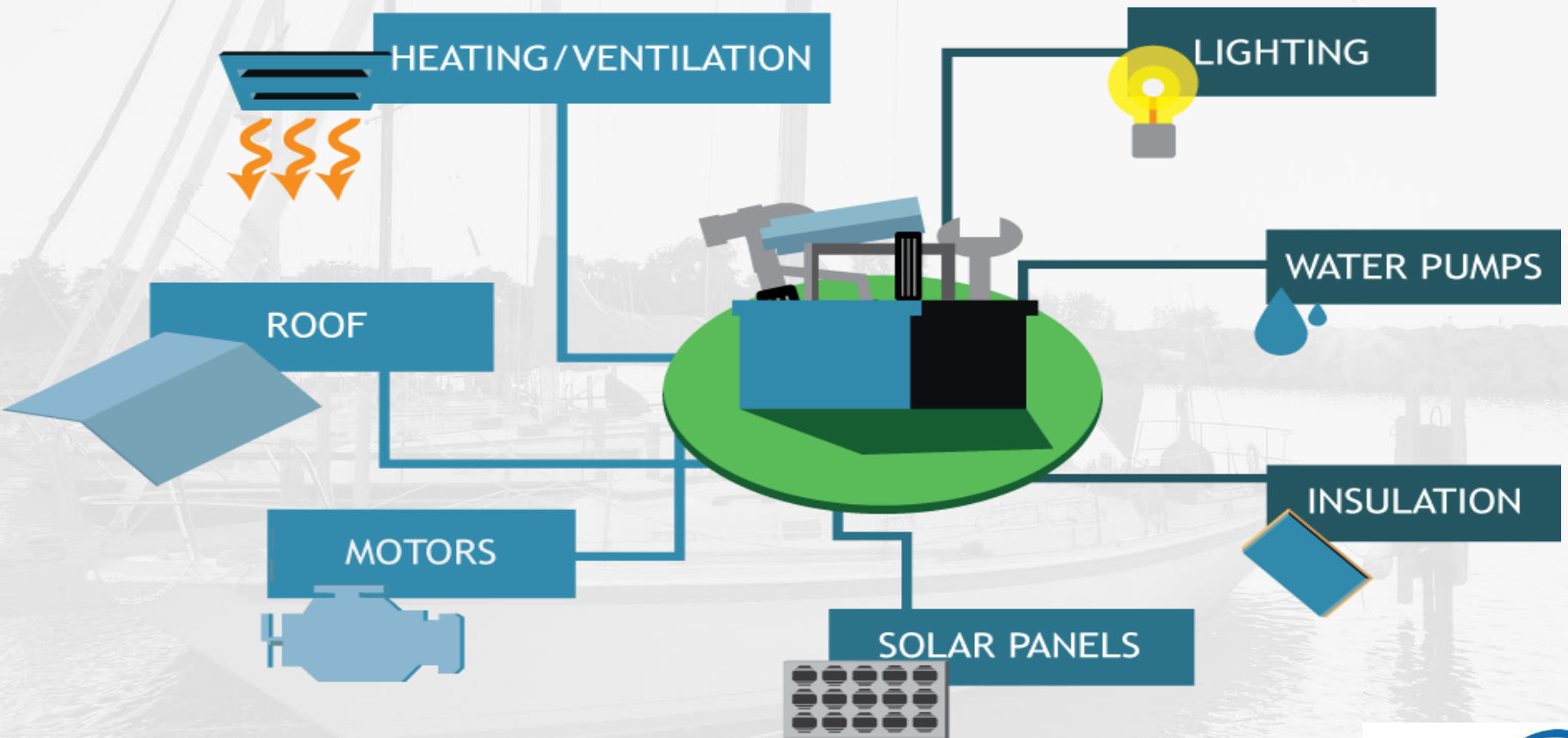


# PACE Eligible Properties

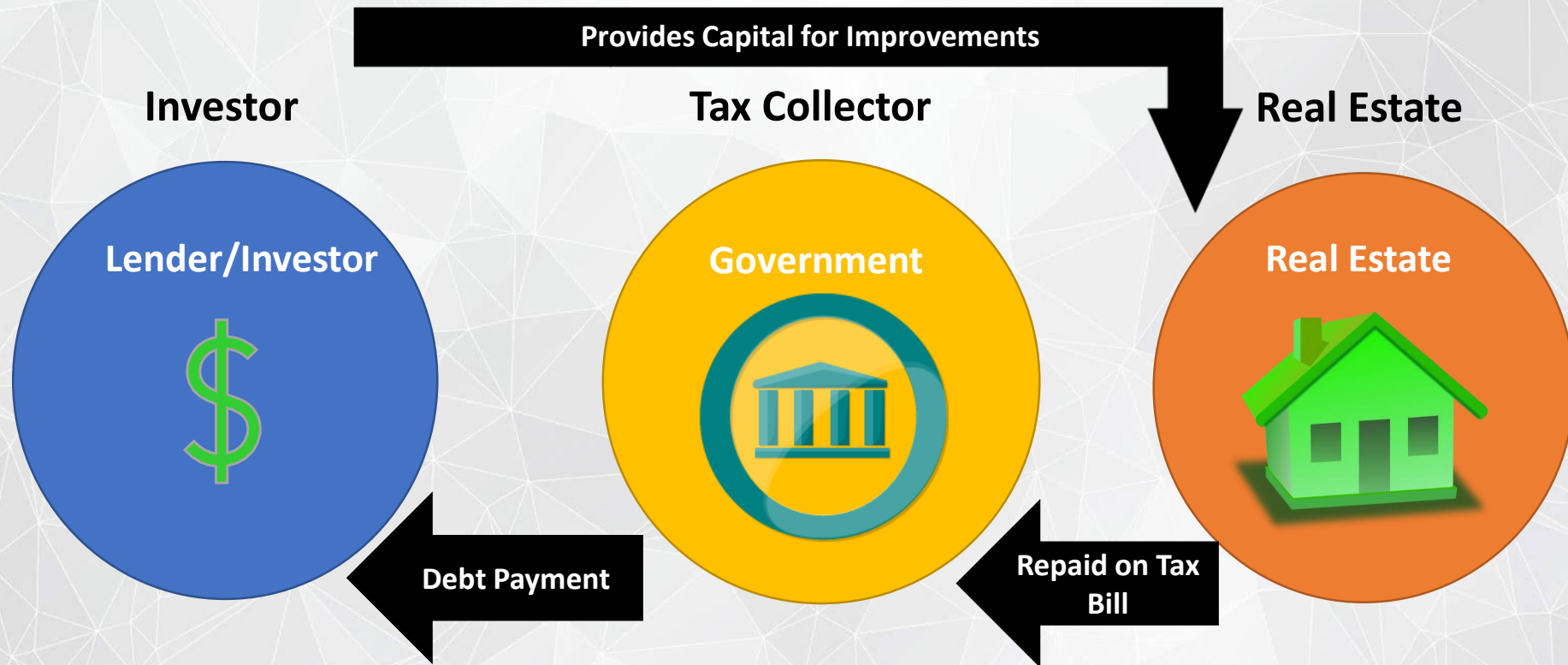
- Most commercial property types are acceptable



# Eligible Improvements



# PACE Process



# Why PACE?

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Main barriers to energy efficient upgrades:

- Capital
- Difficulty finding financing sources
- Loans secured by mortgages are due on sale of property
- Limited public knowledge



# Why PACE?

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Benefits and protections:

- PACE offers attractive financing rates
- Existing mortgage holders must agree to loan
- Projects must be completed by contractor qualified by the Program Administrator
- Loan is limited to 25% of assessed or appraised value, whichever is greater



# Property Owner's Perspective

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- No upfront capital needed – 100% financing
- Allows access to energy efficiency technology, otherwise cost prohibitive
- Energy savings can increase market value of a property and cash flow
- Lien is attached to the property not the owner (non-recourse and off-Balance Sheet)
- Assessment term matches the useful life of the improvements (up to 25 years full amortizing)
- May be tax deductible, depends on individual circumstance and financial structure

# County Perspective

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- \$0 net costs to government body
  - Option to add funding through a bond if desired
- Economic development and job creation
- Available to all constituents with qualifying properties
- Increase market value of property due to modernization
- Environmental benefits (i.e., reduced emissions)
- Implements economic development and sustainability goals of the Lake County Strategic Plan and Sustainability Chapter of the Regional Framework Plan

# Program Options

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- Program self administered by County
- Program administration and marketing sub-contracted by County to an independent administrator



# Lake County Options

- Develop a self-administered program
- Develop a Request for Proposal (RFP) for independent administrator to:
  - Design program and draft resolutions/ordinances aligned with State Legislation
  - Develop fee structure
  - Match property owners with approved lenders
  - Market and administer program

# PACE in Local Jurisdictions

- Kane County
  - County approval process: March 2018 – December 2018
  - Program development: December 2018 – Current
  - Program launch: Aug/Sept 2019
- DuPage County
  - County approval process: March 2018 – May 2019
  - Program launch: August 2019
  - DuPage and Kane to hold joint training for lender/contractors in August 2019
- Cook County
  - Request for Proposal May 2019
  - Currently reviewing proposals
- Chicago
  - Contracted with Program Administrator in May 2018
  - Resolution Establishing PACE October 2018
  - Program is fully operational

# Next Steps

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- Adopt resolution declaring the County Board's intent to create a Property Assessed Clean Energy (PACE) program
  - Consider renaming program to avoid confusion with PACE suburban bus services
  - Kane: Kane Energy Efficiency Program (KEEP)
  - DuPage: Cool DuPage
- Direct Purchasing to develop a Request for Proposal (RFP) for an Independent Program Administrator
- Present to additional committees:
  - Public Works, Planning and Transportation (PWPT)
  - Finance and Administration (F&A)