

AN ACT concerning local government.

**Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:**

Section 5. The Property Assessed Clean Energy Act is amended by changing Sections 5, 10, 15, 20, 25, 30, and 35 and by adding Sections 42, 45, and 50 as follows:

(50 ILCS 50/5)

Sec. 5. Definitions. As used in this Act:

"Alternative energy improvement" means any fixture, product, system, equipment, device, material, or interacting group thereof intended ~~the installation or upgrade of electrical wiring, outlets, or charging stations~~ to charge a motor vehicle that is fully or partially powered by electricity, including, but not limited to, electrical wiring, outlets, or charging stations.

"Assessment" means a special assessment imposed by a governmental unit pursuant to an assessment contract.

"Assessment contract" means a voluntary written contract between the applicable governmental ~~local~~ unit ~~of government~~ (or a permitted assignee) and record owner governing the terms and conditions of financing and assessment under a program.

"Authority" means the Illinois Finance Authority.

"Capital provider" means any credit union, federally

insured depository institution, insurance company, trust company, or other entity approved by a governmental unit or its program administrator or program administrators that finances or refinances an energy project by purchasing PACE bonds issued by the governmental unit or the Authority for that purpose. "Capital provider" also means any special purpose vehicle that is directly or indirectly wholly owned by one or more of the entities listed in this definition or any bond underwriter.

~~"PACE area" means 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.~~

"Energy efficiency improvement" means any fixture, product, system, equipment, device, material, or interacting group thereof ~~devices, or materials~~ intended to decrease energy consumption or enable ~~promote~~ a more efficient use of electricity, natural gas, propane, or other forms of energy on property, including, but not limited to, all of the following:

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

(2) energy efficient ~~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 systems ~~system modifications~~ that reduce energy consumption;

(3) automated energy or water control systems;

(4) high efficiency heating, ventilating, or air-conditioning and distribution systems ~~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;

(8.1) any energy efficiency project, as defined in Section 825-65 of the Illinois Finance Authority Act; and

(9) any other fixture, product, system, installation ~~or modification of~~ equipment, device, or material intended devices, or materials approved as a utility or other cost-savings measure as approved by the governmental unit governing body.

"Energy project" means the acquisition, construction, installation, or modification of an alternative energy improvement, energy efficiency improvement, renewable energy improvement, resiliency improvement, or water use improvement, ~~or the acquisition, installation, or improvement of a renewable energy system that is affixed to~~ real ~~a stabilized existing~~ property (including new construction).

"Governing body" means the legislative body, council, board, commission, trustees, or any other body by whatever name it is known having charge of the corporate affairs of a governmental unit ~~county board or board of county commissioners of a county, the city council of a city, or the board of trustees of a village.~~

"Governmental ~~Local~~ unit ~~of government~~" means any ~~a~~ county or municipality, ~~city, or village.~~

"PACE area" means an area within the jurisdictional boundaries of a governmental unit created by an ordinance or resolution of the governmental unit to provide financing for energy projects under a property assessed clean energy program. A governmental unit may create more than one PACE area under the program and PACE areas may be separate, overlapping, or coterminous.

"PACE bond" means any bond, note, or other evidence of indebtedness representing an obligation to pay money, including refunding bonds, issued under or in accordance with Section 35.

"Permitted assignee" means (i) the Authority ~~any body politic and corporate,~~ (ii) any bond trustee, ~~or~~ (iii) any capital provider ~~warehouse lender,~~ or (iv) any other assignee of a governmental ~~local~~ unit ~~of government~~ designated by the governmental unit in an assessment contract.

"~~Person~~" means ~~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" means a for-profit entity or a not-for-profit ~~not for profit~~ entity that will administer a program on behalf of or at the discretion of the governmental unit ~~local unit of government~~. ~~It or its affiliates, consultants, or advisors shall have done business as a program administrator or capital provider for a minimum of 18 months and shall be responsible for arranging capital for the acquisition of bonds issued by the local unit of government or the Authority to finance energy projects.~~

"Property" means any privately-owned commercial, industrial, non-residential agricultural, or multi-family (of 5 or more units) real property or any real property owned by a not-for-profit located within the governmental ~~local~~ unit ~~of government~~, but does not include any real property owned by a governmental ~~local~~ unit ~~of government~~ or a homeowner's or condominium association.

"Property assessed clean energy program" or "program" means the program of a governmental unit to provide financing or refinancing for energy projects within PACE areas it has created under Section 10 and Section 15 ~~a program as described~~

~~in Section 10.~~

"Record owner" means the titleholder or ~~person who is the titleholder or~~ owner of the beneficial interest in real property.

"Renewable energy improvement" means 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.

"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.

~~"Renewable energy system" means a fixture, product, device, or interacting group of fixtures, products, or devices on the customer's side of the meter that use one or more renewable energy resources to generate electricity, and specifically includes any renewable energy project, as defined in Section 825-65 of the Illinois Finance Authority Act.~~

"Resiliency improvement" means 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.

"Warehouse fund" means any fund or account established by a governmental unit, the Authority, or a capital provider ~~local unit of government, body politic and corporate, or warehouse lender.~~

~~"Warehouse lender" means 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.~~

"Water use improvement" means any resiliency improvement, fixture, product, system, equipment, device, material, or interacting group thereof intended to conserve for or serving any property that has the effect of conserving water resources or improve water quality on property, including, but not limited to, all of the following: through improved

(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.

(Source: P.A. 100-77, eff. 8-11-17; 100-980, eff. 1-1-19; revised 9-28-18.)

(50 ILCS 50/10)

Sec. 10. Property assessed clean energy program; creation.

(a) Pursuant to the procedures provided in Section 15, a governmental ~~a local unit of government~~ may establish a property assessed clean energy program and, from time to time, create a PACE area or PACE areas under the program.

(b) Under a program, the governmental ~~local unit of government~~ may enter into an assessment contract with the record owner of property within a PACE area to finance or refinance one or more energy projects on the property. The assessment contract shall provide for the repayment of all or a portion of the cost of an energy project through assessments upon the property benefited. The amount of the financing or refinancing may include any and all of the following: the cost of materials and labor necessary for acquisition,



construction, installation, or modification of the energy project, permit fees, inspection fees, application and administrative fees, financing fees, reserves, capitalized interest, costs of billing the assessment ~~bank fees,~~ and all other fees, costs, and expenses that may be incurred by the record owner pursuant to the acquisition, construction, installation, or modification of the energy project, and the costs of issuance of PACE bonds on a specific or pro rata basis, as determined by the governmental ~~local~~ unit ~~of government~~ and may also include a prepayment premium.

(b-5) A governmental ~~local~~ unit ~~of government~~ may sell or assign, for consideration, any and all assessment contracts; the permitted assignee of the assessment contract shall have and possess the delegable ~~same~~ powers and rights at law or in equity as the applicable governmental ~~local~~ unit ~~of government~~ ~~and its tax collector~~ would have if the assessment contract had not been assigned with regard to (i) the precedence and priority of liens evidenced by the assessment contract, (ii) the accrual of interest, and (iii) the fees and expenses of collection. The permitted assignee shall have the right ~~same rights~~ to enforce such liens pursuant to subsection (a) of Section 30 ~~as any private party holding a lien on real property, including, but not limited to, foreclosure.~~ Costs and reasonable attorney's fees incurred by the permitted assignee as a result of any foreclosure action or other legal proceeding brought pursuant to this Act ~~Section~~ and directly related to

the proceeding shall be assessed in any such proceeding against each record owner subject to the proceedings. A governmental unit or the Authority may sell or assign assessment contracts without competitive bidding or the solicitation of requests for proposals or requests for qualifications ~~Such costs and fees may be collected by the assignee at any time after demand for payment has been made by the permitted assignee.~~

(c) A program shall ~~may~~ be administered by either one or more than one program administrators or the governmental local unit, as determined by the governing body ~~of government.~~

(Source: P.A. 100-77, eff. 8-11-17; 100-980, eff. 1-1-19.)

(50 ILCS 50/15)

Sec. 15. Program established.

(a) To establish a property assessed clean energy program, the governing body ~~of a local unit of government~~ shall adopt a resolution or ordinance that includes all of the following:

(1) a finding that the financing or refinancing of energy projects is a valid public purpose;

(2) a statement of intent to facilitate access to capital (which may be from one or more program administrators or as otherwise permitted by this Act) to provide funds for energy projects, which will be repaid by assessments on the property benefited with the agreement of the record owners;

(3) a description of the proposed arrangements for

financing the program through the issuance of PACE bonds under or in accordance with Section 35, which PACE bonds may be purchased by one or more capital providers, ~~which may be through one or more program administrators;~~

(4) the types of energy projects that may be financed or refinanced;

(5) a description of the territory within the PACE area;

(6) a transcript of public comments if any discretionary public hearing ~~reference to a report on the proposed program was previously held by the governmental unit prior to the consideration of the resolution or ordinance establishing the program; and as described in Section 20;~~

(7) (blank); ~~the time and place for a public hearing to be held by the local unit of government if required for the adoption of the proposed program by resolution or ordinance;~~

(8) the report on the proposed program as described in ~~matters required by Section 20 to be included in the report;~~ for this purpose, the resolution or ordinance may incorporate the report or an amended version thereof by reference, and shall be available for public inspection.

(9) (blank). ~~a description of which aspects of the program may be amended without a new public hearing and which aspects may be amended only after a new public~~

~~hearing is held.~~

(b) A property assessed clean energy program may be amended in accordance with ~~by resolution or ordinance of the governing body. Adoption of the resolution or ordinance~~ establishing the program ~~shall be preceded by a public hearing if required.~~

(Source: P.A. 100-77, eff. 8-11-17; 100-863, eff. 8-14-18; 100-980, eff. 1-1-19.)

(50 ILCS 50/20)

Sec. 20. Program Report. The report on the proposed program required under Section 15 shall include all of the following:

(1) a form of assessment contract between the governmental local ~~unit of government~~ and record owner governing the terms and conditions of financing and assessment under the program;~~;~~

(2) identification of one or more officials ~~an official~~ authorized to enter into an assessment contract on behalf of the governmental local ~~unit of government~~;

(3) (blank); ~~a maximum aggregate annual dollar amount for all financing to be provided by the applicable program administrator under the program;~~

(4) an application process and eligibility requirements for financing or refinancing energy projects under the program;

(5) a method for determining interest rates on amounts financed or refinanced under assessment contracts

~~installments~~, repayment periods, and the maximum amount of an assessment, if any;

(6) an explanation of the process for billing and collecting ~~how~~ assessments ~~will be made and collected~~;

(7) a plan to ~~raise capital to~~ finance ~~improvements under~~ the program pursuant to the issuance ~~sale~~ of PACE bonds under or in accordance with Section 35; ~~subject to this Act or the Special Assessment Supplemental Bond and Procedures Act, or alternatively, through the sale of bonds by the Authority pursuant to subsection (d) of Section 825-65 of the Illinois Finance Authority Act~~;

(8) information regarding all of the following, to the extent known, or procedures to determine the following in the future:

(A) any revenue source or reserve fund or funds to be used as security for PACE bonds described in paragraph (7); and

(B) any application, administration, or other program fees to be charged to record owners participating in the program that will be used to finance and reimburse all or a portion of costs incurred by the governmental ~~local~~ unit ~~of government~~ as a result of its ~~the~~ program;

(9) a requirement that the term of an assessment not exceed the useful life of the energy project financed or refinanced under an assessment contract; provided that an

assessment contract financing or refinancing multiple energy projects with varying lengths of useful life may have a term that is calculated in accordance with the principles established by the program report ~~paid for by the assessment; provided that the local unit of government may allow projects that consist of multiple improvements with varying lengths of useful life to have a term that is no greater than the improvement with the longest useful life;~~

(10) a requirement for an appropriate ratio of the amount of the assessment to the greater of any of the following: ~~assessed value of the property or market value of the property as determined by a recent appraisal no older than 12 months;~~

(A) the value of the property as determined by the office of the county assessor; or

(B) the value of the property as determined by an appraisal conducted by a licensed appraiser;

(11) a requirement that the record owner of property subject to a mortgage obtain written consent from the mortgage holder before participating in the program;

(12) provisions for marketing and participant education; and

(13) (blank); ~~provisions for an adequate debt service reserve fund, if any; and~~

(14) quality assurance and antifraud measures.

(Source: P.A. 100-77, eff. 8-11-17; 100-980, eff. 1-1-19.)

(50 ILCS 50/25)

Sec. 25. Assessment contracts ~~Contracts~~ with record owners of property.

(a) ~~A~~ After creation of a program and PACE area, a record owner of property within the PACE area may apply to ~~with~~ the governmental local unit of government or its program administrator or program administrators ~~for funding~~ to finance or refinance an energy project under the governmental unit's program.

(b) A governmental local unit of government may impose an assessment under a property assessed clean energy program only pursuant to the terms of a recorded assessment contract with the record owner of the property to be assessed.

(c) Before entering into an assessment contract with a record owner under a program, the governmental unit or its program administrator or program administrators ~~local unit of government~~ shall verify that the applicable property is entirely within the PACE area and receive evidence of all of the following:

- (1) (blank); ~~that the property is within the PACE area;~~
- (2) that there are no delinquent taxes, special assessments, or water or sewer charges on the property;
- (3) that there are no delinquent assessments on the property under a property assessed clean energy program;

(4) whether there are any ~~no~~ involuntary liens on the property, including, but not limited to, construction or mechanics liens, lis pendens or judgments against the record owner, environmental proceedings, or eminent domain proceedings;

(5) that no notices of default or other evidence of property-based debt delinquency have been recorded and not cured;

(6) that the record owner is current on all mortgage debt on the property, the record owner has not filed for bankruptcy in the last 2 years, and the property is not an asset ~~in~~ to a current bankruptcy proceeding;

(7) that all work requiring a license under any applicable law to acquire, construct, install, or modify an energy project ~~make a qualifying improvement~~ shall be performed by a licensed ~~registered~~ contractor that has agreed to adhere to a set of terms and conditions through a process established by the governmental local unit or its program administrator or program administrators; ~~of government.~~

(8) that the contractor or contractors to be used have signed a written acknowledgement that the governmental unit or its program administrator or program administrators ~~local unit of government~~ will not authorize final payment to the contractor or contractors until the governmental local unit ~~of government~~ has received written



confirmation from the record owner that the energy project improvement was properly acquired, constructed, installed, or modified and is operating as intended; provided, however, that the contractor or contractors retain ~~retains~~ all legal rights and remedies in the event there is a disagreement with the record owner;

(9) that the aggregate amount financed or refinanced under one or more ~~amount of the~~ assessment contracts does not exceed 25% in relation to the greater of any of the following:

(A) the value of the property as determined by the office of the county assessor; or

(B) the value of the property as determined by an appraisal conducted by a licensed appraiser ~~the assessed value of the property or the appraised value of the property, as determined by a licensed appraiser, does not exceed 25%; and~~

(10) ~~a requirement~~ that an evaluation assessment of the existing water or energy use and a modeling of expected monetary savings have been conducted for any proposed energy efficiency improvement, renewable energy improvement, or water use improvement, unless the water use improvement is undertaken to improve water quality project.

(d) Before ~~At least 30 days before~~ entering into an assessment contract with the governmental ~~local~~ unit ~~of~~

~~government~~, the record owner shall provide to the mortgage holders of ~~or loan servicers of~~ any existing mortgages encumbering or otherwise secured by the property a notice of the record owner's intent to enter into an assessment contract with the governmental local unit of government, together with the maximum principal amount to be financed or refinanced and the maximum annual assessment necessary to repay that amount, along with an additional ~~a~~ request that the mortgage holders ~~or loan servicers~~ of any existing mortgages consent to the record owner subjecting the property to the program. The governmental unit shall be provided with a ~~A verified~~ copy or other proof of those notices and the written consent of the ~~existing~~ mortgage holder for the record owner to enter into the assessment contract which acknowledges and acknowledging that (i) the existing mortgage or mortgages for which the consent was received will be subordinate to the ~~financing and~~ assessment contract and the lien created thereby and (ii) the governmental agreement and that the local unit of government or its permitted assignee can foreclose the property if the assessments are ~~assessment is not paid shall be provided to the local unit of government.~~

(e) (Blank). ~~A provision in any agreement between a local unit of government and a public or private power or energy provider or other utility provider is not enforceable to limit or prohibit any local unit of government from exercising its authority under this Section.~~

(f) If the ~~The~~ record owner has signed a certification that the governmental local unit of government has complied with the provisions of this Section, then this ~~which~~ shall be conclusive evidence as to compliance with these provisions, but shall not relieve any contractor~~7~~ or the governmental local unit of government~~7~~ from any potential liability.

(g) (Blank). ~~This Section is additional and supplemental to county and municipal home rule authority and not in derogation of such authority or limitation upon such authority.~~

(h) The imposition of any assessment pursuant to this Act shall be exempt from any other statutory procedures or requirements that condition the imposition of special assessments or ~~other~~ taxes against a property, except as specifically set forth in this Act.

(Source: P.A. 100-77, eff. 8-11-17; 100-980, eff. 1-1-19.)

(50 ILCS 50/30)

Sec. 30. Assessments constitute a lien; billing and collecting.

(a) An assessment contract shall be recorded with the county in which the PACE area is located. An assessment imposed under a property assessed clean energy program pursuant to an assessment contract, including any interest on the assessment and any penalty, shall, upon recording of the assessment contract in the county in which the PACE area is located, constitute a lien against the property on which the assessment

is imposed until the assessment, including any interest or penalty, is paid in full. The lien of the assessment contract shall run with the property until the assessment is paid in full and a satisfaction or release for the same has been recorded by the governmental unit or its program administrator or program administrators ~~with the local unit of government~~ and shall have the same lien priority and status as other property tax and special assessment liens as provided in the Property Tax Code. The governmental ~~local~~ unit ~~of government~~ (or any permitted assignee) shall have all rights and remedies in the case of default or delinquency in the payment of an assessment as it does with respect to delinquent property taxes and other delinquent special assessments as set forth in Article 9 of the Illinois Municipal Code, including the lien, sale, and foreclosure remedies described in that Article. When the assessment, including any interest and penalty, is paid in full, the lien shall be removed and released from the property.

(a-5) The assessment shall be imposed by the governmental ~~local~~ unit ~~of government~~ against each lot, block, tract, ~~track~~ and parcel of land set forth in ~~within~~ the assessment contract ~~PACE area to be assessed in accordance with an assessment roll setting forth: (i) a description of the method of spreading the assessment; (ii) a list of lots, blocks, tracts and parcels of land in the PACE area; and (iii) the amount assessed on each parcel. The assessment roll shall be filed with the county clerk of the county in which the PACE area is located for use~~

~~in establishing the lien and collecting the assessment.~~

~~(b) (Blank). Installments of assessments due under a program may be included in each tax bill issued under the Property Tax Code and may be collected at the same time and in the same manner as taxes collected under the Property Tax Code. Alternatively, installments may be billed and collected as provided in a special assessment ordinance of general applicability adopted by the local unit of government pursuant to State law or local charter. In no event will partial payment of an assessment be allowed.~~

(b-5) Assessments created under this Act may be billed and collected as follows:

(1) A county which has established a program may include assessments in the regular property tax bills of the county. The county collector of the county in which a PACE area is located may bill and collect assessments with the regular property tax bills of the county if requested by a municipality within its jurisdiction; no municipality is required to make such a request of its county collector. If the county collector agrees to bill and collect assessments with the regular property tax bills of the county, then the applicable assessment contract shall be filed with the county collector and the annual amount due as set forth in an assessment contract shall become due in installments at the times property taxes shall become due in accordance with each regular property tax bill payable

during the year in which such assessment comes due;

(2) If the county collector does not agree to bill and collect assessments with the regular property tax bills of the county or the governmental unit in which the PACE area is located declines to request the county collector to do so, then the governmental unit shall bill and collect the assessments, either directly or as permitted in paragraph (3) of this subsection, and the annual amount due as set forth in an assessment contract shall become due in installments on or about the times property taxes would otherwise become due in accordance with each regular property tax bill payable during the year in which such assessment comes due; or

(3) If a governmental unit is billing and collecting assessments pursuant to paragraph (2) of this subsection, assessment installments may be billed and collected by the governmental unit's program administrator or program administrators or another third party.

The assessment installments for assessments billed as provided for under any paragraph of this subsection shall be payable at the times and in the manner as set forth in the applicable bill.

(c) If a governmental unit, a program administrator, or another third party is billing and collecting assessments pursuant to subsection (b-5), and the applicable assessment becomes delinquent during any year, the applicable collector

shall, on or before the date in such year required by the county in which the PACE area is located, make a report in writing to the general office of the county in which the applicable property subject to the assessment is situated and authorized by the general revenue laws of this State to apply for judgment and sell lands for taxes due the county and the State, of the assessments or installments thereof the applicable collector has billed for and not received as required under the applicable bill, including any interest or penalties that may be due as set forth in the applicable assessment contract. This report shall be certified by the applicable collector and shall include statements that (i) the report contains true and correct list of delinquent assessments that the collector has not received as required by the applicable bill and (ii) an itemization of the amount of the delinquent assessment, including interest and penalties, if applicable. The report of the applicable collector, when so made, shall be prima facie evidence that all requirements of the law in relation to making the report have been complied with and that the assessments or the matured installments thereof, and the interest thereon, and the interest accrued on installments not yet matured, mentioned in the report, are due and unpaid. Upon proper filing of such report, at the direction of the governmental unit or its permitted assignee, the county collector shall enforce the collection of the assessments in the manner provided by law.

(d) Payment received by mail and postmarked on or before the required due date is not delinquent. From and after the due date of any installment of an assessment, an additional rate of interest of 1 1/2% per month may be imposed with respect to the delinquent amount of such installment, which shall be payable to the applicable governmental unit or other permitted assignee as set forth in the applicable bill.

(Source: P.A. 100-77, eff. 8-11-17; 100-980, eff. 1-1-19; revised 9-28-18.)

(50 ILCS 50/35)

Sec. 35. Issuance of PACE bonds ~~Bonds~~.

(a) Except as provided for in subsection (k), a governmental unit shall ~~A local unit of government may~~ issue PACE bonds under this Act ~~or the Special Assessment Supplemental Bond and Procedures Act,~~ or the Authority shall ~~may~~ issue PACE bonds in accordance with this Act and pursuant to ~~under~~ subsection (d) of Section 825-65 of the Illinois Finance Authority Act ~~upon assignment of the assessment contracts securing such bonds by the local unit of government to the Authority,~~ in either case to finance or refinance energy projects under a property assessed clean energy program. ~~Interim financing prior to the issuance of bonds authorized by this Section may be provided only by a warehouse fund, except that warehouse funds established by a warehouse lender may only hold assessment contracts for 36 months or less.~~



(b) PACE bonds issued under this Act or in accordance with this Act and pursuant to subsection (d) of Section 825-65 of the Illinois Finance Authority Act: ~~Bonds issued under subsection (a) shall~~

(1) shall not be general obligations of the governmental local unit ~~of government~~ or the Authority, as applicable, but shall be secured by the following ~~as provided by the governing body in the resolution or ordinance approving the bonds:~~

(A) ~~(1)~~ payments under one or more assessment contracts of assessments on benefited property or properties within the PACE area or PACE areas specified; and

(B) if applicable, municipal bond insurance, letters of credit, or public or private guarantees or sureties; and

(C) ~~(2)~~ if applicable, revenue sources or reserves established by the governmental local unit of government or the Authority from bond proceeds or other lawfully available funds;

(2) may be secured on a parity basis with PACE bonds of another series or subseries issued by the governmental unit or the Authority pursuant to the terms of a master indenture entered into as authorized by an ordinance or resolution adopted by the governing body or the Authority, as applicable;

(3) may bear interest at any rate or rates not to exceed such rate or rates as the governing body or the Authority shall determine by ordinance or resolution;

(4) may pay interest upon the date or dates described in such PACE bonds;

(5) shall have a maturity no more than 40 years from the date of issuance;

(6) may be subject to redemption with or without premium upon such terms and provisions as may be provided under the terms of a master indenture entered into as authorized by an ordinance or resolution adopted by the governing body or the Authority, as applicable, including, without limitation, terms as to the order of redemption (numerical, pro rata, by series, subseries, or otherwise) and as to the timing thereof;

(7) shall be negotiable instruments under Illinois law and be subject to the Registered Bond Act; and

(8) may be payable either serially or at term, or any combination thereof, in such order of preference, priority, lien position, or rank (including, without limitation, numerical, pro rata, by series, subseries, or otherwise) as the governing body or Authority may provide.

(c) A pledge of assessments, funds, or contractual rights made by a governmental unit or the Authority ~~governing body~~ in connection with the issuance of PACE bonds ~~by a local unit of government~~ under this Act or in accordance with this Act and

pursuant to Section 825-65 of the Illinois Finance Authority Act constitutes a statutory lien on the assessments, funds, or contractual rights so pledged in favor of the person or persons to whom the pledge is given, without further action taken by a governmental unit or the Authority, as applicable ~~by the governing body~~. The statutory lien is valid and binding against all other persons, with or without notice.

(d) (Blank). ~~Bonds of one series issued under this Act may be secured on a parity with bonds of another series issued by the local unit of government or the Authority pursuant to the terms of a master indenture or master resolution entered into or adopted by the governing body of the local unit of government or the Authority.~~

(d-5) The State pledges to and agrees with the holders of any PACE bonds issued under this Act or in accordance with the Act and pursuant to Section 825-65 of the Illinois Finance Authority Act that the State will not limit or alter the rights and powers vested in governmental units by this Act or in the Authority in accordance with this Act and pursuant to Section 825-65 of the Illinois Finance Authority Act so as to impair the terms of any contract made by a governmental unit or by the Authority with those bondholders or in any way to impair the rights or remedies of those bondholders until the PACE bonds, together with the interest thereon, and all costs and expenses in connection with any actions or proceedings by or on behalf of those bondholders are fully met and discharged.

(e) (Blank). ~~Bonds issued under this Act are subject to the Bond Authorization Act and the Registered Bond Act.~~

(f) PACE bonds ~~Bonds~~ issued under this Act or in accordance with this Act and pursuant to Section 825-65 of the Illinois Finance Authority Act further essential public and governmental purposes, including, but not limited to, reduced energy costs and, reduced greenhouse gas emissions, enhanced water quality and conservation, economic stimulation and development, improved property resiliency and valuation, and increased employment.

(g) A capital provider ~~program administrator~~ can assign its rights to purchase PACE ~~the~~ bonds issued by the governmental unit or the Authority to a designated transferee ~~to a third party.~~

(h) A law firm shall be retained to give a written bond opinion in connection with any PACE bond issued under this Act or in accordance with this Act and pursuant to Section 825-65 of the Illinois Finance Authority Act in form and substance as requested by the issuer of the PACE bonds or the capital provider.

(i) PACE bonds ~~Bonds~~ issued by the Authority in accordance with ~~under~~ this Act and pursuant to subsection (d) of Section 825-65 of the Illinois Finance Authority Act shall not be entitled to the benefits of Section 825-75 of the Illinois Finance Authority Act.

(j) PACE bonds issued by a governmental unit may otherwise

have any attributes permitted to bonds under the Local Government Debt Reform Act, as the governing body may provide.

(k) Interim financing prior to the issuance of PACE bonds authorized by this Section may be provided only by a warehouse fund, except that warehouse funds established by capital providers shall only interim finance energy projects secured by one or more assessment contracts for 36 months or less from the date of recording of the applicable assessment contract.

(Source: P.A. 100-77, eff. 8-11-17; 100-980, eff. 1-1-19.)

(50 ILCS 50/42 new)

Sec. 42. Supplemental powers.

(a) The provisions of this Act are intended to be supplemental and in addition to all other powers or authorities granted to any governmental unit, shall be construed liberally, and shall not be construed as a limitation of any power or authority otherwise granted.

(b) A governmental unit may use the provisions of this Act by referencing this Act in the resolution or ordinance described in Section 15.

(50 ILCS 50/45 new)

Sec. 45. Recital. PACE bonds that are issued under this Act or in accordance with this Act and pursuant to Section 825-65 of the Illinois Finance Authority Act may contain a recital to that effect and any such recital shall be conclusive as against

the issuer thereof and any other person as to the validity of the PACE bonds and as to their compliance with the provisions of this Act and, as applicable, the provisions of Section 825-65 of the Illinois Finance Authority Act.

(50 ILCS 50/50 new)

Sec. 50. Validation. All actions taken by the Authority or any governmental unit under this Act prior to the effective date of this amendatory Act of the 101st General Assembly, including, without limitation, creation of a property assessed clean energy program under Section 10 and Section 15, preparation and approval of a report on the proposed program under Section 20, entering into assessment contracts under Section 25, and issuance of bonds, notes, and other evidences of indebtedness under Section 35 shall be unaffected by the enactment of this amendatory Act of the 101st General Assembly and shall continue to be legal, valid, and in full force and effect, notwithstanding any lack of compliance with the requirements of this amendatory Act of the 101st General Assembly.

(50 ILCS 50/40 rep.)

Section 10. The Property Assessed Clean Energy Act is amended by repealing Section 40.

Section 99. Effective date. This Act takes effect upon becoming law.