
Nonprofit lender supports energy-efficiency

By Jon Sedey | September 14, 2011

Formerly known as Illinois Facilities Fund, IFF is a nonprofit lender and real estate consultant dedicated to improving other like-minded nonprofits and the communities that they serve. IFF is committed to the belief that the nonprofit sector is extremely influential in terms of changing our current society. “We only lend to nonprofits, so our whole business is understanding everything about them, their operating structure, governance structure and how financing helps or hurts them,” said IFF CEO Joe Neri.

Founder and current President Trinita Logue created IFF in 1988 and led it from a \$2 million project to the Midwest’s largest community development financial institution. Historically, nonprofits were unable to acquire financing because a major hurdle to securing a loan was a building’s appraised value. While there was a significant need for clinics and child care centers, they did not appraise. Logue worked around this obstacle and created an underwriting model that did not require appraisals, but relied on a nonprofit’s balance sheet, cash flow and management track record—IFF’s core values to this day.

Since then, IFF has been the premier lending partner to nonprofits in every sector, including education, health care, child care and housing. Through their loan and real estate consulting, nonprofits in Illinois, Indiana, Iowa, Missouri and Wisconsin have been able to redesign and build facilities to serve their communities better. Raul Raymundo, CEO of The Resurrection Project said, “IFF’s staff does not act just like members, they are

advisors, they sit with the organization, evaluate all challenges both in terms of facilities that they are currently housed in as well as what their plans are.”

Another component to IFF is their approach to sustainable solutions. IFF feels that informed nonprofits benefit from making smarter, more environmentally-friendly decisions when designing or rehabbing a facility. This initiative is founded on the premises that smarter choices lead to informed investments. Smarter choices have little to no cost and informed investments have larger upfront costs. These decisions are discussed through a team of LEED accredited professionals who advise nonprofits on changes and investments that can reduce energy, yield operational savings and offset the cost of improvements.

“Our niche is to assist nonprofits in incorporating sustainability principles in how they manage and plan their facilities,” said Neri. “Not only will we reduce energy use, we will reduce utility expenses and overhead—freeing up resources that nonprofits can use to provide more and better services to their clients.”

In July, IFF was awarded a \$1 million grant from the Department of Energy’s Better Buildings Initiative that was channeled through Energy Impact Illinois, a consortium of utilities and local governments organized through the Chicago Metropolitan Agency for Planning. This grant will be utilized to help



identify, finance and manage energy efficiency improvements to nonprofit facilities in the area. The grant will allow IFF to provide more nonprofits with affordable and flexible financing for energy related projects.

IFF will use the grant to provide a \$1 million loan loss reserve program that will leverage \$10 million in additional capital for a revolving loan fund. With this loan, the IFF will give funds to nonprofits for retrofitting projects that will reduce energy use by at least 25%, or major rehabilitations that improve energy efficiency by at least 15% above standard building code requirements. Additionally, IFF will start a new service to group smaller nonprofit facilities in order for them to utilize the benefits of energy performance contracting, using savings from improvements to pay for the cost of those improvements.

When a nonprofit is looking to secure a new facility, IFF provides the knowledge and expertise of “green” real estate consulting. These services range from feasibility and facility assessments, strategic facilities planning, facility search and evaluation, site search and due diligence. IFF feels that green design is best implemented as a series of smart choices resulting in a sustainable facility. When these choices are utilized, they typically do not increase the project’s budget. In scenarios where the nonprofit’s facility budget may not allow for sustainable options, IFF will provide the clients with all information necessary to make an informed decision.

IFF has a unique program called Energy Performance Program (E2P). This program is intended to find nonprofit buildings in need of energy upgrades, perform audits on them and recommend changes to reduce energy consumption up to 25%. In order to qualify for E2P, a nonprofit has to own or operate a facility under a long-term lease, be greater than 25,000 square feet or that have annual energy expenses above \$40,000.

Once a facility is identified and the energy audits are completed, IFF will supply the analysis that allows nonprofits to pick what energy cost reduction measures

(ECRMs) that will help them achieve their long-term goals. When implementation begins, IFF monitors and measures the upgrades to ensure they are completed on time and on or under budget. As a result of this program, 152 ECRMs have been identified for more than eight nonprofits for approximately \$150,000 in savings annually.

Since IFF started 23 years ago, they have helped nonprofits across the Midwest secure the funding and resources needed to expand their operations to better serve their clients. Their vision is to be the provider of choice for the infrastructure needs of nonprofits for years to come. IFF plans to continue to do everything they can to make sure that nonprofits have the financial flexibility and real estate support they need to accomplish their mission. “We believe that with the right financial products, nonprofits can stretch their limited resources and stabilize facility-related costs,” said Neri.