

ENERGY EFFICIENCY REVOLVING LOAN FUND INFORMATION, GUIDELINES AND APPLICATION

Purpose

From funds secured from the U.S. Department of Energy (DOE) allocated under the American Recovery and Reinvestment Act (ARRA), the Lansing Economic Development Corporation (LEDC) and Mayor Bernero's Go Green! Initiative Office has partnered to create an Energy Efficiency Revolving Loan Fund (EERLF) with the intent to solicit loan applications from businesses that can demonstrate the need to implement innovative renewable energy and energy efficiency projects. The purpose of the EERLF is to stimulate the creation and retention of jobs, save energy, increase energy generation from renewable energy and reduce greenhouse gas emission.

Eligibility Requirements

- a) Any business owner or tenant of commercial property physically located in the City of Lansing. Loans must be used to fully or partially finance energy efficiency and renewable energy projects within buildings operated by the applicant.
- b) All applicants must apply for commercial energy efficiency rebates and/or incentives through the Lansing Board of Water & Light and/or Consumers Energy in conjunction with this loan program.
- c) Applicants must have all real and personal property taxes, income taxes, assessments or fees, and utility obligations to the City be paid in full to date. The applicant must complete a City of Lansing Treasury Information Request Form stating that the applicant is not delinquent on any debts owed to the City of Lansing.
- d) There must not be any pending litigation against the City by the applicant.
- e) DOE requires that all applicants pay prevailing wage rates on the specific portion of the project funded by the EERLF.
- f) Applicants must sign a Universal Incentive Agreement with the LEDC.
- g) Must demonstrate adequate collateral to secure the loan.

Loan Administration

For purposes of loan administration, the Lansing Economic Development Corporation is the point contact:

Marchelle Smith
Lansing Economic Development Corporation
401 S. Washington Square, Suite 100
Lansing, Michigan 48933
Phone: 517-485-5419 - e-mail: mcsmith@lansingmi.gov

Reporting Administration

For purposes of report administration, Mayor Bernero's Go Green! Initiative Office will be reporting progress and results of the project to the U.S. Department of Energy. More information on reporting requirements is on page four. The point contact is:

Taylor Heins
Go Green! Initiative
730 E. Hazel Street
P.O. Box 13007
Lansing, Michigan 48901
Phone: 517-702-6903 - e-mail: theins@lansingmi.gov

Allowed Use of Funds

- a) Renewable energy systems such as wind, solar, geothermal, biomass, etc.
- b) Electrical systems and components including lighting and energy management systems.
- c) Mechanical systems and components including, but not limited to, HVAC and hot water.
- d) Information technology energy efficiency upgrades.
- e) Energy audits that identify measures that is included in the energy efficiency project.
- f) Design and planning of the energy efficiency project.
- g) Commissioning, inspections or certification necessary for implementing the energy efficient project.
- h) Attorney fees for preparation of loan documents and loan closing.

Prohibited Use of Funds

- a) The costs of construction or renovation project that is related to energy efficiency measures.
- b) Costs incurred for the acquisition of financing for the project.
- c) Costs of equipment or systems that reduce energy costs without also resulting in reductions in the use of energy.
- d) In cases for which the applicant receives a financial incentive or rebate from a utility or other third party for undertaking some or all of the measures in an energy efficiency project, such incentives or rebates are to be deducted from the costs that are eligible for financing from the EERLF. No loans made from the EERLF may exceed the final costs incurred by for the project.
- e) For an energy efficiency project undertaken as part of the renovation of an existing building, building components or systems that are covered by the prescriptive requirements of the State of Michigan Energy Code must exceed the minimum efficiency code requirements in order for their costs to be eligible for a loan from the EERLF.

Loan Funds, Terms and Disbursement

- a) A total of \$207,000 is expected to be available to support between two and four energy efficiency projects ranging between a minimum of \$50,000 and a maximum of \$100,000 loan amounts.
- b) A 50% match is preferred by the applicant, a financial lending institution or investor. The LEDC reserves the right to consider funding up to 100% of the total project cost.
- c) The interest rate charged will be at 1% below the Wall Street Journal Prime Rate, but not less than 3% at time of closing.

- d) The loan term is payable in sixty (60) monthly installments (or maximum of five years) of principal and interest. Depending on the interest rate, the LEDC reserves the right to consider length of loan on a case-by-case basis.
- e) Loan recipients will be responsible for payment of all LEDC attorney fees associated with the preparation of loan documents and loan closing.
- f) 100% of approved loan funds will be disbursed at the loan closing.
- g) The LEDC is a financial lender that expects all loan recipients to make prompt and on-time payments. The failure to do so will result in proceeding with loan default procedures.

Loan Security

To protect the interests of the EERLF so that loans can continue to revolve, the LEDC expects each loan to be 100% collateralized. Examples of collateral acceptable to the LEDC are real property, security interest in the energy efficiency equipment that is to be financed or other existing equipment and machinery, accounts, personal guarantees or other mutually agreed upon items of value.

Loan Committee

The Go Green! Energy Efficiency Loan Committee has been established to review and approve loan applicants. Committee members are comprised of persons represented from the following agencies:

Office of the Mayor, Go Green! Initiative
Lansing Economic Development Corporation
Lansing Board of Water and Light

Selection Criteria

All applications received shall be subject to an evaluation by the Go Green! Energy Efficiency Loan Committee. The evaluation will be conducted in a manner appropriate to select applicants for the purpose of receiving a low-interest loan to perform the proposed project within the established timeline. Evaluation of the applications will be conducted to insure applicants and projects meet all eligibility requirements.

Projects failing to meet the eligibility requirements described on page one will be rejected automatically. Projects meeting the eligibility requirements will be evaluated according to the scoring criteria and weighting factors below. Applicants may be asked to make oral presentations before a final decision is made.

The total maximum points are 100.

1. Application Quality and Completeness of the Application, Project Timeline and Budget (10 points).
Applications will be evaluated based on the degree of completeness, level of detail, and overall quality of information contained within the application documents, particularly the project description, project timeline and budget.
2. Management Summary and Experience of Organization/Project Team (10 points)
Applications will be evaluated on the effectiveness and adequacy of the project's management structure and the experience and qualifications of the organization and

project team in carrying-out renewable energy and energy efficiency projects, cost-benefit engineering audit and/or studies (by a licensed agency), and demonstration projects.

3. Project Feasibility and Likelihood of Success (20 points).
Projects will be evaluated on their likelihood of success and feasibility to achieve purpose and outcomes within the established timeframe.
4. Degree of Innovation and Significant Need (15 points).
Projects will be evaluated on the degree of innovation and significant need.
5. Energy and Cost Savings (15 points).
Projects will be evaluated on the overall magnitude of anticipated energy savings and/or renewable energy generation and associated cost savings.
6. Project Costs and Return on Investment (15 points).
Projects will be evaluated on their overall cost and anticipated return of investment. Department of Energy (DOE) requirements strongly encourage energy efficiency projects to achieve simple payback of ten years or less. The Energy Efficiency Committee will consider projects with simple paybacks of up to 15 years.
7. Greenhouse Gas Reduction and Other Environmental Benefits (10 points).
Projects will be evaluated on the overall reduction in the generation of Greenhouse gases and the potential impacts of other quantified environmental benefits.
8. Job Creation/Retention (5 points).
Projects will be evaluated on the anticipated number of jobs potentially created or retained as a result of expenditure of project funds and realization of associated cost savings.

Pre-Screening Session, Application Deadline, Approval Process and Loan Closing Timelines

Interested applicants will need to schedule a preliminary, pre-screening session on or before February 25, 2011 before making full application so that the Energy Efficiency Loan Committee can obtain information to evaluate the applicant's fit to the program. Contact Marchelle Smith at 517-485-5419 or mcsmith@lansingmi.gov to schedule this session.

Fully completed applications must arrive at the Lansing Economic Development Corporation by 5:00 p.m. on Friday, March 25, 2011. The Energy Efficiency Loan Committee will review all applications within 30 days of the application deadline. Applications must be submitted as complete documents. Additional information pertaining to an application received after the due date may or may not be accepted. Approved applicants will be notified immediately thereafter. A loan closing date will be scheduled within 60 days of loan approval. All loan applications and supporting documents are to be delivered to:

Marchelle Smith
Lansing Economic Development Corporation
401 S. Washington Square, Suite 100
Lansing, Michigan 48933

Reporting Requirements

- a) In the period between project approval and project completion, the borrower shall complete and provide the reporting administrator a report at the beginning of each quarter. The report shall include the following:
 - i. Information on the progress in completing the energy project.
 - ii. The most current estimate for the time of project completion.
 - iii. The proportion of the loan that has been expended in the previous quarter and total to date.
 - iv. Any notable problems or changes in the project since approval, such as delays or cost overruns.

- b) Following the completion of the project, the borrower shall provide a report which includes the following:
 - i. A description of the performance of the building and of the performance of the energy efficiency or renewable energy project.
 - ii. A description of any notable problems that occurred with the building or the project.
 - iii. A description of any notable changes to the building or to its operations that would cause a significant change in its energy consumption.
 - iv. Documentation of all loan expenditures in the form of invoices, canceled checks and receipts.
 - v. Documentation of energy savings resulting from the project.
 - vi. A description of any jobs that were created or retained as a result of the project.

**ENERGY EFFICIENCY REVOLVING LOAN FUND APPLICATION
AND OTHER REQUIRED DOCUMENTATION**

- 1) Complete the Energy Efficiency Loan Application (Attachment 1).
- 2) Complete the Lansing City Treasury Information Request Form (Attachment 2).
- 3) Complete the Prevailing Wage Certificate Form (Attachment 3).
- 4) Permission letter signed by building owner if applicant is a tenant (Attachment 4).
- 5) A signed Affidavit stating applicant has no pending litigation against the City of Lansing (Attachment 5).
- 6) A signed copy of the Universal Incentive Agreement.
- 7) Provide a detailed project description to include the following:
 - A detailed description of the new or expanded business activities that will be possible as a result of the project.
 - A description and use of the building where the project will be taking place including the age of the building and description of existing construction materials. Include a photo if available.
 - Demonstrate significant need and impact the project will have on both the business and the community.
 - Explain how the project will stimulate the creation and retention of jobs, save energy and increase energy generation.
 - Provide a project timeline schedule from start to finish.
 - Explain the likelihood of success.
- 8) Provide a management summary and the experience and qualifications of the organization and project team in carrying-out renewable energy and energy efficiency projects, cost-benefit engineering studies and/or audit (by a licensed agency) and demonstration projects.
- 9) Provide calculations of the amount of direct energy savings (in Kilowatt hours), any other associated cost savings and overall costs and anticipated return on investment.
- 10) Provide projected greenhouse gas emissions saving per year (if applicable).
- 11) Proof of acceptance into a utility provider energy efficiency rebate/incentive program (if applicable).
- 12) Provide an explanation of the collateral you plan to secure the loan. Include proof of ownership and current appraised value of real or personal property.
- 13) Provide the following financial information:
 - Balance Sheet for 12 months
 - Operating Statement for 12 months
 - Cash Flow Statement for 24 months

- Income Tax Statements for previous two years

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14) Provide a detailed itemized budget in a spreadsheet format as shown below. Use as many line item categories as possible.

<u>Sample Budget</u> Line Item Categories	<u>Funds Provided by Applicant</u>	<u>EERLF Loan Funds</u>	<u>Funds Loaned by Other Lenders</u>	<u>TOTALS</u>
<u>Solar Water Heating Units</u>	\$3,000	\$12,000	\$15,000	\$30,000
<u>LED Lighting</u>	\$500	\$2,000	\$2,500	\$5,000
<u>Geothermal HVAC</u>	\$2,500	\$10,000	\$12,500	\$25,000
<u>Engineering/Design</u>	\$300	\$1,200	\$1,500	\$3,000
<u>TOTALS</u>	<u>\$6,300</u>	<u>\$25,200</u>	<u>\$31,500</u>	<u>\$63,000</u>

Breakdown of Energy Savings and Environmental Effects

Energy Conservation Project*: _____

Minimum Energy Code (if applicable): _____ %

Proposed Energy Efficiency: _____ %

Estimated Annual Energy Savings: _____ KWH

Estimated Annual Greenhouse Gas Emissions Reductions:

Carbon Dioxide (CO2): _____ (lbs/tons)

Nitrous Oxides (NOx): _____ (lbs/tons)

Methane (CH4): _____ (lbs/tons)

Sulfur Dioxide (SO2): _____ (lbs/tons)

Other: _____ (lbs/tons)

- If loan funds are being used for multiple energy efficiency or renewable energy projects, please complete a separate “Breakdown of Energy Savings and Environmental Effects” for each project.

(Attachment 1)
**Lansing Economic Development Corporation
 Energy Efficiency Loan Application**

1. BUSINESS DATA

Business Name	State Agency #	Federal ID#
Business Owner Name	Title	Phone#
		Fax#
		E-mail Address
Mailing Address		
City	State	Zip Code

2. LOAN CONTACT PERSON

Name	Title	Phone#	Fax#	E-mail Address
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3. ENERGY CONTACT PERSON

Name	Title	Phone#	Fax#	E-mail Address
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4.	5.	6.
Total Loan Amount Requested	÷ Estimated Annual Savings	= Simple Payback

\$	÷	\$	=	
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7. AGENCY CERTIFICATION

I do hereby certify that I am duly authorized to submit this loan application to the Lansing Economic Development Corporation and that the information presented is true, correct and accurate to the best of my knowledge. I further certify that there is no pending litigation against the City of Lansing.

Name of Person Certifying	Title of Person Certifying	Date
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MAIL OR DELIVER APPLICATION MATERIALS TO:
 Lansing Economic Development Corporation
 Attn: Marchelle Smith
 401 S. Washington Square, Suite 100
 Lansing, MI 48933



CITY TREASURER

G-23 City Hall
(517) 483-4121

● **INCOME TAX DIVISION**

G-29 City Hall
(517) 483-4114

FAX (517) 483-6084
124 W. Michigan Ave.
Lansing, Michigan 48933

(Attachment 2)

LANSING TREASURY INFORMATION REQUEST

Business Owner/Corporate President/Company Director/Etc.

Name: _____

Home Address: _____

_____ Since _____

Daytime Phone #: _____

Social Security #: _____

Drivers License #: _____

Date of Birth: _____

Business Data

Corporate Name: _____

Doing Business As: _____

Address: _____

Business Phone #: _____

Federal Employer Identification #: _____

Contact person other than owner: _____

Do you, or any of these businesses, owe the City money for any reason? Yes _____ No _____
If yes, for what reason? _____

Name of any other Lansing area business in which your ownership participation exceeds 25%:

Fax this form immediately to:

**City Treasurer's Office
124 W. Michigan Avenue
Lansing MI 48933
Fax: (517) 483-6084
Phone: (517) 483-4121**

Signature

Date

"Equal Opportunity Employer"

(Attachment 3)

PREVAILING WAGE CERTIFICATE

On behalf of _____, (the "Company"),
which is the person for whose benefit the _____ project is being
undertaken, hereby certifies that all persons performing work on the construction of
the Project will be paid the prevailing wage and fringe benefits for the same or similar
work in the locality in which the work is to be performed. The prevailing wage and
fringe benefit rates shall be determined pursuant to the City of Lansing's Ordinance
Section 206.18.

By:_____

Dated:_____

Its:_____

(Attachment 4)

SAMPLE LETTER OF PERMISSION

(Property owner must create this letter)

Date

Lansing Economic Development Corporation
401 S. Washington Square, Suite 100
Lansing, Michigan 48933

RE: Application for an Energy Efficiency Revolving Loan Fund

I hereby grant my permission for (Loan Applicant Name) to complete their proposed energy efficient project according to the application for the Energy Efficiency Revolving Loan Fund. I also certify that I am the legal owner of record and that I have the authority to grant this permission to (Loan Applicant Name).

Sincerely,

Signature

Type Name Here

(Attachment 5)

AFFIDAVIT

We the undersigned, hereby state there is no pending litigation against the City of Lansing by me, my business or any other instance in which I am directly involved.

If an Energy Efficiency Loan is approved, activities as proposed shall be completed as outlined in the grant application.

WITNESS

Signature of Applicant

Address

Date