Ohio | Development Services Agency

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Notice of Funding Available (NOFA 12-01)

Energy Loan Fund
Program Guidelines and Application Process

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Ohio Development Services Agency
Community Services Division
Office of Energy
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Overview:
The Ohio Development Services Agency (Development), Office of Energy is focused on growing the economy of the state by connecting companies and communities to financial and technical resources to deploy clean energy technologies. In support of its mission, the Office of Energy provides financing through federal and state funding resources to eligible entities for energy efficiency and renewable energy projects. All projects must demonstrate a reduction in energy usage and associated costs, avoidance of fossil fuel emissions, and the creation or retention of jobs.

Interested entities should review the specific program guidelines to determine the eligibility of their proposed projects. Beginning December 15, 2011, eligible applicants may submit a pre-application that is the required first step of the application process. All pre-applications will be reviewed and evaluated to determine their eligibility according to the requirements of state and federal programs. All applicants will receive written notification outlining the next steps in the application process, such as those selected to submit a full application for consideration of financial assistance will be given written instructions. Financial assistance will be awarded to those applications determined by Development to be consistent with the program goals and most meritorious relative to other applications that may then be pending.

Funding Available:
Funding is made available through federal and state resources. All projects awarded loan funds must comply with the associated federal or state requirements.

- Federal funding is available through the U.S. Department of Energy's State Energy Program (SEP). The U.S. Department of Energy's (U.S. DOE) authorization for SEP is authorized under 10 CFR Part 420.

- State funding is available through the Advanced Energy Fund (AEF), which is authorized by Sections 4928.61 to 4928.63 of the Ohio Revised Code (O.R.C.).

If selected for funding, applicants will receive the details on the specific federal or state requirements pertaining to their project.

Applications will be approved until all funds have been exhausted. Development, at its discretion, may amend the award amount, funding availability amount, or criteria in awarding funds. Qualifying applications will be funded until all the funds available for distribution under this program are awarded or Development determines the program no longer suits the best interests of the State of Ohio.

Eligibility
Eligible borrowers can be partnerships, unincorporated associations, corporations, limited liability companies, limited partnerships, governmental agencies, or any combination thereof. Applicants that are business entities must be registered with the Ohio Secretary of State either as an Ohio entity or as a foreign (non-Ohio) entity qualified to do business in the State of Ohio.

Eligibility for certain funding will be determined by entity type and the program for which the entity qualifies. The following entities and projects are targeted for this program:

Programs Eligible for Financing:

- **Energy Loan Fund for Manufacturers**
- **Energy Loan Fund for Public Entities**
- **Energy Loan Fund for Small Businesses**
- **Other Programs**
  Other entities may be eligible for financial assistance depending upon the availability of funding and the merit of the application relative to others that may then be pending. Prospective applicants not included in the eligibility guidelines listed above should contact the Office of Energy at (866) SAV-NRGY or (866) 728-6749 for more information.

Minimum Project Requirements for all Eligible Projects are:

- The specific program guidelines for eligible projects must be met.
- Entities must be registered with the Ohio Secretary of State and remain in good standing to conduct activities in the State of Ohio for the duration of the loan.
- The applicant must be the property owner or hold a long-term secured lease agreement with the property owner. The property owner must be an eligible entity.
- The project must be installed in Ohio.
- All project components must be new or remanufactured parts with a minimum of a one-year warranty.
- Expenses incurred prior to the term of the loan agreement are not eligible for reimbursement under any program.
- Project equipment must NOT be ordered, purchased, or installed prior to having an executed agreement with Development or unless otherwise approved by Development.
- Expected Energy, Economic, and Environmental impacts include that:
  - The projects should demonstrate a minimum of 15 percent energy use reduction from existing conditions. This is strongly recommended. New construction projects or equipment must show (theoretical model) a 15 percent reduction in energy use from standard code equipment.
  - All projects must result in a return on investment of 15 years or less, which allows the loan to be paid back within a reasonable time period.
  - The creation or retention of jobs or other economic impacts will be considered through this loan program.
  - Improvement in environmental quality must be achieved as a benefit of completing the projects and will be calculated in the application.
- Each applicant must meet all applicable state and federal permitting requirements. For any project selected, the applicant will be responsible for obtaining the appropriate permits and providing copies of the permits to Development as a required benchmark in the project timeline.
- Execute all documents reasonably required by Development as evidence of the loan.
- All applicants must adhere to regular reporting requirements on their project, including:
  - Progress reports during installation that describe the log of activities and work completed during the reporting period, work remaining to be completed, actual project costs, project variances, project

successes, and/or project changes, which would result in a change of project scope of work or would affect the energy output of the project, and publicity;

- Energy impact reports for a year after the completion of the project that describe the energy saved and/or energy production from technologies installed and operational, emissions avoided, submission of quarterly utility bills, downtime and/or maintenance issues with the installed equipment, and any publicity;
- Financial data reports with support documentation such as invoices, financial statements, bills, receipts and proof of payments of the actual project expenses incurred; and
- If applicable for federal funding: verification of payment of Davis Bacon Compliance.

- Each applicant must make public all non-proprietary project information about the project and participate in at least two outreach activities and provide two facility tours for interested parties, as requested by Development, during the term of the agreement and for one year after the agreement end date.

Details on the federal requirements of the SEP for projects awarded with federal funds are available at: http://www1.eere.energy.gov/wip/guidance.html. The U.S. DOE occasionally updates this information and as a result, it is important to review this website on a periodic basis.

APPLICATION PROCESS

The Office of Energy receives and processes loan applications based on a schedule and depending on availability of funds.

- A pre-application and formal application must be filed for each eligible project. The application must identify the eligible applicant, which will be the authorized representative of the eligible project in all matters related to any funds awarded through the Energy Loan Fund and will be solely responsible for all loan management responsibilities with respect to the project.

- All application materials will be reviewed by the Office of Energy and other key representatives of Development.

1. Pre-application

   a. All prospective applicants must submit a pre-application prior to submitting a formal application. In the pre-application, the potential applicant must provide an overview of the proposed project, the applicant's qualifications, budget, and project timeline. This pre-application is a **REQUIRED** step in the application process. Its purpose is:

      i. To facilitate a process by which the Office of Energy can determine the eligibility of proposed projects according to the state and federal programs and select those meeting the minimum project requirements to submit a full application that will be considered for financial assistance, and

      ii. To assist the Office of Energy in understanding the range of potential projects for which funding may be requested.

   b. Any feedback from the Office of Energy during the application process does not constitute a determination, either favorable or unfavorable, of the applicant's proposed project or a formal evaluation of the strength or weakness of any such application materials.

   c. Feedback by the Office of Energy will be provided through written correspondence.

   d. If selected to move forward with submitting a full application, the applicant will be notified on the source of funding available for eligible project. The funding source will be determined based on the entity and the project type. Applicants may be funded through federal funds and/or state funds. Funding source is determined at the discretion of the State of Ohio.

2. Application Procedures

      i. For applicants selected for financial assistance through federal funds, a non-refundable application fee of $250 must accompany the formal application.

   b. Formal applications will be considered only from applicants, who complete and receive written notification from the Office of Energy on the approval of their pre-applications. The Office of Energy will evaluate the full applications taking into account the following criteria:

      i. Application's completeness;

      ii. Whether application meets the requirements of applicable state and/or federal funding sources;

      iii. Type of eligible technologies utilized and the extent of energy savings achieved as a result of the project;

      iv. Extent of job creation and improvement in environmental quality as a result of the project;

v. Extent of match investment in the project;

vi. The project readiness and timeline to complete project by deadline of certain funding sources;

vii. Applicant's need for financial assistance to complete project; and

viii. Advancement of the mission of the Office of Energy.

c. Each application will undergo an evaluation based upon the standards set forth in the program guidelines.

i. The application will be reviewed to verify eligible project activities and estimated performance of installed technologies along with the ability of applicant to adhere to all state and/or federal requirements within appropriate timelines. The applications must demonstrate a minimum 15 percent in energy savings as a result of the project. The cost savings or other identified resources must be documented to provide evidence in the applicant's ability to repay loan over specified time period.

ii. If the application meets program requirements, then it will be submitted for financial review.

d. Prior to the selection of an eligible project for approval, each applicant must adhere to regulatory compliance with Ohio Secretary of State, Bureau of Workers Compensation, the Ohio Department of Taxation, the Ohio Environmental Protection Agency, and other state agencies. Each applicant is responsible for ensuring there are no significant outstanding issues or liabilities with the State of Ohio. Any determinations of noncompliance may result in an application not being recommended for an award.

e. The Office of Energy reserves the right to request supplemental or clarifying information from an applicant at any time during the review process. If a loan is awarded to the applicant, the Office of Energy may also request additional information as may be necessary or useful to complete the credit review and loan documentation process.

f. Any applicant whose project has discrepancies or issues prohibiting funding will be notified in writing. If the Office of Energy identifies additional or corrected project information, the notice will indicate the nature of materials that may be submitted for reconsideration and include a due date by which the applicant may re-submit the application with additional or corrected information. No further action will be taken on any application for which additional or corrected materials are not submitted by the due date.

3. Award Selection

a. If the applicant satisfies all program requirements and financial criteria, the application will be selected for financial assistance and the applicant will be notified of the award.

b. Development reserves the right to reduce the requested loan amounts for ineligible costs, cost redundancies, or any other cost inefficiencies evident in the application materials.

c. The decision of Development in selecting applications for approval is final and not appealable.

d. Written notification will be provided to all applicants as to Development's final determination.

LOAN AGREEMENT

1. The program funds will be disbursed as loans at or below market rates of interest.

2. The loan term will be determined based on the project activities, verified estimated energy cost savings, and the useful life of the allowable project costs/uses financed. Priority will be given to projects that have short energy savings payback of one to four years.

3. Loans will be made subject to customary loan documentation in form and substance acceptable to Development.

4. Loan Program funds may be used to finance construction. The maximum term of the construction period will be 12 months. Loans will accrue interest during the construction period.

5. Repayment of the loan may carry annual fixed interest rates that are set below the prime rate published in the *Wall Street Journal*.

6. Security is determined on a case-by-case basis and can include the assets being financed, corporate guarantees, personal guarantees, or other collateral. Where practicable, Development may require a first priority mortgage and/or security position on assets. Upon formal request and for specific circumstances, Development will consider subordination of its mortgage and/or security position to the collateral position of other lenders not affiliated with the applicant or any project participant. Development may require additional security in the form of one or more of the following: (1) personal guarantees from owners, major stockholders, members, partners, or other persons with similar interests; (2) corporate guarantees from affiliate companies; (3) life insurance on key business owners, partners, and/or managers; and (4) other comparable credit enhancement.

7. The applicant will be responsible for entering into all agreements as required under the Energy Loan Fund and as necessary to complete the eligible project, including binding agreements with third party project partners. The applicant is responsible for complying with all applicable federal and state requirements, reporting procedures, and monitoring.

PROGRAM FEES

The following program fees are required of applicants selected for financial assistance.

1. A $250 non-refundable application fee is required upon submission of a formal application.

2. A processing and commitment fee of 1 percent of the principal amount of the loan, with a minimum of $2,000 and a maximum of $50,000, is due upon acceptance of a loan commitment letter.

3. An annual servicing fee equal to a quarter of 1 percent (.25 percent) of the outstanding principal amount of the loan will be assessed.

LINK TO ONLINE APPLICATION

After reading and understanding the program guidelines in its entirety, applicants may begin the application process online at: http://development.ohio.gov/EnergyLoanFund.

COMMUNICATION AND INQUIRIES

Applicants may submit questions to the Office of Energy regarding this loan program by email at energy@development.ohio.gov or by phone toll free at (866) SAV-NRGY or (866)728-6749.