

Iowa Energy Bank Revolving Loan Program Guidelines

Low Cost Financing for Public Facilities

The Iowa Energy Bank Revolving Loan Program Guidelines provide interested applicants with detailed information about the program. Eligible applicants should submit an Application and Energy Analysis for loan consideration.

Iowa Energy Bank Revolving Loan Application Guidelines

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PROGRAM OVERVIEW

The Iowa Department of Administrative Services now offers Iowa's public and select non-profit organizations a financing option for the implementation of energy management improvements. This \$12.5 million revolving loan fund will provide the capital necessary for the implementation of cost-effective energy projects that will save dollars, improve buildings, and enhance local economies.

Eligible applicants to the loan program are:

- State Agencies
- Regents Facilities
- Public Schools
- Area Education Agencies
- Cities
- Counties
- Community Colleges
- Private Colleges and Universities
- Hospital

Eligible projects include:

- Energy efficiency improvements
- Renewable energy projects
- Establishment of local or regional energy revolving loan funds

Projects are also required to meet the following criteria:

- Loans must be executed by March 30, 2012
- Work must be completed by April 30, 2015
- Recipient will be required to meet federal requirements for Buy American, Davis-Bacon, National Environmental Policy Act (NEPA) and National Historic Preservation Act (NHPA)
- Projects must cash flow within 15 years
- Projects must be based on a qualified energy analysis as defined in this guideline

Loan Terms:

- Loan amount up to the costs associated with the project, including pre-project planning
- 1% interest
- 2% closing costs
- 0.25% of outstanding balance annual servicing costs
- Up to 15 years

Applications for loan projects will be reviewed in the order received, and final decisions on loan awards will be made on the merits of each project and capacity of each borrower to repay their loan. The loan fund is not a competitive solicitation.

LOAN FUND BACKGROUND AND APPLICANT ASSISTANCE

This loan fund is capitalized using State Energy Program funding from the American Recovery and Reinvestment Act of 2009. The purposes of this funding are to: preserve and create jobs; promote economic recovery; assist those most impacted by the recession; provide investments needed to increase economic efficiency by spurring technological advancements in science and health; invest in transportation, environmental protection and other infrastructure that will provide long term economic benefits; and to stabilize state and local government budgets. The Iowa Energy Bank

Revolving Loan (EBRL) is established to help Iowa's public and select non-profit facilities to meet these purposes.

The Iowa Department of Administrative Services (DAS), working with its partners at the Iowa Finance Authority (IFA), will administer the Iowa Energy Bank Loan Fund. Additionally, DAS will provide the services and assistance necessary for eligible applicants to develop successful energy projects through its Energy Bank Program.

The Energy Bank Program provides customer success managers to eligible applicants to assist in the development of projects offering the following services:

- *Unbiased, expert consultation*—the customer success managers are your point of contact and advocate in identifying viable projects and help get the project done. This seasoned technical team ensures high quality advice throughout your project.
- *Energy audits and analyses*—working with utility providers, qualified engineers and architects, and energy service providers, the Energy Bank Program customer success managers help get the right technical information for you to make investment decisions.
- *Project implementation support*—your success manager is available to provide the amount of services you need to identify, implement and make your project a success, including helping to track your energy savings over time.

ELIGIBLE APPLICANTS

Eligible applicants are limited to municipal organizations that are eligible to issue tax-exempt debt under section 103 of the Internal Revenue Code, including schools districts, cities, counties, and other local government agencies, or other non-profit entities.

Project sites must be within the legal limits of the State of Iowa and must comply with all relevant federal, state and local law and rules.

ELIGIBLE PROJECTS

Loans must be used for energy improvements in or on buildings. Eligible projects must be physically located within the State of Iowa, cost effective and meet the review criteria.

In order to create jobs to stimulate the economy as soon as possible, projects that are eligible for categorical exclusion (CX) from National Environmental Policy Act (NEPA) review will be given preference. Projects that have received clearance or approval under NEPA prior to this application should identify this in the application documentation. Projects eligible for NEPA CX must be within the following boundaries:

1. Development, implementation, and installation of energy efficiency retrofits, provided that projects are limited to:
 - Installation of insulation;
 - Installation of energy efficient lighting;
 - Upgrading of HVAC systems;
 - Replacement of windows and doors;
 - Purchase and installation of demand reduction equipment.
2. Development, implementation, and installation of onsite renewable energy technology that generates electricity from renewable resources, provided that projects are limited to:

- Solar Electricity/Photovoltaic—Appropriately sized system or unit on existing rooftops and parking shade structures; or a 60 KW system or smaller unit installed on the ground within the boundaries of an existing facility.
- Wind Turbine—20 KW or smaller.
- Solar Thermal—System must be 20 KW or smaller.
- Solar Thermal Hot Water—Appropriately sized for residences or small commercial buildings.
- Ground Source Heat Pump—5.5 tons of capacity or smaller, horizontal/vertical, ground, closed-loop system.
- Combined Heat and Power System—Boilers sized appropriately for the buildings in which they are located.
- Biomass Thermal—3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated.

LOCAL OR REGIONAL LOAN FUND PROJECTS

Eligible organizations submitting applications to establish local or regional loan funds must ensure that all projects completed through their loan fund will meet all federal requirements identified in this application. A description of how this will be accomplished must be included in the application documentation.

INELIGIBLE PROJECTS AND COSTS

The following projects are NOT eligible for funding through this loan program:

- A. Projects for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.
- B. Projects that increase the energy load of a facility by adding new equipment, for example new lighting projects, or new pumping systems.
- C. Cosmetic improvements to buildings such as wallboard/drywall and painting.
- D. Funds for buying or leasing property.
- E. Energy projects that are not cost effective.
- F. Applications that fail to demonstrate loans will be executed on or before March 30, 2012.
- G. Applications that fail to demonstrate a comprehensive energy approach.
- H. Proposals that lack sufficient details for a technical review to verify estimated energy and cost savings.

MATCHING, REPORTING AND LOAN AMOUNT REQUIREMENTS

Matching funds are not required; however, loan funds may be used to provide a match for projects that have been awarded grant funding under the State Energy Program American Recovery and Reinvestment Act (ARRA) in Iowa.

Loan funds may be used in conjunction with other non-ARRA funding, but Applicants should note that tracking and reporting of loan funds must be kept separately by appropriate accounting methods, to meet federal and state reporting requirements. The terms and conditions of the loan agreement will specify the format, tools and information required for reporting programmatic and energy metrics as identified by the U.S. DOE and the federal and state government.

Loan amounts are limited to actual costs associated with the project that cash flow within 15 years using the energy savings. If this loan eligibility amount is less than the total project cost, the applicant must indicate the source of additional funding for project completion in the application.

LOAN RECIPIENT REQUIREMENTS

General Terms and Conditions—The loan recipient will agree to abide by the Loan Agreement found in Attachment A of the application.

Project Completion—All loans must be fully executed on or before March 30, 2012. DAS will not authorize extensions.

Transparency Requirements—All files, progress reports, financial reports, documents and data pertaining to this loan may be posted on federal and state websites for public viewing. The federal law mandates substantial reporting and documentation of funded activities as well as more intensive monitoring and auditing. Additional sources of ARRA information are available at:

<http://www.recovery.gov/Pages/home.aspx>

REPORTING REQUIREMENTS

Congress has specifically mandated that all ARRA recipients must report on the use of said funds for purposes of transparency and oversight. All funds issued under ARRA are subject to unparalleled scrutiny, with specific distribution and reporting requirements by the Federal Government and the State of Iowa.

Loan recipients will be required to submit progress and expenditure reports in accordance with the requirements of the Loan Agreement and may be required to submit weekly Davis-Bacon reports. Additional quarterly, annual and completion reports may be requested from the loan recipient.

Davis-Bacon Act

ARRA §1606 states that the Davis-Bacon prevailing wage requirement broadly applies to construction projects funded with ARRA appropriations. In order to receive any funding under this grant, the loan recipient must comply with the requirements of this Act. The Davis-Bacon Act (40 U.S.C. 3141-3148) requires payment of locally prevailing wages (including fringe benefits) to laborers and mechanics on federal government contracts in excess of \$2,000 for construction, alteration, or repair projects. The provisions of the Davis-Bacon Act apply to both contractors and subcontractors.

The only exception to the Davis-Bacon Act is if a government agency performs construction work under what is generally known as “force account.” In essence, this is a “do-it-yourself” type of construction—the governmental agency receiving the grant decides not to contract out the work but actually performs it “in-house” with its own employees. Such work is not generally subject to Davis-Bacon Act requirements because governmental agencies are not considered “contractors” or “subcontractors” within the meaning of the Davis-Bacon Act.

Buy American Provision

In accordance with ARRA, §1605, the Recipient assures that it and its sub-recipient(s) will not use ARRA funds for a project for the construction, alteration, maintenance, or repair of a public building

or public work unless all of the iron, steel and manufactured goods used in the project are produced in the United States.

The only exceptions to this rule would be if iron, steel, and relevant manufactured goods are not produced in the United States in sufficient and reasonably available quantities and of satisfactory quality; or inclusion of iron, steel and manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent.

National Environmental Policy Act (NEPA) Requirements

The National Environmental Policy Act of 1970 (NEPA), as amended (42 U.S.C. 4371, et seq.) requires federal agencies to consider the potential environmental impacts of their proposed actions. Loan recipients may not take action using federal funds for projects that may have an adverse effect on the environment prior to DOE providing a final NEPA determination regarding the selected projects.

For more information regarding NEPA see U.S. DOE's NEPA website:

<http://www.gc.energy.gov/NEPA/>

National Historic Preservation Act (NHPA) Requirements

Because Recovery Act funds are federal, all funding recipients must meet Federal Cultural Resource Review requirements under Section 106 of the National Historic Preservation Act. For more information regarding Section 106 see the State Historic Preservation Office (SHPO) website: <http://www.iowahistory.org/historic-preservation/review-and-compliance/index.html>.

Consultation with the SHPO is not required for structures that are less than forty five years of age because these are unlikely to be considered historic properties (based on the criteria of the National Register of Historic Places).

Any ground-disturbing activity will absolutely require consultation with SHPO unless otherwise noted.

The Iowa State Historic Preservation Office (SHPO) is of the opinion that the work items identified in attachment B of the application do not meet the definition of undertaking since they do not have the potential to cause effects on historic properties per 36 CFR 800.3 (a); or these undertakings have a limited potential to affect historic properties per CFR 800.4 (d). The OEI will not be required to consult further with SHPO for these work items. The DAS strongly encourages applicants to consider projects that meet the exempt criteria.

For projects that are exempt from Section 106 review please see attachment B of the application.

Applicants should note that DOE will only consider the project in compliance with Section 106 of the NHPA when adequate background documentation has been submitted and written concurrence that SHPO does not object to its Section 106 determination has been provided. In addition, Applicants should note that funding will be dependent on projects meeting Section 106 requirements. Applicants are required to submit NHPA information as noted in this application, which DAS and the Iowa SHPO will review for compliance with Section 106 of NHPA.

Contractor Requirements

A contractor or subcontractor working on an energy project must be a company registered for operations within the State of Iowa and must have a valid DUNS number for its Iowa location.

Contractors must meet all applicable state and federal rules and other contractor registration requirements may apply to the project.

Waste Management Plan

Prior to the expenditure of federal funds to dispose of sanitary or hazardous waste, DAS is required to provide documentation to U.S. DOE demonstrating that an adequate disposal plan has been prepared for sanitary or hazardous waste generated by the proposed activities.

Applicants are, therefore, required to submit information on the expected waste stream of the proposed project. Sanitary or hazardous waste includes, but is not limited to, old light bulbs, lead ballasts, piping, roofing material, discarded equipment, debris, asbestos, etc.

Upon award, the loan recipient shall submit to a waste management plan that describes the loan recipient's plan to dispose of any sanitary or hazardous waste generated as a result of the proposed project. DAS shall make the waste management plan and related documentation available to DOE on DOE's request (for example, during a post-award audit). Projects shall ensure compliance with all federal, state and local regulations for waste disposal.

EVALUATION PROCESS

Applications will be evaluated to determine whether the application submitted is completed in accordance with this document, to determine whether the proposed project meets the project eligibility criteria, and to determine whether the application meets technical requirements.

Applications will be reviewed by DAS and the Iowa Energy Bank Revolving Loan Fund Committee to determine whether eligible projects meet evaluation criteria. Loans will be serviced by the Iowa Finance Authority. In recognition of the wide range and complexity of activities that could qualify for loans, the Applicant may be requested to provide more information during the review process.

Technical Quality Review Process

The process of successful completion of the technical review will involve the positive outcome of each of the following questions by the DAS Energy Bank Program staff and must be clearly addressed in the application:

- Is the project cost-effective or is the proposed new construction the lowest life cycle cost alternative? Life cycle cost analyses must be conducted according to guidelines available upon request.
- Was the analysis completed by a qualified professional?
- Is the analyst/qualified professional free of any conflict of interest with the outcome of the energy analysis? (products versus services)
- Is the level of analysis (energy audit or technical engineering analysis) appropriate for the facility?
- Is the project analysis comprehensive?
- Are project costs accurate and directly related to the energy saving component/feature?
 - Have project costs been broken out so that they can be verified as being directly related to the energy saving feature/component?
 - Is a full year of records provided for both electricity and heating fuel?
- Has all supporting documentation been provided?
- Are savings calculations clear, reasonable, accurate, and consistent with supporting documentation?

- Are assumptions explained and reasonable/appropriate?
- Are savings consistent and reasonable compared to current energy use?
- Are savings calculations of good quality, correct, not generic or overly simplistic, appropriate, easy to understand, and well documented?
- Do calculations account for Energy Management Improvements (EMI) interaction (where the savings of one project impacts the savings of subsequent projects) and in the same order?
- Do savings calculations claim maintenance cost savings? Are these savings acceptable?
- Is the application and supporting documentation of acceptable technical quality?

For applicants wishing to establish local or regional revolving loan funds, submission of each technical analysis will not be required; however, the application must provide the form of technical analysis to be completed and an example of a completed analysis for review. DAS reserves the right to review and approve or reject technical analyses for these projects at any time for the duration of the loan fund.

Applicants wishing to establish local or regional revolving loan funds must provide reasonable, documentable estimates of energy project implementation amounts and savings expectations, number of clients to be served, sectors to be served, risk associated with the loan and methods used to mitigate those risks as a part of their technical project application. Additionally, applicants wishing to establish secondary revolving loans should address how the loan terms will be managed, i.e., will additional interest be charged, will closing costs or other fees be added, etc.

Eligibility and Qualitative Review Procedures

Evaluation criteria have been developed to assist DAS in identifying those projects that achieve the goals of the program. Applications will be evaluated according to the following criteria:

Mandatory Criteria
<input type="checkbox"/> Budget reasonableness The funding requested must be sufficient to complete the proposed project or additional funding must be identified. Letters of financial support and partnerships, including commitment letters from utility companies, must be included, if appropriate. Project cost must be reasonable and budgeted appropriately to meet the requirements of Davis-Bacon Act, Buy American Act, National Historic Preservation Act, and National Environmental Policy Act.
<input type="checkbox"/> Eligibility of applicants Applicants meet the eligibility criteria.

Mandatory Criteria
<input type="checkbox"/> Administrative capability Applicant must demonstrate the ability to provide all required project oversight, reporting, and financial accounting to assure timely and accurate reporting. Applicant has demonstrated that it has the capacity to comply with NEPA, NHPA, Davis-Bacon, and Buy American requirements.
<input type="checkbox"/> Acceptable technical quality Acceptable technical quality means that the application received a “yes” for all of the questions listed under “Technical Quality Review Procedure”.
<input type="checkbox"/> Applicant certification Applicant has certified that they meet NEPA, SHPO, Buy American, and Davis Bacon Act requirements.
<input type="checkbox"/> Project Completion Timeline Applicant has demonstrated through a clearly specified timeline that the loan will be executed by or prior to March 30, 2012, and the project will be completed by April 30, 2015.

Notification of Award

After the review and selection process is completed, the loan recipient will be notified that the project has been approved for funding at a specified amount. The loan recipient will also receive a Loan Agreement, which will be facilitated by DAS and serviced by the Iowa Finance Authority.

Rejection of Applications

Unsuccessful Applicants will be informed in writing. Application documents will not be returned.

DAS reserves the right to reject any application. The submission of an application under these guidelines confers no right upon any Applicant. DAS is not obligated to award any loans, to pay any costs incurred by the Applicant in the preparation and submission of an application, or pay any project related costs incurred prior to the grant beginning date.

Applications will be rejected and not considered for funding if:

- A. The Applicant is not an eligible Applicant.
- B. The application does not include the signature of the duly authorized official.
- C. The proposed project is inconsistent with the goals.
- D. The proposed project is lacking technical quality or technical information.
- E. The applicant does not exhibit the ability to repay the loan.

APPLICATION PROCESS

To determine if the Iowa Energy Bank revolving loan program is right for you, applicants should complete a Pre-Application. To complete the Pre-Application, applicants should follow these steps:

- Click on the Pre-Application link found on at www.EnergyBank.iowa.gov.
- Save a copy of the Pre-Application to your computer. (The Pre-Application is a fillable form.)
- Type your information into each section and click save. (This saves your typed information to the application.)
- Print and scan your Pre-Application and email it, along with your energy analysis if completed, to Energy@iowa.gov.

Applicants may also mail their applications, including their energy analysis if completed, to the following address. No applications will be accepted via fax.

Brenda Easter
Energy Bank Program Officer
Iowa Department of Administrative Services
109 S.E. 13th Street
Des Moines, IA 50319

Applicants are encouraged to review the eligibility and technical requirements of this program before submitting a [Pre-Application \(hyperlink to Pre-Application\)](#). To ensure cost effectiveness, technical quality and accuracy, all projects must submit an up-to-date energy study. Submission of a Pre-Application does not guarantee receipt of a loan.

Upon receipt of your Pre-Application, an Energy Bank representative will be in contact with you to discuss your project, collect additional information as necessary, and help you move through the loan approval process. Only applicants that provide all required information will be considered for a loan. An up-to-date energy analysis is not required at the time of Pre-Application but must be completed prior to approval of a loan. All applicants that receive a loan through this program must adhere to all federal and state requirements, including NEPA, Davis Bacon, Buy American, and SHPO federal reporting.

Applications may be submitted any time and will be reviewed on a rolling basis. Questions may be submitted via email to brenda.easter@iowa.gov.