



# IADG ENERGY BANK Revolving Loan Fund Program Guidelines

The IADG Energy Bank Revolving Loan Fund Program Guidelines provide interested parties with detailed information about the program and application process. Eligible applicants should submit a Preliminary Application and enter into project discussions with Iowa Area Development Group for loan consideration.

# IADG Energy Bank Revolving Loan Fund Program Guidelines and Application Procedures

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## **PROGRAM OVERVIEW**

The Iowa Area Development Group (IADG) now offers Iowa businesses and industries a low interest financing option for energy efficiency improvements, renewable energy projects and energy management and implementation plans. The establishment of the IADG Energy Bank Revolving Loan Fund is intended to provide an ongoing source of low interest financing for the implementation of cost effective projects that will save energy and money, improve facilities and processes, and enhance job creation and profitability.

Eligible applicants to the loan program are private sector business and industries including:

- Agricultural
- Commercial
- Industrial
- Manufacturing
- Service

Eligible projects include:

- Energy efficiency improvements
- Renewable energy projects
- Energy management and implementation plans

Projects are required to meet the following criteria:

- Advance consultation and Pre-Application
- Projects must be executed promptly
- Recipients will be required to meet federal requirements for Buy American, Davis-Bacon, National Environmental Policy Act (NEPA) and National Historic Preservation Act (NHPA), if and when applicable
- Project's energy savings must payback project's initial investment within at least 10 years.
- Projects must be based on a qualified energy analysis and reporting as defined in this guideline

Loan Terms:

- Loan amount up to the costs associated with the project, including pre-project planning
- 1% interest
- 1% origination fee
- Up to 10 years

Applications for loan projects will be reviewed in the order received, and decisions on loan awards will be made on the merits of each project and the capacity of borrowers to repay their loan and meet compliance requirements. The loan fund is not a competitive solicitation and all decisions of IADG and its advisers are final.

## **LOAN FUND BACKGROUND AND APPLICANT ASSISTANCE**

This revolving 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 benefits; and stabilize state and local economies. The IADG Energy

Bank Revolving Loan Fund is established to help Iowa's private businesses and industries to meet these purposes.

The Iowa Area Development Group (IADG), working with its partners at the Iowa Economic Development Authority (IEDA), will administer the IADG Energy Bank Revolving Loan Fund. IADG will provide the services and assistance necessary for eligible applicants to develop successful energy projects through its Energy Bank Revolving Loan Fund program.

The IADG Energy Bank program provides support and technical assistance to eligible applicants to assist their projects including the following services:

- *Unbiased, independent consultation*—IADG staff will be your point of contact and advocate in identifying viable projects and help you get the project done. IADG staff will help ensure high quality advice throughout your project.
- *Energy audits and analyses*—working with utility providers, qualified engineers and architects, and energy service providers, the IADG Energy Bank program staff will help you get the right technical information you need to make thoughtful decisions.
- *Project implementation support*—IADG partners are available to provide the support you need to identify, implement and make your project a success

### **ELIGIBLE APPLICANTS**

Eligible applicants are limited to private sector businesses and industries.

Project work must be within the State of Iowa and must comply with all relevant federal, state, local laws, rules, and regulations

### **ELIGIBLE PROJECTS**

Loans must be used for energy improvements in or on buildings. Eligible projects must be cost effective and applicants must agree to project review and reporting requirements.

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 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.
  - All other projects will be considered by the IADG staff for funding provided that they fall within the areas of energy efficiency, renewable energy, or energy implementation plans.

### **INELIGIBLE PROJECTS AND COSTS**

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

- A. Government or nonprofit entities
- B. Projects for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.
- C. Projects that increase the energy load of a facility by adding new equipment that did not exist before or are limited to cosmetic improvements to buildings such as wallboard/drywall and painting.
- D. Energy projects that are not cost effective.
- E. Applications that fail to demonstrate loans will be closed and executed promptly.
- F. Applications that fail to demonstrate a comprehensive energy approach.
- G. Proposals that lack sufficient details for a technical review to verify estimated energy and cost savings.
- H. Projects that are research and development or commercialization related projects

### **REPORTING AND LOAN AMOUNT REQUIREMENTS**

Loan funds may be used in conjunction with other Federal and State funding, but Applicants should note that tracking and reporting of loan funds must be kept separately by appropriate accounting methods, to meet program 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 federal and state government.

Loan amounts are limited to actual costs associated with an eligible project that pay back within 10 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 all the terms of the Loan Agreement.

Project Completion—All projects should be ready for prompt loan closing and swift implementation.

Transparency Requirements—All files, progress reports, financial reports, documents and data pertaining to this loan are public in nature. The federal law supporting this program mandates substantial reporting and documentation of funded activities as well as monitoring. However company financial data collected as part of the application process is considered proprietary and protected. Loan recipients need to specify documents that are proprietary and confidential in nature so that IADG can take necessary steps to protect their privacy. Additional sources of ARRA information are available at: <http://www.recovery.gov/Pages/home.aspx>

## REPORTING REQUIREMENTS

Congress has 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 monitoring, 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 are 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.

Payroll Records – The borrower and/or contractors/subcontractors funded or assisted in whole or part by Recovery Act funds shall maintain payrolls and basic records relating to payroll during the course of the work and preserve them for a period of three years thereafter for all laborers and mechanics working on the project, or as designated in the grant document. **They must also ensure that all laborers and mechanics on a project funded or assisted in whole or part with Recovery Act funds are paid on a weekly basis and must submit weekly certified payroll records to the contracting and administering agency.**

For more information regarding Davis-Bacon:

Davis Bacon Act Desk Guide. - [http://www1.eere.energy.gov/wip/pdfs/doe\\_dba\\_desk\\_guide.pdf](http://www1.eere.energy.gov/wip/pdfs/doe_dba_desk_guide.pdf)

Davis Bacon Wage Rates - [www.wdol.gov](http://www.wdol.gov).

Weekly Payroll Report Sheets - <http://www.dol.gov/whd/forms/wh347.pdf>

Davis-Bacon Employee Rights Poster - <http://www.dol.gov/whd/programs/dbra/wh1321.htm>

### **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/>

All applicants must review these requirements and sign a [NEPA Certification](#) as part of the application process. If an application project is not exempt from NEPA Certification, the applicant must also complete an [EF-1 Environmental Checklist](#)

### **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 require consultation with SHPO (and NEPA team at DOE) unless otherwise noted.

The Iowa State Historic Preservation Office (SHPO) is of the opinion that the work items identified in [State Programmatic Agreement, Appendix B](#) 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). IADG will not be required to consult further with SHPO for these work items. IADG strongly encourages applicants to consider projects that meet the exempt criteria.

To determine projects that are exempt from Section 106, please review [State Programmatic Agreement, Appendix B](#). Regardless of exemption, all applicants will need to complete the [NHPA Checklist](#) and either the certification of exemption or request for SHPO review as applicable.

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 IADG, IEDA 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, IADG 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 and how it will be disposed of. 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. IADG 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**

Pre-Applications and 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 IADG and the IADG Energy Bank Revolving Loan Fund Advisors to determine whether eligible projects meet evaluation criteria. Loans will be serviced by IADG. In recognition of the wide range and complexity of activities that could qualify for loans, Applicants 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 IADG Energy Bank Program staff and advisers and must be clearly addressed in the application:

- Is the project cost-effective and a low life cycle cost alternative? Is the energy analysis completed by a competent professional?
- Is the analyst/qualified professional free of any conflict of interest with the outcome of the energy analysis?
- Is the level of analysis (energy audit or technical engineering analysis) appropriate for the project?
- 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?
- Have all supporting documents been provided?



- Are savings calculations clear, reasonable, accurate, and consistent with supporting
  - 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?

### **Credit Analysis**

Once the project has met the initial test for eligibility, applicants will be invited to complete a full application form and submit company historical and projected financial information for a credit determination by the IADG Energy Bank Loan Review Committee. Successful applicants must demonstrate a satisfactory credit history with creditors and demonstrate the ability to repay the loan with or without the energy savings of the proposed project.

Information to be collected includes but is not limited to:

- Completed / Signed application form
- Business Plan
  - History of business / Biographical information of executives
  - Ownership structure
  - Overview of products manufactured and/or services provided
  - Sources/Uses of fund statement
  - Verification of other project funds needed
  - Statement of Proposed Collateral
- 3 years of historical financial statements—income statement and balance sheet and/or tax returns
- Current year to date income statement and corresponding balance sheet
- 2 years projected income statement and balance sheet
- Waste Management Plan for the project

### Eligibility and Qualitative Review Procedures

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

<b>Mandatory Criteria</b>
<p><input type="checkbox"/> Budget reasonableness</p> <p>The funding requested must be sufficient to complete the proposed project or additional funding must be identified. Project costs must be reasonable and budgeted appropriately to meet the requirements of Davis-Bacon Act, National Historic Preservation Act, and National Environmental Policy Act.</p>
<p><input type="checkbox"/> Eligibility of applicants</p> <p>Applicants meet the eligibility criteria.</p>
<p><input type="checkbox"/> Administrative capability</p> <p>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, and Davis-Bacon.</p>
<p><input type="checkbox"/> Acceptable technical quality</p> <p>Acceptable technical quality means that the application received a “yes” for all of the questions listed under “Technical Quality Review Procedure”.</p>
<p><input type="checkbox"/> Applicant certification</p> <p>Applicant has certified that they meet NEPA, SHPO, and Davis Bacon Act requirements.</p>
<p><input type="checkbox"/> Project Completion Timeline</p> <p>Applicant has demonstrated through a clearly specified timeline that the loan will be executed promptly and the project implemented swiftly.</p>

### **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 and administered by Iowa Area Development Group.

### **Rejection of Applications**

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

IADG reserves the right to reject any application. The submission of an application under these guidelines confers no right upon any Applicant. IADG 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 a loan award.

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 of the program.
- 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 IADG Energy Bank Revolving Loan Fund 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.IADG.com/EnergyBank](http://www.IADG.com/EnergyBank)
- 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, sign and scan your Pre-Application and email it, along with your energy analysis if completed, to [bnuzum@iadg.com](mailto:bnuzum@iadg.com)

Applicants may also mail their applications, including their energy analysis if completed, to the following address.

Bruce Nuzum  
IADG Energy Bank Program Officer  
Iowa Area Development Group  
2600 Grand Avenue, Suite 430  
Des Moines, IA 50312

Applicants are encouraged to review the eligibility and compliance requirements of this program before submitting a Pre-Application. To ensure cost effectiveness, quality and accuracy, all projects must submit an energy study or project analysis. Submission of a Pre-Application does not guarantee receipt of a loan.

Upon receipt of your Pre-Application, an IADG 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. A complete 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, and SHPO federal reporting.

### **Loan Review Committee**

In order to insure eligibility and program requirements are met, IADG has established a loan review committee (LRC). The LRC will determine all issues of eligibility, regulatory compliance, technical quality review and credit worthiness. All decisions of the LRC are final and there are no provisions for appeal.

Applications may be submitted any time that the RLF has an available balance of more than \$50,000. Applications will be reviewed on on-going basis. Questions may be submitted via email to [bnuzum@iadg.com](mailto:bnuzum@iadg.com).