

NOTICE OF AVAILABLE FUNDING (NOAF 14-01)

ENERGY LOAN FUND
Program Guidelines and Application Process

Issued: June 25, 2014

Energy Efficiency and Renewable Energy Loans for Michigan Small Businesses

Overview

The Michigan Energy Office (Energy Office) is focused on growing the State's economy by connecting Michigan based businesses and communities to financial and technical resources to increase energy efficiency and deploy advanced energy technologies. In support of its mission, the Energy Office provides financing through federal and state funding resources to eligible entities for projects that demonstrate a reduction in energy usage and associated costs, avoidance of new fossil fuel emissions and the creation or retention of Michigan jobs.

Interested entities should review the specific program guidelines to determine the eligibility of their proposed projects. All applications will be reviewed and evaluated to determine their eligibility according to the requirements of this solicitation. Financial assistance will be in the form of a direct loan to those applications determined by the Energy Office to be consistent with the program goals and most meritorious at the time of submission.

Funding Available

Two (2) million dollars in loan funds are available for eligible projects. 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. The U.S. Department of Energy's authorization for the U.S. Department of Energy's State Energy Program is authorized under 10 CFR Part 420.
- State funding is available through the Michigan Strategic Fund within the Michigan Department of Treasury, which is authorized by the Michigan Public Act 242 of 2009.

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

The Energy Office, 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.

Eligibility

Any Michigan small business with 500 employees state-wide or less can apply. Eligible borrowers can be partnerships, unincorporated associations, corporations, limited liability companies, limited partnerships, governmental agencies, not-for-profit or any combination thereof. Applicants that are business entities must be registered and in "good standing" with the Michigan Licensing and Regulatory Affairs as a Michigan entity qualified to do business in the state of Michigan.

The Michigan Strategic Fund through the Energy Office is offering small businesses, currently located in Michigan, financial assistance for energy efficiency upgrades and renewable energy project implementation. This effort is directed at businesses that are seeking to upgrade or install clean energy technologies. Businesses must have projects that:

- Are Ready-to-go no later than 30 calendar days of the loan agreement effective date;
- Reduce energy consumption by at least 20% (building retrofits);
- Equipment purchases for general- and advanced-manufacturing of commercially available products (retooling); and
- Contribute to a reduction in greenhouse gas emissions.

Applicants applying for building retrofit funds must have undergone, or plan to undergo, an energy audit and/or renewable energy assessment, and choose to implement any number of the energy audit/assessment recommendations. Those applying for retooling funds must show that the manufactured (or to be manufactured) product is commercially available.

Project Start Date

Applicants can start work once the loan agreement is signed by the Michigan Strategic Fund, Fund Manager. **Only project-related costs that are incurred and paid for after Michigan Strategic Fund's loan execution may be included in the loan request.**

The Applicant assumes all financial risk should the Michigan Strategic Fund, federal government, and/or state not approve the application or if all loan documents are not executed. If the loan is not approved or executed, the Michigan Strategic Fund, federal government, and/or state is not responsible for reimbursement of any costs.

Available Funding

Requested loan amounts should be between \$50,000.00 – \$350,000.00, and limited to supplies, materials and equipment costs only.

Application Timeline

This solicitation is open until September 30, 2014 or until all available funds are exhausted. Applications for funding will be reviewed by an evaluation committee for project merit and applicant creditworthiness, and awarded on a first-come, first-served basis. The solicitation is posted by the Energy Office under the auspices of the Michigan Strategic Fund. The Energy Office reserves the right to close the solicitation period at any time.

Criteria for Loan Approval

Applicants will be required to submit quarterly reports related to the project energy use, payback and other economic information including production data and job creation.

Interest Rate & Related Program Fees

Applicants must meet minimum credit standards determined by the Energy Office. Credit standards are not solely based upon FICO scores and may consist of a face-to-face interview. Interest on approved loans is fixed at 6% for a maximum of 4 years or 4% with a loan Guarantee. There is a non-refundable application fee (see Table 1 below) required upon submission of the loan application, and a processing and commitment fee of 2% of the principal amount of the loan, (minimum of \$2,000 and a maximum of \$7,000) due at the loan signing.

Table 1. Application Fee Structure

Requested Dollars	Application Fee
\$ 50,000 - 99,999	\$ 250
\$ 100,000 - 299,999	\$ 500
\$ 300,000 and above	\$ 1,000

Repayment Terms

Principle and Interest payments are due in semi-annual installments, and will conclude no later than 4 years after the agreement date. There is no penalty for early repayment.

Loan Security Requirements

A promissory note, loan agreement and security agreement are required to secure the loan. The security interest will include both personal and tangible items purchased with loan funds and other additional collateral may be required. The Michigan Strategic Fund may require a first priority mortgage and/or a security position on assets.

Disbursement of Funds

Funds are available on a cost reimbursement basis. Loan disbursements will be made upon the submission of the vendor's invoice and proof of payment.

Loan Agreement

A copy of the complete loan agreement with all exhibits is available for downloading as an Adobe Acrobat Portable Document Format (PDF) or Microsoft Word document at: http://www.michiganbusiness.org/cm/Files/Energy_Office/MSF-EERE-Loan-Agreement.pdf

Link To Online Application

After reading and understanding the program guidelines in its entirety, applicants may begin the application process online at: http://www.michiganbusiness.org/cm/Files/Energy_Office/EERE-Private-Loan-Application.docx

Communication and Inquires

Applicants may submit questions to Robert Jackson regarding this loan program by email at jacksonr16@michigan.org or by phone at (517)373-2731.