

STATE ENERGY PROGRAM



# Energy Loan Fund For Schools (ELF)

## *Application Guidelines*

### Oklahoma Department of Commerce

State Energy Office  
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*Oklahoma Department of Commerce*

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# ENERGY LOAN/LEASE FUND for SCHOOLS K-12

## INTRODUCTION

The Oklahoma Department of Commerce-Office of Community Development (ODOC/OCD) has been authorized to use EXXON Oil Overcharge Settlement Funds to establish a Loan/Lease fund for public and not for profit K-12 schools. The purpose of the Loan/Lease fund is to provide financial assistance to eligible schools in the planning, design, development, and implementation of Energy Conservation Measures (ECMs) in their buildings, facilities, and related complexes.

## PROGRAM BACKGROUND

The Oklahoma Department of Commerce (ODOC), formerly the administering agent for the Institutional Conservation Program (ICP), a U.S. Department of Energy (USDOE) funded matching grant program for public and not for profit schools to conduct energy audits, to prepare Technical Assistance reports, and to acquire and install ECMs. Since the ICP program became operational in the late 1970s, requests for financial assistance have far exceeded the availability of funds. Congress discontinued ICP funding in 1995. In an effort to provide greater access to financial assistance for schools to become energy efficient, ODOC created the Energy Loan/Lease Fund for K-12 Schools.

## ENERGY LOAN/LEASE FUND USES

The uses of Loan/Lease proceeds are divided into two categories. **Category I** loans are for the purpose of enabling schools with the 'get ready' steps that must be taken before energy savings equipment/technology can be acquired and installed. These enabling activities include Energy Audits, technical analysis of energy use systems, and/or development of Energy Management Plans. This Category is also for professional services that contribute to the planning, design, and development of energy conservation. **Category II** loans are those that are used for the actual acquisition and installation of ECMs and Operations and Maintenance Procedures (O&M).

### **Eligible Activities:**

**Category I.** Eligible activities for which loan funds can be utilized include energy audits, technical analysis of energy use systems, development of Technical Assistance Report, which recommend specific ECMs and project energy savings within an identified school building, facility, or related complex. Other eligible activities for which funds can be utilized include professional fees related to project design and development, and the preparation of bid documents for the purpose of acquiring and installing energy efficient equipment and materials. Research and experimental technologies are not acceptable as eligible projects and are not an allowable expenditure. The services noted, in this paragraph, above must be performed by an Oklahoma Registered Professional Engineer.

**Category I.** – *continued*

A description of the State's policies for establishing and insuring compliance with qualifications for technical assistance analysts is defined. Such policies shall require that technical assistance analysts be free from financial interests that may conflict with the proper performance of their duties and have experience in energy conservation. The technical assistance analysts shall possess the appropriate training and experience in building energy systems.

ECMs include purchase of energy efficient equipment, including costs associated with delivery, installation, and start-up of improvements for K-12 schools. ECMs shall be calculated by methods accepted by ASHRAE.

All Category I funds can be used to cover up to 100% of activity cost.

**Category II:** Eligible activities for which funds can be utilized include the acquisition and installation of approved ECMs and O&Ms.

All Category II funds can be used to cover up to 100% of activity cost.

All proposed projects shall strive to increase energy efficiency, reduce energy consumption, project a positive return on investment, and pay back the Loan/Lease fund within a period of six (6) years (unless otherwise mutually agreed upon by the applicant and the ODOC/OCD).

Note: ECMs can be performed on buildings leased by the school district provided the lease term is equal to or greater than the life of the installed energy efficient retro-fit.

Loan/Lease funds may not be used to pay off an existing loan. They may be used to leverage third party financing of energy efficient projects. Loan/Lease funds constitute a debt between ODOC/OCD and Applicant and will not be forgiven.

Loan/Lease funds may not be used for routine, continuing or one-time maintenance, or repair on any system or structure that will not be used after the agreed modifications or replacements contained within the Loan/Lease are made. This provision specifically does not preclude low cost no cost O&Ms generated by this program.

No project activity may be canceled or modified after the Loan/Lease agreement is made without prior written approval from the ODOC/OCD.

## **ELIGIBLE ENTITIES AND FUNDING METHODOLOGY**

All public and not for profit school districts in the State of Oklahoma are eligible to participate in the Loan/Lease fund program. **The maximum Loan/Lease amount for a specific project or multiple projects for an eligible school district is \$150,000.** An energy efficient Loan/Lease will be made based on the quality of the analysis of their energy use systems, an engineering evaluation of the specific project or projects, and evaluation of calculated energy savings. A school district may only have one active loan at a time.

Funding determinations shall be made on a first-come, first-funded, subject to the availability of funds basis. Should several applications be received on the same day and there are insufficient loan funds to meet all requests, then the time of day the application was logged into the ODOC/OCD shall be used to determine funding order.

Should there be funds available, but not in the amount sufficient to meet a Loan/Lease fund request, the ODOC/OCD may, at its discretion, make a partial Loan/Lease fund award.

Should demand exceed the loan funds available, a wait list shall be established and additional loans made as soon as sufficient loan funds become available.

Verbal commitment by anyone with ODOC/OCD is not binding on any deadline, payback, Loan/Lease term or rate, or any other item that requires committee approval. Confirmation of approval to lessee must be in writing and/or included within the lease.

## **RATES AND TERMS**

ODOC/OCD desires only to recover the cost of administering the Loan/Lease program and related expenses. **Thus, the interest rate for all categories of loan is fixed at three percent (3%). The maximum Loan/Lease term will be six (6) years unless the loan term is specifically negotiated with ODOC/OCD.**

The Energy Loan/Lease Fund for K-12 Schools does not require the borrower to provide collateral to secure the Loan/Lease. Loan/Lease repayments shall begin thirty (30) days following the approved, scheduled completion date established at the time of loan approval for the project. The specific loan term will be provided in the Promissory Note and Loan/Lease Agreement. Any deviation from this term or the start date must be fully substantiated, requested in writing and approved prior to the start date.

If in the meantime, the building or retrofitted space is physically occupied, placed in use or Certificate of Occupancy is issued, then the first loan payment is due thirty (30) days following the earliest date. The borrower is responsible for the immediate notification in writing to ODOC/OCD.

## **APPLICATION ASSISTANCE**

ODOC/OCD will provide limited assistance in the development of the Loan/Lease application. ODOC/OCD has several individuals on staff that can provide assistance in program development, engineering evaluation, and financial packaging. The school district will be responsible for the technical merit of their energy improvements. For assistance call Carolyn Sullivan at 405/815-5347.

## **APPLICATION SUBMISSION**

There are no deadlines for submitting an application for Loan/Lease funds. Once an application is complete, it should be mailed or hand carried to the following address.

Vaughn Clark  
Oklahoma State Energy Office  
Oklahoma Department of Commerce  
P.O. Box 26980  
Oklahoma City, Oklahoma 73126-0980

## **FINANCIAL INFORMATION**

The applicant is to provide the following information in support of the loan application

1. A copy of the previous year's financial audit report.
2. A copy of the previous year's final summary of year-to-date revenue and expense.
3. A disclosure statement of any existing or anticipated consent or administrative order(s) that might preclude the applicant or its contractor from performing the scope of work stated in the Project Implementation Statement.
4. A disclosure of existing debt obligations. See Appendix A-Existing Debt Obligations.
5. Indicate whether or not a performance contract will be utilized in regards to the equipment installed and the nature of any third party financial arrangements, mixed or matched, that impact the energy and cost savings of the project.

## **ENERGY AUDIT REPORT REQUIREMENTS**

The Energy Audit Report is the essential first step in applying for financial assistance under the Energy Loan/Lease Fund for K-12 Schools. It is from the energy audit that a Technical Assistance Report is to be developed for use by the school district.

A copy of the Energy Audit Report and Technical Assistance Report that attests to the economic feasibility of the proposed project is to be submitted with the Loan/Lease application.

The Technical Assistance Report shall exhibit a determination of the energy use characteristics of a building as follows:

- A. Identifies the type, size, and rate of energy consumption of such building and the major energy using systems of such building;
- B. Determine appropriate ECM and O&M procedures to be implemented. List any modifications in the maintenance and operation of the building and any new installations therein, which are designed to reduce energy consumption in such building(s).

Examples of an Approved O&M Procedures, including, but not limited to: ventilation systems, caulking or weather-stripping, control of heating and cooling systems, locking thermostats, reducing illumination levels, lower settings for hot water systems, other related activities such as one time cleaning, repairing or adjusting of retained existing equipment.

- C. Indicate the need, if any, for the acquisition and installation of ECM. For purposes of this program an ECM means an installation or modification of an installation in a building which is primarily intended to reduce energy consumption and/or allow the use of an alternative energy source.

Examples of an approved ECMs, including, but not limited to: insulation, automated energy control systems, load management systems which would shift demand for energy from peak hours to hours of low demand and lower costs, equipment required to operate variable steam, hydraulic and ventilating systems, and active or passive solar space heating and cooling systems.

## PROJECT INFORMATION STATEMENT

The applicant is to provide engineering evidence that a particular ECM is feasible and economical to be implemented in accordance with the following:

1. The applicant is to provide a detailed narrative summary of the nature and scope of the ECMs to be undertaken. The summary must indicate why an existing condition necessitates the action that is proposed. It must discuss how the ECMs will affect the component being modified and how this action will interrelate with other energy use systems.

As a minimum, the narrative description should include the name of the building; location of the building; size of the building (total square footage); base year energy use; existing systems and conditions, description of all proposed modifications and improvements to existing system (equipment and operating conditions); and effects of the system changes expressed in energy savings and energy cost savings.

2. The applicant is to provide preliminary cost estimates of the proposed project by category of expenditures. Provide an estimate of the cost of design, acquisition, and installation of proposed ECMs and O&Ms. Cost categories Labor (indicate number of hours required to perform task and hourly rate), Equipment (individual unit costs), Materials (cite reference from where cost estimates were obtained). Force Account may be used but must be fully documented in both estimate and all construction records.
3. The applicant is to provide a Project Implementation Statement which indicates start dates and completion dates of each ECM including O&M activities and low-cost, no-cost improvements that may contribute to the overall ECM reduction in the building, facility, and/or related complex.
4. The applicant is to provide the name of contractor/firm/company that will develop/design the ECMs. The applicant is reminded that all work to be performed on the facility must meet numerous codes, standards, and Oklahoma laws therefore both the producer of the Technical Assistance Report and the design professional must be an Oklahoma Registered Professional Engineer. The same person or firm may perform both of the above functions.
5. A five-percent (5%) contingency fee is allowed based on the total construction cost estimate if approved, in writing, by the authorized representative of then applicant.
6. The applicant is to provide a composite of all ECMs that were evaluated during the development of the Technical Assistance Report. A proposed outline form is included as Appendix B.
7. The applicant is to provide a detailed schedule of project tasks and activities to be performed, include task start and completion dates (see Appendix C).
8. The applicant is to submit a Completion of Project Report when the project is complete and has passed appropriate inspections. The loan repayment period will begin based upon the project completion date (see Appendix D).

ENERGY LOAN/LEASE FUND  
FOR  
SCHOOLS K-12

FORMS SECTION

**APPLICATION**  
**Energy Loan Fund For Schools (ELF)**

**Oklahoma Department of Commerce - Office of Community Development**

**APPLICANT INFORMATION**

Name of School: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Federal Tax #: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

**LOAN/LEASE CONTACT PERSON**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

**LOAN/LEASE INFORMATION**

Amount of Loan Lease Request: \$ \_\_\_\_\_

Proposed Use of Funds: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The applicant freely gives and certifies that the information contained in this application is complete, true and correct. The applicant understands that any incorrect or false information given is cause for denial of financial assistance. The applicant authorizes ODOC/OCD to make whatever inquiries deemed desirable in connection with this application and agrees to furnish additional information in support of the application as requested. The applicant hereby grants to support of the application as requested. The applicant hereby grants to ODOC/OCD the full right, power, and authority to demand, collect, sue or receipt of income from other general funds necessary to facilitate the repayment of the Loan/Lease amount. I, \_\_\_\_\_ as a duly Authorized Representative of the Applicant, do hereby certify that to the best of my knowledge, all information in this application is complete, true and correct. Further, that the documents contained herein have been duly authorized by the Governing Body of the applicant.

\_\_\_\_\_  
**Signature of Authorized Representative**

\_\_\_\_\_  
**Title of Authorized Representative**

\_\_\_\_\_  
**Date Signed**

## LEGAL OPINION

This is to be a statement by the applicant school that it meets all legal requirements for entering into a debt obligation with the Oklahoma Department of Commerce/Office of Community Development to implement the project. The applicant is required to cite the statutory authority or requisite legal authority that allows or permits them to enter into a debt obligation for the purpose indicated in the Loan/Lease application.

I hereby Certify that the \_\_\_\_\_ (School Name) has the legal authority to enter into a debt obligation to affect the proposed Energy Conservation Measure reduction improvement project as indicated in the Project Implementation Statement of the application.

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**Signature of Legal Advisor**

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**Title of Legal Advisor**

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**Date Signed**

## STATEMENT OF AUTHORITY TO INCUR DEBT

The applicant is to provide a clear, concise narrative statement that all proper and legal authorities have been notified of the intent to apply for this loan. The legal authorities approve the applicant to enter into a Loan/Lease agreement with the Oklahoma Department of Commerce/Office of Community Development for the purpose of implementing Energy Conservation Measure reduction improvements in their school building, facility or related complex.

I certify that the above written statement is true and correct to the best of my knowledge.

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**Signature of Authorized Representative**

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**Title of Authorized Representative**

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**Date Signed**

## PENDING LITIGATION STATEMENT

The applicant is requested to provide a clear and concise narrative statement that no pending litigation exists that may preclude them from using the Loan/Lease funds in the manner prescribed in the Project Implementation Statement, nor in any way places the Loan/Lease proceeds in jeopardy, and thus subject to loss.

I certify that the above statement is true and correct to the best of my knowledge.

---

**Signature of Authorized Representative**

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**Title of Authorized Representative**

---

**Date Signed**

## APPENDIX A

### Oklahoma Department of Commerce Office of Community Development EXISTING DEBT OBLIGATIONS

#### EXISTING DEBT SCHEDULE:

The applicant is to provide a listing of all-outstanding loans or debt obligations. The information will assist ODOC/OCD in making a favorable decision on the Loan/Lease application. For any outstanding debts against the borrowing trust or authority, provide the following. Use additional paper if necessary.

	Loan #1	Loan #2	Loan #3
<b>Lender Name:</b>			
<b>Origination Date:</b>			
<b>Date of Last Renewal:</b>			
<b>Original Loan Amount:</b>			
<b>Current Balance:</b>			
<b>Date Next Payment Due:</b>			
<b>Date Last Payment Made:</b>			
<b>Proceeds Used For:</b>			
<b>Current Interest Rate:</b>			
<b>Collateral:</b>			
<b>Maturity Date:</b>			

**APPENDIX B**

**Oklahoma Department of Commerce  
Office of Community Development**

**ENERGY CONSERVATION MEASURES EVALUATED**

This is a summary of information on all ECMs applicable to the building, facility and/or related complex under consideration. Not all improvements are necessarily recommended to be accomplished under this application for Loan/Lease funds.

<b>ECM No.</b>	<b>Description of ECM</b>	<b>Cost</b>	<b>Estimated Energy Savings</b>	<b>Payback Years</b>

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**APPENDIX C**

**Oklahoma Department of Commerce  
Office of Community Development  
PROJECT IMPLEMENTATION STATEMENT  
WORK SCHEDULE AND QUARTERLY REPORT**

**Loan #:** \_\_\_\_\_ **Contact Person:** \_\_\_\_\_

**Reporting Period** \_\_\_\_\_

**Program Start Date:** \_\_\_\_\_

<b>Energy Conservation Measure (Number and sequence of all activities to be performed)</b>	<b>Start Date</b>	<b>Completion Date or Current Status of Project</b>

\_\_\_\_\_  
Signature of Contact Person

\_\_\_\_\_  
Date

**APPENDIX D**

**Oklahoma Department of Commerce  
Office of Community Development  
ELFS MANAGEMENT PLAN  
Completion Report**

<b>Loan Number</b>	<b>Project Completion Date</b>	<b>Contact Person</b>
<b>Name and Address of Borrower:</b>		<b>Name(s) of Building(s) covered by report</b>
<b>Describe energy conservation measure activity undertaken:</b>		
<b>Did the work described above meet or exceed your expectations and is the project performing as proposed in your Technical Assistance Report?</b>		

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**Signature of Borrower**

**Date**

# APPENDIX E

## RESOLUTION

(Sample)

**Whereas**, the Oklahoma Department of Commerce (ODOC) has initiated an Energy Loan/Lease Fund for Schools K-12 to plan, design, develop and implement energy conservation measures in their school building, facility, or related complex.

Whereas, cost reductions that result from the efficient use and management of energy sources is a legitimate approach to maximizing the use of public school funds,

Now, therefore be it resolved by the Board of Education for the \_\_\_\_\_  
\_\_\_\_\_ (Name of School) authorizes  
\_\_\_\_\_ (Name of Authorized Representative) to apply for funds  
from the Energy Loan/Lease Fund for Schools K-12 administered by ODOC in the amount of  
\_\_\_\_\_ to implement Energy Conservation Measure reduction improvements, as  
specified in the Project Implementation Statement

Be it further resolved that if approved for a Loan/Lease by ODOC, the Board of Education for the  
\_\_\_\_\_ (Name of School) authorizes  
\_\_\_\_\_ (Name of Authorized Representative) to accept the  
Loan/Lease for the school.

Be it also resolved, that the amount of the Loan/Lease will be paid in full, plus interest, under the specific terms and conditions of the Loan/Lease agreement and promissory note entered into with the Oklahoma Department of Commerce.

Be it also resolved, that \_\_\_\_\_  
(Name of Authorized Representative is hereby authorized and empowered to execute in the name of the Board of Education all necessary documents to implement and carry out the intent and purpose of this resolution.

Passed, Approved and adopted this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Chairman, Board of Education

\_\_\_\_\_  
(Signature)