



Energy Revolving Fund

Missouri Energy Center fact sheet

5/2008

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The Energy Center, through the Energy Revolving Fund, provides loans to public schools, universities, colleges, cities, counties, public hospitals and water treatment plants to help reduce energy costs. This loan financing may be used for various energy-saving investments, including projects such as upgrading insulation, lighting systems, heating and cooling systems, windows and other items that affect your energy use.

Loan recipients will benefit from increased occupant comfort in their buildings and reduced energy costs. This loan financing also frees up tax dollars that school districts, higher education facilities and local governments can use for essential services or other capital improvements. Loan recipients repay the loan with money saved on energy costs as a result of implementing the energy-efficiency projects. These loans are not defined as debt. Thus, this loan financing does not count against debt limits or require a public vote or bond issuance.

Application Procedures

This is the announcement of the beginning of a new regular energy loan cycle. To apply for a loan, eligible entities must submit a completed application form to the department during an open application cycle. Applications will be accepted between June 1 and Oct. 15, 2008. This is a competitive loan cycle. New loan agreements will be awarded by Dec. 31, 2008.

For this competitive loan cycle, the Department of Natural Resources has \$3.8 million available for energy-efficiency loan projects. Each applicant may apply for a loan not to exceed \$1 million. If sufficient funds remain after review of all loan applications and priority ranking of loan applications, the department will consider awarding loans in excess of \$1 million to applicants who may desire larger loans and for which the project is expected to achieve adequate energy savings to support a larger loan. Loans will be awarded for a term not to exceed 15 years.

Loan funds will be allocated to eligible sectors as follows:

Public Schools (K-12): 50 percent of available funds;
City and County Governments: 25 percent of available funds; and
Public Higher Education Institutions: 25 percent of available funds.

If excess funds remain in any sector, the Energy Center may allocate them to other sectors. The loan recipients will be determined on a competitive basis. To determine which applicants will receive funding, applications will be ranked based on project payback, which will be determined by dividing the cost to implement a project by the estimated yearly energy cost savings. Projects with the lowest payback score in each sector allocation will be funded until all available funds are allocated. In case of identical payback scores, the eligible applicant with the highest percentage total of BTU savings will receive funding. Any applicant with ongoing enforcement issues with the Department of Natural Resources will be disqualified.

Interest Rates

Because of the dynamics in today's financial markets and to provide our applicants with below-market borrowing costs, the department is implementing a new method for establishing loan interest rates. Interest rates for these loans will be established in early December and will be set one-half of one percent below the 20-Bond Index interest rate. This index is an average of 20 municipal general obligation bonds with a rating of approximately Aa2. The 20-Bond Index interest rate is published weekly by the The Bond Buyer, a newspaper of public finance. This index will serve as the benchmark against which interest rates for the Energy Center's energy-efficiency loans will be set. For example, the 20-Bond Index interest rate for the week of April 28, 2008, is 4.68 percent. If the Energy Center were preparing loan agreements this week, the interest rate for all loans would be 4.18 percent.

Examples of Past Projects Funded Through the Energy Revolving Fund

Since the Energy Revolving Funds was initiated in 1989, the Energy Center has made 478 loans to finance more than \$80 million in energy-efficiency projects being completed and more than \$146 million in cumulative energy savings. Examples of recently completed projects are:

Location	Project	Construction Amount
Halfway R-III School District	Installed new ballfield lights	\$13,724
Eminence R-I School District	Upgraded heating plant, installed insulation and programmable thermostats	\$28,117
Carroll County Courthouse	Installed new windows	\$32,020
La Plata R-II School District	Upgraded lighting, installed windows and insulation	\$93,123
Forsyth R-III School District	Upgraded lighting	\$164,947
Lebanon R-III School District	Installed ground-source heat pump	\$230,504
Jefferson City School District	Upgraded lighting and heating plant	\$618,953
Mineral Area College	Upgraded lighting and HVAC system	\$1,132,216
Nevada Regional Medical Center	Upgraded HVAC system and installed windows	\$1,317,683

For More Information Contact:

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