WWTF Financing
Rev It Up Loan Program
January 13, 2016
Rev It Up Loan Program
Legislative Authorities

- MN Statutes 216C.145 & 146 provide Commerce and MMB authority to issue up to $100M in revenue bonds for energy efficiency and renewable energy (EERE) project loans.

- Up to $20,000,000 shall be reserved for community EERE projects taking place in small businesses and public buildings.
Rev It Up Loan Program

• Purpose:
  – To encourage community investment in energy efficiency and/or renewable energy systems by offering access to low-cost, long-term loans supported using revenue bond issuances.
  – To stimulate economic development and job creation/retention, improve public infrastructure and private sector properties, while encouraging greenhouse gas emissions reductions.
Eligible Borrowers

• Direct Issued Loans
  – Local unit of governments
  – MHFA

• Conduit Issued Loans
  – Commercial, Industrial, Small Businesses
  – Private and Non-Profit Healthcare Facilities
Eligible Project Types

- Anaerobic Digester Gas Systems
- Cost-Effective Energy Efficiency Projects
- Ground-Source Heat Pump Systems
- Micro-Hydro (up to 100 kW)
- PV Solar
- Small Wind (<250 kW)
- Solar Thermal
Eligibility Criteria

- EERE reliability and cost-effectiveness
- Proposed security for loan repayment
- Total life-cycle energy and GHG emissions/$
- % of total project cost – funding request
- Effective integration with utility conservation programs
- Diversity of technology
- Geographic distribution
Why Apply for a Rev It Up Loan?

• To increase operational performance and renew infrastructure at your WWTF.
• To mitigate future operational cost increases by reducing energy load and/or increasing energy production.
• To ensure your WWTF contributes to your organizational GHG emissions reduction goals.
What is Required to Apply?

• Completed RFP Application
• Comprehensive energy audit or feasibility study to include the following information:
  – Calculated revenues (energy & operational savings, energy production, or fee-based revenues)
  – Design details, project teams & implementation timelines
  – Total project costs
• Other forms of credit enhancement (capital contributions, letters of credit, loan guarantees)
# Deployment Steps for Rev It Up Loan Program

## Process Planning

### Development
- Author RFP, Guidelines, and Application Forms
- Outreach to peer agencies: DEED, PFA, MPCA, MHFA
- Generate program prospects (via trade associations and referrals: MnSEIA, BGA, LMC, Chambers)
- Identify market interest

### Solicitation
- Commerce to annually issue an RFP (mid-summer)
- Eligible applicants to submit RFP applications, technical and financial documents associated with a proposed project

### Evaluation
- Commerce to evaluate RFP proposals for programmatic and project eligibility
- MMB evaluates revenue projections and financial assumptions
- Approved RFP proposals will proceed to project underwriting

### Underwriting
- Bond Counsel determines issuance type and structures official statement for issuance
- MMB evaluates revenue projections and financial assumptions
- MMB completes project underwriting analysis and solicits potential investors

### Issuance
- MMB finalizes bond issuance with investors
- MMB deposits bond issuance funds in program account

### Repayment
- Commerce to collect loan repayments from borrower
- MMB oversees management of bondholder repayment
- Repayment of loans enables program to solicit additional RFP proposals

## Process Activities and Milestones

### Phase 1: Development
- Identify Potential Near Shovel-Ready Projects
  - Applicants: Local Government, Private Businesses, Non-Profits
  - Energy Efficiency: Various
  - Fuel Conversion: Anaerobic Digesters
  - Solar Production: Publicly owned, 3rd Party Financed, Community Solar Garden, Solar Thermal
- Potential borrowers are identified

### Phase 2: Solicitation
- Solicit Projects Proposals for Eligibility
  - Issuance Type: Tax-exempt, Taxable
  - Applicant Profiles: Local Government, Private Businesses, Non-Profits
- Access to low-cost, long-term project capital

### Phase 3: Evaluation
- Project Eligibility Is Determined
  - Applicant: Is sufficient project details provided
  - Commerce: Do proposals meet programmatic and project eligibility requirements
- Project approved pending positive underwriting analysis

### Phase 4: Underwriting
- Finalize Official Statement for Issuance
  - MMB: What interest rates are required to attract investors
  - Commerce: Do proposals meet programmatic and project eligibility requirements
- Approved RFP proposals will proceed to project underwriting

### Phase 5: Issuance
- Issue & Release Funds
  - MMB: Will investors purchase bond issuance
  - Commerce: Will loans be repaid per repayment schedule
- Repayment of loans enables program to solicit additional RFP proposals

### Phase 6: Repayment
- Monitor Repayments
  - Borrowers: Benefit from energy cost reductions or production
  - Commerce: Loan repayments allow additional loans to be originated
- Investors: Receive principal and interest payments

## Sector Considerations

- **Energy Efficiency**
  - Various
- **Fuel Conversion**
  - Anaerobic Digesters
- **Solar Production**
  - Publicly owned, 3rd Party Financed, Community Solar Garden, Solar Thermal

## Outcomes and Goals

### Phase 1: Development
- Applicants
- Issuance Type
- Applicant Profiles
- Sources of Debt Repayment
- MMB
  - What interest rates are required to attract investors
  - How will official statement for issuance be structured

### Phase 2: Solicitation
- Solicit Projects Proposals for Eligibility
- Applicant: Is sufficient project details provided
- Commerce: Do proposals meet programmatic and project eligibility requirements
- Project approved pending positive underwriting analysis

### Phase 3: Evaluation
- Project Eligibility Is Determined
- Applicant: Project approved pending positive underwriting analysis
- MMB: Project approved pending positive underwriting analysis

### Phase 4: Underwriting
- Finalize Official Statement for Issuance
- MMB: Issuance approved
- Finalize bond issuance documents

### Phase 5: Issuance
- Issue & Release Funds
- MMB: Will investors purchase bond issuance

### Phase 6: Repayment
- Monitor Repayments
- Borrowers: Benefit from energy cost reductions or production

## Borrower Benefits

- Potential borrowers are identified
- Access to low-cost, long-term project capital
- Financing approved
- Market advantage
Next Steps

- **1st Quarter, 2016**
  - Commerce will be revising the Rev It Up Loan Application

- **2nd Quarter, 2016**
  - Commerce will initiate program outreach & marketing

- **3rd Quarter, 2016**
  - Commerce will be issuing program RFP

- **4th Quarter, 2016**
  - Commerce will be evaluating and awarding successful RFP proposals
Any Questions?

Please contact me to directly to discuss your questions associated with the Rev It Up Loan Program or any other Commerce supported program.

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