



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

PROCESS ACTIVITIES AND MILESTONES

OUTCOMES AND GOALS

SECTOR CONSIDERATIONS

BORROWER BENEFITS

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6
	Development	Solicitation	Evaluation	Underwriting	Issuance	Repayment
	<p>Author RFP, Guidelines, and Application Forms</p> <p>Outreach to peer agencies: DEED, PFA, MPCA, MHFA</p> <p>Generate program prospects (via trade associations and referrals: MnSEIA, BGA, LMC, Chambers)</p> <p>Identify market interest</p>	<p>Commerce to annually issue an RFP (mid-summer)</p> <p>Eligible applicants to submit RFP applications, technical and financial documents associated with a proposed project</p>	<p>Commerce to evaluate RFP proposals for programmatic and project eligibility</p> <p>MMB evaluates revenue projections and financial assumptions</p> <p>Approved RFP proposals will proceed to project underwriting</p>	<p>Bond Counsel determines issuance type and structures official statement for issuance</p> <p>MMB negotiates bond issuance terms using private placement model</p> <p>MMB completes project underwriting analysis and solicits potential investors</p>	<p>MMB finalizes bond issuance with investors</p> <p>MMB deposits bond issuance funds in program account</p> <p>Commerce originates loans to borrower</p> <p>Commerce releases funds to borrower</p> <p>Borrower uses funds to install EERE systems</p>	<p>Commerce to collect loan repayments from borrower</p> <p>MMB oversees management of bondholder repayment</p> <p>Repayment of loans enables program to solicit additional RFP proposals</p>
	Identify Potential Near Shovel-Ready Projects	Solicit Projects Proposals for Eligibility	Project Eligibility Is Determined	Finalize Official Statement for Issuance	Issue & Release Funds	Monitor Repayments
	<p><u>Applicants</u></p> <ul style="list-style-type: none"> Local Government Private Businesses Non-Profits <p><u>Energy Efficiency</u></p> <ul style="list-style-type: none"> Various <p><u>Fuel Conversion</u></p> <ul style="list-style-type: none"> Anaerobic Digesters <p><u>Solar Production</u></p> <ul style="list-style-type: none"> Publically owned 3rd Party Financed Community Solar Garden Solar Thermal <p>Potential borrowers are identified</p>	<p><u>Issuance Type</u></p> <ul style="list-style-type: none"> Tax-exempt Taxable <p><u>Applicant Profiles</u></p> <ul style="list-style-type: none"> Local Government Private Businesses Non-Profits <p><u>Sources of Debt Repayment</u></p> <ul style="list-style-type: none"> Energy & operational savings Energy production Revenue generated from productivity gains <p>Access to low-cost, long-term project capital</p>	<p><u>Applicant</u></p> <ul style="list-style-type: none"> Is sufficient project details provided <p><u>Commerce</u></p> <ul style="list-style-type: none"> Do proposals meet programmatic and project eligibility requirements <p><u>MMB</u></p> <ul style="list-style-type: none"> Do projected revenues exceed debt financing costs Are sufficient credit enhancements offered as collateral <p>Project approved pending positive underwriting analysis</p>	<p><u>MMB</u></p> <ul style="list-style-type: none"> What interest rates are required to attract investors Are investors identified using private placement issuance <p><u>Bond Counsel</u></p> <ul style="list-style-type: none"> How will official statement for issuance be structured <p><u>Borrowers</u></p> <ul style="list-style-type: none"> Are terms of bond & loan issuance accepted <p>Finalize bond issuance documents</p>	<p><u>MMB</u></p> <ul style="list-style-type: none"> Will investors purchase bond issuance <p><u>Commerce</u></p> <ul style="list-style-type: none"> Will loans be repaid per repayment schedule Are investors repaid on time <p><u>Borrowers</u></p> <ul style="list-style-type: none"> Will EERE systems perform as predicted <p>Financing approved</p>	<p><u>Borrowers</u></p> <ul style="list-style-type: none"> Benefit from energy cost reductions or production <p><u>Commerce</u></p> <ul style="list-style-type: none"> Loan repayments allow additional loans to be originated <p><u>MMB</u></p> <ul style="list-style-type: none"> Successful bond repayments encourages investors to purchase future bond issuances <p><u>Investors</u></p> <ul style="list-style-type: none"> Receive principal and interest payments <p>Market advantage</p>

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.

Eric Rehm

Energy Finance Programs Administrator

651-539-1853

eric.rehm@state.mn.us