

Cumberland Revolving Energy Loan Fund (CRELF)

Program Guidelines

Sponsor: Cumberland Area Economic Development Corporation
d/b/a Cumberland County Economic Development

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PROGRAM GUIDELINES

STATEMENT OF PURPOSE

- Cumberland County is making available up to \$441,460 to establish a revolving loan pool to be managed by Cumberland County Economic Development (CCED). The objective of the revolving loan pool is to assist Cumberland County in becoming one of the Alternative & Renewable Energy leaders in the United States. Funds will be available on a first-come-first-served basis to any business looking to invest in the installation of small Renewable Energy sources on existing or new buildings or to retrofit existing buildings or facilities with energy efficient equipment as detailed below.

ELIGIBLE & INELIGIBLE APPLICANTS

The following applicants are *eligible* for CRELF loans:

- A Business: corporation, partnership, sole proprietorship, limited liability company, business trust, or other commercial entity approved by CCED.
- The term BUSINESS shall also include not-for-profit entities.

The following applicants are *ineligible* for CRELF loans:

- Political Subdivisions
- Residential Customers

ELIGIBLE PROJECTS

Below is a list of activities that are categorically excluded from further National Environmental Policy Act (NEPA) review. Funds may only be used for activities that are covered on this categorically excluded (CE) activity list.

Projects that do not fall under the Categorically Excluded activity list will not be considered for this loan program. All projects will be reviewed by CCED & the Cumberland County Planning Department to determine if the work proposed falls under the Federal CE activity listing.

- Retrofits of existing buildings or facilities (commercial or industrial) with energy efficient equipment (insulation, LED lighting, HVAC upgrades, weather sealing, replacement of windows and doors, etc.). It does not include massive expansions of buildings or facilities.
- For historic structures, it may be necessary that the retrofits maintain the building's historic character (e.g., replacement of windows and doors with appropriate designs).
- Installation of small renewable energy sources located on existing buildings or existing facilities – photovoltaics, wind turbines, solar thermal hot water, geothermal heat pumps, combined heat and power systems.
- Photovoltaics – appropriately sized units on existing rooftops and parking shade structures, or 60kW systems or smaller installed on the ground within the boundaries of an existing facility.
- Wind turbines – 20kW or smaller.
- Solar thermal hot water – appropriately sized units for small commercial buildings.
- Geothermal heat pumps – 10 tons of capacity or smaller.
- Geothermal power plants – 300kW or smaller (factors such as open or closed loop and fluid type play a role)
- Combined heat and power systems – systems sized to boilers appropriate to the buildings in which they are located.

LOAN DESCRIPTION

LOAN AMOUNTS

- Loan amounts shall be awarded at a minimum of \$15,000 and a maximum of \$250,000. Federal awards, American recovery and reinvestment act (ARRA), and Federal stimulus money have various reporting requirements that may change without notice. You are responsible for supplying all information requested by the Federal Government and Department of Energy through CCED.
- CCED will provide financing for no more than 50% of the eligible project cost or loan amount that is needed to complete the project.

REPAYMENT TERMS & INTEREST RATES

- Depending on project, size of the loan, assessed risk, and available collateral terms are to be no less than five 5 years and no more than fifteen 15 years.
- Loans are to be secured by the assets financed at the highest lien position available. CCED may require additional security to be pledged as necessary if the loan-to-value (LTV) exceeds 90%.
- Interest rate will be assessed at **2%** for the term of the loan.

SECURITY

Eligible type of security or loan collateral includes:

- Real Estate Title insurance will be required.
- Machinery and equipment.
- Personal Guarantees (anyone that has more than 20% ownership of the business receiving the financing will be required to sign as a personal guarantor).

APPLICATION PROCESS

Application Procedure

- All applicants must complete and submit a Loan Application and Personal Financial Statement.
- A non-refundable application fee of \$500 must be submitted with your application.
- Applicant(s) must also provide all information requested on the CCED Loan Checklist.

LOAN CONDITIONS (other conditions may apply and will be detailed in the loan documentation)

- Fulfill job requirement conditions as addressed in the Contractor Guidelines.
- Client will agree to participate in marketing and promotional activities.
- Client may be asked to sign an ACH form in order to automatic debit the monthly loan payments.
- The client will maintain insurance in all assets used to collateralize the loan naming CCED as the loss payee in the policy.
- If the loan is collateralized with business assets and the client is leasing the site where the business assets are located, the client will need the landlord to sign a landlord's waiver to protect the lender's collateral.
- Personal guarantees are required from anyone that has more than 20% ownership in the business that is receiving financing.
- All officer's debt should be subordinated to CCED.
- The client shall inform CCED of any changes in the ownership of the business 15 days prior to any change taking place.
- The loan will be considered in automatic default if the business is moved outside of Cumberland County. Permission to changes in location may be issued as long as the location is within Cumberland County and written notification has been provided.
- A business may not change its industry classification during the loan repayment period. Ex: a restaurant may not reopen as a hair salon. The loan will be considered in default if a business changes its classification without approval from CCED. A business may submit a proposal to CCED to change its industry classification as long as the new business type is considered an eligible entity as listed above.
- Clients may be asked by the lender and must agree to provide, annual accountant prepared tax returns within 90 days of the close of the business's fiscal year. In addition, as long as it is reasonable and does not create any unnecessary expenses or financial hardships, the client may be asked and shall provide quarterly financial statements including all income and expense statements.

LOAN DECISIONS

- The CCED lending officer will be in charge of underwriting the deal and issuing an outcome recommendation. The recommendation will then be submitted for final approval to a loan committee panel that will confidentially review the loan request. Final loan determinations and disbursement of funds are expected to take between 4 and 6 weeks after all requested information has been submitted to the CCED lending officer.
- Closing fees are applicable and may include legal expenses.

PROGRESS REPORTING & REQUIRED REGULATIONS

- Applicants who receive Federal funds are required to follow the **DAVIS-BACON ACT** requirements. Instructions for accessing and printing the Federal Wage Determination Packet for PA are provided in the Contractor Guidelines Packet.
- CCED must review all information in the Contractor Guidelines Packet with your selected contractor prior to the start of any work
- At this time there are minimal job creation/retention reporting requirements for sub-sub or 3rd tier award recipients. This requirement could be changed by the Federal Government at any time in the future. It is strongly recommended you record project Job Creation/Retention using the instructions provided in the Contractor Guidelines Packet to prepare for this potential situation. If required, failure to provide this information will result in fines and penalties.
- The Federal government requires sub-sub or 3rd tier award recipients to maintain records sufficient to detail the history of their Contractor procurement process. These records may include, but are not necessarily limited to the following: rationale and system used to select a Contractor; bids submitted. At anytime the Federal government may ask to see these records and you will be required to provide them or face financial penalty via the Federal government. CCED strongly recommends that you accurately document your Contractor Selection Process

Required Documents	Date Submitted	Received By
Indicated Loan Checklist Items		
Loan Application		
Personal Financial Statement		
\$500 Application Fee		

APPROVALS

Prepared By _____ _____
 Project Manager Date

Reviewed By _____ _____
 Project Sponsor (CCED) Date

_____ _____
 Executive Sponsor (CC Planning Dept.) Date