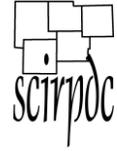


# Energy Efficiency Initiative Loan Program

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South Central Illinois Regional  
Planning & Development Commission



The Energy Efficiency Initiative (EEI) Loan provides a valuable tool to help implement energy saving and efficiency projects in the counties of Clay, Effingham, Fayette, Jasper and Marion, in the State of Illinois. The South Central Illinois Regional Planning & Development Commission established the EEI direct loan program in the Fall of 2010. The Commission's EEI lending authority was made possible by three separate, long-term very low-interest, fixed-rate federal loans totaling \$3.2 million under the provisions of the Intermediary Relending Program which is administered by the Rural Development division of the USDA.

These federal funds are reloaned to qualifying, creditworthy units of government and special taxing districts within the region by the Commission at an attractive fixed interest rate, repayable over as long as a 5-year term. The EEI program has proven to be an invaluable way to support the upgrading or actual replacement of older less energy efficient lighting fixtures, HVAC systems, etc. located within public buildings. EEI loan funds can compliment local applicant funding and/or state EEP's resources, as well as IMEA resources to support worthwhile long-term, locally-sponsored public-sector energy saving and conservation proposals within the region.

In some instances, the implementation of energy efficiency improvements can require the injection of local funds by the sponsoring local government or district at a time when readily available budget resources are scarce. The Commission hopes that the provisions of its innovative Energy Efficiency Initiative (EEI) loan program will allow prospective applicants to still benefit from state or association funding through provision of the required matching contribution. By spreading the need to repay such required matching funds over a multi-year period, combined with the future local financial resources that are freed up as a direct result of future energy savings, local governments and special taxing districts will find it feasible to participate in such energy-saving initiatives. The Commission is a **non-profit regional organization** with the proven staff experience to foster economic development at the local/regional levels. It works cooperatively with both **USDA Rural Development** and **local lending institutions** (if necessary) to provide fixed-asset financing for creditworthy small businesses.

Benefits of the EEI Loan program include;

- **low down payment** financing for existing, financially strong firms;
- **favorable repayment schedules** that match the assets (*up to 5 years*) and;
- **fixed interest rates** (2.0%).

## Loan Structure and Eligibility

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Currently, the EEI loan provides a portion of the overall project financing based upon the following formula:

- **Maximum Loan Amount** - \$100,000, and
- **Maximum Project Participation** – 75% (partner lender/borrower provide(s) remaining 25%), and

With this formula, a borrower using \$100,000 in loan funds, would be committing to a project with a minimum value of \$133,333. At a 2.0% interest rate and a 5-year term, monthly payments would amount to \$1,753 per month.

EEI direct loan funds are used by the borrower to support energy efficiency improvements. Municipal and county governmental units and special taxing districts (school districts, park districts, airport authorities, etc.) located and operating in the counties of Clay, Effingham, Fayette, Jasper and Marion, in the State of Illinois, are eligible for the EEI Loan program. Borrowers must have a dedicated source of tax revenue that is shown to be able to support the monthly principle and interest charges. In some cases, they can be used to refinance existing loans. The Commission expects not less than a prorated co-first lien position of the assets it helps finance. In some cases, it may be necessary to issue General Revenue Bonds to secure the loan.

## How the Application Process Works

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### Estimated Project Costs:

- A non-refundable \$1,000 **loan packaging & processing fee** to SCIRPDC;
- Payment of certain **front-end expenses** to complete the EEI application for submission to the local bank (if applicable) and SCIRPDC (e.g., possible accounting and legal costs, etc.);

### Estimated Application Timeframe:

Most EEI loans can be packaged by the Commission's staff in two to three weeks with the borrower's full cooperation, thereby permitting a credit decision within a total of four to five weeks. Within an additional two weeks, the EEI loan could be ready for closing.

## How the Closing Process Works

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The EEI Loan Program has very broad application. While other documents may also be required, the following list will be helpful in getting the closing process started:

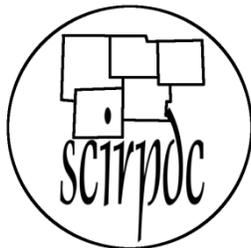
- **Cost Documents for Equipment,**
- **Organizational Docs,**
- Applicant's completion of all applicable EEPs or IMEA **funding instruments,**
- **Written commitment** for any local cash or in-kind (e.g., force account labor) contributions, and
- **EEI Funding Agreement** (along with any other documents deemed necessary).

Additional documents will also be needed to complete our closing book, but can be collected while awaiting closing or at closing.

## For Further Information

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If you would like to schedule a meeting and review session for your potential EEI Loan project, we would be happy to sit down with you. Here is our contact information:



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