

**VERMONT
CLEAN ENERGY DEVELOPMENT
FUND**

**LOAN PROGRAM
APPLICATION
INSTRUCTIONS**

CEDF LOAN PROGRAM

GUIDELINES

The CEDF will fund a wide variety of clean and/or renewable electric energy technologies, including but not limited to the following: solar photovoltaic; wind energy; farm, landfill, and sewer methane recovery; combined heat & power (CHP) systems; and hydroelectric systems. All projects must be grid-connected. The CEDF will make loans to companies that meet the Fund's objectives and advance the overall goals of the Fund as more specifically set forth in 10 V.S.A § 6523 and the CEDF Strategic Plan in the section entitled "Potential Funding Areas." Eligible borrowing entities may include individuals, sole proprietorships, municipalities, partnerships (both general and limited), limited liability companies, nonprofit corporations, Subchapter S corporations, and foreign corporations with Vermont subsidiaries/affiliates.

Loan funds may be used to purchase fixed assets, including real property, machinery, and equipment, and for working capital, including but not limited to the financing of inventory and accounts receivables. Loan funds may not be used to fund feasibility studies, although certain research and development and engineering activities may qualify for funding. All loan funds must be used for activities or assets directly related to the project. At least 10% of a project must be financed with equity. A CEDF loans may fund no more than 90% of the cost of a project. Projects leveraging other funding sources such that the percentage of CEDF funding can be minimized will be given priority for funding. The CEDF's loans may not exceed \$1,000,000 per project; minimum loan amount is \$50,000.

The normal loan term is 10 years with a 15-year amortization for structure and real estate loans, and a maximum of a 7-year term and amortization for machinery/equipment loans. Term working capital loans will generally be made for a three-year term, although there may be flexibility depending on the nature of the project and the assets being financed. In accordance with normal lending practices, the CEDF collateralizes its loans with mortgages on real estate and/or security interests in machinery and equipment. Personal guarantees of principals may be required.

Completed applications for financing are due the first Thursday of every month. The review period for complete applications may be up to 60 days. If applications are not complete or unforeseen circumstances arise, the review period could be longer. The CEDF Investment Committee must approve all loans. Applicants are advised to discuss their proposed project with the CEDF Manager prior to submitting an application. A written commitment from all other lenders or guarantors involved in the project must be included in the application. A Processing Fee of 1% of the CEDF loan amount (capped at \$1,500) is payable when

the CEDF's loan commitment letter is executed and returned by the applicant.

Principals of the applicant may be asked to be in attendance to answer questions when the CEDF Investment Committee considers the application. Meetings are open to the public, subject to certain exceptions.

LOAN RATES

Interest rate fixed at 2%

MAIL APPLICATIONS TO:

Anne Margolis
Clean Energy Development Fund Manager
Vermont Dept of Public Service
112 State Street
Montpelier VT 05620-2601

For additional information contact Anne Margolis at:

Tel: 802-828-4017

Fax: 802-828-2342

Email: anne.margolis@state.vt.us

The CEDF loan application consists of 11 sections. Please submit the following, starting with a summary page.

SECTIONS 1-3 MUST BE SUBMITTED ELECTRONICALLY AS WELL AS WITH THE HARD COPY OF THE COMPLETED APPLICATION.

1. SUMMARY PAGE

- a. Name of applicant, address and telephone number, and email
 - b. Loan amount requested
 - c. Brief project description
 - d. Name, title and telephone number of individuals who will be the primary contact with CEDF
 - e. Applicant Federal Identification Number
 - f. Applicant Vermont Business Account Number
 - g. Signature and title of applicant; date of application
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Following the summary page, your application must include the following information:

2. PRINCIPALS

Personal resumés (including Social Security numbers) of all principals and/or officers, outlining education and employment history, particularly as it pertains to the present project. Include title and percent of ownership of each principal.

3. PROJECT DESCRIPTION

Provide a description of the project for which financing is requested. This exhibit should include, at minimum:

- a. Type of clean or renewable energy technology proposed;
 - b. Type and number of electrical generation units planned;
 - c. Electrical capacity in KW for the project, and by unit if multiple generators;
 - d. Estimated annual KWH production for the project;
 - e. Thermal capacity in MMBTU if CHP project;
 - f. Estimated annual thermal output in MMBTU if CHP project;
 - g. Detailed budget for project costs to show sources and uses of all funds;
 - h. Description of how the project will be operated and maintained;
 - i. Identification of key personnel who will be involved with the installation or operation of the project by name and title with a description of their qualifications and experience. Subcontractors must be listed, including the firm name and address, contact person, and complete description of work to be subcontracted. Include descriptive information concerning subcontractor's organization and abilities;
 - j. Description of the specific environmental and societal benefits created through support of the project, such as: the reduction in carbon dioxide and other greenhouse gas emissions and air pollutants; and reduction of fossil fuel;
 - k. A description of any land or buildings to be purchased with the proceeds of the loan;
 - l. A description of any machinery or equipment to be purchased with the proceeds of the loan;
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4. BUSINESS PLAN

The Business Plan should include, but need not be limited to, a discussion of the following elements, if applicable to your business. If other elements are more relevant, please discuss those:

- a. Narrative of business or corporate history
 - b. Current/proposed business operations
 - c. Business/industry environment
 - d. Marketing plan
 - e. Production or operations plan
 - f. Management structure, including key personnel and their functions
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5. FINANCIAL PLAN

Provide detailed historical and projected financial information, including:

- a. Preferably CPA-prepared financial statements for the past three years, including income statements, balance sheets, and sources and uses of funds and associated footnotes. If financial statements are unavailable, signed tax returns may suffice;
 - b. If the applicant is a subsidiary or is closely affiliated with another corporation, supply financial statements for the parent corporation or affiliate for the last three years;
 - c. Projected income and cash flow statements and balance sheets for the present fiscal year and three years forward. Start-up or development-stage businesses should also provide a monthly cash flow statement for the first year or until the business is projected to reach breakeven. List all material assumptions included in the projections;
 - d. Personal financial statements for all principals with ownership equal to or greater than 20% of the business;
 - e. Sources and terms of funds to be borrowed for working capital and for the planned purchase of other assets not included in the CEDF project;
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6. WORK PLAN & PROJECT TIMETABLE

Describe in narrative form the plan for accomplishing the work required to complete the project, plan for project oversight, quality assurance measures, and financial management. Include a list of all permitting requirements for the project and whether any of the permits have been obtained.

7. JOB CREATION

In an attempt to gather more in-depth and accurate information on job creation, we request that the applicant provide certain information to assist CEDF in ascertaining its impact on and value to the Vermont economy. We understand that projected employment data is difficult to predict and that future employment data may not meet projections, but we request that the applicant make a reasonable estimate of any future employment opportunities created by the project, or the ability of the project to preserve existing jobs.

8. LENDER COMMITMENTS

Provide letters of commitment from all other participating lenders or guarantors, including banks and other private and/or public institutions or entities. Include relevant resolutions of boards or committees, executed by appropriate individuals.

9. BANKING RELATIONSHIPS

Provide a list of all loan obligations that the business currently has outstanding, and for each loan indicate: the original and current principal balance; the type of loan and collateral pledged; the terms and conditions thereof; and the name and telephone number of the loan officer.

10. BANKRUPTCY/LITIGATION

Provide a brief written description of the details of any bankruptcy, receivership, compromises with creditors, any pending litigation, or criminal charges or convictions other than minor motor vehicle violations, against the applicant, company, officers, directors, or principal stockholders. If none of these circumstances pertain, include a statement to that effect.

11. CERTIFICATE OF AUTHORITY TO DO BUSINESS IN VERMONT

If applicant is an out-of-state domiciled company, include Certificate of Authority to do Business in Vermont.

PROJECT EVALUATION CRITERIA

In addition to a credit underwriting process, the following project evaluation criteria may be considered in the approval of loans. Any additional criteria deemed relevant may also be considered.

- **Financial Leverage**

To maximize use of the available funds, the degree of financial leverage (through funding obtained from the federal government, private investors, companies and consumers, etc.) will be a component of investment decisions.

- **Energy Available to Vermont Ratepayers**

Programs and projects will be evaluated in terms of the degree to which they are likely to contribute to an increase in the renewable energy generating or CHP capacity available to Vermont ratepayers.

- **Economic Impact**

The extent of the additional economic value created by support of a project/program will be evaluated. The creation of well-paying jobs is also fundamental to CEDF's mission. Evaluation of the number and quality of jobs the applicant expects to create or retain is crucial in the CEDF's evaluation of a project.

- **Strength of Management Team**

In evaluating projects or programs, consideration will be given to the strength, experience, and qualifications of the management team.

- **Market Impact**

The degree to which the project increases renewable energy capacity, reduces barriers to market entry, and creates new markets in Vermont.

- **Public Benefit**

Projects will be evaluated in regards to the benefit to Vermont ratepayers and/or system benefits, and in meeting state renewable energy objectives and policies. Projects that benefit public buildings and/or will be located in constrained areas may receive preference in the evaluation process.

- **Reductions in Greenhouse Gas Emissions**

The Fund will consider the degree to which investments contribute to a reduction in carbon dioxide emissions and other greenhouse gas and air pollutants.

- **Energy Efficiency**

Installations at residential and commercial buildings must show that the building has met required energy codes. Additional consideration may also be given for high-performance buildings or above-code energy efficiency improvements.

APPLICANT CERTIFICATION

I / We hereby certify that the information contained in our application for funding from the Vermont Clean Energy Development Fund dated _____ is complete and accurate to the best of my/our knowledge, and authorize all inquiries deemed necessary to verify the accuracy of the information I/we have and will provide in connection therewith.

Applicant

Date

Applicant

Date

Applicant

Date