

ALABAMA **SAVES**™

Sustainable and Verifiable Energy Savings

Technical Guide

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Introduction

The Alabama Department of Economic and Community Affairs – Energy Division (“ADECA”) has established the AlabamaSAVES™ (Sustainable and Verifiable Energy Savings) Commercial & Industrial Energy Revolving Loan Fund (“AlabamaSAVES™” or the “Program”) to fund energy improvements to existing facilities and industrial processes. Financing solutions are available for private commercial, industrial, and institutional energy-efficiency and renewable-energy projects in Alabama, including private non-profits and special purpose entities. Abundant Power Solutions, LLC, is the Program Administrator.

Program funding is available for energy cost saving projects with savings that are expected to meet or exceed project costs within 10 years

Eligible Businesses

Program financing is available to all private companies (i) with a place of business in the State of Alabama that are duly organized and/or qualified to do business in the State, and (ii) that own, lease or control one or more existing private commercial, industrial, or institutional facilities in the State.

Basic Loan Terms

The Program provides participating loans (the “Participating Loan Program”) where the Program will use funds to purchase a participating interest in (the “Participating Interest”) of a qualifying loan under the guidelines of the Program (the “Participating Loan”). The interest rate charged on the Program’s Participating Interest will be up to 2% below the interest rate offered by the Participant Lender in the Participating Loan. The Program’s Participating Interest in the Participating Loan represents an undivided interest in the Participating Loan and is subordinate to the Lender Participant’s position in the Participating Loan in the event of a default.

Minimum Participating Loan size	<i>\$100,000 with Participating Interest of \$50,000</i>
Maximum Participating Loan size	<i>No limit on size of Participating Loan but maximum Participating Interest of \$2,000,000</i>
Interest rate	<i>Up to 2% below the interest rate offered by the Participant Lender in the Participating Loan</i>
Participating Loan term	<i>As negotiated between the Lender Participant and the Borrower and documented in the Participating Loan, but the expected term is not to exceed the blended useful life of the improvements up to a maximum of 10 years for equipment.</i>
Use of Proceeds	<i>The Participating Interest can be for the lesser of either 100% of the cost of the Eligible Project; or 50% of Participating loans.</i>
Closing Costs	<i>Greater of \$2,000 or 2% program origination fee on the Participating Loan Amount and reasonable and customary costs from a participating lender partner</i>
Other	<i>Compliance with Program Technical Guide and federal provisions</i>

as applicable to ARRA subsidized loans

Eligible Service Providers

In order to encourage broad market participation, the Program is designed to facilitate financing solutions through a variety of delivery models, including projects developed through independent engineers, performance contracting entities, product vendors and installing contractors. The latest list of approved service providers is always posted at www.AlabamaSAVES.com. Service providers not currently listed can generally be pre-approved in parallel with funding applications to the program. Refer to the Service Provider Application Guide at www.AlabamaSAVES.com for additional details.

Eligible Loan Costs

The participation of AlabamaSAVES™ is available for energy cost saving projects with savings that are expected to meet or exceed project costs within 10 years, employing strategies and equipment consistent with the following:

- Energy-efficient fixtures and retrofits installed on property owned and/or operated by an eligible business. Eligible energy-efficient fixtures and retrofits may include mechanical systems and components including HVAC and hot water, electrical systems and components including lighting and energy management systems, doors and windows, insulation, refrigeration and combined heat and power, and water conserving fixtures where the energy savings are demonstrable. Funding from the program is for retrofits of existing properties and NOT for new construction of buildings and factories.
- Renewable-energy systems installed on property owned and/or operated by an eligible business. Eligible renewable energy systems may employ solar, biomass, biofuels, geothermal, micro-hydroelectric, methane capture and use or fuel cell technologies.
- Efficiency improvements for vehicles and transportation equipment owned and/or operated by an eligible business, including conversions from diesel or gasoline to compressed natural gas and propane as alternative fuels or idle mitigation technology.

Project Development Process

The basic process for obtaining a Participating Interest through the AlabamaSAVES™ program is as follows (**Projects must be approved for participation in the Program before implementation or construction begins**):

1. In order for a Lender Participant to be eligible to participate in the Program, it must become a party to the Master Participation Agreement adopted by the Program.
2. Service provider works with prospective customer to prepare and submit a Project Summary form, as posted at www.AlabamaSAVES.com.
3. Upon review by the Program Administrator, a complimentary consultation on the scope of work and eligibility under the Participating Program and next steps can be scheduled.

4. Prior to (or in conjunction with) submitting the Application for Participation, the applicant Lender Participant, Borrower or Eligible Service Provider must submit a technical rationale (Project Summary and supporting documentation) demonstrating that the project is reasonably expected to attain a 10-year simple payback or better. This Project Summary and supporting documentation will be reviewed by the Program Administrator for general compliance with Program guidelines and reasonableness of calculations. If determined to be reasonable and in compliance with Program guidelines, the applicant will be informed that the project will be recommended for approval or consideration by the AlabamaSAVES Loan Review and Governance Committee.
5. After (or in conjunction with) a Project Summary is reviewed and preliminarily approved, the applicant Lender Participant must submit a formal Application for Participation to the Program Administrator, along with the required supporting credit information for the Program's underwriting.
6. The Administrator and the Committee have 30 days from receipt of the Application for Participation to review the Project for eligibility and to make a decision with regard to purchasing the Participating Interest based on the credit of the Borrower and the terms of the Participating Loan.
7. Upon the Committee approving the Application for Participation, it will notify the Lender Participant and forward a Commitment Letter for its purchase of the Participating Interest which commitment is good for 120 days from issuance.
8. The Lender Participant then has 15 days from issuance of the Commitment Letter to close the Participating Loan and forward the closing package to the Administrator, after receipt and review of which, the Program and the Lender Participant will execute a Participate Certificate and the Program will fund the Participating Interest

Davis Bacon Act (DBA)

Participating Loans in which there is a Participating Interest through the AlabamaSAVES™ program are subject to the prevailing wage requirements under the Davis Bacon Act. The DBA requires all contractors and subcontractors to pay laborers and mechanics employed on a covered contract wages and fringe benefits determined by the Secretary of Labor to be prevailing for corresponding classes of employees engaged on similar projects in the locality. Representations to this effect will be provided in the final Borrower's Certificate and must be included in any contract or sub-contract paid for through AlabamaSAVES™ participating funds. Prevailing wage rates can be found at www.wdol.gov.

National Environmental Protection Act (NEPA)

The prospective project owner will be responsible for conformance with the National Environmental Protection Act as it may apply to a proposed project. Typically, certain uses of loan proceeds are granted compliance through Categorical Exclusions, where other uses (larger projects with environmental impacts, such as cogeneration projects that exceed certain minimum size thresholds) will require dedicated NEPA review by the DOE.

National Historic Preservation Act (NHPA)

Properties (e.g., sites, buildings, structures, objects) of historic, archeological, or architectural significance designated by Federal, state, or local governments or property eligible for listing on the

National Register of Historic Places, may be subject to additional compliance review to ensure conformance with the NHPA.

Non-Energy Benefits

AlabamaSAVES™ does not account for non-energy benefits when evaluating whether a project meets the 10-year simple payback hurdle of the program. Cash-flow impacts beyond energy savings, such as maintenance costs or asset depreciation, may, however, be considered in the credit review of a project by a lender partner.

Exceptions

AlabamaSAVES™ can approve reasonable exceptions to written policies on a loan-by-loan basis.

Additional Support

If you have questions regarding the participating loan program or application process, please email info@AlabamaSAVES.com. If you need to speak to someone, please call Abundant Power Solutions at 704-271-9889. Additional resources are available online at www.AlabamaSAVES.com.