

EECBG Questions and Answers from FedConnect: Revolving Loan Funds

The following questions and answers have been compiled directly from FedConnect and presented below for your convenience. The questions and answers were selected by ICLEI staff in response to interest from members on certain topics. These are not necessarily all the questions and answers on a given topic but are considered representative. In partnership with Strategic Energy Innovations, ICLEI offers its members a nearly complete, searchable, browse-able database of questions and answers available through FedConnect [here](#).

Q: *Is the intention of the revolving loan fund to fund only community-wide projects, or can it be set up as an internal fund to be used across County agencies, facilities, departments, with documented savings fed back into the fund to continue supporting new projects?*

A: The revolving loan fund could be used in either way described. (05/07/2009)

Q: *If a revolving energy fund is created internally within government operations and the savings of projects paid for are returned to the fund for future projects, does that count as part of the 20% limit or is that separate given the fact that the project money is not actually getting paid back, but rather just the savings that would normally go into general government funds. My thinking was that the community revolving loan fund would be subject to the limit but an internal budgeting process that set aside savings for a particular purpose was not specifically a revolving loan fund and therefore was not subject to the limitation. Can you please clarify?*

A: Yes - agree with your understanding - savings are separate. No more than 20% of the allocation can be used for establishing revolving loan funds. (05/07/2009)

Q: *We would like to use the EECBG funds to pay for energy efficiency improvements on City facilities. Our intent is to use the funds to pay for the improvement and then have departments pay back the cost of the improvements over time and re-use these funds for other energy efficiency improvements in other city facilities. This would be a continuous process that would last forever with maximum energy savings realized, job creation...etc. This activity could be characterized as a revolving loan which would then be restricted to the 20% limit in the solicitation. Did DOE intend to restrict internal city programs to the 20% limit for revolving loans or was the restriction meant of external revolving loan programs such as for the business community? If so, we would then be forced to use the funds to pay for one set of facility improvements, on a one time basis, and not create a meaningful energy efficiency program for city facilities. Please advise.*

A: DOE does not distinguish between internal or external with regards to revolving loan funds. Therefore, the establishment of your internal revolving loan process is acceptable, but it would be subject to the 20% limit. (04/30/2009)

Q: *EISA Section 545(b)(3)(B) EISA Section 545(b)(3)(B) states that no more than 20% of a grant or \$250,000, whichever is less, may be used "for the establishment of a revolving loan fund." This restriction is contained in the FOA in the second complete paragraph of page 16. My question is: Does the spending cap on the establishment of a revolving loan fund apply only to the administrative expenses of setting up the fund, or does it also apply to using the grant to capitalize the revolving loan fund as well? We are a private, nonprofit community development financial institution that already finances energy efficiency and conservation improvements as part of our portfolio. We are proposing to use EECBG funding from nearby EECBG recipients to capitalize a new revolving loan fund. We will then use these public dollars to leverage private capital on a 3:1 basis (\$3 private capital for every \$1 public capital) for an energy efficiency revolving loan fund that provides low-cost financing of energy efficiency improvements. Local governments are interested in working with us since our model - which we have done for other needs - increases the total amount of capital available for energy efficiency improvements and allows that financial support to be ongoing rather than a one-and-done support as a grant would be. Could a recipient of EECBG grant make those dollars available to us for this revolving loan fund and if so, would the EECBG recipient be limited to using not more than 20% of their EECBG (or \$250,000, whichever is less) to be the initial public capital in this revolving loan fund? Thank you for your assistance in understanding this section of the EISA.*

A: The funding limitation applied to using the grant to capitalize the revolving loan fund, not just the administrative expenses. Yes, grant funds could be used for the revolving loan program described. Yes, entity would be limited to using no more than 20% of the EECBG funds (or \$250,000 whichever is greater) for the initial public capital. (04/20/2009)

Q: *If we were to start a revolving loan program, would all the money for the loan program have to be used and/or loaned out within 36 months of the award or does the money just need to be put into the revolving loan fund.*

A: Revolving loan funds must be obligated within 18 months and costed within 36 months. (05/07/2009)