



Funding Opportunity Announcement (FOA) FY23 Jane E. Lawton Conservation Loan Program

*****UPDATED FEBRUARY 6, 2023 – ANTICIPATED FUNDING INCREASED*****

- Program Description:** The Maryland Energy Administration (MEA) provides the Fiscal Year 2023 [Jane E. Lawton Conservation Loan Program](#)¹ (“FY23 Lawton Loan Program” or “the Program”) to Maryland businesses, nonprofit organizations, local jurisdictions, and State agencies and departments to finance cost-effective energy efficiency and conservation projects to reduce energy consumption and expense while improving sustainability. Applications to finance comprehensive projects that include multiple measures to maximize energy savings and greenhouse gas emissions reductions are highly recommended.
- Program Purpose:** The Lawton Loan Program seeks to accelerate energy efficiency and conservation in the built environment by improving access to affordable capital. Projects eligible for finance are those that significantly reduce energy waste relative to assets that perform at or below minimum efficiency standards. The Program lends funds at below-market interest rates to Maryland nonprofits and businesses, and at zero-percent to local governments and State agencies and departments.
- Program Regulations:** The Lawton Loan Program is governed by [§§9-20A-01 – 9-20A-10 of the State Government Article, Annotated Code of Maryland](#)². These statutory provisions shall control in the event of conflict with this FOA.
- Type of Program:** **Non-competitive (first-come, first-served)**
- Application Deadline:** Applications will be accepted on an ongoing basis **from July 5, 2022 through 5:00 P.M. EDT, Friday, June 30, 2023**. However, funding is limited and will be allocated on a first-come, first-served basis pursuant to the Funding Restrictions described below. **Applications are strongly encouraged before May 15th for most favorable consideration for funding in FY23.**
- Eligible Applicants:** The Lawton Loan Program is open to: businesses and nonprofit organizations that have legal authority to transact business or operate within the State of Maryland; Maryland local jurisdictions; and all State of Maryland agencies, departments, and other State bodies and subunits, including State colleges and universities (collectively “State Agencies”). A business located within a residence is not eligible for a Lawton Loan.

¹ <https://energy.maryland.gov/govt/pages/janeelawton.aspx>

² <https://mgaleg.maryland.gov/mgawebsite/Laws/StatuteText?article=gsg§ion=9-20A-01&enactments=False&archived=False>

Application Fee: Maryland businesses, nonprofit organizations, and local jurisdictions are required to pay a one-time **\$250** application fee (“Lawton Loan Application Fee”) to apply to the Lawton Loan Program. State agencies are exempt from this requirement.

Funding: A total of ~~\$1,700,000~~ **\$3,500,000** is anticipated to be available. The amount loaned may be higher or lower depending on the quantity and quality of applications received.

Funding Restrictions: Funds are partitioned during the first six (6) months of FY23 between the Applicant types shown below. These restrictions are **lifted after December 31, 2022**. **After that date, all remaining funds become available to any eligible Applicant** on a first-come, first-served basis.

Time Period	Restriction on Fund Availability
July 1 – September 30, 2022	\$170,000 is reserved for nonprofit organizations.
July 1 – December 31, 2022	\$850,000 is reserved for State agencies and departments.
*** February 6, 2023 ***	<u>\$1,800,000 added to the anticipated total program funding for FY23.</u>
January 1 - June 30, 2023	All reservations are lifted; remaining fund balance is open to any qualified Applicant until Program funds are exhausted or until June 30, 2023, whichever comes first.

Interest Rate: The interest rate for Maryland businesses and nonprofit organizations is **one percent (1%)**. State agencies and local jurisdictions receive a zero percent (0%) interest rate.

Loan Amounts: Loans are offered to **Maryland businesses, nonprofit organizations, and local jurisdictions** ranging from **\$20,000 to \$500,000** until Program funds are exhausted. Loan requests exceeding \$500,000 may be considered by MEA on a case-by-case basis, subject to available Lawton Loan Program funding, Applicant risk profile, and project energy savings potential. **State of Maryland governmental body** funding amount requests will be considered by MEA on a case-by-case basis and are **not subject to loan amount constraints**.

Project Type Funding: Funding amounts are subject to constraints based upon the type of project to be financed. These constraints are provided in the table that follows.

Project Type	Constraint
<p>Facility Retrofits: Projects installed in existing buildings, infrastructure, or other facilities that are not undergoing a full structure rehabilitation*.</p>	<p>Loan funds can finance up to 100% of the Net Total Project Cost**.</p>
<p>Incremental Improvements: Projects installed as part of a new building, infrastructure, or other facility construction; OR projects installed as part of a full structure rehabilitation*.</p>	<p>Loan funds can finance up to 100% of the Incremental Project Cost***.</p>

*A full structure rehabilitation means a structure that is undergoing substantial renovation, typically stripping down to its shell and rebuilding. MEA will consult with the Applicant to make this determination on a case-by-case basis.

**Net Total Project Cost means the total project cost minus all applicable rebates, incentives, and other leveraged funding sources.

***Incremental Project Cost means the difference between (1) the proposed project's total cost, minus all applicable rebates, incentives, and other leveraged funding sources, and (2) the total cost of a project that would have included code-minimum measures or other activities required by regulation or law.

Eligible Activities:

Lawton Loans are available to fund the following energy conservation measures (“ECMs”) and activities:

- **Energy Audit(s):** MEA may allow up to ten percent (10%) of the Lawton Loan amount to be used for the cost of conducting (an) energy audit(s) on the facility(ies) where the project will be located.. An energy audit must be ASHRAE Level 1 at minimum. **An energy audit may only be financed if at least one (1) of the measures listed below is installed.** MEA will not finance an energy audit alone, no exceptions.
- LED lighting and controls
- HVAC measures
- Building envelope measures (insulation, air sealing, etc.)
- Boiler replacements and related measures
- Chiller replacements and related measures
- Building management systems
- Building automation measures
- Combined heat and power (“CHP”) systems
- Hot and chilled water measures
- Variable frequency drives
- Process-specific equipment and other measures
- Other energy efficiency and conservation measures, deemed eligible by MEA on a case-by-case basis

Cost-effectiveness: Projects must be **cost-effective**, meaning that the project's aggregate simple payback must be achieved within its expected useful life **before** the consideration of any rebates or incentives.

Loan Term: In all cases, loans are configured for levelized, simple annual interest payments.

Businesses, Nonprofit Organizations, and Local Jurisdictions: A Lawton Loan Term is calculated based upon the **simple payback** of the entire project, up to a **maximum of thirteen (13) years**. A project's simple payback may exceed 13 years, but the Loan Term will be capped at 13 years. There are no exceptions.

State Agencies: A Lawton Loan Term is calculated based upon the **simple payback** of the entire project, up to a **maximum of thirteen (13) years**. A project's simple payback **cannot exceed** 13 years.

Evaluation Process: A Lawton Loan Application will undergo a **three (3) step** Evaluation Process.

Step 1: The Lawton Loan Program Manager will review the application package to ensure that all required documents have been provided and that the application package meets all Eligibility Criteria, which are listed in the next section of the FOA.

Step 2: A Lawton Loan application package that passes Step 1 will undergo a technical analysis by MEA's third-party Technical Assistance Contractor to evaluate the accuracy of the proposed ECMs, their activity specifications, energy savings assumptions, and the general feasibility of the project.

Step 3: A Lawton Loan package that passes Step 2 will undergo a financial viability and creditworthiness review to gauge the Applicant's ability to repay the Lawton Loan, the Applicant's level of financial risk, and to recommend what security instruments are most appropriate to extend a Lawton Loan offer.

The Lawton Loan Program Manager will review the findings of the Step 2 and Step 3 evaluations. If favorable, the application package and Step 1 – 3 evaluations will be provided to a Lawton Loan Recommendation Committee that will determine whether to recommend the Lawton Loan for approval. This committee will be composed of MEA staff members with relevant experience.

Eligibility Criteria: Applicants to the Lawton Loan Program must meet the following eligibility criteria to be considered for Lawton Loan funding:

- **Project Location:** Projects must be located within the State of Maryland.
- **Facility Ownership:** Projects must be installed at a facility owned or leased by the Applicant for at least the time period until the loan is fully repaid. If the facility is leased, the Applicant must have explicit written permission from the facility owner to complete the project. In addition, if the facility is leased, the Applicant must obtain acknowledgment from the owner that the Applicant will own the installed equipment.

- **Application Package Documentation:** An Applicant **must include all** documentation in its Lawton Loan Application package required by this FOA. All required documentation can be found in the Application Documents section of this FOA, which follows this section.
- **Baseline Energy Consumption:** All baseline energy consumption documentation provided in the application package must successfully demonstrate an accurate and complete twelve (12) consecutive month period of baseline energy usage under **normal conditions**. Periods of abnormal consumption should be noted, and an estimation of normal consumption for that period should be provided.
- **Energy Savings Accuracy:** All energy savings, equipment, and project activity documentation provided in the application package must successfully demonstrate that the energy savings assumptions, equipment specification, and other ECM or activity metrics are accurate and reliable. Applicants should use vetted and generally-accepted sources of technical information, such as the Mid-Atlantic Technical Resource Manual (most recent edition), or vetted energy modeling and simulation software.
- **Historical Properties:** The project, once installed, must not have an adverse effect on the historical significance of the property, as determined by the Maryland Historic Trust.
- **Good Standing Requirements:** Businesses, nonprofit organizations, and any other non-governmental applicant must be in Good Standing with the [Maryland State Department of Assessments and Taxation \(SDAT\)](#)³. Applicants may supply evidence of Good Standing in one of two ways: (1) by supplying a screenshot or PDF of the organization's status as returned in SDAT's [Business Entity Search](#)⁴, or by supplying its Certificate of Status, [available from SDAT here](#)⁵.
- **Applicant's Resource Contribution:** Maryland businesses, nonprofit organizations, and local jurisdictions must make a contribution toward the project. This can be, at minimum, the \$250 Lawton Loan Application Fee. State agencies are exempt from the Lawton Loan Application Fee and must instead pay a one-time administrative fee equal to one percent (1%) of the initial loan balance. This fee is added to the first loan payment.

Application Documents: MARYLAND BUSINESSES, NONPROFIT ORGANIZATIONS, AND LOCAL JURISDICTIONS ONLY (State Agencies see the next subsection): Each application package submitted to the Lawton Loan Program **must include the following documents** to be considered for a Lawton Loan.

- **Application Workbook:** A **complete and accurate** Lawton Loan application workbook, signed by an individual authorized to transact business on behalf of the Applicant and, if offered by MEA, execute a Lawton Loan on behalf of the Applicant. A copy of the Lawton Loan application workbook is available on the [Lawton Loan webpage](#)⁶.

³ <https://dat.maryland.gov/Pages/default.aspx>

⁴ <https://egov.maryland.gov/businessesexpress/entitysearch>

⁵ <https://dat.maryland.gov/businesses/Pages/Internet-Certificate-of-Status.aspx>

⁶ <https://energy.maryland.gov/govt/pages/janeelawton.aspx>

- **Utility Bills (if applicable)**: All utility bills corresponding to the one (1) year period of energy consumption detailed in the Energy Baseline tables in the application workbook. This documentation requirement applies **only to Facility Retrofit projects**, as described in the Project Type Funding section of this FOA.
- **Utility Baseline Estimation Documentation (if applicable)**: All assumptions, calculations, models, and other data sources utilized to document estimated energy consumption information as presented in the Energy Baseline table in the application workbook. This documentation requirement applies **only to Incremental Improvements projects**, as described in the Project Type Funding section of this FOA.
- **Energy Savings Summary**: A **spreadsheet-based** summary documentation that applies all assumptions, calculations, estimations, models, and other data sources used to generate the energy savings projections provided in the Lawton Loan application form.
- **Energy Savings Backup Documents**: Copies of data sources used to create the Energy Savings Summary document. Examples include, but are not limited to: energy audit reports, energy modeling output reports, technical resource manual (TRM) pages, equipment specification and cutsheets, etc. Include pages or images from source documents rather than weblinks to such documents.
- **Completed Utility Rebate Application(s)**: Copies of completed EmPOWER utility rebate application(s) submitted to the utility, as applicable.
- **Applicant Financial Statements (businesses and nonprofit organizations ONLY)**: **Five (5) consecutive years of financial statements** for the Applicant organization. If five years of statements are not available, all available financial statements. **MEA requests certified financial statements.** If certified financial statements are not available, the Applicant must provide a written explanation of why they are not certified. **If no financial statements are available**, please provide bank statements.
- **Organization Foundational Document(s)**: Articles of Incorporation, Articles of Organization, or other official Applicant documentation establishing the Applicant as an organization with legal authority to transact business or operate within the State of Maryland.
- **Organizational Structure Document(s)**: Bylaws, Operating Agreement, Stockholder Agreement(s), or other documents detailing the organizational structure of the Applicant organization.
- **Board of Directors Roster (businesses and nonprofit organizations ONLY)**: A roster of all members of the current Board of Directors.
- **IRS Form W9**: A complete, accurate, and signed IRS Form W9 for the Applicant organization.
- **Goods / Services Provided Summary (businesses ONLY)**: Documentation that details goods produced and/or services provided by the business.
- **Documentation of Other Loans and Liens**: Documents detailing all existing loans for which the Borrower is in repayment and/or default, and/or loans that the Borrower anticipates executing or will execute within the next year; as well as all existing liens placed on the Borrower's assets.

- **Real Property Appraisal**: A copy of a real property appraisal that reflects the current value of the property where the project will be installed.
- **Documentation of Good Standing (businesses and nonprofit organizations ONLY)**: Current (not older than three (3) months) Certificate of Good Standing from the Maryland State Department of Assessments and Taxation; OR a screenshot or PDF of the Applicant's status as reported by SDAT's Business Entity Search. See the "Good Standing Requirements" in the Eligibility Criteria section of this FOA for instructions.
- **Applicant's Resource Contribution**: Documentation of the Applicant's Resource Contribution to the project, as defined in the Eligibility Requirements section of this FOA.

STATE Agencies ONLY (Businesses, Nonprofit Organizations, and Local Jurisdictions see the above subsection): Each application package submitted to the Lawton Loan Program **must include the following documents** to be considered for a Lawton Loan.

- **Application Form**: A **complete and accurate** State Agency Lawton Loan application form, signed by an individual authorized to transact business on behalf of the Applicant and, if offered by MEA, execute a Lawton Loan on behalf of the Applicant. A copy of the State Agency Lawton Loan application form is available on the [Lawton Loan webpage](#)⁷.
- **Energy Savings Calculations / Estimates**: Complete and accurate energy savings calculations or estimates for all proposed energy conservation measures (ECMs) for which Lawton Loan funding is requested. Please include the source of the calculations and clearly state all assumptions.
- **Completed Utility Rebate Application(s)**: Copies of completed EmPOWER utility rebate application(s) submitted to the utility, as applicable. If completed applications are not available, a summary of anticipated rebates should be provided along and applications must be forwarded as soon as available.
- **Applicant's Resource Contribution**: State agencies are required to pay a one-time administrative fee equal to one percent (1%) of the initial loan balance. This fee is added to the first loan payment.

Risk and Security:

All applications from Maryland businesses, nonprofit organizations, and local jurisdictions will undergo a financial viability and creditworthiness review (Step 3 of the Evaluation Process detailed in this FOA). This may include a review of the Applicant's current Dun & Bradstreet report in addition to a review of the financial and/or bank statements provided by the Applicant. **MEA may require one (1) or more of the following as a condition of the loan. These requirements generally apply to businesses and nonprofit organizations. MEA will work with local jurisdictions on a case-by-case basis to determine security requirements.**

⁷ <https://energy.maryland.gov/govt/pages/janeelawton.aspx>

- Personal Guarantee(s) from individual stakeholder(s) or majority stakeholder(s);
- Security on installed project equipment, which may include MEA becoming a first lien holder on the equipment;
- Legal Counsel Opinion Letter assuring the borrower's legal capacity to enter into the loan and substantiating the legal premises stated in the financing documents;
- Pledge of condominium association fees (as applicable);
- Letter of Credit;
- Lien on real property where the project equipment is located, MEA having primacy on any liens on specific assets financed by the Lawton Loan Program; OR
- Additional collateral or security as determined by MEA on a case-by-case basis.

Anticipated Application Submittal Timeline:

MEA will make best efforts to process Lawton Loan application packages as quickly as possible. Applications that are complete and present well-defined energy savings calculations, estimations, and assumptions will be processed quickest. Applicants are **highly encouraged** to contact MEA before submitting a Lawton Loan application to clarify any requirements that are unclear or to ask any questions to ensure the most efficient review can be conducted.

The evaluation of a Lawton Loan application package may be delayed if MEA requires additional documentation or that any other questions or concerns are addressed during the evaluation process. Applications will be evaluated pursuant to this FOA and Lawton Loan statutes found in §§9-20A-01 – 9-20A-10 of the State Government Article, Annotated Code of Maryland. Approval of a Lawton Loan application **is not guaranteed**.

Project Expenses Incurred:

MEA may permit, at its sole discretion, that Lawton Loan funds be eligible to reimburse project expenses a borrower incurs after the execution of a Commitment Letter with MEA but prior to closing of the loan. **Project expenses incurred prior to Lawton Loan closing are at the borrower's sole risk.** If the Lawton Loan is not closed, these project expenses **will not be reimbursed**. Any costs incurred, with the exception of an energy audit, prior to the execution of a Commitment letter, will not be reimbursed.

Lawton Loan funds will only be disbursed for the final Net Project Cost or Incremental Project Cost, as may be applicable. "Net Project Cost" means the total project cost minus all applicable rebates, incentives, and other leveraged funding sources. "Incremental Project Cost" means the difference between (1) the proposed project's total cost, minus all applicable rebates, incentives, and other leveraged funding sources, and (2) the total cost of a project that would have included code-minimum measures or other activities required by regulation or law. **This means that if Net Project Cost or Incremental Project Cost is less than the principal amount of the executed Lawton Loan, MEA will only disburse up to the Net Project Cost or Incremental Project Cost. The remaining principal will not be disbursed, and the Lawton Loan will be reamortized for the final disbursed amount.**

PROJECT TERMS, CONDITIONS, AND REQUIREMENTS ARE SUBJECT TO CHANGE THROUGHOUT THE FISCAL YEAR. AN APPLICANT SHOULD THOROUGHLY REVIEW THE [MEA LAWTON LOAN WEBPAGE](#)⁸ FOR THE MOST CURRENT POLICIES AND GUIDELINES WHEN PREPARING A LAWTON LOAN APPLICATION. For more information or assistance, please visit the [FY23 Lawton Loan webpage](#)⁹ or send an email to Lawton.MEA@Maryland.gov. Alternatively, you may contact the Program Managers directly, based on Applicant type, as follows:

- **Businesses, Nonprofit Organizations, and Local Jurisdictions:** Brandon Bowser, Email: BrandonW.Bowser@Maryland.gov; Phone: (443) 306-0304
- **State Agencies:** Christopher Russell, Email: Chris.Russell@Maryland.gov; Phone: (443) 908-1767

⁸ <https://energy.maryland.gov/govt/pages/janeelawton.aspx>

⁹ *Ibid.*