



Funding Opportunity Announcement

FY24 Jane E. Lawton Conservation Loan Program

Program Description: The Maryland Energy Administration (MEA) provides the Fiscal Year 2024 (“FY24”) [Jane E. Lawton Conservation Loan Program](#) (“Lawton Loan Program”, “the Program”) to Maryland businesses, nonprofit organizations, counties, municipalities, and State agencies and departments to finance cost-effective energy efficiency and conservation projects to benefit their facilities and operations by reducing energy consumption; reducing greenhouse gas emissions, reducing (or eliminating) fossil fuel use, and improving sustainability. Comprehensive projects that include multiple measures to maximize energy savings and greenhouse gas emissions reductions are highly desired.

Program Purpose: The Lawton Loan Program provides low-cost capital financing for projects that result in significant reductions in energy consumption and associated greenhouse gas emissions by improving operational energy efficiency and energy conservation efforts. **Funds are provided at below-market rates to Maryland nonprofits and businesses, and at zero financing cost to local governments and State agencies and departments**, to improve access to affordable capital and spur energy efficiency and conservation projects in the built environment.

Program Statute and Regulations: The Lawton Loan Program is governed by Md. Code Ann. State Gov’t Art. [§§ 9-20A-01 – 9-20A-10](#). Regulations governing the Lawton Loan Program can be viewed in the Code of Maryland Regulations (COMAR), section [14.26.01](#). The Lawton statutes and regulations shall control in the event of conflict with this Funding Opportunity Announcement (“FOA”).

Type of Program: **Non-competitive (first-come, first-served) based on the date that MEA receives a complete application**

Application Deadline: **Wednesday, May 15, 2024 at 3:00 P.M. EDT**

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 counties and municipalities, and all State of Maryland

governmental bodies (agencies, departments, and other State bodies and sub-units, including State colleges and universities). A business located within a residence is not eligible for a Lawton Loan.

Application Fee: Maryland businesses, nonprofit organizations, counties, and municipalities 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 **\$4.2 million*** is anticipated to be available for Lawton loans in FY24. The amount loaned may be higher or lower depending on the quantity and quality of applications received.

***Funding Restrictions:** \$2.0 million is reserved for the Maryland Department of General Services (DGS) throughout the entire fiscal year. Some of the remaining \$2.2 million is initially reserved for certain Applicant types, and restrictions are listed in the table below. These restrictions will be fully lifted after **December 31, 2023**. **All remaining funds are available for potential loans to all eligible Applicants beginning January 1, 2024.**

Time Period	Restriction
July 1 – December 31, 2023	\$700,000 is reserved for nonprofit organizations.
July 1 – December 31, 2023	\$1,500,000 is reserved for State agencies and departments other than the Department of General Services.
July 1, 2023 - May 15, 2024	\$2,000,000 is reserved for the Maryland DGS.

Interest Rate: The interest rate for Maryland businesses and nonprofit organizations is **two (2%) to three percent (3%)** depending on the category of loan. There is no financing charge for Maryland counties and municipalities, nor for State of Maryland governmental bodies.

Loan Amounts: Loans are offered to **Maryland businesses, nonprofit organizations, counties, municipalities, the Maryland Department of General Services (“DGS”), and other State Agencies.** Funds for **non-DGS and non-State entities** are offered under two (2) Categories:

Category 1: Microloans: \$10,000 - \$50,000 in principal, for small projects that create high-impact energy savings resulting in full project simple

payback by no later than 50% of the project’s average expected useful life. Microloans are not secured by a security agreement, but do require at least one (1) personal guarantee from the organization’s principal(s). Applicants for microloans must demonstrate adequate financial resources on their personal balance sheet to more than collateralize the requested loan, any evaluation of these resources and final decision is at MEA’s sole discretion. **The interest rate for businesses and nonprofits is 3%. There is no financing charge for counties and municipalities. Maximum loan term is ten (10) years.**

Category 2: Traditional Loans: \$50,001 - \$500,000 in principal, for medium-to-large-scale projects that include multiple, deep-retrofit energy efficiency and energy conservation measures. Project simple payback cannot exceed the project’s average expected useful life. Traditional loans are fully-secured loans that include the execution of a security agreement and collateralization of the financed energy equipment. A lien on property may be required under certain risk situations. **The interest rate for businesses and nonprofits is 2%. There is no financing charge for counties and municipalities. Maximum loan term is eighteen (18) years.**

State of Maryland DGS and other State agency funding amount requests will be considered by MEA on a case-by-case basis and are not subject to loan amount request 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 below.

Project Type	Constraint
<p>Facility Retrofits: Energy projects installed in existing buildings, infrastructure, or other facilities that are not undergoing a full structure rehabilitation¹.</p>	<p>Loan funds can finance up to 100% of the Net Total Project Cost².</p>
<p>Incremental Improvements: Energy projects installed as part of a new</p>	<p>Loan funds can finance up to 100% of the Incremental Project Cost⁴.</p>

¹ 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.

² Net Total Project Cost means the total energy project cost minus all applicable rebates, incentives, and other leveraged funding sources

⁴ Incremental Project Cost means the difference between the total energy project cost and the total cost of an energy project that would have included code-minimum measures, minus all applicable rebates, incentives, and other leveraged funding sources.

building, infrastructure, or other facility construction; OR projects installed as part of a full structure rehabilitation ³ .	
--	--

Eligible Activities:

Lawton Loans are available to fund the following energy conservation measures (“ECMs”) and activities. **New in FY24 - MEA is focusing on funding projects with large GHG reduction potential and electrification of technologies such as HVAC. Please contact MEA **prior** to applying to discuss the particular situation.*

- LED lighting and controls
- Heat Pump replacements of fossil fueled equipment and other HVAC improvements to non fossil fueled equipment
- Building envelope measures (insulation, air sealing, etc.)
- Chiller replacements and other measures
- Building management systems
- Building automation measures
- Hot water, chilled water, and steam system management measures and improvements that do not use fossil fuels or extend the service life of fossil fueled equipment
- Variable frequency drives
- Process-specific equipment and other measures that result in significant energy savings
- Combined Heat and Power (CHP) and other gas technologies for manufacturing, critical infrastructure, large institutions and similar situations, where an electrification alternative is not available. **Any applications for combined heat and power must include a technical analysis of why an electrified alternative or zero emission alternative cannot be used**, this analysis should not be on the basis of operating or capital costs alone.
- Other energy efficiency and conservation measures, deemed eligible by MEA on a case-by-case basis

Ineligible Activities include, but are not limited to the following:

- New installations of natural gas technologies, other than uses permitted above,
- New natural gas infrastructure, not in concert with the uses permitted above,
- Significant system life extensions, beyond basic health and safety

³ See footnote 1 above.

repairs or efforts that enhance efficiency but do not extend gas system life. Improvements must be in concert with other energy efficiency improvements that reduce or eliminate fossil fuel use,

- Vehicle energy efficiency technologies

Cost-effectiveness: Projects must be **cost-effective**, meaning that each financed measure and activity must achieve full simple payback within its expected useful life **before** the consideration of any rebates or incentives. The majority of claimed and documented energy financial savings should come from a reduction in energy use and cost.

Loan Term: Businesses, Nonprofit Organizations, Maryland Counties and Local Governments: A Lawton Loan Term is calculated based upon the **simple payback** of the entire project. A Category 1 project loan term is the lesser of the simple payback of the project, or ten (10) years. A Category 2 project loan term is the lesser of the simple payback of the project, or eighteen (18) years.

State of Maryland Governmental Bodies: A Lawton Loan Term is calculated based upon the **simple payback** of the entire project, up to a **maximum of eighteen (18) years**. A project's simple payback **cannot exceed** eighteen (18) 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, typically completed by an outside vendor, to evaluate the accuracy of the ECM and activity specifications, energy savings assumptions, and the general feasibility of the project.

Step 3: A Lawton Loan package 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.

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. If leased, the Applicant must have explicit written permission from the facility owner to complete the project. Additionally, the maximum term of the Lawton loan may be further limited by the length of the lease, to avoid stranded assets.
- **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 operating conditions**. Periods of abnormal consumption should be noted and explained, and an estimation of normal consumption for that period should be provided. For new facilities, applicants should model baseline energy consumption using equipment required by code versus the higher energy efficient improvements.
- **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 a completed energy audit (preferred), the Northeast Energy Efficiency Partnership (NEEP) Mid-Atlantic Technical Resource Manual⁵ (most recent edition), or vetted energy modeling and simulation software.
- **Historical Properties:** The project, once installed, cannot create an adverse effect on the historical significance of the property, as determined by the Maryland Historic Trust. MEA's Historic Preservation Specialist will conduct an analysis on each eligible Lawton Loan project. Further analysis by the Maryland Historic Trust may be necessary in some situations.
- **Good Standing Requirements:** Non-governmental project developers, site owners, and system owners must be in Good Standing with the [Maryland State Department of Assessments and Taxation \(SDAT\)](#). 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](#), or by supplying its Certificate of Status, [available from SDAT here](#).

⁵ <https://neep.org/mid-atlantic-technical-reference-manual-trm-v10>.

- **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, COUNTIES AND LOCAL GOVERNMENTS ONLY (State Governmental Bodies 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 Form:** A **complete and accurate** Lawton Loan application form, signed by an individual authorized to transact business on behalf of the Applicant and, if ultimately offered by MEA, execute a Lawton Loan on behalf of the Applicant.
- **Utility Bills (if applicable):** All utility bills corresponding to the one (1) year period of energy consumption detailed in the Energy Baseline table. 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, estimations, models, and other data sources utilized to formulate the energy consumption information in the Energy Baseline table. 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 demonstrates all assumptions, calculations, estimations, models, and other data sources utilized to produce the energy savings projections provided in the Lawton Loan application form. Maintenance savings can be calculated into the summary, but can only account for up to 40% of the total energy savings. Justification of the maintenance savings is required to be provided to MEA.
- **Supplementary Energy Savings Documentation:** Copies of data sources used to create the Energy Savings Summary document. Examples include, but are not limited to: energy audit reports (preferred), energy modeling output reports, technical resource manual (TRM) pages, equipment specification and cutsheets, etc.
- **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.** Upon request, MEA can provide a

secure method to transfer the financial statements via [Virtru](#), the State of Maryland's encryption solution.

- 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 for the organization's principals, owners, agents, individuals with a financial interest in the organization, as may be applicable.
- **Organization Foundational Documents (businesses and nonprofit organizations ONLY)**: 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 Documents (businesses and nonprofit organizations ONLY)**: Bylaws, Operating Agreement, Stockholder Agreement(s), or other documents detailing the organizational structure of the Applicant organization.
- **Roster of Board of Directors (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](#) (Request for Taxpayer Identification Number and Certification) for the Applicant organization.
- **Goods/Services Provided (businesses ONLY)**: Information regarding the 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 or default, 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.
- **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 GOVERNMENTAL BODIES 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** 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.
- **Energy Savings Calculations / Estimates**: Complete and accurate energy savings calculations and maintenance savings 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.

Risk and Security:

All applications from Maryland businesses, nonprofit organizations, counties, and local governments 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 any or all of the following as a condition of the loan:**

- Personal guarantee(s) from individual stakeholder(s) or majority stakeholder(s) and
- 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;

Other collateral that may be required depending on the credit profile of a prospective borrower.

- 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. Please note that instant approval is not possible. Applications that are complete and present well-defined energy savings calculations, estimations, and assumptions will be the quickest to process. 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 if any other questions or concerns must be addressed during the evaluation process. Applications will be evaluated pursuant to this FOA and Lawton Loan statutes and regulations. Approval of a Lawton Loan application **is not guaranteed**. Any requests or loan applications that require a potential exception to any aspect of the program requirements as published will be evaluated on an indeterminate timeline, because each situation is different MEA will not be able to commit to a specific date at which the loan can be issued or if it can be issued. Any exceptions are at MEA's sole discretion.

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**.

PROJECT TERMS, CONDITIONS, AND REQUIREMENTS ARE SUBJECT TO CHANGE THROUGHOUT THE FISCAL YEAR AT THE SOLE DISCRETION OF MEA. AN APPLICANT SHOULD THOROUGHLY REVIEW THE [MEA LAWTON LOAN WEBPAGE](#) FOR THE MOST CURRENT POLICIES AND GUIDELINES WHEN PREPARING A LAWTON LOAN APPLICATION.

For more information or assistance, please visit the [FY24 Lawton Loan webpage](#) or send an email to Lawton.MEA@Maryland.gov.