

STATE ENERGY PROGRAM



Alternative Fuel Vehicle Loan Program (AFV)

Application Guidelines

Oklahoma Department of Commerce

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OKLAHOMA
COMMUNITY
A DIVISION OF OKLAHOMA COMMERCE

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ALTERNATIVE FUEL VEHICLE LOAN PROGRAM

INTRODUCTION

The Oklahoma Department of Commerce - Office of Community Development (ODOC/OCD) was authorized by the Governor of the State of Oklahoma to plan, design, develop and implement a low-interest revolving loan fund for private and non-profit firms/organizations. The purpose of the loan fund is to provide financial assistance in the purchase and acquisition of alternative fuel vehicles or the installation of an alternative fuel conversion system in existing vehicles. The funds used to capitalize the loan program will be Oil Overcharge Settlement Funds. ODOC/OCD acting under this authority has received approval of the program design for the loan program from the U. S. Department of Energy, Central Regional Support Office.

The intent of the Alternative Fuel Vehicle (AFV) Loan Program is to provide financial assistance in the form of low-interest direct loans to private or non-profit firms/organizations that introduces alternative fuels as the primary fuel source for vehicle fleets owned and operated by an eligible entity or to provide infrastructure, as needed. ODOC/OCD will be the contact agency for the administration of the Alternative Fuel Vehicle Loan Program.

LOAN FUND USES

The loan proceeds may be used as follows:

- Category I.** Loan proceeds may be used for the purpose of enabling a private or non-profit firm/organization obtain funds sufficient to offset the incremental acquisition cost of having a manufacturer install an alternative fuels system in a new vehicle.

- Category II.** Loan proceeds may be used to purchase, acquire, and install an alternative fuels conversion system in an eligible vehicle, provided it meets minimum loan program requirements specified in the loan application.

Loan proceeds may not be used to pay off an existing loan, however, funds may be used to encourage or leverage third party financing.

ELIGIBILITY

To be eligible to participate in the AFV Loan Program the Applicant must:

- be a privately owned Oklahoma based firm
- provide a non-governmental service
- operate a fleet of three or more vehicles for commercial purposes
- be financially solvent; or
- have legal standing in the State of Oklahoma as a non-profit organization
- have legal standing with the Internal Revenue Service as a non-profit organization
- operate a fleet of three or more vehicles for purposes of providing a non-governmental service
- be financially solvent.

Vehicle fleets for purposes of this program may include medical transport services, delivery services, courier services, shuttle buses, taxi cabs, distributors, moving companies, wrecker and trucking companies, and selected off-road vehicles.

FUNDING METHODOLOGY

Applicants for the AFV Loan Program shall strive to increase the number of alternative fueled vehicles; increase the use of an alternative vehicle fuel; project a positive cash flow; project a positive return on investment; repay the loan within a period of (6) years or less; and reduce the cost of operation (fuel expense, maintenance and repair, etc.) for the private or non-profit firm/organization.

The Applicant will need to specify manufacturer, model, body style and year of each vehicle, prior year's vehicle fuel performance, fuel type utilized, annual fuel consumption and cost. This information is to be provided in the Fuel Cost Analysis and Cash Flow Projection Form (See Pages 10 - 11).

The minimum loan for a three vehicle alternative fuel project will be \$10,000. This amount is based on cost estimates that offset incremental acquisition costs to install an alternative fuel system in a new vehicle purchase, by the manufacturer.

Applications will be processed and loans approved on a first-ready to be funded, first-funded basis, subject to the availability of loan funds. Partial or incomplete applications will not be processed or receive any consideration for loan funds. Should several applications for loans be received on the same day and there are insufficient loan funds to meet all requests, the time/date of receipt of the application by the Program Planning and Finance Unit of the ODOC/OCD shall determine the order of funding. Should there be loan funds available, but not sufficient to meet a loan request, ODOC/OCD may, at its own discretion, make a partial loan. ODOC/OCD reserves the right to suspend accepting applications at anytime without notice.

LOAN TERMS AND INTEREST RATES

ODOC/OCD desires only to recover certain direct costs for the administration of the loan program. The maximum interest rate for all categories of loans made under this program is **three percent (3%)**. The **maximum loan term will be for six (6) years**. ODOC/OCD does not intentionally desire to exclude projects that have a potential pay-back greater than six years. Such projects will be evaluated on a case by case basis.

The AFV Loan Program does not require the borrower to provide collateral. The loan must be secured in whole or in part by the pledge of revenues that results from fuel cost savings derived from use of an alternative fuel, or the pledge of a specific revenue source. Loan repayments shall begin within a reasonable time after purchase of a new vehicle with an OEM alternative fuel system or installation of an alternative fuel conversion system. Specific repayment terms will be provided in the loan agreement documents.

APPLICATION ASSISTANCE

ODOC/OCD will provide limited assistance in the development of the loan application. The applicant will ultimately be responsible for the technical merit of the loan application. For assistance with the application for AFV Loan Program, call Carolyn Sullivan at (405) 815-5347 or 1-800-879-6552, extension 5347.

APPLICATION SUBMITTAL

There are no deadlines for submitting an application for a loan. The applicant is responsible for completeness of an application. The application for loan should be mailed or hand-carried to the following address:

Kathy McLaughlin, Director of Programs
Office of Community Development
Oklahoma Department of Commerce
900 North Stiles Avenue
Oklahoma City, OK 73104-3234

For Non-Profit Organizations Only

PENDING LITIGATION STATEMENT

The applicant is requested to provide a clear and concise narrative statement that no pending litigation exists that may preclude them from using the loan proceeds in the manner prescribed in the Fuel Cost Analysis and Cash Flow Projections, nor in anyway places the loan proceeds in jeopardy, and thus subject to loss.

FINANCIAL INFORMATION

The applicant is to provide the following information in support of the loan application.

- A. A certified copy of the previous year's final summary of year to date revenues and expenses.
- B. A disclosure statement of any existing or anticipated consent or administrative orders that may preclude the applicant or its contractor from performing the scope of work as stated in the Purpose of Loan.
- C. A disclosure statement of existing debt obligations.
- D. A pledge of revenue statement must be submitted as a supplement to the loan application. Although the applicant may choose to utilize other funds to repay the loan; the ODOC/OCD will base the loan amount and repayment schedule on the basis of the Fuel Cost Analysis and Cash Flow Projections statement. Thus, the pledge of revenue statement is dependent upon actual fuel cost/prices and fuel cost rate schedules, mileage reports, fuel consumption, and cost of fuel for the previous twelve month period preceding the date of application.
- E. Indicate contributions of any third party participation in the financing of the project.

APPLICATION FOR ALTERNATIVE FUEL VEHICLE LOAN PROGRAM

1. Type of Submission: <i>Alternative Fuel Vehicle Loan Program (AFV)</i>	2. Date Submitted (mm/dd/yy)	3. Date Received By State
4. Applicant Information		
Legal Name of Company/Organization:	E-mail Address:	
	FAX #:	Phone:
Address: <i>(street address, mailing address, city, state, zip code)</i>	Name person to be contacted on matters involving the project:	
	Phone number <i>(include area code):</i>	
5. Employer Identification Number (EIN) or Social Security Number:	6. Areas Affected By Project <i>(cities and/or counties):</i>	
7. Type Of Firm/Organization:		
<input type="checkbox"/> Private <input type="checkbox"/> Non-Profit		
8. Descriptive Title Of Applicant's Project or Activity:		
9. Project Start Date:	10. State House District(s) of #:	11. Have You Received A Previous AFV Loan?
End Date:	Senate District of#:	Yes <input type="checkbox"/> No <input type="checkbox"/> What year(s)
12. Estimated Funding:		
a. Loan Funds Requested		
<p>The application freely gives and certifies the information contained in this application is complete, true, and correct. It is understood by the applicant that any incorrect or false information given is cause for denial of a loan. The applicant authorizes the lender to make whatever inquiries deemed desirable in connection with this application and agrees to furnish additional information as requested.</p> <p>The applicant hereby grants to the lender the full right, power, and authority to demand, collect, sue, or receipt of income from other general funds necessary to facilitate the repayment of the loan.</p> <p>As a duly authorized representative of the applicant, the undersigned does hereby certify that all information in this application is complete, true, and correct. Further, that the documents contained herein have been duly authorized by the appropriate governing body of the firm/organization making this application for loan funds.</p>		
A. Typed Name of Authorized Representative	B. Title	C. Telephone Number

RESOLUTION
(Sample Document)

Whereas, the Oklahoma Department of Commerce (ODOC) has initiated an Energy Loan/Lease Fund for units of local government to plan, design, develop and implement energy conservation measures in a public building, facility, or related complex,

Whereas, cost reductions that result from the efficient use and management of energy sources is a legitimate approach to maximizing the use of the local government's funds,

Now, therefore be it resolved by the _____ City Council, Board of County Commissioners) for the _____ (Name of unit of local government) authorizes _____ (Name of Authorized Representative) to apply for funds from the Energy Loan/Lease Fund for Units of Local Government administered by ODOC/OCD in the amount of \$ _____ to implement Energy Conservation Measure reduction improvements, as specified in the Project Implementation Statement.

Be it further resolved that if approved for a loan/lease by the ODOC, the _____ (City Council or Board of County Commissioners) for the _____ (Name of Unit of Local Government) authorizes _____ (Name of Authorized Representative) to accept the loan/lease for _____ (Name of the unit of local government).

Be it also resolved, that the amount of the loan/lease will be paid in full, plus interest, under the specific terms and conditions of the loan/lease agreement and promissory note entered into with the Oklahoma Department of Commerce.

Be it also resolved, that _____ (Name of Authorized Representative) is hereby authorized and empowered to execute in the name of the _____ (Name of the city or county) all necessary documents to implement and carry out the intent and purpose of this resolution.

Passed, Approved, and adopted this ____ day of _____ 20____.

Signature of Clerk of the Unit of Local Government

FUEL COST ANALYSIS AND CASH FLOW PROJECTION

DESCRIPTORS:	Vehicle 1	Vehicle 2	Vehicle 3	Total
1. Manufacturer and Model				
2. Year and Body Style				
3. Odometer Reading (Current)				
FUEL COST ANALYSIS				
1. Vehicle Performance				
Annual Mileage				
Miles Per Gallon				
Gallons Consumed				
2. Fuel Cost Per Gallon				
Gasoline - Retail				
CNG				
LPG				
3. Annual Fuel Cost				
Before Conversion				
After Conversion				
Fuel Cost Savings				
4. Fuel Cost Savings (Annually)				
5. Fuel Cost Savings (Monthly)				
6. Conversion Expense				
OEM Incremental Cost				
Conversion Kit				
Fuel Tank				
Other				
Total Expense				

FUEL COST ANALYSIS AND CASH FLOW PROJECTIONS

DESCRIPTORS:	Vehicle 1	Vehicle 2	Vehicle 3	Total
CASH FLOW PROJECTIONS				
1. Conversion Financing				
Loan Principal Amount				
Annual Interest Rate				
Loan Period in Months				
Interest Over Term of Loan				
Monthly Payments				
Annual Loan Payment				
Total of Principal and Interest				
2. Break-even Analysis				
Monthly Fuel Cost Savings (Before Loan Payment)				
Less Monthly Loan Repayment				
Monthly Fuel Cost Savings (After Loan Payment)				
Net Annual Savings				
Months to Break-Even				
3. Salvage Analysis				
Beginning Mileage				
Vehicle Salvage Miles (Zero Salvage Value)				
Pay-back Point (Miles/Month) Miles x Months to Break-Even				

Note: This vehicle will still have a trade-in-value at break-even point.