



**MISSOURI AGRICULTURAL AND SMALL
BUSINESS DEVELOPMENT AUTHORITY
(MASBDA)**



**MISSOURI AGRICULTURAL AND ENERGY SAVING TEAM - A
REVOLUTIONARY OPPORTUNITY (MAESTRO)**

ENERGY EFFICIENT FARMSTEAD RETROFIT PROGRAM

Guidelines and Procedures

Legal Authorization: U.S. Department of Energy, Energy Efficiency and Conservation
Competitive Block Grant (DE-FOA-0000148)

A. PURPOSE OF THE PROGRAM

Improve energy efficiency on livestock farms. The program will achieve this objective using the following tools:

- Providing comprehensive energy audits for the farm home,
- Providing farm energy management plans (EMP) and free technical assistance (TA),
- Providing rebates for the cost of the farm home audit and EMP,
- Providing a Loan Loss Reserve Program to encourage lenders to finance the energy efficiency improvements on both the farm and home,
- Offering Interest Buy Downs or Down Payment Grants to the applicants to reduce the interest rate, principal amount or payback time for the retrofits, and
- Providing implementation grants of up to \$12,000, not to exceed 75% of total energy retrofit project cost. No more than \$3,000 shall be used for the farm home energy retrofit.

B. ELIGIBILITY QUALIFICATIONS

1. Animal agriculture farmers not required to be permitted, based on animal units as a confined animal feeding operation (CAFO), NOTE: All areas of the animal agriculture farm are eligible. For example: grain handling and irrigation equipment.
2. Applicant must be a legal United States resident and at least 18 years old,
3. Applicant must be able to provide proof of citizenship, identity and residence. If the applicant employs laborers, he/she must also provide proof of enrollment and participation in the federal work authorization program.
4. An eligible lender is any state or national bank, farm credit system, bank for cooperatives, federal or state chartered savings and loan association, federal or state building and loan association, or small business investment company all of which must be subject to credit examination by an agency of the state or federal government.

5. Eligibility will not be determined or otherwise affected by any consideration of race, religion, sex, creed, color, or residence, other than the individual applicant must be a legal United States resident at least 18 years of age.
6. Energy project must be located in Missouri.

C. LIMITATIONS ON ENERGY EFFICIENT RETROFIT PROGRAM

1. Subject to Energy Efficiency and Conservation Competitive Block Grant funding, the Missouri Agricultural and Small Business Development Authority (MASBDA) will:
 - Provide home energy audit rebates,
 - Provide EMP rebates,
 - Provide free technical assistance,
 - Provide up to \$12,000 in incentives, not to exceed 75% of total energy retrofit project costs. No more than \$3,000 shall be used for farm home energy retrofits.
 - Establish a Loan Loss Reserve (75% Loan Guarantee), and
 - Provide Interest Buy Down or equivalent Cash Down Payment.

Note: If a property or building has historic value, a determination must be made whether the recommended energy retrofits will have an adverse effect on the historic significance before MAESTRO funds can be approved.

D. DEFINITIONS

Home Energy Audit – a comprehensive BPI certified energy audit approved by University of Missouri that includes detailed recommendations about specific equipment.

Energy Audit Rebate – a cash rebate for the farmer’s cost of the audit is available if the installed retrofit(s) as recommended by the home energy audit finding(s) provide a 15% or greater energy savings.

Farm Energy Management Plan (EMP) – - shall mean a comprehensive energy audit that includes detailed recommendations about specific equipment and field operations completed in accordance with the American Society of Agricultural and Biological Engineers (ASABE) Standard 612.

Farm Energy Management Plan (EMP) Rebate - - a cash rebate for the farmer’s cost of the audit is available if the installed retrofit(s) as recommended by the EMP finding(s) provide a 15% or greater energy savings.

Technical Assistance (TA) – assisting the farmer in calculating the energy savings from specific technology or system installed on the farm.

Implementation Grant – a farmer who receives an EMP, TA or home energy audit qualifies for an incentive of up to \$12,000 but not to exceed 75% of the total energy retrofit project costs. No more than \$3,000 shall be used for home energy retrofits.

Interest Buy Down – MASBDA will pay interest due on loans, for the implementation of EMP/TA/ home audit identified energy saving technologies, from the normal and customary rate down to a 3 percent rate.

Cash Down Payment – farmers may elect to receive the same dollar amount as the

Interest Buy Down amount as a cash down payment rather than the Interest Buy Down. If the farmer elects to receive the cash down payment, then the interest rate shall be the bank's normal and customary interest rate.

Loan Loss Reserve – a dedicated fund established for the purpose of payments of defaulted 75 percent guaranteed loans. The total outstanding loans guaranteed shall at no time exceed an amount which according to sound actuarial judgment, would allow immediate redemption of 10 percent of the outstanding guaranteed loans by the fund at any one time. MASBDA has no legal or financial obligation beyond the funds committed to the loan loss reserve and is not subject to further recourse in the event losses exceed the amount of the loan loss reserve.

E. APPROVAL PROCESS

I. To participate in the home audit program, an eligible farmer must:

1. Contact MAESTRO at 800-732-1399 to have an initial assessment completed to determine whether a farm home energy audit is appropriate for the farm operation.
2. Have the farm home energy audit completed in accordance with BPI standards.

II. To participate in the EMP or TA, an eligible farmer must:

1. Contact MAESTRO at 800-732-1399 to have an initial assessment completed to determine whether an EMP or TA is appropriate for the farm operation.
2. Have the EMP completed in accordance with the American Society of Agricultural and Biological Engineers (ASABE) Standard 612, on the farm.

NOTE: To participate in the following incentives, qualifying energy retrofits installed as recommended by a TA, EMP or Home Energy Audit, must have at least a combined energy savings of 15% or more.

III. To participate in the home energy audit rebate program, an eligible farmer must:

1. Submit a rebate and implementation grant application.
2. Implement one or more of the home energy audit finding(s) from which the combined energy savings realized is 15% or greater, and then the farmer shall be rebated the actual amount paid to the University of Missouri, but not to exceed \$125 for the farm home audit.
3. Provide equipment invoices and a Certification of Implementation on a form provided by MASBDA.

IV. To participate in the EMP rebate program, an eligible farmer must:

1. Submit a rebate and implementation grant application.
2. Implement one or more of the EMP finding(s) from which the combined energy savings realized is 15% or greater, and then the farmer shall be rebated the actual amount paid for the EMP to the University of Missouri, but not to exceed \$125.
3. Shall provide equipment invoices and a Certification of Implementation on a form

provided by MASBDA.

V. To participate in the Implementation Grant program, an eligible farmer must:

NOTE: Only practices implemented as described in the TA, EMP or home energy audit qualify for this incentive.

1. Submit a rebate and implementation grant application.
2. MASBDA will review the application and pre-approve the project for an Implementation Grant.
3. MASBDA will issue a letter to the applicant stating the pre-approved project, amount, and deadline by which the project must be completed.
4. Implement one or more of the EMP, TA or home energy audit finding(s) from which the combined energy savings realized is 15% or greater.
5. Submit invoices and a Certification of Completion before the deadline provided in the letter. Once all information is received and approved, the grant will be issued.

VI. To participate in the Interest Buy Down program or Cash Equivalent Down Payment program an eligible farmer shall:

1. Obtain initial financing approval from a Missouri lender. Loan cannot exceed \$50,000. Financing must be for implementing one or more of the EMP or TA or home audit finding(s) from which the combined energy savings realized is 15% or greater.
2. Lender and borrower submit Application for Interest Buy Down/Down Payment,
3. Lender financing shall not exceed the bank's normal and customary interest rate for a loan of this type and underwriting requirements. NOTE: Only those energy saving technologies identified in an approved home energy audit, TA or EMP qualify for this program.
4. Terms (length) of the loan shall be based on energy savings, but in no event may the loan exceed the sooner of 10 years or the useful life of the equipment installed.
5. Farmer shall be given the option of an interest buy down to a 3 percent loan or the equivalent dollar amount as a cash down payment.

For Example: \$25,000 loan at a 6.5% normal interest, 5 year terms, with monthly payments would equal \$4,349.26 in interest. Same loan at 3% interest would equal \$1,953.02 in interest. If the borrower selects the Interest Buy Down option, the lender would receive a payment in the amount of \$2,396.24 (\$4,349.26 - \$1,953.02).

If the borrower selects the Cash Down Payment option then the lender would receive a payment in the amount of \$2,396.24 and the loan would be for \$22,603.76 at 6.5% for 5 years.

6. Lender will receive notification from MASBDA as to the status of the application and available funding prior to loan closing.

NOTE: The interest buy down or equivalent cash down payment will be processed upon MASBDA receiving proof of the loan. (Promissory Note)

VII. To participate in the Loan Loss Reserve (75 % loan guarantee on loans not to

exceed \$50,000) the lender and borrower shall:

1. Submit application for Loan Loss Reserve. Financing must be for implementing one or more of the EMP, TA or home audit finding(s) from which the combined energy savings realized is 15% or greater.
 - Provide proof of collateral interest,
 - A lender's favorable loan analysis of the borrower's ability to repay the loan,
 - Current financial statement, not more than 6 months old, including profit and loss statement and cash flow statement, and
 - Credit Bureau report, if required by the lender.
1. Lender will receive notification from MASBDA as to the status of the application and available guarantee funding prior to loan closing.
2. Lender will be issued a Certificate of Guarantee.
3. Lender shall report annually 120 days after the end of each calendar year while this certificate is in effect. The report shall include borrower's (a) current balance sheet, (b) outstanding loan principal balance, and (c) loan payment status.

Records: MASBDA reserves the right to ask for additional information necessary to ensure program eligibility.

Audit: MASBDA reserves the right to audit approved loans to ensure compliance with program requirements. University of Missouri reserves the right to bring a pre- and post- evaluation team to the applicant's farm to collect data to document energy saving and to obtain from the applicant energy bills/usage for the period of two years prior to implementation and two years after the energy retrofit is implemented.

Reporting: Copy of the energy audit will be provided to University of Missouri to ensure complete and accurate federal reporting requirements.

ADA: In connection with the furnishing of equipment, supplies and/or services under the contract, the contractor and all subcontractors shall comply with all applicable requirements and provisions of the Americans with Disabilities Act (ADA).

Note: Energy saving technologies must be installed and operational no later than November 30, 2012.

Prior to a loan loss payment being made, the lender shall provide proof of compliance (copy of MOU) with the federal work authorization program (E-verify).

Borrowers qualifying for the Missouri Agricultural Energy Savings Program may also qualify for the Missouri Linked Deposit Program administered by the state treasurer's office. The Missouri Linked Deposit Program makes funds available at reduced interest rates to lenders who in turn pass the savings along to agricultural business development loan borrowers. To find out more about the Missouri Linked Deposit Program, call the state treasurer's office at (573) 751-2372 or visit their website at www.treasurer.mo.gov.

Applications are also available at: <http://mda.mo.gov/abd/financial/maestro.php>

G. SUBMISSION OF INFORMATION

Submit information to:

Missouri Agricultural and Small Business Development Authority

P.O. Box 630

Jefferson City, MO 65102-0630

Telephone: (573) 751-2129

Fax: (573) 522-2416

E-mail: masbda@mda.mo.gov

Web: mda.mo.gov