

GREENHOUSE GAS EMISSIONS REDUCTION FUND
Quarterly Progress Report Form

1. Program Title

NH Business Energy Conservation Revolving Loan Fund

2. Program Type

Revolving loan fund for energy efficient investment;

Energy efficiency related industrial processes and controls;

Programs to improve the electrical and thermal efficiency on new and existing commercial buildings.

3. Summary of work completed during this reporting period **May 1, 2010 – July 31, 2010.**

- Develop loan program guidelines – previously completed;
- Establish monitoring and accounting systems for RLF and create form loan documents –previously completed;
- Market the RLF through NH Business Resource Center and utility audit programs – ongoing, initial efforts were to work with potential borrowers identified by previous audits coordinated by these groups. We did not aggressively market the program this quarter because all our funds are committed and the status of continued funding unknown. We have been referring our prospects to CDFA.
- Reviewed 0 new loan application - We continued to refine the proposal from the Androscoggin Valley Regional Refuse District to pipe methane gas from the landfill to the mill. The AVRRD project is on hold pending a district vote on August 27th. 100% complete;
- Prioritize loan applications from businesses not currently eligible for existing utility energy efficiency programs – All 3 projects approved to date do not qualify for the existing energy efficiency rebate programs.
- Close each loan application –65% complete. Seven hundred-fifty thousand dollar Foss loan closed December 7, 2009, and the \$510,000 Vitex loan closed June 4. The sale of the Gorham mill is scheduled for September, which will allow us to close the AVRRD loan next quarter.
- Perform tasks listed in each Loan Agreement – 50% complete. We are working with Coastal Economic Development Corporation to implement and monitor the Foss loan and Carbon Solutions NE to establish benchmarks to evaluate the energy savings. Requisitions totaling \$649,123 have been approved to date for the Foss and Vitex projects.

- Utilize existing loan underwriting and management capabilities – 100%. BFA staff has completed all underwriting and other administrative activities. The BFA has borne all this expense. One hundred percent of GHGERF funds will be used to provide business energy efficiency loans.
- Monitor collection of payments – 20% complete. The Foss project is complete and loan repayment is scheduled to begin in September.
- Seek matching funds – 100%. We are requiring each borrower to pursue all other available funding options. Please see attached project summaries. Foss unsuccessfully applied for USDA funds. AVRRD has applied for both EDA and CDBG funding.
- Refer bankable projects to Ocean National Bank's energy efficiency program – RLF guidelines specify that projects that qualify for bank funding will be referred to the Ocean Bank program. No borrower to date would qualify for bank financing, either because of the nature and quality of the loan collateral or because of the borrower's operating results.

4. Summarize work to be completed next quarter: **May 1, 2010 – July 31, 2010**

- Aggressively market the RLF – BFA website, direct outreach to utility audit programs, and through the DRED Business Resource Center to build backlog in anticipation of continued program funding;
- Convert at least 2 of our existing prospects into loan applications and commitments;
- Close AVRRD loan;
- Work with Vitex and AVRRD to implement their projects;
- Implement loan collection with Foss..

5. Budget vs. Actual Expenditures

Funds used for Loan Fund Capital - Budget - \$2,000,000
 Actual - \$649,123
 Match - \$116,775

6. Please document any jobs created.

Foss has increased employment from 306 to 328 since the closing of the energy loan. The three companies we have made commitments to employ nearly 660 people in high wage manufacturing employment.

7. Explain any obstacles encountered or any milestones not reached.

The three main obstacles to implementation of the program have been the lack of comprehensive energy audits, which are essential to evaluate potential projects, timing issues in coordinating the RLF with other funders, and delays in receiving equipment so the improvements can be completed. We believe the energy audit situation has been resolved by DRED's Business Resource Center, which has received Stimulus funds to help businesses evaluate their energy use and potential savings. Coordination with other funders will continue to be an issue given the different funding cycles and requirements of the various programs. Nonetheless, we are committed to leverage as much other funding as possible. Finally, we just have to accept the delays in project implementation that are being caused by the flood of stimulus funding. For example, it will take Vitex 6 months to receive its equipment and be able to implement its project.