

Title 6: Economic Development

Part 3: Energy

Chapter 2: Mississippi Alternative Fuel School Bus and Municipal Motor Vehicle Loan Fund

Rule 2.1 Overview and Purpose. The Mississippi Alternative Fuel School Bus and Municipal Motor Vehicle Revolving Loan Fund, administered by the Mississippi Development Authority (“MDA”) is designed to assist public school districts and municipalities in paying initial costs incurred for the purchase of alternative fuel school buses and motor vehicles, the conversion of school buses and motor vehicles to utilize alternative fuels and the purchase of alternative fuel system equipment and facilities.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.2 Program Requirements. In order to obtain assistance under the Mississippi Alternative Fuel School Bus and Municipal Motor Vehicle Revolving Loan Fund, the applicant must be declared financially sound and capable of repaying the loan and must be one of the following entities:

- A. Public School District (K-12)
- B. Municipality

Source: House Bill 1685, Section 1, 2013 Regular Session.

Rule 2.3 Equipment and Technology. Equipment and technology eligible for projects through the loan program are restricted to the following stipulations:

- A. Alternative fuel gases, per Regular Session 2013 HB 1685 are:
 - i. propane gas;
 - ii. compressed natural gas; and
 - iii. liquefied natural gas.
- B. Original Equipment Manufactured Alternative Fuel Vehicles (AFVs) must be new, dedicated or bi-fuel, on-road school bus or motor vehicle. Motor vehicles include light-to heavy-duty weights.
- C. After-Market Retrofits are limited to gasoline or diesel powered school buses or motor vehicles for bi-fuel or dedicated fuel conversion. Retrofits must be new vehicle systems and must be EPA certified. Documentation must be submitted with application.
- D. Refueling Infrastructure projects can include new dispensing facilities, or additional equipment or upgrades and improvements to existing AFV refueling sites:
 - i. Tanks, pumps, hoses, injectors, electronic controls and related supplies, materials, parts and components for the storage of alternative fuels;
 - ii. Facility upgrades or building modifications that are necessary to accommodate alternative fuels for fleet garages and other maintenance/service centers;
 - iii. Projects may be proposed that include multiple fuel types; and

- iv. Eligible infrastructure costs must be limited to the development of the refueling capability and related service/support for alternative fuel and/or advance technology vehicles.
- E. Refueling system purchased through the loan program must be installed at a governmental entity location for nonpublic use per Regular Session 2013 HB 1685.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.4 Eligible Projects. Funds may be used to cover 100% of incremental cost to purchase an alternative fuel vehicle, to convert a conventional vehicle to accept alternative fuels, and to purchase alternative fuel system equipment and facilities. If requesting funding for any *one* project below, the applicant must show the complementary project has already been completed or funded, or provide the plans for such, with certification acceptable to MDA.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.5 New OEM Purchases. Incremental cost shall be calculated based on the difference between the cost of the AFV and the cost of a comparable conventional model, verified by manufacturer estimate, after all other applicable manufacturer and cash equivalent incentives are applied. Those AFVs with no conventional model must be compared to a model of same manufacturer with similar specifications. This conventional model must be verified by the manufacturer.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.6 Repower/Recharge/Retrofits/Conversions. For vehicle conversions, the incremental cost shall be based on the cost of the new fuel system plus installation and labor after all other applicable rebates and cash equivalent incentives are applied. Vehicle retrofits are limited to EPA compliant vehicle systems. Funds are not available for non-fuel system upgrades such as transmissions and exhaust systems. Eligible projects include retrofits and energy design process developments.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.7 Alternative Fuel System Equipment and Facilities. The incremental cost of fueling system property shall be based on the cost of the new fuel system plus construction and installation after all other applicable rebates and cash equivalent incentives are applied.

Rule 2.8 Applications. The application to be submitted by a borrower must include:

- A. The purpose of the proposed loan including a list of eligible items and the cost of each;
- B. Detailed project description, including pictures for facility projects;
- C. The estimated cost of the total project with a detailed breakdown of all public and private sources of funding;
- D. The time schedule for implementation and completion of the project, evidencing an expeditious completion of the project;

- E. Certified proof of publication of the Resolution of Intention of the Applicant to apply for a loan. The Resolution must be published once a week for at least four (4) consecutive weeks in a newspaper having general circulation in the county;
- F. Upon receiving the results from publishing the Resolution of Intention, the Applicant must provide MDA with an execution Resolution of No Protest;
- G. Opinion of counsel from the public schools and/or local Applicant addressing the authority to borrow under the Loan Program and to pledge a tax base as collateral for such loan; and
- H. Most recent audited financial statements.
- I. Two (2) copies of the application must be submitted to MDA.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.9 Competitive Stipulations. Because funds are limited, applications will be accepted quarterly until allotted funds are expended or the 2017 bond sale deadline. To ensure funds are distributed effectively, applications will first receive an initial eligibility review, and then will be reviewed by a selection committee. This committee will score and rank the applications using the following factors:

- A. Project Evaluation and Team Experience -- 25 points
 - i. Project staff demonstrated ability to successfully complete project and history of successfully meeting deadlines;
 - ii. The degree to which the project concept demonstrates a sound methodology and approach that ensures all alternative fuel vehicles can be fueled by the alternative fuel;
 - iii. A schedule is in place to complete the work proposed;
 - iv. A policy will be in place to ensure drivers use the designated alternative fuel 75% of the time;
 - v. The degree to which the application consists of eligible activities; and
 - vi. The composition, qualifications and experience of the project team, including previous execution of similar projects.
- B. Rule 2.10 Economic Impact -- 25 points
 - i. Demonstrates how project will impact or involve community;
 - ii. The project will involve 10 or more vehicles; and
 - iii. Demonstrates an opportunity for other fleets to expand its alternative fuel use.
- C. Environmental Benefit Points -- 30 Points
 - i. Demonstrates a reduction in environmental emissions: Nitrogen oxide, Carbon Monoxide and other GHGs.
 - a. 15-45%
 - b. 45-79%
 - c. 80-100%
 - ii. Demonstrates a significant amount of petroleum consumption that will be avoided.
 - a. 25%
 - b. 50%
 - c. 75% or more

D. Financial Analysis Points -- 20 Points

- i. The cost-effectiveness of the project;
- ii. The submission of a feasible, justified project budget, broken down by category;
- iii. The project's ability to obtain a positive return on investment over the lifetime of the project;
- iv. Product warranties; and
- v. Driver training.

E. Project Leveraging – 25 Points

- i. Although matching is not required, extra points will be awarded to those projects that document leverage contributions in the total project cost. Cost share commitments to the total project from the applicant will be rated on a sliding scale basis as shown below:

Amount Leveraged	Possible Points
10% to 24%	5
25% to 49%	10
50% or greater	25

- F. All requested changes and variances from the original application should be made in writing and will be reviewed by MDA on a case-by-case basis.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.10 General Loan Terms. Below are the maximum amounts which may be loaned from the Mississippi Alternative Fuel School Bus and Municipal Motor Vehicle Revolving Loan Fund to finance any one (*I*) project. Because loan periods differ, two (2) separate loans will be required for purchase of vehicles or retrofits and refueling infrastructure. The term and the repayment schedule will be established by MDA. The fixed rate of interest shall be zero percent (0.0%).

A. Refueling Infrastructure:

Five Hundred Thousand Dollars (\$500,000); a term not to exceed fifteen (15) years.

B. Vehicle Purchases and Retrofits:

Three Hundred Thousand Dollars (\$300,000); a term not to exceed seven (7) years.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.11 Penalties. In the event of a default on the loan, the municipality or school district shall be prohibited from participating in future loan programs or from receiving future loan proceeds administered by MDA until such time as the default is remedied and/or brought current.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.12 Default. The following event shall be considered default whenever used in these guidelines and shall mean the following: Failure by borrower to pay or cause to be paid when due, any loan payment required under the *General Loan Terms* and the loan agreement, and such failure continues for twelve consecutive (12) months.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.13 Delinquent Notice Process. Each loan agreement shall provide for (i) monthly payments, (ii) semi-annual payments, or (iii) other periodic payments. Invoices will be sent to the entity with an active loan, based upon the payment schedule. Payments are due on the first day of the month in which payments are scheduled to be made. Failure to submit timely payments may result in the following procedures:

- A. 30 days delinquent- The entity will receive a formal letter from MDA stating the minimum amount due to return the loan to good standing, the collection process with the office of the State Auditor and terms of the loan agreement.
- B. 60 days delinquent, MDA may issue the same letter with the new minimum amount due.
- C. 90 days delinquent, MDA may issue the same letter with the latest minimum due.
- D. 120 days delinquent- The entity will receive a formal warning letter from MDA allotting 30 days to bring the loan payments up to date before the entity is turned over to the state auditor.
- E. 180 days delinquent- MDA may request the State Auditor to audit the receipts and expenditures of the loan (Section 57-1-303(5)). If the State Auditor finds that the entity is in arrears in payments, the entity shall be denied eligibility in all future loan financing programs with MDA until such time as the entity is again current in its loan payments.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.14 Loan Closing. Based upon the terms and conditions established by MDA, MDA will prepare all loan documents, including but not limited to, the Loan Agreement and Promissory Note, (collectively “Loan Documents”). Prior to disbursement of any funds, all Loan Documents must be fully executed.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.15 Fees. At the time of the closing, the borrower will be responsible for providing to MDA a one percent (1%) origination fee. The Applicant will also be responsible for paying for all costs associated with the closing of the loan.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.16 Reimbursement Process. MDA will release loan funds on a reimbursement or services rendered basis for approved eligible costs of the project as incurred. The borrower shall

certify to MDA that the expenses were incurred and were in accordance with the project as approved by MDA. Funds will be released periodically upon receipt of supporting documentations from the borrower based upon a schedule established by MDA.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.17 Audit. Loans made under the Revolving Loan Fund are subject to audit by the Mississippi Office of the State Auditor. Additionally, MDA will monitor all projects to ensure compliance with the original application submitted.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.18 Waiver. These guidelines may be amended by MDA at anytime. MDA, in its discretion, may temporarily waive any requirement of the guidelines to the extent that the result of such waiver is to promote the public purpose of the Act and is not prohibited by State Law.

Source: House Bill 1685, 2013 Regular Session.

Rule 2.19 Additional Information. Program inquiries and application should be directed to:

Mailing Address:

Mississippi Development Authority
Energy and Natural Resources Division
P. O. Box 849
Jackson, Mississippi 39205-0849
Telephone: (601) 359-3449
Fax: (601) 359-6642
www.mississippi.org

Delivery Address:

E. T. Woolfolk State Office Building,
MDA – Energy and Natural Resources Division, 6th Floor
501 North West Street
Jackson, Mississippi 39201

Source: House Bill 1685, 2013 Regular Session.