



STATE OF ARKANSAS
**Department of Finance
and Administration**

OFFICE OF THE DIRECTOR
1509 West Seventh Street, Suite 401
Post Office Box 3278
Little Rock, Arkansas 72203-3278
Phone: (501) 682-2242
Fax: (501) 682-1029
<http://www.state.ar.us/dfa>

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May 31, 2013

Senator Bruce Maloch, Co-Chair
Representative Stephen Meeks, Co-Chair
Performance Evaluation & Expenditure Review Committee
Arkansas Legislative Council
State Capitol Building
Little Rock, AR 72201

RE: FY14 Appropriation and/or Fund Transfer Request(s)

Dear Co-Chairs:

I am forwarding for appropriate action as required by law, the attached Appropriation and/or Fund Transfer Request(s) that have received my approval as Chief Fiscal Officer of the State.

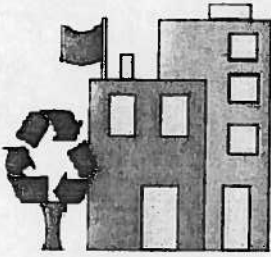
Sincerely,

A handwritten signature in black ink, appearing to read "Richard A. Weiss".

Richard A. Weiss
Director

RAW:jds

Attachment(s)



MEMORANDUM

TO: Richard Weiss, Director
Department of Finance & Administration

FROM: Anne W. Laidlaw, Director *AWL*

DATE: May 3, 2013

SUBJECT: ABA Sustainable Revolving Loan Fund – Appropriation Transfer FY14

*OK
BRS*

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DFA DIRECTORS OFFICE

The purpose of the above referenced appropriation is to provide loans to State Agencies for the Sustainable Building Design Program pursuant to ACA §22-3-1901.

ABA currently has six (6) active RLF Loan Agreements that will carry over into FY14 for the purpose of transferring funds and appropriation for the payment of contractual obligations authorized through the RLF program and loan agreement. The projects found on the attached spreadsheet were previously approved and are currently underway, but will not be completed in FY13 and therefore will be carried forward into FY14. By way of this letter, I am requesting a re-authorization for the transfer of appropriation and funding pursuant to Act 108 of 2013, Section 13.

You will find on the attached spreadsheet a summary of the outstanding loans requiring an appropriation transfer for FY14 for the Revolving Loan Fund Program:

Fund: MBD0000 – Sustainable Building Design Revolving Loan Fund
Fund Center: 59R – Building Design Loans

Your consideration is respectfully requested. Should you have any questions, please do not hesitate to contact me at 501-682-5568.

History of the Sustainable Building Design Revolving Loan Fund

The **Sustainable Building Design Revolving Loan Fund** was created by Act 1372 of 2009. This Act was later codified as Arkansas Code Annotated §22-3-1901 through §1904.

Two appropriation acts: Act 1363 and Act 754 both of 2009 accompanied Act 1372 of 2009.

Section 6 of Act 754 provided ABA with the authority to promulgate rules in accordance with the Sustainable Building Design Program.

Act 754 also mandated the review of the rules by ALC or JBC prior to their implementation.

RULE PROMULGATION:

- The **promulgation process** began in the **early spring 2010** and the Sustainable Building Design Revolving Loan Fund Rules, including the forms, were reviewed in the early summer of 2010.
- These rules (which are still intact as reviewed) were **reviewed by JBC/Peer on February 4, 2010.**
- The **Subcommittee on Administrative Rules and Regulations reviewed the rules on May 11, 2010.**
- **ALC deemed the rules “reviewed” on May 21, 2010.**
- The Revolving Loan Fund (RLF) rules became **effective on June 1, 2010.**
- The RLF Forms were subsequently reviewed by the Subcommittee on Administrative Rules and Regulations on June 16, 2010 and deemed reviewed by ALC on June 18, 2010. **The forms became effective on July 1, 2010.**

RLF FUNDS:

Funding sources for the RLF:

- \$3,000,000 General Improvement Funds from Governor
- \$11,370,000* ARRA Grant from the Arkansas Energy Office

Total Funds Available = \$14,370,000

*(*The ARRA funds had to be committed by March 31, 2012 or would be lost.)*

RLF LOANS:

ABA began entering into Memorandum of Understanding (Agreements) with several state entities in the fall of 2010 to reserve funds for proposed energy projects. The first Loan Agreement was signed on March 21, 2011 with the Arkansas State Police for \$2,000,000. By May 31, 2011, ABA had committed \$7,203,500 in RLF funds to six (6) State entities which equaled 76% of the ARRA funds scheduled to expire on March 31, 2012. The largest loan was made to UAMS for \$3,000,000 for the expansion of their on-campus energy plant with a proposed project payback of 3.3 years.

ABA executed a Loan Agreement on February 21, 2012 with UA Fort Smith for the balance of the ARRA funds set to expire on March 31, 2012. All \$11,370,000 in ARRA funds were secured before the deadline.

As of June 1, 2013, ABA has executed \$13,363,163 in RLF agreements and received \$2,153,372 in loan repayments.

LOAN CRITERIA:

Eligibility to Apply (as stated in RLF Rules):

Applicants for funding from the Fund shall be agencies, boards and commissions of the State of Arkansas which receive General Revenue funding and are authorized by law to make **renovations for state owned facilities which exceed the amount of \$250,000** and require approval by ABA.

- Applicants for projects to be funded by the American Recovery and Reinvestment Act of 2009 (ARRA) monies shall submit applications no later than December 12, 2011.
- Applicants for projects to be funded by the General Improvement Fund monies may submit applications on an as needed basis.

Loan Review Criteria (as stated in RLF Rules):

ABA shall only approve those projects which **exceed \$250,000** for the renovations of existing **state owned facilities** which ABA determines to be of value for sustainable design building purposes. Projects shall be selected for funding on the basis of their conformity with these purposes, pursuant to Arkansas laws. Projects may be bundled to meet the minimum threshold amount of exceeding \$250,000; however all contracting of these projects shall be made pursuant to federal and state laws, regulations and rules.

To qualify for funding in whole or in part as a sustainable building design project, the state owned facility shall be a facility of an agency and shall be designed, renovated and certified pursuant to the Arkansas Energy Office's requirements of "The Sustainable Energy-Efficient Building Program" which is currently stated a **reduction of at least ten percent (10%) below the baseline energy consumption** determined in accordance with the Performance Rating Method of Appendix G of the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Standard 90.1-2007, as it existed on January 1, 2009.

The Sustainable Building Design Program Review Committee shall review the applications forwarded from the Manager and make recommendations to the Director for project loan approval.

Other review criteria include:

- 1) Agency has completed their Strategic Energy Plan (StEP) and was approved by the StEP Energy Workgroup, and plan includes specific sustainable renovation projects within the Capital Projects section of the plan.
- 2) Agency has contracted or will be contracting for a Measurement and Verification (M&V) of the project.
- 3) Agency has completed a Life Cycle Cost Analysis. Should an agency determine an analysis is not needed; the Director may waive this requirement upon proper written justification presented by the agency.
- 4) A statement from the Agency Director as to the agency's method of repayment of the loan.

Sustainable Building Design Program

