

Supporting Manufacturing Leadership Through Sustainability

E3: Economy, Energy, and Environment

Non-Federal Funding Streams for E3 Project Implementation

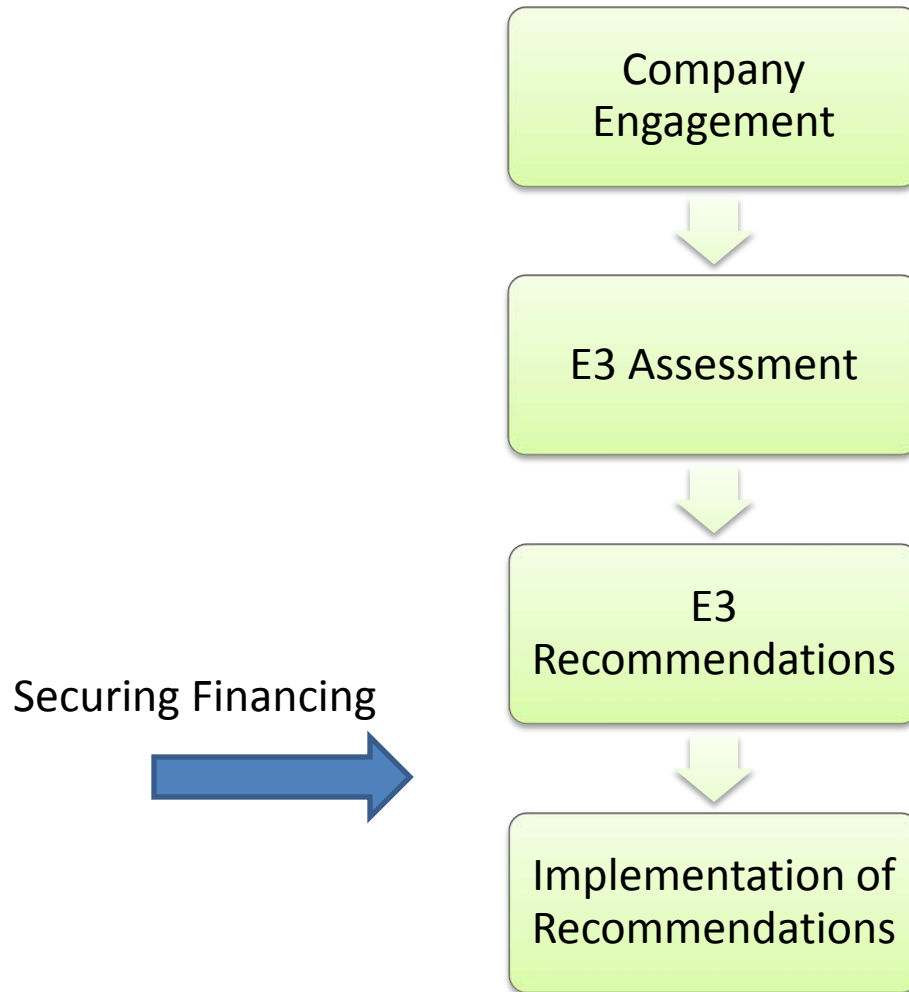
June 5, 2013



SBA
U.S. Small Business Administration



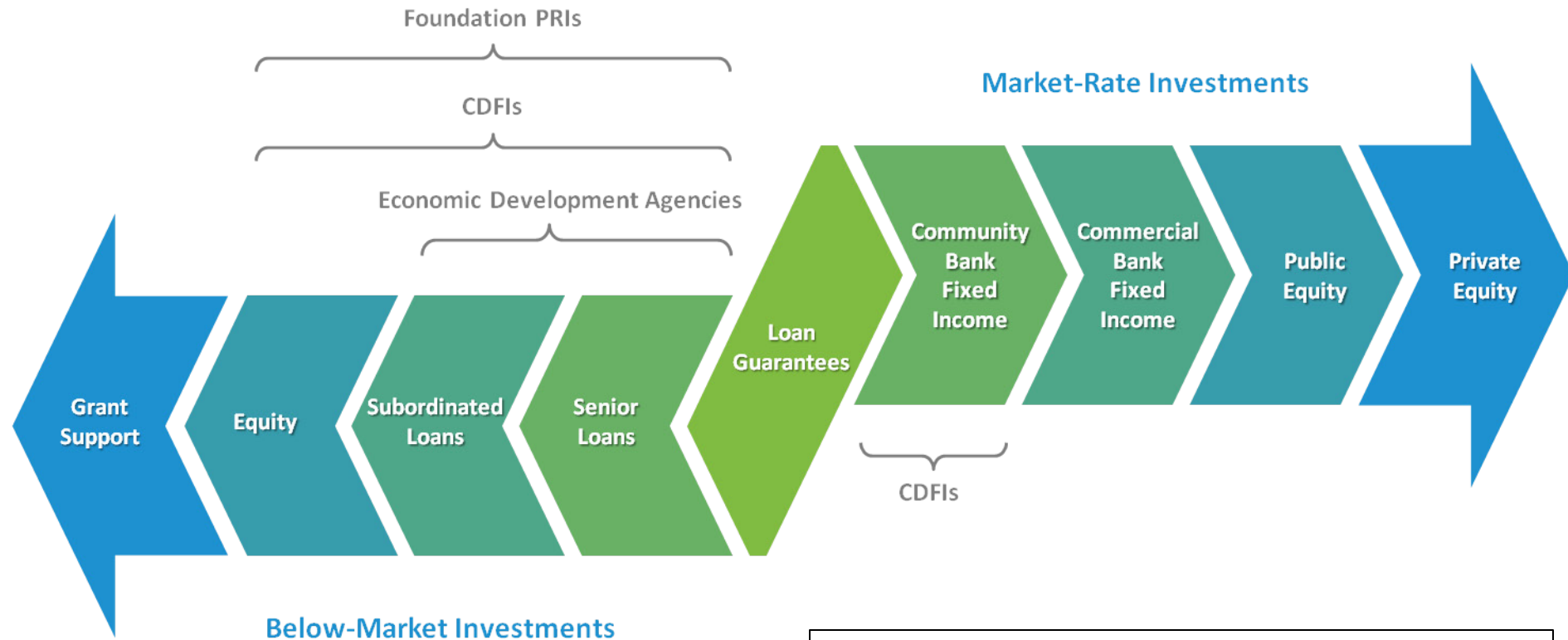
Financing for Implementation



What is Impact Investing?

Investments made into companies, organizations and funds with the intention to generate measurable social and environmental impact alongside a financial return.

Impact Investing Expected Return Continuum



Other Agenda Items:

- How to contact these institutions
- Data they look for
- Resources you can use to collect data

Community Development Financial Institutions

Financial institutions with a social and/or environmental mission that serve underserved markets or communities

Funding Sources

- Foundations
- Government
- Corporate Banks
- Social Investors
- Individuals

Services Offered

- Project financing
- Business Plan Development
- Market Research
- Operational Technical Assistance

CDFIs – Six Different Types

- Banks
- Loan funds ←
- Credit Unions
- Microenterprise funds
- Corporation-based lenders and investors ←
- Venture funds ←

CDFI Stats

- Over 900 CDFIs in the U.S. managing \$50 billion in assets
- An estimated 11% of CDFI funds go to business lending, but more than half of all CDFIs lend to businesses
- Over \$5 billion that is accessed by U.S. companies annually

Case Study: Craft3 & City of Roses Disposal and Recycling



- City of Roses Disposal and Recycling, family-owned recycling business in Portland, Oregon
- Partnered with Craft3 to build a new recycling facility
- Craft3 provided loan for site improvements and facilitated additional financing from two other organizations
- Result is a new recycling facility that can sort, grind, and sell construction and demolition waste

CDFIs – How to Contact

- Opportunity Finance Network's CDFI database
- http://www.opportunityfinance.net/industry/industry_locator.asp
- Coalition of Community Development Finance Institutions: www.cdfi.org

Foundations: Program-Related Investments

Below-market rate investments that are made with a targeted program objective

PRI Types

- Loans
- Loan guarantees
- Cash deposits
- Equity investments

Key Aspects

- Count against a foundation's annual 5% payout
- Must further foundation's mission and lack any significant investment purpose

Foundation PRI Stats

- Ninety-seven foundations made \$701 million in PRIs to 244 organizations in 2009 (most recent year available)
- Average dollar amount: \$1.5 million
- More than half were loans, though equity investments and loan guarantees increasingly common
- PRIs made to both for-profit and nonprofit entities

PRI Examples



Bank of America

- \$50 million PRI to nine CDFIs to help finance building retrofits
- Provides low-cost, long-term loans to help building owners finance energy efficiency improvements



- Made PRI to Community Power Works (CPW) to enhance the energy efficiency of large buildings
- CPW administers \$21 million loan fund for building retrofits and job creation

Foundation PRIs – How to Access

- Reach out to existing foundation contacts
- Contact Kris Pierre at pierre.kristin@epa.gov or 202-564-8837
- Visit Mission Investors Exchange website: www.missioninvestors.org

State, County and Municipal Development Finance Agencies

- Government agencies and authorities that provide or support economic development financing programs
- Issue bonds, offer credit enhancement programs and provide debt and equity investments
- Issue industrial development revenue bonds (IDRBs)

Industrial Development Revenue Bond Process

Manufacturer approaches local development finance agency with a proposal to expand or improve their operation



If approved, development agency then issues a bond on behalf of the company



Proceeds from the bond sale are loaned to the manufacturer to finance the project



Industrial Development Revenue Bond Advantages and Governing Rules

Advantages

- Long-term maturities
- Below-market interest rates
- Low down payment
- May also provide property, sales and mortgage recording tax abatements

Federal Rules

- Must go toward the manufacturing or processing of tangible property
- Bonds cannot exceed \$10 million
- Total capital expenditures at project site cannot exceed \$20 million
- Total outstanding investment revenue bonds at the company may not exceed \$40 million

E3 Metrics

Economic Metrics:

- Environmental savings identified
- Lean savings identified
- Other cost savings
- One time potential cost savings identified
- Individuals trained
- Jobs created
- Jobs retained
- Number of small businesses engaged*
- Percentage of small businesses engaged*
- Number and value of SBA loans granted*
- Capital infusion dollars invested*

Energy Metrics:

- Energy conserved (MM BTU/kWh)
- Energy intensity per unit of production*
- Carbon reductions (tons)*
- Carbon intensity per unit of production*

Environment Metrics:

- Air emissions reduced (lbs)
- Solid waste reduced (lbs)
- Material intensity per unit of production*
- Hazardous waste reduced (lbs)
- Hazardous materials reduced (lbs)
- Water pollution reduced (lbs)
- Water used/conserved (gal)
- Water intensity per unit of production*

*Lagging indicators, either not yet collected or to be calculated

Additional Impact Metrics

(taken from GIIIN's Impact Reporting and Investment Standards)

Product Metrics:

- Product lifetime
- Energy used by product over product lifetime (kWh)
- GHGs emitted by product over product lifetime (tons CO₂ equivalent)
- Water utilization/consumption per unit of product (gal)
- Third party certifications (e.g. EnergyStar)
- Product recyclability

Energy Metrics:

- Energy consumption (renewable and non-renewable sources)
- On-site energy produced and consumed (renewable and non-renewable)

Environment Metrics:

- GHG emissions (tons CO₂ equivalent)
- Type of water use and amounts (i.e. municipal, rainwater, recycled, wastewater)
- Amount of wastewater treated (gal)
- Amount of waste to landfill or recycled (lbs)
- Level of toxic materials used in manufacturing process (lbs)

Other Metrics Resources

Global Reporting Initiative (GRI)

- Developed by Ceres
- Comprehensive sustainability reporting framework – widely used by industry
- Allows companies to craft a report that addresses their most important sustainability issues
- www.globalreporting.org

OECD Sustainable Manufacturing Metrics Toolkit

- Designed to help plant managers benchmark a facilities' environmental performance
- Covers production inputs, process and end products
- Designed for small-to-mid-size manufacturers
- <http://www.oecd.org/innovation/green/toolkit/>

Other Resources

MEP Growth Finance Guide, 5th Edition

<http://www.nist.gov/mep/upload/Finance-Guide-05-11-11a.pdf>

Global Impact Investment Network

www.thegiin.org

Council of Development Finance Agencies

www.cdfa.net

Thank You

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*Last day at EPA: 06/07/13

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