Department of Education | Energy Efficient Schools Initiative

Loan Term and Repayment Policy

Purpose

The EESC Loan Term and Repayment Policy is intended to provide a written Council Policy that establishes the Repayment Period, Interest Rate, and Project Implementation timeline for each loan approved by the Council.

Authority

In 2008 the Energy Efficient Schools Council (EESC) was created by the Tennessee General Assembly under Tennessee Code Annotated (T.C.A) *49-17-101*. The purpose of EESC is to carry out the obligations prescribed in that article including:

T.C.A § 49-17-103

(e) (2) Award grants or loans to school systems for qualifying capital outlay projects, including projects where a provider has warranted predetermined energy use objectives under the criteria established by the technical advisory committee and approved by the council

(h) (1) Except as prohibited by law, the council shall have all other power and authority necessary and convenient to effect the purposes of this chapter.

T.C.A. § 49-17-104.

(b) The council has the authority to adopt a charter and bylaws and shall promulgate rules, regulations and policies the council deems necessary to further the purposes and duties of the energy efficient schools council as defined in § 49-17-103 and this section. Any rules and regulations proposed by the council shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

LOAN TERMS

0520-13-1.06 LOAN TERMS. The repayment period and interest rate is established for each loan approved by the Council based upon written Council policy. The application must include a cost-benefit analysis which demonstrates that the annual energy savings are sufficient to retire the loan within the term requested.

- The maximum combined loan amount is $5 million (please see LOAN RULES for additional information). There is no minimum loan amount.

- The interest rate is fixed:
  - Loans less than $5,000,000
    - 0.5% for the term of the loan.

- It is the legislative intent that the council establish and operate its programs in a manner that makes funds available on an equitable basis for the benefit of LEAs of all sizes, characteristics and geographical locations. A loan applicant with an existing EESI loan may apply for an additional loan if additional funding becomes available, and when the applicant's existing loan project is complete.

- Before applying, applicants should contact the EESI Staff for the most current funding information. This is a revolving loan fund and repayments from previously approved loan awards replenish the fund balance.

- The repayment period of a loan (the number of years needed to repay the loan (principal and interest)) will be determined using an estimate of the energy cost savings during the first year after project completion. Energy cost savings are based on applicable tariff and operating schedules at the time the loan application is submitted.

LOAN REPAYMENT

0520-13-1.08 LOAN REPAYMENT. The recipient will make monthly payments in accordance with a repayment schedule provided by EESI. A participating school district may repay the loan at any time without prepayment penalty.

- Loans must be repaid from energy cost savings or other legally available funds within a maximum term of 16 years (including principal and interest).

- The final amortization of a loan will be based on the total funds disbursed to a recipient and terms set forth in the loan agreement. The loan repayment term cannot exceed the effective useful life of the loan-funded equipment.

(Board Policy Last Revised: 06/23/2020)

Denny Hastings
President, EESC