

2016 Michigan Qualified Energy Conservation Bond (QECB) Allocation Application

Frequently Asked Questions – April 5 - May 3, 2016

Q-1. When the Michigan Agency for Energy (MAE) website refers to the 2016 Application for QECB allocations, is that a different form and process from the posted Request for Project Interest (RFI)?

A-1. The recently posted 2016 Michigan QECB Allocation Request for Applications (RFA) is the official process for awarding new State allocations; and the due date for MAE to receive completed applications is 5/16/16. The Request for Project Interest (RFI), posted in late 2015, identified areas of interest and preliminary project data for state planning purposes. Those that responded to the RFI must submit a completed 2016 Michigan QECB Allocation Application to be considered for an allocation.

Q-2. Are State universities eligible to apply or just the local municipalities?

A-2. Public and private entities with a qualifying project and an eligible QECB issuer may apply. See Application, Part II. Section A. for definitions of eligible QECB issuers and projects under federal regulations.

Q-3. Are private businesses eligible to apply for the State of Michigan's 2016 QECB allocation? Can you provide examples of businesses that have used QECB financing to implement an energy project?

A-3. Yes, provided that they have an eligible public issuer of the QECBs. A recent report by the Energy Programs Consortium (EPC), October 2015, provides case studies on pp. 8 -14; and, it is posted on the MAE website/QECBs page link [here](#). Interested businesses may contact the Michigan Economic Development Corporation. Diane Cranmer (cranmerd@michigan.org or 517-373-2778) is the MEDC's point of contact to discuss private activity bonds.

Q-4. Can you explain how some of the federal regulations pertaining to QECBs, such as the American Reinvestment and Recovery Act IRS 54(d), apply to a proposed solar project?

A-4. No, the State of Michigan cannot interpret these federal regulations, but bond counsel and/or a financial consultant with QECB experience can assist by providing an expert opinion. The EPC provides a list of firms with this experience in the Appendices of their December, 2014 report on QECBs.

Q-5. Do the attachments referenced in Part III. B. count toward the maximum 10-page response in Part III. A (i.e., Attachment 1, three Plan of Finance documents, and the Application Certification)?

A-5. No, the five documents referenced are attachments and do not count toward the 10-page maximum length of an applicant's narrative response. Place completed attachments at the end of the narrative in the order that they appear in the QECB Application Part III. B.

Q-6. Are Charter Schools with a 501(3) (c) designation eligible to apply for the State's 2016 QECB allocation? Can they issue QECBs?

A-6. Refer to A-2 above, which also responds to this question.

Q-7. What project activities are eligible for a QECB allocation?

A-7. Eligible projects are listed in the 2016 QECB Application Part II. A. (a. - e.). (See A-3 above for a page link). For more details, please consult with a QECB-experienced bond counsel or financial consultant.

Q-8. Are there restrictions on population size for local governments to apply for a 2016 QECB allocation from the State of Michigan?

A-8. No.

Q-9. Is the 2016 QECB Allocation Application process for the issuance of bonds by the local entity to fund projects, or is this an actual grant award to the local from the State issuance of QECB's?

A-9. The application process is for the issuance of bonds by the local entity to fund qualified energy projects. There are no grant dollars or other financial incentives associated with the QECB program.

Q-10. Is there a deadline extension for Michigan QECB allocation applications?

A-10. No, the deadlines for electronic and original signature paper copies of the QECB application remain as posted [here](#). (See Application, Part III, A.)

Q-11. What source document defines “any qualified facility (as determined under section 45(d)...), which is referenced in the 2016 Michigan QECB allocation application form - Part II. A. (a)(iv)?

A-11. The [U.S. Code: Title 26 - Internal Revenue Code, Section 45\(d\)](#) defines “qualified facilities” as those producing electricity from various renewable energy sources, such as biomass, solar and wind; and, the related terms for taxpayers to receive a tax credit.

Q-12. How are issuers to estimate or measure energy savings in projects that must reduce energy consumption in publicly-owned buildings by at least 20 percent under § 54D (f)(1)(A)(i)?

A-12. [IRS Notice 2012-44](#) explains the QECB 20% savings requirement for public building capital improvement projects. More information can be found at the Michigan Agency for Energy’s [QECBs webpage](#) under Publications. See the EPC QECB Paper, Oct. 2015, pg. 22 of the document (or pg. 24 of the online view.)