



UNIVERSITY OF KANSAS
**Revolving Green Loan
Fund**

Updated September 2012

Revolving Green Loan Fund Charter

Purpose

The Revolving Green Loan Fund (RGLF) promotes sustainability at the University of Kansas by funding projects that are both environmentally and economically responsible, and that promote sustainable design, renewable energy, and energy efficiency.

The Revolving Green Loan Fund was started with an allotment of \$40,000 to invest in (1) capital improvements that reduce the University's dependence on non-renewable energy sources; (2) sustainable design, construction and landscaping; (3) transportation improvements; and (4) projects to educate the campus community about change that will make the campus more sustainable. After the initial allotment, the Revolving Green Loan Fund will be self-sustaining, as savings from the projects will accumulate and be reinvested in additional projects.

Goals

The Revolving Green Loan Fund (RGLF) aims to support sustainability initiatives at the University of Kansas through:

1. Encouraging sustainable design and construction.
2. Reducing budget pressures by funding efficient and renewable energy projects that will decrease utility and other spending at the University.
3. Sustaining the fund into the future through project savings.

By establishing this revolving green loan fund, the University of Kansas joins the growing list of public universities with revolving loan funds that promote sustainable economic and environmental practices and serve as a model for other public institutions to follow this practice.

Sources of RGLF Capital

The initial \$40,000 in start-up funds for the RGLF came from allocations made by Student Senate (\$10,000), Student Success (\$10,000), and the Provost Office (\$20,000). This initial allotment may expand as interest payments are included in loan agreements. However, the fund is open to additional sources of investment. Two additional sources that will be explored are the efficiency savings from campus efficiency projects not funded through the RGLF and a partnership with KU Endowment.¹

Project Selection

Projects funded by the RGLF are selected by the Revolving Green Loan Fund Committee. This seven-member board is made up of the following representation:

- Design and Construction Management Director (or Designee)
- Facilities Services Director (or Designee)
- Facilities Services Campus Energy Manager
- Center for Sustainability Director (or Designee)
- Assistant Vice Provost for Business Operations (or Designee)
- Student Senate Appointee
- Student Environmental Advisory Board Chair or Designee

¹ It may be important to structure the RGLF endowment capitalization as an endowment investment, not as a payout from the endowment, so as to avoid issues related to donor restriction on gifts to the endowment. (Sustainable Endowments Institute, 2011)

The selection process is as follows:

- 1. Project Nomination** – Projects to be considered by the RGLF are submitted to the committee. This may include projects identified by Design & Construction Management, Facilities Services, or the Center for Sustainability, as well as projects nominated by student organizations, campus departments or KU affiliates. Projects can be nominated by contacting the Center for Sustainability at sustainability@ku.edu.
- 2. Project Review** – The Committee will review the list of potential projects on an annual basis to update the list. As funds are available the Committee will choose one or more to be considered for funding.
- 3. Feasibility Study** – Projects identified for further consideration will be submitted to Design and Construction Management to complete a feasibility study, which will include a cost estimate, construction timeline, and projected annual energy savings. When possible, projected labor and maintenance savings should be included in the analysis.
- 4. Project Selection** – The Committee will review the feasibility study for each project and determine if it meets the goals of the RGLF. If multiple projects are being considered, the committee will determine which project or projects best meet the goals of the RGLF and needs of the University. Once selected, the committee will determine the amount of RGLF funding to be allotted for each project. A vote will be taken for final approval.
- 5. Loan Award** – The committee will determine the terms of the loan, and a loan will be awarded to the party responsible for project implementation. All loans will include design fees assessed by Design & Construction Management in addition to all project costs.

The RGLF committee will meet at least annually to review progress on completed projects and update the project list. Depending on availability of funding, the committee will determine at this meeting whether new projects will be considered. If new projects are considered, the final decision on projects should be made within 6 months of the annual review meeting.

Repayment

Repayment of the loan will depend on the location of the project. If the project is installed in a facility where utilities are paid from the general fund, the full amount of the annual projected savings will be transferred into the RGLF account at the beginning of each fiscal year until the full project cost is returned. No interest will be charged. For projects that involve independently managed energy budgets (i.e. University affiliates), the project proponents repay the RGLF from savings accrued in their budget as a result of the funded improvements. An agreement will be established to determine the rate of repayment (e.g. 85% of the annual projected savings) along with an interest rate of up to 5% as recommended by the RGLF Committee so as to encourage use of the RGLF for projects while still enabling its growth. In either case, repayment should be made between 2 and 10 years of the Loan provision, depending on the size of the loan and the nature of the project proposed to allow for more frequent rollover of funds.

Sources

The outline of this document and the information within were guided by the 2011 report titled “Greening the Bottom Line” released by the Sustainable Endowments Institute.

Sustainable Endowments Institute. (2011). *Greening the Bottom Line*. Cambridge.