



MEMORANDUM

TO: Low Income Consumer Advisory Task Force (LICATF)

FROM: Denise Kuehn, Director of Energy Efficiency Services

DATE: July 17, 2015

SUBJECT: DOE Better Buildings Grant Loan – Loan Loss Reserve Question by
Member: Tim Arndt

The following information is in response to questions that member Tim Arndt requested in regards to the DOE Better Buildings grant loan – loss reserve fund. Per member Mr. Arndt's email request on June 2015:

“Please provide me with an update on the use of funds associated with the Better Buildings DOE grant. Council approved an ordinance to Council authorization will allow Austin Energy to move funds from its Better Buildings Grant Fund to its Enterprise Fund to continue this highly successful program by promoting, developing and offering similar financing mechanisms, including a lower credit score threshold for customers. Associated RCA: <http://www.austintexas.gov/edims/document.cfm?id=222774>
Current fund balances: committed; and funding available for loans along with the budget for staffing who are charging their time to this enterprise fund.”

Staff Response:

The loan loss reserve funds were established by the Better Buildings grant and are deposited at the Velocity Credit Union. Of the total initial amount invested, \$5,015,000, approximately \$3,700,000 is currently used to secure existing loans. Over \$5.6M loans have been authorized to 600 qualifying applicants since October 2012. As of May 2014, the funds had been totally committed which resulted in changes to the Home Performance Loan program in order to allow the fund to rebuild from repayments. The current available balance is approximately \$1,300,000 which can be used to secure new loans, surety bond expenses, and other approved DOE expenses. Currently, no staff is charging time against the Velocity Credit Union funds.

Any use of these funds other than under the current program criteria, must be approved by DOE. AE must provide an official request and allow 90 days for DOE consideration of various factors including any additional risk associated with the repayments of the loans.

There recently have been staffing changes at Velocity Credit Union (VCU). Austin Energy (AE) is working with VCU and other City agencies to develop financing mechanisms that would provide options for low and moderate income customer. Preliminary discussions with new staff at VCU include the ability to have less than a dollar leverage option which has not been an option in the past.