



# CASE STUDY: Rural Energy Loan Guarantee & Grant Combination

Lender: Farm Credit East  
 Products: Energy Guarantee / Energy Grant  
 Guarantee: 85% \$499,662 loan  
 Grant: \$499,663 grant  
 Other: \$999,325 non-guaranteed lender loan  
 Collateral: Shared 1<sup>st</sup> Priority  
 Purpose: Construct biomass heating plant

Pleasant View Gardens: Construct 400 kW biomass boiler displacing dependence on nearly 242,000 gallons of #2 oil. System will consume some 4,206 tons of locally sourced biomass benefitting the Northern Forest economy. When constructed, the system had an estimated payback of 2.6 years

## Pleasant View Gardens: Energy Project Highlights

- Cross-sell a cost savings opportunity to existing clients.
- Leveraging loan guarantee with grant funds reduces borrower cash in –preserves business working capital.
- Guarantee mitigates collateral risk affording extended loan terms coincident with system useful life.
- Mitigates unpredictable and cyclical risk for a major business expense – fuel oil.
- Energy co-gen facility mitigates impacts to power grid.
- Supports local – regional energy economic strategies.