#39 – Tapping Efficient and Renewable Energy Sources

More and more building owners and tenants are cutting their facility costs – and bolstering their bottom lines – by installing energy efficient and renewable equipment. Some business owners or operators incorporate energy efficiencies and renewables through an end of life event or a project-specific basis. Others opt for upgrading the entire facility. Having the right financial partner is essential, regardless of the specific need.

KeyBank knows our business clients count on us for simple and straightforward solutions to all their financial challenges and opportunities, and helping businesses upgrade using energy efficient or renewable products is no exception. We start with assessing facility needs and then helping our clients find installers. Our goal is to provide each client with a personalized lending structure in which the annual savings from reduced energy costs exceed the annual debt payment, providing business owners an immediate return on their investment. (This is most commonly achieved when the business owners is making a simple retrofit to a highly energy efficient replacement.) We follow three steps to provide clients with a successful outcome. Those steps are making a proper assessment, designing a solution and developing a business case. The following scenario, which is based on a client's experience, illustrates this process:

The client had identified replacing their outdated HVAC system as an ongoing problem that cost the company $50,000 a year in repairs. The proposed solution was to replace the system with updated controls that minimized energy use while still maintaining a comfortable working environment. We identified incentives that reduced the long term capital cost and were built into the lending structure. The client was able to finance the project without tapping cash set aside for operating expenses. All told, not only is the client able to save $50,000 in annual repair costs, but reduced annual energy costs provides savings that are 30 percent more than the debt assumed to finance the project. The client is tapping those savings to employ two additional part-time employees.

KeyBank can also help clients evaluate vendor and supplier proposals and establish which solutions make the most sense for the client based on their goals, the project capital cost and the projected energy savings. KeyBank then works with clients and clients’ accounting firms to align the selected projects with the clients’ short- and long-term capital goals and tax strategies. Clients should also factor in savings available from grants and incentives when evaluating a business case for investing in energy efficient or renewable projects. For example, the U.S. Department of Energy, Energy Efficiency and Renewable Energy fund an online resource, www.dsireuse.org that lists incentives and grants.

We at KeyBank believe there is tremendous potential for our clients to benefit from using energy efficient programs and renewable energy and we provide clients with expert guidance on resources, connections and financing so we can design and implement unique solutions. We also believe these products help our communities by advocating for sustainability.

This article is designed to provide general information only. Before entering into any financing arrangement, please consult your own competent professional financial, tax and legal advisors.

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Angela Wilcoxson, Senior Vice President, Business Banking, KeyBank

### National Preparedness Month TIPS

#### Fire Safety

During 2013, fires caused an estimated $11.5 billion in direct property loss in the United States, according to the National Fire Protection Association. The Occupational Health and Safety Administration says communication with employees is one key way to prevent such losses.

Employees should be made aware of the fire hazards of the materials and processes with which they work. For example, establish limits of how much of a flammable substance is stored on site and ensure that information is written into your company’s fire protection code.

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