

## **Federation of Canadian Municipalities: Community Efficiency Financing Initiative**

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### Capital Program Terms – Loan and Grant

The following is an excerpt from the Community Efficiency Financing initiative Application Guide which can be accessed at [Community Efficiency Financing Application Guide \(fcm.ca\)](https://www.fcm.ca/en/communities/finance/cefi-application-guide).

The appendix contains terms that may be included in a contract between the Federation of Canadian Municipalities (FCM) and Community Efficiency Financing funding recipients. The terms are subject to change, at the sole discretion of FCM, and are provided for informational purposes only. If approved for the loan and grant, The City of Calgary will receive a funding agreement from FCM that will include the loan and grant terms specific to The City of Calgary's application. This appendix should be used as a general guide.

## APPENDIX D: CAPITAL PROGRAM TERMS – LOAN AND GRANT

This document contains terms that may be included in a contract between the Federation of Canadian Municipalities (FCM) and Community Efficiency Financing (CEF) funding recipients. The terms are subject to change, at the sole discretion of FCM, and are provided for informational purposes only. FCM is the administrator of the Green Municipal Fund (GMF).

Eligible Funding Recipient(s)	Canadian municipalities and partner organizations
Eligible Costs	Maximum funding of up to 80% of eligible costs <i>Refer to Appendix A: Eligible Costs Table for a list of eligible costs</i>
Program Implementation Period	Period in which the Recipient can request loan disbursements, with the period beginning the date of FCM Board Approval and ending the earlier of: <ul style="list-style-type: none"> <li>• a date the borrower elects OR</li> <li>• four years from the date of FCM Board Approval.</li> </ul>
Deadline to Request Entire Loan Amount	The final loan disbursement must occur no later than 4 years after FCM Board Approval.
Deadline to Request Entire Grant Amount	Final grant disbursement must occur no later than one year after the final loan disbursement. The final grant disbursement is provided once the Recipient has satisfied FCM's conditions of disbursement, including submittal of program impact reports.
Initial Grant Disbursement	Recipient is eligible to receive an initial grant disbursement at time of contract execution. The amount is the lesser of: <ul style="list-style-type: none"> <li>• 20% of total eligible grant amount, or</li> <li>• 80% of the sum of total start-up costs and total year 1 operating costs (as reported in the Operating budget submitted as part of your GMF funding application)</li> </ul> Initial grant disbursement is capped at \$500,000

Eligible Funding Recipient(s)	Canadian municipalities and partner organizations
Disbursement Frequency	<p>The Recipient is eligible for up to 10 disbursements:</p> <ul style="list-style-type: none"> <li>• The initial grant disbursement</li> <li>• Up to 2 combined loan and grant disbursements per year (for a total of 8 disbursements)</li> <li>• The final grant disbursement</li> </ul>
Disbursement Ratio	<p>After the Initial Grant Disbursement, the combined loan and grant disbursements must maintain a 2:1 dollar ratio (loan:grant).</p>
Interest Rates	<p>Interest rates are influenced by Recipient type (i.e. municipal government, non-municipal entity), credit profile and prevailing market conditions.</p> <p>Interest rates are calculated at each loan disbursement, using a dollar-weighted cost averaging formula, and fixed for the term of the loan.</p>
Interest-Only Period	<p>During the Program Implementation Period, interest will be payable semi-annually on any principal balance outstanding, starting from the day of the first loan disbursement.</p>
Loan Amortization Period	<p>At the end of the Project Implementation Period, the principal balance outstanding will amortize according to the agreed upon terms between FCM and the Recipient</p> <p>Loan amortization can be up to 25 years and customized based on the terms offered to homeowners. For example, if a program is offering 15 year loan terms to homeowners then 15 years would be the minimum loan term offered by FCM.</p>
Early Loan Repayment	<p>At contract signature, Recipients will have the option of choosing FCM's standard early repayment fee structure (Option 1) or choosing to waive any early repayment fees in exchange for a Loan Access Fee (Option 2). In either scenario, any prepayments must be equal to or greater than 5% of the outstanding loan balance. No maximum dollar limit is placed on early repayments.</p>

Eligible Funding Recipient(s)	Canadian municipalities and partner organizations
<p>Early Loan Repayment (Option 1): FCM's Standard Early Repayment Fee Structure</p>	<p>Prepayment rate is determined at time of prepayment and calculated as the higher of:</p> <ul style="list-style-type: none"> <li>• Interest Rate at time of disbursement + 2.50%, OR</li> <li>• Interest Rate recalculated at time of prepayment + 2.50%</li> </ul> <p>Prepayment is not permitted for the first half of the term. Between half to three quarters of the loan term prepayment is permitted provided the Borrower pays 18 months of interest at using the above calculation. After three quarters of the term, prepayment is permitted provided the Borrower pays 12 months of interest using the above calculation.</p>
<p>Early Loan Repayment (Option 2): Loan Access Fee</p>	<p>Assessed at a rate of 1% of the total loan amount disbursed by FCM to the Recipient.</p>
<p>Municipal Loan Loss Reserve</p>	<p>An amount equal to 5% of the loan amount is to be provided to Recipients as a dedicated loss reserve for PACE/LIC arrears from the grant budget. Claims made against this reserve are subject to GMF Municipal Loss Reserve Policy.</p>