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# Governor McAuliffe Signs Executive Order 36, Creating Virginia's First Green Community Program

**Governor McAuliffe today signed Executive Order 36, authorizing the creation of Virginia's first Green Community Program to provide localities and the private sector with a low-cost financing tool to implement energy conservation projects in their communities and businesses. Using the Commonwealth's allocation of federal Qualified Energy Conservation Bonds (QECBs), local governments and private businesses will be able to tap into low-interest rate bonds to finance conservation projects such as energy efficiency, energy performance contracting, alternative fuels measures, renewable generation, and environmental conservation measures. In addition, EO36 re-allocates a portion of the QECBs directly to qualifying localities for use on energy conservation projects.**

**Speaking about Executive Order 36, Governor McAuliffe said, "QECBs are an attractive, low-cost financing tool for both the public and private sectors to increase energy efficiency in their facilities and realize energy savings on their bills. By providing technical assistance to localities and businesses through the Energy Division of the Department of Mines, Minerals and Energy, Virginia can aggressively push for increased efficiency in all areas of the Commonwealth."**

**The Executive Order was officially unveiled by Secretary of Commerce and Trade Maurice Jones during the 2014 Governor's Infrastructure Financing Conference in Roanoke. In his remarks, Secretary Jones emphasized the Commonwealth's role in ensuring that both the private and public sectors are actively reducing energy consumption and finding creative ways to upgrade aging infrastructure.**

**“In the tough economic times Virginia is currently facing, localities must find ways to maximize the efficiency of every dollar spent,” said Secretary of Commerce and Trade Maurice Jones. “QECBs are a way to invest in needed infrastructure upgrades that can provide a return on investment in the form of lower energy costs and increased efficiency.”**

**Executive Order 36 takes three primary actions:**

- **Instructs DMME to create a Green Community Program to provide the private sector and other interested public sector entities with the opportunity to utilize QECBs for energy conservation projects.**
- **Reallocates to qualifying localities the locality portion of the QECBs. Qualifying localities have a population at least 100,000, based on 2008 population data.**
- **Creates a mechanism by which QECBs that are not used by qualifying localities within one year of issuance will revert to the state for issuance to any other locality in the Commonwealth that is interested in using them or has a need for additional allocation.**

**Additional information on Qualified Energy Conservation Bonds can be found here: <http://energy.gov/eere/qualified-energy-conservation-bonds>**

**The executive order can be read below:**

### ***NUMBER THIRTY SIX (2014)***

### **CONTINUING QUALIFIED ENERGY CONSERVATION BONDS**

#### **Importance of the Issue**

**The Commonwealth of Virginia endeavors to facilitate the use of all available tools for projects that reduce energy consumption and encourage energy efficiency and conservation in the public and private sectors. Federal Qualified Energy Conservation Bonds (“QECBs”) are significant tools that can be used by the state and local governments, as well as the private sector, to lower the cost of financing energy efficiency, conservation, and renewable generation projects. QECBs are tax credits or direct pay bonds that may be issued by states, political subdivisions, and entities empowered to issue bonds on behalf of such entities, including eligible issuers in conduit financing issues for one or more qualified conservation purpose(s).**

**By virtue of the authority vested in me as Governor under Article V of the Constitution of Virginia and Sections 2.2-103 of the *Code of Virginia*, and subject to my continuing and ultimate authority and responsibility to act in such matters, I hereby continue allocating the Original Locality Suballocations, minus the amounts that have been previously utilized.**

## Initiative

The Director of the Division of Energy of the Department of Mines, Minerals and Energy will act as the QECB Allocation Director, and work in conjunction with the Executive Director of the Virginia Small Business Financing Authority. The QECB Allocation Director will establish a process to develop a green community program and to consider such programs, with other eligible QECB uses and programs, in determining the allocation and reallocation of any unallocated amounts or waived amounts as described to applicants.

The QECB Allocation Director is further directed to issue a Request for Proposal (RFP) to select a firm or firms for the administration of the green community program within 60 days of issuance of this Executive Order. No bonds issued under allocations provided by this Executive Order will be state-supported debt without prior approval of the General Assembly.

The Originally Awarded Localities will have nine months from the issuance of this Executive Order to provide the QECB Allocation Director with written notice of intent to utilize their Original Locality Suballocation and provide documentation acceptable to the QECB Allocation Director identifying a specific project or projects for which the Original Locality Suballocation will be used. Further, they will have twelve months from the issuance of this Executive Order to utilize their Original Locality Suballocation and provide documentation to the QECB Allocation Director evidencing such use. If no notice is given or no use evidenced within either of the prescribed time periods, the unused Original Locality Suballocation will be deemed waived and returned to the QECB Allocation Director for reallocation to other qualifying projects.

Originally Awarded Localities may also waive their Original Locality Suballocation at any time within the twelve month period after the issuance of this Executive Order. The QECB Allocation Director is directed to establish, within 120 days of the issuance of this Executive Order, policies and procedures for the reallocation of any waived Original Locality Suballocation or subsequent allocations to eligible QECB uses and programs.

## Suballocation

The QECB Allocation from the federal government to Virginia is \$80,600,000. The Original Locality Suballocations, minus the amounts used as of the issuance of this Executive Order, are as follows:

Originally Awarded Locality	Population	Percentage	Original Suballocation	Used	Remaining Suballocation
Fairfax County	1,004,151	13.04%	\$10,512,656	--	\$10,512,656
Virginia Beach City	435,004	5.65%	\$4,554,143	--	\$4,554,143
Prince William County	359,588	4.67%	\$3,764,598	--	\$3,764,598
Chesterfield County	299,022	3.88%	\$3,130,521	--	\$3,130,521
Henrico County	289,460	3.76%	\$3,030,414	--	\$3,030,414

<b>Loudoun County</b>	<b>277,346</b>	<b>3.60%</b>	<b>\$2,903,590</b>	<b>--</b>	<b>\$2,903,590</b>
<b>Norfolk City</b>	<b>235,982</b>	<b>3.07%</b>	<b>\$2,470,542</b>	<b>\$2,470,542</b>	<b>\$0</b>
<b>Chesapeake City</b>	<b>218,830</b>	<b>2.84%</b>	<b>\$2,290,975</b>	<b>--</b>	<b>\$2,290,975</b>
<b>Arlington County</b>	<b>203,909</b>	<b>2.65%</b>	<b>\$2,134,764</b>	<b>--</b>	<b>\$2,134,764</b>
<b>Richmond City</b>	<b>199,991</b>	<b>2.60%</b>	<b>\$2,093,745</b>	<b>--</b>	<b>\$2,093,745</b>
<b>Newport News City</b>	<b>180,810</b>	<b>2.35%</b>	<b>\$1,892,936</b>	<b>--</b>	<b>\$1,892,936</b>
<b>Hampton City</b>	<b>146,466</b>	<b>1.90%</b>	<b>\$1,533,382</b>	<b>--</b>	<b>\$1,533,382</b>
<b>Alexandria City</b>	<b>139,848</b>	<b>1.82%</b>	<b>\$1,464,095</b>	<b>--</b>	<b>\$1,464,095</b>
<b>Stafford County</b>	<b>120,621</b>	<b>1.57%</b>	<b>\$1,262,805</b>	<b>--</b>	<b>\$1,262,805</b>
<b>Spotsylvania County</b>	<b>118,887</b>	<b>1.54%</b>	<b>\$1,244,652</b>	<b>\$1,244,652</b>	<b>\$0</b>
<b>Portsmouth City</b>	<b>101,931</b>	<b>1.32%</b>	<b>\$1,067,136</b>	<b>--</b>	<b>\$1,067,136</b>
<b>Total Locality Suballocation</b>			<b>\$45,350,954</b>	<b>\$3,715,194</b>	<b>\$41,635,760</b>

- 1. Each Locality utilizing a suballocation of QECBs shall ensure compliance with the 70% Use Requirement or the Green Community Program Use Requirement, pursuant to Section 54D(e)(4) of the Internal Revenue Code, and upon issuance of any QECBs will provide a copy of IRS form 8038 to the QECB Allocation Director.**
- 2. The Determination of compliance with the procedures and requirements set forth in this Executive Order or in the additional guidance, including any filings to be made and the timing and substance, will be subject to the sole discretion of the Allocation Director.**

**This Executive Order shall be effective upon its signing and shall remain in full force and effect until December 31, 2017, unless amended or rescinded by further executive order.**

**Given under my hand and under the Seal of the Commonwealth of Virginia this 10th day of December, 2014.**

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**Terence R. McAuliffe, Governor**

**Attest:**

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**Secretary of the Commonwealth**

**###**



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