



## PROVIDENCE CAPITAL RESOURCES

Customer Focused ♦ Performance Driven

### The Role of Lease-Financing within Energy Projects:

#### Module E: Blending Funding Sources - Grants and Utility Rebates

It is not uncommon for energy improvement projects to be partially capitalized with grant funds, or for project costs to be partially subsidized with monies received from local utility rebates.

Regardless of the timing of receipt of these financial contributions; before a project starts, or after equipment has been installed and made operational, and energy performance benchmarks have been met, these contributions reduce the costs borne by a project's resources, and have a positive affect on a project's economics – contributing to a shortened payback period and an enhanced return on investment.

To the extent a project's primary funding source is a tax-exempt lease, the application of a portion or all of the monies gained through these financial contributions to lease payment obligations would not typically jeopardize a lease's tax-exempt status so long as the municipal organization remains the primary user of the assets being financed.

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Commentary within Modules is intended to communicate the basic concepts behind the use of an alternative form of capital to fund energy projects and the acquisition of energy-efficient equipment only. It is not intended to be a substitute for consultation with a professional.

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