

2/24/12

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## **MTSU Clean Energy Initiative Project Funding Request**

There are five (5) sections of the request to complete before submitting. See <http://www.mtsu.edu/~sga/cleanenergy.htm> for funding guidelines.

### **1. General Information**

Name of Person Submitting Request **Carly Roberto, proxy for Students for Environmental Action**

Department/Office **Student Org.**

Phone # (Office)

MTSU Box #

Phone # (Cell) **615-753-9597**

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Submittal Date **2/24/12**

### **2. Project Categories (Select One)**

Select the category that best describes the project.

Energy Conservation/Efficiency

Sustainable Design

Alternative Fuels

Other

Renewable Energy

### **3. Project Information**

- a. Please provide a brief descriptive title for the project.
- b. The project cost estimate is the expected cost of the project to be considered by the committee for approval, which may differ from the total project cost in the case of matching funding opportunities. **Any funding request is a 'not-to-exceed' amount. Any proposed expenditure above the requested amount will require a resubmission.**
- c. List the source of project cost estimates.
- d. Provide a brief explanation in response to question regarding previous funding.

3a. Project Title **The MTSU Endowment for a Sustainable Campus**

3b. Project Cost Estimate **\$25,000**

3c. Source of Estimate **The MTSU Development Office**

3d. If previous funding from this source was awarded, explain how this request differs? **N/A**

#### **4. Project Description**

(Completed in as much detail as possible.)

- a. The scope of the work to be accomplished is a detailed description of project activities.
- b. The benefit statement describes the advantages of the project as relates to the selected project category.
- c. The location of the project includes the name of the building, department, and/or specific location of where the project will be conducted on campus.
- d. List any departments you anticipate to be involved. Were any departments consulted in preparation of this request? Who? A listing may be attached to this form when submitted.
- e. Provide specific information on anticipated student involvement or benefit.
- f. Provide information for anticipated future operating and/or maintenance requirements occurring as a result of the proposed project.
- g. Provide any additional comments or information that may be pertinent to approval of the project funding request.

#### **4a. Scope: Work to be accomplished**

Establish an endowment through the MTSU Development Office to create a supplemental source of funding for the Sustainable Campus Fund. The one-time \$25,000 investment (the minimum required to start an endowment, according to Nick Perlick, Director of Development) would be returned to the SCF over time to be spent on other projects; the estimated "payback" is 17 years (\$25543.14), providing an ever-increasing annual "profit" for the SCF beyond that. Without outside contributions, it is estimated that the endowment would double (to \$51,485) in roughly 21 years. (See attached table for figures.)

**What is an endowment?**

"Gifts to the Endowment are invested in perpetuity by the MTSU Foundation. A portion of the investment return is spent on the designated project or program while the remainder is returned to the principal of the fund for future growth." - MTSU's Development Office

#### 4b. Scope: Benefit Statement

Beyond increases in enrollment, this is the surest way to bring in additional funding for the SCF. It is not an immediate game changer by any means, but it is a step in the right direction to see the SCF become more self-sustaining. According to MTSU's Clean Energy Fee Funding Guidelines: "Eligible spending may include... opportunities that may arise to gain additional funding..." and the Development Office has expressed its support for this idea.

While establishing the SCF endowment would not add much to MTSU's \$48.2 million endowment (as of FY 2009; Source: National Association of College and University Business Officers), it would bring notoriety to MTSU for letting its student body set up such a fund, and also open the door for additional contributions (e.g. alumni/faculty donations).

Optional: In the future (and at the discretion of the SCF committee), this endowment could potentially provide the seed money for initiatives beyond the SCF, such as: a full-time sustainability coordinator, scholarships for students doing sustainability research, a revolving efficiency fund, allowing MTSU to join the 34 other institutions signed on to the Billion Dollar Green Challenge. For more information, see <http://greenbillion.org/>

#### **4. Project Description (continued)**

##### 4c. Location of Project (Building, etc.)

N/A

#### 4d. Participants and Roles

The MTSU Development Office would play the largest role in managing the endowment in conjunction with its other investments. Ideally, the Development Office would keep the SCF committee informed on which SRI the endowment is invested in.

#### 4e. Student participation and/or student benefit

As funding for the SCF increases, the potential for more projects every year grows. This means greater potential for investment in projects that directly benefit students such as energy efficiency upgrades (preventing tuition hikes related to rising utility rates), environmental education programs, and expanding existing programs like recycling.

#### 4f. Future Operating and/or Maintenance Requirements

None. According to the development office, 1% of the endowment's ROI is kept by the department to cover its operating costs.

#### 4g. Additional Comments or Information Pertinent to the Proposed Project

Although the attached ROI estimates are based on the Development Office's normal investment practices, SEA proposes that this endowment **must** be invested in a Socially Responsible Investment (SRI). SRIs are concerned with financial gain in an ethically sound way, including investment in "green" industries. This would be a win-win for the environment, and would keep the SCF out of potential conflicts of interest. In other words, investing heavily in something like fossil fuels for a small gain toward sustainability would be counterproductive. There are numerous SRIs for the Development Office to consider investing in, so specifics would be left to them.

"A growing number of academic studies have demonstrated that SRI mutual funds perform competitively with non-SRI funds over time." - The Forum for Sustainable and Responsible Investment

## 5. Project Performance Information

Provide information if applicable.

- a. Provide information on estimated annual energy savings stated in units such as kW, kWh, Btu, gallons, etc.
- b. Provide information on estimated annual energy cost savings in monetary terms.
- c. Provide information on any annual operating or other cost savings in monetary terms. Be specific.
- d. Provide information about any matching or supplementary funding opportunities that are available. Identify all sources and explain.

### 5a. Estimated Annual Energy Savings (Estimated in kW, kWh, Btu, etc.)

N/A

### 5b. Annual Energy COST Savings (\$)

N/A

### 5c. Annual Operating or Other Cost Savings. Specify. (\$)

Cost savings through this proposal come in the form of additional funding for the SCF in perpetuity. See the "4.5% Returned to SCF" in the attached spreadsheet for details.

### 5d. Matching or Supplementary Funding (Identify and Explain)

Establishing this endowment provides a new opportunity for additional long term investment in MTSU's sustainability, e.g. alumni donations. "As a recent graduate of MTSU still working toward becoming independently wealthy, contributing to an existing endowment for sustainability would be the perfect opportunity to give back to my alma mater in a way that aligns with my values and budget. Next to starting up the green fee in the first place, this might be the brightest idea SEA has ever come up with. Go SEA and go Blue Raiders!" - Reggie Miller, class of 2009 and former SCF committee member

## Bottom of Form

### MTSU's Endowment for Sustainability - Timeline of Interest/Dividends

Year	Initial Investment	3.5% Interest Added*	YTD Total	4.5% to SCF*	1% to Development Office*
1	\$25,000.00	\$875.00	\$25,875.00	\$1,125.00	\$250.00
2	\$25,875.00	\$905.63	\$26,780.63	\$1,164.38	\$258.75
3	\$26,780.63	\$937.32	\$27,717.95	\$1,205.13	\$267.81
4	\$27,717.95	\$970.13	\$28,688.08	\$1,247.31	\$277.18
5	\$28,688.08	\$1,004.08	\$29,692.16	\$1,290.96	\$286.88
6	\$29,692.16	\$1,039.23	\$30,731.38	\$1,336.15	\$296.92
7	\$30,731.38	\$1,075.60	\$31,806.98	\$1,382.91	\$307.31
8	\$31,806.98	\$1,113.24	\$32,920.23	\$1,431.31	\$318.07
9	\$32,920.23	\$1,152.21	\$34,072.43	\$1,481.41	\$329.20
10	\$34,072.43	\$1,192.54	\$35,264.97	\$1,533.26	\$340.72
11	\$35,264.97	\$1,234.27	\$36,499.24	\$1,586.92	\$352.65
12	\$36,499.24	\$1,277.47	\$37,776.72	\$1,642.47	\$364.99
13	\$37,776.72	\$1,322.19	\$39,098.90	\$1,699.95	\$377.77
14	\$39,098.90	\$1,368.46	\$40,467.36	\$1,759.45	\$390.99
15	\$40,467.36	\$1,416.36	\$41,883.72	\$1,821.03	\$404.67
16	\$41,883.72	\$1,465.93	\$43,349.65	\$1,884.77	\$418.84
17	\$43,349.65	\$1,517.24	\$44,866.89	\$1,950.73	\$433.50
18	\$44,866.89	\$1,570.34	\$46,437.23	\$2,019.01	\$448.67
19	\$46,437.23	\$1,625.30	\$48,062.53	\$2,089.68	\$464.37
20	\$48,062.53	\$1,682.19	\$49,744.72	\$2,162.81	\$480.63
21	\$49,744.72	\$1,741.07	\$51,485.79	\$2,238.51	\$497.45
		\$26,485.79		\$34,053.15	\$7,567.37

\*Based on the MTSU Development Office's estimates

Although it would take 20 years to double the initial investment, during that time the SCF would also receive an additional \$34,053.15 to invest in the sustainability of MTSU. This does not take into account the possibility of outside contributions, e.g. alumni donations.

At year 17, the endowment would "pay off" the initial \$25,000 investment.

Amount returned to SCF through year 17: \$25,543.14