

Connecticut Green Bank Revolving Credit Facility
Request for Proposals (“RFP”)

Proposals Due: October 19, 2018 by 5:00pm Eastern Time

I. PURPOSE

The Connecticut Green Bank (“Green Bank”) seeks proposals from financial institutions to provide a revolving credit facility (“RCF”) to meet the Green Bank’s short-term liquidity and working capital needs.

II. GREEN BANK BACKGROUND

The Green Bank was established by Connecticut’s General Assembly on July 1, 2011 as a quasi-public agency that superseded the former Connecticut Clean Energy Fund. The Green Bank’s vision is to lead the green bank movement by accelerating private investment in clean energy deployment for Connecticut in order to achieve economic prosperity, create jobs, promote energy security, and address climate change. The Green Bank’s mission is to support the Governor’s and Legislature’s energy strategy to achieve cleaner, cheaper and more reliable sources of energy while creating jobs and supporting local economic development. As the nation’s first “green bank”, the Green Bank leverages public and private funds to drive investment and accelerate clean energy deployment in Connecticut.

The Green Bank is supported by a \$0.001/kWh surcharge on electric ratepayer bills. The surcharge provides approximately \$27 million a year for operations and investments.¹ Additional support is provided by the Regional Greenhouse Gas Initiative, which provides about \$3 million a year for renewable energy. In addition, the Green Bank’s portfolio of investments yields approximately \$5 million in free cash flow per annum. The Green Bank has built a strong balance sheet, with approximately \$190 million in assets and a \$130 million net position.²

III. REVOLVING CREDIT FACILITY

The Green Bank seeks an RCF that will be structured as a revolving line of credit whereby the Green Bank may, at any point in time while the line of credit is available, borrow funds in an amount not to exceed a maximum borrowing limit of \$5,000,000. The RCF is expected to renew each annual period, unless either the lender elects to cancel the facility or the Green Bank decides not to renew the facility.

Along with a general repayment obligation by the Green Bank, the lender would be secured by a first priority security interest in, and an absolute assignment of all cash flows associated with, the CT Solar Lease 1 Notes portfolio (the “Collateral”), which is discussed in Section IV below.

¹ In October 2017, CT state legislators cut the operating budget of the Green Bank by over 50% in each of FY2018 and FY2019. The budget raid requires the Green Bank to pay back \$14m to the state in FY2018 (payment has been made) and in FY2019.

² Year ended June 30, 2018

IV. COLLATERAL

An absolute assignment of the revenues associated with the CT Solar Lease 1 portfolio, and all commercially necessary rights thereunder, shall be provided to the lender for the purpose of collateralizing the RCF. The Collateral consists of just over \$7 million notes receivable that are backed by lease contracts, with residential solar photovoltaic customers in Connecticut making monthly lease payments under the CT Solar Lease program.

The CT Solar Lease 1 contracts were written between 2009 and 2012. The portfolio of CT Solar Lease 1 contracts has an excellent payment history: of 855 leases, 16 have been written off (1.9%) at various stages of repayment (between 2010 and 2018). There are 822 current leases, or 98.0% of remaining portfolio, yielding approximately \$108,000 monthly (\$1.3 million annually). There are approximately 7 years of payments remaining. Renew Financial³ is the servicer for the portfolio.

The CT Solar Lease 1 lease contract arrangements are financing arrangements only – meaning that there are no maintenance obligations on the part of the Green Bank with respect to this portfolio. That said, Green Bank monitors the performance of the CT Solar Lease 1 portfolio and notifies the customer when the operations of a solar PV system appear to be impaired. Once the impaired performance is noticed by the system monitor⁴, the customer is contacted and steps are taken to bring the PV system back to expected performance levels. Again, this role is not obligatory on the part of the Green Bank but is done as a public service to promote and enhance solar adoption within the state of Connecticut.

V. REQUIREMENTS & SELECTION CRITERIA

The goal of this RFP is to facilitate a competitive selection process that satisfies the following criteria with respect to the RCF:

- **Cost of capital - provide a competitive interest rate**
- **Flexibility – offer low / no prepayment penalty, availability for monthly draws, ability to renew annually, option to convert to fully amortizing term facility**

Proposal Response

Respondents are to propose a solution that addresses the needs of the Green Bank for a RCF, as described above. To assist the Green Bank in evaluating proposals composed of potentially varying financing structures, please include the following in your proposed solution:

- 1.) **Explanation of any demonstrated experience, expertise, and/or appetite for such a facility**
- 2.) **Estimated debt service coverage ratio minimum requirement together with the principal terms and conditions for the RCF**
- 3.) **Expected cost of capital, expressed as an absolute interest rate, range of interest rates, or spread over an index. Also indicate if there is willingness to provide an alternative pricing mechanism whereby any draws and outstanding loans would be charged a fixed rate of interest for a defined period of time.**
- 4.) **Any and all fees**

³ Founded in 2008, Renew Financial specializes in financing for renewable energy and energy efficiency projects (<https://renewfinancial.com/about>).

⁴ Locus Energy is the system monitor. Locus Energy is a solar monitoring and data analytics platform provider for the solar PV market, offering services in the residential, commercial, and utility sectors (<https://www.locusenergy.com/about-locus>)

Submission Process

Each respondent shall carefully examine this RFP and any and all amendments, exhibits, revisions, and other data and materials provided with respect to this RFP process. Respondents should familiarize themselves with all proposal requirements prior to submitting their proposal. Should the respondent note any discrepancies, require clarifications or wish to request interpretations of any kind, the respondent shall submit a written request electronically to RFP@ctgreenbank.com. The Green Bank shall respond to such written requests in kind and may, if it so determines, disseminate such written responses to other prospective respondents.

The following requirements must be observed for all proposals:

- a. Proposals must be received no later than **5:00pm Eastern Prevailing Time on October 19, 2018**. Proposals received after the aforementioned date and time will not be considered.
- b. Proposals must be submitted electronically at the following email address: RFP@ctgreenbank.com. The subject line should be identified as: "Proposal for Revolving Credit Facility".
- c. The Green Bank reserves the right to request an interview, supplemental information, and/or clarification from respondents as deemed necessary.
- d. Key Dates
 - i. RFP Release: September 19, 2018
 - ii. Respondent Q&A Session*: September 26, 2018, 1:00pm Eastern Prevailing Time
**Register here: [\[Webinar Registration Link\]](#)*
 - iii. Q&A Summary Published: October 4, 2018
 - iv. RFP Submission Deadline: **5:00pm Eastern Time on October 19, 2018**

VI. GENERAL TERMS AND CONDITIONS

Submission of any proposal assumes the acceptance of the following understandings:

1. The purpose of this RFP is to solicit proposals for a revolving credit facility. Proposals are being solicited and evaluated by the Green Bank. As such, the Green Bank reserves the unconditional right to (i.) reject any or all of the proposals received in response to the RFP, and/or (ii.) waive any irregularities, cancel, or modify the RFP in any way, and at any time the Green Bank chooses, if the proposed responses are determined to be not in the best interest of the Green Bank.
2. The Green Bank further reserves the right to make awards under this RFP without discussion with the respondents of the proposals received. Proposals should be submitted on the most favorable terms with respect to the criteria stated in this RFP. The Green Bank reserves the right not to accept the lowest priced proposal.
3. Proposals must be signed by an authorized officer of the respondent. Proposals must also provide name, title, address and telephone number for individuals with authority to negotiate and contractually bind respondent, and for those who may be contacted for the purpose of clarifying or supporting the information provided in the proposal.
4. The Green Bank will not be responsible for any expenses incurred by any respondent in conjunction with the preparation, submission or presentation of any proposal with respect to this RFP.
5. The Green Bank's selection of a proposal through this RFP is not a contractually binding offer to the selected respondent, and the Green Bank reserves the right to continue negotiations with the selected respondent(s) until the parties reach a mutual agreement.

THE GREEN BANK IS SUBJECT TO THE REQUIREMENTS OUTLINED IN SECTION 16-245n OF THE CONNECTICUT GENERAL STATUTES. GREEN BANK SHALL HAVE NO LIABILITY OR OBLIGATION OF ANY SORT HEREUNDER, INCLUDING, WITHOUT LIMITATION, IF FOR ANY REASON OR NO REASON A BINDING AGREEMENT IS NOT ENTERED INTO WITH ANY PROPOSER. IN MAKING ITS SELECTION OF A SUCCESSFUL PROPOSAL, THE GREEN BANK MAY CONSIDER ANY AND ALL FACTORS AND CONSIDERATIONS WHICH GREEN BANK, IN ITS SOLE DISCRETION, DEEMS RELEVANT, THE RELATIVE IMPORTANCE OF WHICH SHALL BE IN THE SOLE DISCRETION OF THE GREEN BANK.