

Negotiating and Partnering with Financial Institutions

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Jeff Hughes

**Environmental Finance Center, University of North Carolina
Center for Climate Strategies Team**

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Many faces of energy finance institutions

- Credit Unions (Community First)
- Community Development Financial Institutions (Hawaii Community Reinvestment Corporation)
- Energy Lenders (AFC First)
- Regional Bank (Regions)
- National/International Banks (BOA, Wells Fargo)
- Finance Authorities (NC Housing Finance Authority)
- Utilities (TVA, Manitoba)
- Governmental capital funds (PAST)



Potential roles

- Sources of capital
- Loan origination
- Loan servicing
- Escrow fund management
- Program management
- Marketing
- Other



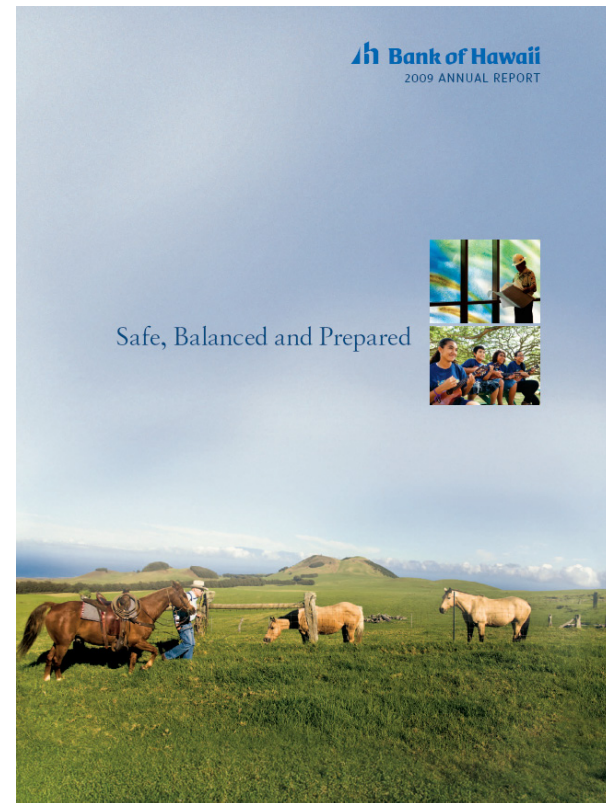
What's in it for them

- Origination and servicing fees
- New customers/new members/new business
- Community Reinvestment Act
- Public relations
- Ability to loan capital
- Interest



Background research

- Web site
- Annual Reports
- Contact associations
- Contact past partners





Communication strategies

- One on one meetings
- Workshops/courses
- Task force
- Lender roundtables/forums
- Bidders Conferences

Options for Increasing Access to
Energy Efficiency Financing
Products and Programs

Environmental Finance Center, University of
North Carolina at Chapel Hill
City of Greensboro



www.sog.unc.edu

Find the right person with the right level of interest.



Activities

- Lender meetings
- Lender roundtables
- Help with developing RFPs
- Help evaluating bids
- Help developing contracts



Communication strategies

- 85%, 5% vs. 10%, 90%
- “We’ll take the lead on reporting” vs. “ultimately it will be your responsibility.”
- Here is some performance data vs. “I wish we knew”



The little things matter

- 95% may sell a lot better than 80%
- Depositing money in FI may be important



Goal of RFP and Contracting

- Good Product
- Satisfied Program Sponsor
- Satisfied Lender/FI
- Happy Program Officer

Good ways to scare away lenders

- 100 page RFPs
- Davis Bacon
- Audit
- Buy American
- Reporting
- Quality assurance



Good ways to scare away government attorneys

- Something they have never seen before
- Unclear liability and responsibility
- Unclear authority



Procurement challenges

- Federal, state, local procurement laws
- Timing
- Chain of approvals



Decisions, Decisions

- Making the decisions before the RFP process begins?
- Hiring a program administrator/manager
- Credit enhancement mechanism
- Credit enhancement mechanism design
- Service responsibility
 - Marketing
 - Contractor management
 - Quality assurance
 - Monitoring, Evaluation, and Verification
 - Reporting
- One lender or multi-lender



RFP Challenges

- Too few proposers
- Too many fruits (apples, oranges, grapes, tomatoes..)



<http://www1.eere.energy.gov/wip/solutioncenter/financialproducts/default.html>

Solution Center

Technical Assistance for EECBG & SEP

Webcasts | Project Map | Recovery Act Benefits Savings Calculator | Request Technical Assistance | Home

Buildings

Electric Power and Renewable Energy

Energy Education

Financial Products

Financing Overview

Key Program Elements

Types of Financing Programs

Industry

Policy, Planning, and Energy Security

Transportation

Financing for Energy Efficiency and Renewable Energy

[Printable Version](#)

This website is intended for American Recovery and Reinvestment Act (ARRA) recipients that want to set up financing programs for their energy efficiency and renewable energy projects. Highlighted are financing tools that fund energy improvements to buildings - homes, offices, schools, and other facilities. [Webinars](#), [memos](#) and [FAQs](#), [case studies](#), and other resources will be added frequently, so please check back for new information.

Types of Financing Programs:

- [State and Municipal Revolving Loan Funds](#) — A state or municipal pool of funds that capitalize a loan fund managed by the state or municipal government; loan repayments recapitalize the fund to allow additional lending on an ongoing basis.
- [Third Party Loans](#) — A loan program administered by a third party (i.e., not the state or local government; usually a financial institution such as a bank), targeted at energy efficiency or renewable energy improvements.
- [Energy Savings Performance Contracting \(ESPC\)](#) — A financing technique that uses cost savings from reduced energy consumption and operational savings to repay the cost of installing energy conservation and renewable energy measures. The original capital used to finance the needed upgrades is typically secured from municipal leases, bonds, revolving loan programs, or could be from other mechanisms listed within this guide.
- [Property-Assessed Clean Energy \(PACE\)](#) — Allows clean energy improvements to be repaid via an assessment on the property tax bill; the repayment obligation and

Key Program Elements

- [Market Segments](#)
- [Transaction Points](#)
- [Eligible Measures](#)
- [Financing Terms](#)
- [Credit Enhancement](#)
- [Sources of Funds](#)

Clean Energy Finance Guide For Residential and Commercial Building Improvements

- [Executive Summary \(PDF 93 KB\)](#)
- [Chapter 1 \(PDF 778 KB\)](#)
- [Chapter 2 \(PDF 112 KB\)](#)
- [Chapter 3 \(PDF 51 KB\)](#)
- [Chapter 4 \(PDF 54 KB\)](#)
- [Chapter 5 \(PDF 121 KB\)](#)
- [Chapter 5, Attachments \(PDF 914 KB\)](#)

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Chapter 15. Contracts, Agreements, and Other Resources

Three documents—a Request for Proposal (RFP), a Loan Loss Reserve Fund Agreement (LRF Agreement), and an EE Loan Program Agreement—are vital for developing a clean energy financing program with a loan loss reserve fund. As a state or local government, the ARRA grantee typically conducts a competitive procurement procedure to award the LRF funds to a financial institution (FI) partner. An RFP must be prepared to solicit proposals from interested financial institutions. Once the FI is chosen, an LRF Agreement is developed to address the deposit and use of the LRF monies. The final and less formal agreement, the EE Loan Program Agreement between the FI partner and the ARRA grantee and/or other program partners, addresses the full EE/RE loan origination cycle, including cooperation in loan marketing, credit screening and analysis, and other steps involved in loan origination. More detailed information on the process can be found in Chapter 5 of this Finance Guide.

The following chart provides a brief description of the template agreements and sample documents that follow:

Agreement or Sample	Description
DOE Template Financial Institution RFP	A template competitive procurement procedure to award the LRF funds to a financial institution (FI) partner.
DOE Template Loan Loss Reserve Agreement	A template agreement demonstrating how to address the deposit and use of the LRF monies.
DOE Template Program Agreement	A template agreement that addresses the full EE loan origination cycle.
Sample RFP: City of Independence, Missouri	A sample competitive procurement procedure to award the LRF funds to a financial institution (FI) partner.
Sample LRF Agreement: Michigan SAVES	A sample LRF agreement between a grantee and an FI setting the terms and conditions of the loan loss reserve fund.
Sample Guide for Residential Program Design	A sample set of steps to follow in defining and elaborating on the specifics of an energy efficiency