

Montgomery County Green Bank Request for Proposals (RFP) for Advisor for Placement of Building Energy Performance Standards (BEPS) Bond

Issued: September 13, 2024

Section 1 – Summary and Instructions

1.1 Purpose

The Montgomery County Green Bank (“MCGB” or the “Green Bank”) requests proposals from firms interested in providing public finance financial advisory services related to financing, including the placement of bonds, in connection with MCGB’s BEPS Readiness Program. MCGB currently anticipates the financing to be a private placement but may ultimately be an ABS, public bond issuance, or similar type of issuance. MCGB seeks firms whose scope is focused on the Mid-Atlantic region and with substantial direct/private placement experience. Applicants must possess the appropriate qualifications and registrations.

1.2 Designated RFP Contact

All correspondence for this RFP should be directed to:

Tim Zhang
Chief Investment Officer
Montgomery County Green Bank
155 Gibbs Street, Suite 407
Rockville, MD 20850
Email: tzhang@mcgreenbank.org

1.3 Schedule

- RFP Issued: September 13, 2024
- Questions Due: September 24, 2024
- Responses to questions posted: October 1, 2024
- Proposals may be submitted up until: 5:00 PM Eastern Time, October 9, 2024.
- Award will be made: October 18, 2024
- Contract Start Date will be on November 4, 2024

The Green Bank reserves the right to modify this schedule at its discretion. Any changes or additional information regarding the RFP schedule and pre-bid activities, including responses to questions, will be posted on the MCGB website.

1.4 Period of Performance

The Green Bank will award a contract for the duration required to complete the scope through an initial issuance and the requisite compliance. Option years will be available for subsequent issuances.

1.5 Proposal Submission Deadline

Proposals must be submitted by email to Tim Zhang at tzhang@mcgreenbank.org. Proposals will not be accepted after October 9, 2024. Any revisions to submission requirements or deadlines will be posted on the Green Bank website.

1.6 Submitting Questions

It is the responsibility of all bidders and other interested parties to examine the entire RFP and to request any clarifications in writing. Questions regarding this RFP must be submitted by email to the Designated RFP Contact listed in section 1.2 prior to the due date for questions noted above in section 1.3. The subject line of the email should be: "BEPS Financial Advisor". Responses to questions will be posted on the Green Bank website as will all clarifications and amendments released in regard to the RFP. It is the responsibility of all interested parties to check this website periodically to obtain clarifications and amendments.

1.7 Proposal Confidentiality

Proposals will be treated as confidential except as required by law and provided that any information submitted will be shared with the Green Bank's Board of Directors and outside counsel.

1.8 Contract Award

The Green Bank will notify all bidders of the contract award decision by email. The Green Bank reserves the right to negotiate the final terms and conditions of the contract award with a winning bidder whose proposal is selected, and to reject any winning bidder with whom the Green Bank, in MCGB's sole judgment, cannot agree to terms and conditions.

1.9 RFP Process – Reservation of Rights

The Green Bank reserves the right to cancel or extend the RFP process at any time, and to issue clarifications and amendments to the RFP. The Green Bank also reserves the right to reject any submissions in response to this RFP. The Green Bank, in its sole discretion, reserves the right to recognize and waive minor informalities and irregularities found in proposals received in response to this RFP. Issuance of this RFP does not commit the Green Bank to make an award. The Green Bank will not pay any costs or expenses incurred by a bidder in connection with the preparation of any proposal or response to this RFP.

1.10 Contract Agreement

A copy of the Green Bank's Standard Agreement is available on the Green Bank's website. This is the template that will serve as the basis for the services agreement between the winning bidder(s) and the Green Bank. Alternatively, bidders may provide their own forms of agreement for consideration by the Green Bank. The Green Bank and the awardee(s) may negotiate further terms and conditions as might be appropriate, subject in all events to approval by the Green Bank in its sole discretion. Any contract will include a nondisclosure agreement in form and substance satisfactory to the Green Bank. Certain information regarding Green Bank customers that have participated or that may participate in a Green Bank program shall be deemed confidential and subject to such agreement. Funding for the contract may derive in whole or in part from federal sources and carry with it certain federally prescribed terms and conditions that must be included in contracts using such funds (such as Appendix II to 2 CFR Part 200 "Contract Provisions for Non-Federal Entity Contracts Under Federal Awards" and additional requirements). Any contract award will be subject to the required federal contract flow-down provisions. The Standard Agreement may be revised prior to execution and may be amended from time to time with mutual consent of the parties, to reflect any federal funding requirements associated with the capital funding for the contract.

Section 2 – Background Information

2.1 Montgomery County Green Bank

The Montgomery County Green Bank is a publicly chartered 501(c)3 nonprofit corporation dedicated to accelerating energy efficiency, renewable energy, and clean energy investment in Montgomery County, MD. We partner with the private sector to provide more affordable and flexible financing options for County residents and businesses for clean energy and climate-resilient projects. These projects save energy, lower greenhouse gas emissions, create healthy living and working environments, foster a more resilient economy and environment, and help the County achieve its environmental goals.

2.2 Greenhouse Gas Reduction Fund

In late 2022, Congress passed the Inflation Reduction Act. An important provision of the IRA authorized the U.S. Environmental Protection Agency to implement the Greenhouse Gas Reduction Fund, a historic \$27 billion investment that will be used to capitalize green banks to facilitate development of energy efficiency and clean energy projects. On April 4, 2024, Vice-President Kamala Harris announced the GGRF awardees under the \$14 billion National Clean Investment Fund (NCIF) competition and the \$6 billion Clean Communities Investment Accelerator (CCIA) competition.

2.3 BEPS in Montgomery County

Building Energy Performance Standards ("BEPS") are a key part of the state's Climate Solutions Now Act of 2022, which aims to improve energy efficiency and reduce greenhouse gas emissions in the building sector. Montgomery County introduced legislation in May 2021, and is currently in the process of developing specific BEPS standards by property type. The standards are intended to help buildings achieve zero net greenhouse gas emissions by 2040.

The state of Maryland is also implementing BEPS as required under the Climate Solutions Now Act of 2022. Similar to Montgomery County, compliance by 2040 is required. Buildings covered under state policy are 35,000 square feet and larger, whereas buildings under Montgomery County's policy are 25,000 square feet and larger.

2.4 The BEPS Readiness Program

In line with County and State goals, MCGB launched a BEPS Readiness Program which provides a pathway for private sector commercial property owners and developers to (a) learn about the economic value proposition of making energy conservation measures ("ECMs") and (b) access attractive financing that achieves successful implementation of the ECMs. This is achieved through a Technical Assistance Program where commercial property owners and developers are offered varying levels of subsidy (e.g., grants) to engage in feasibility studies, ASHRAE energy audits, and other services that promote the installation of ECMs. Following that, the Green Bank offers term loan structures that make sense for the application. These include senior debt, mezzanine debt, C-PACE financing, and revolving bridge financing. The proceeds from the BEPS Readiness financing will go to support those financing activities. The Green Bank is planning to utilize an estimated \$2.5 million from the GGRF to backstop these activities.

Section 3 – Scope of Work for Financial Advisor

Financial Advisor will be expected to provide comprehensive financial services related to the structuring, marketing, selling, and underwriting of MCGB's proposed financing. This shall include, but may not be limited to, the services listed below.

- a. Develop and analyze financing structure with or without County financial support;
- b. Develop pricing strategy and pipeline of potential investors;
- c. Provide relevant market and economic data, pricing views, comparable prices, and pricing proposals prior to pricing;
- d. Follow MCGB policies, either oral or written, for liability, designation and retention, pricing procedures and the process of selling debt obligations;

Section 4 – Proposal Requirements and Submission

Proposals must be submitted by mail or email to the Designated RFP Contact listed above. Proposals should contain the following:

1. A narrative of the qualifications, staffing and management proposed for the identified sections of the Scope of Work. Specifically, please summarize your experience with private placements in the state Maryland and/or Mid-Atlantic and for energy efficiency financings.
2. Organization chart and disclosures, if relevant.
3. The resumes/CVs of relevant individuals who will be engaged in the contract.
4. Compensation required. Please include the advisor's proposed fee structure.

Section 5 – Evaluation

The Green Bank will evaluate proposals based on the following criteria:

- Demonstrated Experience. Demonstrated experience as a financial advisor for energy efficiency, alternative energy or complex, multiple participant loan financings, in particular, programs similar in nature to the BEPS and a demonstrated commitment to providing a high level of responsive client service, including positive references for such experience.
- Understanding of and Ability to Perform Scope of Services. Demonstrated understanding of Maryland BEPS, the work required by the scope of services and any additional services necessary for the success of the bond placement.
- Personnel. Demonstrated assignment of sufficient, qualified, and experienced professional personnel, with preference given to personnel experienced in providing services such as those contemplated by this RFP.
- Underwriting Ability. Demonstrated ability of firm to underwrite and commit capital toward the underwriting of bond issuances.
- Fees. The basis for the cost proposal evaluation rankings will be the total fees charged by the bidder. MCGB does not need to select the lowest cost proposer.