

**REQUEST FOR PROPOSALS
ENERGY SMART PROGRAM
ENERGY EFFICIENCY FINANCING**

**SUBMITTAL DUE:
FRIDAY, MAY 20TH, 4:00 P.M.**

**ENERGY SMART PROGRAM
EAGLE COUNTY COMMUNITY DEVELOPMENT
500 BROADWAY
PO BOX 179
EAGLE, CO 81631**

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Submittal Instructions:

Submittal instructions are set forth in more detail in the Request for Proposals (“RFP”)
RFPs are due in the email box listed below, for time and date recording and verification on or before 4:00 p.m. Friday, May 20th, 2011.

Please use the Delivery Receipt option to verify receipt of your email.

E-Mail: energysmart@eaglecounty.us; identified as Energy Smart Finance RFP

REQUEST FOR PROPOSALS

I. Project Objective

The Energy Smart Program is a tri-county effort among Eagle, Gunnison and Pitkin Counties, funded by an American Reinvestment and Recovery Act of 2010 Energy Efficiency and Conservation Block Grant (EECBG) from the U.S. Department of Energy (DOE). The grant is to fund efforts in each of the three counties to establish the Energy Smart Program which will serve as a nationwide model for other rural areas and resort communities in cold climates. The Energy Smart Program aims to retrofit existing homes to achieve energy savings of 20% or better. Targeting single family homes, low-income rental apartments, and second home owners through property management companies, the Energy Smart Program will create a self-sustaining energy efficiency upgrade model to be implemented in 10% of the existing residential housing stock in the three counties. The goal of this RFP is to seek financial institutions (“FI(s)”) that will create and offer financing alternatives to residents in which monthly debt service aligns with anticipated energy cost savings.

We are requesting proposals from FI(s) to provide the following services:

- Assist in establishing the structure of a loss reserve (LR) fund and enter into an agreement governing the terms and conditions of the program and use of LR funds, to enhance the financing alternatives available to residential property owners; and
- Originate and provide energy efficiency loans to owners of residential buildings who are energy users. It is anticipated that by establishing an LR, FI’s will favorably adjust terms found in the existing and/or similar products offered by proposing FI(s);
- Provide related administration services, e.g., billing and collections; and
- Provide monthly reports on energy efficiency loans made by FI(s).

II. Background

In 2010, Eagle, Gunnison and Pitkin counties were awarded a \$4.9 million dollar grant from the Department of Energy to create an Energy Smart Program which identifies and addresses barriers to making energy efficiency improvements, which include access to information, financing, and a skilled workforce.

The Energy Smart Program includes a marketing outreach campaign, public energy resource centers in each of the three counties which provide ‘one-stop shop’ assistance to homeowners and contractors. The Energy Smart Program increases access to skilled workers by providing training programs, developing best-practices workshops, equipping contractors with appropriate diagnostic tools, and supporting relevant policy initiatives.

The Energy Smart Program is targeting the development and implementation of energy efficiency projects in its residential housing sector. An essential part of the Energy Smart Program is to enable its residential property owners to access financing solutions that overcome the first-cost barrier and pay for energy efficiency improvements over time. Under ideal conditions, energy cost savings will match or exceed loan payments. As noted above, the counties are providing services through the Energy Smart Program wherein they provide access

to home energy assessments/audits and implementation assistance residential property owners to prepare energy efficiency projects that meet the needs of their individual structures. These Energy Smart Program services include assisting the property owner in obtaining energy audits (building evaluations to understand how the building currently uses energy and to determine cost effective ways in which to improve energy use), developing a customized energy use reduction action plan, assisting the property owner to obtain available rebates, and assisting the property owner in obtaining contractor bids for energy efficiency work to be performed on the residential property. The Energy Smart Program intends to reach 4100 residential properties directly (across the three counties) and will likely result in a substantial amount of additional retrofits. The loans, offered by FI(s), will be available to Energy Smart Program participants who wish to implement the specified energy efficiency measures.

Up to \$1,000,000 of DOE EECBG grant proceeds may be transferred to one or more selected FI(s) to enhance the terms of loans that support residential energy efficiency improvements. Selected FI(s) are expected to provide energy efficiency loans to residents of Eagle, Gunnison and Pitkin Counties. Proposals which contemplate a large number of relatively small energy efficiency loans to residents of Eagle, Gunnison and Pitkin counties will be viewed favorably. The LR is intended to enable the FI to offer longer loan tenors, lower interest rates, and broader access to financing. With up to \$1,000,000 in LR funds, the Energy Smart Program anticipates participating FI(s) will be able to lend from \$10,000,000 up to \$20,000,000 million, based on leverage ratios of between 10:1 and 20:1 respectively. This leverage ratio may be higher or lower, depending on the risk assessment by the FI(s) responding to this RFP. The LR will support the whole energy efficiency loan portfolio and is intended to be sized at a margin higher than the portfolio's estimated losses.

Notwithstanding the foregoing, the LR mechanism is not a loan guarantee; it uses grant funds to mobilize lending by sharing risk with the selected FI(s) but it does not eliminate risk for the lender(s). There is no guarantor in this mechanism. The FI(s) is/are at risk for the repayment of all loan amounts in the energy efficiency portfolio in excess of the loss reserve and as agreed between the parties. Therefore, prudent lending origination and administration must be maintained. The LR is anticipated to stay in place until the loans are retired at which point any remaining funds will be designated to support further energy efficiency lending or another use determined by the counties. The counties will retain the ability to adjust LR apportionment among participating FI(s) provided LR funds have not been tied directly to a loan that supports an energy efficient project.

The typical cost of a single-family residential energy efficiency project through the Energy Smart Program is expected to be in the range of \$3,000-\$20,000 with an average project cost of \$8,000 estimated (after rebates and incentives).

III. Energy Efficiency Equipment

Many types of energy conservation measures will be eligible for financing.

Typical residential energy conservation measures include but are not limited to:

- Air sealing;
- Insulation of attic, sidewall, basement, water tank, and water line spaces;
- Installation of high efficiency lighting;
- Improvements to and/or replacement of central heating and cooling systems;
- Air duct sealing;
- Renewable energy measures; and
- Double-paned windows and insulated exterior doors that meet or exceed Energy Star® standards.

Specific measures and standards appear in Exhibit A which is attached hereto. In some cases, building owners will need to make non-energy efficient repairs on the buildings in order to facilitate installation of the energy efficient measures. For example, before attic insulation can be installed, it may be necessary to repair a faulty roof. Non-energy efficient projects necessary to facilitate efficiency measures may be included in the loans proposed by the FI(s) up to a maximum percentage of 20% of the loan value.

IV. Roles of the Program Partners

Suggested roles are described below. Respondents are free to suggest other/additional roles as appropriate.

Energy Smart Program will offer the following:

- Program Design*** - Design for the Energy Smart Program and generating demand for energy efficiency home retrofits.
- Program Coordination***. Coordinate project implementation between participating property owners, energy auditors, and contractors.
- Intake Data***. Each County expects to obtain basic information from prospective customers who flow through the Energy Smart Program, in form and content acceptable to FI(s), prior to any loan application being forwarded to a participating FI.
- Marketing***. Organize and conduct an outreach and marketing campaign for the Energy Smart Program and to otherwise encourage home retrofits. Conduct community-based neighborhood and social network based campaigns. These campaigns will include marketing the participating FI(s) energy efficiency loan products. A marketing firm has been retained to develop a comprehensive marketing and outreach strategy and provide marketing materials. The Energy Smart Program is expected to generate a flow of energy efficiency projects within the three Counties and provide a market for the selected FI(s) financial products under this RFP.

- E. *Reporting and Monitoring.*** Work with FI(s) to collect, prepare, and submit the required reports to DOE related to EECBG grant monies.
- F. *Project Development.*** Organize audits, evaluate, and collaborate with qualifying energy efficiency contractors to implement residential projects.
- G. *Workforce Training.*** Develop and implement workforce training necessary to achieve Energy Smart Program goals and objectives.
- H. *Measurement and Verification.*** Present ongoing information on actual improvements and energy use savings from participants.

Participating FI(s) will provide:

- A. *Collaboration in Program Design.*** Develop creative options to enhance and improve loan availability for residents participating in the Energy Smart Program.
- B. *Energy efficiency Loans.*** Offer loans according to the agreed range of terms subject to FI(s) credit approval process.
- C. *Simple and prompt process.*** Provide for simple, convenient loan application, approval, and closure processes to Energy Smart participants. If possible, proposals which offer electronic applications and convenient service to remote locations of the three counties will be favored.
- D. *Marketing.*** Support marketing of the Energy Smart Program in conjunction with Energy Smart Program staff and partners. An example of an FI marketing activity is sending mailers to current mortgage and account holders.
- E. *Loan collections and administration.*** Collect loan payments; follow collection procedures to be outlined in a formal agreement with successful respondent(s).
- F. *Risk sharing.*** Risk sharing by the FI is expected. Responses should identify risk to be assumed by FI(s). For example, an FI may wish to cover 15% of an individual loan in the event of default while the LR would cover 85%.
- G. *Reporting.*** Information and coordination regarding on-going status of loans, collections activity in default situations, and other matters (subject to customer privacy policies). FI will collect and assemble data on a monthly basis. Eagle County (the grant administrator for the counties) will report such data to the DOE. FI is not responsible for reports to the DOE.

V. AGREEMENTS

The parameters of the loans and credit enhancements will be set forth in an agreement between Eagle County (the administrator for the grant for the three counties) and the selected FI(s). The selected FI(s) will enter into one or more agreements to implement the loan and LR which will address the terms for expenditure of a loss reserve and terms and conditions regarding marketing, loan origination and reporting.

FI(s) will use their own loan agreement forms with borrowers.

VI. RESPONSE TO THE RFP

1. Respondents should have the capacity to serve the Eagle, Gunnison and Pitkin counties residential housing communities, including unincorporated areas as well as municipalities within each County.
2. The Respondent is asked to discuss all financial variables in its response to this RFP. For instance, where the RFP sets out an example percentage, ratio, or dollar figure, the Respondent is asked to indicate an appropriate figure in its response. The Respondent may also choose to submit multiple options in its final response to this RFP. Selection through this RFP of one or more FI(s) will lead to contract negotiations with one or more FI(s) for the provision of loan services as part of the Energy Smart Program.
3. The RFP selection process will favor the FI(s) that can offer the broadest access to funds, the greatest marketing and geographical capacity, and sufficient assets to meet the lending demand created by the counties' efforts to encourage the retrofitting of existing residential buildings through the grant-funded Energy Smart Program marketing and campaign efforts. It is expected that loans will be made by the FI(s) to residents seeking energy efficiency improvements to their homes in each of the three counties, Eagle, Gunnison and Pitkin.
4. FI(s) may submit responses for providing unsecured loans, secured loans, or both.
5. A proposing FI must respond to the following and will be expected to show the impacts on loan underwriting guidelines for unsecured and/or secured loans (as compared to loan products currently offered by the FI(s):
 - A. *Loan size: minimum & maximum.*** Loan sizes for residential energy improvements between \$3,000 - \$20,000 are expected. It is expected that respondent(s) will make up to approximately 300 loans per year over the next three years. The counties anticipate completing approximately 4100 energy efficiency projects over the next two and a half years. Volume milestones may be set forth in the agreement to be entered into, and will include a mechanism for tracking the number of loans issued and the total amount loaned.

The actual parameters for the minimum and maximum loan size will be determined in the agreement between the parties.

- B. *Extend tenors.*** FI(s) should consider setting extended loan tenors/terms for energy efficiency projects, based upon the credit enhancement provided by the LR. For example, an FI could propose that its typical loan tenor of 5 years be extended to 10 to 15 years thereby allowing the borrower's monthly loan payment to closely match the borrower's actual energy savings from the installation of the energy saving measures.
- C. *Lower minimum credit score, lower loan to value ratio requirements, and higher debt to income ratio allowed.*** Proposals that lower credit score requirements, raise loan to value ratio allowances, or increase the permitted debt-to-income ratio for loans to residential building owners compared to those usually offered by the FI in its retail loan products will be viewed favorably. Proposals for alternative approaches to credit by FI(s) will be viewed favorably. The rationale for relaxed credit scores and/or higher debt to income ratios for borrowers is to enable an expansion of the number of residential property owners that can participate in the Energy Smart Program and implement specified energy efficiency measures.
- D. *Decreased interest rate and fees.*** It is expected that interest rates proposed by an FI in response to this RFP will be market-rate or below for the type of loan product factoring in the LR. Rates will be fixed for each loan at the time of loan application approval. FI(s) will be asked to provide a published interest rate index as a benchmark for loan pricing.
- E. *Simple and prompt process.*** Proposals that provide for simple, convenient loan application, approval, and closure processes will be viewed favorably. If possible, proposals which offer electronic applications and convenient service to remote locations of the three counties will be favored. The successful FI(s) will demonstrate how this process will be administered in a timely manner to assist participants to move forward with projects and schedule them with contractors accordingly.
- F. *Eligible borrowers.*** FI(s) should consider setting specific lending criteria that will broaden access to credit for energy efficiency projects based upon the credit enhancement provided by the LR.
- G. *Eligible projects.*** Specified types of residential energy efficiency projects and equipment are generally identified in section III above. Also Exhibit A (Eligible Efficiency Measures) contains more specific improvement criteria.
- H. *Loan application.*** Standard loan application materials will be provided by the FI. The counties may collect information from property owners in the application process, coordinating with the FI(s). The loan application will include a list of energy efficiency projects to be implemented, their costs, and the contractors/vendors expected to complete the work.

I. *Payment schedule.* Monthly payments are anticipated.

J. *Loan underwriting guidelines and security.* To be proposed by FI. Both secured and unsecured loan products may be offered. For residential secured loans, it is anticipated that subordinate liens will be required by FI with maximum loan-to-value ratios of up to 100%. FI(s) may propose other forms of securitization. Borrower contribution, if required by FI, may be paid by personal contribution, utility rebates or incentives, or other rebates and incentives.

K. *Loan disbursement.* To be developed with FI. Please note that federal reporting requirements make it advantageous to disburse payments to homeowners rather than contractors.

L. *Prepayment option.* Option to prepay the outstanding loan in whole or in part without penalty based on applicable state law.

M. *Risk Sharing.* Risk-sharing will have two main parameters. The first parameter is the ratio of the LR funds to the total original principal amount of loans in the energy efficiency loan portfolio. Presently, it is estimated that this ratio will be in the range of 5-10%, which is based on a leverage ratio of 20:1 to 10:1. The second parameter is the share of individual losses that the LR will pay. A portion of the loss will be borne by the FI(s) and covered from normal loss-provisioning. Both of these parameters are to be proposed by the FI(s) and may be defined/included in any final agreement(s) between the parties.

VII. RFP SCHEDULE

Key steps and schedule for the RFP process are as follows:

RFP issued by the County	May 4, 2011
Proposals Due:	May 20, 2011
FI(s) selected	May 27, 2011
Target agreement completion	June 23, 2011

VIII. OTHER TERMS AND CONDITIONS

1. Eagle County reserves the right to extend or modify dates.
2. If Eagle County desires further information or clarification regarding any proposal, it may request such information.
3. All submittals should include a statement signed by respondent as follows:

- (a) the individual and/or entity submitting a response to the RFP acknowledge the right of Eagle County in its sole discretion to reject any or all proposals submitted, and that any award may be made in the sole discretion of the County.
 - (b) the individual and/or entity submitting a response to this RFP acknowledge and agree that the discretion of Eagle County in selection of the successful respondent(s) shall be final, not subject to review or attack and acknowledge that the submittal is made with full knowledge of the foregoing and in full agreement thereto.
 - (c) By submission of a response, the individual or entity submitting this statement acknowledge that Eagle County has the right to make inquiry or investigations it deems appropriate to substantiate or supplement information contained in the response or related documents.
- 4. Eagle County reserves the right to not make an award under this RFP for any reason including the inability of Eagle County to reach acceptable contractual terms with an FI.
- 5. Respondents who submit a proposal are responsible for becoming fully informed regarding all circumstances, information, law and any other matters that might, in any way, affect the proposal. Any failure to become fully knowledgeable of any matters that might affect the project shall be at respondent's sole risk. The counties assume no responsibility for any interpretations made by respondents on the basis of information provided in this RFP or through other sources.
- 6. The Counties performance under any agreement is contingent upon the continuing availability of federal grant funds to fund the LR. The LR shall be funded only from available funds encumbered for the grant. If federal funds are not fully appropriated or otherwise for any reason become unavailable for the grant and LR, either party may terminate the agreement in whole or to extent of funding reduction. Counties shall have no liability in the event that the LR or funding is reduced or withdrawn by the federal government.
- 7. Each respondent shall furnish the information required in the Request for Proposals.
- 8. Each respondent is responsible for all costs associated with preparing a response to the RFP.
- 9. Selection of FI(s) will be based upon submittals conforming to the Request for Proposals and which are most advantageous to the Energy Smart Program in the discretion of County.
- 10. Late proposals will not be accepted or considered.
- 11. Any interpretation, correction or change of the proposal documents will be made by Addendum. Interpretations, corrections and changes of the proposal documents made in any other manner will not be binding, and respondent shall not rely upon such

interpretations, corrections and changes. The counties will not be responsible for any oral clarification.

12. Confidential/Proprietary Information: Proposals submitted in response to this Request for Proposals and any resulting agreement are subject to the provisions of the Colorado Public (Open) Records Act, 24-72-201 et.seq., C.R.S., as amended. Any restrictions on the use or inspection of material contained within the proposal shall be clearly stated in the proposal itself. Confidential and/or proprietary information must be readily identified, marked and separated/packaged from the rest of the proposal. Co-mingling of confidential/proprietary and other information is NOT acceptable. Neither a proposal, in its entirety, nor proposal price information will be considered confidential/proprietary. Any information that will be included in any resulting agreement cannot be considered confidential.
13. Eagle County reserves the right in its sole discretion to reject all or portions of any or all responses, to waive irregularities and technicalities, to re-advertise, or to proceed to provide the services otherwise. Eagle County may, at its sole discretion, modify or amend any and all provisions herein. Eagle County may seek additional information or perform investigations as it deems necessary.

Exhibit A: Energy Smart Program List of Eligible Measures

Energy Efficiency Measures		
Category	Measure	Minimum Efficiency/Certification Requirements
Air Sealing	Air Sealing	measures should result in final ACH of .35
	Duct Sealing	mastic only
Ventilation	Whole House Fan	Must have controls (thermostat or timer, multi-speed). Fan opening must be properly insulated and sealed in winter.
	Attic Fan	Must have controls (thermostat or timer, multi-speed). Fan opening must be properly insulated and sealed in winter. May be solar-powered.
	Heat Recovery Ventilator	Must meet Energy Star criteria, no integral electric resistance heater.
Insulation	Attic	R-49 minimum required in open attic; cathedral ceilings will vary.
	Wall	R-22 minimum
	Floor	R-38 minimum
	Ducts	R-8 minimum
	Perimeter	R-10 minimum
	Crawlspace	Sealed seam and edge vapor barrier. R-10 minimum wall insulation
Heating	High Efficiency Furnace	AFUE $\geq$ 95 %
	Boiler	AFUE $\geq$ 93 %
	Ground Source Heat Pump	Closed loop only. Must meet Energy Star: EER >14.1 , COP ≥ 3.3 . Installer must be IGSPHA certified.
	Programmable Thermostats	installed per manufacturer's specifications
Cooling	Evaporative Cooling	installed per manufacturer's specifications
Water Heating	On-Demand/Tankless	Energy Factor of 0.82 or higher (Energy Star listed)
Lighting	Fixtures/ballasts	Hard wired electronic ballasts only
	Timers & Sensors	Must be hardwired to electrical service
	Home Energy Monitor	Must be hardwired to electrical service
Windows, Doors, and Skylights	Window Repair	Reglazing and repair of historic, old growth windows, does not include coatings or finishes.
	Exterior windows and glass doors	Replacements . U .32 maximum
	Storm windows	Weatherstripping required. Total window assembly of U <0.30
	Window Film	Must meet Energy Star criteria
	Insulating shutters or blinds	R-5 minimum for shutters, R-3 for blinds, proper installation required
	Insulating exterior doors	U-.32 minimum
	Skylights	Replacements only. U .32 minimum
Renewable Energy Measures		
Category	Measure	Minimum Efficiency/Certification Requirements
Solar Hot Water		Must be rated by the Solar Rating and Certification Corporation. R-4 minimum for insulation on collector pipes. NABCEP/COSEIA certified installer.
Solar Photovoltaics		NABCEP/COSEIA certified installer.
Small Wind		
Pellet Stoves/Boilers	Pellet Stoves/Boilers	Minimum 75% efficiency, 2 grams/hr or less particulate rating
All eligible measures are subject to all applicable existing regulations and permitting processes.		

Exhibit B:
Proposed Terms

The chart listed below is provided as an example of an appropriately formatted response to be accompanied by additional supporting details.

Loan Product & Underwriting standards	Proposed	
LR as a percentage of total loan capacity, and total loan capacity		
Minimum, Maximum and Typical Loan Size		
Loan tenor range(s) in years		
Interest rate		
Definition of default		
Individual loss risk share (ESP/FI)		
Secured/Unsecured		
Loan to Value ratio, if applicable		
Underwriting approval time		
Origination Fee		
Minimum FICO		
Acceptable Payment Forms		
Foreclosure, repossession history	<i>e.g. Borrower will have no foreclosures within the past x years</i>	
Unpaid collection accounts, judgments, tax liens	<i>e.g. Eligible borrowers will have no unpaid collection accounts, judgments or liens outstanding.</i>	
Income verification requirement		
Debt to Income %:		
Electronic Application Y/N: Remote servicing (how will customers in remote locations be serviced?):		