



# Michigan Saves<sup>®</sup>

The Nation's First Nonprofit Green Bank

## Memo

**TO** RFP Respondents  
**FROM** Michigan Saves  
**DATE** December 18, 2024  
**SUBJECT** Financial Consultant RFP Questions and Responses

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### Questions

1. Describe the asset classes and types of projects Michigan Saves expects to finance with the loan capital from NCIF and CCIA?

- For example, would the following be eligible: new construction, building renovation and electrification, distributed renewables, community solar, battery storage, and EV charging infrastructure? Would new and innovative technologies be eligible? Could the money be used for business loans or only project loans?

Michigan Saves will use its NCIF capital to implement two direct lending programs and one indirect lending program.

- Bridge Financing to facilitate access to the Inflation Reduction Act's "direct pay" provisions for qualifying renewable energy, battery storage, and geothermal projects. See <https://michigansaves.org/bridge-financing/> for more information on our bridge financing program.
  - Michigan Saves Climate Fund to provide flexible financing for large-scale clean energy projects up to \$10 million per project for non-residential entities. Financing will be available for a variety of project types, including energy efficiency and electrification retrofits, net-zero new construction, solar and battery storage, and zero-emission transportation. See <https://michigansaves.org/climatefund/> for more information about the Climate Fund, including types of financing structures available.
  - Access Energy is a credit-score agnostic, residential lending program for credit challenged and credit invisible homeowners. Michigan Saves network of authorized residential lenders will use their own capital and originate and service loans in this program with support from a NCIF-funded credit enhancement.
2. **Corporate Org Chart:** Could you please provide a corporate org chart for Michigan Saves, and indicate which entities would be involved in one or more of the four areas identified in the RFP?

Michigan Saves corporate and personnel leadership structure is shown below. The winning respondent(s) would only interact with individuals at the leadership level. Our balance sheet lending programs will be managed by the chief investment officer (CIO) and their team. Michigan Saves uses a three-member direct lending scoring committee for due diligence. We also have a direct lending investments committee (Direct Lending IC), which is an ad-hoc, three-member committee comprised of the CEO, CIO, and a third member appointed by the Michigan Saves Board of Directors. The Direct Lending IC reviews and approves direct lending investment-related decisions and key documents, including technical assistance proposals, initial investment memoranda, final investment memoranda, and subsequent developments of those decisions.



The winning respondent(s) will work with and report to the CIO and advise the Direct Lending and Scoring Committees. Depending on the size of a proposed project, final approval may be needed by the finance committee and/or the board of directors. There could also be interactions with the CFO on portfolio projections and risk management based on the consultant’s scope of work.

3. **Personnel Org Chart:** Could you please provide a current personnel org chart for Michigan Saves showing reporting lines and relationships, and indicate which individuals and / or teams would expect to interact with whatever firm or individual that would provide financial advising and underwriting support services?

See the response to question 2.

4. **Duration of Support:** Over what time period is Michigan Saves seeking financial advising and underwriting support services? The RFP indicates an anticipated start date (Feb 3rd, 2025) but does indicate when such support services would no longer be required.

Michigan Saves plans to engage the winning respondent(s) on a time and materials basis with a not-to-exceed cap until December 31, 2025 or until the respondent(s) meet the cost cap for their services, whichever comes first. Toward the end of 2025, Michigan Saves would evaluate its needs for 2026.

5. **2025 Goals / Operating Plan / Objectives and Key Results (OKRs):** Could Michigan Saves please share its corporate goals for 2025, including how activities related to the RFP support, augment, or help achieve these goals?

Michigan Saves' mission is to promote accessible, equitable, and just investments in energy efficiency and clean energy to support healthy and thriving communities. Direct lending financing solutions are intended to help property owners, businesses, and communities improve the energy efficiency and health of their properties, ensuring that everyone, regardless of background, can access the benefits of clean energy. Per the requirements of the Coalition for Green Capital (CGC), through which Michigan Saves is receiving its NCIF subaward, Michigan Saves must deploy at least forty percent (40%) of the funds into low-income and disadvantaged communities.

The financial services outlined in the RFP will be essential to Michigan Saves efficiently and effectively deploying loan capital under the grant from the CGC by the end of 2025 and set up the organization for sustaining direct lending programs in 2026 and beyond.

6. **Existing Service Providers:** Can Michigan Saves please provide a list of its current service providers and how they would expect those service providers to interact with any firm or individual providing financial advising and underwriting support services?

- Public Sector Consultants, staffing for Michigan Saves under master service agreement until June 30, 2025
- Dykema, legal counsel that would review loan agreements and related documents
- Varnum, legal counsel that would review loan agreements and related documents
- Jeff Pitkin, consultant who is developing a financial product for Michigan Saves to acquire a participation interest in loans issued by financial institutions and lending organizations for eligible projects.

7. **Urgency of Areas of Support:** Among the four areas listed, where is the most urgent support needed and why?

Area 3 is the most urgent as we need to refine the credit policy or credit risk management strategies and could benefit from third-party review. Area 1 is urgent because we already have a pipeline of potential projects that need due diligence and other financial and technical analyses. Area 4 is next, as we will need guidance on servicing and portfolio management. Area 2 is the least urgent.

8. **Form of RFP Response** - Would Michigan Saves prefer to receive RFP responses in memo (Microsoft Word), powerpoint, or another format?

We would prefer to receive a response in a document format (Word/PDF). Powerpoint responses will also be accepted.

### **Proposal Structuring**

9. May two or more companies partner to apply for the project under a joint proposal? If yes, does Michigan Saves prefer that one of the companies serve as a “lead” applicant? If a joint application is not acceptable, does Michigan Saves prefer/require

- A single applicant, with any additional service providers as subcontractors to the lead applicant;
- That each company provide individual applications that reference each other as appropriate; or
- Some other approach?

Joint applications are acceptable. We prefer a lead applicant, as that entity would invoice Michigan Saves for the work and receive the payment. It is the lead applicant’s responsibility to pay any “subcontractors” or other partners or service providers on a project team.

10. To the extent the answer to the question above is that joint applications are acceptable, how should the Disclosures and Certifications be completed (by each applicant separately or only by the “lead” applicant)?

If a respondent plans to submit a joint application, the application should provide an overview of each subcontractor, partner, or service provider, including each team’s expertise (bios and resumes), experience, and role on the project. Each subcontractor, partner, or service provider should also complete the disclosures and certifications, including the Diverse Vendor and Partner Form (attachment A), Certification regarding Debarment (attachment C), Certification regarding Lobbying (attachment D), the conflict of interest statement, and the GGRF engagement statement.

### **Scope of Work Clarifications**

11. Will applications be accepted for only partial services under one Area? That is, if we are able to fulfill at least one of the sub-bullets listed under an Area but not all of the sub-bullets, should we propose the provision of services related to the sub-bullets we can fulfill or not address that Area at all? As an example, the provision of loan management and servicing support services under Area 4 requires a fairly distinct set of skills and expertise relative to the loan portfolio monitoring and management services described by the rest of the tasks under Area 4; our sense is that this Area could in fact be split into two separate areas of work. In the context of this example, is it acceptable for us to propose services for the portfolio monitoring and management tasks but not the loan management and servicing support task?

Michigan Saves may engage one or more respondents for this work. Respondents may submit a response to services within an area without having to show expertise for all the areas or services identified in the RFP. Please be sure that your response is very clear as to your area of expertise and preference in terms of the services you are willing to provide (e.g., Areas 2 and 3).

12. Many of the tasks outlined in the Scope of Work are described as the Financial Expert providing “assistance” or “support” to Michigan Saves. Is it correct to read this as indicating that Michigan Saves will take the lead in completing these activities, with the consultant acting in a subordinate/assistive capacity? If not, what are the range of roles that Michigan Saves may expect from the Financial Expert?

Yes. At this time, Michigan Saves expects to take the lead in completing these activities with one or more consultants providing advisory, strategic counsel, and analytical support in one or more of the four areas listed in the RFP. With respect to underwriting, Michigan Saves uses a three-member direct lending scoring committee for due diligence and underwriting activities with additional processes and governance structures for review and approval; thus, no loan-related decisions will rest solely the financial expert. Michigan Saves operates as a collaborative team and expects the financial expert to support the team, with specific work directed by the CIO. If it becomes apparent Michigan Saves needs more than just assistance or support, we will determine if the additional work is possible under this procurement or if Michigan Saves needs to undertake a new procurement.

13. Is Michigan Saves able to provide some indication of the timeline you expect for the services, perhaps broken down by Area? For example, what is the desired timeline to prepare the tools and processes to receive and process applications from potential investees, what is the expected deployment period for the capital during which Michigan Saves would expect to require underwriting support, etc.?

See our response to question 7 on our prioritization of work. Michigan Saves has not developed timeline for services. However, we will only have 12 months to deploy capital (i.e., enter contracts with borrowers) under our NCIF subaward, so we will need to deploy funds as soon as possible. We will need support as early as February when we could reasonably expect to have executed contract(s) with consultant(s) through this RFP in place. Other projects in the pipeline are in various stages of development.

14. As part of the second bullet under Area 1:

- For how many transactions is the Financial Expert expected to provide support?
- Does Michigan Saves expect to lead on ensuring that complete applications and all needed supporting documentation are collected and provided to the Financial Expert for use in analysis and underwriting, or would the Financial Expert be expected to engage with applicants to determine the supporting documentation needed and ensure that it collected?
- Does Michigan Saves envision the Financial Expert supporting an expansion of the skills and expertise of the Michigan Saves staff to allow staff to eventually process transactions completely independently? Or is the expectation more that the Financial Expert will be relied upon to support the analysis and structuring of transactions until the NCIF funds are fully deployed (or potentially longer if the funds are expected to be revolved)?

Michigan Saves expects to deploy approximately \$75 million in loan capital before the end of 2025. The number of transactions depends on the number of individual projects that enter our pipeline. For the bridge financing program, we cap the loan size \$250,000. For the Climate Fund, we cap the loan size at \$10 million, although larger projects may be approved on a case-by-case basis. Our best estimate of the total number of Climate Fund transactions is between 10 and 25.

Michigan Saves may or may not ask the financial experts to directly engage with applicants on the loan origination side. We will lean on the experts to guide us on the due diligence and required documentation for screening, originating, underwriting, and structuring of individual transactions. Michigan Saves appreciates financial experts who can share existing document templates or established processes and procedures, or other best practices from lending or investment organizations. Michigan Saves has not yet determined whether we would provide loan servicing in-house via software or if we would contract for that service. We would enjoy working with a financial expert who can advise on that question.

Michigan Saves is contemplating how much staff capacity to add to the investments team to support current and future lending activities. Michigan Saves will lean on the financial expert(s) for at least the first six months and expects there to be some expansion of skills and expertise among current staff during 2025. Given the varied nature of financing structures and projects, Michigan Saves expects it would continue to rely on one or more external financial expert(s) to provide expertise through deployment of the NCIF funds, which is expected by year end of 2025. Depending on the success of the deployment of the NCIF capital, we may consider a future contractual arrangement for financial expert(s) to help with complex deals.

15. Please clarify what is meant by the third bullet under Area 1 in the RFP. Do the referenced processes and tools mean, for example,

- Loan applications, credit memos, and similar staff- or client-facing tools and processes that support the actual lending process; or
- Loan loss reserve policies/methodologies, liquidity management policies/practices, etc., that relate to management of assets and liabilities at the organizational / balance sheet level?

Yes, it could mean all the above and potentially more. Staff will share our current investment policy, processes, and tools with the winning respondent(s) and seek advice on what we have and what is missing. We expect the financial expert to provide unbiased advice and support to guide the development of our direct lending program.

16. Please clarify what is meant by the fourth bullet under Area 1 in the RFP. Is this, for example,

- A request that the Financial Expert perform something like an initial market survey to help identify the most effective ways for Michigan Saves to begin to engage in the market;
- Ongoing monitoring of the effectiveness of Michigan Saves' investments and practices to support refinement and innovation; or
- Ongoing monitoring of the wider renewable energy investment sector to support improved targeting and performance of Michigan Saves' investments?

Michigan Saves is not looking for a market survey or market assessment. The examples listed above in the second and third bullets are more aligned with the tasks that we had in mind.

17. Under Area 2, it appears that many of the activities seek providers with either a local presence in Michigan or an existing network of relationships in Michigan to support the described work. Is this an accurate reading? As Michigan's green bank, our preference is to work with Michigan-based financial institutions and entities with Michigan-specific knowledge. However, for the deployment of NCIF funds, we are open to collaboration with out-of-state entities, if it can be a mutually beneficial partnership.

18. Under Area 3, bullet two appears to focus on financial risks associated with individual transactions and portfolio management, while bullet three appears to refer to a broader set of risks. Is it appropriate to read this bullet as seeking a more holistic assessment of risk along the lines of an Enterprise Risk Management framework?

Yes, those are reasonable interpretations of our needs.

19. Based on information on Michigan Saves' website, the organization currently primarily provides credit enhancements to leverage private capital into projects. What is Michigan Saves' current experience in participations, and is that experience with public or private entities?

- Would Michigan Saves be open to the Financial Expert making a warm introduction to a third-party firm that specializes in participation models and management as a response to the third bullet under Area 2 instead of providing those services directly? If not, would it be preferred that the third party provide these services as our subcontractor, or that we simply exclude this service area from our proposal?

Connections with other third parties can be beneficial for any of the areas outlined in the RFP but most likely would not be sufficient for the services expected under Area 2. If a financial expert specializes in another area and can also make connections with third parties related to Area 2, we encourage that being referenced in the proposal.

20. Does Michigan Saves have a current pipeline of prospective investments that it hopes to direct the NCIF award to, or would a pipeline need to be developed? If a pipeline exists, is it possible to provide a description of the range of investment/project types, total project costs, etc.?

Michigan Saves has started developing a pipeline of projects for the Michigan Saves Climate Fund and the bridge financing program. For the Climate Fund, we are soliciting potential projects through a Request for Applications (see <https://michigansaves.org/wp-content/uploads/2024/11/michigan-saves-climate-fund-request-for-applications.pdf>) process. Currently, we have a pipeline of potential projects totaling \$55 million, including a utility scale battery storage project, affordable housing (new construction), large scale electric vehicle charging infrastructure, public solar photovoltaic installations, and energy efficiency and electrification retrofit projects.

## Pricing Structure Clarifications

21. The RFP includes some definite / discrete tasks but also tasks that are essentially open-ended. In addition, the RFP's descriptions of the tasks are fairly general and, in some cases, open to fairly broad interpretation. Depending on the degree of clarification provided in response to questions on the RFP, proposing fee structures that provide cost-certainty to Michigan Saves may be challenging without exposing service providers to significant risk, which could result in cost proposals that are higher than necessary. Related to fee structure expectations in the proposal:

- For the discrete tasks, is it acceptable to propose a price range within which we would expect the cost to fall based on the description of the tasks in the RFP, with a final price to be determined as the scope of work is fleshed out in the next stage of the process?

- For the open-ended items, Is it acceptable for proposals to include a per-unit fee (e.g., cost per credit underwrite performed)?

Michigan Saves may engage one or more respondents for this work. If we select more than one respondent, we will delegate the work based on our needs and the expertise and availability of the financial experts. Because the cadence and nature of the work may not be consistent, Michigan Saves plans to engage the winning respondent(s) on a time and materials basis with a not-to-exceed cap. Respondents should include hourly rates and a not-to-exceed amount in their proposal. Michigan Saves would consider per-unit fees but is concerned with such structures given the varied nature of transactions and new underwriting and processes being established.

22. In relation to the “as-requested” services described in the RFP, is it appropriate to assume that pricing for these additional services would be negotiated at the time they are requested? If not, does Michigan Saves prefer that proposals include an hourly rate under which these services would be performed, or some other approach?

See response above

23. Has Michigan Saves identified a maximum amount that may be spent in order to fulfill all of the services requested in the RFP (or more preferably, per Area)? If yes, this could be helpful to allow respondents to gauge whether they can reasonably expect to provide services within the expected range.

No, Michigan Saves not identified a maximum amount. Michigan Saves expects much of the work to occur on a project-by-project basis, which makes it difficult to determine a total spend. The responses to this RFP may also affect Michigan Saves’ staffing decisions going forward.

24. Will service providers be subject to any additional federal reporting requirements and/or administrative requirements, for example completing single audits, in addition to ensuring compliance with 2 CFR Appendix II to Part 200?

Michigan Saves does not know whether service providers are subject to federal reporting and/or administrative requirements. We encourage you to consult with your legal counsel.

25. Would you be open to structuring the GGRF program as off balance sheet lending?

Michigan Saves is not clear what “off balance sheet lending” means. As indicated in question 1, we have already selected our programmatic structures for deploying our NCIF capital. Given our one year deployment window, there is not time to develop an off balance sheet lending program.

26. Do you have interest in performing market research to further refine your financial product offerings, to ensure they are structured to fill financing gaps in the market? Or are financial products already developed?

Michigan Saves is not seeking financial experts to conduct market research at this time, as we have already developed our desired financial products (see question 1). The financial products may be adapted over time based on the market response, input from financial expert(s) in response to this RFP, and leading practices by other green banks and similar mission-driven financing organizations.