



NY Green Bank

Request for Proposals Fund Administration, Loan/Investment Servicing & Custodial Services

RFP No. 3

Overview Document
(UPDATED)

March 17, 2015

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1.0 Introduction

1.1 NY Green Bank Background

NY Green Bank (“NYGB”) is a state-sponsored, specialized financial entity working in partnership with the private sector to increase investment in New York State’s clean energy markets. NYGB is designed to address gaps and barriers in clean energy finance, and transform the capital markets as part of the integrated strategic energy plan in New York State. As such, NYGB represents an innovative business model at the forefront of clean energy finance domestically and internationally.

NYGB partners with the private sector to mobilize capital investment in clean energy. Rather than compete with private sector participants, NYGB looks to crowd them into the marketplace, achieve greater investment scale, create new asset classes and expand existing ones, as well as develop greater liquidity. Developing these market features will be transformative, as it motivates increased private participation in the clean energy marketplace, and advances clean energy financial markets toward greater maturity, ultimately contributing to a more reliable and sustainable energy system in the State.

NYGB investments reflect various roles in the capital structure, including credit enhancement provider (e.g., a reserve account or a junior interest), lender (e.g., senior, mezzanine or subordinated), warehouse provider or in a structure that *combines* these structures to meet clients’ needs. NYGB also considers equity investments in projects. NYGB provides investments at the wholesale level in clean energy projects. NYGB does not provide development or operating capital. For more information about NYGB, please see: www.greenbank.ny.gov.

1.2 Objectives of this RFP

NYGB requires fund administration, loan/investment servicing and custodial services to help meet and manage its middle and back-office needs. The scope of services is described in detail below and throughout this Request for Proposals (“RFP”). NYGB seeks an initial three-year agreement with up to three one-year options to renew from a leading provider of the requisite services possessing particular expertise in structured financing arrangements and loans. The selected provider must bring to NYGB a robust, secure platform with industry leading technology, efficient and effective processes, as well as a highly competent support team that is dedicated to the NYGB account.

1.3 Eligibility Criteria

If your firm is interested in responding to this RFP (as such, a “Respondent”) please first ensure that all of the following minimum eligibility criteria are met. Proposals that are received but do not clearly meet all the eligibility criteria will not be considered for further evaluation.

Respondents must have:

- (a) The ability to provide fund administration, loan/investment servicing and custodial services of the nature specified, to achieve the objectives outlined in this RFP;
- (b) A minimum five-year track record in the full range of services sought;
- (c) A minimum of 125 fund entities currently under active agreement for traditional fund administration services, at least 25 of which are funds similar to NYGB, i.e., private equity or non-trading specialty finance companies;
- (d) A minimum of \$100 billion in total funds under administration (based upon net assets);
- (e) The ability to manage capital/cash accounts (including restricted and unrestricted cash);

- (f) The capability to administer structured loans/investments (including investment accounting of all fees and accruals), collect principal and interest payments from borrowers, prepare invoices, and report activity regularly to NYGB;
- (g) The ability to capture the entire portfolio and perform investment and portfolio (i.e., across all debt and equity products) level accounting, financial statement preparation, collateral monitoring and verification of net asset value (“NAV”) in an independent and timely manner;
- (h) The capability to maintain official books and records using Generally Accepted Accounting Principles (“GAAP”) for regular financial reports (i.e., monthly and quarterly management reports) and Governmental Accounting Standards Board (“GASB”) accounting standards for yearly financial statements/integration with New York State Energy Research and Development Authority (“NYSERDA”, NYGB’s parent organization); and
- (i) The ability to provide NYGB with access to online reporting tools.

2.0 Scope of Services

2.1 Overview

NYGB requires traditional fund administration, loan/investment servicing, and custodial services with fund accounting at the individual investment (e.g., structured loan) and portfolio levels. An outline of general services is provided in [Figure 1: NYGB Operating Model](#) (next page). Please review this complete RFP package (including all Exhibits, see [Section 7.0 RFP Exhibits](#), below) in detail to ensure your understanding of all NYGB requirements and the submission of a conforming response. Proposals that are not complete or do not conform to all specified requirements in this RFP will not proceed to evaluation.

NYGB anticipates that its business model may appear to Respondents as significantly different from many other alternative asset managers and specialty-finance companies. These key differences arise from NYGB’s:

- (a) Status as a government authority/public-benefit corporation¹;
- (b) Investment activity in highly structured products (debt and equity) with bespoke, bilateral agreements (e.g., structured loans); and
- (c) Non-trading activity.

2.2 Special Note Regarding Tax & Investor Services

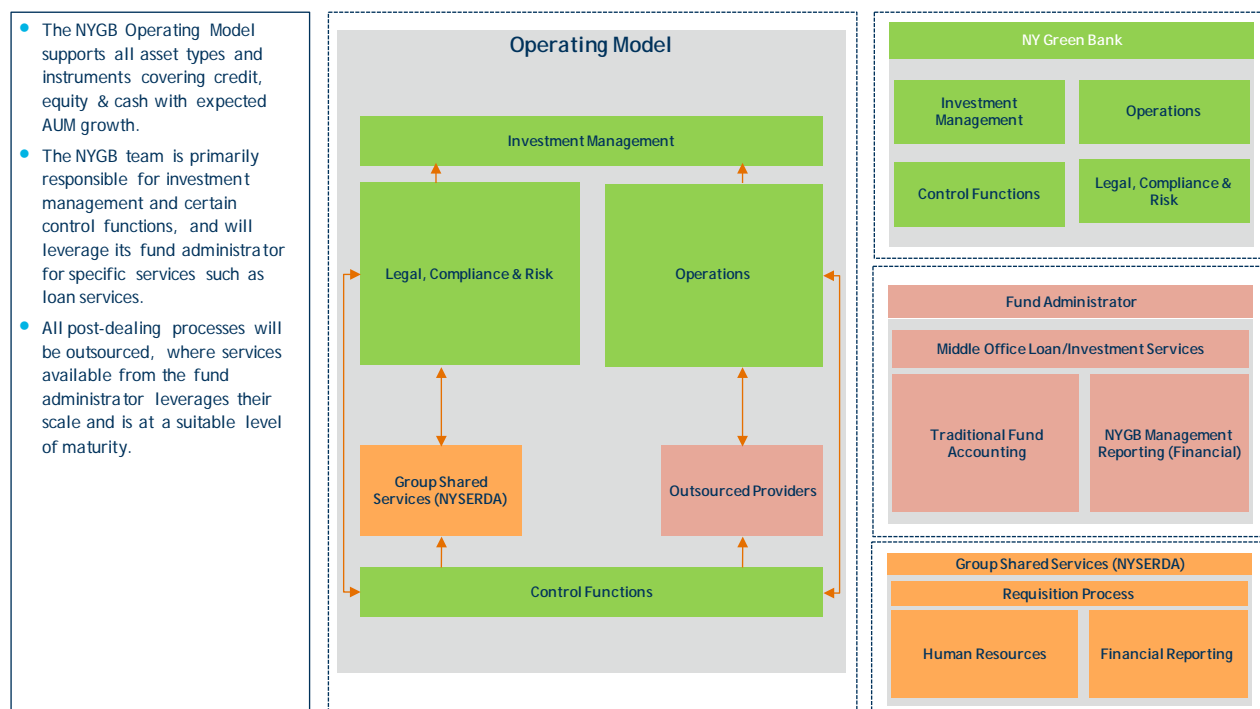
Tax and Investor Services are beyond the scope of this RFP due to NYGB’s status (above). Respondents should not include these services in initial scoping and pricing, although a confirmation of the firm’s capability to furnish such services should be provided (see [Form D: NYGB Priority Services](#) for guidance).

2.3 Service Requirements

[Figure 1: NYGB Operating Model](#) (next page) outlines in diagrammatic form the main components of the required services. For a more detailed explanation of NYGB’s business operating model, please see [Attachment 1: NYGB Operating Model, Process Flows, Metrics & Key Financial Definitions](#).

¹ NYGB is a public benefit corporation created under Title 9, Article 8 of the Public Authorities Law, and an instrumentality of the State of New York.

Figure 1: NYGB Operating Model



- The NYGB Operating Model supports all asset types and instruments covering credit, equity & cash with expected AUM growth.
- The NYGB team is primarily responsible for investment management and certain control functions, and will leverage its fund administrator for specific services such as loan services.
- All post-dealing processes will be outsourced, where services available from the fund administrator leverages their scale and is at a suitable level of maturity.

NYGB expects to deploy approximately \$200 million in capital each year, with full capitalization of \$1 billion reached by the end of 2018. For detail regarding the capitalization schedule, types of investments (e.g., structured loans, letters of credit, etc.), and the expected intensity of required fund administration, loan/investment servicing and custodial services, please see Attachment 2: NYGB Investment Scope.

NYGB’s service requirements are best understood through study of the operating model, key processes and financial metrics of the business itself. NYGB and the chosen servicer (the “Administrator”) will need to ensure the proper administration, control, accounting and reporting of:

- Capital deployed and returned (e.g., capital called and its source², deployed, matured, or returned to NYGB as principal payments, including redeployments);
- Fees and interest collected from borrowers/counterparties (e.g., upfront and periodic, interest payments, draw-down fees, etc.);
- Interest collected on undeployed capital (e.g., interest on operating account(s));
- Corporate and investment expenses (e.g., reconciling financial reports to reflect corporate expenses, disbursing payments and tracking invoices/requisitions relating to investments);
- General and administrative expenses (are expected to be provided to the Administrator via a file-transfer from NYSERDA’s PeopleSoft system to be integrated at the Administrator into full accounting and reporting for NYGB. Similarly, investment expenses disbursed as in (d) above, are expected to be provided by the Administrator via a file-transfer to NYSERDA for integration into their accounting and reporting for NYSERDA);
- Loan/investment services (e.g., security master set-up, collection of principal and interest, return on capital, return of capital, providing borrower/investor account statements, etc.);
- Collateral services (e.g., monitoring collateral, covenants and loan loss reserves); and

² NYGB capital comes from a number of discrete sources, each of which has particular requirements associated with its use. NYGB therefore needs to “tag” or otherwise record investments with respect to the capital source, to meet all requisite reporting requirements.

(h) Cash (e.g., reconciliations and account maintenance)³.

A detailed description is provided in Attachment 1: NYGB Operating Model, Process Flows, Metrics & Key Financial Definitions.

NYGB requires regular investment and portfolio level accounting as well as verification of portfolio valuation (e.g., NAV) and financial reporting services.

3.0 Proposal Evaluation

3.1 Selection Process & Contract Award

Proposals that are complete and meet all the requirements set out in this RFP will be reviewed by a Technical Evaluation Panel (“TEP”) consisting of personnel from NYSERDA, NYGB, as well as selected outside reviewers. A two-phase evaluation format may be used, with three to five Respondents whose written proposals were most favorably reviewed being invited to NYGB’s office in NYC to give an oral presentation about specific aspects of their proposal and a demonstration of their platform. Presentations/demonstrations will be reviewed by the TEP or other NYGB personnel. Final rankings will be made by the TEP based on written proposals and oral presentations/demonstrations. The highest ranked Respondent will be recommended for contract negotiations. The TEP will review proposals and oral presentations/demonstrations using the “Proposal Evaluation Criteria” below.

NYGB anticipates making one award under this RFP to a firm capable of providing all required solutions as a “one-stop-shop.” NYGB may award a contract based on initial applications without discussion, or following limited discussion, negotiations, or interviews. Each proposal should be submitted using the most favorable cost and technical terms. NYGB may request additional data or material to support applications. NYGB expects to notify Respondents regarding their selection for further evaluation within a few weeks of the proposal due date.

3.2 Proposal Evaluation Criteria

Each proposal will be evaluated using the following evaluation factors:

- (a) Technical capabilities by function/product: Respondent’s technical capability by function and NYGB investment products, service and support model, technology, integration process and references. Specifically:
 - i. Respondent’s experience in general with administrative, loan/investment and custodial services for private sector funds/specialty-finance entities which are broadly comparable in size and type of business to NYGB; and
 - ii. Quality and depth of the Respondent’s expertise and its existing capability to provide all of the required services in-house, including those flagged in this RFP as potentially needed in the future;
- (b) Service and Support Model: Respondent’s client relationship management, service and support model, including Respondent’s:
 - i. Commitment of time and resources to the NYGB account;
 - ii. Nominated team lead and core team members assigned to the account including location; and
 - iii. Amenability to, and facility for, working with NYGB staff in various capacities;

³ NYGB anticipates that, subject to approval from The Department of Taxation and Finance, the Administrator will access and manage operating/cash accounts, including as applicable in accordance with permitted investments authorized in NYSERDA Investment Guidelines, Operative Policy and Instructions, found at: <http://www.nyserda.ny.gov/-/media/Files/About/Board-Governance/Investment-Guidelines.pdf>

- (c) Technology: Respondent's information technology proposed to service the NYGB account, including the Respondent's:
 - i. Systems and software;
 - ii. Architecture; and
 - iii. Data inputs and outputs;
- (d) Integration process: Respondent's plan to prepare itself and NYGB for full operation, including the:
 - i. Schedule and process required to fully set-up, test and implement the proposed solutions at NYGB, consistent with Respondent's prior experience; and
 - ii. All necessary training of NYGB/NYSERDA personnel as part of system set-up, testing and implementation;
- (e) Costs: Respondent's total fees and capacity to tailor fees to NYGB's needs, including Respondent's:
 - i. Anticipated cost of services broken out into detailed component parts reflecting all time and volume aspects;
 - ii. Willingness to work with NYGB to minimize costs; and
 - iii. Overall price competitiveness;
- (f) Other: NYGB will also evaluate Respondent's:
 - i. Overall organization and quality of the proposal, including cohesiveness, conciseness, and clarity of response; and
 - ii. Ability to meet the terms and conditions set forth in Appendix 4: NYGB Standard Contract Terms.

3.3 Other

NYGB also reserves the right to correct any arithmetic errors, to accept or reject any of a Respondent's employees assigned to provide services on this project and to require their replacement at any time, and to reject any proposal containing false or misleading statements or that provides references that do not support an attribute or a condition claimed by the Respondent.

4.0 Instructions for RFP Completion

This Section discusses the general terms and guidelines that must be followed by all Respondents to complete an RFP submission. Respondents are cautioned to carefully read and follow the procedures required by this RFP as any deviation from these requirements may be cause for rejection without the submitted response being further considered or reviewed by NYGB.

4.1 Designated NYGB Contact

Name	Role	Email
Colin Harris	Finance & Operations	Colin.Harris@greenbank.ny.gov

No communication intended to influence this procurement is permitted except by contacting the Designated Contact at the email address above. Contacting anyone other than this Designated Contact (either directly by the Respondent or indirectly through a lobbyist or other person acting on the Respondent's behalf) in an attempt to influence the procurement may result in a Respondent:

- (a) Being deemed a Non-Responsible Offerer⁴; and/or

⁴ NYGB is required to comply with State Finance Law Sections 139-j and 139-k. These provisions contain procurement lobbying requirements which can be found at: <http://www.ogs.ny.gov/aboutogs/regulations/advisoryCouncil/StatutoryReferences.html>.

- (b) Not being awarded a contract.

4.2 Critical Dates, Activities & Deadlines

Critical dates, related activities and deadlines relating to the RFP are set forth below. NYGB may change these dates at its sole discretion and convenience, without liability. NYGB will communicate any such changes as needed (see Section 4.3 Additional Information & Changes to RFP below for more guidance).

Activity	Instructions	Date(s)
(a) Release of RFP	Email, Online & NY State Contract Reporter	March 17, 2015
(b) Respondents Submit "Terms, Conditions, & Intent to Bid"	Email. See <u>Form A: Terms, Conditions, & Intent to Bid</u> for more information.	April 3, 2015 at 5:00pm EST
(c) Respondents' Registration and Written Questions For Webinar Due	See <u>Form B: Webinar Registration & Question/Answer Template</u> for more information.	April 3, 2015 at 5:00pm EST
(d) Webinar	See <u>Form B: Webinar Registration & Question/Answer Template</u> for information regarding how to log in and related information.	PLEASE NOTE THE DATE HAS CHANGED! April 8, 2015 at 1:00pm EST
(e) Respondents Submit Proposals	See <u>Attachment 3: Instructions for Electronic Submission</u> .	April 20, 2015 at 5:00pm EST
(f) Notification if selected for oral presentation/demonstration of platform	Email/Telephone	May 5, 2015
(g) Oral presentations/platform demonstrations from Respondents selected for further evaluation	In Person, NYGB Offices, NYC	May 6 - May 20, 2015 - TBD
(h) Notification of selection for contract negotiation	Email/Telephone	June 3, 2015 (subject to change)

Form C: Disclosure of Prior Findings of Non-Responsibility includes a disclosure statement regarding whether the Respondent has been found non-responsible under Section 139-j of the State Finance Law within the previous four years. Form F: Proposal Checklist requires a signature certifying that the Respondent will comply with State Finance Law Sections 139-j and 139-k.

4.3 Additional Information & Changes to RFP

Additional information may become available and be provided to Respondents subsequent to the issuance of this solicitation. Respondents are required to consider such information in their responses. Any changes to, and questions and answers concerning, this solicitation will be posted on NYGB's website at <http://greenbank.ny.gov/Opportunities/Service-Providers> under RFP No. 3: Fund Administration, Loan/Investment Servicing & Custodial Services. This will include responses to all questions asked during the webinar.

Those Respondents which provide Form A: Terms, Conditions & Intent to Bid prior to the submission date will be added to a notification list concerning any such additional information.

4.4 Use of Subcontractors

Respondents may propose to use a subcontractor(s) to make a complete response to perform all services. All permitted subcontractors will be subject to all the Terms and Conditions of this RFP. Any proposal containing the use of subcontractors must provide a clear and detailed delineation of the proposed roles and responsibilities of all the parties required to meet NYGB's needs as set out herein, including a designated day-to-day single point-of-contact for overall administration.

Prior to any communication with a potential subcontractor, Respondents must provide NYGB with the name and contact information of all potential subcontractors in advance and in writing.

5.0 Proposal Submission Requirements

5.1 Format

A proposal should not be excessively long or submitted in an elaborate format, such as including unnecessary graphics. Proposals should be 15 pages or less, plus all Forms A - F and comments to Attachment 4: NYGB Standard Contract Terms as instructed. Each page of the proposal should state the name of the Respondent, "RFP No. 3" and the page number.

5.2 Proprietary & Confidential Information

Information submitted to NYGB that the Respondent wishes to have treated as proprietary and confidential trade secret information, should be identified and labeled "Confidential" or "Proprietary" on each page at the time of disclosure. This information should include a written request to except it from disclosure, including a written statement of the reasons why the information should be excepted. See Section 1.1 Proprietary & Confidential Information contained in Form A: Terms, Conditions & Intent to Bid for more information.

5.3 Electronic Submission

Respondents must submit proposals in either PDF or MS Word format(s) with all Forms A - F and comments to Attachment 4: NYGB Standard Contract Terms in MS Word or PDF format. All PDFs should be searchable and should be created by direct conversion from MS Word, or other conversion utility, rather than scanning. For ease of identification, all electronic files must be named using the Respondent's name in the filename of the document(s).

Proposals may be submitted electronically by following the link for electronic submissions found on this RFP's webpage, which is located in the "Service Providers" Section of the NYGB website:

<http://greenbank.ny.gov/Opportunities/Service-Providers>.

Instructions for electronic submission are included in Attachment 3: Instructions for Electronic Submission.

5.4 Due Date

All proposals must be submitted by NYGB by 5:00pm EST on April 20, 2015. Late proposals, or proposals that are not complete in addressing all the required aspects as set out in this RFP will not move forward to evaluation. Faxed, hand-delivered or e-mailed proposals will not be accepted.

6.0 Responses

Responses must clearly address three primary elements:

- (a) Respondent meets eligibility criteria (see Section 1.3 Eligibility Criteria above). Please note that acknowledging that your firm meets the eligibility criteria will also be done in Form A: Terms, Conditions, & Intent to Bid. Please specifically restate Respondent's eligibility according to the criteria in your proposal;
- (b) Description of Respondent's approach to meet all NYGB Requirements (see Section 6.3 NYGB Requirements below) including complete responses to Form D: NYGB Priority Services and Form E: Due Diligence Questionnaire. If any item is not applicable, rather than leave any field in a required form blank, please denote "not applicable" with a brief explanation of why that is the case; and
- (c) Description of fees and review of standard contract terms (see Section 6.4 Fees & Review of NYGB Standard Contract Terms below and Attachment 4: NYSERDA Standard Contract Terms for guidance).

Each element must be separate and addressed in sufficient detail so that it can be evaluated independently. Responses must conform to Section 5.0 Proposal Submission Requirements above.

6.1 Form A: Terms, Conditions, & Intent to Bid

Please confirm that your firm meets all eligibility requirements, accepts the Terms and Conditions of this RFP, and provides its Intent to Bid, with the primary and secondary contacts for your firm by **April 3, 2015 at 5:00pm EST**. This information will allow NYGB to ensure your team is notified about any changes or new information regarding the RFP process. See Form A: Terms, Conditions & Intent to Bid for more information.

If Form A: Terms, Conditions & Intent to Bid is not received by the date above, your firm may still submit a proposal by **April 20, 2015 at 5:00pm EST**, provided Form A: Terms, Conditions & Intent to Bid is completed at the time of submission and that your firm meets all eligibility criteria set forth in this RFP. Such Respondents, however, will not be added to the notification list regarding additional information and changes to the RFP (See Section 4.3 Additional Information & Changes to RFP above). Your firm must check NYGB's website for updates as described earlier.

6.2 Forms B - F

Please complete Forms B - F as required. See Section 7.0 RFP Exhibits below for more information.

6.3 NYGB Requirements

Responses should be guided by a very clear understanding of Attachment 1: NYGB Operating Model, Process Flows, Metrics & Key Financial Definitions, and Attachment 2: NYGB Investment Scope.

Responses must include detailed information requested in each of:

- (a) Form D: NYGB Priority Services; and
- (b) Form E: Due Diligence Questionnaire.

6.4 Fees & Review of Standard Contract Terms

Please describe how you calculate and charge fees for all aspects of the proposed services. Please also provide the following information with respect to the proposed cost(s) of your services, to the applicable extent:

- (a) Set-up, testing, implementation, and other “one-time” costs, if any;
- (b) Annual fee, broken down by key components/assumptions, including any minimums and reflecting as needed NYGB’s staged capitalization (see Attachment 2: NYGB Investment Scope for guidance);
- (c) Variable fees (i.e., cost on a per transaction basis, costs for any “additional services”); and
- (d) Any other periodic or “one-off” fees or charges.

Please note that NYGB does not require Tax or Investor Services at this time but may require them in the future. Confirmation of Respondent’s capabilities in this regard is required in Form D: NYGB Priority Services. Your final pricing, however, should not include these services. Please provide an indication of the separate pricing of these services. See Form D: NYGB Priority Services for further guidance.

All costs should be reported on an annualized basis in USD. For variable fees, please use the assumptions found in Attachment 2: NYGB Investment Scope as guidance and provide ranges based upon those assumptions.

Lastly, please review Attachment 4: NYSDOT Standard Contract Terms and provide comments in the document itself (using the “comment” feature in Microsoft Word or similar) to identify areas that your firm would expect to negotiate should it be selected for contract negotiation.

7.0 RFP Exhibits

The following exhibits are included to aid your response and provide reference materials. Forms A - F contain elements that must be completed in order to provide a complete response to the RFP. Form C: Disclosure of Prior Findings of Non-Responsibility includes a disclosure statement regarding whether the Respondent has been found non-responsible under Section 139-j of the State Finance Law within the previous four years. Form F: Proposal Checklist requires a signature certifying that the Respondent will comply with State Finance Law Sections 139-j and 139-k. Attachments 1 - 3 contain information only. Attachment 4: NYGB Standard Contract Terms should be reviewed per the instructions found in Section 6.4 Fees & Review of NYGB Standard Contract Terms above.

RFP Exhibits:

- (a) Form A: Terms, Conditions, & Intent to Bid;
- (b) Form B: Webinar Registration & Question/Answer Template;
- (c) Form C: Disclosure of Prior Findings of Non-Responsibility Form;
- (d) Form D: NYGB Priority Services;
- (e) Form E: Due Diligence Questionnaire;
- (f) Form F: Proposal Checklist;

- (g) Attachment 1: NYGB Operating Model, Process Flows, Metrics & Key Financial Definitions;
- (h) Attachment 2: NYGB Investment Scope;
- (i) Attachment 3: Instructions for Electronic Submission; and
- (j) Attachment 4: NYGB Standard Contract Terms.