

**GOVERNOR'S ENERGY OFFICE**

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Bill Ritter, Jr.  
Governor

Tom Plant  
Director

**Dear Applicants,**

**It is important to read this Request for Applications (RFA) guideline and application completely prior to responding. All previous winners have been awarded due to their understanding of the requirements articulated within this RFA.**

Thank you for your interest in the Governor's Energy Office RFA. Governor Ritter salutes the many companies and organizations that are engaged in advancing the New Energy Economy and establishing Colorado as a national leader in innovation and implementation of energy efficiency and renewable energy.

We understand that you spend many days putting together a funding request; however failure to follow guidelines will lead to disqualification. We must maintain a level playing field and these requirements are essential to ensure a fair process for all. So please pay attention to the application guidelines.

We acknowledge that you fully expect your project to win the competitive process for an ARRA grant. We expect you wouldn't bother to submit an application otherwise. If previous funding cycles are any indication, we will receive far more applications than we can fund. Effectively conveying the reasons you believe your project is superior will require effort. It should be understood that this process is very competitive and only well thought out applications that meet the guidelines contained in each RFA should be submitted.

**This RFA has the following mandatory requirements:**

- All RFA submissions must be received in [grants@state.co.us](mailto:grants@state.co.us) by 5:00pm **December 21, 2010 (extended deadline)**. The GEO is not responsible for technical or submission issues at the time of submission. If the GEO inbox has a timestamp of 5:01pm or after the submission is automatically disqualified from review. The GEO anticipates a high volume of application submissions and cannot guarantee that those sent on **December 21**, will be received by the GEO

inbox by 5:00pm. Please be sure to plan accordingly when submitting an application to accommodate for the anticipated high volume of submissions.

**\*Upon a grant award the GEO has the right to request any additional information or documentation for contracting purposes. Any entity that does not provide such information or documentation within 30 days of grant award will automatically be disqualified from grant funding.\***

Once again, thank you for your participation in the New Energy Economy and your commitment to a sustainable future for Colorado.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Plant". The signature is fluid and cursive, with the first name "Tom" and last name "Plant" clearly distinguishable.

Tom Plant  
Director, Governor's Energy Office

# Tax Extenders and Alternative Minimum Tax Relief Act of 2008 American Reinvestment and Recovery Act

## Qualified Energy Conservation Bond (QECB)

### GUIDELINES AND APPLICATION

Application must be submitted electronically and received by:  
**December 21, 2010** at 5:00 p.m.



**November 2010**

THE GOVERNOR'S ENERGY OFFICE  
1580 Logan Street, Suite 100  
Denver, CO 80203

[www.rechargecolorado.com](http://www.rechargecolorado.com)

Governor's Energy Office energy efficiency and renewable energy updates

[www.colorado.gov/recovery/](http://www.colorado.gov/recovery/)

Colorado's American Recovery & Reinvestment Act updates --all programs

[www.recovery.gov](http://www.recovery.gov)

White House recovery website

**Governor's Energy Office  
American Recovery and Reinvestment Act  
Tax Extenders and Alternative Minimum Tax Relief Act of 2008  
Qualified Energy Conservation Bond (QECB)  
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## **I. Opportunity Background Information**

### **A. ARRA – QECB**

Qualified Energy Conservation Bonds (QECBs) were first authorized by the United States Congress in October 2008. The 2009 American Recovery and Reinvestment Act (ARRA) appropriated \$3.21 billion nationally for QECBs. The Governor’s Energy Office (GEO) is responsible for assigning the state’s allocation to qualified projects that are selected through a competitive process. This Request for Applications is intended to select proposals in the private sector that would use QECBs to assist in financing of Colorado clean energy projects.

Section 301(a) of Tax Extenders and Alternative Minimum Tax Relief Act of 2008, Division C of Pub. L. 110-343, 122 Stat. 1365 (2008) (“Act”) added new § 54D to provide program provisions for QECBs. The Act amended § 54A(d)(1) to provide that the term “qualified tax credit bond” means, in part, a qualified energy conservation bond that is part of an issue that meets the requirements of § 54A(d)(2), (3), (4), (5), and (6) regarding expenditures of bond proceeds, information reporting, arbitrage, maturity limitations, and prohibitions against financial conflicts of interest. The Act also amended § 54A(d)(2) to provide that, for purposes of § 54A(d)(2)(C), the term “qualified purpose” for a QECB means a purpose specified in § 54D(a)(1) described below.

The Act added § 54D(d) to provide a national bond limitation (“national bond volume cap”) authorization for QECBs of \$800 million. Section 1112 of Title 1 of Division B of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) (“2009 Act”) amended §54D(d) to increase the national bond volume cap authorization for QECBs from \$800 million to \$3.2 billion.

The U.S. Treasury and the Internal Revenue Service determined individual state caps. The maximum face amount of bonds (volume cap allocation) was determined in proportion to the population of the states. For Colorado, this allocation was \$51,244,000. Within Colorado, each large local government (defined as any municipality or county with a population of at least 100,000) and the state government was allocated an initial portion of the total allocation in accordance with the population of the large local government. Colorado House Bill (HB) 09-1346 stated that any portion of these large local government allocations that had not been used on or before November 10<sup>th</sup>, 2009 would automatically revert back to the GEO.

After this reversion date, a competitive application was offered for issuers interested in a QECB allocation. In February 2009, the GEO awarded just under \$39 million of QECB allocations to an assortment of local governments, universities and other qualifying quasi-governmental organizations.

This application is specifically focused on private use of QECBs. Thirty percent of a state’s allocation may be used for private activity bonds, which are bonds that benefit businesses or individuals. The GEO hopes to demonstrate that QECBs can help promote clean energy projects in the private sector. Possibilities may include (but are not limited to) 3<sup>rd</sup> party renewable energy finance, special district development finance, or assistance in assisting residential or commercial finance programs. The GEO encourages creativity within the parameters of privately used applications and concepts of QECB issuances.

### **B. QECB – Goals**

When considering projects for funding, the GEO will weigh a number of factors, including but not limited to:

- The impact of a QECB-funded project from the perspective of economic development, and the ability to promote clean energy through new and innovative finance options;
- The technical merits of the project involving maturity of a technology used in the project application and the viability of the project involving feasibility of tasks, budget, timeline and resource capabilities. Security and stability of revenue source to pay back QECB, strength of the applicant's finance plan, and ability to secure financing;
- Geographic/market diversity of projects that impact geographic areas, technology, and a variety of state and local government projects.

## **II. Administrative Information**

### **A. QECB Specific Requirements**

Qualified Energy Conservation Bonds (QECB) may be issued by a public entity as defined by 11-59.7-103(20), C.R.S., and are available to finance:

(a) Capital expenditures incurred for purposes of (i) reducing energy consumption in publicly-owned buildings by at least 20 percent, (ii) implementing green community programs (including the use of loans, grants, or other repayment mechanisms to implement such programs), (iii) rural development involving the production of electricity from renewable energy resources, or (iv) any qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and without regard to any placed in service date).

(b) Expenditures with respect to research facilities, and research grants, to support research in (i) development of cellulosic ethanol or other nonfossil fuels, (ii) technologies for the capture and sequestration of carbon dioxide produced through the use of fossil fuels, (iii) increasing the efficiency of existing technologies for producing nonfossil fuels, (iv) automobile battery technologies and other technologies to reduce fossil fuel consumption in transportation, or (v) technologies to reduce energy use in buildings.

(c) Mass commuting facilities and related facilities that reduce consumption of energy, including expenditures to reduce pollution from vehicles used for mass commuting.

(d) Demonstration projects designed to promote the commercialization of (i) green building technology, (ii) conversion of agricultural waste for use in the production of fuel or otherwise, (iii) advanced battery manufacturing technologies, (iv) technologies to reduce peak use of electricity, or (v) technologies for the capture and sequestration of carbon dioxide emitted from combusting fossil fuels in order to produce electricity.

(e) Public education campaigns to promote energy efficiency.

*As mentioned above, up to 30% of each state's volume cap allocation may be used for private activity bonds, meaning proceeds may be loaned to private companies and/or for privately owned or operated projects. It is the purpose of this application to solicit for private uses of QECBs.*

This guidance is provided to remind Applicants of existing federal guidance and is to assist when receiving and/or awarding contracts/subcontracts using funds made available under the American Recovery and Reinvestment Act of 2009, Pub L. 111-5 (ARRA or the Act). It is the responsibility of Awarded Applicants to ensure compliance with all ARRA regulations and requirements imposed by the Qualified Energy Conservation Bond. The **Appendix 1, Terms and Conditions Use of American Recovery and Reinvestment Act of 2009 (ARRA) Funds** provides specific requirements specifically for this bond.

#### **B. Proprietary/Confidential Information**

Any restrictions of the use of or inspection of material contained within the application shall be clearly stated in the application itself. Written requests by the Applicant for confidentiality shall be submitted to the GEO in advance of the application submission deadline. Please allocate sufficient time prior to the application submission deadline to allow for a response by the GEO. The Applicant must state specifically what elements of the proposal are to be considered confidential/proprietary and must state the statutory basis for the request under Public (open) Records Act. (Section 24-72-201 et. seq., C.R.S.). Confidential/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 an application, in its entirety, nor application price information will be considered confidential and proprietary. Any information that will be included in any resulting contract cannot be considered confidential. The GEO will make a written determination as to the apparent validity of any written request for confidentiality. In the event the GEO does not concur with the Applicant's request for confidentiality, the written determination will be sent to the Applicant. Ref. Section 24-72-201 et. seq., C.R.S., as amended, Public (open) Records Act.

#### **C. Ability to Issue Bonds**

By submitting an application, the Applicant affirms its acceptance of the terms and requirements of the QECB program as established by ARRA, the U.S. Treasury and the State of Colorado. The applicant must be willing and able to issue QECBs within six months of the volume cap award. Financing timelines longer than six months will be considered by the GEO, but may not have priority over more "shovel ready" applications. Based on the type of project and financing plan, other milestones may be asked of the applicant through its project development.

#### **D. RFA Response Material Ownership**

The State has the right to retain Applicants original applications and other RFA response materials for its files. As such, the State may retain or dispose of all copies as is lawfully deemed appropriate. Application materials may be reviewed by any person after the "Notice of Intent to Make an Award" letter(s) has/have been issued, subject to the terms of Section 24-72-201 et seq., C.R.S., as amended, Public (open) Records. The State has the right to use any or all information/material presented in reply to the RFA, subject to limitations outlined in the clause, Proprietary/Confidential Information. Offer or expressly agrees that the State may use the materials for all lawful State purposes, including the right to reproduce copies of the material submitted for purposes of evaluation, and to make the information available to the public in accordance with the provisions of the Public (Open) Records Act.

#### **E. Doing Business in Colorado**

A Vendor wanting to do business in Colorado must register with the Colorado Secretary of State in accordance with Colorado Revised Statute (CRS) 7-90-801. This is the link for the Colorado Secretary of State's Web site: <http://www.sos.state.co.us>. (Recommend going to the "Business Center" section, then opening the "Business Home" page, under the "General Information" section review the FAQs.) A copy of the business entity's Articles of Incorporation and/or Bylaws may be requested by the State.

## **F. News Releases**

News releases pertaining to resulting awards from this application shall NOT be made prior to the announcement of the allocation award or without prior written approval of the State.

## **G. Disclaimer**

All statistical and fiscal information contained within this application, and any amendments and modifications thereto, reflect the best and most accurate information available to the GEO at the time of the QECB Application preparation.

## **H. Inquiries**

The GEO will provide information regarding best practices and RFA guidelines. All written inquiries should be emailed to [grants@state.co.us](mailto:grants@state.co.us) by 5:00pm on Tuesday, December 7, 2010. The GEO will be unable to answer any questions pertaining to individual project proposals. Responses will be answered in writing and posted on the GEO website under this solicitation at [www.rechargecolorado.com](http://www.rechargecolorado.com) by 5:00pm, Friday, December 10, 2010. Applicants should not rely on any other statements, either written or oral, that alter any specification or other term or conditions of this application during the open solicitation period. Applicants should consult with bond counsel regarding the legal requirements and issuance of Qualified Energy Conservation Bonds or other ARRA specific requirements. Please visit our [webpage](#) on QECBs for additional detailed information.

## **III. QECB Application**

### **A. General Objective**

GEO will provide a QECB volume cap allocations for the following purposes:

- As mentioned above in Section I.A., in accordance with the option to use 30% of the state's QECB volume cap allocation for private activity bonds, the GEO is seeking applications for private applications of QECBs.
- Possibilities may include (but are not limited to) 3rd party renewable energy finance, special district development finance, or assistance in assisting residential or commercial finance programs. The GEO encourages creativity within the parameters of privately used applications and concepts of QECB issuances.
- Please refer to Section II.A for QECB specific requirements.

**Awardees of QECB allocations are required to be in full compliance with TABOR.**

## **IV. Response Format & Application Requirements**

### **A. General Instructions**

This application, shall not exceed five (5) consecutively numbered (bottom center), 8.5x11-inch pages of single-spaced, standard 11-point type with 1-inch margins. NO hard copy applications will be accepted. All electronic copies must be sent to [grants@state.co.us](mailto:grants@state.co.us).

### **B. Application Response Requirements**

Applicants shall include all of the following information about the proposed project:



Project Abstract

Provide a brief description of the project or program for which funding is being requested and clearly state how it will help meet the goals and objectives of the QECB program and the American Recovery and Reinvestment Act. The abstract should be no more than 125 words. Please keep this paragraph free of any proprietary information.

Project Narrative

Provide a project background and narrative that demonstrates, with specificity, a thorough explanation of how the project will contribute to, stated QECB goals as referenced in Section I.B and Section II.A. Describe the location of the installation and why the applied technology is appropriate.

Describe the project including the type and size of the energy efficiency and/or renewable energy included and the county(ies) in which the project is located. Provide information on how this fits into the facility’s energy plan or larger related effort. Also include an explanation of the technical merits of the project, including the cost effectiveness of the proposed technology.

**Preference will be given to proposals that demonstrate the greatest projected energy savings, cost effectiveness, a performance guarantee through an energy performance contract, and the ability to leverage other funds and partnerships.**

Project Budget

Provide an itemized spreadsheet of all project costs, including, but not limited to, personnel, showing budgeted hours and rates, equipment, materials, supplies, subcontractor overhead and profit, etc. Travel costs should be limited to those that are directly essential to accomplishing the project. Include any other funding sources that will be used for this project and indicate any plans to attract additional funding. **Note: Please refer to Section (d) of Appendix 1 as it pertains to specific Wage Rate Requirements.**

For Example:

<b>Project Cost</b>		<b>Project Funding</b>	
GE Boiler Mod 345mm7	\$100,000	Utility Rebate	\$10,000
ABC installers	\$75,000	QECB volume cap allocation (requested in this application)	\$100,000
Permitting Fees	\$500	County EECBG grant (pending)	\$50,000
Commissioning	\$50,000	Facility Capital	\$67,500
Administration	\$1000		
Personnel	\$1000		
<b>Total Project Cost</b>	<b>\$227,500</b>	<b>Total Project Funding</b>	<b>\$227,500</b>

Budget Narrative

Provide a budget narrative that describes how the budget costs are determined and how they relate to the project. Indicate any other funding sources that will be used for this project and

describe any plans to attract additional funding. If not included elsewhere in the application, list all grant funds received to date, whether from public or private sources, ***including all applications for funding pending with other entities. If funding is not yet secured or awarded from any source, please indicate that clearly.***

Plan of Finance

Provide an explanation of how the QECBs will be financed (i.e., industrial development bonds, General Obligation Bonds which would require voter approval, capital leases or certificates of participation, etc), and the term of the loan. Identify the revenue stream, how the annual amount is estimated, and demonstrate, in a table format, how this revenue stream will repay the QECB in the prescribed time period. Also provide an explanation of how these funds are being secured and what safeguards are in place to insure that QECB can be paid back. Please also identify who the issuer would be for this project.

Please also indicate whether a partial award of QECBs would be feasible to the project.

Staff Project Management Experience, Qualifications and Facilities Requirements

Describe the project staff responsibilities and qualifications. Biographical sketch of the staff and/or development team to include a brief resume/summary of qualifications and previous accomplishments (for similar projects) for project manager(s).

Describe the internal resources available to the project team or partners, including facilities, major equipment and other technical aspects, permits, and administrative resources that will be required for the project.

Project Tasks

A list of project tasks that must be completed in order for the project to be completed must be submitted. These tasks will directly feed into the milestone progress and will be included in the contract. Tasks should identify core areas of work, lead and the amount of time to complete. A chart (Gantt or similar) should be used to describe timeframes for the project's tasks.

Project Milestones

Include a schedule of project milestones that demonstrate a project start date until the end of the project. Identify what issues/conditions still need to be resolved before the project can begin and what barriers might be foreseeable. The milestones should reflect major events in the life of the project and should help determine progress to success.

**C. Application Submission**

Applications must be received by 5:00 p.m. (MST) on **December 21, 2010**.

**Only electronic applications will be accepted.** Hard copy applications will not be accepted.

Please e-mail your application to [grants@state.co.us](mailto:grants@state.co.us) Subject: "QECB Application – ENTITY NAME." The GEO requests that all materials be included as attachments to one email, however if your documents are

too large to send in one email, you may send multiple emails. If you must do this, please use the same email subject each time to assist with processing your materials efficiently.

The application, and shall not exceed five (5) consecutively numbered (bottom center), 8.5x11-inch pages of single-spaced, standard 11-point type with 1-inch margins and be submitted as a single electronic document, in either Adobe PDF or Microsoft Word format.

Incomplete applications or applications received after the deadline will **not** be considered.

Applicants will receive an e-mail auto-response notification of the receipt of their application immediately upon submission.

## **V. Evaluation and Award Selection Process**

### **A. Evaluation Team**

All applications will be reviewed by an evaluation team comprised of GEO staff and other evaluators as appropriate. Applicants will be notified when/if additional information, documentation or personal interviews with project principals are required. All information required to complete the application for allocation is provided herein. No additional information, including email and phone calls, will be considered during the selection process.

When considering projects, the evaluation team will weigh a number of factors, including but not limited to:

- The amount of energy efficiency gained through the completion of the project;
- The technical merits of the project. Viability includes the ability of the applicant to identify a funding stream to pay off the QECB in a timely manner.
- Feasibility of tasks, budget, timeline and resource capabilities;
- Funds leveraged and comparison of measurable merits. Funds leveraged relates to the composition of current funding sources as compared to the amount of QECB allocation request. Measurable merits relates to CO2 reduction from project and net energy expenditures;
- The quantity and quality of jobs created by the project;
- Geographic diversity.

### **B. Scoring Process & Scale**

When considering other types of local government projects and programs to be financed with QECBs, the review team will score proposals in the following categories. A total of 45 points per proposal is possible.

- **Project Development** - When considering the development of the project, reviewers will take into account the project narrative, staff project management experience, qualifications and facilities requirements, project tasks, and project milestones.

*0 point – 5 points* = this project is not developed. There is no sound plan for implementation.

*6 points – 10 points* = this project's development is questionable. The project may have been partly developed but is not feasible based on the present implementation plan. The implementation plan is vague or missing key elements. The applicant is not currently tracking community energy use.

*11 points – 15 points* = this project has a reasonable level of development. The proposed project or program is an established, tested initiative in another community, and the implementation plan is primarily thought out. The applicant has demonstrated that the project will result in a minimum 3% reduction in community energy consumption. The applicant has been tracking community energy use for less than one year.

*16 points – 20 points* = this project is completely developed and will most likely be successful. All key elements of the implementation plan have been carefully thought out, organized and planned. Obstacles to completion have been identified and a plan to address them has been created. The applicant has demonstrated that the project will exceed 3% reduction in community energy consumption. The applicant has been tracking community energy use for one year or more and has an established community energy management plan and a person responsible for implementing the plan.

- **Economy and Environment** - Considers the quantity of the jobs to be created and the overall emission reduction as well as the legitimacy of these reductions estimated as explained in the project impact narrative.

*0 points* = this project has no additional funding sources leveraged or partners (such as utilities) committed to the project. Job creation and emission reduction estimates are not realistic or absent.

*1 points – 5 points* = leveraged funds and or partners for this project are questionable or insufficient. Job creation and emission reduction estimates are poorly estimated or justified.

*6 points – 10 points* = leveraged funds and or partners for this project are reasonable. QECB funds will account for a large percentage of the project funding, commitment from other partners has been identified. Job creation and emission reduction estimates are reasonable but poorly justified or explained.

*11 points – 15 points* = leveraged funds and or partners for this project are substantial. QECB funds account for a small percentage of the project funding. Job creation and emission reduction estimates are reasonable and well justified or explained.

*16 points – 20 points* = leveraged funds and committed partners will provide the majority of funding and are heavily invested in the project (75% and above). Job creation and emission reduction estimates are reasonable and well justified or explained, and a guarantee of savings is provided.

- **Geographical Diversity** – the QECB will provide funding to a diversity of locations throughout the state.

*1 point* = this project is located in a county with a population of more than 100,000.

*2 points* = this project is located in a county with a population of 50,000 to 99,999.

*3 points* = this project is located in a county with a population of 25,000 to 49,999.

*4 points* = this project is located in a county with a population of 10,000 to 29,999.

*5 points* = this project is located in a county with a population of less than 10,000.

#### **D. Decisions**

Additional financial information may be requested by the GEO from applicants prior to final award determination.

Bonding capacity is limited. Applications meeting all of the program's general policy guidelines may not necessarily receive an award.

The GEO reserves the right to vary from the criteria as necessary or appropriate based on guidelines given by U.S. Treasury and the Internal Revenue Service.

Volume cap allocation decisions will be made on or near the 3rd week of January, 2009 and applicants will be notified of the Selection Committee's determinations via email. Local governments are responsible for issuing the QECB once the volume cap allocations are determined.

The GEO will present selected State government projects to the State General Assembly in the 2010 legislative session. Legislative approval of these projects and the certificate of participation necessary to retire the QECB is required. The State Treasurer will issue QECBs (certificates of participation) on behalf of state government projects.

Volume cap allocation decisions are final. Allocations awarded are based on a competitive process where applications are weighed against other applications. Significant changes in the scope of work after QECBs are issued may result in actions by the U.S. Treasury.

#### **VI. Awarded Applicant Reporting**

##### **A. Reporting**

All volume cap allocations are conditioned upon veracity of information provided by the applicant and will require accountability and reporting.

Awarded Applicant(s) shall comply with the reporting requirements as determined by the U.S. Treasury, the Internal Revenue Service, the State Treasurers' Office and or the Governor's Energy Office.

In addition, a final report shall be submitted to the GEO upon project completion that includes a one page summarization of: new jobs created, jobs retained, economic impacts and environmental impacts of the project as well as any assumptions used to determine that information.