



## **Staff Report Item 6**

**TO:** East Bay Community Energy Board of Directors

**FROM:** Nick Chaset, Chief Executive Officer

**SUBJECT:** Update on Credit and Banking Services

**DATE:** September 20, 2017

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### **Recommendations**

1. Receive report and provide any feedback or direction.
2. Select one member of the Board of Directors and one member of the Community Advisory Committee to participate in interviews with credit/banking services finalists.

### **Background & Discussion**

When EBCE was formed, it was seeded with an initial \$2.5 million from the County of Alameda to cover the cost of start-up, with the understanding that as EBCE neared launch additional funds would be needed to cover remaining start-up costs including overhead for staff, professional services, and essential activities like power procurement, regulatory engagement and marketing. Through a thorough review of EBCE's pro-forma, two distinct capital needs were identified and EBCE released a Credit and Banking Services Request for Offers (RFO) on September 19th. The RFO seeks three distinct services:

- 1) Up to \$5 million revolving line of credit (RLOC) to be used to cover remaining EBCE's start-up costs and early working capital expenses; this line is pre-revenue and is likely to require credit backing;

- 2) Commercial banking services including account, deposit and treasury services for utility billing and energy market operations; and,
- 3) Up to \$60 million (but potentially as little as \$20 million) non-revolving line of credit (NRLOC), secured by billing receivables, to support EBCE energy market activities and longer term working capital needs.

The CEO and consulting team have conducted several informational meetings over the past month with a range of local, regional and national banks that may be interested in providing credit to EBCE. The Credit and Banking Services RFO was distributed to a large number of financial institutions, with a particular focus on trying to engage with local and mission-oriented banks. Among the banks we hope will respond to our RFO are: Amalgamated Bank, Beneficial State Bank, Fremont Bank, River City Bank, JP Morgan, Barclays, Bank of the West and others.

EBCE expects responses to the RFO no later than October 10, 2017. Initial bid review will be conducted by staff and the team from Public Finance Management (PFM) that is helping with this effort. It is our intention to form an interview committee for up to three bank finalists comprised of EBCE Staff, PFM, LEAN Energy, one representative from the Board of Directors (if there is interest), one representative from the Community Advisory Committee, and potentially one or more subject-matter experts from other CCAs. After the interview committee has met with the finalists, staff and PFM will complete the review and interview results and make a final recommendation for Board consideration and approval at its November meeting.

**Proposed Timing and Next Steps:**

September 19 – RFO Released

October 10 – Bids Due; Initial screening

End October/Early November – Finalist Interviews

November 15 Board Meeting – Recommendation for Board Action and Authorization to Conduct Final Negotiations