

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK  
STAFF REPORT**

**APPROVAL OF RESOLUTION AUTHORIZING IBANK EXECUTIVE DIRECTOR TO ENTER INTO PREFERRED  
EXTERNAL CONSULTANT CONTRACT FOR DEPLOYING NATIONAL CLEAN INVESTMENT CAPITAL  
THROUGH THE CLIMATE CATALYST FUND**

**I. Introduction**

The California Infrastructure and Economic Development Bank (“IBank”) staff recommends the IBank Board of Directors (the “Board”) adopt Resolution No. 25-04, which authorizes the retention of External Consultant(s) for the Climate Catalyst Fund to implement its subaward under the National Clean Investment Fund (“NCIF”), grants authority to the Executive Director or his assignees to conduct activities described in section 4 of the Resolution to further such purpose, and approves Guidehouse Inc. as a preferred External Consultant.

**II. Background.**

The Inflation Reduction Act of 2022 included \$27 billion to support the Greenhouse Gas Reduction Fund (GGRF) to provide grants to build a national financing network for clean energy and climate solutions across the country. The Environmental Protection Agency (“EPA”) split the GGRF into three competitions, including the National Clean Investment Fund (“NCIF”), a \$14 billion grant competition designed to capitalize a network of regional, state, and local green banking institutions. On August 16, 2024, EPA announced that the Coalition for Green Capital (“CGC”) was awarded \$5 billion under the program, in which IBank was a named subrecipient.

Concurrent with this resolution, IBank has requested board approval of Resolution 25-02 relating to California’s subaward of \$446,257,500 and Resolution 25-03 revising the Climate Catalyst Criteria, Programs, and Guidelines (“CPG”). Financing Plans for the NCIF’s three priority sectors of Zero-Emission Transportation, Distributed Energy Generation and Storage, and Net-Zero Buildings were adopted by the Board on September 25, 2024 (see [financing plans](#) and [staff report](#)).

The NCIF is a complex program with a number of ambitious goals. These goals include:

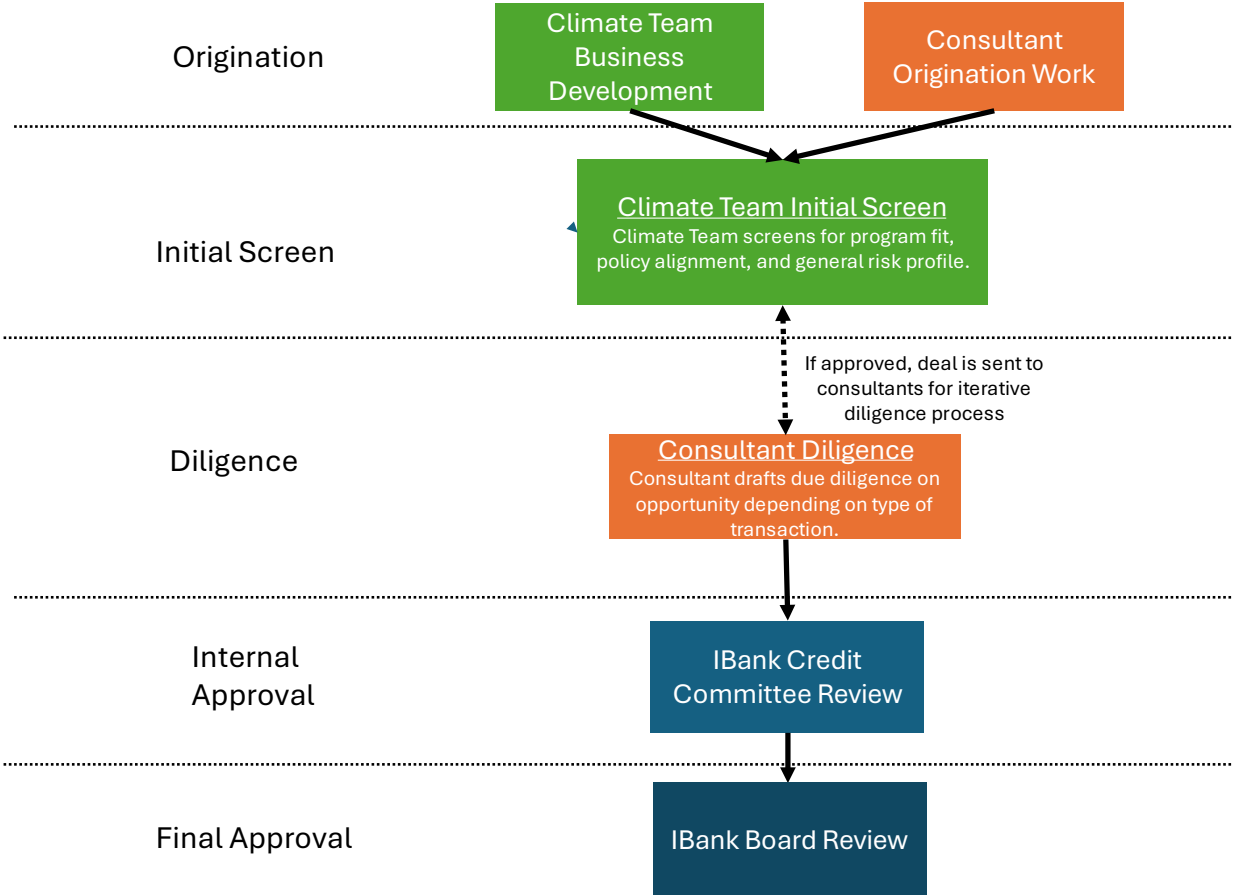
- (a) The deployment of proven technologies and projects to reduce greenhouse gas and criteria air pollutant emissions.
- (b) Addressing market gaps currently not addressed by commercial financing.
- (c) Mobilizing and leveraging of financial markets into these sectors.
- (d) Creating green banks with financially sustainable credit programs.
- (e) Investing in disadvantaged communities.
- (f) Producing economic development and community benefits.

These requirements are set forth in the EPA’s terms and conditions, as well as the EPA’s “six-factor test,” a gating mechanism which requires that every project supported by IBank meet specified requirements.

Additionally, under the terms of its subaward agreement, IBank has agreed to obligate or spend its NCIF subaward by December 31, 2025. While IBank has cultivated an active pipeline of prospective financings, this remains a very aggressive timeline.

IBank will administer the NCIF subaward relying primarily on the Climate Catalyst team, with support from management and other staff. However given the complex program goals, staff has determined that the assistance of an External Consultant will be critical for this program’s success. Staff envisions the External Consultant assisting with pipeline development and underwriting, in addition to market analysis and ad hoc help with compliance and reporting. A diagram of how staff currently envisions the deal sourcing and diligence process working appears below. This workflow is preliminary and a more final arrangement will be developed out in the coming months.

Planned Consultant Role in Deal Sourcing and IBank Diligence Process



III. Procurement Process

Generally, consistent with state and federal law, in particular EPA's NCIF terms and conditions, the Climate Catalyst Program sought a minimum of three qualified quotes for services. Final decisions were based on an evaluation of qualifications, experience, capacity, pipeline, past compliance, price, and other relevant criteria. Further details are outlined in the selection process section below.

IBank has documented the decision-making process and will maintain proper business records for auditing purposes.

#### IV. **Selection Process:**

In December 2023, IBank released a broad Request for Information ("RFI") in preparation for the deployment of NCIF capital. This request included identifying market gaps, what tools and financing products were being deployed to address those gaps, and what partnerships the state could leverage. Included in this process was a request for submission relating to *"entities with whom the state green bank can partner, who in turn can, in some combination, source, underwrite and service loans across the three sectors of relevance to the NCIF"*.

This RFI was repeatedly advertised through the IBank Bonds, Loans, Climate Financing, and general email subscription lists. This included three separate targeted blasts on December 14, 2023 (2,457 recipients), January 8, 2024 (2,469 recipients), and January 29, 2024 (2,491 recipients), as well as a January 26, 2024 IBank newsletter (3,285 recipients). The RFI was also listed on IBank's homepage from December 2023 through January 2024, and was posted to IBank's social media Twitter, LinkedIn, and Facebook accounts (1,985 combined followers).

Separately, IBank also reached out to companies that it had engaged previously on the topic, including those that had previously inquired about providing NCIF advisory services and those that were recommended by other green finance entities.

In total, IBank received 40 written RFI responses, in addition to informal responses from those who preferred not to submit a formal response. Overall, this included nine potential external consultants who could provide advisory, reporting, diligence, or other services.

As the EPA and subgrant terms and conditions solidified in December 2024, based on the specialized requirements and the short one-year performance period, the Catalyst team and Senior IBank staff narrowed the field to three prospective External Consultants that it identified as able to provide comprehensive advisory, origination, diligence, reporting, and tangential services through a single contract. External consultants were asked to deliver a proposal that would support the deployment of approximately \$450 million from NCIF in calendar year 2025 through the approved Climate Loan Guarantee, Climate Loan Participation, and Incentives Bridge Loan with a flexible underwriting process.

This evaluation was largely based on the advisor's:

- Knowledge of NCIF program criteria and priority sectors
- Experience with EPA, Department of Energy, and State government programs
- Ability to offer tiered underwriting services based on IBank's financing products;
- Ability to source, originate, and screen prospective opportunities using IBank's proposed financing products.

- Expertise in conducting financial, legal, and risk due diligence on infrastructure, private equity, venture capital borrowers.
- Experience with financial structuring.
- Ability to provide a credit memo.
- Ability to provide ad-hoc advisory for EPA reporting and compliance.
- Pricing.

IBank staff met with the three finalists twice to fully understand each team’s proposals and scored them based on their ability to meet the scope of work. After deliberation, IBank staff have determined to recommend Guidehouse as its preferred External Consultant to support Climate Catalyst in the deployment of capital under the subgrant agreement.

V. **Scope of Services.**

The External Consultant will be tasked with complex duties, including:

- 1) Providing market landscaping analysis to identify sources of pipeline demand.
- 2) Sourcing and originating projects and deals consistent with IBank policies, California policy goals, and NCIF requirements. This includes market engagement with banks, other financial institutions, project developers, and other relevant market actors.
- 3) Providing cursory due diligence to support IBank’s loan guarantee and loan participation financial products.
- 4) Conduct deep due diligence for direct loan originations.
- 5) Provide credit memos for IBank’s risk committee to inform investment decisions.
- 6) Providing ad-hoc advisory and compliance services as request by IBank.

Because the circumstances of program implementation may evolve and vary over the year, the contract includes the ability to shift the allocation of services from one function to another as needed, with total fees not to exceed a maximum amount.

VI. **Firm’s Qualification.**

Guidehouse is a management consulting firm with significant experience at the intersection of the public and private sectors, and describes itself as “purpose-built to serve the national security, financial services, healthcare, energy, and infrastructure industries.” Guidehouse was originally a part of PricewaterhouseCoopers LLP’s public sector business until it was spun out in 2018, and was most recently acquired by Bain Capital in December 2023. Across its business, it has advised eight of the ten largest US banks, governments in all 50 states, and 60 of the world’s largest utilities. Guidehouse has a staff of over 1,200 in its Energy, Sustainability, and Infrastructure practice, and is an advisor to over 200 financial services entities in the private and public sectors. Its advantages also include:

- **Financial Underwriting Expertise in the Green Energy Sector.** Guidehouse has deep experience conducting financial due diligence for private equity firms, multi-national banks, venture capital, and other financial institutions making investments in EV charging, energy storage, battery re-use and recycling, energy efficiency, and infrastructure assets.
- **Track Record Providing Diligence to Public Sector Financing Programs.** The specific Guidehouse team that would be advising IBank has direct experience managing governmental financing

programs, including advisors to the Department of Energy's Loan Programs Office and the Export-Import Bank of the United States, which provide loans and loan guarantees to infrastructure and economic development projects.

- **Experience with GGRF.** Guidehouse is deeply familiar with the subtleties and nuances of GGRF program requirements, and supported \$9 billion in successful applications across the GGRF programs (Solar for All, NCIF, and the Clean Communities Investment Accelerator). It is also supporting 10 GGRF recipients with organizational standup, compliance, reporting, financial structuring, and diligence.
- **Familiarity with California Government and the State's Climate Policy.** Guidehouse has served (or is serving) as an advisor for many California public entities, including the California Public Utilities Commission, California Energy Commission, City of San Jose, LA Metro, and more.

VII. **Fees**

As part of the evaluation process, IBank sought fee proposals from the three firms. Guidehouse's proposed fees were the most competitive of the group, while still being consistent with overall market rates.

VIII. **Recommendation**

Staff recommends approval of Resolution No 25-04 authorizing the retention of External Consultant(s) for the Climate Catalyst Fund, granting authority to the Executive Director or his assignee to conduct activities described in section 4 of the Resolution to further such purpose, and approving Guidehouse as a preferred External Consultant.