

## ATTACHMENT J-12

### STANDARD FINANCE OFFER TEMPLATE

**Project:** *[Insert Project Title here]*

**Date:** *[Insert date here]*

**ESCO:** *[Insert ESCO Name]*

**Narrative description of finance package:**

*Financier Note: This section is intended to communicate full understanding of the finance offer, addressing issues such as:*

- 1. Third party or internal financing of capitalized construction-period interest costs*
- 2. Establishment of escrow or trust accounts for construction draws, performance-period administration, or other purposes*
- 3. Timing of project financing closing and date certain for initiation of repayments (if applicable)*
- 4. Timing of agency payments (monthly, quarterly, annually in advance, monthly in arrears, etc.)*

**Implementation Price (IP) (value from IDS):**

**Itemized Financing Procurement Price (FPP):**

*Financier Note: Itemize all up-front charges that flow to Financing Procurement Price (FPP) in Schedule TO-3 of the contractor's proposal, such as:*

- 1. All fees, professional services, etc. (itemize individually)*
- 2. Capitalized construction-period interest (state all interest rate and other assumptions not specified in IDS)*
- 3. Hedge costs (only applicable if IDS indicates agency desires the index portion of total project interest rate to be held firm along with premium over index and FPP)*
- 4. Plug figure for contractor's portion of FPP (price to arrange financing, pass-through of payment and performance bond cost, etc.; value from IDS)*

**One-time pre-acceptance payments (value from IDS):**

**Total Amount Financed (IP + FPP – one-time savings):**

**Financial Summary:**

**Date to which all aspects of the offer are held firm (from IDS):**

**Premium over index interest rate (annual):**

Attachment 10 – SFO

*Financier Note: If agency desires the index to be held firm, then specify project interest rate (annual).*

**Financier portion of FPP:**

*Financier Note: Total FPP, less plug figure for contractor's portion*

**Post-Acceptance Performance Period (i.e., financing repayment) term (months):**

*Financier Note:*

1. *Schedule of agency debt service payments, electronically in Excel format, including all supporting calculations shall be provided with SFO.*
2. *Backup for the value of capitalized construction period interest, electronically in Excel format, including all supporting calculations, shall be provided with SFO.*
3. *All financing offers shall be based upon the applicable financial index specified in the IDS. The maturity of the index rate shall be equal to the post-acceptance performance period term (i.e., 17-year post-acceptance performance period = 17-year index). If the post-acceptance performance period is not exactly equal to the maturity of a specific index, then it is recommended that a smoothed cubic spline fit be used to approximate the rate curve. This method allows the interpolation of interest rates for given maturities even when no paper was sold at those maturities. For a discussion of econometric techniques for fitting the term structure of interest rates, including bibliographic information, see, for example, Mark Fisher, Douglas Nychka, and David Zervos, "Fitting the Term Structure of Interest Rates with Smoothing Splines," Finance and Economics Discussion Series 95-1 (Board of Governors of the Federal Reserve System, January 1995).*