

Monterey Bay Community Power Authority (MBCP) February 12, 2020
Response to RFP Questions – Uninterruptable Power Supply Fund (responses in red)

1. Will the Awardee have the opportunity to become MBCP's primary financial partner with this RFP? **The awarded financial institution will be the primary financial partner in support of the Private Sector Guarantee program.**
2. Is MBCP considering multiple partners for the two initiatives proposed in the RFP? **Only one partner is currently envisioned for this RFP. In the case that the customer from the Public Sector Investment program requires additional financing, it will create a need for additional loan from the Awardee.**
3. What will be the average anticipated loan size, down payment and term? Has there been discussion around minimum and maximum projects? **There will be no requirement on minimum or maximum number of loans though MBCP would like loans to be within \$20,000 and \$2 million. All loan applications will be approved by MBCP based on project eligibility criteria. Other terms (loan term, down payment, etc.) is to be determined by the underwriting guidelines of selected firm.**
4. What is more important lower rate or longer term (lower payment)? **As stated in the RFP, the goal of the program is to provide borrowers investing in critical facility projects with below market interest rates through a guarantee program. With respect to terms, the eligible borrower and the awarded financial institution should arrive at a mutually agreeable loan terms.**
5. Who makes the determination for what percentage will be guaranteed by the MBCP? Will it be a joint decision with the MBCP and Awardee? **The guarantee percentage will be determined by MBCP through this RFP process and finalized with Awardee prior to program implementation.**
6. Will the funds earmarked for guarantees to private entities be held with Awardee or at another institution? If held at another institution is it expected that Awardee would reconcile monthly and send the corresponding release of guaranteed funds back to the primary bank? **The \$5 million guarantee fund will be held at the awarded financial institution or their bank if Awardee is not a commercial bank and held in an interest-bearing account subject to approval by MBCP.**
7. How will reconciliation to the main fund occur? What reporting will be required by MBCP from Awardee? **The awarded financial institution should provide a monthly report detailing the number of applications received and approved, commentary on trends in project approvals or rejections, as well as reporting on outstanding loans/guarantees, and the amount of outstanding funds to support additional guarantees.**

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8. Are there any prospective customers who would qualify as tax exempt? **Yes, any customer who is not a city/county government, public school, public healthcare or public water/wastewater district is eligible for the private sector financing which would include non-profits who are deemed critical facilities (any non-residential customer that does not qualify for the tax-exempt program).**
9. Are there certain projects that have priority over others? How is the priority determined? Can the Awardee assist with the determination? **The only guidelines for project types are that they must meet the definition for critical facility as defined in the RFP, and that the deployed project deliver "energy resiliency" to the customer. MBCP will require the backup supply provide consistent demand for critical load at the facility of 4 days which is the maximum length of time for Public Safety Power Shutoff (PSPS) events.**
10. Will the proposed funding investments result in cost savings to borrowers? If so, who will determine the proposed cash flow savings? How will the net savings be determined while the asset isn't being used? **The purpose of the program is to provide customers with a low cost funding mechanism to support on-site back up supply in light of the Public Safety Power Shutoff (PSPS) or other events that would disrupt the grid. While there is no requirement that projects result in direct cost savings to the borrowing, any cash flows or savings for a project would be provided by and determined by associated vendor or contractor.**
11. Who will own the asset? **The borrower will be the owner of the assets.**
12. Can we propose multiple product lines? **Yes, MBCP is open to receiving proposals that have multiple product offerings.**
13. Are there collection procedures that the bank must follow in the case of default? **The Awardee should follow standard practices for similar loans and similar borrowers and which would be outlined in loan agreements.**
14. What would be the average down payment? **Any down payment requirements, if any, are to be determined by the bidding entity based on current underwriting guidelines and practices.**
15. How does MBCP replenish the fund? **The guarantee fund is replenished as loan principal is paid down, loans mature, or are prepaid by borrowers. Upon such events, the proportional amount of guarantee is released to maintain the agreed upon percentage and released funds used for new guarantees.**
16. How will MBCP handle if a customer opts out of MBCP services while there is a loan in place (guaranteed by MBCP)? **Should a customer opt out of MBCP after a loan and guarantee is awarded, MBCP would reserve the right to rescind the guarantee and as a result, the customer**

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would revert to paying market interest rates instead of the below market rate due to the guarantee.

17. What criteria has MBCP established to classify a customer as a “critical facility”?

Critical facilities have been determined by the CPUC, FEMA, IOU and MBCP’s board

- a. Police stations
- b. Fire stations
- c. Emergency response providers
- d. Emergency operations centers
- e. Medical facilities (hospitals, skilled nursing facilities, nursing homes, blood banks, health care
- f. facilities, dialysis centers and hospice facilities)
- g. Public and private gas, electric, water, wastewater, or flood control facilities
- h. Jails and prisons
- i. Locations designated by the IOUs to help during PSPS events
- j. Cooling centers designated by state or local governments
- k. Homeless shelters supported by federal, state, or local governments
- l. Schools
- m. Grocery stores
- n. Agricultural storage
- o. Libraries
- p. National security
- q. Traffic signals
- r. Telecommunications
- s. Data Centers

18. How will MBCP be classifying projects as “critical facility resilience projects”? Who will be verifying this? MBCP outlines a definition of these types of projects in the RFP which includes the sectors identified the previous question. MBCP staff will verify project and customer eligibility during application process.

19. What information does MBCP expect to see from Awardee in the monthly or quarterly status reports for each project? With respect to reporting, MBCP would expect to see number of applications received, approved, commentary on trends in project approvals or rejections, as well as reporting on outstanding loans/guarantees, and the amount of outstanding funds to support additional guarantees. Projects. Final reporting requirements will be negotiated with Awardee.

20. Does MBCP have a list of any potential candidates for the PSG that can be shared at this time? No but available information could be shared with Awardee.

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21. Does MBCP have a preferred list of microgrid developers / EPCs it would like to work on these projects? **No, MBCP does not have any preferred lists.**
22. What measures can MBCP take to promote the project / service to its customers? **MBCP could provide direct outreach to key customer segments but MBCP also expects the Awardee to collaborate on outreach and engagement.**
23. What type of marketing of the program is MBCP seeking from the Awardee? **MBCP will look to collaborate with the Awardee on co-branded materials as well as strongly encourage the Awardee to assist in outreach and engagement with eligible customers.**
24. What dollar amount of commitment is MBCP ideally seeking for the PSG? **The goal of the program is to utilize the full \$5 million fund to support as many loans as possible. With that's said, the commitment from Awardee is also be dependent on percentage of the guarantee and interest rate discount that will be determined by this RFP process and negotiated with Awardee.**
25. Can you clarify if the private sector program is only for commercial customers. **The Private Sector Guarantee program is reserved for non-residential, commercial, and industrial customers. Please see the response to question #8 for further clarification.**
26. Why does the RFP only contemplate the private sector program? (The \$5MM allocation to Private Sector implies that MBCP will allocate \$20MM to the Public sector program). Please elaborate. **The \$5 million allocation was based on direction from the board and reflects what we anticipate to be the size of the program for the time being.**

Proposals are due by 3:00 pm PT on February 18, 2020. Electronic copies of the respondent's bid should be submitted to espinoe@pfm.com and berwangerm@pfm.com.