Request for Proposals

for

Energy Prepayment Program

Response Deadline: December 5, 2019 by 3:00 PDT
East Bay Community Energy  
Silicon Valley Clean Energy

Request for Proposals  
Energy Prepayment Program

Purpose of Request

East Bay Community Energy (EBCE) and Silicon Valley Clean Energy (SVCE), and potentially other CCAs in the near future (the “CCA Group”) are interested in exploring an energy prepayment transaction. EBCE and SVCE are mutually interested in a prepayment transaction and may contract jointly or separately on this structure depending on the benefits and risks upon further assessment.

The prepayment structure would target existing and new renewable power purchase agreements as well as market energy. To help the CCA Group’s evaluation efforts we are distributing this request to address 1) firm qualifications and 2) core terms of your firm’s transaction structure.

We welcome your response if your firm is capable of providing a structure that addresses the primary desire of the CCA Group to prepay existing PPAs. The CCA Group intends to use this solicitation to establish a short list of firms to invite for interviews. Firms are free to respond in the format most convenient (e.g. Word, PowerPoint or a combination thereof), but thoroughly addresses the questions below.

For purposes of your response, please use the following assumptions:
- 200MW renewable contract for both EBCE and SVCE (2 200MW contracts)
- 20 year term
- Flat price of $20/MWh
- Well known developer
- Expected avg. annual production of 500,000 MWhs

Questions

A. Organization of Firm(s)/Contacts

1. Provide the name, address, telephone number and fax number of the principal contact(s) from your firm(s). (Resumes may be included as an appendix.) List the other members of your team. Briefly describe their proposed role in serving the CCA Group and briefly describe their relevant experience.
B. **Underwriting Experience/Approach**

1. Describe your firm’s CCA experience and/or familiarity.

2. Describe your firm’s public power and gas utility finance presence both nationally and within California specifically. Please highlight recent experiences in financing prepayment programs.

3. Provide a list of all completed gas/energy prepayment transactions for your proposed team in the last 5 years as well as one or two case study(s) that demonstrates your firm’s ability to serve the CCA Group in this capacity.

C. **Prepayment Structure**

1. How does a prepayment structure function and derive value for a tax exempt entity?

2. Describe your proposed structure for an energy prepayment program targeted at existing PPAs for the CCA Group. Summarize why your structure is the best structure and optimal. Discuss considerations, including timing, structure, tax and/or policy issues. Please discuss the risks inherent in your proposed structure of which the CCA Group should be aware and how your structure mitigates such risk.

3. Can the prepayment structure allow flexibility to novate renewable energy and brown power PPAs? Are there any limitations or pros/cons for novating these types of contracts?

4. Please share your thoughts regarding best approach to address who the issuer of the bonds should be for your structure.

5. Please discuss your view regarding EBCE and SVCE participating in a combined deal or individual deals.

6. Please describe the minimum and maximum notional values and expected rates and implied discount for various notional sizes if it differs.

7. Please discuss minimum and maximum durations. The CCA Group would be interested in thoughts regarding 10, 15, 20 and 30yr durations.

8. Discuss current industry issues specific to a prepayment program (e.g., level of interest rates or energy prices) and how these issues have shaped your proposed approach. Note any market considerations that are specific to energy or existing PPAs.
9. How does your firm optimize market timing to maximize the discount derived from this prepay structure? Can your firm identify historically times in which prepay transactions like this were particularly favorable and particularly unfavorable? How often do transactions like these fail or return less than desired results?

10. What do you anticipate will be the important credit considerations related to your proposed structure? The CCA Group desires to limit its credit exposure only to highly rated entities and/or structures. Are there any exposures beyond the supplier (and guarantor) and commodity swap provider? How does your approach impact the CCA Group? How does your approach impact the creditworthiness of the bonds to be sold?

11. Describe your approach to marketing your proposed structure, including any considerations specific to your structure.

C. Supplier's Experience/Approach

1. Describe your firm’s CCA and municipal utility presence, both nationally and within California specifically, with respect to energy supply and trading. Please highlight all recent experiences in financing prepayment programs.

2. Detail the supplier's recent experience, if any, in supplying or trading energy with the CCA Group.

3. The CCA Group is concerned that it could expend significant time, effort and financial resources and still be unable to complete a program. Do you envision this possibility as a real risk and why? What comfort can your firm provide that your structure is feasible and can be implemented successfully? Describe any other attributes that distinguish your firm from others offering similar services, that you believe would be helpful to the CCA Group in the selection process.

D. Compensation/Fees/Costs

1. Identify and detail how your team proposes to be compensated for your services. Include your not-to-exceed proposal for underwriters’ spread for your proposed structure, specifying management fee, average takedown, and a detailed breakdown of expenses. Highlight any other areas or forms of compensation relative to this program. Please describe any circumstances whereby you would propose to increase your fee outlined herein. How do these fees compare with other recent prepayment transactions?
2. What compensation is guaranteed? What is the risk in underwriting and who bears the risk (firm or CCA Group)? What, if any, are the fees due in the event of a failure?

3. What, specifically, is the cost of execution?

E. Conflicts/Disclosure

1. Indicate any conflicts or potentially conflicting situations your firm might have in serving as an underwriter or supplier for a energy prepayment program for the CCA Group.

2. Is your firm involved in any SEC or comparable investigation regarding sales methods, security dealings, underwritings or other practices? Please disclose the status of such matters.

Submission Requirements

The response should be emailed on or before December 5th at 3:00 PDT to:

Mike Berwanger berwangerm@pfm.com
Jack Medall at medallj@pfm.com
EBCE and SVCE at PrepaymentRFP@ebce.org

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