

Butte Choice Energy Authority

REQUEST FOR PROPOSALS

For

Credit and Banking Services¹

RESPONSE DUE

by

3:00 p.m. (PST)

On

March 25, 2020

¹ Separate proposals for each will be accepted

BACKGROUND

Butte County and the City of Chico's efforts to form a Community Choice Aggregation (CCA) Program began in 2015 when the City and County began investigating the formation of a CCA program in the Region. The City and County commissioned a study in 2018 to understand the feasibility of CCA assisting the City and County in meeting their goal of providing cost-competitive electric services while reducing greenhouse gas emissions and increasing the use of renewable energy resources.

The Feasibility Study was completed and received by the City and County July 2018 (and updated in April 2019); the Study concluded, among other items, that a CCA could yield energy bill savings to consumers and could assist with the City and County's renewable energy goals. Based on the Study's findings, staff was directed to continue to explore the development and implementation of a CCA.

Butte County and the City of Chico worked to develop a stand-alone joint powers authority (JPA), the Butte Choice Energy Authority ("BCE") ("Authority"), to implement the CCA program. On November 5th, 2019, the Butte County Board of Supervisors the City Council of Chico passed resolutions to join the Authority.

TIMING FOR SERVING POTENTIAL AUTHORITY CUSTOMERS

The Authority filed its Implementation plan in December 2019 and plans to begin servicing customers in April 2021 with opt out notices going out in November and December of 2020. Phase 1 will consist of all non-residential accounts (April 2021); Phase 2 will be residential accounts (October 2021), and the 3rd and final Phase will be Net Energy Metering Accounts and will be phased in at various times. At start-up, BCE anticipates serving approximately 11,900 larger customer accounts, comprised of all non-residential accounts within Unincorporated Butte County and the City of Chico. Depending on final wholesale power prices, the balance of the BCE customers will be launched in October 2021. Net energy metering accounts will be phased into BCE at the time of their annual true-up.

PROGRAM SPECIFICS

Expected end of year (2022) customer break-down is as follows:

Customer Class	# of Accounts
Residential	79,230
Small Commercial	7,356
Medium Commercial	729
Large Commercial	7
Industrial	N/A
Street Lighting and Traffic	1,237
Agricultural and Pumping	2,559
Total:	91,118

First full year sales forecast is shown in the table below:

Customer Class	MWh
Residential	567,528
Small Commercial	112,452
Medium Commercial	186,438
Large Commercial	70,338
Industrial	N/A
Street Lighting and Traffic	3,524
Agricultural and Pumping	59,603
Total:	999,883

USE OF FUNDS

Estimated Start-up costs

BCE’s estimated expenditures related to CCA start-up expenses for FY 2020 - 2021 are approximately \$8,400,000. The Member Agencies will provide \$600,000 in initial funding for these start-up costs.

Once the program is operational, the JPA Agreement provides for the Authority to reimburse the Member Agencies for these Initial Costs. The Authority plans to repay these initial costs after the lender is repaid. In the event that the CCA Program does not become operational, the Member Agencies shall not be entitled to any reimbursement of the Initial Costs they have paid for implementation services from the Authority or any other Party.

Security for the Credit Facility

The Authority's expectation is to have the CCA program liable for the credit support provided pre-launch. The Authority will be the counterparty to the Credit Facility. Butte County and the City of Chico do not wish to provide credit support to the credit facility.

FINANCIAL INFORMATION

Please see Appendix B for an operating pro-forma which includes detailed 24 month projections and 10 year annual projections.

Key pro-forma projection assumptions are as follows:

Opt out rates – Estimated for pro-forma purposes at 5-10%.

BCE rate vs. PG&E rate - The Authority is projecting an all-in rate benefit to customers vs. PG&E of 2% over the next ten years.

Renewable content mix - Preliminary plans have the Authority charges a standard, default electricity tariff similar in rate design as the generation rates of PG&E for each customer class, an optional 50% renewable energy tariff, and an optional 100% renewable energy tariff.

PCIA Assumptions - The pro-forma assumes a 20% increase in the PCIA for 2021, and no increases thereafter.

ADDITIONAL INFORMATION

Additional information, including the Feasibility Study and Implementation Plan, is available on the Butte Choice Energy website at <https://www.buttechoiceenergy.org/resources>

SCOPE

The Authority is seeking proposals from qualified lenders and/or financial institutions to provide:

1. A hybrid Credit Facility which include a Line of Credit and Letter of Credit Feature. Total facility amount of \$10 MM.

The Authority expects to begin drawing up to \$7.8 MM of the Line of Credit upon closing of the facility in 2021 to cover a portion of the estimated start-up costs.

The Authority desires the flexibility to offer power providers Letters of Credit vs. cash as collateral, as required.

2. Comprehensive banking services for The Authority's bank accounts, lockbox(es), and related depository and cash management operations.

The Authority encourages bidders to provide stand-alone offers if they cannot provide joint bids for both the Credit and Banking Services requests.

QUESTIONS

All respondents are requested to answer the following Questions in their response:

Key Personnel

Bid responses shall identify the lead contact and include a complete list of all key personnel associated with the RFP. This list must include all key personnel who will provide services/training to the Authority staff and all key personnel who will provide maintenance and support services. For each person on the list, the following information shall be included:

- a) The person's relationship with Bidder, including job title and years of employment with Bidder;
- b) The role that the person will play in connection with the RFP;
- c) Address, telephone, fax numbers, and e-mail address; and
- d) Person's relevant experience, certifications, and/or merits.

Overview of the Firm

- a) Provide a brief description of your firm.
- b) Provide your firm's credit rating, if available.
- c) Provide your firm's total capital and total net assets for 2020, 2019 and 2018 Year-ending.

- d) Provide your firm's current Long-term and Short-term credit ratings as well as Outlooks, if available.
- e) Please provide information about your firm's fossil fuel investment activities (e.g. coal, oil, natural gas)

Qualifications

- a) Provide a description of your firm's experience in the government sector. What, if any, experience does your firm have with Butte County and the City of Chico?
- b) Provide a description of your firm's experience in the CCE sector.
- c) For firms without direct experience in the CCE sector please provide your experience in related sectors or with other unrated entities.
- d) What assurances can you provide the Authority on your firm's ability to transact organizationally?
- e) Provide any other qualifications you believe are relevant to BCE related to the Scope.

Bank Counsel

Please indicate two law firms and their respective attorneys that you propose to use as bank counsel. The Authority desires to set a limit on legal and out-of-pocket expenses incurred by the bank. Please indicate: (i) a cap on the legal fees and expenses of counsel and (ii) a cap on any other eligible expenses to be incurred by the bank

References

Bidders are to provide two references. References must be satisfactory as deemed solely by Authority staff. References should have similar scope to those outlined in these specifications, terms and conditions.

CREDIT PROPOSAL

Provide a term sheet proposal which includes the following information:

- a) Type of Facility
- b) Commitment Size.
- c) Term (the Authority is seeking 3 to 5 year commitments)
- d) Pricing
 - i. Commitment fee
 - ii. Interest rates on loans
 - iii. Legal expenses (please also provide law firm and lead attorney)
 - iv. Any other fees or expenses
- e) Security package requested (including but not limited to any guaranty or collateral requirements. Bidders should understand that the Authority's preference is not to have guaranty/collateral requirements.)
- f) Authority related covenants
- g) Renewal and termination provisions
- h) Term-out provisions
- i) Other relevant terms

Bidders are encouraged to provide multiple term sheets or detail the different scenarios of terms/conditions they might be able to offer. (e.g. multiple terms and pricing adjustment for those different terms) Bidders should detail their credit approval process as it relates to the proposed facility.

BANKING SERVICES PROPOSAL

Provide a proposal which details your cost, terms and conditions for providing the Banking Services detailed in this RFP.

General Requirements

Banking pertains to day-to-day banking operations, excluding transactions of investment activities. Banking activities include deposits, disbursements, and related reconciliation. Please see Attachment A for a list of banking and deposit services for which the Authority seeks pricing. Responsive proposals will specifically address the following topics:

- Deposit process and related structures (e.g., sweep accounts, lockbox, targeted balance);
- Lockbox/secured account(s) for deposits held as collateral, that is a blocked control account, payments from the account are to be disbursed as instructed;
- Policies on receiving same-day credit for deposit;
- Disbursement process;
- Daily cash reconciliation;
- Identification of transactions and fees (e.g., deposits, withdrawals, chargebacks);
- Reporting needs relating to Operational Banking; and
- The security measures for ACH initiation and reception (i.e., ACH blocks and filters).

Requirements include:

- a. The bank must be a Federal or State chartered commercial banking institution and a member of the Federal Reserve System or the Federal Deposit Insurance Corp or the National Credit Union Association (NCUA);
- b. The bank must be a qualified depository for public funds pursuant to the applicable State codes. All balances must be fully collateralized through the pool collateral system required by the State;
- c. The bank will provide full account reconciliation, payee positive pay, electronic fraud protection, teller positive pay, electronic deposits and disbursements, online wire entry, and online stop payment placement;
- d. The bank must provide cleared accounts payable/payroll check files that can be imported into an MS Excel file;
- e. The bank must provide online reporting that includes a detailed report of prior day transactions;
- f. Potential to provide blocked control account (BCA) and secure account/lockbox services;
- i. Although provision of BCA and multi-party lockbox services is not required, it is preferred. The Authority will provide monthly disbursement instructions to the bank, per a yet to be developed Security Agreement. The bank will act as the collateral agent on behalf of the secured power suppliers with a yet to be developed Intercreditor and Collateral Agency agreement. The secured account(s) or "lockbox" are for daily deposits from PG&E of cash collected from the Authority customers and monthly payment to the power suppliers under contract.
- g. The bank must provide the bank's current level of public funds deposited and related collateral market value.

- h. The Authority prefers, if possible, to work with a local bank that has operations located in the City of Chico or Butte County; or if not, that has the ability to process transactions electronically. If the bank does not have a physical branch in close proximity, specify how services that might normally be handled in-branch would otherwise be accommodated; and

Deposit Services

Most, if not all, deposits will come through ACH deposits/wire transfer and EDI files from PG&E on a daily basis. It is not anticipated that there will be a large volume of check deposits. The Authority will have a qualified contractor manage billing administration and data exchange with PG&E. Customer payments will not be processed by the Authority. Deposits by PG&E and payments to power suppliers will be by wire transfer.

Disbursement Services

The Authority will issue approximately 75-100 checks per month through the main operating account. Positive pay services and check reconciliation services will be used. Accounts Payable positive pay data will be transmitted to the bank weekly.

Required services include:

- a. Provision for payee positive pay services with online transmission of check details;
- b. Provision for payee positive pay exception item review and correction online;
- c. Provision for online stop payment services;
- d. Provision for an electronic file of paid/cleared images (front and back), in addition to any alternative electronic archival stem used by the bank;
- e. Provision for online access to cashed check images; and
- f. Specific method allowing reversal of automatic direct deposit errors.

Electronic Transfer of Funds

It is not yet determined how the Authority will process checks but bidders should anticipate that the Authority will process approximately 50 ACH Credits and 50 ACH Debits each month. Most CCE programs use on-line bill payment with minimal need for paper checks. A bill payment system is used for payroll, vendor payments and occasional contract payments. A small number of wire transfers are also received or executed annually.

Required services include:

- a. Ability to accept and send ACH Transactions;
- b. Ability to accept ACH payments from third parties;
- c. Provision of ACH debit blocking services;
- d. Provision of a secure electronic method with dual authorization for wiring funds; and
- e. Ability to set up templates for repetitive wires.

Please provide the bank's processing deadlines in PST for ACH and wires.

Reporting

The Authority will require access to daily balances and transactions reporting information. The Authority will require access to prior day reporting, including ledger balance, available balance, and summary and detailed reports of credits and debits posted. Current day reporting requirements will include, but are not limited to, details of electronic debits and credits, wire transfer activity, controlled disbursements, and ACH activity.

Required services include:

- a. Provision of online balance reporting services;
- b. Allowing access to the bank's online reporting system to approximately six employees with different levels of authorization;
- c. Provision of account reconciliation services for disbursements (full, partial, or positive pay, depending on account);
- d. Provision of monthly activity statements and reports for all accounts by the 10th day of the following month;
- e. Provision of a detailed monthly account analysis statement for each individual account and a consolidated statement showing charges for all account services; and
- f. Specific method of check image availability.

Bank Balances

Balances will be used to offset service fees and bank charges. The Authority shall not be required to maintain a minimum balance.

Required services include:

- a. Detailed account of all types of items and services that can be applied against account analysis;
- b. Total account will be interest bearing and must be 110 percent collateralized at all times pursuant to all applicable sections of the California Government Code; and
- c. Current and thorough disclosure of overnight sweep account options offered by the bank.

CALENDAR OF EVENTS

	Action	Date
1.	Issuance of RFP	March 9 , 2020
2.	Deadline To Submit Written Questions	March 16, 2020, 3:00 P.M. PST
3.	Response to Written Questions/RFP Addendum if applicable	March 19, 2020
5.	Deadline to submit proposals	March 25, 3:00 P.M. PST
6.	Finalist Bank Follow-up Questions/Phone Calls, if needed	Week of March 30 th
7.	Final Negotiations and/or Best and Final Offer	Week of April 6 th
8.	Award	Week of April 13 th

RFP INSTRUCTIONS

Questions

All questions regarding this RFP are to be submitted in writing, via e-mail, by 3:00 p.m. PST on March 16, 2020 to:

Michael Berwanger
PFM Financial Advisors LLC
E-Mail: berwangerm@pfm.com

Submittal

All bids must be received by 3:00 p.m. PST on March 25, 2020. Please email responses to:

Michael Berwanger
PFM Financial Advisors LLC
E-Mail: berwangerm@pfm.com

PROPOSAL EVALUATION

Proposals in response to this RFP will be evaluated based on the following criteria (not listed in order of importance):

- Qualifications and experience of firm,
- Ability to provide required services,
- Credit quality of Bank proposer, and
- Cost and pricing.

Telephone interviews may be conducted with proposers prior to a final selection being made.

RIGHTS OF THE AUTHORITY

The Authority reserves the right to reject any and all proposals, to waive any minor irregularities in a proposal, to request clarifications or additional information from any institution, and to reject any agreement deemed by the Authority to be in its best interest with one or more institutions.

The Authority will not reimburse institutions for any costs associated with the preparation or submittal of any proposal nor for any travel and/or per diem expenses incurred in any presentation of such proposal.

Nothing in this RFP, the proposal, or the Authority's acceptance of any proposal in whole or in part shall obligate the Authority to complete negotiation with the related institution. The Authority will not provide an engagement letter to any institution. The Authority reserves the right, in its sole discretion, to end negotiations with an institution at any time up to the consummation of the transaction arising from this RFP without any obligation to pay any fees or expenses to the institution or its counsel.

Public Records Act Requests:

Please note that any information you provide as part of your response may be subject to the Public Records Act (PRA). If you feel that any part of your submission is proprietary information, please identify by section, paragraph, and page the information you believe is proprietary. In the event of a PRA, this information may be reviewed by the Authority's attorneys for applicability. No guarantee can be provided that any part of your information will be kept confidential.

APPENDIX A

Example Pricing Sheet

SERVICE DESCRIPTION

BALANCE & COMPENSATION INFORMATION

Dep. Insurance-Bank Assessment

GENERAL ACCOUNT SERVICES

Account Maintenance

ZBA-Depository + Master Maintenance

ZBA Subsidiary Account Maintenance

Debits Posted-Other

Credits Posted-Other

GCS Transaction History

Photocopies

DEPOSITORY SERVICES

Banking Center Deposits

QBD/Night Drop Deposit

Currency/Coin Dep/\$100-QBD/ND

Currency/Coin Dep/\$100-Banking Center

Checks Deposits Un-Encoded Items

Returns-Chargebacks

Returns-Re-clear

Deposit Correction-Cash

Deposit Correction-Non-Cash

PAPER DISBURSEMENT SERVICES

General Checks Paid Truncated

Positive Pay Exception

Supplies-Checks

Stop Pay Automated<=12 Months

Stop Pay Automated>=12 Months

Image Retrieval CPO

Image Maintenance CPO

CPO ARP Positive Pay Notifications

ARP PPAY Input File-Trans

SERVICE DESCRIPTION**GENERAL ACH SERVICES**

ACH Monthly Maintenance
ACH Consumer On Us Credits
ACH Consumer Off Us Credits
ACH Debit Received Item
ACH Credit Received Item
ACH Return Item
ACH Input-File
ACH Optional Reports-Fax
ACH Standard Report-Fax

WIRE & OTHER FUNDS TRANSFER SERVICES

CPO GP Monthly Maintenance Basic
Elec Wire Out-Domestic
Incoming Domestic Wire
Book Credit
CPO GP Customer Maintenance Temp Storage

INFORMATION SERVICES

CPO Prem PDR Account
CPO Prem CDR Account
CPO Prem PDR Item Stored
CPO Prem CDR Item
CPO Online Subscription
CPO Prem IR Maintenance

APPENDIX B

(separate file attached to the email distribution)

10-Year Pro forma Monthly

2-Year Pro forma (Accrual Basis)