REQUEST FOR PROPOSALS

On-site Solar EPC Services & PPA Financing
Banner Health

Issued August 19, 2019
I. On-site Solar Notice of Request for Proposals

A. Background

Kinect Energy is representing Banner Health in their pursuit of on-site, ground-mount solar at select locations. Kinect Energy is requesting proposals from all interested and qualified parties for comprehensive EPC services and project financing through a Power Purchase Agreement (PPA).

The following locations have been identified as candidates for on-site solar installation:

<table>
<thead>
<tr>
<th>Site Name</th>
<th>Address</th>
<th>City</th>
<th>State</th>
<th>Zip</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gateway West</td>
<td>1900 N Higley Rd</td>
<td>Gilbert</td>
<td>Arizona</td>
<td>85234</td>
</tr>
<tr>
<td>Ironwood Medical Center</td>
<td>37000 N Gantzel Rd</td>
<td>Queen Creek</td>
<td>Arizona</td>
<td>85140</td>
</tr>
<tr>
<td>Baywood Medical Center</td>
<td>6644 E Baywood Ave</td>
<td>Mesa</td>
<td>Arizona</td>
<td>85206</td>
</tr>
</tbody>
</table>

B. RFP Schedule

<table>
<thead>
<tr>
<th>Task</th>
<th>Day</th>
<th>Date*</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP Issued</td>
<td>Monday</td>
<td>August 19, 2019</td>
</tr>
<tr>
<td>Intent to Bid Notification/Questions Deadline</td>
<td>Wednesday</td>
<td>September 4, 2019</td>
</tr>
<tr>
<td>Response Deadline</td>
<td>Friday</td>
<td>September 13, 2019</td>
</tr>
<tr>
<td>Short-list Selection</td>
<td>Friday</td>
<td>September 20, 2019</td>
</tr>
<tr>
<td>Site Visits</td>
<td>Mid-October</td>
<td>TBD</td>
</tr>
<tr>
<td>Final Submission Due</td>
<td>Friday</td>
<td>October 25, 2019</td>
</tr>
<tr>
<td>Final Selection Recommendation</td>
<td>Friday</td>
<td>November 1, 2019</td>
</tr>
</tbody>
</table>

* All submissions are due at 5:00 PM CST unless otherwise specified

Note that “Final Selection” means that Kinect Energy will make its final developer and finance partner recommendations to Banner Health and they will require additional time to review and approve the final selection.

C. Proposal Withdrawal

Proposals may not be withdrawn after the proposal due date. In submitting a proposal, Proposer agrees that their proposal will remain valid for at least 60 calendar days from the RFP Submission Deadline.
D. **Contact Person**

All questions and RFP submissions should be made to the contact person listed below.

- **Name:** Erik Gage, Sr. Energy Specialist
- **Email:** Egage@kinectenergy.com
- **Phone:** (763) 543-4665
- **Address:**
  
  605 North Highway 169
  
  Suite 1200
  
  Plymouth, MN 55446
II. Request for Proposals Scope

The purpose of this RFP is to select one or more developers that will best meet Banner Health’s on-site solar needs. Banner Health seeks qualified and successful EPCs and Finance partners with experience designing, constructing, financing, operating, and maintaining solar systems to meet the goals and objectives listed below.

A. Goals and Objectives

1. **Price Reduction** – to reduce the cost of electricity through a solar Power Purchase Agreement (PPA)
2. **Decreased Volatility** – to reduce price volatility by hedging a portion of current electric use
3. **Price Certainty** – to create greater electric price certainty by installing on-site solar
4. **Maximize Savings** – to maximize savings by taking advantage of federal, state and local incentives to the greatest extent possible through a third-party finance partner.
5. **Environmental Attributes** – to obtain the environmental attributes from on-site solar to support claims of renewable energy use.
6. **System Ownership** – Optionality to own the on-site solar system in future years without providing development capital.
7. **Minimize Counterparty Risk** – minimize counterparty risk by working with only experienced, successful solar partners.

EPC and Finance parties are requested to submit proposal that meet the goals and objectives stated above.

B. Site Details

Proposed solar locations were selected based on available land area square footage, site characteristics, and electrical consumption.

All responses should include solar layout designs and production estimates that optimize the available space to the greatest extent possible. Kinect Energy will evaluate each proposal to determine the actual savings generated for Banner Health. **Utility invoices will not be disclosed to respondents at this stage in the bidding process.**

Given the potential range of the overall portfolio size, which may increase or decrease during the due diligence process, respondents are asked to respond with a PPA rate based on the total size range.
Example:
Project Size: 500 kW–1 MW\(_{dc}\) = PPA rate of $X/kWh
Project Size: 1–1.5 MW\(_{dc}\) = PPA rate of $X/kWh
Project Size: 1.5–2 MW\(_{dc}\) = PPA rate of $X/kWh
Project Size +2 MW\(_{dc}\) = PPA rate of $X/kWh

The request for a PPA rate based on size range is intended to maintain the PPA rate presented in the bid response even if the size of the overall size of the project were to change. It’s also understood that certain variables such as significant upgrade costs would impact project economics which would have an impact on the PPA rate or feasibility of solar at any of the sites. **There is strong preference for fixed rate PPA offers without annual escalators, though escalating offers will also be considered.**

**Primary Sites** – All sites served by Arizona Public Service Electric Company (APS) as the utility provider:

<table>
<thead>
<tr>
<th>Site Name</th>
<th>Annual Usage (kWh)</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gateway West</td>
<td>17,266,449</td>
<td>1900 N Higley Rd; Gilbert AZ, 85234</td>
</tr>
<tr>
<td>Ironwood Medical Center</td>
<td>7,281,729</td>
<td>37000 N Gantzel Rd; Queen Creek AZ, 85140</td>
</tr>
<tr>
<td>Baywood Medical Center</td>
<td>17,004,332</td>
<td>6644 E Baywood Ave; Mesa AZ, 85206</td>
</tr>
</tbody>
</table>

Please refer to **Appendix A** for additional information on specific portions of the property currently available for solar installation at each site. **Note that the layout designs shown in the appendix are only for the purpose of illustrating which portion of the property is available for solar. Proposals should include solar designs and production estimates optimizing the areas available while taking all factors into consideration including module/racking/inverter selection, fixed vs. tracking systems, setbacks, obstruction areas, shading, soiling, etc.**

Banner Health may also wish to expand upon solar installation at these locations or additional locations in the future. The EPC and Finance partners selected through this RFP process may or may not be selected for future expansion opportunities.
III. Proposal Requirements

Proposers shall include the following information in their proposals to the greatest extent possible.

A. Executive Summary

Include an executive summary that covers the proposer’s background and qualifications, important features of the proposal, and how the proposal meets the goals and objectives of the RFP. The proposer may include other information that demonstrates the strengths of their proposal and their organization.

B. Proposer Experience

Describe relevant solar development and project financing experience that qualifies the proposer to design, build, construct, finance, and operate the on-site solar project. At a minimum this description should include:

1. Management Structure – a description of the developer organization and structure including any partners or subcontractors that will be involved with the solar project that are part of this RFP response. Describe the advantages of this structure to ensuring the successful development and operation of solar projects. Describe whether or not your company will be serving as a full-service developer and EPC or if certain aspects of the project would be subcontracted. If subcontractors are involved, provide information on who they are, what scope(s) of the project they will be completing, and confirmation that the associated cost of doing this work is incorporated into the PPA offer being presented to Banner Health in your RFP response. Provide bio/experience information on key personnel who will be involved in key aspects of project development including but not limited to engineering, interconnection, electrical, permitting, installation, etc.

2. Development Experience – describe previous solar project development, including: MW’s of projects completed, projects in-progress, and locations.

3. Project Finance – describe project finance experience, finance partners, and structure(s).

4. Nonprofit/Healthcare Experience – describe relevant experience working in the nonprofit sector, including specialized offerings and strategies to maximize value.

5. Arizona Experience – experience working in Arizona, and specifically working with APS.

C. Proposal Details

Please provide the following information in your response:
1. **Financial Terms** – describe the financial terms of the proposal. Banner Health desires to enter into a power purchase agreement (PPA) or other financial arrangement that requires $0 upfront capital commitment resulting in ongoing electrical savings with future buyout options. The preference is for a fixed-price PPA, but other options may be presented. Kinect Energy will calculate the actual savings Banner Health would receive based on the PPA offers presented.

2. **System Performance** – provide a table and a graph showing the hourly, monthly, and annual system production (kWh) throughout the term of the PPA.

3. **Payment Terms** – for each proposal describe the billing structure and timelines for purchased solar-generated electricity. Provide details of the buyout terms and costs starting with the first year the buyout option is available and moving forward from there.

4. **Environmental Attributes** – it is assumed that all environmental attributes are included in the PPA rate; explain if this is not the case.

5. **Installation Details** – type of installation proposed: technology selection (racking, inverters, and solar modules), layout design/annual production estimates, development, in-house staff vs. subcontractors or third-party consultants, etc.

6. **Development Timeline** – provide a general description of the development timeline from proposal acceptance through system completion. The description should highlight major milestones and decision points (e.g. structural engineering, interconnection applications, product procurement, anticipated COD, etc.).

7. **Performance Guarantee & Equipment Warranties** – describe the parameters of any performance guarantee for the system. Also, describe warranties on major system components such as panels and inverters.

8. **Ongoing O&M, System Monitoring Offerings** – describe how access will be provided to real-time system performance.

9. **Other features or benefits** – describe any other features or benefits of the proposal that are relevant to the overall evaluation of value.

10. **Sample contracts and agreements** – attach sample contracts and agreements that will govern the proposals submitted.

**D. Proposal Submission**

Complete proposals must be submitted in electronic format (.PDF or .DOCX) by email, along with the RFP spreadsheet (MS Excel) by the submission deadline indicated in Section I (B): RFP Schedule. Late proposals may not be accepted.
IV. Evaluation & Selection

A. Evaluation

Proposal evaluation will be conducted by Kinect Energy in consultation with Banner Health. Evaluation criteria include, but are not limited to:

1. Expected financial benefits of the solar project
2. Economies of scale
3. Proposer qualifications and experience
4. Solar development timeline
5. Any other proposed benefits

Once final EPC and Finance selection(s) have been determined, Kinect Energy will serve as the Client Representative for Banner Health. As the Client Representative, Kinect Energy will be the primary point of contact throughout the development process to ensure the best outcome for Banner Health.

B. Selection

Banner Health reserves the right to select any proposal, multiple proposals, or reject all proposals. Costs for developing and submitting a proposal are solely those of the proposer and Banner Health will not reimburse any costs incurred. Selected short-list proposers will be notified by Kinect Energy of their selection upon completion of the evaluation.
APPENDIX A: Solar Locations

Site 1: Banner’s Gateway West
Site 2: Banner's Ironwood Medical Center
Site 3: Banner’s Baywood Medical Center
APPENDIX B
Kinect Energy Group Background

Kinect Energy Group ("Kinect Energy") is a global energy management company representing commercial, industrial, municipalities, healthcare, agricultural, hotel & resorts, and university clients. The professional energy managers at Kinect Energy Group offer energy supply procurement, price risk management, sustainability services, consulting services, and data management services. Kinect Energy's renewable team works with clients to source, evaluate, and advise on on-site solar and virtual power purchase agreement opportunities. Our deep expertise in energy solutions allows us to develop customized strategies that help clients consume less and save more on energy. Kinect Energy is a subsidiary of World Fuel Services, a Fortune 100 energy leader based in Miami, Florida. Kinect Energy employs +250 employees and is headquartered in Minneapolis, MN with other North American offices in Kansas City, Omaha, Boulder, Louisville, and Mexico City, Mexico. Kinect’s European headquarters are in Bergen, Norway, with 16 additional offices throughout Europe. Kinect Energy’s most recent expansion was in New South Wales, Australia and Japan.