



QUESTIONS & RESPONSES #01

RFP or RFQ / TITLE 070955 | CDIF Clean Truck Fund Program Support Services

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PROPOSER QUESTIONS	PORT RESPONSES	RFP/ RFQ Section
Contract period: While the focus is on making loans by 12/31/18, since the contract period will be one year from closing, may participating lenders continue to enroll loans through the end of the contract period? If so, the RFP states that the credit counselor is only available through March 2019. Will this be extended if lenders continue to originate loans through the contract period?	The Clean Truck Deadline is December 31, 2018. After that time, drivers will no longer be able to access the international container terminals with noncompliant trucks and therefore, demand for loans will likely taper off after this deadline. The funding from the NWSA and other parties is tied to this deadline. If the program is successful, there may be opportunity to continue the program to support other similar projects, such as domestic terminal truck upgrades, pending approval from the Managing Members, and the contract(s) would be modified accordingly.	

<p>Credit counselor role: Can you please clarify if the drivers meet with the counselor before or after finding a replacement truck? If before, is the counselor providing guidance around the actual purchase and selection of the replacement truck? Is the expectation that lenders would be pre-approving the truckers? Our understanding is that there will not be a pre-approved network of dealers under this program, which means the dealerships are not pre-vetted. Thus, it will be important as part of the lender's due diligence to check the market value of the truck so that the borrowers are not overpaying and for the purposes of valuing the lender's collateral.</p>	<p>Ideally drivers will meet with the financial counselor prior to selecting a truck, as the counselor will be recommending a reasonable monthly payment for the driver and then the driver can determine what eligible purchases would fall within that range - a retrofit, used truck, etc. It is correct that there will not be a network of pre-approved dealers under this program to provide as much flexibility in finding suitable trucks to drivers.</p>	
<p>How long will the assessment process take from borrower requesting a meeting, meeting with the credit counselor, and NWSA processing the CDFI referral?</p>	<p>The driver may opt to approach the CDFI directly. It is not required for a driver to meet with the financial counselor. Once a driver has his paperwork collected, the financial counselor will be able to review and meet with the driver and make a recommendation on monthly payment within one week. The financial counselor will work directly with the CDFIs on recommendations. NWSA will not be involved in that process. Once a loan is made, documentation of that loan is due to NWSA.</p>	
<p>Will documentation be provided at the time of referral?</p>	<p>Yes, the financial counselor will work with the CDFIs to ensure adequate documentation accompanies each of their referrals.</p>	
<p>If multiple CDFIs are selected to participate as contractors, how will the referral be managed?</p>	<p>The financial counselor can provide a range of options and lenders that meet the drivers needs. The drivers will then decide which is the best option for their needs.</p>	

<p>Under Scope of Services (Pg. 6) the RFP states “Monthly loan payments and term length must be competitive with market rate loans in the Pacific Northwest and meet the recommendation of the financial counselor.” Can you please explain whether the lenders have the authority and ability to structure the loan based on its own analysis and not reliance on the recommendation of the counselor?</p>	<p>Drivers have the option of working directly with the CDFIs and not engaging the financial counselor. In that scenario, CDFIs have the authority to structure the loan based on their own analysis, provided it meets the terms of the NWSA (maximum APR 15% and loan term of 7 years). For drivers who utilize the financial counselor, CDFIs should provide a range of options to the financial counselor, so that after they have assessed a driver's cash flow, the counselor can recommend which product is best suited to the driver.</p>	<p>pg 6</p>
<p>Engagement with CDFIs: The first paragraph of the RFQ states that NWSA intends to work with as many CDFIs as necessary to support the program.” However, in the Evaluation and Award Process (Pg. 2 of Attachment A), it states that NWSA intends to select the Proposer (singular) who represents the most qualified team and begin the negotiation and award process based on evaluation scores. And then if they cannot reach mutual agreement, they will move on to the next highest ranked firm. What is the intent here? Is there a possibility of working with only one contractor or that this will be open to multiple, qualified lenders?</p>	<p>This is corrected in Amendment 1 to the RFQ. The intent is to work with as many CDFIs as possible.</p>	
<p>Cancellation: The RFQ states that funds are allocated for the life of the loan. Does this survive program cancellation? Is there any potential that LLR funds will be uncollectable on an enrolled loan?</p>	<p>Funds will be reserved for the life of the loan, which includes program cancellation.</p>	

<p>Under the Clean Truck Fund Description (Pg. 4) under the table, it states NWSA will maintain reserves in an amount up to 10% of the principal amount of each loan issued in a loan loss reserve account until the maximum loan loss reserve is met (up to \$2.2M total LLR available). Does this mean that in the event of a loan loss, following reasonable collection efforts, that the maximum amount that could be redeemed on a particular loan is 10% of principal? Or does the balance of the loan loss reserve accumulate for a particular contractor/ lender, such that in the event of a loss, the full amount of uncollectable principal could be redeemed? An example may make this easier to answer – Let’s say that the contractor/ lender makes a total of \$2 million in eligible truck loans, which means that they grow a balance of \$200,000 in a loan loss reserve funds. If the lender has a \$50,000 loss in the portfolio, of which \$25,000 is uncollectable, is the maximum LLR redemption for said loss a total of \$5,000 or \$25,000?</p>	<p>The Managing Members authorized a 10% reserve on each loan, therefore in the example provided, the maximum redemption would be \$5,000.</p>	<p>pg 4</p>