

SOMERSET COUNTY RENEWABLE ENERGY PROGRAM,

SERIES 2010

REQUEST FOR PROPOSALS

For a Developer of Photovoltaic Systems with respect to certain Local Government Facilities in the County of Somerset, New Jersey dated July 30, 2010

Summary of Questions and Answers

No. 6, Issued on September 20, 2010

Below is a summary of the questions posed by Respondents and the Somerset County Improvement Authority's (the "Authority") responses to said questions. This document shall be posted on the Somerset County Improvement Authority's website at <http://www.scia.co.somerset.nj.us/>, and emailed to all Respondent Contact Persons.

Q1. Will the Authority consider excluding the rooftop at Branchburg Township BOE Whiton ES and the walkways at Raritan Valley Community College Arts Building and Somerville Vanderveer ES from the scope of this response. We do not believe that these would be cost effective within this portfolio and their inclusion will result in a higher portfolio price.

A1. Respondents must submit a proposal that includes all Local Unit Facilities listed in the RFP. Proposals that do not include all Local Unit Facilities will be considered to be non-responsive and will be rejected. However, Respondents may include an alternative proposal that includes additional solar at additional locations at Local Unit Facilities, which the Authority may or may not consider.

Q2. Can the Authority explain how an individual owner of the Respondent (the SPE) may claim losses from depreciating the solar arrays without the losses being limited by the "at risk" rules of section 465 of the Internal Revenue Code, if the owner does not personally guarantee the lease payments to Authority?

A2. The Authority is not rendering tax advice, which is the obligation of the Respondent. That said, to the extent the Respondent believes it requires additional document terms or conditions in order to satisfy tax requirements, the Authority would consider those additional terms or conditions, as long as said terms and conditions are clearly specified in the Respondents proposal. To the extent the additional terms and

conditions would provide greater security to the Authority and have no adverse impacts, it is likely the Authority would receive those additional terms and conditions favorably.

Q3. *Respondent recognizes that the Respondent may elect to shorten the amortization period of the bonds; however, Respondent would like to know if the lessee can maintain the existing term and elect to partially pre-pay the bonds with excess project cash flows, in the form of contingent rental payments, if excess cash flow exists from time to time, without penalty. If there is a penalty, what would that penalty be?*

A3. Yes, a Respondent may elect to prepay lease payments. See Section 701(a) of the Company Lease Agreement regarding partial prepayments, and 701(b) regarding full prepayment. Depending on the option selected by the Respondent in achieving that prepayment, there may or may not be a prepayment “penalty”. Prepaying in part and avoiding the next due lease payments will not result in a penalty. Prepaying in part or whole and defeasing until a permitted call date of the Bonds might require additional amounts, beyond principal and accrued interest, to cover potential negative arbitrage (difference between the Bond interest rate and the amount of interest earned on the prepayment amount until the call date) and/or a refunding premium on the call date of the Bonds, if any. The Authority is proposing no refunding premium, but this cannot be confirmed until the Bond sale (presently scheduled for October 21), and potential negative arbitrage won’t be known until the day of prepayment. If a Respondent desires to lock in prepayments, upon the satisfaction of certain tests, the Respondent must specify such proposed prepayment test in their proposal.

Q4. *Respondent notes that due to the stack at the Somerville Middle School, it is not feasible to install PV on the roof of this Local Unit Facility.*

A4. Please be advised that the referenced stack was removed from the Local Unit Facility 3 to 5 years ago. An updated solar overlay was posted to the Authority’s website as part of Addendum No. 1, dated August 13, 2010.

Q5. *Can a canopy structure be considered at the parking lot of the Somerville Middle School as an alternative?*

A5. Respondents must submit a proposal that includes solar for the areas of the Local Unit Facilities set forth in the RFP. However, Respondents may include an alternative proposal that includes additional solar at additional locations at Local Unit Facilities, which the Authority may or may not consider. Please keep in mind that the Authority has discussed the layout of the potential Renewable Energy Projects with each Local Unit to ensure that the locations selected for inclusion in the RFP were acceptable.

Q6. *Would the Authority consider executing a None Disclosure Agreement with respect to the content of a Respondent's proposal?*

A6. No, the Authority does not enter into none disclosure agreements with Respondents. Once submitted by Respondents, proposals become a public document and can be subject to release under New Jersey's Open Public Records Act (OPRA), N.J.S.A. 47:1A-1, et. seq. following the selection of a Successful Respondent (prior to selection of a Successful Respondent proposals are not subject to release to the public under OPRA). OPRA does contain several exceptions which allow the Authority to maintain certain information, such as financial information, as confidential (see N.J.S.A. 47:1A-1.1). Respondents may indicate in their proposal what, if any, information they believe is proprietary or confidential (and Respondents must so indicate for the Authority to consider confidentiality), and the Authority will maintain such information as confidential to the extent it is permitted to do so by law.

Q7. *Must Respondents include completed "Proposal Form A-11 Background Check" forms, or does the Authority intend to only have the "Successful Respondent" complete Proposal Form A-11 for the appropriate personnel after being selected/awarded the implementation of the project by the Authority?*

A7. Only the Successful Respondent is required to complete Proposal Form A-11, after selection and award.

Q8. *On the issued RFP, on Page 33, it says Section 4.3 is reserved. Has this section been published yet? If not, does the Authority have an estimated time of publication? Or has this section been excluded from the RFP?*

A8. This section is excluded from the RFP, there will be no information published for Section 4.3.

This Questions and Answers No. 6, dated September 20, 2010, has been issued and posted on the Authority's website by order of Richard E. Williams, Chair, Somerset County Improvement Authority, this 20th day of September 2010