

# UNION COUNTY RENEWABLE ENERGY PROGRAM

## REQUEST FOR PROPOSALS

**For a Developer of Photovoltaic Systems with respect to certain Local Government Facilities in the County of Union, New Jersey dated August 31, 2010**

### **Summary of Questions and Answers No. 1, Issued on September 20, 2010**

---

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

---

**Q1. *Are the proposed Local Unit Facilities within the PSE&G or JCP&L service territory?***

**A1.** All facilities are within the PSE&G service territory, except for Morris-Union Jointure Commission, which is within the JCP&L service territory.

**Q2. *Why is a Project Labor Agreement required?***

**A2.** Union County encourages union involvement in this program and other projects.

**Q3. *Where in the schedule does the Authority anticipate the Program Documents being executed if there is a bond closing?***

**A3.** The Authority currently estimates executing Program Documents on or about the 15th of November if a Bond closing is involved.

**Q4. *If confronted with two qualifying proposals, one with company financing, one with Authority financing, is it possible that the Improvement Authority could select the more expensive one if it was company financing because that doesn't involve the transaction costs associated with the bonds? Are there any criteria to go by?***

**A4.** The same weighted criteria contained in Section 6.2 of the RFP will be applied to both proposals.

**Q5. *Can Respondents that do not provide both a Company Financed and an Authority Financed PPA price augment their proposal after submission?***

**A5** No.

**Q6. *Can Respondents submit both Company Financed and Authority Financed proposals?***

**A6.** Yes, Respondents can submit proposals for either option, or both of them.

**Q7. *Can the Authority walk through the calculation of the estimated Lease Payment Schedule that's listed at the end of the RFP?***

**A7.** The final schedule will be equal amortization of principal over 180 months. At the back of the RFP, for simplicity the Authority has assumed a total project cost of \$16 million and a yield of 3.37 percent with semi-annual payments over 15 years. The final schedule will have monthly payments. There will be a period of interest only, and then a 180 equal payments of principle, unless an alternative is proposed by a Respondent.

**Q8. *The final proposals are not going to be necessarily the 16.635 million; right?***

**A8.** That is correct. Before the proposals are due the Authority will post another schedule. The Authority will show a possible schedule based on a monthly basis for 180 payments plus an interest-only period. For example, if the completion date is December 9th, we may have an interest only period until July 1, and starting July 1, it will be 180 equal payments of principle until the debt is retired. The Authority will provide Respondents with a schedule that reflects the current rate just prior to proposals being submitted.

**Q9. *With regard to the yield of 3.37 percent, say the market is great and it goes down. Is there a way to inform Respondents as to how that would reduce when we remodel our capital accounts?***

**A9.** Before the proposals are due, the Authority will give Respondents a more current scale, to give Respondents a sense of the market. The market is trending down at the moment.

***Q10. The RFP mentions an alternate amortization if we do not want to use level principle amortization. How far will the bondholders be willing to go with respect to a custom amortization?***

**A10.** The bondholders may deviate far from this suggested amortization; but the Authority may not. The Authority wants to see principle paid back earlier to get equity built into the project. The Authority is essentially financing what would ordinarily be a 20-or 30-year project over 15 years, because that is the state law limitation. The Authority would prefer for principle to get paid back early. The Authority also understands that if principle payments are too high in later years, or overall payments are too high in the later years, the cash flows might not be sufficient based on projections, etc. The Authority produced the RFP schedule based on those factors. If Respondents want to propose an alternate schedule, and for example, accelerate payments of principle, that may be preferable to the Authority. Any alternate amortization schedule cannot exceed 15 years

***Q11. How do Respondents arrange for additional site visits?***

**A11.** Contact Ryan Garner or Jessica Vogel at (908) 497-8900.

---

**This Questions and Answers No. 1, dated September 20, 2010, has been issued and posted on the Authority's website by order of Charlotte DeFilippo, Executive Director, Union County Improvement Authority, this 20th day of September 2010.**