

Morris County Improvement Authority

**Sussex County
Renewable Energy Initiative**

September 13, 2011



Sussex County Renewable Energy Initiative

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Sussex County Renewable Energy Program

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Sussex County Renewable Energy Initiative

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Sussex County Renewable Energy Program

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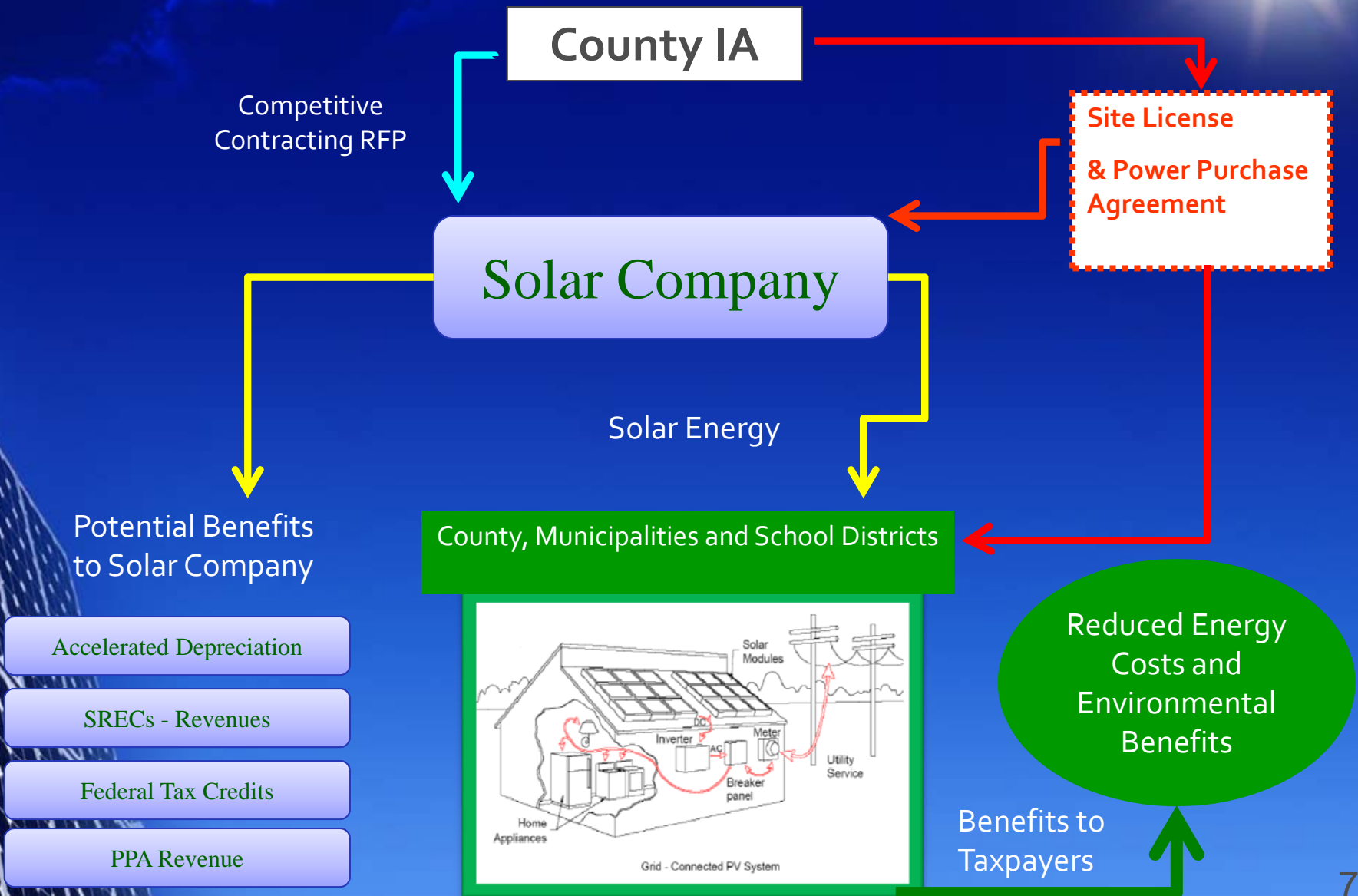
Program Documents

- **County Documents**
 - **County Guaranty Agreement**
 - **County CDA**
- **Company Documents**
 - **PPA**
 - **Company Lease Agreement**
 - **Company CDA**
 - **Pledge Agreement**
- **Other Documents**
 - **Bond Resolution**
 - **License and Access Agreement (acknowledged by Company)**

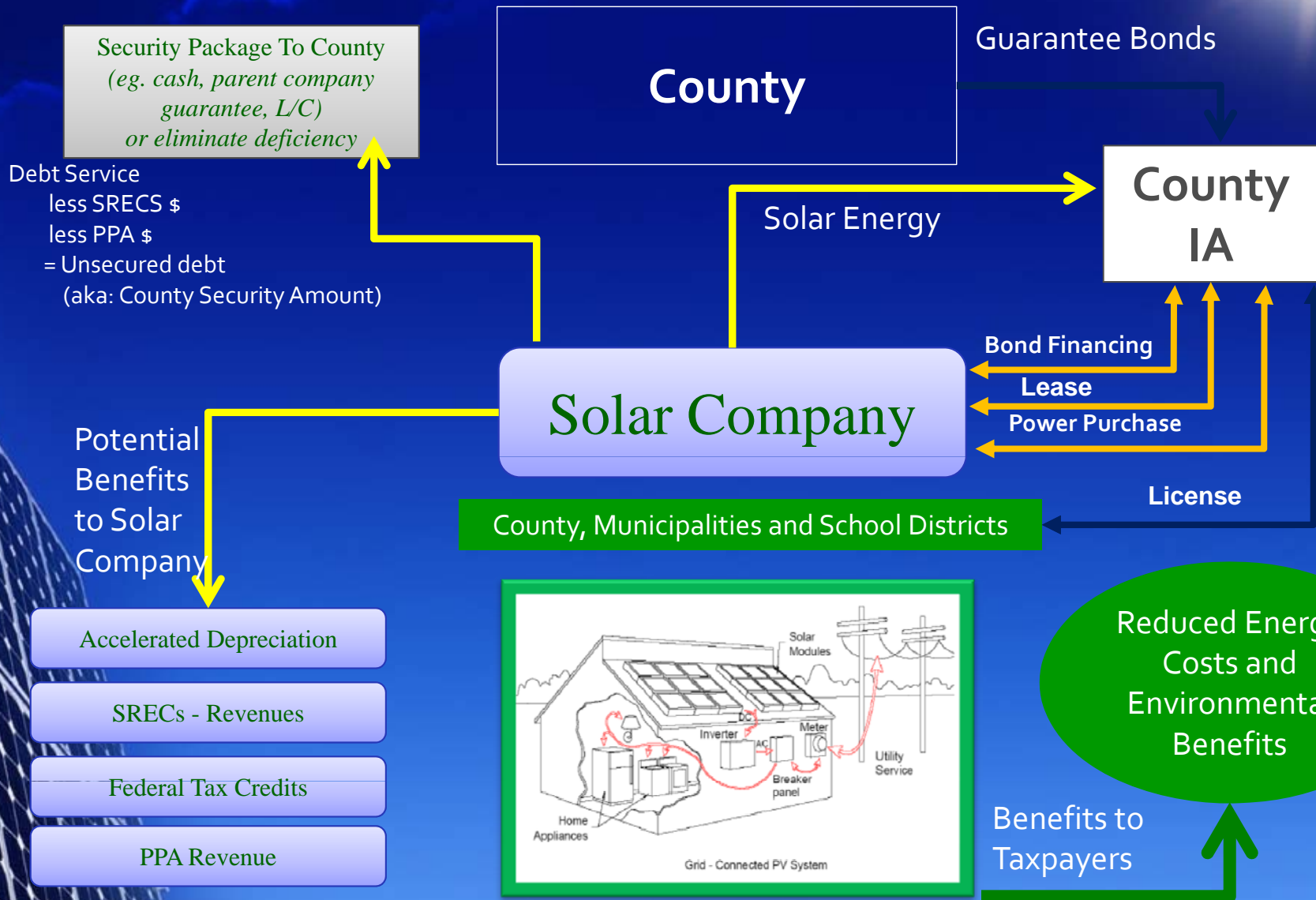
PROPOSAL OPTIONS

- **Option 1 – Company Financing Option.** Successful Respondents may finance, design, permit, acquire, construct, install, operate and maintain the net metered photovoltaic installations (Project) at the local units identified in the RFP. If Respondents propose on Option 2 Respondents are encouraged to propose on Option 1, but there is no requirement to propose on Option 1.
- **Option 2 – Authority Financing Option.** The MCIA provides construction and permanent financing for up to 100% of the costs of the Project through issuance of Bonds. Successful Respondent may at Respondent's option fund a portion of the cost of the Project with equity. Successful Respondent must design, permit, acquire, construct, install, operate and maintain the Project. Respondents must calculate County Security Amount using Appendix F-1 & F-2:
 - F1: Higher Initial CSA, release begins immediately
 - F2: Lower Initial CSA, releases after tax recapture period

Option 1 – Company Financing Option



Option 2 – Authority Financing Option



Authority Financing Option County Security Amount (CSA)

- In the event Company defaults under Lease, CSA is intended to provide a source of payment for the present value of the excess of the total debt service on the Bonds over the amount available from PPA payments from the local units and SRECs to cover such debt service on Bonds
- Respondents must propose a Base CSA using Worksheet in either Appendix F1 or F2 of the RFP, and may propose an Enhanced County Security Amount
- Respondents may propose an alternative to the CSA. An alternative may include an accelerated principal payment schedule or that would eliminate the need for the CSA
- MCIA will review 3 conforming alternatives under Authority Financing Option and 1 under Company Financing Option
- CSA is not applicable for Company Financing Option 1. Project Development Costs associated with Option 1 are lower because debt issuance costs and certain administrative fees associated with bonding are not incurred

Authority Financing Option County Security Amount (CSA) Cont.

Instructions for CSA Calculation

- 1) At RFP Appendix F1 (or F2) Worksheet Respondents should input numbers in the yellow cells ONLY located in the "Assumptions" tab to adjust the County Security Amount (CSA)
- 2) Respondents should NOT adjust any other tabs or cells that are NOT highlighted in gray.
- 3) SRECs included in the assumptions tab are maximum SRECs values. Respondents may only adjust these numbers downward.

Authority Financing Option County Security Amount (CSA) Cont.

Instructions for CSA Calculation

- 4) With a sufficient Equity Contribution the CSA amount could be reduced or even eliminated
- 5) For Authority Financing Option (100%), with the current conservative assumptions, the CSA amount in the first year is equal to \$21,352,766 using F-1 and \$11,314,201 using F-2. This value will change based on changes made to the assumptions highlighted in gray.

Authority Financing Option County Security Amount (CSA) Cont.

Instructions for CSA Calculation

Currently, the assumptions include a cost of capital of 5.00%. This composite rate (based on the annual rates of interest in the RFP) should be used to calculate the PPA Rate. As per the RFP, Respondent must propose an adjustment factor applicable for each ten basis point change in yield (up or down). An addendum to the RFP will be issued, closer to the Proposal Due Date, updating the rate, but the actual rate will not be determined until the Bonds are sold

Respondents should NOT adjust any other tabs or cells that are NOT highlighted in gray.

Authority Financing Option County Security Amount (CSA) Cont.

Types of CSA

- Cash
- Letter of Credit (investment grade)
- Parent Guaranty (investment grade)
- Equity Contribution
- Any other form acceptable to County (in County's sole discretion)

Posting of CSA

- At MCIA bond closing, when all Project Documents and Authority Financing Documents are executed
- Later, only if acceptable to County (e.g. pledging of 1603 grant where cash not realized until end of construction and the Successful Respondent provides another form of CSA meeting the requirements of the RFP for the period beginning on the date of issuance of the Bonds)

Required Proposal Forms (Appendix D)

- Form A-1: PPA Price Quotation Sheet(s)
 - a – Authority Financing Option
 - b – Company Financing Option
- Form A-2: Respondent Information / Cover Letter Form
- Form A-3: Form of Construction Performance Bond/Consent of Surety Form
- Form A-4*: Agreement for Proposal Security in Lieu of Proposal Bond
- Form A-5*: Proposal Bond
- Form A-6: Ownership Disclosure Statement
- Form A-7: Non-Collusion Affidavit
- Form A-8: Consent to Investigation
- Form A-9: Statement of Respondent's Qualifications
- Form A-10: Acknowledgement of Receipt of Addenda (if any)
- Form A-11: Proposal Checklist
- Form A-12: Authorization for Background Check (Successful Respondent Only)

****Submit either Form A-4 or Form A-5***

Form A-1-a – Authority Financing Option PPA Price Quotation

PPA Price Quotation Sheet

- **Section 3: Total Project Cost**
 - REP Costs + PDC 1.225 M (includes COI) + 1 year Cap I + Company Development Costs, if any
 - Bond Funded (\$50 M limit) and/or Equity Contribution
 - Equity Contribution (Cash Commitment) or Consent of Surety
- **Section 4: PPA Price**
 - PPA Post Proposal Price Adjustments
 - Increase/Decrease in Project Development Costs
 - Increase/Decrease Bond Rate
 - Escalation Factor
- **Section 5: Accelerated Amortization of A Bonds Option**

Form A-1-a – Authority Financing Option PPA Price Quotation (cont.)

PPA Price Quotation Sheet

- **Section 6: County Security**
 - County Deficiency Eliminated
 - CDA \$ Amount
 - (Cash Commitment for CDA) (Consent of Surety for CDA)
- **Section 7: Restoration Security (Optional)**
- **Section 8: Electricity Production/Guarantee**
- **Section 9: Non-Material Changes to Documents**
- **Section 10: Additional Economic Benefits**
- **Section 11: End of Term Fair Market Value Purchase Option**

Form A-1-b – Company Financing Option

PPA Price Quotations

- **Section 3: Total Project Cost**
 - REP Costs + PDC \$570,500 (excludes COI) + 1 year Cap I + Company Development Costs, if any
- **Section 4: PPA Price**
 - PPA Post Proposal Price Adjustments
 - Increase/Decrease in Project Development Costs
 - Escalation Factor
- **Section 5: Restoration Security (Optional)**
- **Section 6: Electricity Production/Guarantee**
- **Section 7: Non-Material Changes to Documents**
- **Section 8: Additional Economic Benefits**
- **Section 9: End of Term Fair Market Value Purchase Option**

Evaluation Criteria

Phase I: RFP Proposal Checklist Items

PPA Price Quotation Sheets (A-1-a or A-1-b)

Respondent Information/Cover Letter (A-2)

Consent of Surety (A-3)

Form of Construction Performance Bond (A-3)

Proposal Security Agreement (A-4) or Proposal Bond (A-5)

Ownership Disclosure Statement (A-6)

Non-Collusion Affidavit (A-7)

Consent to Investigation (A-8)

Statement of Respondent's Qualifications (A-9)

Acknowledgement of Receipt of Addenda (A-10)

Proposal Checklist (A-11)

Evaluation Criteria (cont'd)

Phase I: Other Submission Requirements

- **Public Works Certificate**
- **Notice of Classification**
- **Total Amount of Uncompleted Contracts Form DPMC701**
- **Business Registration Certificate**
- **Evidence of County Security (Authority Financing Option)**
 - Cash Commitment
 - Consent of Surety
- **Equity Contribution (If Applicable)**
 - Cash Commitment
 - Consent of Surety
- **Restoration Security (If Applicable)**
 - Cash Commitment
 - Consent of Surety

Evaluation Criteria (cont'd)

Phase II: Proposal Evaluation

(Only Proposals that comply with Phase I will proceed to Phase II)

I. Financial Benefits

a. NPV of Benefits

- a. PPA Price
- b. Annual Escalation Factor

b. Other Sharing of Benefits (ex. SREC)

c. Material Changes to Program Documents

2. Technical Design/Approach

- a. Output Guarantee (kWh)
- b. Design Strategy
- c. Project Team Approach
- d. O&M Plan

Evaluation Criteria (cont'd)

Phase II: Proposal Evaluation (cont'd)

3. Proposer Experience

- a. Project Management
- b. Contractor Experience
- c. Project Experience
- d. New Jersey Experience

4. Financial Strength

- a. Financial Capability/Strength of Provider
- b. Financial Risk to County
- c. Timing and Form of Financial Commitments (ex. Construction Security, Equity Contribution, Restoration Security)

Evaluation Criteria (cont'd)

Phase III: Oral Interview Evaluation **(All qualified Respondents will be Interviewed)**

I. Oral Interview Evaluation

- a. Presentation
- b. Explanation Key Factors
- c. Understanding Financial Factors/SREC Market

Technical Specifications

- 1. Preliminary System Size: Approx. 6.882 MW**
- 2. 15 year PPA rate and fixed escalation factor**
- 3. Respondents required to evaluate and inspect the site including review of existing building drawings (when available) and shading analyses**
- 4. PV System output calculations must be included for independent analysis by Evaluation Team**
- 5. Prevailing Wage Labor Rates apply**
- 6. Construction Plan and Schedules**

RFP Procurement Schedule


2011

- **September 8:** RFP Issued
- **September 13:** Pre-Proposal Meeting
- **September 13-19:** Site Tours
- **September 23:** Written Questions from Respondents Due
- **October 13:** Proposals Due from Respondents

RFP/Program Schedule

2011

- **October 19th and 20th:** Authority reserved dates for interviews with all qualified Respondents
- **Week of October 24th:** Authority discusses Evaluation Report with County and local units
- **November 2nd:** Authority Special Meeting to award to Successful Respondent
- **November 21st:** Mail POS
- **November 29th:** Sell Bonds
- **December 14th:** Close
- **December 2012:** Project Construction Completed



Potential and actual Respondents are advised that neither the County of Morris, the MCIA, nor any of their respective attorneys, advisors or consultants are rendering any advice or opinion in connection with any federal and/or state tax matters implicated in this RFP. By submitting a proposal, Respondents expressly agree, acknowledge and understand that Respondents, including the Successful Respondent, should consult with, and rely upon, their own tax advisors in connection with such tax matters.

NO TAX ADVICE OFFERED

Questions and Answers

**Thank you for attending
today's Sussex County Renewable Energy
Program Pre-Proposal Meeting!**