

Addendum 1 to Investment Banker RFP

(1) If a firm does not underwrite IPOs. Will this exclude us from consideration?

The RFP does not require that the firm have actual experience as an underwriter of IPO's. The RFP only asks that the firm demonstrate the ability to advise the Commissioner and the Attorney General on financial issues relating to an IPO.

(2) Would the Contractor be allowed to subcontract any tasks to a firm with appropriate qualifications? If so, would that subcontractor need to be approved as part of the initial proposal?

If the firm intends to use another firm to provide any of the requested services, we will need full information about that firm and its qualifications, all as set forth in the RFP.

(3) Is the Advisor expected to participate in any manner in the potential Initial Public Offering of Horizon?

The Advisor is expected under the RFP to provide appraisal services. Under N.J.S.A. 17:48E-51, an appraiser shall not serve as an underwriter or selling agent under the plan of conversion. An affiliate of the appraiser may act as an underwriter or selling agent under certain circumstances described in that section, with the prior written approval of the Commissioner of Banking and Insurance.

(4) If the answer to 1 is no, what, if any restrictions will be placed on the Advisor in providing services to Horizon after the terms of the contemplated engagement are concluded?

After the contemplated engagement is concluded, the Advisor would not be able to provide any services to Horizon which would affect the Foundation's stock holdings.

(5) It appears as if one of the required Forms (Vendor Certification – Executive order #129 Compliance) is not available at the site we have been referred to. Can you refer us to another source?

Executive order #129 is listed under Waivered Forms as Source Disclosure Certification.

(6) How many copies of the Proposal are required, in addition to the signed original, fifteen or (10)? Text and number are inconsistent on Page 7 - "Deadline for Proposal"

Ten copies are being asked for.

(7) Should the Proposals be in three ring notebooks or should they be bound?

Three ring binder is preferred.

(8) Please provide an update as to the current status of the conversion process including process and timing of the Plan and Petition, including any court proceedings and hearings, recognizing that this is an estimate, in order to respond to questions regarding the project timeline.

Horizon filed its application on Aug 15, 2008. That initiates the 60 day period during which the application is reviewed. At the end of the 60 day period, the State can either say that the application is complete or request additional information. The statute requires public hearings to be held within 90 days of declaring the application complete. The statute then provides for actions by the Commissioner and the Attorney General, and a court hearing. At this point we are unable to give any indication as to how long the entire process will take.

(9) Will the work contemplated by the RFP also be used by the Foundation(s) or will the Foundation(s) be hiring its own advisors?

These advisors are being chosen for the State. The Foundation will retain its own advisors.

(10) What effect will serving as the advisor to the New Jersey Department of Banking and Insurance (DOBI) and the Attorney General (AG) have on our ability to be a manager of a potential IPO or other subsequent financings for Horizon?

With respect to being book runner for the IPO, the Advisor is expected under the RFP to provide appraisal services. Under N.J.S.A.17:48E-51, an appraiser shall not serve as an underwriter or selling agent under the plan of conversion. An affiliate of the appraiser may act as an underwriter or selling agent under certain circumstances described in that section, with the prior written approval of the Commissioner of Banking and Insurance.

(11) In reading N.J.S.A. 17:48E-51 section 3.c (5), (6), (8) it is not clear to me that the advisor to the DOBI and the AG are in fact permitted to perform the appraisal services. In N.J.S.A. 17:48E-51 section 3.c (8) it states that "An appraiser may not receive any other fee except the fee for services rendered in connection with the appraisal." However in the "Fee" section on page 5 of the RFP it states that the advisor would be receiving a single flat fee for the entire project which would seem to indicate that the appraisal could not be done by the same party advising the DOBI or the AG?

The RFP requires that your firm, among other things, evaluate the appraisal provided by Horizon's appraiser. Therefore we do not believe your compensation would be encompassed within the provisions of NJSA 17:48E-51(c) (8).

Even if your firm did not provide advice regarding the appraisal, we do not believe that it is appropriate for the financial advisor retained by the State to work on a Horizon IPO in light of all the information the financial advisor would have obtained from the State, including potentially confidential information relating to the State and the Foundation.