

## Q&A

### REQUEST FOR QUALIFICATIONS FOR STATE ASSET FINANCIAL ADVISOR

RESPONSES DUE BY 3:00 PM NJ TIME ON  
FRIDAY FEBRUARY 22, 2019

1. Can NJ be more descriptive about the number of assets to be valued?
  - A. It is the State's intention to work with the selected advisor(s) to develop a scope of assets to be valued by the advisor or advisors. It is expected that the State will select one or more advisors following an oral interview process with the top scoring firms responding to this RFQ.
2. Will NJ provide a detailed spreadsheet of assets to be valued in advance of the bid deadline in order to best facilitate engagement pricing?
  - A. No.
3. Does the winning bidder need to be a registered municipal advisor?
  - A. No.
4. May we have the terms & conditions that NJ anticipates should be included in the contract?
  - A. Please see the RFQ for the State's standard terms and conditions.
5. We understand that the fee proposal may be fixed fee and/or hourly rates subject to caps. Please confirm: (a) that is acceptable for the pricing for Phase 3 to be subject to the number and type of assets approved for monetization and the nature of the RFP or other process(es) determined by the state to be used to monetize them, and (b) that contingent success fees are not contemplated/permissible?
  - A. (a) Yes, that is acceptable. (b) Correct, not contemplated.
6. As the State's Standard Terms and Conditions may deviate from a respondent's commercial practices, will the State allow firms to make limited revisions via Track Changes to the Standard Terms and Conditions, and any modifications thereto, as part of their proposal submission? This would offer the opportunity to negotiate a favorable agreement for the State and the selected firm.
  - A. Certainly, however the State reserves the right to reject all proposed revisions.
7. Would serving as a State Asset Financial Advisor pursuant to this RFQ prevent our firm from being able to serve as a municipal bond underwriter to the State and/or its independent authorities and instrumentalities?
  - A. Yes.

8. Is there an existing list of specific assets already identified to be reviewed? If not, will a task be identifying and/or mining assets by agency or authority?
  - A. A list of assets exists, however, the State expects the advisor(s) to analyze the list to ensure comprehensiveness in accordance with that advisor's scope of work.
9. If a list of assets does not yet exist, preparing a complete review of the state's assets by May 15, 2019 seems aggressive. Will the State consider an extension of time for this upon selection of a consultant?
  - A. Yes, the State will consider an extension, if necessary.
10. Are there specific agencies or authorities subject to review, and are there any existing reports for review?
  - A. Any asset owned by the State or its component units is subject to review. Please explain your firm's qualifications in the RFQ response. Existing materials developed by the State will be shared with the winning firms as necessary.
11. Will an appraiser be required as part of our team, or may this service be subcontracted as assets are identified?
  - A. This may be subcontracted.
12. Will the State extend the deadline for submissions to allow proposers sufficient time to review the answers to these questions and subsequently develop and submit a proposal?
  - A. No.
13. Would the State consider an extension to the due date (ie 1-2 weeks) to allow bidders ample time to incorporate guidance from the Q&A responses?
  - A. No.
14. Could the State please provide additional instructions regarding where in the proposal bidders should include the administrative documents found in section 9 "Statutory Requirements" i.e. should the documents be included as an appendix within the technical proposal or should they be included as a separate attachment?
  - A. An appendix is sufficient.
15. Could the State please confirm that the fee proposal is to be submitted as a separate document?
  - A. An appendix is sufficient.
16. Could the State please confirm that the 15 page restriction is exclusive to the fee proposal?
  - A. The page restriction does not include the fee proposal.
17. Please confirm that the advisor selected to perform work for the State in Phases 1 and 2, will be the advisor that the State uses to execute a transaction in Phase 3.

- A. Not necessarily; the State reserves the right, in its discretion, to use a different party for phase 3.
18. Has the State narrowed the potential assets that would be subject to evaluation by the advisor? If so, please outline the assets.
- A. The State expects to work with the advisor(s) to narrow the list.
19. In a potential Phase 3 transaction, will the independent state authorities not be allowed to hire their own financial/transaction advisors?
- A. No.
20. Will advisors that the State uses for Phases 1 and 2 be prohibited from serving as advisor to independent state authorities and agencies?
- A. Possibly, depending on the facts and circumstances.
21. Section 1 of the RFQ mentions advising on the development and implementation of strategies to maximize value from State assets in order to fund the State's pension plans and/or its existing bonds. Does the State require the selected advisor to be a "municipal advisor"?
- A. No.
22. We are interested in responding to the State's RFQ for Asset Financial Advisor and have reviewed the RFQ and its various Statutory Requirements. Among the Requirements are the Standard Terms and Conditions dated July 18, 2018 in which the State seeks indemnification from the selected advisor for third party claims. As you may know, it is generally industry standard in connection with asset sales for the advisor to be indemnified by the seller (rather than advisor to indemnify the seller, as suggested by the RFQ), and we require the seller to indemnify us when serving as advisor on asset sales. As such, we ask the State, as seller of the assets, to confirm its willingness to indemnify the firm selected to serve as advisor of any asset sales.
- A. The State does not indemnify.
23. Will the Firm selected as Advisor in connection with this RFP serve as the State's sell-side advisor in phase 3 or will that Firm assist the State in selecting a sell-side advisor to run the phase 3 process after completion of phases 1 and 2?
- A. The State may elect to use the same advisor(s) from phases 1 and 2 for phase 3 or select another advisor(s), in its discretion.
24. Please confirm that the State may elect to employ more than one firm as Advisor(s) in order to simultaneously evaluate different types and classes of state assets.
- A. Confirmed.
25. Please confirm that the State may elect to employ different firms as Advisor(s) during each of the three projected project phases.

A. Confirmed.

26. To the extent that an RFP respondent possesses expertise in a particular type or class of state assets, can the RFP respondent limit its potential engagement to that class or type?

A. Yes.

27. Can the RFP respondent limit its potential engagement to less than all three of the proposed project phases?

A. Yes.

28. Under Section 4.3 of the RFP, the Advisor will, among other things, (i) advise and assist in preparation of RFPs for professionals and/or counterparties to execute the selected transaction(s) and assist in the evaluation of RFP responses, and (ii) identify appropriate counterparties to invite to respond to the RFP. Does the term “professionals” include an M&A Advisor to the State and/or related entities, or will this role and associated responsibilities be undertaken by the Advisor? If the former is true, please also discuss whether a firm would be permitted to resign its role as Advisor in order to serve in the capacity of M&A Advisor.

A. Please see answer to question 23.