RESOLUTION OF THE BOARD OF COMMISSIONERS MORRIS COUNTY IMPROVEMENT AUTHORITY

TITLE:

RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY AUTHORIZING THE ISSUANCE OF NOTICES OF DEFAULT WITH RESPECT TO TRANCHE II OF THE AUTHORITY'S RENEWABLE ENERGY PROGRAM AND THE COUNTY OF SUSSEX RENEWABLE ENERGY PROGRAM

WHEREAS, the Morris County Improvement Authority (including any successors and assigns, the "*Morris Authority*") has been duly created by resolution duly adopted by the Board of Chosen Freeholders (the "*Morris Board of Freeholders*") of the County of Morris ("*Morris County*") in the State of New Jersey (the "*State*") as a public body corporate and politic of the State pursuant to and in accordance with the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the "*Act*"), and other applicable law; and

WHEREAS, pursuant to the Program Documents (the "*Morris Program Documents*") defined in the hereinafter defined Morris Bond Resolution, including that certain resolution number 11-31 entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY OF MORRIS GUARANTEED RENEWABLE ENERGY PROGRAM LEASE REVENUE NOTES AND BONDS, SERIES 2011 AND ADDITIONAL BONDS OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY" adopted by the governing body of the Morris Authority on July 20, 2011, as amended and supplemented from time to time in accordance with its terms, including by Certificates of an Authorized Officer of the Morris Authority dated December 8, 2011 and May 15, 2012, (collectively, and as the same may be further amended or supplemented in accordance with its terms, the "*Morris Bond Resolution*"), the Act and other applicable law and official action, the Morris Authority issued its (i) "County of Morris Guaranteed Renewable Energy Program Lease Revenue Bonds, Series 2011A (Federally Taxable)" dated December 8, 2011, in the aggregate principal amount of $33,100,000 (the "*Morris Series 2011A Bonds*") and its (ii) "County of Morris Guaranteed Renewable Energy Program Lease Revenue Note, Series 2011B (Federally Taxable)" dated May 15, 2012, in the aggregate principal amount of $1,200,000 (the "*Morris Series 2011B Note*", and together with the Morris Series 2011A Bonds, the "*Morris Series 2011 Bonds*"), which Morris Series 2011B Note is held in its entirety by Morris County, to finance the Renewable Energy Projects (the "*Morris Renewable Energy Projects*") defined therein (certain capitalized terms herein not otherwise defined herein relating to the Morris Series 2011 Bonds, for all purposes herein, shall have the meanings ascribed to such terms in the Morris Bond Resolution); and

WHEREAS, pursuant to the Program Documents (the "*Sussex Program Documents*", and together with the Morris Program Documents, the "*Program Documents*") defined in the hereinafter defined Sussex Bond Resolution, including that certain resolution number 11-39 entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY OF SUSSEX

GUARANTEED RENEWABLE ENERGY PROGRAM LEASE REVENUE NOTES AND BONDS, SERIES 2011 AND ADDITIONAL BONDS OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY" adopted by the governing body of the Morris Authority on September 28, 2011, as amended and supplemented from time to time in accordance with its terms, including by a Certificate of an Authorized Officer of the Morris Authority dated December 14, 2011 (collectively, and as the same may be further amended or supplemented in accordance with its terms, the "*Sussex Bond Resolution*" and together with the Morris Bond Resolution, the "*Bond Resolutions*"), the Act and other applicable law and official action, the Morris Authority issued its (i) "County of Sussex Guaranteed Renewable Energy Program Lease Revenue Bonds, Series 2011A (Federally Taxable)" dated December 14, 2011, in the aggregate principal amount of $26,715,000 (the "*Sussex Series 2011A Bonds*") and its (ii) "County of Sussex Guaranteed Renewable Energy Program Lease Revenue Note, Series 2011B (Federally Taxable)" dated December 14, 2011, in the aggregate principal amount of $985,000 (the "*Sussex Series 2011B Note*", which Sussex Series 2011B Note is no longer Outstanding as of the date hereof, and together with the Series 2011A Bonds, the "*Sussex Series 2011 Bonds*") to finance the Renewable Energy Projects (the "*Sussex Renewable Energy Projects*", and together with the Morris Renewable Energy Projects, the "*Renewable Energy Projects*") defined therein (any capitalized terms herein not otherwise defined herein, relating to the Sussex Series 2011 Bonds, for all purposes herein, shall have the meanings ascribed to such terms in the Sussex Bond Resolution); and

WHEREAS, the Company Parties were selected to develop the respective Renewable Energy Projects under the Program Documents by competitive processes of the Morris Authority; and

WHEREAS, the respective Company Parties engaged in arbitrations before the American Arbitration Association with the EPC Contractor, Power Partners Mastec, LLC ("*Mastec*"), with respect to the Morris Renewable Energy Projects and the Sussex Renewable Energy Projects (the "*Arbitrations*"), to which no governmental entity associated with the Renewable Energy Projects was a party; and

WHEREAS, the Parties executed that certain "Amendment and Consent No. 2 (Morris County Renewable Energy Program, Series 2011)" dated as of October 1, 2013 (the "*Morris Consent No. 2*") and that certain "Amendment and Consent No. 2 (Sussex County Renewable Energy Program, Series 2011)" dated as of October 1, 2013 (the "*Sussex Consent No. 2*") memorializing certain amendments to the Program Documents; and

WHEREAS, pursuant to Morris Consent No. 2 and the Sussex Consent No. 2 the Required Completion Date was extended to May 1, 2014; and

WHEREAS, the Morris Authority extended the Required Completion Date to June 1, 2014, and June 6, 2014, via letters dated April 30, 2014 and May 30, 2014, respectively, and further extended the Required Completion Date to the earlier of August 1, 2014 or ten days following the issuance of a decision in the Arbitrations, and again to the earlier of September 2, 2014 or ten days following the issuance of a decision in the Arbitrations, via Authority Resolutions duly adopted June 18, 2014 and July 16, 2014, respectively; and

WHEREAS, Sussex County authorized an extension to the Required Completion Date under the Sussex Consent No. 2 to June 1, 2014 via resolution duly adopted April 23, 2014, to June 25, 2014, via resolution duly adopted May 28, 2014, and to July 30, 2014, via resolution adopted June 25, 2014; and

WHEREAS, the intent behind the above referenced extensions to the Required Completion Dates was to allow for the final determinations in the Arbitrations and on August 25, 2014, the panel in the Arbitrations (the "*Arbitration Panel*") issued Partial Final Awards in the Arbitrations; and

WHEREAS, through the Partial Final Awards, the Arbitration Panel awarded Mastec $20,647,320 and $12,593,217 for work performed with respect to the Morris Renewable Energy Projects and the Sussex Renewable Energy Projects, respectively; and

WHEREAS, as is described in the notice of default with respect to the Morris Renewable Energy Projects (the "*Morris Notice of Default*") attached hereto as exhibit 1, and as is described in the notice of default with respect to the Sussex Renewable Energy Projects (the "*Sussex Notice of Default*") attached hereto as exhibit 2, the respective Company Parties have caused Events of Default, pursuant to and under the respective Program Documents, and the grounds for declaring such Events of Default shall be deemed as if fully set forth herein; and

WHEREAS, it is in the best interests of the County and Authority to issue the Morris Notice of Default and the Sussex Notice of Default to the respective Company Parties.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Morris Authority as follows:

Section 1. The Chairperson, Vice-Chairperson and the Treasurer of the Morris Authority (including their designees, each an "*Authorized Officer*") are each hereby severally authorized and directed to direct the Trustee to execute and deliver the Morris Notice of Default to the respective Company Party, in substantially the form attached hereto as exhibit 1, and such Authorized Officers are further authorized to direct the Trustee to execute and deliver, upon receipt of direction or authorization from the Sussex Board of Freeholders, in consultation with counsel, the Sussex Notice of Default to the respective Company Party, in substantially the form attached hereto as exhibit 2. .

Section 2. The Authorized Officer of the Morris Authority is hereby authorized to take all such further actions in connection herewith, and to execute and deliver such other documents, certificates and instruments necessary, desirable or convenient, in consultation with counsel, to effectuate the issuance of the Morris Notice of Default, or to effectuate the transactions contemplated thereby, and to direct the Trustee to take all such further actions in connection herewith, and to execute and deliver such other documents, certificates and instruments necessary, desirable or convenient, in consultation with counsel, to effectuate the transactions contemplated hereby.

Section 3. The Authorized Officer of the Morris Authority is hereby authorized to take all such further actions in connection therewith, and to execute and deliver such other documents, certificates and instruments necessary, desirable or convenient, in consultation with counsel, to effectuate the issuance of the Sussex Notice of Default, or to effectuate the transactions contemplated thereby, and to direct the Trustee to take all such further actions in connection herewith, and to execute and deliver such other documents, certificates and instruments necessary, desirable or convenient, in consultation with counsel, to effectuate the transactions contemplated hereby, all upon receipt of direction or authorization from the Sussex Board of Freeholders.

Section 4. All actions taken to date by the Morris Authority, the Authorized Officers and the Morris Authority's special energy and bond counsel, Inglesino, Wyciskala & Taylor, LLC, through their Agent, Pearlman & Miranda, LLC, with respect to the matters set forth in or contemplated by this resolution are hereby ratified, confirmed and approved.

Section 5. In accordance with N.J.S.A. 40:37A-50, the Secretary of the Morris Authority is hereby authorized and directed to submit to each member of the Morris Board of Freeholders and the Sussex Board of Freeholder, by the end of the fifth business day following this meeting, a copy of the minutes of this meeting. The Secretary is hereby further authorized and directed to obtain from the Clerk of the Morris Board of Freeholders and the Clerk of the Sussex Board of Freeholders a certification from the Clerks stating that the minutes of this meeting have not been vetoed by the Director of the Morris Board of Freeholders or the Director of the Sussex Board of Freeholders.

MOVED/SECONDED:

Resolution moved by Commissioner _____.

Resolution seconded by Commissioner _____.

VOTE:

Commissioner	Yes	No	Abstain	Absent
Kovalcik				
Pinto				
Ramirez				
Sandman				
Bonanni				

ATTESTATION:

This Resolution was acted upon at a regular meeting of the Morris Authority held on July 16, 2014 at the Morris Authority's principal corporate office in Morristown, New Jersey.

Attested to this 20th day of August, 2014

By:_____
Secretary of the Morris Authority

FORM and LEGALITY:

This Resolution is approved as to form and legality as of August 20, 2014

By: _____
Stephen B. Pearlman, Esq., Partner
Pearlman & Miranda, LLC
Counsel to the Morris Authority
Agent for Inglesino, Wyciskala & Taylor, LLC

EXHIBIT 1

(Form of Morris Notice of Default)

Via Electronic Mail & Overnight Delivery

Sunlight General Morris Solar, LLC
501 Fifth Avenue, Suite 602
New York, New York 10017

Attn: Jay Mann, General Counsel
Stacey Hughes, Principal

Re: Morris County Renewable Energy Program, Series 2011
Notice of Defaults

Dear Sir or Madam:

As Trustee under and pursuant to the Bond Resolution,[1] and pursuant to written direction of the Morris County Improvement Authority ("*Authority*") received by written "Notice of Direction Relating to Events of Default and other Defaults" dated the date hereof (the "*Authority Direction Notice*"), U.S. Bank National Association hereby declares that (i) SunLight General Morris Solar, LLC ("*SunLight*" or the "*Company*"), has caused certain Events of Default pursuant to and defined in each of the Company Lease Agreement, the Power Purchase Agreement, and the Company Pledge Agreement, all as more specifically set forth below; and (ii) the Company is in default with respect to additional obligations pursuant to the Company Lease Agreement, which if not timely cured, shall accrue into additional Events of Defaults under the Company Lease Agreement, the Power Purchase Agreement, and the Company Pledge Agreement, all as is more specifically set forth below.

In light of the recent decision in the Arbitration, which was rendered on August 15, 2014, in which Power Partners Mastec, LLC ("*Mastec*") obtained an award against the Company in the amount of $20,647,320 (the "*Arbitration Award*"), the consequences flowing from such Arbitration Award and certain events already taken place, the Authority has notified the Trustee, pursuant to the Authority Direction Notice, that it is anticipated or it has occurred that multiple creditors will make or have made claims for the various assets of the Company, including, but not limited to, currently available funds in funds held by the Company at various banking institutions; future revenues generated by: the sale of solar renewable energy certificates ("*SRECs*"), the sale of electricity to Local Units pursuant to the Power Purchase Agreement, and receipt of funds from the United States Treasury pursuant to section 1603 of the American Reinvestment and Recovery Act ("*1603 Grants*"); uninstalled solar panels; and engineering plans, permits, and other documents relating to the Company's entitlements to build the unconstructed Projects. While the Authority and the Trustee have a primary interest in any and all such assets of the Company, because of such potential and existing competing claims of creditors, the Trustee, based upon the Authority Direction Notice, **HEREBY DEMANDS** that, except as is expressly set forth herein, the Company maintain all Company assets in constructive

[1] All capitalized terms not defined herein shall be ascribed the meaning as set forth in that certain "Amendment and Consent No. 2, Morris County Renewable Energy Program, Series 2011," dated October 1, 2013, by and between the County Parties and the Company Parties.

trust and that such funds not be expended, without the approval of the Authority, pending resolution of such claims to the Company assets. Furthermore, the Company shall not avail itself of any protections that would otherwise be available under State or Federal bankruptcy laws.

Notwithstanding the foregoing and notwithstanding the various Events of Default and defaults that are described herein, pursuant to Section 1001(c) of the Company Lease Agreement, all obligations of the Company under the Company Lease Agreement shall remain in full force and effect until and unless further written notice regarding these matters is delivered to the Company by the Trustee or the Authority. Accordingly, all Company obligations, including, but not limited to, continued payment of Basic Lease Payments as they become due (as the Authority has reserved all rights regarding acceleration as of the date of this notice), and maintenance of the constructed Renewable Energy Projects, including insurance requirements, remain in effect. With respect to maintenance of the constructed Renewable Energy Projects, the Company may draw down funds from the Company assets as are reasonably necessary to (i) maintain, preserve and keep such Projects or any portions thereof (including maintaining the requisite insurance coverage), as the case may be, in good repair, working order and condition, and shall from time to time make all repairs, replacements and improvements necessary to keep such Projects in such condition, all as required by the Company Lease Agreement, but ONLY after a budget for such operation and maintenance has been submitted to and approved by the Authority in writing and (ii) make Lease Payments. The Company's right to draw down Company funds, currently on deposit in various financial institutions or otherwise, for the above purpose of maintaining and repairing the Renewable Energy Projects (including maintaining the requisite insurance coverage), after Authority budget approval, and to make Lease Payments, shall be the sole exceptions from the prohibition against expenditure of Company funds absent consent of the Authority. Such sole exceptions shall not extend to any such funds on deposit with the Trustee, including, but not limited to the Project Fund.

Please inform this office and the Authority in writing as soon as practicable, but no later than Friday August 22, 2014, as to the Company's intent with respect to Company assets, and whether it intends to comply with the aforementioned direction. Further the Company is instructed to promptly update any such writing from time to time upon any material change in the initial writing regarding these matters. To the extent the Company fails to comply with the above directions, the Authority reserves the right to pursue any remedy at law or in equity with respect to the Company assets.

Events of Default

1. With respect to Section 4(f)(ii) of that certain Consent No. 2, the Parties agreed that, depending on the award in the Arbitration, it could be reasonable to conclude that there is no feasible plan for the Company Parties to complete the Renewable Energy Projects within any reasonable period of time. On August 15, 2014, Mastec obtained the Arbitration Award, in the amount of $20,647,320. In light of: the amount of the Arbitration Award; the cost estimates previously provided by the Company to construct the remaining Projects; the amount of funds currently available to the Company; the temporary stay by the Supreme Court regarding Project Fund moneys pending the outcome of a New Jersey Supreme Court decision in the mechanics lien and related

issues case; and the impending Required Completion Date of August 25, 2014, there can be no feasible plan for the Company Parties to complete the Renewable Energy Projects within any reasonable period of time. Therefore, the Company has, and is hereby declared to have, committed an Event of Default pursuant said Section 4(f)(ii) of Consent No. 2.

2. With respect to Section 1001(a)(iv) of the Company Lease Agreement, an Event of Default occurs when the Company becomes insolvent. In light of the Arbitration Award, the amount of funds currently available to the Company, together with anticipated future revenues, and the failure of the Company to satisfy prior obligations as they came due, including but not limited to, payment of Administrative Expenses as Additional Lease Payments due and owing pursuant to the Company Lease Agreement, the Company is insolvent. Accordingly, the Company is hereby declared to have committed an Event of Default pursuant to said Section 1001(a)(iv).

3. With respect to Section 1001(a)(iii) of the Company Lease Agreement, the discovery that any material statement, representation, or warranty made by the Company in any writing delivered to the County Parties in connection with the Company Lease Agreement, is false, misleading or erroneous in any material respect, shall constitute an Event of Default. Through Section 4(b) of the Draw Papers submitted by the Company on March 8, 2013, the Company represented that following submission of the Draw Papers, "there shall exist sufficient amounts on deposit in the Project Fund, together with any other sources of funds available to the Company . . . to pay all Project Costs that are anticipated to be incurred, up to and including the execution and delivery of the respective REP Acceptance Certificates for all such respective Renewable Energy Projects." In light of the Arbitration Award, there are not sufficient funds available to pay all Project Costs, and accordingly, these statements were materially false, misleading, or erroneous when made. Therefore, the Company is hereby declared to have committed an Event of Default as of March 8, 2013 pursuant to said Section 1001(a)(iii).

4. With respect to Section 9.1(b) of the Power Purchase Agreement, any Event of Default caused by the Company pursuant to the Company Lease Agreement shall also constitute an Event of Default under the Power Purchase Agreement. Therefore, in light of items 1-3 above, the Company is hereby declared to have committed an Event of Default pursuant to said Section 9.1(b).

5. With respect to the Company Pledge Agreement, any Event of Default caused by the Company pursuant to the Company Lease Agreement or the Power Purchase Agreement, also constitutes an Event of Default under the Company Pledge Agreement. Therefore, in light of items 1-4 above, the Company is hereby declared to have committed an Event of Default with respect to said Company Pledge Agreement.

Defaults and Applicable Cure Periods

6. With respect to Section 506(c) of the Company Lease Agreement, the Company was required to prevent any lien, of any kind, from being established against any portion of

the Project. While such Section 506(c) permits the Company, upon notice, to undertake good faith efforts to remedy any such lien, it further provides that where nonpayment of such a lien materially endangers an interest of the Authority or subjects any part of the Project to potential loss or forfeiture, upon notice from the Authority, the Company must promptly satisfy and discharge such lien or provide the Authority with full security against any such loss or forfeiture. As of date of this notice, there are numerous liens asserted against the Project, which the Company has failed to discharge. Please allow this letter to serve as a formal demand to promptly satisfy and discharge any liens against the Project. Failure to do so within thirty (30) days shall constitute an Event of Default.

7. With respect to Section 301(a)(iv) of the Company Lease Agreement, the Company is required to fund the County Security Fund to the extent of any available funds after payment of all reasonable Company expenses and prior to any member distributions. However, as of the date of this notice, the County Security Fund balance is zero. Therefore, the Company has caused an Event of Default pursuant to the terms of Section 1001(a)(i)(B) of the Company Lease Agreement and has thirty (30) days from the date of this letter to cure such default or further remedial measures will be taken.

8. With respect to Section 301(a)(ii)(A) of the Company Lease Agreement as amended by Section 2(d) of Consent No. 2, the Company was required to make Additional Lease Payments in accordance with the schedule established therein, and was further required to satisfy payment of additional Authority Administrative Expenses as they came due. However, as of the date of this notice, the Company has failed to make such Additional Lease Payments. Therefore, the Company has caused an Event of Default pursuant to the terms of Section 1001(a)(i)(B) of the Company Lease Agreement and has thirty (30) days from the date of this letter to cure such default or further remedial measures will be taken.

In light of each of the foregoing, based on the Authority Direction Notice, the Trustee hereby directs the Company to refrain from constructing any remaining Renewable Energy Projects. Based upon the Events of Defaults and defaults described above, the Authority has notified the Trustee in the Authority Direction Notice that the Authority shall be seeking a replacement developer/contractor to satisfy the Company obligations pursuant to the Program Documents, but until such time as the Company has received written notice from the Trustee or the Authority that such successor has been obtained, the Company's obligation with respect to operation and maintenance of the constructed Renewable Energy Projects remains. This following notice regarding a successor developer/contractor can be provided at any time without any advance notice, and the Company will be required to immediately comply with its terms. Until such successor notice is issued, pursuant to Section 1001(c) of the Company Lease Agreement, all obligations of the Company under the Company Lease Agreement shall remain in full force and effect.

This Notice of Default is without prejudice to the Authority's rights with respect to, and shall not be deemed to constitute a waiver of, other Events of Defaults or defaults by the Company under the Company Lease Agreement, or any other rights and remedies the Authority may be entitled to pursue under any Company Document at law or in equity with respect to the Events of Default and other defaults enumerated herein. Further, the actions by the Authority

described herein are without prejudice to any other rights and remedies the Authority may be entitled to pursue under any Company Document at law or in equity.

Sincerely,

Rick Barnes, Trustee

cc: J. Bonanni, Chair, MCIA
D. O'Mullan, Morris County Counsel
S. Pearlman, Special Energy Counsel to the MCIA
Firstar Development, LLC
Local Units

EXHIBIT 2

(Form of Sussex Notice of Default)

Via Electronic Mail & Overnight Delivery

Sunlight General Sussex Solar, LLC
501 Fifth Avenue, Suite 602
New York, New York 10017

Attn: Jay Mann, General Counsel
Stacey Hughes, Principal

Re: Sussex County Renewable Energy Program, Series 2011
Notice of Defaults

Dear Sir or Madam:

As Trustee under and pursuant to the Bond Resolution,[2] and pursuant to written direction of the Morris County Improvement Authority ("*Authority*") received by written "Notice of Direction Relating to Events of Default and other Defaults" dated the date hereof (the "*Authority Direction Notice*"), U.S. Bank National Association hereby declares that (i) SunLight General Sussex Solar, LLC ("*SunLight*" or the "*Company*"), has caused certain Events of Default pursuant to and defined in each of the Company Lease Agreement, the Power Purchase Agreement, and the Company Pledge Agreement, all as more specifically set forth below; and (ii) the Company is in default with respect to additional obligations pursuant to the Company Lease Agreement, which if not timely cured, shall accrue into additional Events of Defaults under the Company Lease Agreement, the Power Purchase Agreement, and the Company Pledge Agreement, all as is more specifically set forth below.

In light of the recent decision in the Arbitration, which was rendered on August 15, 2014, in which Power Partners Mastec, LLC ("*Mastec*") obtained an award against the Company in the amount of $12,593,217 (the "*Arbitration Award*"), the consequences flowing from such Arbitration Award and certain events already taken place, the Authority has notified the Trustee, pursuant to the Authority Direction Notice, that it is anticipated or it has occurred that multiple creditors will make or have made claims for the various assets of the Company, including, but not limited to, currently available funds in funds held by the Company at various banking institutions; future revenues generated by: the sale of solar renewable energy certificates ("*SRECs*"), the sale of electricity to Local Units pursuant to the Power Purchase Agreement, and receipt of funds from the United States Treasury pursuant to section 1603 of the American Reinvestment and Recovery Act ("*1603 Grants*"); uninstalled solar panels; and engineering plans, permits, and other documents relating to the Company's entitlements to build the unconstructed Projects. While the Authority and the Trustee have a primary interest in any and all such assets of the Company, because of such potential and existing competing claims of creditors, the Trustee, based upon the Authority Direction Notice, **HEREBY DEMANDS** that, except as is expressly set forth herein, the Company maintain all Company assets in constructive trust and that such funds not be expended, without the approval of the Authority, pending

[2] All capitalized terms not defined herein shall be ascribed the meaning as set forth in that certain "Amendment and Consent No. 2, Sussex County Renewable Energy Program, Series 2011," dated October 1, 2013, by and between the County Parties and the Company Parties.

resolution of such claims to the Company assets. Furthermore, the Company shall not avail itself of any protections that would otherwise be available under State or Federal bankruptcy laws.

Notwithstanding the foregoing and notwithstanding the various Events of Default and defaults that are described herein, pursuant to Section 1001(c) of the Company Lease Agreement, all obligations of the Company under the Company Lease Agreement shall remain in full force and effect until and unless further written notice regarding these matters is delivered to the Company by the Trustee or the Authority. Accordingly, all Company obligations, including, but not limited to, continued payment of Basic Lease Payments as they become due (as the Authority has reserved all rights regarding acceleration as of the date of this notice), and maintenance of the constructed Renewable Energy Projects, including insurance requirements, remain in effect. With respect to maintenance of the constructed Renewable Energy Projects, the Company may draw down funds from the Company assets as are reasonably necessary to (i) maintain, preserve and keep such Projects or any portions thereof (including maintaining the requisite insurance coverage), as the case may be, in good repair, working order and condition, and shall from time to time make all repairs, replacements and improvements necessary to keep such Projects in such condition, all as required by the Company Lease Agreement, but ONLY after a budget for such operation and maintenance has been submitted to and approved by the Authority in writing and (ii) make Lease Payments. The Company's right to draw down Company funds, currently on deposit in various financial institutions or otherwise, for the above purpose of maintaining and repairing the Renewable Energy Projects (including maintaining the requisite insurance coverage), after Authority budget approval, and to make Lease Payments, shall be the sole exceptions from the prohibition against expenditure of Company funds absent consent of the Authority. Such sole exceptions shall not extend to any such funds on deposit with the Trustee, including, but not limited to the Project Fund.

Please inform this office and the Authority in writing as soon as practicable, but no later than Friday August 22, 2014, as to the Company's intent with respect to Company assets, and whether it intends to comply with the aforementioned direction. Further the Company is instructed to promptly update any such writing from time to time upon any material change in the initial writing regarding these matters. To the extent the Company fails to comply with the above directions, the Authority reserves the right to pursue any remedy at law or in equity with respect to the Company assets.

Events of Default

1. With respect to Section 4(f)(ii) of that certain Consent No. 2, the Parties agreed that, depending on the award in the Arbitration, it could be reasonable to conclude that there is no feasible plan for the Company Parties to complete the Renewable Energy Projects within any reasonable period of time. On August 15, 2014, Mastec obtained the Arbitration Award, in the amount of $12,593,217. In light of: the amount of the Arbitration Award; the cost estimates previously provided by the Company to construct the remaining Projects; the amount of funds currently available to the Company; the temporary stay by the Supreme Court regarding Project Fund moneys pending the outcome of a New Jersey Supreme Court decision in the mechanics lien and related issues case; and the lapsed Required Completion Date of July 30, 2014 (discussed further herein), there can be no feasible plan for the Company Parties to complete the Renewable Energy Projects within any reasonable period of time. Therefore, the

Company has, and is hereby declared to have, committed an Event of Default pursuant said Section 4(f)(ii) of Consent No. 2.

2. With respect to Section 1001(a)(iv) of the Company Lease Agreement, an Event of Default occurs when the Company becomes insolvent. In light of the Arbitration Award, the amount of funds currently available to the Company, together with anticipated future revenues, and the failure of the Company to satisfy prior obligations as they came due, including but not limited to, payment of Administrative Expenses as Additional Lease Payments due and owing pursuant to the Company Lease Agreement, the Company is insolvent. Accordingly, the Company is hereby declared to have committed an Event of Default pursuant to said Section 1001(a)(iv).

3. With respect to Section 1001(a)(iii) of the Company Lease Agreement, the discovery that any material statement, representation, or warranty made by the Company in any writing delivered to the County Parties in connection with the Company Lease Agreement, is false, misleading or erroneous in any material respect, shall constitute an Event of Default. Through Section 4(b) of the Draw Papers submitted by the Company on March 8, 2013, the Company represented that following submission of the Draw Papers, "there shall exist sufficient amounts on deposit in the Project Fund, together with any other sources of funds available to the Company . . . to pay all Project Costs that are anticipated to be incurred, up to and including the execution and delivery of the respective REP Acceptance Certificates for all such respective Renewable Energy Projects." In light of the Arbitration Award, there are not sufficient funds available to pay all Project Costs, and accordingly, these statements were materially false, misleading, or erroneous when made. Therefore, the Company is hereby declared to have committed an Event of Default as of March 8, 2013 pursuant to said Section 1001(a)(iii).

4. With respect to Section 9.1(b) of the Power Purchase Agreement, any Event of Default caused by the Company pursuant to the Company Lease Agreement shall also constitute an Event of Default under the Power Purchase Agreement. Therefore, in light of items 1-3 above, the Company is hereby declared to have committed an Event of Default pursuant to said Section 9.1(b).

5. With respect to the Company Pledge Agreement, any Event of Default caused by the Company pursuant to the Company Lease Agreement or the Power Purchase Agreement, also constitutes an Event of Default under the Company Pledge Agreement. Therefore, in light of items 1-4 above, the Company is hereby declared to have committed an Event of Default with respect to said Company Pledge Agreement.

Defaults and Applicable Cure Periods

6. With respect to Section 3.6(a) of the Power Purchase Agreement, as finally amended by resolution duly adopted by the Sussex County Freeholders on June 25, 2014, counter-signed by an Authorized Officer of the Authority, the Company was required to have completed construction of the Renewable Energy Program no later than July 30, 2014. Therefore, the Company has caused an Event of Default pursuant to the terms of Section

9.1 of the Power Purchase Agreement and the Company has thirty (30) days from the date of this letter to cure such default or further remedial measures will be taken.

7. With respect to Section 506(c) of the Company Lease Agreement, the Company was required to prevent any lien, of any kind, from being established against any portion of the Project. While such Section 506(c) permits the Company, upon notice, to undertake good faith efforts to remedy any such lien, it further provides that where nonpayment of such a lien materially endangers an interest of the Authority or subjects any part of the Project to potential loss or forfeiture, upon notice from the Authority, the Company must promptly satisfy and discharge such lien or provide the Authority with full security against any such loss or forfeiture. As of date of this notice, there are numerous liens asserted against the Project, which the Company has failed to discharge. Please allow this letter to serve as a formal demand to promptly satisfy and discharge any liens against the Project. Failure to do so within thirty (30) days shall constitute an Event of Default.

8. With respect to Section 301(a)(iv) of the Company Lease Agreement, the Company is required to fund the County Security Fund to the extent of any available funds after payment of all reasonable Company expenses and prior to any member distributions. However, as of the date of this notice, the County Security Fund balance is zero. Therefore, the Company has caused an Event of Default pursuant to the terms of Section 1001(a)(i)(B) of the Company Lease Agreement and has thirty (30) days from the date of this letter to cure such default or further remedial measures will be taken.

9. With respect to Section 301(a)(ii)(A) of the Company Lease Agreement as amended by Section 2(d) of Consent No. 2, the Company was required to make Additional Lease Payments in accordance with the schedule established therein, and was further required to satisfy payment of additional Authority Administrative Expenses as they came due. However, as of the date of this notice, the Company has failed to make such Additional Lease Payments. Therefore, the Company has caused an Event of Default pursuant to the terms of Section 1001(a)(i)(B) of the Company Lease Agreement and has thirty (30) days from the date of this letter to cure such default or further remedial measures will be taken.

In light of each of the foregoing, based on the Authority Direction Notice, the Trustee hereby directs the Company to refrain from constructing any remaining Renewable Energy Projects. Based upon the Events of Defaults and defaults described above, the Authority has notified the Trustee in the Authority Direction Notice that the Authority shall be seeking a replacement developer/contractor to satisfy the Company obligations pursuant to the Program Documents, but until such time as the Company has received written notice from the Trustee or the Authority that such successor has been obtained, the Company's obligation with respect to operation and maintenance of the constructed Renewable Energy Projects remains. This following notice regarding a successor developer/contractor can be provided at any time without any advance notice, and the Company will be required to immediately comply with its terms. Until such successor notice is issued, pursuant to Section 1001(c) of the Company Lease Agreement, all obligations of the Company under the Company Lease Agreement shall remain in full force and effect.

This Notice of Default is without prejudice to the Authority's rights with respect to, and shall not be deemed to constitute a waiver of, other Events of Defaults or defaults by the Company under the Company Lease Agreement, or any other rights and remedies the Authority may be entitled to pursue under any Company Document at law or in equity with respect to the Events of Default and other defaults enumerated herein. Further, the actions by the Authority described herein are without prejudice to any other rights and remedies the Authority may be entitled to pursue under any Company Document at law or in equity.

Sincerely,

Paul O'Brien, Trustee

cc: J. Bonanni, Chair, MCIA
J. Eskilson, Sussex County Administrator
S. Pearlman, Special Energy Counsel to the MCIA
Firstar Development, LLC
Local Units