

# EXHIBIT

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14. *Q: So we could propose a longer compensated tail beyond the 3-year limit?*

A: Mr. Chock answered "yes".

Mr. Kaya added that the DBEDT director will have the final decision regarding uses of the fund.

[Note: Addendum 1 clarified that the final decision on any allocation to cost share investment shall be made by the DBEDT Director upon the recommendation of the Fund and/or Program manager(s). Further, that the final decision on any allocation to seed or venture capital investment may be made pursuant to the terms of the seed or venture capital investment agreement to be proposed between the DBEDT Director and the Fund and/or Program manager(s).]

15. *Q: If DBEDT director says "no" to all investment requests, is manager liable for failure to invest the funds? Is there an arbiter to manage possible disagreement between the two parties?*

A: Mr. Kaya first asked for clarification of this question. After clarification, Mr. Kaya explained that the \$385,000 is not used to compensate the fund manager to make investments. Instead, it is to assist DBEDT establish and run the Hawaii Renewable Energy Program. Regarding the legal issues, there are state contractual and procurement laws that address arbitration. Ms. Harada stated that the Attorney General will serve as the counsel for DBEDT if mediation or litigation is necessary.

16. *Q: Please describe the proposal evaluation process with terms, steps, feedback:*

A: Ms. Harada stated that each member of the Evaluation Committee will independently evaluate the proposals based on the criteria contained in pages 16 and 17 of the RFP. Based on the total score of each proposal, the Committee will create a short list and possibly meet each company on the list individually to get clarification. Then the Committee will offer a date for the proposers to submit a best and final offer (BAFO). Such offer will go through the evaluation process again and the DBEDT director will have the ultimate authority to make the final selection.

17. *Q: How can State be treated as limited partner in a larger fund if director has veto power over potential investments?*

A: Mr. Chock said that this question raises the possibilities of various structures for the investment portion of the fund. DBEDT is looking for flexible and creative responses from the proposers and it is possible to use existing industry standards of general partner/limited partner relationships.

Mr. Kaya added that the statute does require the DBEDT director to be responsible for this program so the State is able to monitor the investments, and the State hopes to work with the selected proposer to seek the most promising elements to start a clean technology sector in our economy.

Mr. Chock said that it is possible for the proposers to suggest a typical venture capital limited partnership arrangement, whereby the GP maintains the control of the investment

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