

SOMERSET COUNTY RENEWABLE ENERGY PROGRAM,

SERIES 2010

REQUEST FOR PROPOSALS

For a Developer of Photovoltaic Systems with respect to certain Local Government Facilities in the County of Somerset, New Jersey dated July 30, 2010

Questions and Answers

No. 2, Issued on August 20, 2010

Below is a summary of the questions posed by Respondents and the Somerset County Improvement Authority's (the "Authority") responses to said questions. This document shall be posted on the Somerset County Improvement Authority's website at <http://www.scia.co.somerset.nj.us/>, and emailed to all Respondent Contact Persons.

Q1 – Can the Respondents get the Conceptual Site Plans developed by Birdsall in AutoCAD format?

A1 – The Conceptual Site Plans are not available in AutoCAD format they were developed as PDFs.

Q2 – With respect to the Bond Resolution, on page 21, can the Authority please clarify the existence of a \$2 Million dollar DOE Grant for Montgomery High School.

A2 – The Authority is in the process of pursuing a Congressionally Directed DOE Grant in the amount of \$2 Million dollars. If the Authority obtains the Grant in time for use in connection with this RFP process it intends to apply said Grant to the Montgomery High School Renewable Energy Project. The RFP and Program Documents have been structured to be grant-neutral to the Respondent, meaning that whether the Authority receives the grant or not, the funds are not available to the Respondent. The only reason the \$2 Million grant is mentioned is that federal rules associated with the issuance of the grant appear to require these funds to flow through the Bond Resolution.

Q3 – With respect to the Bond Resolution, page 41, Section 2.03(7)(d) requires a \$2 Million dollar deposit into General Fund (for payment of Preliminary Program Costs in accordance with Section 5.08(1), which is inconsistent with the estimated Project Development Costs of \$1.1 Million, please explain.

A3 – The \$2 Million deposit in the General Fund pursuant to Section 2.03(7)(d) of the Bond Resolution has to do with a possible federal DOE grant of \$2 Million that the Authority is pursuing, and not, as the question asks, the Preliminary Project Costs

(estimated at \$1.1 Million). The RFP and Program Documents have been structured to be grant-neutral to the Respondent, meaning that whether the Authority receives the grant or not, the funds are not available to the Respondent. The only reason the \$2 Million grant is mentioned is that federal rules associated with the issuance of the grant appear to require these funds to flow through the Bond Resolution.

Q4 – *With respect to the License and Access Agreement, page 22, Section 3.7(a)(iii), lost output (energy and SRECs) omitted from calculation of Licensor’s reimbursement obligation. The Licensor’s payment obligation to Company for power is under the PPA, not the License, and SRECs omitted.*

A4 – The intent of Section 3.7(a)(iii) of the License Agreement, and clauses (i) and (ii) before it, is to require the Local Unit that needs to close the designated Local Unit Facility to find a replacement facility of comparable solar output, and for such Local Unit to pay for the costs of the relocation and re-installation. The intent is that the move would not occur from the old facility to the new one until the new replacement facility is available and the solar system has been re-installed, so that output (energy and SRECs) would not be lost. Clause (ii) has been revised to make this clearer. A revised License Agreement will be issued in connection with Addendum No. 2, dated August 24, 2010.

Q5 – *With respect to the License and Access Agreement, page 32, Section 6.1(b)(i) needs to include in Licensor’s payment obligation the amount set forth in 3.7(a)(iv)(B).*

A5 – The Balance of Section 3.7(a)(iv) payments has been added to both Section 6.1(b)(i) and Section 7.1(b)(i) of the License and Access Agreement. A revised License and Access Agreement will be posted in connection with Addendum No. 2, dated August 24, 2010.

Q6 – *With respect to the License and Access Agreement, page 35, Section 7.1(b)(i) needs to include in Licensor’s payment obligation the amount set forth in 3.7(a)(iv)(B).*

A6 – Balance of Section 3.7(a)(iv) payments has been added to both Section 6.1(b)(i) and Section 7.1(b)(i) of the License and Access Agreement. A revised License and Access Agreement will be posted in connection with Addendum No. 2, dated August 24, 2010.

Q7 – *With respect to the Lease Purchase Agreement, page 46, Section 503, One-year post completion and acceptance portion of performance bond equal to 10% of Development Contract price is not otherwise mentioned in RFP. Please confirm this requirement.*

A7 – This is not a requirement in the final RFP, and has therefore been removed. A revised Lease Purchase Agreement will be posted in connection with Addendum No. 2, dated August 24, 2010.

Q8 – *With respect to the Pledge and Security Agreement, page 2, last recital refers to Forbearance Agreement, however, no such agreement has been published as part of the program documents.*

A8 – Forbearance Agreement references have been removed, and changed to the Acknowledgment. A revised Pledge and Security Agreement will be posted in connection with Addendum No. 2, dated August 24, 2010.

Q9 – *With respect to the Power Purchase Agreement, page 40, Section 9.2, Customer Event of Default - should cross-default to License Agreement. (Customer could preclude the Company access to an REP under the License Agreement, causing the Company to default under the PPA, without the Customer being in default under the PPA.).*

A9 – License and Access Agreement references have been added to Sections 9.2 and 9.3 of the PPA. A revised PPA will be posted in connection with Addendum No. 2, dated August 24, 2010.

Q10 – *With respect to the Power Purchase Agreement, page 41, Section 9.3 Authority Event of Default - Should include default under License as well.*

A10 – License and Access Agreement references have been added to Sections 9.2 and 9.3 of the PPA. A revised PPA will be posted in connection with Addendum No. 2, dated August 24, 2010.

Q11 – *The Consent of Surety for the Performance Bond should allow for modification to conform and reflect the allowable Dual Oblige Bond. For example, assuming a developer as respondent submits a bid with the specific qualifications of an EPC contractor as part of the respondent’s team, the Surety would issue the Bond to the contractor (as principal) for its contract with the developer (as Oblige) for the construction of the project, with SCIA added to the bond as an additional obligee.*

A11 – Please see Section 7.1 (b)(i) of the RFP, which authorizes Respondents to submit a dual obligee bond as their Construction Performance Security.

Q12 – *Please clarify the intent of the last paragraph on page one of the Consent of Surety, which requires the Consent of Surety to “remain in effect for the Term of the Power Purchase Agreement”. A Consent of Surety typically remains open for 90 days after bid which is stipulated in the form.*

A12 – This issue will be addressed via Addendum No.2, dated August 24, 2010.

Q13 – *In addition to the “Buy American” requirement, is the project required to be compliant with the American Recovery and Reinvestment Tax Act of 2009 (“ARRA”)?*

A13 – To the extent that a Respondent intends to utilize funds or incentives derived from or authorized pursuant to ARRA, it is the Respondent’s responsibility to determine that the use of such funds or incentives in connection with the Renewable Energy Projects set forth in the RFP is proper.

Q14 – *Is there a minimum percentage minority subcontractor requirement in connection with the RFP?*

A14 – No.

Q15 – *When will we be permitted to work on the Local Unit Facilities? Are there any restrictions as to access or work hours?*

A15 – Local units will be flexible in working with the winning developer to provide access to each site. It will be critical that the developer also be flexible in working within the constructs of the Local Unit to insure the day to day operations are not impeded. For example it is understood work at schools will be completed during the school year however any shut downs or material lifts to the roof will be completed on weekends or during hours when school is closed and/or unoccupied.

Q16 – *There appears to be ground space available at a number of sites for ground arrays. Since ground arrays will be significantly less expensive than parking lot arrays to install will the Authority allow for ground arrays? If they are permitted which local units can ground arrays be installed?*

A16 – All designated areas have been vetted with the Local Units. The energy consultant team inquired with each Local Unit as to the available areas of roof, parking and ground for solar. The RFP includes the areas approved by each Local Unit, no additional areas are to be considered at this time.

Q17 – *With the increasing popularity of electric plug-in vehicles do the parking lot arrays need to provide charging stations for electric vehicles?*

A17 – No.

Q18 – *Please identify the various types of pipe and conduit on the roofs. Can these be moved to allow for increased solar capacity?*

A18 – Please see structural and electrical drawings for each Local Unit Facility posted on the Authority's website. The Authority does not anticipate any of the piping or conduits to be moved as a result of Renewable Energy Project.

Q19 – *After completing the site visits to each of the local units it has become apparent that the possible size of the arrays for each location have been over estimated and in some cases vastly overestimated. Shading analysis was done to the orientation of the building and not southward in many cases. Differences in building elevations were not properly taken into account for shading impact and setbacks. Since these factors can reduce the overall system sizes for the Somerset project by as much as 20% does the Authority plan to revise their estimates so we have more consistent results for comparison or should we each work from our own set of assumptions and have a wider variation of solutions that can be more of a challenge for the Authority to compare?*

A19 – This is a competitive contracting procurement, and as such, responses will be evaluated on price plus other factors. It is understood and expected that system sizes will vary by proposal as a result of due diligence completed by each Respondents.

Q20 – *Some buildings have multiple elevations that should require larger setbacks for the higher elevation roofs. However this is not reflected in the system designs. Since the increased setbacks will reduce system sizes (in some cases by much) will the systems be redesigned to reflect the appropriate setbacks or should we use the same setbacks, as designed, reflect in the bid specs?*

A20 – The solar overlays provided were to be used as a guide only. Respondents are required to confirm system sizes and adjust system sizing based on a number of factors. The overlays were included to provide the areas “in play” for the placement of solar, it is then the responsibility of the Respondent to confirm the suitability of such areas.

Q21 – *There appear to be roofs in excess of 10 years old that are being asked to provide solar arrays for as well as newer roofs that are already experiencing major leakage. Should we provide solar solutions for these problematic roofs and leave the issues to the local unit or should we flag these problem roofs?*

A21 – The Authority is aware of these issues and is in the process of evaluating same, at this time Respondents are directed to provide solar solutions for these roofs.

Q22 – *You are planning to add parking lot solar canopies in a number of Local Units. But these parking lots have existing lighting poles that will create shadows on the parking lot structures you have designed. Are you planning to remove these poles prior to the installation of the parking lot arrays or should we reduce the systems to avoid the shadows from these poles?*

A22 – For parking structure, Respondents are required to remove existing light poles that impact the solar arrays, and install new lighting under the carport structures that meet or exceed existing light levels of the parking areas. The athletic field lights will not be removed or relocated. Respondents are to take this into consideration during their design.

Q23 – *There appear to be gas lines and other piping on many of these roofs. Do any of these require clearances and if so how much of a clearance should be utilized?*

A23 – Respondents are expected to exercise due diligence during their design phase so as to comply with all local building and/or electrical codes, as well as OSHA requirements for roof work.

Q24 – *There are a number of buildings that have multiple elevations that range from a low of 15’ to as much as 60”. It appears that the setbacks used on these multiple*

elevations are the same. Should the higher elevations be using greater setbacks or should the higher elevations use the same setbacks as in the designs provided?

A24 – Respondents are expected to exercise due diligence during their design phase so as to comply with all local building and/or electrical codes, as well as OSHA requirements for roof work.

Q25 – *It appears that solar modules used as a basis of design vary greatly from local unit to local unit. Some are designed with a 200W modules while other have a 200W module and others yet have a 230 W modules Is it the intention of the Authority that different solar modules be used at each local unit to achieve the estimated system design? Or should a single module type be used at each location? Was it the intention of the authority to have multiple bases of designs for this project? If so please help us to understand why this was being done since it will lead to higher cost and less standardization of the overall systems?*

A25 – It is the intent of the Authority to have Respondents provide a design that maximizes the proposed system output at the lowest PPA rate. Respondnets are free to use any equipment in their design and any configuration (i.e. tilt) within the parameters of the RFP technical specification. Equipment shown, as well as panel tilt and azimuth are for guideline purposes only.

Q26 – *It appears that the mounting system's tilt used as a basis of design vary greatly from local unit to local unit. Some are designed with a 0* tilt while other have a 7.5* tilt and others yet have a 10* tilt. Since the higher the tilt the more power output from these systems can be expected. Is it the intention of the Authority that tilts provided as the basis of design be used at each local unit? Or should each system use a tilt that will maximize system performance and increase the KWH output per KW of array even though this will reduce the system size? Was it the intention of the authority to have multiple bases of designs for this project? If so please help us to understand why this was being done since it will lead to higher cost and poorer performance of the overall systems?*

A26 – See the answer to Number 25 above.

Q27 – *Green Brook Middle School – It appears that the estimate for this building's capacity is overestimated. The 340KW system in our estimate is actually closer to 300KW capacity due to shading and necessary increased setbacks. Should we use the setbacks and shading provided or will the system sizes be adjusted to more accurately represent the buildings capacity?*

A27 – Please note that the due to timing constraints the Authority was not able to gather all of the electrical usage date for every Local Unit Facility prior to developing the overlays, and as such system sizes as shown are for general guidance purposes only. Solar areas indicated on the overlays are for showing areas that could accommodate solar

installations. Respondents are required to perform shading analysis as well as due diligence investigation of conditions during the site visits. Respondents' designs should reflect these efforts resulting from the site visits.

Q28 – Irene E. Feldkirschner – *It appears that the estimate for this building's capacity is overestimated. The 145KW system in our estimate is actually closer to 110KW capacity due to shading and many rooftop obstructions on the far left of the building. Should we use the design provided or will the system sizes be adjusted to more accurately represent the buildings capacity?*

A28 – See the answer to Number 27 above.

Q29 – Elizabeth Avenue School – *It appears that the estimate for this building's capacity is overestimated. The 83KW system in our estimate is actually closer to 300KW capacity due to shading in the south corner not identified in the conceptual design. Should we use the shading provided or will the system sizes be adjusted to more accurately represent the buildings capacity?*

A29 – See the answer to Number 27 above.

Q30 – Franklin High School – *It appears that the estimate for this building's capacity is overestimated. The 530KW system in our estimate is actually closer to 500KW capacity due to shading and necessary increased setbacks. Should we use the setbacks and shading provided or will the system sizes be adjusted to more accurately represent the buildings capacity? For the parking structure will the existing light poles be removed to avoid array shadowing? If so will the authority remove the light poles? Also the very tall poles that light up the athletic field will shadow the parking lot array. Will these be removed or should the array be reduced or moved to avoid this shadowing? Can we expect a parking lot array design that is adjusted for the impact of these light poles?*

A30 – Regarding shading and setbacks, see the answer to Number 27 above. For parking structure, Respondents are required to remove existing light poles that impact the solar arrays, and install new lighting under the carport structures that meet or exceed existing light levels of the parking areas. The athletic field lights will not be removed or relocated. Respondents are to take this into consideration during their design.

Q31 – Franklin Municipal – *It appears that the estimate for this building's capacity is overestimated. The 67KW system in our estimate is actually closer to 50KW capacity due to shading. There are trees that are 15' higher than the roofs and will shade much more than the existing diagrams reflect. In particular, the front south side of the building is heavily shadowed and not a good candidate for solar. Can these problem trees be removed? By Whom? Or should we reduce the system sizes to more accurately represent the buildings capacity for solar?*

A31 – As per the Section 4.2(c) of the RFP, Respondents are required to size systems according to existing field conditions assuming no tree removal. While Tree removal is not being considered at this time, Respondents can provide an alternate system sizing with tree removal for consideration by the SCIA and local unit.

Q32 – *Berry Street Garage – There is a 100” tower south of the array that will cast a shadow over 50% of the roof. Will the tower be removed? If not will the authority adjust the system size to more accurately represent the system capacity of the roof?*

A32 – The tower will not be moved. Respondents should take this into account during their designs.

Q33 – *Franklin Park School – Has a 13 year old roof that has been leaking since 1998. Should we ignore these problems and provide solar for this building?*

A33 – The Authority is aware of these issues and is evaluating same, at this time Respondents are directed to provide solar for these roofs.

Q34 – *Somerset County Courthouse – It appears that the estimate for this building’s capacity is overestimated. The 40KW system in our estimate is actually closer to 30KW capacity due to shading and roof obstacles. In particular, trees are shading portions of the roof not properly reflected in the design as well as numerous rooftop obstructions that limit the roof capacity. Should we use the design provided or will the system sizes be adjusted to more accurately represent the buildings capacity?*

A34 – See answer 31, above.

Q35 – *Somerville High School – In the revised drawings there are trees labeled to be removed. Will these be removed by the Authority or will it be the responsibility of the developer?*

A35 – The trees will be removed by Somerville High School.

Q36 – *Somerville Middle School – It appears that the estimate for this building’s capacity is overestimated. The 134KW system in our estimate is actually closer to 96KW capacity due to shading from trees in the center and lower sections of the building. Will these trees be removed? By whom? Should we use the shading provided or will the system sizes be adjusted to more accurately represent the buildings capacity?*

A36 – See answer 31, above.

Q37 – *Vandever Elementary School – The parking lot array has existing light poles and trees that will shadow the array. Will these obstructions be removed? By who? If*

they are not removed will the system be redesigned to more accurately represent the capacity of the parking lot array?

A37 – See the answer 30, above.

Q38 – Bridgewater Raritan Middle School – It appears that the estimate for this building’s capacity is overestimated. The 350KW system in our estimate is actually closer to 300KW capacity due to shading and necessary increased setbacks. Some of the trees are 15’ higher than the adjacent roof multiple elevations will require higher setbacks. Should we use the setbacks and shading provided or will the system sizes be adjusted to more accurately represent the buildings capacity?

A38 – See the answers 27 and 31, above.

Q39 – Bound Brook Public Works Building – This is a sloped standing seam roof with an east west orientation. Why is this building’s design limited to solar panels on just one side of the building? Can solar modules be placed on both sides?

A39 – Modules may be placed on either sides of the building as long as the Renewable Energy Project follows all regulations of the New Jersey Clean Energy Program, will pass BPU inspection, and produces less consumption than the annual 335,280 kWh.

Q40 – Old York School – It appears that the estimate for this building’s capacity is overestimated. The 167KW system in our estimate is actually closer to 150KW capacity due to shading. In particular there are trees 35’ higher than the adjacent roof that will shade an area higher than reflected in the existing design. Can these trees be removed? If so by whom? Or should we use the shading provided or will the system sizes be adjusted to more accurately represent the buildings capacity?

A40 – See the answers 27 and 31, above.

Q41 – Branchberg Central Middle School – this building appears to be designed with just a 7.5* tilt. Why is this design limited to just 7.5* when a tilt of 10*, 12.5 or 15* will produce more power per watt than the existing design? The increased tilt will reduce system size somewhat but it will be a more efficient system. Will this system be redesigned for a more efficient solution?

A41 – See the answer 25, above.

Q42 – Raritan Valley Community College Parking Lot Array – The light poles from the stadium will cast a shadow over the parking lot array as designed. Should the system size be reduced to compensate for this shadowing? Will the authority adjust the system design? In addition the existing light poles in the parking lot will also shadow the new parking lot canopy. Will these be removed? If so by whom? Or will the

system size be reduced to overcome the shadowing not dealt with in the existing system design.

A42 – See the answer 30, above.

Q43 – Hamilton School – It appears that the estimate for this building’s capacity is overestimated. The 208KW system in our estimate is actually closer to 190KW capacity due to shading and necessary increased setbacks. The roof has various elevations that range from 15’ to as much as 30” but the present design uses the same setbacks for each roof elevations. In addition there is rooftop equipment that will shadow the array as designed. Should we use the setbacks and shading provided or will the system sizes be adjusted to more accurately represent the buildings capacity?

A43 – See the answer 24, above.

Q44 – Otto Kaufman Community Center – It appears that the estimate for this building’s capacity is overestimated. The 15KW system in our estimate is actually closer to 10KW capacity due to shading from rooftop equipment not reflected in the system design. Should we use the setbacks and shading provided or will the system sizes be adjusted to more accurately represent the buildings capacity? In addition there is a standing seam roof we could use for solar. Is this roof available for solar?

A44 – A 10 kW system will be acceptable; the site plans are conceptual and not final. Setbacks and shading are to be determined by the Respondent but must follow all OSHA regulations, guidelines of the New Jersey Clean Energy Program, and must pass BPU Inspection. The standing seam roof is over 10 years old and is not available for solar.

Q45 – Orchard Hill Elementary School (revised) – It appears that the estimate for this building’s capacity is overestimated. The revised 147KW system in our estimate is actually closer to 100KW capacity due to shading from trees in the front left corner of the building that was not properly compensated for. Will these trees be removed? By whom? Or should we use the shading provided or will the system sizes be adjusted to more accurately represent the buildings capacity?

A45 – See the answers 27 and 31, above.

Q46 – Montgomery High School – Although a relatively new roof, the roof still leaks each time it rains. The roof is a quilt of patches that reflect the numerous problems that exist with this building. We do not believe that given these existing problems this building is not suitable for s solar system. Please advise us how you wish to proceed?

A46 – Information provided during the site visit was not accurate. Roof related leaks are being addressed and were only attributable to HVAC flashing and does not reflect the majority of the roof. Respondents are required to include this site for solar.

Q47 – Montgomery Upper Middle School Parking lot Array – An existing flag pole and a number of trees will shadow the parking lot array as designed. The 426 KW array will actually be limited to 390 KW if these obstructions remain. In addition the existing light poles in the parking lot will shadow sections of this array. Will these be removed? By whom? If not removed will the Authority redesigned the system to properly reflect the shadowing of these obstructions?

A47 – See the answers 27, 30 and 31, above.

Q48 – Manville High School Parking Array – The parking lot surface is in poor condition. Will the parking lot be resurfaced before the installation of the Parking structure or is it anticipated that resurfacing can be done at some point after the canopy is installed? In addition there are (3) utility poles running down the center of the parking structures that will shadow the parking lot array as designed. Will these poles be relocated?

A48 – The parking lot will not be resurfaced prior to the installation of carport canopies, for the balance of the answer please see the answers 27 and 31, above.

Q49 – Manville Library – It appears that the estimate for this building’s capacity is overestimated. The 54KW system in our estimate is actually closer to 40KW capacity due to shading. In particular, there is shading from trees that overhang the roof as well as shading from the difference in roof heights/walls that were not taken into account tin the system design. Should we use the shading provided or will the system sizes be adjusted to more accurately represent the buildings capacity?

A49 – See the answers 27 and 31, above.

Q50 – Westin Elementary School – It appears that the estimate for this building’s capacity is overestimated. The 130KW system in our estimate is actually closer to 80KW capacity due to the underestimate of shading from trees that are 20” higher then the roof. Should we use the shading provided or will the system sizes be adjusted to more accurately represent the buildings capacity? In addition the parking lot structure as designed has not compensated for the impact of shadowing from the chimney. Will the trees and chimney be removed or will the system be redesigned to more accurately represent the building and parking lot capacity?

A50 – See the answers 27 and 31, above, also the chimney will not be removed.

Q51 – Could the Authority send Respondents the different roof ages and warranty lengths as well as each of the site consumptions? Or are we not to design any higher than the system sizes that you have on your drawings?

A51 – Please be advised that all available roof warranty and electricity consumption data for each Local Unit Facility is posted on the Authority’s website for review by all

Respondents. The Respondent may design higher than the system sizes on the drawings, the site plans are conceptual not final, provided the final design and approach meet all technical requirements in the RFP.

Q52 – We currently have warranty information for about 10 roofs. Is the Improvement Authority saying that they are asking the successful respondent to be responsible for warranting the remaining roofs in whole for the next 15 years?

A52 – Please see answer 51 above. In addition, as noted in Section 1.1(c) and 4.2(a) of the RFP, Respondents are required to maintain existing roof warranties for Local Unit Facilities for the duration of the 15 year PPA.

Q53 – Will there be a working hour limitation on a location by location basis since we are dealing with schools?

A53 – Please see answer 29, above.

Q54 – Will the permit fees be waived because we are dealing with the municipality?

A54 – No.

Q55 – Deficiency Amount: Could the county provide the formula that will be used for calculation of the County Deficiency Amount so that Respondents can assess how much security, letter of credit or reserve, as applicable, will need to be provided? In particular, is there a requirement to lock in SREC prices through forward sale contracts to reduce such amount? Or will the county use the SACP schedule or another benchmark to estimate future SREC revenues? Also if the respondent elects to escrow the federal grant, how would it be released? Pro-rata with the amortization of the bonds issued by the County?

A55 – The County Deficiency Amount can be expressed as a formula in the following way: ***PPA Payments from Local Units = X, Bond Issuance – X = County Deficiency Amount.*** Respondents are not required to secure long term contracts for the sale of the SRECs that will be generated by the Renewable Energy Projects; however such long term sale arrangement would provide the Authority with greater security than spot selling of SRECs. Respondents will be required to project the value of the SRECs over the course to the 15 year term; however the Authority will evaluate such projects to ensure the accuracy of same. Please note that using a more conservative SREC value in determining the County Deficiency Amount is a positive evaluation criteria (the lower the SREC value, the higher the County Deficiency Amount), and need not be the actual SREC economic value the Respondent hopes to attain in the marketplace. In addition, please note that a revision to Section 1.1(f)(iv) of the RFP will be part of Addendum No. 2, dated August 24, 2010.

Q56 – Post Proposal adjustment in PPA price: on the recurring adjustment to the annual PPA Price for interest cost and Project Development Costs, the response should

allow the respondent to show two different adjustments, as interest cost increase or decrease are over time while increase or decrease of Project Development Cost are upfront, and will therefore not impact the PPA price in the same way at all.

A56 – Please be advised that there is no recurring adjustment per the question, just a one time up front adjustment, net of both program development cost and interest rate changes, and then the PPA price is set, to be adjusted solely by the fixed escalator.

Q57 – *Bonding: the RFP provides for the Proposal Security to be forfeited if it fails to execute the PPA within 10 days of the notice of the award. It is our experience in Municipal RFPs that the execution of such document can take more than 10 days due to practical contingencies and/or good faith negotiations between the parties. Can this time period be extended or can it be clarified that as long as the respondent is in good faith negotiation on the PPA, its proposal security will not be forfeited?*

A57 – This issue will be addressed in Addendum No. 2, dated August 24, 2010.

Q58 – *Are the bonds expected to be issued by the Authority taxable or tax-exempt securities? If tax exempt, 4.81% seems to be a fairly high yield.*

A58 – The bonds issued by the Authority will be taxable.

Q59 – *There were two Local Unit Facilities (Berry Street Garage and Somerville High School) with energy usage less than the conceptual site plan system designs. Will the Authority be providing updated usage on these Local Unit Facilities?*

A59 – No, Respondents should design the Renewable Energy Project to maximize the provided annual consumption, while still complying with the technical requirements of the RFP.

Q60 – *Can Respondents be provided with structural drawings for the new walkway canopy on the Vanderveer Elementary School?*

A60 – The structural drawings for this Local Unit Facility have been posted on the Authority's website.

Q61 – *Can Respondents be provided with the pitch and orientation of the pitched roof on the Bound Brook Public Works building and the pitched roof at the Somerville Middle School?*

Q61 – The pitch and orientation can be found on the structural and roof drawings which should be posted no later than September 3, 2010.

Q62 – **Will there be additional site tour opportunities?**

A62 – Yes, August 25, 2009 from 8am to 3 pm will be an additional site tour opportunity. Please contact Gregg Lally at (732)503-5947 for site access.

Q63 – *How exactly is the interest portion of the basic lease payment schedule in Appendix E-1 of the RFP calculated? Starting from the beginning, the 12/15/11 payment includes interest of \$3,393,957.22. I understand that this is for more than a year, but I'm having trouble recreating the calculation. What is the exact formula used to get this number? On 6/15/2012, interest owed is \$1,082,746.25 for 6 months. What is the formula to get to this number? Also, in this example, what is the start date for the bond November 15, 2010?*

A63 – Interest is calculated on a 30/360 basis based on semiannual payments from delivery until maturity. For example, the November 15, 2015 would include 6 months interest on that maturity plus 6 months interest on the November 15, 2016. This would carry through for every payment going forward. The start date used is November 15, 2010.

This Questions and Answers No. 2, dated August 20, 2010, has been issued and posted on the Authority's website by order of Richard E. Williams, Chair, Somerset County Improvement Authority, this 20th day of August 2010.