1. **Scope Control** - In order to control the design scope for the project, we use a team approach consisting of an Engineer, Estimator, and Construction Manager. At the beginning of the schematic design process, we produce a flowchart describing the decision process for all design issues. This flowchart, which includes client and other shareholders input, then becomes a weekly design-scheduling tool.

2. **Design Criteria** - The schematic design process requires investigation of not only the applicable system options, but also a wide range of information about each option. We will provide the client with the following information in order to make the correct system choice: Design on applicable system options, IAQ Assessment, Structural Impacts and Trade-Offs, General Construction Considerations, Installation Cost ($/s.f.), and Annual O&M and Utility Expense ($/s.f.).

3. **Pre-Construction** - At McNeil Rhoads, we have a corporate commitment to provide quality professional design and pre-construction services. The goal in our efforts is to provide the analysis required to deliver clear and concise value driven options to our clients in order to achieve the best possible results for their construction dollars. To ensure maximization on each of our projects, we develop a pre-construction flowchart with the milestones for decisions laid out before the start of design.

4. **Quality Control** - McNeil Rhoads has spent nearly 50 years earning a reputation of taking pride in the final construction product and the design and pre-construction services offered early in the project. Our engineering group has built in checks and balances through a detailed review process that includes the Senior Design Engineer and the Director of Engineering. The Director of Engineering approves every project prior to receiving a stamp for construction.

5. **Document Control** - Our Senior Engineer assigned to the project works closely with the client and Construction Manager to coordinate milestone dates for the documents. In this way, there is continuity of drawing dates and revisions up

through and including the issuance of 100% complete construction drawings. Prior to issuing final drawings, the client and jurisdictional agency will review and approve.

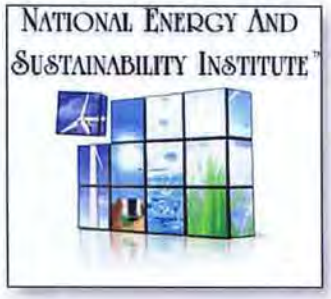
6. **Construction Administration** - The design team maintains a successful working relationship with our client by being a strong part of the quality control effort. While we have an intimate knowledge of the construction effort through contact with the McNeil Rhoads Construction Manager, the design team performs field inspections providing a formal report to all stakeholders.
7. **Constructability Review** – Our design team will provide regular input to the project team on issues relating to the constructability of various aspects of the design. This effort will enhance the design process and allow the finished product to maximize the value and utility of the installed systems for the client.

8. **Coordination Between Trades** - Our team will take responsibility to inform and update the other contractor team members regarding system selections and other issues that will affect the budgeting of their discipline.
9. **Codes and Permits** - McNeil Rhoads will work with the project team to determine the impact of the various code issues. Our local experience in the region with projects of every type makes us a valuable contributor to the code compliance aspects of the project.

1.2 Training Provisions

Please describe your firm's capabilities and proposed approach to provide technical training for the City of Gautier's facility personnel. Please describe your firm's involvement in developing training manuals for facility staff and indicate any specific areas of training you may likely recommend for this project. Please describe your firm's approach to implementing and measuring the savings associated with behavior modification strategies.

Training Provisions - McNeil Rhoads has a philosophy that training is a critical component on all projects, large and small. If people do not know how something works, chances are, it will not be operated correctly which could potentially impact energy savings. With the complexity of various systems today, it is important that the operational and maintenance staff have a thorough understanding of all systems. We view training as a comprehensive program providing a pathway from the construction close-out phase of the project to stabilized operation by client staff. This pathway consists of many key deliverables that McNeil Rhoads provides throughout the course of a project, which are summarized below:



On-Site Training – McNeil Rhoads will host onsite training sessions for all appropriate aspects of the project. McNeil Rhoads will lead the training sessions and any related client personnel will be encouraged to attend. At the training sessions, McNeil Rhoads will review detailed instructions for operations. Manufacturers training representatives will also attend these training sessions to impart factory knowledge. These training sessions will be recorded in an archive format for future use.

Standard Operating Procedure (SOP) – McNeil Rhoads will develop a formal SOP process to include typical procedures for Water Metering, Mechanical, Electrical, and Controls measures installed under the project. SOP outline will include normal, emergency, and maintenance procedures.

Operations & Maintenance (O&M) Manuals – McNeil Rhoads develops thorough O&M manuals detailing all of the specific equipment installed under the project with information pertinent to the project.

Vendor Information – For all materials and equipment utilized on the project, McNeil Rhoads provides contact information for appropriate vendor representatives.

As-Built–Detailed as-built drawings are developed for all of the trades on each project and combined into a comprehensive set of record drawings that depict the actual work completed.

Maintenance Planning and Strategy – As part of the training program, McNeil Rhoads provides instruction on a proper maintenance plan and strategy. While operating the systems are important, it is equally important to know how to maintain the systems.

Communication Protocols – Setup a communication protocol including procedures for event escalation, notification, response, documentation, and follow-up.

Emergency Planning – Assist the staff in designing any emergency response processes and procedures impacted by the project.

Prior to the start of any training program, McNeil Rhoads develops a complete list of the training activities proposed. This list is reviewed by the client and modified if necessary to incorporate other client specific desires, leading to a final training manual. After the training manual is finalized, McNeil Rhoads engages as many staff personnel as appropriate in the actual training activities. Typically, this may include building operators, maintenance personnel, and other staff members. We encourage early involvement so that facility personnel can gain an informal knowledge of the system and operation, prior to formal training activities. This involvement gives them a comfort level with the system, leading to confident operation of the systems in the future.

1.3 Company Fee Calculation

Please describe the methods for calculating your firm's fees. Please describe the specific services your firm will be paid for over the contract term. Describe the method by which you will be paid for those services and how often payments will be made. Describe your firm's overhead, profit, and pricing policies for these types of projects. Describe your firm's approach to and experience in providing open-book pricing.

Company Fee Calculations – Our philosophy as a company is built around openness and full transparency to ensure a long-term partnering atmosphere. Due to the fact that our mark-ups are clearly defined and in line with our profit motive, it becomes common practice for us to openly share the project financial performance with our clients on a regular basis. Our project team is equipped with the accounting procedures and tools necessary to provide clear and accurate financial performance at all points in the project. Several key aspects of financial performance procedures are as follows:

Guaranteed Cost Provision - McNeil Rhoads provides a guaranteed maximum project cost as part of the energy services agreement. This guarantee provision is intended to place the burden of project cost risk on McNeil Rhoads. We understand that clients are purchasing projects that have a specified minimum return on investment, and therefore the cost to the client cannot increase through the project implementation. If the project scope remains the same, and yet the project cost increases, then McNeil Rhoads will bear the burden of those cost increases and shelter the client. If the project cost increases outside the control of McNeil Rhoads, then we will manage those increases with our clients. For instance, in the event that the client requests additional work to be completed outside the scope of services, we add the cost of those added scope of services to guaranteed maximum price.

McNeil Rhoads has the most competitive mark-up structures in the industry. Our philosophy has always centered on developing long-term partnerships with our clients. As such, our interest is not focused on

developing confusing fee or cost models. We believe that fair and open pricing is needed to develop a level of trust and transparency that will benefit all parties through a long-term relationship. McNeil Rhoads is also unique in that our fees are flexible and we strive to create value for our clients by adapting our fees to make projects work. Our commitment to our clients is to exhaust all avenues of funding and value engineering before removing a project from the list.

Construction Cost - Most publicly held ESCO's will charge their fees as a percentage of the overall project, which is called gross profit, and their targets are typically much higher for areas such as overhead and profit than McNeil Rhoads's. Our fees are calculated based first on the scope of work that is being implemented. This is done in an "open book" and transparent fashion. Before we ask our customers to sign a design and implementation contract, we expect that they have a thorough understanding of every fee that is being applied to the project and that it has an appropriate and justifiable task associated with it. We will provide backup documentation for each of these fees in order to gain this trust with our customers. As an example; for the design fee, we will typically have an hourly breakdown estimate of the necessary delivery of the tasks associated with designing the scope of the projects identified. We share this hourly cost analysis breakdown with our clients in order to gain the trust that we are charging appropriately for the task assigned. Additionally, in some cases, we may have actual quotes from vendors that we can show that back up the open-book pricing of our sub-contractors and sub-vendors. We do not hide any fee.

Open Book Pricing – McNeil Rhoads is not an equipment manufacture company and we do not have an R&D budget associated with product development. Therefore, we do not have to carry the overhead coverage for a national "home" office or product R&D. This allows McNeil Rhoads to be one of the most cost effective firms in the region. This fact allows us to be fee flexible and provide an open-book disclosure. Our open-book pricing allows our clients to see and receive all levels of project costs and fees. The following is an outline of our open-book pricing approach:

1. **Costs Presented in Open-Book Format** - The integrated delivery method is designed to ensure that competitive pricing of projects and initiatives is maintained. We will use an "Open-Book" pricing agreement with all projects. This pricing format allows the client to review our actual invoices, direct costs, overheads, mark-ups, discounts, and labor rates.
2. **Final Budget with No Changes** - When we submit a final proposal, a final budget and project maximum construction cost will be developed with input from all other team members. Once this budget and scope of work has been confirmed and approved, the owner would not expect any change order requests from McNeil Rhoads unless there has been a change in scope or client delays that result in documentable cost impacts. Given the in-house estimating experience that McNeil Rhoads has, this final budget can be developed and guaranteed at an early state in the process. However, the client can elect to add to the scope of work, at which time scope of work and associated cost estimates will be agreed upon.

Billing And Invoices – McNeil Rhoads's billing procedure is designed to be consistent, clear, accurate, and informative while at the same time remaining concise and scalable. The process begins during the pre- construction phase when the project team agrees on the billing schedule and the breakdown of the estimate. The billing schedule will coincide with the project schedule in order to lay out the framework for all billings through to the completion of the project. This schedule is used to clearly communicate the expectations of all parties involved prior to the start of the project. The breakdown of the estimate ties directly into our open book pricing practice and makes it easy to track cost from the budget phase

throughout construction. The basis of McNeil Rhoads's billing cycle is typical to the construction industry. The following details our billing process:

1. On the 20th of the month, McNeil Rhoads requires that all consultants, sub-contractors and suppliers submit their invoices to our office, forecasting through the end of the month.
2. These subcontractor invoices are then checked for accuracy and incorporated into the project invoice.
3. By the 25th of the month, McNeil Rhoads has the invoice prepared and sends a draft to the owner.
4. McNeil Rhoads then recommends a short meeting to be held around the first of the month, either in person or via conference call. During this meeting, the team will review the invoice, discuss the status of the project, and promptly answer any billing questions that may arise.
5. Once the client is completely comfortable with the invoice, a final invoice is submitted for processing.

The actual invoice is comprised of four major components, described below:

1. **Cover Letter:** The first component is the cover letter, which identifies the project, the period included, a brief summary of the work completed during the period as well as the total amount of the request.
2. **Invoice:** This document summarizes the project's financial billing information, including the invoice for the period. It also includes any relevant information necessary for the client's internal auditing process so costs can be attributed to specific budgets, accounts, etc.
3. **Schedule of Values:** This document shows the various items that comprise the overall cost of the project. The format details all of the various costs for the project.
4. **Supporting Documentation:** These documents include any information that supports the invoiced costs, such as invoices that McNeil Rhoads has received from our subcontractors. The subcontractor invoices typically also have a schedule of values by trade that provides additional detail for the project.

Our billings are assembled in a consistent format that will make the review and approval of the invoice a quick process. Each subcontract invoice utilizes a standard cover sheet where the total is clearly indicated. This standard cover sheet is also numbered in order to allow the person reviewing the invoice to quickly identify where the subcontractor's total is carried forward onto the schedule of values. Understanding how the client reviews and processes invoices have played a substantial role in how our invoicing procedure was developed and will continue to drive future revisions.

1.4 Provision of Financing

Please briefly describe the types of financing arrangements used by your firm for past projects. Describe your firm's preferred approach to providing or arranging financing for this project including a description of the source of funds and the potential dollar amounts currently available to your firm to finance these types of projects. Please indicate what representative interest rates may be available, financing terms, and other variable economic factors associated with each method that you are aware of at the time of this submission. Describe how construction will be financed.

McNeil Rhoads uses an unbiased approach to financing of energy-efficiency projects. Better financing terms for projects - usually defined as the lowest cost of funds - directly translates into a greater net benefit to be realized by the City of Gautier. Focusing primarily on funding sources that have been already closed transactions with the State of Mississippi, McNeil Rhoads will work to provide the most cost effective, time efficient and structurally appropriate financing that will match the needs and abilities of the City of Gautier.

McNeil Rhoads is indifferent as to the financing source; we are looking for the lowest cost of capital available. As a policy, McNeil Rhoads does not "markup" financing. In addition, McNeil Rhoads does not receive any commission or compensation back from any lenders. Our approach is to conduct an RFP for financing. This RFP is sent to a selection of lenders that the State of Mississippi is familiar with and is known to be active in the Energy Efficiency finance market. In addition, McNeil Rhoads will send the RFP to any lenders that the City of Gautier may wish to be included in the process. The RFP will include the preferred borrowing structure but it will also allow potential lenders to propose alternative solutions. Responses will be sent directly to the State of Mississippi and the City of Gautier. The City of Gautier may choose from any of the respondents or it may select any other source of funding.

The following are the finance vehicles most commonly used to fund energy service programs:

- Tax Exempt Municipal Capital Lease
- Tax Exempt Municipal Operating Lease
- MDA Energy Efficient Lease Program
- MDA Revolving Loan Program
- General Obligation Bonds
- Certificate of Participation (COPs)
- Operating Leases
- Finance Leases

Each vehicle has its benefits and characteristics which serve some clients beter than others. The City of Gautier may find that a combination of several financing methods best meet their business goals. McNeil Rhoads will work closely with the City on a long-term, customized program. When it comes to financing energy service projects the most important factor is to get the lowest interest rate.

1.5 Investment Grade Technical Energy Audit

Please give a general description of your technical auditing and analysis procedures and any anticipated involvement of the City of Gautier's personnel in the provision of technical data and/or other support required or to be requested for the audit phase of this project.

Technical Energy Audit / Project Development Plan – The following matrix outlines our in-house approach to developing and auditing a facility from the Technical Energy Audit through the Project Development Plan.

Task	Task Description	Deliverable	McNeil Rhoads's Uniqueness
Utility Data Analysis	Collect several years' worth of utility information. Analyze, correlate weather, and index data to facilities of like usage in same geographic areThis analysis assists in identifying areas of energy use corresponding to demand and weather	Utility Data Analysis for benchmarking against other facilities.	McNeil Rhoads has extensive experience with Mississippi UDA data.

Task	Task Description	Deliverable	McNeil Rhoads's Uniqueness
Preliminary Walkthrough	"Survey building for energy cost savings & other resource conservation initiatives.Focus on staff-identified facility needs. Relevant documentation will be gathered."	List of areas of facility improvements that provides focus to the auditing team	Our executive management team has developed 98% of the municipal energy programs done the state of Mississippi
Develop Master Facility Improvement Measures	"Develop a list of all the potential initiatives, including lighting, mechanical systems, water resource conservation, electrical systems, renewable systems, rate restructures, envelope initiatives, water meters and operational expenditures Make contact with utilities and other resources that may be able to provide assistance Identify which initiatives are financially viable that should be pursued in more detail "	Comprehensive project list with associated benefits and estimated paybacks for review with stakeholders TEA report content reviewed here	Our team has the broadest experience in design standards and negotiating with outside parties than any other firm in Mississippi. By us having the resources in state to develop the program it creates a much faster streamlined approach.
Final TEA Report	Energy calculations, site walk notes, and all other TEA documentation is finalized and drafted into a standardized report format.The TEA is finalized after feedback is obtained from the State	Copies of the TEA to the stakeholders	McNeil Rhoads key management has prepared TEA documents for more than 90% of the energy projects in Mississippi.
Project Development Plan	Master facility improvement list is narrowed down to those that are to be implemented.	PDP project plan and schedule for moving forward with work	Experience with this affords the City of Gautier the confidence to choose projects with highest value & least risk
Site Visit & Data Logging	"Resources & tools used to gather detail info for accurate savings calcs & cost estimates Data logging is performed to eliminate TEA assumptions"	Site visit notes & data logger collected information	Our staff is local, providing local knowledge and reducing costs.

Task	Task Description	Deliverable	McNeil Rhoads's Uniqueness
Financial Analysis	Cost justification analysis (life cycle costing) prepared to determine viability.Funding stream & cash flow analysis prepared to analyze all financial resource options	Life cycle costing analysis report and Cash flow analysis report	Our team has experience with some of the largest energy funding programs to ever be done the state
Project Development Plan Final Report	PDP identifies the scope of work & the GMAX pricing for the overall implementation Site visit, data logs, preliminary design work, & construction cost estimates in one document Final PDP document becomes the	"Project Development Plan (PDP) with guaranteed energy savings PDP with GMAX "	McNeil Rhoads believes in controlling overhead so more improvements can be done for the energy savings dollar.

Baseline Calculation Methodology – McNeil Rhoads uses the "International Performance Measurement and Verification Protocol (IPMVP)" standards for setting and adjusting baselines. The IPMVP is the recognized industry standard for all performance based contracting and includes multiple paths to ensure that energy savings are meeting guaranteed levels through a specific measurement protocol. These methods all begin with a proper identification of the "baseline" of energy and/or water consumption. Using the IPMVP to establish the baseline ensures that our customers are receiving independently reviewed and approved procedures that are based on factual information.

Employing utility data analysis at the beginning of the project assists in getting a look at the building energy use. All utility data is imported into Utility Manager (UM) Software. More in-depth reports are created by exporting specific pieces of data from the UM database into McNeil Rhoads's utility data analysis spreadsheet that incorporates heating degree day regression analysis, end use breakdown, occupancy, optimal benchmark targets, and current rate application. The utility analysis remains an important check of the energy savings but as the project progresses the focus shifts toward measure- specific baselines with the clients' utility bill serving as a baseline and check and balance.

McNeil Rhoads strives to establish measure specific baselines. We accomplish this by isolating and measuring only the energy related to the specific initiative. In general, the more performance data that can be gathered (i.e. kW, run time, flow rates, etc.) relative to the specific measure, the more accurate the baseline will be. McNeil Rhoads focuses their effort in collecting this data with data logging equipment and one-time measurements, where applicable. In addition, McNeil Rhoads will also gather information from equipment logs, balancing reports, equipment specifications, and interviews with staff on the operation of the existing system.

Dollar Savings Calculations - McNeil Rhoads understands that rates are volatile,and the right rate to apply is not always the current rate. We will work with the Client to determine which rates to apply to minimize the risk and ensure the estimated savings reflect the

best estimate of what rates will be during the payback period. There are also some cases where current rates reflect a temporary peak and, in these cases, we will recommend using recent historical average rates rather than the current rate. Ultimately, McNeil Rhoads has no control over the rate changes that a particular utility may apply. Subsequently, we will work closely with the client to ensure that all parties are comfortable with the rates applied to assign dollar values to the savings. McNeil Rhoads is familiar with the complexities of utility rate schedules and our dollar savings calculations account for these complexities. Here are some considerations that McNeil Rhoads takes into account when assigning rates to the savings:

1. Electric rate schedules normally charge a separate demand (kW) charge. It is common practice to blend the kWh and kW rates into a single rate for calculating energy cost savings. McNeil Rhoads does not blend kWh and kW unless specifically requested to do so by the customer – our standard practice is to carry kWh and kW savings separately and to apply the appropriate kWh and kW rates.
2. Most utilities use tiered rates for larger customers where the rate varies based on the usage. It is a mistake to average these tiers because energy savings often only affects the top billing tier for each month. To develop the cost savings, McNeil Rhoads determines the proper marginal tier based on historical monthly utility consumption history.
3. For seasonal rates where the rate varies based on the season of the year, an average yearly rate is calculated based on the facilities historical monthly usage profile. If an energy savings measure saves energy primarily in one season, the rate will be weighted appropriately for that season.
4. McNeil Rhoads accounts for rate complexities such as ratchet charges, power factor, kVAR, kVARh, state and local taxes if they are not built into the rate, monthly meter charges, conservation charges, minimum consumption requirements, critical demand, firm demand, and time of day cost adjustments.

5. Understanding rates allows McNeil Rhoads to identify and recommend opportunities to restructure the rates the customer is on to reduce costs. Sometimes an energy conservation measure necessitates a rate switch since the old optimal rate may not be optimal for the new usage profile.

Savings Calculations - McNeil Rhoads staff's responsibility is to calculate both pre and post-retrofit energy consumption values for facility improvement measures to create a project that self funds for the City of Gautier. Industry standardized practices are used throughout this process and peer review risk review meetings are employed to identify any potential inaccuracies. Preliminary energy cost savings are calculated utilizing a baseline energy analysis model with new input variables and logic to reflect the post-retrofit operation of the systems. The post-retrofit input variables are based on the new equipment's performance specifications and the performance criteria that are specified for the revised system conditions. The difference between the baseline energy consumption and the post retrofit energy consumption then becomes the target energy savings. Once the baseline has been established for a particular initiative, we will progress the energy savings calculations in methodical steps. The following outlines the typical progression of the energy savings calculations:

1. **Preliminary** - Early in project conceptual phase the savings estimates are based on a detailed Utility Data analysis on accepted rule of thumb for a particular initiative.
2. **ROM (Rough Order of Magnitude)** - During ROM stage, the calculations are developed using generally

accepted engineering standard calculations and are based on future operating assumptions versus the baseline. At this level, we consider the energy calculation to be within =/- 15% of guaranteed level.

3. **Final Calculations** - Based on extensive field study and measurement of equipment operation, detailed weather data, as well as input from owner staff on final sequence of operation that can be achieved.

McNeil Rhoads's energy development team use a combination of commercially available calculation programs such as Trace 700, Watergy, eQUEST, Utility Company VFD and motor calculation tools, as well as many spreadsheet tools that have been developed in-house by McNeil Rhoads. Having many calculation tools available allows the energy engineers to choose the right calculation tool for the specific system type, retrofit type, and customer specific requirements being studied. In all cases, assumptions are kept to a minimum for investment grade analysis. For preliminary calculations, assumptions are identified and flagged for further investigation in the final analysis used to determine the guaranteed savings. The tools used to verify and eliminate assumptions include more detailed site visits with additional trend-logging and measure specific detailed collection data sets.

Trane Trace 700 & DOE Simulation Software (eQUEST) - In situations where there is extensive interaction between different measures, McNeil Rhoads can make utilize modeling software to calculate energy savings.

Itron and MetrixTM Utility Accounting Software - We make extensive use of Itron and MetrixTM utility accounting software for correlation of data to weather or other varying parameters that influence energy savings.

Universal Translator - The Universal Translator (UT) is software designed for the management and analysis of data from loggers and trends from building management systems. The UT is ideal for large data sets from multiple sources. The software includes time correction features including the ability to synchronize data sets with different recording rates. The UT has data filtering mechanisms and a flexible graphing tool. UT analysis routines have been developed for equipment run-time, zone temperature variation, air-side economizers, and lighting controls. A routine that calculates statistics for each data set is available, and the UT has the ability to export data into other spreadsheet or analysis tools if necessary.

Custom Worksheets - Custom worksheets developed in MS Excel are utilized in situations where the energy savings calculation does not warrant simulation software. Two notable spreadsheet tools that McNeil Rhoads has developed in-house are our lighting tool and our standard bin calculation.

The development team has logging equipment to deploy on projects to gather field measurements and trend data. The following provides a summary of some of the tools McNeil Rhoads utilizes for collecting and analyzing data:

Electrical Logging Meters - Several different meters are available depending on the information to be gathered. Fluke hand held meters are generally used for gathering data such as amps, voltage, wattage on motors and smaller equipment, and lighting circuits. For information on larger loads that are found with chilled equipment and main distribution systems, we utilize Elite loggers made by Pacific Electronics.

Micro-Data Loggers - McNeil Rhoads will utilize HOBOTM loggers extensively for recording of outside and indoor air temperatures, light levels, humidity levels, and motor on/off states.

Energy Management Control Systems - Significant data can be gathered utilizing the trending and storage capabilities of both existing and new energy management systems. Time of day and holiday schedules,