

## INVESTMENT GRADE AUDIT SERVICES AGREEMENT

**THIS INVESTMENT GRADE AUDIT SERVICES AGREEMENT** ("**Agreement**") is entered into on October 31 2012, by and between the Public Building Commission of Chicago ("**Customer**") and NORESKO, LLC ("**Company**"). The Customer and the Company are referred to herein as the "**Parties**".

**WHEREAS**, the Customer, on behalf of its client, the [City of Chicago Department of Fleet and Facilities Management] ("**Client**"), is managing the provision of comprehensive energy management and energy-related capital improvement services for a guaranteed energy performance contracting program ("**Program**"); and

**WHEREAS**, the Program involves a comprehensive effort to reduce energy costs in public buildings throughout the City of Chicago (the "City" or "Chicago") by installing energy conservation measures ("**ECMs**", and each, an "**ECM**") at public buildings that provide important public services and are central to the public life of the region, the City and its residents, and will also further the City's greenhouse gas emission reduction goals established by the Chicago Climate Action Plan; and

**WHEREAS**, the Customer is authorized to undertake the Program and enter into this Agreement pursuant to Section 14(c) of the Public Building Commission Act, 50 ILCS 20/14; and

**WHEREAS**, the Customer desires that the Company assist with the implementation of the Program at the public buildings owned or operated by the Client and identified in Exhibit E attached to this Agreement (collectively "**Facilities**" and each a "**Facility**"), which may be added to or deleted from at the Customer's discretion; and

**WHEREAS**, on July 13, 2011, the Customer issued a Request For Qualifications and Proposals ("**RFQ/P**") to identify an energy services company to provide comprehensive energy management and energy-related capital improvement services for the Facilities; and

**WHEREAS**, as part of its response to the RFQ/P, the Company prepared a preliminary energy analysis of eight representative public buildings as part of its Part II Proposal, dated and submitted on December 13, 2011 ("**Preliminary Analysis**") that included: (i) a survey and review of available utility data and facility mechanical equipment, operating parameters, and systems; (ii) an estimate of potential energy savings over a specified term for the Facility, with a detailed description of assumptions governing energy savings estimates; (iii) recommended ECMs for each Facility; (iv) estimated maximum cost of energy performance contracting services for the Facilities, including assumptions used for all buildings not analyzed under the Preliminary Analysis; (v) a description of grants or incentive programs the Company recommends pursuing for the Program and an estimate of the potential grant/incentive funds available; (vi) estimated annual measurement and verification costs; (vii) proposed cost of the Investment Grade Audit to the Customer if no energy performing contracting services agreement is entered into; and (viii) analysis and recommendations on whether a standardized, open protocol building energy monitoring system can be implemented in light of projected Program cash flows; and

**WHEREAS**, a comprehensive energy use and savings analysis of the Facilities ("*Investment Grade Audit*" or "*IGA*") must be performed in order to determine the feasibility of installing and implementing ECMs; and

**WHEREAS**, upon the completion of the IGA and the completion of the IGA Report (as described below) if the ECMs are demonstrated to be feasible, and if the amount of energy savings can be reasonably ascertained and guaranteed in an amount sufficient to cover all costs associated with an energy performance contracting project at the Facilities, the Parties intend to negotiate a Guaranteed Energy Performance Contract ("*GEPC*") under which the Company will design, procure, implement, commission, and monitor and verify achieved savings for agreed-upon ECMs at the Facilities and perform other services agreed to by the Parties ("*Project*"); and

**WHEREAS**, the Parties wish to enter into this Agreement, pursuant to which the Company shall perform the IGA and all other services described herein ("*Services*");

**NOW, THEREFORE**, for and in consideration of the recitals and mutual covenants and agreements set forth in this Agreement, the Parties hereby agree as follows:

**SECTION 1: TERM**

This Agreement shall become effective on the date of execution by both Parties ("*Effective Date*") and shall, subject to any earlier termination as provided herein, terminate on December 31, 2013

**SECTION 2: SCOPE OF SERVICES**

- A. General Scope Description.** The Company will perform a preliminary feasibility analysis of the Facilities to confirm Program size and make recommendations on which Facilities are suitable candidates for inclusion into the Program. Upon review of the feasibility analysis results, the Client will make a determination and the Customer will confirm in writing to the Company which Facilities will receive IGAs (collectively "*IGA Facilities*" and each an "*IGA Facility*"). The Company will perform the IGAs and prepare a detailed IGA Report that specifically identifies the energy improvements and operational changes which are recommended to be installed or implemented at the IGA Facilities as part of a proposed Project, and that meets the other requirements set forth in Section 2.C (the "*IGA Report*"). The primary purpose of the IGA Report is to provide an engineering and economic basis for negotiating a GEPC between the Customer and the Company; however, the Customer will be under no obligation to negotiate such a contract. On Exhibit A, the Customer has identified certain requirements and objectives that must be addressed by the Company when performing the IGA and preparing the IGA Report.
- B. IGA Performance and IGA Report Preparation.** The Company must perform the following tasks in performing the IGA and preparing the IGA Report.
1. **General Facilities Information.** The Company will analyze and collect general information for each Facility such as size, age, construction type, condition, and

general use parameters. The Company will also analyze and summarize Facility utility cost and consumption data provided by the Customer and Client pursuant to Section 3 of this Agreement.

2. Inventory Existing Systems, Equipment, and Building Envelope. Based on a physical inspection the Company will compile a general assessment of the building envelope and an inventory of the major electrical and mechanical systems at the IGA Facilities, including:

- Cooling systems and related equipment
- Heating and heat distribution systems
- Automatic temperature control systems and equipment
- Air distribution systems and equipment
- Outdoor ventilation systems and equipment
- Exhaust systems and equipment
- Hot water systems
- Electric motors, transmission and drive systems
- Interior and exterior lighting
- Other major energy using systems, if applicable

The inventory of the IGA Facilities must address, at minimum, the following considerations:

- a. The loads, proper sizing, and efficiencies of hours of operation for each system. Where direct measurement costs are disproportionate and exceed 5% of the likely energy savings measured, engineering estimates may be used, but for large fluctuating loads with high potential savings, appropriate measurements must be undertaken unless waived by the Customer.
- b. Current operating condition for each system;
- c. Remaining useful life of each system;
- d. Feasible construction approaches to install and replace systems;
- e. The presence or suspected presence of asbestos containing materials (ACM), lead paint, or other hazardous materials where identified or suspected by Company in the course of the inventory. Company to obtain a cost estimate for the inspection, testing, reporting, abatement, removal, and/or disposal of the suspect environmentally hazardous material which may or may not be abated, removed, disposed of or otherwise addressed in order to undertake the Project. The Parties mutually acknowledge that the Company may not have sufficient time to conduct a full ACM survey or receive bids for the abatement, removal and/or disposal prior to the completion of the IGA and will work with the Customer to establish a reasonable not to exceed allowance budget for all

inspection, testing, reporting, abatement, removal and/or disposal related work. Final prices for this work will be developed at the Customer's request. The Parties intend that the work to be performed by the Company and its subcontractors under the GEPC will include the proper inspection, design, specifications, abatement, removal and disposal of ACM and/or other hazardous materials to the extent necessary to install the ECMs and complete the Project. All work shall be performed in accordance with applicable Federal, State, and Local regulations. In the event work is performed in Child Occupied Facilities as defined by the United States Environmental Protection Agency and the Illinois Department of Health, the Company shall follow all applicable lead paint regulations when an ECM installation impacts a part of the facility painted with lead paint; and

- f. Other concerns that may detrimentally impact the cost and schedule for the Project.

In performing the inventory, the Company must use data loggers and conduct interviews with Facility operation and maintenance staff regarding each Facility's systems operation, occupancy patterns and problems with comfort levels or equipment reliability.

- 3. Establish Base Year Consumption for the IGA Facilities and Reconcile with End Use Consumption Estimates. The Company will examine the most recent 36 months of utility bills and establish a twelve-month base year consumption period for electricity and fossil fuels ("**Base Year**") for the IGA Facilities by either (a) averaging, or (b) selecting the most representative contiguous 12 months. The Company will consult with the Customer and account for any unusual or anomalous utility bills. The Company will estimate loading, usage and/or hours of operation for all major end uses representing more than 5% in aggregate of total IGA Facilities consumption including, but not limited to:

- Lighting
- Heating
- Cooling
- HVAC motors (fans and pumps)
- Plug load
- Other equipment
- Miscellaneous

Where loading and/or usage are highly uncertain the Company will employ spot measurement and/or short term monitoring at its discretion, or at the request of the Customer. Reasonable applications of measurement typically include variable loads that are likely candidates for conservation measures, such as cooling equipment. The annual end use estimated consumption will be reconciled with the annual Base Year consumption to within 5% for electricity (kWh) and fossil fuels. The contribution to electric peak demand for each end

use must also be reconciled to within 5% of the annual Base Year peak. The "miscellaneous" category cannot be more than 5%.

4. **Identification of ECMs.** By no later than November 26, 2012, the Company will provide to the Customer a written interim IGA report which will define a recommended project that meeting the project goals and requirements and include: (i) a description of the ECMs the Company intends to include within the IGA Report for each recommended IGA Facility; (ii) a preliminary implementation cost estimate, a preliminary savings estimate and an estimated simple payback period for each recommended ECM and (iii) a preliminary plan for implementing a Computerized Maintenance Management System (CMMS) as per the requirements described in Exhibit F. Within twenty (20) calendar days after the delivery of the list of the proposed ECMs, the Customer may provide written comments on the list, which written comments must be addressed in the IGA Report. After Client review of IGA recommendations and in consideration of the results of the preliminary feasibility analysis, the Customer will communicate in writing to the Company clear direction on which of the recommended Facilities to include in the final IGA Report.
  5. **Periodic Reports and Meetings.** On or before the expiration of each calendar month during the performance of the Services, the Company will prepare and submit to the Customer a status report prepared in a manner and format approved by the Customer that includes, but is not limited to, a detailed description of the progress of the Services at each Facility and a statement of any significant issues requiring review and approval by the Customer in the following thirty (30) calendar day period. Through the duration of this Agreement, the Customer will schedule and conduct meetings on a regular basis between the Company, Customer, and any other parties designated by the Customer for the purpose of discussing the status of the Services. The Company will prepare an agenda for each such meeting, and will distribute minutes to all participants in a timely manner.
  6. **Questions Regarding Savings Estimates.** The Customer has endeavored to provide the Company with sufficient general and specific guidance in this Agreement to develop the savings estimates for the IGA Report. In the event that questions arise as to the calculation of savings or whether certain items will be allowed as savings, the Company must seek written guidance from the Customer at the earliest possible opportunity.
- C. **IGA Report.** On or before the date that is forty five (45) calendar days after the Customer returns comments, or indicates it has no comments, on the identification of ECMs the Company submitted as per Section 2.B.4, the Company must deliver to the Customer five printed and one electronic copy of a IGA Report (a) in the format specified in Section 2.C.1, and (b) including all of the items and meeting all of the requirements specified in Sections 2.C.2 through 2.C.5.
1. **Format and Content.** The IGA Report must follow the IGA Outline Format defined in Exhibit H and, at a minimum, include the following:

- a. An executive summary which states the Program objectives and requirements, describes the Company's recommendation for achieving the Program objectives, a description of the number and types of Facilities impacted, ECMs evaluated, financial summary of the cost and savings estimates for the project as a whole, a summary table presenting the cost and savings estimates for each ECM and each Facility, ECM Matrix showing which Facility gets each ECM type, additional consequential benefits, analysis methodology,;
  - b. Baseline Energy Consumption: a summary of all utility bills, Base Year consumption and how it was established, and end use reconciliation with respect to the Base Year including a discussion of any unusual characteristics and findings;
  - c. ECM Technical Analysis: detailed descriptions for each ECM meeting the requirements of Section 2.C.2. and a description of ECMs considered but not recommended.
  - d. Detailed cost and fee estimates meeting the requirements of Section 2.C.3;
  - e. Detailed savings estimates meeting the requirements of Section 2.C.4;
  - f. A proposed Project measurement and verification plan meeting the requirements of Section 2.C.5.
  - g. A discussion of the conclusions, observations and caveats regarding cost and savings estimates;
  - h. A list of incentives or other cost reduction opportunities identified by the Company;
  - i. Thorough appendices which document the data relied upon to prepare the analysis and a description of how that data was collected.
2. Identification of ECMs. The IGA Report must:
- a. Identify and describe recommended ECMs for installation or implementation at the Facilities consistent with the ECMs preliminarily identified by the Company pursuant to Subsection 2.B.4 (unless a modification to such list has been approved in advance by the Customer);
  - b. Describe how the proposed ECMs will help the Customer and Client: (i) improve Energy Star Portfolio Ratings of the Facilities, (ii) achieve prerequisites and/or earn points towards certification under the LEED for Existing Buildings: Operations & Maintenance (LEED-EB: OM) rating system administered by the United States Green Building Council

(USGBC); and (iii) achieve greenhouse gas emissions reduction pursuant to the Chicago Climate Action Plan.

- c. Estimate the cost, savings and life expectancy of each proposed ECM;
- d. Estimate the cost to abate, remove, and dispose of ACM in order to install the proposed ECMs;
- e. Provide preliminary drawings and equipment layouts, as applicable, for the proposed ECMs;
- f. Specify facility operations and maintenance procedures which will be affected by the installation/implementation of the proposed ECMs;
- g. Provide a preliminary commissioning plan and training plan for the proposed ECMs;
- h. Estimate any environmental benefits of the proposed ECMs (e.g. avoided emissions, water conservation, etc.);
- i. Provide a preliminary construction schedule for the work under the GEPC that includes a schedule for the entire proposed Project, and showing the anticipated duration for installing each ECM;
- j. Identify any warranty period of the proposed ECMs that will extend beyond the general warranty period set forth in the GEPC;
- k. Provide a plan for the implementation of a CMMS system that provides the functionality described in Exhibit F. The CMMS plan should include cost allowance assumptions for the following: i) system planning, ii) software and hardware purchases, iii) implementation, testing, startup and training, iv) data collection and integration, and v) annual costs for data base hosting, technical support and maintenance,
- l. Provide a plan for measuring and reporting greenhouse gas emissions reductions as a result of Program implementation.

3. **Cost and Fee Estimates.** The IGA Report must include detailed estimates of costs associated with the installation, implementation and commissioning of each of the proposed ECMs for each Facility and for the proposed Project as a whole including, without limitation, breakouts for labor, materials, and equipment. Project cost data must be provided in the format included in **Exhibit B: Company Cost Proposal and Cash Flow Analysis.** The Parties intend for the Company's cost data to serve as the basis for the guaranteed maximum price of the Project and for each ECM within the GEPC. When recommended ECMs include products or technologies covered by Clinton Climate Initiative (CCI) Purchasing Alliance Agreements, the Company will include CCI partner suppliers in the proposed Project where feasible. Where feasible and where such inclusion

does not negatively impact the Company, they will use best efforts to locally procure products and services. The Company must also provide estimates of any additional annual operations and maintenance costs to the Client from the Company or outside vendors associated with operating and maintaining the ECMs following the Project's completion, including, without limitation, breakouts for maintenance fees, monitoring fees, CMMS work order system, and training fees.

4. **Savings Estimates.** The IGA Report must include savings calculations utilizing assumptions, projections and baselines which best represent the true value of future energy savings for each Facility, including accurate marginal cost for each unit of savings at the time the IGA is performed;; adjustments to the baseline to reflect current conditions at the Facilities, compared to the historic base period; calculations which account for the interactive effects of the recommended ECMs; etc. The IGA Report must clearly identify:
  - a. Minimum energy savings level to be delivered by the proposed Project identified on per-Facility and Project-wide bases (measured in kWh, BTUs, or other energy consumption metric);
  - b. Energy rates used to calculate savings for all ECMs. For the purposes of completing the Cash Flow Analysis in Exhibit B, the IGA Report should include both a Cash Flow Analysis without escalation rates applied to the energy rates and a Cash Flow Analysis with escalation rates agreed to by the Customer and Company;
  - c. Analysis methodology, supporting calculations and assumptions used to estimate savings. The Company must disclose essential data, assumptions, formulas, etc. so that the calculations can be replicated and adequately described in the GEPC;
  - d. The cash flow analysis shall not exceed fifteen (15) years, show a positive cash flow for each year, not assume any payments of energy efficiency incentive rebate proceeds, and for the purpose of including costs associated with monitoring, measurement and verification of savings, should assume a guarantee term of no longer than 3 years; and
  - e. A guaranteed minimum level of savings, in dollars, and energy usage units of measure, identified on per-Facility and Project-wide bases, for the entire proposed guarantee term and each year of the proposed guarantee term.

The following items will not be credited as savings derived from the Project or a proposed ECM, unless approved by Customer in its sole discretion: (i) Customer or Client labor costs; (ii) Customer or Client deferred maintenance costs; and (iii) offset of future Customer or Client capital costs. The Customer reserves the unilateral right to reject items claimed as savings which are not in the Client's utility budget line or which have been claimed contrary to the guidance given in

this Agreement or other written guidance given to the Company. The Customer also reserves the unilateral right to reject the Company's calculations of savings when it determines that there is another more suitable or preferable means of determining or calculating such savings.

5. **Measurement and Verification Plan.** The IGA Report must include a description of the proposed Project measurement and verification protocol, identifying the International Performance Measurement and Verification Protocol (IPMVP) option proposed for each component of the Project. The IGA Report must identify analysis methodology, supporting calculations, formulas, and assumptions proposed to estimate savings so that the savings measurement approach can be replicated and adequately described in the GEPC. For savings measurement approaches using computer simulations, the Company shall describe and provide access to the program and all inputs and assumptions used.
6. **Minimum Threshold.** The Company shall not be entitled to compensation for any Services performed in relation to any non IGA Facility, , and no Services related to any non IGA Facility may be included in the calculation of any Walkaway Fee pursuant to Section 5.C of this Agreement. In the event that the total square footage of the IGA Facilities is determined to be less than 910,000 square feet, the parties will, in good faith, negotiate an equitable reduction in the walkaway fee.

#### **D. General Company Obligations**

1. **Warranty of Services.** The Company warrants that the Services shall be performed in accordance with the highest standards of professional practice, care, and diligence practiced by recognized consulting firms in performing services of a similar nature and scope as the Services. The warranty expressed in this subsection shall be in addition to any other warranties expressed in this Agreement, or expressed or implied by law, which are hereby reserved unto the Customer.
2. **Compliance with Applicable Law.** The Company will comply with all applicable provisions of federal, state and local law when performing any services set forth or described in this Agreement, now existing or hereinafter in effect, which may in any manner affect the performance of the Agreement. Provisions required by law, rules, ordinances, regulations or executive orders to be inserted shall be deemed inserted whether or not they appear in this Agreement, or upon application by either party, this Agreement shall forthwith be physically amended to make such insertion; however, in no event shall the failure to insert such provision(s) prevent the enforcement of this Agreement. The Company shall also comply with all conditions of any federal, state, or local grant received by the Customer or the Company with respect to this Agreement or the Services. Where required by law, all drawings, plans, reports, and other documents delivered to the Customer as part of the Services must bear the stamp or seal of architects or engineers licensed by the State of Illinois.

- a. Anti-Terrorism Laws. The Company represents and warrants to, and covenants with, Customer that (i) neither the Company nor any of its owners or affiliates currently are, or will be at any time during the term hereof, in violation of any laws relating to terrorism or money laundering (collectively, the "*Anti-Terrorism Laws*"), including without limitation Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and regulations of the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) related to Specially Designated Nationals and Blocked Persons (SDN's OFAC Regulations), and/or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56) (the "*USA Patriot Act*"); (ii) neither the Company nor any of its owners, affiliates, investors, officers, directors, employees, vendors, subcontractors or agents is or shall be during the term hereof a "Prohibited Person" which is defined as follows: (1) a person or entity owned or controlled by, affiliated with, or acting for or on behalf of, any person or entity that is identified as an SDN on the then-most current list published by OFAC at its official website, <http://www.treas.gov/offices/eotffc/ofac/sdn/t11sdn.pdf> or at any replacement website or other replacement official publication of such list, and (2) a person or entity who is identified as or affiliated with a person or entity designated as a terrorist, or associated with terrorism or money laundering pursuant to regulations promulgated in connection with the USA Patriot Act; and (iii) the Company has taken appropriate steps to understand its legal obligations under the Anti-Terrorism Laws and has implemented appropriate procedures to assure its continued compliance with such laws. At any time and from time-to-time during the term of this Agreement, the Company will deliver to Customer within ten (10) calendar days after receipt of a written request therefor, a written certification or such other evidence reasonably acceptable to Customer evidencing and confirming the Company's compliance with this Subsection.
- b. Non-discrimination.
- (i) In performing the Services, the Company must comply with applicable laws prohibiting discrimination against individuals and groups. The Company must not discriminate against any worker, employee, applicant for employment, or any member of the public, because of race, color, creed, national origin, gender, age, or disability, or otherwise commit an unfair labor practice.
- (ii) The Company certifies that it is familiar with, and will comply with, all applicable provisions of the Civil Rights Act of 1964, 28 U.S.C. § 1447, 42 U.S.C. §§ 1971, 1975a-1975d, 2000a to 2000h-6 (1992); the Age Discrimination in Employment Act of 1967, 29 U.S.C. §§ 623-634 (1992); the Americans with Disabilities Act of 1990, 29 U.S.C. § 706, 42 U.S.C. §§ 12101-12213, 47 U.S.C. §§ 152, 221, 225, 611 (1992); 41 C.F.R. § 60

(1992); 41 C.F.R. § 60 (1992); reprinted in 42 U.S.C. 2000(e) note, as amended by Executive Order No. 11,375 32 Fed. Reg. 14,303 (1967) and by Executive Order No. 12,086, 43 Fed. Reg. 46,501 (1978); the Age Discrimination Act, 43 U.S.C. Sec. 6101-6106 (1981); P.L. 101-336; 41 C.F.R. part 60 et seq. (1990); the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1990), as amended; the Discrimination in Public Contracts Act, 775 ILCS 10/0.01 et seq. (1990), as amended; the Environmental Barriers Act., 410 ILCS 25/1 et seq; and the Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq. of the Municipal Code (1990), as amended.

- (iii) The Company will furnish such reports and information as may be requested by the Customer, the Illinois Department of Human Relations, or any other administrative or governmental entity overseeing the enforcement, or administration of, or compliance with, the above mentioned laws and regulations.
- c. Prevailing Wage and Public Works Preference Requirements. The Company certifies that it is familiar with, and will comply with, all applicable provisions of 820 ILCS 130/0.01 through 130/12 (Prevailing Wage Act), 30 ILCS 570/1 through 570/7 (Employment of Illinois Workers on Public Works Act) and 30 ILCS 560/0.01 through 560/7 (Public Works Preference Act).
  - d. Anti-Kickback Requirements. The Company will also comply with all applicable "Anti-Kickback" laws and regulations, including the "Anti-Kickback" Act of 1986, 41 U.S.C. §§ 51-58 (1992); 18 U.S.C. § 874 (1992); 40 U.S.C. § 276c (1986) and the Illinois Criminal Code of 1961 720 ILCS 5/33E-1 et seq. If, in the performance of this Agreement, any direct or indirect "kick-back" is made, as defined in any of the above mentioned laws and regulations, the Customer may withhold from the Company, out of payments due to the Company, an amount sufficient to pay any underpaid employees the difference between the salaries required to be paid under the law and this Agreement and the salaries actually paid such employees for the total number of hours worked. The amounts withheld may be disbursed by the Customer for and on account of the Company to the respective employees to whom they are due, as determined by the Customer in its sole discretion.
3. Cooperation with the PBC Inspector General. The Company agrees to cooperate fully and expeditiously with the Customer's Inspector General in all investigations or audits. The Company agrees to provide all documents, data, files and other information and access to all witnesses specified by the Customer's Inspector General. This obligation applies to all officers, directors, agents, partners, and employees of the Company. The Company agrees to insert this provision in any subcontracts that it awards:

4. Ethics Resolution. The Company has read and agrees to comply with all provisions of the Code of Ethics Resolution passed by the Customer on October 3, 2011, which is available on the Customer's website at [http://www.pbcchicago.com/pdf/RES\\_PBC\\_ECR\\_CodeofEthicsAmendOct32011\\_20110920.pdf](http://www.pbcchicago.com/pdf/RES_PBC_ECR_CodeofEthicsAmendOct32011_20110920.pdf), and is incorporated into this Agreement by reference.
5. Materials, Equipment and Supplies. The Company will provide or cause to be provided all facilities, materials, equipment and supplies necessary to perform the Services.
6. Patent and Copyright Responsibility. The Company will be solely responsible for securing any necessary licenses required for patented or copyrighted material utilized by the Company in the performance of the Services.
7. Personnel.
  - a. Key Personnel. The Company will use personnel suitably qualified and experienced to perform the Services in accordance with the requirements of this Agreement. To the extent required by law, each person assigned to perform any part of the Services shall be suitably licensed or certified to perform such obligations. The personnel identified in Exhibit C ("Key Personnel") will be primarily responsible for carrying out the Services on behalf of the Company. The Key Personnel cannot be changed without the Customer's prior written approval.
  - b. Availability of Personnel. The Company will provide all personnel necessary to complete the Services including, without limitation, any Key Personnel identified in this Agreement. The Company must notify the Customer as soon as practicable prior to terminating the employment of, reassigning, or receiving notice of the resignation of, any Key Personnel.
  - c. Approval and Use of Subcontractors. The Company will perform the Services with its own personnel and under the management, supervision, and control of its own organization unless otherwise approved by the Customer in writing. All subcontractors and subcontracts used by the Company must be acceptable to, and approved in advance by, the Customer. The Customer's approval of any subcontractor or subcontract does not relieve the Company of full responsibility and liability for the provision, performance, and completion of the Services as required by the Agreement. All Services performed under any subcontract will be subject to all of the provisions of this Agreement in the same manner as if performed by employees of the Company. For purposes of this Agreement, the term "Company" also refers to all subcontractors of the Company and every subcontract must include a provision binding the subcontractor to all provisions of this Agreement.

- d. Removal of Personnel and Subcontractors. If any personnel or subcontractor fails to perform the Services in a manner reasonably satisfactory to the Customer, the Company will immediately upon notice from the Customer remove and replace such personnel or subcontractor. The Company will have no claim for damages or for a delay or extension of the time periods for performance of the Services as a result of any such removal or replacement.
  - e. Compensation and Benefits. The Company is solely responsible for the compensation, benefits, contributions and taxes, if any, of all personnel and subcontractors performing any portion of the Services. The Company will at its own expense comply with all applicable workmen's compensation, unemployment insurance, employer's liability, tax withholding, minimum wage and hour, and other laws pertaining to wages and benefits.
8. Confidential Information. The term "**Confidential Information**" means any documentation or information (i) which is marked as "proprietary" or "confidential", (ii) which is supplied orally with a contemporaneous confidential designation, or (iii) which is known by the Company to be confidential or proprietary information or documentation of the Customer or the Client. Confidential Information does not include information that can be demonstrated: (i) to have been rightfully in the possession of the Company from a source other than the Customer or Client prior to the time of disclosure of said information to the Company under this Agreement ("**Time of Disclosure**"); (ii) to have been in the public domain prior to the Time of Disclosure; (iii) to have become part of the public domain after the Time of Disclosure by a publication or by any other means except an unauthorized act or omission or breach of this Agreement on the part of the Company or the Customer; or (iv) to have been supplied to the Company after the Time of Disclosure without restriction by a third party who is under no obligation to the Customer to maintain such information in confidence. The Company acknowledges that it will, in performing the Services for the Customer under this Agreement, have access to or be directly or indirectly exposed to Confidential Information. The Company will hold confidential all Confidential Information and will not disclose or use such Confidential Information without express prior written consent of the Customer. The Company will use reasonable measures to protect Confidential Information at least as strict as those the Company uses to protect its own confidential information. Such measures include, without limitation, requiring employees and subcontractors of the Company to execute a non-disclosure agreement before obtaining access to Confidential Information. The Company acknowledges that the Customer and Client are subject to the Illinois Freedom of Information Act, 5 ILCS 140/1 et seq., and that no disclosure made in good faith by the Customer or Client pursuant to such Act shall be deemed to violate any confidentiality commitments made by the Customer to the Company.
9. Retention of Records. The Company must maintain books, records, documents and other evidence pertaining to the performance and cost of the Services

("Records") for a period of five (5) years after the termination of this Agreement ("Retention Period"). The Company must adopt accounting procedures and practices sufficient to reflect properly all costs of whatever nature claimed to have been incurred and anticipated to be incurred for or in connection with the performance of this Agreement. This system of accounting must be in accordance with generally accepted accounting principles and practices, consistently applied to all of the Records. The Records will be open to audit, inspection, copying, abstracting and transcription and must be made available to the Customer at reasonable times during the term of this Agreement and the Retention Period. The Records retention obligation set forth in this Subsection shall survive the termination or expiration of this Agreement, whether by lapse of time or otherwise.

### **SECTION 3: CUSTOMER OBLIGATIONS**

The Customer agrees, that in conjunction and cooperation with the Client, to:

1. Form a committee for oversight of the Services comprised of representation from the Customer and Client with oversight for capital expenditures and management of the Facilities for the purposes of engaging with the Company at predefined intervals;
2. Furnish (or cause its energy suppliers to furnish) all available records and data concerning energy usage for the Facilities for the most current 36 month period including: utility records; occupancy information; descriptions of any changes in the structure of the Facilities or its heating, cooling, lighting or other systems or energy requirements; descriptions of all major energy consuming or energy saving equipment used in the Facilities; and, description of energy management procedures presently utilized;
3. Furnish a record of any energy related improvements or modifications that have been installed at the Facilities during the past three years, or are currently being installed or are currently contemplated to be installed by the Customer in the Facilities separate from the GEPC;
4. Provide copies of drawings, equipment logs and maintenance work orders to the Company insofar as this information is readily available and relevant to the Services;
5. Provide the Company with reasonable access to the Facilities for the purpose of performing the energy efficiency analysis, measuring actual energy use, taking equipment inventory, determining operating schedules, identifying known operational deficiencies, etc.; and
6. Provide access to key personnel to discuss operating requirements.

#### **SECTION 4: GUARANTEED ENERGY PERFORMANCE CONTRACT**

If the Customer elects, at its sole discretion, to proceed with the Project upon completion of the IGA Report, the Parties will negotiate a GEPC under which the Company will design, install and implement one or more ECMs approved by the Customer and provide certain training, commissioning, monitoring, and other services. It is clearly understood by both Parties that if the Parties successfully negotiate and execute a GEPC, no payment whatsoever shall be due to the Company for any Services under this Agreement including, without limitation, performance of the IGA and preparation of the IGA Report. The Company may, however, include actual documented IGA related costs into the price of the GEPC. This Agreement will automatically terminate upon the effective date of a GEPC between the Parties for one or more of the Facilities.

#### **SECTION 5: TERMINATION AND PAYMENT**

##### **A. Termination by the Customer:** The Customer may terminate this Agreement:

1. If the Company fails to complete the IGA and deliver the IGA Report meeting the Program requirements of this Agreement to the Customer within 30 calendar days from the date established in Section 2.C. Termination under this Subsection will be effective upon the Company's receipt of written notification from the Customer that the deadline for completion of the IGA and submission of the IGA Report has passed. In this event, the Customer will not be obligated to pay any amount to the Company for services performed or expenses incurred by the Company under this Agreement.
2. If, prior or subsequent to the completion of the IGA or the IGA Report, the Customer notifies the Company in writing that it has elected to terminate this Agreement for convenience. In this event, the Customer will reimburse the Company for the lesser of: (i) the actual expenses incurred by the Company as of the effective date of the termination, as documented by Records maintained pursuant to Subsection 2.D.9 of this Agreement; or (ii) the Walkaway Fee, as defined in Section 5.B of this Agreement. Termination under this Subsection will be effective upon the Company's receipt of written notification from the Customer.
3. If it should appear at any time that the Company has failed or refused to prosecute, or has delayed in the prosecution of, the Services with diligence at a rate that assures completion of the Services in full compliance with the requirements of this Agreement, or has otherwise failed, refused, or delayed to perform or satisfy the Services or any other requirement of this Agreement ("**Event of Default**"), and fails to cure any such Event of Default within five (5) business days after the Company's receipt of written notice of such Event of Default from the Customer. Upon an Event of Default, the Customer will have the right, without prejudice to any other remedies provided by law or equity, to pursue any one or more of the following remedies:

- a. Cure by the Company. The Customer may require the Company, within a reasonable time, to complete or correct all or any part of the Services that are the subject of the Event of Default; and to take any or all other action necessary to bring the Company and the Services into compliance with this Agreement.
  - b. Termination of Agreement by Customer. The Customer may terminate this Agreement without liability to pay any amount to the Company for services performed or expenses incurred in connection with this Agreement.
  - c. Recovery of Costs. The Customer may recover from the Company any and all costs, including attorneys' fees and administrative expenses, incurred by the Customer and Client as the direct result of any Event of Default by the Company or as a result of actions taken by the Customer in response to any Event of Default by the Company.
- B. Walkaway Fee.** If this Agreement has not been terminated pursuant to Section 5.A, then following the Company's completion and the Customer's acceptance of the IGA Report: (i) the Parties will enter into good faith negotiations in order to execute a GEPC for the implementation of one or more of the ECMs; and (ii) the Customer will use reasonable diligence to arrange financing for the Project. If, despite such efforts, the Parties are unable to execute a GEPC by December 31, 2013, or later date if amended in writing by the Parties then the Customer will pay the Company a fee of \$100,000.00 (the "**Walkaway Fee**") as Company's total and complete compensation for all work and services performed pursuant to this Agreement. For purposes of this Section, the Company will not be deemed to be engaging in good faith negotiations if the Company seeks material revisions, modifications, or additions to the provisions of the GEPC base contract document that were not raised as a part of the Company's response to the RFQ/P. The Company may seek revisions or modification to new provision not provided with the RFQ/P, or to any original provision that has been substantially affected by the addition of new provisions.
- C. Provisions Upon Termination.** Upon termination of this Agreement for any reason, the Company shall provide the Customer with any documents, preliminary notes, reports or analysis which have been produced or prepared in connection with the Services and paid for in full by the Customer prior to the effective date of the termination and return any documents or information that were previously provided by the Customer and Client.

## **SECTION 6: INDEMNIFICATION; INSURANCE**

### **A. Indemnification**

1. Professional Indemnity. For claims alleging professional negligence, the Company must defend, indemnify and hold the Customer and the Client and their respective commissioners, board members, officers, officials and employees (hereafter the Indemnified Parties) free and harmless from and against all claims, demands, suits, losses, costs and expenses, including the fees and expenses of

attorneys, court costs and expert's fees, that may arise out of the Company's negligent acts, errors and omissions and misconduct in the Company's performance under this Agreement or the performance of any Subcontractor retained by the Company in connection with this Agreement.

2. **General Indemnity.** For all other claims, the Company must protect, defend, indemnify, hold the Customer and the Client and their respective commissioners, board members, officers, officials and employees (hereafter the Indemnified Parties) free and harmless from and against all claims, demands, suits, losses, costs and expenses, including the fees and expenses of attorneys, court costs and expert's fees, that may arise out of or be based on any injury to persons or property that is, or is claimed to be, the result of the Company's performance under this Agreement or any Subcontractor retained by the Company in connection with this agreement.
3. **Scope of Indemnification.** The indemnification obligations provided in this Section 6 will be effective to the maximum extent permitted by law. This indemnity extends to all legal costs, including, without limitation: attorney fees, costs, liens, judgments, settlements, penalties, professional fees or other expenses incurred by the Indemnified Party(ies), including but not limited to reasonable settlement of such claims. Unless otherwise stated herein, this indemnification is not limited by any amount of insurance required under this Agreement. Further, the indemnity contained in this section will survive the expiration or termination of this Agreement. For claims subject to the general indemnity, the Company shall be solely responsible for the defense of any and all claims, demands, or suits against the Indemnified Parties, including without limitation, claims by an employee, subcontractor, agents or servants of the Company even though the claimant may allege that the Indemnified Parties were in charge of the Services or allege negligence on the part of the Indemnified Parties. The Indemnified Party/Parties will have the right, at its sole option, to participate in the defense of any such suit at its/their expense, without relieving the Company of its obligations hereunder.

Notwithstanding the forgoing, the Company shall have no obligation to indemnify an Indemnified Party for the Indemnified Party's own negligence or willful misconduct. Defense costs shall be allocated on a comparable fault basis.

## **B. Insurance.**

The Company must provide and maintain at Company's own expense, the minimum insurance coverage and requirements specified below, insuring all operations related to the Agreement and resulting GEPCs. The insurance must remain in effect during all work related to the Agreement and resulting GEPCs including punch list as well as any time Company returns to perform additional work regarding warranties or for any other purpose.

1. **Commercial General Liability** (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$10,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverage must include the following: All premises and operations, products/completed operations (for minimum of two (2) years following project completion), flood, explosion, collapse, underground hazards, separation of insureds, defense and contractual liability. Company and all subcontractors of every tier **will specifically name** the Public Building Commission of Chicago, the City of Chicago and the client agency/property owner of each project and others as may be required by the Public Building Commission of Chicago as Additional Insured on a primary and non-contributory basis, with respect to liability arising out of operations of Company, and/or its subcontractors, on behalf of Customer and/or Client, where required by written contract for any liability arising directly or indirectly from the work including the two (2) years completed operations period using the ISO CG2010 (0704) and CG2037 (0704). Coverage will include a waiver of subrogation as required below.

***Company and subcontractors are required to endorse their liability policies with form CG 24 17 to eliminate the exclusion for work within fifty (50) feet of the rail right-of-way. Company must provide copies of this endorsement with the certificate of insurance required below. Contractors must ensure that subcontractors maintain this endorsement on their policies.***

Subcontractors performing work for Consultant must maintain limits of not less than \$2,000,000 per occurrence with the same terms herein.

2. Automobile Liability (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the Company must provide Automobile Liability Insurance, with limits of not less than \$5,000,000 per occurrence for bodily injury and property damage. The Public Building Commission of Chicago, the City of Chicago and the client agency/property owner of each project and others as may be required by the Public Building Commission of Chicago as designated in the scope of work are to be named as Additional Insureds on a primary, non-contributory basis, with respect to liability arising out of operations of Company, and/or its subcontractors, on behalf of Customer and/or Client, where required by written contract.

Subcontractors performing work for Consultant must maintain limits of not less than \$1,000,000 per occurrence with the same terms herein.

3. Workers' Compensation and Employers Liability

Workers' Compensation Insurance as prescribed by applicable law covering all employees who are to provide a service under this Contract and Employers

Liability coverage with limits of not less than \$1,000,000 each accident, illness or disease. Coverage will include a waiver of subrogation as required below.

4. Professional Liability

When Company or its subcontractors perform work in connection with the Agreement, Professional Liability Insurance must be maintained with limits of not less than \$5,000,000 covering acts, errors, or omissions. The policy will include coverage for wrongful acts, including but not limited to errors, acts or omissions, in the rendering or failure to render professional services. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede the, start of work on the Agreement. Coverage must be maintained for two years after substantial completion. A claims-made policy, which is not renewed or replaced, must have an extended reporting period of two (2) years.

Subcontractors performing work for Company must maintain limits of not less than \$2,000,000 per occurrence with the same terms herein.

5. Contractors' Pollution Liability

Contractors' Pollution coverage is required with limits of not less than \$5,000,000 per occurrence for any portion of the services, which may entail, exposure to any pollutants, whether in the course of sampling, remedial work or any other activity under this Agreement and GEPCs. The Contractors' Pollution liability policy will provide coverage for sums that the insured become legally obligated to pay as loss as a result of claims for bodily injury, property damage and/or clean-up costs caused by any pollution incident arising out of the Work including remediation operations, transportation of pollutants, owned and non-owned disposal sites and any and all other activities of Company and its subcontractors. Pollution incidents will include, but not be limited to, the discharge, dispersal, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, medical waste, waste materials, lead, asbestos, silica, hydrocarbons and microbial matter, including fungi, bacterial or viral matter which reproduces through release of spores or the splitting of cells or other means, including but not limited to, mold, mildew and viruses, whether or not such microbial matter is living.

The policy will be maintained for a period of three years after final completion and include completed operations coverage. The policy will include the Public Building Commission of Chicago, the City of Chicago and the client agency/property owner of each project and others as may be required by the Public Building Commission of Chicago, as Additional Insured on a primary and non-contributory basis for on-going and completed operations with respect to liability arising out of operations of Company, and/or its subcontractors, on behalf of Customer and/or Client, where required by written contract.

Subcontractors performing work for Company must maintain limits of not less than \$1,000,000 per occurrence with the same terms herein.

6. Builders Risk/Installation Floater

Contractor must provide All Risk Builders Risk/Installation Floater insurance or equivalent on a replacement cost basis for materials, supplies, equipment, machinery and fixtures that are or will be part of the permanent facility. Coverage must be on an All Risk basis including, but are not limited to, the following: right to partial occupancy, collapse, water damage including overflow, leakage, sewer backup, or seepage, damage to adjoining or existing property, debris removal, scaffolding, false work, fences, and temporary structures, resulting damage from faulty workmanship or materials, Ordinance and Law, and equipment stored off site or in transit. The Public Building Commission of Chicago, the City of Chicago and the client agency/property owner of each project are to be Named Insureds on the policy. Coverage must remain in place until at least Substantial Completion.

The Company is responsible for all loss or damage to personal property including but not limited to materials, equipment, tools, and supplies owned, rented, or used by Company.

7. Railroad Protective Liability

When work is to be performed within fifty (50) feet of the rail right-of-way, Company shall ensure that Railroad Protective Liability insurance in the name of the railroad or transit entity remains in force during the course of construction of the project entity for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof. Limits shall be in the amount required by the railroad or transit entity.

*Company and subcontractors are required to endorse their liability policies with form CG 24 17 to eliminate the exclusion for work within fifty (50) feet of the rail right-of-way. Company and subcontractors must provide copies of this endorsement with the certificate of insurance required below.*

Such certificates and policies must be in a form acceptable to the Customer and from companies with a general rating of A minus, and a financial size category of Class VII or better, in Best's Insurance Guide. No change, modification in, or cancellation of, any insurance shall become effective until the expiration of 30 days after written notice thereof has been given by Company to the Customer. The certificates of insurance will state that should any of the above described policies be cancelled or reduced in coverage or limits while the Work is in progress, before the expiration date thereof, notice will be delivered in accordance with the policy provisions, pursuant to ISO ACORD Form 25 (05/2010). Furthermore, Company shall indemnify Customer for any

loss suffered by Customer to the extent that such loss is attributable solely to Company's failure to provide such 30 days' prior written notice as required."

The Company must, at all times during the term of this Agreement, maintain and keep in force, at the Company's expense, the insurance coverages provided above.

In the event of a claim or litigation the Customer reserves the right to obtain applicable portions of insurance policies and records from the Company and/or its Subcontractors at any time upon written request, redacted to delete any Company confidential information not relevant to the claim, litigation or intended coverage.

Any deductibles or self-insured retentions on referenced insurance coverage must be borne by Company.

The Company hereby waives and agrees that their insurers waive their rights of subrogation against the Customer and the Client, and their respective Board members, employees, elected officials, agents or representatives.

Unless otherwise stated herein, the insurance coverage and limits furnished by Company in no way limit the Company's liabilities and responsibilities specified within the Agreement or by law.

Any insurance or self-insurance programs maintained by the Customer and the Client do not contribute with insurance provided by the Company under the Agreement.

The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in the Agreement given as a matter of law.

The Company must require all its Subcontractors to provide the insurance required in this Agreement, or Company may provide the coverage for its Subcontractors. All its Subcontractors are subject to the same insurance requirements of Company unless otherwise specified in this Agreement.

If Company or its Subcontractors desires additional coverage, the party desiring the additional coverage is responsible for the acquisition and cost.

The Customer's Risk Management Department maintains the rights to modify, delete, alter or change these requirements upon written notice to Company. Documented increased costs resulting from revised insurance requirements may be submitted as a Change Order increasing the contract sum.

- C. Limitation of Liability.** Notwithstanding anything else herein to the contrary, the Customer agrees to limit the Company's losses, court costs, attorney fees, expenses, liens, judgments, settlements, professional fees, or other fees to the limits of the Company's limits of insurance/self-insurance or the Guaranteed Maximum Price of the Guaranteed Energy Performance Contract, whichever is greater. It is intended that this limitation shall apply to any and all liability, type of damage, or cause of action however

alleged or arising, unless otherwise prohibited by law; *provided however*, that this limitation of liability shall not apply to the guaranteed minimum annual energy savings or the performance guarantee as described herein.

## **SECTION 7: GENERAL TERMS AND CONDITIONS**

- A. Relationship of the Parties.** The Company shall act as an independent contractor in providing and performing the Services. Nothing in, nor done pursuant to, this Agreement shall be construed (i) to create the relationship of principal and agent, employer and employee, partners, or joint ventures between the Customer and the Company; or (ii) to create any relationship between the Customer and any subcontractor of the Company.
- B. No Personal Liability.** No elected or appointed official or employee of the Customer or Client shall be personally liable, in law or in contract, to the Company as the result of the execution of this Agreement.
- C. No Waiver.** No right of either Party shall be deemed to have been waived by non-exercise thereof, or otherwise, unless such waiver is reduced to writing and executed by the Party entitled to exercise such right.
- D. Assignment.** This Agreement may not be assigned by the Company without the prior written consent of the Customer. The Customer may assign this Agreement to the Client, any future property manager of the Facilities, or any entity approved by the Company, which approval shall not be unreasonably withheld.
- E. Mutual Cooperation.** The Customer agrees to cooperate with the Company in the performance of the Services, including meeting with the Company and providing the Company with such non-confidential information that the Customer may have that may be relevant and helpful to the Company's performance of the Services. The Company agrees to cooperate with the Customer, the Client, and any consultants engaged by either party in the performance of the Services.
- F. Publicity.** Upon the reasonable request of the Customer, the Company will cooperate with and assist the Customer in connection with any public relations or publicity relating to the Services. Without the prior written consent of the Customer, the Company may not disclose details or information relating to the Services to the press, the public, any news-disseminating agency or any other party, except to those parties performing portions of the Services, and then only to the extent required for the performance of the particular portion of the Services being performed.
- G. Ownership.** Designs, drawings, plans, specifications, photos, reports, information, observations, calculations, notes, and any other documents, data, or information, in any form, prepared, collected, or received by the Company in connection with any or all of the Services to be performed under this Agreement ("**Documents**"), shall be and remain the exclusive property of the Customer, once the Customer has paid Company in full for its services as required by this Agreement, and subject to the Company's rights in

the Company Intellectual Property as described below. To the extent that an invention, patent, discovery, technology, trade secret, know-how, development, improvement, idea or other intellectual property (collectively, "Intellectual Property") is (i) conceived, discovered, invented, created, developed and/or reduced to practice exclusively by Customer, (ii) created in connection with the work for Customer pursuant to the Agreement and will only work exclusively with the proprietary system of Customer (which shall be considered a "work made for hire", (iii) under a specific agreement for the joint development of Intellectual Property, or (iv) Documents, such Intellectual Property will be owned exclusively by the Customer.

Except for Intellectual Property owned by Customer as provided above, Customer acknowledges that Company is the exclusive owner of all right, title and interest in and any other deliverables produced and or provided under this Agreement including, without limitation, its intellectual property, including patents, trademarks, trade secrets, and copyrights, methodologies and methods of analysis, ideas, concepts, expressions, know how, methods, techniques, skills, knowledge and experience (collectively "Company Intellectual Property") possessed by Company prior to, or acquired by Company during the performance of this Agreement and the same shall not be deemed to be work product or "work made for hire" and Company shall not be restricted in any way with respect thereto. Company grants to Customer a perpetual, paid-up, worldwide license to make or use the Company's Intellectual Property, including software that relate in any way to the operation, maintenance and improvement of the work.

- H. **Governing Law.** This Agreement shall be governed by and construed only in accordance with the laws of the State of Illinois.
- I. **Notice.** Any notice or communication required or permitted to be given under this Agreement shall be in writing and shall be delivered (i) personally, (ii) by a reputable overnight courier, (iii) by certified mail, return receipt requested, and deposited in the U.S. Mail, postage prepaid, or (iv) by electronic internet mail ("e-mail"). E-mail notices shall be deemed valid and received by the addressee thereof when delivered by e-mail and (a) opened by the recipient on a business day at the address set forth below, and (b) followed by delivery of actual notice in the manner described in either (i), (ii) or (iii) above within three business days thereafter at the appropriate address set forth below. Unless otherwise expressly provided in this Agreement, notices shall be deemed received upon the earlier of (a) actual receipt; (b) one business day after deposit with an overnight courier as evidenced by a receipt of deposit; or (c) three business days following deposit in the U.S. mail, as evidenced by a return receipt. By notice complying with the requirements of this Subsection, each Party shall have the right to change the address or the addressee, or both, for all future notices and communications to such party, but no notice of a change of addressee or address shall be effective until actually received.

Notices and communications to the Customer shall be addressed to, and delivered at, the following address:

Public Building Commission of Chicago  
50 West Washington, Suite 200  
Chicago, IL 60602  
Attention: Erin Lavin Cabonargi; (Executive Director)

With a copy to:

Neal & Leroy, LLC  
203 North LaSalle Street, Suite 2300  
Chicago, Illinois 60601  
Attention: Langdon D. Neal

Notices and communications to the Company shall be addressed to, and delivered at, the following address:

NORESCO, LLC  
One Research Drive  
Suite 400c  
Westborough, MA 01581  
Attention: David G. Mannherz, Executive Vice President

**J. Exhibits.** The following documents are incorporated in, and made a part of, this Agreement:

Exhibit A - Customer Requirements and Objectives  
Exhibit B - Cost Proposal and Project Cash Flow Analysis  
Exhibit C - Company Key Personnel  
Exhibit D - Customer Disclosures and Certifications  
Exhibit E - Facilities List and Building Groups  
Exhibit F – Computerized Maintenance Management System Requirements  
Exhibit G – Clinton Climate Initiative Performance Contracting Best Practices  
Exhibit H – Investment Grade Audit Report Format Outline

In the event of a conflict between the Exhibits and the text of this Agreement, the text of this Agreement shall control.

**K. Entire Agreement.** This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, representations, or agreements, whether written or oral.

**L. Amendment.** No amendment to this Agreement shall be effective until and unless reduced to writing and executed by the Parties.

- M. Rights Cumulative.** Except as otherwise expressly provided in this Agreement, (i) rights and remedies available to the Customer and/or the Company as set forth in this Agreement shall be cumulative with and in addition to, and not in limitation of, any other rights or remedies available to the Parties at law and/or in equity, and (ii) any specific right or remedy conferred upon or reserved to the Customer and/or the Company in any provision of this Agreement shall not preclude the concurrent or consecutive exercise of a right or remedy provided for in any other provision hereof.
- N. Severability.** If any provision of this Agreement is held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.
- O. Representations and Warranties.** The Company hereby represents and warrants to the Customer, with the intention that the Customer rely thereon in entering into this Agreement, that: (a) the Company is familiar with all building and local conditions which may affect the Services; (b) the Company has the training, capability, experience, expertise, and licensing necessary to perform the Services in accordance with the requirements of this Agreement; (c) the Company possesses and will keep in force all required licenses, permits, and accreditations to perform the Services; (d) the Company has full power to execute, deliver, and perform this Agreement and has taken all necessary action to authorize such execution, delivery, and performance; and (e) the representations and certifications set forth on Exhibit D are and shall remain true and correct.
- P. Counterpart Execution.** This Agreement may be executed in several counterparts, each of which, when executed, shall be deemed to be an original, but all of which together shall constitute one and the same instrument.
- Q. Force Majeure.** If either Party shall be unable to carry out any part of its obligations under this Agreement due to causes beyond its control ("Force Majeure"), including but not limited to an act of God, strikes, lockouts or other industrial disturbances, acts of delays of the Customer's, acts of public enemies, orders or restraints of any kind of the government of the United States or any state or any of their departments, agencies, or officials, or any other civil governmental transportation delays, military or judicial authority, war, blockage, insurrection, riot, sudden action of the elements, fire, explosion, flood,, earthquake, storms, drought, landslide, or explosion or nuclear emergency, this Agreement shall remain in effect but the affected Party's obligations shall be suspended for a period equal to continuation of the disabling circumstances

*[The remainder of this page is intentionally left blank.]*

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the date and year first written above.

PUBLIC BUILDING COMMISSION  
OF CHICAGO

NORESCO, LLC

BY: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

#10628817\_v1

*[Handwritten signature]*  
EXECUTIVE DIRECTOR  
12.11.12

*[Handwritten signature]*  
David G. Mannherz  
Executive Vice President

## Exhibit A

### Customer Requirements and Objectives

- The objectives for the Program include the reduction of greenhouse gas emissions. The Company must provide for the measurement and reporting of reduced emissions resulting from the Program.
- The Customer and Client wish to benchmark building energy performance using the ENERGY STAR benchmarking system. The Company must be able to assist with the benchmarking process.
- The Customer may investigate LEED for Existing Buildings (LEED-EB) certification from the United States Green Building Council (USGBC) for one or more Facilities within the Program. If requested, the Company should be prepared to explore ECMs that either help achieve prerequisites under LEED-EB and/or earn points towards a level of certification specified by the Customer.
- If feasible within the Program cash flow, the Program should incorporate a standardized, open protocol building energy information system that will aggregate energy use and metering data across all Facilities in the Program and provide "dashboard" reporting of energy consumption and trend data for Customer and Client staff.

### **Performance Guarantee**

- The Program must result in a guaranteed minimum **annual** energy savings guarantee, as well as defined levels of occupant comfort, maintenance, monitoring, training or other services. At this time, water savings will not be a component of the Program. The Program must achieve savings sufficient to cover all Program costs, including financing payments, payments and fees for maintenance, monitoring, training, and other services. If the Program does not generate the guaranteed level of savings in any given year, the Company will be responsible for reimbursing the amount of any shortfall. Program savings will be verified and reconciled on an annual basis. Achievement of the performance guarantee will be determined on an annual basis during the guarantee term, with no provision for the carry-over of "excess savings" if the Company exceeds the guarantee savings level in any year.
- The Customer will pay particular attention to the Company's approach to "measured" and "stipulated" categories of savings. Measured categories of savings are those determined through calculations of actual reductions in energy or utility use, measured using the meters and processes specified in the GEPC. Stipulated categories of savings include items such as avoided maintenance, deferred capital investments, operational savings, or avoided personnel costs that are assumed each year without any method for calculation. The Customer expects that stipulated savings will only be used in limited circumstances where a high cost for measurement warrants the use of a stipulated figure.

## Other Contractual Requirements

- The Customer expects that the selected Company will adhere to the terms of the Clinton Climate Initiative's Energy Performance Contracting Best Practices, December 2009 revision, attached as **Exhibit G** to this IGA.
- The Company will be required to work with the Customer and Client in order to coordinate construction and maintenance activities. ECM installation activities must avoid disruption to the operations of the Facilities to the maximum extent possible.
- A local registered professional engineer must, at a minimum, review and approve design work for the Program.
- The Customer will provide a sales tax exemption certification for purchases of equipment, tools, materials, and supplies relating to the Program. Program construction activities are also exempt from City of Chicago permit fees for demolition, construction, alteration, repair, renovation, rehabilitation, and inspections. However, while Program construction activities are exempt from fees, the Company must still abide by the City's permitting processes and requirements.
- The selected Company must provide appropriate training for building personnel in operations and maintenance of all installed improvements. Maintenance responsibilities shall be detailed in the GEPCs. No equipment or other improvements will be installed that would require the hiring of additional personnel unless explicitly agreed to by the Customer.
- In the performance of the services under the GEPC, the selected Company must use every reasonable effort to comply with the following project participation guidelines applicable to City projects (collectively, the "**City Project Participation Guidelines**"):
  1. Utilize minority business enterprises (MBEs) for not less than 24% of the value of the work and services under the GEPC;
  2. Utilize women business enterprises (WBEs) for not less than 4% of the value of the work and services under the GEPC;
  3. Utilize Chicago residents for not less than 50% of the total labor hours under the GEPC; and
  4. Utilize local businesses for subcontracting work in accordance with the following guidelines:
    - a. Companies that are local businesses (as defined in clause 4-c below) are required to award 25% of the value of the work and services under the GEPC to subcontractors that are local businesses.
    - b. Companies that are not local businesses (as defined in clause 4-c below) are required to award 35% of the value of the work and services under the GEPC to subcontractors that are local businesses.
    - c. A "local business" is one that: 1) owns or leases a functioning business office and/or operations facilities within the City of Chicago; 2) is registered and licensed to do business in the City of Chicago; 3) employs City of Chicago residents; and 4) is subject to City of Chicago taxes.
  5. Provide opportunities for employment of community residents
  6. Provide opportunities for employment for the following programs:

- a. Federally funded State Energy Sector Partnership Program administered by the Chicago Workforce Investment Council. Program partners include but are not limited to:
    - i. HACIA (Hispanic American Construction Industry Association)
    - ii. CWIT (Chicago Women in Trades)
    - iii. Chicago Regional Council of Carpenters Apprentice and Training Program.
  - b. Persons who have completed or are enrolled in programs comparable to the City Colleges of Chicago's Building Energy Technologies Occupational Certificate program at Wilbur Wright College.
- The GEPC will require the Company to furnish bonds covering faithful performance of the installation period work under the GEPC and payment of obligations arising from the installation period work under the GEPC. In addition, the Company must provide security in a form acceptable to the Customer for the faithful performance of obligations arising during the construction period of the GEPC. Notwithstanding any provision to the contrary herein, any payment and performance bonds associated with the GEPC guarantee only the performance of the installation portion of the GEPC, and shall not be construed to guarantee the performance of: (i) Any efficiency or energy savings guarantees, (ii) Any support or maintenance service agreement, or (iii) Any other guarantees or warranties with terms beyond one (1) year in duration from the completion of the installation portion of the GEPC.

Exhibit B

Cost Proposal and Cash Flow Analysis

<b>COST PROPOSAL<sup>1</sup></b>
----------------------------------

CUSTOMER NAME: \_\_\_\_\_ COMPANY NAME: \_\_\_\_\_

VALUE OF HARD COSTS<sup>2</sup>: \$ \_\_\_\_\_

Category of Service Fees	Estimated Percentage (%) of Hard Costs <sup>3</sup>	Dollar (\$) Value of Service Fees
IGA Audit		
Design Engineering Fees		
Construction Management		
System Commissioning		
First Year Training Fees		
Annual Service Fees including: Measurement and Verification Maintenance Performance Monitoring On-going Training Services		
Contingency Costs		
Totals		

Percentage utilization of minority-owned business enterprises: \_\_\_\_\_

Percentage utilization of women-owned business enterprises: \_\_\_\_\_

**NOTES:**

1. The IGA Report must include cost proposals for the Project as a whole, with appropriate itemization of per-Facility and per-ECM costs.
2. The total value of Hard Costs is defined in accordance with standard AIA definitions which include:
  - Labor Costs
  - Subcontractor Costs
  - Costs of Materials and Equipment, Temporary Facilities and Related Items
  - Miscellaneous Costs such as Permits, Bonds Taxes, Insurance, etc.
3. Percentages should include all mark-ups, overhead, and profit. Figures stated as a range (e.g. 2%-5%) are not acceptable.

### ANNUAL PROJECT CASH FLOW ANALYSIS

Financed Project Costs: \_\_\_\_\_  
 Finance Term: \_\_\_\_\_  
 Annual Interest Rate<sup>1</sup>: \_\_\_\_\_  
 Construction Months: \_\_\_\_\_  
 Annual Payment: \_\_\_\_\_

Escalation Rate by Savings Category<sup>1</sup>  
 Electric: \_\_\_\_\_  
 Natural Gas: \_\_\_\_\_  
 Steam: \_\_\_\_\_  
 Operations & Maintenance Costs: \_\_\_\_\_  
 Other (specify): \_\_\_\_\_  
 Escalation Rate for Annual Fees: \_\_\_\_\_

**Note 1: Information to be provided by Customer**

Yr.	Electric Cost Savings	Natural Gas Cost Savings	Steam Cost Savings	Other (Please Specify)	Operational Cost Savings	Total Cost Savings	Maintenance Monitoring, M&V, & Training Fees	Guaranteed Cost Savings	Financing Payment	Net Savings
1										
2										
3										
4										
5										
6										
7										
8										
9										
10 <sup>2</sup>										
Total										

**Note 2: Add additional years consistent with the term of the finance term assumptions.**



Exhibit C

Key Personnel

The Company will use personnel suitably qualified and experienced to perform the Services in accordance with the requirements of this Agreement. The personnel identified below will be primarily responsible for carrying out the Services on behalf of the Company.

<b>Key Project Personnel</b>	<b>Role</b>
Steve Kowalski	Account Executive
Michael Lebar	Project Developer
Steve McGreer	Sr. Project Engineer
Mike Raizer	Construction
Michael Spielman	Commodities
Sarahjoy Allen	Measurement and Verification



Exhibit D

**Company Disclosures and Certifications**

Name: NORESCO, LLC

Address: 1 Research Dr, Ste 400c, Westborough, MA 01581

Telephone No.: 508-614-1000

Federal Employer I.D. #: 900453168 Social Security #: N/A

Nature of Transaction:

- Sale or purchase of land
- Construction Contract
- Professional Services Agreement
- Other

**Instructions:** FOR USE WITH ANY OF THE ABOVE TRANSACTIONS. Anyone proposing one of the above transactions with the Public Building Commission of Chicago must complete this Disclosure Affidavit. Please note that in the event the Contractor is a joint venture, the joint venture and each of the joint venture partners must submit a completed Disclosure Affidavit.

The undersigned David G. Mannherz, as Executive Vice President  
(Name) (Title)

and on behalf of NORESCO, LLC  
("Bidder/ Proposer" or "Contractor") having been duly sworn under oath certifies that:

**1. DISCLOSURE OF OWNERSHIP INTERESTS**

Pursuant to Resolution No. 5371 of the Board of Commissioners of the Public Building Commission of Chicago, all bidders/proposers shall provide the following information with their bid/proposal. If the question is not applicable, answer "NA". If the answer is none, please answer "none".

Bidder/Proposer is a:

<input type="checkbox"/> Corporation	<input type="checkbox"/> Sole Proprietorship
<input type="checkbox"/> Partnership	<input type="checkbox"/> Not-for-Profit Corporation
<input type="checkbox"/> Joint Venture	<input checked="" type="checkbox"/> Other: Limited Liability Company



SECTION 1. FOR PROFIT CORPORATION-Limited Liability Company

a. State of Incorporation Delaware

b. Authorized to do business in the State of Illinois: Yes  No

c. Names of all officers of corporation (or attach list):		Names of all directors of corporation (or attach list):	
Name (Print or Type)	Title (Print or Type)	Name (Print or Type)	Title (Print or Type)
<u>Neil Petchers</u>	<u>President</u>	<u>NORESCO Holdings</u>	<u>Managing Member</u>
<u>David G. Mannherz</u>	<u>Executive Vice President</u>	_____	_____
_____	_____	_____	_____

d. If the corporation has fewer than 100 shareholders indicate here or attach a list of names and addresses of all shareholders and the percentage interest of each.

Name (Print or Type)	Address	Ownership Interest
<u>NORESCO Holdings, Inc</u>	<u>One Research Dive, Westborough, MA</u>	<u>98.5</u> %
<u>NORESCO Acquisition, Inc</u>	<u>One Research Dive, Westborough, MA</u>	<u>1.5</u> %
_____	_____	_____ %

e. If the corporation has 100 or more shareholders, indicate here or attach a list of names and addresses of all shareholders owning shares equal to or in excess of seven and one-half percent (7.5%) of the proportionate ownership of the corporation and indicate the percentage interest of each.

Name (Print or Type)	Address	Ownership Interest
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %

f. Is the corporation owned partially or completely by one or more other corporations?

Yes  No

If "yes" provide the above information, as applicable, for each such corporation.



Neil Petchers and David G. Mannherz are the President and Executive Vice President, respectively, of NORESKO Acquisition and NORESKO Holdings. Both corporations are wholly owned subsidiaries of Carrier Corporation. Carrier Corporation is a division of United Technologies Corporation (NYSE: UTX).

SECTION 2. PARTNERSHIPS

- a. If the bidder/proposer is a partnership, indicate the name of each partner and the percentage of interest of each therein.

Name of Partners (Print or Type)	Percentage Interest
_____	_____ %
_____	_____ %
_____	_____ %

SECTION 3. SOLE PROPRIETORSHIP

- a. The bidder/proposer is a sole proprietorship and is not acting in any representative capacity on behalf of any beneficiary: Yes [ ] No [ ]  
If NO, complete items b. and c. of this Section 3.
- b. If the sole proprietorship is held by an agent(s) or a nominee(s), indicate the principal(s) for whom the agent or nominee holds such interest.

Name(s) of Principal(s). (Print or Type)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- c. If the interest of a spouse or any other party is constructively controlled by another person or legal entity, state the name and address of such person or entity possessing such control and the relationship under which such control is being or may be exercised.

Name(s)

Address(es)

_____	_____
_____	_____



**SECTION 4. LAND TRUSTS, BUSINESS TRUSTS, ESTATES & OTHER ENTITIES**

If the bidder/proposer is a land trust, business trust, estate or other similar commercial or legal entity, identify any representative, person or entity holding legal title as well as each beneficiary in whose behalf title is held including the name, address and percentage of interest of each beneficiary.

Name(s)	Address(es)
_____	_____
_____	_____
_____	_____

**SECTION 5. NOT-FOR-PROFIT CORPORATIONS**

a. State of incorporation \_\_\_\_\_

b. Name of all officers and directors of corporation (or attach list):

Name (Print or Type)	Title (Print or Type)	Name (Print or Type)	Title (Print or Type)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

NOTE: The Public Building Commission of Chicago may require additional information from any entity or individual to achieve full disclosure relevant to the transaction. Further, any material change in the information required above must be provided by supplementing this statement at any time up to the time the Public Building Commission of Chicago takes action on the contract or other action requested of the Public Building Commission.



## II. CONTRACTOR CERTIFICATION

### A. CONTRACTOR

1. The Contractor, or any subcontractor to be used in the performance of this contract, or any affiliated entities of the Contractor or any such subcontractor, or any responsible official thereof, or any other official, agent or employee of the Contractor, any such subcontractor or any such affiliated entity, acting pursuant to the direction or authorization of a responsible official thereof has not, during a period of three years prior to the date of execution of this certification or if a subcontractor or subcontractor's affiliated entity during a period of three years prior to the date of award of the subcontract:
  - a. Bribed or attempted to bribe, or been convicted of bribery or attempting to bribe a public officer or employee of the City of Chicago, the State of Illinois, any agency of the federal government or any state or local government in the United States (if an officer or employee, in that officer's or employee's official capacity); or
  - b. Agreed or colluded, or been convicted of agreement or collusion among bidders or prospective bidders in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
  - c. Made an admission of such conduct described in 1(a) or (b) above which is a matter of record but has not been prosecuted for such conduct.
2. The Contractor or agent, partner, employee or officer of the Contractor is not barred from contracting with any unit of state or local government as a result of engaging in or being convicted of bid-rigging<sup>2</sup> in violation of Section 3 of Article 33E of the Illinois Criminal Code of 1961, as amended (720 ILCS 5/33E-3), or any similar offense of any state or the United States which contains the same elements as the offense of bid-rigging during a period of five years prior to the date of submittal of this bid, proposal or response.<sup>3</sup>
3. The Contractor or any agent, partner, employee, or officer of the Contractor is not barred from contracting with any unit of state or local government as a result of engaging in or being convicted of bid-rotating<sup>4</sup> in violation of Section 4 of Article 33E of the Illinois Criminal Code of 1961, as amended (720 ILCS 5/33E-4), or any similar offense of any state or the United States which contains the same elements as the offense of bid-rotating.
4. The Contractor understands and will abide by all provisions of Chapter 2-56 of the Municipal Code entitled "Office of the Inspector General" and all provisions of the Public Building Commission Code of Ethics Resolution No.5339, as amended by Resolution No. 5371.



5. The Contractor certifies to the best of its knowledge and belief, that it and its principals:
  - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal, state or local department or agency.
  - b. Have not within a three-year period preceding this bid or proposal been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes; commission of embezzlement, theft, forgery, bribery, falsification or destruction of records; making false statements; or receiving stolen property;
  - c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in paragraph (5)(b) above; and
  - d. Have not within a three-year period preceding this bid or proposal had one or more public transactions (federal, state or local) terminated for cause or default.

**B. SUBCONTRACTOR**

1. The Contractor has obtained from all subcontractors being used in the performance of this contract or agreement, known by the Contractor at this time, certifications substantially in the form of Section 1 of this Disclosure Affidavit. Based on such certification(s) and any other information known or obtained by the Contractor, is not aware of any such subcontractor or subcontractor's affiliated entity or any agent, partner, employee or officer of such subcontractor or subcontractor's affiliated entity having engaged in or been convicted of (a) any of the conduct describe in Section II(A) (1)(a) or (b) of this certification; (b) bid-rigging, bid-rotating, or any similar offense of any state or the United States which contains the same elements as bid-rigging or bid-rotating, or having made an admission of guilt of the conduct described in Section II(A)(1)(a) or (b) which is matter of record but has/have not been prosecuted for such conduct.
2. The Contractor will, prior to using them as subcontractors, obtain from all subcontractors to be used in the performance of this contract or agreement, but not yet known by the Contractor at this time, certifications substantially in the form of this certification. The Contractor shall not, without the prior written permission of the Commission, use any of such subcontractors in the performance of this contract if the Contractor, based on such certifications or any other information known or obtained by Contractor, became aware of such subcontractor, subcontractor's affiliated entity or any agent, employee or officer of such subcontractor or subcontractor's affiliated entity having engaged in or been convicted of (a) any of the conduct describe in Section II(A)(1)(a) or (b) of this certification or (b) bid-rigging, bid-rotating or any similar offenses of any state or the United States which contains the same elements as bid-rigging or bid-rotating or having made an admission of guilt of the conduct described in Section II(A)(1)(a) or (b) which is a matter of record but has/have not been prosecuted for such



conduct. The Contractor shall cause such subcontractors to certify as to Section II(A)(5). In the event any subcontractor is unable to certify to Section II(A)(5), such subcontractor shall attach an explanation to the certification.

3. For all subcontractors to be used in the performance of this contract or agreement, the Contractor shall maintain for the duration of the contract all subcontractors' certifications required by Section II(B)(1) and (2) above, and Contractor shall make such certifications promptly available to the Public Building Commission of Chicago upon request.
4. The Contractor will not, without the prior written consent of the Public Building Commission of Chicago, use as subcontractors any individual, firm, partnership, corporation, joint venture or other entity from whom the Contractor is unable to obtain a certification substantially in the form of this certification.
5. The Contractor hereby agrees, if the Public Building Commission of Chicago so demands, to terminate its subcontractor with any subcontractor if such subcontractor was ineligible at the time that the subcontract was entered into for award of such subcontract. The Contractor shall insert adequate provisions in all subcontracts to allow it to terminate such subcontractor as required by this certification.

**C. STATE TAX DELINQUENCIES**

1. The Contractor is not delinquent in the payment of any tax administered by the Illinois Department of Revenue or, if delinquent, the contractor is contesting, in accordance with the procedures established by the appropriate Revenue Act, its liability for the tax or amount of the tax.
2. Alternatively, the contractor has entered into an agreement with the Illinois Department of Revenue for the payment of all such taxes that are due and is in compliance with such agreement.
3. If the Contractor is unable to certify to any of the above statements [(Section II (C))], the Contractor shall explain below. Attach additional pages if necessary.

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4. If any subcontractors are to be used in the performance of this contract or agreement, the Contractor shall cause such subcontractors to certify as to paragraph (C)(1) or (C)(2) of this certification. In the event that any subcontractor is unable to certify to any of the statements in this certification, such subcontractor shall attach an explanation to this certification.



**D. OTHER TAXES/FEEES**

1. The Contractor is not delinquent in paying any fine, fee, tax or other charge owed to the City of Chicago.
2. If Contractor is unable to certify to the above statement, Contractor shall explain below and attach additional sheets if necessary.

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**E. ANTI-COLLUSION**

The Contractor, its agents, officers or employees have not directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with this proposal or contract. Failure to attest to this section as part of the bid will make the bid nonresponsive and not eligible for award consideration.

**F. PUNISHMENT**

A Contractor who makes a false statement material to Section II(A)(2) of this certification commits a Class 3 felony. 720 ILCS 5/33E-11(b).

**G. JUDICIAL OR ADMINISTRATIVE PROCEEDINGS**

1. The Contractor is not a party to any pending lawsuits against the City of Chicago or the Public Building Commission of Chicago nor has Contractor been sued by the City of Chicago or the Public Building Commission of Chicago in any judicial or administrative proceeding.
2. If the Contractor cannot certify to the above, provide the (1) case name; (2) docket number; (3) court in which the action is or was pending; and (4) a brief description of each such judicial or administrative proceeding. Attach additional sheets if necessary.

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### **III. CERTIFICATION OF ENVIRONMENTAL COMPLIANCE**

- A. Neither the Contractor nor any affiliated entity of the Contractor has, during a period of five years prior to the date of execution of this Affidavit: (1) violated or engaged in any conduct which violated federal, state or local Environmental Restriction<sup>5</sup>, (2) received notice of any claim, demand or action, including but not limited to citations and warrants, from any federal, state or local agency exercising executive, legislative, judicial, regulatory or administrative functions relating to a violation or alleged violation of any federal, state or local statute, regulation or other Environmental Restriction; or (3) been subject to any fine or penalty of any nature for failure to comply with any federal, state or local statute, regulation or other Environmental Restriction.

If the Contractor cannot make the certification contained in Paragraph A of Section III, identify any exceptions:

NORESCO is a wholly-owned indirect subsidiary of Carrier Corporation (“Carrier”). Carrier is a division of United Technologies Corporation (“UTC”), a Fortune 50 company listed on the New York Stock Exchange (NYSE: UTX). NORESCO can only make this certification on behalf of itself and all affiliates under its control. More information about Carrier and UTC may be found in UTC’s annual report submitted to the Securities and Exchange Commission which is available at [www.utc.com](http://www.utc.com). All litigation and other disputes of a material nature or size are included in UTC’s annual report.

(Attach additional pages of explanation to this Disclosure Affidavit, if necessary.)

- B. Without the prior written consent of the Public Building Commission of Chicago, Contractor will not employ any subcontractor in connection with the contract or proposal to which this Affidavit pertains without obtaining from such subcontractor a certification similar in form and substance to the certification contained in Paragraph A of this Section III prior to such subcontractor’s performance of any work or services or furnishing any goods, supplies or materials of any kind under the proposal or the contract to which this Affidavit pertains.
- C. Until completion of the Contractor’s performance under the proposal or contract to which this Affidavit pertains, the Contractor will not violate any federal, state or local statute, regulation or other Environmental Restriction, whether in the performance of such contract or otherwise.

### **IV. CERTIFICATION OF COURT-ORDERED CHILD SUPPORT COMPLIANCE**

For purpose of this Section IV, “SUBSTANTIAL OWNER” means any person who owns or holds a ten percent (10%) or more percentage of interest in the Contractor. If the Contractor is an individual or sole proprietorship, substantial owner means that individual or sole proprietorship. Percentage of interest includes direct, indirect and beneficial interests in the Contractor. Indirect or beneficial interest means that an interest in the Contractor is held by a corporation, joint venture, trust, partnership, association, state or other legal entity in which the individual holds an interest or by agent(s) or nominee(s) on behalf of an individual or entity. For example, if Corporation B holds or owns a twenty percent (20%) interest in Contractor, and an individual or entity has a fifty percent (50%) or more percentage of interest in Corporation B, then such individual or entity indirectly has a ten (10%) or percentage of interest in the



Contractor. In this case, the response to this Section IV, must cover such individual(s) or entity. If Corporation B is held by another entity, then this analysis similarly must be applied to that next entity.

If Contractor's response in this Section IV is 1 or 2, then all of the Contractor's Substantial Owners must remain in compliance with any such child support obligations (1) throughout the term of the contract and any extensions thereof; or (2) until the performance of the contract is completed, as applicable. Failure of Contractor's Substantial Owners to remain in compliance with their child support obligations in the manner set forth in either 1 or 2 constitutes an event of default.

Check one:

1.  No Substantial Owner has been declared in arrearage on his or her child support obligations by the Circuit Court of Cook County or by another Illinois court of competent jurisdiction.
2.  The Circuit Court of Cook County or another Illinois court of competent jurisdiction has issued an order declaring one or more Substantial Owners in arrearage on their child support obligations. All such Substantial Owners, however, have entered into court-approved agreements for the payment of all such child support owed, and all such Substantial Owners are in compliance with such agreements.
3.  The Circuit Court of Cook County or another Illinois court of competent jurisdiction has issued an order declaring one or more Substantial Owners in arrearage on their child support obligations and: (1) at least one such Substantial Owner has not entered into a court-approved agreement for the payment of all such child support for the payment of all such child support owed; or both (1) and (2).
4.  There are no Substantial Owners.

#### **V. INCORPORATION INTO CONTRACT AND COMPLIANCE**

The above certification shall become part of any contract awarded to the Contractor set forth on page 1 of this Disclosure Affidavit and are a material inducement to the Public Building Commission of Chicago's execution of the contract, contract modification or contract amendment with respect to which this Disclosure Affidavit is being executed and delivered on behalf of the Contractor. Furthermore, Contractor shall comply with these certifications during the term and/or performance of the contract.



**VI. VERIFICATION**

Under penalty of perjury, I certify that I am authorized to execute this Disclosure Affidavit on behalf of the Contractor set forth on page 1, that I have personal knowledge of all the certifications made herein and that the same are true.



\_\_\_\_\_  
Signature of Authorized Officer

David G. Mannherz  
Name of Authorized Officer (Print or Type)

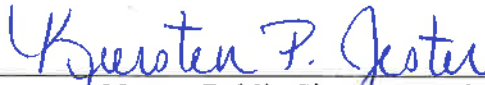
Executive Vice President  
Title

508-614-1000  
Telephone Number

State of Massachusetts

County of Worcester

Signed and sworn to before me on this 3rd day of December, 2012 by  
David G. Mannherz (Name) as Executive Vice President (Title) of  
NORESCO LLC (Bidder/Proposer or Contractor)



\_\_\_\_\_  
Notary Public Signature and Seal



**KIERSTEN P. JESTER**  
Notary Public  
Commonwealth of Massachusetts  
My Commission Expires  
April 7, 2017



Notes 1-5 Disclosure Affidavit

1. Business entities are affiliated if, directly or indirectly, one controls or has the power to control the other, or if a third person controls or has the power to control both entities. Indicia of control include without limitation: interlocking management or ownership; identify of interests among family members; shared facilities and equipment; common use of employees; or organization of another business entity using substantially the same management, ownership or principals as the first entity.
2. For purposes of Section II (A) (2) of this certification, a person commits the offense of and engages in bid-rigging when he knowingly agrees with any person who is, or but for such agreement should be, a competitor of such person concerning any bid submitted or not submitted by such person or another to a unit of state or local government when with the intent that the bid submitted or not submitted will result in the award of a contract to such person or another and he either (1) provides such person or receives from another information concerning the price or other material term or terms of the bid which would otherwise not be disclosed to a competitor in an independent noncollusive submission of bids or (2) submits a bid that is of such a price or other material term or terms that he does not intend the bid to be accepted. see 720 ILCS 5/33-E-3.
3. No corporation shall be barred from contracting with any unit of state or local government as a result of a conviction, under either Section 33E-3 or Section 33E-4 of Article 33 of the State of Illinois Criminal Code of 1961, as amended, of any employee or agent of such corporation if the employee so convicted is no longer employed by the corporation and: (1) it has been finally adjudicated not guilty or (2) it demonstrates to the governmental entity with which it seeks to contract and that entity finds that the commission of the offense was neither authorized, requested, commanded, nor performed by a director, officer or a high managerial agent on behalf of the corporation as provided in paragraph (2) of subsection (a) of Section 5-4 of the State of Illinois Criminal Code.
4. For purposes of Section II(A) of this certification, a person commits the offense of and engages in bid rotating when, pursuant to any collusive scheme or agreement with another, he engages in a pattern over time (which, for the purposes hereof, shall include at least three contract bids within a period of ten years, the most recent of which occurs after January 1, 1989) of submitting sealed bids to units of state or local government with the intent that the award of such bids rotates, or is distributed among, persons or business entities which submit bids on a substantial number of the same contracts. See 720 ILCS 5/33E-4.
5. "Environmental Restriction" means any statute, ordinance, rule, regulation, permit, permit condition, order or directive relating to or imposing liability or standards of conduct concerning the release or threatened release of hazardous materials, special wastes or other contaminants into the environment, and to the generation, use, storage, transportation, or disposal of construction debris, bulk waste, refuse, garbage, solid wastes, hazardous materials, special wastes or other contaminants including but not limited to (1) Section 7-28-440 or 11-4-1500 or Article XIV of Chapter 11-4 or Chapter 7-28 or 11-4 of the Municipal Code of Chicago; (2) Comprehensive Environment Response and Compensation and Liability Act (42 U.S.C. § 9601 *et seq.*) the Hazardous Material Transportation Act (49 U.S.C. § 1801 *et seq.*); (4) the Resource



Conversation and Recovery Act of 1976 (42 U.S.C. § 7401 *et seq.*); (5) the Clean Water Act (33 U.S.C. § 1251 *et seq.*); (6) the Clean Air Act (42 U.S.C. § 7401 *et seq.*); (7) the Toxic Substances Control Act of 1976 (15 U.S.C. § 2601 *et seq.*); (8) the Safe Drinking Water Act (42 U.S.C. § 300f); (9) the Occupational Health and Safety Act of 1970 (29 U.S.C. § 651 *et seq.*); (10) the Emergency Planning and Community Right to Know Act (42 U.S.C. § 11001 *et seq.*); and (10) the Illinois Environmental Protection Act (415 ILCS 5/1 through 5/56.6).



**Exhibit E**

**Complete Facilities List**

#	Facility Type	ID #	FACILITY NAME	Address
1	Fire Facility	F596	CITY HALL	121 N. La Salle St.
2	Warehouse	F538	POLICE - FIRE - DSS	1869 W. Pershing Rd.
3	Warehouse	F792	FIRE WAREHOUSE	3950 S. Honore St.
4	Warehouse	F349	FIRE EQUIPMENT WAREHOUSE	3015 W. 31st St.
5	Fire Facility	F325	FIRE PREVENTION BUILDING	1010 S. Clinton St.
6	Fire Facility	F093	R. J. QUINN ACADEMY (FIRE)	558 W. De Koven St.
7	Fire Facility	F307	FIRE ENGINE COMPANY 112	3801 N. Damen Ave.
8	Fire Facility	F663	FIRE ENGINE COMPANY 88	3637 W. 59th St.
9	Fire Facility	F324	FIRE ENGINE COMPANY 108- 3RD DISTRICT	4625 N. Milwaukee Ave.
10	Fire Facility	F036	FIRE ENGINE COMPANY 107	1101 S. California Ave.
11	Fire Facility	F323	FIRE ENGINE COMPANY 106 2ND DISTRICT	3401 N. Elston Ave.
12	Fire Facility	F092	FIRE ENGINE COMPANY 109	2358 S. Whipple St.
13	Fire Facility	F784	FIRE ENGINE COMPANY 102	7340 N. Clark St.
14	Fire Facility	F026	FIRE ENGINE COMPANY 96	441 N. Waller Ave.
15	Fire Facility	F306	FIRE ENGINE COMPANY 91	2827 N. Pulaski Rd.
16	Fire Facility	F225	FIRE ENGINE COMPANY 116 - DISTRICT 5	5955 S. Ashland Ave.
17	Fire Facility	F090	FIRE ACADEMY - SOUTH	1338 S. Clinton St.
18	Fire Facility	F028	FIRE ENGINE COMPANY 95	4005 W. West End Ave.
19	Fire Facility	F311	FIRE ENGINE COMPANY 117 - DISTRICT 4	4900 W. Chicago Ave.
20	Fire Facility	F057	FIRE ENGINE COMPANY 121	1724 W. 95th St.
21	Fire Facility	F022	FIRE ENGINE COMPANY 123	2215 W. 51st St.
22	Fire Facility	F302	FIRE ENGINE COMPANY 124	4426 N. Kedzie Ave.
23	Fire Facility	F294	FIRE ENGINE COMPANY 125	2323 N. Natchez Ave.
24	Fire Facility	F076	FIRE ENGINE COMPANY 126	7313 S. Kingston Ave.
25	Fire Facility	F023	FIRE ENGINE COMPANY 127 – DIST. 7 (MIDWAY)	5200 W. 63rd St.
26	Fire Facility	F528	FIRE ENGINE COMPANY 84	21 W. 59th St.
27	Fire Facility	F780	FIRE ENGINE COMPANIES 59 & 70 (NEW 9/2008)	6030 N. Clark St.
28	Fire Facility	F060	FIRE ENGINE COMPANY 101	2236 W. 69th St.
29	Fire Facility	F317	FIRE DEPT - AIR MASK AND SAFETY	1044 N. Orleans St.
30	Fire Facility	F059	FIRE ENGINE COMPANY 129	8120 S. Ashland Ave.
31	Fire Facility	F012	FIRE ENGINE COMPANY 15	8026 S. Kedzie Ave.
32	Fire Facility	F665	FIRE ENGINE COMPANY 38	3949 W. 16th St.
33	Fire Facility	F290	FIRE ENGINE COMPANY 35	1901 N. Damen Ave.



#	Facility Type	ID #	FACILITY NAME	Address
34	Fire Facility	F015	FIRE ENGINE COMPANY 34	4042 W. 47th St.
35	Fire Facility	F014	FIRE ENGINE COMPANY 32	5559 S. Narragansett Ave.
36	Fire Facility	F102	FIRE ENGINE COMPANY 28	2534 S. Throop St.
37	Fire Facility	F300	FIRE ENGINE COMPANY 83	1200 W. Wilson Ave.
38	Fire Facility	F053	FIRE ENGINE COMPANY 23	1915 S. Damen Ave.
39	Fire Facility	F047	FIRE ENGINE COMPANY 104 AND H/L	11659 S. Avenue O Ave.
40	Fire Facility	F315	FIRE ENGINE COMPANY 42	55 W. Illinois St.
41	Fire Facility	F771	FIRE ENGINE COMPANY 18	1360 S. Blue Island Av.
42	Fire Facility	F035	FIRE ENGINE COMPANY 26	10 N. Leavitt Ave.
43	Fire Facility	F032	FIRE ENGINE COMPANY 14	1129 W. Chicago Ave.
44	Fire Facility	F303	FIRE ENGINE COMPANY 13	259 N. Columbus Dr.
45	Fire Facility	F260	FIRE ENGINE COMPANY 11	5343 N. Cumberland Ave.
46	Fire Facility	F088	FIRE ENGINE COMPANY 8	212 W. Cermak Rd.
47	Fire Facility	F308	FIRE ENGINE COMPANY 7	4911 W. Belmont Ave.
48	Fire Facility	F319	FIRE ENGINE COMPANY 5	324 S. DesPlaines St.
49	Fire Facility	F318	FIRE ENGINE COMPANY 4	548 W. Division St.
50	Fire Facility	F305	FIRE ENGINE COMPANY 1	419 S. Wells St.
51	Fire Facility	F085	FIRE ENGINE COMPANY 19	3421 S. Calumet Ave.
52	Fire Facility	F038	FIRE ENGINE COMPANY 80	12701 S. Doty Ave.
53	Fire Facility	F320	FIRE ENGINE COMPANY 22	605 W. Armitage Ave.
54	Fire Facility	F049	FIRE ENGINE COMPANY 81 - DISTRICT 6	10458 S. Hoxie Ave.
55	Fire Facility	F309	FIRE ENGINE COMPANY 43	2179 N. Stave St.
56	Fire Facility	F299	FIRE ENGINE COMPANY 79	6424 N. Lehigh Ave.
57	Fire Facility	F321	FIRE ENGINE COMPANY 76	1747 N. Pulaski Rd.
58	Fire Facility	F041	FIRE ENGINE COMPANY 72	7982 S. South Chicago Ave.
59	Fire Facility	F298	FIRE ENGINE COMPANY 71	6239 N. California Ave.
60	Fire Facility	F295	FIRE ENGINE COMPANY 68	5258 W. Grand Ave.
61	Fire Facility	F019	FIRE ENGINE COMPANY 65	3002 W. 42nd St.
62	Fire Facility	F043	FIRE ENGINE COMPANY 46	3027 E. 93rd St.
63	Fire Facility	F044	FIRE ENGINE COMPANY 82	817 E. 91st St.
64	Fire Facility	F018	FIRE ENGINE COMPANY 64	7659 S. Pulaski Rd.
65	Fire Facility	F081	FIRE ENGINE COMPANY 45	4600 S. Cottage Grove
66	Fire Facility	F229	FIRE ENGINE COMPANY 54	7101 S. Parnell Ave.
67	Fire Facility	F242	FIRE ENGINE COMPANY 55	2714 N. Halsted St.
68	Fire Facility	F218	FIRE ENGINE COMPANY 57	1244 N. Western Ave.
69	Fire Facility	F079	FIRE ENGINE COMPANY 60	1150 E. 55th St.

#	Facility Type	ID #	FACILITY NAME	Address
70	Fire Facility	F080	FIRE ENGINE COMPANY 63	1440 E. 67th St.
71	Fire Facility	F031	FIRE ENGINE COMPANY 44	412 N. Kedzie Ave.
72	Shop	F122	BUREAU OF SIGNS AND MARKINGS (CDOT)	3448 S. Lawndale Ave.
73	Shop	F339	METER SHOP (DSS)	3148 S. Sacramento Ave.
74	Shop	F005	GARAGE	3812 S. Iron St.
75	Shop	F342	DSS FORESTRY HQ AND RODENT CONTROL	2352 S. Ashland Ave.
76	Shop	F352	IRON SHOP (CDOT)	3124 S. Sacramento Ave.
77	Shop	F340	7800 S. OAKLEY AVE	7800 S. Oakley Ave.
78	Shop	F743	DSS BUREAU OF FORESTRY GARAGE	5337 N. Western Ave.
79	Shop	F645	TRANSPORTATION	2451 S. Ashland Ave.
80	Shop	F400	BUREAU OF ELECTRICITY, EWC DIVISION (DSS)	940 W. Exchange Ave.
81	Shop	F010	FLEET GARAGE / S S SO. CENTRAL DIV. OFF.	2300 W. 52nd St.
82	Shop	F799	SOUTHWEST MATERIAL RECYCLING FACILITY	3757 W 34th St
83	Shop	F335	FUEL STATION O'HARE (FLEET)	10000 W. Montrose Dr.
84	Shop	F009	CONSUMER SERVICES TAXI TESTING	2420 W. Pershing Rd.
85	Shop	F350	MOTOR MAINTENANCE (DSS)	3050 S. Sacramento Ave.
86	Shop	F798	FLEET MANAGEMENT FACILITY	5215 S. Western Blvd
87	Shop	F728	OEMC GARAGE	1345 W. Madison St.
88	Shop	F334	FLEET	1685 N. Throop St.
89	Shop	F091	DAVID R. LEE ANIMAL CONTROL	2741 S. Western Ave.
90	Shop	F110	SHOP FACILITY / FUEL STATION (DSS)	4211 W. Ferdinand St.

## Exhibit F

### **RETROFIT CHICAGO-2FM** **COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM (CMMS) REQUIREMENTS**

#### **System Implementation:**

- Web-based SaaS – on demand software
- 75 Initial Users (Building engineers, chief engineers, senior management, accounting, etc.)
- Expandable to 500 facilities
- Project Planning – working with client to clearly define system parameters and procedures
- Initial install part of ESCO retrofit program (3 ESCOs-Total~150 Buildings)
  - Barcoding every piece of equipment that consumes energy
  - ESCO teams populate CMMS database with asset information
  - ESCOs provide preventative maintenance schedule for every ECM installed
- Staff training
- On-going technical support

#### **System Functionality Requirements**

##### **Robust Work Order System:**

- On-line user check on work order status
- Work order categorization for reporting function
- Wireless capability for technicians to report status, completion, materials requests
- Work order & manpower scheduling component
- Route work orders with built in email function
- Labor and material costs tied to locations
- Reporting function w/ability to modify reports w/o vendor development
- Subcontractor tie-in

##### **Planned Maintenance (PM) System:**

- Tied to work order system
- Generate year-long PM work order plan by facility and component
- Standard PM templates for typical component types to reduce startup/data population work
- Building equipment inventory with install date, preventive maintenance plan, PM records
- Tie to materials inventory for pricing, annual PM budget planning
- Subcontractor tie-in

##### **Material Inventory System:**

- Tied to work order and PM systems
- Material on hand, low re-order point scheduling
- Costs
- Vendor information and on-line ordering capability

## Exhibit G

### Clinton Climate Initiative's Energy Performance Contracting Best Practices

December, 2009

CCI works to expand the global market for energy efficiency building retrofit projects through various best practices contracting methodologies. With its many industry partners, CCI has developed a series of Energy Performance Contracting (GEPC) Best Practice Terms and Conditions for project procurement, development, and contractual processes. These terms and conditions, similar to what the US Federal Government and other large customers receive from the Energy Services Company (ESCO) industry, are meant to promote transparency, protect building owners' financial and operational interests, and encourage an atmosphere of open partnership and shared mission between building owner and ESCO.

Many ESCOs have agreed to extend these terms and conditions to building owners who are undertaking an energy efficiency retrofit project with CCI. Building owners should educate themselves about these terms and conditions, and should specifically request them early in the project development process so they can be prepared to negotiate them in the project contract.

#### CCI GEPC Best Practices Terms and Conditions

Term	Benefit to Owner
<p><b>Guaranteed Savings</b> At the end of the audit process, the ESCO will provide the owner with a <i>fixed minimum guaranteed</i> annual energy savings, measured in kWh or other units of energy consumption and converted to dollars (or other currency) based on a cost per unit of energy at the time the contract is completed. If the savings is not realized, the ESCO will make the owner whole by paying for any savings shortfall.</p>	<p>A savings guarantee allows the building owner to calculate the real return on the investment in the project, definitively model future cash flows and create a financial model with confidence. This guarantee can be used in certain financial product to get 100% upfront financing for the GEPC project. This guarantee will be backed by the ESCO and the contract will make clear how and when any shortfall is reimbursed to the owner.</p>
<p><b>Guaranteed Maximum Price (GMP)</b> At the end of the audit process, the ESCO will provide a GMP for the recommended project. The owner and ESCO will sign a contract to implement a project with a <i>known, fixed maximum</i> cost.</p>	<p>Like the savings guarantee, this standard construction method allows the owner to make investment decisions with confidence and predict returns under different financing scenarios.</p>
<p><b>Transparent Pricing</b> ESCOs will use transparent pricing methodology in the project as requested by the building owner. Some examples of transparent pricing methodologies include:</p> <ul style="list-style-type: none"> <li>• Total cost and savings by type of</li> </ul>	<p>This allows owners to understand and negotiate the cost structure of the project before agreeing to proceed, make confident investment decisions, ensure value for money, confirm inclusion of CCI products and prices and enable gain sharing/cost</p>

<p>measures, with savings broken down by fuel type, and (non-guaranteed) other savings, such as labor and capital savings</p> <ul style="list-style-type: none"> <li>• Total materials costs, labor costs, and margins for the whole project or breakdown of total labor costs, total material costs, labor margin and materials margin by ECM</li> <li>• Breakdown of total soft costs (including such items as design, project management, profit) for project, in percentages or fixed amounts</li> <li>• Additional information to ascertain that competitive bidding and CCI Purchasing Alliance requirements have been met</li> </ul>	<p>reduction strategies. This provision can also be used to satisfy competitive bidding requirements of ownership.</p>
<p><b>Vendor Selection and CCI Purchasing Alliance</b>          ESCOs agree to be "vendor neutral" in their assessment and selection of products and technologies, including products that the ESCO produces themselves. ESCOs agree to consider multiple vendors and products, including specific vendor requests by the building owner, and justify product selection.</p> <p>Where available and favorable, ESCOs will incorporate CCI negotiated product price discounts in their GEPC projects.</p>	<p>"Vendor Neutrality" is embraced by ESCOs and critical in assuring that projects assess and incorporate the best products for the</p> <p>CCI has negotiated favorable pricing on over 1,000 energy efficient building technologies. ESCOs have agreed to incorporate these prices where favorable to owners in order to minimize project costs.</p>
<p><b>Gain Sharing</b>          Any reduction of final project cost below GMP will be shared between the ESCO and the owner in a negotiated split.</p>	<p>This cost incentive method provides incentive to the ESCO as GC to minimize project costs.</p>
<p><b>Standard M&amp;V protocol</b>          ESCOs will use one of four standards provided in the International Performance Measurement and Verification Protocol (IPMVP) protocols to measure and verify energy savings.</p>	<p>This is the international best practices standard for measuring energy savings see "Measurement and Verification" section of this document for more information.</p>

## **Exhibit H**

### **Investment Grade Audit Report Format Outline**

#### **Section A -Executive Summary**

- I. Program Objectives and Minimum Requirements
- II. ESCO Recommended Project to Achieve Program Objectives and Goals
  - a. Narrative Overview of Recommended Project
    - i. Number and Types of Facilities Impacted
    - ii. ECMs evaluated
    - iii. Guarantee terms
  - b. Financial Summary
    - i. Whole Project Summary - cost and savings estimates for the Project as a whole
      1. Total Project Estimated Cost - including all project cost assumptions
      2. Annual Savings (Year 1)
      3. Payback Term (Self-funding)
    - ii. Financial Summary Tables
      1. By ECM Type – cost, savings, and simple payback for each ECM type
      2. By Facility - cost, savings, and simple payback for each building
    - iii. Supplemental Funding – rebates and incentive programs
  - c. Energy Conservation Measures Summary
    - i. Types of ECMs - narrative of generally describing each ECM type
    - ii. Table Summary – types of ECMs and savings subtotals for each type
    - iii. ECM Matrix (table graphically showing which buildings get each ECM type)
    - iv. Additional Consequential Benefits
      1. Economic Benefits- estimated O&M Savings (not included in cash flow)
      2. Environmental Benefits
      3. Operational Improvements
  - d. Analysis Methodology
    - i. Assigned Facilities Group – total numbers: buildings, types, SF, utility consumption, etc.
    - ii. Preliminary Feasibility Analysis Results
      1. Buildings eliminated as not suitable based on Program minimum requirements
      2. Site visit verification
    - iii. Investment Grade Audit Process (narrative)

#### **Section B –ECM Technical Analysis**

- I. ECM Descriptions – detailed descriptions for each ECM,
- II. ECM Financial Summary - cost estimate, savings calculation, simple payback, and life expectancy
- III. ACM Abatement – describe possible ACM and likely abatement step along with abatement cost estimate
- IV. Preliminary Drawings and Equipment Layouts
- V. Operations and Maintenance Procedures
- VI. Commissioning Plan
  - a. Overview– narrative describing process, participants, acceptance tests, startup process
  - b. Commissioning Plan Detail per ECM– narrative describing step by step process
- VII. Training Plan - narrative / table describing type of training for each ECM type
- VIII. CMMS Implementation Plan- narrative describing process, participants, & acceptance tests
- IX. Construction Schedule
- X. Warranty
- XI. Environmental Benefits
  - a. Energy Star Rating Impact
  - b. LEED-EB OM Impact
  - c. GHG Emissions Impact – include plan for measuring and reporting greenhouse gas reductions
- XII. GBMS Integration Opportunities
- XIII. ECMs considered but not included

#### **Section C –Financial Analysis Detail**

- I. Detailed ECM Costs(each proposed ECM)

- a. Itemized costs for labor, materials and equipment associated with the installation, implementation, commissioning and training.
  - b. Estimates of any additional annual operations and maintenance costs
- II. Company Cost Proposal and Cash Flow Analysis
- III. M&V Costs – estimated annual costs
  - a. Per project
  - b. Per facility
- IV. Savings Estimates
  - a. Cash flow analysis
  - b. Savings calculations – savings assumptions, baseline, and projections
  - c. Guaranteed minimum annual energy savings (measured both in \$ & energy units)
    - i. Total Project
    - ii. Per-facility
  - d. Estimated minimum savings over course of financing term (in dollars)
    - i. Total Project
    - ii. Per-facility
  - e. Savings predicted for each ECM type (table)
  - f. Energy rate assumptions
  - g. Savings calculations methodology (narrative and sample calculation tables)

**Section D –Baseline Energy Consumption**

- I. Historic energy utilization- summary total of utility bills & energy rate assumptions (table-listing each building)
- II. Base Year consumption summary (table-listing each building in energy units)
- III. Energy Baseline Calculation Methodology (narrative)
- IV. Baseline adjustments (narrative listing types of occurrences triggering baseline adjustments)
- V. Baseline modeling and calibration methodology (narrative)

**Section E – Energy Performance Guarantee and Measurement & Verification**

- I. Guarantee Terms
- II. Summary of M&V protocol approach (narrative)
- III. IPMVP protocol proposed for each project component

Supporting calculations, formulas, and assumptions

