

Syserco Energy Solutions, Inc.
215 Fourier Ave.
Fremont, CA 94539

Attn: Scott Meinzen

Re: Notice to Proceed with Investment Grade Audit, Final Engineering and Project Development and Letter of Intent

Dear Mr. Meinzen,

The City of Commerce, California has agreed to enter into an agreement with Syserco Energy Solutions, Inc. (SES) to proceed with an Investment Grade Audit (IGA), Final Engineering and Project Development of the City's Energy and Water Conservation and Renewable Energy Program which will reduce operating costs and upgrade aging infrastructure.

The purpose of the IGA is to determine the feasibility of entering into a negotiated Energy Services Agreement per the California Government Code, Section 4217, for energy conservation (Agreement) to be provided at various facilities and infrastructure that is owned and/or operated by the City of Commerce, California.

The City of Commerce, California intends to enter into an Agreement with SES if the following project parameters ("Project Parameters") are met:

1. Budget Impact: Project must be budget neutral or better for the City of Commerce, California.
2. Annual Savings: Must meet annual project costs at minimum.
3. Energy Savings: 100% energy savings goes directly to the City of Commerce, California. Savings is not shared with SES or others.
4. Financing: The City of Commerce shall qualify for 3rd party financing or equivalent. SES shall provide multiple funding options.
5. Financing Term: Shall not exceed 20 years or the useful life of the proposed upgrades, whichever is shorter.
6. Rebate/Grant Application: Program shall include management of all grants and rebates.
7. Procurement Method: Procurement shall meet provisions of California Government Code 4217.

The City of Commerce agrees to work exclusively with SES through the Project Development effort and for a term of 240 calendar days from the date of issuing this Letter of Intent.

The City of Commerce intends to enter into an Energy Services Agreement with SES within 45 days following the delivery of a final Energy Services Proposal that will result from the Investment Grade Audit (IGA), Final Engineering and Project Development that SES will perform if the parameters outlined are met and the project is deemed to be in the City's best interest.

All costs associated with Investment Grade Audit (IGA), Final Engineering and Project Development performed by SES shall be incorporated into the final Lump Sum Fixed Price of the Agreement.

If the City of Commerce chooses to not enter into an Energy Services Agreement, the Investment Grade Audit, Final Engineering, Project Development and Energy Services Proposal materials will remain the exclusive property of SES and may not be used in any form by the City of Commerce.

Sincerely, _____

Edgar P. Cisneros, City Manager
City of Commerce, California

Accepted and Agreed:

Syserco Energy Solutions, Inc.

Scott F. Meinzen, Vice-President and General Manager