

LETTER OF INTENT

ABM has been selected by the City of Commerce to provide Energy Savings Performance Contracting Services utilizing California Government Code 4217.10-18, and Edgar Cisneros (City Manager) hereby authorizes ABM to begin the final Design and Engineering phase. This Letter of Intent ("LOI") is made between the City of Commerce (hereinafter "Customer") and ABM Building Solutions LLC, (hereinafter "ABM"). Customer and/or ABM individually or collectively will be referred to as "Party" or "Parties".

1. Term

This LOI shall be effective for a term of six (6) months from the date of its execution. It is understood and agreed that the Parties may extend the term in writing by mutual agreement.

2. Nature of LOI

This LOI is intended to set forth the understanding reached by the Parties to date regarding the development of a "Contract" for certain energy and water conservation improvements ("ECMs"), operational efficiencies, improved safety, comfort, control of the building environments, improved security, improved communications, and more efficient and effective use of our facilities resources. This LOI will also serve as the basis for further discussions and negotiations between the Parties with respect to the Contract for services. The Parties intend to negotiate a mutually agreeable arrangement for the implementation of the Contract as outlined in the Scope.

3. Scope

The Design and Engineering Phase will include the following tasks:

- Develop detailed inventory and analysis of equipment design & existing condition
- Identify ongoing annual cost savings in the form of Guaranteed Annual Energy Savings and Annual Operating & Maintenance Cost Savings
- Consider additional capital improvements desired by the City, which do not create cost savings, that may be funded through bundling of cost savings from other cost saving improvements, where possible
- Design & Engineering for applicable improvements
- Develop an energy usage baseline
- Develop a 15-year Capital Improvement Plan of all HVAC mechanical equipment
- Evaluate and submit applications for available utility incentives, and/or state building aid grants

Cost savings identification may include Capital cost and operational cost avoidance, including elimination or reduction in outside contracts, reduction in maintenance and repair budgets, reduction of capital budgets and elimination or reduction of outside contractor repair calls.

Each ECM will be detailed per each building as well as its corresponding energy calculation and if applicable, utility incentive. Under the Contract, ABM will install, commission, and service new equipment as set forth in contract attachments.

4. Contract

ABM will develop a final Contract through the Design and Engineering Phase, which shall include:

- Detailed Scope of Work

- Total Project Cost for implementation
- Guaranteed Annual Energy Savings
- Measurement & Verification Plan for confirming Annual Energy Savings
- Annual Operating & Maintenance Cost Savings

Upon completion, the final Contract will be presented to City administration for legal review and evaluation prior to presentation for City Council review and approval.

5. Financing Arrangements

The project is anticipated to be funded utilizing the following revenue sources:

- Guaranteed Annual Energy Savings
- Operating & Maintenance Cost Savings
- Incentives and Rebates (optional and subject to availability and eligibility)
- Additional Grant Funding (optional and subject to availability and eligibility)
- Capital Contribution (optional)

If desired, ABM will assist the City in developing financing arrangements by soliciting financing proposals on behalf of the City. This will include providing all information related to ongoing cost savings to be utilized for debt repayment.

Any and all financing proposals will be provided to the City for an independent review and evaluation by City administration, with final selection and approval by City Council.

6. Parties Intent

The Parties agree that they have formed the mutual intent to enter into a binding and enforceable agreement, that the terms set forth are essential, are sufficiently definite to be enforced, and that during the term hereof, ABM and the Customer will work together in good faith to finalize any incidental terms through mutual negotiations. In the event ABM provides a proposal meeting the criteria stated in sections 3-4 above and Customer fails, for whatever reason, to sign a contract with ABM within 60 days, Customer agrees to reimburse ABM for its reasonable costs and expenses.

These costs will be reimbursed at a price not to exceed a total of \$60,000.

If ABM fails to meet any of the criteria described herein in the final contract, customer will be under no obligation to proceed with the recommendations of the subsequent Energy Savings Performance Contracting Services program.

7. Proprietary Information

The Parties agree that they will treat and keep all proprietary information furnished to either of them by the other Party confidential to the same extent and with the same degree of care and confidence as each Party handles its own proprietary information. All proprietary information furnished to either Party hereunder shall not be communicated to third parties during or for two (2) years after expiration of, the period covered by this LOI. Each Party agrees and undertakes that its employees who will have access to such proprietary information will be required not to communicate such information to third parties and will strictly observe and comply with such obligations.

8. Laws and Regulations

This LOI is subject to all United States federal and state laws and regulations relating to the activities contemplated herein, and to all governmental administrative acts or other restrictions pursuant to such laws and regulations.

9. Disclosure

ABM and Customer may disclose the existence or content of this LOI to third parties only with the prior consultation and written approval of the other Party.

ABM Building Solutions

Name: Michael Kempa

Title: Regional Director

Signature:

Date:

City of Commerce

Name: Edgar Cisneros

Title: City Manager

Signature:

Date: