

INSERT CITY LETTER HEAD

April 24, 2018

Re: Project Development Letter and Approval to Proceed with Investment Grade Audit
Energy Savings Project

Dear Ms. Malwitz:

City of Ramsey, MN ("City") intends to contract with the Building Technologies Division of Siemens Industry, Inc. ("Siemens") to implement a performance contracting project in order to improve its infrastructure and operational efficiencies ("Project"). The Project will be comprised of a variety of facility improvement measures ("FIMs") to be assessed through an investment grade audit ("Audit").

The Audit will be performed at the following location(s):

- Municipal Center
 - Municipal Ramp
 - Fire Station #1
1. The Audit will evaluate the following systems: Heating, Ventilation and Air Conditioning; Building Automation and Controls; Building Envelope and sources of Air Tightness; Water; Sources of Renewable Energy (Solar/Photovoltaic/Thermal); Lighting; Digitalization and IT; sources of Alternate Energy.
 2. The purpose of the Audit will be to identify opportunities to: improve facility infrastructure and performance; reduce operating and utility costs; upgrade existing equipment; enhance revenue (if allowed); improve comfort and control; and reduce the City's carbon foot print.
 3. In order to accomplish the Audit, the City shall provide Siemens the following data (if not already provided): Three-year history of utility bills (electric, gas, water, etc.); maintenance and operational costs for addressed systems; access to facilities and design drawings; audited financial statements for the past three years; and a point of contact for the Audit team.
 4. The objectives of the Project to be assessed during the Audit are as follows: Siemens will provide a written guarantee of projected utility savings and reduced operational costs in compliance with applicable law.
 5. The City and Siemens will cooperate to finalize the technical, legal and financial components of the Project, and the City will pursue financing, possibly with assistance from Siemens. The City will also prioritize the FIMs to be implemented, and Siemens will use the results of the Audit as the basis for a draft Performance Contracting Agreement ("Agreement").

6. Siemens and the City jointly commit to provide the necessary resources and information in order to meet the following Project development schedule:

Milestones	Target Completion Date
Presentation of Audit Results	Nov 14, 2017
IGA/ Project Development Begins	April, 2018
IGA/ Project Development	Duration: approx. 90 days from Project Development Start Date
Design Development	
Workshops – Design (Scope), Finance, Guarantees, Community Communications Plan Presentations(s) to City Stakeholders	
IGA Deliverable	June, 2018 – Council Mtg Date _____
Begin Procurement of Financing	June, 2018
Select Financial Provider	July, 2018
Finish Negotiating Agreement	July, 2018
Council Approval	Aug, 2018 – Council Mtg Date _____
Execution of Agreement	Aug, 2018
Implementation Begins	

7. If Siemens is unable to produce an Agreement that meets the above Objectives, than it shall receive no payment for its efforts to develop the Project. If Siemens presents an Agreement that meets the above Objectives, and the parties do not execute it within forty-five (45) days thereafter, then the City agrees to pay Siemens a termination fee of **\$27,000** (twenty seven thousand dollars and no cents) within sixty (60) days of invoice. Alternatively, if Siemens provides an Agreement which meets the Objectives defined above, and the parties execute the Agreement, then the costs associated with the Audit will be incorporated into the price of the Agreement.

On behalf of the City, this Project Development Agreement is approved as the date above.

Sincerely,

City of Ramsey, MN

Signed

Printed Name

Title