



December 15, 2016

Mr. Jeff Molenhuis
Public Works Director
Township of North Huron
274 Josephine St.
Windham, ON N0G 2W0

**Subject: Binding Letter of Engagement - Design, Upgrade and Transfer Agreement
The Township of North Huron ("the Customer")
RTE Agreement No.: 0000887**

Pursuant to your recent discussions with Local Authority Services ("LAS"), RealTerm Energy Corp. (the "Company") is pleased to enter into this binding Letter of Engagement ("LOE") with the Customer with respect to the proposed upgrade of your existing street lighting system to LED luminaries ("the Project").

TERM:

The Term of the Agreement shall be from the execution date of the Agreement to the Final Completion Date. The Final Completion Date shall be defined in the Agreement as the date that the Customer provides written notice to the Company that it accepts the Company's application for final completion of the work and certifies that final completion has occurred.

SERVICES AND EQUIPMENT:

The Company agrees to replace the Customer's existing agreed upon lightning in Township of North Huron with energy efficient equipment in accordance with the schedule and specifications set out in **Schedule A**. The new equipment shall remain the sole and exclusive property of the Company until substantial performance (as defined in the *Construction Lien Act* (Ontario)) has occurred, at which time the new equipment and all related warranties will be transferred and become the sole and exclusive property of the Customer for the duration of the term.

CONTRACT PRICE:

The Customer shall pay the Company the Contract Price for the design, supply and installation of the new equipment. The Contract Price shall be as provided in **Schedule B**. The Customer shall make progress payments to the Company on account of the Contract Price when applied for by the Company and certified by the payment certifier.

INVESTMENT GRADE AUDIT:

Within 150 days of the date of execution of this LOE by the Customer, the Company shall complete an Investment Grade Audit. Such audit shall verify the size, location and type of the Customer's existing street lights, energy invoices, maintenance invoices, and other detailed aspects of the Customer's street light system.

If the results of the Investment Grade Audit confirm annual energy savings of 67% (+/- 10%), the Company shall notify the Customer that the Project is viable (the "Proceed Notice") and the parties shall proceed with the negotiation of the Agreement as provided below. If the Customer does not proceed with such good faith negotiations with the Company, the Customer shall reimburse the Company for such reasonable costs and expenses incurred in performing the Investment Grade Audit and negotiating this LOE, to a maximum of \$10,961.00 within 30-days of receiving an invoice from the Company for such costs and expenses.

If, based upon valid information provided by the Customer to the Company, the results of the Investment Grade Audit (i) do not meet the Savings and/or (ii) demonstrate that the anticipated design of the Company cannot be utilized; the Customer and the Company shall enter into good faith negotiations to amend the Contract Price. If the parties have not been able to settle on an amended Contract Price and execute the Agreement prior to termination of this LOE pursuant to (ii) of the Termination section below, the Customer shall within 15-days of such termination reimburse the Company for 50% of the Company's reasonable costs and expenses in performing the Investment Grade Audit and negotiating this LOE to a maximum of \$5,480.50 and, in return, the Company shall furnish all work materials related to the Investment Grade Audit to the Customer including a GIS audit of the Customer's street lighting system. If, in the Company's opinion, acting reasonably, the Customer did not provide the Company with valid information, the Customer shall reimburse the Company for 100% of the Company's reasonable costs and expenses in performing the Investment Grade Audit and negotiating this LOE to a maximum of \$10,961.00 within 15-days of receiving an invoice from the Company for such costs and expenses.

CCDC 14:

Upon issuance of the Proceed Notice or upon determination of an amended Contract Price as provided above, the Customer and the Company shall act in good faith and use commercially reasonable efforts to conclude a CCDC 14 design-build stipulated price contract (the "Agreement"), an initial draft of which shall be provided by the Company. We would expect the Agreement would contain supplementary conditions, which reflect the terms and conditions of this LOE other than those under the headings "Investment Grade Audit" and "Termination".

INSURANCE:

In addition to the insurance the Customer shall carry which shall be specified in the Agreement, the Company shall insure the Company's interest in the energy efficient equipment and maintain public liability and property damage insurance during the term. Such policies shall be written on a comprehensive basis with inclusive limits of not less than \$5,000,000 for bodily injury to any one or more persons or property damage, stock in trades and list the Customer as additional insured.

MUNICIPAL FRANCHISE, LICENCE OR EASEMENT:

The Customer shall grant a license, easement or right-of-way giving the Company rights of access in the streets and rights to remove and replace existing lights.

CONFIDENTIALITY:

The Company and the Customer agree to maintain the strict confidential nature of this LOE and the negotiations with respect to the transaction proposed herein, including forms of contract. No public or other announcement of the existence or terms and conditions of this LOE shall be made by either party except in consultation with and subject to the approval of the other. The Company and the Customer agree to use all reasonable efforts to coordinate any disclosures concerning the proposed transaction.

TERMINATION:

This LOE shall terminate on the earlier of (i) immediately upon execution of the Agreement and (ii) six (6) months after execution of this LOE by the Customer.

GOVERNING LAW:

This letter will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable herein.

Should the above terms and conditions be acceptable to the Customer, please sign this letter in the area indicated below and return to our attention.

IN WITNESS WHEREOF, the parties hereby agreed to and have executed this LOE Agreement by their duly authorized official.

RealTerm Energy Corp.

Signature

Printed Name

Title

Date

Township of North Huron

Signature

Neil G. Vincent

Printed Name

Neil G. Vincent, Reeve

Title

Date

Township of North Huron

Signature

Kathy Adams

Printed Name

Kathy Adams, Clerk

Title

Date



SCHEDULE A – COMPANY’S SERVICES

1. Scope of Services

- System Design including a GIS Asset audit of the system.
- Supply labor and material to remove existing Customer street light fixtures.
- Disposal of existing Customer street light fixtures as per government standards including providing the Customer a “Declaration Letter” stating same.
- Supply labor and material to install the new equipment.
- Inspect and repair or replace the existing wiring, fuses, or any other item other than the new equipment as required. We have assumed 35% rewiring, 100% fuse replacement and 45% fuse holder replacement will be required, as well as replacing 2% of the existing davit arms. If the scope of work varies from this estimate, then the work will be done on a cost recovery/returned basis.
- On a best efforts basis, work with the Local Distribution Company to modify their invoicing system to recognize the new equipment.
- Administer the process to obtain all grants, subsidies or rebates that may be available from the Independent Electricity System Operator (IESO) related to this Project.

2. Existing Equipment and New Equipment Inventory and Specifications

Cobrahead Fixtures								
HID Fixture type	HID System Wattage	HID QTY	Total HID Demand (kW)	LED Fixture type	LED System Wattage	LED QTY	Total LED Demand (kW)	Savings
HONI - Cobra - HPS 70W L 30W B	100	37	4	XSPA_2GE-USN (34W)	34	37	1	66%
HONI - Cobra - HPS 100W L 30W B	131	61	8	XSPA_2GC-USN (43W)	43	61	3	67%
HONI - Cobra - HPS 150W L 40W B	189	1	0	XSPA_2HD-USN (73W)	73	1	0	61%
HONI - Cobra - HPS 200W L 50W B	250	1	0	XSPA_2HC-USN (83W)	83	1	0	67%
HONI - Cobra - HPS 250W L 60W B	311	12	4	XSPA_2HA-USN (101W)	101	12	1	68%
HONI - Cobra - MERC VP 175W L 35W B	211	1	0	XSPA_2GA-USN (53W)	53	1	0	75%
HONI - Cobra - MERC VP 250W L 35W B	286	29	8	XSPA_2HC-USN (83W)	83	29	2	71%
HONI - Cobra - MERC VP 400W L 60W B	461	1	0	XSPA_2HM-USN (153W)	153	1	0	67%
HONI - Cobra - MERC VP OTHER 150W 31WB	181	3	1	XSPA_2GA-USN (53W)	53	3	0	71%
WP - Cobras - HPS 100W L 30W B	130	95	12	XSPA_2GC-USN (43W)	43	95	4	67%
WP - Cobras - HPS 150W L 40W B	190	140	27	XSPA_2HD-USN (73W)	73	140	10	62%
WP - Cobras - HPS 250W L 60W B	310	130	40	XSPA_2HA-USN (101W)	101	130	13	67%
		511	105			511	35	67.3%

Decorative Fixtures								
HID Fixture type	HID System Wattage	HID QTY	Total HID Demand (kW)	LED Fixture type	LED System Wattage	LED QTY	Total LED Demand (kW)	Savings
HONI - Deco - Top Hat - HPS OTHER <175W	181	66	12	Contempo LED - Series 245L 72W	72	66	5	60%
HONI - Deco - Top Hat - HPS OTHER >175W	481	1	0	Contempo LED - Series 245L 72W	72	1	0	85%
WP - Deco - Acorn - HPS 100W L 30W B	130	32	4	Symphony CA23T4-60W	60	32	2	54%
WP - Deco - Downlight - MH 150W	190	41	8	Domia CY55P1UF 80W	80	41	3	58%
		140	24			140	10	66.3%

3. Schedule of Services

Commencement Date: Within 90-days from execution of the Agreement.

SCHEDULE B – CONTRACT PRICE

Contract Price: \$521,934.60 in addition to applicable taxes.