



REALTERM
ENERGY

January 26, 2022

Derek Young
Manager of Engineering
Public Works
Town of Pelham
20 Pelham Town Square
Fonthill, ON L0S 1E0

**Subject: Binding Letter of Engagement - Design, Upgrade and Transfer Agreement
Town of Pelham ("the Customer")
RTE Agreement No.: 00002133**

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 this LOE shall be from its date until terminated in accordance with the "Termination" section below. Upon execution of the Agreement (defined below), 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 lighting in the **Town of Pelham** 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 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 approved by the Customer's designated Project Manager.

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.

REALTERM ENERGY CORP.

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If the results of the Investment Grade Audit confirms annual energy consumption reduction of at least 64 % ("Savings Threshold"), which represents estimated savings per our Proposal dated September 2nd, 2021 of 74 % less a 10% variance factor, and subject further to reasonable modifications depending upon the Customer's actual inventory, as determined during the field audit, 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 \$21,750 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 Threshold 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 are unable 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 reasonable costs and expenses in performing the Investment Grade Audit and negotiating this LOE to a maximum of \$17,400 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, which shall include the license and/or right for the Customer to use such materials for any purpose. 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 \$21,750 within 30 days of receiving an invoice from the Company for such costs and expenses.

CCDC 14, Purchase Order or Similar Contract:

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, a Purchase Order, a Quote or a similar contract, an initial draft of which shall be provided by the Company.

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.

NO INTELLECTUAL PROPERTY RIGHTS:

The Customer acknowledges and agrees that, except as otherwise expressly provided in this LOE, nothing in this LOE does or will be construed to grant the Customer any license or right of any nature with respect to use of any of the Company's work product generated pursuant to this LOE, including without limitation the Investment Grade Audit and any drawings, specifications or plans, or use of any other data or intellectual property of the Company. The extent of any license or right to use such work product, data or intellectual property shall be provided in the Agreement, if executed. For greater certainty, prior to execution of the Agreement and absent express written authorization of the Company, the Customer shall have no license or right to use any such work product, data or intellectual property, and such use would be an actionable breach of this LOE by the Customer.

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

Angelos Vlasopoulos

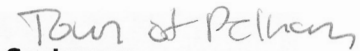
Printed Name

CEO

Title

March 21st, 2022

Date

Customer

Signature

Holly Wilford

Printed Name

Jan Clark

Title

Feb. 7, 2022

Date

REALTERM ENERGY CORP.

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SCHEDULE A – COMPANY'S SERVICES

1. Scope of Services

- System Design including a GIS Asset audit of the system.
- Supply labour 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 labour and material to install the new equipment.
- Refusing each new LED fixture to include a new fuse
- Fuse Holder Replacement 25% of Inventory to require a new fuse holder
- Rewiring 25% of Inventory to require rewiring
- High Voltage Luminaires 20% Cobras estimated to be in high voltage situations (within the limits of approach, but outside of the restricted zone)
- Arm Replacement 1% of the davit arms
- Secondary Connection Refresh 20% of the overhead wires to require correction refresh
- 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.

2. Existing Equipment and New Equipment Inventory and Specifications

HID Fixture type ⁽¹⁾	HID System Wattage	HID QTY	Total HID Demand (kW)	LED Fixture type	LED System Wattage	LED QTY	Total LED Demand (kW)	Savings
COBRAHEAD FIXTURES								
NPE HPS 70W	100	139	13.9	27W_Cobrahead LED	27	139	3.8	73%
NPE HPS 100W	130	96	12.5	33W_Cobrahead LED	33	96	3.2	75%
NPE HPS 150W	190	46	8.7	54W_Cobrahead LED	54	46	2.5	72%
NPE HPS 250W	310	1	0.3	81W_Cobrahead LED	81	1	0.1	74%
NPE HPS 400W	475	3	1.4	135W_Cobrahead LED	135	3	0.4	72%
HO HPS 70W	100	265	26.5	27W_Cobrahead LED	27	265	7.2	73%
HO HPS 100W	130	703	91.4	33W_Cobrahead LED	33	703	23.2	75%
HO HPS 150W	190	7	1.3	54W_Cobrahead LED	54	7	0.4	72%
Subtotal (Cobra)		1,260	156.1			1,260	40.6	74%
DECORATIVE FIXTURES								
HO Post Top 100W	130	62	8.1	33W_LED Post Top	109	62	2.1	75%
Subtotal (Deco)		62	8.1			62	2.1	75%
Total		1,322	164.1			1,322	42.7	74%

(1) "NPE" lights would be in Niagara Peninsula Energy Inc. service territory, "HO" lights would be in Hydro One service territory. Inventory is preliminary based on historical records provided by the Town.

3. Schedule of Services

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



SCHEDULE B – CONTRACT PRICE

Contract Price: **\$621,810** in addition to applicable taxes.

Please note the scope of work may be reduced in Year 1 based on client's specific request and budget availability.