Energy Savings Contract

This energy savings contract is between the Monroe County Community School Corporation (the “District”) and Energy Education, Inc. (“EEI”). This contract is subject to all applicable state and federal laws.

EEI delivers customized, comprehensive people-driven energy conservation programs that focus on changing human behavior to help school districts, churches and higher education clients reduce their consumption of energy and water without any equipment upgrades. Implementation of these programs is guided by EEI’s team of energy consultants - together representing several hundred years of public school energy conservation experience. EEI’s clients can invest the financial savings that result in the lives of the people they serve, rather than in utility companies. EEI guarantees the success of these programs. To date EEI has served more than 1000 clients in 48 states.

The District is committed to its mission: “To educate the students for the world of tomorrow. We commit to working with our community to deliver an appropriate and safe learning environment with a curriculum dedicated to excellence that honors the unique and diverse needs of our students.” The District uses electricity, gas, water and sewer (collectively “energy”) to fulfill its mission. As a dynamic and diverse community, the commitment to a quality education has made the District an educational leader in Indiana for the past thirty-five years. The District serves more than 11,025 children at its 22 campuses.

EEI has offered to build and provide a customized energy conservation program that is focused on organizational and behavioral change and is designed with the following goals:

- Save dollars that the District can reinvest in the people it serves,
- Preserve a quality learning environment for the District’s children,
- Conserve energy for a positive impact on the environment, and
- Increase awareness to empower energy users to be energy savers.

EEI will help the District pursue these goals through implementation of its energy conservation program. Central to the success of this program is the recognition of shared responsibility between EEI and the District as the program is initiated and implemented. EEI provides extensive resources, education and onsite training, action planning, and other conservation-related services, while the District works cooperatively to implement EEI’s program.

As a part of this shared responsibility, EEI offers a Fast Track during the early months. During the Fast Track the District does not pay any fees to EEI; at the same time EEI delivers focus on priority elements of its Transformational Energy Management Process™ for a quick start. The Fast Track accelerates net savings for the District.
The parties therefore agree as follows:

1. **Program.** On ______________ (“Start Date”) EEI shall begin its work on this contract. EEI shall take immediate actions to facilitate the District’s search for an Energy Education Specialist (“energy specialist”) and shall provide the District with a people-driven energy management program that is customized to enable the District to reduce consumption of energy (“Program”).

2. **Program Consultants.** An EEI team of energy consultants shall deliver the Program to the District (“Program Consultants”), as follows:

   - Through EEI’s on-site and ongoing assessments of the District’s facilities and based on EEI’s experience in having assessed thousands of client facilities, EEI’s Program Consultants shall deliver hundreds of recommendations that are specific to the District’s environment.
   - EEI’s Program Consultants shall guide and assist the District’s Program implementation following EEI’s proven methodology, the Transformational Energy Management Process™. The attached Supplement describes areas of emphasis for EEI’s Program Consultants as they guide and assist the District’s Program implementation using EEI’s Transformational Energy Management Process™.

3. **Energy Education Specialist.** (a) **Position and Compensation.** Program implementation requires a daily focused effort that is led by one of the District’s own people – an energy specialist who can make conservation a priority while positively engaging people to conserve energy. The energy specialist position must be full-time and dedicated exclusively to the Program. The District shall pay the energy specialist at a level that is within the range recommended by EEI to attract and retain qualified people (“Compensation”).

   (b) **District Hiring.** EEI shall serve an active and key role to assist and guide the District through its energy specialist search process - from posting the position through interviewing candidates. On the Start Date the District shall promptly begin and then continue this search process until a mutually acceptable person is identified and hired for the energy specialist position. Due to the unique nature of the position, the energy specialist must be a current or retired District employee and typically will have teaching experience. EEI’s recommendation for the energy specialist position will follow the conclusion of the posting and interview processes and is subject to the District’s approval and decision to hire or not hire. Likewise, the District will not employ any person as energy specialist that is unacceptable to EEI.

   (c) **Education and Training.** EEI’s Program Consultants shall train the energy specialist with the skills essential for Program implementation. EEI’s comprehensive training will primarily be on-site and on-the-job. The energy specialist must attend the on-site appointments scheduled by EEI and must be receptive and responsive to EEI. EEI shall provide written education and training materials. Furthermore, EEI shall host and the energy specialist shall attend three education and training conferences each year. The District is not required to pay any additional fees to EEI for the materials or the conferences, which are an integral part of the energy specialist’s education and training and the District’s Program implementation. The District shall pay for the travel, hotel and meal expenses associated with the energy specialist’s attendance at conferences (collectively “Travel Expenses”). EEI’s Program Consultants will be available and on-call to respond to special problems or questions through the end of the Term (as defined below).

   (d) **Observation and Communication.** The District is the energy specialist’s supervisor and maintains full and final employment authority, e.g. hiring and firing, for this important position that is subject to high standards and performance expectations. For example, the Transformational Energy Management Process™ calls for routine data entry which is monitored through weekly accountability reporting. EEI shall
regularly observe the energy specialist’s fit, skills, tenacity, hard work, leadership, interpersonal relationships, and performance level and results. Designating a high ranking business official as the energy specialist’s supervisor directly and positively impacts Program implementation. EEI shall communicate with the energy specialist’s supervisor concerning the observed performance of the energy specialist. As a part of these obligations, during the first twelve months of an energy specialist’s service, EEI shall periodically advise the energy specialist’s supervisor whether that person has shown the qualities to be successful in the position.

(e) Leave Scheduling. The energy specialist is expected to spend a majority of time out in the District facilities to drive energy savings; with times outside the instructional day being particularly valuable for the energy specialist to identify and capture savings opportunities. It is critically important (especially during the first two years of the Program) that the energy specialist be available for work during times when buildings are unoccupied and have flexibility to work nights, weekend and holidays. To allow for appropriate dialogue, the District will notify and consult with EEI before approving any requests for the energy specialist’s vacation leave or other leave that (1) is in conjunction with school holidays or break periods, or (2) requires an extended absence of more than one week.

4. Program Implementation. (a) Quick Start. Once an energy specialist has been hired, the District will promptly begin and then continue to implement the Program at its expense.

(b) Commitment and Communication. In EEI’s experience, the success of the District’s Program implementation will be a function of the demonstrated commitment of the school board, superintendent and other administrators, e.g. through timely communication of high level support for the Program. More specifically, no later than 90 days after the Start Date, the school board must adopt an appropriate policy and the administration must adopt appropriate administrative guidelines reflecting the District’s commitment to the Program. The District shall communicate these guidelines to its people, construction contractors and on-site management service providers, if any. EEI will work with the energy specialist to facilitate semi-annual progress reports for the school board.

(c) Software Tool. The effective management of energy information is a first step to achieving positive results through accountability. The District will account for energy consumption using a third party software program with which EEI’s Program Consultants are knowledgeable and trained to provide support to the District. No later than 90 days after the Start Date, the District must license the EnergyCAP energy accounting software program from Good Steward Software, LLP, or, if later recommended by EEI to its clients (e.g. because EnergyCAP ceased to be available), an alternative software program (“Software”). The District’s costs for the Software are about $12,000 for the first year and about $1,200 per year thereafter.

(d) Access, Authority and Control. The energy specialist needs to have access to the District’s systems controls, including the energy management systems (“EMS”), and the authority (in communication and coordination with other District personnel) to: (1) program the EMS including changes in the temperature settings and run times of EMS controlled equipment (e.g. HVAC, water, heating and lighting systems), and (2) change settings and run times for each facility’s equipment and systems (e.g. lighting, sewer and water systems, time clocks and thermostats) that are not controlled by the EMS. Per this contract, EEI will be fully engaged as a consultant to the District to provide the Program and to guide and assist the District’s Program implementation. EEI’s role as a consultant necessarily means that, as it should be, the District (and not EEI) will maintain exclusive control over and responsibility for District personnel and the operation and condition of all District facilities, areas and equipment. Furthermore, this contract does not alter the District’s exclusive right to this control and pre-existing responsibility, if any, to provide reasonable premises safety.

(e) No Third Party Interference. The District shall make a good-faith effort to discourage any third party from interfering with Program implementation.
5. **Savings Determination.** (a) General. Energy savings are determined by comparing measured use before and after the start of Program implementation, after making appropriate adjustments for changes in conditions that are independent of the Program. The formulaic expression is:

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\text{energy savings} = (\text{baseline period use} \pm \text{appropriate adjustments}) - \text{(reporting period use)}
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The District’s savings shall be determined by the District’s energy specialist and EEI using the Software to subtract the energy actually used (i.e. consumption: kWh, BTUs, gallons, etc.) in each Performance Year (as defined below) from the use in the Base Year (as defined below), plus or minus any Adjustment Variables (as defined below), and applying the price (based on the average unit cost to the District for each type of energy purchased by the District) for each corresponding period (“Savings”). The “Total Savings” means the Savings and any additional verifiable cost containment or avoidances resulting from the Program (e.g. utility refunds received as a result of a Program billing audit). EEI’s projections of Total Savings when using the Program are based upon energy consumption and other data furnished by the District.

(b) **Baseline Period.** EEI and the District’s energy specialist shall use the Software to establish a baseline period consisting of 12 consecutive months that precede the Start Date (“Base Year”). For new construction, the District’s energy specialist and EEI can use detailed, calibrated simulation analysis to compile the Base Year.

(c) **Reporting Period.** Each reporting period will be a 12 month period (“Performance Year”). The first Performance Year will begin after the energy specialist starts work and the Fast Track (as defined below) ends (“First Year”) and each Performance Year is consecutively named. The “Second Year” means the 12 month reporting period following the end of the First Year, the “Third Year” follows the Second Year, and so on. Using the Software, Savings shall be calculated for each Performance Year in comparison to the Base Year.

(d) **Appropriate Adjustments.** (i) Adjustments to the baseline recognize that the operating environment changes in ways that impact energy use but are independent of the Program (e.g. the weather) and function simply to bring energy use in the two time periods to an equivalent set of conditions.

(ii) The Software allows appropriate adjustments to the Base Year, using available data to account for the following factors occurring during the Performance Year that affect the energy used in facilities (“Adjustment Variables”): outside temperature; floor space; occupancy type or schedule; amount, type or use of equipment; number of days in the billing period; energy rates; and reasonably estimated energy loads added or reduced after Program implementation, including without limitation, a one-time adjustment of 4% for load creep. Load creep is the increase in energy use (not including sewer or water) that results from a combination of: (1) plug load - the proliferation of small personal appliances and equipment that are difficult to track and record, e.g. hand-held and desktop electronics, space heaters, microwaves, small refrigerators, etc; and, (2) facility and infrastructure degradation, i.e. the gradual loss of efficiency as plant and equipment ages and wears down.

(iii) The Software also allows other appropriate adjustments for a more accurate Savings calculation. If the District has experienced abnormal temperatures during the Base Year, a total of 36 months of billing information can be used to create a more accurate statistical model for the District. If the District’s energy conservation guidelines are not substantially followed by its construction contractors or on-site management service providers, if any, the Savings can be determined with appropriate adjustments. If the District chooses not to substantially implement EEI’s water conservation recommendations, the Savings can be determined without including water use. If the energy specialist position is vacant or the energy specialist is off-the-job for more than 30 days, the Performance Year can be suspended until an energy specialist is on-the-job. If a Performance Year is suspended, it will consist of twelve non-consecutive months.
6. **Term.** This contract shall be for a term beginning on the Start Date and ending on the last day of the Fourth Year (“Term”).

7. **Fast Track, Monthly Fee and Contract Continuation.** (a) **Fast Track.** The District shall not pay any monthly fees to EEI during the Fast Track period, beginning on the Start Date and ending four months after the Start Date, or on such later date as determined by EEI (“Fast Track”).

(b) **Monthly Fee.** The District shall pay EEI a fee of $32,800 per month for 48 consecutive months (“Monthly Fee”). The District shall pay the first Monthly Fee in the month after the Fast Track period and EEI will bill the District on the 1st of each month for each subsequent Monthly Fee.

(c) **Contract Continuation.** Once the District has paid all 48 Monthly Fees to EEI and so long as the District continues to substantially implement the Program, this contract shall continue with no additional fee payments to EEI. During this continuation the District may continue to implement and utilize the Program but always subject to the District’s continuing obligations in this contract regarding the Proprietary Information (as defined below).

8. **Savings Guarantee.** (a) EEI’s commitment to the quality of the Program is evidenced by EEI’s Savings Guarantee (as defined below). EEI shall reimburse the District for the difference if the District’s Costs (as defined below) exceed its Total Savings, computed from the Start Date to the end of any Performance Year during the Term (“Savings Guarantee”). Due to the cumulative nature of the Savings Guarantee it is necessary to specify that EEI shall not make reimbursement for amounts that EEI has already reimbursed for a prior Performance Year. To be eligible for the Savings Guarantee the District must have employed an energy specialist as required and substantially implemented the Program. The “District’s Costs” means the total amounts paid for the energy specialist’s Compensation and Travel Expenses, initial and renewal costs of the Software, and the Monthly Fees. EEI shall pay the District a required reimbursement no later than 90 days after the results for the prior Performance Year have been finalized by EEI and the District’s energy specialist. If EEI fails to make a required reimbursement, the District may terminate this contract and recover the amount of the required reimbursement from EEI.

(b) The District shall refund prior reimbursements on the Savings Guarantee to EEI if (1) the Total Savings exceed the District’s Costs, computed from the Start Date to the end of a later month during the Term, or (2) the District exercises its right of Termination for Convenience (as defined below). The District shall pay EEI a required refund: (1) no later than 90 days after the results for such later month have been finalized by EEI and the District’s energy specialist, or (2) on the effective date of a Termination for Convenience.

9. **District Termination for Convenience.** As provided in this contract EEI anticipates a long-term relationship and remains committed to the District through the Term and beyond. However, the District may terminate this contract for any reason and without cause as provided in this paragraph. To validly exercise this right to terminate for any reason and without cause (including if there is no appropriation of funding or for any other termination that is not based on EEI’s failure to perform its material obligations under this contract) (a “Termination for Convenience”), the District shall provide EEI with at least 60 days prior written notice and shall pay EEI an amount based on the termination effective date, as follows (“Termination Fee”) (1) before or at the end of the First Year, $492,000, (2) during or at the end of the Second Year, $393,600, (3) during or at the end of the Third Year, $354,240, or (4) during the Fourth Year, $314,880. Upon a Termination for Convenience, the Termination Fee shall include the following additional amounts which the District shall pay EEI: (a) the unpaid Monthly Fees but only through the termination effective date, and (b) if the termination effective date is prior to the Fourth Year, an amount equal to $32,800 multiplied by the number of months during the Fast Track. A Termination for Convenience voids the Savings Guarantee. This termination right does not limit the rights and
remedies of the District. More specifically, if EEI fails to perform its material obligations under this contract, the
District’s legal rights and remedies are not limited by the terms of this paragraph.

10. **Termination Event.** Upon termination of this contract the District shall promptly: (a) return to
EEI all materials and Proprietary Information previously furnished by EEI or accumulated by the District in
connection with the Program, including all copies thereof; (b) discontinue the position of energy specialist; and,
(c) cease using the Proprietary Information and implementing the Program.

11. **Proprietary Program and Information.** (a) The District will have access to and use of EEI’s
Transformational Energy Management Process™ as well as materials that are copyrighted, trade secrets and
other information that is proprietary to EEI (collectively “Proprietary Information”). Furthermore, the Proprietary
Information also includes all database files created using the Software.

(b) The District agrees that the Proprietary Information (including all copies) continues to be
EEI’s property and should be kept confidential to the full extent permitted by law. The District shall give EEI
written notice and an opportunity to respond if the District receives a third party request for Proprietary
Information. The District shall not disclose the Proprietary Information to any unauthorized person or use it
outside of the District or this contract. The District shall assist EEI in the protection of the Proprietary Information.
The District’s obligations under this paragraph survive termination of this contract.

(c) In consideration of the education and training provided by EEI, the District’s energy
specialist must agree not to disclose Proprietary Information to third parties or to compete with EEI. This
agreement must be in writing and acceptable to EEI. Due to the inherent risk for disclosure of Proprietary
Information, the energy specialist must not participate in any energy specialist user group meeting that is not
sponsored by EEI.

12. **Miscellaneous.** This contract constitutes the entire agreement of the parties with respect to the
subject matter of this contract. This contract supersedes the parties’ prior communications, requests, responses,
proposals, offers and agreements, if any. This contract may be modified only by a writing signed by the parties.
Invalidity or unenforceability of one or more provisions of this contract shall not affect any other provision of this
contract.

Each party is signing this contract on the date stated under that party’s signature.

MONROE COUNTY
COMMUNITY SCHOOL CORPORATION

By: __________________________ Name: __________________________ Title: __________________________ Date: __________________________

ENERGY EDUCATION, INC.

By: __________________________ Name: John Bernard Title: President - Sales & Marketing Division Date: October 23, 2009

Monroe County CSC, IN contract v.1 102309
EEI’s Transformational Energy Management Process™ involves four very specific and incredibly involved components. A brief overview of each one follows:

Assessment + Planning. After the energy specialist has commenced performing duties, EEI shall work with the energy specialist to conduct on-site assessments that include examining every facility and area in the District’s environment and analyzing use and requirements at all hours of the day and night. EEI shall train the energy specialist to compile temperature and humidity data, to understand many other conditions important to facility and equipment use in the District and to document the District’s environment. Based on the data that is collected, EEI shall help the energy specialist construct an action plan that identifies priorities, savings opportunities, points of responsibility, optimized building scheduling profiles, proven implementation strategies and other elements critical to successful implementation and changing behavior linked to energy consumption;

Coordination + Communication. EEI knows that a decentralized campus environment supports people with very different backgrounds, areas of focus, personal concerns, levels of education, personalities, preferences, and so forth. These differences between people make coordination and communication efforts extremely more difficult but critically important. EEI’s focus is on coordination efforts that positively engage people and communication efforts that involve constant reinforcement, generating customized messages on a broad and personal level, employing various modes of communication (print, digital and face-to-face), and facilitating effective meetings, to name a few examples. Maximizing the District’s savings requires that every person in the District who consumes energy be engaged in understanding how to also save it;

Leadership + Focus. Executing an effective energy conservation program that transforms organizational behavior requires daily focused effort that is led by one of the organization’s people. EEI will play a crucial role and provide comprehensive services to help the District identify and hire the correct person to serve as the District’s energy specialist. EEI will immerse the District’s energy specialist in the Program and will provide both education and training to the energy specialist; and,

Measurement + Verification. Energy accounting software is a key tool for the District to evaluate its consumption and verify the results of the Program. The District will license a third party software program for energy accounting. For added accountability, the software will be installed and maintained by the District on a District computer. EEI’s Program Consultants shall make routine on-site visits and provide off-site support for the software and to guide and assist the energy specialist in collecting and recording relevant data and using the software to create and maintain energy consumption and savings databases.