

AUDIT WORK ORDER NO. 2

1. This Audit Work Order No. 2 ("Audit Work Order"), executed between NORESKO and Customer and dated _____, is issued pursuant to Section 1(a)-(b) of the Energy Services Agreement ("ESA") dated July 29, 2022 between NORESKO and Customer.
2. The terms applicable to this Audit Work Order are set forth in the attached Terms for Audit Work.
3. Customer requests that NORESKO complete the Audit Work described in this Audit Work Order and NORESKO agrees to complete the Audit Work described in this Audit Work Order.

By signing below, the Parties agree to the terms of this Audit Work Order.

NORESKO, LLC

Signature: _____

Printed Name: Pablo Hernandez

Title: Vice President and Chief Financial Officer

Date: _____

CITY OF HOLLYWOOD, FLORIDA,
a municipal corporation of the State of Florida

By: _____
Josh Levy, Mayor

ATTEST:

Patricia A. Cerny, MMC
City Clerk

APPROVED AS TO FORM
:

Douglas R. Gonzales, City Attorney

TERMS FOR AUDIT WORK

1. SERVICES

NORESCO shall provide an Investment Grade Audit ("IGA") for the specified Customer facilities listed in Section 21. The IGA shall include descriptions of potential ECMs and shall further include the scope of work described in Section 21. The Energy Audit will include investigation into the following cost savings categories:

- a) Facility energy and water efficiency
- b) Fleet conversion program
- c) Smart city initiatives
- d) Strategic sourcing

NORESCO as part of the IGA will investigate all potential financially viable cost savings ECMs such as but not limited to the following:

- a) Interior and exterior lighting improvements
- b) HVAC/Mechanical improvements
- c) Building automation systems
- d) Infiltration improvements
- e) Smart city initiatives
- f) Strategic sourcing opportunities
- g) Renewable energy opportunities
- h) Site security and site access systems
- i) Park exterior lighting and athletic field lighting

After surveying the existing conditions at each of the facilities listed in Section 21, NORESKO will perform a high-level feasibility analysis consisting of budgetary estimates for costs savings and implementation costs to determine the economic viability of each ECM from a simple payback analysis and available project funding. The findings of the high-level feasibility analysis will be presented and reviewed with the Customer staff to jointly determine which ECMs NORESKO will include in the full IGA effort where NORESKO will complete sufficient design to identify firm implementation costs and savings for each ECM. If at any time, any ECM or portion of an ECM is determined by NORESKO to be not feasible for any reason, NORESKO will cease any further development of that scope of work.

The findings of the IGA will be presented to the Customer in a report ("IGA Report"). Customer acknowledges that NORESKO is expending significant time and resources on the behalf of the Customer by performing the IGA and preparing the IGA Report and therefore agrees as follows:

- a) Customer shall work exclusively with NORESKO on this IGA for the period in which this Audit Work Order is in place.
- b) Customer shall furnish (or cause its energy suppliers to furnish) to NORESKO, upon its request, accurate and complete data concerning energy usage for the Site. Customer acknowledges that NORESKO shall rely on this data in conducting its audit.

- c) Customer shall require its staff to cooperate fully with NORESKO personnel as NORESKO gathers on-site data required to complete its analysis of the Site. Customer may also provide any prior energy audits or studies of the Site.
- d) Customer will receive an initial IGA Report Summary, and a proposed Construction Work Order. Customer and NORESKO will jointly select efficiency measures to be implemented, and NORESKO will prepare a final IGA Report and Construction Work Order from these selected measures. Both Parties agree that the final Construction Work Order shall be in substantially the same form as the Exhibit C (including attachments) to the Energy Services Agreement.
- e) Changes to audit scope of work: The quantity, quality, dimensions, type or other characteristics of the audit scope may be changed only by written consent of the Customer and NORESKO via the execution of an audit work order amendment. In addition, the Scope of Services may be reduced or expanded to include other energy efficiency measures and facilities not included within Audit Work Order Section 21 Scope of Audit Work.

The Parties agree that the Audit Cost as described in Section 3 Compensation is based on the Scope of Services in effect as of the date of the Audit Work Order. The Audit Cost shall be adjusted according to the new scope of services and agreed to via audit work order amendment. Customer will review for validity and substantiating the requested cost increase.

2. TERM

NORESKO shall commence providing services under this Audit Work Order No. 2 on _____, shall diligently perform as required and complete performance within 200 days.

3. COMPENSATION

In the event that, for any reason, Customer decides not to issue a Construction Work Order for the ECMs described in the applicable Audit Work Order and corresponding IGA that incorporates the cost of such IGA described in section 21 of this document, Customer agrees to pay NORESKO for services rendered pursuant to Audit Work Order per the fee schedule below within thirty calendar days of receipt of invoice and acceptance of services.

Audit Category	Fee for Services Provided
Facility Energy and Water Efficiency, Fleet Conversion and Water Meters Replacements	\$232,300
Smart City Initiatives	\$100,000
Strategic Sourcing Opportunities (Phase 1)	\$0*

*There is no fee for Phase 1 Strategic Sourcing audit. A Phase 2 audit fee will be reviewed and approved in an amendment to this Audit Work Order 2 if the Customer authorizes NORESKO to proceed to the Strategic Sourcing Phase 2 audit.

4. INDEPENDENT CONTRACTOR

NORESKO, in the performance of this Audit Work Order, shall be and act as an independent contractor. NORESKO understands and agrees that it and its employees shall not be considered officers, employees or agents of the Customer, and are not entitled to benefits of any kind or nature normally provided employees of the Customer and/or to which Customer's employees are normally entitled, including but not limited to State Unemployment Compensation or Worker's Compensation. NORESKO shall assume full responsibility for payment of all federal, state and local taxes or contributions, including unemployment insurance, social security and income taxes with respect to NORESKO's employees.

5. MATERIALS

NORESCO shall furnish, at its own expense, all labor, materials, transportation, equipment, supplies, subcontractors, and other items necessary to complete the services to be provided pursuant to this Audit Work Order.

6. ORIGINALITY OF SERVICES

NORESCO agrees that all technology, formulae, procedures, processes, methods, writings, IGAs, dialogue, compositions, recordings, teleplays, and video productions prepared for, written for, submitted to the Customer and/or used in connection with this Audit Work Order, shall be wholly original to NORESCO and shall not be copied in whole or in part from any other source, except that submitted to NORESCO by Customer as a basis for such services.

7. OWNERSHIP AND REUSE OF DOCUMENTS

- (a) The original of all documents, including but not limited to drawings, calculations, test results, recommendations, technical specifications, renderings, exhibits, models, prints, photographs, or other materials prepared by NORESCO shall be and remain the property of the Customer.
- (b) Reuse of the design and/or corresponding contract documents or portions thereof by the Customer shall be limited to the Customer and for the benefit of the Customer. When reuse is contemplated, all title blocks and references to NORESCO shall be removed from drawings unless written consent for reuse is given by NORESCO. The Customer shall defend, indemnify and hold NORESCO, its officers, employees and agents harmless from and against any and all liability, loss, expense, attorneys' fees, or claims or injury or damages arising out of the reuse of the design and / or corresponding contract documents or portion thereof, unless Customer obtains written consent of NORESCO in a separate agreement setting forth terms of reuse.

8. TERMINATION OF AUDIT WORK ORDER

- (a) Customer may, at any time, for any reason, terminate this Audit Work Order after first providing ten (10) calendar days written notice. In the event of such termination, Customer shall pay NORESCO within 30 calendar days of such termination for the full reasonable value of its services including direct and indirect costs, expenses, overhead and profit not to exceed the rates indicated in paragraph 3.
- (b) Upon receipt of notification, NORESCO shall stop all work. Segments of partially completed work may be completed during the 30-day period only at the written direction of the Customer and NORESCO shall be compensated fairly for this work. The total compensation paid shall not exceed the amount due according to Paragraph 3.
- (c) NORESCO may, at any time, for any reason, terminate this Audit Work Order after first providing 30 calendar days' notice. In this event, Customer is not obligated to compensate NORESCO for services.
- (c) NORESCO may terminate this Audit Work Order in the event of breach by Customer of any material provisions including, but not limited to, payment or failure to provide NORESCO with access to the Facilities and records described in any Customer obligations in the Scope of Work. Written notice by NORESCO shall contain the reasons for such intention to terminate and unless within 30 calendar days after service of such notice the condition or violation shall cease, or satisfactory arrangements for the correction thereof be made, this Audit Work Order shall upon the expiration of the 30 calendar days cease and terminate. In the event of such termination for cause, Customer shall be responsible for NORESCO's fees incurred to date at

the rate indicated in paragraph 3.

9. LIMITATION OF LIABILITY

Notwithstanding anything else in this Agreement, and to the extent permitted by law, NORESKO's total liability, and that of its officers, directors, employees, parents, subsidiaries, agents, affiliates, insurers and subcontractors, whether in contract, tort, strict liability or otherwise, arising in connection with any Audit Work Order (except for personal injuries arising from the Audit Work Order to the extent caused by NORESKO's negligent acts or omissions) shall be limited to the aggregate amount paid by Customer to NORESKO under the applicable Audit Work Order.

Except as otherwise expressly provided herein, no Party nor its respective officers, directors, agents, employees, parent, subsidiaries or affiliates or their officers, directors, agents or employees shall be liable, irrespective of whether such claim of liability is based upon breach of warranty, tort (including negligence, whether of any of the Parties to this Audit Work Order or others), strict liability, contract, operation of law or otherwise, to any other Party, or its parent, subsidiaries, affiliates, officers, directors, agents, employees, successors or assigns, or their respective insureds, for incidental, indirect, punitive or consequential damages, connected with or resulting from performance or non-performance of this Audit Work Order, or anything done in connection therewith, including without limitation claims in the nature of lost revenues, income or profits (other than payments expressly required and properly due under this Audit Work Order), and increased expense of, reduction in or loss of power generation production or equipment used therefor.

10. INSURANCE

Insurance types and limits shall be in accordance with CUSTOMER requirements, as agreed by NORESKO herein, as listed in Section 16 of the Energy Services Agreement.

11. ASSIGNMENT

See Section 21 of the Energy Services Agreement.

12. COMPLIANCE WITH APPLICABLE LAWS

NORESKO agrees to comply with all applicable federal, state and local laws, rules, regulations and ordinances that are now applicable to NORESKO, NORESKO's business, equipment and personnel engaged in operations covered by this Audit Work Order.

13. PERMITS/LICENSES

NORESKO and all NORESKO's employees or agents shall secure and maintain in force such permits and licenses as are required by law in connection with the furnishing of services pursuant to this Audit Work Order. NORESKO may subcontract engineering services to a licensed professional engineer.

14. AFFIRMATIVE ACTION EMPLOYMENT

NORESKO agrees that it will not engage in unlawful discrimination in employment of persons because of race, color, religious creed, national origin, ancestry, physical handicap, marital status, or sex of such persons.

15. NON WAIVER

The failure of Customer or NORESKO to seek redress for violation of, or to insist upon, the strict performance of any term or condition of this Audit Work Order, shall not be deemed a waiver by that Party of such term or condition, or prevent a subsequent similar act from again constituting a violation of such term or condition.

16. NOTICE

All notices or demands to be given under this Audit Work Order by either Party to the other, shall be in writing and given whether by: (a) personal service or (b) by U.S. Mail, mailed either by registered or certified mail, return receipt requested, with postage prepaid. Service shall be considered given when received if personally serviced or if mailed on the third day after deposit in any U.S. Post Office. The address to which notices or demands may be given by either Party may be changed by written notice given in accordance with the notice provisions of this section. At the date of this Audit Work Order, the addresses of the Parties are as follows:

CUSTOMER

Joseph Kroll
CITY OF HOLLYWOOD
Director, Public Works
1600 S. Park Road
P.O. Box 229045
Hollywood, FL 33022-9045

NORESCO

Pablo Hernandez
NORESCO, LLC
Vice President

One Research Drive, Suite 400C
Westborough, MA 01581
With a copy to:
NORESCO, LLC Legal Dept.
c/o Carrier
13995 Pasteur Blvd.
Palm Beach Gardens, FL 33418

17. SEVERABILITY

See Section 20 of the Energy Services Agreement.

18. GOVERNING LAW

The terms and conditions of this audit Work Order shall be governed by the laws of the State of Florida without regard to conflicts of law principles.

19. VENUE

In the event of litigation, jurisdiction shall be in United States District Court and venue shall be in the State of Florida.

20. FORCE MAJEURE

See Section 23 of the Energy Services Agreement.

21. SCOPE OF AUDIT WORK

I. GENERAL

A. General Expectations:

The purpose of the IGA is to provide an investment grade analysis that quantifies the size, scope, payback, and firm cost for facility or Customer infrastructure upgrades that may be implemented through a subsequent Construction Work Order.

B. Presentation: The IGA findings shall be presented in an Investment Grade Audit Report in the format prescribed in section V. Tabs or markers shall separate each section of the report. Each table shall be titled and/or numbered and labeled clearly. IGA report will be provided in electronic PDF format.

C. Cash Flow Analysis: A cash flow table shall be provided listing the annual energy or agreed upon operational savings, the annual payments, the annual M&V, maintenance, other costs, and the net annual cash flow. Interest rate and applicable escalation rates will be clearly listed. An estimate of the Customer's capitalized interest costs and any available utility rebates will be clearly listed and included in the analysis as appropriate.

II. CALCULATIONS

A. General Calculations: For all calculations, major assumptions will be clearly stated and labeled. When calculating energy savings for more than ECM, interaction between/among the measures will be taken into account.

B. Energy Consumption: Accurate energy consumption and cost data is important to establish a baseline for measuring and evaluating the effectiveness of all recommended actions. Estimates will be used if the necessary information is not available. If estimates are used, the data should be clearly labeled, and an explanation will be provided on why monthly records were not available. Procedures used to estimate monthly consumption figures will be presented and clearly explained. In addition, an analysis of the various variables that may affect the baseline will be included. The parties agree adjustment factors for weather, occupancy, and hours of operation shall be mutually determined.

C. Calculation of ECM Costs: A firm turnkey cost per ECM shall be provided including all materials and labor to complete the work.

III. SCOPE OF WORK

A. Audit Scope:

The Investment Grade Audit shall include the following:

1. A summary of the historical energy use as available. Energy use anomalies or high costs will be evaluated, and applicable recommendations will be made.
2. All ECMs will be developed, designed, and implemented in a way as not to compromise the general guidelines for illumination of interior or exterior spaces. Evidence will be provided, if appropriate, to demonstrate that the measure will not violate any state or local code or ordinance.
3. ECMs will be developed for financial and construction feasibility. Savings will be verified using engineering calculations and estimates. Cost models will be verified through subcontractor pricing.

B. Facilities to be Audited

Additional buildings can be added by mutual agreement.

City Location ID	Name	Address	Square Footage
58	VISUAL ARTS BUILDING	1 YOUNG CIRCLE	12,293
60	AMPHITHEATER	1 YOUNG CIRCLE	10,610
15	DAVID PARK COMMUNITY CENTER	108 NORTH 33RD STREET	6,681
87	NEIGHBORHOOD CENTER	1111 NORTH 69TH WAY	22,950
88	ART CENTER	1111 NORTH 69TH WAY	2,266
107	SHOP / ADMINISTRATION	1715 NORTH 21ST AVENUE	6,786
108	LUNCH / OFFICES	1715 NORTH 21ST AVENUE	3,750
83	COMMUNITY CENTER	3000 NORTH 69TH AVENUE	9,141
86	POOL BUILDING	3000 NORTH 69TH AVENUE	1,360
206	FIRE MAINTENANCE	3400 NORTH 56TH AVENUE	15,275
207	FIRE MAINTENANCE	3400 NORTH 56TH AVENUE	11,236
208	FIRE MAINTENANCE	3400 NORTH 56TH AVENUE	5,316
81	RECREATION BUILDING	5199 PEMBROKE ROAD	11,133
82	MULTI-PURPOSE BUILDING	5199 PEMBROKE ROAD	3,108
54	BOULEVARD HEIGHTS CENTER	6770 GARFIELD STREET	9,948
72	GARFIELD COMMUNITY CENTER	1617 SURF ROAD	6,039
21	FIRE STATION #105	1511 SOUTH FEDERAL HIGHWAY	10,376
17	FIRE STATION #45	1810 NORTH 64 AVENUE	6,546
22	FIRE STATION #5	1819 NORTH 21ST AVENUE	11,037
20	FIRE STATION #74	2741 STIRLING ROAD	47,188
18	FIRE STATION #31	3401 HOLLYWOOD BOULEVARD	9,824
33	POLICE ATHLETIC LEAGUE	2311 NORTH 23RD AVENUE	8,209
39	RECREATION BUILDING	3150 TAFT STREET	5,537
104	CULTURE AND COMMUNITY CENTER	1301 SOUTH OCEAN	16,985
70	ART CENTER	1650 HARRISON STREET	10,146
109	STOCK / MOTOR SHOP	1801 NORTH 21ST AVENUE	28,011
91	MULTI -PURPOSE CENTER	2030 POLK STREET	15,562
105	NEIGHBORHOOD NETWORK CENTER	2207 RALEIGH STREET	2,787
64	COMMUNITY CENTER	2400 CHARLESTON STREET	18,815
1	CITY HALL	2600 HOLLYWOOD BOULEVARD	69,886
97	COMMUNITY CENTER	3190 NORTH 56TH AVENUE	1,566
19	FIRE STATION #5 (OLD) (BARRY UNIVERSITY)	421 NORTH 21ST AVENUE	10,471
95	CHILD CARE BUILDING	5731 PEMBROKE ROAD	4,296
106	WEST ANNEX TAFT STREET OFFICE	6197 TAFT	5,377
98	COMMUNITY CENTER	6291 FUNSTON STREET	5,676
211	ARMORY	906 NORTH DIXIE HIGHWAY	12,171

C. Smart City Initiatives

NORESCO will investigate potential solutions to optimize, enhance or generate Customer revenues through implementation of broad-band, 5G, CBRs, WIFI-6, EV charging, solar poles / infrastructure, smart corridors / rights of ways, streetlights and poles, smart wellness and cyber security as part of the smart city initiatives.

D. Strategic Sourcing Audit

Strategic Sourcing Work relates primarily to an analysis of specified customer budget categories for the purpose of identifying, designing, and achieving expense reduction and/or revenue enhancement in one or more Customer budget categories.

As part of this work order NORESO will finalize an Opportunity Analysis ("Phase 1") to identify which Customer budget categories present expense reduction or revenue enhancements opportunities for further analysis, measurement, and investigation. Results of the assessment will be communicated to the customer in a strategic sourcing opportunity report which shall include the identification of budget categories for which potential savings or enhanced revenue opportunities have been identified and the range of projected savings or enhanced revenue.

The Customer shall review the strategic sourcing Opportunity Analysis presentation and shall identify in writing which (if any) budget categories should be included in a "Phase 2" analysis, and shall authorize NORESO to begin Phase 2 of the Strategic Sourcing process through amendment to this Audit Work Order 2. For budget categories approved by the Customer, NORESO will proceed to develop the Phase 2 implementation plan for budget savings and enhanced revenue solutions.

IV. IGA SCHEDULE

Within three weeks of the date that Audit Work Order is fully executed, NORESO shall submit an audit project schedule with the following milestones:

- Pre-Audit review kickoff meeting date;
- Site visit dates;
- Preliminary recommendations; and
- Final IGA Report submittal date.

V. FORMAT FOR DETAILED ENERGY AUDIT REPORT

The format for the Investment Grade Audit Report shall be as follows:

A. Facility Profile

1. Baseline Energy Use: Tabular summary of the facilities' historical energy use in the appropriate energy units including source references and analysis of the appropriate variables.
2. Energy Costs: Tabular summary of the facility's historical energy costs and current energy costs based currently applicable rate tariffs.
3. Existing Conditions: A brief summary of the existing facility or system description for each audited facility included in Section III.B.

B. Utility information

1. Rate Summary Table, including:
 - energy type
 - unit (in kWh, gals, etc.)
 - average price per unit
 - marginal price per unit, if applicable

- effective date of prices
- monthly listing for rates that vary

2. Alternative Rate Options:

If a more favorable rate can be obtained from the utility or other supplier, this alternative should be discussed in this section. If a more favorable rate could be obtained by making a capital improvement, the auditor shall perform cost and savings analysis to determine its feasibility.

3. Rebate and/or Subsidy Opportunities

C. Savings Opportunities Summary

1. Summary table of all recommended ECMs.
2. Detailed description of each recommended ECM including the following information:
 - a. a description of the existing systems or equipment,
 - b. a description of the recommended systems or equipment,
 - c. a description of the system scope, major equipment and required components,
 - d. a description of the projected system efficiency levels or performance characteristics of the equipment or other significant physical or operating characteristics,
 - e. a description of the interface with new and existing systems and of the peripheral equipment required for the ECM to achieve operational status,
 - f. a description of the ECM's compatibility with existing systems and the proper O&M procedures required to achieve the measure's maximum savings potential,
 - g. outline specifications and conceptual drawings, diagrams, and manufacturer cut sheets, as appropriate, for the recommended new equipment,
 - h. an analysis of the annual savings and the calculations and other relevant back-up documentation, as well as any additional O&M costs that the facility will incur, and
 - i. an estimate of initial costs for design and installation.

D. Measurement & Verification

Measurement & Verification Plan: A detailed plan for measuring and verifying the savings and performance of each ECM. The plan will include definitions of terminology and the methods and procedures for reconciling the verified savings to the guaranteed savings.