

Attachment A

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**Memorandum of Understanding
Between
Ameresco, Inc.-County of Monterey-Salinas Valley Solid Waste Authority
For
Renewable Landfill Gas Energy Production Partnership**

This Memorandum of Understanding (“MOU”) is made this 18th day of June, 2015 (the “Effective Date”) by and between Ameresco, Inc. (“Ameresco”), Salinas Valley Solid Waste Authority (SVSWA) and County of Monterey (“County”) (each a “Party” and collectively the “Parties”). The Parties agree that this MOU is for discussion purposes only and does not constitute a legally binding agreement (and imposes no duty or obligation on any of them (or on AMRC (as defined below)) to proceed with, or to negotiate with respect to, any or all of the transactions contemplated by this MOU), except Section V (Breakage Fee), Section VI (Termination) and Section VII (Legal Effect) of this MOU shall constitute legally binding obligations of the Parties to this MOU.

SECTION I. BACKGROUND AND GENERAL STATEMENT OF INTENT

- A. SVSWA and County have a commitment to sustainable practices, renewable energy, fiscal and environmental responsibility.
- B. Ameresco (or AMRC as defined below) has the ability to help organizations meet their complex energy needs with an integrated approach to renewable energy development, including landfill gas-to-electricity facility projects.
- C. The Parties anticipate that County will qualify for and benefit from a statewide program that allows for the development of a renewable energy facility on SVSWA’s Crazy Horse Landfill.
- D. An Ameresco to-be-formed, acquired, or now existing affiliate (“AMRC”) will design, build, own, operate and maintain a landfill gas-to-electricity project on Crazy Horse Landfill with a proposed electrical grid interconnection with Pacific Gas and Electric (PG&E).
- E. SVSWA has performed environmental analysis on the proposed gas-to-energy project and certified the project under the California Environmental Quality Act, as included in the Crazy Horse Landfill Permit Revision Project’s Environmental Impact Report of December 7, 2001, and Crazy Horse Landfill Closure Project Mitigated Negative Declaration of August 2010.
- F. Pursuant to items A, B, C, and D above, it is the intent that AMRC, SVSWA and County engage in a mutual relationship to develop a minimum 1.6 megawatt (MW) gross landfill gas-to-electricity facility at the Crazy Horse Landfill (the “Project”).
- G. This MOU is intended to define the scope of the relationship, affirm the intention for AMRC, SVSWA and County to enter into good faith negotiations for a future binding contract, and to establish a schedule and identify the specific criteria and financial assumptions that will be used by SVSWA and County to make their decision regarding their involvement in this opportunity.

- H. It is the intent that AMRC, SVSWA and County perform due diligence and negotiate in good faith for future definitive project agreements which are intended to contain representations, warranties, conditions, covenants, indemnities and essential terms.

SECTION II. PRESENT SCOPE OF SERVICES

- A. It is proposed to have AMRC develop a landfill gas-to-electricity facility that is in compliance with PG&E's Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT) Program.
- B. Upon SVSWA and County's approval of the Project, SVSWA, County and AMRC intend to engage in the good faith negotiation of terms and conditions for definitive project agreements to commence the scope of services as indicated in this section.
- C. It is proposed to have AMRC implement a turn-key landfill gas-to-electricity facility on SVSWA property of 350 Crazy Horse Canyon Road, Salinas, CA 93907.
- D. It is proposed that AMRC evaluate, install, and finance (by way of a Power Purchase Agreement (PPA) with County), and maintain a landfill gas-to-electricity facility to meet SVSWA and County's goals.
- E. It is proposed that AMRC design, build, own, operate and maintain a landfill gas-to-electricity facility in accordance with the following:
1. minimum 1.6 megawatt (MW) gross capacity
 - i. Generating approximately 11,500 megawatt-hours (MWh) annually as long as sufficient landfill gas is available
 - ii. Utilizing approximately 1 acre of SVSWA-owned land
 - iii. Compliant with PG&E Rule 21 Interconnection Requirements
 - iv. AMRC shall pay SVSWA 12.5% of gross electricity sales and 50% of the net value of any Renewable Energy Credits (RECs) sold by AMRC on behalf of the Project, as compensation for providing landfill gas fuel for the Project.
 2. Landfill gas-to-electricity facility size may be non-materially reduced due to PG&E Interconnection final determinations and/or RES-BCT requirements

SECTION III. FINANCIAL CRITERIA

- A. SVSWA and County intend to enter into good faith negotiations for a Site Lease to qualify for the RES-BCT Program.
- B. It is the intent to have AMRC and County enter into good faith negotiations for a Site Sublease and a Power Purchase Agreement (PPA) that both meet County's financial criteria.
- C. The initial power purchase rate for the landfill gas-to-electricity power is proposed to be \$102.50/megawatt hour (MWh), escalating at 3.5% annually.
- D. Proposed PPA pricing is based on the following assumptions:
- a. 20 Year Term for Power Purchase Agreement (PPA) with concurrent Site Lease and Sublease.
 - b. No energy, property, and/or labor construction taxes.
 - c. SVSWA will retain and be responsible for all liability for all property taxes in connection with the Project (including any property taxes that SVSWA is required

- to pay on any of its property and any property taxes required to be paid on any property of AMRC) and shall reimburse AMRC for any property taxes AMRC has to pay in connection with (i) the Project, and/or (ii) any and all of AMRC's property and assets that are part of the Project.
- d. If any material rough grading and civil work is required, it will be done by SVSWA at no cost to AMRC.
 - e. All necessary PG&E interconnection approvals and permits are to be obtained by AMRC under terms and conditions acceptable to AMRC in its sole discretion.
 - f. Construction must commence prior to the Federal Investment Tax Credit Expiration on December 31, 2015, so that the project is able to take full value of these Federal tax credits.
 - g. Pricing will be subject to change if a 1.6 MW landfill gas-to-electricity facility is materially reduced due to PG&E interconnection and/or RES-BCT requirements.

SECTION IV. SCHEDULE

- A. It is understood that market variables (i.e. interest rates, regulatory policies, equipment prices, labor rates, etc.) change with time and there is mutual benefit to following the preliminary schedule as indicated below. The Parties propose that AMRC, SVSWA and County complete all due diligence, negotiations, and to negotiate the terms and conditions of definitive documents to meet the following milestones and potentially construct the Present Scope of Services in a timely manner as specified below:

Task	Due Date
Execute MOU	7/1/2015
Submit PG&E Rule 21 Interconnect Study & RES-BCT Application	7/31/2015
Execute PPA & Site Lease	9/30/2015
Construction Commences	12/31/2015
Substantial Completion	12/31/2016

SECTION V. BREAKAGE FEE

- A. If either County or SVSWA unilaterally decide (or if both County and SVSWA jointly decide) not to move forward with AMRC to implement the Project for any reason, then SVSWA and the County will each compensate Ameresco twelve thousand five hundred dollars (\$12,500.00) (for a total of twenty-five thousand dollars (\$25,000.00) (such \$25,000.00 being sometimes referred to as the "Breakage Fee")) for Ameresco's (and/or AMRC's) work performed, including, without limitation, PG&E fees, Monterey Bay Unified APCD applications, etc., which shall be due 30 days after the earlier of (i) the earliest date that either County or SVSWA (or both County and SVSWA if done simultaneously) makes the decision not to proceed with AMRC to implement the Project; (ii) November 1, 2015; or (iii) termination of this MOU by either County or SVSWA (or both if County and SVSWA do it simultaneously).
- B. In lieu of a cash payment by SVSWA of the SVSWA share of the Breakage Fee (or any portion thereof) as contemplated above in Section V(A), if requested by SVSWA,

Ameresco Johnson Canyon LLC (an affiliate of Ameresco, Inc.) can credit (at the time the SVSWA share of the Breakage Fee is due) SVSWA's share of the Breakage Fee against the royalty payments made to SVSWA over four (4) Accounting Periods (as defined in the Landfill Gas Purchase Agreement Between Ameresco Johnson Canyon LLC and SVSWA dated August 20, 2009). If the aggregate amount of the royalty payments owed to SVSWA by Ameresco Johnson Canyon LLC over these four Accounting Periods is less than SVSWA's share of the Breakage Fee, then the balance owed for SVSWA's share of the Breakage Fee shall be paid by SVSWA in immediately available funds.

The Parties agree that the terms of this Section V shall be binding on the Parties and shall survive the expiration or termination of this MOU.

SECTION VI. TERMINATION

This MOU may be terminated immediately upon delivery of a written notice of termination by one Party to the other Parties. Unless extended by mutual agreement of the Parties hereto, this MOU shall automatically terminate one (1) year from the Effective Date. Any termination of this MOU as set forth in this Section VI shall be without liability of any Party (or of AMRC) to any other Party except as set forth in Section V of this MOU.

SECTION VII. LEGAL EFFECT

The Parties agree that this MOU is for discussion purposes only and does not constitute a legally binding agreement (and imposes no duty or obligation on any of them (or on AMRC) to proceed with, or to negotiate with respect to, any or all of the transactions contemplated by this MOU), except Section V (Breakage Fee), Section VI (Termination) and this Section VII (Legal Effect) of this MOU shall constitute legally binding obligations of the Parties to this MOU. Other than Section V (Breakage Fee), Section VI (Termination) and this Section VII (Legal Effect) of this MOU, no action or course of conduct relating to this MOU, verbal or otherwise, will give rise to any liability or obligation of Ameresco (or any of its affiliates), SVSWA or County unless and until a definitive agreement is executed in the future by Ameresco (or AMRC), SVSWA and County (and then only to the extent set forth in such future definitive agreement). The negotiation and execution of any such future definitive agreement shall be in the sole discretion of each party thereto. Ameresco may, at its option, upon written notice to the other Parties, substitute or designate any affiliate of Ameresco for Ameresco as a party to this MOU or otherwise assign this MOU to any affiliate of Ameresco.

SECTION VIII. MISCELLANEOUS

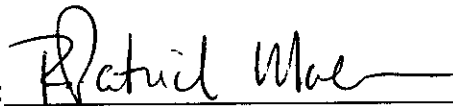
- A. The foregoing accurately reflects the Parties' preliminary understanding of the basic terms and conditions upon which the Parties are willing to proceed. This MOU does not constitute a legally binding or enforceable agreement, except as set forth in Section VII of this MOU. Consequently, the Parties' preliminary understandings and commitments hereunder are subject to the negotiation and execution of mutually acceptable contracts.

- B. Upon execution of this MOU, AMRC, SVSWA and County shall begin the preparation and negotiation of the contracts necessary to move forward with the Project based on the terms of this MOU.
- C. SVSWA, County and Ameresco warrant that this MOU has been approved and authorized by all necessary corporate and municipal jurisdictions (as applicable to such Party) and that the persons executing this MOU are fully authorized by law to do so.

AMERESCO, INC.

By: _____
Name: Michael T. Bakas
Title: Senior Vice President

Salinas Valley Solid Waste Authority

By:  _____
Name: R. Patrick Mathews
Title: General Manager/CAO

County of Monterey

By: _____
Name: _____
Title: _____

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