



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item:	Consider Draft Resolution Authorizing Execution of an Operation and Maintenance Agreement, with Caterpillar Power Generation LLC, for the Operation of the Geneva Generation Facility (GGF) in 2021, 2022 and 2023		
Presenter & Title:	Hal Wright – Superintendent of Electric Services		
Date:	November 16, 2020		
Please Check Appropriate Box:			
<input checked="" type="checkbox"/>	Committee of the Whole Meeting	<input type="checkbox"/>	Special Committee of the Whole Meeting
<input checked="" type="checkbox"/>	City Council Meeting	<input type="checkbox"/>	Special City Council Meeting
<input type="checkbox"/>	Public Hearing	<input type="checkbox"/>	Other -
Associated Strategic Plan Goal/Objective: EMS II			
Estimated Cost: 2021	\$201,868	Budgeted?	<input checked="" type="checkbox"/> Yes
	2022 \$205,638		<input type="checkbox"/> No
	2023 \$209,521	Other Funding?	<input type="checkbox"/> Yes
<i>If "Other Funding," please explain how the item will be funded:</i>			
Executive Summary:			
To continue to maximize the savings from BTM (Behind the Meter) operations, staff is recommending using Caterpillar Power Generation Systems for operations and maintenance of GGF during the summer months of 2021, 2022 and 2023.			
Attachments: <i>(please list)</i>			
<ul style="list-style-type: none"> • Resolution • Caterpillar Contract Memo • Exhibit A – LTSA OM Offer 17-1001-RevA • Exhibit B – OM Service Terms • Amendment 3 to Operation & Maintenance Agreement 			
Voting Requirements:			
<i>This motion requires _6_ affirmative votes for passage.</i>			
<i>The Mayor may vote on three occasions: (a) when the vote of the aldermen or trustees has resulted in a tie; (b) when one half of the aldermen or trustees elected have voted in favor of an ordinance, resolution, or motion even though there is no tie vote; or (c) when a vote greater than a majority of the corporate authorities is required by state statute or local ordinance to adopt an ordinance, resolution, or motion.</i>			
Recommendation / Suggested Action: <i>(how the item should be listed on agenda)</i>			
Recommend approval of Resolution Authorizing execution of Amendment NO. 3 to the Operation and Maintenance Agreement, with Caterpillar Power Generation L.L.C.			

RESOLUTION NO. 2020-; 4

**RESOLUTION AUTHORIZING EXECUTION OF
Amendment NO. 3 to the Operation and Maintenance Agreement, with Caterpillar Power
Generation L.L.C.**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GENEVA, KANE COUNTY, ILLINOIS, as follows:

SECTION 1: That the City Administrator is hereby authorized to execute, on behalf of the City of Geneva, Amendment NO. 3 to the Operation and Maintenance Agreement, with Caterpillar Power Generation L.L.C.

SECTION 2: This Resolution shall become effective from and after its passage as in accordance with law.

PASSED by the City Council of the City of Geneva, Kane County, Illinois, this 7th day of December, 2020

AYES: __ NAYS: __ ABSENT: __ ABSTAINING: __ HOLDING OFFICE: __

Approved by me this 7th day of December, 2020.

Mayor

ATTEST:

City Clerk



PUBLIC WORKS DEPARTMENT MEMORANDUM

November 16, 2020

Memo To: Mayor Burns and Committee of the Whole

From: Hal Wright, Superintendent of Electrical Services

Re: Recommendation for approval of operations and maintenance contract with Caterpillar Power Generation Systems

Since the Geneva Generation Facility was completed and brought online in 2005, the City of Geneva has utilized Caterpillar Power Generation Systems to operate and maintain the plant through the summer run season.

This arrangement has proved beneficial to the City of Geneva. Caterpillar has delivered high reliability in its operation of the plant each year. The exceptional reliability has allowed the City of Geneva to realize significant savings for its electric utility customers. The plant performance for the 2019 season equated to \$3.5 Million in savings on capacity and transmission costs for the 2020 billing. The current contract expires May 14, 2021.

In addition to the actual operation of the plant, the City of Geneva also utilizes the factory technicians to maintain the plant, perform upgrades, and scheduled and unscheduled maintenance within the same contract. If necessary, we are also able to avail ourselves of the Caterpillar factory technicians at other times throughout the year under the same terms and conditions.

Staff Recommendations:

Based on the above analysis, it is staff's recommendation to award the Operations and Maintenance Contract to Caterpillar Power Generation Systems for the years 2021, 2022 and 2023

Cc: Rich Babica, Director of Public Works
Aaron Holton, Manager of Electric Operations
Jennifer Hilkemann, Manager of Distribution Construction & Maintenance
Kirk Landberg, Purchasing & Inventory Coordinator



CATERPILLAR POWER GENERATION SYSTEMS

OFFER

FOR

Operations & Maintenance

**Offer 20-1004
Rev A
19 October 2020**

Customer: City of Geneva

Site Location: 1717 Averill Road, Geneva, Ill 60134

Contract Term: Three (3) Years

O&M

1 INTRODUCTION – CONTRACT MANAGEMENT SERVICES 4

1.1 ADDING VALUE 4

1.2 GUIDING PRINCIPLES 4

1.2.1 Core Values 4

1.2.2 Critical Success Factors..... 5

1.3 CONTINUOUS IMPROVEMENT 6

1.4 EXPERIENCE 6

1.5 TRANSITION & COMMUNICATION 7

2 O&M..... 7

2.1 SCOPE OF SERVICES..... 7

2.1.1 Services and Responsibilities of CPGS 7

2.1.2 Services and Responsibilities of Customer..... 8

2.1.3 Exclusions 8

2.2 CPGS TEAM..... 8

2.2.1 Staff Selection 8

2.2.2 Training and Qualification 8

2.2.3 Position Accountabilities 9

2.3 MAINTENANCE ACTIVITIES 10

2.3.1 Preventative Maintenance..... 10

2.3.2 Predictive Maintenance..... 10

2.3.3 Balance of Plant Equipment Maintenance 11

2.3.4 Engine Equipment Repair and Replacement..... 11

2.3.5 Electrical Equipment Repair and Replacement..... 11

2.4 OPERATIONS ACTIVITIES 12

2.4.1 Reporting 12

2.4.2 Administrative / EHS / O&M Procedures..... 12

2.5 MOBILIZATION 12

3 COMMERCIAL 12

3.1 SCOPE..... 12

3.1.1 Equipment..... 12

3.1.2 Term..... 13

3.1.3 Validity 13

3.1.4 Changes to Scope 13

3.1.5 Termination and Cancellation 13

3.1.6 Performance Guarantees..... 14

4 PRICING..... 14

EXECUTIVE SUMMARY

Caterpillar Power Generation Systems (CPGS), a Caterpillar company, is an industry leader in the provision of power systems in its size range. CPGS experience extends to all corners of the globe, and covers many different application environments. This experience demonstrates that CPGS provides quality long-term Contract Management Services (CMS) to equipment owners. CPGS' Contract Management Services focuses on equipment operation and maintenance services, allowing customers to optimize the long-term economic performance of their assets.

Contract Management Services (CMS) from CPGS assures reliability, availability and long operating life, and provides single-point responsibility for installation service, parts, repair and replacement, operation and training. Our multi-skilled team optimizes facility operation by continuously improving operation and maintenance practices and fine-tuning equipment performance. This team will have the proper tools, appropriate ongoing training, and empowerment to deliver results. Additionally, CPGS brings proven Operation and Maintenance (O&M) procedures and a management philosophy that focuses on setting high expectations while properly balancing operating and maintenance demands. All of these capabilities combine to guarantee optimal performance and availability of facility equipment and result in a maximum return on investment due to optimal asset utilization.

In the following pages, CPGS proposes to provide services for City of Geneva at the Geneva Electric Generation facility. The O&M scope provided for this site is listed in Section 2.1 below.

OPERATIONS & MAINTENANCE

1 INTRODUCTION – CONTRACT MANAGEMENT SERVICES

CPGS provides complete operation and maintenance services to customers in Power Generation businesses around the world, and our service contracts are designed to meet the often-unique requirements that owners face in developing cost-effective maintenance strategies for their assets. For more than twenty years we have been providing Contract Management Services ranging in scope from total responsibility for multiple OEM rotating equipment fleets, to complete facility management with a performance based compensation structure.

With a worldwide network of professional and skilled managers, engineers, operators and technicians, CGPS is positioned to support operation and maintenance needs in all types of facilities. Headquartered in Peoria, Illinois, and operating out of worldwide field locations, we are able to provide consistent, proven, and yet specialized care to each service contract customer.

1.1 ADDING VALUE

CPGS has always understood the correlation between optimization of asset performance and cost-effective plant operations. Realizing that the most progressive asset owners want to maximize the total net value of their facilities, CGPS helps to minimize the total life cycle costs of new and existing installations, balancing first-cost against ongoing operating costs. We focus on a balanced approach to maintenance and operations – two functions that often have different and conflicting goals and incentives in a larger organization.

CPGS is committed to adding value to the customer's operation and we have consistently maximized facility availability and reliability, optimized plant performance and reduced risk while emphasizing the highest level of attention to safety, environmental compliance, and training.

Additionally, CGPS offers complete aftermarket support of our engines through the worldwide Caterpillar support organization to provide complete maintenance, repair and overhaul support with dedicated and experienced technicians.

1.2 GUIDING PRINCIPLES

1.2.1 Core Values

In all aspects our business, we at CGPS adhere to a guiding set of core values:

Operate Ethically

A worldwide code of conduct we adhere to as individuals and as a company. We will hold to a single high standard of integrity everywhere, will not make commitments we don't intend to keep nor promise more than we can reasonably expect to deliver.

Be Dedicated to Quality	Every level of the company is dedicated and accountable for the uncompromising quality and continuous improvement in all our products and services.
Be Value Driven	Our customers expect extraordinary value from CPGS – we are committed to anticipating, meeting, and even exceeding those expectations in everything we do.
Teamwork	We foster and encourage solid teamwork with customers, suppliers, and employees.
Be Socially Responsible	We support and improve the communities where we live and work by providing a safe work place, encouraging and supporting community involvement, improving the environment, and by respecting the value of every individual.

We maintain our core values by communicating what they are and explaining how each applies to the project. We maintain direct and open lines of communication within our organization, as well as with the client, to discuss any issues and resolve any conflicts that may arise. CPGS management emphasizes the importance of our values and we create a sphere of support for the team members, helping them to understand and adhere to these values.

Because of the close relationship we maintain with our customers, we align customer and CPGS goals and objectives prior to and throughout the Agreement term. We make it a point to respect and support your core values and to incorporate them into our philosophy at the facility.

1.2.2 Critical Success Factors

It is CPGS' belief that all parties should have a complete understanding of each other's responsibilities and expectations. Therefore, not only do we explain to you our core values, but also the critical success factors guiding our actions.

CPGS defines success as: Achieving customer satisfaction through high availability, optimal plant performance and a reduction in costs while maintaining the highest level of safety, environmental compliance, and employee satisfaction.

The critical factors guiding us toward success are to:

- Continually improve the operation to satisfy customer needs
- Assure clear accountabilities.
- Increase communication and strengthen business relationships.
- Provide rewards that foster retention and maximize productivity.
- Increase leadership capability, diversity and multinational experience.
- Achieve performance excellence by focusing on continuous improvement, roles and responsibilities, and work methods to increase process focus.

The following are what we understand to be the business objectives of most customers. We incorporate these objectives and any others into our overall O&M philosophy.

- Adherence to core values
- Excellent EHS performance
- Maximization of uptime
- Minimization of unplanned/unscheduled downtime
- Optimization of engine operation and maintenance performance
- Effective business and cost management
- Innovative technical support
- Structured and effective planning
- Optimization of maintenance activities
- Safeguarding of technical integrity
- Obtainment, retention, and development of high quality personnel
- Continuous Improvement

1.3 CONTINUOUS IMPROVEMENT

CPGS continuously strives to optimize asset performance through continuous improvement and the innovative application of existing and new technologies. We are able to quickly take advantage of Caterpillar product developments and enhancements. We monitor and report any cost reductions, availability increases and/or performance improvements resulting from our continuous improvement efforts.

CPGS is dedicated to developing, reviewing, and maintaining continuous improvement strategies for the optimization of cost effective operation and maintenance. We are able to share knowledge across projects and apply methods, techniques, and improvements throughout the organization. Each project benefits from the collective skills, knowledge and experience gained from by our work and experience at other locations.

1.4 EXPERIENCE

For three decades CPGS has proven its experience and expertise in maintaining engine and associated balance-of-plant equipment. We currently provide Contract Management services for numerous sites, with CPGS personnel having mobilized and executed contracts at both new and existing facilities around the world. *(Supplemental data available upon request.)*

Finally, we believe that our knowledge and experience is one of the key value adders that our CMS can bring to Customers' projects. Customer's benefit from this knowledge and experiences by: utilizing the personnel from existing sites to help mobilize, or sometimes, even staff, the newer facilities. By having access to all applicable procedures created at the existing sites as templates for the new project procedures; having "hands-on" Business Managers that are able to guide the new project and help avoid any problems and/or pitfalls; and developing (and continually improving) training programs to address critical issues.

1.5 TRANSITION & COMMUNICATION

CPGS understands that every project situation is unique – whether it is a new or existing facility, whether there exist O&M technicians and/or operators, or whether the equipment is located in extreme or ideal conditions. Regardless of the situation, we believe success depends upon a smooth transition into the Agreement and continuous communication.

CPGS facilitates a smooth integration into each project by fully investigating the work site and conditions prior to our permanent presence and execution of the Agreement. This includes gaining a complete understanding of the equipment, work environment, other on-site personnel, and any extenuating circumstances or potential challenges. We work with all involved parties to develop and implement a mobilization plan, incorporating everyone's interests as much as possible in order to ensure consensus and teamwork. This helps to reduce surprises and to encourage full co-operation and support.

As projects go into full operating mode, CPGS strives to maintain clear and open communications with the customer so that our operations and the customers' operations become integrated and coordinated.

2 O&M

2.1 SCOPE OF SERVICES

During the term of the proposed O&M Agreement, CPGS will assume responsibility for providing all the necessary labor, supervision, professional and technical assistance, equipment, inspection, testing, and transportation required for proper completion of the scope of services defined below.

2.1.1 Services and Responsibilities of CPGS

Per the scope of the O&M Agreement, it is CPGS' responsibility to provide:

On-site staffing of one (1) Maintenance Manager for a consecutive three-month period during facility peak operations starting 15 June 2021 and ending 14 September 2021, starting 15 June 2022 and ending 14 September 2022, and starting 15 June 2023 and ending 14 September 2023.

During the three (3) month peak operations period in each year, the Maintenance Manager will be responsible for the operations and maintenance per the position accountabilities listed in section 2.2.3 for the covered equipment defined in section 3.1.1.

During the three (3) month peak operations period in each year, overtime will be minimized as much as possible by flexible working hours for the CPGS Maintenance Manager to match the run schedule.

During the three (3) month peak operations period in each year, CPGS will be responsible for contracted labor up to 5000 USD in the case the on-site Maintenance Manager needs assistance in troubleshooting. The need for the contracted labor will be at CPGS' sole discretion.

2.1.2 Services and Responsibilities of Customer

During Agreement execution it is the customer's responsibility to:

- Maintain permits
- Contract emissions testing
- Maintain facility and grounds
- Perform radiator cleaning and maintenance
- Purchase parts and material identified by the CPGS Maintenance Manager
- Provide lineman electrical support within 2 hours of request for troubleshooting purposes

2.1.3 Exclusions

The services, materials, and facilities listed below are not currently covered by this agreement.

- Any spare parts required for the maintenance of any equipment
- Any additional labor as required to perform any major maintenance items beyond the scope of normal operations
- Transportation, taxes and import duties on replacement parts or equipment
- Maintenance of underground piping
- Hazardous waste disposal
- Additional training due to government, local, or federal changes
- Equipment not specified on the balance of facility listing

2.2 CPGS TEAM

CPGS offers a specialized technical and professional staff to meet the needs of the service contract. Additionally, all contracts are supported by CMS business development and area management functions.

During operation, CPGS personnel will staff the facility as defined to meet the customer's anticipated operational requirements.

2.2.1 Staff Selection

CPGS utilizes a formal screening process to ensure the best personnel for each service contract. This process selects candidates with applicable experience, who have positive attitudes and a desire to treat customer assets as their own.

2.2.2 Training and Qualification

CPGS trains and develops the individuals in order to form the most effective, multi-skilled O&M personnel.

2.2.3 Position Accountabilities

The local member of the O&M team will be the CPGS Maintenance Manager as outlined above.

The CPGS Maintenance Manager is CPGS' representative for all technical matters. All commercial matters will be addressed with the designated CPGS Contracts Manager. The Maintenance Manager is responsible for operations and maintenance tasks and scheduling the day-to-day operations and maintenance tasks as well as collateral duties. The Maintenance Manager will be employed and present at site for a normal 40 hour work week to meet reasonable operating requirements. Based on receiving a 12 hour advanced notice of operating hours, the Maintenance Manager's work schedule will be flexible to closely reflect the operating schedule and minimize overtime. In addition, the field engineer will be on call 24 hours per day for all emergencies and facility outages.

Major responsibilities and accountabilities for the CPGS personnel are:

MAINTENANCE MANAGER

This position provides advice for the safe, continuous, profitable, and cost effective operation and maintenance of the equipment. This person, while assigned on site:

- Serves as the primary customer contact for technical correspondence.
- Completes all facility reporting such as production, downtime, maintenance, trending/performance, and financial reporting.
- Ensures regulatory compliance (code issues on maintenance, license requirements, and permitting).
- Oversees inventory utilization and management; determines on-site spares definition, quantity levels, and purchasing requirements.
- Establishes all necessary operating and maintenance procedures and materials management in order to meet performance objectives.
- Manages requests for outside services through established customer procedures.
- Assists customer in directing maintenance scheduling, taking into account contractual obligations, customer requirements, and personnel utilization within business plan, budget, and financial constraints.
- Recommends any necessary facility modifications with minimal impact on revenue and within budget constraints.
- Ensures all facility malfunction reporting is communicated to the customer, regulatory agency, or utility.
- Reviews any deviation of individual equipment performance from standards (corrected for site conditions), and approves corrective action plan.

- Coordinates all operational activities of the power plant. Compiles data and prepares daily power plant report. Maintains power plant operations while not compromising safety or environmental demands.
- Has the ability to operate, maintain, troubleshoot and repair both engine and balance of facility equipment to ensure high facility availability; can service, diagnose and repair electrical/mechanical systems.
- Will maintain the electrical equipment in a high standard of availability at a reasonable cost and minimal down time. Will monitor and service electrical maintenance requirements in accordance with company policy, manufacturer's recommendations and in a safe manner. Ensures that necessary parts are available and submits material requisitions when required.
- Assists in compiling data for production, emissions, and other periodic reports.
- Plans and schedules all maintenance activities, major outage activities, and emergency repairs. Allocates manpower, tooling, contractors and special equipment.

2.3 MAINTENANCE ACTIVITIES

CPGS includes the following products and services in the maintenance portion of its contract:

- Preventative and corrective maintenance
- Predictive maintenance
- Engine and BOP equipment repair

2.3.1 Preventative Maintenance

Preventative maintenance tasks are completed based on annual maintenance plans as recommended by Caterpillar. Condition monitoring techniques will also be utilized to continuously diagnose engine condition. Whenever needed, maintenance will be performed (as allowed by operations scheduling) to correct problems and optimize engine performance. During Agreement execution, CPGS will provide timely recommendations for all maintenance tasks necessary based on running hour or condition basis. Planned maintenance activities can be performed sooner or later based on a condition evaluation.

2.3.2 Predictive Maintenance

Predictive maintenance will be provided in the form of Performance Analysis, Lube Oil Analysis, and Trending to ensure the health of the engines.

2.3.3 Balance of Plant Equipment Maintenance

As part of the preventative and predictive maintenance, CPGS will provide the following for specific BOP equipment (as applicable per contract):

- Lube oil sampling for analysis
- Cooling water sampling for analysis

2.3.4 Engine Equipment Repair and Replacement

CPGS will support the defined Engines. Repair policies and procedures are developed with the intent to support the customer in maintaining performance, reliability and operating life that was originally designed into the equipment.

The major repair process is divided into four phases:

- Disassemble and clean
- Inspect and Measure
- Restore and Replace
- Reassemble and Test

Each phase in the process is directed toward providing an engine that meets the same quality and performance standards as designed.

2.3.5 Electrical Equipment Repair and Replacement

CPGS will support the defined electrical equipment and controls. Repair policies and procedures are developed with the intent to support the customer in maintaining performance, reliability and operating life that was originally designed into the equipment.

The major repair process is divided into four phases:

- Disassemble and clean
- Inspect and Measure
- Restore and Replace
- Reassemble and Test

Each phase in the process is directed toward providing an engine that meets the same quality and performance standards as designed.

2.4 OPERATIONS ACTIVITIES

2.4.1 Reporting

CPGS works with the customer to produce and record data needed to evaluate system performance.

Reports can include:

- System Performance
- Water consumed
- Maintenance
- Electrical Production
- System Review
- Lube Oil consumed
- Availability
- Fuels consumed
- Repair and replacements

2.4.2 Administrative / EHS / O&M Procedures

CPGS personnel will adhere to Caterpillar standard administrative, operations and maintenance, environmental, health, and safety procedures as well as customer required procedures as applicable and agreed upon in order to successfully administer the contract services.

2.5 MOBILIZATION

CPGS will begin to mobilize 2 days prior to the start of the plant peak operations period estimated to be on June 15, 2021, 2022, and 2023.

3 COMMERCIAL

3.1 SCOPE

3.1.1 Equipment

The following lists the type of equipment included in this operations and maintenance contract. The addition of equipment not shown below will alter the quoted monthly fee. CPGS reserves the right to make pricing adjustments after complete review of all facility equipment lists.

Included Equipment

Caterpillar five (5) G16CM34 engines
Combined modules
Generators
Fuel modules

Start Air Compressors
Ventilation equipment
Exhaust systems
Control systems
MCC's
LDB's
ECM's
Switchgear PLC's and Control Logic

Excluded Equipment

12.47-34.5 kVA Transformer
Building structural
Building cosmetic
Switchgear other than PLC and Control Logic
Radiators
Substation

3.1.2 Term

The term of this offer is based on a three (3) years agreement, beginning on the Effective Date of the Agreement estimated to be May 15, 2021.

3.1.3 Validity

This offer is valid for four months from time of issue. After that time, CP GS will work with the customer to re-evaluate data and cost.

3.1.4 Changes to Scope

The prices quoted in this Offer are based on our understanding of the operation parameters, scope and condition of the equipment at the time of Offer submission. CP GS may conduct a preliminary inspection of the site and equipment in order to assess scope and conditions. CP GS will work with the customer to review any changes in scope of services or equipment and the agreement may be modified to include these changes.

3.1.5 Termination and Cancellation

For early termination not due to default by CP GS of the June 15-September 14, 2021 O&M agreement, the month of termination would be charged at the full Fixed Fee if received after the 15th of the month preceding the month of termination plus any accrued variable expenses.

If notice is given before the 15th of the month preceding termination (more than two weeks), a sum not-to-exceed 8% of the remaining value of the Agreement would be charged plus any accrued variable expenses.

3.1.6 Performance Guarantees

Performance Penalties: Twenty percent (20%) of the fixed fee will be tied to the performance of the Generation plant. Five percent (5%) is based upon 5 units operating to a 98% availability when dispatched, Ten percent (10%) based upon the 5 units operating during the 5 CP hours as defined by PJM and the 5 CP hours as defined by ComEd below a baseline output of 25.5 MW as measured as plant net output at the meters before the step-up transformers, and Five percent (5%) based upon the 5 units operating during the 1 CP hour as defined by PJM below a baseline output of 25.5 MW as measured as plant net output at the meters before the step-up transformers. If an output less than 25.5 MW is measured, CPGS will pay an assessment based on the calculation sheet as attached hereto as Exhibit C.

Performance Bonuses: Twenty percent (20%) of the fixed fee will be tied to the performance of the Generation plant. Five percent (5%) is based upon 5 units operating to a 98% availability when dispatched, Ten percent (10%) based upon the 5 units operating during the 5 CP hours as defined by PJM and the 5 CP hours as defined by ComEd above a baseline output of 27.3 MW as measured as plant net output at the meters before the step-up transformers, and Five percent (5%) based upon the 5 units operating during the 1 CP hour as defined by PJM above a baseline output of 27.3 MW as measured as plant net output at the meters before the step-up transformers. If an output greater than 27.3 MW is measured, CPGS will receive a bonus based on the calculation sheet as attached hereto as Exhibit C.

With regards to the 5 CP and 1 CP calculations, if the outputs measured are greater than or equal to 25.5 MW and less than or equal to 27.3 MW, than no penalties or bonuses will be applicable.

4 PRICING

CPGS will supply personnel and provide normal operations and maintenance activities as defined. Major repairs / overhauls, and replacement parts necessary to efficiently and safely perform the maintenance of the Geneva Generation facility will be quoted outside the agreement to the City of Geneva on a time and material basis.

The term of the agreement is three (3) years, starting from the Effective Date estimated to be May 15, 2021.

Individual engine running hours are assumed to be not greater than 300 hours per year. Total running hours are projected to be less than 3,000 with all engines combined.

(NOTE: The program schedule and pricing provided here are based upon the scope as it is defined in this Offer and are shown in 2020 dollars unless otherwise noted. Any scope changes may be subject to pricing revision.)

A monthly fee will be charged as outlined below:

Fixed Fee: each month a flat base fee of \$41,892.55 (“**Fixed Fee**”) will be charged during the three (3) month peak operation period. This fee is fixed except for annual adjustments based on the US Bureau of Labor Statistics Index. The annual adjustment will not exceed 3% for any given year during the term of this Agreement. For additional days outside the defined peak operating times, a prorated daily rate will be applied. The estimated daily fee will be \$1400. Additional days outside the peak operating times will be mutually agreed upon prior to execution

between the City of Geneva Superintendent of Electrical Services and the CPGS Contract Services Manager.

Variable Fees: In the event CPGS employees are required to work hours beyond 8/day and 40/week, such work will be charged at \$140/hour. Travel expenses will be billed per the agreed upon values below and not subject to exchange rate adjustment.

Accommodations	\$140/night
Per diem	\$80/day
Rental Car	\$70/day
Airline Flights	At cost, but not to exceed \$5000 during the term of Agreement.

Mobilization Fee: A mobilization fee will not be charged unless an interruption in the period of plant staffing is requested by and for the convenience of the City of Geneva. Should an interruption in service be requested, the fee schedule outlined in Article 3.1.5 above will apply.

ALL OFFERS ARE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE CPGS CONTRACT MANAGEMENT SERVICES AGREEMENT.



CATERPILLAR POWER GENERATION SYSTEMS L.L.C

General Terms and Conditions for Sale for Operations and Maintenance Service Labor

1. OFFER AND DEFINITIONS. These terms and conditions (“**Terms and Conditions**”) apply only to the provision of Operations and Maintenance Services (as defined below). Caterpillar Power Generation Systems L.L.C. (“**CPGS**”) offers to provide to its valued customer (“**Customer**”) one or more of the Operations and Maintenance Services defined below, as specified in CGPS’s price quotation and/or proposal document (“**Offer**”), which accompanies and/or references these Terms and Conditions.

“**Operations and Maintenance Services**” means operations and maintenance service labor, including without limitation all operations, inspection, maintenance, emergency call-outs, troubleshooting, commissioning/installation of products and all service calls associated with service agreements such as, Extended Service Agreements, Expanded Warranties and any other contract activity on the Customer’s site. The term Operations and Maintenance Services includes the provision of labor only and does not include the provision of any equipment, parts, fluids or other goods (collectively, “**Goods**”) that CGPS may advise Customer are required further to or in connection with the Operations and Maintenance Services. Any such Goods shall be ordered by Customer pursuant a separate purchase order for such Goods placed by Customer on CGPS (“**Separate PO**”) or by Customer on a Caterpillar authorized dealer, and paid for at the prices quoted by CGPS, or such dealer, as the case may be, in effect at the time of such purchase order. In the event CGPS provides to Customer any Goods under a Separate PO, these Terms and Conditions shall apply to the sale of such Goods.

2. ACCEPTANCE, ORDER AND ENTIRE AGREEMENT

2.1 Acceptance and Order. Unless otherwise specifically stated in the Offer, these Terms and Conditions establish the rights and obligations of the CGPS and Customer that apply to the Offer and any resulting Customer’s purchase order document or agreement between CGPS and Customer providing for Customer’s acceptance of the Offer (“**Customer’s Acceptance**”). The issuance of Customer’s Acceptance against the Offer, shall together with the Offer and these Terms and Conditions constitute an acceptance of the Offer and not a counteroffer, and together with these Terms and Conditions shall create a contract of sale (“**Order**”). Customer’s acceptance of the Offer is expressly limited to the terms and conditions of the Offer and these Terms and Conditions and is subject to CGPS’s final credit approval of Customer and an acknowledgment by CGPS. Any provision contained in Customer’s purchase order document that alters the provisions of the Offer and/or these Terms and Conditions shall not be part of the Order unless specifically agreed to by CGPS in the Order. In the event of any conflict between these Terms and Conditions and the Offer, these Terms and Conditions shall control unless otherwise provided in the Order.

2.2 Entire Agreement. The Order shall constitute the entire agreement between the parties defining the scope and the manner in which the Order will be performed, and all prior written and oral agreements and undertakings regarding the Operations and Maintenance Services are superseded by the Order. Neither Customer nor CGPS shall be deemed to have made any representations or warranties, express or implied, regarding the Operations and Maintenance Services except as specifically set forth in the Order.

3. PRICES AND PAYMENT

3.1 Prices. Unless otherwise stated in the Offer, all prices are stated in United States Dollars and are valid for a period of sixty (60) days from the date of the Offer. Prices do not include any taxes, duties or fees of any kind. At CGPS’s discretion, Customer shall pay such taxes, duties or fees directly to CGPS, or Customer shall provide CGPS with satisfactory evidence of Customer’s payment thereof or valid exemption certificates; however, CGPS shall have no obligation to ensure that Customer has paid all necessary taxes, duties or fees. In the event CGPS provides to Customer any Goods under a Separate PO, all prices for such Goods are based on delivery “Ex Works” (as defined in Incoterms 2000) CGPS’s facility and do not include any charges for special services such as long term preservation, special packaging, insurance, shipping, brokerage fees, marine survey, load out and tie down, site installation, equipment start-up, or similar services.

3.2 Payment. CGPS’s invoice(s) shall be issued in accordance with the Offer, or if not set forth therein, then upon completion of the Operations and Maintenance Services. Invoices shall be due and payable NET thirty (30) days from the date of invoice without regard to inspection or transportation delays. Unless otherwise specified in the Order all payments shall be made in U.S. dollars. Invoices sixty (60) days past due from the date of invoice shall be subject to interest accruing from the date the invoice was due at the lower of the maximum lawful rate or one percent (1%) per month. Any collection costs are to the account of Customer.

Customer and CGPS may establish an open credit line. For Orders which exceed such credit line or where credit is not in place, Customer will provide CGPS an irrevocable letter of credit negotiable at sight, drawn on a bank acceptable to CGPS.

Customer’s failure to pay invoices when due, or Customer’s failure to present CGPS with an acceptable letter of credit upon request shall be deemed to be a material default by Customer, and CGPS may elect to: (a) discontinue performance of the Order, and/or (b) terminate the Order, in which case cancellation fees determined in accordance with Article 9 shall be due CGPS, and/or (c) pursue any other remedy available to CGPS.

CPGS retains all applicable security interests in all parts and serviced products identified to or delivered under the Order until payment of the total Order price is received. For example, in the provision of Operations and Maintenance Services, Customer agrees that CGPS retains a mechanics lien and all other applicable security interests in the serviced equipment until full payment has been received by CGPS. Customer shall execute and deliver all instruments that CGPS deems necessary to protect such security interests.

4. TITLE AND DELIVERY. In the event CGPS provides to Customer any Goods under a Separate PO, title and risk of loss to all Goods provided under the Separate PO shall pass to Customer upon CGPS’s delivery of such Goods Ex Works CGPS’s facility, subject to any security interest retained by CGPS. Freight or shipping obligations that are inconsistent with the delivery term “Ex Works” shall have no bearing on the passage of title or risk of loss. CGPS warrants that its transfer of ownership of such Goods is rightful and free from any security interest, lien or encumbrance of third parties.

Unless otherwise stated in the Order, Customer is responsible for delivery of all required Goods and Customer’s equipment/assemblies upon which Operations and Maintenance Services will be performed, to CGPS’s facilities as well for the collection and shipment therefrom. CGPS will perform the Separate PO as contracted for and notify the Customer or Customer’s agent when Goods are ready for shipment.

All parts or items removed and replaced by CGPS during Operations and Maintenance Services shall become the property of CGPS unless otherwise specified in advance in writing. If Customer so specifies, any associated costs are to Customer’s account.

Customer will notify CGPS at time of Separate PO placement if transportation will be via air, surface or sea. CGPS’s packing for shipping purposes will be appropriate for the type of transportation to be utilized. Any claims against CGPS for damages or shortages of any Goods provided must be filed with CGPS within thirty (30) days after receipt of such Goods or shipper’s notice of loss, whichever shall occur first, and must be accompanied by CGPS’s shipping documentation and full particulars of any such claim.

5. RESPONSIBILITY FOR EXPORT. Customer assumes full responsibility for all applicable laws relating to the exportation and importation of any Goods provided under a Separate PO. Such Goods shall not be exported or transshipped contrary to the laws of the United States. CGPS shall comply with reasonable requests for information about such Goods that may assist with their exportation, transshipment or importation. If Customer exports such Goods, all rights to drawbacks of custom duties paid by CGPS with respect thereto (or material or components thereof) belong to and shall remain with CGPS unless such drawbacks were included in the Separate PO price paid by the Customer, in which event CGPS shall assign such drawbacks to the Customer.

6. WARRANTY

6.1 Warranty. CPGS warrants that the Operations and Maintenance Services provided by CPGS under the Order will be performed in a workmanlike manner.

This warranty is subject to Article 6.3 and shall apply only to claims made during the applicable warranty period as determined in accordance with Article 6.2.

6.2 Period of Warranty. The applicable warranty period is thirty (30) days from the date the applicable Operations and Maintenance Services were furnished.

6.3 Terms of Warranty. All claims for defective Operations and Maintenance Services under this warranty must be made in writing immediately upon discovery but in any event within thirty (30) days from the furnishing thereof. Upon submission and substantiation of a claim, CPGS shall, at its option, either: (a) correct the defective services; or (b) refund an equitable portion of the price of the Operations and Maintenance Services.

THE FOREGOING IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, REPRESENTATIONS AND LIABILITIES WHATSOEVER, EXPRESSED, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

7. SUSPENSION OF ORDER OR DELAY IN DELIVERY. Customer's request for a suspension of any Order or for a delay in performance are subject to CPGS's written agreement and scheduling constraints. Such suspensions or delays may result in adjustments to prices, payments and delivery schedules. If a suspension is more than sixty (60) days in duration, Customer agrees to pay CPGS within ten (10) days of an invoice therefor, pro rata, for the portion of the Order completed. In the event that CPGS's performance has proceeded to the point that CPGS deems it cannot reasonably reschedule completion, or the request for suspension is received less than sixty (60) days prior to scheduled delivery or completion of performance, the Order shall be completed and invoiced.

8. OPERATIONS AND MAINTENANCE SERVICES AND OTHER ON SITE ACTIVITY.

8.1 Customer Assistance. Customer shall provide free of charge such assistance as CPGS may reasonably require to facilitate timely completion of the Order or any portion thereof. If CPGS is unable to perform through no fault of its own or as a result of Customer's failure to cooperate or provide assistance to CPGS, CPGS shall be excused from performance. In such event, CPGS may, at its option, terminate the Order or continue to perform to the extent possible, and shall be entitled to an equitable adjustment in the Order price and/or schedule. Customer assistance shall include, but shall not be limited to, the following:

i. Customer shall provide reasonable security and protection for all persons, property and equipment employed or used by CPGS in the performance of the Order.

ii. Customer shall make available to CPGS free of charge the use of any required tooling, training and test equipment as may be customary for Customer to supply in performance of the Order, and any required transport, lifting equipment and utilities, including without limitation electrical power, compressed air and water.

iii. Customer shall assist CPGS in obtaining access to roads, staging areas, dock space, loading or unloading facilities, plant or production or training facilities and the like that are reasonably necessary or helpful for the performance of the Order.

iv. Customer shall provide CPGS with fuels and lubricants in sufficient quantity and quality to meet the requirements of the Order.

v. Customer shall assist CPGS in obtaining any necessary permits, licenses, or authorizations required to complete the Order.

vi. In the event CPGS's employees, subcontractors, agents, or other representatives are to perform any portion of the Order at a remote site or in offshore waters, as determined by CPGS, Customer shall provide: (a) transportation for such persons from an agreed staging point to and from the site; (b) messing, housing, sanitation facilities, and emergency medical care; and (c) transportation and special handling equipment necessary to move CPGS's goods, tools, and equipment from an agreed staging point to and from the site.

vii. Where necessary, Customer shall provide assistance to facilitate entry into, movement within or exit from any country where performance is to be rendered including: (a) assistance to CPGS's employees, subcontractors, agents, or other representatives to obtain necessary residence and work permits; and (b) obtaining import or export documents and clearances for CPGS's tooling and test equipment, required to complete the Order.

8.2 Customer's Acknowledgment. WITH RESPECT TO ALL OPERATIONS AND MAINTENANCE SERVICES, CUSTOMER ACKNOWLEDGES THAT CPGS IN RENDERING ANY OPERATIONS AND MAINTENANCE SERVICES DOES SO UNDER THE INSTRUCTIONS OF THE CUSTOMER AND THAT CUSTOMER IS, AT ALL TIMES, IN COMPLETE CARE, CUSTODY AND CONTROL OF ALL MACHINERY, EQUIPMENT AND ADJACENT PREMISES.

9. TERMINATION OR CANCELLATION. An Order for Operations and Maintenance Services may be canceled by Customer at any time without charge prior to the start of work. Orders canceled after the beginning of work shall be subject to cancellation charges based on CPGS's determination of the value of the time, materials and associated expenses incurred in performance of the Order plus the price for any specially procured or fabricated items not typically stocked by CPGS. Parts actually installed in Customer's equipment and/or parts not returnable to CPGS's inventory for sale to third parties shall be charged to Customer's account at the applicable Order price.

10. RIGHTS TO DRAWINGS AND DATA/INTELLECTUAL PROPERTY. CPGS may, in the course of its performance of the Order, disclose technical information, training, documentation, drawings, computer programs, computer data files and the like (collectively, "Information") to Customer. All such Information is confidential or proprietary and Customer agrees: (a) to hold such Information in confidence and not to disclose it to third parties; (b) not to use the Information for any purpose other than that for which it was provided; (c) not to copy the Information (additional copies may be purchased); (d) to protect the Information from unauthorized access, use and disclosure allowing only those of Customer's employees who have a need to know the Information access thereto. Customer understands and agrees that upon termination of the Order, CPGS may terminate Customer's right to use the Information and require the destruction of, or require the return of the Information and other materials (including translations) embodying the Information.

Engineering designs, data, and other such information specifically prepared for Customer and identified under the Order are provided to Customer pursuant to a nonexclusive, paid up, perpetual license for use only with the serviced products. Such license rights shall be deemed transferred fully to successors who acquire the serviced products, at which time the Customer's license will expire.

11. TESTS/INSPECTIONS. CPGS's normal tests and inspections of the serviced products, and any special tests expressly set forth in the Order are open to Customer's observation and in a manner agreeable to CPGS, subject to CPGS's standard security procedures. Special tests and inspections that are outside the scope of the Order may be requested by Customer in writing and may be arranged, subject to CPGS's reasonable discretion and scheduling constraints. In such cases, CPGS shall add a reasonable adjustment to the Order price that reflects the added price for such special tests and inspections.

12. INSURANCE. CPGS shall provide, pay for, and maintain in full force and effect during all periods of performance of the underlying Order, its "standard insurance" consisting of WORKERS' COMPENSATION (at the statutory amount), EMPLOYER'S LIABILITY (in the amount of \$1,000,000), COMMERCIAL GENERAL LIABILITY (in the amount of \$1,000,000), and AUTOMOBILE LIABILITY (in the amount of \$1,000,000).

13. MISCELLANEOUS.

13.1 Independent Contractor. At all times while performing the Order, CPGS shall be deemed to be an INDEPENDENT CONTRACTOR and not an employee or agent of Customer. Customer's employees, agents, or subcontractors assigned to assist CPGS may receive temporary instructions or technical directions or the like from CPGS, but shall at all times be considered the employees, agents, or subcontractors of Customer and not of CPGS.

13.2 Limit of Liability. Neither Customer nor CPGS or their affiliates, subcontractors, agents and/or employees shall be liable for any incidental or consequential damages, including without limitation, loss of products, loss of profit (other than amounts due under the Order), loss of use, losses resulting from or related to the Operations and Maintenance Services, downtime, fuel efficiency or other performance of any equipment operated or maintained by CPGS pursuant to the Order, or the cost of replacement power or compression, howsoever caused, and whether based on warranty, contract, tort (including negligence), strict liability or otherwise. The liability of CPGS, its affiliates, subcontractors, agents and employees arising out of the performance or nonperformance of its obligations in the rendition of Operations and Maintenance Services in connection with this Order, whether based on warranty, contract, tort, (including negligence), strict liability or otherwise shall not exceed in the aggregate a sum equal to the Order price. Customer shall not institute any suit or action regarding the Order against CPGS or any of CPGS's subsidiaries, agents or employees unless filed within one (1) year of the event giving rise to the claim. The limitations of liability set forth in this Article 13.2 shall prevail over any conflicting or inconsistent provisions contained in any documents comprising the Order.

13.3 Force Majeure. CPGS shall not be liable for any delay in performance, any nonperformance, or any other deviation in performance of CPGS's obligations, nor for any loss or damage to the serviced products hereunder, when occasioned directly or indirectly by any cause or causes beyond the reasonable control of CPGS or its subcontractors or suppliers, including, but not limited to, acts of God; acts of criminals or public enemy; war; riot; official or

unofficial acts, orders, regulations or restrictions of any foreign or domestic government or agency thereof; acts of Customer or its employees or representatives; strikes or labor difficulties involving employees of CPGS or any other party; failure, shortage or delay in CPGS's usual sources of labor or material supply. CPGS shall have a reasonable extension of the time for performance when delayed by any such cause.

13.4 Assignment and Modifications. CPGS shall have the right to assign any rights or obligations under the Order to any of its affiliated or subsidiary companies. Any assignment of Customer's rights or obligations under the Order shall be null and void without CPGS's prior written consent. Modifications or changes to the Order must be in writing, signed by Customer and CPGS.

13.5 Disputes/Applicable Law. Customer and CPGS shall use their best efforts to resolve any dispute or claim that may arise under the Order in an amicable manner. In the event CPGS is in breach of or noncompliance with any of the provisions of the Order, Customer shall notify CPGS in writing and CPGS shall take reasonable measures to remedy such breach or noncompliance within thirty (30) days after receipt of notice. In the event any dispute cannot be resolved between the parties, either party shall be entitled to seek such remedies as may be available to it either at law or in equity. Should any provision of the Order be declared invalid, such declaration shall not invalidate or void the remaining provisions of the Order. The Order shall be governed by and construed and enforced in accordance with the laws of the State of Illinois, United States of America, without reference to its conflicts of law rules. Venue of any judicial action shall be in the Circuit Court for the Sixteenth Judicial Circuit, Kane County, Illinois for any state court action or the U.S. District Court, Northern District of Illinois, Eastern Division, in the City of Chicago, Cook County, Illinois for any federal court action.

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**AMENDMENT NO. 3
TO THE
OPERATION AND MAINTENANCE AGREEMENT**

This Amendment No. 3 (the "**Amendment**") to the Operation and Maintenance Agreement, dated on April 2, 2012, (the "**Agreement**") is made effective as of May 15, 2021 by and between Caterpillar Power Generation Systems, L.L.C., a Delaware limited liability company ("**CPGS**") and City of Geneva, an Illinois Municipal Corporation, ("**Customer**"). CP GS and Customer are sometimes referred to herein collectively as the "**Parties**" and individually as a "**Party**".

WHEREAS, the Parties entered into the Agreement for CP GS to perform operation and maintenance services with the respect to Customer's electric power generation facility ("**Facility**") located at the project site ("**Project Site**");

WHEREAS, the Parties amended the Agreement effective May 14, 2015 to extend the Agreement to expire May 14, 2018 ("**Amendment No. 1**");

WHEREAS, the Parties amended the Agreement effective May 15, 2018 to extend the Agreement to expire May 14, 2021 ("**Amendment No. 2**");

WHEREAS, the Parties wish to extend the term of the Agreement to expire on May 14, 2024 by this Amendment; and

WHEREAS, the Parties have agreed to make additions, changes and replacements to certain sections to the Agreement.

NOW, THEREFORE, for valuable consideration, the Parties hereby agree to amend the Agreement as follows:

1. The Included Equipment that are the subject matter of this Amendment are set forth at Section 3.1.1 of the Offer (as defined in the Agreement) which is attached as Exhibit A to the Agreement.
2. Term. In Section 2 of the Agreement, the Term is extended for three (3) additional years expiring on May 14, 2024. The Fixed Fee shall be \$41,892.55 USD per month which will be charged during the period from June 15 through September 14 of each calendar year ("**Peak Period**"). For additional days outside the Peak Period, a prorated daily rate of \$1400 USD will be applied upon mutual agreement. In the event the CP GS Maintenance Manager is required to work hours beyond 8 hours per day or 40 hours per week, such work will be charged at \$140 USD per hour. Travel expenses will be billed per the agreed upon values below and not subject to exchange rate adjustment.

The travel costs shall be increased to the values listed below:

- Accommodations \$140/night
- Per Diem \$80/day
- Rental Car \$70/day
- Airline Flights At cost, but not to exceed \$5,000 during the term of the Agreement.

3. Index. In Section 4 of the Agreement, the Index shall be the Consumer Price Index (CPI) Seasonally Adjusted found at <https://www.bls.gov/cpi/seasonal-adjustment/home.htm>.
4. All capitalized terms used herein but not defined shall have their respective meanings set forth in the Agreement.
5. This Amendment may be executed in one or more counterparts (individually by means of facsimile or other electronic transmission), each of which shall be deemed an original but all of which shall together constitute one and the same instrument.
6. Except as expressly amended herein, all terms of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

CATERPILLAR POWER GENERATION SYSTEMS, L.L.C.

By: _____

Name: Jerome F. Vannitamby

Its: President

By: _____

Name: David J. Steffens

Its: Vice President

CITY OF GENEVA

By: Stephanie K. Dawkins

Name: Stephanie K. Dawkins

Its: City Administrator

By: _____

Name: _____

Its: _____