

Johnson Controls, Inc.
Controls Group
3413 Gateway Boulevard
Sioux Falls, SD 57106-1588
Tel. 605/361 0680

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Mr. Gunar Dzintars
Common Energy Plant
434 Mt. Rushmore Road North
Rapid City, SD 57701

July 30, 2003

SUBJECT: Maintenance Agreement Renewal

LF091003-08

Dear Gunar:

As you realize, your current Johnson Controls Planned Service Agreement has an anniversary date of August 31, 2003.

Johnson Controls over this past year has worked at trying to achieve better communications with all of the city facilities including the Energy Plant. We have worked at staying focused on the list of items that you have made and have completed many of the items. By working off of the list that has been developed and attending the monthly operator meeting there has been improvements made over the year in the programming and documentation. We also had Jim Haag work with Mark Sherrodd twice this past year this provided the services you had requested that being a high level technician from Sioux Falls that can help solve data base problems and inject a different view of the system. We do appreciate the opportunity to service your system and help in providing solutions to problems and we will continue to use the resources required to insure the integrity of your Metasys system.

This contract will include the data base management of on going changes to the control strategies. The sight training of the operators while we are on sight. Scheduled Metasys systems services, including the operator workstation and the NCM's. The Pneumatics' will also be checked out twice a year. Repair time will be included in the contract. Repair parts will be billed out side of the contract.

This contract will be a 12-month contract with a start date of September 1, 2003 ending on August 31, 2004.

Total Price is \$13,500.00

As one of our valued customers, we thank you for your continued confidence in Johnson Controls. To ensure that your maintenance continues uninterrupted, please sign a copy of this letter and return it to us prior to your anniversary date.

Should you have any questions, or if we may be of further service, please call 1-800-365-3777 ext.5305

Sincerely yours, ACCEPTED BY:
JOHNSON CONTROLS, INC.


Bob Devine
Service Operations Supervisor

NAME: _____

TITLE: _____

DATE: _____

Schmidt Coleen

From: Robert.M.Devine@jci.com
Sent: Wednesday, August 27, 2003 9:39 AM
To: Coleen.schmidt@rcgov.org
Subject: JCI Service Contracts

Colleen,

Sorry this did not make it the first trip on 8/19/03, I had Colleen and not Coleen. We would really like to have these contracts renewed on time I'm in Rapid City now and will be here till Thursday and I can stop down to talk with you and Jim if needed about the contracts. I had a meeting with Gunar yesterday and he didn't know of any problems with the renews of the contracts.

You can reach me on my cell phone at 605-366-5775, I have a meeting with the Schools people at 10:30 this morning so I will be in the building and can stop by your office after the schools meeting if you would like, please leave me a voice mail if I do not answer the call.

Thanks
Bob Devine

----- Forwarded by Robert M Devine/NA/Johnson_Controls on 08/27/2003 10:27 AM -----

Robert M Devine
To: colleen.schmidt@rcgov.org
08/19/2003 03:42 PM cc:
Subject: JCI Service Contracts

Colleen,

Heidi Schwartz our service admin support person said she had talked to you concerning the service contract renewals for the City of Rapid City. She said you had asked her for the reason for the increase in the service contracts at the Energy Plant and Milo Barbar Building. The following is why we have increased the prices to the service contracts.

Our cost of doing business increases each year because of the following , insurance rates, vehicles leases, vehicle maintenance & operating cost and employee cost. We also have the risk of covering the repairs to the equipment at the Milo Barbar building under this contract which also adds to the cost as the equipment ages.

The total increase to the combined service contract is under 3% and this is lower than the increased cost to do business. The City of Rapid City is a very important customer and we do have monthly meetings with many of the city facilities to work at achieving common driven goals.

Let me know if this is the type of information you were looking for and if you have any other questions please give me a call at 605-362-5305.

Thanks You
Bob Devine
Service Operations Manager