

**PROPANE SUPPLY AGREEMENT &  
AUTOMOTIVE CONVERSION EQUIPMENT LEASE**

This Propane Supply Agreement and Automotive Conversion and Equipment Lease for Propane Autogas (“Agreement”) is between **Alternative Fuel Supply, LLC**, (the “Company”) and **Village of Orland Park, 14700 Ravinia Dr., Orland Park, IL 60462** (“Customer”), collectively known as “The Parties”, and will be in effect for Five (5) years from the date it is signed by the Customer, unless terminated by the Parties, pursuant to Paragraph 12 of this Agreement.

**In consideration of the mutual promises set forth herein, and good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:**

**1. Equipment.** The Company agrees to install and to lease to Customer at Customer’s delivery address the propane automotive conversion units to be installed on Customer’s vehicles listed in Attachment Exhibit “A”. The installation of the conversion equipment shall, after consultation with the Customer, be phased so as not to interfere with Customer’s day-to-day operations. The Equipment making up the propane automotive conversion units together with all replacements, repairs, substitutions, additions and accessories will be of size, make and model that Company suggests to be appropriate for Customer’s operations. Company agrees to consult with Customer to determine necessary and appropriate components for Customer’s operations prior to installation. The Equipment will also include a suitable propane autogas fueling station supplied by the Company, listed in Attachment Exhibit “B”, located on the Customer’s property and electrically and mechanically installed by the Customer with Company supervision. Company agrees to provide fuel management communication installation using existing conduit to Customer’s existing fuel management system.

Together, the propane automotive conversion units and the propane autogas fueling station shall be collectively referred to hereinafter as “The Equipment”. Customer shall be liable for all loss of and damage to the Equipment while in Customer’s possession, normal wear and tear excepted. Any Equipment that is lost or damaged during the term will be billed to Customer at replacement cost. Company may replace the Equipment at any time with no changes in the obligations of this Agreement. If by request from the Customer, the Company replaces the Equipment with additional equipment or equipment with different make, model, or capacity, the annual lease charges shall be adjusted to reflect those additions or changes and added to the amount(s) that are currently being charged for the Equipment.

**2. Propane Supply and Price.** The monthly price for propane is outlined on Attachment Exhibit "C" which Exhibits are incorporated into this Agreement. Customer will purchase from the Company all of the propane Customer requires for use of the Equipment during the term of this Agreement. Further, Customer agrees to purchase an annual minimum quantity (AMQ) of propane fuel. The AMQ shall be equal to 85% of the sum of the estimated number of propane gallons specified in Exhibit "A" throughout the course of each year of the contract. The AMQ may be prorated and adjusted for time during which the Equipment is not operational. The rate of \$0.35/gallon shall be levied contingent upon the difference in gallons between the AMQ and the Customer's actual propane consumption, should the latter be less than the AMQ, and shall be paid by Customer to Company as compensation to the Company for cost of Equipment. For purposes of mitigating liability pursuant to NPGA safety restrictions and Illinois state law, Customer agrees to exclusively use propane supplied by the Company.

**3. Services to Be Performed by Company.** The Company shall supply all automotive conversion equipment required for the vehicles described in Exhibit "A". The Company shall commence conversion of the vehicles denoted as "Phase 1" upon the mutual signature of the Agreement. The vehicles listed as "Phase 2" are to be converted by the Company after an elapsed period of 120 days beyond the completion of conversion of the Phase 1 vehicles, unless either Party gives notice of unmitigated defects related to the operation of the Equipment. Notice shall be given pursuant to Paragraph 12. Future vehicle conversions beyond Phase 2 will be discussed and agreed upon by the Parties subsequent to the onboarding of the Phase 2 vehicles. The centrally located fueling station to be used by the Customer to fuel its vehicles is described in Exhibit "B" for the term of this Agreement. Should circumstances change throughout the term of this Agreement that cause the fueling station to be relocated, the Customer and the Company shall mutually agree on the new location.

**4. Equipment Lease Fees, Fees and Taxes.** Customer will pay to Company an amount per gallon which includes the cost of propane, the price per gallon for the lease/use of the Equipment and the price of current State Motor Fuel Taxes and other fees now in effect (See Schedule Exhibit "C"). The Company has set forth in Exhibit "C" the amount of taxes the Company believes are currently applicable to the Customer based upon information obtained by the Company. If the aforementioned information provided by Customer was not correct or if the taxes or fees currently set forth in Exhibit "C" increase, the Customer agrees to pay Company any increase in such taxes or fees as well as any additional taxes and licenses, permit or inspection fees associated with the sale or use of the propane and the Equipment covered by this Agreement. The price per gallon to be paid by Customer for the purchase of propane (inclusive of equipment lease charges and fees due the Company from the Customer under this Agreement) will be based upon the published per-gallon Chicago OPIS Contract Average for Midgrade Gasoline, as expressed in the Customer's contract with its existing gasoline and diesel

supplier. An example of the calculation of the price per gallon for propane to be paid by Customer is outlined on Exhibit "C".

**5. Payment Terms.** Payment for all propane delivered and all additional charges shall be due and payable within twenty (20) days of receipt, or, if the Customer is a municipality, no later than 5 days after the next Board of Trustees meeting authorizing payment of expenditures. Should Customer fail to pay any amount when due, Company may add a late charge of 1% per month to all past due balance. Notwithstanding any other provision in this paragraph to the contrary, all payments to the Company from the Customer shall be made in accordance with applicable provisions of the Local Government Prompt Payment Act. If the Customer shall become PAST DUE, Company shall have the right to require payment in advance or other assurance of payment satisfactory to Company in its sole discretion, before making further deliveries. In the event of litigation under this Section, in addition to any other award, the prevailing Party shall be entitled to its costs and expenses, including reasonable attorney's fees.

**6. Title to Equipment.** All Equipment leased by the Company to Customer will remain the property of the Company and shall not become a fixture or a part of Customer's real or personal property during the term on this Agreement. Customer will not, nor will it allow anyone other than Company, to make any adjustments, connections or disconnections to the Equipment or remove the Equipment without written permission from the Company. Customer shall notify the Company immediately if the Equipment is damaged, appears defective, malfunctions, or if Customer experiences any problems with the Equipment. The Customer shall be responsible for normal maintenance of the Equipment and shall keep the Equipment in good working order during the term of this Agreement. The Company shall warranty the Equipment based on the terms and conditions attached to this Agreement as Exhibit "E".

**7. Access to Equipment.** Customer grants the Company the irrevocable right to enter Customer's premises with advance notice, as described in this paragraph, to deliver and dispense propane or to install, repair, service, or remove any or all of the Equipment, or to perform any other services that the Company deems necessary under this Agreement. Customer agrees to provide safe, free and unimpeded access to the Dispensing Equipment, including but not limited to access that is free of ice, snow, water, mud, debris and other hazards. Customer acknowledges that failure to ensure safe and unimpeded access to the Equipment may cause an interruption in service. The Company agrees that repairs will be performed during Customer's normal operational hours, except in cases of emergency or where otherwise authorized. The Customer agrees that the Company shall contact Customer 24 hours in advance to request access to the Equipment for repairs except in cases of emergency where notice shall be given only as is reasonable under the circumstances.

**8. Limitation of Liability.** UNDER NO CIRCUMSTANCES SHALL THE COMPANY BE LIABLE FOR INCIDENTAL CONSEQUENTIAL OR SPECIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS AND BUSINESS INTERRUPTION DAMAGES. THIS LIMITATION SHALL APPLY REGARDLESS OF WHETHER A CLAIM OR REMEDY IS SOUGHT IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE. THE COMPANY IS NOT LIABLE FOR ANY LOSS SUSTAINED BY CUSTOMER AS A RESULT OF THE TEMPORARY EXHAUSTION OF CUSTOMER'S SUPPLY OF PROPANE.

**9. Indemnification.** Each Party shall indemnify, defend and hold harmless the other Party from all claims, demands, causes of action, losses, liabilities, damages, penalties, fines, and expenses, including reasonable attorneys' fees and defense costs, which are incurred by the other Party, but only to the extent arising from the indemnifying Party's negligent or intentional acts or omissions, or from the indemnifying Party's breach of this Agreement. The obligations contained in this paragraph shall not apply to the extent the indemnifying Party has tort immunity for the underlying claim.

**10. Rebates.** Company shall apply on behalf of the Customer for all applicable grants and rebates relating to the conversion of the Customer's vehicles. 50% of awarded grants and rebates, if any, shall be assigned to the Company as a reduction of capital cost, while the remaining 50% will be awarded directly to the Customer.

**11. Insurance.** The Parties will maintain comprehensive general liability insurance in the amount not less than \$1,000,000 combined single limits, naming the other as an additional insured. Customer will maintain worker's compensation coverage in the amount required by law. The Parties shall furnish a certificate of insurance evidencing all required coverage and status as an additional insured. All such policies of insurance shall provide the insurance coverage thereunder shall not be reduced or cancelled or otherwise changed prior to the 30th day following the delivery by the insurer of a written notice of such action to the Customer and Company. The coverage under a Party's policies of insurance shall be primary to any other insurance maintained by the other Party that may be in effect. The failure by Customer or Company to request proof of such insurance shall not constitute a waiver of Customer's obligation to maintain such insurance.

**12. Termination.** Either Party may terminate this Agreement, or take such other action as may be permitted by law, if there are safety concerns that cannot be remedied after consultation between the Parties or, if after the applicable Cure Period, a Party is in default or breach of this Agreement. Each Party shall give the other Party prompt written notice upon learning of any breach or default by the other Party under this Agreement. The term "Cure Period" as used

herein means a period of time commencing on the date the Customer or the Company receives written notice from the other Party of a breach or default hereunder and continuing for a period of ten (10) business days in the case of a monetary default or twenty (20) business days in the case of a non-monetary default. However, if the breach or default is non-monetary in nature and cannot reasonably be cured within such twenty (20) business day period but can be cured within forty (40) business days, and if diligent efforts to cure promptly commence, then the Cure Period shall be extended as long as such diligent efforts to cure continue, but not beyond said forty (40) business days from receipt of the written notice of breach or default.

Upon termination of this Agreement, by lapse of time or otherwise, Company shall at its expense, remove the Equipment and the removal shall, after consultation with the Customer, be phased so as not to interfere with the Customer's day-to-day operations.

**13. Excused Performance.** The Company shall not be responsible for any delay or damages caused by events or circumstances beyond its reasonable control, including without limitation, acts of God, fires, storms, floods, wars, hostilities, terrorism, compliance with laws or regulations adopted subsequent to the date of this Agreement, or other similar unforeseeable causes. Under any of these circumstances, the Company may in its sole discretion allocate propane and equipment among its customers.

**14. Restoration of Property.** This paragraph has been intentionally deleted.

**15. Assignability.** Customer may not assign this Agreement without the prior written consent of the Company. The Company may assign or pledge this Agreement as collateral without notice to or consent of Customer, provided, however, any such collateral assignment or security agreement has been reviewed and approved by the Customer to the extent that the secured Party will recognize and honor Customer's rights under the Agreement so long as Customer shall not be in default hereunder.

**16. Training.** The Company shall provide initial training to the Customer under the guidelines set in the PERC Training Manual PRC 009432 attached as Exhibit "D". The Customer will properly train each of its employees who handle propane or use the Equipment as to how to safely use propane and propane equipment and fill vehicles. Customer will not allow anyone to handle or use the Equipment unless and until that individual has been properly trained to do so. It is Customer's responsibility to provide Company with signed Certificates of Training included in PRC 009432 for each employee that will handle propane. Additionally, Customer shall supply Company with written notice if Customer, or any of its employees or agents, need additional training in order to comply with this provision. If Customer fails to comply with any portion of this provision, then Customer agrees it shall be solely responsible for any and all injuries or damages that result.

The Company shall also furnish and bear all required costs for the training of the Customer's currently employed vehicle mechanics and maintenance staff upon the completion and delivery of all converted vehicles comprising Phase 1, as shown in Exhibit "A". Training will be conducted by a certified representative of the manufacturer of the conversion kits installed on the Customer's vehicles, and will enable the Customer's vehicle mechanics and maintenance staff to conduct regular and preventative maintenance on the converted vehicles as required. Any future changes to training protocols or maintenance requirements will be supplied by the Company to the Customer in writing.

**17. Modifying the Agreement.** This Agreement is the final understanding between the Parties and may not be modified orally. Any attempt by Customer or Company to enforce a prior representation or warranty, whether it was written or oral shall be null and void.

**18. Arbitration/Claims.** This paragraph has been intentionally deleted.

**19. Enforceability.** If any part of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement will continue to be valid and enforceable.

**20. Notice.** Any notice by Customer or the Company under this Agreement shall be sent by U.S. Mail, postage prepaid, to the addresses listed below:

**If to the Company:**

Alternative Fuel Supply LLC  
1300 E Woodfield Road, Suite 460  
Schaumburg, IL 60173  
Attn: Charles A. Gavzer

**If to Customer:**

Village of Orland Park  
14700 Ravinia Ave  
Orland Park, IL 60462  
Attn: John J. Ingram

**With copy to:**

Village of Orland Park  
14700 Ravinia Ave  
Orland Park, IL 60462  
Attn: Denise Domalewski

**21. Waiver.** If the Company or Customer delays in exercising any of its rights under this Agreement, the Company or Customer will not be prevented from exercising its rights at a later date. The waiver of any breach of this Agreement at any time shall not excuse future breaches.

**22. Authority to Sign.** The undersigned individuals warrant that each is a representative of his or her respective Party and has been duly authorized and empowered to execute this Agreement on behalf of the Party they represent.

**23. Survival.** All covenants, conditions and indemnifications contained in this Agreement which may involve performance subsequent to any termination or expiration of this Agreement, or which cannot be ascertained or fully performed until after termination or expiration of this Agreement, shall survive.

**24. Governing Law.** This Agreement shall be interpreted, construed and enforced in accordance with laws of the State of Illinois. The language of this Agreement shall in all cases be construed as a whole according to its fair meaning and shall not be strictly construed for or against either Party.

----- Signature Page to Follow: -----

IN WITNESS WHEREOF the Parties hereto have executed this Agreement on the effective date below:

Village of Orland Park

Alternative Fuel Supply, LLC

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Charles A. Gavzer

Its: \_\_\_\_\_

Managing Member

Executed this \_\_ Day of \_\_\_\_\_, 2017

Executed this \_\_ Day of \_\_\_\_\_, 2017



## Schedule Exhibit “A” Village of Orland Park

### Information for Automotive Conversion Kits

Vehicle #	Year	Make	Model	VIN	Est. Gallons/Yr	Phase
7212	2017	FORD	EXPLORER PPV	1FM5K8ARXHGC90869	2470	1
7223	2017	FORD	EXPLORER PPV	1FM5K8AR9HGC90863	2470	1
7231	2017	FORD	EXPLORER PPV	1FM5K8AR7HGC90862	2470	1
7255	2017	FORD	EXPLORER PPV	1FM5K8AR2HGC90865	2470	1
7257	2017	FORD	EXPLORER PPV	1FM5K8AR0HGC90864	2470	1
7258	2017	FORD	EXPLORER PPV	1FM5K8ARXHGC90872	2470	1
7299	2017	FORD	EXPLORER PPV	1FM5K8AR2HGA44060	2470	1
7210	2014	FORD	TAURUS PPV	1FAHP2MK5EG111749	2470	1
7224	2014	FORD	TAURUS PPV	1FAHP2MK6EG111744	2470	1
7225	2014	FORD	TAURUS PPV	1FAHP2MKXEG111746	2470	1
7226	2014	FORD	TAURUS PPV	1FAHP2MK8EG111745	2470	1
7229	2014	FORD	TAURUS PPV	1FAHP2MK3EG111751	2470	1
7215	2016	FORD	EXPLORER PPV	1FM5K8AR3GGD31664	2470	2
7216	2016	FORD	EXPLORER PPV	1FM5K8AR5GGD31665	2470	2
7233	2016	FORD	EXPLORER PPV	1FM5K8AR0GGD31668	2470	2
7259	2016	FORD	EXPLORER PPV	1FM5K8AR9GGD31667	2470	2
7264	2016	FORD	EXPLORER PPV	1FM5K8AR7GGD31666	2470	2
7208	2015	FORD	TAURUS PPV	1FAHP2MK0FG148984	2470	2
7211	2015	FORD	TAURUS PPV	1FAHP2MK6FG148987	2470	2
7217	2015	FORD	TAURUS PPV	1FAHP2MK9FG148983	2470	2
7219	2015	FORD	TAURUS PPV	1FAHP2MK4FG148986	2470	2
7220	2015	FORD	TAURUS PPV	1FAHP2MK5FG148981	2470	2
7256	2015	FORD	TAURUS PPV	1FAHP2MK7FG148982	2470	2
7254*	2014	FORD	TAURUS PPV	1FAHP2MK3EG111748	2470	2
7213*	2013	FORD	TAURUS PPV	1FAHP2M80DG130468	2470	2
7237*	2012	CHEVROLET	IMPALA	2G1WD5E31C1320119	2470	2
7250*	2012	CHEVROLET	IMPALA	2G1WD5E37C1318715	2470	2
7245*	2008	CHEVROLET	IMPALA	2G1WS553481325649	2470	2
7263*	2008	CHEVROLET	IMPALA	2G1WS553781325418	2470	2
7232*	2006	CHEVROLET	IMPALA	2G1WS551369369977	2470	2
7242*	2006	CHEVROLET	IMPALA	2G1WS551169368343	2470	2
7244*	2006	CHEVROLET	IMPALA	2G1WS551069367233	2470	2

\*To be replaced with new vehicles, pending Village Board approval, per Vehicle List supplied on 8/3/17

## Schedule Exhibit “B” Village of Orland Park

### Propane Dispensing System Location

#### Agreed Location:

Orland Park Public Works  
15655 Ravinia Ave.  
Orland Park, IL 60462

In fueling area parallel with existing gasoline and diesel pumps  
Pending approval of Illinois State Fire Marshal



**Exhibit “C”**  
**Village of Orland Park**

**Current Baseline Gasoline Pricing**

**Pricing Retrieved August 1, 2017**

AFS per-gallon propane pricing includes all applicable taxes and fees and is based on the OPIS average pricing used to calculate Customer’s existing gasoline contract, dated Oct. 24, 2016.

OPIS Contract Average Chicago – Midgrade Gasoline: \$1.9185

OPIS Avg Chicago	\$1.9185
Contract Markup	-\$0.0333
Federal MFT	\$0.0000
IL State MFT	\$0.1900
Cook Cty MFT	\$0.0600
IL Sales Tax	\$0.0000
Env Imp Fee	\$0.0080
UST Fee	<u>\$0.0030</u>
<b>Gasoline</b>	<b>\$2.1462</b>
 Propane Margin	 -\$0.5000
 <b>Propane Price</b>	 <b>\$1.6462</b>

AFS per-gallon propane pricing will be calculated and invoiced as shown above for each propane delivery throughout the term of the contract.

**Exhibit “D”**  
**Village of Orland Park**

**PERC Training Manual PRC 009432**

**Exhibit “E”**  
**Village of Orland Park**

**Vehicle Parts and Labor Warranty**

**Labor Warranty:**

For a term of 24 months from the date of Equipment installation, Alternative Fuel Supply (Company) agrees to pay for any and all labor costs incurred during the repair or replacement of failed or nonoperational components installed by Company’s approved vehicle upfitters on Customer’s vehicles. The Company may choose to have this labor performed at the maintenance facility of its choosing.

The Company is not obligated through this warranty to pay for labor costs incurred through regular, customary, or preventative maintenance of the Equipment, which is strictly the responsibility of the Customer, and the neglect of which may lead to the voiding of this warranty.

**Parts Warranty:**

The Original Component Manufacturer (OCM) warrants its products to be free of defects in material or workmanship for a period of time equal to that of the remaining basic vehicle manufacturer’s original warranty, but not less than 60 months or 100,000 miles from the odometer mileage reading from the date of installation, whichever occurs first, as shown on the Warranty Registration Document. A copy of the OCM warranty shall be supplied to the Customer so that Customer’s warranty coverage can be verified. The OCM’s obligation under this warranty is to replace any component which is found to be defective in material or workmanship under usual and customary use, including reasonable and customary labor. This warranty does not cover labor costs as a result of the diagnosis of such defects unless pre-authorized by the OCM.

This warranty specifically excludes and does not cover any subsequent, contingent, or consequential damage not caused as a direct result of the failure of a warranted component of the Equipment. Should the failure of any original equipment component be determined to be directly caused by the OCM’s Equipment, this warranty shall be extended to cover that component, subject to pre-approval by the OCM. The OCM, at its discretion, may elect to repair the vehicle at one of its approved facilities, or allow the manufacturer’s dealer to perform repairs.

This warranty covers the end user only. It is not transferable to a subsequent owner of a vehicle, nor is it transferable to another vehicle. This warranty shall remain in effect for all vehicles transferred to another owned entity, subsidiary, or sister company of the original purchaser. Coverage excludes products or components subjected to abuse, neglect, corrosion, improper installation, or physical damage. Products which are modified, or adjusted without authorization of the OCM will void this warranty.

OCM will not be held liable for damages based on breach of warranty, breach of contract, negligence, strict liability, tort, or any other legal theory or any expenses incurred by reason of the use or sale of any such product which includes but is not limited to loss of use, loss of profit,

loss of savings or revenue, or any claims of the Parties including customers and injury to property.

The Company shall bear all transportation expenses for Labor and/or Parts warranty work to be performed at a site or facility other than Customer's location.

**Exhibit “E”**  
**Village of Orland Park**

**Warranty Procedure**

In the event of a failure, it is the duty of the Customer to prevent further damage. Customer shall use all reasonable means and precautions to protect the Equipment from further damage. Damage to the Equipment caused by not securing a timely repair of the failed component or related equipment will not be covered by the Warranty.

Upon failure or nonoperation of the Equipment, contact the Company first. Company will arrange to have the nonoperational Equipment serviced at an authorized OCM service center.

The OCM service center must obtain an authorization amount from the OCM prior to proceeding with repairs. The amount so authorized is the maximum that will be paid for the execution of any labor incurred in the repair process. Any additional amounts need prior approval.

The Customer may be required to authorize the repair facility to inspect or tear down the nonoperational Equipment to determine the cause and cost of the repair. The Customer will be responsible for these charges if it is determined that the Equipment failure is not covered under the Warranty. The Company and the OCM reserve the rights collectively and individually to require and perform inspection of the Equipment prior to any repair being performed.

The OCM will reimburse the repair facility or the Customer for the cost of authorized warranty repairs performed on the nonoperational Equipment. All repair orders and necessary documentation must be submitted to the OCM within thirty (30) days to qualify for payment.