

RAK MUNICIPALITY MODEL VILLA RETROFIT INITIATIVE

SERVICE AGREEMENT DRAFT

This Service Agreement and all Exhibits hereto (referred hereinafter as the "Agreement") is effective as of _____, 2018 (hereinafter called the "Commencement Date") by and between:

Ras Al Khaimah Municipality Department, P.O. Box 4, Ras Al Khaimah, United Arab Emirates, Tel # +971 72466666, Fax # +971 72333355, email address energy.initiatives@mun.rak.ae (hereinafter referred to as "RAK Municipality");

<villa owner name>, a UAE citizen living in the Emirate of Ras Al Khaimah at the address **<address>** with Emirates ID number **<emiratesID>**, (hereinafter referred to as "Homeowner");

RAK Municipality and the Homeowner are hereinafter individually referred to as a "Party" and collectively as the "Parties".

RECITALS

- a) RAK Municipality is implementing a Model Villa Retrofit Initiative (the "Initiative"), part of the Building Retrofit Program of the Energy Efficiency and Renewable Strategy 2040.
- b) As part of the Initiative, RAK Municipality conducted a public call for applications, open to all local Emiratis living in Ras Al Khaimah, to select the villa to be retrofitted.
- c) The Homeowner has been selected by RAK Municipality as the winner of the call for applications, and will have **his/her** villa retrofitted free of charge.
- d) RAK Municipality is implementing the Initiative in partnership with Abu Dhabi Future Energy Company PJSC – Masdar (hereinafter referred to as "Masdar"). Masdar is the technical partner who will be responsible for the actual implementation of the retrofit works at the selected villa.
- e) The purpose of this Agreement is to define the relationship between the Parties and their respective roles and responsibilities, in order to achieve a successful implementation of the Homeowner's villa retrofit.

Now, therefore, for good and valuable consideration flowing among the Parties hereto, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto do agree as follows:

1. VILLA SELECTION

- 1.1. RAK Municipality hereby selects the Homeowner as the recipient of the Initiative, meaning the Homeowner's villa will be retrofitted by Masdar working in partnership with RAK Municipality. The Homeowner accepts this selection by RAK Municipality,

under the terms and conditions of this Agreement. In addition, the Homeowner accepts in full the terms and conditions of this Agreement.

2. FEES

- 2.1. The Homeowner will have his/her villa retrofitted free of any charge. This includes mobilization cost, equipment purchase costs, installation costs, commissioning costs, maintenance costs and all other required costs for the successful conclusion of the retrofit works for the duration of the Agreement.
- 2.2. The Homeowner will fulfill his/her obligations outlined in articles 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7 and 4.8 free of any charge.

3. TERM

- 3.1. The term of this Agreement shall commence as of the date signed by both Parties, and shall continue in effect until three (3) years after the approval of the retrofit works' completion report.

4. OBLIGATIONS AND RESPONSIBILITIES OF THE HOMEOWNER

- 4.1. The Homeowner shall provide to RAK Municipality all documentation required to show proof of ownership of the villa. Additionally, the Homeowner shall also provide all required information about the villa energy consumption, FEWA bills and existing equipment. The Homeowner authorizes RAK Municipality to collect and FEWA to provide a copy of the energy and water bills for the period of twelve (12) months preceding the retrofit and thirty six (36) months following the retrofit.
- 4.2. The Homeowner shall provide access to RAK Municipality's and Masdar's teams to the villa, upon mutually agreed schedule, for the purpose of conducting the audit and retrofit works described in this Agreement.
- 4.3. The Homeowner agrees to act as an ambassador for the whole Initiative, as a public recognition of the works done and the energy savings and reduction in FEWA bills expected as a result of the retrofit works. As part of this role, The Homeowner is expected to share his/her personal experience with the public (both the process and its results), as an invited speaker at public events held by RAK Municipality, Masdar and other Emirates authorities, but also as a private citizen in his/her personal relationships and social events.
- 4.4. The Homeowner commits to share with the Municipality timely information (the "Information") regarding the results of the retrofit, including but not limited to the energy and water bills, occupants' satisfaction and equipment characteristics and performance, and allows RAK Municipality to publicly share the Information with any third parties and the general public. The sharing of the Information will be done with the purpose of showing how a successfully executed retrofit project can have a positive impact in the lives of the family living there, as well as a positive impact in the energy consumption and sustainability of Ras Al Khaimah. The sharing of the Information by RAK Municipality may take different forms, including but not limited to, press releases, publication in case studies and project reports, supporting white papers and research on residential retrofits, presentations in conferences, seminars and other similar events, and any other relevant dissemination channel. No further approval will be required from the Homeowner to use and share the Information.

- 4.5. The Homeowner agrees to allow access to RAK Municipality and Masdar for the evaluation of the results of the retrofit project collected by any measurement equipment installed at the villa, for measurement and verification (M&V) purposes, to validate the savings achieved compared to the initial expectations and to identify additional areas of improvement to share with the villa owner.
- 4.6. The Homeowner shall make the villa available for special events, with a maximum duration of half a day, at least once every quarter, for a minimum period of three (3) years after the date of conclusion of the retrofit works. These events will be used to demonstrate what were the actions implemented at the villa, their effectiveness and results, and the impact in the villa and its occupants. RAK Municipality will share with the Homeowner a proposed yearly schedule for these events at the start of each year. The proposed schedule will be commented by the Homeowner so a final schedule can be agreed by both Parties. This schedule will be held unchanged for the duration of the year, with the exception of force majeure events that make it impossible to keep the agreed date. For clarity of any doubts, dates cannot be changed because of personal reasons by the Homeowner, once the final schedule is agreed. RAK Municipality will be responsible for the event organization, including all necessary logistics, catering, media coverage and all other requirements for each particular event. The Homeowner is only requested to host the event, to welcome guests and to speak about the retrofit project and its results.
- 4.7. The Homeowner commits to keep ownership of the villa for the duration of this Agreement, and to continue to occupy the villa for his/her residence and his/her immediate family for the duration of the Agreement. The Homeowner is obliged to notify RAK Municipality and Masdar if the number of occupants living in the villa changes, as this will impact the villas energy levels. The Homeowner accepts that the use / purpose of the villa is for residential purposes only and is to remain residential for the duration of the Initiative. The Homeowner accepts that once the villa has been retrofitted, he/she may not undertake any additional retrofit works to the villa for the stipulated period of the agreement. If these condition is not met, RAK Municipality can claim from the Homeowner the full cost of the retrofit works.
- 4.8. The Homeowner agrees to follow the provisions of clause 7.16 below regarding reinstalling any items to the villa for the duration of this Agreement.

5. OBLIGATIONS AND RESPONSIBILITIES OF RAK MUNICIPALITY

- 5.1. RAK Municipality shall coordinate all activities and works under this Agreement with the Homeowner and with Masdar or any other partners agreed to work in the scope of this Agreement. RAK Municipality shall be responsible for all scheduling of activities with the Homeowner, who in turn will commit to the dates agreed.
- 5.2. RAK Municipality shall ensure a clear, direct and concise communication with the Homeowner, to facilitate information exchange, to drive all efforts for the execution of the works and to ensure the success of the Initiative.
- 5.3. RAK Municipality shall minimize the impact and disruption to the Homeowner and his/her family living at the villa of the necessary works to be conducted under this Agreement, including audit works, retrofit works, dissemination actions and all other types of activities necessary for the success of the Initiative.

- 5.4. RAK Municipality, Masdar and any other third-party conducting work at the villa, will have the necessary insurances in place to cover any liability to the Homeowner of eventual accidents or damages to the villa during the audit works and retrofit works. In the very unlikely event some accident or damage happens, the referred insurance will be activated and the owner compensated for the damages incurred.
- 5.5. RAK Municipality and Masdar will be responsible for all dissemination activities of the Initiative's results, with the support from the Homeowner as described in the previous section.

6. AUDIT WORKS

- 6.1. The scope / extent of the works will be clearly defined at this stage of the project and this will include identifying the building(s) which will be subject to the retrofit. For purpose of clarity, it is expected that the main villa will be the beneficiary of the retrofit works and that any additional outbuildings or annexes shall not be retrofitted.
- 6.2. RAK Municipality will define with the Homeowner the scheduling of the energy audit to be conducted at the villa by Masdar.
- 6.3. Masdar will identify the persons to conduct the audit at the villa, comprised of specialists in energy efficiency and energy audits. They will be clearly identified at the time of the audit, and will be accompanied by a representative from RAK Municipality. The audit is expected to take a minimum of one full day. Confirmation of actual duration will be provided by Masdar at time of scheduling.
- 6.4. The audit will be conducted at the scheduled date and time and auditors will make all efforts to minimize disruption to the villa and its occupants. The Homeowner is expected to be present during the audit, to ensure no problems happen during the audit works, and to provide any requested information or clarification. Unrestricted access to all villa areas (including common areas, living quarters, technical areas, roof, basement (if applicable) and exterior areas) is expected during the audit.
- 6.5. The audit will serve to collect information about the villa and its installed equipment, as well as usage and occupancy patterns. It will cover the envelope, cooling, lighting, water and any other relevant existing systems. It will also be used to confirm the provided energy baseline.
- 6.6. If there is the need to leave measuring equipment at the villa for a period of time (some days to one week), this will be clearly communicated to the Homeowner and the measuring equipment will be left at a place that does not cause inconvenience to the villa's occupants. The measuring equipment will be collected when no longer necessary, in a date and time scheduled and agreed with the Homeowner.
- 6.7. Masdar is responsible for all liabilities arising during the audit works. For this purpose, convenient insurance will be in place for the auditing team and Masdar itself, to make sure any eventual accidents or damages to the villa during the audit are covered. In the very unlikely event some accident or damage happens, the referred insurance will be activated and the owner compensated for the damages incurred.
- 6.8. Based on the information collected in the audit, an audit report will be prepared by Masdar, reviewed by RAK Municipality and signed by both Parties. The audit report will include an executive summary, the villa description and energy consumption, the

energy conservation measures (ECMs) and the recommended actions to improve the energy efficiency in the villa and reduce its energy consumption, and the expected benefits and impacts of those ECMs and actions.

- 6.9. The Homeowner will have to provide a full acceptance of the complete recommended actions. The reason is to maximize the energy savings and the benefit potential of this pilot project, so that it can fulfil the expectation of becoming a reference project in Ras Al Khaimah, raise awareness and motivate other local owners to be interested in retrofitting their own villas.
- 6.10. The Homeowner will be requested to approve and sign the audit report, particularly the recommended actions to be implemented in the retrofit stage. The signed audit report will complement the Agreement and will jointly form the “Final Agreement”. By signing the audit report, the Homeowner authorizes the execution of the retrofit works, acknowledges he/she has full understanding of the works that will be done at the villa, accepts the ECMs as they are proposed and waives any future claims on replacement of equipment, features and solutions installed and services provided.
- 6.11. All reasonable efforts will be made by RAK Municipality and Masdar to accommodate the Homeowner’s feedback to reach the Final Agreement. If a final agreement cannot be reached, even after several attempts, the Homeowner will be formally notified of the cancellation of the model villa retrofit project.

7. RETROFIT WORKS

- 7.1. Once a Final Agreement is reached, the retrofit works can start. For this purpose, Masdar will prepare a work plan for the retrofit works, clearly describing all necessary activities to be implemented, the implementation timelines, the particular requirements for each activity, the team members to be involved in the execution and all sub-contractors to be engaged. It should also clearly indicate the times when access to the villa is necessary, for how long, and a description of the activities to be performed, including the expected impact for the occupants.
- 7.2. RAK Municipality will nominate a responsible person to accompany the retrofit works. The work plan will be shared with the Homeowner for approval, after incorporating any necessary comments and adjustments (particularly to villa availability timelines).
- 7.3. The retrofit works will cover all areas and systems described in the ECMs from the recommended actions, and may include a monitoring system for the electricity and water consumption in the villa, as well as some comfort parameters (such as temperature or humidity). This information will be collected in real time and centralized in a database, and the results will be shared within the project and with the public in general (with some restrictions and anonymization to protect personal data). For this purpose (if applicable), the Homeowner will allow the usage of the villa’s internet connection. If none exists, it will be provided by the project.
- 7.4. All persons involved in the retrofit works will be clearly identified while working in the villa, including all sub-contractors engaged. The retrofit works will be conducted at the scheduled date and time and all team members will make all efforts to minimize disruption to the villa and the occupants.

- 7.5. Access to the villa areas where each of the retrofit works activities will take place is required, as per the work schedule. The Homeowner does not need to be present during the retrofit works, but he/she is encouraged to be present or to nominate a representative to act in his/her behalf.
- 7.6. Some activities may require interruption of electricity or water supply during short periods, may cause noise or other inconvenience to the occupants and may limit the access to the particular villa area being worked on. This will be described as thoroughly as possible in the work plan, but may not be possible to fully describe the impact and inconvenience to the occupants.
- 7.7. Masdar is responsible for all liabilities arising during the retrofit works, including liability for all sub-contractor works. For this purpose, convenient insurance will be in place for the team members, Masdar itself, and all sub-contractors, to make sure any eventual accidents or damages to the villa during the retrofit works are covered. In the very unlikely event some accident or damage happens, the referred insurance will be activated and the owner compensated for the damages incurred.
- 7.8. The Homeowner is requested to share a full inventory of all valuables in the villa before the start of the retrofit works, so these can be accounted for and confirmed untouched and undamaged at the time of completion of the retrofit works. If any valuable is missing or damaged because of the retrofit works' direct action, the referred insurance will be activated and the Homeowner compensated for the losses and damages incurred.
- 7.9. When the retrofit works are completed, a completion report will be prepared by Masdar describing all actions done in the scope of the retrofit, and this completion report will be reviewed by RAK Municipality.
- 7.10. The Homeowner is requested to approve the completion report, incorporating all relevant comments. The completion report will be signed by all Parties to mark the successful completion of the retrofit works.
- 7.11. The Homeowner must be available to attend an operational briefing of the retrofitted villa. The Homeowner further commits to abide by and follow the operational instructions / guidance provided.
- 7.12. If any problems arise during the execution of the retrofit works (such as unavailability of the villa in the scheduled dates and times, unforeseen changes to the work plan, improper behavior from any team member, improper handling of the villa's property, or any other), they will be addressed by Masdar's project manager, RAK Municipality representative and the Homeowner (or respective representative). A solution will be discussed and agreed between all Parties, to be immediately implemented.
- 7.13. Recurrence of similar problems by any Party may lead to the resolution of the Agreement. In the unlikely event of an Agreement resolution is necessary, the Homeowner will be formally notified of the cancellation of the model villa retrofit project.
- 7.14. Masdar will provide operation and maintenance services (through a 3rd party) for all equipment installed or upgraded in the scope of the retrofit works, for a period

of three (3) years after the date of signature of the completion report. For this purpose, Masdar will propose a maintenance plan to be agreed by the Homeowner, describing the activities to be performed, their periodicity, the requested access to the villa and the expected impact for its occupants. A yearly report will be presented by Masdar at the end of each year of maintenance, describing the maintenance activities done during the previous year and any identified problems.

7.15. All installed equipment will be covered by warranty for a minimum of three (3) years, (subject to agreement with 3rd party supplier) as per the standard warranty terms and conditions provided by the respective supplier. Any problems with the installed equipment will be dealt with by Masdar, who will activate the necessary warranty conditions with the equipment supplier if needed.

7.16. The Homeowner agrees and acknowledges that once the retrofit works described in this clause 7 have been completed in the villa, (i) it will not be possible to reinstate the villa to its previous state for a period of three (3) years and (ii) any items that have been installed as part of the retrofit work will not be able to be removed for that three (3) year period and items removed cannot be reinstalled for that same period. Masdar will not be responsible for reinstating any previous works after the agreed period.

8. REPRESENTATIONS AND WARRANTIES OF THE OWNER

8.1. RAK Municipality and Masdar hereby represent and warrant to the Homeowner as of the date hereof as follows:

8.1.1. Each Party is duly organized and validly existing;

8.1.2. Each Party has full power and authority, and has taken all action necessary, to execute, deliver and exercise its rights, and perform its obligations, under this Agreement;

8.1.3. Each Party obligations under this Agreement are enforceable in accordance with their respective terms; and

8.1.4. The person executing this Agreement on the behalf of each Party has full power and authority to execute and deliver this Agreement on behalf of such Party.

8.2. The Homeowner hereby represent and warrant to RAK Municipality and Masdar as of the date hereof as follows:

8.2.1. Homeowner is an Emirati national;

8.2.2. Villa is located in Ras Al Khaimah Emirate;

8.2.3. Homeowner is the owner of the villa and is living there with **his/her** family;

8.2.4. Homeowner has available previous twelve (12) months of FEWA bills;

8.2.5. Villa has a total gross floor area (m²) between 500 m² and 1,000 m²;

8.2.6. Villa has been constructed between 2008 and 2013 (both inclusive);

8.2.7. Homeowner has at least one of the following numbers issued by RAK Municipality for the villa: building permit number, plot number or completion certificate number;

8.2.8. Villa is built with concrete structure, concrete foundation, concrete beams and concrete slabs;

8.2.9. Villa is built with concrete block walls;

8.2.10. Homeowner confirms acceptance of the Initiative's terms and conditions;

8.2.11. Homeowner confirms acceptance of the Initiative's Agreement;

8.2.12. Homeowner allows access to the villa for audit and retrofit project works;

8.2.13. Homeowner allows public sharing of retrofit results after implementation; and

8.2.14. Homeowner accepts to host at the villa half a day quarterly events for a minimum of three (3) years after implementation.

9. CONFLICT OF INTEREST

9.1. Each Party shall ensure no conflict of interest exists or is perceived to exist by the other Party for the Term of the Agreement.

9.2. In the event that a conflict of interest arises or is perceived to arise, the respective Party shall immediately notify the other Party in writing explaining the nature of the conflict of interest and the action it has taken to resolve the conflict of interest.

9.3. The conflicting Party shall satisfy the other Party that the actions taken in clause 9.2 are sufficient to resolve the conflict of interest.

10. INDEPENDENT CONTRACTOR

10.1. RAK Municipality (and its partner Masdar) will act solely as an independent contractor in performing the scope of works, and nothing herein will at any time be construed to create a relationship of employer and employee, principal and agent, partners, or joint ventures between RAK Municipality and the Homeowner, or any of the Homeowner's representatives or agents.

10.2. Each Party shall be solely responsible for the compensation, benefits, contributions and taxes, if any, of its representatives, employees, subcontractors and agents.

11. CONFIDENTIALITY

11.1. The Homeowner shall not disclose any information or any material of commercial value to RAK Municipality (or its partner Masdar) of which it becomes aware of by any means in any manner whatsoever or which is furnished to him pursuant to this Agreement (hereinafter "Confidential Information"), except as provided in 11.2, and shall hold and maintain the Confidential Information in strictest confidence. This non-disclosure also extends to all data from the villa within the scope of the scope of work orders. The Homeowner hereby agrees to indemnify RAK

Municipality against any and all losses, damages, claims, expenses, liabilities and attorneys' fees incurred or suffered by RAK Municipality as a result of a breach of this article by the Homeowner or its representatives.

11.2. Each Party may disclose all other Parties' Confidential Information to its responsible representatives with a bona fide need to know such confidential information, but only to the extent necessary to execute the scope of works and only if such employees or representatives are advised of the confidential nature of such information and the terms of this Agreement and are bound not to disclose such Confidential Information. Each Party shall take all steps necessary to ensure that the obligations and restrictions imposed on the respective Party by this Agreement are observed by its representatives and shall be responsible for any breach of this Agreement by any of its representatives.

11.3. The Agreement and everything contained and incorporated therein or arising there from (including the scope of works) shall be treated as strictly confidential and shall not be used, published, or divulged by any Party without the prior written consent of the other Party.

11.4. The Homeowner's obligations under this article shall continue in full force for a period of three (3) years after the termination of the term of the Agreement.

12. NOTICES

12.1. All formal notices to be given by a Party to the other Party under the terms of the Agreement must be served in writing and may be received by hands, sent by registered mail with acknowledgement of receipt to the addresses, sent by electronic email or faxed to the fax number of the concerned Party. The correct addresses, email addresses and fax numbers of each of the Parties are described in the preamble of this Agreement or such other address as the Party to be served shall have previously notified in writing.

12.2. Any such written notice addressed in the manner described shall be deemed to have been received by the other Party upon the date received by the other Party as evidenced by the recipient's acknowledgement of receipt.

13. TERMINATION

13.1. In the event of any breach by, or failure of any Party to comply with any of its obligations or responsibilities under this Agreement, the other Party may, without the need for any legal proceedings or court decision, terminate the Agreement as a result of such default, if within fifteen (15) days after receipt of written notice from the other Party, the defaulting Party fails to remedy such default. Upon termination due to default, all Parties shall stop all ongoing work.

13.2. RAK Municipality reserves the right to terminate this Agreement unilaterally and according to its convenience at any time upon the expiry of thirty (30) days written notice to the Homeowner.

13.3. All terminations of this Agreement shall be deemed valid and effective without the need for any legal proceedings or court decision or further notice.

14. DISPUTE RESOLUTION

14.1. In the event of any disagreement or dispute concerning this Agreement, RAK Municipality (and its partner Masdar) and the Homeowner shall exercise reasonable efforts to resolve the matter amicably within fifteen (15) days from sending a notice of dispute to the other Party. Failing to the foregoing, either Party may refer the dispute to the Courts of Ras Al Khaimah, who shall be the competent authority for final settlement.

15. APPLICABLE LAW

15.1. This Agreement shall be governed by and construed in accordance with the laws applicable in the Emirate of Ras Al Khaimah and the Federal laws of the United Arab Emirates.

16. ENTIRE AGREEMENT

16.1. This Agreement constitutes the entire agreement and supersedes all prior agreements and understanding, both written and oral, between the Parties related to the subject matter hereof. It shall not be amended, supplemented or superseded except by a written agreement signed by both Parties.

17. SURVIVAL

17.1. The obligations of the Parties under article 12 of this Agreement shall survive termination or expiration of this Agreement for a period of three (3) years.

18. GENERAL PROVISIONS

18.1. The invalidity, illegality or unenforceability of any of the provisions, terms or conditions of the Agreement shall not affect the validity, legality or enforceability of the remaining provisions, terms or conditions of the Agreement.

18.2. All communications of whatsoever nature between the Parties in connection with the Agreement or the performance of the scope of works shall be given in the English language.

18.3. This Agreement has been executed in two original copies in English and each Party has received one original copy hereof.

18.4. No variation of this Agreement or any of the documents referred to herein (if any) shall be valid unless in writing and signed by or on behalf of each of the Parties.

IN WITNESS WHEREOF, the Parties evidence their agreement through the execution of this Agreement by their duly authorized representatives.

<p>Executed for and on behalf of</p> <p>Ras Al Khaimah Municipality</p> <p>By</p> <p>_____</p>	<p>Executed for and on behalf of</p> <p><villa owner name></p> <p>By</p> <p>_____</p>
<p>Signature:</p> <p>_____</p> <p>Munther Mohammed bin Shekar</p> <p><i>Director General</i></p>	<p>Signature:</p> <p>_____</p> <p>Name</p> <p><i>Villa Owner</i></p>

