

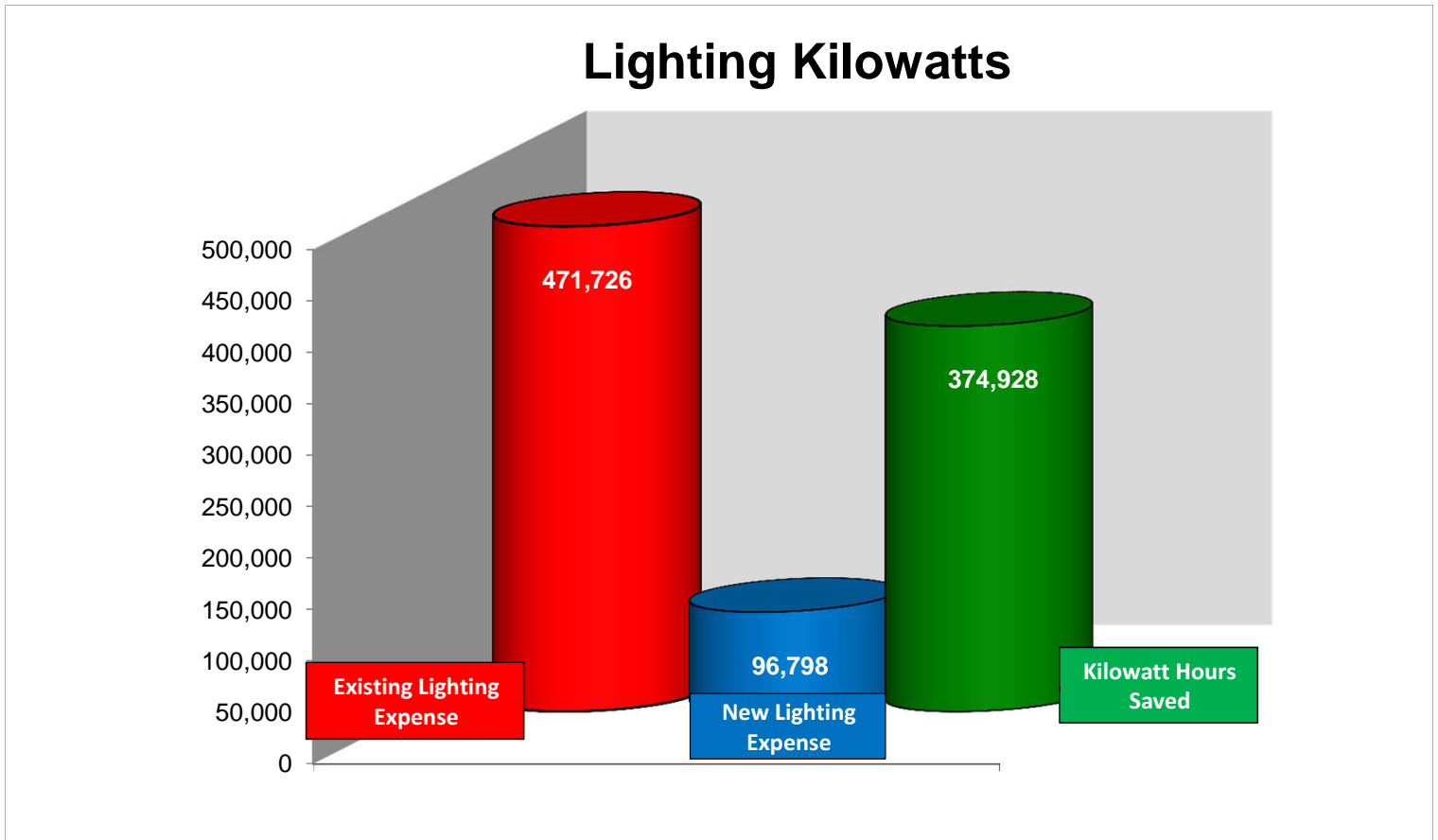


Modern Energy Concepts
5925 Fair Oaks Blvd. #6
Carmichael, CA 95608
(916) 339-7139 (916) 679-0333 fax

Presented To:

**Car Dealership
Auto Mall
West Sacramento, CA**

November 30, 2011

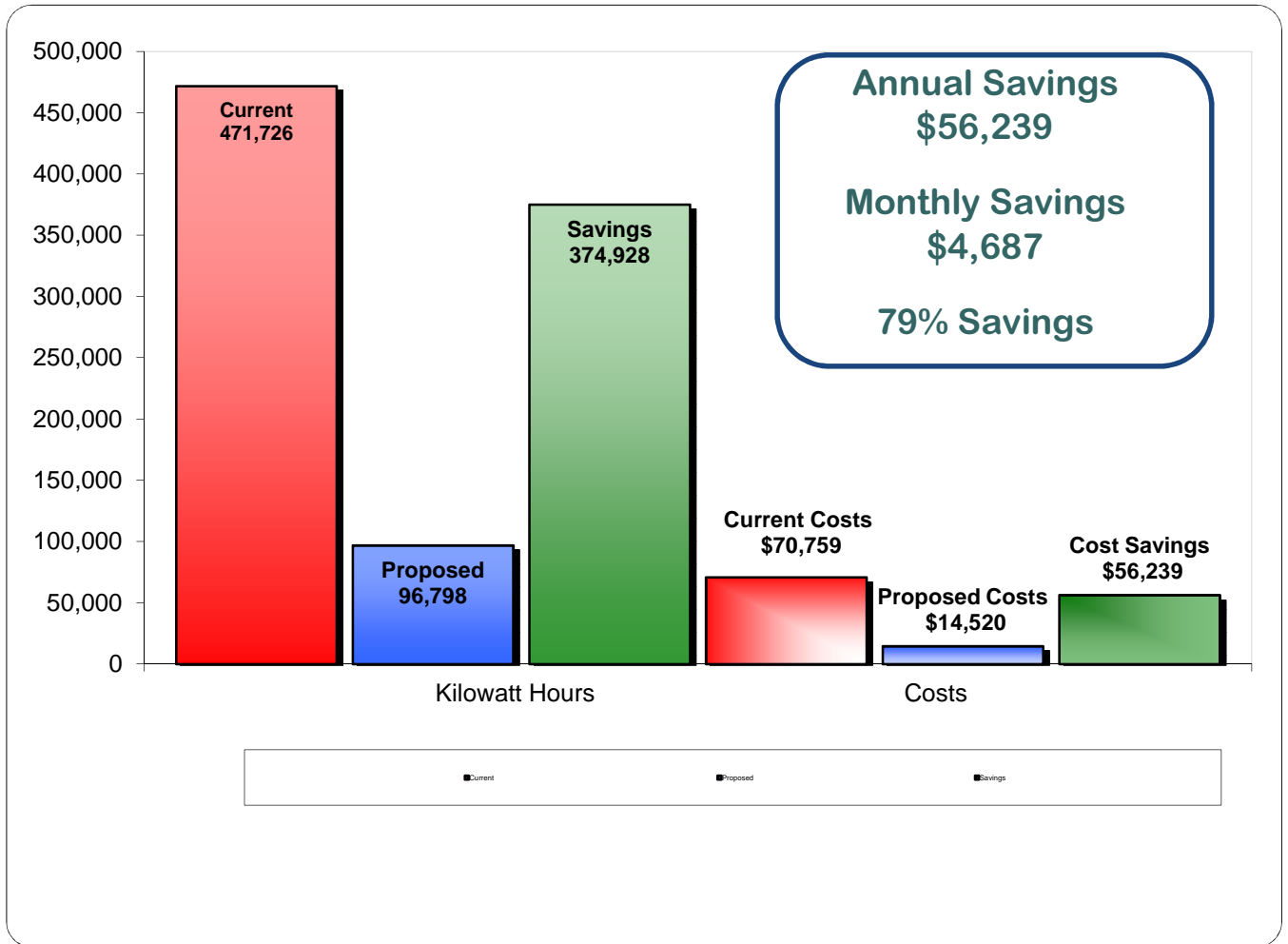


Look up! Are you wasting energy?

In the following pages Modern Energy Concepts will show you how to save energy, lower your lighting costs and help the environment!

MEC
(866) 391-2297
info@getmec.com

Car Dealership



Based on **4,380** annual kilowatt hours at **\$0.1500** cents a kilowatt

It's EASY to



Wasting Energy!

Each month that goes by without taking action is wasting valuable resources not to mention costing you

\$4,687
Monthly

Help save the environment!

Carbon Dioxide Reductions

741 tons over 10 yrs

Equal to not driving 1,851,759 miles

Equal to planting 8.4 acres of trees

- Reduce Overhead
- Improve Production
- Significant Federal Tax Savings
- Short Term Capital Expenditure Recovery



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Energy Usage and Savings Summary

Car Dealership

PROJECT EXPENSE	\$166,345.25
<i>MATERIALS: \$156,345.25 LABOR: \$10,000.00</i>	
UTILITY REBATE (assigned to others)	-\$18,746.40
NET PROJECT EXPENSE	\$147,598.85
FEDERAL TAX BENEFITS (Section 179)	\$51,659.60
FINAL PROJECT COST	\$95,939.25

TOTAL MONTHLY SAVINGS: 79%	\$4,836.60
<i>MONTHLY ENERGY COST SAVINGS</i>	<i>\$4,686.60</i>
<i>MONTHLY SENSOR SAVINGS</i>	<i>\$0.00</i>
<i>MONTHLY MAINTENANCE SAVINGS</i>	<i>\$150.00</i>
SIMPLE PAYBACK (months)	19.8

Help save the environment!

Carbon Dioxide Reductions

741 tons over 10 yrs

Equal to not driving 1,851,759 miles

Equal to planting 8.4 acres of trees

Location	Existing						Retrofit						Savings	
	Luminaire Type	Qty	Annual Hours	Watts	Energy (kWh)	Energy Cost	Luminaire Type	Qty	Annual Hours	Watts	Energy (kW.h)	Energy Cost	kWh Savings	Annual Cost Svgs
Parking Lot	1000w MH	100	4,380	1,077	471,726	\$ 70,759	221w LED	100	4,380	221	96,798	\$ 14,520	374,928	\$ 56,239

Utility: PGE
Cost per kWh: 0.15

Existing kWh 471,726
Proposed kWh 96,798
kWh Saved 374,928

	Annual	Monthly
Lighting Cost Before Retrofit	\$ 70,759	\$ 5,897
Lighting Cost After Retrofit	\$ 14,520	\$ 1,210
Energy Cost Saved	\$ 56,239	\$ 4,687



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Section 179 and Bonus Depreciation for 2011

Overview:

Section 179 and Bonus Depreciation are some of the most significant incentives contained in any of the recent Stimulus Bills meant to spur growth for Small businesses and Enterprises alike.

Section 179 Deduction

Under SBJA, qualifying businesses can now expense up to **\$500,000** of section 179 property for tax years beginning in 2010 and 2011. Without SBJA, the expensing limit for section 179 property would have been \$250,000 for 2010 and \$25,000 for 2011. The deduction begins to phase out dollar-for-dollar after \$2 million is spent by a given business on section 179 property and placed in service during the tax year (12/31/2011).

NOTE: New AND Used Equipment is eligible and there are limitations to how much you can expense vs. your business income.

Bonus Depreciation:

The recent passing of the 'Tax Relief Act of 2010' enables companies who acquire more than \$2,000,000 in qualifying equipment to take a bonus depreciation of **100%** on the amount that exceeds the limit! The main difference from Section 179 being that all equipment deducted using Bonus Depreciation must be New equipment. Like Section 179 the equipment must be put into service in the 2011 Taxable Year ending 12/31/2011.

EXAMPLE OF TAX SAVINGS - SECTION 179 DEDUCTION

Equipment Cost:	\$147,598.85
Section 179 Deduction:	\$147,598.85
100% Bonus Depreciation:	\$0.00
Total 1st Year Tax Write-off:	\$147,598.85
Tax Savings on Equipment Purchased/Leased:	\$51,659.60
<i>(Assuming a 35% Tax Bracket)</i>	
Net Equipment Cost after Tax Savings:	\$95,939.25

The calculation shows how taking advantage of Section 179 & Bonus Depreciation can significantly lower the true cost of equipment ownership.

Additional Info and Helpful Links:

The Section 179 deduction and bonus depreciation are not automatic. Qualifying taxpayers who'd like to take advantage of the deductions and treat the cost of eligible property as an expense must elect to do so on **Form 4562**.

Helpful Links:

www.irs.gov/pub/irs-pdf/p946.pdf and <http://www.irs.gov/formspubs/article/0,,id=233619,00.html>.

We encourage you to consult with your tax advisor for further clarification.

For Additional Information:

We're happy to provide a free consultation to help determine the best equipment finance solution for your company and the potential tax benefits available. Please contact your sales representative for additional info. Thank you!

36 Month Lease Financial Summary

Car Dealership

*Reduce your up-front cash outlay AND
use the energy savings to pay for project!!*

Total Monthly Savings **\$ 4,837**
Monthly Lease Payment (oac) **36 Months \$ (4,728)**

Principal = Total Project \$166,345 Less Rebate (\$18,746) = Net Project Cost \$147,599

Net Cash Flow	\$ 109
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Additional Monthly Savings:

Estimated Monthly Sensor Savings **\$ -**

Total Monthly Cash Savings	\$ 109
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Projected Tax Benefit Based on Section 179 **\$ 51,660**

At the end of the lease term, a \$1.00 buyout is due.

10 Year Cash Flow Recap

Year	Projected Tax Benefit Based on Section 179	Utility Savings w/3% Inflation	Maintenance Savings	Annual Lease Payment	Annual Cash Flow
1	\$51,660	\$56,239	\$1,800	\$56,731	\$52,968
2	\$0	\$57,926	\$1,800	\$56,731	\$2,995
3	\$0	\$59,664	\$1,800	\$56,731	\$4,733
4	\$0	\$61,454	\$1,800	\$0	\$63,254
5	\$0	\$63,298	\$1,800	\$0	\$65,098
6	\$0	\$65,197	\$1,800	\$0	\$66,997
7	\$0	\$67,153	\$1,800	\$0	\$68,953
8	\$0	\$69,167	\$1,800	\$0	\$70,967
9	\$0	\$71,242	\$1,800	\$0	\$73,042
10	\$0	\$73,379	\$1,800	\$0	\$75,179

Your Annual Savings After Lease Paid In Full

The figures provided should be verified by a trusted tax professional. Tax deductions are based on 34% Federal tax rate. MEC does no responsibility for any future changes in tax law or other incentives. The calculations above are for illustration purposes only.

*Federal Accelerated Tax Deduction is based on a rate of up to \$0.60 per square foot of area retrofit as well as your tax bracket.



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CR Resource Contracting Inc.
CA State License #816871

6628 Chastain Street
Orangevale, CA 95662
(916) 905-2035

4301 E. Valley Blvd.
Los Angeles, CA 90032
(866) 391-2297

LIGHTING INSTALLATION AGREEMENT

This agreement, made and entered into this day and year below written, by and between
CR Resource Contracting Inc., hereinafter referred to as "Contractor" and
Car Dealership hereafter referred to as "Customer".

WITNESSES:

WHEREAS, customer desires to have Contractor perform the lighting system project at:

Location **Auto Mall** City/State **West Sacramento, CA**

WHEREAS, Contractor desires to work for customer for the price of **\$10,000.00**

Terms: 25% due at time of signing, balance on completion

Now, therefore, in consideration of the mutual covenants, terms and conditions herein contained,
the parties hereto do hereby mutually agree as follows:

- 1) Contractor agrees to perform the necessary and appropriate installation services of lighting systems and supply all parts necessary to install **100** fixtures or retrofits see attachment "A". In accordance with specifications set by the manufacturer. Such installation shall meet with the manufacturer's requirements of mounting, method of securing to building, neatness and clearance and shall comply with all local laws and ordinances applicable to such work. Contractor further agrees to dispose of all lamps, ballasts and old fixtures. Any PCB ballasts shall be disposed of but with an additional charge.
- 2) Contractor shall furnish the mounting brackets, all necessary, fittings, trained and qualified personnel with vehicles, construction other equipment and tools needed to complete the installation.
- 3) Contractor guarantees all work to be performed under this Agreement against defects in workmanship for the period of 1 year from the date of final signed acceptance of completed work by customer. Contractor shall within two (2) working days after receipt of written notice thereof, repair any defect in workmanship which may be discovered during said guarantee period and repair any other work caused by such defects or the repairing of the same, at Contractor's own expense and with out cost to customer. Contractor shall keep in effect a Comprehensive General Liability Insurance policy with a minimum limit of \$1,000,000.00 per occurrence. Contractor to defend and indemnify customer for any claim or liability or expense, including reasonable attorney's fees resulting from the activities of Contractor in providing installation services.
- 4) Customer acknowledges, understands, and agrees that Contractor is an "Independent Contractor" and none of Contractor's work is directed or controlled by any employee, agent, or affiliate of customer. Contractor shall provide customer with proof of their State Licenses and Business Licenses.
- 5) Contractor shall use its best efforts to perform the installation work called for by this Agreement in a professional manner and in conformity with customary practices in the industry.
- 6) Either party may terminate this Agreement with or without cause upon at least ten (10) days written notice to the other.

CUSTOMER: **Car Dealership**

By: _____

By: _____

CR Resource Contracting Inc.

Print Name: _____

Date: _____

Date: _____

Z Energy Electric LIGHTING CONTRACT
P.O. Box 114, Pilot Hill, CA 95664 (530) 308-4619

Car Dealership ("Owner"), and **Z Energy Electric**, License ("Contractor"),
C10 #867242 agree as follows:

1. Contractor will furnish all labor and materials necessary to install lighting retrofit measures at:

Address: **Auto Mall**

City/State: **West Sacramento, CA**

2. **Contract Price.** Owner will pay Contractor **\$10,650** (the "contract price") for materials and labor.

The contract price includes:

- Installation of measures detailed in "exhibit A"
- Removal and disposal of all lamps and ballasts. Any PCB ballasts found will be put into a 55 gallon hazardous waste drum and the owner will be charged the disposal fee for said PCB ballasts.
- Installation of the equipment in accordance with state and county codes.
- One (1) year labor warranty on installation work.

Specifically excluded from the contract price are permitting application and cost of permit also any other work outside the scope of this contract

Payments of the contract price shall be made as follows:

40% is due upon signing this contract 40% is due upon half the fixtures either retro fitted or replaced and the balance due upon completion of this work. Or if owner chooses to use financing a \$100 deposit will be required at signing, and the balance due upon completion of this work.

If Owner fails to make any of the payments described above, Contractor may submit a written demand for payment to Owner. In that case, Owner must provide Contractor with the payment within two business days following receipt of the demand.

3. **Extra Work.** If Owner in writing directs or requests Contractor for any changes to the specifications on Exhibit A or additional work not listed on Exhibit A, the cost of the additional work shall be mutually agreed and added to the contract price and paid by Owner on completion of the additional work.

4. **Time for Completion.** Contractor must commence work on the Project within thirty (30) calendar days after receipt of executed contract, unless delayed by one of the causes mentioned in Paragraph 8 of this Contract, complete construction of the project in not more than sixty (60) working days thereafter.

5. **Charges and Liens.** Contractor must pay all charges incurred for labor used in the construction of the project as they become due. If Contractor fails to pay any such charge, Owner may pay the charge on Contractor's behalf and will be reimbursed by Contractor, on request, for the payment. Owner, however, will not be entitled to collect from Contractor any greater amount under this paragraph than the amount actually paid by Owner in settlement or discharge of the charge.

6. **Workers' Compensation Insurance.** Contractor, at Contractor's own cost and expense, must procure and maintain during the continuance of this Contract a policy of workers' compensation or employer's liability insurance for the protection of Contractor's employees engaged in work on the Project. Contractor shall require the same of any subcontractor hired to perform labor on the Project.

7. **Contractor's Power to Terminate Contract.** If Owner fails to pay to Contractor within ten (10) days after it becomes due any amount payable by Owner to Contractor pursuant to this Contract, Contractor may, by giving 24 hours written notice to Owner, stop work on the Project. Thereafter, Contractor may use all lawful means, including actions by labor or contractors' associations induced by Contractor, to prevent further work from being done on the Project until all past due payments have been received by Contractor and Owner has posted a bond satisfactory to Contractor for the payment of all amounts that will thereafter become due to Contractor under this Contract.

8. **Unavoidable Delays and Defaults.** Either party to this Contract will be excused for any delays or defaults by that party in the performance of this Contract that are unavoidably caused by any of the following: an act of the other party; an act of any agent of the other party; an act of any governmental authority; an act of any public

enemy; an act of God; the elements; war; war defense conditions; riots; litigation; strikes; walkouts; or any other causes beyond that party's control. Each party must use reasonable diligence to avoid any such delay or default and to resume performance under this Contract as promptly as possible after any such delay or default.

9. **Completion.** The Project is completed upon final inspection by the applicable county building department.

10. **Arbitration of Disputes.** If any dispute arises concerning the Project, any provision of this Contract, or any provision of a subcontract that is subject to this Contract, the dispute will be settled by arbitration held in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association in effect at the time a demand for arbitration is filed with the Association. Any party to the dispute may file, in the manner provided by the Construction Industry Arbitration Rules of the Association, a demand for arbitration. The written decision of the arbitrator or arbitrators appointed by the Association will be final and conclusive as to all parties to the dispute. If any party fails or refuses to appear or participate in the arbitration proceedings, the arbitrator(s) may decide the dispute on the evidence presented in the proceedings by the other party or parties to the dispute. The arbitrator(s) will have the power to award to any party or parties to the dispute any sums for costs, expenses, and attorneys' fees that the arbitrator(s) deems proper. Judgment may be entered on the award in any court of competent jurisdiction. This provision will be binding on Owner, Contractor, and any subcontractor or sub-subcontractor who signs this Contract or another contract that incorporates this Contract by reference.

11. **Clean Up.** Contractor must, on completion of the Project remove all debris and surplus materials from the site.

12. **Notices.** Any and all notices or other matters required or permitted by this Contract or by law to be served on, given to, or delivered to either Owner or Contractor by the other party to this Contract must be in writing and will be deemed duly served, given, or delivered when (1) personally delivered to the party to whom it is addressed or to a supervisory employee of that party, or (2) deposited in the United States mail, first-class postage prepaid, addressed to Owner at address above, or to Contractor at P.O. Box 114, Pilot Hill, CA 95664. Either party may change the party's address for these purposes by giving written notice of the change to the other party in the manner provided in this paragraph.

13. **Sole and Only Agreement.** This instrument constitutes the sole and only agreement of the parties to this Contract relating to the project and correctly sets forth the rights, duties, and obligations of each to the other as of its date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Contract are of no force and effect.

14. **Licensing and Regulation of Contractors.** Contractors are required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within ten years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

OWNER: Executed _____

Car Dealership

Signature of Owner/Authorized Agent

Print Name_

CONTRACTOR: Gary J. Lee, Z Energy Electric

P.O. Box 114
Pilot Hill, Ca 95664 (530) 308-4619

California Contractor's License Number:C10 #867242

Signature Executed _____

Castaneda Electrical Services

Northern California
5925 Fair Oaks Blvd Ste 7
Carmichael, CA 95608
(818) 275-2707

Southern California
6851 Nestle
Reseda, CA 91335
(818) 275-2707

In that **Car Dealership** hereinafter Client desires to contract Castaneda Electrical Services, to install energy efficient lighting system at Clients business site located at:

Auto Mall West Sacramento, CA hereinafter Site.

Section 1. For its Part, and Justification for Payment, Castaneda Electrical Services Shall Provide the Following Service

1. Develop a lighting and control systems Project for Energy Reduction (hereinafter PER) for **Client**, a copy of the project plan shall be attached and made part of this agreement Exhibit A.
2. Install energy efficient lighting upgrade as per material invoice.
3. Dust existing lenses, as required by Utility rules.
4. Castaneda Electrical Services does not accept responsibility for any pre-existing electrical problems, including but not limited to, broken fixture parts, broken or brittle plastic lens, faulty wiring or code violations Castaneda Electrical Services reserves the right to not complete fixtures which have such

Section 2. In Consideration for the Above Services Client Shall

Pay the agreed upon sum for the installation **\$11,700** due within 15 days of substantial complet

Customer shall allow Castaneda Electrical Services free and clear access to fixtures that need to be changed, move obstructions that would hinder or prevent access.

Section 3. Representation and Warranties

Castaneda Electrical Services warranties to Client that all labor and workmanship shall be done to state and local code. Any failures due to installation or labor shall be covered for the entire cost of installation for that product. If a lighting product is damaged because of installation labor that individual product and the Labor will be paid by Castaneda Electrical Services.

THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, and THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. Castaneda Electrical Services shall install only products, selected by Client, which meet current standards of safety and comply with standards of industry safety that, are in effect at the time of the installation. Underwriters Laboratories, C.S.A., I.T.L, CE, normally establish such safety requirements and/or other registered testing authorities. By Client's execution of this Agreement Client hereby accepts the type and class of material and waives any right of termination due to product incompatibility with personnel, other equipment, company or personal property, or for any other reason.

The venue for this Agreement is the state of California. If any portion of this Agreement is held to be void or voidable only that section shall be void and wherever possible the applicable law should be read into and substituted for said voidable provision. This document and Exhibit A constitute the entire Agreement.

In Witness whereof, and intending to be legally bound, the parties hereto subscribe their names to this instrument

Authorized Agent: Castaneda Electrical Services Authorized Agent for: Car Dealership

BY: _____
Signature

BY: _____
Signature

DATE: _____

DATE: _____