



January 29, 2018

Mr. Thomas Esqueda
Director of Public Utilities
City of Fresno
2600 Fresno St
Fresno, CA 93721

Dear Mr. Esqueda,

As covered in our recent email correspondence, we have decided not to proceed with development on our site at the Waste Water Reclamation Facility at the pace initially planned. We have informed PG&E and executed a termination of our contract with them, Energy Nuevo's energy storage agreement (ESA).

We fully intend, however, to maintain our 10 acre lease and 15 acre lease option with the City for the purposes of developing similar sized projects on the site using our more powerful next generation flywheel technology. As discussed, we would like to request an amendment to our 10 acre lease (Parcel 1) that would allow the City to sublease that land on a year by year basis for agricultural purposes. This would allow the land to remain cleaned, dressed and maintained, while generating sub-lease revenue which will be split 50/50 between the City and Amber Kinetics.

We appreciate the City's support in finding a win-win solution to our delay in project implementation.

Sincerely,

A handwritten signature in black ink that reads 'Mark Stout'.

Mark Stout
VP, Product Development
m: 559-273-4037

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