



August 7th, 2020

Mr. Bob Grinstead
Zeus Electric Chassis, LLC
30345 Neal Avenue
Lindstrom, MN 55045

Letter of Intent

Dear Mr. Grinstead,

On behalf of the Sacramento Municipal Utility District ("SMUD") I want to provide Zeus Electric Chassis, LLC ("Zeus") with this letter of intent ("LOI") evidencing the intention of SMUD to enter into a contract with Zeus for the delivery of five (5) Zeus electric chassis up-fitted to SMUD specifications. This LOI is intended to document the general understanding of the Parties regarding the vehicles to be delivered and is conditioned on the "Disclaimer" included at the end of the letter. Please confirm Zeus' agreement with the LOI by signing a copy of this LOI on the line provided below and returning the signed electronic copy to SMUD.

LOI Terms

Parties: Sacramento Municipal Utility District ("SMUD")
6201 S Street
Sacramento, CA 95817-1818

Zeus Electric Chassis, LLC ("Zeus")
30345 Neal Avenue
Lindstrom, MN 55045

SMUD and Zeus may be referred to individually as "Party" and collectively as "Parties."

Introduction and Objective:

Zeus is an early stage designer and manufacturer of electric chassis capable of being customized for multiple uses in the Class 4 and 5 vehicle categories. SMUD is a municipal utility providing electric service across Sacramento. SMUD operates a fleet of nearly 1,000 vehicle and equipment assets and has been in the pursuit of fleet electrification going back to early 2000s. In recent years SMUD has

made investments in light duty sedan electrification, hybrid bucket trucks, all electric construction equipment, and appropriate charging infrastructure across various headquarter sites. SMUD's fleet currently has 13% of the equipment and vehicle assets with an electric option, which has nearly been maximized by options currently available in the market. SMUD is interested in accelerating the conversion of additional fossil fuel vehicles and equipment to electric options to demonstrate leadership in fleet electrification and environmental sustainability. This LOI outlines the high-level terms and conditions by which the Parties will negotiate in good faith a mutually acceptable written agreement (the "Agreement") whereby SMUD will acquire from Zeus five (5) electric vehicles manufactured by Zeus (the "Zeus Deliverables").

Deliverables and Quantity:

The Zeus Deliverables will consist of five (5) Zeus Electric Chassis with up-fit bodies (the "Zeus EV Chassis") that substantially conform to detailed specifications provided to Zeus by SMUD.

Estimated Purchase Price:

Estimated purchase price to be negotiated during contract discussions and will be dependent on vehicle specifications, up-fit body type and subsequent battery capacity requirements. As discussed, this price will potentially be subsidized by Sacramento Metropolitan Air Quality Management District (AQMD).

Delivery Date:

Five (5) early production Zeus vehicles will be delivered to SMUD approximately nine (9) months after SMUD and Zeus sign the Agreement to replace SMUD diesel equivalent vehicles.

Manufacturing Location:

Zeus will work with the California Mobility Center ("CMC"), SMUD and other local and regional institutions to establish a means by which Zeus can manufacture and/or assemble electric vehicles in the greater Sacramento region.

Service and Support:

Prior to making the initial Zeus Deliverable available to SMUD, Zeus will share with SMUD Zeus' fleet adoption support program which will include training (safety, operation, service and fleet management), and details for on-site service and support. The training will be sufficient to enable SMUD to address technical or mechanical issues encountered by SMUD during testing and implementation of the Zeus Deliverables.

Zeus Obligations:

- In collaboration with CMC, obtain CARB certification to support eligibility of AQMD funding opportunities in Q4 2020
- Complete vehicle road compliance and Federal Motor Vehicle Safety Standards (FMVSS) in Q4 2020
- Coordinate up-fit of the final body and systems at CMC
- Negotiate MOU & scope of work with CMC in preparation for fielding the Zeus Deliverables

**SMUD
Obligations:**

- Define location of required L2 charging infrastructure and ensure charging stations are in place prior to Zeus Deliverables being placed into service
- Schedule an agreed number of person-hours for Fleet adoption process including training on operation and service of Zeus vehicles
- Collaborate with Zeus on Fleet telematics information desired to optimize operational performance
- Place Zeus vehicles in the field, and utilize and evaluate each vehicle relative to its ability to achieve SMUD's mission
- Allow Zeus to monitor and collect vehicle data in the manner and by the means the Parties deem appropriate

**Conditions to
Close:**

There will be no material adverse change to the development of an electric vehicle by Zeus prior to the delivery on the Zeus Deliverables.

**Definitive
Agreement:**

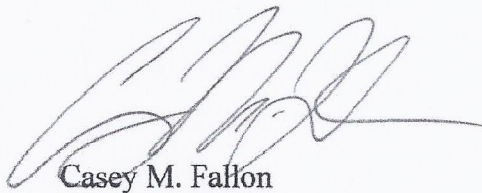
Upon acceptance of this LOI by Zeus, SMUD and Zeus will begin to negotiate a formal purchase agreement (the "Agreement"). The Agreement will contain terms, representations, warranties, conditions, covenants, indemnification provisions and such other terms and conditions as are agreed by the Parties.

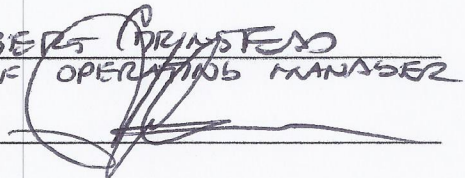
Disclaimer:

This LOI only represents the general desire by the Parties and does not constitute a commitment by the Parties to enter into a formal Agreement or incur any financial obligations whatsoever. It is understood and agreed that neither of the Parties shall be legally bound to the other by reason of this LOI, nor shall rights or liabilities arise as a result of this LOI.

Thank you,

Agreed to: Zeus Electric Chassis, LLC


Casey M. Fallon

By ROBERT DRINSTEN
CHIEF OPERATIONS MANAGER
Signature: 

Director Purchasing, Warehouse, Fleet

Signature: _____

Date: AUGUST 7TH, 2020

Date: 2020 AUG 09