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Honeywell to Pay \$4 Million to Settle Dispute Over Contract with City of Quincy

BOSTON – Honeywell International, Inc. and Honeywell Building Solutions SES Corporation (Honeywell) have agreed to pay \$4 million to settle allegations that a Honeywell contract with the City of Quincy failed to comply with the statute governing energy savings contracts by including revenues derived from water meters, and failed to comply with other statutory and contractual obligations, Attorney General Martha Coakley announced today. As part of the agreement, Honeywell and the City of Quincy will terminate a multi-year maintenance contract.

The "Guaranteed Energy Savings Contract" was procured under Chapter 25A of the Massachusetts General Laws, an exception to the public bidding laws for programs intended to reduce government energy consumption. Honeywell entered into an energy-savings contract with the City of Quincy in March 2007.

"Strict compliance with this statute is important not only to conserve energy and protect the environment, but also to ensure that taxpayer money is well spent," said AG Coakley. "This settlement brings millions of dollars back to the City of Quincy."

"Our work from the outset of this investigation was guided by a single principle: protect the interests of our taxpayers," said Quincy Mayor Thomas Koch. "I am pleased that this matter has concluded in this fashion for the City of Quincy, and wish to thank Attorney General Coakley, the Office of the Inspector General and the City's legal team for their determined, methodical, and successful work on a matter of much importance to our community."

The City of Quincy and Mayor Koch took appropriate action in referring the matter to the AG's Office and the Inspector General. An investigation by the AG's Office examined whether the water meter replacement project included in the Guaranteed Energy Savings Contract was a proper "energy conservation measure" under Chapter 25A, and whether the contract's projected energy savings were sufficiently guaranteed by Honeywell. Under Chapter 25A, it is a requirement that the primary purpose of the contract is energy conservation, and that contractors guarantee that the government will achieve a certain amount of "energy savings" or else the contractor will pay the amount of any shortfall.

The settlement requires Honeywell to pay \$4 million to the Commonwealth. Honeywell cooperated with the Attorney General's investigation.

Assistant Attorneys General Matthew Connolly, Jeffrey Walker, Division Chief Stephanie Kahn all of Attorney General Coakley's Consumer Protection Division handled this matter with assistance from paralegal Yolanda Kruczkowski and with cooperation from George Xenakis and John Drummey, Office of the Massachusetts Inspector General and Eileen McHugh, Massachusetts Department of Energy Resources.

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