

NEWS & INSIGHTS

LIGHTFOOT FILES \$25M LAWSUIT AGAINST TRANE ON BEHALF OF CITY OF BIRMINGHAM

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Lightfoot, Franklin & White LLC has filed a \$25 million lawsuit on behalf of the City of Birmingham, Alabama, against Trane U.S. Inc. (NYSE: TT) and several individuals alleging a promised \$102 million in guaranteed savings from a contract to improve 119 city facilities failed to materialize. Instead of seeing savings that Trane represented would pay for the entire cost of the project, the city alleges the shortfall and damages from the Trane project will exceed \$25 million.

“Trane engaged in nothing short of a bait-and-switch scheme that promised massive savings the company knew it could not deliver,” said Birmingham mayor Randall Woodfin. “We entered into this energy performance contract in good faith based on promises from Trane. Unfortunately, Trane has violated that trust and the city now seeks full restitution from Trane for the citizens of Birmingham and the financial losses they have caused.”

The lawsuit alleges that Trane manipulated savings calculations in order to invoke the guaranteed structure of an energy performance contract (also known as an energy savings contract) in its representations to the city regarding the project. Energy performance contracts are regulated by Alabama and federal law, which stipulates that they must guarantee that the savings produced by a project are sufficient to cover the entire cost of the project, including both financing and annual measurement and verification costs. Any shortfall must be paid by the contractor on an annual basis. This guaranteed savings structure protects the government entity from financial risks while allowing infrastructure projects to be financed using tangible energy and operational savings.

Under the contract, Trane promised energy efficient upgrades to 119 city facilities — including City Hall, museums, libraries, administration buildings and police and fire stations — that would be paid for by \$80 million in energy savings and \$22 million in operational savings over 18 years, for a total savings of \$102 million.

“Since entering into the contract, the city has discovered that Trane gave illusory savings estimates in order to secure this deal and avoid the public bidding process,” said Lightfoot partner **Ashby Pate**, counsel to the City of Birmingham. “As alleged in our complaint, Trane and its representatives had no intention of providing actual savings to the City but had every intention of enriching themselves in the process. The city has also incurred additional maintenance and operating expenses because Trane failed to provide fully functioning improvements.”

Lightfoot has previously assisted other local governments in recovering costs from failed energy performance contracts. In 2020, the firm **secured a settlement of \$89 million** for the City of Jackson, Mississippi, against Siemens after the company **installed a faulty water meter and billing system**.

The Birmingham lawsuit brings claims of fraud, negligent representation, negligence, breach of implied warranty and good workmanship, and unjust enrichment against Trane. It also alleges that Trane’s actions invalidate the deal because it was never a true energy performance contract and, as a result, violates Alabama’s strict public bidding statute.

In addition to Pate, the Lightfoot team representing the City of Birmingham includes partners **Johnny Johnson**, **Liz Huntley** and **Brian Boyle**.

The lawsuit is City of Birmingham v. Trane U.S. Inc. et al and is filed in the Circuit Court of the Tenth Judicial District of Alabama. Docket number pending.