

STATE OF TEXAS §

COUNTY OF BRAZORIA §

A PROFESSIONAL SERVICE CONTRACT

This Professional Service Contract (“Contract”) is effective as of this _____ day of _____, 2024 by and between **City of Iowa Colony** (“the City”), a body politic and corporate and political subdivision of the State of Texas organized under the provisions of Article XVI, Section 59, Texas Constitution, and **Si Environmental LLC** (“SE”), a Texas Limited Liability Company.

RECITALS

The City owns, or plans to construct, and operates a water production, water distribution, wastewater collection, wastewater treatment and storm water collection systems as described in **Exhibit ‘A’** (the "Facilities").

This Contract provides for SE to furnish to the City certain services for the proper maintenance and operation of the Facilities and to receive compensation from the City for those services rendered, all in accordance with the following terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.
BASE FEE SERVICES TO BE PERFORMED BY SE

Section 1.00 Base Fee Services. The cost for the basic services to be performed by SE for the City is included in the base operations fees to be paid by the City to SE in accordance with **Exhibit ‘B’**.

Section 1.01 Certified Personnel. SE affirms the Facilities will be operated only under the direct supervision of personnel who possess valid Operational Licenses as required by the State of Texas, each of whom will maintain continuing education competency certifications consistent with requirements of the State of Texas.

Section 1.02 Facilities Inspections. SE will inspect the Facilities as necessary to conform to regulatory requirements, and will maintain a written log of each inspection as part of the City’s permanent records.

Section 1.03 Routine Preventive Maintenance. SE will perform, as required, routine preventive maintenance on equipment at the Facilities to extend the useful life of the equipment. In the performance of such routine preventive maintenance, SE will utilize personnel along with any tools, materials, and equipment required to complete preventive maintenance as reflected in **Exhibit ‘G’** on equipment at the Facilities. The City will pay SE for any additional services based on the rates for personnel and equipment reflected in **Exhibit ‘C’**. SE will maintain written records for the City of the maintenance performed on the City’s equipment and facilities.

Section 1.04 24-Hour Customer Care Department. SE will maintain and operate a Customer Care Department (the “Customer Care”), 24 hours a day each and every day of the year. The telephone number of Customer Care will be clearly displayed on each monthly bill sent to the City’s customers. Customer Care will provide a communications interface between

the City's customers and SE management and field personnel. Customer Care will maintain, to the extent reasonably possible, the ability to operate during natural disasters.

Section 1.05 Telemetric Monitoring. SE will, from the Customer Care center, at the City's request, monitor telemetric signal devices installed at or in the Facilities. Installation of such devices will be at the City Representative's discretion and expense.

Section 1.06 Chemical Inventories. SE will manage the inventory of chemicals routinely used in the operation of the Facilities. Chemical inventories will be stored at the Facilities in quantities sufficient to assure continuous operation of the Facilities.

Section 1.07 Meeting Attendance. A representative of SE will meet with designated City staff monthly to communicate pending and completed work within the City.

Section 1.08 Monthly Operations Report. SE will submit to the City a written monthly operations report, which will include at least the following information:

1. Total service connections
2. Total water produced and/or purchased
3. Total water accounted for
4. Total water usage as indicated by current customer billings
5. New tap and meter orders and installations
6. Current cash receipts from customer billings
7. A listing of all delinquent customer accounts to which termination notices have been sent, including an explanation of any appeals or protests filed by those customers
8. Current billings to customers
9. Current receivables from customer billings

10. Aged receivables from customer billings
11. Summary of maintenance and repair backcharges
12. Insurance claims filed or pending disposition
13. Summary of maintenance and repair by facility classification
14. A certification of the date bacteriological tests were performed, with any significant deviations noted
15. The Texas Commission on Environmental Quality (“TCEQ”) and the United States Environmental Protection Agency (“EPA”) permit reports
16. Copies of all reports and correspondence made by SE to or received from local, state or federal regulatory agencies on behalf of the City.

A clear audit trail of all SE transactions on behalf of the City will be maintained by SE. Records of such transactions will be available to the City’s auditor during normal working hours upon prior reasonable notice to SE, but not less than 24 hours’ notice. SE will cooperate in and provide adequate working space for the conduct of audits.

Section 1.09 Correspondence and Inquiries. SE will respond to all correspondence and/or inquiries from the City 's directors, consultants or customers in a prompt and professional manner.

Section 1.10 Customer Relations. SE will render to the City any and all reasonable assistance in the promotion of good relations with the City’s customers.

Section 1.11 Billing and Collections Services. SE will bill each City customer in accordance with the City’s current Rate Order. Adjustments to billing are from time to time necessary and appropriate. The City authorizes SE to make billing adjustments up to \$50.00, without prior authorization from a City Representative, for clerical errors, over or under registration by water meters, erroneous meter readings, establishment of water usage during a

time when the meter has been inoperative, and other similar situations. SE will exercise due diligence and good business practice in making such adjustments. Adjustments in excess of \$50.00 will be referred to the City's Representatives for settlement.

Section 1.12 Deposit of City Funds. SE will deposit daily all money received from the City's customers into an account designated as the City's "Operating Account" at a bank or other qualified depository selected by the City. All money which SE collects on behalf of the City are public funds. SE has no set-off, counterclaim, abatement, suspension or diminution rights against such money.

Section 1.13 Meter Reading. For billing purposes, SE will read water meters served by the City's water system once each calendar month. SE will maintain a quality assurance program to maintain reading accuracy. This program will consist of supervisory field verification for quality control and software/hardware checks and balances.

Section 1.14 Compliance Reports. SE will promptly prepare and submit all operational and compliance reports required by the TCEQ, the EPA, and any other local, state or federal agency in accordance with the filing deadlines and approved delivery methods for such agencies. Unless another method of submission is approved by the regulatory agency, said reports shall be submitted by certified mail, return receipt requested. SE will ensure that all test results are handled in accordance with all applicable agency rules and will inform the City immediately and also in the monthly operations report if any facilities are not in compliance with such agencies' rules.

Section 1.15 Dead-End Water Main Flushing. SE will routinely flush each dead-end water main, not looped back to the system, within the City's water distribution system in accordance with state requirements.

Section 1.16 Lift Station Cleaning. At least once every six (6) months or more often if necessary, SE will pressure wash, remove, and dispose of accumulated solids, debris, and grease from the City’s lift station(s).

Section 1.17 Chlorine Contact Basin Cleaning. SE will vacuum, remove, and dispose of accumulated sludge from the bottom of the City’s chlorine contact basin(s) at least once every six months, and in exceptional circumstances, with the prior approval of the City Representative, more often.

Section 1.18 Sludge Management. SE shall be responsible for operating the Facilities’ sludge thickening and digestion systems to maintain optimum operating efficiency levels at the Facilities. The City will contract and be billed directly by a third party for the removal and the proper disposal of sewage sludge from the Facilities.

Section 1.19 Operational Budgeting. SE will coordinate with the City’s bookkeeper to prepare an operations budget for review and approval by the City each year as part of the City’s annual budgeting process. SE will work with the City’s bookkeeper or accountant to review and report the City’s operations budget performance at least quarterly throughout the City’s fiscal year.

ARTICLE II.
OPERATIONAL SERVICES TO BE PERFORMED BY SE

Section 2.00 Operational Services. SE will provide the additional operational services stated in this Article II. The City will pay SE for such services based on the rates for personnel and equipment reflected in **Exhibit ‘C’**, and the materials and sub-contract provisions reflected in **Exhibit ‘B’**, as applicable, unless otherwise noted in this Article II.

Section 2.01 Emergency Repairs. SE will respond to any emergency (as hereinafter

defined) throughout the year regardless of the day or the time of day. In all cases where, in the opinion of SE, the estimated costs of repair will exceed the dollar amount specified as **“Authorized Maintenance Level”** in **Exhibit ‘B’** SE will contact a City Representative to notify the City of the particular situation. The fact that said notification cannot be made in a timely manner will neither relieve SE of its responsibility to perform the required repair, nor limit the cost of repairs billed in accordance with this Contract.

Emergencies are defined as, but are not limited to:

1. A hazardous condition;
2. A loss of water pressure, or serious degradation of water quality at one or more customer locations;
3. A blockage of any type in the sewage collection system;
4. A condition resulting in the degradation of the drinking water quality at one or more of the treatment facilities.
5. A condition, which, in the opinion of SE, or any authorized City representative, poses an immediate threat to develop into one of the four emergencies, listed above.

Section 2.02 Non-Emergency Repairs. SE will, during its regular workday, perform repairs, which are not emergencies, as defined in Section 2.01 above. SE will schedule such non-emergency repairs on a first-call, first-serve basis, unless specifically asked to accelerate its response to a particular item by an authorized City representative. SE must receive approval from the authorized City representative prior to performing non-emergency repairs when, in SE's opinion, the estimated cost of said repair will exceed the dollar amount specified as **“Authorized Maintenance Level”** in **Exhibit ‘B’**. In the event that SE fails to receive the required

authorization within forty eight (48) hours of its request, such authorization shall be deemed provided.

Section 2.03 Grounds Keeping and Mowing. If authorized by the City, SE will oversee the grounds keeping and mowing of the Facilities.

Section 2.04 Water Quality Complaints. SE will promptly investigate each water quality concern or complaint received from the City's customers. SE will take appropriate action to address such complaints including, but not limited to, flushing the water main.

Section 2.05 Bacteriological Analysis. SE will oversee the collection and delivery of water samples to an authorized Texas Department of Health laboratory in compliance with the applicable TCEQ rules and regulations. All test results will be kept as part of the City's records. The City will be billed directly by the laboratory for bacteriological analysis.

Section 2.06 Other Laboratory Testing. SE will perform, or have performed, all other sampling and laboratory analysis necessary to meet all state and federal water monitoring rules and regulations. SE will perform, or have performed, other tests, including but not limited to, those requested by the City, the TCEQ, the EPA, or any other governmental agency with jurisdiction over the City's facilities. The City will be billed directly by the laboratory for the sampling and analysis.

Section 2.07 Materials Purchasing. SE will purchase and deliver materials required to provide services under this Contract, and will bill the City for such materials at actual cost, except for materials used in the installation of new water taps and meters which will be billed to the City as stated.

Section 2.08 Installation of Telemetric Equipment. The City will pay SE for the purchase and installation of telemetric equipment, if and when authorized by the City

Representative, including the telephone lines. After such payment, the equipment and telephone lines so installed will be the sole property of the City. Notwithstanding the foregoing, the City, at its option, may contract directly with a third party for purchase and installation of said equipment.

Section 2.09 Chemical Purchases. All costs incurred for chemicals purchased on behalf of the City will be billed directly by the chemical supplier to the City.

Section 2.10 Water Storage Tank Inspections. The City will contract through a third party for water storage tank inspections to be performed internally every one (1) year, and externally every five (5) years. SE will oversee the inspections. The City will be billed directly by the inspector for the inspections.

Section 2.11 Well Testing. SE will perform the following tests on the City's water wells. A written report of the test results will be submitted to the City and become part of the City's records.

2.11.01 Production Evaluation. Water well production evaluation tests will be performed semi-annually, and more often in exceptional circumstances with the City's prior approval, to measure the following: Capacity (GPM), pumping level, drawdown (feet), specific capacity, field head (feet), overall efficiency, connected horsepower, utilized horsepower, kilowatt input, KWH per million gallons, amperage draw, pump speed (RPM), sand production, pump submergence, and well meter accuracy.

2.11.02 Vibration Analysis. An annual vibration analysis will be performed on the well pump(s) and related rotating equipment.

ARTICLE III.
INSPECTIONS TO BE PERFORMED BY SE

Section 3.00 Inspections. SE will perform all inspections described in this Article III on behalf of the City. The City will pay SE for each such inspection in accordance with **Exhibit ‘E’**. SE will not perform any of the non-emergency inspections described in Article III on an overtime basis without prior authorization by the City.

Section 3.01 Sanitary Sewer Tap. SE will perform inspections of each newly installed tap into the City’s sanitary sewage collection system, and maintain a record of each such inspection as part of the City’s records.

Section 3.02 Non-Residential Meter Testing. SE will perform or have performed flow accuracy tests on all the City’s non-residential meters. Each meter will be inspected once per year with subsequent reports submitted to the City. Any repairs necessary will be considered non-emergency repairs as defined by Section 2.02.

Section 3.03 Grease Traps. SE will perform grease trap inspections in accordance with the City's current Rate Order and the City's rules and regulations governing sanitary sewer connections. Any violation will be reported to the violator and any governmental entity as required, and copies of such reports will be submitted to the City and become part of the City's records.

Section 3.04 Customer Service Inspections. SE will, at the City’s request, and in accordance with its written policies, perform customer service inspections as required by the TCEQ rules and regulations for cross connections, direct connections, and lead and copper levels, and as otherwise may be requested by the City or required by the City’s Rate Order, provide the City with a written report on all such inspections performed each month.

Section 3.05 Backflow Prevention Device Testing. SE will, at the City’s request, and in accordance with its Rate Order and the TCEQ rules and regulations, provide testing of Backflow Prevention Devices.

Section 3.06 Fire Hydrants. SE will visually inspect and flow all fire hydrants within the City semi-annually, and will submit a written status report to the City and any fire department designated by the City. Any repairs necessary shall be described in the status report and will be considered non-emergency repairs as defined by Section 2.02. Once every two (2) years, with prior approval from the City, SE will paint each fire hydrant within the City. Except as otherwise provided herein and in compliance with applicable law, SE will replace all non-operational fire hydrants as soon as possible and paint the subject fire hydrant the appropriate color, or if scheduled for, repair within seven (7) days, place a black covering over the fire hydrant, unless otherwise instructed by the City. Additionally, SE will replace or install blue dot reflectors on the roadway adjacent to each hydrant as necessary.

Section 3.07 Sanitary Sewer Manhole Inspection. SE will perform an ongoing sanitary sewer manhole inspection program, which is included in the base fee. This program shall include a visual inspection of the top of the sanitary sewer manhole and the surrounding area and a visual inspection of the inside of the sanitary sewer manhole as can be seen from the top without physically entering. Each sanitary sewer manhole will be inspected with subsequent reports submitted to the City. Any repairs necessary will be considered non-emergency repairs as defined by Section 2.02.

Section 3.08 Water Distribution Valve Inspection. SE will perform an ongoing water distribution valve inspection program, which is included in the base fee. This program shall include a visual inspection of the valve riser and cap and the utilization of a valve key to

physically check the accessibility and operability of the valve operating nut. Each valve will be inspected with subsequent reports submitted to the City. Any repairs necessary will be considered non-emergency repairs as defined by Section 2.02.

Section 3.09 Other Inspections. SE will perform such other inspections as the City may request, or which SE, with prior approval by the City, believes are necessary to protect the integrity of the Facilities and maintain the health and safety of the general public or as required by local, state, or federal regulations or laws.

ARTICLE IV. **BILLING AND COLLECTIONS SERVICES**

Section 4.00 Billing and Collections. SE will provide the billing and collection services described in this Article IV. The City will pay SE for these services in accordance with **Exhibit ‘C’**.

Section 4.01 Postage and Billing Stock. The City will pay to SE the current costs of all postage. The City will pay SE for billing stock in accordance with **Exhibit ‘C’**.

Section 4.02 Delinquency Notices. SE will send delinquency notices to City customers in accordance with the City's current Rate Order. Each notice will be mailed at a U.S. post office and shall be receipted with a postmaster's certificate of mailing.

Section 4.03 Closing Customer Account. Upon proper request by a customer, SE will terminate water and sewer service at any given location in the City. Upon termination of service, the final charge to the customer for water and sewer usage will be assessed in accordance with the City’s current Rate Order.

Section 4.04 Backcharge Damage. In accordance with the City’s Rate Order, SE will send invoices with service order detail and photographs to each responsible party once per month

for a period of up to 6 consecutive months until the balance is paid. Upon instruction from the City, SE will coordinate with the City's designated collection attorney in an attempt to collect any outstanding backcharges and will terminate service if authorized by the City.

Section 4.05 Red Flag Identity Theft Protection. SE hereby agrees to implement the City's Identity Theft Prevention Program, a copy of which has been provided to SE, and to act as the City's Program Administrator with respect to the same.

ARTICLE V.
ADDITIONAL METER SERVICES

Section 5.00 Meters. SE will provide the additional meter services as described in this Article V. The City will pay SE for the services specified, as indicated.

Section 5.01 Disconnects/Reconnects. SE will terminate water service in accordance with delinquency policies stated in the City's current Rate Order or upon order of the City's Representative. SE will re-establish water service either when the customer pays all amounts required by the City's Rate Order or when directed to do so by the City's Representative. The City will pay SE for disconnects/reconnects in accordance with **Exhibit 'C'**.

Section 5.02 Meter Removal. SE will remove a customer's water meter when a customer self-restores service without paying the full amount owed the City or upon order of the City's Representative. SE will reinstall the meter when the customer pays all amounts owed the City, including charges related to the meter removal, in accordance with the City's Rate Order. The City will pay SE for meter removal in accordance with **Exhibit 'C'**.

Section 5.03 Single Family Residential Meter Installation. SE shall install a meter to serve a single family residence within ten (10) business days after receipt of all associated residential tap and inspection fees as specified in the City's Rate Order. Meter installations shall

meet American Water Works Association standards and applicable City codes. The City shall pay SE for such meter installations in accordance with **Exhibit ‘D’**. Any tap installation may be withheld if such request is made by an entity that has an overdue balance with the City.

Section 5.04 Non-Residential Meter Installation. Within ten (10) business days following receipt of the City Engineer’s written approval of plans and a copy of such plans being delivered to SE, SE shall quote in writing, all fees associated with the installation of non-residential meters as specified in the City’s Rate Order. SE shall install each non-residential meter within ten (10) business days after receipt of all associated residential tap and inspection fees as specified in the City’s Rate Order; provided, however, that if the meter is larger than 2 inches, SE shall notify the City’s Engineer regarding the estimated time of arrival of said meter and shall install same within three (3) business days from the date it is delivered to SE. The City will pay SE for non-residential meter installations in accordance with **Exhibit ‘D’**.

ARTICLE VI.
INSURANCE

SE shall procure and maintain throughout the term of this Contract, at its sole cost and expense, insurance of the types and in the minimum amounts set forth in **Exhibit ‘F’**, which is hereby incorporated for all purposes. Upon execution of this Contract, SE shall furnish certificates of insurance and copies of required endorsements to the City evidencing compliance with the insurance requirements hereof. Certificates shall list SE, the name of the insurance company, the policy number, the term of coverage, and the limits of coverage. SE, and not the City, shall be responsible for paying the premiums and deductibles, if any, that may from time to time be due under the required insurance policies. SE, at its sole discretion, may purchase additional limits of insurance and coverage it deems necessary or prudent to protect itself and the

work or operations to be performed under this Contract. The included insurance requirements are separate from and independent of SE's other obligations under this Contract.

Lapse of or cancellation of insurance, however caused, shall be deemed breach of this Contract. In the event that the required aggregate limits of liability of any insurance required hereunder are reduced or impaired by 50% or more, then SE shall give the City notice of the impairment and promptly cause such impaired limits to be reinstated to the required limits. In the event of lapse or cancellation of any required insurance it is hereafter the specific responsibility of SE to notify the City immediately and to immediately reinstate the lapsed or cancelled insurance or to purchase replacement insurance that meets the requirements of this Contract. The Operator's failure to provide insurance as required hereunder, or SE's failure to supply the required evidence of insurance, or the failure of the City to require evidence of insurance or to notify SE of any breach by SE of the requirements of these provisions or deficiencies in the insurance obtained, shall not constitute a waiver by the City of any of the these insurance requirements, or a waiver of any other terms and conditions of this contract, including SE's obligations to defend, indemnify, and hold harmless the City (including subsidiaries and affiliates), as required herein.

ARTICLE VII.
GUARANTIES, INDEMNITY AND LIMITATIONS

Section 7.00 Guaranties. SE will use generally accepted business practices in procuring materials and equipment. SE will be neither responsible nor liable for any guaranty or guaranties of or in connection with such materials or equipment. SE will use reasonable efforts to obtain the standard guaranties applicable in the particular industry manufacturing such materials or equipment, and will assign same to the City.

Section 7.01 Condition of Facilities. The City affirms to SE that, to the best of its knowledge and belief, the Facilities have been or will be built in accordance with all applicable local, state and federal regulations, are or will be in good working order, do not contain any known defective equipment, and are suitable and adequate for the reasonable need of the City's present and/or expected future customers.

Section 7.02 Damage to Facilities. SE will not be required to repair or replace any of the Facilities or system damaged due to flood, fire, explosion, riot, revolution, civil disturbance, war, acts of God or due to the acts or omissions of any entity or person other than SE, its employees, agents, representatives or subcontractors or anything beyond SE's control. SE will notify the City of such damage, both orally and in writing, as soon as possible after the damage occurs.

Section 7.03 Indemnity. AS PART OF THE CONSIDERATION FOR THIS AGREEMENT, SE, FOR ITSELF AND ITS SUCCESSORS AND ASSIGNS, AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE CITY AND ITS OFFICERS, DIRECTORS, REPRESENTATIVES, AND AGENTS, FROM EVERY LOSS, DAMAGE, INJURY, COST, EXPENSE, CLAIM, JUDGMENT, OR LIABILITY OF EVERY KIND OR CHARACTER, INCLUDING COSTS OF LITIGATION AND REASONABLE ATTORNEY'S FEES, WHETHER IN CONTRACT, TORT, OR OTHERWISE, WHICH ARISES DIRECTLY OR INDIRECTLY FROM SE'S WILLFUL, INTENTIONAL, RECKLESS, OR NEGLIGENT (WHETHER ACTIVE, PASSIVE, OR GROSS) ACTS OR OMISSIONS RELATED TO OR ARISING FROM THIS AGREEMENT. THIS INDEMNITY AND HOLD HARMLESS PROVISION WILL APPLY WHETHER SUCH

ACTS OR OMISSIONS ARE CONDUCTED BY SE OR ANY SUBCONTRACTOR OR AGENT OF SE.

Section 7.04 Reasonable Diligence. All services shall be of good quality and shall be performed in a professional manner. The standard of care for all professional and related services performed or furnished by SE under this Agreement will be the care and skill ordinarily used by members of SE's profession, practicing under similar conditions at the same time and in the same general locality.

Section 7.05 Force Majeure. In addition to the parties' rights and obligations set forth in this Agreement, SE will not be in default if performance of SE's obligations under this Contract is delayed, disrupted or becomes impossible because of any act of God, war, flood, earthquake, fire, strike, accident, civil commotion, epidemic, act of government, or any other cause beyond the control of the parties (collectively, "Force Majeure"). Upon occurrence of any such event, SE will operate the Facilities to the best of its ability under the circumstances, and SE will not be responsible for any damages, fines, penalties or claims resulting therefrom. If any additional expense is incurred by SE in such operation, that expense will be deemed to be an extraordinary expense, all of which will be paid by the City to SE in accordance with **Exhibit 'B'**.

Section 7.06 Compliance with Applicable Laws. SE will operate the Facilities in compliance with all applicable local, state, and federal laws, and regulations.

ARTICLE VIII. **PAYMENTS**

The City will pay SE for services to be rendered under this Contract in accordance with the fee schedules contained in **Exhibits 'B' through 'G'**. SE shall provide its invoices to the

City's bookkeeper at least five (5) business days prior to the next scheduled meeting of the Representatives of the City. If said invoices are provided as set forth above and if the City fails to issue a check to SE to pay the undisputed invoiced amount within forty five (45) days of the invoice date, the City will pay to SE, in addition to the amount owed, interest at a rate of one percent (1%) per month or the maximum rate allowed by law, whichever is lesser. Disputed and partial payments shall be governed by the Texas Prompt Payment Act, Chapter 2251 of the Texas Government Code.

ARTICLE IX.
TERM, TERMINATION AND RECORDS

Section 9.00 Term This Contract commences on the date first set forth herein, and will remain in effect thereafter, subject to the right of either party to terminate this Contract as set forth herein.

Section 9.01 Termination. In addition to other termination provisions specifically set forth herein, this contract may be terminated by either party, without cause, by the giving of sixty-day (60) written notice of such termination to the other party at its address of record. Upon termination of this Contract, the City shall pay SE within the time period provided above any outstanding payment due and owing to SE for work performed prior to the termination date; provided, however, the City shall have the right to reduce such final payment as a set-off for any direct damages incurred by the City related to SE's willful, intentional, reckless or negligent (whether active, passive or gross) acts or omissions in connection with services performed under this Contract. Such set-off shall not constitute a waiver by the City of any rights or remedies available to it under the Contract, at law or in equity.

Section 9.02 City Records. SE will maintain records that SE initiates and/or receives on

behalf of the City in compliance with the City's Records Management Policy and adopted Records Retention Schedules, copies of which shall be provided to SE. The City will reimburse SE for the actual costs, without markup, incurred by SE in archiving these records. If this Contract is terminated, SE will deliver to the City or the City's designated agent, without cost to the City, all of said records within 30 days following the termination date, but will deliver all records related to billing and other items necessary for the operation of the City's Facilities at the termination date. SE may make copies, at SE's expense, of those records.

ARTICLE X.
MISCELLANEOUS

Section 10.00 Record Drawings. The City will provide SE with a complete set of record drawings of the Facilities. SE will maintain these drawings in a manner which allows their efficient and effective use in solving system problems.

Section 10.01 Identification. SE employees will readily identify themselves when communicating within the City and with City customers. SE maintenance and operating personnel will possess pictured I.D. cards and wear distinctive clothing bearing SE's name. SE vehicles will display SE's name. All other SE employees will possess pictured I.D. cards.

Section 10.02 Modification. Modification of this Contract may be made only by a written document signed by SE and the City.

Section 10.03 Sub-Contract Repairs. SE may subcontract any repairs and/or services that SE is to perform under this Contract as SE deems appropriate, subject to the City's rights as set forth below. Any subcontractor hired by SE is the sole responsibility of SE, and SE is not relieved of any of its obligations or liabilities hereunder. SE agrees to require each subcontractor hired by it to carry sufficient insurance of the types and with the limits sufficient to protect the

City from any loss or damages related to or arising from any subcontractor work performed for the City, which in no event shall be less than Commercial General Liability insurance with limits not less than \$1,000,000 per occurrence. Alternatively, SE may provide that such subcontractor is insured under SE's insurance. Fees for managing subcontractors are identified and contained in **Exhibit 'B'** attached hereto. The City may, at its discretion, employ its own contractors for certain repair services. In that event, SE shall waive its management fee and the City agrees that SE shall not be responsible for the quality or timeliness of those services.

Section 10.04 Independent Contractor. SE is not the City's employee. SE serves sufficient to protect the City from any loss or damages related to or arising from any subcontract work performed for the City, which in no event shall be less than Commercial General Liability insurance with limits not less than \$1,000,000 per occurrence. Alternatively, SE may provide that such subcontractor is insured under SE's insurance.

Section 10.05 Non-Solicitation. The City agrees to not offer employment or other compensation to Personnel of SE directly working on this project for a period of two (2) years after the end date of this Agreement or said employee's reassignment from this project.

Section 10.06 Notice. Any notice required under this Contract will be in writing and sent by registered mail, fax or hand delivery to the intended party's address of record. Notice will be deemed given upon receipt. The parties' addresses of record are as follows:

Si Environmental

Si Environmental
Attn: President
6420 Reading Road
Rosenberg, TX 77471

City

City of Iowa Colony
Office of the City Manager
3144 Meridiana Pkwy
Iowa Colony, TX 77583

The parties shall have the right from time to time and at any time to change their respective addresses, and each shall have the right to specify any other address by giving at least fifteen (15) days' written notice to the other party.

Section 10.07 Texas Law; Venue. The applicable laws of the State of Texas shall govern this Contract without regard to its conflict of law principles and venue shall be in a court of appropriate jurisdiction in the county in which the City is located.

Section 10.08 Increase/Decrease in Service. In the event either SE or the City determines that any scope of services contemplated in this Contract should be modified as a result of governmental regulations, technological advances or the addition or subtraction of City facilities, SE and the City agree to negotiate, in good faith, an appropriate change in the fees to be charged by SE to the City with respect to the proposed modification in services.

Section 10.09 Assignment. SE shall not assign this Contract, nor any monies due or to become due to it hereunder, without the City's written consent.

Section 10.10 Statutory Verification. SE hereby represents and warrants that at the time of this Contract neither SE, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of SE: (i) engages in business with Iran, Sudan, or any foreign terrorist organization pursuant to Subchapter F of Chapter 2252, Texas Government Code; or (ii) is a company listed by the Texas Comptroller pursuant to Section 2252.153, Texas Government Code. The term "foreign terrorist organization"

has the meaning assigned to such term pursuant to Section 2252.151 of the Texas Government Code.

By signing and entering into the Contract, SE verifies, pursuant to Chapters 2271 and 2276, Texas Government Code, it does not boycott Israel or boycott energy companies and will not boycott Israel or boycott energy companies during the term of this Contract. “Boycott Israel” has the meaning assigned by Section 808.001, Texas Government Code. “Boycott energy company” has the meaning assigned by Section 809.001, Texas Government Code.

By signing and entering into the Contract, SE verifies, pursuant to Chapter 2274, Texas Government Code, that it does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the term of this Contract against a firearm entity or firearm trade association. “Discriminate against a firearm entity or firearm trade association” has the meaning assigned by Section 2274.001(3), Texas Government Code.

By signing and entering into the Contract, SE verifies, pursuant to Chapter 2275, Texas Government Code, as amended, and to the extent of this Agreement grants to SE direct or remote access to the control of critical infrastructure, excluding access specifically allowed for product warranty and support, SE verifies that neither SE, including any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, nor any of its sub-contractors are (i) owned by the majority of stock or other ownership interest of the company is held or controlled by (a) individuals who are citizens of China, Iran, North Korea, Russia or any designated country; or (b) a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran,

North Korea, Russia, or any designated country; or (ii) headquartered in China, Iran, North Korea, Russia or a designated country. The term “designated country” means a country designated by the Governor as a threat to critical infrastructure under Section 2275.0103, Texas Government Code. The term “critical infrastructure” shall have the meaning assigned to such term in Section 2275.0101, Texas Government Code.

[EXECUTION PAGES FOLLOW]



SIGNED AND AGREED TO be effective as of the date first set forth herein.

Si Environmental LLC.

By: _____

Jeff Haley, President

City of Iowa Colony:

By: _____

Mayor, City of Iowa Colony

EXHIBIT 'A'
FACILITIES

The City's water distribution and sanitary sewer collection system consists of the following facilities:

WATER PRODUCTION

Water Production Facilities, including water wells and related water production and pressurization apparatus that meets all applicable Federal, State, and local laws and regulations.

WATER DISTRIBUTION

A water distribution system capable of carrying water at adequate volume and pressure to each of its customers.

WASTEWATER TREATMENT

Wastewater Treatment Plants receiving providing treatment as required to discharge an effluent that meets all applicable Federal, State, and local laws and regulations.

WASTEWATER COLLECTION

A sanitary sewer collection system including lift stations, and collection lines capable of transporting domestic wastewater from each customer's location.

STORM SEWER COLLECTION

A storm sewer collection system capable of receiving and transporting storm water to the receiving streams.

EXHIBIT 'B'
COMPENSATION FOR SERVICES

I. BASE OPERATIONS FEE ⁽¹⁾: For and in consideration of services outlined in the Article I of this Contract and rendered to and on behalf of the City by SE, the City agrees to pay to SE, each month, a base operations fee equal to:

- a.** A base operations fee of \$6.70 for each residential service connection and \$6.70 per 10,000 gallons of water metered for each commercial connection.
- b.** A base operations fee of \$3,700.00 per month per water plant, \$1,200.00 per month per remote/secondary well, \$9,100.00 per month per wastewater treatment plant, and \$1,300.00 per month per lift station.

II. AUTHORIZED MAINTENANCE LEVEL: Consistent with the principles of effective cost containment, efficient maintenance and maximization of operational procedures, the City authorizes SE to perform non-emergency repairs when, in SE's opinion, the cost to the City of such repairs will not exceed \$3,000.00.

III. MATERIALS: Cost of materials billed and/or sold to the City by SE will be billed at cost or paid directly by the City.

IV. SUB-CONTRACT(S): SE's management fee for subcontracts will be 0% of the dollar amount of the subcontract. These services may be invoiced directly to the City by the subcontractor.

V. EXTRAORDINARY SERVICES: SE may render additional services not specified in this Contract. Extraordinary services not anticipated and not specified in this Contract may also be requested of SE by the City. The City and SE will in good faith negotiate the amount to be paid by the City to SE for such extraordinary services.

EXHIBIT 'C'
RATES
PERSONNEL⁽¹⁾⁽³⁾

Classification	Straight Time Rate per Hour ⁽²⁾
Field Service Representative	\$38.00
Service Technician	\$42.00
Certified Operator	\$50.00
Lead Operator	\$55.00
Senior Operator	\$65.00
Crew Member	\$39.00
Equipment Operator	\$49.00
Foreman	\$54.00
Technician	\$65.00
Control Specialist	\$68.00
Manager	\$67.00
Administrative	\$47.00

⁽¹⁾These rates will be in effect for year one (1) of the Contract. For subsequent years, the rates will be adjusted up or down upon written notice to the City and based on the accumulated percentage rate of increase/decrease from the previous year of the Contract, based on the most current Consumer Price Index, as published by the U.S. Bureau of Labor Statistics (CPI-U, all items index), Houston-The Woodlands-Sugar Land, TX Region.

⁽²⁾Straight time is defined as Monday through Friday, 7:30 a.m. to 4:30 p.m. except for nine (9) SE-observed holidays: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, Christmas Eve, and Christmas Day. If the observed holiday falls on a weekend day, the preceding Friday and/or following Monday will be considered as a holiday, but no more than nine holidays during a fiscal year. Overtime rates to be billed at one- and one-half times straight time rates. Holiday rates to be billed at two- and one-half times straight time rates.

⁽³⁾The above rates will be billed in half (1/2) hour increments unless otherwise noted.

EXHIBIT 'C'
RATES (continued)
EQUIPMENT⁽¹⁾⁽³⁾

Classification	Hourly Rate	Minimum Hours
18 ft. Trailer	\$22.00	None
Service Truck	\$24.00	None
Service Body Truck	\$42.00	2
1-Ton Flat Bed Truck	\$42.00	2
Dump Truck	\$50.00	2
2-Ton Winch Truck	\$70.00	2
Television Truck	\$160.00	3
Backhoe Rig	\$89.00	2
High Pressure Pipe Cleaner (Hydra)	\$89.00	3
Vactor Truck (plus dump fee)	\$190.00	3

⁽¹⁾These rates will be in effect for year one (1) of the Contract. For subsequent years, the rates will be adjusted up or down upon written notice to the City and based on the accumulated percentage rate of increase/decrease from the previous year of the Contract, based on the most current Consumer Price Index, as published by the U.S. Bureau of Labor Statistics (CPI-U, all items index), Houston-The Woodlands-Sugar Land, TX Region.

⁽³⁾The above rates will be billed in half (1/2) hour increments unless otherwise noted.

EXHIBIT ‘C’
RATES (continued)
EQUIPMENT⁽¹⁾⁽³⁾

Classification	Rate
Delinquent Letters	\$8.00
Door Tag – Notice of Delinquency	\$20.00
Disconnects Due to Delinquency	\$27.00
Reconnects Due to Delinquency (straight time) ⁽²⁾	\$33.00
Meter Removals Due to Delinquency	\$47.00
Meter Reinstallation Due to Delinquency (straight time) ⁽²⁾	\$53.00
Transfer Fees	\$33.00
Processing and Printing of customer bills	Cost
Postage	Current Rate
Non-Sufficient Funds (NSF) Check	\$20.00
Handling of return mail for Red Flag	\$5.00

(1) These rates will be in effect for year one (1) of the Contract. For subsequent years, the rates will be adjusted up or down upon written notice to the City and based on the accumulated percentage rate of increase/decrease from the previous year of the Contract, based on the most current Consumer Price Index, as published by the U.S. Bureau of Labor Statistics (CPI-U, all items index), Houston-The Woodlands-Sugar Land, TX Region.

(2) Straight time is defined as Monday through Friday, 7:30 a.m. to 4:30 p.m. except for nine (9) SE-observed holidays: New Year’s Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, Christmas Eve, and Christmas Day. If the observed holiday falls on a weekend day, the preceding Friday and/or following Monday will be considered as a holiday, but no more than nine holidays during a fiscal year.

(3) The above rates will be billed in half (1/2) hour increments unless otherwise noted.

EXHIBIT 'D'
RATES FOR TAPPING & METER INSTALLATION^{(1) (2) (3)}

RESIDENTIAL: Residential taps and digital meters less than 8 feet (8') in depth will be billed based on meter size, per connection as follows:

<u>Size</u>	<u>Short Side</u>	<u>Long Side</u>
5/8"	\$500.00 each	\$600.00 each
3/4"	\$565.00 each	\$665.00 each
1"	\$860.00 each	\$960.00 each

Meter Drop Only

\$100.00 each

NON-RESIDENTIAL: All other taps and meter installations are considered Non-Residential and will be priced on an individual basis.

⁽¹⁾ These rates will be in effect for year one (1) of the Contract. For subsequent years, the rates will be adjusted up or down upon written notice to the City and based on the accumulated percentage rate of increase/decrease from the previous year of the Contract, based on the most current Consumer Price Index, as published by the U.S. Bureau of Labor Statistics (CPI-U, all items index), Houston-The Woodlands-Sugar Land, TX Region.

⁽²⁾ Tapping and meter installation rates include tapline footage of up to 40 feet (40').

⁽³⁾ Haul off of debris, restoration costs (landscape and concrete), and dump fees are not included in this price.

EXHIBIT ‘E’
CONSTRUCTION AND SERVICE INSPECTION FEES ⁽¹⁾

New Construction

Residential —

Pre Builder Inspection.....	\$67.00
Post Builder Inspection.....	\$67.00
Sewer Tap Inspection.....	\$67.00
Swimming Pool Inspection.....	\$100.00
Hot Tub Inspection	\$100.00
Water Softener Inspection.....	\$100.00
Customer Service Inspection (Incl. cross connection and Pb/Cu).....	\$100.00
Backflow Prevention Device Test	\$67.00
CSI Backflow Prevention Device Test Administrative Fee (only in the event the inspection or test is not performed by SE).....	\$67.00
Re-inspection	\$67.00

Commercial —

Sewer Tap Inspection.....	\$133.00
Grease Traps	\$67.00
Customer Service Inspection (Incl. cross connection and Pb/Cu).....	\$166.00
Backflow Prevention Device Test (all meter sizes).....	\$166.00
Swimming Pool Connection Inspection.....	\$166.00
CSI Backflow Prevention Device Test Administrative Fee (only in the event the inspection or test is not performed by SE).....	\$166.00
Re-inspection	\$166.00

⁽¹⁾ **These rates will be in effect for year one (1) of the contract. For subsequent years, the rates will be adjusted up or down upon written notice to the District and based on the accumulated percentage rate of increase/decrease from the previous year of the contract, based on the most current Consumer Price Index, as published by the U.S. Bureau of Labor Statistics (CPI-U), Southwest Region.**

EXHIBIT ‘E’
CONSTRUCTION AND SERVICE INSPECTION FEES (CONTINUED) ⁽¹⁾

Existing Construction

Residential —

Sewer Tap Inspection.....	\$100.00
Swimming Pool Inspection.....	\$100.00
Hot Tub Inspection	\$100.00
Water Softener Inspection.....	\$100.00
Customer Service Inspection (Incl. cross connection and Pb/Cu).....	\$100.00
Backflow Prevention Device Test	\$67.00
CSI Backflow Prevention Device Test Administrative Fee (only in the event the inspection or test is not performed by SE).....	\$67.00
Re-inspection	\$67.00

Commercial —

Sewer Tap Inspection.....	\$133.00
Grease Traps	\$67.00
Customer Service Inspection (Incl. cross connection and Pb/Cu).....	\$166.00
Annual Backflow Prevention Device Test (all meter sizes)	\$166.00
Swimming Pool Connection Inspection.....	\$166.00
CSI Backflow Prevention Device Test Administrative Fee (only in the event the inspection or test is not performed by SE).....	\$67.00
Re-inspection	\$166.00

⁽¹⁾ These rates will be in effect for year one (1) of the contract. For subsequent years, the rates will be adjusted up or down upon written notice to the District and based on the accumulated percentage rate of increase/decrease from the previous year of the contract, based on the most current Consumer Price Index, as published by the U.S. Bureau of Labor Statistics (CPI-U), Southwest Region.

EXHIBIT ‘F’
INSURANCE REQUIREMENTS

I. Insurance Limits. The Operator shall obtain insurance from companies having a Best rating of B+/VII or better, licensed to transact business in the State of Texas, of the following types and minimum limits:

1. Worker’s Compensation insurance in accordance with the laws of the State of Texas, and Employer’s Liability coverage with a limit of not less than \$500,000 each employee for Occupational Disease; \$500,000 policy limit for Occupational Disease; \$500,000 policy limit for each accident.

2. Commercial General Liability insurance on a form no less broad than the coverage provided by a “Commercial General Liability Insurance” form (dated 1985 or thereafter) promulgated by the Insurance Services Office, and containing language affording coverage for contractual liability, the products and completed operations hazards, and the explosion, collapse and underground hazards, as respects all operations and work hereunder, for all liability arising out of injury to or death of one or more persons, and injury to or destruction of property, in any one occurrence, in amounts not less than:

\$2,000,000	general aggregate limit
\$1,000,000	each occurrence, combined single limit
\$1,000,000	aggregate Products, Comp/Ops Aggregate
\$1,000,000	aggregate Personal Injury/Advertising Liability

3. Business Automobile Liability coverage on a form no less broad than the coverage provided by a Business Automobile Liability Insurance form promulgated by the Insurance Services Office applying to owned, non-owned, non-owned and hired automobiles, with limits of not less than \$1,000,000 each occurrence combined single limit for Bodily Injury and Property Damage combined.

4. Umbrella Excess Liability insurance that follows the form of the underlying primary liability insurance required by this Contract, with limit not less than \$1,000,000 each occurrence combined single limit.

5. Professional Liability – Aggregate \$1,000,000; \$15,000 Retention.

6. Cyber Liability - \$1,000,000

7. Contractors Pollution Liability - \$1,000,000

II. Miscellaneous insurance provisions.

1. Required Endorsements. All policies written on behalf of SE shall contain the following endorsements:
 - a. The District and its agents and employees shall be added as additional insureds, or loss payee with respect to required property insurance, to all coverage required under this Contract, as to the full limits of liability provided by each insurance policy (including limits greater than the minimum limits required herein), and shall include language providing:
 - (i) that such insurance applies separately to each insured against whom claim is made or suit is brought; and
 - (ii) coverage to the District, including its agents and employees, no less broad than one or the other of the following alternatives: (a) the coverage afforded to the named insured under the policy with respect to the work or services to be performed hereunder; or (b) the coverage afforded by the combination of Insurance Services Office Endorsements GC 20 33 07 04 (entitled “Additional Insured – Owners, Lessees or The Operators – Automatic Status When Required in Construction Contract with You) and GC 20 37 07 04 (entitled “Additional Insured – Owners, Lessees or The Operators – Completed Operations”); and,
 - (iii) that such insurance shall respond as primary insurance and shall not contribute with any other valid and collectible other insurance that may be maintained by the District or its agents or employees.
 - b. A waiver of subrogation endorsement in favor of the District and the District’s agents and employees, except for worker’s compensation insurance, shall be provided.
2. Subcontractor Coverage. SE may require that all its subcontractors, of any and all tiers, have insurance in compliance with the requirements of this Contract (**Exhibit F, Section I, 2.**), including all required endorsements. SE shall secure and maintain subcontractors’ certificates of insurance and additional insured endorsements as proof thereof.
3. “Claims Made” Coverage. If the insurance required hereunder is procured on a form affording “claims-made” coverage, then (i) all limits stated above as “per occurrence” shall be understood to mean “per claim” or “per occurrence,” as is consistent with the terms of the “claims-made” policy; and, (ii) such claims-made insurance shall not provide for a retroactive date later than the commencement of SE’s performance hereunder.

EXHIBIT 'G'
WATER PLANT
PREVENTIVE MAINTENANCE

Maintenance Item	Frequency
Tank Inspections (GST & HPT)	Ext-Annual / Int-5 years
Well Protection/Vibrations	Semi-Annual
Chlorine Gas Feed Equipment	Quarterly
Polyphosphate Feed Equipment	Quarterly
Generator PM	Semi-Annual
Generator Load Test	Annual
Service Booster Pumps	Per Manufacturer
Lighting	Quarterly
Remote Monitoring System	Annual
Electrical Panel – Infrared Analysis and Cleaning	Annual

WASTEWATER PLANT
PREVENTIVE MAINTENANCE

Maintenance Item	Frequency
Gas Chlorine Feed Equipment	Quarterly
Generator PM	Semi-Annual
Generator Load Test	Annual
Clean Chlorine Contact Basin	Semi-Annual
Vibration Analysis on Blowers	Semi-Annual
Change Oil/Lube for Rotating Equipment	Per Manufacturer
Lighting	Quarterly
Remote Monitoring System	Annual
Electrical Panel – Infrared Analysis and Cleaning	Annual

LIFT STATION
PREVENTIVE MAINTENANCE

Maintenance Item	Frequency
Wet Well Cleaning	Semi-Annual
Lighting	Quarterly
Remote Monitoring System	Annual
Control Panel Inspection/Clean	Annual
Generator PM	Semi-Annual
Generator Load Test	Annual

EXHIBIT 'G'
DISTRIBUTION SYSTEM INSPECTIONS
PREVENTIVE MAINTENANCE

Maintenance Item	Frequency
Distribution Valves	Annual – One Quarter of District

STORM MANHOLE INSPECTIONS
PREVENTIVE MAINTENANCE

Maintenance Item	Frequency
Storm Manhole	Annual – One Quarter of District

SANITARY MANHOLE INSPECTIONS
PREVENTIVE MAINTENANCE

Maintenance Item	Frequency
Sanitary Manhole	Annual – One Quarter of District