

## SERVICES AND GOODS AGREEMENT

This SERVICES AND GOODS AGREEMENT (the “Agreement”) is made and entered by and between NEW BRAUNFELS UTILITIES, a Texas municipally owned utility (“NBU”), and LONESTAR ARMATURE, LLC, a Texas limited liability company (the “Vendor” or “Vendor”).

For good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties, and intending to be legally bound hereby, the parties agree as follows.

1. **Term of Agreement.** This Agreement will be effective on the latest date subscribed below (the “Effective Date”), and will remain in full force and effect for a period of one (1) year from April 1, 2023, to March 31, 2024 (the “Initial Term”), unless terminated as otherwise provided pursuant to the terms and conditions of this Agreement. After the expiration of the Initial Term, this Agreement shall automatically renew for four (4) successive one-year terms (each, a “Renewal Term”), unless either party provides written notice of its intent to terminate the Agreement to the other party at least thirty (30) days prior to the expiration of any term. The Initial Term and any Renewal Term(s) are collectively referred to herein as the “Term.” Upon renewal, the terms and conditions of this Agreement will remain in full force and effect. In no event will the contract Terms extend beyond March 31, 2028
  
2. **Scope of Services, Purchases.**
  - 2.1. Scope of Services. Vendor shall perform the Services described in Exhibit A (the “Services”) within the timeframe specified therein.
  
  - 2.2. Purchase of Goods. Unless otherwise directed in writing by NBU, Vendor shall purchase, as needed, goods related to the Services described in Exhibit A, which shall be reimbursed in accordance with Section 3.
  
3. **Payment.**
  - 3.1. Amount. NBU shall pay Vendor in accordance with the terms and conditions herein the amount set forth in Exhibit B for the Services. Exhibit B shall contain the Total Compensation for the Vendor, which is the maximum dollar amount that Vendor can be paid under this Agreement for Services and goods.
  
  - 3.2. Billing Period. NBU shall pay Vendor within thirty (30) days after receipt and approval of invoices to the extent the Services have been satisfactorily performed under the terms of this Agreement. NBU shall pay Vendor for any goods purchased in accordance with the terms stated therein. All invoices provided by Vendor to NBU shall include documentation and itemization that is satisfactory to NBU of all work completed to date. In the event NBU fails to timely pay any uncontested portion of any invoice within thirty (30) days of receipt and approval of Vendor’s invoice, Vendor shall have the right to suspend work.
  
  - 3.3. Reimbursable Expenses and Goods. In order for a Vendor expense, including the purchase of a good related to the Services hereunder, to be reimbursable under this Agreement, each

such expense must first have been described in detail and/or contemplated in Exhibit A and shall be specifically described in detail in an invoice provided by Vendor to NBU after such expense has been incurred. All reimbursable expenses, including goods purchased in connection with performing the Services under this Agreement, shall be included in the calculation of the elements of the Total Compensation listed in Exhibit B. An expense not complying with these requirements shall not be reimbursable by NBU in NBU's sole discretion.

#### **4. Obligations and Representations of Vendor.**

- 4.1. Performance and Compliance with Laws. Vendor shall perform the Services in compliance with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts, administrative, or regulatory bodies in any matter affecting the performance of this Agreement, including, without limitation, worker's compensation laws, minimum and maximum salary and wage statutes and regulations, and licensing laws and regulations. When requested in writing by NBU, Vendor shall promptly furnish satisfactory proof of compliance to NBU.
- 4.2. Warranties.
  - a. Performance Warranty. Vendor warrants that the Services provided under this Agreement shall be of the highest quality and standards in accordance with such industry in this country. This warranty shall be in addition to and not in lieu of all other warranties or guaranties offered or provided by Vendor for the Services and goods.
  - b. Warranties for Goods. All manufacturer warranties and guaranties of goods provided pursuant to this Agreement shall inure to the benefit of NBU. Vendor shall warrant all work free of defects in materials and workmanship for a period of one (1) year from the date of final acceptance of all work. Vendor shall, within 30 calendar days after receipt of written notice, repair defects in materials and workmanship that may develop during said one (1) year period, and any damage to other work caused by such defects or the repairing of same, at Vendor's expense, in a manner acceptable to NBU. Vendor shall provide NBU the full original equipment manufacturer ("OEM") warranties and guaranties provided by the OEM for all Services and goods under this Agreement free of all liens, claims, and encumbrances. For example, if an OEM offers full replacement of a warranted product at no charge to the Vendor, then Vendor shall replace such item and shall not charge NBU for such replacement.
- 4.3. Personnel. Vendor shall provide adequate, experienced personnel, capable of and devoted to the successful completion of the Services to be performed under this Agreement. Vendor agrees that, upon commencement of the Services to be performed under this Agreement, key personnel will not be removed or replaced without prior written notice to NBU. If key personnel are not available to perform the Services for a continuous period exceeding thirty (30) calendar days, or are expected to devote substantially less effort to the Services than initially anticipated, Vendor shall immediately notify NBU of same and shall replace such personnel with personnel possessing substantially equal ability and qualifications.

- 4.4. Licenses; Materials. Vendor shall maintain in current status all federal, state, and local licenses and permits required for Vendor to perform the Services and operate its business. NBU has no obligation to provide Vendor, its employees or subcontractors any business registrations or licenses required to perform the Services described in this Agreement. NBU has no obligation to provide tools, equipment, or materials to Vendor.
- 4.5. Indemnity. **TO THE FULLEST EXTENT PERMITTED BY LAW, VENDOR SHALL INDEMNIFY, DEFEND, AND HOLD HARMLESS NBU AND EACH BOARD MEMBER, OFFICER, EMPLOYEE OR AGENT THEREOF (NBU AND ANY SUCH PERSON BEING HEREIN CALLED AN “INDEMNIFIED PARTY”), FOR, FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS’ FEES AND COURT COSTS) TO WHICH ANY SUCH INDEMNIFIED PARTY MAY BECOME SUBJECT, UNDER ANY THEORY OF LIABILITY WHATSOEVER (“CLAIMS”), INsofar AS SUCH CLAIMS (OR ACTIONS IN RESPECT THEREOF) RELATE TO, ARISE OUT OF, OR ARE CAUSED BY THE GOODS OR SERVICES PROVIDED BY VENDOR, ITS OFFICERS, EMPLOYEES, AGENTS, OR ANY TIER OF SUBCONTRACTOR IN THE PERFORMANCE OF THIS AGREEMENT. THE AMOUNT AND TYPE OF INSURANCE COVERAGE REQUIREMENTS FOR VENDOR SET FORTH HEREIN SHALL IN NO WAY BE CONSTRUED AS LIMITING THE SCOPE OF THE INDEMNITY IN THIS SECTION.**
- 4.6. Insurance. Vendor shall continuously during the Term comply with the following requirements regarding insurance:
- a. Insurer Qualifications. Without limiting any obligations or liabilities of Vendor, Vendor shall purchase and maintain, at its own expense, hereinafter stipulated minimum insurance with insurance companies authorized to do business in the State of Texas with an A.M. Best, Inc. rating of A-VII or above with policies and forms satisfactory to NBU. Failure to maintain insurance as specified herein may result in termination of this Agreement at NBU’s option.
  - b. No Representation of Coverage Adequacy. By requiring insurance, NBU does not represent that coverage and limits will be adequate to protect Vendor. NBU reserves the right to review any and all of the insurance policies and/or endorsements cited in this Agreement, but has no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency will not relieve Vendor from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.
  - c. Additional Insured. All insurance coverage and self-insured retention or deductible portions, except Workers’ Compensation insurance and Professional Liability insurance, if applicable, shall name, to the fullest extent permitted by law for claims arising out of the performance of this Agreement, NBU, its agents, representatives, officers, directors, officials and employees as an Additional Insured (CG 2010 1001 and CG 2037 1001 or an equivalent on the general liability policy) as specified under the respective coverage sections of this Agreement.

- d. Coverage Term. All insurance required herein shall be maintained in full force and effect until all the Services required to be performed under the terms of this Agreement are satisfactorily performed, completed and formally accepted by NBU, unless specified otherwise in this Agreement.
- e. Primary Insurance. Vendor's insurance shall be primary insurance with respect to performance of this Agreement and in the protection of NBU as an Additional Insured.
- f. Claims Made. In the event any insurance policies required by this Agreement are written on a "claims made" basis, coverage will extend, either by keeping coverage in force or purchasing an extended reporting option, for three years after the conclusion of the term of this Agreement. Such continuing coverage will be evidenced by submission of annual certificates of insurance stating applicable coverage is in force and containing provisions as required herein for the three-year period.
- g. Waiver. All policies (except for Professional Liability, if applicable), including Workers' Compensation insurance, will contain a waiver of rights of recovery (subrogation) against NBU, its agents, representatives, officials, officers and employees for any claims arising out of the Services performed by Vendor. Vendor shall arrange to have such subrogation waivers incorporated into each policy via formal written endorsement thereto.
- h. Policy Deductibles and/or Self-Insured Retentions. The policies set forth in these requirements may provide coverage that contains deductibles or self-insured retention amounts. Such deductibles or self-insured retention shall not be applicable with respect to the policy limits provided to NBU. Vendor shall be solely responsible for any such deductible or self-insured retention amount.
- i. Use of Subcontractors. Vendor shall not use subcontractors for all or any work under this Agreement without the prior written consent of NBU in its sole discretion. If any work under this Agreement is subcontracted in any way, Vendor shall execute written agreements with its subcontractors containing the indemnification provisions set forth in this Agreement and insurance requirements set forth herein protecting NBU and Vendor. Vendor shall be responsible for executing any agreements with its subcontractors and obtaining certificates of insurance verifying the insurance requirements.
- j. Evidence of Insurance. Prior to the Effective Date of this Agreement, Vendor shall provide suitable evidence of insurance to NBU, which confirms that all required insurance policies are in full force and effect. Evidence of insurance shall be in a form acceptable to NBU. Evidence of such insurance shall be attached as Exhibit C. Confidential information such as the policy premium may be redacted from the documents evidencing each insurance policy, provided that such redactions do not alter any of the information required by this Agreement. NBU will rely upon the requested information, including, but not limited to, certificates of insurance, endorsements, schedule of forms and endorsements, or other policy language as evidence of coverage but such acceptance and reliance will not waive or alter in any way the insurance

requirements or obligations of this Agreement. If any of the policies required by this Agreement expire during the life of this Agreement, it will be Vendor's responsibility to forward renewal certificates and evidence of insurance to NBU five (5) days prior to the expiration date.

- k. Required Insurance Coverage. Any of the coverage set forth below may be waived by NBU in its sole discretion, but any such waiver must be signed by an authorized representative of NBU on or before the Effective Date of this Agreement.
  - i. Commercial General Liability. Vendor shall maintain "occurrence" form Commercial General Liability insurance with an unimpaired limit of not less than \$1,000,000 for each occurrence and a \$2,000,000 General Aggregate Limit. The policy shall cover liability arising from premises, operations, independent contractors, products, completed operations, personal injury, and property damage. The definition of insured contract cannot have any modifications as outlined in the ISO policy form CG 0001 0413. Third party action over coverage must not be specifically excluded. To the fullest extent allowed by law, for claims arising out of the performance of this Agreement, NBU, its agents, representatives, officers, officials and employees shall be cited as an Additional Insured. If any Excess insurance is utilized to fulfill the requirements of this subsection, such Excess insurance shall be "follow form" equal or broader in coverage scope than underlying insurance.
  - ii. Auto Liability. Vendor shall maintain Automobile Liability insurance with a limit of \$1,000,000 combined single limit on Vendor's owned or hired and non-owned vehicles, as applicable, assigned to or used in the performance of the Services by Vendor under this Agreement. To the fullest extent allowed by law, for claims arising out of the performance of this Agreement, NBU, its agents, representatives, officers, directors, officials and employees shall be cited as an Additional Insured. If any Excess insurance is utilized to fulfill the requirements of this subsection, such Excess insurance shall be "follow form" equal or broader in coverage scope than underlying insurance.
  - iii. Professional Liability. Vendor shall maintain Professional Liability insurance covering negligent errors and omissions arising out of the Services performed by Vendor, or anyone employed by Vendor, or anyone for whose negligent acts, mistakes, errors and omissions Vendor is legally liable, with an unimpaired liability insurance limit of \$1,000,000 each claim and \$2,000,000 annual aggregate. In the event Vendor Liability insurance policy is written on a "claims made" basis, coverage shall extend for three years after the conclusion of the term of this Agreement, and Vendor shall be required to submit certificates of insurance and other requested information evidencing proper coverage is in effect as required above. Confidential information such as the policy premium or proprietary information may be redacted from the insurance information requested, provided that such redactions do not alter any of the information required by this Agreement.

- iv. Workers' Compensation and Employer's Liability Insurance. Vendor shall maintain Workers' Compensation insurance to cover Vendor's employees engaged in the performance of the Services under this Agreement and shall also maintain Employers Liability Insurance of not less than \$1,000,000 for each accident, \$1,000,000 disease for each employee and \$1,000,000 disease policy limit.
- l. Cancellation and Expiration Notice. Insurance required herein shall not expire, be canceled, or be materially changed without thirty (30) days' prior written notice to NBU.

#### 4.7. Additional Representations.

- a. Prohibited Gifts, Bonus, Commission, Money, and Other Consideration. Vendor represents and warrants that Vendor has not given, made, promised or paid, nor offered to give, make, promise or pay any gift, bonus, commission, money or other consideration to any person as an inducement to or in order to obtain the work to be provided to NBU under this Agreement. Violation of this Section shall subject this Agreement to termination under the Termination provisions of this Agreement. Vendor further agrees that Vendor shall not accept any gift, bonus, commission, money, or other consideration from any person (other than from NBU pursuant to this Agreement) for any of the Services performed by Vendor under or related to this Agreement. If any such gift, bonus, commission, money, or other consideration is received by or offered to Vendor, Vendor shall immediately report that fact to NBU and, NBU, in its sole discretion, may terminate this Agreement.
- b. Prohibition on Contracts with Companies Boycotting Israel. Vendor hereby verifies that it and its parent company, wholly- or majority owned subsidiaries, and other affiliates, if any, does not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement as described in Chapter 2271 of the Texas Government Code, as amended.

The foregoing verification is made solely to comply with Chapter 2271.002 of the Texas Government Code, as amended, and to the extent such Section does not contravene applicable federal and State law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Vendor understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with Vendor and exists to make a profit.

- c. Contracts with Companies Engaged in Business with Iran, Sudan, or Foreign Terrorist Organizations Prohibited. Vendor represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public

Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such Section does not contravene applicable federal or State law and excludes Vendor and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. Vendor understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with Vendor and exists to make a profit.

d. Prohibition on Contracts with Companies in China, Iran, North Korea, or Russia. To the extent this Agreement relates to critical infrastructure in the State of Texas, the Vendor represents the following:

i. it is not owned by or the majority of stock or other ownership interest in the Vendor is not held or controlled by:

1. individuals who are citizens of China, Iran, North Korea, Russia, or a country designated by the Governor of Texas as a threat to critical infrastructure under Section 2274.0103 of the Texas Government Code, as amended ("designated country"); or
2. 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 a designated country; or

ii. it is not headquartered in China, Iran, North Korea, Russia, or a designated country.

The foregoing representation is made solely to comply with Chapter 2274 of the Texas Government Code, as amended, and to the extent such Section does not contravene applicable federal or State law. As used in the foregoing verification, "critical infrastructure" means a communication infrastructure system, cybersecurity system, electric grid, hazardous waste treatment system, or water treatment facility.

e. Prohibition on Contracts with Companies Boycotting Energy Companies. The Vendor hereby verifies that it and its parent company, wholly-or majority owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, to the extent this Agreement is a contract for goods or services, will not boycott energy companies

during the term of this Agreement as described in Chapter 2274 of the Texas Government Code, as amended.

The foregoing verification is made solely to comply with Section 2274.002 of the Texas Government Code, as amended, and to the extent such Section does not contravene applicable federal and State law. As used in the foregoing verification, “boycott energy companies” has the meaning used in Section 809.001 of the Texas Government Code, as amended. The Vendor understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Vendor and exists to make a profit.

- f. Prohibition on Contracts with Companies that Discriminate Against Firearm and Ammunition Industries. The Vendor hereby verifies that it and its parent company, wholly-or majority owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and, to the extent this Agreement is a contract for goods or services, will not discriminate against a firearm entity or firearm trade association during the term of this Agreement as described in Chapter 2274 of the Texas Government Code, as amended.

The foregoing verification is made solely to comply with Section 2274.002 of the Texas Government Code, as amended, and to the extent such Section does not contravene applicable federal and State law. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning used in Section 2274.001(3) of the Texas Government Code, as amended. The Vendor understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Vendor and exists to make a profit.

- g. Disclosure of Business Relationships/Affiliations; Conflict of Interest Questionnaire. Vendor represents that it is in compliance with the applicable filing and disclosure requirements of Chapter 176 of the Texas Local Government Code, as amended.

## **5. Obligations and Representations of NBU.**

5.1. Authority to Enter into Agreement. To the fullest extent authorized by law, NBU warrants that it has authority to execute and enter into this legally binding Agreement.

5.2. Binding Obligation. This Agreement constitutes a legal, valid, and binding obligation of NBU enforceable against it in accordance with the terms herein.

## **6. Termination.**

6.1. For NBU’s Convenience. This Agreement is for the convenience of NBU and, as such, may be terminated by NBU for any reason upon thirty (30) days’ written notice by NBU to Vendor. Upon termination for convenience, Vendor will be paid for the Services performed to the termination date less any offsets to which NBU may be entitled under the



terms of this Agreement. By written notice to NBU, Vendor may suspend work if Vendor reasonably determines that working conditions at the site (outside Vendor's control) are unsafe, or in violation of applicable laws, or in the event NBU has not made timely payment in accordance with this Agreement, or for other circumstances not caused by Vendor that are materially interfering with the normal progress of the work. Vendor's suspension of work hereunder shall be without prejudice to any other remedy of Vendor at law or equity.

- 6.2. For Cause. If either party violates any provision or fails to perform any obligation of this Agreement and such party fails to cure its nonperformance within thirty (30) days after written notice of nonperformance is given by the non-defaulting party, such party will be in default. In the event of such default, the non-defaulting party may terminate this Agreement immediately for cause and will have all remedies that are available to it at law or in equity including, without limitation, the remedy of specific performance. If the nature of the defaulting party's nonperformance is such that it cannot reasonably be cured within thirty (30) days, then the defaulting party will have such additional period of time as may be reasonably necessary under the circumstances, provided the defaulting party immediately (i) provides written notice to the non-defaulting party and (ii) commences to cure its nonperformance and thereafter diligently continues to completion the cure of its nonperformance. In no event will any such cure period exceed ninety (90) days. Only one notice of nonperformance will be required during the term of this Agreement and in the event of a second breach or violation, the non-defaulting party may immediately terminate this Agreement without notice to the defaulting party. In the event of any termination for cause by NBU, payment will be made by NBU to Vendor for the undisputed portion of its fee due as of the termination date less any offsets to which NBU may be entitled under the terms of this Agreement.
- 6.3. Non-Collusion. If NBU determines that Vendor gave, made, promised, paid or offered any gift, bonus, commission, money, or other consideration to NBU or any of its officers, agents, or employees to secure this Agreement, or if Vendor otherwise violated its obligations under Section 4.7(a), NBU may, in its sole discretion, terminate this Agreement.
- 6.4. Agreement Subject to Appropriation. This Agreement is subject to appropriation of funds. The provisions of this Agreement for payment of funds by NBU shall be effective when funds are appropriated for purposes of this Agreement and are actually available for payment. NBU shall be the sole judge and authority in determining the availability of funds under this Agreement and NBU shall keep Vendor fully informed as to the availability of funds for the Agreement. The obligation of NBU to make any payment pursuant to this Agreement is a current expense of NBU, payable exclusively from such annual appropriations, and is not a general obligation or indebtedness of NBU. If sufficient funds are not appropriated to pay the amounts as set forth in this Agreement during any immediately succeeding fiscal year, this Agreement shall terminate at the end of the then-current fiscal year and NBU and Vendor shall be relieved of any subsequent obligation under this Agreement.

## **7. Confidentiality; Texas Public Information Act.**

- 7.1. Confidentiality of Records. Vendor shall establish and maintain procedures and controls that are acceptable to NBU for the purpose of ensuring that information contained in its records or obtained from NBU or from others in carrying out Vendor's obligations under this Agreement shall not be used or disclosed by it, its agents, officers, or employees, except as required to perform Vendor's duties under this Agreement. Persons requesting such information should be immediately referred to NBU. Vendor also agrees that any information pertaining to individual persons shall not be divulged other than to employees or officers of Vendor as needed for the performance of duties under this Agreement.
- 7.2. Confidential Information. To the extent that confidential and proprietary information of each party ("Confidential Information") is exchanged and received in connection with the Services or goods, each party agrees not to use the other party's Confidential Information except in the performance of, or as authorized by, this Agreement, and not to disclose, sell, license, distribute or otherwise make available such information to third parties. Use by third party contractors may be permitted so long as such contractor has a need to know and is required to maintain the confidentiality of such information as required by this Section. "Confidential Information" includes (but is not limited to) Vendor Confidential Information (as defined below), and does not include: (i) information that was publicly available at the time of disclosure or that subsequently becomes publicly available other than by a breach of this provision, (ii) information previously known by or developed by the receiving party independent of the Confidential Information or (iii) information that the receiving party rightfully obtains without restrictions on use and disclosure.
- 7.3. Vendor Confidential Information. "Vendor Confidential Information" means any pre-existing proprietary or Confidential Information of Vendor created by Vendor and used to perform the Services, or included in any goods provided, including but not limited to software, appliances, methodologies, code, templates, tools, records, data or other intellectual property shall remain the exclusive property of Vendor.
- 7.4. Conflict with Applicable Statute or Law. Nothing in this Section is intended to reduce or conflict with any duty, obligation or provision contained in the Texas Public Information Act, the Texas Open Meetings Act, or any other applicable statute or rule.
- 7.5. Texas Public Information Act. Vendor recognizes that NBU is subject to the disclosure requirements of the Texas Public Information Act (the "PIA"). As part of its obligations within this Agreement, Vendor agrees, at no additional cost to NBU, to cooperate with NBU for any particular needs or obligations arising out of the NBU's obligations under the PIA. This acknowledgement and obligation are in addition to and complimentary to the NBU's audit rights in Section 9.13.

This provision applies if the Agreement has a stated expenditure of at least \$1 million in public funds for the purchase of goods or services by NBU or results in the expenditure of at least \$1 million in public funds for the purchase of goods or services by NBU in a fiscal year of NBU.

Vendor must (1) preserve all contracting information related to the Agreement as provided by the records retention requirements applicable to NBU for the duration of the Agreement;

(2) promptly provide to NBU any contracting information related to the Agreement that is in the custody or possession of Vendor on request of NBU; and (3) on completion of the Agreement, either:

- (i) provide at no cost to NBU all contracting information related to the Agreement that is in the custody or possession of Vendor; or
- (ii) preserve the contracting information related to the Agreement as provided by the records retention requirements applicable to NBU.

The requirements of Subchapter J, Chapter 552, Texas Government Code, may apply to this Agreement and Vendor agrees that the Agreement can be terminated if the Vendor knowingly or intentionally fails to comply with a requirement of that subchapter.

## **8. Information Technology and Intellectual Property Infringement.**

- 8.1. Limited Access. If necessary for the fulfillment of the Agreement, NBU may provide Vendor with non-exclusive, limited access to NBU's information technology infrastructure. Vendor understands and agrees to abide by NBU policies, standards, regulations and restrictions regarding access and usage of NBU's information technology infrastructure. Vendor shall reasonably enforce such policies, standards, regulations and restrictions with all Vendor's employees, agents or any tier of subcontractor granted access in the performance of this Agreement, and shall be granted and authorize only such access as may be necessary for the purpose of fulfilling the requirements of the Agreement. Vendor's employees, agents and subcontractors must receive prior, written approval from NBU before being granted access to NBU's information technology infrastructure and data and NBU, in its sole determination, shall determine accessibility and limitations thereto. Vendor agrees that the requirements of this Section shall be incorporated into all subcontractor agreements entered into by Vendor. It is further agreed that a violation of this Section shall be deemed to cause irreparable harm that justifies injunctive relief in court. A violation of this Section may result in immediate termination of this Agreement without notice.
- 8.2. Data Confidentiality. All data, regardless of form, including originals, images and reproductions, prepared by, obtained by or transmitted to Vendor in connection with this Agreement is confidential, proprietary information owned by NBU. Except as specifically provided in this Agreement, Vendor shall not intentionally disclose data generated in the performance of the Services to any third party without the prior, written consent of NBU.
- 8.3. Data Security. Personal identifying information, financial account information, or restricted NBU information, whether electronic format or hard copy, is confidential and must be secured and protected at all times to avoid unauthorized access. At a minimum, Vendor must encrypt or password-protect electronic files. This includes data saved to laptop computers, computerized devices or removable storage devices.
- 8.4. Compromised Security. In the event that data collected or obtained by Vendor in connection with this Agreement is believed to have been compromised or in the event of a

cybersecurity event or breach, Vendor shall notify NBU immediately. VENDOR SHALL INDEMNIFY, DEFEND, AND HOLD NBU HARMLESS FROM ANY CLAIMS RESULTING FROM VENDOR'S FAILURE TO COMPLY WITH ITS OBLIGATIONS UNDER THIS SECTION.

- 8.5. Intellectual Property Infringement. VENDOR SHALL DEFEND AND INDEMNIFY NBU AGAINST ANY COSTS, LIABILITIES OR DAMAGES (INCLUDING ATTORNEY'S FEES) ARISING FROM A CLAIM THAT NBU'S AUTHORIZED USE OF ANY SERVICE OR GOODS PURCHASED PURSUANT TO THIS AGREEMENT INFRINGES ANY PATENT, COPYRIGHT, TRADEMARK OR TRADE SECRET. NBU agrees to notify Vendor in writing of any such claim or suit that NBU receives. Notwithstanding NBU's agreement to notify Vendor of such claim or suit, NBU's failure to so notify Vendor shall not diminish Vendor's indemnity obligations hereunder. Vendor shall have control of any such suit and NBU shall cooperate with Vendor in connection with its defense at the expense of Vendor. If NBU is enjoined from using any portion of any Service or goods purchased pursuant to this Agreement, or if Vendor believes that such Service or good is likely to become the subject of an infringement claim, Vendor shall (i) obtain the right for NBU to continue to use such Service or good or (ii) replace or modify the Service or good so as to make it non-infringing and equal to the functionality of such Service or good described in this Agreement.

## 9. Miscellaneous.

- 9.1. Independent Contractor. Vendor acknowledges that Vendor is an independent contractor of NBU and is not an employee, agent, official or representative of NBU. Vendor shall not represent, either expressly or through implication, that Vendor is an employee, agent, official or representative of NBU. Income taxes, self-employment taxes, social security taxes and the like shall be the sole responsibility of Vendor.
- 9.2. Governing Law; Venue. This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. The provisions and obligations of this Agreement are performable in Comal County, Texas such that exclusive venue for any action arising out of this Agreement shall be in Comal County, Texas.
- 9.3. Amendments. This Agreement may only be amended, modified, or supplemented by a written amendment signed by persons duly authorized to enter into contracts on behalf of NBU and Vendor.
- 9.4. Provisions Required by Law. Each and every provision of law and any clause required by law to be in the Agreement shall be read and enforced as though it were included herein and, if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, the Agreement shall promptly be physically amended to make such insertion or correction.
- 9.5. Severability. If any term or provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect under applicable law, the legality, validity or enforceability of the remaining terms or provisions of this Agreement shall not be affected thereby, and

this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

- 9.6. No Assignment. Neither party shall have the right to assign that party's interest in this Agreement without the prior written consent of the other party. Any purported assignment in violation of this Section shall be null and void.
- 9.7. Subcontractors. Vendor shall not transfer any portion of the work related to the Services under this Agreement to any subcontractor without the prior written consent of NBU, which consent shall not be unreasonably withheld. The approval or acquiescence of NBU in the subletting of any work shall not relieve Vendor of any responsibility for work done by such subcontractor. Failure to pay subcontractors in a timely manner pursuant to any subcontract shall be a material breach of this Agreement by Vendor.
- 9.8. Waiver. No waiver by any party of any of the provisions of this Agreement shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver of any breach or violation of any term of this Agreement shall be deemed or construed to constitute a waiver of any other breach or violation, whether concurrent or subsequent, and whether of the same or of a different type of breach or violation. No failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.
- 9.9. Attorneys' Fees. In the event either party brings any action for any relief, declaratory or otherwise, arising out of this Agreement or on account of any breach or default hereof, the prevailing party will be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses, which will be deemed to have accrued on the commencement of such action.
- 9.10. Liens. All goods or services provided under this Agreement shall be free of all liens and, if NBU requests, a formal release of all liens shall be delivered to NBU.
- 9.11. Offset for Damages, Delinquent Fees or Taxes. In addition to all other remedies at law or equity, NBU may offset from any money due to Vendor any amount Vendor owes to NBU for damages resulting from breach or deficiencies in performance or breach of any obligation under this Agreement, including but not limited to all costs, expenses, fines, fees, and charges associated with obtaining performance from alternative sources, shipping, handling, goods, equipment rental, travel expenses and associated costs. NBU may offset from any money due to Vendor any amount Vendor owes to NBU for delinquent fees, including any interest or penalties.
- 9.12. Notice. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered to the party at the address set forth below, (ii) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below, or (iii) given to a recognized and reputable overnight delivery service, to the address set forth below:

**To NBU:**

New Braunfels Utilities  
Attn: Director of Water Services  
355 FM 306  
New Braunfels, TX 78130

With a copy to:

Purchasing Manager  
New Braunfels Utilities  
355 FM 306  
New Braunfels, TX 78130

**To Vendor:**

Lonestar Armature, LLC  
4754 Center Park Blvd.  
San Antonio, Texas 78218

or at such other address, and to the attention of such other person or officer, as any party may designate by providing thirty (30) days' prior written notice of such change to the other party in the manner set forth in this Section. Notices shall be deemed received (i) when delivered to the party, (ii) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage or (iii) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

- 9.13. Right to Audit. NBU shall have the right to examine and audit the books and records of Vendor with regard to the Services and/or goods obtained pursuant to this Agreement, or any subsequent changes, at any reasonable time. Such books and records shall be maintained in accordance with generally accepted principles of accounting and shall be adequate to enable determination of: (1) the substantiation and accuracy of any payments required to be made under this Agreement; and (2) compliance with the provisions of this Agreement.
- 9.14. Paragraph Headings; Construction. The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both parties have participated in the negotiation and preparation of this Agreement and this Agreement shall not be construed either more or less strongly against or for either party.

- 9.15. Binding Effect. Except as limited herein, the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, personal and legal representatives, successors and assigns.
- 9.16. Gender. Within this Agreement, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.
- 9.17. Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.
- 9.18. Exhibits. All Exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.
- 9.19. Conflicting Terms. In the case of any conflicts between the terms of this Agreement and an Exhibit to this Agreement, the statements in the body of this Agreement shall govern.
- 9.20. Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between the parties, it being expressly understood and agreed that no provision contained in this Agreement nor any act or acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship of independent parties contracting with each other solely for the purpose of effecting the provisions of this Agreement.
- 9.21. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.
- 9.22. Non-Exclusive Contract. This Agreement is entered into with the understanding and agreement that it is for the sole convenience of NBU. NBU reserves the right to obtain like goods and services from another source when necessary.
- 9.23. Force Majeure. If the performance of any covenant or obligation to be performed hereunder by any party is delayed as a result of circumstances that are beyond the reasonable control of such party (which circumstances may include, without limitation, acts of God, war, acts of civil disobedience, pandemics, epidemics, fire or other casualty, shortage of materials, adverse weather conditions (such as, by way of illustration and not of limitation, severe rain storms or below freezing temperatures, or tornados), labor action, strikes or similar acts, moratoriums or regulations or actions by governmental authorities), the time for such performance shall be extended by the amount of time of such delay, but no longer than the amount of time reasonably occasioned by the delay. In no event will any delay or failure of performance caused by any force majeure condition extend this Agreement beyond its stated Term unless both parties agree in writing to such extension in an amendment to this Agreement. The party claiming delay of performance as a result of any of the foregoing force majeure events shall deliver written notice of the commencement

of any such delay resulting from such force majeure event not later than seven (7) days after the claiming party becomes aware of the same, and if the claiming party fails to so notify the other party of the occurrence of a force majeure event causing such delay and the other party shall not otherwise be aware of such force majeure event, the claiming party shall not be entitled to avail itself of the provisions for the extension of performance contained in this subsection.

- 9.24. Dispute Resolution. In accordance with the provisions of Subchapter I, Chapter 271 of the Texas Local Government Code, as amended, the parties agree that, prior to instituting any lawsuit or other proceeding arising from a dispute under this Agreement, the parties shall first attempt to resolve the dispute by taking the steps described in this Section. First, the dissatisfied party shall deliver to the other party a written notice substantially describing the nature of the dispute, which notice shall request a written response to be delivered to the dissatisfied party not less than five (5) business days after receipt of the notice of dispute. Second, if the response does not reasonably resolve the dispute, in the opinion of the dissatisfied party, the dissatisfied party shall give written notice within five (5) business days to that effect to the other party whereupon each party shall appoint a person having authority over the activities of the respective parties who shall promptly meet, in person, in an effort to resolve the dispute. Third, if those persons cannot or do not resolve the dispute, then the parties shall each appoint a person from the highest tier of managerial responsibility within each respective party, who shall then promptly meet, in person, in an effort to resolve the dispute.
- 9.25. Survival. The sections of this Agreement that by their terms are intended to survive the termination of this Agreement shall so survive.
- 9.26. Entire Agreement; Interpretation; Parol Evidence. This Agreement and the related Exhibits constitute the entire agreement of the parties with respect to the subject matter, and all previous agreements, whether oral or written, entered into prior to this Agreement are hereby revoked and superseded. No representations, inducements or oral agreements have been made by any of the parties except as expressly set forth in this Agreement. This Agreement shall be construed and interpreted according to its plain meaning, and no presumption shall be deemed to apply in favor of, or against the party drafting the Agreement.
- 9.27. Electronic Signatures. Pursuant to Chapter 322 of the Texas Business and Commerce Code, as amended, the parties agree to the use of electronic signatures herein and that the use of an electronic signature, whether digital or encrypted, is intended to have the same force and effect as a manual signature. Electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. Each party further agrees that if it agrees to conduct a transaction by electronic means in this Agreement, it may refuse to conduct other transactions by electronic means and that such right may not be waived by this Agreement.

*(The remainder of this page intentionally left blank)*



IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this the \_\_\_ day of \_\_\_\_\_, 20\_\_.

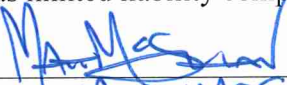
**NBU:**

**NEW BRAUNFELS UTILITIES,**  
a Texas municipally owned utility

By: \_\_\_\_\_  
Name: Ian Taylor  
Title: CEO

**VENDOR:**

**LONESTAR ARMATURE, LLC**  
a Texas limited liability company

By:   
Name: MATT MCSHAN  
Title: PRESIDENT

## Exhibit A – Scope of Services

The Vendor shall provide all labor, material, and equipment to monitor, maintain, and replace existing water and wastewater system facility pumps (“Pump Services”) and motor repair and maintenance services (“Motor Services”) at existing water and wastewater facilities throughout New Braunfels Utilities’ (“NBU”) system for predictive maintenance and planned and un-planned (emergency) services (the “Services”).

The Services are intended to be as needed to address planned service during the winter months and emergency repair throughout the year. Additionally, NBU may deviate from the requested materials as needed to meet the schedule and production needs of facilities.

The Vendor shall provide service in accordance with the following sections:

### I. General Requirements

- a) NBU will work directly with the Vendor to establish a schedule for each material repair or order. The following are intended to establish a typical or baseline schedule for services:
  - i) Standard Repairs: Standard repairs are those considered to occur in a standard time frame and the Vendor shall make standard repairs within 40 business days or less of receipt of authorization from NBU. The Vendor shall provide a quote for repairs within 10 business days or less of receipt of repair request from NBU. The final repair report shall be submitted by the Vendor no more than 20 business days or less following the completion of repairs.
  - ii) Emergency/Expedited Repairs: Emergency repairs are those considered to occur under conditions that require an expedited repair and the Vendor shall make those repairs within 3 business days or less of receipt of authorization from NBU. The Vendor shall provide a quote for repairs within 48 hours or less of receipt of repair request. The final repair report shall be submitted by the Vendor within 10 business days or less following the completion of repairs.
- b) Emergency repair requirements:
  - i) Emergency repairs may require the Vendor to provide 24-hour services or repair work to meet the schedule and requirements of NBU. This request will be provided on an as needed basis and at the sole request of NBU.
  - ii) All requests between the months of May and September will be considered emergency repairs unless otherwise specified by NBU.
- c) Unit Responsibility and Coordination
  - i) The Vendor shall be responsible for the adequacy and compatibility of all pumping unit components including but not limited to the pump, couplings, motor and their compatibility.
  - ii) Any component of each complete pumping unit not provided by the Vendor shall be designed, fabricated, tested, and installed under the supervision of the Vendor by an individual experienced in the design of pumping equipment.

## II. Pump Services

The Vendor shall perform Pump Services on the following:

### 1) Existing Water and Wastewater System Facility Pumps

- i) NBU generally has the following existing pump infrastructure:
  - i) Vertical Turbine Pump– Short Set
    - 1) Approximate Number of Pumps: 30 pumps
    - 2) Typical Pump Depth: Typical 20-30-foot depths
    - 3) Typical Horsepower Range: 30-200
    - 4) Typical Flow Rate Ranges: 300-2,500 GPM
    - 5) Anticipated Existing Pump Makes:
      - (a) SAMCO
      - (b) Byron Jackson
      - (c) Flowserve
      - (d) Peabody
      - (e) National
      - (f) SIM FLO
      - (g) Peerless
      - (h) Others
  - ii) Horizontal Split Case Pump
    - 1) Approximate Number of Pumps: 25 pumps
    - 2) Typical Horsepower Range: 25-150
    - 3) Typical Flow Rate Ranges: 100-2,000 GPM
    - 4) Anticipated Existing Pump Makes:
      - (a) Crane Deming (Most Common Make)
      - (b) Patterson

### 2) Services

- i) Services are anticipated to fall into the following types of service:
  - i) Planned Services:
    - 1) NBU estimates 10 pumps will be taken out of service for repair and evaluation during winter months. This number is not guaranteed, and the number of pumps to be serviced will be provided by NBU.
    - 2) Annual diagnostics services for all facility pumps.
    - 3) Supply of parts and replacement equipment to NBU Facilities
  - ii) Emergency Repairs and Replacements as needed.

### 3) Pump Annual Diagnostic Services

- i) For each pump diagnostic, the Vendor shall provide NBU with the results and any recommendations for repair work, describing findings and providing a breakdown of necessary repairs categorized by parts, replacement, and/or machine needs within 10 days.

- ii) Vendor shall complete the following for each pump:
  - i) performance testing for pumps;
  - ii) electrical diagnostics and power analysis;
  - iii) vibration and thermal analysis; and
  - iv) diagnostic services will be planned with NBU for each pump on an annual basis, NBU may elect to have some pumps tested more frequently than once a year and some less or not at all.

#### **4) Supply of Parts**

- i) NBU at its discretion may elect to purchase and maintain inventory for common wear components, and critical replacement pumps from the Vendor, to be stored at NBU facilities for repair and replacement needs. Supply of inventory of parts is anticipated on a limited basis for NBU's most critical and common pumping infrastructure.

#### **5) Repair Procedures**

- i) Vendor shall disconnect motor and provide crane if necessary for removal of motor. NBU prefers that a licensed electrician performs this task.
- ii) Vendor shall disassemble and remove pump and provide crane or equipment for removal of pump
  - i) Most NBU facilities do not have a bridge crane.
- iii) For each repair, the Vendor shall provide NBU with the repair work scope and a tear down and inspection report, which is supported with photographs when appropriate, describing findings and providing a breakdown of necessary repairs categorized by parts, replacement, and/or machine needs.
- iv) Vendor shall indicate probable failure modes in the repair work scope and the final repair report. This report shall not include engineering analysis. No repairs shall be initiated without prior written authorization from NBU.
- v) Vendor shall provide projected completion and delivery dates with each repair estimate. Additionally, the Vendor should provide any recommendations/alternatives that may improve performance and longevity of the pumping system.
- vi) Upon completion of each repair, the Vendor shall submit a final repair report with details as indicated above. The reports shall thoroughly document the work performed including, but not limited to, the following:
  - i) tear down report, including possible root causes of failures;
  - ii) description of all work performed;
  - iii) description of all parts installed;
  - iv) description of modified or repaired parts;
  - v) results of any testing performed;
  - vi) final balance reports;
  - vii) Manufacturer curves and tested curves of specific pump (if tested);
  - viii) final assembly dimensions;
  - ix) digital photographs of as-found conditions, post cleaning, during assembly and final assembly; and material certifications.
- vii) All testing and repairs shall be performed at the Vendor's repair facility by competent and certified employees.

- viii) All tools and test equipment necessary for the proper execution of this contract shall be a part of the Vendor's shop equipment. Vendor must have equipment such as but not limited to burn-out oven, balancing machine, and a large dipping vat.
- ix) All repairs shall meet or exceed the OEM specifications for the pump manufacturer and suitable for the service type (i.e. potable, raw water, etc.).
- x) If an existing pump nameplate is illegible, the Vendor shall supply a new nameplate that will replace the original. New nameplates shall be made of corrosion resistant metal and have stamped or engraved lettering.
- xi) The total cost of repair inclusive of labor, materials, and equipment generally should not exceed 60% of the cost for replacement of the pump. In the event the cost exceeds 60%, the Vendor shall note this and provide in addition to the repair quote an additional quote for a new pump for NBU's consideration.
- xii) The Vendor shall record results and return to NBU in electronic format.

**6) Pump Repair Requirements (Typical)**

- i) Pumps shall be repaired in accordance with American Water Works Association ("AWWA") and Hydraulic Institute ("HI") requirements.
- ii) Bearings shall be replaced with new bearings of equal or better quality as the original and the bearings shall match the original bearings size.
- iii) Shaft shall be checked for straightness and repair/replace if necessary. If replacement is required, the shaft shall match the dimensions and length of existing shaft or a coupling shall be provided that is machined to mate the pump shaft to the motor shaft.
- iv) All pumps shall be balanced in accordance with manufacturer and HI requirements.
- v) Pumps shall be repainted to match existing color unless otherwise specified by NBU.

**7) Pump Replacement Requirements (Typical)**

- i) Provide pumps in accordance with AWWA and HI requirements.
- ii) Pump specifications will vary depending upon each requirement. The following is provided for typical requirements:
  - i) Bearing shall be selected to carry radial and thrust loads. Bearing life shall be designed to give a minimum of 100,000 hours at maximum load without replacement. Provide thrust bearing rated at 1.5 times the maximum thrust loads involved.
  - ii) Casing/Bowl shall be ASTM Cast Iron AL48-CL3, with designed cross section and thickness to withstand all stresses. Casing/Bowl shall be designed to a 30,000-psi tensile strength and withstand a hydrostatic test at 150% of shutoff head.
  - iii) Impellor shall be stainless steel or nickel-aluminum.
  - iv) Shafts shall be stainless steel.
  - v) Provide stainless or appropriate material wear rings.
  - vi) All pumps shall be tested in accordance with manufacturer and HI requirements.
  - vii) Provide mechanical seals manufactured by Chesterton or approved equal.
  - viii) Provide stainless steel hardware.
  - ix) Provide adequately sized coupling.
- iii) Pumps shall be repainted to match existing color unless otherwise specified by NBU.

### **III. Motor Services**

The Vendor shall perform the following Motor Services:

#### **1) Existing Water and Wastewater System Motors**

- a) NBU generally has the following motor infrastructure to be covered by this contract:
  - i) Approximate number of horizontal and vertical motors: 250
  - ii) Typical Horsepower Range: 25-250 HP
  - iii) Typical Voltage: 480V, 3-Phase

#### **2) Services**

- a) Services are anticipated to fall into the following types of service:
  - i) Planned Services:
    - 1) NBU estimates 15 motors will be taken out of service for repair and evaluation annually. This number is not guaranteed, and the number of motors to be serviced will be provided by NBU.
    - 2) Supply of parts and replacement equipment to NBU Facilities
  - ii) Emergency Repairs and Replacements as needed.

#### **3) Supply of Parts**

- a) NBU at its discretion may elect to purchase and inventory for common wear components, and critical replacement motors from the Vendor, to be stored at NBU facilities for repair and replacement needs. Supply of inventory of parts is anticipated on a limited basis for NBU's most critical and common pumping infrastructure.

#### **4) Repair Procedures**

- a) Vendor shall disconnect motor and provide crane if necessary for removal of motor. A licensed electrician must perform this task.
- b) Vendor shall field test and inspect motors in accordance with Electrical Apparatus Service Association (EASA) requirements to include, but not limited to Megohmmeter and High-pot testing.
- c) For each repair, the Vendor shall provide NBU with the repair work scope and a tear down and inspection report, which is supported with photographs when appropriate, describing findings and providing a breakdown of necessary repairs categorized by parts, replacement, and/or machine needs.
- d) Vendor shall indicate probable failure modes in the repair work scope and the final repair report. This report shall not include engineering analysis. No repairs shall be initiated without prior written authorization from NBU.
- e) Vendor shall provide projected completion and delivery dates with each repair estimate. Additionally, the Vendor shall provide recommendations/alternatives that may improve performance and longevity.
- f) Upon completion of each repair, the Vendor shall submit a final repair report with details as indicated above. The reports shall thoroughly document the work performed including, but not limited to, the following:
  - i) tear down report, including possible root causes of failures;

- ii) description of all work performed;
  - iii) description of all parts installed;
  - iv) description of modified or repaired parts;
  - v) results of any testing performed;
  - vi) final balance reports;
  - vii) final assembly dimensions;
  - viii) digital photographs of as-found conditions, post cleaning, during assembly and final assembly; and
  - ix) material certifications.
- g) All testing and repairs shall be performed at the Vendor's repair facility by competent and certified employees.
  - h) All tools and test equipment necessary for the proper execution of this contract shall be a part of the Vendor's shop equipment. Vendor must have equipment such as but not limited to burn-out oven, balancing machine, and a large dipping vat.
  - i) All repairs shall meet or exceed the OEM specifications for the motor manufacturer and be suitable for the service/environment they will be use.
  - j) If an existing motor nameplate is illegible, the Vendor shall provide a new nameplate that will replace the original. New nameplates shall be made of corrosion resistant metal and have stamped or engraved lettering.
  - k) The total cost of repair inclusive of labor, materials, and equipment shall not exceed 60% of the cost for replacement of the motor. In the event the cost exceeds 60%, the Vendor shall provide a quote for a new motor.
  - l) The Vendor shall record results and return to NBU in electronic format.

**5) Motor Repair Requirements (Typical)**

- a) Vendor shall repair motors in accordance with National Electrical Manufacturers Association ("NEMA") and Electrical Apparatus Service Association ("EASA") requirements.
- b) Motor rewinding shall be a random wound.
- c) Insulation shall be a minimum of Class H insulation unless otherwise amended by NBU.
- d) All leads shall be replaced with new leads.
- e) Bearings shall be replaced with new bearings of equal or better quality as the original and the bearings shall match the original bearings size. Oil shall be appropriate for applications for potable water and shall be a food grade oil.
- f) Shaft shall be checked for straightness and repair/replace if necessary. If replacement is required, the shaft shall match the dimensions and length of existing shaft or a coupling shall be provided that is machined to mate the motor shaft to the connecting shaft.
- g) All motors shall be dynamically balanced, with the rotor running at rated speed where practical.
- h) All motors shall have a vibration and circuit analysis test performed.
- i) Motors shall be repainted to match existing color unless otherwise specified by NBU.

**6) Motor Replacement Requirements**

- a) Motor shall be a heavy-duty squirrel cage induction, premium efficiency type motor.
- b) Motor winding shall be random wound.

- c) Motors shall comply with NEMA and associated American National Standards Institute (“ANSI”) and Institute of Electrical and Electronics Engineers (“IEEE”) standards unless otherwise amended by NBU.
- d) All vertical turbine motors shall include a non-reverse ratchet to prevent reverse rotation of rotating elements.
- e) Vertical motor bearings shall be ball and oil lubricated. Oil shall be appropriate for applications for potable water.
- f) Insulation shall be a minimum of Class H insulation unless otherwise amended by NBU.
- g) Shafts and couplings shall be machined and/or extended to match existing shaft dimensions for proper connection to the connecting shaft.
- h) Motor to be inverter duty rated.

#### **IV. NBU Responsibilities**

a. Site Access: NBU will provide access to each site and assist the Vendor with accessing the equipment.

b. Pump/Motor Delivery and Pickup: In its sole discretion, NBU may elect to remove and deliver the pump or motor to Vendor’s facility for testing and repair.

c. Water Well BacT samples: NBU will collect any required bacteriological samples for analysis after pump or well repairs.



## **Exhibit B**

### Price List/ Payment Terms

NBU shall pay the Vendor for the Services and goods rendered under this Agreement Total Compensation not to exceed \$500,000 annually and \$2,500,000 for the duration of the Agreement.

**Exhibit C**

Evidence of Insurance