



CH2MHILL

CH2M HILL OMI
9191 S. Jamaica Street
Suite 400
Englewood, CO 80112
P.O. Box 6807
Englewood, CO 80155
Tel 303.740.0019
Fax 303.286.9250

October 12, 2012

Mr. Mark Kieren
Utilities Operation Manager
Town of Prescott Valley
7501 E. Civic Circle
Prescott Valley, AZ 86314

Subject: Out-of-Scope Letter Agreement

Dear Mr. Kieren:

As agreed upon in our discussions, CH2M HILL OMI will provide the following out-of-scope services:

What is being provided:	Labor and materials to upgrade and incorporate the North Plains Recharge system into the Town's SCADA system.
When it is being provided:	November 1, 2012 to March 31, 2013
Price of Services:	\$67,637.00
Payment terms:	Pursuant to Section 13 of the Agreement dated July 1, 2008.

All other terms and conditions of the Agreement dated July 1, 2008 between CH2M HILL OMI and the Town of Prescott Valley remains in full force and effect.

If these terms are agreeable to you, please sign and date both copies of this letter. We will return one fully executed original for your files.

CH2M HILL OMI appreciates the opportunity to provide these additional services to the Town of Prescott Valley, Arizona.

Mr. Mark Kieren
Page 2 of 2
October 12, 2012

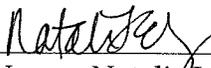
Sincerely yours,

Juan Mancha
Project Manager II

Both parties indicate their approval of the above described services by their signature below.

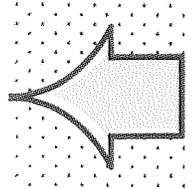
Operations Management International, Inc.,
A California corporation

Town of Prescott Valley, Arizona



Name: Natalie L. Eldredge
Title: Vice President
Date: 10/11/12

Name: _____
Title: _____
Date: _____



HERE

10-11-12
CNB



PROPOSAL

10-3-2012

Juan Mancha
CH2M Hill
8434 Long Mesa Drive
Prescott Valley, AZ 86314

Quote #: Q120016E

RE: North Plains Recharge

PROJECT

Thank you for the opportunity to quote the Recharge Fields project for Town of Prescott Valley. Vertech will supply UL508a Control Panels, Engineering, Submittals, Drawings and components as detailed below.

Vertech will supply the main PLC panel for five basins with enough expansion space for the other 13 basins. Next Vertech will supply a radio panel to tie the whole system together sending the information back to the main water plant. Vertech will supply and calibrate the thirteen level transducers need for monitoring wells, basins, and piezometers. Finally, Vertech will provide all the drawings, documentation, and programming for these items.

SCOPE AND PRICING

The following services and components will be provided:

Table with 5 columns: ITEM, QTY, DESCRIPTION, PRICE EA, PRICE EXT. Row 1: 1.0, 1, Recharge PLC Control Panel, \$ 16,110.00, \$ 16,110.00. Description includes NEMA 4/12 Enclosure, Allen-Bradley CompactLogix PLC System, MDS iNET-II Remote Radio, Ethernet Switch, Power Supply, etc.



PROPOSAL

ITEM	QTY	DESCRIPTION	PRICE EA.	PRICE EXT.
2.0	1	Quailwood Remote Radio Cabinet	\$ 3,650.00	\$ 3,650.00
		<ul style="list-style-type: none"> • NEMA 4/12 Enclosure w/Cooling Fan and Exhaust Filter • MDS i-NET-II Remote Radio (already supplied) • MDS i-NET-II Access Point Radio (already supplied) • Yagi Antennas w/Lightning Suppressors and Coaxial Cable (previously purchased) • Ethernet Switch (already supplied) • Power Supply • Wire duct and terminal blocks 		
3.0	1	WWTP Remote Radio (wiring only)	\$ 1,380.00	\$ 1,380.00
		<ul style="list-style-type: none"> • MDS i-NET-II Remote Radio (already supplied) • Yagi Antennas w/Lightning Suppressors and Coaxial Cable (already supplied) 		
4.0	1	Glassford Install and Configuration	\$ 1,410.00	\$ 1,410.00
		<ul style="list-style-type: none"> • MDS i-NET-II Access Point Radio (already supplied) 		
5.0	2	Recharge Well Level Transducers	\$ 1,189.00	\$ 2,378.00
		<ul style="list-style-type: none"> • KPSI Series 705 Submersible Transmitter, 0-5 psi • Installation and Calibration is included 		
6.0	5	Recharge Basin Level Transducers	\$ 1,189.00	\$ 5,945.00
		<ul style="list-style-type: none"> • KPSI Series 705 Submersible Transmitter, 0-5 psi • Installation and Calibration is included 		
7.0	6	Piezometer Level Transducers	\$ 1,189.00	\$ 7,134.00
		<ul style="list-style-type: none"> • KPSI Series 705 Submersible Transmitter, 0-5 psi • Installation and Calibration is included 		
8.0	1	Programming and Documentation	\$ 20,370.00	\$ 20,370.00
		<ul style="list-style-type: none"> • Programming the PLC • Programming additions to the SCADA System • Panel Layout Drawings • Schematic Drawings • O&M's 		
PRICE TOTAL				\$ 58,377.00



1. NOTES

1. The following is not provided:
 - Any permits or other governmental fees required for physical installation of any equipment
 - Sales, use or TPT tax as may be required by law
 - Additional hardware required to accommodate any changes requisitions during the course of designing or building the system
 - Any services or hardware not specified by this proposal document
2. Vertech will not provide or install the antenna pole.
3. Due to the remote field location, Vertech is providing surge protection devices for each of the analog I/O points to prevent a lightning strike returning to the PLC. This will allow for any additional analog points required in the future to be ready.
4. The owner is responsible for placing the lever transducer termination panels and running the conduit to the RTU for direct connection.
5. If a pressure transmitter is required, it shall be provided by the owner.
6. All items above marked "already supplied" are to be purchased under a separate contract.

2. PAYMENT AND AVAILABILITY

- Net 30 days.
- Pricing is good for 60 days from date of this proposal.
- Lead time: To be determined. Please reconfirm lead time at time of order. Please advise if an expedited lead time is required.

3. CONTACT INFORMATION

- Contact **Scott Cramer** with any questions regarding this proposal or to place an order:

Scott Cramer
480.756.2300 Office
702.439.0906 Mobile
scramer@verttech.com

4. TERMS AND CONDITIONS

1. Definition of Terms

"Subcontractor" shall be Vertech Industrial Systems, LLC. "Contractor" shall be the legal entity issuing the contract or purchase order to Subcontractor authorizing the Work. "Owner" shall be the legal entity taking possession of all tangible goods produced as a result of executing the Work. The Work shall be the entirety of the goods and services defined in the attached Proposal. The Proposal is this document in its entirety.

2. The entire agreement between Subcontractor and Contractor consists of: (a) these Terms and Conditions, (b) the Proposal, (c) the written requirements of Contractor (if any) that are attached as Exhibit B and, (d) if applicable, Contractor's later purchase orders to the extent consistent with the foregoing documents (collectively the "Contract"). The Contract may only be modified by a written Change Order, executed by both Contractor and Subcontractor.

3. Payment must be made according to the terms defined in this proposal or otherwise agreed to in writing. Failure to make payment as agreed will result in the assessment of finance charges of 1.5% per month or the highest amount allowable by law, whichever is smaller. Additionally, lack of payment shall be just cause to withhold shipment of any tangible goods or the release of any design documents or software. Prior to the release of any deliverable to the client, the client's payment account for the affected project shall be current.

4. If, after seven (7) days notice by Subcontractor, the Contractor does not make payment for the Work in conformity with this Contract (or, with or without such notice if the Contractor has repeatedly failed to make payment in conformity with this Contract), the Subcontractor may suspend the Work until it receives all payments then due, and the Contract Sum shall be increased by the Subcontractor's reasonable demobilization and remobilization costs. In the event collection of any amounts due to Subcontractor is referred to an attorney, Contractor shall bear all costs of collection, including, but not limited to, Subcontractor's reasonable attorney fees. Subcontractor may require prepayment of any or all amounts due if the financial condition of Contractor or Owner reasonably justifies it.

5. The Schedule for completing the Work shall be modified from time to time to reflect changes in scope or specifications or to permit revisions, particularly with respect to the software development portion of the Work.

6. To complete the Subcontractor's portion of the Project, Subcontractor will require Contractor and/or

Owner to provide sufficient technical assistance to ensure that the specifications for the Work and the requirements of the Owner are communicated to the Subcontractor in a timely and cohesive manner consistent with the agreed scope of the Work. Contractor will take all steps necessary to secure the availability of such technical personnel at appropriate times to coordinate and communicate with Subcontractor.

7. Subcontractor's process for performing the software development portion of the Work requires Contractor's participation in the following stages of the project:

a. *Requirements.* To the extent not already provided by Subcontractor, Subcontractor will prepare definitions, general drawings, specifications, etc. that describe the particulars of the software development component of the Work (the "Functional Specifications"). The Functional Specifications shall be considered a part of the Proposal. Contractor must give its approval to the Functional Specifications prior to Subcontractor proceeding with the Work.

b. *Further Design.* Following the approval of the Functional Specifications, the Subcontractor will prepare (to the extent appropriate) a design, which sets forth the software development portion of the Work in greater detail.

c. *Factory Acceptance Test.* Following the substantial completion of (i) the software development Work and (ii) the fabrication, assembly and wiring of the hardware, the Contractor shall come to Subcontractor's facilities for a Factory Acceptance Test ("FAT"), at which time the software shall be integrated, simulated and exercised. Because this is the opportunity to conduct quality testing and conformity of the software to the Contract, Contractor attendance at the FAT (with qualified technical personnel) is mandatory.

d. *Startup.* Following the FAT, the parties shall arrange to have the software and hardware installed in the field for on-site testing during startup. The Contractor shall include the Subcontractor in the startup and shall permit the Subcontractor to run the software through all possible configurations.

Should the Contractor fail to follow the processes set forth above, Subcontractor's warranty of the software will be null and void.

8. The Subcontractor warrants the computer and controls hardware supplied for the Project to the extent of any manufacturer's warranty to Subcontractor that is applicable to such equipment. The Subcontractor warrants that it will, for a period of one (1) year, correct, repair or replace computer software that fails to meet the design requirements of the Contract under normal use. This warranty is void if anyone other than Subcontractor has modified the software in any way. Failure to purchase adequate training for those using the software will void this limited warranty. EXCEPT AS SET FORTH IN THIS PROPOSAL WITH REGARD TO BOTH HARDWARE AND SOFTWARE, THE SUBCONTRACTOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, INCLUDING BUT NOT LIMITED TO, ANY WARRANTY OF FREEDOM FROM PATENT INFRINGEMENT, OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM A COURSE OF DEALING OR USAGE OF TRADE OR OTHER EXPRESS OR IMPLIED WARRANTIES.

9. The Contractor shall ensure that Owner is in possession of valid licenses for all third-party software (not provided by Subcontractor) used for the Project, and shall indemnify and hold harmless the Subcontractor against all claims by licensors of such software. The Subcontractor makes no warranty regarding such third-party software or its effect on the performance of the software to be developed by the Subcontractor for the Project.

10. The software to be developed by the Subcontractor shall remain the sole intellectual property of the Subcontractor. Following acceptance and final payment to the Subcontractor, the Subcontractor will grant to the Owner a non-transferable, non-exclusive license to use the software for the Owner's internal purposes only.

11. Subcontractor retains ownership of all intellectual property transmitted to the Owner by the subcontractor. Following acceptance and final payment to the Subcontractor, the Subcontractor will grant to the Owner a non-transferable, non-exclusive license to use the intellectual property for the Owner's internal purposes only. Under no circumstances shall the Owner transmit Subcontractor's intellectual property to any third party without express written consent from Subcontractor.

12. The total liability of Subcontractor to Contractor for any loss, indemnity, damage or delay of any kind will not under any circumstances exceed 25% of the Contract Sum. Under no circumstances will Subcontractor be liable for any loss, indemnity, damage or delay arising out of its failure to perform due to causes beyond its reasonable control, including, without limitation, acts of God, interference by others, delays in receiving approvals or necessary information from Owner or Contractor, fires, strikes, floods, war, terrorism, riots, delays in

transportation and adverse weather. Under no circumstances will Subcontractor be liable for any special, incidental or consequential damages based on breach of warranty, breach of contract, negligence, gross negligence, strict liability, products liability or any other legal theory.

13. Commencing immediately, and continuing until a date one (1) year after the date of final completion of the Work, Contractor agrees not to directly or indirectly employ, solicit for employment, or advise or recommend to any other person that such other person employ or solicit for employment, any person employed by or under contract to Subcontractor.

14. The responsibility for loss or damage of the equipment specified in the Contract shall be Contractor's from the time of shipment. Contractor is responsible for providing and maintaining adequate insurance protecting the equipment against loss or damage of any kind. Subcontractor shall pay for and maintain until final acceptance of the Work, policies of insurance issued by carriers acceptable to the Contractor which afford coverage for worker's compensation (including employer's liability) and general liability.

15. To the extent these Terms and Conditions are inconsistent with the Proposal or Contractor's written requirements (if any) attached as Exhibit B or any of Contractor's purchase orders, these Terms and Conditions shall take priority. To the extent the Proposal is inconsistent with the Contractor's written requirements (if any) attached as Exhibit B or any of Contractor's purchase orders, the Proposal shall take priority.

16. Subcontractor may terminate this Contract for any of the reasons that Contractor may terminate its contract, if any, with Owner or any higher-tier contractor. Contractor may terminate this Contract at any time prior to approval of the Functional Specifications and upon the giving of thirty (30) days notice. Following approval of the Functional Specifications, Contractor may terminate Subcontractor only for persistently or repeatedly failing or neglecting to carry out the Work in accordance with the Contract (and only after failing to take steps to correct such failure following ten (10) days written notice by Contractor). If terminated for whatever reason, Subcontractor shall be entitled to receive payment for the Work executed, and costs incurred by reason of such termination (including any restocking charges), along with reasonable overhead and profit on Work not yet executed.

17. All claims arising out of this Contract shall be subject to arbitration before a single arbitrator in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association. The arbitrator shall be a person with experience in software development issues. The governing law and place of the arbitration will be the state of the Project at a mutually convenient and accessible location.