



San Jacinto River Authority

GRP Review Committee

Regular Meeting
Monday, May 21, 2012
12:00 Noon
1577 Dam Site Road
Conroe, TX 77304

**Regular Meeting
GRP Review Committee
G & A Building
1577 Dam Site Road
Conroe, Texas 77304
Monday, May 21, 2012
12:00 Noon**

Agenda

Call to order

1. Approval of Minutes of GRP Review Committee meeting on April 23, 2012.
2. GRP items for consideration by the SJRA Board on May 24, 2012.
 - a. Construction contract with Preferred Technologies, Inc. for the Construction of a Fiber Optic Line from SJRA G&A Building to GRP Building No. 1
 - b. Work Order No. 3 and No. 4 with Dannenbaum Engineering Corporation, Inc. for final design and survey services of the Surface Water Transmission System Segment C-1, for the GRP Program
 - c. Agreement between the City of Willis and the SJRA for implementation of a Catahoula well project.
 - d. Presentation of a GRP Pumpage Rate Study and consider and act upon an amendment to the Authority's Rate Order relative to fees, rates, and charges related to the GRP Program and procedures for payment of same.
3. Consideration of proposed receiving facility system improvements.
4. GRP Budget Planning Overview
5. GRP Division update
6. Future Items for Discussion
7. Future Meeting Schedule

Minutes of a Regular Meeting
of the GRP Review Committee
April 23, 2012

A regular meeting of the San Jacinto River Authority GRP Review Committee was held at 12:00 P.M., March 19, 2012 at the San Jacinto River Authority G&A Building, 1577 Dam Site Road, Conroe, Texas 77304. Attendees were as follows:

Troy Morris	Chairman, Mid South
Al Newton	MUDs East
Dean Towery	City of Conroe
Mike Mooney	WJPA
Arthur Faiello	City of Willis
Jackie Chance	MUDs West
Ron Kelling	SJRA Deputy General Manager, Operations
Mark Smith	SJRA GRP Administrator
Don Sarich	SJRA GRP Development Coordinator
Matt Corley	SJRA GRP Compliance Technician
Connie Kelly	SJRA GRP Administrative Assistant
Dave Scholler	Brown & Gay Engineers
Steve Fenney	SJRA Technical Services
Dr. Bob Hill	SJRA SCADA Manager
Jan Bartholomew	RBC Capital Markets
Mitch Page	SP&H
Chris Loomis	Lonestar Groundwater Conservation District
Shane Porter	SJRA Project Manager
Hector Ortiz	SJRA SWTP

Troy Morris called the meeting to order at 12:05 PM.

Troy introduced the minutes of the March 19, 2012 meeting and asked for a motion to approve those minutes. A motion was made by Al Newton, seconded by Mike Mooney and passed unanimously.

Mark Smith introduced items that would be brought to the SJRA Board for approval.

- a. Construction contract with Randy Roan Construction for relocation of Aqua Texas sanitary sewer and access road on GRP Surface Water Facility site
- b. Work Order No. 2 with Aviles Engineering for Construction Materials Testing associated with the Relocation of Aqua Texas sanitary sewer and access road on GRP Surface Water Facility Site
- c. Amendment to WO 4 HDR for Wastewater Treatment Plant Process Modeling to determine the impacts of conversion to surface water on wastewater treatment of receiving facility owners.
- d. LJA Work Order 4 and 5 Amendment due to route difference.

- e. Agreement between the City of Willis and the SJRA for implementation of a Catahoula well project.

Mark Smith called for a motion to approve recommendation to the Board for items a.-d. and noted that Ron Kelling would discuss item e. A motion was made by Dean Towery, seconded by Arthur Faiello to recommend items a.-d. to the Board and the motion carried unanimously.

Ron Kelling discussed item e., the Willis Catahoula proposal and requested a motion for recommendation. The motion was made by Mike Mooney, seconded by Al Newton and passed with Arthur Faiello abstaining from the vote.

Mark Smith discussed a Memorandum of Understanding with Mid-South Synergy to relocate overhead electrical lines to underground to allow us to locate our water lines along McCaleb Road. Mark asked for a motion to recommend this item. The motion was made by Jackie Chance, seconded by Arthur Faiello and passed with Troy Morris abstaining.

Matt Corley gave an update on the status of collecting Water Conservation Plans from the GRP Participants.

Mark discussed the Rate Study and the Rate Order Notice to Participants that announces the new pumpage rate of \$1.25 beginning September 1, 2012. This increases the rate from \$.75 to \$1.25.

Mark discussed the CMAR early work package which will include long lead items such as the membranes for the SWTP, earthwork, concrete, temporary roadway and fencing. Work is scheduled to start July-August 2012.

Mark discussed the GRP Budget Planning Overview. He mentioned that the following items would be included in the GRP Budget.

- Pumpage Fee Increase
- Staff
- G&A Support
- Debt Service
- Reservation Fees
- Public Outreach
- Water Conservation – education for participants and the public
- Alternative water strategies.

Mark stated that budget updates would also be given at the May 21, 2012 Review Committee Meeting and the final budget would be presented at the June 25, 2012 Review Committee Meeting.

Jan Bartholomew was called on to give a GRO Program Financial Update. She announced that the balance of the program will be funded from TWDB funds.

Mark Smith presented the GRP Monthly Progress Report.

Ron Kelling Updated on the Construction Communication Plan, Building 1 construction progress, Well 39

and land acquisition progress. Ron mentioned that the first condemnation had been completed.

Mark gave an overview of agenda items for the May 21, 2012 meeting and announced the dates for the next meetings as May 21, 2012 and June 25, 2012.

Troy Morris asked for a motion to adjourn the meeting at 1:50 PM. The motion was made by Mike Mooney, seconded by Arthur Faiello, and carried unanimously.

Minutes recorded by:



Connie Kelly
GRP Administrative Assistant



GRP REVIEW COMMITTEE

AGENDA ITEM # 2a

May 21, 2012

SUBMITTED BY: Mark Smith

ITEM CAPTION: Construction contract with Preferred Technologies, Inc. for the Construction of a Fiber Optic Line from SJRA G&A Building to GRP Building No. 1

RECOMMENDATION: Staff recommends that the Review Committee recommend approval of the contract.

BACKGROUND INFORMATION:

This construction contract provides for all of the labor, equipment and materials required for the construction of dual concrete encased fiber optic conduits, a single fiber optic cable, fiber optic receiving equipment and appurtenances. Fiber optic conduits will be installed along the crest of the dam from an existing ground box located in front of the Lake Conroe Division Office to the dam gatehouse, down the dam to the toe of the dam, and along and just south of the existing gravel access road to a ground box at GRP Building No. 1. Fiber optic cable will be pulled through the proposed and an existing conduit. Fiber will terminate at the G&A Building Data Center and in data room in GRP Building No. 1. The total length of the project is approximately 8,700 linear feet.

SUPPORTING DOCUMENTS:

1. SJRA Board Communication memo
2. Location Map
3. Bid Tab & Contract



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
	Consider Authorizing General Manager to execute Construction Contract for the Construction of a Fiber Optic Line from SJRA G&A Building to GRP Building No. 1.	05/24/12

BACKGROUND INFORMATION

Firm Name: Preferred Technologies, Inc.

Project: GRP Building No. 1 Fiber Optic Line

Project Description:

This construction contract provides for all of the labor, equipment and materials required for the construction of dual concrete encased fiber optic conduits, a single fiber optic cable, fiber optic receiving equipment and appurtenances. Fiber optic conduits will be installed along the crest of the dam from an existing ground box located in front of the Lake Conroe Division Office to the dam gatehouse, down the dam to the toe of the dam, and along and just south of the existing gravel access road to a ground box at GRP Building No. 1. Fiber optic cable will be pulled through the proposed and an existing conduit. Fiber will terminate at the G&A Building Data Center and in data room in GRP Building No. 1. The total length of the project is approximately 8,700 linear feet.

Type of Services: Standard Construction Agreement

Engineer: San Jacinto River Authority Technical Services Dept.

No. Bids Received / Bid Receipt Date: Seven (7) / April 26, 2012

Note: The low-bid procurement method was used. A mandatory pre-bid conference was conducted onsite on April 17, 2012. Bids were received and publicly opened on April 26, 2012. Staff evaluated bids based on bidder provided data to identify the lowest priced responsible and qualified bidder.

Low Bidder / Bid Amount: Preferred Technologies / \$257,339.65

Second Low Bidder / Bid Amount: A&H Electric / \$335,057.76

Third Low Bidder / Bid Amount: TJ&T Enterprises / \$336,615.00

Engineer's Estimate: \$400,000.00

Contract Days: 60 calendar days to Substantial Completion, 75 calendar days to Final Completion

RECOMMENDED ACTION

Authorize the General Manager to execute a Construction Contract for the Construction of a Fiber Optic Line from SJRA G&A Building to GRP Building No. 1; and authorize General Manager to approve modifications up to \$13,000.00.

Fiber Optic Line Location





Bid Tabulation
 GRP Program
 April 26, 2012, 2:00 PM
 Lake Conroe Division Building
 1561 Dam Site Road, Conroe, TX 77304

A. Base Unit Price Table					Preferred Technologies		A & H Electric		TJ&T Enterprises		Northeast Services		MP Nexlevel		Pfeiffer & Son		Boyer	
No.	Specification Reference	Base Unit Short Title	U/M	Quantity	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount
1	01 71 13	Mobilization	LS	1	6,150.70	6,150.70	1,500.00	1,500.00	15,000.00	15,000.00	3,500.00	3,500.00	2,090.60	2,090.60	31,500.00	31,500.00	13,500.00	13,500.00
2	27 05 34 / 03 09 00	Fiber Optic Duct Bank: Dual 3" HDPE Fiber Optic Conduit installed including Pull Strings and Red Concrete Fill with Reinforcement (as shown on plans)	LF	7,700	16.40	126,280.00	21.13	162,701.00	24.00	184,800.00	20.25	155,925.00	21.90	168,630.00	30.15	232,155.00	95.00	731,500.00
3	27 05 34 / 26 05 00	Dual 3" Aluminum Fiber Optic Conduit installed around existing Control Building, along Dam Structure Wingwall, and inside existing Dam Gatehouse including Mounting Equipment where necessary and Pull Strings	LF	260	38.65	10,049.00	66.68	17,336.80	65.00	16,900.00	51.50	13,390.00	54.15	14,079.00	54.50	14,170.00	88.00	22,880.00
4	27 05 34 / 26 05 00	Single 3" Aluminum Fiber Optic Conduit in G&A Data Center, including Wall Penetration, Mounting Equipment where necessary, and Pull String	LF	30	45.40	1,362.00	16.11	483.30	80.00	2,400.00	51.50	1,545.00	39.75	1,192.50	80.00	2,400.00	455.00	13,650.00
5	N/A	Installation of 8-inch steel casing under roads (as shown on plans), including trenching of existing road, cement stabilized sand embedment, grouting of each end of the casing, and replacement of rock or other surface material to return road to its original condition.	EA	4	1,452.70	5,810.80	1,840.00	7,360.00	550.00	2,200.00	2,500.00	10,000.00	2,875.76	11,503.04	2,090.00	8,360.00	6,485.00	25,940.00
6	27 04 00	Single 96 Strand Fiber Optic Cable installed	LF	8,700	2.42	21,054.00	4.61	40,107.00	3.25	28,275.00	8.25	71,775.00	6.22	54,114.00	4.01	34,887.00	7.00	60,900.00
7	27 04 20 / 27 04 30	Fiber Optic Cable Splices	EA	8	1,751.90	14,015.20	999.35	7,994.80	2,000.00	16,000.00	3,475.00	27,800.00	3,155.49	25,243.92	869.00	6,952.00	1,940.00	15,520.00
8	27 04 20	Fiber Optic Cable Terminations	EA	2	4,169.65	8,339.30	11,828.85	23,657.70	4,350.00	8,700.00	5,735.00	11,470.00	8,058.43	16,116.86	10,285.96	20,571.92	2,100.00	4,200.00
9	27 04 20	Fiber Termination Point Equipment	LS	1	17,036.90	17,036.90	8,058.05	8,058.05	9,350.00	9,350.00	4,940.00	4,940.00	30,611.82	30,611.82	7,007.00	7,007.00	1,530.00	1,530.00
10	27 07 00	Testing of Fiber Optic Cable and Equipment	LS	1	3,008.95	3,008.95	13,182.91	13,182.91	2,700.00	2,700.00	1,500.00	1,500.00	3,296.24	3,296.24	11,463.40	11,463.40	1,709.00	1,709.00
11	27 04 10	Ground Boxes	EA	11	1,704.50	18,749.50	2,123.97	23,363.67	1,850.00	20,350.00	2,950.00	32,450.00	1,781.95	19,601.45	1,750.00	19,250.00	2,242.00	24,662.00
12	27 04 10	Ground Box Extended to Total Depth of Approximately 6 Feet	EA	1	3,015.50	3,015.50	3,854.39	3,854.39	2,100.00	2,100.00	2,500.00	2,500.00	2,411.07	2,411.07	2,965.00	2,965.00	2,936.00	2,936.00
13	N/A	Cold Patch Asphalt Repair	SY	5	34.25	171.25	517.50	2,587.50	75.00	375.00	22.00	110.00	31.50	157.50	330.00	1,650.00	338.00	1,690.00
Total Base Bid						\$235,043.10		\$312,187.12		\$309,150.00		\$336,905.00		\$349,048.00		\$393,331.32		\$920,617.00

B. Extra Unit Price Table					Preferred Technologies		A & H Electric		TJ&T Enterprises		Northeast Services		MP Nexlevel		Pfeiffer & Son		Boyer	
No.	Specification Reference	Extra Unit Short Title	U/M	Quantity	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount
1	01 56 39	Tree Protection	LS	1	1,705.75	1,705.75	150.00	150.00	1,000.00	1,000.00	1,200.00	1,200.00	1,430.00	1,430.00	2,580.00	2,580.00	4,468.00	4,468.00
2	N/A	Sod Repair on Dam Slope	SY	270	8.65	2,335.50	1.00	270.00	7.00	1,890.00	5.75	1,552.50	7.45	2,011.50	15.60	4,212.00	16.00	4,320.00
3	27 05 34 / 03 09 00	Fiber Optic Duct Bank: Dual 3" HDPE Fiber Optic Conduit installed including Pull Strings and Red Concrete Fill with Reinforcement (as shown on plans)	LF	500	16.40	8,200.00	21.13	10,565.00	24.00	12,000.00	20.25	10,125.00	19.78	9,890.00	30.15	15,075.00	95.00	47,500.00
4	27 05 34 / 26 05 00	Dual 3" Aluminum Fiber Optic Conduit installed including Mounting Equipment where necessary and Pull Strings	LF	50	38.65	1,932.50	66.68	3,334.00	65.00	3,250.00	51.50	2,575.00	54.15	2,707.50	54.50	2,725.00	88.00	4,400.00
5	27 04 00	Single 96 Strand Fiber Optic Cable installed	LF	500	2.42	1,210.00	4.61	2,305.00	3.25	1,625.00	8.25	4,125.00	6.22	3,110.00	2.15	1,075.00	7.00	3,500.00
6	27 04 20 / 27 04 30	Fiber Optic Cable Splices	EA	2	1,751.90	3,503.80	999.35	1,998.70	2,000.00	4,000.00	3,475.00	6,950.00	3,155.49	6,310.98	868.82	1,737.64	1,940.00	3,880.00
7	27 04 10	Ground Boxes	EA	2	1704.5	3,409.00	2123.97	4,247.94	1850	3,700.00	2950	5,900.00	1781.95	3,563.90	1750	3,500.00	2242	4,484.00
Total Extras						\$22,296.55		\$22,870.64		\$27,465.00		\$32,427.50		\$29,023.88		\$30,904.64		\$72,552.00

C. Total Bid Price					Preferred Technologies		A & H Electric		TJ&T Enterprises		Northeast Services		MP Nexlevel		Pfeiffer & Son		Boyer	
						\$257,339.65		\$335,057.76		\$336,615.00		\$369,332.50		\$378,071.88		\$424,235.96		\$993,169.00

Section 00 45 20
FORM OF BUSINESS

Please mark the box describing your firm's form of business, fill in the requested information, and include the relevant attachments.

Corporation

Corporate Name: Preferred Technologies, Inc.
State of Incorporation: Texas
Mailing Address: 1414 Wedgewood
Type of Corporation: Corp.

Certificate of Assumed Name, if operating under a name different than that on the corporate charter (the Certificate must have been issued within the past 10 years to be valid)

*Certificate of Good Standing - Certificate Attached

*Certificate of Existence (if non-Texas corporation, Certificate of Authority)

Partnership/Joint Venture

Partnership/Joint Venture Name: _____
Mailing Address: _____
Type of Partnership/Joint Venture: _____

Copy of the Partnership or Joint Venture Agreement, or Affidavit with the name of the partnership or joint venture, the names of the individual partners or participants in the joint venture, and a statement that the partnership or joint venture is in existence

Certificate of Assumed Name, (the Certificate must have been issued within the past 10 years to be valid)

If firm is a limited partnership, the Certificate of Limited Partnership

If any partner or joint venturer is a corporation, the above information relating to corporation must be included as to each sum partner or joint venturer.

Sole Proprietorship

Name: _____
Mailing Address: _____

Certificate of Assumed Name, if operating under a name different than that of the sole proprietor (the Certificate must have been issued within the past 10 years to be valid)

* Must be furnished upon request of the SJRA and must be less than 90 days old.

END OF SECTION



Susan Combs Texas Comptroller of Public Accounts


[Taxable Entity Search Results](#)

Franchise Tax Certification of Account Status

This Certification Not Sufficient for Filings with Secretary of State

[Obtain a certification](#) sufficient for filings with the Secretary of State.

Certification of Account Status

Entity Information:

Status:

Registered Agent:

Registered Agent Resignation Date:

State of Formation:

File Number:

SOS Registration Date:

Taxpayer Number:

Officers And Directors Information

**PREFERRED TECHNOLOGIES
INC.**

1414 WEDGEWOOD ST
HOUSTON, TX 77093-1835

**IN GOOD STANDING NOT FOR
DISSOLUTION OR
WITHDRAWAL through May 15,
2012**

RITA WILSON
1040 E 1ST ST. STE. A
HUMBLE, TX 77338

TX

0800487103

May 2, 2005

12027738702

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Section 00 45 43
RESOLUTION OF CONTRACTOR

Preferred Technologies, Inc. ("Contractor"),

(Name of Contractor, e.g., "Biz. Inc.", "Biz LLP")

is a Corporation,

(Type of Organization, e.g.: Corporation, Limited Partnership, Limited Liability Partnership, Limited Liability Company, etc.)

which is bound by acts of Preferred Technologies, Inc. Board of Directors,

(Name and Form of Governing Entity, e.g., "Biz Inc. Board of Directors", "Bill Smith, GP", etc.)

("Governing Entity").

On the day of May 15, 2012, the Governing Entity resolved, in accordance with all documents, rules, and laws applicable to the Contractor, that

Charlie Castillo, is authorized to act as the

(Contractor's Representative)

Contractor's Representative in all business transactions (initial one) X conducted in the State of Texas OR ___ related to this Contract; and

The Governing Entity warrants that the above resolution (a) was entered into without dissent or reservation by the Governing Entity, (b) has not been rescinded or amended, and (c) is now in full force and effect; and

In authentication of the adoption of this resolution, I subscribe my name on this 15TH day of May, 2012.

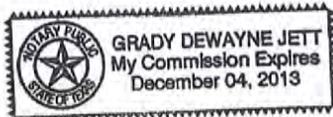


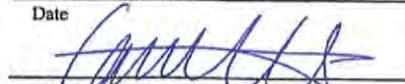
(Authorized Signature for Governing Entity)

Shaun C. Castillo

(Print or Type Name and Title of Authorized Signatory)

SWORN AND SUBSCRIBED before me on May 15, 2012
Date





Notary Public in and for the State of Texas

My Commission Expires: Dec 4, 2013
Expiration Date

Grady D. Jett
Print or Type Name of Notary Public

Section 00 52 00
STANDARD FORM OF AGREEMENT
BETWEEN OWNER AND CONTRACTOR

THIS AGREEMENT is dated as of _____ by and between **the San Jacinto River Authority** (hereinafter called "OWNER") and Preferred Technologies, Inc. (hereinafter called "CONTRACTOR").

OWNER and CONTRACTOR, in consideration of the mutual covenants hereinafter set forth, agree as follows:

Article 1. WORK.

CONTRACTOR shall complete all Work as specified or indicated in the Contract Documents. The Work is generally described as follows:

Construction of: GRP Building No. 1 Fiber Optic Line

Article 2. ENGINEER.

The project has been designed by San Jacinto River Authority, 1577 Dam Site Road, Conroe, Texas 77304, who is hereinafter called "ENGINEER" and who is to act as OWNER'S representative, assumes all duties and responsibilities and has the rights and authority assigned to ENGINEER in the Contract Documents in connection with completion of the Work in accordance with the Contract Documents.

Article 3. CONTRACT TIMES.

The Work will be Substantially Completed within **60 calendar days** after the date when the Contract Times commence to run as provided in Paragraph 2.03 of the General Conditions, and completed and ready for final payment in accordance with Paragraph 14.07 of the General Conditions within **75 calendar days** after the date when the Contract Times commence to run (subject to the phasing requirements contained in the General Requirements of the Special Specifications).

OWNER and CONTRACTOR recognize that time is of the essence of this Agreement and that OWNER will suffer financial loss if the Work is not completed within the times specified in the above paragraph, plus any extensions thereof allowed in accordance with Article 12 of the General Conditions. They also recognize the delays, expense and difficulties involved in proving the actual loss suffered by OWNER if the Work is not completed on time. Accordingly, instead of requiring any such proof, OWNER and CONTRACTOR agree that as liquidated damages for delay (but not as a penalty) CONTRACTOR shall pay OWNER 500 Dollars (\$ 500.00) for each and every day that expires after the time specified in the above paragraph for Substantial Completion and readiness for final payment. OWNER shall have the option of deducting the amount of any liquidated damages from any monies that may be owed to CONTRACTOR or to recover such amount from the CONTRACTOR or its sureties, at CONTRACTOR'S expense.

Article 4. CONTRACT PRICE.

OWNER shall pay CONTRACTOR for completion of the Work in accordance with the Contract Documents an amount in current funds equal to the sum of the amounts determined pursuant to the Bid and any subsequent change orders thereto.

Article 5. PAYMENT PROCEDURES.

CONTRACTOR shall submit Applications for Payment in accordance with Article 14 of the General Conditions. Applications for Payment will be processed by OWNER'S representative or ENGINEER as determined by the OWNER and as provided in the General Conditions and Supplemental Conditions.

OWNER shall make progress payments on account of the Contract Price on the basis of CONTRACTOR'S Applications for Payment as recommended by OWNER'S representative or ENGINEER and in conformance with the procedures described in the General Conditions. All such payments will be measured by the schedule of values established in paragraph 2.07 of the General Conditions (and on the number of units of each bid item completed, if unit price contract). Upon final completion and acceptance of the Work in accordance with paragraph 14.07 of the General Conditions, OWNER shall pay the remainder of the Contract Price as recommended by ENGINEER as provided in said paragraph 14.07.

In accordance with Water Code Section 49.276 – PAYMENT FOR CONSTRUCTION WORK, Subsection (d), in making progress payments, 10 percent of the estimated amount shall be retained until final completion and acceptance of the contract work. However, if the OWNER at any time after 50 percent of the work has been completed finds that satisfactory progress is being made, it may authorize any of the remaining progress payments to be made in full. The OWNER shall not be obligated to pay any interest on the 10 percent retainage held on the first 50 percent of work completed. With regards to the retainage on the remaining 50 percent of the work completed, the OWNER shall pay interest on such retainage from the date the retainage is withheld to the date of payment to the CONTRACTOR. The interest rate to be paid by the OWNER'S depository bank on interest bearing accounts of similar amounts during the period of time interest accrues as provided herein.

Article 6. CONTRACTOR'S REPRESENTATIONS.

In order to induce OWNER to enter into this Agreement CONTRACTOR makes the following representations:

CONTRACTOR has examined and carefully studied the Contract Documents (including the Addenda listed in paragraph 7) and the other related data identified in the Bidding Documents including "technical data".

CONTRACTOR has visited the site and become familiar with and is satisfied as to the general, local, and site conditions that may affect cost, progress, performance or furnishing of the Work.

CONTRACTOR is familiar with and is satisfied as to all federal, state, and local Laws and Regulations that may affect cost, progress, performance, and furnishing of the Work.

CONTRACTOR has carefully studied all reports of explorations and tests of subsurface conditions at or contiguous to the site and all drawings of physical conditions in or

relating to existing surface or subsurface structures at or contiguous to the site (except Underground Facilities) which have been identified in the Supplementary Conditions as provided in paragraph 4.02 of the General Conditions. CONTRACTOR accepts the determination set forth in paragraph SC-4.02 of the Supplementary Conditions of the extent of the "technical data" contained in such reports and drawings upon which CONTRACTOR is entitled to rely as provided in paragraph 4.02 of the General Conditions. CONTRACTOR acknowledges that such reports and drawings are not Contract Documents and may not be complete for CONTRACTOR'S purposes. CONTRACTOR acknowledges that OWNER and ENGINEER do not assume responsibility for the accuracy or completeness of the information and data shown or indicated in the Contract Documents with respect to Subsurface Conditions or Underground Facilities at or contiguous to the site or CONTRACTOR'S interpretation of such information and data. CONTRACTOR has obtained and carefully studied (or assumes responsibility for having done so) all such additional supplementary examinations, investigations, explorations, tests, studies, and data concerning conditions (surface, subsurface, and Underground Facilities) at or contiguous to the site or otherwise which may affect cost, progress, performance, or furnishing of the Work or which relate to any aspect of the means, methods, techniques, sequences and procedures of construction to be employed by CONTRACTOR and safety precautions and programs incident thereto. CONTRACTOR does not consider that any additional examinations, investigations, explorations, tests, studies or data are necessary for the performance and furnishing of the Work at the Contract Price, within the Contract Times and in accordance with the other terms and conditions of the Contract Documents.

CONTRACTOR is aware of the general nature of work to be performed by OWNER and others at the site that relates to the Work as indicated in the Contract Documents.

CONTRACTOR has correlated the information known to CONTRACTOR, information and observations obtained from visits to the site, reports and drawings identified in the Contract Documents and all additional examinations, investigations, explorations, tests, studies, and data with the Contract Documents.

CONTRACTOR has given ENGINEER through the OWNER written notice of all conflicts, errors, ambiguities, or discrepancies that CONTRACTOR has discovered in the Contract Documents and the written resolution thereof by ENGINEER is acceptable to CONTRACTOR, and the Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

Article 7. CONTRACT DOCUMENTS.

1. This Agreement
2. Exhibits to this Agreement
3. Performance, Payment, and other Bonds identified, Certification of Insurance
4. Instructions to Bidders
5. Notice to Proceed
6. Standard General Conditions
7. Supplementary Conditions
8. Technical Specifications
9. Construction Drawings
10. Addenda
11. CONTRACTOR'S Bid (RFB#12-027)
12. Documentation submitted by CONTRACTOR prior to Notice of Intent to Recommend Award to Owner's Board of Directors, and attached to this Agreement

13. The following which may be delivered or issued after the Effective Date of the Agreement and are not attached thereto: All Written Amendments and other documents amending, modifying or supplementing the Contract Documents pursuant to paragraphs 3.03 and 3.04 of the General Conditions.

There are no Contract Documents other than those listed in this Article. The Contract Documents may only be amended, modified, or supplemented as provided in paragraphs 3.03 and 3.04 of the General Conditions.

Article 8. INDEMNITY PROVISIONS.

THE GENERAL, SPECIAL, AND SUPPLEMENTARY CONDITIONS ATTACHED TO THIS AGREEMENT CONTAIN PROVISIONS THAT MAY RELIEVE ONE PARTY FOR RESPONSIBILITY IT WOULD OTHERWISE HAVE UNDER THE LAW FOR DAMAGES OR OTHER LIABILITY ARISING OUT OF THE WORK.

EACH OF THE PARTIES HERETO SPECIFICALLY AGREES THAT IT HAS A DUTY TO READ THIS AGREEMENT, THE GENERAL, SPECIAL, AND SUPPLEMENTARY CONDITIONS, AND ALL OTHER ATTACHMENTS TO THIS AGREEMENT AND AGREES THAT IT IS CHARGED WITH NOTICE AND KNOWLEDGE OF THE TERMS OF THIS AGREEMENT AND ALL ATTACHMENTS HERETO; THAT IT HAS IN FACT READ THIS AGREEMENT AND ALL ATTACHMENTS HERETO AND IS FULLY INFORMED AND HAS FULL NOTICE AND KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS AGREEMENT; THAT IT HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS CHOICE THROUGHOUT THE NEGOTIATIONS PRECEDING ITS EXECUTION OF THIS AGREEMENT AND HAS RECEIVED OR VOLUNTARILY CHOSEN NOT TO RECEIVE THE ADVICE OF ITS ATTORNEY IN ENTERING INTO THIS AGREEMENT; AND THAT IT RECOGNIZES THAT CERTAIN TERMS OF THIS AGREEMENT AND ALL ATTACHMENTS HERETO RESULT IN ONE PARTY ASSUMING THE LIABILITY INHERENT IN SOME ASPECTS OF THE TRANSACTION AND RELIEVING THE OTHER PARTY OF ITS RESPONSIBILITY FOR SUCH LIABILITY. EACH PARTY HERETO AGREES AND COVENANTS THAT IT WILL NOT CONTEST THE VALIDITY OR ENFORCEMENT OF ANY EXCULPATORY PROVISION OF THIS AGREEMENT ON THE BASIS THAT THE PARTY HAD NO NOTICE OR KNOWLEDGE OF SUCH PROVISION OR THAT THE PROVISION IS NOT "CONSPICUOUS".

Article 9. MISCELLANEOUS.

Terms used in this Agreement which are defined in Article 1 of the General Conditions will have the meanings indicated in the General Conditions.

CONTRACTOR certifies that it has not engaged in corrupt, fraudulent, collusive, or coercive practices in competing for or in executing the Contract. For the purposes of this Paragraph 10.05:

1. "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value likely to influence the action of a public official in the bidding process or in the Contract execution;
2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process or the execution of the Contract to the detriment of OWNER, (b) to establish Bid or Contract prices at artificial noncompetitive levels, or (c) to deprive OWNER of the benefits of free and open competition;
3. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of OWNER, a purpose of which is to establish Bid prices at artificial, non-competitive levels; and
4. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process or affect the execution of the Contract

No assignment by a party hereto of any rights or interests in the Contract Documents will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

OWNER and CONTRACTOR each binds itself, its officers, directors, shareholders, partners, successors, assigns, and legal representatives to the other party hereto, its officers, directors, shareholders, partners, successors, assigns and legal representatives in respect to all covenants, agreements, and obligations contained in the Contract Documents.

Any provision of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon OWNER and CONTRACTOR, who agree that the Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

IN WITNESS WHEREOF, OWNER and CONTRACTOR have signed this Agreement in triplicate. One counterpart each has been delivered to OWNER, CONTRACTOR, and ENGINEER. All portions of the Contract Documents have been signed, initialed or otherwise clearly identified by OWNER and CONTRACTOR or identified by ENGINEER on their behalf.

This Agreement will be effective on _____, (which is the effective date of the Agreement).

OWNER: San Jacinto River Authority

By: _____

GRP Building No. 1 Fiber Optic Line
SJRA Project No. GRPM0001.1050.2B001.30140.4000

AGREEMENT

Attest: _____

Address for giving notices:

CONTRACTOR: Preferred Technologies, Inc.

By:  _____ Charlie Castillo - VP

(CORPORATE SEAL)

Attest:  _____ Shaun C. Castillo - President

Address for giving notices: 1414 Wedgewood St.. Houston, Texas

License No. N/A

Agent for service of process: Shaun C. Castillo - President

END OF SECTION

Section 00 61 13.13
PERFORMANCE BOND

Bond No. 4488863

STATE OF TEXAS

COUNTY OF Harris

KNOW ALL MEN BY THESE PRESENTS: That Preferred Technologies, Inc. (Contractor) of the City of Houston, County of Harris, and State of Texas, as Principal, and Great American Insurance Company authorized under the Laws of the State of Texas to act as surety on bonds for principals, are held and firmly bound unto San Jacinto River Authority (Owner), in the penal sum of ^{Two Hundred Fifty Seven Thousand Three Hundred Thirty Nine and 65/100} Dollars (\$ 257,339.65-----) for the payment whereof, the said Principal and Surety bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, by these presents:

WHEREAS, the Principal has entered into a certain written contract with the Owner, dated the _____ day of _____, 20 __, for construction of:

GRP Building No. 1 Fiber Optic Line - SJRA Project No. GRPM0001.10xx2B001

which contract is hereby referred to and make a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the said Principal shall faithfully perform said Contract and shall in all respects duly and faithfully observe and perform all and singular the covenants, conditions and agreements in and by said contract agreed and covenanted by the Principal to be observed and performed, and according to the true intent and meaning of said Contract and the Plans and Specifications hereto annexed, then this obligation shall be void; otherwise to remain in full force and effect;

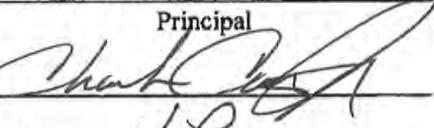
PROVIDED, HOWEVER, that this bond is executed pursuant to the provisions of Chapter 2253 of the Texas Government Code as amended and all liabilities on this bond shall be determined in accordance with the provisions of said Statute to the same extent as if it were copied at length herein.

Surety, for value received, stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract, or to work performed thereunder, or the plans, specifications, or drawings, accompanying the same, shall in anyway affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract, or the work to be performed thereunder.

IN WITNESS WHEREOF, the said Principal and Surety have signed and sealed this instrument
_____ day of _____, 20__.

Preferred Technologies, Inc.

Principal

BY: 

TITLE: VP

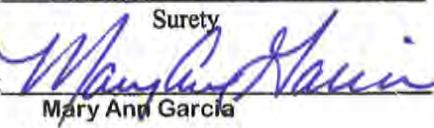
ADDRESS:

1414 Wedgewood St.

Houston, TX 77093

Great American Insurance Company

Surety

BY: 

Mary Ann Garcia

TITLE: Attorney-in-fact

PHYSICAL ADDRESS:

301 East Fourth Street

Cincinnati, OH 45202

MAILING ADDRESS:

P. O. Box 2119

Cincinnati, OH 45202

TELEPHONE: (513)369-5000

LOCAL RECORDING AGENT

PERSONAL IDENTIFICATION NO.:

1174618

The name and address of the Resident Agent of Surety is:

Bowen, Miclette & Britt Insurance Agency, LLC

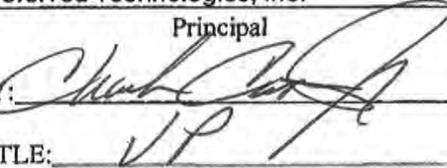
1111 North Loop West, Suite 400, Houston, TX 77008

END OF SECTION

IN WITNESS WHEREOF, the said Principal and Surety have signed and sealed this instrument
_____ day of _____, 20__.

Preferred Technologies, Inc.

Principal

BY: 

TITLE: VP

ADDRESS:

1414 Wedgewood St.

Houston, TX 77093

NUMBER:

Great American Insurance Company

Surety

BY: 

Mary Ann Garcia

TITLE: Attorney-in-fact

PHYSICAL ADDRESS:

301 East Fourth Street

Cincinnati, OH 45202

MAILING ADDRESS:

P. O. Box 2119

Cincinnati, OH 45202

TELEPHONE: (513)369-5000

LOCAL RECORDING AGENT
PERSONAL IDENTIFICATION

1174618

The name and address of the Resident Agent of Surety is:

Bowen, Miclette & Britt Insurance Agency, LLC

1111 North Loop West, Suite 400, Houston, TX 77008

END OF SECTION

GREAT AMERICAN INSURANCE COMPANY®

Administrative Office: 301 E 4TH STREET • CINCINNATI, OHIO 45202 • 513-369-5000 • FAX 513-723-2740

The number of persons authorized by this power of attorney is not more than **TEN**

No. 014721

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the GREAT AMERICAN INSURANCE COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Ohio, does hereby nominate, constitute and appoint the person or persons named below, each individually if more than one is named, its true and lawful attorney-in-fact, for it and in its name, place and stead to execute on behalf of the said Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof; provided that the liability of the said Company on any such bond, undertaking or contract of suretyship executed under this authority shall not exceed the limit stated below.

Name	Address	Limit of Power
DAVID G. MICLETTE	KRISTI LOVETT	ALL
EDWARD G. BRITT, JR.	DAVID T. MICLETTE	\$75,000,000.00
BARRY McCORD	ASHLEY BRITT RUSSELL	
ROBERT C. DAVIS	MARY ANN GARCIA	
JONI BOWEN	BRETT A. TISDALE	
	ALL OF HOUSTON, TEXAS	

This Power of Attorney revokes all previous powers issued in behalf of the attorney(s)-in-fact named above.

IN WITNESS WHEREOF the GREAT AMERICAN INSURANCE COMPANY has caused these presents to be signed and attested by its appropriate officers and its corporate seal hereunto affixed this 7th day of, JULY, 2011.

Attest

GREAT AMERICAN INSURANCE COMPANY



Steph C. B...

David C. Kitchin

DAVID C. KITCHIN (513-412-4602)

STATE OF OHIO, COUNTY OF HAMILTON - ss:

On this 7th day of JULY, 2011, before me personally appeared DAVID C. KITCHIN, to me known, being duly sworn, deposes and says that he resides in Cincinnati, Ohio, that he is a Divisional Senior Vice President of the Bond Division of Great American Insurance Company, the Company described in and which executed the above instrument; that he knows the seal of the said Company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of his office under the By-Laws of said Company, and that he signed his name thereto by like authority.



KAREN L. GROSHEIM
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES 02-20-16

Karen L. Grosheim

This Power of Attorney is granted by authority of the following resolutions adopted by the Board of Directors of Great American Insurance Company by unanimous written consent dated June 9, 2008.

RESOLVED: That the Divisional President, the several Divisional Senior Vice Presidents, Divisional Vice Presidents and Divisional Assistant Vice Presidents, or any one of them, be and hereby is authorized, from time to time, to appoint one or more Attorneys-in-Fact to execute on behalf of the Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof; to prescribe their respective duties and the respective limits of their authority; and to revoke any such appointment at any time.

RESOLVED FURTHER: That the Company seal and the signature of any of the aforesaid officers and any Secretary or Assistant Secretary of the Company may be affixed by facsimile to any power of attorney or certificate of either given for the execution of any bond, undertaking, contract of suretyship, or other written obligation in the nature thereof, such signature and seal when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

CERTIFICATION

I, STEPHEN C. BERAHA, Assistant Secretary of Great American Insurance Company, do hereby certify that the foregoing Power of Attorney and the Resolutions of the Board of Directors of June 9, 2008 have not been revoked and are now in full force and effect.

Signed and sealed this _____ day of _____



Steph C. B...



**Great American Insurance Company of New York
Great American Alliance Insurance Company
Great American Insurance Company**

IMPORTANT NOTICE:

To obtain information or make a complaint:

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance at:

P.O. Box 149104
Austin, TX 78714-9104
FAX # 1-512-475-1771

Your notice of claim against the attached bond may be given to the surety company that issued the bond by sending it by certified or registered mail to the following address:

Mailing Address: Great American Insurance Company Claim
P.O. Box 2575
Cincinnati, Ohio 45201-2575

Physical Address: Great American Insurance Company Claim
580 Walnut Street
7th Floor
Cincinnati, Ohio 45202-3180

You may also contact the Great American Insurance Company Claim office by telephone at:

Telephone Number: 1-513-369-5069

PREMIUM OR CLAIM DISPUTES:

If you have a dispute concerning a premium, you should contact the agent first. If you have a dispute concerning a claim, you should contact the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR BOND:

This notice is for information only and does not become a part or condition of the attached document.

May 15, 2012

San Jacinto River Authority

1577 Dam Site Road

Conroe, Texas 77304

Attn: Matt Barrett, EIT, CAPM

Engineer II

Re: GRP Building No 1 Fiber Optic Line, SJRA Project No. GRPM0001.1050.2B001.30140.4000

HISTORY OF OSHA ACTIONS AND LIST OF ON-THE-JOB INJURIES

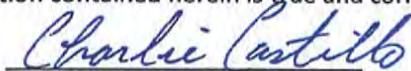
SECTION 00 62 04

Prior to award of the Contract, Low Bidder will be required to file the following with the San Jacinto River Authority:

1. A history of all OSHA actions, advisories, etc., Contractor has received on all jobs worked in any capacity, prime or subcontractor. The history shall be for the two-year period preceding the Bid Date of the Project. **From May 2, 2005 to present - NO OSHA actions or advisories.**
2. A list of all on-the job injuries, accidents, and fatalities suffered by any present or former employees of Contractor during the same two year period. **From May 2, 2005 to present - NO on-the-job injuries.**
3. If less than the two year period, give the date contractor started doing business. **Not Applicable.**
4. Provide the company Experience Modification Rate (EMR) for the three- year period preceding the Bid Date of the Project. **For the following years: 2009, 2010, 2011 please see the attached list entitled EMR 2009 - 2011**

We hereby submit the information requested by the SJRA, well within the ten (10) days of receiving Notice of Intent to Recommend Award to Owner's Board of Directors. I hereby certify that the information contained herein is true and correct.

By:



Charlie Castillo

Title: Vice President

Attachment: EMR 2009-2011

WORKERS COMPENSATION EXPERIENCE RATING



Risk Name: PREFERRED TECHNOLOGIES INC

Risk ID: 420988028

Rating Effective Date: 07/26/2009

Production Date: 03/13/2009

State: TEXAS

State	Wt	SRP	Exp Excess Losses	Expected Losses	Exp Prim Losses	Act Exc Losses	Ballast	Act Inc Losses	Act Prim Losses
TX	.09	0	22,779	29,931	7,152	24,219	8,463	30,114	5,895
(A) Wt	(B)	(C) Exp Excess Losses (D - E)	(D) Expected Losses	(E) Exp Prim Losses	(F) Act Exc Losses (H - I)	(G) Ballast	(H) Act Inc Losses	(I) Act Prim Losses	
.09		22,779	29,931	7,152	24,219	8,463	30,114	5,895	
			Primary Losses	Stabilizing Value		Ratable Excess		Totals	
Actual	(I)	5,895	$C * (1 - A) + G$ 29,192		$(A) * (F)$ 2,180		(J) 37,267		
Expected	(E)	7,152	$C * (1 - A) + G$ 29,192		$(A) * (C)$ 2,050		(K) 38,394		
			ARAP	FLARAP	SARAP	MAARAP	Exp Mod		
Factors							$(J) / (K)$.97		

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WORKERS COMPENSATION EXPERIENCE RATING



Risk Name: PREFERRED TECHNOLOGIES INC

Risk ID: 420988028

Rating Effective Date: 07/26/2009

Production Date: 03/13/2009

State: TEXAS

42-TEXAS

Firm ID: Firm Name: PREFERRED TECHNOLOGIES INC

Carrier: 29939 Policy No. 0001159863 Eff Date: 07/26/2005 Exp Date: 07/26/2006

Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	Claim Data	IJ	OF	Act Inc Losses	Act Prim Losses
5606	.50	.23	84,303	422	97					
7600	1.08	.24	674,017	7,279	1,747					
8742	.14	.23	55,156	77	18					
8809	.12	.23	132,207	159	37					
8810	.09	.24	73,835	66	16					
Policy Total:			1,019,518	Subject Premium:	49,019	Total Act Inc Losses:			0	

42-TEXAS

Firm ID: Firm Name: PREFERRED TECHNOLOGIES INC

Carrier: 14184 Policy No. WC8173824 Eff Date: 07/26/2006 Exp Date: 07/26/2007

Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	Claim Data	IJ	OF	Act Inc Losses	Act Prim Losses
7600	1.08	.24	805,777	8,702	2,088	02895910	5	F	29,219	5,000
8742	.14	.23	119,835	168	39	NO. 2	6	*	895	895
8809	.12	.23	233,331	280	64					
8810	.09	.24	287,182	258	62					
Policy Total:			1,446,125	Subject Premium:	30,920	Total Act Inc Losses:			30,114	

42-TEXAS

Firm ID: Firm Name: PREFERRED TECHNOLOGIES INC

Carrier: 10456 Policy No. 61WERU7056 Eff Date: 07/26/2007 Exp Date: 07/26/2008

Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	Claim Data	IJ	OF	Act Inc Losses	Act Prim Losses
5606	.50	.23	284,780	1,424	328					
7600	1.08	.24	950,392	10,264	2,463					
8742	.14	.23	319,807	448	103					
8809	.12	.23	187,200	225	52					
8810	.09	.24	176,178	159	38					
Policy Total:			1,918,357	Subject Premium:	48,325	Total Act Inc Losses:			0	

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* Total by Policy Year of all cases \$2000 or less.
C Catastrophic Loss

D Disease Loss
E Employers Liability Loss

X Ex-Medical Coverage
Limited Loss

U USL&HW



NCCI, INC
901 PENINSULA CORPORATE CIRCLE
BOCA RATON, FL 33487-1362

01076/001076/002449 5 002 CX024G
PREFERRED TECHNOLOGIES INC
1414 WEDGEWOOD ST
HOUSTON TX 77093-1835





Dear Policyholder:

IMPORTANT INFORMATION FOR YOU AND YOUR AGENT

Enclosed is a copy of your workers compensation experience modifier, calculated by the National Council on Compensation Insurance, Inc. on behalf of your insurance company. The enclosed modifier is an important factor in determining your workers compensation premium. It is very important that you retain a copy for your files and provide your agent a copy as well.

The experience modifier compares the actual claims costs of your company to the claims costs of other companies in your industry over the latest three years. If your claims history is better than the average for your industry, you earn a reduction on your final premium. If your claims experience is worse than your industry's average, your premium will increase.

The experience modifier is at the bottom right corner of the enclosed form. A modifier higher than 1.00 means your premium will be increased. A modifier less than 1.00 means you have earned a premium reduction. For example, a factor of 1.10 means your premium will be increased by 10%. A factor of .90 means you have earned a 10% reduction in premium.

Many items impact your final experience modifier, including the number of claims, incurred losses (the amount of medical and lost wage benefits paid to your injured employees and the amount held in reserve to pay future benefits), and how often and how severely your employees are injured. Your insurance company records claims on unit statistical reports.

If you would like a free copy of the unit statistical reports used to calculate the modifier shown on the enclosed form, please send a written request to the NATIONAL COUNCIL ON COMPENSATION INSURANCE INC. (NCCI), CUSTOMER SERVICE CENTER, P.O. BOX 3098, BOCA RATON, FL 33431-0998. Please include your company name, address, risk identification number, and rating effective date (from upper right hand corner of experience modifier worksheet) to expedite the request.

Please contact the insuring company for the period in question if you would like additional information, i.e. "loss runs", regarding reserves set aside to cover future medical and/or lost wage benefits for employees injured on the job.

Please review the enclosed information carefully to be sure you fully understand this important part of your insurance calculation. If you have any questions regarding the enclosed experience modifier, you should contact your insurance agent or insurance company for assistance.

If you and your insurance company cannot resolve any matter you believe unfairly increases your experience modifier, including incorrect reporting of loss payments or reserves, inappropriate reserves, and incorrect ownership rulings, you may ask the Texas Department of Insurance, Deputy Commissioner of Workers' Compensation (105-2A), P.O. Box 149104, Austin, TX 78714-9104, to review your complaint and issue a ruling. However, you must first contact your insurance agent or insurance company and attempt to resolve any questions you have about the enclosed experience modifier.

If you ask for a review of your complaint, you should fully explain your position. The Deputy Commissioner will allow you and your insurance company to informally provide arguments, either in person or by telephone. The Deputy Commissioner will issue a ruling in writing and inform you and your insurance company of your rights to appeal the decision, the deadlines to appeal, and the right to waive a hearing.

Please remember that safety in the workplace is the best way to reduce workers compensation insurance costs.

Please remember to retain a copy of the attached worksheet for your files and be sure to give your agent a copy to assure proper service to your account.

WORKERS COMPENSATION EXPERIENCE RATING



Risk Name: PREFERRED TECHNOLOGIES INC

Risk ID: 420988028

Rating Effective Date: 07/26/2010

Production Data: 03/02/2010

State: TEXAS

State	Wt	SRP	Exp Excess Losses	Expected Losses	Exp Prim Losses	Act Exc Losses	Ballast	Act Inc Losses	Act Prim Losses
TX	.09	0	16,691	21,928	5,237	24,219	7,963	30,114	5,895
(A) Wt	(B)	(C) Exp Excess Losses (D - E)	(D) Expected Losses	(E) Exp Prim Losses	(F) Act Exc Losses (H - I)	(G) Ballast	(H) Act Inc Losses	(I) Act Prim Losses	
.09		16,691	21,928	5,237	24,219	7,963	30,114	5,895	
			Primary Losses		Stabilizing Value		Ratable Excess		Totals
Actual	(I)	5,895	C * (1 - A) + G		(A) * (F)		(J)		
			23,152		2,180		31,227		
Expected	(E)	5,237	C * (1 - A) + G		(A) * (C)		(K)		
			23,152		1,502		29,891		
			ARAP	FLARAP	SARAP	MAARAP	Exp Mod		
Factors							(J) / (K)		
							1.04		



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WORKERS COMPENSATION EXPERIENCE RATING



Risk Name: PREFERRED TECHNOLOGIES INC

Risk ID: 420988028

Rating Effective Date: 07/26/2010

Production Date: 03/02/2010

State: TEXAS

42-TEXAS

Firm ID: **Firm Name:** PREFERRED TECHNOLOGIES INC

Carrier: 14184 **Policy No.** WC8173824 **Eff Date:** 07/26/2006 **Exp Date:** 07/26/2007

Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	Claim Data	IJ	OF	Act Inc Losses	Act Prim Losses
7600	1.08	.24	805,777	8,702	2,088	02695910	S	F	29,219	5,000
8742	.14	.23	119,835	168	39	NO. 2	6	*	895	895
8809	.12	.23	233,331	260	64					
8810	.09	.24	287,182	258	62					
Policy Total:			1,448,125	Subject Premium:	30,920	Total Act Inc Losses:		30,114		

42-TEXAS

Firm ID: **Firm Name:** PREFERRED TECHNOLOGIES INC

Carrier: 10456 **Policy No.** 61WERU7058 **Eff Date:** 07/26/2007 **Exp Date:** 07/26/2008

Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	Claim Data	IJ	OF	Act Inc Losses	Act Prim Losses
5806	.50	.23	284,780	1,424	328					
7600	1.08	.24	950,392	10,264	2,463					
8742	.14	.23	319,807	448	103					
8809	.12	.23	187,200	225	62					
8810	.09	.24	176,178	159	38					
Policy Total:			1,918,357	Subject Premium:	48,325	Total Act Inc Losses:		0		

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WORKERS COMPENSATION EXPERIENCE RATING



Risk Name: PREFERRED TECHNOLOGIES INC

Risk ID: 420988028

Rating Effective Date: 07/26/2011

Production Date: 04/19/2011

State: TEXAS

State	WT	SRP	Exp Excess Losses	Expected Losses	Exp Prim Losses	Act Exc Losses	Ballast	Act Inc Losses	Act Prim Losses
TX-A	.10	1070	25,337	32,905	7,568	0	0	0	0
TX-B	.10	1070	205	266	61	0	0	0	0
(A) WT	(B)	(C) Exp Excess Losses (D - E)	(D) Expected Losses	(E) Exp Prim Losses	(F) Act Exc Losses (H - I)	(G) Ballast	(H) Act Inc Losses	(I) Act Prim Losses	
.10		25,542	33,171	7,629	0	8,963	0	0	
Primary Losses			Stabilizing Value		Rateable Excess		Totals		
Actual	(I)	0	$C * (1 - A) + G$ 31,951		$(A) * (F)$ 0		(J) 31,951		
Expected	(E)	7,629	$C * (1 - A) + G$ 31,951		$(A) * (C)$ 2,554		(K) 42,134		
ARAP			FLARAP		SARAP		MAARAP		
Factors							$(J) / (K)$.76		



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Section 00 62 07

**CERTIFICATION REGARDING DEBARMENT,
SUSPENSION, AND OTHER RESPONSIBILITY MATTERS**

Contractor certifies to the best of its knowledge and belief that it and its principals:

1. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal, State, or local department or agency;
2. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction: violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
3. Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph 2 of this certification; and
4. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award.

Company: Preferred Technologies, Inc.

Charlie Castillo - VP
Typed Name & Title of Authorized Representative


Signature of Authorized Representative

May 15, 2012
Date

I am unable to certify the above statements. My explanation is attached.

END OF SECTION

May 15, 2012

San Jacinto River Authority

1577 Dam Site Road

Conroe, Texas 77304

Attn: Matt Barrett, EIT, CAPM

Engineer II

Re: GRP Building No 1 Fiber Optic Line, SJRA Project No. GRPM0001.1050.2B001.30140.4000

NAME AND QUALIFICATIONS OF PROPOSED SUPERINTENDENT (FOR FILING)

Section 00 62010

Prior to the award of the Contract, Low Bidder has been requested to file the following with the San Jacinto River Authority:

1. The name and qualifications of the Superintendent being proposed to supervise the Project: Clifton "Cookie" Goolsby, see attached resume.

We hereby submit the information requested by the SJRA, well within the ten (10) days of receiving Notice of Intent to Recommend Award to Owner's Board of Directors. I hereby certify that the information contained herein is true and correct.

By: Charlie Castillo

Charlie Castillo

Title: Vice President

Attachment: Resume of Clifton "Cookie" Goolsby

**Clifton A.
Goolsby**

251 J.A.Morgan Rd.
Cleveland, Texas 77328
832-229-6351
cookiegoolsby@pref-tech.com

Employment History

10/1/2005 to Present: Preferred Technologies, Inc., Houston, TX

Title: Project Superintendent

Responsibilities and Duties Include but are Not Limited to:

- Project Specification and Scope of Work
- Communicating Project Status with End User Customers
- Coordinating with other Project Trades
- Coordinates with Subcontract Vendors
- Project Quality Control
- Project Work Schedule Development and Adherence
- Project Materials Acquisition
- Project Personnel Safety
- Responsible for Installation of Fiber Optic Systems
- Responsible for the Installation of Civil Work Associated with Systems Installations
- Responsible for Project As-Built Documentation
- Responsible for Aerial, Tower, and Underground Installations

1/07/04 – 10/1/05 NetVersant – Texas, Inc., Houston, TX

Title: Project Manager

- Managed Security System Installations
- Managed CCTV System Installations
- Managed Fiber Optic Cable, Aerial & Underground Installations
- Managed Conduit Systems Installations
- Managed Traffic Signal Wireless Solutions Projects
- Performed Civil Work Related above Systems

01/89 – 01/04 Integrated Telecommunications, Inc., Houston, TX

Title: Project Manager

- Managed Outside Plant Installations to Include Fiber Optic and Copper Backbone Systems
- Manages the Installation of Conduit Systems
- Managed Multi-State Installation Project over a Six (6) Month Period
- Managed Fiber Optic Backbone Installation in a Refinery Environment
- Managed Texas Border Project
- Managed Chenier project

Education: University of Houston

References Available Upon Request

Section 00 62 16
AFFIDAVIT OF INSURANCE

BEFORE ME, the undersigned authority, on this day personally appeared

Charlie Castillo, who
Affiant

being by me duly sworn on his oath stated that he/she is Vice President, of
Title

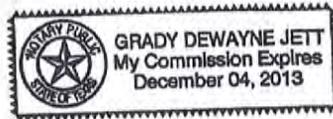
Preferred Technologies, Inc.,
Contractor's Company Name

the Contractor named and referred to within the Contract documents; that he/she is fully competent and authorized to give this affidavit and that the attached original insurance certificate truly and accurately reflects the insurance coverage that is now available and will be available during the term of the Contract.

Charlie Castillo
Affiant's Signature

SWORN AND SUBSCRIBED before me on May 15, 2012,
Date

Grady D. Jett
Notary Public in and for the State of
TEXAS



Grady D. Jett
Print or type Notary Public name

My Commission Expires: Dec 4, 2013
Expiration Date

END OF SECTION



CERTIFICATE OF LIABILITY INSURANCE

PRETEC2 OP ID: ESIR

DATE (MM/DD/YYYY)
05/15/12

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Swantner & Gordon Ins Agcy-HO A Higginbotham Company 1500 Citywest Blvd Suite 500 Houston, TX 77042 Mark Lee	713-952-9990	CONTACT NAME: PHONE (A/C, No, Ext): 713-952-9990 E-MAIL ADDRESS:	FAX (A/C, No): 713-952-9939													
	713-952-9939	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : Hanover Lloyds Insurance Co.</td> <td>41602</td> </tr> <tr> <td>INSURER B : Allmerica Financial Benefit</td> <td>41840</td> </tr> <tr> <td>INSURER C : Service Lloyds Ins Co</td> <td>43389</td> </tr> <tr> <td>INSURER D : Hanover Insurance Company</td> <td>22292</td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Hanover Lloyds Insurance Co.	41602	INSURER B : Allmerica Financial Benefit	41840	INSURER C : Service Lloyds Ins Co	43389	INSURER D : Hanover Insurance Company	22292	INSURER E :		INSURER F :
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INSURER F :																
INSURED Preferred Technologies Inc. Attn: Shaun Castillo 1414 Wedgewood Street Houston, TX 77093																

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY		ZLD9221918	07/26/11	07/26/12	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY					DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR					MED EXP (Any one person) \$ 5,000
	GEN'L AGGREGATE LIMIT APPLIES PER:					
	<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC					GENERAL AGGREGATE \$ 2,000,000
						PRODUCTS - COMP/OP AGG \$ 2,000,000
						\$
B	AUTOMOBILE LIABILITY		AWD9221911-00	07/26/11	07/26/12	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO					BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS	<input checked="" type="checkbox"/> SCHEDULED AUTOS				BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS	<input checked="" type="checkbox"/> NON-OWNED AUTOS				PROPERTY DAMAGE (Per accident) \$
						\$
D	<input checked="" type="checkbox"/> UMBRELLA LIAB	<input checked="" type="checkbox"/> OCCUR	UHD9221921	07/26/11	07/26/12	EACH OCCURRENCE \$ 5,000,000
	<input type="checkbox"/> EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE				AGGREGATE \$ 5,000,000
	DED <input checked="" type="checkbox"/> RETENTION \$ NONE					\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY		SRZC24572-11	07/26/11	07/26/12	<input checked="" type="checkbox"/> WC STATUTORY LIMITS
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y/N				E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below	N/A				E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
						E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Leased/Rented Equi		ZLD9221918	07/26/11	07/26/12	Per Item 50,000
						Aggregate 100,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: SJRA Project No. GRPM0001.1050.2B001.30140.4000 - GRP Building 1 Fiber Optic Line

SEE ADDENDUM FOR ADDITIONAL INTERESTS COVERAGES, AS REQUIRED

CERTIFICATE HOLDER**CANCELLATION**

SJRI-CO San Jacinto River Authority Attn: Stephen Gibson Buyer SJRA 1577 Dam Site Road Conroe, TX 77304	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
--	---

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NOTEPAD

INSURED'S NAME Preferred Technologies Inc.

PRETEC2
OP ID: ESIRPAGE 2
DATE 05/15/12**GENERAL LIABILITY:**

The General Liability policy includes manuscript carrier endorsement which grants blanket additional insured status to Certificate Holder only when there is a written contract between the named insured and the certificate holder that requires such status, form 421-1099 05/10 - Texas Technology General Liability Broadening Endorsement.

Additional Insured status is primary & non-contributory when required in written contract, agreement or permit. Form 421-0452 06/07 - Other Insurance - Primary & Non-Contributory (Additional Insured)

The General Liability policy includes a blanket automatic waiver of subrogation endorsement that provides this feature only when there is a written contract between the named insured and the certificate holder that requires it. Waiver of Transfer of Rights of Recovery Against Others to Us - Form CG2404 05/09.

AUTOMOBILE INSURANCE:

The automobile policy includes a blanket additional insured endorsement that provides additional insured status to the certificate holder only when there is a written contract between the named insured and the certificate holder that requires such status. Texas Additional Insured Endorsement - Form CA0304 06A 06/04

The automobile policy includes a blanket automatic waiver of subrogation endorsement that provides this feature only when there is a written contract between the named insured and the certificate holder that requires it. Texas Changes in Transfer of Rights of Recovery Against Others to Us (Waiver of Subrogation), form CA2089 06/04.

WORKERS COMPENSATION:

The Workers Compensation policy includes a blanket automatic waiver of subrogation endorsement that provides this feature only when there is a written contract between the named insured and the certificate holder that requires it. Texas Waiver of our Right to Recover From Others Endorsement Form WC420304A (Ed. 1-01-2000).

30-DAY NOTICE OF CANCELLATION:

Provided in favor of Certificate Holders, except 10 days notice for non-payment of premium for the following policies, when required by specific contract between Named Insured and Certificate Holder:

General Liability - Earlier Notice of Cancellation Provided by Us, GL0224 10/93

Auto Liability - Texas Cancellation Provision or Coverage Change Endt, form CA0244 06/04

Workers Compensation - Texas Notice of Material Change Endt., form WC420601 07/84

Add the following new paragraph immediately after Paragraph 5.04.B:

"The limits of liability for the insurance required by Paragraph 5.04 of the General Conditions shall provide coverage for not less than the following amounts or greater where required by Laws and Regulations:

1. Worker's Compensation Insurance Coverage

a. Definitions

Certificate of coverage ("certificate") -A copy of a certificate of insurance, a certificate of authority to self-insure issued by the Texas Workers' Compensation Commission (the "TWCC"), or a coverage agreement (TWCC-81, TWCC-82, TWCC-83, or TWCC-84), showing statutory workers' compensation insurance coverage for the person's or entity's employees providing services on a project, for the duration of the project.

Duration of the project -includes the time from the beginning of the work on the project until the CONTRACTOR's/person's work on the project has been completed and accepted by the governmental entity.

Persons providing services on the project ("Sub-CONTRACTOR" in Section 406.096 of the Texas Labor Code) -includes all persons or entities performing all or part of the services the CONTRACTOR has undertaken to perform on the project, regardless of whether that person contracted directly with the CONTRACTOR and regardless of whether that person has employees. This includes, without limitation, independent CONTRACTORS, Sub-CONTRACTORS, leasing companies, motor carriers, OWNER-operators, employees of any such entity or employees of any entity, which furnishes persons to provide services on the project. "Services" include, without limitation, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to a project. "Services" does not include activities unrelated to the project, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

- b. The CONTRACTOR shall provide coverage, based on proper reporting of classification codes and payroll amount and filing of any coverage agreement, which meets the statutory requirements of Texas Labor Code, §401.011 (44) for all employees of the CONTRACTOR providing services on the project, for the duration of the project.
- c. The CONTRACTOR must provide a certificate of coverage to the OWNER prior to being awarded the contract.
- d. If the coverage period shown on the CONTRACTOR's current certificate of coverage ends during the duration of the project, the CONTRACTOR must, prior to the end of the coverage period, file a new certificate of coverage with the OWNER, showing that the coverage has been extended.
- e. The CONTRACTOR shall obtain from each person providing services on the project, and provide to the OWNER:
 - 1) a certificate of coverage, prior to that person beginning work on the project, so that the OWNER will have on file certificates of coverage showing coverage and the required limits of liability as described in this document for all persons providing services on the project; and

- 2) no later than seven days after receipt by the CONTRACTOR, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
- f. The CONTRACTOR shall retain all required certificates of coverage on file for the duration of the project and for one year thereafter;
- g. The CONTRACTOR shall notify the OWNER in writing by certified mail or personal delivery, within 10 days after the CONTRACTOR knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project;
- h. The CONTRACTOR shall post on each project site a notice, in the text, form and manner prescribed by the TWCC, informing all persons providing services on the project that they are required to be covered, and stating how a person may verify current coverage and report failure to provide coverage.
- i. The CONTRACTOR shall contractually require each person with whom it contracts to provide service on a project to:
 - 1) provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code §401.011 (44) for all its employees providing services on the project, for the duration of the project;
 - 2) provide to the CONTRACTOR, prior to that person beginning work on the project, a certificate of coverage showing that coverage is being provided for all employees of the person providing services on the project, for the duration of the project.
 - 3) provide the CONTRACTOR, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project.
 - 4) obtain from each other person with whom it contracts, and provide to the CONTRACTOR:
 - (a) a certificate of coverage, prior to the other person beginning work on the project; and
 - (b) a new certificate of coverage showing extension of the coverage period, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
 - 5) retain all required certificates of coverage on file for the duration of the project and for one year thereafter;
 - 6) notify the OWNER in writing by certified mail or personal delivery, within 10 days after the person knew or should know, of any change that materially affects the provision of coverage of any person providing service on the project; and
 - 7) contractually require each other person with whom it contracts to perform as required by paragraphs 1) - 7), with the certificate of coverage to be provided to the person for whom they are providing services.

- j. By signing this contract or providing or causing to be provided a certificate of coverage, the CONTRACTOR is representing to the OWNER that all employees of the CONTRACTOR who will provide services on the project will be covered by workers' compensation coverage for the duration of the project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the TWCC's Division of Self-Insurance Regulation. Providing false or misleading information may subject the CONTRACTOR to administrative penalties, criminal penalties, civil penalties, or other civil actions.
- k. The CONTRACTOR's failure to comply with any of these provisions is a breach of contract by the CONTRACTOR which entitles the OWNER to declare the contract void if the CONTRACTOR does not remedy the breach within ten days after receipt of notice of breach from the OWNER.
- l. Workers' Compensation, and related coverage's under Paragraphs 5.04.A.1 and A.2 of the General Conditions:
 - a. State: Statutory
 - b. Applicable Federal (e.g., Longshoreman's): Statutory
 - c. Employer's Liability: \$500,000 each accident
\$500,000 disease, each employee
\$500,000 disease, policy limit

CONTRACTOR shall provide Waiver of Subrogation on workers compensation to OWNER.

- 2. CONTRACTOR's General Liability under Paragraphs 5.04.A.3 through A.6 of the General Conditions which shall include completed operations and product liability coverages and eliminate the exclusion with respect to property under the care, custody and control of CONTRACTOR:
 - a. General Aggregate \$2,000,000
 - b. Products - Completed Operations Aggregate \$2,000,000
 - c. Personal and Advertising Injury (Per Person/Organization) \$1,000,000
 - d. Each Occurrence (Bodily Injury and Property Damage) \$1,000,000
 - e. Property Damage liability insurance will provide Explosion, Collapse, and Under-ground coverages where applicable (per Occurrence).
 - f. Policy shall be endorsed to provide a per project aggregate limit applicable to this contract.
 - g. Excess or Umbrella Liability
 - General Aggregate \$5,000,000
 - Each Occurrence \$5,000,000

- h. Broad Form Property Damage Liability
Included Completed Operations (Per Occurrence) \$1,000,000 Included in General Liability
- i. Independent CONTRACTORS \$1,000,000 Included in General Liability
Coverage (per Occurrence)

CONTRACTOR shall provide Waiver of Subrogation on general liability to OWNER.

3. Automobile Liability, including hired and non-owned autos, under Paragraph 5.04.A.6 of the General Conditions:

- a. Combined Single Limit \$1,000,000 each accident
(Bodily Injury and Property Damage)

CONTRACTOR shall provide Waiver of Subrogation on automobile liability to OWNER.

4. The Contractual Liability coverage required by Paragraph 5.04.B.4 of the General Conditions shall provide coverage for not less than the following amounts:

- a. Bodily Injury:
Each person \$1,000,000
Each Accident \$1,000,000
- b. Property Damage:
Each Accident \$1,000,000
Annual Aggregate \$1,000,000

CONTRACTOR shall provide Waiver of Subrogation on contractual liability to OWNER.

5. OWNER shall be named as additional insured on each of the above liability policies and may require a copy of the full policy.

6. For workers' compensation, general liability, automobile liability, and umbrella liability, CONTRACTOR shall provide OWNER an original certificate of insurance from an insurance agent (with original signature) and a copy of the declarations page of the policy reflecting inclusion of a notice of material change endorsement with a minimum of 30 days notification." The provision for notice of material change (mainly non-renewal of coverage, cancellation of coverage or impairment of limits) should apply to all required policies.

7. Replace paragraph 5.04.B.6.a with the following:

"Such insurance shall remain in effect for three years after final payment."

8. Replace paragraph 5.04.B.7 with the following:

"Include waiver of subrogation in favor of SJRA on the Contractor's workers' compensation, general liability, automobile liability, and umbrella liability policies."

SC-6.10.

Add a new paragraph immediately after Paragraph 6.10.A:

“B. OWNER is exempt from payment of sales and compensating use taxes of the State of *Texas* and of cities and counties thereof on all materials to be incorporated into the Work.

1. OWNER will furnish the required certificates of tax exemption to CONTRACTOR for use in the purchase of supplies and materials to be incorporated into the Work.
2. OWNER’s exemption does not apply to construction tools, machinery, equipment, or other property purchased by or leased by CONTRACTOR, or to supplies or materials not incorporated into the Work.”

SC-6.17.

Add the following new paragraphs immediately after Paragraph 6.17.E:

“F. CONTRACTOR shall furnish required submittals with sufficient information and accuracy in order to obtain required approval of an item with no more than three submittals.

SC-8.05.

Delete Paragraph 8.05.A in its entirety and note as Not Used.

SC-9.01.

Add the following new paragraph immediately after Paragraph 9.01.A:

“B. OWNER may also designate members of its own staff to represent the OWNER and conduct site visits during the construction period.”

SC-14.02.C.

Delete Paragraph 14.02.C.1 and replace with the following:

“1. Thirty days after presentation of the Application for Payment to OWNER, the amount recommended will (subject to provisions of Paragraph 14.02.D) become due.”

END OF SECTION



GRP REVIEW COMMITTEE

AGENDA ITEM # 2b

May 21, 2012

SUBMITTED BY: Mark Smith

ITEM CAPTION: Work Order No. 3 and No. 4 with Dannenbaum Engineering Corporation, Inc. for final design and survey services of the Surface Water Transmission System Segment C-1, for the GRP Program

RECOMMENDATION: Staff recommends that the Review Committee recommend approval of the work order.

BACKGROUND INFORMATION:

Work Order No. 3 provides for the professional engineering services, including labor and materials required for development of the proposed surface water transmission system, segment C-1 final design documents, including plans and specifications. Segment C-1 includes approximately 13,144 L.F. of 42" – 16" pipe transmission line to be installed along the Surface Water Treatment Plant Access Road, Longmire Road and the Entergy Easement located in Montgomery County, Texas. Work Order No. 3 also provides for final professional geotechnical services required to perform final design.

Work Order No. 4 provides for the professional surveying services, including all of the labor and materials required to develop the final design documents provided in Work Order No. 3. Work Order No. 4 also provides for professional subsurface utility excavation services as a part of the final design effort.

SUPPORTING DOCUMENTS:

1. SJRA Board Communication memo
2. Location Map
3. Work orders



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
	Consider authorizing General Manager to execute Work Order No. 3 and No. 4 for final design and survey services of the Surface Water Transmission System Segment C-1, for the GRP Program	05/24/12

BACKGROUND INFORMATION

Firm Name:	Dannenbaum Engineering Corporation, Inc.	
Project:	GRP Program Surface Water Transmission System, Segment C-1	
Type of Services:	Final Engineering Phase Services	
Type of Agreement:	Professional Services Work Order Agreement	
Purpose and General Description of Services:	<p>Work Order No. 3 provides for the professional engineering services, including labor and materials required for development of the proposed surface water transmission system, segment C-1 final design documents, including plans and specifications. Segment C-1 includes approximately 13,144 L.F. of 42" – 16" pipe transmission line to be installed along the Surface Water Treatment Plant Access Road, Longmire Road and the Entergy Easement located in Montgomery County, Texas. Work Order No. 3 also provides for final professional geotechnical services required to perform final design.</p> <p>Work Order No. 4 provides for the professional surveying services, including all of the labor and materials required to develop the final design documents provided in Work Order No. 3. Work Order No. 4 also provides for professional subsurface utility excavation services as a part of the final design effort.</p>	
Key Deliverables:	Due Dates:	
Final Geotechnical Report	October 31, 2012	
60% Submittal	October 31, 2012	
90% Submittal	November 30, 2012	
Final Drawings and Specifications	December 31, 2012	
Monthly Progress Reports	Monthly	
Type of Compensation:	Work Order No. 3:	Lump Sum with Not-to-Exceed Limit
	Work Order No. 4:	Cost Plus Multiplier with Not-to-Exceed Limit
Total Not-to-Exceed Limit:	Work Order No. 3:	\$451,466.00
	Work Order No. 4:	\$39,057.00
Construction Cost:	\$6,899,268.00 (Est.)	
Anticipated Completion Date of Services:	December 31, 2012	

RECOMMENDED ACTION

Authorize the General Manager to execute Work Order No. 3 and No. 4 for final design and survey services of the Surface Water Transmission System Segment C-1, for the GRP Program.

C-I Line Location



**SJRA GROUNDWATER REDUCTION PLAN PROGRAM
WATER TRANSMISSION LINE CONSULTANT
WORK ORDER NO. 3**

This Work Order is issued subject to and is governed by that certain Water Transmission Line Professional Services Agreement between SJRA and CONSULTANT effective May 26, 2011.

Work Order Date: May 24, 2012

CONSULTANT: Dannenbaum Engineering Corporation, Inc.

Type of Compensation: Lump Sum

Compensation: \$451,466.00

Location of Services: Water Plant Access Road, Longmire Road and Entergy Easement in Montgomery County, Texas.

Description of Services: Final Engineering for Water Transmission Line

Deliverables: Final Engineering Design, Final Geotechnical Reports, Exhibits and other data to support various permit and approval applications, Monthly Progress Reports, Opinion of Probable Construction Costs, Project Implementation Schedule

Schedule Requirements:

Commence Services: June 1, 2012

Completion of Services: December 31, 2012

Submittal Dates for Each Deliverable: See attached

Agreed to by:

SJRA

By: _____

Name: _____

Title: _____

and

By: Wayne G. Ahrens

Name: Wayne Ahrens, P.E.

Title: Executive Vice President

**SJRA GROUNDWATER REDUCTION PLAN PROGRAM
WATER TRANSMISSION LINE CONSULTANT**

WORK ORDER NO. 3 SCOPE OF WORK

The scope of Water Transmission System Engineering Consultant services will generally include, but may not be limited to, the following areas of Work:

Task 2101 - Final Engineering Phase Services

1. Final Geotechnical Report
2. 60% Submittal
3. 90% Submittal
4. Final Submittal
5. Monthly Progress Reports

Deliverables:

- a. Final Geotechnical Report
- b. 60% Submittal
- c. 90% Submittal
- d. Final Submittal
- e. Monthly Progress Reports

Due Date:

October 31, 2012
October 31, 2012
November 30, 2012
December 31, 2012
Monthly

DANNENBAUM ENGINEERING CORPORATION

3100 WEST ALABAMA HOUSTON, TEXAS 77098 P.O. BOX 22292 HOUSTON, TEXAS 77227 (713) 520-9570

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1945

May 8, 2012

Mr. Mark Smith, P.E.
GRP Administrator
San Jacinto River Authority GRP Office
945 Damsite Road
Conroe, Texas 77305

**Subject: Revised Proposal for Work Order No. 3
C1 Route, Contract No. 11-154-1
SJRA GRP Program – Project No. GRP M0001.1034.2A001**

Dear Mr. Smith:

This letter is to submit Dannenbaum Engineering Corporation's (Dannenbaum) revised proposal for Work Order No. 3 for the Final Engineering Design Phase for the segment of the C1 Route assigned to Dannenbaum.

Attached as Exhibit A is the proposed scope of work which is based on the scope provided by the SJRA.

Dannenbaum proposes to provide the proposed scope of work for the final design phase on a lump sum basis for \$451,466 including the final geotechnical investigation, tunneling design and urban forester. In accordance with an e-mail dated April 17, 2012 the proposal assumes the project will be only one construction project. Attached is Exhibit B which provides a detail breakdown of the level of effort by task and category. Also, attached are the proposals for each of Dannenbaum's sub-consultants for Work Order No. 3:

Brierley Associates	-	Exhibit No. D
Fugro Consultants, Inc.	-	Exhibit No. E
HTS, Inc. Consultants	-	Exhibit No. F
HR Green, Inc.	-	Exhibit No. G
Burditt Consultants, LLC	-	Exhibit No. H

Attached as Exhibit C is a preliminary Microsoft Project schedule based on notice to proceed on June 1, 2012 and completion and submittal of final plans in (7) seven months.

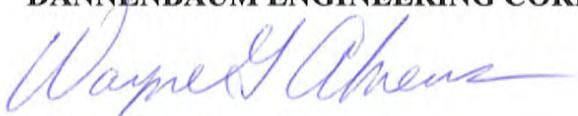
Deliverables:		
Final Geotechnical Report	-	October 31, 2012
Final Plans	-	December 31, 2012

Mr. Mark Smith, P.E.
GRP Administrator
San Jacinto River Authority GRP Office
Page 2
May 8, 2012

If you have any questions or wish to discuss the above, please contact me at 713-527-6378.

Sincerely,

DANNENBAUM ENGINEERING CORPORATION



Wayne G. Ahrens, P.E.
Executive Vice President

XC: Mr. Douglas D. Howde, P.E.
Mr. Carl D. McConnell, P.E.

EXHIBIT A

SJRA GROUNDWATER REDUCTION PLAN PROGRAM WATER TRANSMISSION LINE CONSULTANT

WORK ORDER NO. 3 SCOPE OF WORK

The scope of Water Transmission System Engineering Consultant services will generally include, but may not be limited to, the following areas of Work:

Task 2101 – Final Engineering Phase Services

1. Conduct project initiation meeting with GRP Program Team and other interested parties regarding the project.
2. Project coordination, management, and communication shall include, but is not limited to, the following items:
 - a. Incorporate into Water Transmission System Engineering Consultant's (Consultant) overall implementation of the Work, the policies, procedures and practices of select sections of the GRP Program Management Plan (PMP) that were issued during the Preliminary Engineering Phase Services including, but not limited to risk management and quality assurance audit activities. Incorporate into the Work any subsequent PMP modifications, including those that may be issued during Final Engineering Phase Services.
 - b. Implement during execution of the Work, the Project-level Consultant Project Management Plan (CPMP) that was developed, submitted to the GRP Program Team for review, and approved during the Preliminary Engineering Phase Services. Update CPMP as necessary for Final Engineering Phase Services.
 - c. Implement during execution of the Work the Quality Assurance and Quality Control (QA/QC) Plan that was developed, submitted to the GRP Program Team for review, and approved during the Preliminary Engineering Phase Services. Update QA/QC Plan as necessary for Final Engineering Phase Services.
 - d. Ensure compliance with all contractual terms and conditions including adherence to budget, schedule, scope of services, and quality. Notify the SJRA immediately of any deviation from the scope of services. Do not perform services outside the current scope without an amendment to the Work Order.

- e. Plan and ensure proper qualified and experienced personnel are timely assigned to project activities, and coordinate the efforts of such personnel to ensure budget, scope, quality, and schedule compliance. Ensure other required equipment and material resources are readily available for proper project execution.
- f. Prepare, provide and maintain an electronic Project schedule using Microsoft Project® for GRP Program Team approval. Update schedule as a part of the monthly status report, or as additionally requested by the GRP Program Team. Schedule shall include critical activity start and/or completion dates as milestones, including monthly progress meetings, 60%, 90% and final design submittal and review dates, completion of engineering design studies, and all GRP Program and agency deliverable due dates, as a minimum. Provide electronic schedule data in MS Project 2007 format required to support GRP Program Team maintenance of the GRP Program's Master Schedule. Single schedule shall include both the original baseline schedule and a progress schedule with a current percent complete at a minimum for each item in this scope of work.
- g. Prepare and submit monthly progress/status reports to support monthly billings, and provide additional progress/status reports as requested by the GRP Program Team. As a minimum, monthly progress/status reports shall include a summary description of tasks completed as of status report date, description of activities planned for next 30 days, financial status of project, status of schedule for project, identification of any technical or other issues which may have an impact to the overall project budget and/or schedule.
- h. Attend monthly Program and Project progress/coordination meetings. Identify and facilitate milestone meetings. Record, prepare and distribute or cause to be distributed within three (3) working days to all meeting attendees, a Summary (Minutes) of the discussions and activities of each meeting attended.
- i. Participate in Program and Project progress/coordination conference calls conducted between monthly Program and Project progress/coordination meetings. Record, prepare and distribute or cause to be distributed within three (3) working days to all conference call participants, a Summary (Minutes) of the discussions and activities of each meeting attended.
- j. Manage, administer and coordinate the Work of all Water Transmission System Engineering Consultant sub-consultants (team members).

- k. At the direction of the GRP Project Manager, coordinate with SJRA GRP Program staff, Program Management Consultant, Program Surveying Consultant, Program Geotechnical Consultant, Program Cathodic Protection Consultant, Program Transient Analysis Consultant, Program Environmental Consultant, and other Water Transmission System Engineering Consultants. Cooperate with each.
 - l. Facilitate document control and document sharing by utilizing the GRP Program SharePoint® site for distribution and electronic filing of all Program and Project documents.
 - m. Assist/support the SJRA in its outreach efforts, as needed.
3. Perform water transmission system pipeline design in accordance with the SJRA Design Standards and Criteria Manual and all applicable regulatory agency criteria and/or regulations.
 4. Perform water line access manway location design in accordance with the SJRA Design Standards and Criteria Manual and all applicable regulatory agency criteria and/or regulations.
 5. Perform valve selection and location design in accordance with the SJRA Design Standards and Criteria Manual and all applicable regulatory agency criteria and/or regulations.
 6. Perform all miscellaneous aspects of water transmission pipeline design including, but not limited to, considerations for the crossings of utility lines, petroleum pipelines, railroads, roadways, bridges, water bodies, wetlands and any other crossings, bedding and backfill considerations, surface restoration, staging areas, haul routes, pipe material considerations, and tunneling considerations, including tunnel access shafts. Show and fully identify all public and private utility easements, vegetation protection zones, buffer zones, and similar restrictive areas on the construction plans.
 7. Complete final geotechnical investigation in accordance with Section 6 of the SJRA Design Standards and Criteria Manual. Submit two (2) paper copies and one electronic copy (pdf) of the draft final geotechnical report to the GRP Program Team for review and comment. Submit five (5) paper copies and one electronic copy (pdf) of the final geotechnical report to the GRP Program Team.
 8. Coordinate and complete cathodic protection design utilizing the recommendations and standard details from the Program Cathodic Protection Consultant. Coordinate same with GRP Program. For the Geotechnical

effort, provide soil samples at proposed pipe depth from the borings for testing by the Program Cathodic Protection Consultant.

9. Coordinate and complete fiber optic conduit design utilizing the recommendations and standard details from the Program Fiber Optic Consultant. Coordinate same with GRP Program.
10. Coordinate and complete surge protection design, including air/vacuum release valve location design, utilizing the recommendations from the Program Transient Analysis Consultant. Coordinate same with GRP Program.
11. Provide Traffic Control Plan design in accordance with the SJRA Design Standards and Criteria Manual and all applicable regulatory agency criteria and/or regulations.
12. Perform Stormwater Pollution Prevention Plan in accordance with the SJRA Design Standards and Criteria Manual and all applicable regulatory agency criteria and/or regulations.
13. Perform surface restoration design, including pavement replacement in accordance with the SJRA Design Standards and Criteria Manual and all applicable regulatory agency criteria and/or regulations.
14. Complete general civil, structural, electrical and other mechanical design in accordance with the SJRA Design Standards and Criteria Manual and all applicable regulatory agency criteria and/or regulations.
15. Complete landscaping and/or tree protection design in accordance with the SJRA Design Standards and Criteria Manual, applicable standards provided by the Program Environmental Consultant, and all applicable regulatory agency criteria and/or regulations.
16. Prepare and submit all necessary permit applications and reports required for all applicable authorities, such as but not limited to, local, state and federal authorities, highway department, railroads, public and private pipeline companies, and utilities (excluding environmental).
17. Prepare and provide 60%, 90% and final plans, specifications and contract documents, conforming to the SJRA Design Standards & Criteria Manual, Program Management Plan, and other Manuals as provided by the GRP Program. Address all review comments from prior design submittals, and return prior review comments when making the next required design submittals. At a minimum, the Project Manager (or in the case of subconsultants, their lead manager) is to be the one to sign the design plans

at all stages for their firm's work. This includes interim seals. Note that "Project Manager" does not refer to a company's classification of the individual, but the senior-most member of the firm directly responsible for the work as represented to the SJRA.

18. Prepare and complete thrust restraint calculations for all pipes in accordance with the SJRA Design Standards and Criteria Manual. Assume PCCP pipe material when performing calculations.
19. Perform site visits as required by the SJRA Design Standards and Criteria Manual and additional visits as the Consultant deems necessary upon approval by the SJRA.
20. Implement GRP Program standard forms as required by the SJRA Program Management Plan.
21. Prepare and provide technical data and graphics in the requested format when requested by the GRP Program Team.
22. Prepare and provide an Engineer's preliminary opinion of probable construction cost at the 60%, 90%, and final submittal milestones.
23. Divide the water transmission line/design into multiple construction segments based upon criteria to be provided by the GRP Program Team. There will be a maximum of three (3) construction segments.
24. Ensure the design at segment-to-segment transition points and those of adjacent Water Transmission System Engineering Consultants segments are properly coordinated to permit the seamless execution/tie-in of the constructed Work at these segment transition points.
25. It is anticipated that the Competitive Sealed Proposal (CSP) project delivery methodology will be utilized to procure construction contractor services for the construction of each separate main and lateral transmission system segment. Accordingly, provide CSP-compatible front-end bidding documents when preparing specifications. Provide support to GRP Program Team for developing the CSP criteria and evaluating the CSP submittals.

26. Prepare and provide final drawings, specifications and addenda in both hard copy form (22" x 34" ink on mylar drawings and 3 full-size blackline sets) and electronic format (PDF) on two (2) CDs/DVDs. Labels shall be placed on each CD/DVD which clearly identifies the SJRA, Project name, Project number, Water Transmission System Engineering Consultant and date.
- a. Provide all CAD files in accordance with the requirements of the SJRA Design Standards and Criteria Manual. Provide all CAD and other electronic files as necessary to facilitate implementation of SJRA's GIS system.
 - b. Provide complete SJRA Contract Documents and Master Guide Technical Specifications for multiple construction projects in accordance with the instructions included in the "Master Specifications Instructions for Use" dated November 9, 2011 posted to the SJRA SharePoint website and as may be updated and revised.
27. Prepare and provide a final design report to include all backup information as listed in the SJRA Design Standards and Criteria Manual.
28. Identify and delineate locations of permanent water line easements and temporary construction easements. Provide a parcel abstract map based on parcel numbering information provided by the GRP Program Team as part of the survey-related general project sheets.
29. Provide engineering support to the GRP Program Team for land/easement acquisition. Modify plan and profile sheets as necessary to accommodate special provisions made during the easement acquisition process.
30. Provide assistance to GRP Program Team during the Bidding Process. This will include attending pre-bid conferences and issuing addendum to the Contract Document.

Deliverables:

- a. Draft Final Geotechnical Report
- b. Final Geotechnical Report
- c. 60% Submittal
- d. 90% Submittal
- e. Final Submittal
- f. Monthly Progress Reports

Due Dates:

- August 30, 2012
- October 31, 2012
- October 31, 2012
- November 30, 2012
- December 31, 2012
- 10th of Each Month

**SJRA GROUNDWATER REDUCTION PLAN PROGRAM
WATER TRANSMISSION LINE CONSULTANT
WORK ORDER NO. 4**

This Work Order is issued subject to and is governed by that certain Water Transmission Line Professional Services Agreement between SJRA and CONSULTANT effective May 26, 2011.

Work Order Date: May 24, 2012

CONSULTANT: Dannenbaum Engineering Corporation, Inc.

Type of Compensation: Lump Sum

Compensation: \$39,057.00

Location of Services: Water Plant Access Road, Longmire Road and Entergy Easement located in Montgomery County, Texas.

Description of Services: Final Surveying Services for Water Transmission Line

Deliverables: Final Engineering Design, Final Geotechnical Reports, Exhibits and other data to support various permit and approval applications, Monthly Progress Reports, Opinion of Probable Construction Costs, Project Implementation Schedule

Schedule Requirements:

Commence Services: June 1, 2012

Completion of Services: September 30, 2012

Submittal Dates for Each Deliverable: See attached

Agreed to by:

SJRA

By: _____

Name: _____

Title: _____

and

By: _____

Name: Wayne G. Ahrens, P.E.

Title: Executive Vice President

**SJRA GROUNDWATER REDUCTION PLAN PROGRAM
WATER TRANSMISSION LINE CONSULTANT**

WORK ORDER NO. 4 SCOPE OF WORK

The scope of Water Transmission System Engineering Consultant services will generally include, but may not be limited to, the following areas of Work:

Task 2201 - Surveying

1. Conduct project initiation meeting with GRP Program Team
2. Survey geotechnical boring locations
3. Perform or have performed up to ten(10) Level "A" Subsurface Utility Exploration (SUE) investigations

Deliverables:

- a. Conduct project initiation meeting with GRP Program Team
- b. Survey geotechnical boring locations
- c. Perform or have performed up to ten(10) Level "A" Subsurface Utility Exploration (SUE) investigations

Due Date:

June 7, 2012
Aug. 31, 2012
Sept. 30, 2012

DANNENBAUM ENGINEERING CORPORATION

3100 WEST ALABAMA HOUSTON, TEXAS 77098 P.O. BOX 22292 HOUSTON, TEXAS 77227 (713) 520-9570

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May 8, 2012

Mr. Mark Smith, P.E.
GRP Administrator
San Jacinto River Authority GRP Office
945 Damsite Road
Conroe, Texas 77305

Subject: **Revised Proposal for Work Order No. 4
C1 Route, Contract No. 11-154-1
SJRA GRP Program – Project No. GRP M0001.1034.2A001**

Dear Mr. Smith:

This letter is to submit Dannenbaum Engineering Corporation's (Dannenbaum) revised proposal for Work Order No. 4 for the Final Design Surveying for the segment of the C1 Route assigned to Dannenbaum. Attached as Exhibit A is the proposed scope of work which is based on the scope provided by the SJRA.

Dannenbaum proposes to provide the proposed scope of work for the final design surveying by S&V Surveying, Inc. on a reimbursable basis for an amount not to exceed \$39,057. Attached is Exhibit B which provides a detail breakdown of the level of effort by task and category. Also, attached are the proposals for each of Dannenbaum's sub-consultants for Work Order No. 4:

S&V Surveying, Inc. - Exhibit No. C

Based on notice to proceed on June 1, 2012 completion of the above scope of work is scheduled for September 30, 2012.

If you have any questions or wish to discuss the above, please contact me at 713-527-6378.

Sincerely,



Wayne G. Ahrens, P.E.
Executive Vice President

XC: Mr. Douglas D. Howde, P.E.
Mr. Carl D. McConnell, P.E.

EXHIBIT A

SJRA GROUNDWATER REDUCTION PLAN PROGRAM WATER TRANSMISSION LINE CONSULTANT

WORK ORDER NO. 4 SCOPE OF WORK

The scope of Water Transmission System Engineering Consultant services will generally include, but may not be limited to, the following areas of Work:

Task 2201 – Surveying

1. Conduct project initiation meeting with GRP Program Team and other interested parties regarding the project.
2. Survey the geotechnical boring locations after the borings are taken in the final geotechnical engineering phase
3. Perform or have performed up to ten (10) Level 'A' Subsurface Utility Exploration (SUE) investigations using minimally intrusive excavation methods such as vacuum excavation. The SUE investigations require prior authorization from SJRA, and are to only be performed as necessary at critical locations when no other meaningful information is available.

Deliverables:

Due Dates

- | | |
|---|----------------|
| a. Conduct project initiation meeting with GRP Program Team | June 7, 2012 |
| b. Survey the geotechnical boring locations | Aug. 30, 2012 |
| c. Perform or have performed up to ten (10) Level 'A' Subsurface Utility Exploration (SUE) investigations | Sept. 30, 2012 |



GRP REVIEW COMMITTEE

AGENDA ITEM # 2c

May 21, 2012

SUBMITTED BY: Mark Smith

ITEM CAPTION: Agreement between the City of Willis and the SJRA for implementation of a Catahoula well project.

RECOMMENDATION: At the time of agenda preparation this item is still being reviewed by the City of Willis. The Review Committee should consider and discuss the agreement and possibly withhold action pending possible revisions.

BACKGROUND INFORMATION:

The City of Willis has submitted a proposal to the San Jacinto River Authority proposing that the GRP fund the development of two wells which will draw water from the Catahoula aquifer. The proposal describing the terms proposed by the City of Willis is attached.

This revised proposal is different from the one approved by the Board last June. The main difference is that Willis will fund the cost of the Catahoula wells instead of the GRP providing funding. Under the new terms, the GRP provides a financial safety net in case the Catahoula well(s) fail. If the wells are successful and will provide an alternative water supply for the City of Willis, the GRP will not be responsible for any of the costs of the wells. In addition, the GRP would get credit for the reduction of groundwater pumpage achieved by the development of this alternative water source. The wells would be owned, operated and maintained by the City of Willis.

SUPPORTING DOCUMENTS:

1. SJRA Board Communication memo
2. CONTRACT FOR IMPLEMENTATION OF ALTERNATIVE WATER SUPPLY STRATEGY



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
8	Consider authorizing General Manager to Execute Agreement with City of Willis for Water Well	05/24/12

BACKGROUND INFORMATION

The City of Willis has submitted a proposal to the San Jacinto River Authority proposing that the GRP fund the development of two wells which will draw water from the Catahoula aquifer. The proposal describing the terms proposed by the City of Willis is attached.

This revised proposal is different from the one approved by the Board last June. The main difference is that Willis will fund the cost of the Catahoula wells instead of the GRP providing funding. Under the new terms, the GRP provides a financial safety net in case the Catahoula well(s) fail. If the wells are successful and will provide an alternative water supply for the City of Willis, the GRP will not be responsible for any of the costs of the wells. In addition, the GRP would get credit for the reduction of groundwater pumpage achieved by the development of this alternative water source. The wells would be owned, operated and maintained by the City of Willis.

The proposal was presented to the GRP Review Committee on May 21, 2012. The Review Committee voted unanimously to approve the proposal.

RECOMMENDED ACTION

Motion to authorize the General Manager to execute the Agreement with the City of Willis, on behalf of the Authority.

**CONTRACT
FOR IMPLEMENTATION OF ALTERNATIVE WATER SUPPLY STRATEGY
AND RELATED GOODS AND SERVICES
BY AND BETWEEN
THE SAN JACINTO RIVER AUTHORITY AND
THE CITY OF WILLIS, TEXAS**

This **CONTRACT FOR IMPLEMENTATION OF ALTERNATIVE WATER SUPPLY STRATEGY AND RELATED GOODS AND SERVICES** ("Contract") is made and entered into as of the ____ day of _____, 2012, by and between the **SAN JACINTO RIVER AUTHORITY** ("Authority"), a conservation and reclamation district, body politic and corporate and a governmental agency of the State of Texas created and operating under the provisions of Chapter 426, Acts of the 45th Texas Legislature, Regular Session, 1937, as now or hereafter amended (the "Act"), enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution, and the **CITY OF WILLIS, TEXAS**, a municipal corporation and home-rule municipality, principally located in Montgomery County, Texas ("Participant").

W I T N E S S E T H:

RECITALS

WHEREAS, the Lone Star Groundwater Conservation District (the "Conservation District") was created by the Texas Legislature to conserve and protect the groundwater aquifers beneath Montgomery County and, in that regard, the Conservation District has established a District Regulatory Plan (the "Plan") to reduce groundwater production from the Upper Gulf Coast Aquifer (hereinafter defined) located within Montgomery County by its establishment of regulatory deadlines subject to enforcement; and

WHEREAS, the Authority and Participant are each a non-exempt large volume groundwater user subject to the Conservation District's groundwater reduction requirements under the Plan ("Regulated User"); and

WHEREAS, the Plan allows two or more Regulated Users to (a) enter into contractual agreements to share costs or cooperate in ways that achieve orderly reductions in total groundwater usage and conversions to alternative water supplies, and/or (b) join with other Regulated Users for the purpose of reducing groundwater withdrawals and achieving orderly compliance with the Conservation District's groundwater reduction requirements; and

WHEREAS, the Authority has entered into a "Contract for Groundwater Reduction Planning, Alternative Water Supply, and Related Goods and Services" (the "GRP Contract") with Participant, effective as of June 1, 2012, and has entered into substantially similar contracts with a number of Regulated Users, which contract provides that the Authority and such Regulated Users (collectively, the "Participants"), will form a group to achieve overall compliance with the Plan; and

WHEREAS, the GRP Contracts permit the Authority to contract with certain Participants for the development and implementation of Alternative Strategies (defined hereinafter) in addition to Project, and to include such strategies in the GRP in an effort to achieve compliance with the Plan; and

WHEREAS, the Catahoula Aquifer (defined hereinafter) is not currently subject to the groundwater reduction requirements of the Plan and, therefore, the production and beneficial use of groundwater from the Catahoula Aquifer represents a possible Alternative Strategy that may reduce dependence on groundwater from the Upper Gulf Coast Aquifer that are subject to reduction requirement under the Plan; and

WHEREAS, Participant has proposed to proceed with the development and implementation of an such an Alternative Strategy (the "Catahoula Project") whereby the Participant will finance, design, permit, construct, operate and maintain, at no cost to the Authority, one or more wells (the "Catahoula Wells") and related pilot drillings, pumps, machinery, meters, controls, gathering lines, and necessary facilities, appurtenances and infrastructure (collectively, the "Catahoula Facilities") that will withdraw water from the Catahoula Aquifer to supplement its use of groundwater from the Upper Gulf Coast Aquifer; and

WHEREAS, the reliability of the Catahoula Aquifer as a long-term source of supply for municipal purposes is uncertain at this time and, therefore, a failure of the Catahoula Project would put Participant at risk of paying the outstanding debt service on its bonds issued to finance the Catahoula Facilities, plus Pumpage Fees (hereinafter defined) due the Authority under the GRP Contract for water withdrawn from the Upper Gulf Coast Aquifer by one or more other wells to offset the loss in production from the failure of the Catahoula Project; and

WHEREAS, Participant has proposed that in the event of a failure of the Catahoula Project, Pumpage Fees shall be waived by the Authority for so long as any of its bonds issued to finance the Catahoula Project remain outstanding, subject to the further terms, conditions, and specifications set forth herein; and

WHEREAS, the Authority and the Participant believe that the Catahoula Project will provide valuable information about the viability of the Catahoula Aquifer, achieve a reduction in Participant's withdrawals from the Upper Gulf Coast Aquifer and benefit the Participants as a result, and extend the Authority's surface water resources by achieving such reduction without relying upon the Project; and

WHEREAS, the Authority and the Participant deem it necessary and appropriate at this time to enter into a contract setting forth the terms under which Participant shall finance, design, permit, construct, operate and maintain the Catahoula Facilities at no cost to the Authority and, in consideration thereof, the Authority shall waive Pumpage Fees due from Participant for so long as any of Participant's bonds issued to finance the Catahoula Facilities remain outstanding, subject to the further terms, conditions, and specifications set forth herein; and

WHEREAS, the Authority is authorized to enter into this Contract pursuant to the Constitution and the laws of the State of Texas, including the Act and Sections 49.068(b) and 49.213 of the Texas Water Code; and

WHEREAS, Participant is authorized to enter into this Contract pursuant to the Constitution and the laws of the State of Texas, including Section 49.213 of the Texas Water Code, as well as its City Charter.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements herein contained, and the goods and services to be provided and rendered by the Authority and Participant hereunder, the Authority and Participant do mutually agree as follows:

ARTICLE I

Definitions; Interpretations; Consideration

Section 1.01: Definitions. In addition to terms defined elsewhere in this Contract, and unless the context requires otherwise, the following terms used in this Contract have the meanings set forth below and, to the extent applicable, supplement terms defined elsewhere in this Contract:

- (a) "Alternative Strategies" is defined in the GRP Contract, which definition is incorporated herein by reference.
- (b) "Authority" is defined in the Recitals hereto and means and includes the legal successors or assigns of the Authority.
- (c) "Catahoula Aquifer" means [REDACTED].
- (d) "Catahoula Facilities" means the Catahoula Wells and related pilot drillings, test wells, pumps, machinery, meters, controls, gathering lines, and necessary facilities, appurtenances and infrastructure acquired, constructed and otherwise installed by Participant as part of the Catahoula Project for the purpose of withdrawing groundwater from the Catahoula Aquifer for use as a source of supply in Participant's System.
- (e) "Catahoula Project" means the financing, design, permitting, construction, operation and maintenance of the Catahoula Facilities by Participant to withdraw groundwater from the Catahoula Aquifer for use as a source of supply in Participant's System.
- (f) "Catahoula Wells" means the production wells constructed by Participant as part of the Catahoula Facilities.

(g) "Conservation District" is defined in the Recitals hereto and means and includes the legal successors or assigns of the Conservation District.

(h) "Contract" is defined in the Recitals hereto and means and includes any supplements or amendments to this Contract.

(i) "Contract Term" is defined in Section 7.01 hereof.

(j) "Days" means calendar days and not business days, unless otherwise expressly provided in this Contract.

(k) "Effective Date" means the date first written above.

(l) "Failure" means, in the reference to the Catahoula Project, a condition where groundwater produced by the Catahoula Wells contains a contaminant that exceeds the maximum contaminant level therefor under the SDWA.

(m) "gpm" means, in reference to the Catahoula Wells, gallons per minute.

(n) "GRP" is defined in the GRP Contract, which definition is incorporated herein by reference.

(o) "GRP Administrator" is defined in the GRP Contract, which definition is incorporated herein by reference.

(p) "GRP Contract" is defined in the Recitals hereto and means and includes any supplements or amendments to the GRP Contract between the Authority and Participant.

(q) "Participant" is defined in the Recitals hereto and means and includes the legal successors or assigns of Participant.

(r) "Participant's System" is defined in the GRP Contract, which definition is incorporated herein by reference.

(s) "Participants" is defined in the Recitals hereto and means and includes the Authority, Participant, and any other Regulated User that enters into and remains subject to a written agreement with the Authority in a form substantially similar to the GRP Contracts.

(t) "Party" means either the Authority or Participant.

(u) "Parties" means both the Authority and Participant.

(v) "Plan" is defined in the Recitals hereto and means and includes any amendments, revisions or supplements thereto as may be adopted by the Conservation District on or after the Effective Date.

(w) "Project" is defined in the Recitals hereto and is further defined in the GRP Contract, which definition is incorporated herein by reference.

(x) "Pumpage Fee" is defined in the GRP Contract, which definition is incorporated herein by reference.

(y) "Rate Order" is defined in the GRP Contract, which definition is incorporated herein by reference.

(z) "Regulated User" is defined in the Recitals hereto and means and includes any public or private entity or person that is or becomes subject to the Plan on or after the Effective Date.

(aa) "Rules" means and includes any rules, regulations, policies, or procedures deemed necessary and proper and duly adopted by the Board of Directors of the Authority for or relating to the development, implementation, operation, maintenance, or enforcement of the Project and/or the GRP, to the extent not contrary to, inconsistent with, or prohibited by the terms and provisions of the GRP Contract or this Contract, and all related amendments, revisions or supplements thereto.

(bb) "SDWA" shall mean the Safe Drinking Water Act, codified at 42 U.S.C. §300f *et seq.*, as amended.

(cc) "substantial completion" means the completion of the Catahoula Facilities such that same are available to Participant for use.

(dd) "TCEQ" means the Texas Commission on Environmental Quality and includes any board, agency, commission, or department of the State of Texas succeeding to the principal duties and responsibilities of the TCEQ.

(ee) "Upper Gulf Coast Aquifer" means [REDACTED].

(ff) "Upper Aquifer Wells" means the current groundwater wells, and any future groundwater wells, operated by Participant that withdraw groundwater from the Upper Gulf Coast Aquifer and are subject to the GRP Contract and the Conservation District's groundwater reduction requirements under the Plan.

Section 1.02: Titles, Headings, and Exhibits. (a) The titles, heading, and captions appearing in the articles of this Contract and following each numbered section of this Contract are inserted and included solely for convenience and shall never be considered or given any effect in construing this Contract, or any provision hereof, or in connection with the duties, obligations, or liabilities of the respective Parties hereto or in ascertaining intent, if any questions of intent should arise.

(b) The exhibits attached hereto are incorporated as part of this Contract for all purposes.

Section 1.03: Interpretation of Contract. (a) This Contract and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Contract.

(b) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and *vice versa*, and words of the singular number shall be construed to include correlative words of the plural number and *vice versa*. The word "include", and any of its derivatives, shall be interpreted as language of example and not of limitation, and shall be deemed to be followed by the words "without limitation", unless otherwise expressly provided herein.

(c) The Parties agree that this Contract shall not be construed in favor of or against a Party on the basis that the Party did or did not author this Contract.

(d) The Parties agree that this Contract is entered into to address the specific implementation of an Alternative Strategy, and is not intended to be construed by the Parties to amend, rescind, or otherwise modify any rights, obligations, terms or provisions specified in the GRP Contract by and between the Authority and Participant unless expressly provided for herein.

ARTICLE II

Development and Implementation of Catahoula Project

Section 2.01: General Description. The Parties agree that Participant shall be responsible for developing and implementing the Catahoula Project as an Alternative Strategy for the benefit of the GRP and the Participants as a whole. The Catahoula Project encompasses the financing, design, permitting, construction, operations and maintenance by Participant of the Catahoula Facilities, including the Catahoula Wells, and the subsequent operations and maintenance of the Catahoula Facilities by Participant, such that groundwater withdrawn from the Catahoula Wells is incorporated as a source of water supply in Participant's System.

Section 2.02: Design, Permitting, and Construction of Catahoula Facilities. (a) As between the Parties, Participant shall be responsible for the design, permitting, and construction of the Catahoula Facilities. A preliminary schedule of the Catahoula Facilities, and the related costs for the design, permitting and construction of same, is attached hereto as **Exhibit A**.¹ Participant agrees to provide the Authority with initial design drawings and specifications for the Catahoula Facilities as and if requested by the Authority. Participant shall submit final design drawings and specifications for the Catahoula Facilities, or any component thereof, not less than ten (10) days prior to advertisement for bids for same. The Parties agree that the Authority shall bear no obligation or responsibility for such design drawings and specifications, as same are to be submitted to the Authority so that the Authority may confirm that same are related to the implementation of the Catahoula Project and within the scope of this Contract and for no other

¹ **Exhibit A** should be taken from cost summary approved by the TWDB.

purpose. Within ten (10) days following substantial completion of construction of the Catahoula Facilities, Participant's engineer shall provide the Authority with a written certification as to the date of such completion. Within ninety (90) days following completion of construction of the Catahoula Facilities, Participant agrees to provide the Authority with a copy of record drawings for same.

(b) The Parties agree that the Catahoula Wells shall be comprised of at least one production well with a design capacity of not less than 1,000 gpm, but not more than two production wells with a combined design capacity of more than 5,000 gpm, that will withdraw groundwater from the Catahoula Aquifer. Within such parameters, Participant shall have the right to determine the size and the size and production capacity of the Catahoula Wells.

(c) Prior to drilling the Catahoula Wells, Participant agrees to conduct a pilot drilling and measure and document resistivity at the proposed screening depths for the Catahoula Wells. Not less than thirty (30) days prior to conducting such drilling, Participant agrees to provide the Authority with its proposed procedures for the measurement and documentation of resistivity, and Participant agrees to incorporate the reasonable requests of the Authority into such procedures. Within ten (10) days after completion of such drilling, the resistivity documentation shall be provided to the Authority. Within ten (10) days after receipt of such documentation, the Authority shall have the right to terminate this Contract if it reasonably believes that, based on such documentation, the Catahoula Wells will not produce groundwater that will comply with the SDWA. In such event, the Authority shall reimburse Participant for the costs of the pilot drilling and related engineering and testing fees and expenses out of GRP funds.

(d) The Parties agree that time is of the essence due to the fact that the Plan currently provides certain incentives (i.e., early conversion credits) for the reduction of groundwater withdrawals from the Upper Gulf Coast Aquifer prior to January 1, 2016. Therefore, Participant shall proceed with reasonable dispatch and due diligence to complete the design, permitting, financing, and construction of the Catahoula Facilities such that same will be placed into service on or before January 1, 2015. Any resulting early conversion credits will be transferred by Participant to the Authority for the benefit of the GRP and all Participants pursuant to Section 2.05 hereof.

Section 2.03: Title; Operations and Maintenance. (a) As between the Parties, Participant shall have sole and exclusive title to the Catahoula Facilities. Participant shall be solely responsible for operating and maintaining same at its sole cost and expense. Participant acknowledges that such operations, maintenance, and repair are subject, in part, to the provisions of Article V of this Contract.

Section 2.04: Financing; No Reimbursement. (a) As between the Parties, Participant shall be responsible for the financing of the Catahoula Project. Participant will finance the Catahoula Facilities by and through the issuance of its bonds to the Texas Water Development Board ("TWDB"), in the estimated original principal amount of \$3,150,000 ("Participant Bonds"), pursuant to that certain loan commitment approved by the TWDB Resolution No. 12-

XX.² The Parties agree and acknowledge that a material consideration for the Authority to enter into this Contract is the terms of such loan commitment from the TWDB.

(b) The Parties agree that the Authority shall not be obligated to reimburse Participant for any costs related to such financing, or any other costs related to the implementation of the Catahoula Project under this Contract, including but not limited to legal, permitting, engineering, construction, operations, maintenance and/or repair costs of the Catahoula Facilities; provided, however, that it is recognized that the Authority has the option (but not an obligation) to provide funds for the redemption of the Participant Bonds and terminate this Contract under Section 7.02 (d) hereof.

(c) Participant agrees that, unless otherwise approved in writing by the Authority, the proceeds from the sale of the Participant Bonds to the TWDB shall be used solely for the Catahoula Project. Participant agrees that an accounting of all costs for the Catahoula Facilities paid out of proceeds from the sale of the Participant Bonds shall be provided to the Authority within one hundred eighty (180) days following completion of the Catahoula Facilities. Such accounting shall identify any unspent proceeds from the sale of the Participant Bonds, which proceeds shall be used by Participant to redeem the Participant Bonds unless otherwise approved by the Authority in writing.

Section 2.05: Integration of Catahoula Project into GRP; Conversion Credits. (a) The Parties agree and acknowledge that the GRP has heretofore been filed with the Conservation District and certified by the Conservation District on or about June 14, 2011. Participant agrees to provide the Authority such information as may be reasonably requested by the GRP Administrator to update, amend, or otherwise integrate Participant's implementation of the Catahoula Project into the GRP for the benefit of the GRP and the Participants as a whole.

(b) Participant agrees that to the extent it earns any early conversion credits, groundwater reduction credits, or similar credits, as and if offered and issued by the Conservation District, that directly result from the implementation of the Catahoula Project by Participant, any such credits, as and if offered and issued by the Conservation District, shall belong solely to the Authority for the benefit of the GRP and the Participants as a whole, and to the extent necessary, shall be transferred by Participant to the Authority at no cost. To that end, it is specifically agreed and acknowledged that Participant shall be responsible for securing any permits and approvals from the Conservation District that may be required to document or otherwise accrue such groundwater reduction credits, and any related early-conversion credits, that may be offered by the Conservation District and applicable to the Catahoula Project. Notwithstanding the foregoing provisions related to credits, in no event shall the Authority be obligated to make payment to Participant to revise, amend, or otherwise include in the GRP the reduction in pumpage from Participant's Upper Aquifer Wells that is anticipated to result from the implementation of the Catahoula Project.

² SJRA requires a copy of the final TWDB resolution.

ARTICLE III

Routine Operations and Maintenance

Section 3.01: Operations and Maintenance. (a) The Parties agree and acknowledge that the Catahoula Facilities will be integrated into Participant's System and that the Catahoula Project shall provide the sole source of groundwater to be utilized in Participant's System, except to the limited extent that (1) an emergency or routine repairs, maintenance, or rehabilitation of the Catahoula Facilities require Participant to utilize groundwater from another source, including water from Participant's Upper Aquifer Wells, (2) groundwater from the Upper Gulf Coast Aquifer is blended with groundwater produced by the Catahoula Wells as provided in Section 3.02 hereof, or (3) the Catahoula Project experiences a Failure as provided in Article IV hereof.

Section 3.02: Blending Water from Catahoula Wells. (a) In order for Participant to acclimate its customers to water supplied by the Catahoula Project, Participant may, at its option, blend groundwater produced by the Catahoula Wells with groundwater water from its Upper Aquifer Wells during the first four years of production, subject to the following limits.

- (1) *Year One:* Beginning on the date the Catahoula Facilities are substantially complete and continuing for a one-year period thereafter, the Catahoula Wells shall have accounted for at least 40% of the total volume of groundwater production from the Catahoula Wells and the Upper Aquifer Wells, combined, during such one-year period.
- (2) *Year Two:* Following the expiration of the one-year period above, for a successive one-year term the Catahoula Wells shall account for at least 50% of the total volume of groundwater production from the Catahoula Wells and the Upper Aquifer Wells, combined, during such one-year period.
- (3) *Year Three:* Following the expiration of the one-year period above, for a successive one-year term the Catahoula Wells shall account for at least 60% of the total volume of groundwater production from the Catahoula Wells and the Upper Aquifer Wells, combined, during such one-year period.
- (4) *Year Four:* Following the expiration of the one-year period above, for a successive one-year term the Catahoula Wells shall account for at least 70% of the total volume of groundwater production from the Catahoula Wells and the Upper Aquifer, combined, during such one-year period.

(b) Beginning on the date that is five (5) years following substantial completion of the Catahoula Facilities, and for the remainder of the Contract Term, the Catahoula Wells shall account for at least 80% of the volume of groundwater production from the Catahoula Wells and the Upper Aquifer, combined, on an annual basis.

(c) This Section 3.02 does not apply in the event that groundwater produced by Participant's Upper Aquifer Wells is blended with groundwater produced by the Catahoula Wells due to a Failure of the Catahoula Project.

Section 3.03: Waiver of Pumpage Fees On Blending Water. The Authority hereby agrees to waive Pumpage Fees on groundwater produced by Participant's Upper Aquifer Wells and blended with groundwater produced by the Catahoula Wells pursuant to Section 3.02, but only if the minimum production requirements for the Catahoula Wells are satisfied under subsections (a) and (b) of Section 3.02.

Section 3.04: Metering and Reporting. (a) Participant shall be responsible for installing and maintaining, at no expense to the Authority and at all times during the Contract Term, metering facilities on the Catahoula Wells of a kind and character that will reasonably satisfy the accuracy tolerances for Participant Meters in Section 5.03 of the GRP Contract.

(b) To the extent not inconsistent with this Contract, Sections 5.03 through 5.05 and 5.07 of the GRP Contract, and all Rate Order provisions and Rules adopted in furtherance thereof, that pertain to the maintenance, testing, and adjustment of Participant Meters shall apply to the meters installed on the Catahoula Wells as if such provisions were set for the herein.

(c) Beginning as of the date of substantial completion of construction of the Catahoula Facilities, Participant shall be responsible for reporting the pumpage from the Catahoula Wells to the Authority in the same manner as pumpage from is Upper Aquifer Wells is reported pursuant to Section 6.05 of the GRP Contract. To the extent not inconsistent with this Contract, Section 6.05 of the GRP Contract and all Rate Order provisions and Rules adopted in furtherance thereof, that pertain to the reporting of pumpage from Participant's Upper Aquifer Wells shall apply to the reporting of pumpage from the Catahoula Wells as if such provisions were set for the herein.

Section 3.05: Service Outside of City. No fees shall be applied to the export of water from the Catahoula Project by Participant to another GRP Participant, nor shall a GRP Participant shall be charged an import fee for receiving water supplied by Participant from the Catahoula Project. Notwithstanding the foregoing, Participant will not export water from the Catahoula Project outside of Montgomery County.

ARTICLE IV

Failure of Catahoula Project

Section 4.01: Failure of Catahoula Project. (a) If the Catahoula Project experiences a Failure, Participant shall be responsible for blending water from other sources (including, but not limited to, its Upper Aquifer Wells) with groundwater produced by the Catahoula Wells to the extent necessary to meet minimum requirements under the SDWA.

(b) If the Catahoula Project experiences a Failure, and the contaminant causing such Failure cannot be adequately addressed by blending water from the Catahoula Wells with water

from another source, then Participant may discontinue the use of the Catahoula Wells. For purposes of the foregoing, **Exhibit B** sets forth a list of SDWA contaminants that the Parties agree cannot be adequately addressed by blending. In such event, Participant agrees that, at no cost or expense to the Authority and at the option of the Authority, it shall either (i) close the Catahoula Wells in accordance with applicable federal, state and local laws and regulations of entities with jurisdiction, or (ii) convey title to the Catahoula Facilities to the Authority for ownership, operations and maintenance, together with such real property rights on, over, under or across real property owned by Participant as reasonably necessary for the Authority to conduct such operations and maintenance and/or to pump, convey, or otherwise transport groundwater from the Catahoula Wells for use by the Authority.

(c) Participant shall be responsible for all costs associated with a Failure of the Catahoula Project.

Section 4.02: Waiver of Pumpage Fees due to Failure. Participant shall not be obligated to pay Pumpage Fees for groundwater produced by its Upper Aquifer Wells to the extent that such groundwater is (a) blended with water produced from the Catahoula Wells, if and to the extent necessary to address a Failure under Section 4.01(a) hereof, or (b) necessary to offset a loss in production capacity due to a Failure under Section 4.01(b) hereof.

ARTICLE V

Force Majeure

Section 5.01: Force majeure. (a) In the event either Party is rendered unable, wholly or in part, by *force majeure*, to carry out any of its obligations under this Contract, other than the payment of money, it is agreed that on such Party's giving written notice and full particulars of such *force majeure* to the other Party as soon as practicable after occurrence of the cause relied upon, then the obligations of the Party giving such notice, to the extent they are affected by *force majeure* and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused, but for no longer period. Such cause shall as far as possible be remedied with all reasonable dispatch.

(b) The term "*force majeure*", as used herein, shall include, but not be limited to, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, droughts, tornadoes, hurricanes, arrests and restraints of government and people, governmental, regulatory, judicial, or administrative restraint or order, explosions, breakage or damage to machinery, a well, equipment, pipelines or canals, sudden shortage, sudden insufficiency, failure, interruptions, or curtailment of water or energy supply, and any other incapacities of either Party, whether similar to those enumerated or otherwise, and not within the control of the Party claiming such inability, and which by the exercise of due diligence and care such Party could not have avoided. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty, and the above requirement that any *force majeure* be remedied with all reasonable dispatch shall not require the

settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the Party having the difficulty.

ARTICLE VI

Default and Remedies

Section 6.01: Default and Remedies; Mediation;. (a) Default shall occur in the event either Party fails to perform or is in breach or violation of any of its other obligations hereunder ("Performance Default"). In the event of a Performance Default, the non-defaulting Party shall give the defaulting Party written notice describing such default and demanding cure of such default.

(b) Should a Performance Default not be fully cured within a reasonable time, but not more than sixty (60) days after notice of default has been given to the defaulting Party, or should the defaulting Party deny or dispute such default, the Parties agree to submit such dispute to non-binding mediation in accordance with the provisions of Section 11.03 of the GRP Contract, which provisions are incorporated herein by reference; provided, however, that either Party may seek injunctive relief, and only injunctive relief, prior to such mediation in order to preserve the *status quo* or to prevent irreparable harm; provided, however, a Party may commence litigation if same could be barred within sixty (60) days by an applicable law or statute of limitations.

(c) Upon conclusion of mediation proceedings or in the event of failure by a defaulting party to mediate timely and in good faith, then except as provided in Section 11.04 of the GRP Contract, which provisions are incorporated herein by reference, the non-defaulting Party may pursue any and all remedies existing at law and in equity from any court, agency, or other entity with jurisdiction over the subject matter at such time.

Section 6.02: Costs. If either Party prevails in any judicial, administrative, or other legal proceedings against the other Party brought under or arising out of this Contract, such prevailing Party shall additionally be entitled to recover court and administrative agency costs and reasonable and necessary attorney fees from the non-prevailing Party to such proceedings.

Section 6.03: Enforcement. The General Manager of the Authority, or any Deputy General Manager of the Authority designated by the General Manager, shall have the right to declare the existence of an event of default and/or enforce all legal rights and obligations under this Contract without further authorization by the Board of Directors of the Authority.

Section 6.04: Choice of Law; Venue. This Contract shall be governed by the laws of the State of Texas, and venue shall be in a court of competent jurisdiction located in Montgomery County, Texas.

Section 6.05: No Additional Waiver Implied. (a) The failure of either Party hereto to insist, in any one or more instances, upon performance of any of the terms, covenants, or conditions of this Contract shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant, or condition by the other Party hereto, but the

obligation of such other Party with respect to such future performance shall continue in full force and effect. To the extent applicable and permitted by law, each Party shall have available at all times the rights of mandamus and specific performance against the other Party.

(b) Nothing in this Contract shall be deemed, construed, or considered as (i) a waiver of governmental immunity by the Authority with respect to any third party, (ii) establishing a particular standard of care with respect to any third party, (iii) waiving any other rights, privileges, remedies, or defenses available to the Authority, at law or in equity, with respect to any third party, or (iv) waiving any rights, privileges, remedies, or defenses for the acts or omissions of any independent contractor of the Authority. All such rights, privileges, remedies, and defenses are hereby reserved by the Authority in all respects.

(c) Nothing in this Contract shall be deemed, construed, or considered as (i) establishing a particular standard of care with respect to any third party, or (ii) waiving any other rights, privileges, remedies, or defenses available to the Participant, at law or in equity, with respect to any third party. All such rights, privileges, remedies, and defenses are hereby reserved by the Participant in all respects.

ARTICLE VII

Term

Section 7.01: Contract Term. (a) This Contract shall be in force and effect from and after the Effective Date and shall expire on the earlier of (i) the date of retirement of all of the Participant Bonds, whether at final maturity, upon prior redemption, or due to an advanced refunding of same, or (ii) December 31, 2045 (the "Contract Term").

(b) Any and all obligations of Participant to make payments to the Authority under this Contract, to the extent such obligations were incurred prior to termination of this Contract, shall survive any expiration or termination of this Contract.

Section 7.02: Termination. (a) This Contract may be terminated prior to the expiration of the Contract Term by mutual, written agreement of the Parties.

(b) This Contract shall automatically terminate if the GRP Contract between the Parties is terminated.

(c) This Contract may be terminated by the Authority, at its option, (i) if the Catahoula Facilities are not substantially complete on or before January 1, 2016; or (ii) if groundwater produced by the Catahoula Wells becomes subject to groundwater reduction requirements imposed by the Conservation District.

(d) Upon written request submitted by the Authority, Participant agrees that it will make provisions for and redeem any then-outstanding Participant Bonds. In such case, the Authority shall provide Participant with funds necessary to redeem the Participant Bonds at the earliest practicable redemption date acceptable to the Authority. In the event that the outstanding

Participant Bonds are not then callable for redemption, Participant agrees that it will enter into such arrangements as reasonably requested by the Authority to provide for the advanced refunding of the Participant Bonds, and the Authority shall provide Participant with funds necessary to make firm banking and financial arrangements for the discharge and redemption by deposit of the Participant Bonds at the earliest practicable redemption date acceptable to the Authority. Upon the provision of such funds by the Authority to Participant, this Contract shall automatically terminate.

(e) The above termination rights are in addition to the right of termination provided under Section 2.02(c).

ARTICLE VIII

Miscellaneous Provisions

Section 8.01: Contract Subject to Laws and Regulations, Bond Covenants. (a) This Contract shall be subject to all present and future valid and applicable laws, orders, rules, and regulations of the United States of America, the State of Texas, or any regulatory body having jurisdiction. The Authority shall not adopt, implement, or enforce any provision of its Rate Order, Rules, regulations, or any written order of the Authority that is contrary to, inconsistent with, or prohibited by the terms and provisions of this Contract.

(b) This Contract shall be subject to any covenants of the Authority's resolutions authorizing the issuance of its Bonds (as defined in the GRP), or orders providing for the refunding of such Bonds, if and to the extent that a waiver of Pumpage Fees shall be required hereunder.

(c) Neither this Contract nor the GRP Contract are intended to provide or assume Participant's compliance with the Plan relative to pumpage from the Catahoula Wells in the event that the Conservation District imposes groundwater reduction requirements on withdrawals from the Catahoula Aquifer.

Section 8.02: Severability and Reformation. (a) If any provision of this Contract or any like provision of a substantially similar contract with any other Participant(s) is held by a final and non-appealable decision of a court of competent jurisdiction to be unenforceable or violative of laws, orders, rules, or regulations of the United States of America, the State of Texas, or any regulatory body having jurisdiction, all other parts hereof remain enforceable unless the result materially prejudices either Party.

(b) Where any procedure hereunder may be held by a court of competent jurisdiction to be unenforceable or violative of any State or Federal statutory or constitutional provision, the Parties shall have the power by resolution, and the obligation, to adopt and promulgate reasonable and necessary alternative procedures which will conform thereto, and the Parties agree that they would have entered into this Contract without regard to such unenforceability or violative procedure.

Section 8.03: Notices. (a) Until the Authority is otherwise notified in writing by Participant, the address of Participant is and shall remain as follows:

Brenda Burns, City Secretary City of Willis
200 N. Bell St.
Willis, Texas 77378
Telefax: (936) 856-4611
E-mail: bburns@ci.willis.tx.us

Until Participant is otherwise notified in writing by the Authority, the addresses of the GRP Administrator and the Authority are and shall remain as follows:

General Manager/GRP Administrator
San Jacinto River Authority
1577 Dam Site Road
Conroe, Texas 77304
Telefax: (936) 588-3043
E-mail: legalnotices@sjra.net

(b) All written notices required or permitted to be given under this Contract from one Party to the other shall be given (i) by telefax or e-mail to the other Party at the telefax number or e-mail address set forth above, with a hard copy of same mailed within forty-eight (48) hours by certified mail (return receipt requested), with proper postage affixed thereto and addressed to the other Party at the address set forth above, or at such other address as the other Party may designate by written notice, or (ii) by the mailing of same by certified mail (return receipt requested), with proper postage affixed thereto and addressed to the other Party at the address set forth above or at such other address as the other Party may designate by written notice. Notice by telefax or e-mail shall be effective upon actual receipt. Notice by certified mail shall be effective when actually received, as reflected on the corresponding return receipt.

Section 8.04: Approvals; Execution by General Manager. (a) Unless otherwise expressly provided for herein, any consent or approval of the Parties shall be evidenced by an order or resolution duly adopted by the governing body of the Party, or an appropriate certificate executed by a person, firm, or entity previously authorized to determine and give such approval or consent on behalf of the Party pursuant to an ordinance, resolution, or other appropriate instrument adopted by the governing body or managing authority of such Party.

(b) Notwithstanding the above, the Board of Directors of the Authority has duly authorized the execution of this Contract by the General Manager of the Authority, and any approvals or consents required under this Contract may be given by the General Manager or the GRP Administrator, unless otherwise expressly provided herein.

Section 8.05: Parties in Interest. This Contract shall be for the sole and exclusive benefit of Participant and the Authority, and shall not be construed to confer any rights upon any other person.

Section 8.06: Assignments. This Contract shall bind and benefit the respective Parties and their legal successors, but shall not otherwise be generally assignable, in whole or in part, by either Party without first obtaining the written consent of the other.

Section 8.07: Reservation of Rights. All rights, powers, privileges, and authority of the Parties not governed, restricted, or affected by the express terms and provisions of this Contract shall be and are hereby reserved by the Parties and may be exercised and enforced from time to time and as often as may be deemed necessary and proper by the Parties.

Section 8.08: Merger; GRP Contract. This Contract contains all the agreements made between the Parties relative to the subject matters addressed hereinabove. This Contract shall not be deemed to amend, modify, terminate, or otherwise modify the GRP Contract between the Authority and Participant.

Section 8.09: Authority to Enter Into Contract. Each Party represents and warrants to the other Party that it is authorized to enter into this Contract by the Constitution and laws of the State of Texas.

[SIGNATURES COMMENCE ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto to have signed this Contract in multiple copies, each of which shall be deemed to be an original, but all of which shall constitute but one and the same contract, as of the Effective Date.

SAN JACINTO RIVER AUTHORITY

By: _____

**Reed Eichelberger, P.E.
General Manager**

Date: _____

[SEAL]

CITY OF WILLIS, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

[SEAL]

Exhibit A

[Schedule and Cost Estimate of Catahoula Facilities]

Exhibit B

**[SDWA Contaminants Determined Not To Be
Susceptible to Blending]**



GRP REVIEW COMMITTEE

AGENDA ITEM # 2d

May 21, 2012

SUBMITTED BY: Mark Smith

ITEM CAPTION: Presentation of a GRP Pumpage Rate Study and Consider and act upon an amendment to the Authority's Rate Order relative to fees, rates, and charges related to the GRP Program and procedures for payment of same.

RECOMMENDATION: At the time of agenda preparation this item is still being reviewed by the City of Willis. The Review Committee should consider and discuss the agreement and possibly withhold action pending possible revisions.

BACKGROUND INFORMATION:

A contract with Red Oak Consulting was approved back in November to conduct a rate study for the GRP. That study will be complete in July of 2012. At this time our consultant will present recommendations from that study. In addition, staff will discuss rates projected through 2014 and how they relate to applications for GRP Program funding.

The proposed rate order amends the rate order approved by the Board on May 26, 2011. The new rate order increases the pumpage fee from \$0.75 per 1,000 gallons to \$1.25 per 1,000 gallons. The pumpage fee is assessed against groundwater pumped from regulated aquifers by each Joint GRP Participant.

The proposed rate increase is consistent with the projected rate increases shown in the Joint Groundwater Reduction Plan.

The proposed rate order is consistent with the recommendation of the Review Committee and is proposed to take effect on September 1, 2012.

SUPPORTING DOCUMENTS:

1. SJRA Board Communication memo
2. Rate Order for GRP Participants



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
7	Presentation of a GRP Pumpage Rate Study and Consider and act upon an amendment to the Authority's Rate Order relative to on-line reporting of pumpage and payment of fees, rates, and charges related to the GRP Program.	05/24/12

BACKGROUND INFORMATION

A contract with Red Oak Consulting was approved back in November to conduct a rate study for the GRP. That study will be complete in July of 2012. At this time our consultant will present recommendations from that study. In addition, staff will discuss rates projected through 2014 and how they relate to applications for GRP Program funding.

The proposed rate order amends the rate order approved by the Board on May 26, 2011. The new rate order increases the pumpage fee from \$0.75 per 1,000 gallons to \$1.25 per 1,000 gallons. The pumpage fee is assessed against groundwater pumped from regulated aquifers by each Joint GRP Participant.

The proposed rate increase is consistent with the projected rate increases shown in the Joint Groundwater Reduction Plan. The GRP Review Committee discussed future pumpage and surface water rates at its meeting on May 21st.

The proposed rate order is consistent with the recommendation of the Review Committee and is proposed to take effect on September 1, 2012.

RECOMMENDED ACTION

Adopt amended Rate Order

SAN JACINTO RIVER AUTHORITY

RATE ORDER

(GRP PARTICIPANTS)

*ADOPTED MAY 24, 2012
EFFECTIVE SEPTEMBER 1, 2012*

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SAN JACINTO RIVER AUTHORITY

RATE ORDER

(GRP PARTICIPANTS)

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

RECITALS

WHEREAS, the San Jacinto River Authority (the "Authority"), is a conservation and reclamation district, body politic and corporate and a governmental agency of the State of Texas created and operating under the provisions of Chapter 426, Acts of the 45th Texas Legislature, Regular Session, 1937, as amended, enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution (the "Act"); and

WHEREAS, the Authority is authorized by the Act, and the general laws of the State to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend, inside and outside its boundaries, any and all works, improvements, facilities, plants, equipment and appliances necessary to provide a water supply system for serving its needs and/or the needs of its customers; and

WHEREAS, the Authority has entered into certain contracts (the "Customer Contracts") for the financing, construction and operation of the Woodlands Water Supply System (as defined in the Customer Contracts) to serve the conservation and reclamation district customers of the Woodlands Division of the Authority; and

WHEREAS, each of the Customer Contracts has been amended and supplemented by a written addendum, dated as of November 10, 2009 (the "Addenda"), in order to address compliance with groundwater reduction requirements imposed by the Lone Star Groundwater Conservation District (the "Conservation District") and that are applicable to the Authority and the Woodlands Water Supply System; and

WHEREAS, the Authority has entered into contracts (the "GRP Contracts") with certain Large Volume Groundwater Users (as defined in the rules of the Conservation District) in order to address compliance with groundwater reduction requirements imposed by the Conservation District that are also applicable to the water supply systems of such Large Volume Groundwater Users; and

WHEREAS, the Addenda and the GRP Contracts provide, in pertinent part, that the Authority will: (a) develop, implement, administer and enforce a groundwater reduction plan ("GRP") for the Woodlands Water Supply System and the water supply systems of such other participating Large Volume Groundwater Users (collectively, and inclusive of the Authority, the

"Participants"); (b) plan, design, permit, construct, operate, maintain and administer a surface water treatment and transmission system, including all related facilities, improvements, appurtenances, property and interests in property and contract rights needed therefor, and administrative facilities needed in connection therewith (the "Project"); (c) furnish and sell treated surface water from the Project to certain of the GRP Participants, as feasible and necessary to implement the GRP; (d) assess fees on the pumpage of groundwater wells operated by the GRP Participants; and (e) utilize revenues derived from such treated surface water sales and pumpage fees to finance the Project and the GRP, including the pledge of such revenues to the payment of, and as security for, the bonds or other obligations of the Authority issued or incurred to finance or refinance the Project and the GRP; and

WHEREAS, the Board of Directors of the Authority deems it necessary and proper at this time to establish certain fees, rates and charges applicable to the GRP Participants, as authorized and required under the Addenda and the GRP Contracts, in order to: (a) achieve and maintain compliance with the rules of the Conservation District and the GRP; (b) develop, implement, administer and enforce the GRP; (c) accomplish the purposes of the Addenda and the GRP Contracts, including making available alternative water supplies; (d) recoup certain losses, damages, costs, interest or expenses; (e) purchase, lease, reserve, option or contract for alternative water supplies, by, through or with third parties or the Authority; (f) meet operation and maintenance expenses related to the Project and the GRP; (g) pay certain capital costs, as well as the principal of and interest on certain notes, bonds and/or other obligations issued or incurred, or to be issued or incurred, in connection with the Project, the GRP or the Authority's obligations under the Addenda or the GRP Contracts; (h) satisfy all rate covenants relating to any of such notes, bonds and/or other obligations of the Authority; and (i) establish, accumulate, maintain or replenish one or more operating, debt service, contingency or emergency reserve funds, as deemed reasonably necessary by the Authority;

NOW THEREFORE, be it ordered by the Board of Directors of the San Jacinto River Authority that:

ARTICLE I

FINDINGS; EFFECTIVE DATE; PRIOR RATE ORDER

Section 1.01: Findings. Each of the recitals stated in this Rate Order are hereby adopted as findings of fact of the Board of Directors. All statutory and contractual requirements and conditions have been met for the establishment of fees, rates, and charges under this Rate Order.

Section 1.02: Effective Date; Prior Rate Order. This Resolution shall be effective as of September 1, 2012 (the "Effective Date"). That certain prior Rate Order adopted by the Authority on September 22, 2011, shall be repealed and superseded hereby in all respects as of the Effective Date.

ARTICLE II

DEFINITIONS; INTERPRETATIONS; REFERENCES

Section 2.01: Definitions. In addition to terms defined elsewhere in this Rate Order, and unless the context requires otherwise, the following terms used in this Rate Order shall have the following meanings and, to the extent applicable, shall serve to supplement terms defined elsewhere in this Rate Order:

(a) "Act" is defined in the recitals hereto and means and includes any amendments to the Act.

(b) "Addenda" is defined in the recitals hereto and means and includes any amendments or supplements to the Addenda.

(c) "Authority" is defined in the recitals hereto and means and includes the legal successors or assigns of the Authority.

(d) "Conservation District" is defined in the recitals hereto and means and includes the legal successors or assigns of the Conservation District.

(e) "Customer Contracts" is defined in the recitals hereto and means and includes any amendments or supplements to the Customer Contracts.

(f) "Effective Date" is defined in Section 1.02 hereof.

(g) "Fees" shall mean the Pumpage Fee and the Import Fee, collectively.

(h) "GRP" is defined in the recitals hereto and means and includes any amendments or supplements to the GRP.

(i) "GRP Administrator" shall have the meaning ascribed to such term in the GRP Contracts.

(j) "GRP Contracts" is defined in the recitals hereto and means and includes any amendments or supplements to the GRP Contracts.

(k) "Import Fee" means the fee imposed under Section 3.01(b) hereof.

(l) "Participant" means any of the Participants, without distinction.

(m) "Participant Meters" shall have the meaning ascribed to such term in the GRP Contracts.

(n) "Participants" is defined in the recitals hereto and means and includes the Authority, and any Large Volume Groundwater User that executes a GRP Contract with the

Authority.

(o) "Payment Commencement Date" shall have the meaning ascribed to such term in a Participant's GRP Contract with respect to such Participant, or August 1, 2010, with respect to the Authority, if applicable.

(p) "Project" is defined in the recitals hereto and means and includes any and all extensions, modifications, enlargements or improvements to the Project permitted under the Addenda and the GRP Contracts.

(q) "PROS" means the "Pumpage Reporting Online System" offered and maintained by or on behalf of the Authority, to record the volume of groundwater water pumped from each Well on a monthly basis and generate monthly bills for fees due thereon pursuant to Section 3.01 hereof.

(r) "Pumpage Fee" means the fee imposed under Section 3.01(a) hereof

(s) "Rules" means the District Regulatory Plan duly adopted by the Conservation District and includes any amendments or supplements to the District Regulatory Plan.

(t) "Well" means any groundwater well operated by any of the Participants, whether currently in operation or placed into operation hereafter, that is subject to the groundwater reduction requirements set forth in the Rules.

(u) "Wells" means each and every Well, collectively, whether one or more.

Section 2.02: Interpretations. The article, section, subsection and paragraph headings of this Rate Order are included herein for convenience of reference purposes only and shall not constitute a part of this Rate Order or affect its interpretation in any respect. Except where the context otherwise requires, words imparting the singular number shall include the plural and vice versa. References to an entity refer to the legal successors of such entity, and to the board of directors, officers, or other officials of such entity where appropriate.

Section 2.03: References. Any reference in this Rate Order to a document shall mean such document and all exhibits thereto as amended or supplemented from time to time.

ARTICLE III

FEES AND REPORTING

Section 3.01: Prevailing Fees; Exemptions. (a) *Pumpage Fee.* Each Participant shall pay the Pumpage Fee set forth below on groundwater pumped from its Wells during each whole or partial calendar month falling within the corresponding time period set forth the below, beginning on the later of the Effective Date or the Payment Commencement Date stated in such Participant's GRP Contract.

Pumpage Fee (per 1,000 gallons)

\$1.25

September 1, 2012 - August 31, 2013

\$1.75

On and after September 1, 2013

(b) *Import Fee.* Each Participant shall pay the Import Fee set forth below on water imported by the Participant from any person or entity, other than another Participant, during each whole or partial calendar month during the corresponding time period set for the below, beginning on the later of the Effective Date or the Payment Commencement Date stated in such Participant's GRP Contract.

Pumpage Fee (per 1,000 gallons)

\$1.25

September 1, 2012 - August 31, 2013

\$1.75

On and after September 1, 2013

(c) *Exemptions.* Notwithstanding paragraph (a) above, no Pumpage Fee shall be due with respect to Wells acquired by Participant that is a municipality if such Wells were formerly owned or operated by a conservation and reclamation district or entity that functioned under a groundwater reduction plan separate from the GRP, and such Participant has notified the Authority in writing that the Wells owned or operated by the district or entity will remain part of the groundwater reduction plan that is separate from the GRP. Notwithstanding paragraph (b) above, no Import Fee shall be due if –

(1) such imported water was derived from the re-use of water (from any source) or wastewater effluent; or

(2) such importation is necessary due to an emergency impacting the ability of Participant to meet its water demands, the period of importation lasts for less than fifteen (15) consecutive days, and Participant has not imported water during more than thirty (30) days during the current calendar year.

If a Participant is exempt, in whole or in part, from paying Fees pursuant to the above provisions of this paragraph, then Participant shall submit a statement describing with reasonable detail the basis on such exemption in place of, or along with, payment to the Authority under Article IV hereof.

Section 3.02: Self-Reporting. (a) *Measurement.* Each Participant shall be responsible for measuring the amount of groundwater pumped from each of its Wells, or imported, by reading the Participant Meters on the Payment Commencement Date, and on the first day of every month thereafter. In the event that Participant Meters have not been installed by a Participant to measure the amount of water imported from a non-Participant, then Participant shall estimate such amount as follows:

$$\begin{array}{l} \text{(Participant's total metered} \\ \text{water sold to its customers} \\ \text{during time period water was} \\ \text{imported)} \end{array} \quad x \quad 1.1 \quad - \quad \begin{array}{l} \text{(Participant's metered} \\ \text{groundwater pumpage} \\ \text{during same period)} \end{array}$$

(b) *Reporting.* Groundwater pumpage shall be reported to the Authority by submitting such readings through PROS on or before the applicable due date under Section 4.04 hereof. Upon request, the GRP Administrator will provide a form that may be submitted to the Authority in writing to report groundwater pumpage as an alternative to reporting same through PROS. All importation of water shall be reported by completing and submitting such reporting form in writing to the Authority on or before the applicable due date under Section 4.04 hereof.

Section 3.03: Failure to Read Meters. In the event a Participant fails or refuses to read its Participant Meters, the Authority shall have the right, but not the obligation, to read the Participant Meters. In the event that a Participant fails or refuses to read its Participant Meters on the Payment Commencement Date, the Authority shall have the right to read the Participant Meters on two or more occasions in order to calculate Participant's average daily usage and, based on such calculation of average daily usage, to estimate the reading of the Participant Meters as of the Payment Commencement Date. If the Authority is required to read the Participant Meters, such Participant will be charged an inspection fee of \$50, and the fee due under Section 3.01 hereof shall be calculated based on the Authority's readings or average daily usage, if necessary, regardless of when the Authority reads the Participant Meters.

Section 3.04: Direct Reading. As provided in the GRP Contracts, the Authority may, by amendment, revision or restatement of this Rate Order, modify or repeal such self-reporting procedures and require readings by the Authority or its agents.

ARTICLE IV

PAYMENT OF FEES

Section 4.01: Payment of Pumpage Fee. (a) *PROS Reporting.* Once all Participant Meter readings have been entered into PROS pursuant to Section 3.02(b) hereof, each Participant shall print its Pumpage Fee statement from the PROS and deliver the statement to the Authority with full payment, on or before the due date specified in Section 4.04 hereof.

(b) *Form Reporting.* If a Participant does not utilize PROS, then such Participant shall calculate the Pumpage Fee due the Authority for a given calendar month on the form provided by the GRP Administrator and deliver the completed form to the Authority with full payment, on or before the due date specified in Section 4.04 hereof.

Section 4.02: Payment of Import Fee. If a Participant imports water from a non-Participant, then such Participant shall calculate the Import Fee due the Authority for a given

calendar month on the form provided by the GRP Administrator and deliver the completed form to the Authority with full payment, on or before the due date specified in Section 4.04 hereof.

Section 4.03: Manner and Method of Payment. (a) All Fees due the Authority under Sections 4.01 and 4.02 hereof, and any other fees, rates or charges payable to the Authority under this Rate Order, shall be paid in money which is legal tender in the United States of America. Payments will be accepted only by check or money order made payable to the "San Jacinto River Authority", or by wire transfer according to written wiring instructions provided by the Authority. No cash will be accepted. Written wire instructions are available upon request.

(b) For purposes of submitting payments, PROS fee statements, reporting forms, or other documents pursuant to this Rate Order, the address of the Authority shall be as set forth below.

San Jacinto River Authority – GRP Division
P. O. Box 329
Conroe, Texas 77305

Section 4.04: Due Date. A PROS fee statement or a completed reporting form, and payment of all Fees due under Section 3.01 hereof, must be received by the Authority on or before the 18th day of the second calendar month following the whole or partial calendar month for during which Fees were incurred (e.g., payment for pumpage during September, 2012, is due by November 18, 2012; payment for pumpage during October, 2012, is due by December 18, 2012; etc.).

Section 4.05: Self-Remission of Fees. Each Participant shall be responsible for remitting payment to the Authority for Fees on or before the due date therefor specified under Section 4.04 hereof. The Authority will not and shall not be obligated to send an invoice or bill to a Participant for Fees unless the Authority reads the Participant Meters under Section 3.03 hereof. In such case, the Fees any related charges owed by a Participant hereunder shall be specified in a written invoice promptly delivered to such Participant by the Authority. Such invoice shall specify thereon a due date for payment, which due date shall not be less than ten (10) days from the date of the invoice.

ARTICLE V

LATE FEES; INTEREST CHARGES; COLLECTIONS

Section 5.01: Late Fees. Fees due under Section 3.01 hereof shall be increased by 5% if not paid on or before the due date specified under Section 4.04 hereof.

Section 5.02: Interest Charges. Overdue amounts (including applicable late fees) shall accrue interest at 12% per annum (i.e., 1% per month) for each whole or partial calendar month such payment is past due.

Section 5.03: Invoice for Late Fees and Interest Charges. The Authority will provide a written invoice to a Participant for any late fees or interest charges due under Section 5.01 and/or 5.02 hereof. Such invoice shall specify thereon a due date for payment, which due date shall not be less than ten (10) days from the date of the invoice.

Section 5.04: Collection Costs. If the Authority is required to incur costs to collect an overdue account, all such costs, including reasonable attorney's fees, court costs and expenses, shall be paid by the delinquent Participant, and the Authority shall be entitled to collect such costs in any suit for collection of a delinquent account.

ARTICLE VI

RULES RELATING TO METERING

Section 6.01: Audits. The Authority shall have the right to audit the readings from Participant Meters by examining the books and records of a Participant, reading such Participant Meters, or by any other means and methods prescribed by the Authority.

Section 6.02: Right to Enter Land. The Authority and its representatives shall have the right to enter upon the land of a Participant at any reasonable time in order to audit the readings of the Participant Meters or to read Participant Meters in the event a Participant has failed or refused to do so.

Section 6.03: Maintenance and Testing of Participant Meters. The provisions of Section 5.03 of the GRP Contracts, relative to the maintenance and testing of Participant Meters, are incorporated herein for all purposes. The provisions of Section 5.05 of the GRP Contracts, relative to the resolution of disputes concerning tests of Participant Meters, are incorporated herein for all purposes.

Section 6.04: Adjustments. The provisions of Section 5.04 of the GRP Contract, relative to the adjustment of pumpage measured by inaccurate Participant Meters, are incorporated herein for all purposes.

ARTICLE VII

RULES RELATING TO GRP CONTRACT REQUIREMENTS

Section 7.01: Bond Sale Certificates. (a) *Penalties Applicable.* If the Authority provides Participant with a written request that certain documentation be executed and returned to the Authority pursuant to Section 8.02 and/or Section 8.03 of the GRP Contracts, Participant shall be subject to penalties if –

(1) the written request was delivered to Participant in accordance with the notice provisions of Section 13.03 of the GRP Contracts;

(2) the documentation was provided simultaneously with the written request;
and

(3) the Participant does not execute and return the documentation to the Authority on or before the later of (i) the deadline specified in the written request, or (ii) the 30th day following receipt of the written request by Participant.

(b) *Penalty Amount.* Pursuant to paragraph (a) hereof, the GRP Administrator shall be authorized to impose a penalty, not to exceed \$2,500 per day, on a Participant for each day that the Participant has not executed and returned the requested documentation to the Authority following the applicable deadline for the return of same under subparagraph (a)(3) hereof. The penalty amount shall be determined at the discretion of the GRP Administrator, taking into consideration the relative water demands of such Participant compared to the demands of all Participants.

Section 7.02: Invoice for Penalties. The GRP Administrator shall provide a written invoice to the Participant for any penalty imposed under this Article. Such invoice shall specify thereon a due date for payment, which due date shall not be less than ten (10) days from the date of the invoice.

Section 7.03: Appeal of Penalty. A Participant that has been invoiced a penalty under this Article may appeal the penalty to the GRP Administrator. The final decision of the GRP Administrator shall be subject to further review by the Board of Directors of the Authority as specified in Section 9.03(f) of the GRP Contracts.

ARTICLE VIII

MISCELLANEOUS

Section 8.01: Violation of Rate Order. The adoption of this Rate Order is authorized by the Addenda and by the GRP Contracts and, therefore, any violation of this Rate Order shall be deemed a breach of such contracts. The Authority may exercise any remedy specified under the Addenda or the GRP Contracts, or otherwise available in law or equity to the Authority, where a violation of this Rate Order occurs or is threatened to occur. The right to exercise any such remedy under the Addenda or the GRP Contracts shall not be deemed to be waived by the exercise of any remedies specified herein, specifically including but not limited to the imposition of penalties, which remedies shall be cumulative.

Section 8.02: Conflict with Addenda or GRP Contracts. In the event that any provision of this Rate Order is in conflict with any provision of the Addenda or the GRP Contracts, the

terms and provisions of this Rate Order shall control unless the Addenda or GRP Contracts specifically provide otherwise.

Section 8.03: Future Amendments. As determined necessary by the Authority, the Authority reserves the right to amend from time to time: (1) the rates, charges and fees contained in this Rate Order; and (2) any other terms and provisions of this Rate Order. The Authority specifically reserves the right to amend this Rate Order, and at such time as the Authority deems necessary, to include provisions related to the delivery of treated surface water to certain Participants by and through the Project or to other charges payable by Participants under the GRP Contracts.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

PASSED AND APPROVED on May 24, 2012.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)



GRP REVIEW COMMITTEE

AGENDA ITEM # 3

May 21, 2012

SUBMITTED BY: Mark Smith

ITEM CAPTION: Consideration of proposed receiving facility system improvements.

RECOMMENDATION: Staff recommends that the Review Committee approve the requests for GRP reimbursement for improvements from the City of Conroe and the SJRA Woodlands

BACKGROUND INFORMATION:

The Participant Contract provides for the GRP Program to reimburse Participants receiving surface water for improvements to their water distribution systems that are necessary for the distribution of surface water. The Woodlands and the City of Conroe have submitted requests and are looking for approval so that they can proceed with design and development of those improvements.

Funds are budgeted in the GRP Program for these expenses.

SUPPORTING DOCUMENTS:

1. Staff will provide backup materials at the meeting



GRP REVIEW COMMITTEE

AGENDA ITEM # 4

May 21, 2012

SUBMITTED BY: Mark Smith

ITEM CAPTION: GRP Budget Planning Overview.

RECOMMENDATION: No action is requested at this time

BACKGROUND INFORMATION:

Staff will present budget proposals that have been developed to date.

SUPPORTING DOCUMENTS:

1. Budget 2013 summary review

Account Code	Description	Proposed			Comments
		2012 Budget	Budget 2013	Difference	
SW-11-26300	OFFICE FURNITURE & EQUIPMENT	\$ 150,000	\$ 5,000	\$ (145,000)	Reduced budget by \$145,000. Possible Call Center furnishings
SW-10-26310	SOFTWARE	\$ -	\$ 1,200	\$ 1,200	ESRI GIS license for Matt
SW-10-73101	GRP PUMPING FEES	\$ (9,007,336)	\$ (16,041,575)	\$ (7,034,239)	Increase Pumpage fee to 1.25
SW-10-73102	GRP Pumpage Fees-SJRA Woodlands	\$ (4,697,993)	\$ (8,706,724)	\$ (4,008,731)	Increase Pumpage fee to 1.25
SW-11-92030	Engineering & Other Consultants	\$ 150,000	\$ 100,000	\$ (50,000)	Reduced budget by \$50,000. Rate study update, misc. engineering services and billing collection services.
SW-02-93030	JANITORIAL SERVICES	\$ 11,000	\$ 11,000	\$ -	Used same number as 2012. Appears to be an excess but should provide for cleaning of Building 1.
SW-10-93120	WATER QUALITY TESTING	\$ 27,000	\$ 27,000	\$ -	Used same number as 2012. Appears to be an excess but should provide for new water quality monitoring program.
SW-10-93160	PUBLIC RELATIONS EXPENSE	\$ 75,000	\$ 75,000	\$ -	Used same number as 2012. Current expenditures appear to support this budget.
SW-11-93162	WEBSITE HOSTING & MAINTENANCE	\$ 20,000	\$ 20,000	\$ -	Maintain 2012 budgeted amount. Services provided by The Texas Network for GRP web site.
SW-11-93163	COMMUNICATION SERVICES	\$ 5,000	\$ 2,000	\$ (3,000)	Reduced budget by \$3,000 to better reflect actual costs. Weekly Land Conference call and other conference calls (Capitol Conferencing) Budget based on actual expenditures.
SW-11-93170	GRP ONLINE BILLING/ACCTS RECVBLE FEE	\$ 75,000	\$ -	\$ (75,000)	Reduced to zero. Bringing billing in-house. Funds for collection services will be budgeted in Engineering and other consultants.
SW-11-93201	Meeting Expenses	\$ 2,500	\$ 3,500	\$ 1,000	Increased budget by \$1,000. GRP Review Committee meeting expenses plus CCP expenses.
SW-11-93203	Posting Notice Expenses	\$ 500	\$ -	\$ (500)	Reduced to zero. Cost for posting monthly GRP Review Committee agendas is included in meeting expenses.
SW-11-94001	OFFICE SUPPLIES	\$ 12,000	\$ 12,000	\$ -	Amount previously budgeted in SW-12-94001. No budget increase.
SW-11-94002	OTHER OFFICE EXPENSE	\$ 5,000	\$ -	\$ (5,000)	Reduce to zero. No expenses anticipated in this account
SW-01-94004	TRAVEL	\$ 10,000	\$ 10,000	\$ -	Maintain 2012 budget amount. Anticipated trips to TWCA, AWWA, various site visits and conferences for GRP staff.
SW-01-94008	AUTOMOBILE & TRUCK EXPENSE	\$ 5,000	\$ 5,000	\$ -	Maintain 2012 budgeted amount. Supplies and maintenance for 4 GRP vehicles plus possible new fleet addition.
SW-10-94030	TRAINING-EXTERNAL	\$ 5,000	\$ 5,000	\$ -	Maintain 2012 budgeted amount. Cost for professional development, licenses, software instruction etc.
SW-11-94050	MANAGERS EXPENSES	\$ 8,000	\$ 8,000	\$ -	Maintain 2012 budgeted amount. Cost overruns are due to meeting expenses being charged to the wrong account code.
SW-01-94060	FUEL	\$ 15,000	\$ 15,000	\$ -	Maintain 2012 budgeted amount. Fuel for 4 GRP vehicles plus possible new fleet addition.
SW-01-94090	MEMBERSHIPS & PROFESSIONAL DUES	\$ 1,000	\$ 1,000	\$ -	Maintain 2012 budgeted amount. Engineering license fees for Mark & Don. TCEQ license for Hector.
SW-10-94101	SIGNAGE	\$ 500	\$ -	\$ (500)	Reduce to zero. No expenses anticipated in this account
SW-12-94102	JANITORIAL SUPPLIES	\$ 1,000	\$ -	\$ (1,000)	

SW-02-94103	COPIER, SCANNER, FAX EXPENSE	\$ 6,000	\$ -	\$ (6,000)	Reduce to zero. Copier costs are in Office Equipment Rental account.
SW-01-94104	Freight & Delivery	\$ 5,000	\$ 1,000	\$ (4,000)	Reduce budget by \$4,000 to more accurately reflect costs for services used.
SW-10-94110	UTILITIES	\$ 25,000	\$ 16,500	\$ (8,500)	Reduced budget by \$8,500 to more accurately reflect costs for the GRP building and addition for utilities in Building 1.
SW-11-94161	RESERVATION FEE-COH	\$ 1,131,525	\$ 2,711,500	\$ 1,579,975	Increased budget by \$1.58 million to reflect additional costs for Lake Conroe Dam Rehab.
SW-11-94162	RESERVATION FEE-SJRA	\$ 602,225	\$ 602,225	\$ -	Maintain 2012 budgeted amount.
SW-11-94163	Additional Water Supply	\$ 500,000	\$ 50,000	\$ (450,000)	Reduced budget by \$450,000. The cost of an interbasin transfer permit for water from the Trinity River Authority is \$50,000. That amount is budgeted for FY 2013 in case that transaction needs to take place.
SW-10-95021	OFFICE EQUIPMENT RENTALS	\$ 10,000	\$ 12,000	\$ 2,000	Increased budgeted amount by \$2,000. \$320/mo for the GRP copier plus \$680/mo for a larger copier to be located in Building 1.
SW-10-96010	OFFICE FURNITURE, FIXTURES & EQUIPMENT EXPENSE	\$ -	\$ -	\$ -	Zero budget. Furniture for Building 1 is in 2012 budget.
SW-11-96011	Office Furniture - New	\$ -	\$ -	\$ -	Zero budget. Furniture for Building 1 is in 2012 budget.
SW-10-96020	BUILDINGS & GROUNDS	\$ 3,000	\$ 3,000	\$ -	Maintained 2012 budgeted amount. (previously in 2 diferent accounts totaling 3,000)
SW-10-96021	SECURITY SYSTEM MONITORING	\$ 1,000	\$ 360	\$ (640)	Reduced budget by \$640. \$360/yr covers the cost of security system monitoring by Data Link at the GRP building. Building 1 will be monitored via the G&A system. Raymond indicated that there would be no additional cost beyond the installation of security equipment in FY 2012.
Revenues		\$ (13,705,329)	\$ (24,748,299)	\$ (11,042,970)	Revenue increase reflects increased pumpage fees.
Expenses		\$ 2,862,250	\$ 3,697,285	\$ 835,035	Expense increase driven by increased reservation fee.