AGENDA
MEETING OF THE
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES
February 6, 2018, 9:00 A.M.
6th Floor Board Room #609
Administrative Offices
2800 U. S. Hwy 281 North, San Antonio, Texas 78212

1. MEETING CALLED TO ORDER.

2. Announcements.
   A. The San Antonio Water System Board of Trustees will, during the Meeting, close the Meeting and hold an Executive Session pursuant to and in accordance with Chapter 551 of the Texas Open Meetings Act. The Board of Trustees may, at any time during the Meeting, close the Meeting and hold an Executive Session for consultation with its attorneys concerning any of the matters to be considered during the Meeting pursuant to Chapter 551 of the Texas Open Meetings Act.

3. Appointment of New Member to the Audit Committee of the San Antonio Water System Board of Trustees. (BERTO GUERRA, JR., CHAIRMAN)

4. Minutes.
   A. Approval of the Minutes of the San Antonio Water System Board of Trustees Regular Board Meeting of December 5, 2017.

5. Ceremonial and Recognition Items.

6. Public Comment.

SAN ANTONIO WATER SYSTEM
HANDICAPPED ACCESSIBILITY STATEMENT
The San Antonio Water System Buildings and Meeting Rooms are accessible to individuals with disabilities. Accessible visitor parking spaces as well as the accessible entrance and ramp are located at the west side main entrance of the SAWS Headquarters Building, Tower 1, 2800 U.S. Highway 281 North. Individuals with disabilities in need of auxiliary aids and services, including Deaf interpreters, must request such aids and services forty-eight (48) hours prior to the meeting. For assistance, contact the Board Administrator at 210-233-3537 or 711 (Texas Relay Service for the Deaf).
CONSENT AGENDA ITEMS
Items 7 – 20

ITEMS CONCERNING THE PURCHASE OF EQUIPMENT, MATERIALS AND SUPPLIES

7. A Resolution accepting recommendations regarding the contracting for certain services, equipment, materials, and supplies, and authorizing the acceptance of bids as follows:
   (DOUG EVANSON – YVONNE TORRES)

   A. Award of New One Time Purchases of Materials, Equipment and Services.

   No items for this Meeting.

   B. Award of New and Renewal Annual Goods & Services Requirement Contract and Maintenance Agreements. Estimated annual purchases are based on unit prices bid. Actual totals and quantities may vary from the estimate.

      1. Acceptance of the bid of Marcan Underwater to provide: annual contract for potable and reuse water storage tank cleaning and inspection, Bid No. 17-5078, for a total of $94,950.00.

      2. Acceptance of the bid of Alamo Crane Service, Inc. to provide: annual contract for crane and equipment rental service, Bid No. 17-0296, for a total of $65,955.00.

      3. Acceptance of the bid of CMC Construction Services to provide: annual contract for reinforcing steel products, Bid No. 17-0204A, Group 1, for a total of $59,037.50.

      4. Acceptance of the bid of Alamo Distribution, LLC dba Alamo Iron Works to provide: annual contract for reinforcing steel products, Bid No. 17-0204A, Group 2, for a total of $9,450.00.

      5. Acceptance of the bid of BFI Waste Systems of North America, LLC to provide: annual contract for the landfill of biosolids, Bid No. 17-0791, for a total of $1,675,350.00.

      6. Acceptance of a sole source bid of Reliability Point, LLC to provide: annual contract for Aries sewer equipment inspection parts and repair services, Bid No. 17-0176, for a total of $186,750.00.

CAPITAL IMPROVEMENT CONTRACTS
PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY
8. A Resolution awarding a professional services contract to Arcadis U.S., Inc. in an amount not to exceed $848,308.00 in connection with the E-74 Rosillo Creek Sewer Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

9. A Resolution approving additional funds in an amount not to exceed $186,505.00 to the professional services contract with CP&Y, Inc. in connection with the C5 Culebra to Castroville to Laredo and C28 Zarzamora Creek N San Gabriel to NW 23rd Street Project. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

Production, Transmission and Treatment Improvements

10. A Resolution awarding a professional services contract to Maestas & Associates, Inc. in an amount not to exceed $450,000.00 in connection with the Production Facilities Design Engineering Work Order Contract. (ANDREA BEYMER – MICHAEL MYERS)

REPLACEMENT AND ADJUSTMENT PROJECTS

Governmental Relocations and Replacements

11. A Resolution approving the expenditure of funds in the amount of $513,240.53 for the adjustment of water and sewer facilities by the City of San Antonio in connection with Belfast & Janda Susan Area Drainage Phase 2 Project. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

12. A Resolution approving the expenditure of funds in the amount of $1,734,598.23 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the De Zavala Road from IH-10 to Lockhill-Selma Project. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

13. A Resolution ratifying the actions of the Vice President of Engineering and Construction in approving Change Order No. 4 in the amount of $284,489.17; authorizing the expenditure of additional funds in an amount not to exceed $284,479.34 payable to the City of San Antonio in connection with the Downtown Streets Reconstruction: Main, San Pedro, and Navarro Project. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

MISCELLANEOUS PROJECTS

14. A Resolution awarding a professional services contract to Signature Automation, LLC in an amount not to exceed $825,000.00 in connection with the Broadband Access Points and Programmable Logic Controllers Replacement – Phase 2 Project. (ANDREA BEYMER – MICHAEL MYERS)
MISCELLANEOUS ITEMS

15. A Resolution authorizing the President/Chief Executive Officer to administratively approve in calendar year 2018 additional expenditures in an amount not to exceed $25,000.00 in the aggregate for each contract or agreement previously approved by the San Antonio Water System Board of Trustees for a total amount not to exceed $100,000.00. (NANCY BELINSKY – PHILIP CAMPOS)

16. A Resolution awarding a professional services contract to Hyas Group, LLC in an amount not to exceed $735,800.00 for a three-year period with one optional two-year extension in connection with investment consulting services relating to the San Antonio Water System’s Retirement Plans. (DOUG EVANSON)

17. A Resolution authorizing expenditures in an amount not to exceed $1,500,000.00 for the purchase of Cisco System products and services through the State of Texas Department of Information Resources Contract DIR-TSO-2542 and its resellers for various Information Systems projects for the Data Center, Network Engineering and Telephony Groups for 2018. (DOUG EVANSON – SREE PULAPAKA)

18. A Resolution authorizing the purchase of insurance policies with Standard Insurance Company for the period of January 1, 2018 through December 31, 2018 in an amount not to exceed $981,021.00 in connection with basic life, accidental death and dismemberment, voluntary life insurance, and long term disability for the System's Employee Benefits Program; ratifying the certain actions of the Vice President of Human Resources to preserve continuity of coverage. (SHARON DE LA GARZA)

19. Resolutions awarding the following consulting services contracts for the total amount not to exceed $193,000.00 for a three-year period:

A. Consulting Service Contract with ScottMadden, Inc. in connection with the Annual Evaluation of the President/Chief Executive Officer. (DAVID P. MCGEE, COMPENSATION TASK FORCE, SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES)

B. Consulting Service Contract with Paradox Compensation Advisors, LLC in connection with the Compensation Review of the President/Chief Executive Officer. (DAVID P. MCGEE, COMPENSATION TASK FORCE, SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES)

20. A Resolution approving an agreement with Bluebonnet Electric Cooperative in an amount not to exceed $2,575,901.18 in connection with the design and construction of electrical power service for the Vista Ridge Regional Supply Project Intermediate Pump Station 1 Facilities. (DONOVAN BURTON)
ITEMS FOR INDIVIDUAL CONSIDERATION

CAPITAL IMPROVEMENT CONTRACTS

PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

21. A Resolution ratifying the actions of the Vice President of Water Resources and Governmental Relations in the execution of the Letter Agreement of the Assignment for the Tetra Tech, Inc. subcontract under the Kiewit Design Build Contract for the Central Water Integration Pipeline Project, and awarding a professional services contract to Tetra Tech, Inc. in an amount not to exceed $17,212,082.00 in connection with the design and construction phase services for the Central Water Integration Pipeline Project. (DONOVAN BURTON)

Developer Customer Contracts

22. A Resolution approving Utility Service Agreements to provide water and/or wastewater service to the tracts listed below requiring potential oversizing of mains (OVR), and/or are located outside the San Antonio Water System water and/or wastewater Certificate of Convenience and Necessity (CCN). (ANDREA BEYMER – TRACEY LEHMANN)

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Water and Sewer Line Improvements

23. A Resolution awarding a professional services contract to Kimley-Horn and Associates, Inc. in an amount not to exceed $2,078,881.00 in connection with the E-16 Wurzbach Parkway Sewer Project at Highway 281. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

MISCELLANEOUS ITEMS

24. A Resolution awarding a professional services contract to SWCA, Inc. in an amount not to exceed $164,818.22 in connection with the Management & Monitoring of the Anderson Pump Station Karst Preserve Project. (ANDREA BEYMER – MICHAEL MYERS)
25. **BRIEFING SESSION.**

   A. Briefing and deliberation regarding the Vista Ridge Project

   B. Briefing and deliberation regarding Preliminary 2017 Financial Results and Other Financial Matters

   C. Briefing and deliberation regarding Technology Initiatives to Improve Customer Experience

26. President/Chief Executive Officer’s Report.

   A. Briefing and deliberation regarding Proposed Revisions to the Purchasing & Contracting Policy

27. Inquiries of the Board of Trustees for future briefings and/or follow-up action.

28. The Regular Session of the February 6, 2018, Regular Board Meeting is hereby recessed to hold an Executive Session and discuss the matters listed pursuant to Sections §551.071 and §551.074 of the Texas Open Meetings Act.

29. **EXECUTIVE SESSION.**

   A. Deliberation regarding the employment, evaluation and duties of the President/Chief Executive Officer and consultation with attorneys regarding any related legal matters pursuant to Tex. Gov’t Code §551.074 and §551.071.

30. The Regular Session of the Regular Board Meeting of February 6, 2018, is hereby reconvened.

31. Adjournment. THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES MEETING OF FEBRUARY 6, 2018, IS HEREBY ADJOURNED.
Board Members Present:
Berto Guerra, Jr., Chairman
Ron Nirenberg, Mayor
Pat Jasso, Vice Chair
Ernesto Arrellano, Jr., Secretary
Louis E. Rowe, Assistant Secretary
Pat Merritt, Trustee
David P. McGee, Trustee

Board Members Absent:
None

1. MEETING CALLED TO ORDER.

The meeting of the San Antonio Water System Board of Trustees was held on December 5, 2017, and called to order at 9:19 a.m. by Chairman Berto Guerra.

2. Announcements.
   A. The San Antonio Water System Board of Trustees will, during the Meeting, close the Meeting and hold an Executive Session pursuant to and in accordance with Chapter 551 of the Texas Open Meetings Act. The Board of Trustees may, at any time during the Meeting, close the Meeting and hold an Executive Session for consultation with its attorneys concerning any of the matters to be considered during the Meeting pursuant to Chapter 551 of the Texas Open Meetings Act.

3. Minutes.
   A. Approval of the Minutes of the San Antonio Water System Board of Trustees Regular Board Meeting of October 10, 2017.
Chairman Guerra asked if there were any corrections to the minutes. Hearing none, he stated the minutes were approved as presented.

4. **Ceremonial and Recognition Items.**

None

5. **Public Comment.**

Alan Montemayor commented on the Vista Ridge Project and compared the project to a water pipeline project for the cities of Kyle and Buda. He asked the Board to exit the Vista Ridge contract for cause because that was the right thing for the City of San Antonio. He discussed a customer that was slow paying their water bill as a protest against the Vista Ridge Project. He asked the Board to minimize rate increases and be kind to the customers.

Terry Burns urged SAWS ratepayers to call the City Council and the Mayor's office to tell them to vote no on SAWS rate increases. As the chair, he stated the Sierra Club understood the importance of EPA requirements and the need to keep wastewater out of the rivers. He stated the Sierra Club supported more protection of the Edwards Aquifer; however, they did not support the Vista Ridge water supply project. He recommended the full development of rainwater harvesting and full use of all the water resources that would make San Antonio a sustainable and water resourceful city.

**CONSENT AGENDA ITEMS**

**Items 6 – 47**

**ITEMS CONCERNING THE PURCHASE OF EQUIPMENT, MATERIALS AND SUPPLIES**

6. **A Resolution accepting recommendations regarding the contracting for certain services, equipment, materials, and supplies, and authorizing the acceptance of bids as follows:**

   (DOUG EVANSON – YVONNE TORRES)

   **A.** Award of New One Time Purchases of Materials, Equipment and Services.

   1. Approving a one-time purchase from Mythics, Inc. to provide: Oracle Licenses for test and development, DIR-TSO-2548, Bid No. 17-17114, for a total of $170,116.00.

   **B.** Award of New and Renewal Annual Goods & Services Requirement Contract and Maintenance Agreements. Estimated annual purchases are based on unit prices bid. Actual totals and quantities may vary from the estimate.

   1. Acceptance of the bid of RFD & Associates, Inc. to provide: annual contract for Splunk Enterprise Upgrade and Annual Enterprise Support, Bid No. 17-7094A, for a total of $81,381.23.

   2. Acceptance of the bid of Macaulay Controls Co. to provide: annual contract for chlorination equipment and repair parts, Group 1, Bid No. 17-3057, for a total of $345,526.00.
3. Acceptance of the bid of JCS Industries, Inc. to provide: annual contract for chlorination equipment and repair parts, Group 2, Bid No. 17-3057, for a total of $287,181.30.

4. Acceptance of a sole source bid of Avista Technologies, Inc. to provide: annual contract for purchase of Clean in Place chemicals, Bid No. 17-17082, for a total of $137,350.88.

5. Acceptance of the bid of My Plumber, Inc. dba J.R.'s Plumbing to provide: annual contract for a plumbing service program, Bid No. 17-1004, for a total of $108,700.00.

6. Acceptance of the bid of J&S Materials, LLC dba Madden Materials to provide: annual contract for the supply of backfill materials, Bid No. 17-2038, for a total of $811,660.00.

7. Authorizing the extension of an existing contract of United Rentals (North America), Inc. to provide: annual contract for rental of various shoring equipment, Bid No. 15-5020, for a total of $73,138.57.

8. Acceptance of the bid of Avid Systems to provide: annual contract for Adobe and other software licenses, Bid No. 17-1459, for a total of $76,255.22.

9. Acceptance of the bid of Primeline Products, Inc. to provide: annual contract for Cure-In-Place-Pipe point repair installation equipment and associated consumables, Bid No. 17-0070, for a total of $126,424.00.

10. Acceptance of the bid of Rocky Hill Equipment, Inc. to provide: annual contract for rental of compact excavators and crawler loaders, Bid No. 17-1016, Item 17, for a total of $96,320.00.

11. Acceptance of the bid of United Rentals, Inc. to provide: annual contract for rental of compact excavators and crawler loaders, Bid No. 17-1016, Items 1, 2, 3, 6, 8, 9 and 15, for a total of $34,725.40.

12. Acceptance of the bid of Texas First Rentals to provide: annual contract for rental of compact excavators and crawler loaders, Bid No. 17-1016, Items 5 and 7, for a total of $7,250.00.

13. Acceptance of the bid of RDO Equipment to provide: annual contract for rental of compact excavators and crawler loaders, Bid No. 17-1016, Items 4, 10, 11, 12, 13, 14 and 16, for a total of $68,150.00.

14. Acceptance of the bid of Fortiline, Inc. dba Fortiline Waterworks to provide: annual contract for polyethylene wrapping/polyvinyl tape, Bid No. 17-0018, for a total of $56,843.00.

15. Acceptance of the bid of Darktrace Limited to provide: annual contract for Network Anomaly Detection solution, Bid No. 17-17089, for a total of $300,000.00.
CAPITAL IMPROVEMENT CONTRACTS
PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

Developer Customer Contracts

7. A Resolution awarding a construction contract to R.L. Jones L.P. in an amount not to exceed $521,491.32 in connection with the Harlach Farms Subdivision 16-inch and 24-inch Oversize Water Main Project; approving a contract between the System, R.L. Jones L.P., and Meritage Homes of Texas, LLC for the project work; authorizing the expenditures of funds in an amount of $285,091.32 for the System's proportionate share of the project work payable to R.L. Jones L.P. and the expenditure of funds in an amount of $28,509.13 for the System's proportionate share of the engineering design fees payable to Meritage Homes of Texas, LLC. (ANDREA BEYMER – TRACEY LEHMANN)

Water and Sewer Line Improvements

8. A Resolution approving Recapitulation Change Order No. 2 in the decreased amount of $445,010.91 to be credited to the construction contract with IPR South Central, LLC in connection with the Olmos Basin Central Watershed Sewer Relief Line (C-3) Project – Sewer Rehabilitation at the University of Incarnate Word. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

9. A Resolution approving Recapitulation Change Order No. 3 in the decreased amount of $224,011.20 to be credited to the construction contract with Pronto Sandblasting & Coating & Oilfield Services Co., Inc. in connection with the 2014 Water and Sewer Construction Package I Project. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

10. A Resolution approving Change Order No. 3 in an amount not to exceed $263,121.76 to the construction contract with Qro Mex Construction Company, Inc. in connection with the C5 Culebra - Castroville to Laredo & C28 Zarzamora Creek - San Gabriel to NW 23rd Street, Phase 2 Project. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

11. A Resolution ratifying the actions of the Vice President of Engineering and Construction in approving Change Order No. 4 in an amount not to exceed $173,491.74 to the construction contract with S.J. Louis Construction of Texas, Ltd. in connection with the C-12 Donaldson Terrace Project. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

Production, Transmission and Treatment Improvements

12. A Resolution approving additional funds in an amount not to exceed $71,261.00 to the professional services contract with Grubb Engineering, Inc. in connection with the Broadband Access Points and Programmable Logic Controllers Replacement – Phase I Project. (ANDREA BEYMER – MICHAEL MYERS)

13. A Resolution approving additional funds in an amount not to exceed $611,971.00 to the professional services contract with Gupta and Associates, Inc. in connection with the
Dos Rios Water Recycling Center Electrical System Improvements – Phase 2 Project. (ANDREA BEYMER – MICHAEL MYERS)

14. A Resolution approving additional funds in an amount not to exceed $181,380.00 to the existing services agreement with Weisinger Incorporated in connection with the Central Water Integration Pipeline Project, Water Collection Services formerly known as the Vista Ridge Integration Pipeline Project, Water Collection Services. (DONOVAN BURTON – LINDA BEVIS)

REPLACEMENT AND ADJUSTMENT PROJECTS

Governmental Relocations and Replacements

15. A Resolution approving the expenditure of funds in the amount of $174,000.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2017-2018 Task Order Contract for Flatwork and Street Improvements Package 24. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

16. A Resolution approving the expenditure of funds in the amount of $363,682.60 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2017-2018 Task Order Contract for Flatwork and Street Improvements Package 25. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

17. A Resolution approving the expenditure of funds in the amount of $301,500.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2018 Asphalt Overlay Contract Package 1. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

18. A Resolution approving the expenditure of funds in the amount of $122,625.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2018 Asphalt Overlay Contract Package 2. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

19. A Resolution approving the expenditure of funds in the amount of $232,530.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2018 Asphalt Overlay Contract Package 3. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

20. A Resolution approving the expenditure of funds in the amount of $145,520.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2018 Asphalt Overlay Contract Package 4. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

21. A Resolution approving the expenditure of funds in the amount of $170,020.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2017-2018 Asphalt Overlay Task Order Contract Package 8. (ANDREA BEYMER - GAIL HAMRICK-PIGG)
22. A Resolution approving the expenditure of funds in the amount of $379,463.70 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the Medical Center Phase X: Louis Pasteur to Ewing Halsell Project.  
(ANDREA BEYMER - GAIL HAMRICK-PIGG)

23. A Resolution approving the expenditure of funds in the amount of $1,081,482.93 for the replacement of water and sewer facilities by the City of San Antonio in connection with the Gillette Blvd. Street Reconstruction: Moursund Blvd. to Garnett Ave. Project.  
(ANDREA BEYMER - GAIL HAMRICK-PIGG)

EASEMENT AND REAL PROPERTY

24. A Resolution awarding a contract to Cano and Company Commercial Real Estate to provide real estate brokerage services in connection with the marketing and disposal of the System’s surplus properties.  
(NANCY BELINSKY – BRUCE HABY)

MISCELLANEOUS ITEMS

(DOUG EVANSON)

26. A Resolution prescribing authority to sign for withdrawals from depository fund accounts, prescribing authority for withdrawals of documents from safekeeping, and appointing representatives with full authority to execute collateral transactions in accordance with contracts for general depository services and investment services as approved by actions of the Board of Trustees and that all prior instructions and resolutions with respect to the foregoing signatories be and are hereby rescinded.  
(.DOUG EVANSON)

27. A Resolution adopting revisions to the Investment Policy of the San Antonio Water System pursuant to the guidelines established in the City of San Antonio’s Ordinance No. 75686 and the Public Funds Investment Act.  
(DOUG EVANSON)

28. A Resolution approving the extension of a contract with various temporary employment agencies in an amount not to exceed $2,276,320.00 for the period of January 1, 2018 through December 31, 2018 in connection with temporary employment services for Information Systems related positions.  
(DOUG EVANSON – SREE PULAPAKA)

29. A Resolution approving the extension of a contract with various temporary employment agencies in an amount not to exceed $1,224,642.00 for the period of January 1, 2018 through December 31, 2018 in connection with temporary employment services.  
(SHARON DE LA GARZA)

30. A Resolution approving the recommendation of Wells Fargo Insurance Service USA, Inc. in an amount not to exceed $892,379.00 for the period ending December 31, 2018 in connection with the comprehensive commercial insurance program.  
(SHARON DE LA GARZA)
31. A Resolution approving the extension of a contract with Aramark Services, Inc. in an amount not to exceed $120,000.00 for the period of January 1, 2018 through December 31, 2018 in connection with cafeteria, vending, and related services. (MICHAEL BRINKMANN – CARLOS MENDOZA)

32. A Resolution approving settlement of the lawsuit of Tammie England against the San Antonio Water System; approving the System’s financial obligation in the total amount of $75,000.00 for purposes of the settlement. (NANCY BELINSKY – BILL CROW)

33. A Resolution approving a subscription agreement with West, a Thomson Reuters Business, in an amount not to exceed $91,888.32 for a five-year term in connection with online legal research services. (NANCY BELINSKY – MONICA DOBIE)

34. A Resolution approving an Interlocal Contract with the Trinity Glen Rose Groundwater Conservation District in connection with the hydrologic study of certain portions of the Trinity Aquifer in Northern Bexar County. (DONOVAN BURTON – DARREN THOMPSON)

35. A Resolution approving an agreement with Guadalupe Valley Electric Cooperative in an amount not to exceed $100,000.00 in connection with the design and construction of electrical power service for the Vista Ridge Regional Supply Project Intermediate Pump Station 2 Facilities. (DONOVAN BURTON – MARTY JONES)

36. A Resolution approving the delegating authority to the President/Chief Executive Officer to initiate certain litigation on behalf of the San Antonio Water System. (BERTO GUERRA, JR., CHAIRMAN, BOARD OF TRUSTEES)

37. A Resolution approving an Engagement Letter with Ruben Barrera of the Law Firm of Langley & Banack, Inc. in an amount not to exceed $73,100.00 to act as Special Counsel to the Board of Trustees for calendar year 2018. (BERTO GUERRA, JR., CHAIRMAN, BOARD OF TRUSTEES)

Chairman Guerra stated that individual Items 40 – 42 were all construction contracts and typical of SAWS work. In the interest of time, he stated he would like to move these items to be considered under the Consent Agenda. He asked if there were any objections. Hearing none, Chairman Guerra moved Items 40 – 42 to the Consent Agenda.

Chairman Guerra asked if there were any other items in the Consent Agenda that should be pulled for individual discussion or consideration.

Mr. Arrellano made a motion to approve the Consent Agenda Items 6 – 37 and 40 – 42. Mr. Rowe seconded the motion.

Consent Agenda Items 6 – 37 and 40 – 42, were unanimously approved. Verbal voting.
ITEMS FOR INDIVIDUAL CONSIDERATION

CAPITAL IMPROVEMENT CONTRACTS

PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

Developer Customer Contracts

38. A Resolution approving Utility Service Agreements to provide water and/or wastewater service to the tracts listed below requiring potential oversizing of mains (OVR), and/or are located outside the San Antonio Water System water and/or wastewater Certificate of Convenience and Necessity (CCN). (ANDREA BEYMER – TRACEY LEHMANN)

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Tracy Lehmann presented Item 38, Utility Service Agreements (USA) for the Toepperwein Center Tract and the Coolcrest Addition Tract.

The first tract was the Toepperwein Center Tract and was approximately 52 acres. The developer was requesting 558 water equivalent dwelling units (EDU) and 392 wastewater EDUs. The tract was within the San Antonio city limits and inside SAWS water CCN. The tract did fall outside the wastewater CCN and required Board approval. The developer would construct the 12-inch water main that would be eligible for impact fee credits. This project included improvements to an existing lift station, and was upstream of the E19 sewer project. The developer would not be allowed to have additional lift stations on the site so there were two options on the sewer infrastructure improvements depending on the grade of the tract. He reviewed project maps and proposed infrastructure options for the tract.

The second tract was the Coolcrest Addition Tract. The tract was within the City of San Antonio ETJ and inside SAWS wastewater CCN. SAWS did not have sewer infrastructure in that immediate area; therefore, the developer would use septic for this property. The tract was outside the water CCN and actually within the Southwest Water Company's CCN, also known as Coolcrest Water System. Coolcrest could not provide the fire protection service that the commercial tract needed; therefore, Coolcrest sent a letter releasing the tract to allow SAWS to serve. The developer would connect to a 12-inch water main along Grosenbacher Road. He reviewed project maps and proposed infrastructure options for the tract.

Since the last board meeting, staff made contact with Development Services of the City of San Antonio to get a better understand of their process. Both of these tracts were within a five-mile radius of a military base, Lackland Annex for Coolcrest and Randolph for Toepperwein, and information was provided for their consideration. Staff would continue
to develop a process and procedures so that all USAs reviewed were based on that requirement. He stated the City did have something lower than five miles so staff wanted to discuss that further to see if SAWS should follow the City's approach or stick with the file-mile radius.

Staff recommended the approval of the USAs for the Toepperwein Center Tract and the Coolcrest Addition Tract.

Mr. Rowe made a motion to approve Item 38. Ms. Merritt seconded the motion.

Mayor Nirenberg commented on the broader scope for the five-mile radius. He stated he wanted to discuss this further with the Office of Military Affairs (OMA). The two miles or so that the notification happens with the City and OMA in the development was more about things such as tree canopy and impact to birds. Because water infrastructure preceded major development, a broader scope may be needed because this had a more long-range impact.

Mayor Nirenberg commented on the Coolcrest tract being located within the Coolcrest Water System service area and the waiver to release the tract to SAWS because of fire service. He asked if there were other commercial tracts around that area and whether those tracts had adequate fire service. Mr. Lehmann replied there were other commercial tracts and those tracts did not have adequate fire protection. Any new development would be required to meet that requirement, but the old infrastructure or old development along the way were grandfathered.

Mayor Nirenberg stated that adequate fire service should be a possible item for the legislative agenda. He inquired about the inspection process for the developer’s infrastructure, how they tie into the system, the gravity main, and the grading for the tracts. Mr. Lehmann responded there were two different processes. A general construction permit was for the larger infrastructure such as the Toepperwein tract. The developers submitted plans for review. SAWS Inspections Department would do an initial inspection, and the engineer for the developer was the main inspector for that project. SAWS would also have inspectors on site. A counter permit was for infrastructure less than $300,000 such as the Coolcrest tract. Design plans were submitted and reviewed by SAWS before the counter permit was issued. SAWS inspector was the main inspector for those projects, and would review and accept the infrastructure.

Mayor Nirenberg asked about the upgrade for E19 and the lift station on the Toepperwein tract. Mr. Lehmann replied the developer would be issued a general construction permit. The developer would submit plans and do the infrastructure improvements. Mayor Nirenberg asked if that included SAWS lift station. Mr. Lehmann confirmed. Andrea Beymer added that the inspection team was recently reorganized. SAWS had a team that's dedicated to inspection services of the general construction permits that connect to SAWS mains. Their sole function was to make sure the connections to the main met SAWS standard.

After no further discussion, Item 38 was unanimously approved. Electronic voting.
A Resolution awarding a construction contract to SpawGlass Civil Construction, Inc. in an amount not to exceed $6,335,754.55 in connection with the Classen-Steubing Oversized Sewer Main Project; approving a contract between the System, SpawGlass Civil Construction, Inc. and XJ 1869 Development, L.P. for the project work; authorizing the expenditures of funds in an amount of $5,223,774.97 for the System’s proportionate share of the project work payable to SpawGlass Civil Construction, Inc. and the expenditure of funds in an amount of $522,377.50 for the System’s proportionate share of the engineering design fees payable to XJ 1869 Development, L.P.

(ANDREA BEYMER – TRACEY LEHMANN)

Mr. Lehmann presented Item 29, the award of a construction contract for the Classen-Steubing Oversized Sewer Main Project. The developer-funded project was located inside the City of San Antonio limits and was located over the Edwards recharge zone. SAWS recommended oversizing the project to provide capacity for future growth and to prevent duplicative infrastructure. SAWS would enter into a trilateral contract with the developer and the contractor for the construction. The developer would pay their proportionate share and would secure the engineering services for the project. SAWS would pay its proportionate share for the engineering and construction services.

The Board approved a USA for this project with sewer oversizing in December 2016. XJ 1869 Development, the developer would be required to build 8-inch, 10-inch, and 12-inch sewer mains throughout the tract. The project was not eligible for impact fee credits. Staff recommended oversizing 140 feet of 8-inch main to 30-inch main, 3,400 feet of 12-inch to 30-inch, another 3,400 feet of 10-inch to 12-inch, and an additional 645 feet of 12-inch to 16-inch. The justification for oversizing the project was the elimination of five lift stations that were located over the Edwards Aquifer recharge zone. The average operating expenses for lift stations was about $21,000.00 per year, and the average rehab cost every 20 years was roughly $250,000.00. While multiple safeguards were in place, lift stations were mechanical and mechanical failures could occur that may result in a sewer overflow. The lift stations were over the recharge zone and were more of a risk than a traditional gravity sewer main. He reviewed project maps and the locations of the lift stations.

Two bids were received for this project. SpawGlass Civil Construction, Inc. had the lowest responsible bid of $6.3 million. The bid was 9.2 percent less than the $7 million engineer’s estimate. The bidder had an SMWVB rate participation of 5.8 percent. The construction duration was one year. SAWS portion of the construction costs was $5.2 million and up to 10 percent for design fees for a total cost for SAWS of $5.75 million for this project. The developer would pay their proportionate share of $1.1 million for this project. Staff recommended the execution of the trilateral agreement with XJ 1869 Development, L.P. and SpawGlass Civil Construction, Inc. for the project work, and expenditures totaling roughly $5.75 million in connection with the Classen-Steubing Oversized Sewer Main Project.

Mr. Rowe made a motion to approve Item 39. Mr. Arrellano seconded the motion.

Mayor Nirenberg inquired about the decision in December 2016 to oversize on this tract. Mr. Lehmann responded the intent for oversizing was to eliminate the existing lift stations, and a gravity main was the only solution to eliminate those five lift stations.
Mr. Arrellano asked for more detail on why the project was not eligible for impact fee credits. Mr. Lehmann replied the project with the elimination of the lift stations was not in the Master Plan or the original impact fee calculations back in 2013 or 2014.

Chairman Guerra inquired about how the rehab costs and annual maintenance costs were considered in the decision. Mr. Lehmann responded that the costs were taken into account to make sure the project would be a worthy cause. Other than eliminating the risk to the recharge zone, the credit to SAWS financially was also taken into account.

After no further discussion, Item 39 was unanimously approved. Electronic voting.

**Water and Sewer Line Improvements**

40. A Resolution awarding a construction contract to Texas Pride Utilities, LLC in an amount not to exceed $3,028,682.00 in connection with the Central Sewershed Package 4 Project. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

Item 40 was approved as part of the Consent Agenda.

41. A Resolution awarding a construction contract to SAK Construction, LLC in an amount not to exceed $10,761,688.00 in connection with the East Sewershed Package 3 – Large Diameter Project. (ANDREA BEYMER - GAIL HAMRICK-PIGG)

Item 41 was approved as part of the Consent Agenda.

**Production, Transmission and Treatment Improvements**

42. A Resolution awarding a construction contract to Archer Western Construction, LLC in an amount not to exceed $11,451,000.00 in connection with the Zarzamora Pump Station Improvements Project. (ANDREA BEYMER – MICHAEL MYERS)

Item 42 was approved as part of the Consent Agenda.

**MISCELLANEOUS ITEMS**

43. A Resolution approving a consulting agreement with the Alliance for Water Efficiency in an amount not to exceed $75,000.00 in connection with predictive data analytic services. (GAVINO RAMOS – KAREN GUZ)

Karen Guz presented Item 43, a consulting agreement for predictive data analytic services. She discussed the per capita reduction goals in the 2017 Water Management Plan. Staff looked at data to be smart, efficient and effective about finding the right program for the right customer. The proposed research project was about improving that process.

She reviewed two different conservation programs, Plumbers to People and the Irrigation System Consultation. Plumbers to People was the very first program ever done in Conservation at SAWS. The program was designed to offer leak prevention program through free plumbing assistance for qualified individuals. Irrigation System Consultation program offered a free consult to help manage and maintain irrigation controllers and to be
eligible for rebates. Both programs relied on people coming to SAWS for help, and referrals were also received for Plumbers to People through the Department of Human Services. Customer Service received a lot of calls concerning water bills, and they would refer the customer to Conservation for one of the two programs. In the future, a program would need to meet a specific need and then staff could reach out to the people who would most benefit from the program. She discussed how this strategy could be applied to both programs. Staff found that if the customer shared the number of adults and kids in the house, predicting which of those houses had a leak could be 85 percent accurate. In 2017 the house served with plumbing assistance doubled through this effort. On the irrigation consultations, staff analyzed customers that had unusually high winter averages. The majority had irrigation system that were not being adjusted, and there were a few that were due to a leak and referred to the Plumbers to People program.

Staff wanted to improve on past successes, and analyzing available data would help to make better decisions for the customers. This was difficult because water use did not provide enough detail. The proposed research project would develop a methodology by working with experts in behavioral economics and marketing and other utilities interested in the same challenge. One of the experts would be the Alliance for Water Efficiency that oversees a lot of national studies to help reach other utilities interested in the research. Staff would like to pledge $75,000.00 toward the research study with conditions that the Alliance for Water Efficiency recruit other utilities for the study, must obtain at least a match of the $75,000.00, and form a committee of the interested parties and experts to clarify research questions and methodology. This process typically could take about two years for a national project.

Staff recommended approval of the agreement with the Alliance for Water Efficiency and the commitment of $75,000.00 toward a predictive analytics study on a cost share basis.

Mr. Arrellano made a motion to approve Item 43. Ms. Jasso seconded the motion.

Mayor Nirenberg commented on personal demand management and helping SAWS customers control the average that would have a huge impact on the furtherance of values of conservation and to build a culture of conservation. He thanked staff for the work.

Ms. Merritt inquired about how the incentives for the programs would be based. Ms. Guz replied there seemed to be a typical profile of SAWS customers who were interested. One of the things to be assessed was the way to approach the customer to get the best response. The answer was going to be different for each one so it was not aimed at any one program. The research was aimed at helping understand problematic patterns that distress customers, and what was the best way to approach the customer.

Mr. Arrellano asked if there were examples of other utilities that were looking to partner with SAWS. Ms. Guz replied there were some California utilities that were interested. The Southern Nevada Water Authority did a lot of research on these kinds of things. Austin expressed interest, and this was pitched to LCRA. All of these examples had budgets and boards that needed to be consulted before they could commit.

After no further discussion, Item 43 was unanimously approved. Electronic voting.
44. **A Resolution awarding a contract to Texas Landfill Management, LLC in an amount not to exceed $4,520,000.00 for a two-year period ending December 31, 2019 in connection with composting and marketing of biosolids.**

*(JEFF HABY – PARVIZ CHAVOL)*

Pete Chavol presented Item 44, a contract for composting and marketing of biosolids. Biosolids composting was part of the recycling initiative at the Northwest Recycling Center. Under the existing contract, about 65,000 tons of biosolids was composted and used as a fertilizer for landscaping and to promote water conversation. Composting was the preferred biosolid disposal method based on cost benefit. Currently, 40 percent was composted, and the proposed contract would increase the effort to 145,000 tons by adding another 80,000 tons. The remaining 20,000 tons of biosolids would continue to go to the landfill.

The new contract was bid on August 6, and Texas Landfill Management submitted the only bid with a unit price of $27.56 per ton. The term was two years with the option of three one-year extensions. The contract also included a five percent escalation based on the CPI. For the first year, the total cost was going to be $2,204,800.00 and the second year, including the five percent escalation, was going to be $2,315,200.00. Staff recommended an award of contract to Texas Landfill Management and approval of funds not to exceed $4.52 million for the total composting and marketing efforts.

Mr. McGee made a motion to approve Item 44. Ms. Merritt seconded the motion.

Mr. McGee inquired about the percent of biosolids to be sold. Mr. Chavol responded that it would be almost 90 percent in total and about 20,000 would go to the landfill, which was about 10 or 12 percent.

Mr. Rowe inquired about the revenue on the compost sold. Mr. Chavol replied there was no revenue generated from the sale. The total cost was for the vendor to haul the biosolids and produce a market for the compost based on the price of $27.56 per ton.

Chairman Guerra asked for clarification on how the contract worked for SAWS to pay for the contractor to haul off the product, process it and sell it. Mr. Chavol replied the other option was to send it to the landfill, but the contract was beneficial in that the compost could be used for landscaping and for water conversation. Staff was looking at technologies that within the next few years could eliminate the composting aspect. One of the technologies was a digester that met the standards to sell the product without going through the cost of composting. The process was called thermal low temperature chemical hydrolysis. If this process could be implemented in San Antonio, the 140 or 150 tons produced on an annual basis could be sold or a market developed without going through the process of hiring a contractor to compost and market the project.

Mr. Clouse commented on the previous composting operation at the Leon Creek plant that was operated for about 20 years. Staff produced the very best compost on the market, but did a terrible job marketing. Over time, contractors were brought in to make the compost and market the material. There was still one contractor operating, and this contract would bring another one online. The contract was made as a short-term contract to bring on the second composting operation because staff believed there were technologies out there that
could be built at the plant that would take the product directly into the market once the additional processes were done at the plant.

Chairman Guerra inquired about an exit strategy from this particular method of operation and to make a change to the contract. Mr. Clouse responded the contract was for a two-year term with three one-year extensions. Staff would watch how the market develops for the thermal hydrolysis process. He discussed another water utility that was using the technology to market and direct sale the material coming out of their plant. There were only a few utilities operating currently in the U.S. Chairman Guerra encouraged staff to look at a way to generate revenue versus spending money to have somebody else take our product and make money off of it.

Ms. Jasso inquired about the cost of the landfill versus the cost associated with the contract. Mr. Chavol replied the cost was competitive between composting and landfiling, and was within a couple of pennies. Mr. Clouse added that having this contract in place pushed back against the landfill from raising cost in the next couple of years.

Mr. McGee commented on the social benefit of selling to a composter with no additional cost to SAWS. Ms. Jasso asked if SAWS name was on the bags. Mr. Puente responded the prior contractor had a comment that it originally came from the SAWS treatment center. Mr. Chavol stated the compost was sold in places like Austin, Floresville, and as far as Houston.

Ms. Merritt inquired about the contract expiration period. Mr. Chavol replied the contract was for two years with three one-year options for renewal. The contract could be as long as five years, but the initial term was two years.

After no further discussion, Item 44 was unanimously approved. Electronic voting.

45. A Resolution awarding a construction contract to J&P Paving Co., Inc. in an amount not to exceed $4,746,880.60 in connection with the 2017 Bi-Annual Asphalt Overlay Work Order Construction Contract, Package 1.

(MICHAEL BRINKMANN – ALISSA LOCKETT)

Alissa Lockett presented Item 45, a construction contract for the 2017 Bi-Annual Asphalt Overlay Work Order Construction Contract, Package 1. The purpose of the contract was to restore the right-of-way after SAWS utility work was done. The goal was to restore the right-of-way to as good of a condition as it was prior to the work. The City of San Antonio, TxDOT, Bexar County, and the suburban cities all required curb-to-curb mill and overlay when a street was in good condition prior to the utility work. SAWS outsourced the mill and overlay to specialized contractors due to equipment and resource requirements, and the City of San Antonio's Utility Excavation Criteria Manual governed the requirements for the paving restoration within the City's jurisdiction. Each of the other entities had similar requirements. She discussed the mill and overlay process that was dictated based on the Pavement Condition Index (PCI). The City had a database of all the streets and their PCIs. A model updated that index every year based on a degradation assumption on the location and subsurface conditions for the street. SAWS crews did the patches with much smaller equipment than the specialized contractors. Trustee McGee had a question about leveraging other contracts for asphalt. The asphalt used was from a City of San Antonio contract, but
the amount SAWS crews used was small. The City did a tremendous amount of in-house work for patching and pothole work. She reviewed photos of the typical mill and overlay project.

The contract was managed with work orders that were issued by staff in Distribution & Collection Construction Maintenance. There were about $2,230,000.00 spent in 2016 on 401 work orders. The median work order cost was about $4,056.00 with costs varying based on the size of the mill and overlay. The contract was two years in duration or until funds were exhausted. She discussed the history for the contract, and how J&P Paving Co., Inc. was able to be the prime on the contract with all the previous experience as a subcontractor. The bid results showed that J&P Paving Co., Inc. was the lowest responsible bidder on this contract in an amount of $4,746,880.60. The low bid was 9.58 percent less than the engineer's estimated contract cost. The total SMWVB participation was 100 percent because J&P Paving Co., Inc. was a local/MBE-Hispanic contractor. Staff recommended the award of a construction contract to J&P Paving Co., Inc., and approval of funds in the amount of $4,746,880.60 for the construction contract.

Ms. Merritt made a motion to approve Item 45. Ms. Jasso seconded the motion.

Chairman Guerra inquired about the work of the in-house crews. Ms. Lockett responded the in-house crews did a lot of patches. Of the 1,500 or 2,000 work orders, only about 400 were given to the mill and overlay contractors. The rest were done by the in-house crews.

Chairman Guerra asked about the process in place to check the quality of the work, both from the contractor and from the in-house crews. Ms. Lockett replied the two-man crews were supervised by a superintendent, which checked their work. The contractor work was checked by both a coordinator and then spot-checked by a superintendent. Photos were received with every invoice for the manager to review.

Chairman Guerra inquired about the quality control check to make sure work returned the paving to its original condition. Ms. Lockett responded that SAWS quality coordinator checked every job, and the City of San Antonio had their right-of-way department check the work. If any trench failures were seen or any of the work was done substandard, the City would raise it to our attention right away, and they have done a really good job providing feedback.

After no further discussion, Item 45 was unanimously approved. Electronic voting.

46. BRIEFING SESSION.

A. Briefing and deliberation regarding the Vista Ridge Project

Donovan Burton presented on update on the Vista Ridge Project. On the supply side, things were going well with the well drilling and a lot of work had been done on the pipeline. About 30 miles of pipe had been laid. He invited the Board to view the construction sites in Burleson County as well as the work in Bexar County.

On the integration side of the project, things were running very well with the design-build
firm, and they were working collaboratively with staff. December was a key milestone month in the contract with the 30 percent design, cost estimates and schedule. One of the big drivers was the route from the terminus site to the 48-inch existing main that would likely be done through a tunnel. Different rock conditions had been seen, and the design would be through high-traffic areas. He discussed some of the tunneling methods. A tunnel boring machine was one of the faster machines and could get through 30 to 40 feet a day depending on the rock conditions. There were different types of tunnel boring machines. The roadheader had a boom with cutters that would swipe side to side and eat away at the rock. The roadheader was a little slower, but gave more flexibility on the shape of the tunnel. It could take anywhere from six months to actually build the machine that would be right for this particular job. The bore and jack method included a pit and a cutter pushed through the rock. Hand mining was another method that used hand drills, pick axes and pneumatic jacks, and was a very effective method in certain conditions. The geotech exploration would be done and reviewed to help design the type of method for the work. The rock conditions would drive the type of machine needed. He discussed photos of the rock samples from the terminus site and close to Loop 1604. The tunneling was a big driver of the project. With the progressive design build, staff would learn more and more about the project every day. Depending on the timing, staff may bring early work packages to the Board for consideration to start the construction before the design of the project was finished. Also, the tunneling machines had a large turn radius that could affect easements. Staff was working on easements to try to avoid condemnation.

The 30 percent design milestone would include the initial guaranteed maximum price (GMP) and this was expected in December. Staff expected the initial GMP to be over what was budgeted, and staff was working with the design builder to drive down those costs.

Chairman Guerra asked if the equipment used to bore through different types of rock would be purchased or leased. Mr. Burton responded the contractor generally would lease the equipment.

Chairman Guerra inquired about the depth of the tunnel, the safety precautions and timeline for completion. Mr. Burton replied the tunneling was anywhere from about 80 feet at a high point on the pipeline to approximately 15 to 20 feet below the surface. The project was on schedule to be done by January 2020. It needed to be done by April, but would be done earlier so that testing could be done to make sure everything was working and to test the system of the project company as well. Shoring would be used throughout the tunnel to prevent cave-ins from happening.

Mr. Rowe inquired about what would be the largest shaft as part of the project. Mr. Burton responded that the project would be a 54-inch pipe, so it could be anywhere from 54-inches on up. The design builder talked about a possible 12-foot tunnel because of the roadheader and the way it was set in.

Ms. Merritt asked what was meant by limited fact control on the hand excavation. Mr. Burton replied that limited face control was referring to humans being able to work away at the face. Harder rock required different machines and that sort of thing, whereas some of the machines had a little bit more ability to cut away at the face. Machines would oftentimes be able to get through something that a human would need some additional support.
B. Briefing and deliberation regarding Various Financial Matters:

- 2018 & 2019 Rate Request – Follow up
- Quarterly Investment Portfolio Report
- Debt Disclosure Report

Doug Evanson gave a follow-up briefing on the 2018 and 2019 proposed rate adjustments. The proposed rate adjustments of 5.8 percent for 2018 and 4.7 percent for 2019 were broken down by business segment and weighted average contribution to the total rate request. As discussed previously, SAWS capital program was the sole driver for the 2018 rate adjustment and two-thirds of the driver behind the 2019 rate adjustment. In total, the capital program was responsible for more than 80 percent of the combined rate request over the next few years. The average residential bill was $62.24 a month including pass-through fees for a little more than 7,000 gallons of water usage and basically about 5,700 gallons of sewer usage. The 5.8 percent rate adjustment in 2018 would add $3.45 to the average bill, bringing it to $65.69 a month. The 2019 rate adjustment of 4.7 percent would add another $2.94 bringing the average monthly bill to $68.63.

He addressed Trustee McGee’s question on how the weighted average contribution for the proposed bill adjustments were calculated and walked through the calculation for the 2018 proposed adjustment. The business segments were water supply, water deliver and wastewater. Each of the business segments had a proposed increase that was a weighted average contribution to the overall bill.

Another question was the projected additional revenue generated by the proposed rate adjustments. The 5.8 percent rate adjustment was projected to generate additional revenue of $36.3 million. Similarly, the 4.7 percent rate adjustment was projected to generate an additional $27.2 million. He broke down where the additional revenue would go by core business. In total, water supply would get a little more than $15 million, water delivery would get $20 million, and wastewater would get a little more than $28 million.

He discussed some of the projects that were planned in 2018 and 2019 as part of the capital program. On the water supply side, the largest improvements would be Phase II of the Western Integration Pipeline and pump station improvements in 2018, and Segment 3 Pipeline construction beginning in 2019. This project and investment of over $95 million would help to better serve the fast-growing northwest side of San Antonio, with Local Carrizo, desal, and ASR water in times of drought, and would both increase the redundancy as well as serviceability. Another $5 million would be the Vista Ridge Project and would include automating some additional portions of the distribution facilities to assist in moving the Vista Ridge water deep into SAWS distribution system. In order to increase the operational performance as well as the reliability of the SAWS Brackish Desal Facility, SAWS planned to invest a little more than $2 million on drilling of an additional production well and the installation of a raw water filtration system. On water delivery, the $20 million of additional revenues would be utilized to facilitate an additional $300 million in water delivery capital improvements. In particular, the proceeds would assist in funding $132 million for production system upgrades and rehabilitation. Another $120 million would be used to replace water mains including the governmental program, and some new water mains would be funded with impact fees. The automated metering initiative was another project...
that would be funded with the additional revenue. Finally, the largest portion of the rate requests over the two-year period supported the wastewater business segment. Slightly more than $28 million of additional wastewater revenue was designed to support an additional $400 million of investments into the wastewater system. This would replace wastewater mains, which was a primary focus for sanitary sewer overflows consistent with the EPA Consent Decree. An additional $44 million was dedicated to improvements at the treatment plants, and the largest portion would facilitate some electrical improvements at the Dos Rios treatment facility.

The Affordability Program was increased by $1 million compared to the 2017 funding levels, but SAWS was asked to do more. The funding level was increased another $1 million to the affordability discount. Staff was working to better identify those primarily areas within the City and utilize a demographer to help identify where to target those efforts to generate even more enrollment. The total affordability assistance would increase to $5.7 million for 2018.

He reviewed a historical perspective on SAWS revenue requirements and the rate adjustments that were implemented over the last 20 years. The first chart compared the number of water and wastewater connections served over the last 20 years to the number of employees at the end of each year. As of May 31, 1996, SAWS had 354,000 water and sewer connections and 1,642 employees. While the number of connections continued to grow reaching a total of more than 926,000 as of end of 2016, the total number of employees only grew by 50 for a total of 1,692 employees at the end of 2016. This is why SAWS had one of the highest level of customer to employee ratios among water and wastewater utilities in the state. He also compared the number of miles of pipe added over the last 20 year compared to the number of employees. About 5,400 miles of pipe was added to a total of more than 12,000 miles of pipe at the end of 2016 compared to 50 employees over the same period.

The number of water customers grew steadily with the exception of a spike associated with the BexarMet integration by more than 80 percent from 266,000 to more than 486,000. During this same 20-year period, metered water usage had not exhibited that same level of growth due in large part to water conservation efforts. In 2016, total metered sales were 63.9 billion gallons, which represented an increase of 14.5 percent over that period and customers increased 82 percent. Wastewater flows had a greater disconnect between the 62 percent growth in connections and wastewater flows, which actually declined by more than 13 percent since 1996. In 1996, SAWS had 271,000 wastewater connections and treated 56.9 billion gallons of wastewater. In 2016, SAWS had 437,000 connections and billed for 49.3 billion gallons of wastewater usage. He reviewed the usage and customer information to calculate the average residential customer usage for water and sewer. The average residential customer used 10,478 gallons of water and 9,268 gallons of sewer in 1996, and used 6,441 gallons of water and 5,379 gallons of wastewater 20 years later. Since 1996, average residential water usage declined about 38.5 percent and average residential sewer usage had gone down about 42 percent. He compared the usage to the water and sewer rates over the last 20 years. The average residential water bill was approximately $16 in 1996 and increased to approximately $35 in 2016. This was a compound annual growth rate of slightly less than 4 percent. Since the conclusion of the implementation of the water supply fee in 2005, the average water bill was $30.38 and the compound annual growth rate for water sales was 1.3 percent. On the sewer side, the average residential bill did not keep pace with inflation from 1996 to 2010. In fact, the average customer paid about $15 per month in 1996.
for sewer services. As a result of declining usage per customer and coupled with the fact that there were no sewer rate increase, the average residential customer paid a sewer bill of $12.95 in 2003 for a decrease between 1996 and 2003. While there were some rate adjustments between 2003 and 2010, the average residential sewer bill did not keep pace with inflation until rate increases associated with the compliance with the EPA Consent Decree began in 2011. Overall, the 20-year compound annual growth rate of 3.08 percent for SAWS sewer bill had been just slightly in excess of inflation at 2.13 percent.

He discuss the Black & Veatch 50 Largest Cities Rate Survey. The survey was conducted every two to three years by Black & Veatch, with the most recent version of the survey capturing rate information as of July 1, 2016. From the survey, the typical residential water and sewer bill had increased 5.9 percent a year for water and 5.8 percent a year for sewer since 2001. A lot of the top 50 cities were having to raise rates in order to deal with infrastructure issues and other financial challenges. The average water bill had grown from about $17 to about $40, while the average sewer bill had grown in 2001 to about $20 to more than $50. In total across the 50 largest cities in the U.S., the average combined water and sewer bill was $91.50. SAWS combined bill for that same level of usage was about $65, which was almost 30 percent less than the national average. He reviewed the survey’s comparison of water and sewer bills to various utilities. Water and sewer bills were still relatively low compared to the other utilities that customers utilized on a monthly basis.

Ms. Merritt inquired about the number of people for an average residential household. Mr. Evanson replied the figure used was about 2.7 people in the household to calculate the overall average. Ms. Bailey added that the average was based on the average usage of all SAWS residents divided by all SAWS residential customers. During the last rate study, it was expected that a family of four indoor use would probably be something along the lines of less than 6,000 gallons and the average bill was a little over 7,000 gallons. This should be able to support indoor use for more than even a family of four.

Phyllis Garcia gave an update on the Quarterly Investment Report as required by the Texas Public Funds Investments Act. As of the end of the quarter, SAWS had $891 million in investments up from the previous quarter, primarily due to operating cash flow. The interest earnings on the quarter was $2.2 million, and the overall portfolio yield was 1.11 percent. The majority of the portfolio was invested in U.S. Government Agency Securities in the form of discount notes and coupon notes, with the remaining accounts invested in U.S. Treasury, investment pools, and money market funds. The portfolio was invested by a diverse of number of issuers, totaling nine in all.

The benchmark for the portfolio was a six-month and one-year Treasury. As of the end of September, the portfolio was unfavorable to the benchmark. U.S. Treasury rates were based upon the rates on a particular day, while the SAWS portfolio yield was based upon the total portfolio holdings that did not change as rapidly as the benchmark. SAWS portfolio reacts slower to changes in interest rates, which was favorable in a declining interest rate environment, but unfavorable in a rising interest rate environment, which had been occurring since December 2016. The six-month Treasury increased 9 basis points during the quarter, the one-year Treasury increased 10 basis points, and the SAWS portfolio increased 17 basis points.
Short-term rates continued to increase throughout the year. The current expectations were that short-term interest rates would continue to increase in 2018. As required by SAWS investment policy, deposits of banks were required to be collateralized. As of the end of September, all deposits were collateralized. SAWS continued to utilize the earning credits to offset bank fees, with the earning credits being 1.28 percent at the end of the quarter. Overall, the investment portfolio was in compliance with the investment policy. All transactions were in accordance with investment strategies, with the portfolio being invested per objectives in order of priority of legality, safety, liquidity, diversification, and finally, yield.

Mr. McGee inquired about the collateralized deposits. Ms. Garcia replied Agency Securities held at the Federal Reserve in Boston by Frost were used to collateralize the deposits.

Ms. Garcia moved to the Debt Transaction Report, which was required by City Ordinance. In 2014 to take advantage of low short-term interest rate environment and to provide a variable rate component to the portfolio for diversification, SAWS issued $100 million of SIFMA Index Mode. These were interest rates based on short end of the yield curve, but the bond was amortized over a 30-year period. For the first four-and-a-half years of the bond, the interest rate was based on the SIFMA Index, plus a spread of 40 basis points. The interest rates increased over the last year and had been somewhat volatile. The interest rates paid on the 2014B bonds averaged 72 basis points over the life of the bonds. However in 2017, the rate increased to 1.19 percent and had risen as much as 1.34 percent in September. The 2014B bonds were remarshaled into a fixed rate term mode for a period of five years. A coupon was obtained at 2 percent for that five years, with an overall yield of 1.8 percent. In 2044, the bonds would have to be remarshaled again and would be based on the interest rate environment at that time. Jeffries was the underwriter for that transaction, and initially sent out a market for the bonds at 1.9 percent for a five-year term. Over $785 million in orders were received for $100 million in bonds. Due to the high demand, SAWS was able to reduce the yield from 1.9 to 1.8 percent.

She provided a high-level briefing on the Tax Cuts and Job Acts or the Tax Reform Bill. She reviewed a chart on the major differences between the tax bill for the House and the Senate. The primary issue for SAWS would be the potential repeal of the advanced refunding of bonds on a tax exempt basis. Advanced refunding were outstanding series of bonds that had a call date more than 90 days in advance. There were some restrictions already on advanced refunding. One of the policy concerns about limiting the number of advanced refunding bonds to two was that there could be potentially two sets of bonds outstanding for a single project at one time. One of the questions was why would there be an elimination of advanced refunding, as refunding bonds were typically issued to reduce future debt service and pass savings along to ratepayers and taxpayers. One potential explanation was that although tax exempt refunding bonds could be eliminated, a current tax exempt refunding could be refunded with taxable bonds, depending on the level of interest rate at the time. This could potentially increase the number of tax exempt bonds issued in the market and increase taxable bonds, which would potentially increase taxable revenue. She reviewed a chart showing the volume of municipal issued bonds in the market and the percentages of advanced refunding bonds. Should tax exempt advanced refunding be eliminated, the volume of municipal bond issuance would either fall or be delayed by up to 20 percent. Since 2014, SAWS had issued three advanced refunding bonds to refund current outstanding bonds for a total of $332
million for a tax savings of $64 million and present value savings of about $49 million. The elimination of tax exempt advanced refunding would limit SAWS flexibility moving forward.

Another impact of the Tax Reform Bill had to do with the direct subsidy for tax credit bonds. In 2009 and 2010, SAWS issued Build America Bonds, which were taxable bonds. SAWS received a payment from the U.S. Treasury equal to 35 percent of the interest due on a bond, in which case would be $3.8 million in 2018. With the receipt of the tax credit of 35 percent on the interest of the bonds from the Treasury, the net effect was a lower interest rate than would have been issued on a tradition tax exempt bond back in 2009 and 2010 for a lower true interest cost between 97 basis points and 57 basis points for the two issues. At that time, it was advantageous to issue these taxable bonds and receive the credit or the subsidy from the Treasury rather than issue tax exempt bonds. Due to the Budget Control Act in 2011, the interest received from the Treasury was subject to sequestration and reduced interest payments received from the Treasury from between 8.7 percent in 2013 and 6.6 percent for 2017. This reduction did not have a material impact on our debt as the reduction was approximately $300,000 versus the $48 million in debt service. It was unclear whether the new tax bill in addition to the current sequestration would be subject to the Pay-As-You-Go Act of 2010 or the PAYGO Act. In short, this act required that any new spending by Congress be offset by either spending cuts or additional revenue or Congress could build in an exemption from the act and the bill. SAWS, along with our financial advisors and bond counsel, would continue to monitor the status of the bill and provide an update on its impact to SAWS.

Mr. McGee commented on the work by staff over the last three years to take advantage of the advanced refunding at the lowest rate environment and the $50 million real dollars that were saved. He thanked staff for a great job.

47. President/Chief Executive Officer’s Report

A. Investment in SAWS Infrastructure

Mr. Puente gave a briefing on investments in SAWS infrastructure that the chairman asked for last month during the discussion about rates adjustments and what SAWS had done in the last few years to invest those past rate adjustments to improve the system. The chairman joined the Board in 2011 at a critical time. This was right at the time the Legislature passed a bill about BexarMet, right in the middle of the LCRA litigation, and the EARIP process was underway. Part of the water supply issues were starting to get results. The Regional Carrizo Project came online in 2011, and the Brackish Desalination Project in 2017. At the time each project came online, they were the largest diversification off of the Edwards. These projects was where some of the money was spent during that time from 2011 to the present to give an idea of what SAWS had done through those rate increases. Also, water located in the southern tip of Bexar County had to move to the north. The Western Integration Pipeline Phase 1 was built and Phase 2 was under construction to move that water up into the growing west and northwest parts of San Antonio. The Central Water Integration Pipeline would integrate Vista Ridge water into the central part of San Antonio. With each new water supply, conservation would never take a backseat. SAWS was a leader in conservation not just in the state but in the nation for other utilities.
Some of these projects would never be seen because the infrastructure was underground or behind fences. SAWS obviously encouraged school children to come visit, but these projects were needed for the infrastructure of San Antonio. He discussed projects with corresponding amounts of money spent on the water side and the wastewater side. Whether it's compliance with the EPA or something that needed to be done, there were projects that would probably never be seen because the projects were underground. The operation of wastewater had improved with sanitary sewer overflows from a high at the 2010 time period to what ultimately would be the lowest achieved in 2017. He discussed some of the operational improvements on wastewater that included line cleaning, televising, flow meters and smart covers. With the involvement of the City and wanting to redirect growth, SAWS funded a private partnership with some of the developers to build the Southwest Bexar Sewer Pipeline. The 96-inch pipeline would redirect growth from the recharge zone and assist with south side development.

In the last 20 years customers had increased and the service area had grown, but SAWS never had a new service center. Through some of the rate adjustments, two new services centers were built to better serve high growth areas on the north and west sides. Within the next few years, service center improvements would be made to the northwest, northeast and east side of San Antonio.

The integration of BexarMet happened during this time period. Although there were savings, money was invested in BexarMet capital improvement that they were unable to do. He discussed the operational savings done through SAWS synergies and refinancing of the BexarMet debt, and some of the infrastructure investments for BexarMet. Trustee McGee had asked what SAWS was doing to keep rates low. The ratio between employees to customers showed how SAWS maintained efficiency and was the best in Texas, essentially 547 customers per employee and better than all the other utilities. Before the integration of BexarMet, SAWS had 1,669 employees and 1,692 employees after BexarMet. This was like taking on a utility the size of Corpus Christi, roughly the size of Waco, and getting back to almost the same level of employees as before essentially through attrition, through retirement, and through absorption of employees into other job openings.

Something that doesn't make the news very often was the huge problem a lot of cities and public entities had with unfunded liabilities with pension programs. He discussed the net liabilities for SAWS pension plan that was roughly the same, but the key was the funded ratios went up from about 74 percent to 82 percent during this period. The unfunded OPEB liability in 2011 was about $242 million. This was down to about $100 million for a funded ratio of 30 percent. He reviewed SAWS ratings from the outside credit agencies that was the highest in SAWS history and some of the highest in the industry. This obviously allowed a lot of these capital projects to be done at the lowest cost possible, and translated into real savings for ratepayers now and into the future through the refinancing of debt.

Mr. Rowe asked if the presentation had been given to City Council. Mr. Puente responded not exactly, but indirectly some of the slides had been part of the presentation with City Council.

Chairman Guerra thanked Mr. Puente for the work put in to giving a substantial answer and
for the recap of everything SAWS had done since he had been on the Board. He remembered an article that said SAWS had increased rates since 2011, and remembered all the great accomplishments SAWS had as a team. Mr. Puente replied that every department of SAWS was able to contribute to those accomplishments and to being good stewards with their dollars.

Mayor Nirenberg stated he would be interested to see if this presentation could be boiled down to a publicly disseminated piece. There was obviously pushback about rate increases, but the takeaway from the presentation was the responsible stewardship of the Water System and the strong financial condition of the company. It was hard to put a dollar figure on cost avoidance, but even things like the funded ratio for the pension going up over the last six years, the proactive maintenance of infrastructure, the acquisition of water sources, the diversified portfolio, with conversation were avoiding future costs. He stated it would be valuable to have this not only for Council but also for the public to better explain why investments were made so debt was not pushed on to our children. Mr. Puente responded this would be part of the presentation to City Council. He complimented staff for wanting to solve 50-year and 20-year issues today so future generations did not have to worry about what was done today.

Chairman Guerra commented on the specific details of everything SAWS had done. A lot of our work was underground and was not noticed, but was important to know where all of it had gone and what our plans were for the future. He was specifically impressed with the BexarMet integration and how the employees were managed so there were less employees today after taking on an operation for the City the size of Waco or Corpus Christi. He agreed with the Mayor that this needed to be communicated to the general public so they know how SAWS managed their dollars. He thanked the Mayor, City Council, the Board and the entire SAWS team for their effort and support.

B. Leading Utilities of the World

Mr. Puente discussed his participation last week in Austin where SAWS was invited and became a Leading Utility of the World. The organization promoted professionalism and innovation. A current member must nominate the utility before receiving an application. He discussed the application and interview process that included a round table discussion on SAWS initiatives. SAWS was one of only a handful of utilities in the nation and the only one in Texas that was a part of this organization. Another unique aspect of the honor was it was not just about what SAWS had done, but what SAWS would do. The organization required continuous innovation and continuous improvement to stay a part of the Leading Utilities of the World.

Chairman Guerra congratulated Mr. Puente for a fantastic job. He commented on the respect SAWS had out there in the world for what we were doing here in our own backyard. The Board had always been so proud of our staff, our entire family, our entire team. The accomplishments in SAWS portfolio were amazing and it was unbelievable to be recognized as a Leading Utility of the World. Mr. Puente added that this water conference had a true international plate with utilities from New Zealand, Finland, Japan, Singapore, a lot of different countries.
48. Inquiries of the Board of Trustees for future briefings and/or follow-up action.

Mr. Arrellano request a briefing on the biosolids composting and marketing contract, specifically on the future plans for the contract versus bringing it in-house to develop synergies with Conservation and the Affordability Program.

The Chairman stated that an Executive Session would not be held and moved to Item 52, Adjournment.

49. The Regular Session of the December 5, 2017, Regular Board Meeting is hereby recessed to hold an Executive Session and discuss the matters listed pursuant to Section §551.071 of the Texas Open Meetings Act.

50. EXECUTIVE SESSION.

A. Consultation with attorneys regarding advice on legal matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, pursuant to Section §551.071 of the Texas Government Code.

No discussion was held in executive session.

51. The Regular Session of the Regular Board Meeting of December 5, 2017, is hereby reconvened.

52. Adjournment. THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES MEETING OF DECEMBER 5, 2017, IS HEREBY ADJOURNED.

The San Antonio Water System Board of Trustees Meeting of December 5, 2017, adjourned at 11:41 a.m.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

__________________________________
Ernesto Arrellano, Jr., Secretary
The attached resolution accepts bids and awards contracts for services, equipment and supplies as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Contracts</th>
<th>Estimated Amount (SMWB)</th>
<th>SMWB Purchasing Contracts (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Award of New One Time Purchases of Materials, Equipment or Services</td>
<td>0</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>B. Award of New and Renewal of Annual Goods &amp; Services Requirements Contracts and Maintenance Agreements</td>
<td>6</td>
<td>2,091,492.50</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**Board Action Date:** February 6, 2018

**Reviewed:**

Mansol V. Robles, Director Purchasing Division

**Approved:**

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING BIDS AND AWARDING CONTRACTS FOR THE PROCUREMENT OF CERTAIN SERVICES, EQUIPMENT, MATERIALS AND SUPPLIES; AUTHORIZING EXPENDITURES TO PROCURE THE SAID SERVICES, EQUIPMENT, MATERIALS AND SUPPLIES; AUTHORIZING THE DIRECTOR OF THE PURCHASING DIVISION, OR HER DESIGNEE, TO EXECUTE DOCUMENTS RELATED THERETO; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Director of the Purchasing Division of the San Antonio Water System (the "System") has recommended certain bids be accepted, that certain contracts be awarded, and that certain other actions be taken to procure services, equipment, materials and supplies which are necessary for the operation of the System; and

WHEREAS, the said recommendations are fully set out in "Attachment I" which is attached hereto and made a part hereof, and said recommendations have been approved by the System’s President/Chief Executive Officer; and

WHEREAS, the appropriate bidding procedures regarding the procurement of goods and services have been adhered to in the compiling of the attached recommendations, as reflected in administrative records supporting this resolution; and

WHEREAS, funds are available in the System’s budget to pay for the required services, equipment, materials and supplies; and

WHEREAS, the Board of Trustees of the San Antonio Water System desires (i) to accept the bids and award the contracts as recommended, (ii) to authorize from available funds of the System the expenditures necessary to carry out the recommended procurements, and (iii) to authorize the Director of the Purchasing Division or her designee to execute all contracts and other documents necessary to carry out the recommended procurements; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bids are accepted and the contracts are awarded for procurement of the services, equipment, materials and supplies listed in Attachment I, as recommended by the Director of the Purchasing Division.

2. That the expenditure of the necessary funds from the appropriate budget fund of the System for the procurement of the said services, equipment, materials and supplies is hereby authorized.
3. That the Director of the Purchasing Division, or her designee, is hereby authorized to notify bidders of the acceptance of bids, to execute contracts and other documents, and to carry out all other actions necessary to procure the said services, equipment, materials and supplies.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this the 6th day of February, 2018

Berto Guerra, Jr., Chairman

ATTEST:

Ernesto Arrellano, Jr., Secretary
Award of New One Time Purchases of Materials, Equipment or Services

A. The following items will establish price and delivery for the one time purchase of Materials, Equipment and Services. These items are included in the current budget. Payment will be made from the applicable fund.

<table>
<thead>
<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>ITEM NO(s.)</th>
<th>ESTIMATED TOTAL PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
</table>

NO ITEMS TO REPORT

*Indicates vendor is an SMWB, unless otherwise noted vendor is non minority.
**Award of New and Renewal Annual Goods & Services Requirement Contracts and Maintenance Agreements**

B. The following items will establish estimated quantities, unit price and delivery for the Service and Supply Contracts and their extensions. These items are included in the current budget. Payment will be made from the applicable fund. Estimated annual purchase is based on unit price bid; actual total and quantities, may vary from the estimate.

<table>
<thead>
<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>NO(s.)</th>
<th>PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Marcan Underwater</td>
<td>Annual Contract for Potable and Reuse Water Storage Tank Cleaning and Inspection Bid No. 17-5078</td>
<td>All</td>
<td>$94,950.00</td>
<td>This is a new contract. This contract will be utilized by System for the purchase of Potable &amp; Reuse Water Storage Tank Cleaning and Inspection Services on an annual scheduled basis. This contract will be effective Date of Award (February 6, 2018) through December 31, 2018. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of two (2) additional one-year options to extend as provided for, and approved for in future years budgets.</td>
</tr>
<tr>
<td>2. Alamo Crane Service, Inc.</td>
<td>Annual Contract for Crane and Equipment Rental Service Bid No. 17-0296</td>
<td>All</td>
<td>$65,955.00</td>
<td>This is a new contract. This contract will be utilized by System for the purchase of Crane, Flat-Bed and related Equipment Rental on an as needed basis. This contract will be effective Date of Award (February 6, 2018) through December 31, 2018. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of four (4) additional one-year options to extend as provided for, and approved for in future years budgets.</td>
</tr>
<tr>
<td>3. CMC Construction Services</td>
<td>Annual Contract for Reinforcing Steel Products Bid No. 17-0204A</td>
<td>Group 1</td>
<td>$59,037.50</td>
<td>This is a new contract. This contract will be utilized by System for the purchase of reinforcing steel products on an as needed basis. These products will be used by crews for concrete work. This contract will be effective Date of Award (February 6, 2018) through December 31, 2018. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of four (4) additional one-year options to extend as provided for, and approved for in future years budgets.</td>
</tr>
</tbody>
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Award of New and Renewal Annual Goods & Services Requirement Contracts and Maintenance Agreements

B. The following items will establish estimated quantities, unit price and delivery for the Service and Supply Contracts and their extensions. These items are included in the current budget. Payment will be made from the applicable fund. Estimated annual purchase is based on unit price bid; actual total and quantities, may vary from the estimate.

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<th>PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Alamo Distribution, LLC&lt;sup&gt;1&lt;/sup&gt; dba Alamo Iron Works</td>
<td>Annual Contract for Reinforcing Steel Products Bid No. 17-0204A</td>
<td>Group 2</td>
<td>$ 9,450.00</td>
<td>(Same as above)</td>
</tr>
<tr>
<td>5. BFI Waste Systems of North America, LLC</td>
<td>Landfilling of Biosolids Bid No. 17-0791</td>
<td>All</td>
<td>$ 1,675,350.00</td>
<td>This is a new contract. This contract will be utilized by System for disposal of biosolids at a registered or permitted co-disposal landfill. The first year of the five year contract will be effective February 6, 2018 through December 31, 2018. A second biosolids contract was awarded in January and this year will be used to better determine actual annual quantity of biosolids to be sent to the landfill. System will return to the board for subsequent years funding.</td>
</tr>
<tr>
<td>6. Reliability Point, LLC</td>
<td>Annual Contract for Aries Sewer Equipment Inspection Parts and Repair Services Bid No. 17-0176</td>
<td>All</td>
<td>$ 186,750.00</td>
<td></td>
</tr>
</tbody>
</table>

$ 2,091,492.50

*Indicates vendor is an SMWB unless otherwise noted vendor is non minority.

DIRECTOR Comments

Five vendors were invited to bid, and bid was posted on Demandstar and SAWS Website. Bid requires contractor to load and transport to a Type 1 landfill. BFI dba Tessman Road Landfill is the only Type 1 landfill in this area. Since biosolids must be transported, it is not cost effective for landfills outside of our area to bid. Recommend award.

This is a sole source contract. This contract will be utilized for the purchase of Sewer Inspection Equipment Part and Services Repairs for the System Distribution & Collection Department on an as needed basis. These parts will be used when repairing sewer inspection equipment on the combo units used to clean sanitary sewer lines. This contract will be effective Date of Award (February 6, 2018) through December 31, 2018. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of four (4) additional one-year options to extend as provided for, and approved for in future years budgets.

Board Date: February 6, 2018
**Award of New and Renewal Annual Goods & Services Requirement Contracts and Maintenance Agreements**

B. The following items will establish estimated quantities, unit price and delivery for the Service and Supply Contracts and their extensions. These items are included in the current budget. Payment will be made from the applicable fund. Estimated annual purchase is based on unit price bid; actual total and quantities, may vary from the estimate.

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<td></td>
<td>DIRECTOR Comments</td>
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<tr>
<td></td>
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<td></td>
<td>SAWS televising fleet consists of eight vans equipped with Aries video inspection camera systems and ancillary support equipment. To maintain productivity the Aries equipment must be maintained and operational. This contract is for replacement parts and for the services to repair equipment as needed. Reliable Point, LLC is the exclusive dealer for Aires in Texas. Recommend award.</td>
</tr>
</tbody>
</table>

*Indicates vendor is an SMWB unless otherwise noted vendor is non minority.*
# San Antonio Water System

Annual Contract for Potable and Reuse Water Storage Tank Cleaning and Inspection

(Republic Jan. 1, 2018 through Dec. 31, 2018)

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Description and Approximate Quantity</th>
<th>2018 TANK INSPECTION &amp; CLEANING PRICING LIST</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Brackenridge (Ave B) Reuse Water Ground Storage Tank</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>0.4 MG; 54 feet diam.; 28.0 feet overall height</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inspection Cost Drained 0.00 300.00 250.00 499.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Drained Cleaning cost per additional 1&quot; of sedimentation 0.00 25.00 N/A 850.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inspection Cost In-service (not drained) 700.00 300.00 300.00 499.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cleaning Cost In-service (not drained) 1,000.00 2,000.00 1,250.00 5,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Underwater Cleaning cost per additional 1&quot; of sedimentation 400.00 500.00 250.00 450.00</td>
</tr>
<tr>
<td>1</td>
<td>TOTAL</td>
<td>2,100.00 3,125.00 2,050.00 7,298.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Coliseum Reuse Water Elevated Storage Tank</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>0.5 MG; 75 feet diam.; 43 feet bowl height; 140 feet overall height</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inspection Cost Drained 0.00 300.00 300.00 499.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Drained Cleaning cost per additional 1&quot; of sedimentation 0.00 25.00 N/A 850.00</td>
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<tr>
<td></td>
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<td>Inspection Cost In-service (not drained) 700.00 750.00 350.00 499.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cleaning Cost In-service (not drained) 1,400.00 3,250.00 1,600.00 2,450.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Underwater Cleaning cost per additional 1&quot; of sedimentation 400.00 500.00 250.00 450.00</td>
</tr>
<tr>
<td>2</td>
<td>TOTAL</td>
<td>2,500.00 4,825.00 2,500.00 4,748.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Dos Rios Reuse Water Hydro-Pneumatic Tank</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>20 K; 10 feet diam.; 6.5 feet Water Level Tank; 40 feet length</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inspection Cost Drained 0.00 100.00 250.00 499.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Drained Cleaning cost per additional 1&quot; of sedimentation 0.00 25.00 N/A 450.00</td>
</tr>
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<td><strong>0.50 MG; 38.0 feet diam.; 64.0 feet overall height</strong></td>
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<td><strong>1.50 MG; 96.0 feet diam.; 42.0 feet bowl height; 117 feet overall height</strong></td>
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<td>Drained Cleaning cost per additional 1&quot; of sedimentation 0.00 25.00 N/A 450.00</td>
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## SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**
**SAN ANTONIO, TEXAS 78208-2449**

### TABULATION OF BIDS

**PROPOSAL**
Annual Contract for Potable and Reuse Water Storage Tank Cleaning and Inspection

**TOR**
(January 1, 2018 through December 31, 2018)

**DATE:**
3:00 p.m., October 31, 2017

### TABLE OF BIDS

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<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>Mission Potable Water Ground Storage Tank</th>
<th>Northridge Potable Water Elevated Standpipe Tank</th>
<th>Oliver Ranch Potable Water Ground Storage Tank</th>
<th>Pipers Meadow Potable Water Ground Storage Tank</th>
<th>Pipestone Potable Water Ground Storage Tank</th>
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<tr>
<td></td>
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<td>5.0 MG; 147.0 feet diam.; 48.0 feet overall height</td>
<td>1.50 MG; 88.0 feet diam.; 56.0 feet bowl height; 127.0 feet overall height</td>
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<td>Drained Cleaning cost per additional 1” of sedimentation</td>
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<td>Underwater Cleaning cost per additional 1” of sedimentation</td>
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### NT: Underwater Cleaning Services
- **Location:** 1901 Applewood Hill Ln, Houston, TX 77004
- **Contact:** 281-629 (Re, 281-629)

### NT: H28 Solutions, LLC
- **Location:** 920 W. Sahmin Ave., Ste. 208, Las Vegas, NV 89117
- **Contact:** 702-303-8733

### NT: Taylor Diving, Inc.
- **Location:** P.O. Box 4815, Las Vegas, NV 89116
- **Contact:** 702-227-1545

### NT: INSPECTOR SERVICES
- **Location:** P.O. Box 123, San Antonio, TX 78282
- **Contact:** 210-227-1545

### NT: INSPECTOR SERVICES
- **Location:** P.O. Box 123, San Antonio, TX 78282
- **Contact:** 210-227-1545

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- **Location:** P.O. Box 123, San Antonio, TX 78282
- **Contact:** 210-227-1545

### NT: INSPECTOR SERVICES
- **Location:** P.O. Box 123, San Antonio, TX 78282
- **Contact:** 210-227-1545
# SAN ANTONIO WATER SYSTEM

P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449

## TABULATION OF BIDS

**PROPOSAL:** Annual Contract for Potable and Reuse Water Storage Tank Cleaning and Inspection

**FOR:**

**TIME & DATE:** (January 1, 2018 through December 31, 2018) 3:00 p.m., October 31, 2017

**ITEM NO** | **DESCRIPTION AND APPROXIMATE QUANTITY**
--- | ---
17 | **Roft Potable Water Ground Storage Tank**
2.2 MG; 96 feet diam.; 40 feet overall height
Inspection Cost Drained 0.00 300.00 300.00 499.00
Drained Cleaning cost per additional 1" of sedimentation 0.00 25.00 N/A 450.00
Inspection Cost In-service (not drained) 700.00 500.00 250.00 499.00
Cleaning Cost In-service (not drained) 2,000.00 2,500.00 1,400.00 13,500.00
Underwater Cleaning cost per additional 1" of sedimentation 100.00 100.00 250.00 450.00
**TOTAL** 2,800.00 3,425.00 2,275.00 15,398.00

18 | **Roft Potable Water Hydro-Pneumatic Tank**
0.20 MG; 10.0 feet diam.; 6.5 feet Water/Level Tank; 32 feet length
Inspection Cost Drained 0.00 300.00 250.00 499.00
Drained Cleaning cost per additional 1" of sedimentation 0.00 25.00 N/A 450.00
Inspection Cost In-service (not drained) 1,000.00 300.00 300.00 N/A
Cleaning Cost In-service (not drained) 0.00 500.00 1,250.00 N/A
Underwater Cleaning cost per additional 1" of sedimentation 0.00 100.00 250.00 N/A
**TOTAL** 1,000.00 1,225.00 2,050.00 949.00

19 | **South Foster Potable Water Composite Storage Tank**
2.0 MG; 100.0 feet diam.; 44.0 feet overall bowl height
Inspection Cost Drained 0.00 300.00 300.00 499.00
Drained Cleaning cost per additional 1" of sedimentation 0.00 25.00 N/A 450.00
Inspection Cost In-service (not drained) 700.00 500.00 325.00 499.00
Cleaning Cost In-service (not drained) 2,000.00 2,500.00 1,400.00 2,850.00
Underwater Cleaning cost per additional 1" of sedimentation 100.00 100.00 250.00 450.00
**TOTAL** 2,750.00 3,425.00 2,275.00 4,748.00

20 | **Turtle Creek No. 1 Potable Water Ground Storage Tank**
0.50 MG; 51.5 feet diam.; 31.9 feet overall height
Inspection Cost Drained 0.00 300.00 275.00 499.00
Drained Cleaning cost per additional 1" of sedimentation 0.00 25.00 N/A 450.00
Inspection Cost In-service (not drained) 700.00 500.00 300.00 499.00
Cleaning Cost In-service (not drained) 1,000.00 2,500.00 1,250.00 4,450.00
Underwater Cleaning cost per additional 1" of sedimentation 0.00 100.00 250.00 450.00
**TOTAL** 1,700.00 3,425.00 2,075.00 6,348.00

21 | **Turtle Creek No. 2 Potable Water Ground Storage Tank**
0.50 MG; 51.5 feet diam.; 31.9 feet overall height
Inspection Cost Drained 0.00 300.00 275.00 499.00
Drained Cleaning cost per additional 1" of sedimentation 0.00 25.00 N/A 450.00
Inspection Cost In-service (not drained) 700.00 500.00 300.00 499.00
Cleaning Cost In-service (not drained) 2,000.00 2,500.00 1,250.00 4,450.00
Underwater Cleaning cost per additional 1" of sedimentation 0.00 100.00 250.00 450.00
**TOTAL** 2,700.00 3,425.00 2,075.00 6,348.00
# SAN ANTONIO WATER SYSTEM
## P. O. BOX 2449
## SAN ANTONIO, TEXAS 78289-2449
## TABULATION OF BIDS

**FOR:**
Annual Contract for Potable and Reuse Water Storage Tank Cleaning and Inspection

**TIME & DATE:**
January 1, 2018 through December 31, 2018
3:00 p.m., October 31, 2017

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<tr>
<th>ITEM NO</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>17-5078</th>
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</table>
| **West Avenue Potable Water Elevated Storage Tank**
0.5 MG, 50 feet diam.; 145 feet overall height
Inspection Cost
0.00  300.00  300.00  499.00
Drained Cleaning cost per additional 1" of sedimentation
0.00  25.00  N/A  450.00
Cleaning Cost In-service (not drained)
700.00  750.00  350.00  499.00
Underwater Cleaning cost per additional 1" of sedimentation
0.00  100.00  250.00  450.00
| **TOTAL** | 1,900.00  4,425.00  2,500.00  4,048.00 |

| **Calle Briseno No.1 Potable Water Ground Storage Tank**
0.21 MG, 16 feet diam.; 16 feet overall height
Inspection Cost
0.00  200.00  250.00  499.00
Drained Cleaning cost per additional 1" of sedimentation
0.00  25.00  N/A  450.00
Cleaning Cost In-service (not drained)
700.00  500.00  1,250.00  4,550.00
Underwater Cleaning cost per additional 1" of sedimentation
0.00  100.00  250.00  450.00
| **TOTAL** | 1,400.00  1,025.00  2,050.00  6,448.00 |

| **Calle Briseno No.2 Potable Water Ground Storage Tank**
0.21 MG, 16 feet diam.; 16 feet overall height
Inspection Cost
0.00  200.00  300.00  499.00
Drained Cleaning cost per additional 1" of sedimentation
0.00  25.00  N/A  450.00
Cleaning Cost In-service (not drained)
700.00  500.00  1,600.00  4,450.00
Underwater Cleaning cost per additional 1" of sedimentation
0.00  100.00  250.00  450.00
| **TOTAL** | 1,400.00  1,025.00  2,500.00  6,348.00 |

| **Hickory Hollow Potable Water Elevated Storage Tank**
0.5 MG, 58 feet diam.; 33.0 feet overall Bowl height
Inspection Cost
0.00  300.00  300.00  499.00
Drained Cleaning cost per additional 1" of sedimentation
0.00  25.00  N/A  450.00
Cleaning Cost In-service (not drained)
700.00  750.00  350.00  499.00
Underwater Cleaning cost per additional 1" of sedimentation
1,300.00  3,250.00  1,600.00  2,150.00
| **TOTAL** | 2,100.00  4,425.00  2,500.00  4,048.00 |

| **Palo Alto Potable Water Elevated Storage Tank**
0.5 MG, 58 feet diam.; 33.0 feet overall Bowl height
Inspection Cost
0.00  300.00  300.00  499.00
Drained Cleaning cost per additional 1" of sedimentation
0.00  25.00  N/A  450.00
Cleaning Cost In-service (not drained)
700.00  750.00  350.00  499.00
Underwater Cleaning cost per additional 1" of sedimentation
1,000.00  3,250.00  1,600.00  2,150.00
| **TOTAL** | 2,000.00  4,425.00  2,500.00  4,048.00 |
### SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**  
**SAN ANTONIO, TEXAS  78298-2449**

**TABULATION OF BIDS**

**PROPOSAL**  
Annual Contract for Potable and Reuse Water Storage Tank Cleaning  
and Inspection

**DATE**  
(January 1, 2018 through December 31, 2018)

**TIME & PLACE**  
3:00 p.m., October 31, 2017

#### 27. Shady Forest Potable Water Elevated Storage Tank
- **Size:** 0.5 MG, 58 feet diam.; 33.5 feet overall Bowl height
- **Costs:**
  - Inspection Cost Drained: 0.00
  - Drained Cleaning cost per additional 1" of sedimentation: 0.00
  - Inspection Cost In-service (not drained): 700.00
  - Cleaning Cost In-service (not drained): 1,000.00
  - Underwater Cleaning cost per additional 1" of sedimentation: 300.00

**TOTAL:**
2,000.00

#### 28. Zarzamora Potable Water Ground Storage Tank
- **Size:** 2.0 MG, 104 feet diam.; 34 feet overall height
- **Costs:**
  - Inspection Cost Drained: 0.00
  - Drained Cleaning cost per additional 1" of sedimentation: 0.00
  - Inspection Cost In-service (not drained): 700.00
  - Cleaning Cost In-service (not drained): 2,000.00
  - Underwater Cleaning cost per additional 1" of sedimentation: 300.00

**TOTAL:**
3,000.00

#### 29. Minor Repair (Item F)
- **Cost:**
  - Hourly Rate for 40 Hours: 4,000.00
  - Total: 3,000.00

#### 30. Hourly Rate for 60 Hours
- **Cost:**
  - Total: 5,000.00

#### 31. Drained Out of Service Cleaning
- **Cost:**
  - Total: 13,500.00

### TOTAL AMOUNT FOR YEAR 2018 (ITEMS 1-30)

#### 2019 TANK INSPECTION & CLEANING PRICING LIST

<table>
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<th>Size</th>
<th>Overall Height</th>
<th>Inspection Drained</th>
<th>Cleaning Drained</th>
<th>Inspection In-service</th>
<th>Cleaning In-service</th>
<th>Underwater Cleaning</th>
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<td>Zarzamora</td>
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<td>275.00</td>
<td>499.00</td>
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**TOTAL:**
94,950.00
### SAN ANTONIO WATER SYSTEM
P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449

**TABULATION OF BIDS**

**Proposal:**
Annual Contract for Potable and Reuse Water Storage Tank Cleaning and Inspection

**For:**
(January 1, 2018 through December 31, 2018)

**Time & Date:**
3:00 p.m., October 31, 2017

<table>
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<tr>
<th>ITEM #</th>
<th>DESCRIPTION AND QUANTITY</th>
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**SAN ANTONIO WATER SYSTEM**
P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449
### SAN ANTONIO WATER SYSTEM
P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449

**TABULATION OF BIDS**

**TOR**
Annual Contract for Potable and Reuse Water Storage Tank Cleaning and Inspection

**TM & A**
(January 1, 2018 through December 31, 2018)

**DATE**
3:00 p.m., October 31, 2017

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<th>ITEM NO</th>
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# SAN ANTONIO WATER SYSTEM

## P. O. BOX 2449

SAN ANTONIO, TEXAS 78298-2449

### TABULATION OF BIDS

**FOR:**
Annual Contract for Potable and Reuse Water Storage Tank Cleaning

**and Inspection**

**DATE:**
3:00 p.m., October 31, 2017

**TIME & PLACE:**
January 1, 2018 through December 31, 2018

**DESCRIPTION AND APPROXIMATE QUANTITY**

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## SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**

**SAN ANTONIO, TEXAS 78298-2449**

### TABULATION OF BIDS

**PROPOSAL:** Annual Contract for Potable and Reuse Water Storage Tank Cleaning and Inspection

**FOR:** (January 1, 2018 through December 31, 2018)

**TIME & DATE:** 3:00 p.m., October 31, 2017

### ITEM NO. | DESCRIPTION AND APPROXIMATE QUANTITY | EMERSON UNDERWATER SERVICES, LLC | H2O SOLUTIONS, LLC | TAYLOR DIVING, INC. | TEXAS TANK SERVICES | US UNDERWATER SERVICES
---|---|---|---|---|---|---
16 | **Pearsall Reuse Water Ground Storage Tank**
*2.50 MG, 120.0 feet diam.; 33.0 feet overall height*

- **Inspection Cost Drained**
  - 0.00

- **Drained Cleaning cost per additional 1" of sedimentation**
  - 0.00

- **Cleaning Cost In-service (not-drained)**
  - 300.00

- **Cleaning Cost In-service (not-drained)**
  - 5,000.00

- **Underwater Cleaning cost per additional 1" of sedimentation**
  - 1,000.00

| TOTAL | | | | | | | 6,300.00 |

17 | **San Geronimo Potable Water Concrete Storage Tank No.1/No.2**
*0.20 MG, feet diam.; 32 feet overall height*

- **Inspection Cost Drained**
  - 0.00

- **Drained Cleaning cost per additional 1" of sedimentation**
  - 0.00

- **Cleaning Cost In-service (not-drained)**
  - 700.00

- **Cleaning Cost In-service (not-drained)**
  - 700.00

- **Underwater Cleaning cost per additional 1" of sedimentation**
  - 500.00

| TOTAL | | | | | | | 1,900.00 |

18 | **South Foster Potable Water Elevated Storage Tank**
*2.0 MG, 100 feet diam.; 44 feet overall Bowl height 165.0 overall height*

- **Inspection Cost Drained**
  - 0.00

- **Drained Cleaning cost per additional 1" of sedimentation**
  - 0.00

- **Cleaning Cost In-service (not-drained)**
  - 700.00

- **Cleaning Cost In-service (not-drained)**
  - 700.00

- **Underwater Cleaning cost per additional 1" of sedimentation**
  - 500.00

| TOTAL | | | | | | | 2,700.00 |

19 | **Stozer Reuse Water Ground Storage Tank No. 2**
*2.2 MG, 84.0 feet diam.; 51.0 feet overall height*

- **Inspection Cost Drained**
  - 0.00

- **Drained Cleaning cost per additional 1" of sedimentation**
  - 0.00

- **Cleaning Cost In-service (not-drained)**
  - 2,000.00

- **Cleaning Cost In-service (not-drained)**
  - 2,000.00

- **Underwater Cleaning cost per additional 1" of sedimentation**
  - 1,000.00

- **Sedimentation Transport fees**
  - 0.00

| TOTAL | | | | | | | 2,750.00 |

20 | **Amhurst Potable Water Elevated Storage Tank**
*0.8 MG; 62.0 feet diam.; 35.0 feet Bowl height overall height 110*

- **Inspection Cost Drained**
  - 0.00

- **Drained Cleaning cost per additional 1" of sedimentation**
  - 0.00

- **Cleaning Cost In-service (not-drained)**
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- **Cleaning Cost In-service (not-drained)**
  - 1,000.00

- **Underwater Cleaning cost per additional 1" of sedimentation**
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<p>| TOTAL | | | | | | | 1,700.00 |</p>
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<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>MURRIN UNDERWATER SERVICES, LLC</th>
<th>MR2 SOLUTIONS, LLC</th>
<th>TAYLOR'S DIVING, INC.</th>
<th>TAYLOR'S DIVING, INC.</th>
<th>TEXAS TANK SERVICES</th>
<th>US UNDERWATER SERVICES</th>
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<td>21</td>
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SAN ANTONIO WATER SYSTEM
P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449

TABULATION OF BIDS

Annual Contract for Potable and Reuse Water Storage Tank Cleaning and Inspection
(January 1, 2018 through December 31, 2018)

Closing Time & Date: 3:00 p.m., October 31, 2017

<table>
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<th>Description and Approximate Quantity</th>
<th>SAROCO Underwater Services, LLC</th>
<th>RAND Solutions, LLC</th>
<th>Taylor Divinc, Inc.</th>
<th>Texas Tank Services</th>
<th>US Underwater Services</th>
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2020 TANK INSPECTION & CLEANING PRICE LIST

34th Street Potable Water Ground Storage Tank
5 MG; 164.5 feet diam.; 44.3 feet overall height

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<th>Description and Approximate Quantity</th>
<th>SAROCO Underwater Services, LLC</th>
<th>RAND Solutions, LLC</th>
<th>Taylor Divinc, Inc.</th>
<th>Texas Tank Services</th>
<th>US Underwater Services</th>
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<tbody>
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<td>5,425.00</td>
<td>3,125.00</td>
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<td>20,483.00</td>
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</table>
**SAN ANTONIO WATER SYSTEM**

**P. O. BOX 2449**

**SAN ANTONIO, TEXAS 78298-2449**

**TABULATION OF BIDS**

**ITEM NO** | **DESCRIPTION AND APPROXIMATE QUANTITY** |
---|---|
1 | **ASR Clearwell No.2 Potable Water Ground Storage Tank** 7.5 MG; 227 feet diam.; 47.5 feet overall height  
Inspection Cost Drained | 0.00  
Drained Cleaning cost per additional 1" of sedimentation | 0.00  
Cleaning Cost In-service (not-drained) | 700.00  
Underwater Cleaning cost per additional 1" of sedimentation | 0.00  
**TOTAL** | 10,700.00  
2 | **Brackenridge (Ave. B) Reuse Water Ground Storage Tank** 0.4MG; 54 feet diam.; 28.0 feet overall height  
Inspection Cost Drained | 0.00  
Drained Cleaning cost per additional 1" of sedimentation | 0.00  
Cleaning Cost In-service (not-drained) | 700.00  
Underwater Cleaning cost per additional 1" of sedimentation | 0.00  
**TOTAL** | 2,100.00  
3 | **Babcock Potable Water Elevated Storage Tank** 2.5 MG; 104 feet diam.; 160 feet overall height  
Inspection Cost Drained | 0.00  
Drained Cleaning cost per additional 1" of sedimentation | 0.00  
Cleaning Cost In-service (not-drained) | 700.00  
Underwater Cleaning cost per additional 1" of sedimentation | 0.00  
**TOTAL** | 2,700.00  
4 | **Braun Potable Water Standpipe Tank** 0.72 MG; 32.5 feet diam.; 125.0 feet overall height  
Inspection Cost Drained | 0.00  
Drained Cleaning cost per additional 1" of sedimentation | 0.00  
Cleaning Cost In-service (not-drained) | 700.00  
Underwater Cleaning cost per additional 1" of sedimentation | 0.00  
**TOTAL** | 3,200.00  
5 | **Broadview Potable Water Ground Storage Tank** 5.5 MG; 134.0 feet diam.; 24.5 feet overall height  
Inspection Cost Drained | 0.00  
Drained Cleaning cost per additional 1" of sedimentation | 0.00  
Cleaning Cost In-service (not-drained) | 700.00  
Underwater Cleaning cost per additional 1" of sedimentation | 0.00  
**TOTAL** | 5,700.00

**NOTE:** All costs are in USD.

**Tabulation of Bids Summary:**

- **ASR Clearwell No.2 Potable Water Ground Storage Tank:** Total cost $10,700
- **Brackenridge (Ave. B) Reuse Water Ground Storage Tank:** Total cost $2,100
- **Babcock Potable Water Elevated Storage Tank:** Total cost $2,700
- **Braun Potable Water Standpipe Tank:** Total cost $3,200
- **Broadview Potable Water Ground Storage Tank:** Total cost $5,700

**Additional Information:**

- **Location:** San Antonio, Texas
- **Date:** October 31, 2017
- **Contract Period:** January 1, 2018 through December 31, 2018

---

*This tabulation is for the annual contract for potable and reuse water storage tank cleaning and inspection.*
# Annual Contract for Potable and Reuse Water Storage Tank Cleaning

<table>
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<th>ITEM NO</th>
<th>DESCRIPTION AND APPROPRIATE QUANTITY</th>
<th>MCRN UNDERWATER SERVICES, LLC</th>
<th>H2O SOLUTIONS, LLC</th>
<th>TAYLOR DIVING, INC.</th>
<th>US UNDERWATER SERVICES</th>
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<tbody>
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<td>Callaghan Potable Water Elevated Storage Tank</td>
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<tr>
<td>8</td>
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<p>| TOTAL   |                                      |                                      | 2,200.00 | 4,425.00 | 2,550.00 | 4,808.00 |
|         |                                      |                                      | 2,000.00 | 4,825.00 | 2,550.00 | 4,608.00 |
|         |                                      |                                      | 500.00   | 575.00   | 250.00   | 979.00   |
|         |                                      |                                      | 2,700.00 | 4,425.00 | 2,700.00 | 4,557.00 |</p>
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<th>San Antonio, Texas 78298-2449</th>
<th>TEL: (210) 207-7171</th>
<th>Fax: (210) 207-7172</th>
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<td>0.00</td>
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<td>Inspection Cost In-service (not-drained)</td>
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<td>Underwater Cleaning cost per additional 1' of sedimentation</td>
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<td>10,400.00</td>
<td>7,425.00</td>
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<td>2,200.00</td>
<td>3,425.00</td>
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### TABULATION OF BIDS

#### SAN ANTONIO WATER SYSTEM
P. O. BOX 2449  
SAN ANTONIO, TEXAS 78298-2449

**Annual Contract for Potable and Reuse Water Storage Tank Cleaning and Inspection**

(January 1, 2018 through December 31, 2018)

**DATE:** 3:00 p.m., October 31, 2017

**ITEM NO.** DESCRIPTION AND APPROXIMATE QUANTITY

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<th>Item No</th>
<th>Storage Tank Description</th>
<th>Quantity</th>
<th>Inspection Cost Drained</th>
<th>Drained Cleaning cost per additional 1&quot; of sedimentation</th>
<th>Inspection Cost In-service (not-drained)</th>
<th>Cleaning Cost In-service (not-drained)</th>
<th>Underwater Cleaning cost per additional 1&quot; of sedimentation</th>
<th>Total</th>
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| 17 | Golden Potable Water Ground Storage Tank  
15.0 MG; 226 feet diam.; 50 feet overall height | | 0.00 | 300.00 | 400.00 | 529.00 |
| | | | 0.00 | 25.00 | N/A | 650.00 |
| | | | 700.00 | 500.00 | 500.00 | 529.00 |
| | | | 15,000.00 | 9,500.00 | 5,000.00 | 41,000.00 |
| | | | 0.00 | 10.00 | 250.00 | 650.00 |
| | TOTAL | | 15,700.00 | 10,425.00 | 6,150.00 | 43,350.00 |
| 18 | Hutchins Potable Water Elevated Storage Tank  
0.05 MG; 50.0 feet Bowl height 157.0 feet overall height | | 0.00 | 300.00 | 300.00 | 529.00 |
| | | | 0.00 | 25.00 | N/A | 450.00 |
| | | | 1,700.00 | 750.00 | 350.00 | 529.00 |
| | | | 500.00 | 3,250.00 | 1,050.00 | 2,150.00 |
| | | | 0.00 | 100.00 | 250.00 | 450.00 |
| | TOTAL | | 2,200.00 | 4,425.00 | 2,250.00 | 4,108.00 |
| 19 | King Potable Water Ground Storage Tank  
0.05 MG; 84 feet diam.; 48 feet overall height | | 0.00 | 300.00 | 275.00 | 529.00 |
| | | | 0.00 | 25.00 | N/A | 450.00 |
| | | | 700.00 | 500.00 | 300.00 | 529.00 |
| | | | 700.00 | 2,500.00 | 1,350.00 | 6,100.00 |
| | | | 0.00 | 100.00 | 250.00 | 450.00 |
| | TOTAL | | 1,400.00 | 3,425.00 | 2,175.00 | 8,058.00 |
| 20 | La Rosa Potable Water Hydro-Pneumatic Storage Tank  
3.0 MG; 122.0 feet diam.; 34.0 feet overall height | | 0.00 | 300.00 | 275.00 | 529.00 |
| | | | 0.00 | 25.00 | N/A | 550.00 |
| | | | 700.00 | 500.00 | 300.00 | 529.00 |
| | | | 3,500.00 | 2,500.00 | 1,400.00 | 1,000.00 |
| | | | 0.00 | 100.00 | 250.00 | 550.00 |
| | TOTAL | | 4,200.00 | 3,425.00 | 2,175.00 | 8,080.00 |
| 21 | Stevens Ranch Potable Water Elevated Storage Tank  
2.5 MG; 103.0 feet diam.; 265.0 feet overall height | | 0.00 | 300.00 | 300.00 | 529.00 |
<p>| | | | 0.00 | 25.00 | N/A | 650.00 |
| | | | 700.00 | 750.00 | 350.00 | 529.00 |
| | | | 2,000.00 | 3,250.00 | 1,650.00 | 6,250.00 |
| | | | 0.00 | 100.00 | 250.00 | 650.00 |
| | TOTAL | | 2,700.00 | 4,425.00 | 2,550.00 | 8,608.00 |</p>
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<td>Waterwood Potable Water Elevated Storage Tank</td>
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<td>Vestal Potable Water Elevated Storage Tank</td>
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<td>Emergency Services (Item E)</td>
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**TOTAL AMOUNT FOR YEAR 2020 (ITEMS 1-26)**

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**SAN ANTONIO WATER SYSTEM**

**P. O. BOX 2449**

**SAN ANTONIO, TEXAS 78298-2449**

**TABULATION OF BIDS**

**PROPOSAL**

Annual Contract for Potable and Reuse Water Storage Tank Cleaning and Inspection

**FOR**

(Studying January 1, 2018 through December 31, 2018)

**DATE**

3:00 p.m., October 31, 2017

**ITEM NO.**

DESCRIPTION AND APPROXIMATE QUANTITY

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<td>30 days</td>
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*BID BIDDER*

BID INVITATIONS WERE E-MAILED TO AND/OR PICKED UP BY:

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<th>Address</th>
<th>City, State, Zip</th>
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<td>American Underwater Services</td>
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<td>H2O Solutions</td>
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<td>Hydro-Klean</td>
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<td>Liquid Engineering</td>
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<td>Marcan Underwater Services</td>
<td>9030 W. Sahara Ave., Ste. #208</td>
<td>Las Vegas, NV 89117</td>
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<td>HD5 Solutions, LLC</td>
<td>19011 Applecrest Hill Ln</td>
<td>Houston, TX 77084</td>
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<tr>
<td>Taylor’d Diving, Inc.</td>
<td>P.O. Box 48015</td>
<td>Watauga, TX 76148</td>
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<td>Texas Tank Services</td>
<td>103 Stacy Dr.</td>
<td>Whitehouse, TX 75791</td>
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<td>US Underwater Services</td>
<td>123 Seminole Drive</td>
<td>Mansfield, TX 76063</td>
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**Utility Service**

**Demandstar**

**SAWS Website**
### SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**  
**SAN ANTONIO, TEXAS 78298-2449**

**TABULATION OF BIDS**

**PROPOSAL**  
Annual Contract for  
Crane and Equipment Rental Service

**FOR**  
(January 1, 2018 through December 31, 2018)

**TIME & DATE**  
3:00 p.m., December 5, 2017

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<td>20 days</td>
<td>30 days</td>
<td>20 days</td>
</tr>
</tbody>
</table>

*LOW BIDDER*

BIDS INVITATIONS WERE E-MAILED TO AND/OR PICKED UP BY:

- Alamo Crane Service
- Americrane Rentals
- Briggs Equipment
- Higginbotham
- Howell Crane & Rigging, Inc.
- RSC Equipment Rental
- SAWs Website
## Proposal for Time & Date

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Group 1</th>
<th>Group 2</th>
<th>Extension 1</th>
<th>Extension 2</th>
<th>Extension 3</th>
<th>Extension 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reinforcing Steel Products</td>
<td>Steel Dowel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>150,000 feet</td>
<td>3,000 ea.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Rebar, Type Grade 60, #3, Size 3/8&quot; x 20' (Item #15107)</td>
<td>Dowel Steel Hot Roll 3/8&quot; x 18&quot; (Item #16243)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>30,000 feet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Rebar, Type Grade 60, #4, Size 1/2&quot; x 20' (Item #15108)</td>
<td>Dowel Steel Hot Roll 1/2&quot; x 18&quot; (Item #16244)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>20,000 feet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Rebar, Type Grade 60, #5, Size 5/8&quot; x 20' (Item #15106)</td>
<td></td>
<td></td>
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<tr>
<td>4.</td>
<td>20,000 feet</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Reinforcing Steel Bar delivered in 10 feet sections Asphalt, Fiber, Size 1/2&quot; x 3-1/2&quot; x 10', Expansion Joint Material (Item #9270)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>150 RI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Reinforcing Steel Product delivered in 336 feet sections Wire, Handroll Type, Size 16 Gauge x 336', Rebar Tying, Material Steel (Item #17554)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>50 ea.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Reinforcing Steel Product Rebar, Type Ties, Size 5&quot; (Item #15109)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>32,000 each</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Reinforcing Steel Product Rebar, Chairs, Size 2-3/16&quot; (Item #10330)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL GROUP 1, ITEMS 1-7</td>
<td>TOTAL GROUP 2</td>
<td>EXTENSION 1</td>
<td>EXTENSION 2</td>
<td>EXTENSION 3</td>
<td>EXTENSION 4</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Bid Invitations

KLP Commercial
Lynwood SA
Metals 4 U
Metaltronics
MG Buildings Materials
River City Steel

*LOW BIDDER*
## Five Year Contract for Landfilling of Biosolids

**FOR TIME &** (February 6, 2018 through December 31, 2022)

**DATE** 3:00 p.m., December 15, 2017

### TABULATION OF BIDS

<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT PRICE/ Wet Ton</th>
<th>Terms</th>
<th>Delivery Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Broils Landfill Tipping and Hauling</td>
<td>45,000 Wet Tons</td>
<td>Net</td>
<td>30 days</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.23</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**LOW BIDDER**

*37.23

1,675,350.00

**WILL RETURN TO THE BOARD FOR SUBSEQUENT YEARS FUNDING**

BID INVITATIONS WERE E-MAILED TO AND/OR PICKED UP BY:

- Waste Management
- Synagro
- Republic Services
- Merrell Bros.
- BFI Waste Systems of North
BID 17-0176
ANNUAL CONTRACT FOR ARIES SEWER INSPECTION EQUIPMENT
PARTS AND SERVICE REPAIRS
SOLE SOURCE

The SAWS Line Cleaning & Televising Division includes seven crews that inspect sewer mains using closed-circuit televising equipment. These crews perform work required by the EPA Consent Decree. The televising fleet consists of eight vans equipped with Aries video inspection camera systems and ancillary support equipment. To maintain productivity for the seven crews, the Aries equipment must be maintained and operational. There are a number of parts on the camera systems that have to be replaced periodically due to deterioration. Damages to equipment also occur during sewer line inspections in poor condition pipes. This contract provides a vehicle to purchase replacement parts and to have damaged equipment repaired and/or replaced so that the televising crews have the equipment they need to perform their work.

Reliable Point, LCC is the exclusive dealer for Aries in Texas. Aries is the sole source supplier of the parts required to maintain SAWS' Aries sewer line televising equipment. SAWS has a significant investment in this equipment having used it for over five years.

- Contract will be to procure parts and labor to maintain existing video inspection camera systems and ancillary support equipment provided by Aries.
- Prices are based on a negotiated labor rate and a pre-approved standard price list with a 5% discount.
- Award is for one year with four one-year options to extend.

Base Year: 02/06/18 – 12/31/18   $186,750.00
Extension 1: 1/1/2019 – 12/31/19   $186,750.00
Extension 2: 1/1/2020 – 12/31/20   $186,750.00
Extension 3: 1/1/2021 – 12/31/21   $186,750.00
Extension 4: 1/1/2022 – 12/31/22   $186,750.00
**PRICING**

BASE PERIOD: 2/6/2018 – 12/31/2018

**ITEM 1: Various ARIES Parts Supplies** – unit pricing on various items specified are contained in the file.

<table>
<thead>
<tr>
<th>Various ARIES Parts &amp; Supplies</th>
<th>UOM</th>
<th>Extended Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various Aries Parts &amp; Supplies SAWS Estimate Usage</td>
<td>lump sum</td>
<td>$120,000.00</td>
</tr>
</tbody>
</table>

**ITEM 2: Other Unlisted Miscellaneous Parts**

<table>
<thead>
<tr>
<th>Item No</th>
<th>Annual Estimated Usage (a)</th>
<th>Discount in % based on Manufacturer’s Retail Price (b)</th>
<th>Total Discount (c) (a \times b)</th>
<th>Extended Price (a - c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>27311</td>
<td>$40,000</td>
<td>5%</td>
<td>$2,000.00</td>
<td>$38,000.00</td>
</tr>
</tbody>
</table>

**Item 2 Sub Total**

$38,000.00

**ITEM 3: Labor/Service Charge**

<table>
<thead>
<tr>
<th>Item No</th>
<th>Description</th>
<th>UOM</th>
<th>Estimated Qty</th>
<th>Price / Hr</th>
<th>Extended Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>27312</td>
<td>Labor/Service Charges Regular Hours</td>
<td>hour</td>
<td>200</td>
<td>$125.00</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>38425</td>
<td>Labor/Service Charge Overtime Hours</td>
<td>hour</td>
<td>30</td>
<td>$125.00</td>
<td>$3,750.00</td>
</tr>
</tbody>
</table>

**Item 3 Sub Total**

$28,750.00

**GRAND TOTAL $186,750.00**

Items I, II and III
TO: San Antonio Water System Board of Trustees

FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF PROFESSIONAL SERVICES CONTRACT IN CONNECTION WITH THE E-74 ROSILLO CREEK SEWER PROJECT

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a professional services contract to Arcadis U.S., Inc., a local, non-SMWVB firm, and authorizes funds in the amount of $848,308.00 in connection with the E-74 Rosillo Creek Sewer Project (the “Project”).

- The contract that is the subject of the attached resolution will authorize work that is required by the Consent Decree between the San Antonio Water System (the “System”), the United States of America, and the State of Texas that was lodged in the United States District Court for the Western District of Texas on July 23, 2013.

- The Project will address a capacity constraint in the eastern watershed and is necessary to comply with the EPA Consent Decree. This project consists of constructing approximately 2,750 feet of 60-inch sewer pipe near Interstate Highway 10 and Ackerman Road within Rosillo Creek.

- A Request for Qualifications was issued on September 29, 2017. A total of seven firms submitted statements of qualifications for this solicitation. Arcadis U.S., Inc. was selected based on the System’s Architect and Engineer Selection Process.

- Basic services to be provided include review of design, bid phase, services during construction, and project closeout services related to the Project. Basic services on this project total an amount not to exceed $709,754.00.

- Supplemental Services include, but are not limited to, surveying, environmental, cultural, geotechnical, subsurface utility engineering, and other additional professional services. Total supplemental services on this project total an amount not to exceed $138,554.00.

- The total fee for engineering services is not to exceed $848,308.00.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2017 Capital Improvement Program. The sewer work is included in the Wastewater Main Replacement Core Business budget line item. The amount is $848,308.00 for sewer related engineering work. The job number is 18-4512.

SUPPLEMENTARY COMMENTS:

Seven firms responded to the Request for Qualifications. Arcadis U.S., Inc. was selected through the System’s Architect and Engineer Selection Process as a qualified consultant. The submitting firms are as follows:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alan Plummer &amp; Associates, Inc.</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td><strong>Arcadis U.S., Inc.</strong></td>
<td><strong>Local/Non–SMWVB</strong></td>
</tr>
<tr>
<td>Bain Medina Bain, Inc.</td>
<td>Local/WBE–Caucasian</td>
</tr>
<tr>
<td>Black &amp; Veatch Corp.</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Halff Associates, Inc.</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>K. Friese &amp; Associates</td>
<td>Local/WBE–Caucasian</td>
</tr>
<tr>
<td>Unintech Consulting Engineers, Inc.</td>
<td>Local/WBE–Asian</td>
</tr>
</tbody>
</table>

*Selected Firm

Arcadis U.S., Inc. proposed to use the following subconsultants for services on this contract:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Percent of Fee</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arias &amp; Associates, Inc.</td>
<td>5.34%</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>Bain Medina Bain, Inc.</td>
<td>12.94%</td>
<td>Local/WBE–Caucasian</td>
</tr>
<tr>
<td>Big Red Dog, Inc.</td>
<td>4.82%</td>
<td>Local/SBE</td>
</tr>
<tr>
<td>Blanton &amp; Associates, Inc.</td>
<td>9.62%</td>
<td>Local/WBE–Caucasian</td>
</tr>
<tr>
<td>Brierley Associates, Inc.</td>
<td>6.51%</td>
<td>Non–Local/–Non–SMWVB</td>
</tr>
<tr>
<td>The Rios Group, Inc.</td>
<td>2.75%</td>
<td>Local/WBE–Hispanic</td>
</tr>
<tr>
<td>Vickrey &amp; Associates, Inc.</td>
<td>8.30%</td>
<td>Local/WBE–Caucasian</td>
</tr>
</tbody>
</table>
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>E-74 Rosillo Creek Sewer Project</th>
<th>Arcadis U.S., Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMWVB Analysis – Board Award</td>
<td></td>
</tr>
<tr>
<td>SBE</td>
<td>4.82%</td>
</tr>
<tr>
<td>MBE – African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – Asian</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
<td>5.34%</td>
</tr>
<tr>
<td>MBE – Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE – Minority</td>
<td>2.75%</td>
</tr>
<tr>
<td>WBE – Non-Minority</td>
<td>30.85%</td>
</tr>
<tr>
<td>SMWVB Total</td>
<td>43.76%</td>
</tr>
</tbody>
</table>

Gail A. Hamrick-Pigg, P.E.
Director
Pipelines

APPROVED:

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction

Robert R. Puente
President/Chief Executive Officer

Attachments
1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A PROFESSIONAL SERVICES CONTRACT TO ARCADIS U.S., INC. IN THE AMOUNT OF $848,308.00 IN CONNECTION WITH THE E-74 ROSILLO CREEK SEWER PROJECT; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $848,308.00 FROM THE SYSTEM’S PROJECT FUND FOR THE PROJECT ENGINEERING WORK; APPROVING THAT AN AMOUNT NOT TO EXCEED $848,308.00 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM’S PROJECT FUND FOR PROJECT ENGINEERING WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH ARCADIS U.S., INC., AND TO PAY ARCADIS U.S., INC. AN AMOUNT NOT TO EXCEED $848,308.00 FOR THE PROJECT ENGINEERING WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) requires professional engineering services (the “project engineering work”) related to the E-74 Rosillo Creek Sewer Project (the “Project”); and

WHEREAS, the project engineering work will consist of all services necessary for the design and construction of the Project; and

WHEREAS, Arcadis U.S., Inc., a local, non-SMWVB firm, was selected through the System’s Architect and Engineer Selection Process for the Project engineering work; and

WHEREAS, a contract in an amount not to exceed $848,308.00 is to be awarded to Arcadis U.S., Inc.; and

WHEREAS, the amount of $848,308.00 is available from the System’s Project Fund for the project engineering work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to award a professional services contract to Arcadis U.S., Inc. in the amount of $848,308.00 in connection with the E-74 Rosillo Creek Sewer Project, (ii) to authorize the expenditure of funds in an amount not to exceed $848,308.00 for the project engineering work, (iii) to make available an amount not
to exceed $848,308.00 from the System's Project Fund for the project engineering work, and (iv) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a professional services contract with Arcadis U.S., Inc., and to pay Arcadis U.S., Inc. an amount not to exceed $848,308.00 for the project engineering work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a professional services contract to Arcadis U.S., Inc. in the amount of $848,308.00 in connection with the E-74 Rosillo Creek Sewer Project is hereby awarded.

2. That the expenditure of funds in an amount not to exceed $848,308.00 for the project engineering work is hereby approved.

3. That an amount not to exceed $848,308.00 for the project engineering work is hereby made available and is to be expended from the System’s Project Fund.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract with Arcadis U.S., Inc., and to pay Arcadis U.S., Inc. an amount not to exceed $848,308.00 for the project engineering work.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 6th day of February, 2018.

_____________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_____________________________________
Ernesto Arrellano, Jr., Secretary
AGENDA ITEM NO. 9

TO: San Antonio Water System Board of Trustees

FROM: Gail Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF ADDITIONAL FUNDS FOR PROFESSIONAL SERVICES IN CONNECTION WITH THE C_5_CULEBRA TO CASTROVILLE TO LAREDO AND C_28_ZARZAMORA CREEK_N SAN GABRIEL TO NW 23RD STREET PROJECT

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution amends Resolution No. 11-269 by authorizing additional funds to an existing professional services contract with CP&Y, Inc., a local, MBE-Asian firm, in an amount not to exceed $186,505.00 for engineering services in connection with the C_5_Culebra to Castroville to Laredo and C_28_Zarzamora Creek_N San Gabriel to NW 23rd Street Project.

- This project involves work that is required by Section V. B- Early Action Program of the Consent Decree between the San Antonio Water System (the “System”), the United States of America, and the State of Texas that was lodged in the United States District Court for the Western District of Texas on July 23, 2013.

- This project was identified in the Comprehensive Wastewater Master Plan developed by the System’s Master Planning Division. The project will repair or replace sewer pipe and associated siphons which are in poor condition and require additional capacity.

- The C_5_Culebra to Castroville to Laredo and C_28_Zarzamora Creek_N San Gabriel to NW 23rd Street Project is being constructed in multiple phases: Phase 1A, 1B, 2, and 3. The project consists of approximately 26,000 feet of 12-inch to 42-inch wastewater mains for the Central Basin along Apache Creek and Bandera Branch Tributary between South San Jacinto Street and Culebra Road and approximately 6,000 feet of 15-inch to 21-inch wastewater mains along West Houston, Landa Avenue and Zarzamora Creek from Northwest 23rd Street to North San Gabriel.

- By Resolution No. 11-269, passed and approved on September 13, 2011, the System’s Board of Trustees approved a professional services contract in the amount of $1,344,017.00 with CP&Y Inc. in connection with the C_5_Culebra to Castroville to Laredo and C_28_Zarzamora Creek_N San Gabriel to NW 23rd Street Project.

- Funds approved by Resolution No. 12-490 provided for additional professional services related to a multi-phase construction approach and additional survey requirements for
compliance with City of San Antonio directives. Total cost for additional supplemental services was $253,610.00.

- Funds approved by Resolution No. 15-240 provided for professional services related to splitting Phase 1 into two phases, coordination and the addition of joint bid plans from San Antonio River Authority for Linear Trails for Phase 1B. Total cost for additional services was $489,523.00.

- Additional funds approved provided for professional services related to additional Subsurface Utility Engineering (SUE) services and Phase 2 bypass pumping plan. Total cost for additional services was $24,995.00.

- Additional engineering design services are required for developing the contract documents and providing services during construction associated with the Laredo Street Trench Repair Emergency Project. Professional services and construction phase services are required in the amount of $22,355.00.

- Additional engineering design services are required for developing the contract documents and providing services during construction associated with remaining items resulting from the termination of the Phase 1A contract between the System and Spiess Construction Co., Inc. Professional services and construction phase services are required in the amount of $67,768.00.

- Additional field services including SUE investigation, geotechnical investigation, and topographic survey are required to finalize the design of proposed infrastructure improvements as part of Phase 3 of this Project. Additional field services are required in the amount of $96,382.00.

- The total cost for additional services is $186,505.00.

- CP&Y, Inc., submitted a proposal, in the amount not to exceed $186,505.00, to perform the additional engineering services.

- Additional funding in the amount of $186,505.00 is available from the System Project Fund and can be added to the current contract with CP&Y, Inc.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2018 Capital Improvement Program. The work is included in the Wastewater Core Business, Collection Growth, C_5_Culebra to Castroville to Laredo and C_28_Zarzamora Creek N San Gabriel to NW 23rd Street Project budget line item. The amount is $186,505.00 for the additional wastewater engineering work. The job number is 11-2502.

<table>
<thead>
<tr>
<th><strong>Amount Authorized</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Contract Amount (Resolution No. 11-269)</td>
<td>$1,344,017.00</td>
</tr>
<tr>
<td>Funds Approved (Resolution No. 12-490)</td>
<td>253,610.00</td>
</tr>
<tr>
<td>Funds Approved (Resolution No. 15-240)</td>
<td>489,523.00</td>
</tr>
<tr>
<td>Funds Approved</td>
<td>24,995.00</td>
</tr>
<tr>
<td>Proposed Additional Funds</td>
<td>186,505.00</td>
</tr>
<tr>
<td>Revised Contract Amount</td>
<td>$2,298,650.00</td>
</tr>
</tbody>
</table>

As a result of the additional funds, the new contract amount is $2,298,650.00. This represents an increase of 71.0 percent to the System’s original contract amount.

Gail Hamrick-Pigg, P.E.  
Director  
Pipelines

Andrea L.H. Beymer, P.E.  
Vice President  
Engineering and Construction

Robert R. Puente  
President/Chief Executive Officer

Attachments:  
1. Project Area Map  
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AMENDING RESOLUTION NO. 11-269, AS PREVIOUSLY AMENDED BY RESOLUTION NOS. 12-490 AND 15-240, BY APPROVING ADDITIONAL EXPENDITURES TO THE EXISTING PROFESSIONAL SERVICES CONTRACT WITH CP&Y, INC. IN AN AMOUNT NOT TO EXCEED $186,505.00 FROM THE SYSTEM'S PROJECT FUND IN CONNECTION WITH THE C_5_CULEBRA TO CASTROVILLE TO LAREDO AND C_28_ZARZAMORA CREEK _N SAN GABRIEL TO NE 23RD STREET PROJECT; APPROVING THAT AN AMOUNT NOT TO EXCEED $186,505.00 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM'S PROJECT FUND FOR THE ADDITIONAL ENGINEERING SERVICES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO PAY AN ADDITIONAL AMOUNT NOT TO EXCEED $186,505.00 TO CP&Y, INC. FOR ADDITIONAL ENGINEERING SERVICES; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the C_5_Culebra to Castroville to Laredo and C_28_Zarzamora Creek _N San Gabriel to NW 23rd Street Sewer project was identified in the Comprehensive Wastewater Master Plan developed by the San Antonio Water System’s (the “System”) Master Planning Division to repair or replace mains in poor condition due to deterioration and require additional capacity; and

WHEREAS, the System’s Board of Trustees (the “Board”) by Resolution No. 11-269, adopted September 13, 2011, originally approved the expenditure of $1,344,017.00 for professional engineering services with CP&Y, Inc. in connection with the C_5_Culebra to Castroville to Laredo and C_28_Zarzamora Creek _N San Gabriel to NW 23rd Street Sewer Project (the “Project”); and

WHEREAS, additional funding for CP&Y, Inc. is needed for the additional professional engineering services for developing the contract documents and providing services during construction associated with the Laredo Street Trench Repair Emergency Project, for developing the contract documents and providing services during construction associated with remaining items resulting from the termination of the Phase 1A contract, and for Subsurface Utility Engineering investigation, geotechnical investigation, and topographic survey associated with Phase 3; and
WHEREAS, additional funding to the existing professional services contract with CP&Y, Inc. in an amount not to exceed $186,505.00 are required for CP&Y, Inc. to provide additional professional engineering services; and

WHEREAS, the required amount of $186,505.00 is available from the System’s Project Fund for the additional engineering services; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to amend Resolution No. 11-269, as previously amended by Resolution Nos. 12-490 and 15-240, by approving additional expenditures to the existing professional services contract with CP&Y, Inc. in an amount not to exceed $186,505.00, for a total authorization not to exceed $186,505.00 in connection with the C_5_Culebra to Castroville to Laredo and C_28_Zarzamora Creek_N San Gabriel to NW 23rd Street Project, (ii) to make available the total amount not to exceed $186,505.00 from the System’s Project Fund for the additional engineering services, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to pay an additional amount not to exceed $186,505.00 to CP&Y, Inc. for the additional engineering services in connection with the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That Resolution No. 11-269, as previously amended by Resolution Nos. 12-490 and 15-240, is hereby amended for additional engineering services to the existing professional services contract with CP&Y, Inc. in an amount not to exceed $186,505.00, to an amended total authorization of $2,298,650.00 in connection with the C_5_Culebra to Castroville to Laredo and C_28_Zarzamora Creek_N San Gabriel to NW 23rd Street Project.

2. That an additional amount not to exceed $186,505.00 is hereby made available and is to be expended from the System’s Project Fund for additional engineering services related to the project work.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to pay CP&Y, Inc. an amount not to exceed $186,505.00 for additional engineering services related to the project work.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.
6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 6th day of February, 2018.

Berto Guerra, Jr., Chairman

ATTEST:

Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Michael L. Myers, P.E., Director, Plants and Major Projects, and Andrea L.H. Beymer, P.E., Vice President, Engineering & Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF PROFESSIONAL SERVICES CONTRACT IN CONNECTION WITH THE PRODUCTION FACILITIES DESIGN ENGINEERING WORK ORDER CONTRACT

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a professional services contract to Maestas & Associates, Inc., a local, MBE-Hispanic firm, and authorizes funds in the amount of $450,000.00 in connection with the Production Facilities Design Engineering Work Order Contract.

- The San Antonio Water System’s (the “System”) engineering staff routinely hires engineering consultants to design most Capital Improvement Program (CIP) projects for water production and transmission, heating and cooling, building, recycle, and wastewater collection and treatment facilities through the Request for Qualifications; however, assistance is required to meet unspecified CIP projects that are identified as “urgent” and with limited scope of services.

- The use of design engineering work order contracts allow these projects to be assigned as soon as they are identified, thereby avoiding delays associated with the selection of individual consultants needed for large projects. This practice will ensure that the System is able to meet the requested expedited design schedules.

- Projects will be assigned to the contract on a work order basis as they are identified. The scope of services and fees will be negotiated for each project prior to authorization to proceed.

- The scope of work may include surveying, civil, structural, mechanical, electrical, instrumentation and controls, right of way services, subsurface utility investigation, environmental services and permitting, preliminary engineering evaluation and recommendations, preparation of design plans, specifications, construction cost estimates, schedules, and bid documents, bid and construction phase services, substantial and final acceptance inspections, record drawings, preparation of construction acceptance documents, and involvement in other related construction phase services that may be necessary due to the nature of a project.
Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure included in the 2018 Capital Improvement Program. The work is included in the Water Delivery Core Business, Production Category, Production Facilities Engineering Work Order Contract. The total amount is $450,000.00 under job number is 18-6002.

**SUPPLEMENTARY COMMENTS:**

This contract will be valid for two years from the date of execution. Nine firms responded to the Request for Qualifications. Maestas & Associates, Inc. was selected through the System’s Architect and Engineer Selection Process as a qualified consultant. The submitting firms are as follows:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arcadis U.S., Inc.</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>CP&amp;Y, Inc.</td>
<td>Local/MBE–Asian</td>
</tr>
<tr>
<td>Garver, LLC</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>LNV, Inc.</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>*<em>Maestas &amp; Associates, Inc.</em></td>
<td><strong>Local/MBE–Hispanic</strong></td>
</tr>
<tr>
<td>Merrick &amp; Company</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>TRC Engineers, Inc.</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Vickrey &amp; Associates, Inc.</td>
<td>Local/WBE–Caucasian</td>
</tr>
<tr>
<td>Whitman, Requardt &amp; Associates, LLP</td>
<td>Local/Non–SMWVB</td>
</tr>
</tbody>
</table>

*Selected Firm

Maestas & Associates, Inc., proposed to use the following subconsultants for services on this contract:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Percent of Fee</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardno, Inc.</td>
<td>2.00%</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Don Durden, Inc. dba Civil Engineering Consultants</td>
<td>15.00%</td>
<td>Local/SBE</td>
</tr>
<tr>
<td>Freese &amp; Nichols, Inc.</td>
<td>15.00%</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Gupta &amp; Associates, Inc.</td>
<td>2.00%</td>
<td>Local/MBE–Asian</td>
</tr>
<tr>
<td>Reyes &amp; Hamilton Engineers, PLLC</td>
<td>1.00%</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>Terracon Consultants, Inc.</td>
<td>3.00%</td>
<td>Local/Non–SMWVB</td>
</tr>
</tbody>
</table>
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>SMWVB Analysis – Board Award</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
<td>15.00%</td>
</tr>
<tr>
<td>MBE–African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE–Asian</td>
<td>2.00%</td>
</tr>
<tr>
<td>MBE–Hispanic</td>
<td>63.00%</td>
</tr>
<tr>
<td>MBE–Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE–Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE–Non–Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>SMWVB Total</td>
<td>80.00%</td>
</tr>
</tbody>
</table>

Michael L. Myers, P.E.  
Director  
Plants and Major Projects

Andrea L.H. Beymer, P.E.  
Vice President  
Engineering and Construction

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDED A PROFESSIONAL SERVICES CONTRACT TO MAESTAS & ASSOCIATES, INC. IN THE AMOUNT OF $450,000.00 IN CONNECTION WITH THE PRODUCTION FACILITIES DESIGN ENGINEERING WORK ORDER CONTRACT; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $450,000.00 FROM THE SYSTEM’S PROJECT FUND FOR THE PROJECT ENGINEERING WORK; APPROVING THAT AN AMOUNT NOT TO EXCEED $450,000.00 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM’S PROJECT FUND FOR PROJECT ENGINEERING WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH MAESTAS & ASSOCIATES, INC., AND TO PAY MAESTAS & ASSOCIATES, INC. AN AMOUNT NOT TO EXCEED $450,000.00 FOR THE PROJECT ENGINEERING WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) requires professional engineering assistance to meet unspecified CIP projects that are identified as urgent; and

WHEREAS, the System requires professional engineering services for design in connection with the Production Facilities Design Engineering Work Order Contract (the “project engineering work”); and

WHEREAS, Maestas & Associates, Inc., a local, MBE-Hispanic firm, was selected through the System’s Architect and Engineer Selection Process for the project engineering work; and

WHEREAS, a contract in an amount not to exceed $450,000.00 is to be awarded to Maestas & Associates, Inc.; and

WHEREAS, the amount of $450,000.00 is available from the System’s Project Fund for the project engineering work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to award a professional services contract to Maestas & Associates, Inc. in the amount of $450,000.00 in
connection with the Production Facilities Design Engineering Work Order Contract, (ii) to authorize the expenditure of funds in an amount not to exceed $450,000.00 for the project engineering work, (iii) to make available an amount not to exceed $450,000.00 from the System's Project Fund for the project engineering work, and (iv) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a professional services contract with Maestas & Associates, Inc. and to pay Maestas & Associates, Inc. an amount not to exceed $450,000.00 for the project engineering work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a professional services contract to Maestas & Associates, Inc. in the amount of $450,000.00 in connection with the Production Facilities Design Engineering Work Order Contract is hereby awarded.

2. That the expenditure of funds in an amount not to exceed $450,000.00 for the project engineering work is hereby approved.

3. That an amount not to exceed $450,000.00 for the project engineering work is hereby made available and is to be expended from the System’s Project Fund.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract with Maestas & Associates, Inc., and to pay Maestas & Associates, Inc. an amount not to exceed $450,000.00 for the project engineering work.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

7. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 6th day of February, 2018.

____________________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION TO REIMBURSE THE CITY OF SAN ANTONIO IN CONNECTION WITH THE BELFAST & JANDA SUSAN AREA DRAINAGE PHASE 2 PROJECT

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the President/Chief Executive Officer to reimburse the City of San Antonio (the “City”) in the amount of $513,240.53 for the joint construction of water and sewer facility replacements in connection with the Belfast & Janda Susan Area Drainage Phase 2 Project.

- This project is a City Capital Improvement Program project included in the 2012-2017 Bond Program. The City proposes to construct street and drainage improvements in the project area illustrated on the attached maps. The City’s improvement work is estimated to cost $1,105,279.55.

- Due to the street and drainage improvements, the existing water mains within the project limits, constructed between 1951 and 1980, require replacement to meet current San Antonio Water System (the “System”) standards.

- The existing sewer mains within the project limits, constructed between 1954 and 1959, require replacement to meet current System standards.

- The water work will consist of the replacement of approximately 1,385 feet of 6-inch water and 8-inch water main.

- The sewer work will consist of the replacement of approximately 1,086 feet of 8-inch sewer main.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2018 Capital Improvement Program. The water work is included in the Water Delivery Core Business, Governmental - Water Category, and Governmental Water Replacements budget line item. The amount is $241,551.53 for water work. The job number is 17-5027-000.

The sewer work is included in the Wastewater Core Business, Governmental - Wastewater Category, and Governmental Wastewater Replacements budget line item. The amount is $271,689.00 for sewer work. The job number is 17-5522-000.

SUPPLEMENTARY COMMENTS:

The City received five bids for this project on December 5, 2017. The lowest qualified, responsive bidder for this project is E-Z Bel Construction, LLC, a local, MBE-Hispanic contractor. City Council approved the construction contract on February 8, 2018 and construction is expected to begin February 2018. Time allowed for total construction is 180 calendar days.

Gail A. Hamrick-Pigg, P.E.
Director
 Pipelines

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE EXPENDITURE OF FUNDS IN THE AMOUNT OF $513,240.53 FOR THE REPLACEMENT OF WATER AND SEWER FACILITIES BY THE CITY OF SAN ANTONIO IN CONNECTION WITH THE BELFAST & JANDA SUSAN AREA DRAINAGE PHASE 2 PROJECT; APPROVING AN AMOUNT NOT TO EXCEED $513,240.53 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM'S PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO PAY THE CITY OF SAN ANTONIO AN AMOUNT NOT TO EXCEED $513,240.53 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of San Antonio (the “City”) intends to construct the Belfast & Janda Susan Area Drainage Phase 2 Project as part of its Capital Improvement Program; and

WHEREAS, the City’s Belfast & Janda Susan Area Drainage Phase 2 Project will require the replacement of certain water and sewer facilities (the “project work”) of the San Antonio Water System (the “System”); and

WHEREAS, the City has received a bid for the project work from E-Z Bel Construction, LLC, and this bidder has been determined to be the lowest responsible bidder; and

WHEREAS, System funds in the amount of $513,240.53 are required for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the expenditure of funds in the amount of $513,240.53 for the replacement of water and sewer facilities by the City of San Antonio in connection with the Belfast & Janda Susan Area Drainage Phase 2 Project, (ii) to approve and make available an amount not to exceed $513,240.53 from the System’s Project Fund to reimburse the City of San Antonio for the project work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to pay a total amount not to exceed $513,240.53 to the City of San Antonio for the project work; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the expenditure of funds in the amount of $513,240.53 for the replacement of water and sewer facilities by the City in connection with the Belfast & Janda Susan Area Drainage Phase 2 Project is hereby approved.

2. That an amount not to exceed $513,240.53 to reimburse the City for the project work costs is hereby made available and is to be expended from the System’s Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to pay the City an amount not to exceed $513,240.53 for the replacement of water and sewer facilities by the City in connection with the Belfast & Janda Susan Area Drainage Phase 2 Project.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 6th day of February, 2018.

Berto Guerra, Jr., Chairman

ATTEST:

Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION TO REIMBURSE THE CITY OF SAN ANTONIO IN CONNECTION WITH THE DE ZAVALA ROAD FROM IH-10 TO LOCKHILL-SELMA PROJECT

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the President/Chief Executive Officer to reimburse the City of San Antonio (the “City”) in the amount of $1,734,598.23 for the joint construction of water and sewer facility replacements in connection with the De Zavala Road from IH-10 to Lockhill-Selma Project.

- This project is a Transportation and Capital Improvements project funded by the 2017-2022 General Obligation Funds. The City proposes to construct street and drainage improvements in the project area illustrated on the attached maps. The City’s improvement work is estimated to cost $10,680,090.28.

- Due to the street and drainage improvements within the De Zavala Road Project, the existing water mains constructed in 1972 and 1973 require replacement to meet current San Antonio Water System (the “System”) standards.

- The existing sewer mains within the project limits, constructed in 1973, require replacement to meet current System standards.

- The water work will consist of the replacement of approximately 7,140 feet of 4-inch through 16-inch water mains.

- The sewer work will consist of the replacement of approximately 532 feet of 8-inch through 15-inch sewer mains.

Staff recommends that the Board approve this resolution.
Reimbursement to the City of San Antonio
De Zavala Road from I-10 to Lockhill-Selma Project

FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2018 Capital Improvement Program. The water work is included in the Water Delivery Core Business, Governmental - Water Category, and Governmental Water Replacements budget line item. The amount is $1,531,146.68 for water work. The job number is 14-5074-000.

The sewer work is included in the Wastewater Core Business, Governmental - Wastewater Category, and Governmental Wastewater Replacements budget line item. The amount is $203,451.55 for sewer work. The job number is 14-5574-000.

SUPPLEMENTARY COMMENTS:

The City received six bids for this project on October 31, 2017. The lowest qualified, responsive bidder for this project is Curran Contracting Company, a local, non-SMWVB contractor. City Council approved the construction contract on December 14, 2017 and construction is expected to begin January 2018. Time allowed for total construction is 540 calendar days. The request for reimbursement is requested after City Council approved the award of the construction contract to ensure that the contract is awarded, to determine which contractor was awarded the project, to give the System’s staff time to review the bids and establish the reimbursement amount based on the winning bid.

Gail A. Hamrick-Pigg, P.E.
Director
 Pipelines

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
DE ZAVALA RD FROM IH-10 TO LOCKHILL-SELMA
DE ZAVAŁA RD FROM IH-10 TO LOCKHILL SELMA
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE EXPENDITURE OF FUNDS IN THE AMOUNT OF $1,734,598.23 FOR THE REPLACEMENT OF WATER AND SEWER FACILITIES BY THE CITY OF SAN ANTONIO IN CONNECTION WITH THE DE ZAVALA ROAD FROM IH-10 TO LOCKHILL-SELMA PROJECT; APPROVING AN AMOUNT NOT TO EXCEED $1,734,598.23 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM'S PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO PAY THE CITY OF SAN ANTONIO AN AMOUNT NOT TO EXCEED $1,734,598.23 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of San Antonio (the “City”) intends to construct the De Zavala Road from IH-10 to Lockhill-Selma Project as part of its 2017-2022 General Obligation Funds; and

WHEREAS, the City’s De Zavala Road from IH-10 to Lockhill-Selma Project will require the replacement of certain water and sewer facilities (the “project work”) of the San Antonio Water System (the “System”); and

WHEREAS, the City has received a bid for the project work from Curran Contracting Company, and this bidder has been determined to be the lowest responsible bidder; and

WHEREAS, System funds in the amount of $1,734,598.23 are required for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the expenditure of funds in the amount of $1,734,598.23 for the replacement of water and sewer facilities by the City of San Antonio in connection with the De Zavala Road from IH-10 to Lockhill-Selma Project, (ii) to approve and make available an amount not to exceed $1,734,598.23 from the System’s Project Fund to reimburse the City of San Antonio for the project work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to pay a total amount not to exceed $1,734,598.23 to the City of San Antonio for the project work; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the expenditure of funds in the amount of $1,734,598.23 for the replacement of water and sewer facilities by the City in connection with the De Zavala Road from IH-10 to Lockhill-Selma Project is hereby approved.

2. That an amount not to exceed $1,734,598.23 to reimburse the City for the project work costs is hereby made available and is to be expended from the System’s Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to pay the City an amount not to exceed $1,734,598.23 for the replacement of water and sewer facilities by the City in connection with the De Zavala Road from IH-10 to Lockhill-Selma Project.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 6th day of February, 2018.

________________________________________
Berto Guerra, Jr., Chairman

ATTEST:

________________________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: RATIFICATION OF CHANGE ORDER NO. 4 AND AUTHORIZATION OF ADDITIONAL FUNDS TO REIMBURSE THE CITY OF SAN ANTONIO IN CONNECTION WITH THE DOWNTOWN STREETS RECONSTRUCTION: MAIN, SAN PEDRO, AND NAVARRO PROJECT

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution ratifies the actions of the Vice President of Engineering and Construction in approving Change Order No. 4 in the amount of $284,489.17 and amends Resolution No. 17-008 by approving additional funds in the amount of $284,479.34 for reimbursement to the City of San Antonio (the “City”) in connection with the Downtown Streets Reconstruction: Main, San Pedro, and Navarro Project.

- The City is currently constructing street and drainage improvements in the project area illustrated on the attached maps. This project requires adjustment and replacement of approximately 1,239 feet of 8-inch through 12-inch water mains and the replacement of approximately 1,849 feet of 8-inch through 27-inch sewer mains. Design for this project was done by CDM Smith, Inc.

- Funds in the total amount of $1,161,771.33 were originally approved for the construction of this project by Resolution No. 17-008, adopted January 10, 2017, based on the low bid by Jordan Foster Construction, LLC.

- Change Order No. 1 in the amount of $22,770.00 provided for an extension of approximately 85 feet of 8-inch water main due to a conflict with the proposed storm junction box and drain.

- Change Order No. 2 in the decreased amount of $38,178.35 provided for a change in scope to rehabilitate existing manholes instead of replacing the manholes due to potential faulty connections to the existing brick main.

- Change Order No. 3 in the decreased amount of $569.93 provided for an additional 1-inch Short Service Relay in lieu of a 2-inch Short Service Relay due to the contractor finding the existing service to be a different size than what was originally call out on the plans.
During construction it was determined that the contractor was going to rehabilitate the existing 24-inch and 27-inch sewer main by Cured-In-Place Pipe (CIPP) method using steam curing process rather than water inversion curing process. The contractor was notified that steam curing process was not allowed and it was necessary to change the CIPP to water inversion curing method.

This was necessary because of concerns for public health and safety of nearby hospitals and schools as steam curing increases the concentration of styrene released into the atmosphere.

The San Antonio Water System (the “System”), the City, and the contractor have negotiated a settlement in the amount of $284,489.17 for the additional labor, equipment, and time to perform the additional work, as well as, costs associated with delays and the abandonment of unusable CIPP liner previously purchased for steam curing method and disposal of such materials.

Change Order No. 4 in a total amount not to exceed $284,489.17 provides for this additional work. The contractor was authorized to perform the necessary additional work to avoid any further project delays and additional delay charges.

Funds in the amount of $9.83 are available in the construction contingency for Change Order No. 4. The additional amount includes the short fall of $284,479.34 for Change Order No. 4. The System’s work is 77 percent complete.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this additional expenditure included in the CY 2018 Capital Improvement Program. The sewer work is included in the Wastewater Core Business, Governmental – Wastewater Category, and Governmental Wastewater Replacements budget line item. The amount is $284,479.34 for additional construction contingency expenses. The job number is 12-5618-000.
The authorization and contract amounts for this project are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Amount Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract:</strong></td>
<td></td>
</tr>
<tr>
<td>Original Contract Amount (Resolution No. 17-008)</td>
<td>$1,138,991.50</td>
</tr>
<tr>
<td>Change Order Nos. 1</td>
<td>22,770.00</td>
</tr>
<tr>
<td>Change Order Nos. 2 and 3 (credit)</td>
<td>(38,748.28)</td>
</tr>
<tr>
<td>Proposed Change Order No. 4</td>
<td>284,489.17</td>
</tr>
<tr>
<td>Revised Contract Amount</td>
<td>$1,407,502.39</td>
</tr>
<tr>
<td><strong>Contingency:</strong></td>
<td></td>
</tr>
<tr>
<td>Original Contingency Amount (Resolution No. 17-008)</td>
<td>$22,779.83</td>
</tr>
<tr>
<td>Change Order Nos. 1</td>
<td>(22,770.00)</td>
</tr>
<tr>
<td>Proposed Additional Funds</td>
<td>284,479.34</td>
</tr>
<tr>
<td>Proposed Change Order No. 4</td>
<td>(284,489.17)</td>
</tr>
<tr>
<td>Remaining Contingency Balance</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

The new contract amount for the System’s work as a result of all change orders is $1,407,502.39 which represents an increase of 23.57 percent to the original amount.

Approved:

Gail A. Hamrick-Pigg, P.E.
Director
Pipelines

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
SAN ANTONIO WATER SYSTEM
PROJECT AREA MAP
ATTACHMENT I

DOWNTOWN STREETS RECONSTRUCTION:
MAIN, SAN PEDRO, AND NAVARRO

LEGEND

★ PROJECT SITE

EDWARDS AQUIFER RECHARGE ZONE
SAN ANTONIO WATER SYSTEM
PROJECT SITE MAP
ATTACHMENT II

DOWNTOWN STREETS RECONSTRUCTION:
MAIN, SAN PEDRO, AND NAVARRO

LEGEND
PROJECT LIMITS
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AMENDING RESOLUTION NO. 17-008 BY APPROVING THE EXPENDITURE OF ADDITIONAL FUNDS IN AN AMOUNT NOT TO EXCEED $284,479.34 PAYABLE TO THE CITY OF SAN ANTONIO IN CONNECTION WITH THE DOWNTOWN STREETS RECONSTRUCTION: MAIN, SAN PEDRO, AND NAVARRO PROJECT; APPROVING AN ADDITIONAL AMOUNT NOT TO EXCEED $284,479.34 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM'S PROJECT FUND FOR THE ADDITIONAL PROJECT WORK; RATIFYING THE ACTIONS OF THE VICE PRESIDENT OF ENGINEERING AND CONSTRUCTION IN APPROVING CHANGE ORDER NO. 4 IN THE AMOUNT OF $284,489.17; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE CHANGE ORDER NO. 4 AND TO PAY THE CITY OF SAN ANTONIO AN ADDITIONAL AMOUNT NOT TO EXCEED $284,479.34 FOR ADDITIONAL PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of San Antonio (the “City”) is currently constructing the Downtown Streets Reconstruction: Main, San Pedro, and Navarro Project as part of its Capital Improvement Program; and

WHEREAS, the adjustment and replacement of certain San Antonio Water System (the “System”) water and sewer facilities were included in the City’s bid documents; and

WHEREAS, the System’s Board of Trustees through Resolution No. 17-008, adopted January 10, 2017, originally approved the expenditure of $1,161,771.33 to pay for the System’s project work; and

WHEREAS, during construction, the contractor was going to rehabilitate the existing 24-inch and 27-inch sewer main by Cured-In-Place Pipe (CIPP) method using steam curing process rather than water inversion curing process, therefore the contractor was notified that steam curing process was not allowed and it was necessary to change the CIPP to water inversion curing method; and

WHEREAS, this was necessary because of concerns for public health and safety of nearby hospitals and schools as steam curing increases the concentration of styrene released
into the atmosphere; and

WHEREAS, it was determined that a change order for the additional labor, equipment, and time to perform the additional project work, as well as costs associated with delays and the abandonment of unusable CIPP liner previously purchased for steam curing method and disposal of such materials was required to complete this additional project work; and

WHEREAS, Change Order No. 4 in the amount of $284,489.17 provides for this additional project work; and

WHEREAS, the additional project work cost exceeds the amount available in the construction contingency by $284,479.34; and

WHEREAS, additional System funds in an amount not to exceed $284,479.34 are required in connection with the project work; and

WHEREAS, the total amount of $284,479.34 is available from the System’s Project Fund; and

WHEREAS, the contractor was authorized to proceed with Change Order No. 4 in the interest to avoid any further project delays and additional delay charges; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to amend Resolution No. 17-008 by approving the expenditure of an additional amount not to exceed $284,479.34 payable to the City of San Antonio in connection with the Downtown Streets Reconstruction: Main, San Pedro, and Navarro Project, (ii) to expend an additional amount not to exceed $284,479.34 from the System’s Project Fund for additional project work, (iii) to ratify the actions of the Vice President of Engineering and Construction in approving Change Order No. 4 in the amount of $284,489.17 for the additional project work, and (iv) to authorize the President/Chief Executive Officer or his duly appointed designee to execute Change Order No. 4 and to pay an additional amount not to exceed $284,479.34 to the City of San Antonio for additional project work; now, therefore;

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That Resolution No. 17-008 is hereby amended by authorizing additional funds in an amount not to exceed $284,479.34 payable to the City in connection with the Downtown Streets Reconstruction: Main, San Pedro, and Navarro Project.

2. That an additional amount not to exceed $284,479.34 is hereby made available and is to be expended from the System’s Project Fund.

3. That the actions of the Vice President of Engineering and Construction in approving Change Order No. 4 in the amount of $284,489.17 for the additional project work in connection
with the Downtown Streets Reconstruction: Main, San Pedro, and Navarro Project are hereby ratified.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute Change Order No. 4 and to pay the City an additional amount not to exceed $284,479.34 for additional project work in connection with the Downtown Streets Reconstruction: Main, San Pedro, and Navarro Project.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 6th day of February, 2018.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Michael L. Myers, P.E., Director, Plants and Major Projects, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF PROFESSIONAL SERVICES CONTRACT IN CONNECTION WITH THE BROADBAND ACCESS POINTS AND PROGRAMMABLE LOGIC CONTROLLERS REPLACEMENT – PHASE 2 PROJECT

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a professional services contract to Signature Automation, LLC, a local, MBE-Hispanic firm, and authorizes funds in the amount of $825,000.00 in connection with the Broadband Access Points and Programmable Logic Controllers Replacement – Phase 2 Project (the “project”).

- The San Antonio Water System (the “System”) Supervisory Control and Data Acquisition (SCADA) system allows for the remote control and monitoring of Water Production, Recycled Water, Chilled Water, and Lift Station operations (the “facilities”). The SCADA system utilizes programmable logic controllers (PLC) to accomplish this.

- A broadband communication system is the means for the transfer of SCADA information between the facilities and the System’s Headquarters. The broadband communication system utilizes radios to achieve this.

- A SCADA master plan was completed in 2013 that evaluated the existing SCADA and broadband radio communication system. Recommendations included the replacement of existing aging PLCs, upgrades and standardization of radios, and additional broadband access point sites to increase the system reliability, speed, and cyber security.

- The project is being implemented in multiple phases to minimize impacts to operations and the Capital Improvement Program budget. The phases are prioritized based on the criticality of facilities as determined by the master plan.

- Phase 1 is currently in construction. Phase 2 of this project will provide the necessary recommended improvements for the PLCs and radios at 32 high and medium criticality facilities.

- Also included in this project are improvements to the chlorine analyzer system at various former Bexar Metropolitan Water District facilities. These improvements are necessary to
ensure compliance with local, state, and federal regulations by monitoring the amount of chlorine gas used for the disinfection of water.

- A Request for Qualifications was issued on August 31, 2017 for professional services for this project. Four statements of qualifications were received. Signature Automation, LLC was selected through the System’s Architect and Engineer Selection Process.

- Signature Automation, LLC will provide professional services for a negotiated not to exceed amount of $825,000.00. Services include design, bid and construction.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure included in the CY 2018 Capital Improvement Program. This project is included in the WD – Water Delivery Core Business, Production Category, Broadband Access Points and Programmable Logic Controllers Replacement - Phase 2 project. The total contract amount will not exceed $825,000.00. The job number is 17-6003.

**SUPPLEMENTARY COMMENTS:**

The firms that provided qualifications statements for this project are listed below:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grubb Engineering, Inc.</td>
<td>Local/WBE–Caucasian</td>
</tr>
<tr>
<td>Gupta and Associates, Inc.</td>
<td>Local/MBE–Asian</td>
</tr>
<tr>
<td>Jimenez Engineering Solutions, LLC dba</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>International Consulting Engineers</td>
<td></td>
</tr>
<tr>
<td>Signature Automation, LLC*</td>
<td>Local/MBE–Hispanic</td>
</tr>
</tbody>
</table>

*Selected Firm

Signature Automation, LLC, proposed to use the following subconsultants on this contract:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Percent of Fee</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arcadis U.S., Inc.</td>
<td>5.00%</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>EMA, Inc.</td>
<td>25.00%</td>
<td>Non–Local/Non–SMWVB</td>
</tr>
<tr>
<td>Johnston Technical Services, Inc. dba JTS, Inc.</td>
<td>15.00%</td>
<td>Non–Local /SBE</td>
</tr>
</tbody>
</table>
Additionally, the overall SMWVB analysis is shown in the following table:

| Broadband Access Points and Programmable Logic Controllers Replacement – Phase 2 Project | Signature Automation, LLC |
| SMWVB Analysis – Board Award | |
| SBE | 0.00% |
| MBE – African American | 0.00% |
| MBE – Asian | 0.00% |
| MBE – Hispanic | 55.00% |
| MBE – Other | 0.00% |
| WBE – Minority | 0.00% |
| WBE – Non–Minority | 0.00% |
| SMWVB Total | 55.00% |

Michael L. Myers, P.E.
Director
Plants and Major Projects

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A PROFESSIONAL SERVICES CONTRACT TO SIGNATURE AUTOMATION, LLC IN THE AMOUNT OF $825,000.00 IN CONNECTION WITH THE BROADBAND ACCESS POINTS AND PROGRAMMABLE LOGIC CONTROLLERS REPLACEMENT – PHASE 2 PROJECT; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $825,000.00 FROM THE SYSTEM'S PROJECT FUND FOR PROJECT ENGINEERING WORK; APPROVING THAT AN AMOUNT NOT TO EXCEED $825,000.00 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM'S PROJECT FUND FOR Project ENGINEERING WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH SIGNATURE AUTOMATION, LLC AND TO PAY SIGNATURE AUTOMATION, LLC AN AMOUNT NOT TO EXCEED $825,000.00 FOR THE PROJECT ENGINEERING WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE, AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) Supervisory Control and Data Acquisition (SCADA) system allows for the remote control and monitoring of Water Production, Recycled Water, Chilled Water, and Lift Station operations (the “facilities”); and

WHEREAS, a SCADA master plan was completed in 2013 that evaluated the existing SCADA and broadband radio communication system and recommendations included the replacement of existing aging PLCs, upgrades and standardization of radios, and additional broadband access point sites to increase the system reliability, speed, and cyber security; and

WHEREAS, the project is being implemented in multiple phases to minimize impacts to operations and the Capital Improvement Program budget; and

WHEREAS, Signature Automation, LLC, a local, MBE-Hispanic firm, was selected through the Systems’ Architecture and Engineer Selection Process for the Phase 2 project engineering work; and

WHEREAS, a contract in the negotiated amount not to exceed $825,000.00 is to be awarded to Signature Automation, LLC; and
WHEREAS, the amount of $825,000.00 is available from the System’s Project Fund for the project engineering work; and

WHEREAS, the San Antonio Water System’s Board of Trustees desires (i) to award a professional services contract to Signature Automation, LLC in the amount of $825,000.00 in connection with the Broadband Access Points and Programmable Logic Controllers Replacement – Phase 2 Project, (ii) to authorize the expenditure of funds in an amount not to exceed $825,000.00 for the project engineering work, (iii) to make available funds in an amount not to exceed $825,000.00 from the System’s Project Fund for the project engineering work, and (iv) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a professional services contract with Signature Automation, LLC and to pay Signature Automation, LLC an amount not to exceed $825,000.00 for the project engineering work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a professional services contract to Signature Automation, LLC in the amount of $825,000.00 in connection with the Broadband Access Points and Programmable Logic Controllers Replacement – Phase 2 Project is hereby awarded.

2. That the expenditure of funds in an amount not to exceed $825,000.00 for the project engineering work is hereby approved.

3. That an amount not to exceed $825,000.00 for the project engineering work is hereby made available, and is to be expended from the System’s Project Fund.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract with Signature Automation, LLC and to pay Signature Automation, LLC an amount not to exceed $825,000.00 for the project engineering work.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative, or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

7. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 6th day of February, 2018.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary
AGENDA ITEM NO. 15

TO: San Antonio Water System Board of Trustees

FROM: Philip C. Campos, Jr., Director, Contracting, and Nancy Belinsky, Vice President and General Counsel

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: DELEGATION OF AUTHORITY TO ADMINISTRATIVELY APPROVE ADDITIONAL EXPENDITURES UP TO $25,000.00 FOR CONTRACTS PREVIOUSLY APPROVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution delegates authority to the President/Chief Executive Officer to administratively approve in calendar year 2018 additional expenditures in an amount not to exceed $25,000.00 in the aggregate for each contract or agreement previously approved by the Board of Trustees (the “Board”) and directs the staff to provide the Board with an end-of-year report and to seek re-delegation of this authority on an annual basis.

- San Antonio Water System (the “System”) is party to numerous contracts and agreements that are approved by the Board.

- From time to time, contracts or agreements which have previously been approved by the Board may require an additional expenditure in only a nominal amount.

- In order to improve efficiency of the System, by Resolution No. 10-031 on January 12, 2010, the Board authorized the President/Chief Executive Officer to have the flexibility to administratively approve additional expenditures and appropriate additional funds in an amount not to exceed $10,000.00 in aggregate per contract or agreement previously approved by the Board.

- The appropriation of funds for CY 2010 was in an amount not to exceed $100,000.00 in the aggregate for all contracts or agreements administratively approved.

- By Resolution No. 15-043 on February 10, 2015, the Board authorized an increase from $10,000.00 to $25,000.00 for the President/Chief Executive Officer administrative approvals.

- Since the 2010 Resolution, the Board has approved Resolutions annually from 2011 through 2017 providing for continued authorization for administrative approvals in the appropriate amounts ($10,000.00 or $25,000.00) in the aggregate per contract or agreement.
Delegation of Authority to Administratively Approve Additional Expenditures up to $25,000.00

previously approved by the Board and appropriated funds not to exceed $100,000.00 in the aggregate for all contracts.

- Each year, the Board has also required System staff to provide the Board with an end-of-year report and to return to the Board on an annual basis for similar authority for each subsequent calendar year.

- In 2017, the President/Chief Executive Officer utilized this authority five times, to approve an aggregate expenditure of $59,299.25.

<table>
<thead>
<tr>
<th>Date Signed</th>
<th>Contractor/Consultant</th>
<th>Project Name</th>
<th>Amount</th>
<th>Contract %</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/03/2017</td>
<td>CP&amp;Y, Inc.</td>
<td>C-5 Castroville to Laredo &amp; C-28 San Gabriel to NW 23rd Street Project</td>
<td>$24,995.00</td>
<td>1.56%</td>
</tr>
<tr>
<td>03/02/2017</td>
<td>Halff &amp; Associates, Inc.</td>
<td>South Hausman Road</td>
<td>$3,697.00</td>
<td>3.67%</td>
</tr>
<tr>
<td>03/15/2017</td>
<td>Blonde Creative, LLC</td>
<td>Graphic Design Services</td>
<td>$2,187.25</td>
<td>2.77%</td>
</tr>
<tr>
<td>05/16/2017</td>
<td>Kimley-Horn and Associates, Inc</td>
<td>Lift Station Elimination Phase II</td>
<td>$14,870.00</td>
<td>10.13%</td>
</tr>
<tr>
<td>12/13/2017</td>
<td>Burgess &amp; Niple, Inc.</td>
<td>Sanitary Sewer Line Smoke Testing in CS38 Sub-Basin</td>
<td>$13,550.00</td>
<td>19.15%</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$59,299.25</strong></td>
<td></td>
</tr>
</tbody>
</table>

- Due to the improved efficiency, it would be in the best interest of the System to allow the President/Chief Executive Officer to continue to have the flexibility to administratively approve additional expenditures to an amount not to exceed $25,000.00 in aggregate per contract or agreement previously approved by the Board.

- The appropriation of funds for CY 2018 is an amount not to exceed $100,000.00 in the aggregate for all contracts or agreements administratively approved.

- To institute safeguards and ensure future authorization for this delegation of authority is approved by all then existing members of the Board, this delegation is only for calendar year 2018, and System staff to provide the Board with an end-of-year report and to return to the Board on an annual basis for similar authority for each subsequent calendar year.
Delegation of Authority to Administratively Approve Additional Expenditures up to $25,000.00

FINANCIAL IMPACT:

The total amount not to exceed $100,000.00 in CY 2018.

SUPPLEMENTARY COMMENTS:

The historical use of this authority is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amounts Approved</th>
<th>Times Used</th>
<th>Limit per Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$22,789.67</td>
<td>5</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>2011</td>
<td>$34,098.55</td>
<td>7</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>2012</td>
<td>$20,617.68</td>
<td>3</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>2013</td>
<td>$61,376.89</td>
<td>7</td>
<td>$10,000.00</td>
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<tr>
<td>2014</td>
<td>$35,578.00</td>
<td>5</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>2015</td>
<td>$99,762.30</td>
<td>6</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>2016</td>
<td>$97,918.52</td>
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<td>$25,000.00</td>
</tr>
<tr>
<td>2017</td>
<td>$59,299.25</td>
<td>5</td>
<td>$25,000.00</td>
</tr>
</tbody>
</table>

Philip C. Campos, Jr.  
Director  
Contracting

Nancy Belinsky  
Vice President and General Counsel

APPROVED:

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER TO ADMINISTRATIVELY APPROVE IN CALENDAR YEAR 2018 ADDITIONAL EXPENDITURES IN AN AMOUNT NOT TO EXCEED $25,000.00 IN THE AGGREGATE FOR EACH CONTRACT OR AGREEMENT PREVIOUSLY APPROVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES; AUTHORIZING APPROPRIATION OF FUNDS IN AN AMOUNT NOT TO EXCEED $100,000.00 FOR THIS PURPOSE; DIRECTING THE STAFF TO PROVIDE THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES WITH AN END-OF-YEAR REPORT AND TO SEEK RE-DELEGATION OF THIS AUTHORITY ON AN ANNUAL BASIS; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) is party to numerous contracts and agreements that are approved by the Board of Trustees (the “Board”); and

WHEREAS, from time to time, the contracts or agreements previously approved by the Board may require an additional expenditure in only a nominal amount; and

WHEREAS, in order to improve efficiency of the System, the Board recognizes the benefit of allowing the President/Chief Executive Officer from time to time, to have the flexibility to administratively approve additional expenditures and appropriate additional funds in an amount not to exceed $25,000.00 in the aggregate per contract or agreement previously approved by the Board; and

WHEREAS, the Board would like to delegate this authority on an annual basis, and by this resolution authorizes the President/Chief Executive Officer to administratively approve additional expenditures and appropriate additional funds in calendar year 2018 in an amount not to exceed $25,000.00 in the aggregate per contract or agreement previously approved by the Board, and appropriates an amount not to exceed $100,000.00 for CY 2018 for this purpose; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to delegate this authority on an annual basis, and by this resolution authorizes the President/Chief Executive Officer to administratively approve additional expenditures in calendar year 2018 in an amount not to exceed $25,000.00 in the aggregate per contract or agreement previously approved by the San Antonio Water System Board of Trustees, (ii) to appropriate funds in an amount not to exceed $100,000.00 for this purpose, and (iii) to direct the San Antonio Water System staff to
provide the San Antonio Water System Board of Trustees with an end-of-year report and to seek re-delegation of this authority on an annual basis; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the President/Chief Executive Officer is hereby authorized during calendar year 2018 to approve additional expenditures in an amount not to exceed $25,000.00 in the aggregate per contract or agreement previously approved by the Board, without further individual action by the Board.

2. That an amount not to exceed $100,000.00 is hereby appropriated for this purpose.

3. That the System staff is hereby directed to provide the Board with an end-of-year report and to seek re-authorization of this authority on an annual basis.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 6th day of February, 2018.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Douglas P. Evanson, Senior Vice President/Chief Financial Officer

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF PROFESSIONAL SERVICES CONTRACT IN CONNECTION WITH INVESTMENT CONSULTING SERVICES

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a professional services contract to Hyas Group, LLC (Hyas Group) in connection with investment consulting services to the San Antonio Water System (SAWS) retirement plans investments and administrative services for a three-year term with one optional two-year extension.

- SAWS retirement plans include the San Antonio Water System Retirement Plan, the District Special Project Retirement Income Plan, the San Antonio Water System Retiree Health Trust and three deferred compensation plans (collectively the Plans), with total assets of $322 million as of December 31, 2017.

- The role of the investment consultant is to provide advice to the Plan Sponsors and Investment Committee regarding the administration of the Plans and the investment of the Plans assets.

- SAWS solicited Request for Proposals for an investment consultant in August 2017 and received responses from seven firms.

- The Selection Committee evaluated the proposals pursuant to the criteria established in the Request for Proposal to determine the most qualified firm to provide the required scope of service, interviewing three of the respondents.

- Based on the interviews, the Selection Committee recommends that Hyas Group be awarded a contract to provide investment consulting services to the Plans.

- Total fees will not exceed $146,000.00 per year during the three-year term and $148,900.00 per year during the optional two-year extension.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

Total cost of the professional services contract is not to exceed $146,000.00 per year during the three-year term and $148,900.00 per year during the optional two-year extension, totaling $735,800.00. As this service is for the benefit of the Plans, fees will be paid by the Plans and will have no direct financial impact to SAWS.

SUPPLEMENTAL INFORMATION:

Seven firms responded to the Request for Proposal. Hyas Group was determined to be the most qualified firm to provide the required services.

The submitting firms are as follows:

<table>
<thead>
<tr>
<th>NAME OF FIRM</th>
<th>LOCAL/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>AndCo Consulting, LLC</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Dahab Associates, Inc.</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Gavion, LLC</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Hyas Group, LLC*</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Milliman, Inc.</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Morgan Stanley Smith Barney Holdings, LLC</td>
<td>Local/Non-SMWVB</td>
</tr>
<tr>
<td>PFM Asset Management, LLC</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
</tbody>
</table>

*Selected Firms

There was no SMWVB requirement for this selection.

Douglas P. Evanon
Senior Vice President/Chief Financial Officer

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A PROFESSIONAL SERVICES CONTRACT TO HYAS GROUP, LLC FOR A THREE-YEAR TERM WITH ONE OPTIONAL TWO-YEAR EXTENSION IN CONNECTION WITH INVESTMENT CONSULTING SERVICES RELATING TO THE SAN ANTONIO WATER SYSTEM’S RETIREMENT PLANS; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $146,000.00 PER YEAR FOR THE THREE-YEAR TERM AND $148,900.00 PER YEAR FOR THE OPTIONAL TWO-YEAR EXTENSION; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH HYAS GROUP, LLC AND TO PAY HYAS GROUP, LLC AN AMOUNT NOT TO EXCEED $735,800.00 IN CONNECTION WITH INVESTMENT CONSULTING SERVICES; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) provides retirement and other post-employment medical benefits to its employees; and

WHEREAS, the System’s retirement plans include the San Antonio Water System Retirement Plan, the District Special Project Retirement Income Plan, the San Antonio Water System Retiree Health Trust and three deferred compensation plans (collectively the “Plans”), with total assets of $322 million as of December 31, 2017; and

WHEREAS, the role of the investment consultant is to provide advice to the Plan Sponsors and Investment Committee regarding the administration of the Plans and the investment of the Plans assets; and

WHEREAS, the System solicited a Request for Proposal for investment consulting services in August 2017 and received responses from seven firms; and

WHEREAS, the Selection Committee evaluated the proposals pursuant to the criteria established in the Request for Proposal to determine the most qualified firm to provide the required scope of service, interviewing three of the respondents; and

WHEREAS, based on the interviews, the Selection Committee recommends that Hyas Group, LLC be awarded a contract to provide investment consulting services; and
WHEREAS, total fees will not exceed $146,000.00 per year during the three-year term and $148,900.00 per year during the optional two-year extension.

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to award a professional services contract to Hyas Group, LLC for a three-year term with one optional two-year extension in connection with investment consulting relating to the Plans, (ii) to authorize an amount not to exceed $146,000.00 per year for the first three-year term and $148,900.00 per year for the optional two-year extension, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a professional services contract with Hyas Group, LLC and to pay Hyas Group, LLC an amount not to exceed $735,800.00 in connection with investment consulting services; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a professional services contract with Hyas Group, LLC for a three-year term with one optional two-year extension in connection with investment consulting services is hereby authorized.

2. That the expenditures in an amount not to exceed $146,000.00 per year for the three-year term and $148,900.00 per year for the optional two-year extension is hereby authorized.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract with Hyas Group, LLC and to pay Hyas Group, LLC an amount not to exceed $735,800.00 in connection with investment consulting services.

4. It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public, and that the public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon passage.
PASSED AND APPROVED this 6th day of February 2018.

____________________________________

Berto Guerra, Jr., Chairman

ATTEST:

____________________________________

Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Sree Pulapaka, Vice President/Chief Information Officer, and Douglas P. Evanson, Senior Vice President/Chief Financial Officer

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION OF EXPENDITURES IN CONNECTION WITH THE PURCHASE OF CISCO PRODUCTS AND SERVICES FOR VARIOUS INFORMATION SYSTEMS PROJECTS FOR THE DATA CENTER, NETWORK ENGINEERING AND TELEPHONY GROUPS FOR 2018

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the purchase of Cisco Systems products and services through the State of Texas Department of Information Resources (DIR) Contracts, DIR-TSO-2542 (Cisco Systems) and its resellers for various Information Systems projects for the Data Center, Network Engineering and Telephony Groups for 2018. This resolution also authorizes funding in an amount not to exceed $1,500,000.00 to various resellers for the period of January 01, 2018 through December 31, 2018 to provide Cisco product and services.

• DIR provides statewide leadership and oversight for management of government information and communications technology. By leveraging the state's volume-buying power to drive down costs through a streamlined cooperative purchasing program, DIR has already performed all state of Texas competitive procurement requirements.

• Contracts may be used by state and local government, public education, other public entities in Texas, as well as public entities outside the state. The contract has multiple resellers, to which there are multiple HUB vendors.

• Cisco Systems offers Cisco branded hardware, networking equipment, servers, data storage solutions, and related services through the DIR-TSO-2542 contract with purchase orders going directly to the contract holder or authorized resellers.

• The DIR contract, DIR-TSO-2542 specifies minimum pricing and discounts off of the Cisco Global Price List.

• The discounts listed on DIR-TSO-2542 are minimum guaranteed contract pricing. This means that the Authorized Reseller Vendors must provide, at a minimum, those discounts and cannot offer less favorable pricing discounts than the contract discounts. However, the Authorized Reseller Vendors listed below may offer any additional, incremental discounts to any eligible users under this contract and such additional discounts if offered, may be
The San Antonio Water System’s (SAWS) Information Systems Department uses Cisco products for switching and routing of wired and wireless network traffic, for network security appliances and components, for telephony private branch exchange (PBX) and call center applications, and for servers and aspects of server management. In the past, we have made separate requests throughout the year and to be more efficient, we are again seeking to consolidate requests into one annual request for all budgeted Cisco products.

SAWS Information Systems Department began implementing Cisco products for switching, routing and network security in 2002 when migrating the network technology from Token-Ring to Ethernet. SAWS began implementing Cisco products in late 2003 to replace an analog PBX and related call center applications and fully implemented the solutions in 2005 with the SAWS headquarters move. SAWS migrated to Cisco products for servers and aspects of server management in 2011 as part of a technology refresh for ERSS hardware. Cisco represents a technology portfolio vendor for SAWS similar to Microsoft or Oracle and we have optimized SAWS resources for Cisco products thru training and certifications.

SAWS Purchasing Department will continue the practice of issuing a Request for Quote (RFQ) for all Cisco project requirements and will send the RFQ to defined Cisco resellers to insure SAWS receives the most competitive price.

Over the life of this resolution, the listed Cisco DIR contract will be updated as the contract above expires or additional Cisco contracts are awarded. In addition, contract availability will be updated based upon the Texas Department of Information Resources’ renewal and rebid of existing contracts.

SAWS reserves the right to add/delete authorized DIR contract holders and resellers in accordance with the State of Texas Department of Information Resources (DIR) Contract DIR-TSO-2542.

The combined not to exceed total amount of Cisco products purchases for products and services for 2018 will not exceed $1,500,000.00.

SAWS will return to the Board for Cisco purchases that exceed this value and for subsequent years.

Staff recommends that the Board approve this resolution.
Authorization of Expenditures
Purchase of Cisco Products and Services

FINANCIAL IMPACT:

The item/services will be paid from the SAWS System Fund budgeted in the 2018 budget (Company: 1000, Accounting Unit: Various, Account: Various, as well as from Project Funds - Total 2018 amount: $1,500,000.00).

Skeer Pulapaka
Vice President
Chief Information Officer

Douglas P. Evanson
Senior Vice President
Chief Financial Officer

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachments:
I. Authorized Cisco Resellers
II. Minimum Pricing & Discounts List
### Attachment I

Authorized Cisco products and service resellers on DIR-TSO-2542.

<table>
<thead>
<tr>
<th>Reseller</th>
<th>Local/Non-Local</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Network Management</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>AT&amp;T Corp.</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Carousel Industries</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>CDW Government, LLC</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Centre Technologies, Inc.</td>
<td>Non-Local</td>
<td>Woman Owned</td>
</tr>
<tr>
<td>CenturyLink Communications, LLC</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Commsys Technology Corp.</td>
<td>Non-Local</td>
<td>MBE - Asian</td>
</tr>
<tr>
<td>ConvergeOne, Inc.</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Datavox, Inc</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Desert Communications</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Dimension Data North America Inc.</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Direct Packet, Inc. dba OneVision Solutions</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>DISYS Solutions, Inc.</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Exebridge, Inc</td>
<td>Non-Local</td>
<td>WBE - Hispanic</td>
</tr>
<tr>
<td>FMS Technologies dba Flexile Systems</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>General Datatech, L.P.</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Great South Texas Corporation dba Computer Solutions</td>
<td>Local</td>
<td>WBE - Hispanic</td>
</tr>
<tr>
<td>GTS Technology Solutions, Inc.</td>
<td>Non-Local</td>
<td>WBE-Caucasian</td>
</tr>
<tr>
<td>Insight Public Sector, Inc.</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>LyncVerse Technologies, Inc</td>
<td>Non-Local</td>
<td>MBE - Black</td>
</tr>
<tr>
<td>MNJ TECHNOLOGIES DIRECT, INC.</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Mobius Partners, LLC</td>
<td>Non-Local</td>
<td>MBE - Hispanic</td>
</tr>
<tr>
<td>Netsync Network Solutions, Inc.</td>
<td>Non-Local</td>
<td>WBE - Hispanic</td>
</tr>
<tr>
<td>Network Alliance LLC</td>
<td>Local</td>
<td>WBE - Hispanic</td>
</tr>
<tr>
<td>NWN Corporation</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>PC Specialists, Inc. dba Technology Integration Group (TIG)</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>PCM, Inc. dba PCM Gov, Inc.</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Pivot Solutions, North America, Inc. dba Sigma Solutions</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Porter Burgess Company dba Flair Data Systems</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Presidio Networked Solutions Group, LLC</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Sequel Data Systems, Inc.</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>SHI Government Solutions, Inc.</td>
<td>Non-Local</td>
<td>WBE - Asian</td>
</tr>
<tr>
<td>Sirius Computer Solutions, Inc</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Sky Communications, Inc.</td>
<td>Non-Local</td>
<td>MBE - Black</td>
</tr>
<tr>
<td>Sology, Inc.</td>
<td>Non-Local</td>
<td>WBE - Black</td>
</tr>
<tr>
<td>Strategic Products and Services</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Synetra Inc</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Technology for Education LLC dba TFE</td>
<td>Non-Local</td>
<td>WBE</td>
</tr>
<tr>
<td>The Broadleaf Group, LLC</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Total Communications</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>United Data Technologies, Inc.</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>World Wide Technology, Inc.</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
<tr>
<td>Zones, Inc.</td>
<td>Non-Local</td>
<td>Non SMWVB</td>
</tr>
</tbody>
</table>
Attachment II

State of Texas DIR - Contracts for Cisco Branded Products and Related Services, and their Pricing

The discounts listed below on the DIR contract price schedule are the **minimum guaranteed contract pricing discounts**. This means that the Authorized Contract Holder or Reseller Vendors must provide, **at a minimum**, those discounts and cannot offer less favorable pricing discounts than the contract discounts. However, the Contract Holder or Authorized Reseller Vendors may offer any additional, incremental discounts to any eligible users under these contracts and such additional discounts if offered, may be provided at the discretion and as the sole legal obligation of the Contract Holder or Authorized Reseller Vendors.

**DIR Contract Number: DIR-TSO-2542**
Vendor Name: Cisco Systems, Inc. (many resellers)
Vendor ID: 1770059951100
HUB Type: Non HUB


### Minimum Pricing & Discounts off Cisco US Global Price List

<table>
<thead>
<tr>
<th>Scope of Offering</th>
<th>Discount % off MSRP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cisco Hardware</strong></td>
<td></td>
</tr>
<tr>
<td>Cisco Equipment on the Global Pricelist</td>
<td>36.00%</td>
</tr>
<tr>
<td>Cisco Meraki Price List</td>
<td>36.00%</td>
</tr>
<tr>
<td><strong>Cisco SMARTnet Services</strong></td>
<td></td>
</tr>
<tr>
<td>Government - 1 Year Cisco SMARTnet Contract</td>
<td>10.00%</td>
</tr>
<tr>
<td>Government - 3 Year Cisco SMARTnet Contract</td>
<td>17.00%</td>
</tr>
<tr>
<td>Government - 5 Year Cisco SMARTnet Contract</td>
<td>21.00%</td>
</tr>
<tr>
<td>Education - 1 Year Cisco SMARTnet Contract</td>
<td>25.00%</td>
</tr>
<tr>
<td>Education - 3 Year Cisco SMARTnet Contract</td>
<td>28.00%</td>
</tr>
<tr>
<td>Education - 5 Year Cisco SMARTnet Contract</td>
<td>30.00%</td>
</tr>
<tr>
<td><strong>Cisco Technical &amp; Maintenance Services</strong></td>
<td></td>
</tr>
<tr>
<td>Cisco Technical and Maintenance Services</td>
<td>10.00%</td>
</tr>
<tr>
<td><strong>Partner Services</strong></td>
<td>NTE Amount/Hour*</td>
</tr>
<tr>
<td>Enterprise Network Services I</td>
<td>$285.00</td>
</tr>
<tr>
<td>Enterprise Network Services II</td>
<td>$325.00</td>
</tr>
<tr>
<td>Enterprise Network Services III</td>
<td>$375.00</td>
</tr>
<tr>
<td>Technician</td>
<td>$180.00</td>
</tr>
<tr>
<td>Network Engineer</td>
<td>$225.00</td>
</tr>
<tr>
<td>Senior Network Engineer</td>
<td>$275.00</td>
</tr>
<tr>
<td>Project Manager</td>
<td>$250.00</td>
</tr>
<tr>
<td>Program Manager</td>
<td>$275.00</td>
</tr>
<tr>
<td>Cisco SaaS Offerings (Software as a Service)</td>
<td>10.00%</td>
</tr>
<tr>
<td><strong>Cisco Learning Credits</strong></td>
<td>0.00%</td>
</tr>
</tbody>
</table>
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE PURCHASE OF CISCO PRODUCTS AND SERVICES THROUGH THE STATE OF TEXAS DEPARTMENT OF INFORMATION RESOURCES CONTRACT DIR-TSO-2542 (CISCO SYSTEMS) AND ITS RESELLERS FOR VARIOUS INFORMATION SYSTEMS PROJECTS FOR THE DATA CENTER, NETWORK ENGINEERING AND TELEPHONY GROUPS FOR THE PERIOD OF JANUARY 01, 2018 THROUGH DECEMBER 31, 2018; AUTHORIZING FUNDS TO BE EXPENDED IN FY 2018 FROM THE SYSTEM'S PROJECT FUND AND SYSTEM FUND IN AN AMOUNT NOT TO EXCEED $1,500,000.00; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE CONTRACTS WITH VARIOUS CONTRACT HOLDERS OR RESELLERS FOR CISCO PRODUCTS AND SERVICES FROM JANUARY 01, 2018 THROUGH DECEMBER 31, 2018 AND TO PAY VARIOUS CONTRACT HOLDERS OR RESELLERS AN AMOUNT NOT TO EXCEED $1,500,000.00 FOR CICSO PRODUCTS AND SERVICES FOR VARIOUS INFORMATION SYSTEMS PROJECTS FOR THE DATA CENTER, NETWORK ENGINEERING AND TELEPHONY GROUPS FOR 2018; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the State of Texas Department of Information Resources (DIR) provides statewide leadership and oversight for management of government information and communications technology; and

WHEREAS, contracts may be used by state and local government, public education, other public entities in Texas, as well as public entities outside the state. The contract has multiple resellers, to which there are multiple HUB vendors; and

WHEREAS, Cisco Systems offers Cisco branded hardware, networking equipment, servers, data storage solutions, and related services through the DIR-TSO-2542 contract with purchase orders going directly to the contract holder or authorized resellers; and

WHEREAS, the DIR contract, DIR-TSO-2542 specifies minimum pricing and discounts off of the Cisco Global Price List; and
WHEREAS, the discounts listed on DIR-TSO-2542 are minimum guaranteed contract pricing. This means that the Authorized Reseller Vendors must provide, at a minimum, those discounts and cannot offer less favorable pricing discounts than the contract discounts. However, the Authorized Reseller Vendors may offer any additional, incremental discounts to any eligible users under this contract and such additional discounts if offered, may be provided at the discretion and as the sole legal obligation of the Authorized Reseller Vendors; and

WHEREAS, the San Antonio Water System (the “System”) Information Systems Department uses Cisco products for switching and routing of wired and wireless network traffic, for network security appliances and components, for telephony Private Branch Exchange (PBX) and call center applications, and for servers and aspects of server management. Previously, we have made separate requests throughout the year and to be more efficient, we are seeking to continue to consolidate requests into one annual request for all budgeted Cisco products.

WHEREAS, the System’s Purchasing Department will continue the practice of issuing a Request for Quote (RFQ) for all Cisco project requirements and will send the RFQ to each of the defined Cisco resellers to insure SAWS receives the most competitive price; and

WHEREAS, the combined not to exceed total amount of Cisco products and services purchases for the remainder of 2018 will not exceed $1,500,000.00; and

WHEREAS, the System will return to the Board for Cisco purchases that exceed this value and for subsequent years; and

WHEREAS, it is estimated the amount to be expended from the System Fund and Project Fund is $1,500,000.00; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to accept the use of the State of Texas Department of Information Resources (DIR) contract DIR-TSO-2542 through contract holders or resellers for the purchase of Cisco products and services for various Information Systems projects for the Data Center, Network Engineering and Telephony Groups for the period of January 01, 2018 through December 31, 2018, (ii) to approve the expenditures in an amount not to exceed $1,500,000.00 for FY 2018 from the System Fund and Project Fund, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute contracts with various contract holders or resellers for Cisco products and services from January 01, 2018 through December 31, 2018, and to pay various contract holders or resellers an amount not to exceed $1,500,000.00; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the use of the State of Texas Department of Information Resources (DIR) contract DIR-TSO-2542 through the contract holder or resellers for the purchase of Cisco products and services for various Information Systems projects for the Data Center, Network Engineering and Telephony Groups for 2018 for the period of January 01, 2018 through December 31, 2018 is hereby authorized. Over the life of this resolution, the listed Cisco DIR contract will be updated as the contract above expires or additional Cisco contracts are awarded. In addition, contract
availability will be updated based upon the Texas Department of Information Resources’ renewal and rebid of existing contracts.

2. That an amount not to exceed $1,500,000.00 is hereby made available to be expended from the System Fund and Project Fund for Cisco products and services for various Information Systems related projects for the period of January 01, 2018 through December 31, 2018.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute contracts with various authorized Cisco resellers for the purchase of Cisco products and services for various Information Systems projects for the Data Center, Network Engineering and Telephony Groups for 2018 for the period of January 01, 2018 through December 31, 2018.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to pay an amount not to exceed $1,500,000.00 to the authorized Cisco resellers for Cisco products and services from January 01, 2018 through December 31, 2018.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 6th day of February, 2018.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees  
FROM: Sharon De La Garza, Vice President, Human Resources  
THROUGH: Robert R. Puente, President/Chief Executive Officer  
SUBJECT: AUTHORIZATION TO PURCHASE INSURANCE POLICIES FOR BASIC LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT, VOLUNTARY LIFE INSURANCE, AND LONG TERM DISABILITY FOR THE SAN ANTONIO WATER SYSTEM'S EMPLOYEE BENEFITS PROGRAM  

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the purchase of policies with Standard Insurance Company for basic life, accidental death and dismemberment, voluntary life insurance, and long term disability for the period of January 1, 2018 through December 31, 2018, and ratifies the actions of the Vice President of Human Resources to preserve the continuity of said coverage, including a premium payment of $133,452.62 on January 12, 2018. This resolution also authorizes funding in an amount not to exceed $981,021.00 for FY 2018 for these coverages.

- The San Antonio Water System (the “System”) has historically provided coverage for basic life, accidental death and dismemberment, voluntary life insurance and long term disability.

- Through an Interlocal Agreement between the System and the Public Employee Benefit Alliance (PEBA), the System has access to Standard Insurance Company's life insurance and long term disability proposal, solicited by PEBA.

- Standard Life Insurance has provided these insurance coverages for the System through PEBA since January 1, 2015. Prior coverage was provided through Principal Financial Group.

- The current Standard rates and agreement expired December 31, 2017. In order to preserve continuity of coverage, a premium payment in the amount of $133,452.62 was made on January 12, 2018 based upon Standard’s offered rate.

- Standard Life Insurance has agreed to an additional one-year renewal term for these services at the following rates:
Contract for Basic Life, Accidental Death and Dismemberment, Voluntary Life Insurance and Long Term Disability

<table>
<thead>
<tr>
<th>Insurance Plan</th>
<th>2018 Rate</th>
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</thead>
<tbody>
<tr>
<td>Basic Life Insurance</td>
<td>$.32 per $1000 of coverage for active members</td>
</tr>
<tr>
<td></td>
<td>$.64 per $1000 of coverage for eligible retired members*</td>
</tr>
<tr>
<td>Accidental Death &amp; Dismemberment</td>
<td>$.02 per $1000 of coverage</td>
</tr>
<tr>
<td>Long Term Disability</td>
<td>$.22 per $100 of covered monthly earnings, up to $10,000</td>
</tr>
</tbody>
</table>

* Employees hired after January 1, 2014 no longer have access to this coverage.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

Funds for employee and retiree basic life will be paid from the System’s Annual Operating Budget in 2018 (Company: 1000, Accounting Unit: 1000000, Account: 216000, Total 2018 estimated amount: $750,219.00). Funds for the accidental death and dismemberment coverage will be paid from the (Company: 1000, Accounting Unit: 1000000, Account: 215900, Total 2018 estimated amount: $25,742.00). Funds for long term disability coverage will paid from (Company: 1000, Accounting Unit: 1000000, Account: 215800 Total 2018 estimated amount: $205,060.00).

Actual amounts paid for these coverages are calculated monthly based on the number of employees and their salaries. The estimated annual costs for these programs for 2018 are as follows:

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Basic Life Insurance</td>
<td>$750,219.00</td>
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<tr>
<td>Accidental Death and Dismemberment</td>
<td>$25,742.00</td>
</tr>
<tr>
<td>Long Term Disability</td>
<td>$205,060.00</td>
</tr>
</tbody>
</table>

Voluntary Term Life is fully paid by employees electing this coverage and are dependent on employee age and smoking status. Estimated coverage to be paid by employees in 2018 is $635,247.00.

Sharon De La Garza
Vice President
Human Resources

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AUTHORIZING THE PURCHASE OF INSURANCE POLICIES WITH STANDARD INSURANCE COMPANY FOR BASIC LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT, VOLUNTARY LIFE INSURANCE, AND LONG TERM DISABILITY FOR THE SYSTEM’S EMPLOYEE BENEFITS PROGRAM AND RATIFYING THE ACTIONS OF THE VICE PRESIDENT OF HUMAN RESOURCES TO PRESERVE CONTINUITY OF COVERAGE; AUTHORIZING EXPENDITURES IN AN AMOUNT NOT TO EXCEED $981,021.00 FOR THE PERIOD OF JANUARY 1, 2018 THROUGH DECEMBER 31, 2018 FROM THE SYSTEM FUND FOR SUCH COVERAGES; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) has historically provided coverage for basic life, accidental death and dismemberment, voluntary life insurance and long term disability; and

WHEREAS, through an Interlocal Agreement between the System and the Public Employee Benefit Alliance (PEBA), the System has access to Standard Insurance Company’s life insurance and long term disability proposal, solicited by PEBA; and

WHEREAS, Standard Life Insurance has provided these insurance coverages for the System through PEBA since January 1, 2015. Prior coverage was provided through Principal Financial Group; and

WHEREAS, the current Standard rates and agreement expired December 31, 2017, and in order to preserve continuity of coverage, a premium payment in the amount of $133,452.62 was made on January 12, 2018 based upon Standard’s offered rate.

WHEREAS, Standard Insurance Company has agreed to provide these coverages at the following rates: $.32 per $1000.00 of benefit for active basic life, $.64 per $1000.00 of benefit for retiree basic life, $.02 per $1000.00 of benefit for AD&D and .22 percent of insured earnings for long term disability; and

WHEREAS, funds in an amount not to exceed $981,021.00 for Fiscal Year 2018 are required for basic term life insurance, accidental death and dismemberment insurance, and long term disability; and
WHEREAS, the voluntary life insurance plan is completely funded by employee contributions; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to authorize the purchase of policies with Standard Insurance Group for basic life, accidental death and dismemberment, voluntary life insurance, and long term disability for the period of January 1, 2018 through December 31, 2018, and to ratify the actions of the Vice President of Human Resources to preserve the continuity of said coverage, including a premium payment of $133,452.62 on January 12, 2018, and (ii) to authorize expenditures for basic life, accidental death and dismemberment insurance, and long term disability in an amount not to exceed $981,021.00 from the System Fund, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to pay Standard Insurance Company an amount not to exceed $981,021.00 for such coverages; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the purchase of the policies with Standard Insurance Company for basic life, accidental death and dismemberment, voluntary life insurance, and long term disability, for the period of January 1, 2018 to December 31, 2018 is hereby authorized and the premium payment of $133,452.62 made on January 12, 2018 to preserve continuity of coverage is hereby ratified.

2. That expenditures in an amount not to exceed $981,021.00 for basic life and accidental death and dismemberment insurance, and long term disability are hereby authorized from the System Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to pay Standard Insurance Company an amount not to exceed $981,021.00 for such coverages.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 6th day of February, 2018.

________________________________________
Berto Guerra, Jr., Chairman

ATTEST:

________________________________________
Ernesto Arrellano, Jr., Secretary

Attachments:
I. Standard Insurance Company Group Life Insurance Policy
II. Standard Insurance Company Group Long Term Disability Insurance Policy
III. 2018 Standard Life Renewal Letter
IMPORTANT NOTICE

To obtain information or make a complaint:

You may call Standard Insurance Company's toll-free telephone number for information or to make a complaint at:

1-800-348-3226

You may also write to Standard Insurance Company at:

900 SW Fifth Avenue
Portland OR 97204-1282

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:

PO Box 149104
Austin TX 78714-9104
FAX# (512) 475-1771
Web: http://www.tdi.state.tx.us
E-mail:
ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:
Should you have a dispute concerning your premium or about a claim, you should contact Standard Insurance Company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY OR CERTIFICATE: This notice is for information only and does not become a part or condition of the attached document.
Texas law establishes a system to protect Texas policyholders if their life or health insurance company fails. The Texas Life and Health Insurance Guaranty Association ("the Association") administers this protection system. Only the policyholders of insurance companies that are members of the Association are eligible for this protection which is subject to the terms, limitations, and conditions of the Association law. (The law is found in the Texas Insurance Code, Chapter 463.)

It is possible that the Association may not protect all or part of your policy because of statutory limitations.

**Eligibility for Protection by the Association**

When a member insurance company is found to be insolvent and placed under an order of liquidation by a court or designated as impaired by the Texas Commissioner of Insurance, the Association provides coverage to policyholders who are:

- Residents of Texas *(regardless of where the policyholder lived when the policy was issued)*
- Residents of other states, ONLY if the following conditions are met:
  1. The policyholder has a policy with a company domiciled in Texas;
  2. The policyholder’s state of residence has a similar guaranty association; and
  3. The policyholder is *not eligible* for coverage by the guaranty association of the policyholder’s state of residence.

**Limits of Protection by the Association**

**Accident, Accident and Health, or Health Insurance:**

- For each individual covered under one or more policies: up to a total of $500,000 for basic hospital, medical-surgical, and major medical insurance, $300,000 for disability or long term care insurance, and $200,000 for other types of health insurance.

**Life Insurance:**

- Net cash surrender value or net cash withdrawal value up to a total of $100,000 under one or more policies on any single life; or
- Death benefits up to a total of $300,000 under one or more policies on any single life; or
- Total benefits up to a total of $5,000,000 to any owner of multiple non-group life policies.

**Individual Annuities:**

- Present value of benefits up to a total of $250,000 under one or more policies owned by one life.

**Group Annuities:**

- Present value of allocated benefits up to a $250,000 on any one life; or
- Present value of unallocated benefits up to a $5,000,000 for one contractholder regardless of the number of contracts.

**Aggregate Limit:**

- $300,000 on any one life with the exception of the $500,000 health insurance limit, the $5,000,000 multiple owner life insurance limit, and the $5,000,000 unallocated group annuity limit.

These limits are applied for each insolvent insurance company.
Insurance companies and agents are prohibited by law from using the existence of the Association for the purpose of sales, solicitation, or inducement to purchase any form of insurance. When you are selecting an insurance company, you should not rely on Association coverage. For additional questions on Association protection or general information about an insurance company, please use the following contact information.

Texas Life and Health Insurance Guaranty Association
515 Congress Avenue, Suite 1875 Austin, Texas 78701
800-982-6362 or www.txlifega.org

Texas Department of Insurance
P.O. Box 149104
Austin, Texas 78714-9104
800-252-3439 or www.tdi.state.tx.us
STANDARD INSURANCE COMPANY

A Stock Life Insurance Company
900 SW Fifth Avenue
Portland, Oregon  97204-1282
(503) 321-7000

GROUP LIFE INSURANCE POLICY

Policyholder: San Antonio Water System
Policy Number: 753377-A
Effective Date: January 1, 2016

The consideration for this Group Policy is the application of the Policyholder and the payment by the Policyholder of premiums as provided herein.

Subject to the Policyholder Provisions and the Incontestability Provisions, this Group Policy (a) is issued for the Initial Rate Guarantee Period shown in the Coverage Features, and (b) may be renewed for successive renewal periods by the payment of the premium set by us on each renewal date. The length of each renewal period will be set by us, but will not be less than 12 months.

For purposes of effective dates and ending dates under this Group Policy, all days begin and end at 12:00 midnight Standard Time at the Policyholder's address.

This policy includes an Accelerated Benefit. Death benefits will be reduced if an Accelerated Benefit is paid. The receipt of this benefit may be taxable and may affect your eligibility for Medicaid or other government benefits or entitlements. However, if you meet the definition of "terminally ill individual" according to the Internal Revenue Code Section 101, your Accelerated Benefit may be non-taxable. You should consult your personal tax and/or legal advisor before you apply for an Accelerated Benefit.

All provisions on this and the following pages are part of this Group Policy. "You" and "your" mean the Member. "We", "us", and "our" mean Standard Insurance Company. Other defined terms appear with their initial letters capitalized. Section headings, and references to them, appear in boldface type.

This is not a policy of workers' compensation insurance. The employer does not become a subscriber to the worker's compensation system by purchasing this policy and if the employer is a non-subscriber, the employer loses those benefits which would otherwise accrue under the workers' compensation laws. The employer must comply with the workers' compensation law as it pertains to non-subscribers and the required notifications that must be filed and posted.

STANDARD INSURANCE COMPANY

By

Chairman, President and CEO

Corporate Secretary
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COVERAGE FEATURES

This section contains many of the features of your group life insurance. Other provisions, including exclusions and limitations, appear in other sections. Please refer to the text of each section for full details. The Table of Contents and the Index of Defined Terms help locate sections and definitions.

GENERAL POLICY INFORMATION

Group Policy Number: 753337-A
Type of Insurance Provided:
- Life Insurance: Yes
- Dependents Life Insurance: Yes
- Accidental Death And Dismemberment (AD&D) Insurance:
  - Member: Yes
  - Dependents: Yes
Policyholder: San Antonio Water System
Employer(s): San Antonio Water System
Group Policy Effective Date: January 1, 2016
Policy Issued in: Texas

BECOMING INSURED

To become insured for Life Insurance you must: (a) Be a Member; (b) Complete your Eligibility Waiting Period; and (c) Meet the requirements in Life Insurance and Active Work Provisions. The Active Work requirement does not apply to Members who are retired on the Group Policy Effective Date. The requirements for becoming insured for coverages other than Life Insurance are set out in the text.

Definition of Member: You are a Member if you are one of the following:

1. An active employee of the Employer who is regularly working at least 30 hours each week;
2. An active Board Member of the Employer; or
3. An employee who retired under the Employer's retirement program.

You are not a Member if you are:

1. A temporary or seasonal employee.
2. A leased employee.
3. An independent contractor.
4. A full time member of the armed forces of any country.
Class Definition:

Class 1: Active Board Members
Class 2: All other active Members
Class 3: Retired Members (This class does not include a Member who is covered under Waiver of Premium).

Eligibility Waiting Period:
You are eligible on one of the following dates:

Active Members:
If you are a Member on the Group Policy Effective Date, you are eligible on that date.
If you become a Member after the Group Policy Effective Date, you are eligible on the date you become a Member.

Retired Members:
The date you become a retired Member.

Evidence Of Insurability:
Required:

a. For late application for Contributory insurance.
b. For reinstatements if required.
c. For Members and Dependents eligible but not insured under the Prior Plan.
d. For any Plan 2 Life Insurance Benefit in excess of the Guarantee Issue Amount of the lesser of three times your Annual Earnings or $300,000. However, this requirement will be waived on the Group Policy Effective Date for an amount equal to the amount of additional life insurance under the Prior Plan on the day before the Group Policy Effective Date, if you apply on or before the Group Policy Effective Date.
e. For any Dependents Life Insurance Benefit for your Spouse in excess of the Guarantee Issue Amount of $30,000. However, this requirement will be waived on the Group Policy Effective Date for an amount equal to the amount of dependents life insurance under the Prior Plan on the day before the Group Policy Effective Date, if you apply on or before the Group Policy Effective Date.
f. For any increase resulting from a plan or option change you elect.

PREMIUM CONTRIBUTIONS

Life Insurance:
Plan 1: Noncontributory
Plan 2: Contributory

AD&D Insurance:
Member:
Plan 1: Noncontributory
Plan 2: Contributory

Spouse: Contributory
Dependents Life Insurance:

Spouse: Contributory
Child: Contributory

SCHEDULE OF INSURANCE

SCHEDULE OF LIFE INSURANCE

For you:

Life Insurance Benefit:

You will become insured under Plan 1 if you meet the requirements to become insured under the Group Policy.

If you are an active Member and insured under Plan 1, you may also become insured under any one option of Plan 2 if you meet the requirements to become insured under Plan 2 Life Insurance under the Group Policy. Plan 2 is a Contributory plan requiring premium contributions from Members.

You may be insured under Plan 1 and any one option of Plan 2 at any one time.

A Member may not be insured as both an active Member and a retired Member.

Plan 1 (basic):

Class 1: $10,000
Class 2: 1 times your Annual Earnings, rounded to the next higher multiple of $500, if not already a multiple of $500. The maximum amount is $500,000.
Class 3: An amount equal to your Annual Earnings in effect on the day before the date of your retirement from the Employer, rounded to the next higher multiple of $500, if not already a multiple of $500. The maximum amount is $400,000.

Plan 2 (additional):

Your choice of one of the following options:

Active Members:
Option 1: 1 times your Annual Earnings.
Option 2: 2 times your Annual Earnings.
Option 3: 3 times your Annual Earnings.
Option 4: 4 times your Annual Earnings.
Option 5: 5 times your Annual Earnings.

The amount of your Plan 2 (additional) Life Insurance Benefit will be rounded to the next higher multiple of $1,000, if not already a multiple of $1,000. The maximum amount is $1,000,000.

Retired Members: None

The Repatriation Benefit:

The expenses incurred to transport your body to a mortuary near your primary place of residence, but not to exceed $5,000 or 10% of the Life Insurance Benefit, whichever is less.
Dependents Life Insurance Benefit:

If you are insured for Plan 2 Life Insurance, you may apply for Dependents Life Insurance for your Dependents. You may elect to insure your Spouse, your Child(ren) or both.

For your Spouse:  
- **Active Members:** You may apply for Dependents Life Insurance in multiples of $1,000 from $10,000 to $100,000.
- **Retired Members:** None

The amount of Dependents Life Insurance for your Spouse may not exceed 100% of the amount of your Plan 2 Life Insurance.

For your Child:  
- **Active Members:** $10,000
- **Retired Members:** None

The amount of Dependents Life Insurance for your Child may not exceed 100% of the amount of your Plan 2 Life Insurance.

**SCHEDULE OF AD&D INSURANCE**

For you:

**AD&D Insurance Benefit:**

**Plan 1:**  
- **Active Members:** The amount of your Plan 1 AD&D Insurance Benefit is equal to the amount of your Plan 1 Life Insurance Benefit. The amount payable for certain Losses is less than 100% of the AD&D Insurance Benefit. See AD&D Table Of Losses.
- **Retired Members:** None

**Plan 2:**  
- **Active Members:** If you are insured for Plan 2 Life Insurance, you may apply for Plan 2 AD&D Insurance. The amount of your Plan 2 AD&D Insurance Benefit is equal to the amount of your Plan 2 Life Insurance Benefit. The amount payable for certain Losses is less than 100% of the AD&D Insurance Benefit. See AD&D Table Of Losses.
- **Retired Members:** None

**Seat Belt Benefit:**  
The amount of the Seat Belt Benefit is the lesser of (1) $10,000 or (2) the amount of AD&D Insurance Benefit payable for loss of life.

**Air Bag Benefit:**  
The amount of the Air Bag Benefit is the lesser of (1) $5,000; or (2) the amount of AD&D Insurance Benefit payable for Loss of your life.

**Career Adjustment Benefit:**  
The tuition expenses for training incurred by your Spouse within 36 months after the date of your death, exclusive of board and room, books, fees, supplies and other expenses, but not to exceed $5,000 per year, or the cumulative total of $10,000 or 25% of the AD&D Insurance Benefit, whichever is less.
Child Care Benefit: The total child care expense incurred by your Spouse within 36 months after the date of your death for all Children under age 13, but not to exceed $5,000 per year, or the cumulative total of $10,000 or 25% of the AD&D Insurance Benefit, whichever is less.

Higher Education Benefit: The tuition expenses incurred per Child within 4 years after the date of your death at an accredited institution of higher education, exclusive of board and room, books, fees, supplies and other expenses, but not to exceed $5,000 per year, or the cumulative total of $20,000 or 25% of the AD&D Insurance Benefit, whichever is less.

Occupational Assault Benefit: The lesser of (1) $25,000; or (2) 50% of the amount of the AD&D Insurance Benefit otherwise payable for the Loss.

Public Transportation Benefit: The lesser of (1) $200,000; or (2) 100% of the amount of the AD&D Insurance Benefit otherwise payable for the Loss of your life.

For your Spouse:

AD&D Insurance Benefit: If your Spouse is insured for Dependents Life Insurance, you may apply for Dependents AD&D Insurance for your Spouse. The amount of AD&D Insurance Benefit for your Spouse is equal to the amount of Dependents Life Insurance Benefit for your Spouse. The amount payable for certain Losses is less than 100% of the AD&D Insurance Benefit. See AD&D Table Of Losses.

Seat Belt Benefit: The amount of the Seat Belt Benefit is the lesser of (1) $10,000 or (2) the amount of AD&D Insurance Benefit payable for Loss of life.

Air Bag Benefit: The amount of the Air Bag Benefit is the lesser of (1) $5,000; or (2) the amount of AD&D Insurance Benefit payable for Loss of life.

AD&D TABLE OF LOSSES

The amount payable is a percentage of the AD&D Insurance Benefit or the Dependents AD&D Insurance Benefit in effect on the date of the accident and is determined by the Loss suffered as shown in the following table:

<table>
<thead>
<tr>
<th>Loss</th>
<th>Percentage Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Life</td>
<td>100%</td>
</tr>
<tr>
<td>b. One hand or one foot</td>
<td>50%</td>
</tr>
<tr>
<td>c. Sight in one eye, speech, or hearing in both ears</td>
<td>50%</td>
</tr>
<tr>
<td>d. Two or more of the Losses listed in b. and c. above</td>
<td>100%</td>
</tr>
<tr>
<td>e. Thumb and index finger of the same hand</td>
<td>25% *</td>
</tr>
<tr>
<td>f. Quadriplegia</td>
<td>100%**</td>
</tr>
</tbody>
</table>
g. Hemiplegia 50% **

h. Paraplegia 50% **

No more than 100% of your AD&D Insurance will be paid for all Losses resulting from one accident.

* No AD&D Insurance Benefit will be paid for Loss of thumb and index finger of the same hand if an AD&D Insurance Benefit is payable for the Loss of that entire hand.

** No AD&D Insurance Benefit will be paid for loss of a hand or foot if an AD&D Insurance Benefit is payable for Quadriplegia, Hemiplegia, or Paraplegia involving that same hand or foot.

REDUCTIONS IN INSURANCE

You insurance is not subject to reductions due to age.

OTHER BENEFITS

Waiver Of Premium:
- Active Members: Yes
- Retired Members: No

Accelerated Benefit:
- Active Members: Yes
- Retired Members: No

OTHER PROVISIONS

Limits on Right To Convert if Group Policy terminates or is amended:
- Minimum Time Insured: 5 years
- Maximum Conversion Amount: $2,000

Suicide Exclusion: Applies to:
- Plan 2 Life Insurance
- Dependents Life Insurance on your Spouse
- AD&D Insurance

Leave Of Absence Period: 60 days

Insurance Eligible For Portability:
- For you:
  - Life Insurance: Yes
  - Minimum amount: $10,000
  - Maximum amount: $300,000
  - AD&D Insurance: Yes
Minimum amount: $10,000
Maximum amount: $300,000

For your Spouse:
Dependents Life Insurance: Yes
Minimum amount: $5,000
Maximum amount: $100,000
AD&D Insurance: Yes
Minimum amount: $5,000
Maximum amount: $100,000

For your Child:
Dependents Life Insurance: Yes
Minimum amount: $1,000
Maximum amount: $5,000

Annual Earnings based on: Earnings in effect on your last full day of Active Work.

PREMIUM RATES AND RENEWALS

Premium Rates:

Life Insurance:
Plan 1: $0.320 monthly per $1,000 of Life Insurance
Plan 2:

Age of Member on Last January 1

<table>
<thead>
<tr>
<th></th>
<th>Non-Tobacco Rate</th>
<th>Tobacco Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 or under</td>
<td>$ 0.050</td>
<td>$ 0.110</td>
</tr>
<tr>
<td>30 through 34</td>
<td>0.060</td>
<td>0.130</td>
</tr>
<tr>
<td>35 through 39</td>
<td>0.080</td>
<td>0.170</td>
</tr>
<tr>
<td>40 through 44</td>
<td>0.140</td>
<td>0.260</td>
</tr>
<tr>
<td>45 through 49</td>
<td>0.210</td>
<td>0.430</td>
</tr>
<tr>
<td>50 through 54</td>
<td>0.350</td>
<td>0.610</td>
</tr>
<tr>
<td>55 through 59</td>
<td>0.550</td>
<td>0.890</td>
</tr>
<tr>
<td>60 through 64</td>
<td>0.810</td>
<td>1.370</td>
</tr>
<tr>
<td>65 through 69</td>
<td>1.300</td>
<td>2.250</td>
</tr>
<tr>
<td>70 or over</td>
<td>3.740</td>
<td>5.670</td>
</tr>
</tbody>
</table>

Dependents Life Insurance:

Spouse:

Age of Spouse on Last January 1

<table>
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<tr>
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</tr>
<tr>
<td>Age Range</td>
<td>Plan 1</td>
<td>Plan 2</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
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</tr>
</tbody>
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Child: $2,000 monthly per Member electing Dependents Life Insurance for their Children, regardless of the number of Children covered

**AD&D Insurance:**

**Member:**
- **Plan 1:** $0.020 monthly per $1,000 of AD&D Insurance
- **Plan 2:** $0.020 monthly per $1,000 of AD&D Insurance

**Spouse:** $0.020 monthly per $1,000 of AD&D Insurance for each Member electing AD&D Insurance for their Spouse

**Premium Due Dates:** January 1, 2016 and the first day of each calendar month thereafter.

**Grace Period:** 90 days

**Initial Rate Guarantee Period:**
- **Plan 1 Life Insurance and AD&D Insurance:** January 1, 2016 to January 1, 2018
- **Plan 2 Life Insurance and AD&D Insurance:** January 1, 2016 to January 1, 2019
- **Dependents Life Insurance and AD&D Insurance for your Dependent Spouse:** January 1, 2016 to January 1, 2019

**Notice of Rate Change:** 180 days

**Minimum Participation:**

**Life Insurance:**
- **Plan 1 (basic):**
  - **Number:** 10 insured Members
  - **Percentage:** 100% of eligible Members
- **Plan 2 (additional):** The greater of 10 insured Members or 20% of eligible Members

**Dependents Life Insurance:** 20% of insured Members with eligible Dependents must elect to insure those Dependents
LIFE INSURANCE

A. Insuring Clause
   If you die while insured for Life Insurance, we will pay benefits according to the terms of the Group Policy after we receive Proof Of Loss satisfactory to us.

B. Amount Of Life Insurance
   See the Coverage Features for the Life Insurance schedule.

C. Changes In Life Insurance
   1. Increases
      You must apply in writing for any elective increase in your Life Insurance.
      Subject to the Active Work Provisions, an increase in your Life Insurance becomes effective as follows:
      a. Increases Subject To Evidence Of Insurability
         An increase in your Life Insurance subject to Evidence Of Insurability becomes effective on the date we approve your Evidence Of Insurability.
      b. Increases Not Subject To Evidence Of Insurability
         An increase in your Life Insurance not subject to Evidence Of Insurability becomes effective on the first day of the calendar month coinciding with or next following the date you apply for an elective increase or the date of change in your classification, age or Annual Earnings.

   2. Decreases
      A decrease in your Life Insurance because of a change in your classification, age or Annual Earnings becomes effective on the first day of the calendar month coinciding with or next following the date of the change.
      Any other decrease in your Life Insurance becomes effective on the first day of the calendar month coinciding with or next following the date the Policyholder or your Employer receives your written request for the decrease.

D. Repatriation Benefit
   The amount of the Repatriation Benefit is shown in the Coverage Features.
   We will pay a Repatriation Benefit if all of the following requirements are met.
   1. A Life Insurance Benefit is payable because of your death.
   2. You die more than 200 miles from your primary place of residence.
   3. Expenses are incurred to transport your body to a mortuary near your primary place of residence.

E. Suicide Exclusion: Life Insurance
   If your death results from suicide or other intentionally self-inflicted Injury, while sane or insane, 1 and 2 below apply.
   1. The amount payable will exclude the amount of your Life Insurance which is subject to this suicide exclusion and which has not been continuously in effect for at least 2 years on the date of your death. In computing the 2-year period, we will include time you were insured under the Prior Plan.
2. We will refund all premiums paid for that portion of your Life Insurance which is excluded from payment under this suicide exclusion.

F. When Life Insurance Becomes Effective

The **Coverage Features** states whether your Life Insurance is Contributory or Noncontributory. Subject to the **Active Work Provisions**, your Life Insurance becomes effective as follows:

1. **Life Insurance subject to Evidence Of Insurability**
   Life Insurance subject to Evidence Of Insurability becomes effective on the date we approve your Evidence Of Insurability.

2. **Life Insurance not subject to Evidence Of Insurability**
   a. **Noncontributory Life Insurance**
      Noncontributory Life Insurance not subject to Evidence Of Insurability becomes effective on the date you become eligible.
   b. **Contributory Life Insurance**
      You must apply in writing for Contributory Life Insurance and agree to pay premiums. Contributory Life Insurance not subject to Evidence Of Insurability becomes effective on:
      (i) The date you become eligible if you apply on or before that date.
      (ii) The date you apply if you apply within 31 days after you become eligible.

Late application: Evidence Of Insurability is required if you apply more than 31 days after you become eligible.

3. **Takeover Provision**
   a. If you were insured under the Prior Plan on the day before the effective date of your Employer's coverage under the Group Policy, your Eligibility Waiting Period is waived on the effective date of your Employer's coverage under the Group Policy.
   
   b. You must submit satisfactory Evidence Of Insurability to become insured for Life Insurance if you were eligible under the Prior Plan for more than 31 days but were not insured.

G. When Life Insurance Ends

Life Insurance ends automatically on the earliest of:

1. The date the last period ends for which a premium was paid for your Life Insurance;
2. The date the Group Policy terminates;
3. The date your employment terminates, unless you are covered as a retired Member; and
4. The date you cease to be a Member. However, if you cease to be a Member because you are working less than the required minimum number of hours, your Life Insurance will be continued with premium payment during the following periods, unless it ends under 1 through 3 above.
   a. While your Employer is paying you at least the same Annual Earnings paid to you immediately before you ceased to be a Member.
   b. While your ability to work is limited because of Sickness, Injury, or Pregnancy.
   c. During the first 60 days of a temporary layoff.
   d. During a leave of absence if continuation of your insurance under the Group Policy is required by a state-mandated family or medical leave act or law.
e. During any other scheduled leave of absence approved by your Employer in advance and in writing and lasting not more than the period shown in the Coverage Features.

H. Reinstatement Of Life Insurance

If your Life Insurance ends, you may become insured again as a new Member. However, 1 through 4 below will apply.

1. If your Life Insurance ends because you cease to be a Member, and if you become a Member again within 90 days, the Eligibility Waiting Period will be waived.

2. If your Life Insurance ends because you fail to make a required premium contribution, you must provide Evidence Of Insurability to become insured again.

3. If you exercised your Right To Convert, you must provide Evidence Of Insurability to become insured again.

4. If your Life Insurance ends because you are on a federal or state-mandated family or medical leave of absence, and you become a Member again immediately following the period allowed, your insurance will be reinstated pursuant to the federal or state-mandated family or medical leave act or law.

DEPENDENTS LIFE INSURANCE

A. Insuring Clause

If your Dependent dies while insured for Dependents Life Insurance, we will pay benefits according to the terms of the Group Policy after we receive Proof Of Loss satisfactory to us.

B. Amount Of Dependents Life Insurance

See the Coverage Features for the amount of your Dependents Life Insurance.

C. Changes In Dependents Life Insurance

1. Increases

You must apply in writing for any elective increase in your Dependents Life Insurance.

Subject to the Active Work Provisions, an increase in your Dependents Life Insurance becomes effective as follows:

a. Increases Subject To Evidence Of Insurability

An increase in your Dependents Life Insurance subject to Evidence Of Insurability becomes effective on the date we approve that Dependent’s Evidence Of Insurability.

b. Increases Not Subject To Evidence Of Insurability

An increase in your Dependents Life Insurance not subject to Evidence Of Insurability becomes effective on the first day of the calendar month coinciding with or next following the date you apply for an elective increase.

An increase in your Dependents Life Insurance because of an increase in your Life Insurance becomes effective on the date your Life Insurance increases.

2. Decreases

A decrease in your Dependents Life Insurance because of a decrease in your Life Insurance becomes effective on the date your Life Insurance decreases.
D. Suicide Exclusion: Dependents Life Insurance

If a Dependent's death results from suicide or other intentionally self-inflicted Injury, while sane or insane, 1 and 2 below will apply.

1. The amount payable will exclude the amount of Dependents Life Insurance which has not been continuously in effect for at least 2 years on the date of death. In computing the 2-year period, we will include time insured under the Prior Plan.

2. We will refund all premiums paid for Dependents Life Insurance which is excluded from payment under this suicide exclusion which we determine are attributable to that Dependent.

E. Definitions For Dependents Life Insurance

Dependent means your Spouse or Child. Dependent does not include a person who is a full-time member of the armed forces of any country.

F. Becoming Insured For Dependents Life Insurance

1. Eligibility

You become eligible to insure your Dependents on the later of:

a. The date you become eligible for Life Insurance; and
b. The date you first acquire a Dependent.

A Member may not be insured as both a Member and a Dependent. A Child may not be insured by more than one Member.

2. Effective Date

The Coverage Features states whether your Dependents Life Insurance is Contributory or Noncontributory. Subject to the Active Work Provisions, your Dependents Life Insurance becomes effective as follows:

a. Dependents Life Insurance Subject To Evidence Of Insurability

Dependents Life Insurance subject to Evidence Of Insurability becomes effective on the later of:

1. The date your Life Insurance becomes effective; and
2. The first day of the calendar month coinciding with or next following the date we approve the Dependent’s Evidence Of Insurability.

b. Dependents Life Insurance Not Subject To Evidence Of Insurability

1. Noncontributory Dependents Life Insurance

Noncontributory Dependents Life Insurance not subject to Evidence Of Insurability becomes effective on the later of:

i. The date your Life Insurance becomes effective; and
ii. The date you first acquire a Dependent.

2. Contributory Dependents Life Insurance

You must apply in writing for Contributory Dependents Life Insurance and agree to pay premiums. Contributory Dependents Life Insurance not subject to Evidence Of Insurability becomes effective on the latest of:

i. The date your Life Insurance becomes effective if you apply on or before that date;
ii. The date you become eligible to insure your Dependents if you apply on or before that date; and

iii. The date you apply if you apply within 31 days after you become eligible.

Late Application: Evidence Of Insurability is required for each Dependent if you apply more than 31 days after you become eligible.

c. While your Dependents Life Insurance is in effect, each new Child becomes insured immediately.

d. Takeover Provision

Each Dependent who was eligible under the Prior Plan for more than 31 days but was not insured must submit satisfactory Evidence Of Insurability to become insured for Dependents Life Insurance.

G. When Dependents Life Insurance Ends

Dependents Life Insurance ends automatically on the earliest of:

1. Five months after you die (no premiums will be charged for your Dependents Life Insurance during this time);
2. The date your Life Insurance ends;
3. The date the Group Policy terminates, or the date Dependents Life Insurance terminates under the Group Policy;
4. The date the last period ends for which you made a premium contribution, if your Dependents Life Insurance is Contributory;
5. For your Spouse, the date of your divorce;
6. For any Dependent, the date the Dependent ceases to be a Dependent; and
7. For a Child who is Disabled, 90 days after we mail you a request for proof of Disability, if proof is not given.

ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

A. Insuring Clause

If you or your Dependents have an accident, including accidental exposure to adverse conditions, while insured for AD&D Insurance, and the accident results in a Loss, we will pay benefits according to the terms of the Group Policy after we receive Proof Of Loss satisfactory to us.

B. Definition Of Loss For AD&D Insurance

Loss means loss of life, hand, foot, sight, speech, hearing in both ears, thumb and index finger of the same hand and Quadriplegia, Hemiplegia or Paraplegia which meets all of the following requirements:

1. Is caused solely and directly by an accident.
2. Occurs independently of all other causes.
3. Occurs within 365 days after the accident.
4. With respect to Loss of life, is evidenced by a certified copy of the death certificate.
5. With respect to all other Losses, is certified by a Physician in the appropriate specialty as determined by us.
With respect to Loss of life, death will be presumed if you or your Dependents disappear and the disappearance:

1. Is caused solely and directly by an accident that reasonably could have caused Loss of life;
2. Occurs independently of all other causes; and
3. Continues for a period of 365 days after the date of the accident, despite reasonable search efforts.

With respect to a hand or foot, Loss means actual and permanent severance from the body at or above the wrist or ankle joint, whether or not surgically reattached.

With respect to sight, Loss means entire, uncorrectable, and irrecoverable loss of sight.

With respect to speech, Loss means entire, uncorrectable, and irrecoverable loss of audible speech.

With respect to hearing, Loss means entire, uncorrectable, and irrecoverable loss of hearing in both ears.

With respect to thumb and index finger of the same hand, Loss means actual and permanent severance from the body at or above the metacarpophalangeal joints.

With respect to Quadriplegia, Hemiplegia, and Paraplegia, Loss must be permanent, complete, and irreversible.

Quadriplegia means total paralysis of both upper and lower limbs. Hemiplegia means total paralysis of the upper and lower limbs on the same side of the body. Paraplegia means total paralysis of both lower limbs.

C. Amount Payable

See Coverage Features for the AD&D Insurance schedule. The amount payable is a percentage of the AD&D Insurance Benefit in effect on the date of the accident and is determined by the Loss suffered. See AD&D Table Of Losses in the Coverage Features.

D. Changes In AD&D Insurance

Changes in your AD&D Insurance will become effective on the date your Life Insurance changes.

Changes in your AD&D Insurance for your Dependents will become effective on the date your Dependents Life Insurance changes.

E. AD&D Insurance Exclusions

No AD&D Insurance benefit is payable if the accident or Loss is caused or contributed to by any of the following:

1. War or act of War. War means declared or undeclared war, whether civil or international, and any substantial armed conflict between organized forces of a military nature.
2. Suicide or other intentionally self-inflicted Injury, while sane or insane.
3. Committing or attempting to commit an assault or felony, or actively participating in a violent disorder or riot. Actively participating does not include being at the scene of a violent disorder or riot while performing your official duties.
4. The voluntary use or consumption of any poison, chemical compound, alcohol or drug, unless used or consumed according to the directions of a Physician.
5. Sickness or Pregnancy existing at the time of the accident.
6. Heart attack or stroke.
7. Medical or surgical treatment for any of the above.
F. Additional AD&D Benefits

Seat Belt Benefit

The amount of the Seat Belt Benefit is shown in the Coverage Features.

We will pay a Seat Belt Benefit if all of the following requirements are met:

1. You or your Dependents die as a result of an Automobile accident for which an AD&D Insurance Benefit is payable for that Loss of Life; and
2. The deceased is wearing and properly utilizing a Seat Belt System at the time of the accident, as evidenced by a police accident report.

Seat Belt System means a properly installed combination lap and shoulder restraint system that meets the Federal Vehicle Safety Standards of the National Highway Traffic Safety Administration. Seat Belt System will include a lap belt alone, but only if the Automobile did not have a combination lap and shoulder restraint system when manufactured. Seat Belt System does not include a shoulder restraint alone.

Automobile means a motor vehicle licensed for use on public highways.

Air Bag Benefit

The amount of the Air Bag Benefit is shown in the Coverage Features.

We will pay an Air Bag Benefit if all of the following requirements are met:

1. You or your Dependents die as a result of an Automobile accident for which a Seat Belt Benefit is payable for that Loss of life.
2. The Automobile is equipped with an Air Bag System that was installed as original equipment by the Automobile manufacturer and has received regular maintenance or scheduled replacement as recommended by the Automobile or Air Bag manufacturer.
3. The deceased is seated in the driver's or a passenger's seating position intended to be protected by the Air Bag System and the Air Bag System deploys, as evidenced by a police accident report.

Air Bag System means an automatically inflatable passive restraint system that is designed to provide automatic crash protection in front or side impact Automobile accidents and meets the Federal Vehicle Safety Standards of the National Highway Traffic Safety Administration.

Automobile means a motor vehicle licensed for use on public highways.

Career Adjustment Benefit

The amount of the Career Adjustment Benefit is shown in the Coverage Features.

We will pay a Career Adjustment Benefit to your Spouse if all of the following requirements are met:

1. You are insured for AD&D Insurance under the Group Policy.
2. You die as a result of an accident for which an AD&D Insurance Benefit is payable for Loss of your life.
3. Your Spouse is, within 36 months after the date of your death, registered and in attendance at an accredited institution of higher education or trades training program for the purpose of obtaining employment or increasing earnings.

No Career Adjustment Benefit will be paid if you have no surviving Spouse.

Child Care Benefit

The amount of the Child Care Benefit is shown in the Coverage Features.
We will pay a Child Care Benefit to your Spouse if all of the following requirements are met:

1. You are insured for AD&D Insurance under the Group Policy.
2. You die as a result of an accident for which an AD&D Insurance Benefit is payable for Loss of your life.
3. Your Spouse pays a licensed child care provider who is not a member of your family for child care provided to your Child(ren) under age 13 within 36 months of your death.
4. The child care is necessary in order for your Spouse to work or to obtain training for work or to increase earnings.

No Child Care Benefit will be paid if you have no surviving Spouse.

Higher Education Benefit

The amount of the Higher Education Benefit is shown in the Coverage Features.

We will pay a Higher Education Benefit to your Child if all of the following requirements are met:

1. You are insured for AD&D Insurance under the Group Policy.
2. You die as a result of an accident for which an AD&D Insurance Benefit is payable for Loss of your life.
3. Your Child is, within 12 months after the date of your death, registered and in full-time attendance at an accredited institution of higher education beyond high school.

The Higher Education Benefit will be paid to each Child who meets the requirements of item 3 above, for a maximum of 4 consecutive years beginning on the date of your death. No Higher Education Benefit will be paid if there is no Child eligible to receive it.

Occupational Assault Benefit

The amount of the Occupational Assault Benefit is shown in the Coverage Features.

We will pay an Occupational Assault Benefit if all of the following requirements are met:

1. While Actively At Work you suffer a Loss for which an AD&D Insurance Benefit is payable.
2. The Loss is the result of an act of physical violence against you that is punishable by law and is evidenced by a police report.

Public Transportation Benefit

The amount of the Public Transportation Benefit is shown in the Coverage Features.

We will pay a Public Transportation Benefit if all of the following requirements are met:

1. You or your Dependents die as a result of an accident for which an AD&D Insurance Benefit is payable for Loss of your life.
2. The accident occurs while the deceased is riding as a fare-paying passenger on Public Transportation.

Public Transportation means a public passenger conveyance operated by a licensed common carrier for the transportation of the general public for a fare and operating on regular passenger routes with a definite schedule of departures and arrivals.

G. Becoming Insured For AD&D Insurance

1. Eligibility

You become eligible for AD&D Insurance on the date your Life Insurance is effective.
You become eligible to insure your Dependents on the later of:

a. The date your Life Insurance is effective; and
b. The date your Dependents Life Insurance is effective.

A Member may not be insured as both a Member and a Dependent. A Child may not be insured by more than one Member.

2. Effective Date

The **Coverage Features** states whether AD&D Insurance is Contributory or Noncontributory. Subject to the **Active Work Provisions**, AD&D Insurance becomes effective as follows:

a. Noncontributory AD&D Insurance

   Noncontributory AD&D Insurance becomes effective on the date you become eligible.

b. Contributory AD&D Insurance

   You must apply in writing for Contributory AD&D Insurance and agree to pay premiums. Contributory AD&D Insurance becomes effective on the later of:
   
   (i) The date you become eligible if you apply on or before that date.
   
   (ii) The first day of the calendar month coinciding with or next following the date you apply, if you apply after you become eligible.

c. While AD&D Insurance for your Dependents is in effect, each new Dependent becomes insured immediately.

H. When AD&D Insurance Ends

AD&D Insurance ends automatically on the earlier of:

1. The date your Life Insurance ends.
2. The date your Waiver Of Premium begins.
3. The date AD&D Insurance terminates under the Group Policy.
4. The date the last period ends for which a premium was paid for your AD&D Insurance.
5. For your Dependents, the date your Dependents Life Insurance ends.

**ACTIVE WORK PROVISIONS**

If you are incapable of Active Work because of Sickness, Injury or Pregnancy on the day before the scheduled effective date of your insurance or an increase in your insurance, your insurance or increase will not become effective until the day after you complete one full day of Active Work as an eligible Member.

Active Work and Actively At Work mean performing the material duties of your own occupation at your Employer’s usual place of business. You will also meet the Active Work requirement if:

1. You were absent from Active Work because of a regularly scheduled day off, holiday, or vacation day;
2. You were Actively At Work on your last scheduled work day before the date of your absence; and
3. You were capable of Active Work on the day before the scheduled effective date of your insurance or increase in your insurance.
CONTINUITY OF COVERAGE

A. Waiver Of Active Work Requirement

If you were insured under the Prior Plan on the day before the effective date of your Employer's coverage under the Group Policy, you can become insured on the effective date of your Employer's coverage without meeting the Active Work requirement. See Active Work Provisions.

B. Payment Of Benefit

The benefits payable before you meet the Active Work requirement will be:

1. The benefits which would have been payable under the terms of the Prior Plan if it had remained in force; reduced by
2. Any benefits payable under the Prior Plan.

PORTABILITY OF INSURANCE

A. Portability Of Insurance

If your insurance under the Group Policy ends because your employment with your Employer terminates, you may be eligible to buy portable group insurance coverage as shown in the Coverage Features for yourself and your Dependents without submitting Evidence Of Insurability. To be eligible you must satisfy the following requirements:

1. On the date your employment terminates, you must be able to perform with reasonable continuity the material duties of at least one gainful occupation for which you are reasonably fitted by education, training and experience. (If you are unable to meet this requirement, see the Right To Convert and Waiver Of Premium provisions for other options that may be available to you under the Group Policy.)
2. On the date your employment terminates, you are under age 65.
3. On the date your employment terminates, you must have been continuously insured under the Group Policy for at least 12 consecutive months. In computing the 12 consecutive month period, we will include time insured under the Prior Plan.
4. You must apply in writing and pay the first premium directly to us at our Home Office within 31 days after the date your employment terminates. You must purchase portable group life insurance coverage for yourself in order to purchase any other insurance eligible for portability.

This portable group insurance will be provided under a master Group Life Portability Insurance Policy we have issued to the Standard Insurance Company Group Insurance Trust. If approved, the certificate you will receive will be governed under the terms of the Group Life Portability Insurance Policy and will contain provisions that differ from your Employer's coverage under the Group Policy.

B. Amount Of Portable Insurance

The minimum and maximum amounts that you are eligible to buy under the Group Life Portability Insurance Policy are shown in the Coverage Features. You may buy less than the maximum amounts in increments of $1,000.

The combined amounts of insurance purchased under this Portability Of Insurance provision and the Right To Convert provision cannot exceed the amount in effect under the Group Policy on the day before your employment terminates.

C. When Portable Insurance Becomes Effective
Portable group insurance will become effective the day after your employment with your Employer terminates, if you apply within 31 days after the date your employment terminates.

If death occurs within 31 days after the date insurance ends under the Group Policy, life insurance benefits, if any, will be paid according to the terms of the Group Policy in effect on the date your employment terminates and not the terms of the Group Life Portability Insurance Policy. AD&D benefits, if any, will be paid according to the terms of the Group Policy or the Group Life Portability Insurance Policy, but not both. In no event will the benefits paid exceed the amount in effect under the Group Policy on the day before your employment terminates.

A. Waiver Of Premium Benefit

Insurance will be continued without payment of premiums while you are Totally Disabled if:

1. You become Totally Disabled while insured under the Group Policy and under age 60;
2. You complete your Waiting Period; and
3. You give us satisfactory Proof Of Loss.

We may have you examined at our expense at reasonable intervals. Any such examination will be conducted by specialists of our choice.

B. Definitions For Waiver Of Premium

1. Insurance means all your insurance under the Group Policy, except AD&D Insurance.
2. Totally Disabled means that, as a result of Sickness, accidental Injury, or Pregnancy, you are unable to perform with reasonable continuity the material duties of any gainful occupation for which you are reasonably fitted by education, training and experience.
3. Waiting Period means the 180 consecutive day period beginning on the date you become Totally Disabled. Waiver Of Premium begins when you complete the Waiting Period.

C. Premium Payment

Premium payment must continue until the later of:

1. The date you complete your Waiting Period; and
2. The date we approve your claim for Waiver Of Premium.

D. Refund Of Premiums

We will refund up to 12 months of the premiums that were paid for Insurance after the date you become Totally Disabled.

E. Amount Of Insurance

The amount of Insurance eligible for Waiver Of Premium is the amount in effect on the day before you become Totally Disabled. However, the following will apply:

1. Insurance will be reduced or terminated according to the Group Policy provisions in effect on the day before you become Totally Disabled.
2. If you become insured under a group life insurance plan that replaces the Group Policy while you are eligible for Waiver Of Premium, any death benefit payable under the Group Policy will be reduced by the amount payable under the replacement group life insurance plan.
3. If you receive an Accelerated Benefit, Insurance will be reduced according to the Accelerated Benefit provision.
F. Effect Of Death During The Waiting Period

If you die during the Waiting Period and are otherwise eligible for Waiver Of Premium, the Waiting Period will be waived.

G. Termination Or Amendment Of The Group Policy

Insurance will not be affected by termination or amendment of the Group Policy after you become Totally Disabled.

H. When Waiver Of Premium Ends

Waiver Of Premium ends on the earliest of:

1. The date you cease to be Totally Disabled;
2. 90 days after the date we mail you a request for additional Proof Of Loss, if it is not given;
3. The date you fail to attend an examination or cooperate with the examiner;
4. With respect to the amount of Insurance which an insured has converted, the effective date of the individual life insurance policy issued to the insured; and
5. The date you reach age 70.

ACCELERATED BENEFIT

A. Accelerated Benefit

If you qualify for Waiver Of Premium and give us satisfactory proof of having a Qualifying Medical Condition while you are insured under the Group Policy, you may have the right to receive during your lifetime a portion of your Insurance as an Accelerated Benefit. You must have at least $10,000 of Insurance in effect to be eligible.

If your Insurance is scheduled to end within 24 months following the date you apply for the Accelerated Benefit, you will not be eligible for the Accelerated Benefit.

Qualifying Medical Condition means you are terminally ill as a result of an illness or physical condition which is reasonably expected to result in death within 12 months.

We may have you examined at our expense in connection with your claim for an Accelerated Benefit. Any such examination will be conducted by one or more Physicians of our choice. A dispute between you and us arising out of conflicting diagnoses will be administered in accordance with the review procedure in the Claims section.

B. Application For Accelerated Benefit

You must apply for an Accelerated Benefit. To apply you must give us satisfactory Proof Of Loss on our forms. Proof Of Loss must include a statement from a Physician that you have a Qualifying Medical Condition. Upon application you will receive a disclosure statement for the Accelerated Benefit.

C. Amount Of Accelerated Benefit

You may receive an Accelerated Benefit of up to 75% of your Insurance. The maximum Accelerated Benefit is $500,000. The minimum Accelerated Benefit is $5,000 or 10% of your Insurance, whichever is greater.

If the amount of your Insurance is scheduled to reduce within 12 months following the date you apply for the Accelerated Benefit, your Accelerated Benefit will be based on the reduced amount.
The Accelerated Benefit will be paid to you once in your lifetime in a lump sum. If you recover from your Qualifying Medical Condition after receiving an Accelerated Benefit, we will not ask you for a refund.

D. Effect On Insurance And Other Benefits

For any purpose other than premium payment, the amount of your Insurance after payment of the Accelerated Benefit will be the greater of the amounts in (1) and (2) below; however, if you assign your rights under the Group Policy, the amount of your Insurance will be the amount in (2) below.

(1) 10% of the amount of your Insurance as if no Accelerated Benefit had been paid; or
(2) The amount of your Insurance as if no Accelerated Benefit had been paid; minus

The amount of the Accelerated Benefit; minus

An interest charge calculated as follows:

A times B times C divided by 365 = interest charge.

A = The amount of the Accelerated Benefit.

B = The monthly average of our variable policy loan interest rate or 10% per annum, whichever is less.

C = The number of days from payment of the Accelerated Benefit to the earlier of (1) the date you die, and (2) the date you have a Right To Convert, but not to exceed a maximum of 12 months.

The amount of your AD&D Insurance, if any, is not affected by payment of the Accelerated Benefit. AD&D is not continued under Waiver Of Premium.

Note: If you assign your rights under the Group Policy, the amount of your Insurance after payment of the Accelerated Benefit will be the amount in (2) above.

E. Exclusions

No Accelerated Benefit will be paid if:

1. All or part of your Insurance must be paid to your Child(ren), or your Spouse or former Spouse as part of a court approved divorce decree, separate maintenance agreement, or property settlement agreement.

2. You are married and live in a community property state unless you give us a signed written consent from your Spouse.

3. You have made an assignment of all or part of your Insurance unless you give us a signed written consent from the assignee.

4. You are required by a government agency to use the Accelerated Benefit to apply for, receive, or continue a government benefit or entitlement.

5. You have previously received an Accelerated Benefit under the Group Policy.

F. Definitions For Accelerated Benefit

Insurance means your Life Insurance Benefit under the Group Policy.
RIGHT TO CONVERT

A. Right To Convert

You may buy an individual policy of life insurance without Evidence Of Insurability if:

1. Your Insurance ends or is reduced due to a Qualifying Event; and
2. You apply in writing and pay us the first premium during the Conversion Period.

Except as limited under C. Limits On Right To Convert, the maximum amount you have a Right To Convert is the amount of your Insurance which ended.

B. Definitions For Right To Convert

1. Conversion Period means the 31-day period after the date of any Qualifying Event.
2. Insurance means all your insurance under the Group Policy, including insurance continued under Waiver Of Premium, but excluding AD&D Insurance.
3. Qualifying Event means termination or reduction of your Insurance for any reason except:
   a. The Member's failure to make a required premium contribution.
   b. Payment of an Accelerated Benefit.
4. You and your mean any person insured under the Group Policy.

C. Limits On Right To Convert

If your Insurance ends or is reduced because of termination or amendment of the Group Policy, 1 and 2 below will apply.

1. You may not convert Insurance which has been in effect for less than the Minimum Time Insured. See Coverage Features.
2. The maximum amount you have a Right To Convert is the lesser of:
   a. The amount of your Insurance which ended, minus any other group life insurance for which you become eligible during the Conversion Period; and

D. The Individual Policy

You may select any form of individual life insurance policy we issue to persons of your age, except:

1. A term insurance policy;
2. A universal life policy;
3. A policy with disability, accidental death, or other additional benefits; or
4. A policy in an amount less than the minimum amount we issue for the form of life insurance you select.

The individual policy of life insurance will become effective on the day after the end of the Conversion Period. We will use our published rates for standard risks to determine the premium.

E. Death During The Conversion Period

If you die during the Conversion Period, we will pay a death benefit equal to the maximum amount you had a Right To Convert, whether or not you applied for an individual policy. The benefit will be paid according to the Benefit Payment And Beneficiary Provisions.
CLAIMS

A. Filing A Claim

Claims should be filed on our forms. If we do not provide our forms within 15 days after they are requested, the claim may be submitted in a letter to us.

B. Time Limits On Filing Proof Of Loss

Proof Of Loss must be provided within 90 days after the date of the loss. If that is not possible, it must be provided as soon as reasonably possible, but not later than one year after that 90-day period.

Proof Of Loss for Waiver Of Premium must be provided within 12 months after the end of the Waiting Period. We will require further Proof Of Loss at reasonable intervals, but not more often than once a year after you have been continuously Totally Disabled for two years.

If Proof Of Loss is filed outside these time limits, the claim will be denied. These limits will not apply while the Member or Beneficiary lacks legal capacity.

C. Proof Of Loss

Proof Of Loss means written proof that a loss occurred:

1. For which the Group Policy provides benefits;
2. Which is not subject to any exclusions; and
3. Which meets all other conditions for benefits.

Proof Of Loss includes any other information we may reasonably require in support of a claim. Proof Of Loss must be in writing and must be provided at the expense of the claimant. No benefits will be provided until we receive Proof Of Loss satisfactory to us.

D. Investigation Of Claim

We may have you examined at our expense at reasonable intervals. Any such examination will be conducted by specialists of our choice.

We may have an autopsy performed at our expense, except where prohibited by law.

E. Time Of Payment

We will pay benefits within 60 days after Proof Of Loss is satisfied.

F. Notice Of Decision On Claim

We will evaluate a claim for benefits promptly after we receive it. With respect to all claims except Waiver Of Premium claims (or other benefits based on disability), within 90 days after we receive the claim we will send the claimant: (a) a written decision on the claim; or (b) a notice that we are extending the period to decide the claim for an additional 90 days.

With respect to Waiver Of Premium claims (or other benefits based on disability), within 45 days after we receive the claim we will send the claimant: (a) a written decision on the claim; or (b) a notice that we are extending the period to decide the claim for 30 days. Before the end of this extension period we will send the claimant: (a) a written decision on the Waiver Of Premium claim (or other benefits based on disability); or (b) a notice that we are extending the period to decide the claim for an additional 30 days. If an extension is due to the claimant’s failure to provide information necessary to decide the Waiver Of Premium claim (or other benefits based on disability), the extended time period for deciding the claim will not begin until the claimant provides the information or otherwise responds.

If we extend the period to decide the claim, we will notify the claimant of the following: (a) the reasons for the extension; (b) when we expect to decide the claim; (c) an explanation of the
standards on which entitlement to benefits is based; (d) the unresolved issues preventing a decision; and (e) any additional information we need to resolve those issues.

If we request additional information, the claimant will have 45 days to provide the information. If the claimant does not provide the requested information within 45 days, we may decide the claim based on the information we have received.

If we deny any part of the claim, we will send the claimant a written notice of denial containing:

1. The reasons for our decision.
2. Reference to the parts of the Group Policy on which our decision is based.
3. A description of any additional information needed to support the claim.
4. Information concerning the claimant’s right to a review of our decision.

G. Review Procedure

If all or part of a claim is denied, the claimant may request a review. The claimant must request a review in writing:

1. Within 180 days after receiving notice of the denial of a claim for Waiver Of Premium (or other benefits based on disability);
2. Within 60 days after receiving notice of the denial of any other claim.

The claimant may send us written comments or other items to support the claim. The claimant may review and receive copies of any non-privileged information that is relevant to the request for review. There will be no charge for such copies. Our review will include any written comments or other items the claimant submits to support the claim.

We will review the claim promptly after we receive the request. With respect to all claims except Waiver Of Premium claims (or other benefits based on disability), within 60 days after we receive the request for review we will send the claimant: (a) a written decision on review; or (b) a notice that we are extending the review period for 60 days.

With respect to Waiver Of Premium claims (or other benefits based on disability), within 45 days after we receive the request for review we will send the claimant: (a) a written decision on review; or (b) a notice that we are extending the review period for 45 days.

If an extension is due to the claimant’s failure to provide information necessary to decide the claim on review, the extended time period for review of the claim will not begin until the claimant provides the information or otherwise responds.

If we extend the review period, we will notify the claimant of the following: (a) the reasons for the extension; (b) when we expect to decide the claim on review; and (c) any additional information we need to decide the claim.

If we request additional information, the claimant will have 45 days to provide the information. If the claimant does not provide the requested information within 45 days, we may conclude our review of the claim based on the information we have received.

With respect to Waiver Of Premium claims (or other benefits based on disability), the person conducting the review will be someone other than the person who denied the claim and will not be subordinate to that person. The person conducting the review will not give deference to the initial denial decision. If the denial was based on a medical judgement, the person conducting the review will consult with a qualified health care professional. This health care professional will be someone other than the person who made the original medical judgement and will not be subordinate to that person. The claimant may request the names of medical or vocational experts who provided advice to us about a claim for Waiver Of Premium (or other benefits based on disability).

If we deny any part of the claim on review, the claimant will receive a written notice of denial containing:
1. The reasons for our decision.
2. Reference to the parts of the Group Policy on which our decision is based.
3. Information concerning the claimant’s right to receive, free of charge, copies of non-privileged documents and records relevant to the claim.

ASSIGNMENT

The rights and benefits under the Group Policy cannot be assigned.

BENEFIT PAYMENT AND BENEFICIARY PROVISIONS

A. Payment Of Benefits
   1. Except as provided in item 5 below, benefits payable because of your death will be paid to the Beneficiary you name. See B through E of this section.
   2. AD&D Insurance benefits payable for Losses other than Loss of Life will be paid to the person who suffers the Loss for which benefits are payable. Any such benefits remaining unpaid at that person’s death will be paid according to the provisions for payment of a death benefit.
   3. The benefits below will be paid to you if you are living.
      a. AD&D Insurance benefits payable because of the death of your Dependent.
      b. Dependents Life Insurance benefits.
      c. Accelerated Benefits.
   4. Dependents Life Insurance benefits and AD&D Insurance benefits payable because of the death of your Dependent which are unpaid at your death will be paid in equal shares to the first surviving class of the classes below.
      a. The children of the Dependent.
      b. The parents of the Dependent.
      c. The brothers and sisters of the Dependent.
      d. Your estate.
   5. Additional Benefits will be paid as follows:
      The Child Care Benefit will be paid to your surviving Spouse. No Child Care Benefit will be paid if you have no Spouse.
      The Career Adjustment Benefit will be paid to your Spouse. No Career Adjustment Benefit will be paid if you have no Spouse.
      The Higher Education Benefit will be paid to each eligible Child. No Higher Education Benefit will be paid if there is no Child eligible to receive it.
      The Repatriation Benefit will be paid to the person who incurs the transportation expenses.

B. Naming A Beneficiary

Beneficiary means a person you name to receive death benefits. You may name one or more Beneficiaries.

If you name two or more Beneficiaries in a class:
1. Two or more surviving Beneficiaries will share equally, unless you provide for unequal shares.

2. If you provide for unequal shares in a class, and two or more Beneficiaries in that class survive, we will pay each surviving Beneficiary his or her designated share. Unless you provide otherwise, we will then pay the share(s) otherwise due to any deceased Beneficiary(ies) to the surviving Beneficiaries pro rata based on the relationship that the designated percentage or fractional share of each surviving Beneficiary bears to the total shares of all surviving Beneficiaries.

3. If only one Beneficiary in a class survives, we will pay the total death benefits to that Beneficiary.

You may name or change Beneficiaries at any time without the consent of a Beneficiary.

Your Beneficiary designation must be the same for Life Insurance and AD&D Insurance death benefits.

You may name or change Beneficiaries in writing. Writing includes a form signed by you; or a verification from us, or our designated agent, the Policyholder, the Policyholder's designated agent, the Employer, or the Employer's designated agent of an electronic or telephonic designation made by you.

Your designation:

1. Must be dated;
2. Must be delivered to us, our designated agent, the Policyholder, the Policyholder's designated agent, the Employer, or the Employer's designated agent; during your lifetime.
3. Must relate to the insurance provided under the Group Policy; and
4. Will take effect on the date it is delivered or, if a telephonic or electronic designation, verified by us, our designated agent, the Policyholder, the Policyholder's designated agent, the Employer, or the Employer's designated agent.

If we approve it, a designation, which meets the requirements of a Prior Plan, will be accepted as your Beneficiary designation under the Group Policy.

C. Simultaneous Death Provision

If a Beneficiary or a person in one of the classes listed in item D. No Surviving Beneficiary dies on the same day you die, or within 15 days thereafter, benefits will be paid as if that Beneficiary or person had died before you, unless Proof Of Loss with respect to your death is delivered to us before the date of the Beneficiary's death.

D. No Surviving Beneficiary

If you do not name a Beneficiary, or if you are not survived by one, benefits will be paid in equal shares to the first surviving class of the classes below.

1. Your Spouse. (See Definitions)
2. Your children.
3. Your parents.
4. Your brothers and sisters.
5. Your estate.

E. Methods Of Payment

Recipient means a person who is entitled to benefits under this Benefit Payment and Beneficiary Provisions section.
1. Lump Sum
   If the amount payable to a Recipient is less than $25,000, we will pay it in a lump sum.

2. Standard Secure Access Checking Account
   If the amount payable to a Recipient is $25,000, or more, we will deposit it into a Standard Secure Access checking account which:
   a. Bears interest at a rate equal to the 13-week Treasury Bill (T-Bill) auction rate, but not to exceed 5%;
   b. Is owned by the Recipient;
   c. Is subject to the terms and conditions of a confirmation certificate which will be given to the Recipient; and
   d. Is fully guaranteed by us.

3. Installments
   Payment to a Recipient may be made in installments if:
   a. The amount payable is $25,000 or more;
   b. The Recipient chooses; and
   c. We agree.

To the extent permitted by law, the amount payable to the Recipient will not be subject to any legal process or to the claims of any creditor or creditor's representative.

TIME LIMITS ON LEGAL ACTIONS

No action at law or in equity may be brought until 60 days after we have been given Proof Of Loss. No such action may be brought more than three years after the earlier of:

1. The date we receive Proof Of Loss; and
2. The time within which Proof Of Loss is required to be given.

INCONTESTABILITY PROVISIONS

A. Incontestability Of Insurance
   Any statement made to obtain or to increase insurance is a representation and not a warranty.
   No misrepresentation will be used to reduce or deny a claim unless:
   1. The insurance would not have been approved if we had known the truth; and
   2. We have given you or any other person claiming benefits a copy of the signed written instrument which contains the misrepresentation.

   We will not use a misrepresentation to reduce or deny a claim after the insured's insurance has been in effect for two years during the lifetime of the insured.

B. Incontestability Of Group Policy
   Any statement made by the Policyholder or Employer to obtain the Group Policy is a representation and not a warranty.
No misrepresentation by the Policyholder or Employer will be used to deny a claim or to deny the validity of the Group Policy unless:

1. The Group Policy would not have been issued if we had known the truth; and
2. We have given the Policyholder or Employer a copy of a written instrument signed by the Policyholder or Employer which contains the misrepresentation.

The validity of the Group Policy will not be contested after it has been in force for two years, except for nonpayment of premiums.

**CLERICAL ERROR AND MISSTATEMENT**

A. Clerical Error

Clerical error by the Policyholder, your Employer, or their respective employees or representatives will not:

1. Cause a person to become insured;
2. Invalidate insurance under the Group Policy otherwise validly in force; or
3. Continue insurance under the Group Policy otherwise validly terminated.

B. The Policyholder and your Employer act on their own behalf as your agent, and not as our agent.

C. Misstatement Of Age

If a person's age has been misstated, we will make an equitable adjustment of premiums, benefits, or both. The adjustment will be based on:

1. The amount of insurance based on the correct age; and
2. The difference between the premiums paid and the premiums which would have been paid if the age had been correctly stated.

D. Misstatement Of Tobacco Use

If a person's use of tobacco has been misstated in the application, we have the rights in 1 and 2 below:

1. The right to rescind that person's insurance subject to Incontestability Provisions. We will return the premiums paid for that person's insurance.
2. The right to make an equitable adjustment of premiums, benefits, or both. The adjustment will be based on:
   a. The amount of insurance based on the correct tobacco use status; and
   b. The difference between the premiums paid and the premiums which would have been paid if the tobacco use status had been correctly stated.

**TERMINATION OR AMENDMENT OF THE GROUP POLICY**

The Group Policy may be terminated by us or the Policyholder according to its terms. It will terminate automatically for nonpayment of premium. The Policyholder may terminate the Group Policy in whole, and may terminate insurance for any class or group of Members, at any time by giving us written notice.

Benefits under the Group Policy are limited to its terms, including any valid amendment. No change or amendment will be valid unless it is approved in writing by one of our executive officers and given to
the Policyholder for attachment to the Group Policy. If the terms of the Certificate differ from the Group Policy, the terms stated in the Group Policy will govern. The Policyholder, your Employer, and their respective employees or representatives have no right or authority to change or amend the Group Policy or to waive any of its terms or provisions without our signed written approval.

We may change the Group Policy in whole or in part when any change or clarification in law or governmental regulation affects our obligations under the Group Policy, or with the Policyholder’s consent.

Any such change or amendment of the Group Policy may apply to current or future Members or to any separate classes or groups thereof.

DEFINITIONS

AD&D Insurance means accidental death and dismemberment insurance, if any, under the Group Policy.

Annual Earnings means your annual rate of earnings from your Employer. Your Annual Earnings will be based on your earnings in effect on your last full day of Active Work unless a different date applies (see the Coverage Features). Annual Earnings includes:

1. Contributions you make through a salary reduction agreement with your Employer to:
   a. An Internal Revenue Code (IRC) Section 401(k), 403(b), 408(k), or 457 deferred compensation arrangement; or
   b. An executive nonqualified deferred compensation arrangement.
2. Amounts contributed to your fringe benefits according to a salary reduction agreement under an IRC Section 125 plan.

Annual Earnings does not include:

1. Bonuses.
2. Commissions.
3. Overtime pay.
5. Stock options or stock bonuses.
6. Your Employer’s contributions on your behalf to any deferred compensation arrangement or pension plan.
7. Any other extra compensation.

Child means:

1. Your child from live birth through age 25; or
2. Your child who meets either of the following requirements:
   a. The child is insured under the Group Policy and, on and after the date on which insurance would otherwise end because of the Child’s age, is continuously Disabled.
   b. The child was insured under the Prior Plan on the day before the effective date of your Employer’s coverage under the Group Policy and was Disabled on that day, and is continuously Disabled thereafter.
Child includes any of the following, if they otherwise meet the definition of Child:

i. Your natural or adopted child;

ii. A natural or adopted dependent grandchild of the insured for federal income tax purposes at the time the application for coverages is made; or

iii. Your stepchild, if living in your home.

Your child is Disabled if your child is:

1. Continuously incapable of self-sustaining employment because of mental retardation or physical handicap; and

2. Chiefly dependent upon you for support and maintenance, or institutionalized because of mental retardation or physical handicap.

You must give us proof your Child is Disabled on our forms within 31 days after a) the date on which insurance would otherwise end because of the Child’s age or b) the effective date of your Employer’s coverage under the Group Policy if your child is Disabled on that date. At reasonable intervals thereafter, but not more than once a year, we may require further proof, and have your Child examined at our expense.

Contributory means you pay all or part of the premium for insurance.

Dependents Life Insurance means dependents life insurance, if any, under the Group Policy.

Eligibility Waiting Period means the period you must be a Member before you become eligible for insurance. See Coverage Features.

Evidence Of Insurability means an applicant must:

1. Complete and sign our medical history statement;

2. Sign our form authorizing us to obtain information about the applicant’s health;

3. Undergo a physical examination, if required by us, which may include blood testing; and

4. Provide any additional information about the applicant’s insurability that we may reasonably require.

Group Policy means the group life insurance policy issued by us to the Policyholder and identified by the Group Policy Number.

Injury means an injury to your body.

Life Insurance means life insurance under the Group Policy.

Noncontributory means the Policyholder or Employer pays the entire premium for insurance.

Physician means a licensed M.D. or D.O., acting within the scope of the license. Physician does not include you or your spouse, or the brother, sister, parent or child of either you or your spouse.

Pregnancy means your pregnancy, childbirth, or related medical conditions, including complications of pregnancy.

Prior Plan means your Employer’s group life insurance plan in effect on the day before the effective date of your Employer’s coverage under the Group Policy and which is replaced by the Group Policy.

Sickness means your sickness, illness, or disease.

Spouse means a person to whom you are legally married. However, for purposes of insurance under the Group Policy, Spouse does not include a person who is a full-time member of the armed forces of any country or a person from whom you are divorced.
POLICYHOLDER PROVISIONS

A. Premiums

The premium due on each Premium Due Date is the sum of the premiums for all persons then insured. Premium Rates are shown in the Coverage Features.

B. Contributions From Members

The Policyholder determines the amount, if any, of each Member's contribution toward the cost of insurance under the Group Policy.

C. Changes In Premium Rates

We may change Premium Rates when:

1. A change or clarification in law or governmental regulation affects the amount payable under the Group Policy. Any such change in Premium Rates will reflect only the change in our obligations; or

2. Factors material to underwriting the risk we assumed under the Group Policy, including, but not limited to, number of persons insured, age, Annual Earnings, gender and occupational classification, change by 25% or more; or

3. We and the Policyholder mutually agree to change Premium Rates.

Except as provided above, Premium Rates will not be changed during the Initial Rate Guarantee Period shown in the Coverage Features. Thereafter, except as provided above, we may change Premium Rates upon advance written notice to the Policyholder. The minimum advance notice is shown in the Coverage Features as Notice of Rate Change. Any such change in Premium Rates may be made effective on any Premium Due Date, but no such change will be made more than once in any contract year. Contract years are successive 12 month periods computed from the end of the Initial Rate Guarantee Period.

D. Payment Of Premiums

All premiums are due on the Premium Due Dates shown in the Coverage Features.

Each premium is payable on or before its Premium Due Date directly to us at our home office. The payment of each premium as it becomes due will maintain the Group Policy in force until the next Premium Due Date.

E. Grace Period And Termination For Nonpayment

If a premium is not paid on or before its Premium Due Date, it may be paid during the following Grace Period. The length of the Grace Period is shown in the Coverage Features. The Group Policy will remain in force during the Grace Period.

If the premium is not paid during the Grace Period, the Group Policy will terminate automatically at the end of the Grace Period.

The Policyholder is liable for premium for insurance under the Group Policy during the Grace Period. We may charge interest at the legal rate for any premium which is not paid during the Grace Period, beginning with the first day after the Grace Period.

F. Termination For Other Reasons

The Policyholder may terminate the Group Policy by giving us written notice. The effective date of termination will be the later of:

1. The date stated in the notice; and

2. The date we receive the notice.
We may terminate the Group Policy as follows:

1. On any Premium Due Date if the number of persons insured is less than the Minimum Participation shown in the Coverage Features.

2. On any Premium Due Date if we determine that the Policyholder has failed to promptly furnish any necessary information requested by us, or has failed to perform any other obligations relating to the Group Policy.

The minimum advance notice of such termination by us is 60 days.

G. Premium Adjustments

Premium adjustments involving a return of unearned premiums to the Policyholder will be limited to the 12 months just before the date we receive a request for premium adjustment.

H. Certificates

We will issue certificates to the Policyholder showing the coverage under the Group Policy. The Policyholder will distribute a certificate to each insured Member. If the terms of the Certificate differ from the Group Policy, the terms stated in the Group Policy will govern.

I. Records And Reports

The Policyholder or Employer will furnish on our forms all information reasonably necessary to administer the Group Policy. We have the right at all reasonable times to inspect the payroll and other records of the Policyholder or Employer which relate to insurance under the Group Policy.

J. Agency And Release

Individuals selected by the Policyholder or by any Employer to secure coverage under the Group Policy or to perform their administrative function under it, represent and act on behalf of the person selecting them, and do not represent or act on behalf of Standard Insurance Company. The Policyholder, Employer and such individuals have no authority to alter, expand or extend our liability or to waive, modify or compromise any defense or right we may have under the Group Policy. The Policyholder and each Employer hereby release, hold harmless and indemnify Standard Insurance Company from any liability arising from or related to any negligence, error, omission, misrepresentation or dishonesty of any of them or their representatives, agents or employees.

K. Notice Of Suit

The Policyholder or Employer shall promptly give us written notice of any lawsuit or other legal proceedings arising under the Group Policy.

L. Entire Contract, Changes

The Group Policy and the application of the Policyholder constitute the entire contract between the parties. A copy of the Policyholder’s application is attached to the Group Policy when issued.

The Group Policy may be changed in whole or in part. No change in the Group Policy will be valid unless it is approved in writing by one of our executive officers and given to the Policyholder for attachment to the Group Policy. No agent has authority to change the Group Policy or to waive any of its provisions.

M. Effect On Workers' Compensation, State Disability Insurance

The coverage provided under the Group Policy is not a substitute for coverage under a workers’ compensation or state disability income benefit law and does not relieve the Employer of any obligation to provide such coverage.

N. Nonassessable Policy
This Group Policy, like all group insurance policies issued by us, is nonassessable.

ALI99X
IMPORTANT NOTICE

To obtain information or make a complaint:

You may call Standard Insurance Company's toll-free telephone number for information or to make a complaint at:

1-800-348-3226

You may also write to Standard Insurance Company at:

900 SW Fifth Avenue
Portland OR 97204-1282

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:

PO Box 149104
Austin TX 78714-9104
FAX# (512) 475-1771
Web: http://www.tdi.state.tx.us
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:
Should you have a dispute concerning your premium or about a claim, you should contact Standard Insurance Company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY OR CERTIFICATE: This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener información o para someter una queja:

Usted puede llamar al número de teléfono gratis de Standard Insurance Company para información o para someter una queja al:

1-800-348-3226

Usted también puede escribir a Standard Insurance Company:

900 SW Fifth Avenue
Portland OR 97204-1282

Usted puede comunicarse con el Departamento de Seguros de Texas para obtener información acerca de compañías coberturas, derechos, o quejas al:

1-800-252-3439

Usted puede escribir al Departamento de Seguros de Texas:

PO Box 149104
Austin TX 78714-9104
FAX# (512) 475-1771
Web: http://www.tdi.state.tx.us
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS:
Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con Standard Insurance Company primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA O CERTIFICADO: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.
Texas law establishes a system to protect Texas policyholders if their life or health insurance company fails. The Texas Life and Health Insurance Guaranty Association ("the Association") administers this protection system. Only the policyholders of insurance companies that are members of the Association are eligible for this protection which is subject to the terms, limitations, and conditions of the Association law. (The law is found in the Texas Insurance Code, Chapter 463.)

It is possible that the Association may not protect all or part of your policy because of statutory limitations.

Eligibility for Protection by the Association

When a member insurance company is found to be insolvent and placed under an order of liquidation by a court or designated as impaired by the Texas Commissioner of Insurance, the Association provides coverage to policyholders who are:

- Residents of Texas (regardless of where the policyholder lived when the policy was issued)
- Residents of other states, ONLY if the following conditions are met:
  1. The policyholder has a policy with a company domiciled in Texas;
  2. The policyholder’s state of residence has a similar guaranty association; and
  3. The policyholder is not eligible for coverage by the guaranty association of the policyholder’s state of residence.

Limits of Protection by the Association

Accident, Accident and Health, or Health Insurance:

- For each individual covered under one or more policies: up to a total of $500,000 for basic hospital, medical-surgical, and major medical insurance, $300,000 for disability or long term care insurance, and $200,000 for other types of health insurance.

Life Insurance:

- Net cash surrender value or net cash withdrawal value up to a total of $100,000 under one or more policies on any single life; or
- Death benefits up to a total of $300,000 under one or more policies on any single life; or
- Total benefits up to a total of $5,000,000 to any owner of multiple non-group life policies.

Individual Annuities:

- Present value of benefits up to a total of $250,000 under one or more policies owned by one life.

Group Annuities:

- Present value of allocated benefits up to a $250,000 on any one life; or
- Present value of unallocated benefits up to a $5,000,000 for one contractholder regardless of the number of contracts.

Aggregate Limit:

- $300,000 on any one life with the exception of the $500,000 health insurance limit, the $5,000,000 multiple owner life insurance limit, and the $5,000,000 unallocated group annuity limit.

These limits are applied for each insolvent insurance company.
Insurance companies and agents are prohibited by law from using the existence of the Association for the purpose of sales, solicitation, or inducement to purchase any form of insurance. When you are selecting an insurance company, you should not rely on Association coverage. For additional questions on Association protection or general information about an insurance company, please use the following contact information.

Texas Life and Health Insurance Guaranty Association
515 Congress Avenue, Suite 1875
Austin, Texas 78701
800-982-6362 or www.txligfa.org

Texas Department of Insurance
P.O. Box 149104
Austin, Texas 78714-9104
800-252-3439 or www.tdi.state.tx.us
GROUP LONG TERM DISABILITY INSURANCE POLICY

Policyholder: San Antonio Water System
Policy Number: 753337-B
Effective Date: January 1, 2016

The consideration for this Group Policy is the application of the Policyholder and the payment by the Policyholder of premiums as provided herein.

Subject to the Policyholder Provisions and the Incontestability Provisions, this Group Policy (a) is issued for the Initial Rate Guarantee Period shown in the Coverage Features, and (b) may be renewed for successive renewal periods by the payment of the premium set by us on each renewal date. The length of each renewal period will be set by us, but will not be less than 12 months.

For purposes of effective dates and ending dates under this Group Policy, all days begin and end at 12:00 midnight Standard Time at the Policyholder's address.

All provisions on this and the following pages are part of this Group Policy. "You" and "your" mean the Member. "We", "us", and "our" mean Standard Insurance Company. Other defined terms appear with their initial letters capitalized. Section headings, and references to them, appear in boldface type.

This is not a policy of workers' compensation insurance. The employer does not become a subscriber to the worker's compensation system by purchasing this policy and if the employer is a non-subscriber, the employer loses those benefits which would otherwise accrue under the workers' compensation laws. The employer must comply with the workers' compensation law as it pertains to non-subscribers and the required notifications that must be filed and posted.

STANDARD INSURANCE COMPANY

By

[Signatures]

Chairman, President and CEO

Corporate Secretary

GP190-LTD/SS99
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### COVERAGE FEATURES

This section contains many of the features of your long term disability (LTD) insurance. Other provisions, including exclusions, limitations, and Deductible Income, appear in other sections. Please refer to the text of each section for full details. The Table of Contents and the Index of Defined Terms help locate sections and definitions.

### GENERAL POLICY INFORMATION

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<th>753337-B</th>
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<td>San Antonio Water System</td>
</tr>
<tr>
<td>Employer(s):</td>
<td>San Antonio Water System</td>
</tr>
<tr>
<td>Group Policy Effective Date:</td>
<td>January 1, 2016</td>
</tr>
<tr>
<td>Policy Issued in:</td>
<td>Texas</td>
</tr>
</tbody>
</table>

**Member means:**

1. A regular employee of the Employer;
2. Actively At Work at least 30 hours each week (for purposes of the Member definition, Actively At Work will include regularly scheduled days off, holidays, or vacation days, so long as the person is capable of Active Work on those days); and
3. A citizen or resident of the United States or Canada.

Member does not include a temporary or seasonal employee, a full-time member of the armed forces of any country, a leased employee, or an independent contractor.

**Class Definition:** None

### SCHEDULE OF INSURANCE

<table>
<thead>
<tr>
<th>Eligibility Waiting Period:</th>
<th>You are eligible on one of the following dates:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If you are a Member on the Group Policy Effective Date, you are eligible on that date.</td>
</tr>
<tr>
<td></td>
<td>If you become a Member after the Group Policy Effective Date, you are eligible on the date you become a Member.</td>
</tr>
</tbody>
</table>

Eligibility Waiting Period means the period you must be a Member before you become eligible for insurance.

<table>
<thead>
<tr>
<th>Own Occupation Period:</th>
<th>The first 24 months for which LTD Benefits are paid.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any Occupation Period:</td>
<td>From the end of the Own Occupation Period to the end of the Maximum Benefit Period.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LTD Benefit:</th>
<th>60% of the first $10,000 of your Predisability Earnings, reduced by Deductible Income.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum:</td>
<td>$6,000 before reduction by Deductible Income.</td>
</tr>
</tbody>
</table>
Minimum: $100

Benefit Waiting Period: 90 days.

Maximum Benefit Period: Determined by your age when Disability begins, as follows:

<table>
<thead>
<tr>
<th>Age</th>
<th>Maximum Benefit Period</th>
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<tr>
<td>61 or younger</td>
<td>To age 65, or to SSNRA, or 3 years 6 months, whichever is longest.</td>
</tr>
<tr>
<td>62</td>
<td>To SSNRA, or 3 years 6 months, whichever is longer.</td>
</tr>
<tr>
<td>63</td>
<td>To SSNRA, or 3 years, whichever is longer.</td>
</tr>
<tr>
<td>64</td>
<td>To SSNRA, or 2 years 6 months, whichever is longer.</td>
</tr>
<tr>
<td>65</td>
<td>2 years</td>
</tr>
<tr>
<td>66</td>
<td>1 year 9 months</td>
</tr>
<tr>
<td>67</td>
<td>1 year 6 months</td>
</tr>
<tr>
<td>68</td>
<td>1 year 3 months</td>
</tr>
<tr>
<td>69 or older</td>
<td>1 year</td>
</tr>
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Social Security Normal Retirement Age (SSNRA) means your normal retirement age under the Federal Social Security Act, as amended.

**PREMIUM CONTRIBUTIONS**

Insurance is: Noncontributory

**PREMIUM AND RENEWALS**

Premium Rates:

LTD Insurance: 0.220% of the first $10,000 of each insured Member's insured Predisability Earnings.

Premium Due Dates: January 1, 2016 and the first day of each calendar month thereafter.

Initial Rate Guarantee Period: January 1, 2016 to January 1, 2018

Minimum Participation Number: 10 insured Members

Minimum Participation Percentage: 100% of eligible Members
INSURING CLAUSE

If you become Disabled while insured under the Group Policy, we will pay LTD Benefits according to the terms of the Group Policy after we receive Proof Of Loss satisfactory to us.

BECOMING INSURED

To become insured you must be a Member, complete your Eligibility Waiting Period, and meet the requirements in Active Work Provisions and When Your Insurance Becomes Effective.

You are a Member if you are:

1. A regular employee of the Employer;
2. Actively At Work at least 30 hours each week (for purposes of the Member definition, Actively At Work will include regularly scheduled days off, holidays, or vacation days, so long as you are capable of Active Work on those days); and
3. A citizen or resident of the United States or Canada.

You are not a Member if you are a temporary or seasonal employee, a full-time member of the armed forces of any country, a leased employee, or an independent contractor.

Eligibility Waiting Period means the period you must be a Member before you become eligible for insurance. Your Eligibility Waiting Period is shown in the Coverage Features.

WHEN YOUR INSURANCE BECOMES EFFECTIVE

A. When Insurance Becomes Effective

Subject to the Active Work Provisions, your insurance becomes effective as follows:

1. Insurance Subject To Evidence Of Insurability

   Insurance subject to Evidence Of Insurability becomes effective on the date we approve your Evidence Of Insurability.

2. Insurance Not Subject To Evidence of Insurability

   The Coverage Features states whether insurance is Contributory or Noncontributory.
   a. Noncontributory Insurance

      Noncontributory insurance not subject to Evidence Of Insurability becomes effective on the date you become eligible.
   b. Contributory Insurance

      You must apply in writing for Contributory insurance and agree to pay premiums. Contributory insurance not subject to Evidence Of Insurability becomes effective on:
      i. The date you become eligible if you apply on or before that date; or
      ii. The date you apply if you apply within 31 days after you become eligible.

      Late application: Evidence Of Insurability is required if you apply more than 31 days after you become eligible.
B. Takeover Provisions

1. If you were insured under the Prior Plan on the day before the effective date of your Employer’s coverage under the Group Policy, your Eligibility Waiting Period is waived on the effective date of your Employer’s coverage under the Group Policy.

2. You must submit satisfactory Evidence Of Insurability to become insured if you were eligible for insurance under the Prior Plan for more than 31 days but were not insured.

C. Evidence Of Insurability Requirement

Evidence Of Insurability satisfactory to us is required:

a. For late application for Contributory insurance.

b. For Members eligible but not insured under the Prior Plan.

c. For reinstatements if required.

Providing Evidence Of Insurability means you must:

1. Complete and sign our medical history statement;

2. Sign our form authorizing us to obtain information about your health;

3. Undergo a physical examination, if required by us, which may include blood testing; and

4. Provide any additional information about your insurability that we may reasonably require.

ACTIVE WORK PROVISIONS

A. Active Work Requirement

You must be capable of Active Work on the day before the scheduled effective date of your insurance or your insurance will not become effective as scheduled. If you are incapable of Active Work because of Physical Disease, Injury, Pregnancy or Mental Disorder on the day before the scheduled effective date of your insurance, your insurance will not become effective until the day after you complete one full day of Active Work as an eligible Member.

Active Work and Actively At Work mean performing with reasonable continuity the Material Duties of your Own Occupation at your Employer’s usual place of business.

B. Changes In Insurance

This Active Work requirement also applies to any increase in your insurance.

CONTINUITY OF COVERAGE

If your Disability is subject to the Preexisting Condition Exclusion, LTD Benefits will be payable if:

1. You were insured under the Prior Plan on the day before the effective date of your Employer’s coverage under the Group Policy;

2. You became insured under the Group Policy when your insurance under the Prior Plan ceased;

3. You were continuously insured under the Group Policy from the effective date of your insurance under the Group Policy through the date you became Disabled from the Preexisting Condition; and

4. Benefits would have been payable under the terms of the Prior Plan if it had remained in force, taking into account the preexisting condition exclusion, if any, of the Prior Plan.
For such a Disability, the amount of your LTD Benefit will be the lesser of:

a. The monthly benefit that would have been payable under the terms of the Prior Plan if it had remained in force; or

b. The LTD Benefit payable under the terms of the Group Policy, but without application of the Preexisting Condition Exclusion.

Your LTD Benefits for such a Disability will end on the earlier of the following dates:

a. The date benefits would have ended under the terms of the Prior Plan if it had remained in force; or

b. The date LTD Benefits end under the terms of the Group Policy.

WHEN YOUR INSURANCE ENDS

Your insurance ends automatically on the earliest of:

1. The date the last period ends for which a premium contribution was made for your insurance.
2. The date the Group Policy terminates.
3. The date your employment terminates.
4. The date you cease to be a Member. However, your insurance will be continued during the following periods when you are absent from Active Work, unless it ends under any of the above.

   a. During the first 90 days of a temporary or indefinite administrative or involuntary leave of absence or sick leave, provided your Employer is paying you at least the same Predisability Earnings paid to you immediately before you ceased to be a Member. A period when you are absent from Active Work as part of a severance or other employment termination agreement is not a leave of absence, even if you are receiving the same Predisability Earnings.

   b. During a leave of absence if continuation of your insurance under the Group Policy is required by a state-mandated family or medical leave act or law.

   c. During any other temporary leave of absence approved by your Employer in advance and in writing and scheduled to last 30 days or less. A period of Disability is not a leave of absence.

   d. During the Benefit Waiting Period.

WAIVER OF PREMIUM

We will waive payment of premium for your insurance while LTD Benefits are payable.

REINSTATEMENT OF INSURANCE

If your insurance ends, you may become insured again as a new Member. However, the following will apply:

1. If you cease to be a Member because of a covered Disability following the Benefit Waiting Period, your insurance will end; however, if you become a Member again immediately after LTD Benefits end, the Eligibility Waiting Period will be waived and, with respect to the condition(s) for which LTD Benefits were payable, the Preexisting Condition Exclusion will be applied as if your insurance had remained in effect during that period of Disability.
2. If your insurance ends because you cease to be a Member for any reason other than a covered Disability, and if you become a Member again within 90 days, the Eligibility Waiting Period will be waived.

3. If your insurance ends because you fail to make a required premium contribution, you must provide Evidence Of Insurability to become insured again.

4. If your insurance ends because you are on a federal or state-mandated family or medical leave of absence, and you become a Member again immediately following the period allowed, your insurance will be reinstated pursuant to the federal or state-mandated family or medical leave act or law.

5. The Preexisting Conditions Exclusion will be applied as if insurance had remained in effect in the following instances:
   a. If you become insured again within 90 days.
   b. If required by federal or state-mandated family or medical leave act or law and you become insured again immediately following the period allowed under the family or medical leave act or law.

6. In no event will insurance be retroactive.

**DEFINITION OF DISABILITY**

You are Disabled if you meet the following definitions during the periods they apply:

A. Own Occupation Definition Of Disability.
B. Any Occupation Definition Of Disability.

A. Own Occupation Definition Of Disability

During the Benefit Waiting Period and the Own Occupation Period you are required to be Disabled only from your Own Occupation.

You are Disabled from your Own Occupation if, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder:

1. You are unable to perform with reasonable continuity the Material Duties of your Own Occupation; and
2. You suffer a loss of at least 20% in your Indexed Predisability Earnings when working in your Own Occupation.

Note: You are not Disabled merely because your right to perform your Own Occupation is restricted, including a restriction or loss of license.

During the Own Occupation Period you may work in another occupation while you meet the Own Occupation Definition Of Disability. However, you will no longer be Disabled when your Work Earnings from another occupation meet or exceed 80% of your Indexed Predisability Earnings. Your Work Earnings may be Deductible Income. See Return To Work Provisions and Deductible Income.

Own Occupation means any employment, business, trade, profession, calling or vocation that involves Material Duties of the same general character as the occupation you are regularly performing for your Employer when Disability begins. In determining your Own Occupation, we are not limited to looking at the way you perform your job for your Employer, but we may also look at the way the occupation is generally performed in the national economy. If your Own Occupation involves the rendering of professional services and you are required to have a professional or
occupational license in order to work, your Own Occupation is as broad as the scope of your license.

Material Duties means the essential tasks, functions and operations, and the skills, abilities, knowledge, training and experience, generally required by employers from those engaged in a particular occupation that cannot be reasonably modified or omitted. In no event will we consider working an average of more than 40 hours per week to be a Material Duty.

B. Any Occupation Definition Of Disability

During the Any Occupation Period you are required to be Disabled from all occupations.

You are Disabled from all occupations if, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to perform with reasonable continuity the Material Duties of Any Occupation.

Any Occupation means any occupation or employment which you are able to perform, whether due to education, training, or experience, which is available at one or more locations in the national economy and in which you can be expected to earn at least 60% of your Indexed Predisability Earnings within twelve months following your return to work, regardless of whether you are working in that or any other occupation.

Material Duties means the essential tasks, functions and operations, and the skills, abilities, knowledge, training and experience, generally required by employers from those engaged in a particular occupation that cannot be reasonably modified or omitted. In no event will we consider working an average of more than 40 hours per week to be a Material Duty.

Your Own Occupation Period and Any Occupation Period are shown in the Coverage Features.

RETURN TO WORK PROVISIONS

A. Return To Work Responsibility

During the Own Occupation Period no LTD Benefits will be paid for any period when you are able to work in your Own Occupation and able to earn at least 20% of your Indexed Predisability Earnings, but you elect not to work.

During the Any Occupation Period no LTD Benefits will be paid for any period when you are able to work in Any Occupation and able to earn at least 20% of your Indexed Predisability Earnings, but you elect not to work.

B. Return To Work Incentive

You may serve your Benefit Waiting Period while working if you meet the Own Occupation Definition Of Disability.

You are eligible for the Return To Work Incentive on the first day you work after the Benefit Waiting Period if LTD Benefits are payable on that date. The Return To Work Incentive changes 12 months after that date, as follows:

1. During the first 12 months, your Work Earnings will be Deductible Income as determined in a., b. and c:
   
a. Determine the amount of your LTD Benefit as if there were no Deductible Income, and add your Work Earnings to that amount.
   b. Determine 100% of your Indexed Predisability Earnings.
   c. If a. is greater than b., the difference will be Deductible Income.

2. After those first 12 months, 50% of your Work Earnings will be Deductible Income.
C. Work Earnings Definition

Work Earnings means your gross monthly earnings from work you perform while Disabled, plus the earnings you could receive if you worked as much as you are able to, considering your Disability, in work that is reasonably available:

a. In your Own Occupation during the Own Occupation Period; and
b. In Any Occupation during the Any Occupation Period.

Work Earnings includes earnings from your Employer, any other employer, or self-employment, and any sick pay, vacation pay, annual or personal leave pay or other salary continuation earned or accrued while working.

Earnings from work you perform will be included in Work Earnings when you have the right to receive them. If you are paid in a lump sum or on a basis other than monthly, we will prorate your Work Earnings over the period of time to which they apply. If no period of time is stated, we will use a reasonable one.

In determining your Work Earnings we:

1. Will use the financial accounting method you use for income tax purposes, if you use that method on a consistent basis.
2. Will not be limited to the taxable income you report to the Internal Revenue Service.
3. May ignore expenses under section 179 of the IRC as a deduction from your gross earnings.
4. May ignore depreciation as a deduction from your gross earnings.
5. May adjust the financial information you give us in order to clearly reflect your Work Earnings.

If we determine that your earnings vary substantially from month to month, we may determine your Work Earnings by averaging your earnings over the most recent three-month period. During the Own Occupation Period you will no longer be Disabled when your average Work Earnings over the last three months exceed 80% of your Indexed Predisability Earnings. During the Any Occupation Period you will no longer be Disabled when your average Work Earnings over the last three months exceed 60% of your Indexed Predisability Earnings.

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**Reasonable Accommodation Expense Benefit**

If you return to work in any occupation for any employer, not including self-employment, as a result of a reasonable accommodation made by such employer, we will pay that employer a Reasonable Accommodation Expense Benefit of up to $25,000, but not to exceed the expenses incurred.

The Reasonable Accommodation Expense Benefit is payable only if the reasonable accommodation is approved by us in writing prior to its implementation.

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**Rehabilitation Plan Provision**

While you are Disabled you may qualify to participate in a Rehabilitation Plan. Rehabilitation Plan means a written plan, program or course of vocational training or education that is intended to prepare you to return to work.

To participate in a Rehabilitation Plan you must apply on our forms or in a letter to us. The terms, conditions and objectives of the plan must be accepted by you and approved by us in advance. We have the sole discretion to approve your Rehabilitation Plan.
While you are participating in an approved Rehabilitation Plan, your LTD Benefit will be increased by 10% of your Predisability Earnings. Your LTD Benefit may not exceed the Maximum LTD Benefit shown in the **Coverage Features** as a result of this increase.

An approved Rehabilitation Plan may include our payment of some or all of the expenses you incur in connection with the plan, including:

a. Training and education expenses.
b. Family care expenses.
c. Job-related expenses.
d. Job search expenses.

**TEMPORARY RECOVERY**

You may temporarily recover from your Disability and then become Disabled again from the same cause or causes without having to serve a new Benefit Waiting Period. Temporary Recovery means you cease to be Disabled for no longer than the applicable Allowable Period. See **Definition Of Disability**.

A. Allowable Periods
   1. During the Benefit Waiting Period: a total of 90 days of recovery.
   2. During the Maximum Benefit Period: 180 days for each period of recovery.

B. Effect Of Temporary Recovery
   If your Temporary Recovery does not exceed the Allowable Periods, the following will apply.
   1. The Predisability Earnings used to determine your LTD Benefit will not change.
   2. The period of Temporary Recovery will not count toward your Benefit Waiting Period, your Maximum Benefit Period or your Own Occupation Period.
   3. No LTD Benefits will be payable for the period of Temporary Recovery.
   4. No LTD Benefits will be payable after benefits become payable to you under any other disability insurance plan under which you become insured during your period of Temporary Recovery.
   5. Except as stated above, the provisions of the Group Policy will be applied as if there had been no interruption of your Disability.

**WHEN LTD BENEFITS END**

Your LTD Benefits end automatically on the earliest of:

1. The date you are no longer Disabled.
2. The date your Maximum Benefit Period ends.
3. The date you die.
4. The date benefits become payable under any other LTD plan under which you become insured through employment during a period of Temporary Recovery.
5. The date you fail to provide proof of continued Disability and entitlement to LTD Benefits.
**PREDISABILITY EARNINGS**

Your Predisability Earnings will be based on your earnings in effect on your last full day of Active Work. Any subsequent change in your earnings after that last full day of Active Work will not affect your Predisability Earnings.

Predisability Earnings means your monthly rate of earnings from your Employer, including:

1. Contributions you make through a salary reduction agreement with your Employer to:
   a. An Internal Revenue Code (IRC) Section 401(k), 403(b), 408(k), 408(p), or 457 deferred compensation arrangement; or
   b. An executive nonqualified deferred compensation arrangement.
2. Amounts contributed to your fringe benefits according to a salary reduction agreement under an IRC Section 125 plan.

Predisability Earnings does not include:

1. Bonuses.
2. Commissions.
3. Overtime pay.
5. Stock options or stock bonuses.
6. Your Employer's contributions on your behalf to any deferred compensation arrangement or pension plan.
7. Any other extra compensation.

If you are paid on an annual contract basis, your monthly rate of earnings is one-twelfth (1/12th) of your annual contract salary.

If you are paid hourly, your monthly rate of earnings is based on your hourly pay rate multiplied by the number of hours you are regularly scheduled to work per month, but not more than 173 hours. If you do not have regular work hours, your monthly rate of earnings is based on the average number of hours you worked per month during the preceding 12 calendar months (or during your period of employment if less than 12 months), but not more than 173 hours.

**DEDUCTIBLE INCOME**

Subject to **Exceptions To Deductible Income**, Deductible Income means:
1. Your Work Earnings, as described in the **Return To Work Provisions**.
2. Any amount you receive or are eligible to receive because of your disability, including amounts for partial or total disability, whether permanent, temporary, or vocational, under any of the following:
   a. A workers' compensation law;
   b. The Jones Act;
   c. Maritime Doctrine of Maintenance, Wages, or Cure;
   d. Longshoremen's and Harbor Worker's Act; or
   e. Any similar act or law.
3. Any amount you, your spouse, or your child under age 18 receive or are eligible to receive because of your disability or retirement under:
   a. The Federal Social Security Act;
   b. The Canada Pension Plan;
   c. The Quebec Pension Plan;
   d. The Railroad Retirement Act; or
   e. Any similar plan or act.

Full offset: Both the primary benefit (the benefit awarded to you) and dependents benefit are Deductible Income.

Benefits your spouse or a child receives or are eligible to receive because of your disability are Deductible Income regardless of marital status, custody, or place of residence. The term "child" has the meaning given in the applicable plan or act.

4. Any amount you receive or are eligible to receive because of your disability under any state disability income benefit law or similar law.

5. Any amount you receive or are eligible to receive because of your disability under another group insurance coverage.

6. Any disability or retirement benefits you receive or are eligible to receive under your Employer's retirement plan, including a public employee retirement system, a state teacher retirement system, and a plan arranged and maintained by a union or employee association for the benefit of its members. You and your Employer's contributions will be considered as distributed simultaneously throughout your lifetime, regardless of how funds are distributed from the retirement plan.

   If any of these plans has two or more payment options, the option which comes closest to providing you a monthly income for life with no survivors benefit will be Deductible Income, even if you choose a different option.

7. Any earnings or compensation included in Predisability Earnings which you receive or are eligible to receive while LTD Benefits are payable.

8. Any amount you receive or are eligible to receive under any unemployment compensation law or similar act or law.

9. Any amount you receive or are eligible to receive from or on behalf of a third party because of your disability, whether by judgment, settlement or other method. If you notify us before filing suit or settling your claim against such third party, the amount used as Deductible Income will be reduced by a pro rata share of your costs of recovery, including reasonable attorney fees.

10. Any amount you receive by compromise, settlement, or other method as a result of a claim for any of the above, whether disputed or undisputed.

   (NO SL_NO OTHR OFFST_PUB_WITH 3RD)  LT.DI.O.T.1

   EXCEPTIONS TO DEDUCTIBLE INCOME

Deductible Income does not include:

1. Any cost of living increase in any Deductible Income other than Work Earnings, if the increase becomes effective while you are Disabled and while you are eligible for the Deductible Income.

2. Reimbursement for hospital, medical, or surgical expense.

3. Reasonable attorneys fees incurred in connection with a claim for Deductible Income.
4. Benefits from any individual disability insurance policy.
5. Early retirement benefits under the Federal Social Security Act which are not actually received.
6. Group credit or mortgage disability insurance benefits.
7. Accelerated death benefits paid under a life insurance policy.
8. Benefits from the following:
   a. Profit sharing plan.
   b. Thrift or savings plan.
   c. Deferred compensation plan.
   d. Plan under IRC Section 401(k), 408(k), 408(p), or 457.
   e. Individual Retirement Account (IRA).
   f. Tax Sheltered Annuity (TSA) under IRC Section 403(b).
   g. Stock ownership plan.
   h. Keogh (HR-10) plan.

**RULES FOR DEDUCTIBLE INCOME**

A. Monthly Equivalents

   Each month we will determine your LTD Benefit using the Deductible Income for the same monthly period, even if you actually receive the Deductible Income in another month.

   If you are paid Deductible Income in a lump sum or by a method other than monthly, we will determine your LTD Benefit using a prorated amount. We will use the period of time to which the Deductible Income applies. If no period of time is stated, we will use a reasonable one.

B. Your Duty To Pursue Deductible Income

   You must pursue Deductible Income for which you may be eligible. We may ask for written documentation of your pursuit of Deductible Income. You must provide it within 60 days after we mail you our request. Otherwise, we may reduce your LTD Benefits by the amount we estimate you would be eligible to receive upon proper pursuit of the Deductible Income.

C. Pending Deductible Income

   We will not deduct pending Deductible Income until it becomes payable. You must notify us of the amount of the Deductible Income when it is approved. You must repay us for the resulting overpayment of your claim.

D. Overpayment Of Claim

   We will notify you of the amount of any overpayment of your claim under any group disability insurance policy issued by us. You must immediately repay us. You will not receive any LTD Benefits until we have been repaid in full. In the meantime, any LTD Benefits paid, including the Minimum LTD Benefit, will be applied to reduce the amount of the overpayment. We may charge you interest at the legal rate for any overpayment which is not repaid within 30 days after we first mail you notice of the amount of the overpayment.
SUBROGATION

If LTD Benefits are paid or payable to you under the Group Policy as the result of any act or omission of a third party, we will be subrogated to all rights of recovery you may have in respect to such act or omission. You must execute and deliver to us such instruments and papers as may be required and do whatever else is needed to secure such rights. You must avoid doing anything that would prejudice our rights of subrogation.

If you notify us before filing suit or settling your claim against such third party, the amount to which we are subrogated will be reduced by a pro rata share of your costs of recovery, including reasonable attorney fees. If suit or action is filed, we may record a notice of payments of LTD Benefits, and such notice shall constitute a lien on any judgment recovered.

If you or your legal representative fail to bring suit or action promptly against such third party, we may institute such suit or action in our name or in your name. We are entitled to retain from any judgment recovered the amount of LTD Benefits paid or to be paid to you or on your behalf, together with our costs of recovery, including attorney fees. The remainder of such recovery, if any, shall be paid to you or as the court may direct.

SURVIVORS BENEFIT

If you die while LTD Benefits are payable, and on the date you die you have been continuously Disabled for at least 180 days, we will pay a Survivors Benefit according to 1 through 3 below.

1. The Survivors Benefit is a lump sum equal to 3 times your LTD Benefit without reduction by Deductible Income.

2. The Survivors Benefit will first be applied to reduce any overpayment of your claim.

3. The Survivors Benefit will be paid at our option to any one or more of the following:
   a. Your surviving spouse;
   b. Your surviving unmarried children, including adopted children, under age 25;
   c. Your surviving spouse’s unmarried children, including adopted children, under age 25; or
   d. Any person providing the care and support of any person listed in a., b., or c. above.
   e. Your estate, if you are not survived by any person listed in a., b., or c. above.

BENEFITS AFTER INSURANCE ENDS OR IS CHANGED

During each period of continuous Disability, we will pay LTD Benefits according to the terms of the Group Policy in effect on the date you become Disabled. Your right to receive LTD Benefits will not be affected by:

1. Any amendment to the Group Policy that is effective after you become Disabled.

2. Termination of the Group Policy after you become Disabled.

EFFECT OF NEW DISABILITY

If a period of Disability is extended by a new cause while LTD Benefits are payable, LTD Benefits will continue while you remain Disabled. However, 1 and 2 apply.

1. LTD Benefits will not continue beyond the end of the original Maximum Benefit Period.
2. The Disabilities Excluded From Coverage, Disabilities Subject To Limited Pay Periods, and Limitations sections will apply to the new cause of Disability.

DISABILITIES EXCLUDED FROM COVERAGE

A. War
   You are not covered for a Disability caused or contributed to by War or any act of War. War means declared or undeclared war, whether civil or international, and any substantial armed conflict between organized forces of a military nature.

B. Intentionally Self-Inflicted Injury
   You are not covered for a Disability caused or contributed to by an intentionally self-inflicted Injury, while sane or insane.

C. Preexisting Condition
   1. Definition
      Preexisting Condition means a mental or physical condition:
      a. For which you have done any of the following:
         i. Consulted a physician or other licensed medical professional;
         ii. Received medical treatment, services or advice;
         iii. Undergone diagnostic procedures, including self-administered procedures;
         iv. Taken prescribed drugs or medications;
      b. Which, as a result of any medical examination, was discovered or suspected;
         at any time during the 90-day period just before the date your insurance becomes effective.
   2. Exclusion
      You are not covered for a Disability caused or contributed to by a Preexisting Condition or medical or surgical treatment of a Preexisting Condition unless, on the date you become Disabled, you have been continuously insured under the Group Policy for 12 months.

D. Loss Of License Or Certification
   You are not covered for a Disability caused or contributed to by the loss of your professional license, occupational license or certification.

E. Violent Or Criminal Conduct
   You are not covered for a Disability caused or contributed to by your committing or attempting to commit an assault or felony, or actively participating in a violent disorder or riot. Actively participating does not include being at the scene of a violent disorder or riot while performing your official duties.

DISABILITIES SUBJECT TO LIMITED PAY PERIODS

A. Mental Disorders and Substance Abuse
Payment of LTD Benefits is limited to 24 months during your entire lifetime for a Disability caused or contributed to by any one or more of the following, or medical or surgical treatment of one or more of the following:

1. Mental Disorders; or
2. Substance Abuse.

However, if you are confined in a Hospital solely because of a Mental Disorder at the end of the 24 months, this limitation will not apply while you are continuously confined.

Mental Disorder means any mental, emotional, behavioral, psychological, personality, cognitive, mood or stress-related abnormality, disorder, disturbance, dysfunction or syndrome, regardless of cause (including any biological or biochemical disorder or imbalance of the brain) or the presence of physical symptoms. Mental Disorder includes, but is not limited to, bipolar affective disorder, organic brain syndrome, schizophrenia, psychotic illness, manic depressive illness, depression and depressive disorders, anxiety and anxiety disorders.

Substance Abuse means use of alcohol, alcoholism, use of any drug, including hallucinogens, or drug addiction.

Hospital means a legally operated hospital providing full-time medical care and treatment under the direction of a full-time staff of licensed physicians. Rest homes, nursing homes, convalescent homes, homes for the aged, and facilities primarily affording custodial, educational, or rehabilitative care are not Hospitals.

B. Rules For Disabilities Subject To Limited Pay Periods

1. If you are Disabled as a result of a Mental Disorder or any Physical Disease or Injury for which payment of LTD Benefits is subject to a limited pay period, and at the same time are Disabled as a result of a Physical Disease, Injury, or Pregnancy that is not subject to such limitation, LTD Benefits will be payable first for conditions that are subject to the limitation.

2. No LTD Benefits will be payable after the end of the limited pay period, unless on that date you continue to be Disabled as a result of a Physical Disease, Injury, or Pregnancy for which payment of LTD Benefits is not limited.

LIMITATIONS

A. Care Of A Physician

You must be under the ongoing care of a Physician in the appropriate specialty as determined by us during the Benefit Waiting Period. No LTD Benefits will be paid for any period of Disability when you are not under the ongoing care of a Physician in the appropriate specialty as determined by us.

B. Return To Work Responsibility

During the Own Occupation Period no LTD Benefits will be paid for any period of Disability when you are able to work in your Own Occupation and able to earn at least 20% of your Indexed Predisability Earnings, but you elect not to work.

During the Any Occupation Period, no LTD Benefits will be paid for any period of Disability when you are able to work in Any Occupation and able to earn at least 20% of your Indexed Predisability Earnings, but elect not to work.

C. Rehabilitation Program

No LTD Benefits will be paid for any period of Disability when you are not participating in good faith in a plan, program or course of medical treatment or vocational training or education approved by us unless your Disability prevents you from participating.
D. Foreign Residency
Payment of LTD Benefits is limited to 12 months for each period of continuous Disability while you reside outside of the United States or Canada.

E. Imprisonment
No LTD Benefits will be paid for any period of Disability when you are confined for any reason in a penal or correctional institution.

CLAIMS

A. Filing A Claim
Claims should be filed on our forms. If we do not provide our forms within 15 days after they are requested, you may submit your claim in a letter to us. The letter should include the date disability began, and the cause and nature of the disability.

B. Time Limits On Filing Proof Of Loss
You must give us Proof Of Loss within 90 days after the end of the Benefit Waiting Period. If you cannot do so, you must give it to us as soon as reasonably possible, but not later than one year after that 90-day period. If Proof Of Loss is filed outside these time limits, your claim will be denied. These limits will not apply while you lack legal capacity.

C. Proof Of Loss
Proof Of Loss means written proof that you are Disabled and entitled to LTD Benefits. Proof Of Loss must be provided at your expense.

For claims of Disability due to conditions other than Mental Disorders, we may require proof of physical impairment that results from anatomical or physiological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

D. Documentation
Completed claims statements, a signed authorization for us to obtain information, and any other items we may reasonably require in support of a claim must be submitted at your expense. If the required documentation is not provided within 45 days after we mail our request, your claim may be denied.

E. Investigation Of Claim
We may investigate your claim at any time.

At our expense, we may have you examined at reasonable intervals by specialists of our choice. We may deny or suspend LTD Benefits if you fail to attend an examination or cooperate with the examiner.

F. Time Of Payment
We will pay LTD Benefits within 60 days after you satisfy Proof Of Loss.

LTD Benefits will be paid to you at the end of each month you qualify for them. LTD Benefits remaining unpaid at your death will be paid to the person(s) receiving the Survivors Benefit. If no Survivors Benefit is paid, the unpaid LTD Benefits will be paid to your estate.

G. Notice Of Decision On Claim
We will evaluate your claim promptly after you file it. Within 45 days after we receive your claim we will send you: (a) a written decision on your claim; or (b) a notice that we are extending the period to decide your claim for 30 days. Before the end of this extension period we will send you:
(a) a written decision on your claim; or (b) a notice that we are extending the period to decide your claim for an additional 30 days. If an extension is due to your failure to provide information necessary to decide the claim, the extended time period for deciding your claim will not begin until you provide the information or otherwise respond.

If we extend the period to decide your claim, we will notify you of the following: (a) the reasons for the extension; (b) when we expect to decide your claim; (c) an explanation of the standards on which entitlement to benefits is based; (d) the unresolved issues preventing a decision; and (e) any additional information we need to resolve those issues.

If we request additional information, you will have 45 days to provide the information. If you do not provide the requested information within 45 days, we may decide your claim based on the information we have received.

If we deny any part of your claim, you will receive a written notice of denial containing:

a. The reasons for our decision.

b. Reference to the parts of the Group Policy on which our decision is based.

c. A description of any additional information needed to support your claim.

d. Information concerning your right to a review of our decision.

H. Review Procedure

If all or part of a claim is denied, you may request a review. You must request a review in writing within 180 days after receiving notice of the denial.

You may send us written comments or other items to support your claim. You may review and receive copies of any non-privileged information that is relevant to your request for review. There will be no charge for such copies. You may request the names of medical or vocational experts who provided advice to us about your claim.

The person conducting the review will be someone other than the person who denied the claim and will not be subordinate to that person. The person conducting the review will not give deference to the initial denial decision. If the denial was based on a medical judgment, the person conducting the review will consult with a qualified health care professional. This health care professional will be someone other than the person who made the original medical judgment and will not be subordinate to that person. Our review will include any written comments or other items you submit to support your claim.

We will review your claim promptly after we receive your request. Within 45 days after we receive your request for review we will send you: (a) a written decision on review; or (b) a notice that we are extending the review period for 45 days. If the extension is due to your failure to provide information necessary to decide the claim on review, the extended time period for review of your claim will not begin until you provide the information or otherwise respond.

If we extend the review period, we will notify you of the following: (a) the reasons for the extension; (b) when we expect to decide your claim on review; and (c) any additional information we need to decide your claim.

If we request additional information, you will have 45 days to provide the information. If you do not provide the requested information within 45 days, we may conclude our review of your claim based on the information we have received.

If we deny any part of your claim on review, you will receive a written notice of denial containing:

a. The reasons for our decision.

b. Reference to the parts of the Group Policy on which our decision is based.

c. Information concerning your right to receive, free of charge, copies of non-privileged documents and records relevant to your claim.
I. Assignment

The rights and benefits under the Group Policy are not assignable.

TIME LIMITS ON LEGAL ACTIONS

No action at law or in equity may be brought until 60 days after you have given us Proof Of Loss. No such action may be brought more than three years after the earlier of:

1. The date we receive Proof Of Loss; and
2. The time within which Proof Of Loss is required to be given.

INCONTESTABILITY PROVISIONS

A. Incontestability Of Insurance

Any statement made to obtain insurance or to increase insurance is a representation and not a warranty.

No misrepresentation will be used to reduce or deny a claim or contest the validity of insurance unless:

1. The insurance would not have been approved if we had known the truth; and
2. We have given you or any other person claiming benefits a copy of the signed written instrument which contains the misrepresentation.

After insurance has been in effect for two years during the lifetime of the insured, we will not use a misrepresentation to reduce or deny the claim, unless it was a fraudulent misrepresentation.

B. Incontestability Of The Group Policy

Any statement made by the Policyholder or Employer to obtain the Group Policy is a representation and not a warranty.

No misrepresentation by the Policyholder or your Employer will be used to deny a claim or to deny the validity of the Group Policy unless:

1. The Group Policy would not have been issued if we had known the truth; and
2. We have given the Policyholder or Employer a copy of a written instrument signed by the Policyholder or Employer which contains the misrepresentation.

The validity of the Group Policy will not be contested after it has been in force for two years, except for nonpayment of premiums or fraudulent misrepresentations.

CLERICAL ERROR, AGENCY, AND MISSTATEMENT

A. Clerical Error

Clerical error by the Policyholder, your Employer, or their respective employees or representatives will not:

1. Cause a person to become insured.
2. Invalidate insurance under the Group Policy otherwise validly in force.
3. Continue insurance under the Group Policy otherwise validly terminated.
B. Agency

The Policyholder and your Employer act on their own behalf as your agent, and not as our agent. The Policyholder and your Employer have no authority to alter, expand or extend our liability or to waive, modify or compromise any defense or right we may have under the Group Policy.

C. Misstatement Of Age

If a person’s age has been misstated, we will make an equitable adjustment of premiums, benefits, or both. The adjustment will be based on:

1. The amount of insurance based on the correct age; and
2. The difference between the premiums paid and the premiums which would have been paid if the age had been correctly stated.

TERMINATION OR AMENDMENT OF THE GROUP POLICY

The Group Policy may be terminated by us or the Policyholder according to its terms. It will terminate automatically for nonpayment of premium. The Policyholder may terminate the Group Policy in whole, and may terminate insurance for any class or group of Members, at any time by giving us written notice.

Benefits under the Group Policy are limited to its terms, including any valid amendment. No change or amendment will be valid unless it is approved in writing by one of our executive officers and given to the Policyholder for attachment to the Group Policy. If the terms of the certificate differ from the Group Policy, the terms stated in the Group Policy will govern. The Policyholder, your Employer, and their respective employees or representatives have no right or authority to change or amend the Group Policy or to waive any of its terms or provisions without our signed written approval.

We may change the Group Policy in whole or in part when any change or clarification in law or governmental regulation affects our obligations under the Group Policy, or with the Policyholder’s consent.

Any such change or amendment of the Group Policy may apply to current or future Members or to any separate classes or groups of Members.

DEFINITIONS

Benefit Waiting Period means the period you must be continuously Disabled before LTD Benefits become payable. No LTD Benefits are payable for the Benefit Waiting Period. See Coverage Features.

Contributory means insurance is elective and Members pay all or part of the premium for insurance.

CPI-W means the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the United States Department of Labor. If the CPI-W is discontinued or changed, we may use a comparable index. Where required, we will obtain prior state approval of the new index.

Employer means an employer (including approved affiliates and subsidiaries) for which coverage under the Group Policy is approved in writing by us.

Group Policy means the group LTD insurance policy issued by us to the Policyholder and identified by the Group Policy Number.

Indexed Predisability Earnings means your Predisability Earnings adjusted by the rate of increase in the CPI-W. During your first year of Disability, your Indexed Predisability Earnings are the same as your Predisability Earnings. Thereafter, your Indexed Predisability Earnings are determined on each anniversary of your Disability by increasing the previous year’s Indexed Predisability Earnings by the
rate of increase in the CPI-W for the prior calendar year. The maximum adjustment in any year is 10%. Your Indexed Predisability Earnings will not decrease, even if the CPI-W decreases.

Injury means an injury to the body.

LTD Benefit means the monthly benefit payable to you under the terms of the Group Policy.

Maximum Benefit Period means the longest period for which LTD Benefits are payable for any one period of continuous Disability, whether from one or more causes. It begins at the end of the Benefit Waiting Period. No LTD Benefits are payable after the end of the Maximum Benefit Period, even if you are still Disabled. See Coverage Features.

Noncontributory means (a) insurance is nonelective and the Policyholder or Employer pay the entire premium for insurance; or (b) the Policyholder or Employer require all eligible Members to have insurance and to pay all or part of the premium for insurance.

Physical Disease means a physical disease entity or process that produces structural or functional changes in the body as diagnosed by a Physician.

Physician means a licensed M.D. or D.O., acting within the scope of the license. Physician does not include you or your spouse, or the brother, sister, parent, or child of either you or your spouse.

Pregnancy means your pregnancy, childbirth, or related medical conditions, including complications of pregnancy.

Prior Plan means your Employer's group long term disability insurance plan in effect on the day before the effective date of your Employer's participation under the Group Policy and which is replaced by coverage under the Group Policy.

POLICYHOLDER PROVISIONS

A. Premiums

The premium due on each Premium Due Date is the sum of the premiums for all persons then insured. Premium Rates are shown in Coverage Features.

B. Contributions From Members

The Policyholder determines the amount, if any, of each Member's contribution toward the cost of insurance.

C. Changes In Premium Rates

We may change Premium Rates whenever:

1. A change or clarification in law or governmental regulation affects the amount payable under the Group Policy. Any such change in Premium Rates will reflect only the change in our obligations.

2. Factors material to underwriting the risk we assumed under the Group Policy with respect to an Employer, including, but not limited to, number of persons insured, age, Predisability Earnings, gender, and occupational classification, changes by 25% or more.

3. The premium contribution arrangement for Members is changed or varies from that stated in the Group Policy when issued or last renewed.

4. We and the Policyholder or the Employer mutually agree to change Premium Rates.

Except as provided above, Premium Rates will not be changed during the Initial Rate Guarantee Period shown in Coverage Features. Thereafter, except as provided above, we may change Premium Rates upon 180 days advance written notice to the Policyholder. Any such change in Premium Rates may be made effective on any Premium Due Date, but no such change will be
made more than once in any contract year. Contract years are successive 12 month periods computed from the end of the Initial Rate Guarantee Period.

D. Payment Of Premiums

All premiums are due on the Premium Due Dates shown in **Coverage Features**.

Each premium is payable on or before its Premium Due Date directly to us at our home office. The payment of each premium by the Policyholder as it becomes due will maintain the Group Policy in force until the next Premium Due Date.

E. Grace Period And Termination For Nonpayment

If a premium is not paid on or before its Premium Due Date, it may be paid during the following Grace Period of 90 days. The Group Policy or an Employer's coverage under the Group Policy will remain in force during the Grace Period.

If the premium is not paid during the Grace Period, the Group Policy will terminate automatically at the end of the Grace Period.

The Policyholder is liable for premium for coverage during the Grace Period. We may charge interest at the legal rate for any premium which is not paid during the Grace Period, beginning with the first day after the Grace Period.

F. Termination For Other Reasons

The Policyholder may terminate the Group Policy by giving us written notice. The effective date of termination will be the later of:

1. The date stated in the notice; and
2. The date we receive the notice.

We may terminate the Group Policy as follows:

1. On any Premium Due Date if the number of persons insured is less than the Minimum Participation shown in **Coverage Features**.
2. On any Premium Due Date if we determine that the Policyholder has failed to promptly furnish any necessary information requested by us, or has failed to perform any other obligations relating to the Group Policy.

The minimum advance notice of termination by us is 60 days.

G. Premium Adjustments

Premium adjustments involving a return of unearned premiums to the Policyholder will be limited to the 12 months just before the date we receive a request for premium adjustment.

H. Certificates

We will issue certificates to the Policyholder showing the coverage under the Group Policy. The Policyholder will distribute a certificate to each insured Member. If the terms of the certificate differ from the Group Policy, the terms stated in the Group Policy will govern.

I. Records And Reports

The Policyholder will furnish on our forms all information reasonably necessary to administer the Group Policy. We have the right at all reasonable times to inspect the payroll and other records of the Policyholder which relate to insurance under the Group Policy.

J. Agency And Release

Individuals selected by the Policyholder or by any Employer to secure coverage under the Group Policy or to perform their administrative function under it, represent and act on behalf of the
person selecting them, and do not represent or act on behalf of Standard. The Policyholder, Employer and such individuals have no authority to alter, expand or extend our liability or to waive, modify or compromise any defense or right we may have under the Group Policy. The Policyholder and each Employer hereby release, hold harmless and indemnify Standard from any liability arising from or related to any negligence, error, omission, misrepresentation or dishonesty of any of them or their representatives, agents or employees.

K. Notice Of Suit

The Policyholder or Employer shall promptly give us written notice of any lawsuit or other legal proceedings arising under the Group Policy.

L. Entire Contract, Changes

The Group Policy and the applications of the Policyholder constitute the entire contract between the parties. A copy of the Policyholder’s application is attached to the Group Policy when issued.

The Group Policy may be changed in whole or in part. No change in the Group Policy will be valid unless it is approved in writing by one of our executive officers and given to the Policyholder for attachment to the Group Policy. No agent has authority to change the Group Policy, or to waive any of their provisions.

M. Effect On Workers’ Compensation, State Disability Insurance

The coverage provided under the Group Policy is not a substitute for coverage under a workers’ compensation or state disability income benefit law and does not relieve the Employer of any obligation to provide such coverage.

N. Nonassessable Policy

This Group Policy, like all group insurance policies issued by us, is nonassessable.

TX/LTDP2000
August 22, 2017 – REVISED

San Antonio Water System
Attn: Benefits Manager
PO Box 2449
San Antonio, TX 78298

*Group Number 753337*

Thank you for allowing Standard Insurance Company to provide quality products to support your employees’ insurance needs. We are pleased to renew your policy with continued coverage and services. Based upon a review of your claims experience to date, effective January 1, 2018, we are adjusting your premium rates as indicated in the chart below. These rates are guaranteed until January 1, 2019.

<table>
<thead>
<tr>
<th>Insurance Product</th>
<th>Through 12/31/17</th>
<th>Effective 01/01/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Life</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active Members</td>
<td>$0.32 Per $1,000 of Benefit</td>
<td>$0.32 Per $1,000 of Benefit</td>
</tr>
<tr>
<td>Retired Members</td>
<td>$0.32 Per $1,000 of Benefit</td>
<td>$0.64 Per $1,000 of Benefit</td>
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<tr>
<td>Basic AD&amp;D</td>
<td>$0.02 Per $1,000 of Benefit</td>
<td>$0.02 Per $1,000 of Benefit</td>
</tr>
<tr>
<td>Long Term Disability</td>
<td>0.22 Percent of Insured Earnings</td>
<td>0.22 Percent of Insured Earnings</td>
</tr>
<tr>
<td>Employee Assistance Program (EAP)</td>
<td>Cost included in Long Term Disability rate</td>
<td>Cost included in Long Term Disability rate</td>
</tr>
</tbody>
</table>


If you have any questions about your rates or our review process, the Dallas Employee Benefits Sales and Service Office at (972) 943-1615 is available to serve your needs. We value your business and welcome the opportunity to provide continued assistance to you.

Sincerely yours,

Matthew Moran, CEBS
National Accounts Underwriter
Employee Benefits Division
Standard Insurance Company
TO: San Antonio Water System Board of Trustees

FROM: David P. McGee, Member of the CEO Compensation Task Force of the San Antonio Water System Board of Trustees

SUBJECT: AWARD OF CONSULTING SERVICES CONTRACTS IN CONNECTION WITH THE ANNUAL EVALUATION AND COMPENSATION REVIEW OF THE PRESIDENT/CHIEF EXECUTIVE OFFICER

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolutions authorize the award of consulting services contracts with ScottMadden, Inc. and Paradox Compensation Advisors, LLC in a total amount of $193,000.00 for a three-year contract period in connection with the annual evaluation and compensation review of the President/Chief Executive Officer.

- In 2017, Chairman Berto Guerra established the CEO Compensation Task Force to review the process for the annual performance appraisal and compensation of the President/Chief Executive Officer. Trustees David McGee, Pat Merritt and Louis Rowe were appointed to the Compensation Task Force (the “Task Force”).

- To facilitate the process review, the Task Force was asked to solicit qualified consulting firms to assist the Task Force with their duties.

- On September 22, 2017, a solicitation was issued for consulting services in Evaluation Development and Compensation Review as a combined service or as separate services.

- Four consulting firms submitted proposals, and the Task Force evaluated the responses and interviewed the top two respondents.

- As a result of the interviews, the Task Force recommended the selection of ScottMadden, Inc. to provide services for the Evaluation Development process for an amount not to exceed $154,000.00 for the three-year term, and Paradox Compensation Advisors, LLC to provide services for the Compensation Review process for an amount not to exceed $39,000.00 for the three-year term, for a total combined amount not to exceed $193,000.00 for all services for the three-year term.

Staff recommends that the Board approve these resolutions.
FINANCIAL IMPACT:

The services will be paid from the System Fund budgeted in the 2018 Budget, and the expenditures for services provided during subsequent years are to be made pursuant to and contingent upon Board approval of the subsequent years’ budgets with a line item for such expenditure (Company: 1000, Accounting Unit: 8111100, Account: 511312). Total expenditures are not to exceed $193,000.00 in the aggregate over the three-year contract period.

SUPPLEMENTARY COMMENTS:

The submitting firms are as follows:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Thornton</td>
<td>Non-local/Non-SMWVB</td>
</tr>
<tr>
<td><strong>Paradox Compensation Advisors, LLC</strong></td>
<td><strong>Non-local/WBE-Caucasian</strong></td>
</tr>
<tr>
<td>ScottMadden, Inc.*</td>
<td>Non-local/Non-SMWVB</td>
</tr>
<tr>
<td>Steven Hall &amp; Partners</td>
<td>Non-local/Non-SMWVB</td>
</tr>
</tbody>
</table>

* Selected Firms

David P. McGee
Member, CEO Compensation Task Force
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A CONSULTING SERVICES CONTRACT TO SCOTTMADDEN, INC. IN THE AMOUNT OF $154,000.00 FOR A THREE-YEAR PERIOD IN CONNECTION WITH THE ANNUAL EVALUATION DEVELOPMENT PROCESS FOR THE PRESIDENT/CHIEF EXECUTIVE OFFICER; AUTHORIZING EXPENDITURES IN AN AMOUNT NOT TO EXCEED $154,000.00 FROM THE SYSTEM FUND FOR THE THREE-YEAR PERIOD, AND THAT SUBSEQUENT EXPENDITURES ARE MADE PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF THE SUBSEQUENT YEARS’ BUDGETS WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING A MEMBER OF THE CEO COMPENSATION TASK FORCE TO EXECUTE A CONSULTING SERVICES CONTRACT WITH SCOTTMADDEN, INC., AND TO PAY SCOTTMADDEN, INC. AN AMOUNT NOT TO EXCEED $154,000.00 FOR THE THREE-YEAR PERIOD FOR THE CONSULTING SERVICES; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, on September 22, 2017, a solicitation was issued for consulting services to assist the CEO Compensation Task Force (the “Task Force”) of the San Antonio Water System (the “System”) Board of Trustees (the “Board”) in review of the annual performance appraisal and compensation process for the President/Chief Executive Officer; and

WHEREAS, four firms submitted proposals, and the Task Force evaluated the responses and interviewed the top two firms; and

WHEREAS, the Task Force recommended the selection of two firms to provide consulting services under separate consulting services contracts for a period of three years; and

WHEREAS, the Task Force recommended a consulting services contract with ScottMadden, Inc. for the evaluation development process and a consulting services contract with Paradox Compensation Advisors, LLC for the compensation review process; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to award a consulting services contract to ScottMadden, Inc. in the amount of $154,000.00 for a three-year period in connection with the evaluation development process of the President/Chief Executive
Officer, (ii) to authorize expenditures in an amount not to exceed $154,000.00 from the System Fund for the three-year period, and that subsequent expenditures are made pursuant to and contingent upon Board approval of the subsequent years’ budgets with a line item for such expenditures, and (iii) to authorize a member of the Task Force to execute the consulting services contract with ScottMadden, Inc., and to pay ScottMadden, Inc. an amount not to exceed $154,000.00 for the three-year contract period in connection with the evaluation development process of the President/Chief Executive Officer; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a consulting services contract is hereby awarded to ScottMadden, Inc. in the amount of $154,000.00 for a three-year period in connection with the annual evaluation development process of the President/Chief Executive Officer.

2. That the expenditure of funds in an amount not to exceed $154,000.00 is hereby authorized and to be made available from the System Fund for the three-year contract, and that expenditures for subsequent years are to be made pursuant to and contingent upon Board approval of the subsequent years’ budgets with a line item for such expenditures.

3. That a member of the Task Force is hereby authorized to execute a consulting services contract with ScottMadden, Inc., and to pay ScottMadden, Inc. an amount not to exceed $154,000.00 for the three-year period in connection with the annual evaluation development of the President/Chief Executive Officer.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative, invalid, or ineffective, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, inoperative, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, inoperative, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 6th day of February, 2018.

__________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_________________________________
Ernesto Arrellano, Jr., Secretary

Attachment:
1. Consulting Services Contract
SAN ANTONIO WATER SYSTEM
CONSULTING AGREEMENT

AGREEMENT FOR

CEO Evaluation Services
(the “Project”)

Contract No. S-17-017-PC

THIS IS A CONSULTING AGREEMENT (this “Agreement”) by and between

SCOTTMADDEN, INC.
2626 Glenwood Avenue, Suite 480
Raleigh, NC 27608

(the “Consultant”), and San Antonio Water System, municipally-owned utility of the City of San Antonio in the State of Texas (the "Water System" or “SAWS”), and by which parties to this Agreement, in consideration of the mutual covenants set forth below and other good and valuable consideration (the mutuality, adequacy, and sufficiency of which are hereby acknowledged), hereby agree as follows:

1. Consulting.

   (a) Consulting and Advisory Services. During the term of this Agreement, the Consultant will provide consulting and advisory services to the Water System in accordance with the highest professional standards. Consultant shall perform the services described on Exhibit B attached hereto and incorporated herein. The Consultant shall perform such duties in accordance with the time schedule attached hereto as Exhibit D and comply with the Security Procedures attached as Exhibit E. Acceptance of work of the Consultant by the Water System shall not constitute or be deemed a release of the responsibility, obligations or liability of the Consultant under this Agreement for any errors, omissions, defect in the design, drawings, specifications, documents, reports and work performed by the Consultant. Consultant will utilize only qualified personnel to perform the work under this Agreement. All of such work shall be under the direct supervision of properly licensed professionals as appropriate for the Project and work.

   (b) Compensation and Expenses. The Water System shall pay Consultant as set forth on the attached Exhibit A. If Consultant's services do not conform to the specifications stated on Exhibit B, as determined by Water System, Consultant shall promptly re-perform such services to the satisfaction of Water System at no additional charge to Water System.

   (c) Independent Contractor. It is acknowledged and agreed that the Consultant is an independent contractor of the Water System and not an employee or agent or fiduciary of
Water System, and each of the parties to this Agreement agrees to take actions consistent with the foregoing. Consultant is not being engaged to perform any fiduciary functions of Water System. Further, nothing in this Agreement shall be construed to create a partnership, joint venture, or other association between the parties.

(d) Water System's Responsibilities. Water System will use its reasonable best efforts to provide Consultant with all documentation and information in the possession of the Water System required to enable Consultant to provide the services, and will cause its employees and agents to cooperate with Consultant's reasonable requests in order to assist Consultant in providing the services.

(e) Work Papers. All final work product and work papers directly relating thereto delivered to Water System by the Consultant in connection with the performance of services pursuant to this Agreement, including public records obtained by the Consultant, shall be the property of the Water System whether or not in the possession of the Consultant, for use and re-use by the Water System, its agents, employees, contractors and consultants, as needed from time-to-time. Anything contained in this Agreement to the contrary notwithstanding, nothing in this Agreement shall prevent Consultant from utilizing - on behalf of itself or its future customers - any general know-how, ideas, techniques, concepts, methods, processes, or other knowledge applied in performing the Services. Consultant may perform the same or similar services for others, provided that any of SAWS’s confidential information is treated in accordance with the confidentiality requirements of this Agreement. Consultant shall be allowed to retain one copy of deliverables to document the conduct of its work and its exercise of due professional care with respect to the execution of the Services.

(f) Nondisclosure. The Water System has a proprietary interest in this Agreement and in the advisory and consulting services provided by Consultant. Accordingly, this Agreement, the services, and any information obtained by Consultant through Water System in connection with the performance of the services shall not be disclosed by Consultant to any third party. In the event Consultant is subject to the Texas Public Information Act, upon receipt of a request for any information obtained by Consultant in the performance of this Agreement, Consultant shall provide written notice to Water System of the request along with a copy of the request, and give Water System the opportunity to respond to the request prior to its release by Consultant. In no event shall Consultant or any of its sub-consultants provide or participate in any public presentations or prepare or present any papers for public dissemination concerning the Project, or with information obtained in connection with the Project, without receiving the prior written approval from the Water System, which approval may be withheld in the sole and absolute discretion of the Water System.

(g) Compliance with Law. In performing this Agreement, the Consultant agrees to comply with applicable laws and regulations, and to secure, pay for and comply with all permits, governmental fees, licenses, inspections, bonds, security or deposits necessary for proper execution and completion of the services. Consultant agrees to not make or permit to be made any improper payments, or to perform any unlawful acts.
(h) **Insurance.** Consultant shall maintain and keep in force for the duration of this Agreement such insurance as set forth on Exhibit C of this Agreement, which is attached hereto and incorporated herein for all purposes as if fully set forth herein. Approval of insurance by the Water System shall not relieve or decrease the liability of the Consultant hereunder and shall not be construed to be a limitation of liability on the part of the Consultant. Consultant shall be responsible for all premiums, deductibles and self-insured retentions, if any, stated in the policies. All deductibles or self-insured retentions shall be disclosed on the Certificate of Insurance. All endorsements naming the Water System and the City of San Antonio (the "City") as additional insureds, waivers, and notices of cancellation endorsements as well as the Certificates of Insurance shall indicate: San Antonio Water System, c/o Ebix BPO, P.O. Box 100085-ZD, Duluth, GA 30096.

(i) **Right To Audit.** Consultant agrees to maintain appropriate accounting records of costs, expenses, and payrolls of its employees and agents working on the Project for a period of three years after final payment for completed work has been made and all other pending matters concerning the Agreement have been closed. Consultant agrees that the Water System or its authorized representative shall have access during normal business hours to any and all books, documents, papers, and records of the Consultant which are directly pertinent to the services to be performed under this Agreement for the purposes of making audits and examinations.

The Consultant further agrees to make the above requirement apply to any and all sub-consultant agreements in which the Consultant has a contractual relationship for the services to be performed under the Agreement. All sub-consultants shall agree that the Water System or its authorized representatives shall have access during normal business hours to any and all books, documents, papers, and records of the sub-consultant which are directly pertinent to the services to be performed under the Agreement for the purposes of making audits and examinations.

(j) **Equal Employment Opportunity/Minority Business Enterprise.** The Consultant agrees not to engage in employment practices which have the effect of discriminating against any employee or applicant for employment; and, will take affirmative steps to ensure that applicants are employed and employees are treated during employment without regard to their race, color, religion, national origin, sex, age, disability, genetic information or political belief or affiliation.

(k) **Sub-consultants.** The Consultant acknowledges that the SAWS Board of Trustees has adopted a Small, Minority, Woman, and Veteran-owned Business (SMWVB) Policy to establish and oversee a program that will support the inclusion of local small, minority, woman, and veteran-owned businesses (SMWVB). It is the policy of SAWS that it will ensure that local small, minority, woman, and veteran-owned businesses have an equal opportunity to compete for, receive and participate in SAWS contracts. Consultant agrees to complete and submit a Good Faith Effort Plan as part of its response to the Water System’s request for a proposal. Consultant shall take all reasonable steps to maintain compliance with at least the minimum percentage of participation for SMWBs set out in Consultant’s proposal to the Water System. Consultant shall be required to electronically report the actual payments to all subcontractors, whether SMWVB or non-SMWVB, using the Subcontractor Payment and Utilization Reporting (S.P.U.R.) System, beginning with the first SAWS payment for services under the contract, and with every payment
thereafter (for the duration of the contract). After Consultant receives payment from SAWS, electronic submittals will require data entry of the amount paid to each subcontractor, whether SMWB or non-SMWB, listed on the Contractor’s Good Faith Effort Plan. Data entry is required even if the actual payment amount is zero dollars and zero cents ($0.00). This information will be used for subcontractor utilization tracking purposes. Any unjustified failure to comply with the committed SMWVB levels may be considered breach of contract.

Electronic submittal of subcontractor payment information will be accessed through a link on SAWS’ “Business Center” web page. Consultant and all subcontractors will be provided a unique log-in credential and password to access the SAWS subcontractor payment reporting system. The link may also be accessed through the following internet address: https://saws.smwbe.com.

Respondents and/or their agents may contact the SMWVB Program Manager at 210-233-3420 for assistance or clarification with issues specifically related to the Small, Minority, Woman, and Veteran-owned Business (SMWVB) Program, and S.P.U.R. System reporting.

By entering into this Contract, the Water System approves the use of subcontractors and sub-consultants identified in Exhibit F.

(l) Consultant's Warranty. The Consultant warrants that he has not employed or retained any company or person other than a bona fide employee working solely for the Consultant, to solicit or secure this Agreement, and that he has not for the purpose of soliciting or securing this Agreement paid or agreed to pay any company or person, other than a bona fide employee working solely for the Consultant, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach of this warranty, the Water System shall have the right to terminate this Agreement under the provisions of Section 2 below.

(m) Indemnification. Consultant agrees to and does hereby fully indemnify, defend, and hold harmless Water System and the City of San Antonio, and their respective members, agents, employees, officers, directors, trustees and representatives (collectively, “Indemnitees”), individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees (including, without limitation, attorneys’ fees), fines, penalties, proceedings, actions, demands, causes of action, liability, and suits of any kind and nature, including, without limitation, personal injury or death and property damage, incurred by, asserted against or made upon any of the Indemnitees arising out of, resulting from or related to the acts, commissions or omissions of Consultant, any agent, officer, director, representative, employee, consultant, contractor or sub-consultant or subcontractor of Consultant, and their respective officers, agents, employees, directors, and representatives, while in the exercise or performance of the rights or duties under this Agreement. Consultant shall promptly advise the Water System in writing of any claim or demand against the Consultant or any of the Indemnitees which relates to or arises out of the Consultant’s activities under this Agreement at Consultant's cost. Any of the Indemnitees shall have the right, at their option and at their own expense, to participate in such defense without relieving Consultant of any of its obligations under this paragraph. The terms and provisions of this Section 1(m) shall survive the expiration of the term or earlier termination of this Agreement. Nothing in this Section 1(m) shall be interpreted to constitute a waiver of any
governmental immunity available under Texas law or any available defenses under Texas law. Anything contained in this Agreement to the contrary notwithstanding, Consultant’s indemnity shall be applicable only to the extent that the proximate cause for the claim(s) is the intentional misconduct, negligence, fault, or acts of omission of the Consultant, its employees, or its agents. Also, Consultant’s obligations to indemnify hereunder shall be limited in the aggregate to the amounts paid for such claims by insurance, which Consultant maintains under this Agreement.

(n) Default. In the event Consultant fails to perform its duties or obligations under this Agreement, Water System shall be entitled to any and all remedies available at law or in equity (including, without limitation, the recovery from Consultant of all losses and damages, whether actual, direct, consequential, liquidated or otherwise, and all reasonable attorneys’ and other professional fees and costs suffered or incurred by the Water System arising from such default), and, in addition, the Water System shall have the right to terminate this Agreement by written notice as provided in Section 2 below. The Water System shall be entitled to recover reasonable attorneys’ fees and costs of dispute resolution incurred in connection with enforcement of this Agreement. In addition, the Water System shall have the right to (1) take possession of all materials and work completed under this Agreement, (2) accept assignment of any sub-consultant agreements relating to this Agreement on terms and conditions acceptable to the Water System, and (3) recover from the Consultant and/or deduct from any sums then owed to the Consultant, all losses, damages, penalties and fines, whether actual or liquidated, direct, consequential and/or exemplary, and all reasonable attorneys’ and other professional fees and costs suffered or incurred by the Water System by reason of or as a result of Consultant’s default. Such amounts, together with interest on same at the highest rate allowed by law until paid in full, shall be binding on Consultant and are due upon demand. No action by the Water System shall constitute an election of remedies.

2. Term, Termination and Suspension.

(a) Term. The term of this Agreement shall be for the period provided in Exhibit D attached hereto and incorporated herein, beginning and ending on the dates provided in Exhibit D. In the event that Consultant has not completed the work specified on Exhibit B prior to the end of the term of this Agreement, in addition to any other remedies to which the Water System may be entitled, at law or in equity, Consultant shall pay to Water System, or the Water System may withhold from sums then due and owing the Consultant.

(b) Termination for Cause. Water System may terminate this Agreement at any time for "Cause" in accordance with the procedures provided below. Termination by Water System of this Agreement for "Cause" shall mean termination upon (i) the neglect, breach or inattention by Consultant of its duties hereunder, and such neglect, breach or inattention has not been cured within five (5) days after written notice thereof given by Water System to Consultant, (ii) the engaging by Consultant in willful or fraudulent conduct that is injurious to Water System, monetarily or otherwise, (iii) the failure by Consultant to otherwise perform its duties hereunder and such failure has not been cured within five (5) days after written notice thereof given by Water System to Consultant. Notice shall be deemed given as provided in Section 3(a) of this Agreement. Upon such termination for cause, the Consultant shall not be entitled to any further compensation under this Agreement, except for the compensation which has been earned for services rendered
by Consultant in accordance with this Agreement through the date of notice of such termination, subject to offset for damages as set forth in Section 1(n) above, and which shall be paid only after final completion of the work provided for under this Agreement by the Water System.

In the event termination for cause is not proper under this Section, the termination shall be deemed to constitute a termination for convenience as set forth in Section 2(c) below.

(c) Other Termination. The Water System may terminate this Agreement at any time for any reason upon thirty (30) days written notice to the Consultant. Upon termination of this Agreement, the Consultant will be entitled only to the compensation and expenses which have been earned for services rendered in accordance with this Agreement through the date of such termination. No termination of this Agreement shall impair or defeat those obligations set forth elsewhere in this Agreement which require either party to do or refrain from doing any specified act or acts after termination of this Agreement, or to perform any obligation which by its terms or normal meaning survives termination of this Agreement.

(d) Suspension. The Water System reserves the right to suspend work under this Agreement at any time and from time-to-time work for the convenience of the Water System by issuing a written notice of suspension, which notice outlines the reasons for the suspension and the then estimated duration of the suspension, but in no way will guarantee the total number of days of suspension. Such suspension shall take effect immediately upon the date specified in the notice and if no date is specified, the date of delivery of the notice of suspension to the Consultant. Upon receipt of a notice of suspension in excess of one hundred eighty (180) days, the Consultant shall have the right to terminate this Agreement by written notice to the Water System. Consultant may exercise this right to terminate any time after a suspension has continued for more than one hundred eighty (180) days, but before the Water System gives Consultant written notice to resume the work. Termination (under this paragraph) by Consultant shall be effective immediately upon the Water System’s receipt of said written notice from Consultant.

(e) Winding Up. Upon receipt of a written notice of suspension or termination, unless the notice otherwise directs, Consultant shall immediately phase-out and discontinue all services in connection with the performance of this Agreement and shall proceed to promptly cancel all existing orders and contracts insofar as such orders and contracts are chargeable to the Water System under this Agreement.

3. Miscellaneous.

(a) Notices. Any notice, communication or request under this Agreement to any of the parties shall be in writing and shall be effectively delivered if delivered personally or sent by overnight courier service (with all fees prepaid), or by facsimile as follows:

If to Water System: San Antonio Water System
Contract Administration
2800 US Hwy 281 North
San Antonio, Texas 78212
Any such notice, request, demand or other communication shall be deemed to be given if delivered in person, on the date delivered, if made by facsimile, on the date transmitted, or, if sent by overnight courier service, on the date sent as evidenced by the date of the bill of lading; and shall be deemed received if delivered in person, on the date of personal delivery, if made by facsimile, upon confirmation of receipt (including electronic confirmation), or if sent by overnight courier service, on the first business day after the date sent.

(b) Interest in Water System Agreements Prohibited. No officer or employee of the City shall have a financial interest, direct or indirect, in any Agreement with the Water System, or shall be financially interested, directly or indirectly, in the sale to the Water System of any land, materials, supplies or service, except on behalf of the City or Water System as an officer or employee. Any violation of this Section, with the knowledge, expressed or implied, of Consultant contracting with Water System shall render this Agreement voidable by the Board of Trustees or the President/Chief Executive Officer of the Water System.

To report suspected ethics violations impacting the San Antonio Water System, please call 1-800-687-1918.

(c) Gift Policy. Water System employees are prohibited from soliciting, accepting or agreeing to accept any gifts from outside sources; please see Section M. – Gifts or Benefits of the Water System’s Code of Ethical Standards. Section M of the Water System’s Code of Ethical Standards regarding Gifts or Benefits is available on the SAWS Business Center website.

(d) Tax Matters. Consultant shall be solely responsible for payment of all taxes related to Consultant's provision of the services. A tax exempt certificate is available upon request for the purchase of materials and goods only with regards to the contracted services of this Agreement.
(e) Assignment; Binding Effect. No assignment, transfer, or delegation of any rights or obligations under this Agreement by Consultant shall be made without the prior written consent of the Water System, which may be withheld in the sole and absolute discretion of the Water System. This Agreement shall be binding upon the parties to this Agreement and their respective legal representatives, heirs, devisees, legatees, or other successors and permitted assigns, and shall inure to the benefit of the parties to this Agreement and their respective legal representatives, heirs, devisees, legatees, or other permitted successors and permitted assigns.

(f) Interpretation; Captions. Whenever the context so requires, the singular number shall include the plural and the plural shall include the singular, and the gender of any pronoun shall include the other genders. Titles and captions of or in this Agreement are inserted only as a matter of convenience and for reference and in no way affect the scope for this Agreement or the intent of its provisions.

(g) Entire Agreement. This Agreement constitutes the entire agreement of the parties to this Agreement with respect to its subject matter, supersedes all prior agreements, if any, of the parties to this Agreement with respect to its subject matter, and may not be amended except in writing signed by the party to this Agreement against whom the change is being asserted. This Agreement consists of this document and attached Exhibits A, B, C, D, E and F, all of which are incorporated herein by reference for all purposes. Should any conflict arise between the terms of this document and the attached Exhibits, this document shall be controlling.

(h) No Waiver. The failure of any party to this Agreement at any time or times to require the performance of any provisions of this Agreement shall in no manner affect the right to enforce the same; and no waiver by any party to this Agreement of any provision (or of a breach of any provision) of this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed or construed either as a further or continuing waiver of any such provision or breach or as a waiver of any other provision (or of a breach of any other provision) of this Agreement.

(i) Governing Law; Jurisdiction. This Agreement has been entered into, and shall be governed by and construed in accordance with the laws of the State of Texas, without regard to principles of conflict or choice of law. This Agreement is performable in Bexar County and sole venue shall be in the courts of Bexar County, Texas.

(j) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or its terms to produce or account for more than one of such counterparts.

(k) Non-Appropriation. Consultant agrees that the Water System has projected costs for this Agreement and Water System expects to pay all obligations of this Agreement from projected revenues of the Water System. All obligations of the Water System are subject to annual appropriations by its Board of Trustees. Accordingly, notwithstanding anything in this Agreement to the contrary, in the event that the Water System should fail to appropriate funds to pay any of Water System’s obligations under the terms of this Agreement, then the Water System’s
obligations under this Agreement shall terminate, and the Consultant’s sole option and remedy shall be to terminate this Agreement by written notice to Water System, and neither the Water System nor the Consultant shall have any further duties or obligations hereunder, except those which expressly survive. Anything contained in this agreement to the contrary notwithstanding, nothing contained in this section shall preclude Consultant from receiving payment for work already completed.

(1) **Boycott Provision.** The Consultant acknowledges and agrees that the Consultant does not boycott Israel; and will not boycott Israel during the term of this contract.
DULY EXECUTED and delivered by the parties to this Agreement, effective on the date counter signed by the Water System.

THE WATER SYSTEM:  San Antonio Water System

By: ________________________________________________
    Philip C. Campos, Jr., CPA
    Director – Contracting

_________________________________________________
    Date

CONSULTANT:  ScottMadden, Inc.

By: ________________________________________________
    Signature

_________________________________________________
    Title

_________________________________________________
    Date

LIST OF EXHIBITS:
Exhibit A:      Compensation for Consulting Agreement
Exhibit B:      Scope of Services
Exhibit C:      Standard Insurance Specifications
Exhibit D:      Term and Timeframe for Deliverables
Exhibit E:      Security Procedures
Exhibit F:      List of Sub-Consultants
EXHIBIT A
COMPENSATION FOR CONSULTING AGREEMENT
LUMP SUM BY TASK PAYMENT METHOD

Section 1 - Basis of Compensation

1.1 Contract Price for all services defined by this contract is to be a lump sum by task amount of $154,000.00 – One Hundred Fifty Four Thousand dollars and no cents, payable as tasks are completed and it is agreed and understood that this amount, when earned, will constitute full compensation to the Consultant. This amount has been approved and appropriated by the San Antonio Water System for expenditure under this agreement.

1.2 This Contract Price is the sum of three years of services that contain yearly not to exceed amounts as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$119,000.00</td>
</tr>
<tr>
<td>2019</td>
<td>$17,500.00</td>
</tr>
<tr>
<td>2020</td>
<td>$17,500.00</td>
</tr>
<tr>
<td>Contract Price</td>
<td>$154,000.00</td>
</tr>
</tbody>
</table>

Section 2 - Changes

The Consultant and the Water System acknowledge the fact that the Lump Sum Amount contained in paragraph 1.1 above has been established on the scope of work outlined in Exhibit B. For additional services beyond the scope defined in Exhibit B, compensation shall be subject to renegotiation.

Section 3 - Method of Payments

Payment for Basic Services shall be lump sum by task amounts and made to the Consultant based upon the completion of the following tasks:

<table>
<thead>
<tr>
<th>Task</th>
<th>Task Description</th>
<th>Task Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Current State Analysis</td>
<td>$29,750.00</td>
<td>2018</td>
</tr>
<tr>
<td>2</td>
<td>Design the Future State</td>
<td>$29,750.00</td>
<td>2018</td>
</tr>
<tr>
<td>3</td>
<td>Benchmark Performance Measures</td>
<td>$29,750.00</td>
<td>2018</td>
</tr>
<tr>
<td>4</td>
<td>Delivery of Final Recommendations</td>
<td>$29,750.00</td>
<td>2018</td>
</tr>
<tr>
<td>5</td>
<td>Ongoing Annual Support</td>
<td>$17,500.00</td>
<td>2019</td>
</tr>
<tr>
<td>6</td>
<td>Ongoing Annual Support</td>
<td>$17,500.00</td>
<td>2020</td>
</tr>
<tr>
<td>Contract Price</td>
<td>$154,000.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section 4 - Reimbursable Expenses

There are no reimbursable expenses allowed under this contract. All expenses are included in the fee set forth in section 1 above.

Section 5 - Payment for Services

5.1 No initial payment shall be paid to the Consultant prior to rendering services.
5.2 Invoices shall be submitted separately for each individual project assignment on a monthly basis to the Project Manager identified in Section 3.a.
5.3 For all services rendered, payment by the Water System is due within thirty (30) days after receipt of invoice. If payment of the amounts due, or any portion thereof, is not made as described above, interest on the unpaid balance thereof will accrue at the lesser rate of 6 percent per annum (0.5 percent per month) or the maximum lawful rate under Section 271.005 (c) of the Texas Local Government Code until such payment is made, unless delay in payment is due to improper invoicing procedures followed by the Consultant.
5.4 For all services rendered, Consultant's payment to sub-consultant is due within ten calendar days after receipt of payment from the Water System.
5.6 For services that are to be compensated on a lump sum basis, the Consultant’s invoice shall include a detailed summary of the progress and completion of tasks to substantiate the percentage of completion of services as rendered during the previous month.

Section 6 - Payment for Additional Services

Payments for Consultant’s additional services shall show the same information required in subparagraphs 5.2 through 5.6 dependent upon the type of compensation and other evidence of expenses.

Section 7 - Payments Withheld

The Water System may withhold, amend, or reject any request for payment by the Consultant under conditions that include those described below:

7.1 Consultant's failure to provide adequate documentation for reimbursable expenses.
7.2 Consultant's failure to invoice as required in subparagraphs 5.2 through 5.6.
7.3 Errors or mistakes in the Consultant's invoice and/or defects, errors and omissions in the documents prepared by the Consultant/Contractor or Consultant’s sub-consultants which are the basis for the payment request.
7.4 Water System's receipt of evidence that the Consultant's sub-consultants have not been duly paid for their services in connection with this project subsequent to the Water System
having disbursed compensation to the Consultant in consideration of and stemming from the efforts extended by the sub-consultant.

7.5 Failure of the Consultant to render any service as stipulated by this Agreement.

If any of these conditions exist, then interest charges will not be applicable. The Water System shall provide the Consultant with written notice of its intention to withhold, amend, or reject any request for payment by the Consultant. Upon written request by the Consultant to the Water System made within ten (10) days after the date of notice sent by the Water System, representatives of the Water System will meet with representatives of the Consultant at a mutually agreed time to discuss the circumstances surrounding the determination to withhold, amend, or reject any request for payment by the Consultant.
EXHIBIT B
SCOPE OF SERVICE

The CONSULTANT shall complete these specific tasks in accordance with the terms and conditions of the Agreement:

Task 1. Conduct Current State Analysis

Consultant shall complete activities necessary to lay the groundwork for project success, including assembling the project team, confirming scope and approach, formulating data needs, finalizing a detailed work plan, and identifying, scheduling, and conducting information gathering interviews with members of the SAWS Board of Trustees, executive management team, and SAWS-designated subject matter experts, such as SAWS’ Human Resources compensation and benefits subject matter expert(s).

SAWS has assigned Lisa Mireles as the Project Lead. Throughout the project Consultant will work closely with the Project Lead to ensure alignment, understanding, and create a no-surprise environment by holding regular status updates. Consultant will coordinate project approach and schedule with the Project Lead and will also define all key meetings and milestones. Consultant and the Compensation Consultant will conduct a kickoff meeting with all team members to allow personal introductions, create open communications, and confirm project details.

Consultant shall submit all data requests to the Project Lead, detailing information needed from SAWS to perform the assessment.

For the evaluation development portion of the project, Consultant shall seek to understand the key metrics SAWS currently uses and any peer groups used in the past or suggested for this project. For key metrics, Consultant shall look at attributes such as which business unit(s) utilize each metric, who the ‘owner’ of the metric is, and the number of:

- Key metrics in total
- Strategic focus areas (e.g., Finance, Operations, People and Culture, etc.)
- Metrics by strategic focus area
- Metrics by tier (if used)
- Leading and lagging metrics
- Metrics that can be directly controlled by its ‘owner’
- Metrics related to compensation

Consultant and the Compensation Consultant shall collaborate and identify a small set of peers to SAWS and will work with SAWS to understand companies considered to be peers and why. Consultant shall develop an initial list of SAWS peers from among the 151,000 public water systems tracked by the Environmental Protection Agency in the U.S., with a focus on active community water systems (CWS), which narrows the list to ~49,000 systems.

Consultant shall also research key metrics used by other community water systems via:

- Water conferences recently attended
• Publications from American Water Works Association (AWWA), Water World and others
• Contacts at other water utilities
• Online research

Key Deliverables and Tasks

• Prepare more detailed project plan
• Establish project team roles and responsibilities
• Submit data requests to the Project Lead
• Conduct project kickoff meeting
• Prepare interview templates
• Schedule and conduct interviews
• Prepare project communications
• Prepare and confirm proposed peer groups
• Review currently used metrics
• Secure information and data needed for project success

Task 2. Design of Future State

The Consultant shall identify the future state performance measures, the levels of accomplishments for reward payouts, and appropriate at-risk or variable lump-sum pay compensation mechanism(s) for the President/CEO’s accomplishments of recommended metrics. The Consultant shall also identify a future state peer group for a targeted compensation strategy.

The Consultant shall start with a strawman model of options based on input from Task 1, as well as, input and discussion from SAWS and the Consultant’s experience. Consultant shall make specific recommendations related to metrics, levels of accomplishments, and quantifiable compensation triggers.

Consultant shall complete a series of two to three workshops to develop evaluation-related performance metrics for Task 3. Each workshop will include appropriate members of the project team from the Consultant and SAWS and it is expected that there will be iterations of the recommendations to develop the final solution set for SAWS.

The table below shall be used as a draft for the workshop sessions and the planned topic(s) of discussion for each.

<table>
<thead>
<tr>
<th>Workshop Session</th>
<th>Session Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Evaluation Framework</td>
<td>• Traits of a good metric – how would we know a good metric if we saw it?</td>
</tr>
<tr>
<td></td>
<td>• Top five metrics – if you could only have 5 metrics to run your business what would they be and why?</td>
</tr>
<tr>
<td></td>
<td>• Review of current state findings</td>
</tr>
<tr>
<td></td>
<td>• Strategic focus area selection – what are the critical focus areas in which SAWS must succeed?</td>
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<td></td>
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<tr>
<td>---</td>
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</tr>
<tr>
<td>Tier definitions and structure – education/alignment on tiered metric structure</td>
<td></td>
</tr>
<tr>
<td>2. Metric Development</td>
<td>Metric selection by strategic focus area – what are the most critical metrics for SAWS?</td>
</tr>
<tr>
<td></td>
<td>What are tradeoffs?</td>
</tr>
<tr>
<td>3. Compensation Strategy</td>
<td>Executive peer group identification for permission based compensation analysis and strategy development</td>
</tr>
<tr>
<td></td>
<td>Compensation plan framework design</td>
</tr>
</tbody>
</table>

Consultant shall work closely with SAWS and the Compensation Consultant to ensure there is a consensus on the key metrics prior to proceeding to Step 3 of the Workshop Sessions.

After the sessions and approval, Consultant shall aggregate metric recommendations into a draft final report to the CEO Compensation Task Force. This report shall include detailed documentation on the strategic focus areas and each metric within the strategic focus area including:

- Metric owner (business lead accountable for the metric)
- Data source(s)
- Calculation methodology
- Statistically significant measurement level (e.g., tenths, hundredths, etc.)
- Goal setting rationale

**Key Deliverables**

- Preparation and delivery of materials, methods, and structure for all workshops
- Documentation of meeting outcomes
- Future state recommendations
- Specific key metrics for President and CEO variable pay compensation
- Levels of accomplishments for reward payouts (conceptual design only, not yet linked to specific targets)
- Appropriate at-risk or variable lump-sum pay compensation mechanism(s) for the President and CEO’s accomplishments of recommended metrics

Consultant must obtain approval by SAWS for the key metrics prior to benchmarking – Consultant shall will work with the Project Lead and other decision makers to ensure there is an approval of the key metrics prior to proceeding to Task 3.

**Task 3. Benchmark Performance Measures**

The Consultant and the Compensation Consultant shall conduct analysis of each selected in-scope metric from Task 2. Analysis will include:

- 3 to 5 years of historical results
• Benchmark data at top quartile, median, and third quartile (as available)
• Compensation gap analysis of current vs. future state phases

The Consultant’s metrics benchmarking data shall be sourced from studies SAWS may have access to and/or the American Water Works Association’s publication of “Benchmarking Performance Indicators for Water and Wastewater: 2016 Edition.”

The Compensation Consultant’s goal for the compensation proposal, in this phase, shall be to measure the gap between average executive performance and compensation vs. exceptional executive performance and compensation. Together, the Consultant and Compensation Consultant shall identify the triggers for SAWS metrics. The Compensation Consultant shall establish and the value of those triggers to the organization and to the executive. Despite having separate roles within this project, the Consultant and Compensation Consultant shall work closely together in this stage to ensure that there is a well-designed compensation plan that is tied to metrics, is primarily objective based, and ties executive compensation to metric results.

Key Deliverables

• Metric analysis study for each metric selected to be part of the Presidents/CEO compensation
• 3 to 5 years of historical results
• Benchmark data (where available)

Task 4. Prepare and Deliver Final Recommendations

Consultant shall develop a final report based on the results of the completed Task 2 - Future State Design Workshops and Task 3 - Benchmarking study. The final report will include the following information:

• Recommended performance metrics for annual performance evaluation of the President/CEO including:
  • Specific performance measures with goals for each
  • Appropriate benchmarks to measure performance
  • Levels of accomplishments for reward payouts (i.e., tiered goals for each level of accomplishment, see below)
  • Recommended at-risk or variable lump-sum pay compensation mechanism(s) for the President/CEO’s accomplishments of the recommended performance metrics

For the levels of accomplishments, the Consultant will work with use three levels of goal setting:

• Outstanding – Represents a significant achievement for the organization; not intended to be easily attainable or likely to be consistently achieved
• Target – Result is achievable while representing strong organizational performance
• Threshold – Result is achievable and represents good organizational performance
The Consultant shall perform one additional analysis to examine the proposed compensation design using historical results. It is a hypothetical ex-post analysis that applies future goals to past results. It allows project leadership to understand, in real dollars, the answer the question, “if we had this compensation system in place last year/two years ago, what would the payout have been?”

Consultant shall present the final report to the CEO Compensation Task Force by the end of April 2018. This schedule assumes timely review of deliverables and approvals by SAWS as well as active participation from the Compensation Consultant on tasks and deliverables identified in this document.

Key Deliverables

- Final recommendation report on evaluation metrics and objective goals
- What-if analysis results comparing future goals against historical results

Task 5 & 6. Ongoing Annual Support

Consultant shall perform the following scope of service for Ongoing Annual Support:

- Independently assess actual company performance against goals to calculate an achieved bonus
- Validate metric components used for calculation against the SAWS system of record
- Calculate each metric result
- Calculate overall scorecard result
- Prepare a board report on results
- Facilitate a board session to review and discuss the following:
  - Independent performance assessment results
  - Facilitate a discussion on subjective performance rating to establish a final score
EXHIBIT C
SAWS STANDARD INSURANCE SPECIFICATIONS

1. Commercial Insurance Specifications (“Specifications”):

a. Commencing on the date of this Contract, the CONSULTANT shall, at his own expense, purchase, maintain and keep in force such lines of insurance coverage as will protect him and the San Antonio Water System (“SAWS”) and the City of San Antonio (“the City”) and their employees and agents from claims, which may arise out of or result from his operations under this Contract, whether such operations are by himself, by any sub-consultant, supplier or by anyone directly or indirectly employed by any of them or by anyone for whose acts any of them may be liable, including, without limitation, the following lines of insurance coverage:

1) Workers' Compensation (WC) insurance that will protect the CONSULTANT, SAWS and the City from claims under statutory Workers' Compensation laws, disability laws or such other employee benefit laws and that will fulfill the requirements of the jurisdiction in which the work is to be performed.

The minimum policy limits of liability for this line of insurance coverage shall be statutory limits.

This line of insurance coverage shall be endorsed to provide a Waiver of Subrogation in favor of SAWS and the City with respect to both this insurance coverage and the Employers' Liability (EL) insurance (as specified immediately below in section 1.a.2)).

2) Employers’ Liability (EL) insurance (Part 2 under the standard Workers’ Compensation insurance policy) that will protect the CONSULTANT, SAWS and the City for damages because of bodily injury, sickness, disease of vendor's employees apart from that imposed by Workers' Compensation laws.

The EL line of insurance coverage shall have minimum policy limits of liability of not less than:

$ 1,000,000.00 Bodily Injury by Accident
1,000,000.00 Bodily Injury by Disease - Each Employee
1,000,000.00 Bodily Injury by Disease - Policy Limit

3) Commercial General Liability (CGL) insurance that will protect the CONSULTANT, SAWS and the City from claims for damages because of bodily injury, personal injury, sickness, disease or death and insurance that will protect the CONSULTANT, SAWS and the City from claims for damages to or destruction of tangible property of others, including loss of use thereof.

This line of insurance coverage shall:
• Cover independent contractors;

• Afford coverage for Products Liability and/or Completed Operations and, Contractual Liability.

The minimum policy limits of liability for this line of insurance coverage shall be:

- $1,000,000.00 Occurrence Limit
- 2,000,000.00 General Aggregate
- 2,000,000.00 Products/Completed Operations Aggregate
- 1,000,000.00 Personal and Advertising Injury
- 1,000,000.00 Contractual Liability

This line of insurance coverage shall be endorsed:

• Naming SAWS and the City as an Additional Insured; and

• To provide a Waiver of Subrogation in favor of SAWS and the City.

4) Professional Liability (PL) (errors and omissions) insurance with minimum coverage limits of $1,000,000 per claim, $1,000,000 in the aggregate and, if this line of coverage is written on a “Claims Made” form, the CONSULTANT must maintain this line of insurance coverage for a period of at least twenty-four (24) months after the date of Contract termination.

NOTE - For Professional Liability, include in writing on the Certificate of Liability Insurance (“Certificate”) the coverage form under which the respective line of coverage is written – either:

• Claims-made form; if the coverage form declared on the Certificate is the Claims-made form, the “Retroactive-date” for this line of coverage must also be included on the Certificate as well; or

• Occurrence basis – no additional wording required.

b. CONSULTANT shall require all Sub-consultants to carry lines of insurance coverage appropriate to their scope of Work and submit copies of Sub-consultants’ Certificates of Liability Insurance upon request by SAWS.

c. CONSULTANT agrees that with respect to the above required lines of insurance, all insurance policies are to contain or be endorsed to the extent, not inconsistent with the requirements of the issuing insurance carrier, to provide for an endorsement that the "other insurance" clause shall not apply where SAWS and the CITY are an Additional Insured shown on the policy if such endorsement is permitted by law and regulations.
d. CONSULTANT shall, upon request of SAWS, provide copies of all insurance policies and endorsements required under Contract.

e. CONSULTANT is responsible for the deductibles under all lines of insurance coverage required by these Specifications.

f. The stated policy limits of each line of insurance coverage required by these Specifications are MINIMUM ONLY and it shall be the CONSULTANT's responsibility to determine what policy limits are adequate and the length of time each line of insurance coverage shall be maintained; insurance policy limits are not a limit of the CONSULTANT's liability.

g. These minimum limits required of each line of insurance coverage may be either basic policy limits of the CGL and any combination of basic limits or umbrella (Umbrella form) or excess (Other Than Umbrella form) limits. SAWS acceptance of Certificate(s) that in any respect, do not comply with these Specifications, does not release the CONSULTANT from compliance herewith.

h. Within five (5) calendar days of a suspension, cancellation or non-renewal of any required line of insurance coverage, the CONSULTANT shall provide SAWS a replacement Certificate with all applicable endorsements included. SAWS shall have the option to suspend the CONSULTANT's performance should there be a lapse in coverage at any time during this Contract.

i. SAWS recommends that each line of insurance coverage that is required under these Specifications shall be so written so as to provide the CONSULTANT thirty (30) calendar days advance written notice directly of any suspension, cancellation or non-renewal or material change in coverage, and not less than ten (10) calendar days advance written notice for nonpayment of premium.

j. Failure to provide and to maintain the required lines of insurance coverage shall constitute a material breach of this contract.

k. In addition to any other remedies, SAWS may have, upon the CONSULTANT's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, SAWS shall have the right to order the CONSULTANT to stop performing services hereunder and/or withhold any payment(s) which become due to the CONSULTANT hereunder until the CONSULTANT demonstrates compliance with the Specifications hereof.

l. Nothing herein contained shall be construed as limiting, in any way, the extent to which the CONSULTANT may be held responsible for payments for damages to persons or property resulting from the CONSULTANT's or its sub-consultant's performance of the services covered under this Contract; or limiting, in any way the extent to which the CONSULTANT may be held responsible for payment of fines, penalties, fees, or economic damage to SAWS.
m. It is agreed that the CONSULTANT’s insurance shall be deemed primary and non-contributory with respect to any insurance or self-insurance carried by SAWS, the City and their employees and agents for liability arising out of operations under this Contract.

n. CONSULTANT agrees that all lines of insurance coverage required by these Specifications shall be with insurance companies, firms or entities that have an A.M. Best rating of "A- ("A"- minus)" and a Financial Size Category of a "VII" or better. All lines of insurance coverage shall be of an "Occurrence" type except for the Professional Liability line of insurance coverage.

SAWS will accept worker's compensation insurance coverage written by the Texas Workers Compensation Insurance Fund.

o. SAWS reserves the right to review the above stated Insurance Specifications during the effective period of this Contract and any extension or renewal hereof and to request modification of lines of insurance coverage and their respective liability limits when deemed necessary and prudent by SAWS’ Risk Manager and Legal Department based upon changes in statutory law, court decisions, or circumstances surrounding this Contract.

In no instance will SAWS and the City allow modification whereupon SAWS and the City may incur increased risk exposure.

2. Certificate(s) of Liability Insurance (“Certificate”) Requirements

Prior to the commencement of any Services under this Contract and once notified by SAWS Contracting Official that your Company has been selected as the apparent successful CONSULTANT pursuant to an Informal Request for Proposal, RFP selection process, pending Board final approval, and, a request is made for you to submit your Company’s Certificate of Liability Insurance, that Certificate must meet all of the following requirements:

a. The CONSULTANT shall have completed by its insurance agent(s), and submitted to SAWS Contracting Department within 5 business days, a Certificate(s) of Liability Insurance (“Certificate(s)”) providing evidence of the lines of insurance coverage pursuant to Section 1.a.1) through 1.a.4) above.

b. The original Certificate(s) or form must include the agent's original signature (stamped or typed is acceptable), including the signer's company affiliation, mailing address, Office and FAX phone numbers, email address, and contact person’s name; and, be mailed, with copies of all applicable endorsements, directly from the insurer's authorized representative in strictly compliance with sections 2.g. (Certificate Holder) and 2.h. (Distribution of Completed Certificates) below.

c. SAWS will not accept Memorandum of Insurance or Binders as proof of insurance.

d. SAWS shall have no duty to pay or perform under Consulting Services Agreement until such certificate(s) and applicable endorsements have been received, reviewed and deemed
100% compliant with the Insurance Specifications (contained herein) by SAWS’ Risk Management/Contract Services Department. No one other than SAWS Risk Manager shall have authority to waive any part of these requirements.

e. The SAWS Project/Contract number(s) along with its Descriptor Caption must be included in the Description of Operations section located in the bottom half of the standard ACORD Certificate forms.

f. Certificate Holder - SAWS shall be shown as the Certificate Holder in the Certificate Holder section located in the bottom half of the standard ACORD Certificate forms and formatted as follows:

San Antonio Water System
c/o Ebix BPO
PO Box 100085-ZD
Ref. # S-17-017-PC
Duluth, GA 30096

g. Distribution of Completed Certificates - Completed Certificates shall be distributed by the Consultant as follows:

1) Send Original:
   a) By E-Mail: saws@ebix.com
   b) By Fax: 1-770-325-6502
   c) To Upload Online: https://www.ebix.com (preferred method)

2) Send Copy to the following:

   San Antonio Water System
   Attention: Contract Administration
   P.O. Box 2449
   San Antonio, TX 78298-2449

h. CONSULTANT shall be responsible for obtaining Certificates of Insurance from the first tier Sub-consultant, and upon request furnish copies to SAWS.

3. **SURVIVAL**

Any and all representations, conditions and warranties made by Consultant under this Contract including, without limitation, the provisions of Section 1.a.2), 1.a.3) and 1.a.4) of these Commercial Insurance Specifications and Certificates of Liability Insurance Requirements are of the essence of this Contract and shall survive the execution and delivery of it, and all statements
contained in any document required by SAWS whether delivered at the time of the execution, or at a later date, shall constitute representations and warranties hereunder.
EXHIBIT D
TIME FRAME FOR DELIVERABLES

The Term of this Agreement shall commence on the 15th day of February, 2018, and automatically expire on 31st day of December, 2020.
EXHIBIT E
SECURITY PROCEDURES

If work will be conducted on SAWS property, on a SAWS customer’s property, involve any SAWS networks or any SAWS facility the Consultant shall ensure a Prime Contractor Data Form (PCDF) and a Background Screening Letter (provided by SAWS Security) is properly completed for all employees performing work under this Agreement and is on file with SAWS Security prior to work commencement. Any person found to have an unacceptable background check will not be allowed to perform work under this Agreement (A waiver may be given by SAWS Security for an unacceptable finding but must be signed off by the Director of SAWS Security). Sub-Consultants performing work must be listed on the PCDF and the Background Screening Letter. Consultant shall be responsible for the accuracy of information on the PCDF and the Background Screening Letter, and for obtaining any and all required items (badges and parking tags) necessary to fulfilling the work under this Agreement. The PCDF and Background Screening Letter must be sent electronically to securitygroup@saws.org. Consultant shall advise the SAWS Project Manager/Inspector of any employee terminations or changes to personnel performing work under this Agreement and the Consultant shall immediately turn in any and all badges and/or parking tags of employees who are terminated or no longer performing work under this Agreement. If there are any changes in the information contained in the PCDF or the Background Screening Letters, Consultant shall immediately notify the SAWS Project Manager/Inspector and provide updated PCDF and Background Screening Letters, with copies to securitygroup@saws.org.

Consultant, its employees, and agents shall obtain a SAWS photo identification badge (Consultant's Badge) and parking tag, prior to any work on SAWS property, which shall be used only for purposes necessary to perform the work under this Agreement. SAWS Badge Office hours are Monday, Wednesday and Friday 8:00am to 12:00pm excluding SAWS holidays (hours are subject to change). Security staff can be contacted at (210) 233-3177 or (210) 233-3338. A replacement fee may be charged for lost or damaged badges or parking tags. As a condition of final payment, Consultant shall return all badges and parking tags to the Security Office. In the event Consultant fails to return all security badges and parking tags, in addition to any other rights or remedies to which SAWS may be entitled at law or in equity, SAWS may withhold from payment to the Consultant the sum of $500.00 dollars per badge or parking tag as liquidated damages. Consultant agrees that the actual amount of damages for failure to return the badges and/or parking tags as liquidated damages. Consultant agrees that the actual amount of damages for failure to return the badges and/or parking tags are difficult to determine, and the liquidated damages herein are not a penalty, but are a reasonable estimate of the costs and expenses that may be incurred by SAWS for failure to return the badges or parking tags.

SAWS facilities require a SAWS employee to physically escort Consultant at all times. SAWS may, in its sole discretion, waive the escort requirements if the PCDF and a “clean” Background Screening Letter, signed by an authorized representative of Consultant are approved by SAWS Security.

Sub-Consultants must always be under escort of the Consultant while performing work on any SAWS property. Sub-Consultants must display either a company photo badge, with name, or a valid driver’s license at all times while working on any SAWS property. Consultant is solely responsible for the actions of its employees, agents, Sub-Consultants and Consultants.

Consultant MUST be prepared for additional security requirements at its expense if violations of SAWS Security procedures are noted. Some examples of additional requirements include hiring of SAWS approved security guards, temporary fencing, mobile Closed Circuit Television Monitoring trailer(s), or extra lighting. Notwithstanding anything herein to the contrary, any provisions in these Security Procedures that may appear to give SAWS the right to direct Consultant as to details of doing any work under this Agreement or to exercise a measure of control over any security measures or such work shall be deemed to mean that Consultant shall follow the desires of SAWS in the results of the work or security measures only.

Advance coordination by Consultant with SAWS Security for these security requirements is necessary to ensure no delays with timely performance of the work. In the event Consultant fails to comply with SAWS Security requirements, SAWS may, with no penalty or claim against SAWS:

- Issue a Work Stoppage Order until the security violation(s) are remedied
- Ask any unidentified or improperly identified person or equipment to leave SAWS site immediately and not return until items are remedied.
EXHIBIT F
LIST OF SUB-CONSULTANTS

No Sub-Consultants will be used on this project.
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A CONSULTING SERVICES CONTRACT TO PARADOX COMPENSATION ADVISORS, LLC IN THE AMOUNT OF $39,000.00 FOR A THREE-YEAR PERIOD IN CONNECTION WITH THE ANNUAL COMPENSATION REVIEW PROCESS FOR THE PRESIDENT/CHIEF EXECUTIVE OFFICER; AUTHORIZING EXPENDITURES IN AN AMOUNT NOT TO EXCEED $39,000.00 FROM THE SYSTEM FUND FOR THE THREE-YEAR PERIOD, AND THAT SUBSEQUENT EXPENDITURES ARE MADE PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF THE SUBSEQUENT YEARS’ BUDGETS WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING A MEMBER OF THE CEO COMPENSATION TASK FORCE TO EXECUTE A CONSULTING SERVICES CONTRACT WITH PARADOX COMPENSATION ADVISORS, LLC AND TO PAY PARADOX COMPENSATION ADVISORS, LLC AN AMOUNT NOT TO EXCEED $39,000.00 FOR THE THREE-YEAR PERIOD FOR THE CONSULTING SERVICES; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, on September 22, 2017, a solicitation was issued for consulting services to assist the CEO Compensation Task Force (the “Task Force”) of the San Antonio Water System (the “System”) Board of Trustees (the “Board”) in review of the annual performance appraisal and compensation process for the President/Chief Executive Officer; and

WHEREAS, four firms submitted proposals, and the Task Force evaluated the responses and interviewed the top two firms; and

WHEREAS, the Task Force recommended the selection of two firms to provide consulting services under separate consulting services contracts for a period of three years; and

WHEREAS, the Task Force recommended a consulting services contract with ScottMadden, Inc. for the evaluation development process and a consulting services contract with Paradox Compensation Advisors, LLC for the compensation review process; and
WHEREAS, the San Antonio Water System Board of Trustees desires (i) to award a consulting services contract to Paradox Compensation Advisors, LLC in the amount of $39,000.00 for a three-year period in connection with the compensation review process of the President/Chief Executive Officer, (ii) to authorize expenditures in an amount not to exceed $39,000.00 from the System Fund for the three-year period, and that subsequent expenditures are made pursuant to and contingent upon Board approval of the subsequent years’ budgets with a line item for such expenditures, and (iii) to authorize a member of the Task Force to execute the consulting services contract with Paradox Compensation Advisors, LLC and to pay Paradox Compensation Advisors, LLC an amount not to exceed $39,000.00 for the three-year contract period in connection with the compensation review process of the President/Chief Executive Officer; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a consulting services contract is hereby awarded to Paradox Compensation Advisors, LLC in the amount of $39,000.00 for a three-year period in connection with the annual compensation review process of the President/Chief Executive Officer.

2. That the expenditure of funds in an amount not to exceed $39,000.00 is hereby authorized and to be made available from the System Fund for the three-year contract, and that expenditures for subsequent years are to be made pursuant to and contingent upon Board approval of the subsequent years’ budgets with a line item for such expenditures.

3. That a member of the Task Force is hereby authorized to execute a consulting services contract with Paradox Compensation Advisors, LLC and to pay Paradox Compensation Advisors, LLC an amount not to exceed $39,000.00 for the three-year period in connection with the annual compensation review of the President/Chief Executive Officer.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative, invalid, or ineffective, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, inoperative, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, inoperative, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 6th day of February, 2018.

________________________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________________________
Ernesto Arrellano, Jr., Secretary

Attachment:
1. Consulting Services Contract
SAN ANTONIO WATER SYSTEM
CONSULTING AGREEMENT

AGREEMENT FOR

CEO Compensation Services
(the “Project”)

Contract No. S-17-020-PC

THIS IS A CONSULTING AGREEMENT (this “Agreement”) by and between

PARADOX COMPENSATION ADVISORS, LLC
4100 SPRING VALLEY RD., STE 465
DALLAS, TEXAS 75244

(the “Consultant”), and San Antonio Water System, municipally-owned utility of the City of San Antonio in the State of Texas (the “Water System” or “SAWS”), and by which parties to this Agreement, in consideration of the mutual covenants set forth below and other good and valuable consideration (the mutuality, adequacy, and sufficiency of which are hereby acknowledged), hereby agree as follows:

1. Consulting.

(a) Consulting and Advisory Services. During the term of this Agreement, the Consultant will provide consulting and advisory services to the Water System in accordance with the highest professional standards. Consultant shall perform the services described on Exhibit B attached hereto and incorporated herein. The Consultant shall perform such duties in accordance with the time schedule attached hereto as Exhibit D and comply with the Security Procedures attached as Exhibit E. Acceptance of work of the Consultant by the Water System shall not constitute or be deemed a release of the responsibility, obligations or liability of the Consultant under this Agreement for any errors, omissions, defect in the design, drawings, specifications, documents, reports and work performed by the Consultant. Consultant will utilize only qualified personnel to perform the work under this Agreement. All of such work shall be under the direct supervision of properly licensed professionals as appropriate for the Project and work.

(b) Compensation and Expenses. The Water System shall pay Consultant as set forth on the attached Exhibit A. If Consultant's services do not conform to the specifications stated on Exhibit B, as determined by Water System, Consultant shall promptly re-perform such services to the satisfaction of Water System at no additional charge to Water System.

(c) Independent Contractor. It is acknowledged and agreed that the Consultant is an independent contractor of the Water System and not an employee or agent or fiduciary of
Water System, and each of the parties to this Agreement agrees to take actions consistent with the foregoing. Consultant is not being engaged to perform any fiduciary functions of Water System. Further, nothing in this Agreement shall be construed to create a partnership, joint venture, or other association between the parties.

(d) **Water System's Responsibilities.** Water System will use its reasonable best efforts to provide Consultant with all documentation and information in the possession of the Water System required to enable Consultant to provide the services, and will cause its employees and agents to cooperate with Consultant's reasonable requests in order to assist Consultant in providing the services.

(e) **Work Papers.** All final work product and work papers directly relating thereto delivered to Water System by the Consultant in connection with the performance of services pursuant to this Agreement, including public records obtained by the Consultant, shall be the property of the Water System whether or not in the possession of the Consultant, for use and re-use by the Water System, its agents, employees, contractors and consultants, as needed from time-to-time.

(f) **Nondisclosure.** The Water System has a proprietary interest in this Agreement and in the advisory and consulting services provided by Consultant. Accordingly, this Agreement, the services, and any information obtained by Consultant through Water System in connection with the performance of the services shall not be disclosed by Consultant to any third party. In the event Consultant is subject to the Texas Public Information Act, upon receipt of a request for any information obtained by Consultant in the performance of this Agreement, Consultant shall provide written notice to Water System of the request along with a copy of the request, and give Water System the opportunity to respond to the request prior to its release by Consultant. In no event shall Consultant or any of its sub-consultants provide or participate in any public presentations or prepare or present any papers for public dissemination concerning the Project, or with information obtained in connection with the Project, without receiving the prior written approval from the Water System, which approval may be withheld in the sole and absolute discretion of the Water System.

(g) **Compliance with Law.** In performing this Agreement, the Consultant agrees to comply with applicable laws and regulations, and to secure, pay for and comply with all permits, governmental fees, licenses, inspections, bonds, security or deposits necessary for proper execution and completion of the services. Consultant agrees to not make or permit to be made any improper payments, or to perform any unlawful acts.

(h) **Insurance.** Consultant shall maintain and keep in force for the duration of this Agreement such insurance as set forth on Exhibit C of this Agreement, which is attached hereto and incorporated herein for all purposes as if fully set forth herein. Approval of insurance by the Water System shall not relieve or decrease the liability of the Consultant hereunder and shall not be construed to be a limitation of liability on the part of the Consultant. Consultant shall be responsible for all premiums, deductibles and self-insured retentions, if any, stated in the policies. All deductibles or self-insured retentions shall be disclosed on the Certificate of Insurance. All endorsements naming the Water System and the City of San Antonio (the "City")
as additional insureds, waivers, and notices of cancellation endorsements as well as the Certificates of Insurance shall indicate: San Antonio Water System, c/o Ebix BPO, P.O. Box 100085-ZD, Duluth, GA 30096.

(i) **Right To Audit.** Consultant agrees to maintain appropriate accounting records of costs, expenses, and payrolls of its employees and agents working on the Project for a period of three years after final payment for completed work has been made and all other pending matters concerning the Agreement have been closed. Consultant agrees that the Water System or its authorized representative shall have access during normal business hours to any and all books, documents, papers, and records of the Consultant which are directly pertinent to the services to be performed under this Agreement for the purposes of making audits and examinations.

The Consultant further agrees to make the above requirement apply to any and all sub-consultant agreements in which the Consultant has a contractual relationship for the services to be performed under the Agreement. All sub-consultants shall agree that the Water System or its authorized representatives shall have access during normal business hours to any and all books, documents, papers, and records of the sub-consultant which are directly pertinent to the services to be performed under the Agreement for the purposes of making audits and examinations.

(j) **Equal Employment Opportunity/Minority Business Enterprise.** The Consultant agrees not to engage in employment practices which have the effect of discriminating against any employee or applicant for employment; and, will take affirmative steps to ensure that applicants are employed and employees are treated during employment without regard to their race, color, religion, national origin, sex, age, disability, genetic information or political belief or affiliation.

(k) **Sub-consultants.** The Consultant acknowledges that the SAWS Board of Trustees has adopted a Small, Minority, Woman, and Veteran-owned Business (SMWVB) Policy to establish and oversee a program that will support the inclusion of local small, minority, woman, and veteran-owned businesses (SMWVB). It is the policy of SAWS that it will ensure that local small, minority, woman, and veteran-owned businesses have an equal opportunity to compete for, receive and participate in SAWS contracts. Consultant agrees to complete and submit a Good Faith Effort Plan as part of its response to the Water System’s request for a proposal. Consultant shall take all reasonable steps to maintain compliance with at least the minimum percentage of participation for SMWVBs set out in Consultant’s proposal to the Water System. Consultant shall be required to electronically report the actual payments to all subcontractors, whether SMWVB or non-SMWVB, using the Subcontractor Payment and Utilization Reporting (S.P.U.R.) System, beginning with the first SAWS payment for services under the contract, and with every payment thereafter (for the duration of the contract). After Consultant receives payment from SAWS, electronic submittals will require data entry of the amount paid to each subcontractor, whether SMWB or non-SMWB, listed on the Contractor’s Good Faith Effort Plan. Data entry is required even if the actual payment amount is zero dollars and zero cents ($0.00). This information will be used for subcontractor utilization tracking purposes. Any unjustified failure to comply with the committed SMWVB levels may be considered breach of contract.

Electronic submittal of subcontractor payment information will be accessed through a link on
SAWS’ “Business Center” web page. Consultant and all subcontractors will be provided a unique log-in credential and password to access the SAWS subcontractor payment reporting system. The link may also be accessed through the following internet address: https://saws.smwbe.com.

Respondents and/or their agents may contact the SMWVB Program Manager at 210-233-3420 for assistance or clarification with issues specifically related to the Small, Minority, Woman, and Veteran-owned Business (SMWVB) Program, and S.P.U.R. System reporting.

By entering into this Contract, the Water System approves the use of subcontractors and sub-consultants identified in Exhibit F.

(l) Consultant's Warranty. The Consultant warrants that he has not employed or retained any company or person other than a bona fide employee working solely for the Consultant, to solicit or secure this Agreement, and that he has not for the purpose of soliciting or securing this Agreement paid or agreed to pay any company or person, other than a bona fide employee working solely for the Consultant, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach of this warranty, the Water System shall have the right to terminate this Agreement under the provisions of Section 2 below.

(m) Indemnification. Consultant agrees to and does hereby fully indemnify, defend, and hold harmless Water System and the City of San Antonio, and their respective members, agents, employees, officers, directors, trustees and representatives (collectively, “Indemnitees”), individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees (including, without limitation, attorneys’ fees), fines, penalties, proceedings, actions, demands, causes of action, liability, and suits of any kind and nature, including, without limitation, personal injury or death and property damage, incurred by, asserted against or made upon any of the Indemnitees arising out of, resulting from or related to the acts, commissions or omissions of Consultant, any agent, officer, director, representative, employee, consultant, contractor or sub-consultant or subcontractor of Consultant, and their respective officers, agents, employees, directors, and representatives, while in the exercise or performance of the rights or duties under this Agreement. Consultant shall promptly advise the Water System in writing of any claim or demand against the Consultant or any of the Indemnitees which relates to or arises out of the Consultant's activities under this Agreement at Consultant's cost. Any of the Indemnitees shall have the right, at their option and at their own expense, to participate in such defense without relieving Consultant of any of its obligations under this paragraph. The terms and provisions of this Section 1(m) shall survive the expiration of the term or earlier termination of this Agreement. Nothing in this Section 1(m) shall be interpreted to constitute a waiver of any governmental immunity available under Texas law or any available defenses under Texas law.

(n) Default. In the event Consultant fails to perform its duties or obligations under this Agreement, Water System shall be entitled to any and all remedies available at law or in equity (including, without limitation, the recovery from Consultant of all losses and damages, whether actual, direct, consequential, liquidated or otherwise, and all reasonable attorneys’ and other professional fees and costs suffered or incurred by the Water System arising from such default), and, in addition, the Water System shall have the right to terminate this
Agreement by written notice as provided in Section 2 below. The Water System shall be entitled to recover reasonable attorneys’ fees and costs of dispute resolution incurred in connection with enforcement of this Agreement. In addition, the Water System shall have the right to (1) take possession of all materials and work completed under this Agreement, (2) accept assignment of any sub-consultant agreements relating to this Agreement on terms and conditions acceptable to the Water System, and (3) recover from the Consultant and/or deduct from any sums then owed to the Consultant, all losses, damages, penalties and fines, whether actual or liquidated, direct, consequential and/or exemplary, and all reasonable attorneys’ and other professional fees and costs suffered or incurred by the Water System by reason of or as a result of Consultant’s default. Such amounts, together with interest on same at the highest rate allowed by law until paid in full, shall be binding on Consultant and are due upon demand. No action by the Water System shall constitute an election of remedies.

2. Term, Termination and Suspension.

(a) **Term.** The term of this Agreement shall be for the period provided in Exhibit D attached hereto and incorporated herein, beginning and ending on the dates provided in Exhibit D. In the event that Consultant has not completed the work specified on Exhibit B prior to the end of the term of this Agreement, in addition to any other remedies to which the Water System may be entitled, at law or in equity, Consultant shall pay to Water System, or the Water System may withhold from sums then due and owing the Consultant.

(b) **Termination for Cause.** Water System may terminate this Agreement at any time for "Cause" in accordance with the procedures provided below. Termination by Water System of this Agreement for "Cause" shall mean termination upon (i) the neglect, breach or inattention by Consultant of its duties hereunder, and such neglect, breach or inattention has not been cured within five (5) days after written notice thereof given by Water System to Consultant, (ii) the engaging by Consultant in willful or fraudulent conduct that is injurious to Water System, monetarily or otherwise, (iii) the failure by Consultant to otherwise perform its duties hereunder and such failure has not been cured within five (5) days after written notice thereof given by Water System to Consultant. Notice shall be deemed given as provided in Section 3(a) of this Agreement. Upon such termination for cause, the Consultant shall not be entitled to any further compensation under this Agreement, except for the compensation which has been earned for services rendered by Consultant in accordance with this Agreement through the date of notice of such termination, subject to offset for damages as set forth in Section 1(n) above, and which shall be paid only after final completion of the work provided for under this Agreement by the Water System.

In the event termination for cause is not proper under this Section, the termination shall be deemed to constitute a termination for convenience as set forth in Section 2(c) below.

(c) **Other Termination.** The Water System may terminate this Agreement at any time for any reason upon thirty (30) days written notice to the Consultant. Upon termination of this Agreement, the Consultant will be entitled only to the compensation and expenses which have been earned for services rendered in accordance with this Agreement through the date of such termination. No termination of this Agreement shall impair or defeat those obligations set forth elsewhere in this Agreement which require either party to do or refrain from doing any specified
act or acts after termination of this Agreement, or to perform any obligation which by its terms or normal meaning survives termination of this Agreement.

(d) **Suspension.** The Water System reserves the right to suspend work under this Agreement at any time and from time-to-time work for the convenience of the Water System by issuing a written notice of suspension, which notice outlines the reasons for the suspension and the then estimated duration of the suspension, but in no way will guarantee the total number of days of suspension. Such suspension shall take effect immediately upon the date specified in the notice and if no date is specified, the date of delivery of the notice of suspension to the Consultant. Upon receipt of a notice of suspension in excess of one hundred eighty (180) days, the Consultant shall have the right to terminate this Agreement by written notice to the Water System. Consultant may exercise this right to terminate any time after a suspension has continued for more than one hundred eighty (180) days, but before the Water System gives Consultant written notice to resume the work. Termination (under this paragraph) by Consultant shall be effective immediately upon the Water System’s receipt of said written notice from Consultant.

(e) **Winding Up.** Upon receipt of a written notice of suspension or termination, unless the notice otherwise directs, Consultant shall immediately phase-out and discontinue all services in connection with the performance of this Agreement and shall proceed to promptly cancel all existing orders and contracts insofar as such orders and contracts are chargeable to the Water System under this Agreement.

3. **Miscellaneous.**

(a) **Notices.** Any notice, communication or request under this Agreement to any of the parties shall be in writing and shall be effectively delivered if delivered personally or sent by overnight courier service (with all fees prepaid), or by facsimile as follows:

If to Water System:  
San Antonio Water System  
Contract Administration  
2800 US Hwy 281 North  
San Antonio, Texas 78212  
Attn: Sharon De La Garza, Vice President Human Resources  
Email: Sharon.delagarza@saws.org

With copy to:  
San Antonio Water System  
2800 U.S. Hwy. 281 North  
San Antonio, Texas 78212  
Attn: Nancy Belinsky, Vice President & General Counsel  
Email: Nancy.Belinsky@saws.org

If to Consultant:  
Paradox Compensation Advisors, LLC  
4100 Spring Valley Road, Suite 465  
Dallas, Texas 75244
Attn: Billie Day
Email: billie@paradoxcomp.com

Any such notice, request, demand or other communication shall be deemed to be given if delivered in person, on the date delivered, if made by facsimile, on the date transmitted, or, if sent by overnight courier service, on the date sent as evidenced by the date of the bill of lading; and shall be deemed received if delivered in person, on the date of personal delivery, if made by facsimile, upon confirmation of receipt (including electronic confirmation), or if sent by overnight courier service, on the first business day after the date sent.

(b) **Interest in Water System Agreements Prohibited.** No officer or employee of the City shall have a financial interest, direct or indirect, in any Agreement with the Water System, or shall be financially interested, directly or indirectly, in the sale to the Water System of any land, materials, supplies or service, except on behalf of the City or Water System as an officer or employee. Any violation of this Section, with the knowledge, expressed or implied, of Consultant contracting with Water System shall render this Agreement voidable by the Board of Trustees or the President/Chief Executive Officer of the Water System.

To report suspected ethics violations impacting the San Antonio Water System, please call 1-800-687-1918.

(c) **Gift Policy.** Water System employees are prohibited from soliciting, accepting or agreeing to accept any gifts from outside sources; please see Section M. – Gifts or Benefits of the Water System’s Code of Ethical Standards. Section M of the Water System’s Code of Ethical Standards regarding Gifts or Benefits is available on the SAWS Business Center website.

(d) **Tax Matters.** Consultant shall be solely responsible for payment of all taxes related to Consultant's provision of the services. A tax exempt certificate is available upon request for the purchase of materials and goods only with regards to the contracted services of this Agreement.

(e) **Assignment; Binding Effect.** No assignment, transfer, or delegation of any rights or obligations under this Agreement by Consultant shall be made without the prior written consent of the Water System, which may be withheld in the sole and absolute discretion of the Water System. This Agreement shall be binding upon the parties to this Agreement and their respective legal representatives, heirs, devisees, legatees, or other successors and permitted assigns, and shall inure to the benefit of the parties to this Agreement and their respective legal representatives, heirs, devisees, legatees, or other permitted successors and permitted assigns.

(f) **Interpretation; Captions.** Whenever the context so requires, the singular number shall include the plural and the plural shall include the singular, and the gender of any pronoun shall include the other genders. Titles and captions of or in this Agreement are inserted only as a matter of convenience and for reference and in no way affect the scope for this Agreement or the intent of its provisions.
(g) **Entire Agreement.** This Agreement constitutes the entire agreement of the parties to this Agreement with respect to its subject matter, supersedes all prior agreements, if any, of the parties to this Agreement with respect to its subject matter, and may not be amended except in writing signed by the party to this Agreement against whom the change is being asserted. This Agreement consists of this document and attached Exhibits A, B, C, D, E and F, all of which are incorporated herein by reference for all purposes. Should any conflict arise between the terms of this document and the attached Exhibits, this document shall be controlling.

(h) **No Waiver.** The failure of any party to this Agreement at any time or times to require the performance of any provisions of this Agreement shall in no manner affect the right to enforce the same; and no waiver by any party to this Agreement of any provision (or of a breach of any provision) of this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed or construed either as a further or continuing waiver of any such provision or breach or as a waiver of any other provision (or of a breach of any other provision) of this Agreement.

(i) **Governing Law; Jurisdiction.** This Agreement has been entered in, and shall be governed by and construed in accordance with the laws of the State of Texas, without regard to principles of conflict or choice of law. This Agreement is performable in Bexar County and sole venue shall be in the courts of Bexar County, Texas.

(j) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or its terms to produce or account for more than one of such counterparts.

(k) **Non-Appropriation.** Consultant agrees that the Water System has projected costs for this Agreement and Water System expects to pay all obligations of this Agreement from projected revenues of the Water System. All obligations of the Water System are subject to annual appropriations by its Board of Trustees. Accordingly, notwithstanding anything in this Agreement to the contrary, in the event that the Water System should fail to appropriate funds to pay any of Water System’s obligations under the terms of this Agreement, then the Water System’s obligations under this Agreement shall terminate, and the Consultant’s sole option and remedy shall be to terminate this Agreement by written notice to Water System, and neither the Water System nor the Consultant shall have any further duties or obligations hereunder, except those which expressly survive.

(l) **Boycott Provision.** The Consultant acknowledges and agrees that the Consultant does not boycott Israel; and will not boycott Israel during the term of this contract.
Duly executed and delivered by the parties to this Agreement, effective on the date counter signed by the Water System.

**THE WATER SYSTEM:**  
San Antonio Water System

By: ________________________________  
Philip C. Campos, Jr., CPA  
Director – Contracting  

______________________________  
Date

**CONSULTANT:**  
Paradox Compensation Advisors, LLC

By: ________________________________  
Signature

______________________________  
Title

______________________________  
Date

**LIST OF EXHIBITS:**

- **Exhibit A:** Compensation for Consulting Agreement
- **Exhibit B:** Scope of Services
- **Exhibit C:** Standard Insurance Specifications
- **Exhibit D:** Term and Timeframe for Deliverables
- **Exhibit E:** Security Procedures
- **Exhibit F:** List of Sub-Consultants
EXHIBIT A  
COMPENSATION FOR CONSULTING AGREEMENT  
LUMP SUM BY TASK PAYMENT METHOD

Section 1 - Basis of Compensation

1.1 Contract Price for all services defined by this contract is to be a lump sum by task amount of $39,000.00 – Thirty Nine Thousand dollars and no cents, payable as tasks are completed and it is agreed and understood that this amount, when earned, will constitute full compensation to the Consultant. This amount has been approved and appropriated by the San Antonio Water System for expenditure under this agreement.

1.2 This Contract Price is the sum of three years of services that contain yearly not to exceed amounts as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$17,000.00</td>
</tr>
<tr>
<td>2019</td>
<td>$12,000.00</td>
</tr>
<tr>
<td>2020</td>
<td>$10,000.00</td>
</tr>
<tr>
<td><strong>Contract Price</strong></td>
<td><strong>$39,000.00</strong></td>
</tr>
</tbody>
</table>

Section 2 - Changes

The Consultant and the Water System acknowledge the fact that the Lump Sum Amount contained in paragraph 1.1 above has been established on the scope of work outlined in Exhibit B. For additional services beyond the scope defined in Exhibit B, compensation shall be subject to renegotiation.

Section 3 - Method of Payments

Payment for Basic Services shall be lump sum by task amounts and made to the Consultant based upon the completion of the following tasks:

<table>
<thead>
<tr>
<th>Task</th>
<th>Task Description</th>
<th>Task Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Project Kickoff</td>
<td>$3,500.00</td>
<td>2018</td>
</tr>
<tr>
<td>2</td>
<td>Evaluation Development</td>
<td>$3,500.00</td>
<td>2018</td>
</tr>
<tr>
<td>3</td>
<td>Compensation Review</td>
<td>$7,000.00</td>
<td>2018</td>
</tr>
<tr>
<td>4</td>
<td>Final Report</td>
<td>$3,000.00</td>
<td>2018</td>
</tr>
<tr>
<td>5</td>
<td>Ongoing Annual Support</td>
<td>$12,000.00</td>
<td>2019</td>
</tr>
<tr>
<td>6</td>
<td>Ongoing Annual Support</td>
<td>$10,000.00</td>
<td>2020</td>
</tr>
<tr>
<td><strong>Contract Price</strong></td>
<td><strong>$39,000.00</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section 4 - Reimbursable Expenses

There are no reimbursable expenses allowed under this contract. All expenses are included in the fee set forth in section 1 above.

Section 5 - Payment for Services

5.1 No initial payment shall be paid to the Consultant prior to rendering services.
5.2 Invoices shall be submitted separately for each individual project assignment on a monthly basis to the Project Manager identified in Section 3.a.
5.3 For all services rendered, payment by the Water System is due within thirty (30) days after receipt of invoice. If payment of the amounts due, or any portion thereof, is not made as described above, interest on the unpaid balance thereof will accrue at the lesser rate of 6 percent per annum (0.5 percent per month) or the maximum lawful rate under Section 271.005 (c) of the Texas Local Government Code until such payment is made, unless delay in payment is due to improper invoicing procedures followed by the Consultant.
5.4 For all services rendered, Consultant's payment to sub-consultant is due within ten calendar days after receipt of payment from the Water System.
5.5 For services that are to be compensated on an hourly rate basis, the Consultant's invoice shall show the name of all Consultant, employees, titles, charging time to the project, the amount of time billed, the hourly rates, and the activity or activities performed by all Consultants and employees. Payroll time sheets shall be provided on request of the Water System.
5.6 For services that are to be compensated on a lump sum basis, the Consultant’s invoice shall include a detailed summary of the progress and completion of tasks to substantiate the percentage of completion of services as rendered during the previous month.

Section 6 - Payment for Additional Services

Payments for Consultant’s additional services shall show the same information required in subparagraphs 5.2 through 5.6 dependent upon the type of compensation and other evidence of expenses.

Section 7 - Payments Withheld

The Water System may withhold, amend, or reject any request for payment by the Consultant under conditions that include those described below:

7.1 Consultant’s failure to provide adequate documentation for reimbursable expenses.
7.2 Consultant's failure to invoice as required in subparagraphs 5.2 through 5.6.
7.3 Errors or mistakes in the Consultant's invoice and/or defects, errors and omissions in the documents prepared by the Consultant/Contractor or Consultant’s sub-consultants which are the basis for the payment request.
7.4 Water System's receipt of evidence that the Consultant's sub-consultants have not been duly paid for their services in connection with this project subsequent to the Water System
having disbursed compensation to the Consultant in consideration of and stemming from the efforts extended by the sub-consultant.

7.5 Failure of the Consultant to render any service as stipulated by this Agreement.

If any of these conditions exist, then interest charges will not be applicable. The Water System shall provide the Consultant with written notice of its intention to withhold, amend, or reject any request for payment by the Consultant. Upon written request by the Consultant to the Water System made within ten (10) days after the date of notice sent by the Water System, representatives of the Water System will meet with representatives of the Consultant at a mutually agreed time to discuss the circumstances surrounding the determination to withhold, amend, or reject any request for payment by the Consultant.
EXHIBIT B
SCOPE OF SERVICE

The CONSULTANT shall complete these specific tasks in accordance with the terms and conditions of the Agreement:

Task 1 - Project Kick-Off

Consultant will participate with Evaluation Consultant in up to 8 meetings to gather pertinent information and background on SAWS’ performance, and the SAWS Board’s thoughts on executive pay programs. Consultant will review internal documents, assist in conducting interviews, and assisting with the creation of a Peer Group. The Kick-Off will be conducted by both Consultant and the Evaluation Consultant and the data gathered will be used in both components of the project.

SAWS has assigned Lisa Mireles as the Project Lead. Throughout the project Consultant will work closely with the Project Lead to ensure alignment, understanding, and create a no-surprise environment by holding regular status updates. Consultant will coordinate project approach and schedule with the Project Lead and will also define all key meetings and milestones. Consultant will conduct a kickoff meeting with all team members to allow personal introductions, create open communications, and confirm project details.

Consultant shall submit all data requests to the Project Lead, detailing information needed from SAWS to perform this engagement.

Task 1.1 – Discovery

Consultant will participate with the Evaluation Consultant in the meeting with the CEO Compensation Task Force (Task Force) to confirm the scope and objectives of work, the project plan, logistics and deliverables. Consultant will also review the following:

- SAWS performance over the past several years;
- CEO pay for performance during the same period;
- Current and recent CEO pay arrangements, contractual terms, and incentive plan documentation; and
- Other internal documents that will facilitate our understanding of Company strategy, compensation philosophy, and any relevant external factors.

Task 1.2 – Interviews

Consultant will participate with the Evaluation Consultant in the interviews with Task Force, the CEO, the SAWS Board of Trustees, and selected members of the executive team. Interview topics to be addressed include current business goals and challenges, perspectives on executive pay programs, scope of executive roles, and criteria for peer company selection. The participation on these interviews will take place on-site or by telephone call.
Task 1.3 - Peer Group Identification

Consultant will collaborate with Evaluation Consultant to develop a potential peer group for use in both the Evaluation Development and Compensation Review. The peer group should consist of publicly-traded for-profit companies, municipalities, municipally-owned utilities, and nonprofit organizations. Information gather from the peer group shall be used as benchmarks and reference points to generate custom performance metrics for the CEO. Consultant will then with the Task Force to discuss the potential peer group for use in both the Evaluation Development and Compensation Review.

Key Deliverables and Tasks

- Prepare more detailed project plan
- Establish project team roles and responsibilities
- Submit data requests to the Project Lead
- Conduct project kickoff meeting
- Prepare interview templates
- Collaborate on interview schedule and attend interviews as appropriate
- Prepare project communications
- Prepare and confirm proposed peer groups
- Review currently used metrics
- Secure information and data needed for project success

Task 2 - Evaluation Development – Collaborate with Evaluation Consultant

Consultant will collaborate in the evaluation development process with the Evaluation Consultant. Consultant shall collaborate with the Evaluation Consultant in making specific recommendations related to metrics, levels of accomplishments, and quantifiable compensation triggers.

Key Deliverables

- Participate in Evaluation Consultant’s workshops as appropriate
- Review Evaluation Consultant’s “future state” recommendations and provide comments as needed
- Review Evaluation Consultant’s “specific key metrics” for President and CEO variable pay compensation and provide comments as needed
- Review Evaluation Consultant’s assessment of “levels of accomplishments for reward payouts” and provide comments as needed
- Review Evaluation Consultant’s assessment of “appropriate at-risk or variable lump-sum pay compensation mechanism(s) for the President and CEO’s accomplishments of recommended metrics” and provide comments as needed

Task 3 - Compensation Review

Consultant shall analyze the President/CEO compensation with market data such as Willis Towers Watson, Mercer, “CompAnalyst”, “PayFactors”, etc. For public company data, Consultant shall
utilize proxy data databases and check every number against original proxy statements. The
Consultants solutions shall be supported by rigorous analytics.

Consultant shall conduct a detailed compensation benchmarking exercise for the President/CEO based on:

- relevant survey sources available to Consultant and approved by SAWS;
- publicly available information from municipalities, other water systems/districts and municipality-owned utilities;
- relevant publicly traded data from proxy statements; and
- selected other relevant survey sources available to Consultant and SAWS.

In addition to the sources listed above, Consultant shall also conduct a custom survey based on the information uncovered during the interviews.

Consultant shall generate a report comparing the President/CEO’s base salary, total cash (base salary plus bonus), and total direct compensation (base salary, bonus, and long-term incentives) to the market data. In addition, Consultant shall analyze actual and target compensation by pay component (bonus and long-term incentive) and overall total direct compensation.

Key Deliverables

- **Summary of Total Cash Compensation Report**
  - containing base salary and total cash market data at the 25th, 50th, and 75th percentiles
  - indicating actual total cash received by an individual versus the target total cash

- **Summary Total Direct Compensation Report**
  - containing total cash and total direct compensation market data at the 25th, 50th, and 75th percentiles

- **Detailed Total Cash Compensation Report from publicly-traded companies**
  - containing base salary and total cash compensation data from the publicly-traded companies in the peer group and the 25th, 50th, and 75th percentiles for these companies
  - indicating actual total cash received by an individual versus the target total cash

- **Detailed Total Direct Compensation Report from publicly-traded companies**
  - containing total cash and total direct compensation data from the publicly-traded companies in the peer group and the 25th, 50th, and 75th percentiles for these companies

- **Final recommendations for President/CEO compensation**
Task 4  Ongoing Annual Support

For Task 4, the Consultant will attend up to 6 meetings for tasks 1 thru 3, with Key Deliverables to update prior work completed.

Task 5  Ongoing Annual Support

For Task 4, the Consultant will attend up to 5 meetings for tasks 1 thru 3, with Key Deliverables to update prior work completed.
EXHIBIT C
SAWS STANDARD INSURANCE SPECIFICATIONS

1. **Commercial Insurance Specifications (“Specifications”):**

   a. Commencing on the date of this Contract, the CONSULTANT shall, at his own expense, purchase, maintain and keep in force such lines of insurance coverage as will protect him and the San Antonio Water System (“SAWS”) and the City of San Antonio (“the City”) and their employees and agents from claims, which may arise out of or result from his operations under this Contract, whether such operations are by himself, by any sub-consultant, supplier or by anyone directly or indirectly employed by any of them or by anyone for whose acts any of them may be liable, including, without limitation, the following lines of insurance coverage:

   1) **Workers’ Compensation (WC)** insurance that will protect the CONSULTANT, SAWS and the City from claims under statutory Workers’ Compensation laws, disability laws or such other employee benefit laws and that will fulfill the requirements of the jurisdiction in which the work is to be performed.

      The minimum policy limits of liability for this line of insurance coverage shall be statutory limits.

      This line of insurance coverage shall be endorsed to provide a **Waiver of Subrogation** in favor of SAWS and the City with respect to both this insurance coverage and the **Employers’ Liability (EL)** insurance (as specified immediately below in section 1.a.2)).

   2) **Employers’ Liability (EL)** insurance (Part 2 under the standard Workers’ Compensation insurance policy) that will protect the CONSULTANT, SAWS and the City for damages because of bodily injury, sickness, disease of vendor's employees apart from that imposed by Workers' Compensation laws.

      The EL line of insurance coverage shall have minimum policy limits of liability of not less than:

      $ 1,000,000.00 Bodily Injury by Accident  
      1,000,000.00 Bodily Injury by Disease - Each Employee  
      1,000,000.00 Bodily Injury by Disease - Policy Limit

   3) **Commercial General Liability (CGL)** insurance that will protect the CONSULTANT, SAWS and the City from claims for damages because of bodily injury, personal injury, sickness, disease or death and insurance that will protect the CONSULTANT, SAWS and the City from claims for damages to or destruction of tangible property of others, including loss of use thereof.

      This line of insurance coverage shall:
• Cover independent contractors;

• Afford coverage for Products Liability and/or Completed Operations and, Contractual Liability.

The minimum policy limits of liability for this line of insurance coverage shall be:

<table>
<thead>
<tr>
<th>Description</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occurrence Limit</td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td>General Aggregate</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Products/Completed Operations Aggregate</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Personal and Advertising Injury</td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td>Contractual Liability</td>
<td>$1,000,000.00</td>
</tr>
</tbody>
</table>

This line of insurance coverage shall be endorsed:

• Naming SAWS and the City as an Additional Insured; and

• To provide aWaiver of Subrogation in favor of SAWS and the City.

4) Professional Liability (PL) (errors and omissions) insurance with minimum coverage limits of $1,000,000 per claim, $1,000,000 in the aggregate and, if this line of coverage is written on a “Claims Made” form, the CONSULTANT must maintain this line of insurance coverage for a period of at least twenty-four (24) months after the date of Contract termination.

NOTE - For Professional Liability, include in writing on the Certificate of Liability Insurance (“Certificate”) the coverage form under which the respective line of coverage is written – either:

• Claims-made form; if the coverage form declared on the Certificate is the Claims-made form, the “Retroactive-date” for this line of coverage must also be included on the Certificate as well; or

• Occurrence basis – no additional wording required.

b. CONSULTANT shall require all Sub-consultants to carry lines of insurance coverage appropriate to their scope of Work and submit copies of Sub-consultants’ Certificates of Liability Insurance upon request by SAWS.

c. CONSULTANT agrees that with respect to the above required lines of insurance, all insurance policies are to contain or be endorsed to the extent, not inconsistent with the requirements of the issuing insurance carrier, to provide for an endorsement that the "other insurance" clause shall not apply where SAWS and the CITY are an Additional Insured shown on the policy if such endorsement is permitted by law and regulations.
d. CONSULTANT shall, upon request of SAWS, provide copies of all insurance policies and endorsements required under Contract.

e. CONSULTANT is responsible for the deductibles under all lines of insurance coverage required by these Specifications.

f. The stated policy limits of each line of insurance coverage required by these Specifications are MINIMUM ONLY and it shall be the CONSULTANT's responsibility to determine what policy limits are adequate and the length of time each line of insurance coverage shall be maintained; insurance policy limits are not a limit of the CONSULTANT's liability.

g. These minimum limits required of each line of insurance coverage may be either basic policy limits of the CGL and any combination of basic limits or umbrella (Umbrella form) or excess (Other Than Umbrella form) limits. SAWS acceptance of Certificate(s) that in any respect, do not comply with these Specifications, does not release the CONSULTANT from compliance herewith.

h. Within five (5) calendar days of a suspension, cancellation or non-renewal of any required line of insurance coverage, the CONSULTANT shall provide SAWS a replacement Certificate with all applicable endorsements included. SAWS shall have the option to suspend the CONSULTANT's performance should there be a lapse in coverage at any time during this Contract.

i. SAWS recommends that each line of insurance coverage that is required under these Specifications shall be so written so as to provide the CONSULTANT thirty (30) calendar days advance written notice directly of any suspension, cancellation or non-renewal or material change in coverage, and not less than ten (10) calendar days advance written notice for nonpayment of premium.

j. Failure to provide and to maintain the required lines of insurance coverage shall constitute a material breach of this contract.

k. In addition to any other remedies, SAWS may have, upon the CONSULTANT's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, SAWS shall have the right to order the CONSULTANT to stop performing services hereunder and/or withhold any payment(s) which become due to the CONSULTANT hereunder until the CONSULTANT demonstrates compliance with the Specifications hereof.

l. Nothing herein contained shall be construed as limiting, in any way, the extent to which the CONSULTANT may be held responsible for payments for damages to persons or property resulting from the CONSULTANT's or its sub-consultant's performance of the services covered under this Contract; or limiting, in any way the extent to which the CONSULTANT may be held responsible for payment of fines, penalties, fees, or economic damage to SAWS.
m. It is agreed that the CONSULTANT’s insurance shall be deemed primary and non-contributory with respect to any insurance or self-insurance carried by SAWS, the City and their employees and agents for liability arising out of operations under this Contract.

n. CONSULTANT agrees that all lines of insurance coverage required by these Specifications shall be with insurance companies, firms or entities that have an A.M. Best rating of "A−−" ("A"- minus)” and a Financial Size Category of a “VII” or better. All lines of insurance coverage shall be of an "Occurrence" type except for the Professional Liability line of insurance coverage.

SAWS will accept worker's compensation insurance coverage written by the Texas Workers Compensation Insurance Fund.

o. SAWS reserves the right to review the above stated Insurance Specifications during the effective period of this Contract and any extension or renewal hereof and to request modification of lines of insurance coverage and their respective liability limits when deemed necessary and prudent by SAWS’ Risk Manager and Legal Department based upon changes in statutory law, court decisions, or circumstances surrounding this Contract.

In no instance will SAWS and the City allow modification whereupon SAWS and the City may incur increased risk exposure.

2. **Certificate(s) of Liability Insurance ("Certificate") Requirements**

Prior to the commencement of any Services under this Contract and once notified by SAWS Contracting Official that your Company has been selected as the apparent successful CONSULTANT pursuant to an Informal Request for Proposal, RFP selection process, pending Board final approval, and, a request is made for you to submit your Company’s Certificate of Liability Insurance, that Certificate must meet all of the following requirements:

a. The CONSULTANT shall have completed by its insurance agent(s), and submitted to SAWS Contracting Department within 5 business days, a Certificate(s) of Liability Insurance ("Certificate(s)") providing evidence of the lines of insurance coverage pursuant to Section 1.a.1) through 1.a.4) above.

b. The original Certificate(s) or form must include the agent's original signature (stamped or typed is acceptable), including the signer's company affiliation, mailing address, Office and FAX phone numbers, email address, and contact person’s name; and, be mailed, with copies of all applicable endorsements, directly from the insurer's authorized representative in strictly compliance with sections 2.g. (Certificate Holder) and 2.h. (Distribution of Completed Certificates) below.

c. SAWS will not accept Memorandum of Insurance or Binders as proof of insurance.

d. SAWS shall have no duty to pay or perform under Consulting Services Agreement until such certificate(s) and applicable endorsements have been received, reviewed and deemed...
100% compliant with the Insurance Specifications (contained herein) by SAWS’ Risk Management/Contract Services Department. No one other than SAWS Risk Manager shall have authority to waive any part of these requirements.

e. The SAWS Project/Contract number(s) along with its Descriptor Caption must be included in the Description of Operations section located in the bottom half of the standard ACORD Certificate forms.

f. Certificate Holder - SAWS shall be shown as the Certificate Holder in the Certificate Holder section located in the bottom half of the standard ACORD Certificate forms and formatted as follows:

San Antonio Water System  
c/o Ebix BPO  
PO Box 100085-ZD  
Ref. # S-17-020-PC  
Duluth, GA 30096

g. Distribution of Completed Certificates - Completed Certificates shall be distributed by the Consultant as follows:

1) Send Original:

   a) By **E-Mail**: saws@ebix.com

   b) By **Fax**: 1-770-325-6502

   c) To Upload Online: [https://www.ebix.com](https://www.ebix.com) (*preferred method*)

2) Send Copy to the following:

   San Antonio Water System  
   Attention: Contract Administration  
   P.O. Box 2449  
   San Antonio, TX 78298-2449

h. CONSULTANT shall be responsible for obtaining Certificates of Insurance from the first tier Sub-consultant, and upon request furnish copies to SAWS.
3. **SURVIVAL**

Any and all representations, conditions and warranties made by Consultant under this Contract including, without limitation, the provisions of Section 1.a.2), 1.a.3) and 1.a.4) of these Commercial Insurance Specifications and Certificates of Liability Insurance Requirements are of the essence of this Contract and shall survive the execution and delivery of it, and all statements contained in any document required by SAWS whether delivered at the time of the execution, or at a later date, shall constitute representations and warranties hereunder.
The Term of this Agreement shall commence on the 15th day of February, 2018, and automatically expire on 31st day of December, 2020.
EXHIBIT E
SECURITY PROCEDURES

If work will be conducted on SAWS property, on a SAWS customer’s property, involve any SAWS networks or any SAWS facility the Consultant shall ensure a Prime Contractor Data Form (PCDF) and a Background Screening Letter (provided by SAWS Security) is properly completed for all employees performing work under this Agreement and is on file with SAWS Security prior to work commencement. Any person found to have an unacceptable background check will not be allowed to perform work under this Agreement (A waiver may be given by SAWS Security for an unacceptable finding but must be signed off by the Director of SAWS Security). Sub-Consultants performing work must be listed on the PCDF and the Background Screening Letter. Consultant shall be responsible for the accuracy of information on the PCDF and the Background Screening Letter, and for obtaining any and all required items (badges and parking tags) necessary to fulfilling the work under this Agreement. The PCDF and Background Screening Letter must be sent electronically to securitygroup@saws.org. Consultant shall advise the SAWS Project Manager/Inspector of any employee terminations or changes to personnel performing work under this Agreement and the Consultant shall immediately turn in any and all badges and/or parking tags of employees who are terminated or no longer performing work under this Agreement. If there are any changes in the information contained in the PCDF or the Background Screening Letters, Consultant shall immediately notify the SAWS Project Manager/Inspector and provide updated PCDF and Background Screening Letters, with copies to securitygroup@saws.org.

Consultant, its employees, and agents shall obtain a SAWS photo identification badge (Consultant's Badge) and parking tag, prior to any work on SAWS property, which shall be used only for purposes necessary to perform the work under this Agreement. SAWS Badge Office hours are Monday, Wednesday and Friday 8:00am to 12:00pm excluding SAWS holidays (hours are subject to change). Security staff can be contacted at (210) 233-3177 or (210) 233-3338. A replacement fee may be charged for lost or damaged badges or parking tags. As a condition of final payment, Consultant shall return all badges and parking tags to the Security Office. In the event Consultant fails to return all security badges and parking tags, in addition to any other rights or remedies to which SAWS may be entitled at law or in equity, SAWS may withhold from payment to the Consultant the sum of $500.00 dollars per badge or parking tag as liquidated damages. Consultant agrees that the actual amount of damages for failure to return the badges and/or parking tags is difficult to determine, and the liquidated damages herein are not a penalty, but are a reasonable estimate of the costs and expenses that may be incurred by SAWS for failure to return the badges or parking tags.

SAWS facilities require a SAWS employee to physically escort Consultant at all times. SAWS may, in its sole discretion, waive the escort requirements if the PCDF and a “clean” Background Screening Letter, signed by an authorized representative of Consultant are approved by SAWS Security.

Sub-Consultants must always be under escort of the Consultant while performing work on any SAWS property. Sub-Consultants must display either a company photo badge, with name, or a valid driver’s license at all times while working on any SAWS property. Consultant is solely responsible for the actions of its employees, agents, Sub-Consultants and Consultants.

Consultant MUST be prepared for additional security requirements at its expense if violations of SAWS Security procedures are noted. Some examples of additional requirements include hiring of SAWS approved security guards, temporary fencing, mobile Closed Circuit Television Monitoring trailer(s), or extra lighting. Notwithstanding anything herein to the contrary, any provisions in these Security Procedures that may appear to give SAWS the right to direct Consultant as to details of doing any work under this Agreement or to exercise a measure of control over any security measures or such work shall be deemed to mean that Consultant shall follow the desires of SAWS in the results of the work or security measures only.

Advance coordination by Consultant with SAWS Security for these security requirements is necessary to ensure no delays with timely performance of the work. In the event Consultant fails to comply with SAWS Security requirements, SAWS may, with no penalty or claim against SAWS:

- Issue a Work Stoppage Order until the security violation (s) are remedied
- Ask any unidentified or improperly identified person or equipment to leave SAWS site immediately and not return until items are remedied.
EXHIBIT F
LIST OF SUB-CONSULTANTS

No Sub-Consultants will be used on this project.
TO: San Antonio Water System Board of Trustees

FROM: Donovan S. Burton, Vice President, Water Resources and Governmental Relations

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF AN AGREEMENT WITH BLUEBONNET ELECTRIC COOPERATIVE IN CONNECTION WITH THE DESIGN AND CONSTRUCTION OF ELECTRICAL SERVICE FOR THE VISTA RIDGE REGIONAL SUPPLY PROJECT INTERMEDIATE PUMP STATION 1 FACILITIES

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution approves an agreement with Bluebonnet Electric Cooperative (the “Cooperative”), a non-local, nonprofit electrical power distribution cooperative, in connection with the San Antonio Water System’s (the “System”) obligation to provide electric power service for project facilities to be constructed for the Vista Ridge Regional Supply Project (the “Project”). The agreement in an amount not to exceed $2,575,901.18 for design and construction of electrical service for the Vista Ridge Regional Supply Intermediate Pump Station 1 Facilities.

- The Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement (WTPA) places on the Vista Ridge Project Company (the “Project Company”), the responsibility for developing, financing, constructing, and operating the project in exchange for a fixed price for water delivered and reimbursement of O&M costs incurred. After expiration of the WTPA at the end of the 30-year term, ownership of project assets will transfer to the System.

- The WTPA also places upon the System, the responsibility for establishing electric power service for project facilities to be constructed by the Project Company. Electric service is essential for completion and operation of the Project and must be ready for performance testing of the Project no later than 39 months following the Financial Closing Date of the WTPA.

- The System is working with three different electrical service providers to establish electrical service at the five different Vista Ridge Supply Project Facilities to be constructed by the Project Company. The Cooperative will design and construct the electrical power service for the Intermediate Pump Station 1 Facilities, High Service Pump Station, and Well Field Facilities, Guadalupe Valley Electric Cooperative will design and construct the electrical power service for the Intermediate Pump Station 2 Facilities, and CPS Energy will design and construct the electrical power service for the Vista Ridge Regional Supply Project Terminus Site.
• The amount of $2,575,901.18 provides funds to the Cooperative for the design and construction of just one of the three required overhead electrical service feeders the Cooperative will construct for the Vista Ridge Regional Supply Project. Funds for this agreement provide for the electrical overhead feeder that will serve the Intermediate Pump Station 1 Facilities located in Elgin Texas. After the first overhead electrical feeder is constructed, staff will propose, for the Board’s approval, two subsequent agreements for the additional electrical feeders to serve the Vista Ridge Regional Supply Project’s Well Field Facilities and High Service Pump Station Facilities. The System anticipates proposing an agreement to the board for the Well Field Facilities feeder in early to mid-2018, and another for the High Service Pump Station Facilities late in 2018. The anticipated, total value of the three agreements to be awarded to the Cooperative is expected to be $5 million.

• The Vista Ridge Regional Supply Intermediate Pump Station 1 Facilities, High Service Pump Station Facilities, and Well Field Facilities all fall within the Cooperative’s exclusive service area.

• The scope of services for this agreement includes the design and construction of approximately three miles of overhead electrical feeder from an existing nearby electrical sub-station, transformers, and a primary service meter.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

Funds for services to be expended during FY 2018 are included in the five-year Water Supply O&M Budget that was approved in conjunction with the FY 2018 Annual Operating Budget. Expenditures will be funded with revenues from the System Fund. Services will be paid from the Vista Ridge Water Supply Project (Company: 1000, Accounting Unit: 5046500, Account Code: 511312, Total 2018 amount: $2,575,901.18).
Approval of Agreement
Electrical Service with the Vista Ridge Regional Supply Project

APPROVED:

[Signature]

Robert R. Puente
President/Chief Executive Officer

Attachment:
1. Vista Ridge Intermediate Pump Station 1 Electrical Service Route Exhibit
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF
TRUSTEES APPROVING AN AGREEMENT WITH
BLUEBONNET ELECTRIC COOPERATIVE IN AN
AMOUNT NOT TO EXCEED $2,575,901.18 FOR DESIGN
AND CONSTRUCTION OF ELECTRICAL POWER
SERVICE FOR THE VISTA RIDGE REGIONAL SUPPLY
PROJECT INTERMEDIATE PUMP STATION 1
FACILITIES IN FULFILLING OBLIGATIONS TO
ESTABLISH ELECTRIC POWER SERVICE;
AUTHORIZING EXPENDITURES OF FUNDS IN AN
AMOUNT NOT TO EXCEED $2,575,901.18 FROM THE
SYSTEM FUND FOR THE PROJECT WORK;
AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE
OFFICER OR HIS DULY APPOINTED DESIGNEE TO
EXECUTE AN AGREEMENT WITH A BLUEBONNET
ELECTRIC COOPERATIVE, AND TO PAY BLUEBONNET
ELECTRIC COOPERATIVE AN AMOUNT NOT TO
EXCEED $2,575,901.18 FOR FUNDS TO BEGIN THE
PROJECT WORK; FINDING THE RESOLUTION TO HAVE
BEEN CONSIDERED PURSUANT TO THE LAWS
GOVERNING OPEN MEETINGS; PROVIDING A
SEVERABILITY CLAUSE; AND ESTABLISHING AN
EFFECTIVE DATE

WHEREAS, the Vista Ridge Regional Supply Project Water Transmission and
Purchase Agreement (WTPA) places on the Vista Ridge Project Company (the “Project
Company”) the responsibility for developing, financing, constructing, and operating the Vista
Ridge Regional Supply Project (the “Project”) in exchange for a fixed price for water delivered
and reimbursement of O&M costs incurred. After expiration of the WTPA at the end of the 30-
year term, ownership of project assets will transfer to the San Antonio Water System (the
“System”); and

WHEREAS, the WTPA also places upon the System the responsibility for
establishing electric service for project facilities to be constructed by the Project Company. Electric service is essential for completion and operation of the Project and must be ready for
performance testing of the Project no later than 39 months following the Financial Closing Date
of the WTPA; and

WHEREAS, the System is working with three different electrical service providers
to establish electrical service at the five different Project facilities to be constructed by the Project Company. Bluebonnet Electric Cooperative will design and construct the electrical power service
for the Well Field Facilities, High Service Pump Station Facilities, and Intermediate Pump Station
1 Facilities, Guadalupe Valley Electric Cooperative will design and construct the electrical power
service for the Intermediate Pump Station 2 Facilities, and CPS Energy will design and construct
the electrical power service for the Vista Ridge Regional Supply Project Terminus Site; and

WHEREAS, the amount of $2,575,901.18 provides funds to the Cooperative for
the design and construction of just one of the three required overhead electrical service feeders the
Cooperative will construct for the Vista Ridge Regional Supply Project. Funds for this agreement
provide for the electrical overhead feeder that will serve the Intermediate Pump Station 1 Facilities
located in Elgin Texas; and

WHEREAS, System staff will bring two subsequent agreements for the additional
electrical feeders to serve the Project’s Well Field Facilities and High Service Pump Station
Facilities for the Board’s consideration later in 2018 for an anticipated, total value of $5 million
for all three agreements; and

WHEREAS, the Vista Ridge Regional Supply Intermediate Pump Station 1
Facilities, Well Field Facilities, and High Service Pump Station Facilities all fall within
Bluebonnet Electrical Cooperative’s exclusive service area; and

WHEREAS, the scope of services for this agreement includes the design and
construction of approximately three miles of overhead electrical feeder from an existing nearby
electrical sub-station, transformers, and a primary service meter; and

WHEREAS, the amount of $2,575,901.18 is available from the System Fund for
the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to
approve the agreement with Bluebonnet Electric Cooperative in the amount of $2,575,901.18 for
the funds to begin the design and construction of electrical power service in connection with the
Vista Ridge Regional Supply Project, (ii) to authorize and to make available an amount not to
exceed $2,575,901.18 from the System Fund for the funds to begin the project work, and (iii) to
authorize the President/Chief Executive Officer or his duly appointed designee to execute an
agreement with Bluebonnet Electric Cooperative and to pay Bluebonnet Electric Cooperative an
amount no tot exceed $2,575,901.18 to Bluebonnet Electric Cooperative for the project work; now,
therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF
TRUSTEES:

1. That an agreement with Bluebonnet Electric Cooperative in an amount not to exceed
$2,575,901.18 for the design and construction of electrical power service in connection with the
Project is hereby approved.

2. That the expenditure of System funds in an amount not to exceed $2,575,901.18 is hereby
approved.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby
authorized to execute an agreement with Bluebonnet Electric Cooperative and to pay Bluebonnet Electric Cooperative an amount not to exceed $2,575,901.18 for the design and construction of electrical power service for the Intermediate Pump Station 1 Facilities in connection with the Vista Ridge Regional Supply Project.

4. It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public, and that the public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 6th day of February, 2018.

_____________________________
Berto Guerra, Jr., Chairman

ATTEST:

_____________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees
FROM: Donovan S. Burton, Vice President, Water Resources & Governmental Relations
THROUGH: Robert R. Puente, President/Chief Executive Officer
SUBJECT: Ratify the execution of the Letter Agreement of the Assignment for the Tetra Tech, Inc. subcontract under the Kiewit Design Build Contract in connection with the Central Water Integration Pipeline Project, and award of professional services contract in connection with the Central Water Integration Pipeline Project

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached Resolution ratifies the actions of the Vice President of Water Resources & Governmental Relations in the execution of the Letter Agreement for the Assignment of the Tetra Tech, Inc. subcontract under the Kiewit Design Build Contract in connection with the Central Water Integration Pipeline (CWIP) Project effective as of January 20, 2018. The attached Resolution also approves the award of professional services contract to Tetra Tech, Inc. in the amount not to exceed $17,212,082.00 in connection with the design and construction phase services of the CWIP Project.

San Antonio Water System (the “System”) entered into a water transmission and purchase agreement on November 4, 2014, with Abengoa Vista Ridge LLC to provide and deliver water supplies to the System through the Vista Ridge Regional Water Supply Project. The CWIP Project will integrate and deliver water from the Vista Ridge Regional Water Supply project to integration points within the System’s distribution system.

In September 2017, the System entered into a Design Build Contract with Kiewit Infrastructure South Co. (Kiewit) for Phase 1 Design Service for the CWIP Project, with Tetra Tech, Inc. being the lead subcontracted design firm with Kiewit. As part of the design-build contract, the System included a requirement for Kiewit to submit an Initial Guaranteed Maximum Price (GMP) in December 2017, for the design and construction of the project. Kiewit submitted a draft GMP that was substantially beyond the System’s budget expectations, and the System exercised its rights to terminate the contract with Kiewit, with the required 30 day notice with an effective date of January 20, 2018.

As part of the original two step procurement process, Tetra Tech, Inc., based on their demonstrated competence and qualifications, was selected as part of the Kiewit team, to be the most highly qualified designer that was appealing to the System given a number of reasons. The CWIP Project remains critically important and as such, because of the extensive work and knowledge gained in preparing the plans and specifications to the current 30 percent design level, the System desires to continue the role of Tetra Tech, Inc. as the lead designer for the CWIP Project and have them
continue the design to 100 percent. To this purpose, the System has taken an assignment of the subcontract between Kiewit and Tetra Tech, Inc. as a bridge to a newly negotiated design contract presented here. This Resolution would ratify the assignment of the contract to the System.

Additionally, the attached resolution develops a new design contract with Tetra Tech, Inc., that would cover the full design to 100 percent as well as Construction Phase Services of the CWIP Project as currently envisioned. The scope of work for this design contract would be generally described as follows:

- Perform design development services to include work at the Terminus Site, the Bitters Pump Station, the Maltsburger Pump Station, the Basin Pump Station, and associated pipeline improvement locations.
- Schedule, conduct and document meeting and workshops with the System and Black & Veatch (SAWS Owner’s Representative) staff during all phases of the project.
- Provide professional project management services on the project and be responsible for meeting deadlines, permitting requirements, geotechnical investigations, scheduling resources, coordinating sub consultants and communication with the System.
- Prepare, administer and coordinate a QA/QC program to ensure that project objectives are met.
- Perform project administrations services and field support during the construction phase of the project as well as provide commissioning and startup assistance when the project is built.
- Potentially perform Supplemental Services, which are part of the contract as well.

The CWIP Project will likely be bid out as several different bid packages and will continue to have input of Tetra Tech, Inc. as well as Black & Veatch. The CWIP Project is expected to be constructed by the first quarter of 2020 in order to receive Vista Ridge water as scheduled.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund financed the design portion of the Design Build Contract through Board action in September 2017, in the amount of $7,437,584.00. Upon termination of the Design Builder in December 2017, all unused funds will be returned to the Project Fund.
The Project Fund will finance the expenditure from the CY 2016 Capital Improvement Program. The project work is included in the Water Supply Core Business, Vista Ridge Integration Project budget line. The amount is $17,212,082.00 and the job number for this project is 17-8611.

Donovan S. Burton  
Vice President  
Water Resources & Governmental Relations

APPROVED:

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES RATIFYING THE ACTIONS OF THE VICE PRESIDENT OF WATER RESOURCES & GOVERNMENTAL RELATIONS IN THE EXECUTION OF THE LETTER AGREEMENT OF THE ASSIGNMENT OF THE TETRA TECH, INC. SUBCONTRACT UNDER THE KIEWIT DESIGN BUILD CONTRACT IN CONNECTION WITH THE CENTRAL WATER INTEGRATION PIPELINE PROJECT; AWARDING A PROFESSIONAL SERVICES CONTRACT TO TETRA TECH, INC. IN AN AMOUNT NOT TO EXCEED $17,212,082.00 IN CONNECTION WITH THE DESIGN FOR THE CENTRAL WATER INTEGRATION PIPELINE PROJECT; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $17,212,082.00 FROM THE SYSTEM'S PROJECT FUND FOR THE DESIGN SERVICES IN CONNECTION WITH THE PROJECT; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A DESIGN SERVICES CONTRACT WITH TETRA TECH, INC., AND TO PAY TETRA TECH, INC. IN AN AMOUNT NOT TO EXCEED $17,212,082.00 FOR THE DESIGN SERVICES IN CONNECTION WITH THE PROJECT; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Central Water Integration Pipeline Project (the “Project”) will deliver water from the Vista Ridge Regional Water Supply Project to integration points within the distribution system; and

WHEREAS, the Project consists of approximately 1.5 miles of existing and new transmission main beginning at the proposed Vista Ridge Terminus facility in north Bexar County extending to the Basin Pump Station, with intermediate drop-off points at the Bitters and Maltsburger Pump Stations; San Antonio Water System’s (the “System”) work at the Terminus facility includes one 10 million gallon tank, a treatment facility, and a 20 million gallon per day pump station; other work in the project scope potentially includes the rehabilitation of existing tanks and pump stations, pressure reducing/sustaining valves and SCADA/control programing at various locations within the distribution system; and
WHEREAS, the System entered into a Design Build Contract with Kiewit Infrastructure South Co. (Kiewit) for Phase 1 Design Services for the Project, with Tetra Tech, Inc. being the lead subcontracted design firm with Kiewit; and

WHEREAS, the Design Build Contract required Kiewit to submit an initial Guaranteed Maximum Price (GMP) by December 2017 for the design and construction of the Project; and

WHEREAS, Kiewit submitted a draft GMP that was substantially beyond the System’s budget expectations, and the System exercised its rights to terminate the contract with Kiewit, with the required 30 day notice with an effective date of January 20, 2018; and

WHEREAS, the System determined that, as the Project remains critical, and that Tetra Tech, Inc., based on their demonstrated competence and qualifications, and upon both their submittal for the initial Request for Qualifications for the selection of the design build firm and their completion of the existing plans and specifications to the 30 percent design, was the most appropriate firm to continue the ongoing design services work, the System would therefore accept assignment of the subcontract between Kiewit and Tetra Tech, Inc. beginning on January 20, 2018, and terminating upon acceptance of a newly negotiated design services contract, presented here; and

WHEREAS, the System has negotiated a new design services contract with Tetra Tech, Inc. in order to complete the Project design and construction phase services to include project design, schedule management, quality assurance measures, construction assistance, technical and design procurement document development and other related services associated with designing the Project, in an amount not to exceed $17,212,082.00; and

WHEREAS, the amount of $17,212,082.00 is available from the System’s Project Fund for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That based on the demonstrated competence and qualifications of Tetra Tech, Inc. that the award of professional services contract to Tetra Tech, Inc. in an amount not to exceed $17,212,082.00 in connection with the design of the Central Water Integration Pipeline Project is approved.

2. That the actions of the Vice President of Water Resources & Governmental Relations for the execution of the Letter Agreement for the Assignment of the Tetra Tech, Inc. subcontract under the Kiewit Design Build Contract for the Central Water Integration Project are hereby ratified.

3. That expenditures in an amount not to exceed $17,212,082.00 are hereby approved and to be expended from the System’s Project Fund for the performance of the design and construction phase services work as required by the contract in connection with the Project.
4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract with Tetra Tech, Inc. in a substantially similar form as the contract attached as Attachment I, and to pay Tetra Tech, Inc. in an amount not to exceed $17,212,082.00 for the performance of the design and construction phase services as required by the contract in connection with the Project.

5. It is officially found determined and declared that the meeting at which this resolution is adopted was open to the public, and the public notice of the time, place and subject matter of the business to be conducted as such a meeting, including this resolution, was given to all by required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase or word of this resolution for any reason to be help unconstitutional, illegal, inoperative, or invalid, or if any exception to or limitation upon any general provision herein contained is held to be un constitutional, illegal, invalid or in effective, the remainder of this resolution shall never the less stand effect and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or in effective.

7. This resolution shall become effective upon its passage.

PASSED AND APPROVED this 6th day of February, 2018.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary

Attachment:
1. Form of Professional Services Contract
PROFESSIONAL SERVICES AGREEMENT
ENGINEERING SERVICES

Agreement for

[Insert Project Name]
Contract No. ____________

This agreement ("Contract" or "Agreement") is made and entered into in San Antonio, Bexar County, Texas, between the San Antonio Water System, an agency of the City of San Antonio in the State of Texas, (hereinafter referred to as “SAWS” or the “Water System”) and

[Insert Consultant Name]
[Address 1]
[Address 2]

engineers(s) duly licensed and practicing under the laws of the State of Texas (hereinafter referred to as "Consultant"), said Contract being executed by the Water System, an agency of the City of San Antonio, established and created pursuant to the provisions of Ordinance No. 75686 and Texas Local Government Code Sections 402.141 et. seq., acting by and through its President and CEO, or his authorized representative, and by said Consultant for the provision of engineering services hereinafter set forth in connection with the design and development of [insert Project Name] (the “Project”) for the Water System.

INSERT RECITALS

I. Scope of Work

The term “Work” means the services required by this Contract, whether completed or partially completed, and includes all services provided or to be provided by the Consultant to fulfill the Consultant’s obligations hereunder. The Consultant shall not commence Work on this proposed Project until it has been thoroughly briefed on the scope of the Project and has been notified by the Water System in writing to proceed. The scope of the Project and the Consultant's services to be provided under this Contract are set forth in Exhibit II of this Contract (the "Scope of Work").

A. Water System may, without invalidating this Contract, order additional work, deletions, or other modifications to the Scope of Work, such changes to be effective only upon the execution of a written agreement specifically identifying the additional work, fee, and time prior to the performance of such work. Any adjustment to the Contract Price (as defined below) or the Production Schedule shall be made in writing in accordance with the terms of this Contract, or in the absence of such provisions, on terms agreed to in writing by both Consultant and Water System. Consultant shall not be entitled to any additional compensation in excess of the Contract Price for its performance of the Work for any reason whatsoever unless, prior to the performance of any services giving rise to Consultant’s claim for additional compensation for work outside the Scope
of the Work, Consultant shall have received Water System’s express written authorization to perform such additional Work.

B. The Consultant and Water System agree and acknowledge that the Water System is entering into this Contract in reliance on Consultant’s expertise with respect to engineering services. The Consultant, in consideration for the compensation set forth expressly herein, shall at all times utilize its skill and attention to fully, timely and properly render professional services for the development of the Project to final completion as set out in, or reasonably inferred from, the Scope of Work in a manner utilizing the degree of care ordinarily used by engineers performing similar services on projects of a similar nature and scope within the State of Texas, such services including, but not limited to (i) preparation of plans and specifications, (ii) construction administration services, and (iii) preparation of any special or general conditions and instructions to bidders as directed in writing by the Water System.

C. The Consultant shall be represented by a professional engineer licensed to practice in the State of Texas at all meetings of any official nature concerning the Project, including, but not limited to, scope meetings, review meetings, pre-bid meetings, pre-construction meetings and construction meetings with Water System staff and/or its contractors, unless otherwise set forth in the Scope of Work or approved in writing by the Water System.

D. All completed documents submitted by Consultant to Water Systems for final approval, or issuance of a permit, shall bear the seal with signature and date adjacent thereto of a licensed professional engineer. Any design or partial submittal shall bear an appropriate notice that such submittal is a partial submittal only.

E. The Water System shall have the right to approve or disapprove all persons and sub-consultants employed by or under the Consultant to work on the Project, which approval shall not be withheld unreasonably. Neither Consultant nor any sub-consultant shall allow work under this Contract to be performed by any person whose performance of the Work covered by this Contract has been objected to by Water System in writing. All sub-consultants designated or identified in Exhibit VI are approved by the Water System unless Consultant is subsequently notified in writing by the Water System. Any other sub-consultants must be approved by the Water System in writing before they may provide professional services of any kind or extent on the Project, which approval shall not be withheld unreasonably. The Consultant agrees to retain the sub-consultants identified in Exhibit VI to work on the Project, unless the Water System agrees otherwise in writing. Consultant is responsible to the Water System for the performance of all such sub-consultants.

F. In the event that the Consultant proposes the termination or change of an identified “Small Business Enterprise”, "Minority-owned Business Enterprise" (MBE), or a "Woman-owned Business Enterprise" (WBE) certified sub-consultant firm from its employ on this Project, the Consultant shall make a good faith effort, working with the Water System’s SMWVB Program Manager, to substitute any SMWVB sub-consultant with a like-certified sub-consultant. If the Consultant is unable to substitute a sub-consultant firm of like certification, the Consultant shall provide the Water System with documentation of its efforts to acquire the services of an SBE/MBE/WBE replacement firm.
G. Consultant shall not, without the prior written approval of the Water System, change (i) the overall percentage of Work to be performed by sub-consultants listed in Exhibit VI by more than a total of five percent (5%) or (ii) the percentage of Work to be performed by any one sub-consultant by more than five percent (5%).

H. All Work, labor, services and materials to be furnished by Consultant shall fully comply with all applicable federal, state and local laws, rules, regulations, statutes, ordinances and directives related to the Consultant and/or the Work. In the event of any change in the applicable federal, state and local laws, rules, regulations, statutes, ordinances and directives related to the Consultant and/or the Work for the Project, which occur after the Effective Date of this Contract, and which Consultant was not and should not reasonably have been aware of, which require changes to the Work that has already been completed by the Consultant, or require work outside the Scope of Work, then Consultant and the Water System shall attempt to agree in writing on the required modifications to the Scope of Work and an equitable fee and time adjustment resulting from such additional Scope of Work. Conflicts between any applicable federal, state and local laws, rules, regulations, statutes, ordinances and directives related to the Consultant and/or the Work shall be brought to the attention of the Water System by Consultant.

I. The Consultant shall perform its obligations under this Contract in accordance with the Scope of Work described in Exhibit II.

II. Acceptance of the Work.

A. When Consultant can demonstrate that the Work is complete in accordance with the acceptance criteria in the Scope of Work and so notifies the Water System, the Water System shall review the Work for general compliance with this Contract. Acceptance by Water System of Consultant’s Work shall not constitute or be deemed a release of the responsibility, obligations, or liability of the Consultant under this Contract for any errors, omissions or defect in the design, working drawings, specifications, or documents and Work performed by the Consultant; nor shall such acceptance be deemed an assumption of responsibility or liability by Water System for any defect in the designs, working drawings, specifications or other documents and work performed by Consultant, its agents, employees and sub-consultants under this Contract. No payment made by the Water System to Consultant under the Contract shall constitute, or be construed as, an acceptance of any defective, deficient or improper work. In the event that Consultant is requested by the Water System to utilize a procedure or a product that is not on the standards list of the Water System, and Consultant has a reservation about implementing such request by the Water System, Consultant shall notify the Water System’s Vice President over the engineering department in writing and identify the specific reservations with said procedure or product. The Consultant and the Vice President shall attempt to resolve the dispute. In the event the Consultant and the Water System are unable to resolve the dispute, and the Consultant continues to have reservations with the Water System’s request, the Consultant shall have the right to treat such dispute as a suspension of the Work in excess of one hundred twenty (120) consecutive days pursuant to Section VIII.C below. Notwithstanding anything in this Contract to the contrary, Consultant shall be solely
responsible for, and have exclusive control over the means, methods, tools, techniques, sequences, products and procedures of the Consultant’s Work under this Contract.

III. Production Schedule.

A. TIME IS OF THE ESSENCE IN THE PERFORMANCE OF CONSULTANT’S DUTIES UNDER THIS CONTRACT. The Consultant shall complete the various phases of work, tasks, and milestones under this Contract in strict accordance with the Production Schedule in Exhibit IV of this Contract the Consultant acknowledges and agrees that any delays in the Consultant’s completion of its Work under this Contract and/or performance beyond the number of days agreed to herein for completion of a milestone, task or phase of Work will cause injury and damage to the Water System. Water System reserves the right to extend Consultant’s Production Schedule as the Water System deems necessary.

B. Upon acceptance and approval of each milestone, task, or phase of Work, the Water System may authorize in writing the Consultant to proceed with the next appropriate milestone, task or phase of work; however, if the Water System elects to terminate or suspend the Consultant's efforts for any reason, the total time expended by Consultant up to the time of suspension will be charged against the total allowable time in the same manner as if no termination or suspension had occurred. Notwithstanding the foregoing, in the event Water System elects to suspend the Consultant’s efforts for more than thirty (30) consecutive days, the Consultant’s Production Schedule and time of completion shall be suitably adjusted, expanded or lengthened as appropriate to complete the required Scope of Work. Consultant shall notify the Water System of any additional time the Consultant believes it is entitled to within fifteen (15) days of its receipt of a request to resume suspended work or for additional Work outside the Scope of Work or changes in the Scope of Work, or such claim shall be deemed to have been conclusively waived.

C. If within one hundred twenty (120) consecutive days after Consultant’s full and final completion of any milestone, task or phase of the Work, the Water System does not authorize Consultant to proceed with the next subsequent milestone, task or phase of the Work, and such delay in authorization is solely the fault of Water System, and not the result of a delay by the Consultant or a governmental authority (as defined below), then the Water System’s delay in authorizing Consultant to proceed with the Work will be deemed to have been a suspension of the Project by the Water System enabling Consultant the right to initiate termination of this Contract as provided in Section VIII.C of this Contract.

D. Should Consultant’s performance of a critical activity be materially delayed by an act or neglect by the Water System, or an employee of Water System, or by any separate contractor hired by Water System, or by fire, embargo, riot, tornado, earthquake, hurricane, flood, strike of a national scope against the Project site, or any unreasonable delay by a governmental authority, or by causes beyond Consultant’s control, and the delay caused by such event could not have been known, foreseen, avoided or mitigated by Consultant by any reasonable method or action (a “Force Majeure Event”), Consultant shall be entitled to an extension of the time in which to complete such Work. Consultant shall not be entitled to any increase in compensation as a result of a Force Majeure Event, except when a Force Majeure Event causes Project conditions to change such that Consultant’s Work completed at the time of the Force Majeure Event must be revised. In such
event, Water System and Consultant shall negotiate reasonable additional compensation only for Work required by Consultant to complete the changes attributable solely due to the Force Majeure Event. The extension of time for a Force Majeure Event shall be a period equal to the time lost by reason of the delay, provided Consultant has taken all reasonable steps to proceed with the performance of the Contract and has provided the Water System with written notice of the delay and any corrective action taken to mitigate the delay. The term "delay by a governmental authority" shall include delays that are outside the control of Consultant and the result of the lack of required approvals or permits from federal, state and/or local governmental entities, including the Water System, CPS Energy and/or the City of San Antonio, which are not due to the late filing or request of Consultant, and which should not have been known or reasonably foreseeable by Consultant. Within thirty (30) days from the occurrence of any Force Majeure Event (for which time for performance by Consultant shall be extended under this subsection D), Consultant shall give written notice thereof to the Water System stating the reason for such extension and the actual time necessitated thereby or such claim shall be deemed to have been conclusively waived.

E. Consultant shall not be entitled to any payment, compensation or damages in any manner whatsoever for any hindrance or delay from any cause in the commencement or progress of the Consultant’s Work, whether such hindrance or delay be avoidable or unavoidable.

F. This Contract shall remain in force for a period commencing on the date of the complete execution of this Contract and ending on the date for completion set forth in the Production Schedule attached as Exhibit IV hereto, unless terminated or discontinued as provided for elsewhere in this Contract. Notwithstanding the foregoing, this Contract may continue in force as may reasonably be required for the design, award of the construction contract and construction of the Project, including any additional work and required extension thereto, for which Consultant shall be compensated, per written agreement with the Water System in advance of the additional work or extension of the term. Consultant shall not be entitled to additional compensation if Consultant caused or contributed to the need for additional work or extension of time.

IV. Coordination with Water System.

A. The Consultant shall hold periodic conferences with the Water System to verify and confirm that the Project as developed (i) has the full benefit of the Water System's experience and knowledge of existing needs and facilities, and (ii) is consistent with the Water System's current policies and standards. To assist the Consultant in this coordination, the Water System shall make available for the Consultant's use in planning and designing the Project all existing plans, maps, field notes, statistics, computations, and other data in the Water System's possession relative to existing facilities and to this particular Project as requested in writing by Consultant, at no cost to the Consultant. All such Water System provided information is provided to Consultant for the sole purpose of Consultant's convenience and for use in relation to the completion of this Project. The Consultant shall use ordinary care in verifying the accuracy and sufficiency of the information furnished by Water System and facts necessary for the work, including on-the-ground observation and checks of existing infrastructure; provided however, Consultant is not responsible for verification of data that Consultant cannot reasonably confirm or check or observe from on-the-ground observations and measurements. Unless otherwise provided in the Scope of Services for the Work, ordinary care does not include potholing. Consultant shall promptly notify the Water System and Consultant shall negotiate reasonable additional compensation only for Work required by Consultant to complete the changes attributable solely due to the Force Majeure Event. The extension of time for a Force Majeure Event shall be a period equal to the time lost by reason of the delay, provided Consultant has taken all reasonable steps to proceed with the performance of the Contract and has provided the Water System with written notice of the delay and any corrective action taken to mitigate the delay. The term "delay by a governmental authority" shall include delays that are outside the control of Consultant and the result of the lack of required approvals or permits from federal, state and/or local governmental entities, including the Water System, CPS Energy and/or the City of San Antonio, which are not due to the late filing or request of Consultant, and which should not have been known or reasonably foreseeable by Consultant. Within thirty (30) days from the occurrence of any Force Majeure Event (for which time for performance by Consultant shall be extended under this subsection D), Consultant shall give written notice thereof to the Water System stating the reason for such extension and the actual time necessitated thereby or such claim shall be deemed to have been conclusively waived.

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System in writing when it reasonably believes or suspects, or should reasonably believe or suspect after reasonable inquiry, that information provided by Water System is not accurate or cannot be checked, or that it would be reasonable, prudent and ordinary engineering practice to verify specific information that cannot be readily confirmed by the Consultant by on-the-ground observation and/or measurement. Consultant may not rely solely on Water System’s provided data unless the Water System has specifically stated in writing at the time the information was provided by the Water System that the Consultant may rely on the information. The Water System shall also furnish in a timely manner, all standard sheets and design criteria applicable to the Project. However, any and all information provided by the Water System shall remain the property of the Water System and shall be returned to the Water System upon written demand by Water System to Consultant.

B. The Water System Project Manager, [Insert Project Manager Name], or his/her representative as designated in writing, will act on behalf of the Water System with respect to the Work to be performed under this Contract. The Project Manager shall have authority to transmit instructions, receive information and interpret and define the Water System's policies and decisions with respect to materials, equipment elements and systems pertinent to Consultant's Work under the Contract. Water System agrees to notify Consultant in writing of any change in Project Manager for this Project. The Project Manager does not have authority to direct work to go beyond the Not to Exceed amount without appropriate approval.

C. Unless otherwise required by this Contract, the Water System shall furnish approvals and permits received by Water System from governmental authorities having jurisdiction over the Project, and such approvals and consents from others as may be necessary for the completion of the Project. The Consultant will provide the Water System reasonable assistance in connection with such approvals and permits, such as the furnishing of data compiled by the Consultant pursuant to other provisions of this Contract, but shall not be required to develop additional data, prepare extensive reports or attend hearings, unless otherwise required by the Consultant as set forth in the Scope of Work, or unless directed to do so for a fee and within a time frame agreed to in writing by the Water System and Consultant.

V. Compensation.

A. In return for Consultant’s timely and proper completion of all of its obligations under this Contract, Water System shall pay to Consultant the fee set forth in Exhibit I attached hereto and which is made a part hereof (the “Contract Price”). Consultant acknowledges and agrees that the Work required by this Contract can and will be fully and timely completed by Consultant for the Contract Price as full and complete compensation for Consultant’s full and timely completion of the Scope of Work, and Consultant shall not be entitled to any compensation in addition to the Contract Price for the performance of the Scope of Work for any reason whatsoever, unless otherwise expressly provided by the terms of this Contract, or by subsequent mutual written agreement between Water System and Consultant.

B. Water System, in its sole discretion, shall have the right, but not the obligation to (a) make direct payments to any suppliers to Consultant of labor, materials, or equipment; and (b) issue checks jointly payable to Consultant and any suppliers to Consultant of labor, materials, or
equipment. All such payments shall be deemed payments made to the Consultant for purposes hereof. Water System may exercise the rights in this Section V.B only in the event that (i) there is not a good faith dispute between the Consultant and its suppliers of labor, materials or equipment, (ii) Water System has provided at least ten (10) business days prior written notice to Consultant, (iii) such payment is necessary in the opinion of the Water System to continue with the timely progress of the Work under this Contract, and (iv) authorization is made by the President or a Vice President of the Water System.

C. Nothing contained in this Contract shall require Water System to pay for any unsatisfactory work as determined by the Project Manager or for work that is not in compliance with the terms of this Contract. Water System shall not be required to make any payments to Consultant at any time Consultant is in default under this Contract.

VI. Revisions to Drawings and Specifications.

Notwithstanding anything in this Contract to the contrary, Consultant shall provide, at no additional expense to the Water System, reasonable minor revisions, whether previously approved and accepted, as may be required to satisfy the Scope of Work established by this Contract. It is agreed and understood that the scope of each of the tasks in the Scope of Work may require some reasonable minor revisions, as the scope of the Project is refined, and that such reasonable minor revisions are included within the existing Scope of Work under this Contract. The Consultant shall make, without additional expense to the Water System, such reasonable minor revisions and/or corrections to the Work as may be required. The Contract Price shall be equitably adjusted through a written amendment to this Contract for any revisions requested in writing by Water System that requires Work outside of the Scope of Work or reduces Consultant’s obligations under this Contract. Any revisions, additions, or other modifications made at the Water System's request after the Water System's approval of a task or phase of the work, other than the correction of errors or omissions by the Consultant, and/or enforcement of any contractual obligation, which involve extra services or expenses to the Consultant beyond that contemplated by this Contract shall entitle Consultant to a written amendment to this Contract for additional compensation for such extra services and expenses, which compensation shall be agreed upon in writing by the Water System and the Consultant prior to commencement of such services by Consultant. Any disagreement between the Consultant and the Water System over whether additional compensation is owed to the Consultant due to Water System’s changes in the Scope of Work shall first attempted to be resolved by mutual agreement, or negotiation, prior to any other method of dispute resolution.

VII. Ownership and Use of Documents.

A. Consultant acknowledges and agrees that Water System shall own exclusively any and all information in whatsoever form and character produced and/or maintained in accordance with, pursuant to, or as a result of this Contract and shall be used as Water System desires and shall be delivered to Water System at no additional cost to Water System upon request or completion or termination of this Contract.

B. Consultant agrees and covenants to protect any and all proprietary rights of Water System in any material provided to Consultant. Such protection of proprietary rights by Consultant
shall include, but not be limited to, the inclusion in any copy intended for publication a copyright mark reserving all rights to Water System in any such material provided by Water System to Consultant. Additionally, any materials provided to Consultant by Water System shall not be released to any third party without the written consent of Water System and shall be returned intact to Water System upon completion or termination of this Contract. The provisions of this Section VII.B shall not apply to material in the public domain on the Effective Date of this Contract or material that subsequently comes into the public domain by other than an unauthorized disclosure.

C. Consultant hereby assigns all statutory and common law copyrights to any copyrightable work that in part or in whole was produced from this Contract to Water System, including all moral rights. No reports, maps, documents or other copyrightable works produced in whole or in part by this Contract shall be subject of any application for copyright by Consultant. All reports, maps, project logos, drawings or other copyrightable work produced under this Contract shall become the property of Water System (excluding any instrument of services, unless otherwise specified herein).

D. Consultant shall, at its own expense, defend all suits or proceedings instituted against SAWS, its officers, agents and employees, based on any claim that the Work, or any part thereof, or the process performed thereby constitutes the infringement of either any patent or copyright or any trademark or trade secret protected by either federal or state law. Consultant shall pay any awards of damages or loss resulting from any such claim, suit or proceeding and shall indemnify and hold the Water System harmless against all and all losses, expenses, costs, fees (including reasonable attorneys’ fees), and damages resulting from any such claim, suit or proceeding, including compliance with resulting decrees and compromises. If, in any such suit, a restraining order or temporary injunction is granted, Consultant shall make every reasonable effort, by giving a satisfactory bond or otherwise, to secure the suspension of any such restraining order or temporary injunction. If, in any such suit, the Work or any part thereof or the process performed thereby is held to constitute an infringement and its use is permanently enjoined, Consultant shall immediately make every reasonable effort to secure for the Water System a license at Consultant’s expense authorizing the continued use of the alleged infringing portion of the Work. If the Consultant is unable to secure the license within a reasonable time, Consultant shall at its own expense and without impairing the performance requirements, either provide non-infringing replacements or modify the Work to eliminate the infringements.

E. Consultant may make copies of any and all documents and items for its files. Consultant shall have no liability for changes made to or use of the drawings, specifications and other documents by other engineers, or other persons, subsequent to the completion of the Project. Water System shall require that any such changes or other use shall be appropriately marked to reflect what was changed or modified.

F. Notwithstanding the provisions of Section VII.G, copies of documents that may be relied upon by Water System are limited to the printed copies (also known as hard copies) that are sealed and signed by Consultant (the “Final Documents”). Consultant shall not be liable for changes made to the Final Documents that are not made by the Consultant. Documents and reports provided in electronic media form shall not have inaccuracies and anomalies including errors due
to electronic translation, formatting or interpretation. In the event of any inconsistency between the electronic media and hard copies provided by the Consultant, the hard copy shall govern.

G. If Consultant is required by the Scope of Work to provide Construction Administration Services that include site visits to observe the progress of the work and provide the Water System with record drawings of the Project as constructed (“Record Drawings”), the Water System may use and rely upon such Record Drawings from the Consultant in connection with future work on the Project without further verification or authorization by the Consultant, and the Consultant shall be responsible for the accuracy and correctness of such Record Drawings; provided, however, it is agreed and understood that the Record Drawing is a compilation of a copy of the sealed engineering drawing for the Project; modified by addenda, change orders, information furnished by others, and observations by Consultant as part of its Construction Administration Services, if any. Consultant shall make reasonable observations of the Project as constructed to verify the general accuracy of the Record Drawings provided by Consultant to the Water System, but the Consultant is not liable for errors or omissions in information provided by the contractor or others outside Consultant’s control. Consultant shall promptly bring to SAWS’ attention, questions or concerns regarding the Record Drawing data provided to Consultant by Contractor and/or the Water System.

Consultant and Water System agree that if the Water System uses record drawings prepared as part of this Project for the purposes of representing the as-built location of this Project with respect to a subsequent project, Consultant’s obligation with respect to the accuracy of the record drawings is commensurate with the effort allowed for preparation of the record drawings as set out in the Scope of Work. Any re-use of the documents by the Water System for any project other than the Project for which it was prepared without specific written verification or adaptation by Consultant will be at the Water System’s sole risk, and without any liability or legal exposure to Consultant, except for errors and omissions in Consultant’s work in connection with the original Project. Water System agrees that the accrual of the Statute of Repose, Texas Civil Practice and Remedies Code §16.008, shall be based upon the date of substantial completion of the Project on which the Record Drawings originally were prepared (as opposed to the date of substantial completion of subsequent projects in which the Record Drawings were used).

H. All digital drawings provided to the Water System must conform to the SAWS CADD standards as found on the Water System webpage. All digital utility layouts must be ready to electronically integrate into the Water System utility mapping system.

VIII. Termination and/or Suspension of Work.

A. Right of Either Party to Terminate for Cause

This Contract may be terminated for cause by either party for material breach by the other party to perform (through no fault of the terminating party) in accordance with the terms of this Contract.

(1) Consultant’s Default.
Material breach by Consultant shall include, but is not limited to the following: (a) Consultant has made, or allows to be made, any material misrepresentation with respect to the Contract; (b) Consultant materially fails to timely perform any obligation or duty of Consultant under this Contract; (c) Consultant materially fails to timely cure any default or breach in accordance with the terms of this Contract; (d) Consultant assigns its rights and/or obligations under this Contract without the prior written consent of the Water System; (e) Consultant ceases to continue to do business as a going concern employing the engineers working on the Project; or (f) Consultant violates any rule, regulation or law applicable to the Project and/or the Contract and fails to timely correct such violations following receipt of notice by Water System.

When any of the reasons described herein exist, Water System may, without prejudice to any other rights or remedies, and after giving Consultant the notice required hereunder, and Consultant’s failure to cure, terminate this Contract and do any one or more of the following, at the sole discretion of the Water System:

(a) take possession of the Work and of all documents and materials owned or in the possession of the Consultant;
(b) accept assignment of service contracts relating to the Consultant’s work on terms and conditions acceptable to Water Systems;
(c) finish the Consultant’s work by whatever reasonable method Water System may deem expedient, in which event, upon written request of the Consultant, Water System will furnish the Consultant with an accounting of the costs incurred by Water System in finishing Consultant’s Work, and
(d) recover from the Consultant, or deduct from any sums then owed to the Consultant, the losses, costs and damages incurred by Water System, directly or indirectly arising from Consultant’s default, including attorneys’ fees.

If Water System terminates this Contract for Consultant’s substantial failure as set forth above, Consultant shall not be entitled to receive further payment on the Project for Work performed until all amounts owed to Water System pursuant to the terms hereof have been fully paid.

(2) Water System’s Default.

Substantial failure to perform by the Water System shall include, but is not limited to the following: (a) the Water System fails to timely pay Consultant any sums due under the Contract, which are not then the subject of a good faith dispute; (b) the Water System fails to timely cure any noticed default or breach under this Contract; or (c) the Water System fails to timely perform any obligation or duty of the Water System under this Contract, which are not then the subject of a good faith dispute between Water System and Consultant. Upon the Water System’s default, the Consultant may terminate this Contract by written notice to Water System as hereinafter provided.

(3) Notice and Opportunity to Cure Default.

The party not in default of the Contract shall send the defaulting party written notice of the alleged default. The party in default shall have a period of fifteen (15) business days from the date
notice is received to cure the default. If the default is not cured within the fifteen (15) business day period, then the other party may thereafter terminate the Contract by sending the defaulting party notice of termination, which termination is effective upon sending of the notice.

B. Right of Water System to Terminate for Convenience of the Water System

The Water System reserves the right to terminate this Contract for the convenience of the Water System by issuing a signed, written notice of termination (citing this paragraph), which termination shall become effective on the twentieth (20th) day following receipt of notice, or upon the scheduled completion date of the milestone, task, or phase of work in which Consultant is then currently authorized to work, whichever occurs first.

C. Right of Water System to Suspend Work

The Water System reserves the right to suspend Work under this Contract at any time and from time-to-time for the convenience of the Water System by issuing a written notice of suspension (citing this paragraph), which notice outlines the reasons for the suspension and the then estimated duration of the suspension. The Water System’s estimated duration of the suspension shall in no way constitute a representation or guarantee of the total number of days of suspension. Such suspension shall take effect immediately upon the date specified in the notice and if no date is specified, then the date the notice of suspension is received by the Consultant. Upon receipt of a notice of suspension in excess of one hundred twenty (120) consecutive days, the Consultant shall have the right as its sole and exclusive remedy, to terminate this Contract by written notice to the Water System. Consultant may exercise this right to terminate any time after a suspension has continued for more than one hundred twenty (120) consecutive days, but before the Water System gives Consultant written notice to resume the Work. Termination (under this paragraph) by Consultant shall be effective immediately upon the Water System’s receipt of written notice from Consultant.

D. Legal Prohibition

If any state or federal law, rule or regulation is enacted, promulgated or interpreted to prohibit the performance of any part of this Contract or the Project, that would make the Project unachievable under normal expectations, then either party may terminate this Contract by giving the other party not less than twenty (20) days prior written notice of the effective date of termination. Consultant shall be paid for the portion of the Work completed through date of termination.

E. Procedures Consultant to Follow upon Receipt of Notice of Termination.

(1) Upon receipt of any notice of termination, unless the notice otherwise directs, Consultant shall immediately begin the phase-out and the discontinuance of all services in connection with the performance of this Contract and shall proceed to promptly cancel all existing orders and contracts insofar as such orders and contracts are chargeable to the Water System under this Contract. Within thirty (30) days after receipt of such notice of termination, the Consultant shall submit a statement showing in detail the services performed under this Contract prior to the
effective date of termination. The Water System shall have the option to grant a written extension to the time period for submittal of such statement.

(2) All completed or partially completed designs, plans, specifications and reproducibles prepared under this Contract, as well as all other documents, property records, tests, charts, reports and other materials, or information pertaining to the Project and/or Consultant’s services hereunder (the “Project Documents”) shall be delivered to the Water System without further cost or charge to the Water System. Further payment to the Consultant is conditioned upon delivery of all such documents to the Water System. These documents shall be subject to the restrictions and conditions set forth in Section VII above. In accordance with Section VII.E, Water System is not entitled to rely on incomplete or partial designs, plans, specifications, or reproducibles prepared by Consultant.

(3) Upon the above conditions being met, the Water System shall pay the Consultant within thirty (30) days following receipt of an invoice therefore, the unpaid portion of the Contract Price for the services actually performed in accordance with the terms and provisions of this Contract, unless the termination is by the Water System for cause, in which event any further payment may be withheld until final completion of the Project.

(4) Failure of the Consultant to comply with the submittal of the statement and documents as required above, shall constitute a waiver by the Consultant of any and all rights or claims to collect monies that Consultant may rightfully be entitled to for services performed under this Contract.

F. Procedures Consultant to Follow upon Receipt of Notice of Suspension

(1) Upon receipt of written notice of suspension the Consultant shall, unless the notice otherwise directs, immediately begin to phase-out and discontinue all services in connection with the performance of this Contract and shall proceed to promptly cancel all existing orders and contracts insofar as such orders and contracts are chargeable to the Water System under this Contract.

(2) Consultant shall prepare a statement showing in detail the services performed by Consultant under this Contract prior to the effective date of suspension and deliver the same to Water System within thirty (30) days after the date of the suspension.

(3) Copies of all completed or partially completed designs, plans, specifications and reproducibles prepared under this Contract, prior to the effective date of suspension, and all other Project Documents shall be prepared for delivery to the Water System but shall be retained by the Consultant until such time as Consultant or the Water System may exercise the right to terminate this Contract.

(4) In the event that Consultant exercises the Consultant's right to terminate this Contract for cause or following a suspension, then the Consultant shall submit to the Water System an update and final statement showing in detail the services performed under this Contract prior to the effective date of suspension.
(5) Upon the above conditions being met, and the final determination that Consultant has the right to terminate for cause or as a result of such suspension, which final determination, to the extent possible, will be made within sixty (60) days following the effective date of termination, the Water System shall promptly pay the Consultant the unpaid proportion of the Contract Price for the services actually performed in accordance with the terms and provisions of this Contract. Final payment shall be made within thirty (30) days of delivery of all Project Documents, the delivery of which shall be a pre-condition to final payment.

G. Remedies

The Water System’s right or act of terminating this Contract, whether for cause or otherwise, shall not be an election of remedies. In addition to any right of termination, the Water System shall be entitled to pursue and enforce any other right or remedy available by contract, law or at equity, including the right to pursue damages. The remedies set forth in this Contract shall not be restrictive but shall be cumulative. In addition to all other remedies of Water System hereunder and under applicable state laws, including all laws related to fraud or latent defects. Nothing herein shall restrict, limit or otherwise diminish in any way the liability of the Consultant for errors, omissions, design defects or deficient work under the statutory and common laws of the State of Texas. Notwithstanding anything in this Contract to the contrary, Consultant shall not be entitled to lost or anticipated profits should the Water System choose to exercise its option to terminate this Contract for cause or convenience.

H. Documentation

Water System, as a public entity, has a duty to document the expenditure of public funds. Consultant acknowledges this duty on the part of the Water System. To this end, Consultant understands that failure of Consultant to substantially comply with the submittal of the statements and documents as required hereunder shall constitute a waiver by the Consultant of any portion of the fee for which Consultant did not supply such necessary statements and/or documents.

IX. Solicitation.

The Consultant represents that Consultant has not employed or retained any company or person other than a bona fide employee working solely for the Consultant, to solicit or secure this Contract, nor paid or agreed to pay any company or person, other than a bona fide employee working solely for the Consultant, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract. In the event of a breach of this covenant by Consultant, the Water System shall have the right to terminate this Contract under the provisions of VIII above, in addition to Water System’s other rights and remedies under this Contract.


The Consultant agrees not to engage in employment practices which have the effect of discriminating against any employee or applicant for employment because of race, color, religion,
sex, pregnancy, sexual orientation, national origin, political belief or affiliation, age, disability or
genetic information.

The Consultant acknowledges that the SAWS Board of Trustees has adopted a Small, Minority, Woman, and Veteran-owned Business (SMWVB) Policy to establish and oversee a program that will support the inclusion of local small, minority, woman, and veteran-owned businesses (SMWVB). It is the policy of SAWS that it will ensure that local small, minority, woman, and veteran-owned businesses have an equal opportunity to compete for, receive and participate in SAWS contracts. Consultant agrees to complete and submit a Good Faith Effort Plan as part of its response to the Water System’s request for a proposal. Consultant shall take all reasonable steps to maintain compliance with at least the minimum percentage of participation for SMWVBs set out in Consultant’s proposal to the Water System. Consultant shall be required to electronically report the actual payments to all subcontractors, whether SMWVB or non-SMWVB, using the Subcontractor Payment and Utilization Reporting (S.P.U.R.) System, beginning with the first SAWS payment for services under the contract, and with every payment thereafter (for the duration of the contract). After Consultant receives payment from SAWS, electronic submittals will require data entry of the amount paid to each subcontractor, whether SMWB or non-SMWB, listed on the Contractor’s Good Faith Effort Plan. Data entry is required even if the actual payment amount is zero dollars and zero cents ($0.00). This information will be used for subcontractor utilization tracking purposes. Any unjustified failure to comply with the committed SMWVB levels may be considered breach of contract.

Electronic submittal of subcontractor payment information will be accessed through a link on SAWS’ “Business Center” web page. Consultant and all subcontractors will be provided a unique log-in credential and password to access the SAWS subcontractor payment reporting system. The link may also be accessed through the following internet address: https://saws.smwbe.com.

Respondents and/or their agents may contact the SMWVB Program Manager at 210-233-3420 for assistance or clarification with issues specifically related to the Small, Minority, Woman, and Veteran-owned Business (SMWVB) Program, and S.P.U.R. System reporting.

By entering into this Contract, the Water System approves the use of subcontractors and sub-consultants identified in Exhibit VI (attached).

XI. Assignment of Interest or Delegation of Performance.

The Consultant shall neither assign nor transfer Consultant's interest in this Contract nor delegate any duty or obligation required by this Contract without the express written consent of the Water System. The Water System’s approval of an assignment or agreement to use a sub-consultant shall not relieve Consultant of its obligations and duties under this Contract unless such written consent expressly provides for such a release.

By entering into this Contract, the Water System approves the use of subcontractors and sub-consultants identified in Exhibit VII (attached).
A change of more than thirty percent (30%) (cumulatively during the term of this Contract) of the ownership of Consultant’s business entity shall be deemed to be an assignment of the Contract, which would give the Water System the right to terminate this Contract in addition to the enforcement of its other rights under this Contract. Consultant shall immediately notify the Water System of any change of ownership of twenty-five percent (25%) or greater during the term of the Contract.

XII. Indemnification.

To the maximum extent permitted by law, Consultant agrees to and does hereby fully INDEMNIFY AND HOLD HARMLESS Water System and the City of San Antonio, and their respective members, agents, employees, officers, directors, trustees and representatives (collectively, “Indemnitees”), individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees (including, without limitation, attorneys’ fees), fines, penalties, proceedings, actions, demands, causes of action, liability, and suits of any kind and nature, including, without limitation, personal injury or death, and property damage, incurred by, asserted against or made upon any of the Indemnitees ARISING OUT OF, RESULTING FROM OR RELATED TO THE NEGLIGENT ACTS, GROSS NEGLIGENCE, WILLFUL MISCONDUCT, ERRORS OR OMISSIONS OF CONSULTANT, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, SUB-CONSULTANT OF CONSULTANT, OR SUBCONTRACTOR OF CONSULTANT, AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS, AND REPRESENTATIVES, WHILE IN THE EXERCISE OR PERFORMANCE OF THE RIGHTS OR DUTIES UNDER THIS CONTRACT. The indemnity provided for in this paragraph shall not apply to any liability resulting from the sole, joint, or concurrent negligence of Indemnitees. IN THE EVENT CONSULTANT AND THE INDEMNITEES ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE INDEMNITEES UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE FOREGOING NOTWITHSTANDING, IT IS AGREED THAT, WITH RESPECT TO ANY STATUTORY RESTRICTIONS AFFECTING THE VALIDITY OR ENFORCEABILITY OF THE INDEMNIFICATION AND DEFENSE OBLIGATIONS HEREIN, IT SHALL BE SUBJECT TO SUCH RESTRICTIONS, AND THE INDEMNIFICATION AND DEFENSE OBLIGATIONS HEREIN SHALL BE DEEMED TO BE AMENDED, TO THE MINIMUM EXTENT NECESSARY TO CONFORM THEREWITH, AND SHALL OTHERWISE CONTINUE IN FULL FORCE AND EFFECT.

Consultant shall promptly advise the Water System in writing of any claim or demand against the Consultant or against any of the Indemnitees, provided Consultant has actual notice, and which relates to or arises out of the Consultant’s activities under this Contract.

Consultant hereby releases Water System and the other Indemnitees from any and all claims or causes of action of any kind whatsoever that Consultant might otherwise possess
resulting in or from, or in any way connected with any loss covered, or which should have been covered but for Consultant’s failure to purchase and/or maintain the required insurance policy(ies) (including the deductible portion thereof) required by Section XIV, and Exhibit III of this Contract.

All indemnification obligations set forth herein shall survive the termination of the Contract regardless of the reason for such termination.

The provisions of this Section XII are solely for the benefit of the Indemnitees and the parties hereto and not intended to create or grant any rights, contractual or otherwise to any other person or entity.

Nothing in this Section XII shall be interpreted to constitute a waiver of any governmental immunity available under Texas law or any available defenses under Texas law.

XIII. Consultant’s Liability and Duties.

In the event of any default or breach of the terms and provisions of this Contract, the Water System shall be entitled to any and all remedies at law or in equity, and the exercise of any one remedy shall not constitute an election of remedies.

Consultant will utilize only qualified personnel to perform the work under this Contract. All of such work shall be under the direct supervision of a properly licensed professional engineer or state licensee as appropriate for the Project and Work.

Consultant represents that prior to signing this Contract, Consultant has become thoroughly acquainted with all matters relating to the performance of this Contract, and all applicable laws, and all of the terms and conditions of this Contract.

XIV. Insurance.

Consultant shall, at its own expense, purchase, maintain, and keep in force for the duration of this Contract, insurance in accordance with the terms and provisions of Exhibit III hereto.

The Consultant shall provide certificates of insurance to the Water System not later than the date of this Contract. Each certificate shall specifically identify the Project, the name of the Consultant and any other information reasonably requested by the Water System. Approval of insurance by the Water System shall not relieve or decrease the liability of the Consultant hereunder and shall not be construed to be a limitation of liability on the part of the Consultant.

The Consultant's insurance coverage is to be written by companies authorized to do business in the State of Texas at the time the policies are issued and shall be written by companies with an A.M. Best ratings of A- and a Financial Size Category of VII or better. The Water System will accept worker's compensation coverage written by the Texas Workers Compensation Insurance Fund.
The Consultant shall be responsible for all premiums, deductibles and self-insured retention's, if any, stated in the policies. All deductibles or self-insured retention's shall be disclosed on the Certificate of Insurance.

All endorsements naming the San Antonio Water System as additional insured, waivers, and notices of cancellation endorsements, as well as the Certificate of Insurance, shall indicate: San Antonio Water System, c/o Ebix BPO, P.O. Box 100085-ZD, Duluth, GA 30096.

Consultant shall, upon request of the Water System, provide copies of all insurance policies and endorsements required under this Contract.

XV. Severability.

If for any reason any one or more paragraphs of this Contract are held invalid, such judgment shall not affect, impair or invalidate the remaining paragraphs of this Contract but shall be confined in its operations to the specific section, sentences, clauses or parts of this Contract held invalid and invalidity of any section, sentence, clause or parts of this Contract in any one or more instance shall not affect or prejudice in any way the validity of this Contract in any other instance.

XVI. Estimate of Costs.

Consultant has no control over the cost of labor, materials or equipment, or over the contractor’s methods of determining prices, or over competitive bidding or market conditions. Thus, Consultant’s opinions of probable Project cost or construction cost provided for herein are made on the basis of Consultant’s experience and qualifications and represent Consultant’s best judgment as a design professional familiar with the construction industry, but the Consultant cannot and does not guarantee that proposals, bids or the construction cost will not vary from opinions of probable cost prepared by Consultant.

XVII. Interest in Water System Contracts Prohibited.

Consultant acknowledges that it is informed that the Charter of the City of San Antonio and its Ethics Code prohibit a City officer or employee, as those terms are defined in the Ethics Code, from having a financial interest in any contract with the City or any City agency such as City owned utilities. Consultant represents and certifies that this Contract is made in reliance thereon, that it, its officers, employees and agents are neither officers nor employees of the City or Water System. Consultant further represents and certifies that is has tendered to the Water System all necessary disclosures and other documents in compliance with the Water System’s Code of Ethical Standards, including, without limitation, a Discretionary Contracts Disclosure Statement.

No officer or employee of the Water System shall have a financial interest, directly or indirectly, in any contract with the Water System, or shall be financially interested, directly or indirectly, in the sale to the Water System of any land, materials, supplies or service, except on
behalf of the Water System as an officer or employee. This prohibition extends to the CPS Energy, the City of San Antonio, and other City boards and commissions other than those which are purely advisory.

Gift Policy – Water System employees are prohibited from soliciting, accepting or agreeing to accept any gifts from outside sources; please see Section M. – Gifts or Benefits of the Water System’s Code of Ethical Standards. Section M of the Water System’s Code of Ethical Standards regarding Gifts or Benefits is available on the SAWS Business Center website.

To report suspected ethics violations impacting the San Antonio Water System, please call 1-800-687-1918.

XVIII. Accounting Records.

The Consultant agrees to maintain appropriate accounting records of costs, expenses, and payrolls of employees working on the Project for a period of three years after final payment for completed services and all other pending matters concerning this Contract have been closed, except the foregoing requirement shall not apply if the entire Contract Price is payable on a lump sum basis. The Consultant agrees that the Water System shall have access during normal business hours to any and all books, documents, papers, and records of the Consultant, which are directly pertinent to the services to be performed under this Contract for the purposes of making audits and examinations. Water System agrees to provide Consultant with at least ten (10) business days prior written notice of Water System’s request to inspect Consultant’s books, documents, papers, and records.

The Consultant further agrees to make the above requirement apply to any and all sub-consultant agreements in which the Consultant has a contractual relationship for the services to be performed under this Contract. The sub-consultant shall agree that the Water System shall have access during normal business hours to any and all books, documents, papers, and records of the sub-consultant which are directly pertinent to the services to be performed for the purposes of making audits and examinations.

XIX. Entire Agreement and Amendment.

This Contract represents the entire and integrated Contract between the Water System and Consultant and supersedes all prior negotiations, representations or agreements, either oral or written. This Contract may be amended only by written instrument signed by both the Water System and Consultant. Any written instrument signed by representatives of both the Water System and Consultant that evidence additional services or a modification of the Scope of Work and the fee for such services shall constitute an amendment to this Contract for all purposes.

XX. Independent Contractor; No Third Party Beneficiary.

Consultant’s work shall be performed by Consultant as an independent contractor and not as an agent, employee or partner of Water System. Consultant shall be solely responsible for, and have exclusive control over: (a) the means, methods, tools, techniques, sequences and procedures
of the Consultant’s Work under this Contract; and (b) the acts, errors and omissions of its employees, sub-consultants, sub-sub-consultants, suppliers and their respective agents and employees, and other persons or entities performing portions of the work for or on behalf of the Consultant or any of its sub-consultants. Any instruction or direction by Water System with respect to the Work shall be deemed to relate to the results the Water System desires to obtain from the Work, and shall in no way affect Consultant’s status as an independent contractor as described herein. While the Water System has the right to review, approve and accept the Work, the detailed manner and method of performance of the Work shall be under the sole control of the Consultant. Nothing in this Contract shall create a partnership or joint enterprise between the Water System and Consultant.

Nothing contained in this Contract shall create a contractual relationship with or a cause of action in favor of a third party against either Water System or the Consultant.

XXI. Applicable Law and Venue.

This Contract shall be governed by and construed in accordance with Texas law. Venue for any action or proceedings arising under or pertaining to this Contract shall be exclusively in Bexar County, Texas.

XXII. Interpretation and Contract Construction.

Paragraph headings are for convenience only and shall not effect in any manner the terms and conditions of this Contract. All parties have participated in the negotiation of the Contract and any rule of interpretation or construction to the effect that an ambiguous term is construed against the drafter shall not apply to the interpretation of this Contract.

XXIII. Non-Waiver of Performance.

A waiver by either party of a breach of any term, condition, covenant, obligation or benefit of this Contract shall not be construed or held to be a waiver of any succeeding, proceeding or other term, condition, covenant, obligation or benefit of this Contract. The failure of either party to insist in any one or more cases upon the strict performance of any term, condition, covenant, obligation or benefit of this Contract or to execute any option or right herein contained, shall in no event be construed as a waiver or relinquishment for the future of such term, condition, covenant, obligation or benefit. Any waiver of performance must be in writing and signed by the parties. No course of conduct or action shall constitute a modification of this Contract.

XXIV. Nondisclosure.

The Water System has a proprietary interest in this Contract and in the advisory and consulting services provided by Consultant. Accordingly, this Contract, the services, and any information obtained by Consultant through Water System in connection with the performance of the services shall not be disclosed by Consultant to any third party. In the event Consultant is
subject to the Texas Public Information Act, upon receipt of a request for any information obtained by Consultant in the performance of this Contract, Consultant shall provide written notice to Water System of the request along with a copy of the request, and give Water System the opportunity to respond to the request prior to its release by Consultant. In no event shall Consultant or any of its sub-consultants provide or participate in any public presentations or prepare or present any papers for public dissemination concerning the Project, or with information obtained in connection with the Project, without receiving the prior written approval from the Water System, which approval may be withheld in the sole and absolute discretion of the Water System.

**XXV. Non- Appropriation.**

Consultant agrees that the Water System has projected costs for this Contract and Water System expects to pay all obligations of this Contract from projected revenues of the Water System. All obligations of the Water System are subject to annual appropriations by its Board of Trustees. Accordingly, notwithstanding anything in this Contract to the contrary, in the event that the Water System should fail to appropriate funds to pay any of Water System’s obligations under the terms of this Contract, then the Water System’s obligations under this Contract shall terminate, and the Consultant’s sole option and remedy shall be to terminate this Contract by written notice to Water System, and neither the Water System nor the Consultant shall have any further duties or obligations hereunder, except those which expressly survive. Water System agrees to use good faith efforts to provide written notice to Consultant when funds have been appropriated for expenditure under this Contract, and if expected funds are requested and not appropriated, Water System agrees to use good faith efforts to provide written notice to the Consultant of the non-appropriation.

**XXVI. Notices.**

All notices under the Contract shall be in writing and shall be deemed given when either delivered in person, or (ii) deposited in the U.S. Mail, postage prepaid, addressed to the receiving party as follows:

If to Water System: San Antonio Water System  
Contract Administration  
2800 U.S. Hwy. 281 North  
San Antonio, Texas 78212  
Attn: [Insert Project Manager Name]  
Email: ____________________________  
With a copy to: San Antonio Water System  
2800 US Hwy 281 North  
San Antonio, Texas 78212  
Attn: Vice President & General Counsel  
Email: Nancy.Belinsky@saws.org

If to Consultant: (Consultant Name)  
(Address)
(City, State, Zip)
Attn: (Insert Name)
Email: ________________

XXVII. Authority.

The individuals executing this Contract each represent and warrant to the other party that he/she has full authority to execute this Contract on behalf of his/her respective party.

XXVIII. Attachments.

The following attachments are a part of this Contract:

- Exhibit I.  Compensation for Professional Services under this Contract
- Exhibit II.  Scope of Services
- Exhibit III.  Insurance Specifications
- Exhibit IV.  Term of Agreement and Time Frame for Deliverables
- Exhibit V.  Security Exhibit
- Exhibit VI.  List of Sub-Consultants
- Exhibit VII.  No Boycotting Israel Verification
IN WITNESS WHEREOF, the Consultant and the San Antonio Water System, their respective representatives execute this Contract effective on the date counter signed by the Water System.

SAN ANTONIO WATER SYSTEM

BY: ________________________________
   Philip C. Campos Jr., CPA
   Director, Contracting

DATE: ________________________________

[CONSULTANT]

BY: ________________________________

NAME: ________________________________
TITLE: ________________________________
DATE: ________________________________
Section 1 - Basis for Compensation

LUMP SUM BY PHASE:
1.1 The total of all fees, costs and expenses for the services set forth in Exhibit II of this Contract shall be the lump sum amount of $00.00 - dollars and no cents (the “Contract Price”). Consultant agrees that the Contract Price, when earned, is full and complete compensation for the full and timely performance of the services in this Contract, and Consultant shall not be entitled to any compensation in excess of the Contract Price.

1.2 The Contract Price shall be allocated to the Phases of the services set forth on Exhibit II of this Contract based on the following Schedule of Values:

<table>
<thead>
<tr>
<th>PHASE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase “A”</td>
<td>$.00</td>
</tr>
<tr>
<td>Phase “B”</td>
<td>$.00</td>
</tr>
<tr>
<td>Design Phase</td>
<td>$.00</td>
</tr>
<tr>
<td>Bid Phase</td>
<td>$.00</td>
</tr>
<tr>
<td>Construction Phase</td>
<td>$.00</td>
</tr>
<tr>
<td>Total Basic Design Services</td>
<td>$.00</td>
</tr>
<tr>
<td>Supplements Services</td>
<td>$.00</td>
</tr>
<tr>
<td>Contract Price</td>
<td>$.00</td>
</tr>
</tbody>
</table>

LUMP SUM BY PHASE PAYMENT METHOD FOR BASIC SERVICES
AND A NOT TO EXCEED AMOUNT FOR SUPPLEMENTAL SERVICES

1.1 Compensation for all fees, costs, expenses and services defined by this Contract shall be compensated at a Not-To-Exceed amount of $00.00 – dollars and no cents, including expenses (the “Contract Price”), and it is agreed and understood that this amount, when earned, will constitute full compensation to the Consultant.

1.2 This Contract Price is the sum of the phases as provided for by the Tasks detailed in the following schedule of values:
<table>
<thead>
<tr>
<th>PHASE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task 1 – Project Management</td>
<td>$ 00,000.00</td>
</tr>
<tr>
<td>Task 2 – Phase “A” Design (30%) Phase</td>
<td>$000,000.00</td>
</tr>
<tr>
<td>Task 3 – Phase B -Design (60%) Phase</td>
<td>$000,000.00</td>
</tr>
<tr>
<td>Task 4 – Design Phase (90%) Phase</td>
<td>$ 00,000.00</td>
</tr>
<tr>
<td>Task 5 – Final Design (100%) and Bid Phase</td>
<td>$ 00,000.00</td>
</tr>
<tr>
<td>Task 6 - Construction Phase Services</td>
<td>$000,000.00</td>
</tr>
<tr>
<td>Total Basic Services</td>
<td>$000,000.00</td>
</tr>
<tr>
<td>Task 8 Supplemental Services</td>
<td>$ 00,000.00</td>
</tr>
<tr>
<td>Contract Price</td>
<td>$000,000.00</td>
</tr>
</tbody>
</table>

1.3 Basic Design Services
The portion of the Contract Price allocated for Basic Design Services as provided for in Exhibit II shall be the lump sum amount of $00.00 – dollars and no cents.

1.4 Supplemental Services
The portion of the Contract Price allocated for Supplemental Services as provided for in Exhibit II shall be a not-to-exceed amount of $00.00 – dollars and no cents. The supplemental services shall be performed by Consultant on a written Work Order basis as provided herein. SAWS will negotiate the final scope of services and fees for each of the Work Orders requested of the Consultant.

ALL

1.2 OR 1.3 OR 1.5 For the purpose of establishing costs to the Water System for any additional services payable on an hourly rate basis authorized in writing by the Water System, the following Hourly Billing Rate Table of the fees shall apply:

**Hourly Billing Rate Table**

<table>
<thead>
<tr>
<th>DISCIPLINE</th>
<th>HOURLY RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>$</td>
</tr>
<tr>
<td>Project Manager</td>
<td>$</td>
</tr>
<tr>
<td>Clerical/Secretarial</td>
<td>$</td>
</tr>
</tbody>
</table>

Section 2 - Changes

2.1 The Consultant and the Water System acknowledge the fact that the Contract Price Amount contained in paragraph 1.1 above has been established predicated upon the total estimated cost of
services to be rendered under the Contract. For additional services or if the Scope of Services are changed materially, compensation shall be re-negotiated.

Section 3 - Method of Payments

Internet-Based Project Management System. SAWS shall administer its services through an Internet-Based Project Management System (hereafter referred to as “CPMS”). In such case, Consultant shall conduct communication through CPMS and perform all Project-related functions utilizing CPMS, with the exception of Sub-Consultant payment monitoring activities which shall be through the S.P.U.R. system. This includes any and all correspondence, submittals, requests for information, vouchers, compensation requests and processing, amendment, change orders and other administrative activities as may be required in the Contract. SAWS shall administer the CPMS software, shall provide CPMS training to Project Team members and shall make the software accessible via the Internet to all necessary Project Team members. All invoices shall be submitted through the CPMS.

Monthly payments for services performed for the various services shall be reviewed by SAWS upon Consultant entering itemized invoices, with all required back-up, within CPMS. The invoice shall indicate the value of the services performed to date.

LUMP SUM BY PHASE:
3.1 Payment shall be made to the Consultant based upon the schedule set forth in Section 1.2 above, in the following intervals:

3.2 Phase "A" - $.00 of the Contract Price shall be payable after the acceptance and approval of the Phase "A" by the Water System.

3.3 Phase "B" - $.00 of the Contract Price shall be payable after the acceptance and approval of the Phase "B" by the Water System.

3.4 Design Phase –$.00 of the Contract Price shall be payable after the acceptance and approval of the Design Phase by the Water System.

3.5 Bid Phase - $.00 of the Contract Price shall be payable after the successful award of a construction contract for the Work.

3.6 Construction Phase – $.00 of the Contract Price as follows:

3.6.1 90% of the portion of the fee for the Construction Phase will be made in monthly installments during the period of construction in proportion to the percentage of construction work as completed and approved by SAWS, by the construction Contractor on the Project designed under this Agreement.

3.6.2 The remaining 10% of the fee for the Construction Phase will be paid only at such time as the "Record Drawings" have been properly prepared and furnished to the Water System by the Consultant as required herein, and the final Field Alteration adjusting quantities has been properly prepared and submitted to the Water System by the Consultant.
3.7 Supplemental Services – $0.00 of the Contract Price shall be allocated to the Supplemental Services and portions of that amount will be paid for each service successfully completed and approved in accordance with the prior written authorization in the form of a Work Order by the Water System to perform the service.

Section 4 - Reimbursable Expenses

There are no reimbursable expenses allowed under this contract. All expenses are included in the fee set forth in Section 1 above.

OR

4.1 Reimbursable expenses are in addition to compensation for basic and any supplemental services and include actual expenditures made by the Consultant and the Consultant's employees and consultants in the interest of the project for the expenses listed in the following subparagraphs.

4.1.1 By prior written approval of the Water System, reasonable transportation and living expenses in connection with out of town travel.
4.1.2 By prior written approval of the Water System, cost of long distance communication provider.
4.1.3 By prior written approval of the Water System, mileage reimbursement at $.505 per mile.
4.1.4 By prior written approval of the Water System, costs of copies and faxes at $.10 per page.
4.1.5 By prior written approval of the Water System, cost of courier services and overnight delivery services.
4.1.6 State and local taxes shall not be reimbursable by the Water System. An exemption certificate for the project will be provided to the Consultant upon request.
4.1.7 Computer time charges shall not be a reimbursable expense.
4.1.8 Local phone and cellular phone service shall not be a reimbursable expense.
4.1.9 Meals shall not be a reimbursable expense unless in connection with out of town travel.

4.2 Reimbursable expenses shall be billed at cost with no markup.

Section 5 - Payment for Services

5.1 No initial payment shall be paid to the Consultant prior to rendering services.
5.2 Invoices shall be submitted separately for each individual project assignment on a monthly basis to the Project Manager identified in Section XXVI - Notices.
5.3 Cost of services furnished by sub-consultants on Federally Funded projects shall be reimbursed at invoice cost with no markup. Cost of services furnished by sub-consultants as proposed from the Consultant's submittal from the request of proposal or request of interest statement shall be reimbursed at invoice cost with no markup.
5.4 For all services rendered, payment by the Water System is due within thirty (30) days after receipt of invoice. If payment of the amounts due, or any portion thereof, is not made as described above, interest on the unpaid balance thereof will accrue at the lesser rate of 6 percent per annum (0.5 percent per month) or the maximum lawful rate under Section 271.005 (c) of the Texas Local Government Code until such payment is made, unless delay in payment is due to improper invoicing procedures followed by the Consultant.
5.5 For all services rendered, Consultant's payment to sub-consultants is due within ten calendar days after receipt of payment from the Water System.

5.6 For project assignments that are to be compensated on an hourly rate basis, the Consultant's invoice shall show the name of all consultants, employees, titles, charging time to the project, the amount of time billed, the hourly rates, and the activity or activities performed by all consultants and employees. Payroll time sheets shall be provided on request of the Water System.

5.7 For project assignments that are to be compensated on the salary cost multiplier method, the Consultant's invoice shall show the name of all consultants, employees, titles, charging time to the project, the amount of time billed, the raw salary cost, the fringe benefit percentage, the multiplier, and the activity or activities performed by all consultants and employees. Payroll time sheets shall be provided on request of the Water System.

5.8 For project assignments that are to be compensated on the cost plus fixed fee method, the Consultant's invoice shall show the name of all consultants, employees, titles, charging time to the project, the amount of time billed, the raw salary cost, the corporate overhead percentage, and the percentage of the fixed fee allocated to the invoice, and the activity or activities performed by all consultants and employees. Payroll time sheets shall be provided on request of the Water System.

5.9 For project assignments that are to be compensated on a lump sum basis, the Consultant's invoice shall include a detailed summary of the progress and completion of tasks to substantiate the percentage of completion of services as rendered during the previous month.

5.10 Reimbursable expenses included on the Consultant's invoice shall have copies of invoices, receipts, and other evidence of expenses. (Use if needed – otherwise delete)

Section 6 - Payment for Supplemental and Additional Services

Payments for Consultant's supplemental and additional services shall show the same information required in subparagraphs 5.6 through 5.9 or 5.10 (select what applies) dependent upon the type of compensation.

Section 7 - Payments Withheld

The Water System may withhold, amend, or reject any request for payment by the Consultant under conditions that include those described below:

7.1 Consultant's failure to provide adequate documentation for reimbursable expenses.
7.2 Consultant's failure to invoice as required in subparagraphs 5.6 through 5.9 or 5.10.
7.3 Failure of the Consultant to provide updated record drawings within thirty (30) days after details of deviations from the Contract Documents have been provided to the Consultant by the construction contractor.
7.4 Failure of the Consultant to submit timely records of project conference proceedings.
7.5 Failure of the Consultant to submit timely job site visit reports of its job site observations.
7.6 Failure of the Consultant to design for compliance with the Laws of the City of San Antonio, State, and Federal governments.
7.7 Errors or mistakes in the Consultant's invoice and or defects, errors and omissions in the design, working drawings, specifications or other documents prepared by the Consultant or Consultant’s consultants which are the basis for the payment request.
7.8 Water System's receipt of evidence that the Consultant's sub-consultants have not been duly paid for their services in connection with this project subsequent to the Water System having disbursed compensation to the Consultant in consideration of and stemming from the efforts extended by the sub-consultants.

7.9 Failure of the Consultant to render any service required by this Contract per Exhibit IV, Production Schedule.

7.10 Any claim for Indemnification that arise under Section XII of the Contract.

If any of these conditions exist, then interest charges will not be applicable. The Water System shall provide the Consultant with written notice of its intention to withhold, amend, or reject any request for payment by the Consultant. Upon written request by the Consultant to the Water System made within 10 days after the date of notice sent by the Water System, representatives of the Water System will meet with representatives of the Consultant at a mutually agreed time to discuss the circumstances surrounding the determination to withhold, amend, or reject any request for payment by the Consultant.
EXHIBIT II
SCOPE OF SERVICES

The Consultant shall perform the following Scope of Work (also referred to herein as a “Scope of Services”) in accordance with the terms and conditions of the Agreement.

Insert project specific scope as provided per Contract Request Form or CPMS in the Documents tab.
EXHIBIT III
SAWS STANDARD INSURANCE SPECIFICATIONS &
CERTIFICATE OF LIABILITY INSURANCE REQUIREMENTS

Copy and Paste from RFQ, or acquire new from Risk Manager.
EXHIBIT IV  
TERM OF AGREEMENT AND TIME FRAME FOR DELIVERABLES

1. The Term of this Agreement shall commence upon xxxxxxxxxx, and automatically expire on xxxxxxxxxxx, or upon the expenditure of all funds provided for in Exhibit I, whichever occurs first. Any Work Order authorized in writing through a notice to proceed prior to xxxxxxxxxxx shall remain in effect until the completion of the Work Order and the Work Order shall survive the termination of the Agreement to the extent necessary to complete the Work Order. The terms and conditions of the Agreement shall continue to be applicable to the Work Order during any period in which a Work Order survives the termination of the Agreement.

2. Time Frame for Deliverables:  
Each Work Order which, when accepted by the Water System, shall be incorporated into this agreement and become a part hereof.
EXHIBIT V
SECURITY PROCEDURES

If work will be conducted on SAWS property, on a SAWS customer’s property, involve any SAWS networks or any SAWS facility the Consultant shall ensure a Prime Contractor Data Form (PCDF) and a Background Screening Letter (provided by SAWS Security) is properly completed for all employees performing work under this Agreement and is on file with SAWS Security prior to work commencement. Any person found to have an unacceptable background check will not be allowed to perform work under this Agreement (A waiver may be given by SAWS Security for an unacceptable finding but must be signed off by the Director of SAWS Security). Sub-Consultants performing work must be listed on the PCDF and the Background Screening Letter. Consultant shall be responsible for the accuracy of information on the PCDF and the Background Screening Letter, and for obtaining any and all required items (badges and parking tags) necessary to fulfilling the work under this Agreement. The PCDF and Background Screening Letter must be sent electronically to securitygroup@saws.org. Consultant shall advise the SAWS Project Manager/Inspector of any employee terminations or changes to personnel performing work under this Agreement and the Consultant shall immediately turn in any and all badges and/or parking tags of employees who are terminated or no longer performing work under this Agreement. If there are any changes in the information contained in the PCDF or the Background Screening Letters, Consultant shall immediately notify the SAWS Project Manager/Inspector and provide updated PCDF and Background Screening Letters, with copies to securitygroup@saws.org.

Consultant, its employees, and agents shall obtain a SAWS photo identification badge (Consultant’s Badge) and parking tag, prior to any work on SAWS property, which shall be used only for purposes necessary to perform the work under this Agreement. SAWS Badge Office hours are Monday, Wednesday and Friday 8:00am to 12:00pm excluding SAWS holidays (hours are subject to change). Security staff can be contacted at (210) 233-3177 or (210) 233-3338. A replacement fee may be charged for lost or damaged badges or parking tags. As a condition of final payment, Consultant shall return all badges and parking tags to the Security Office. In the event Consultant fails to return all security badges and parking tags, in addition to any other rights or remedies to which SAWS may be entitled at law or in equity, SAWS may withhold from payment to the Consultant the sum of $500.00 dollars per badge or parking tag as liquidated damages. Consultant agrees that the actual amount of damages for failure to return the badges and/or parking tags is difficult to determine, and the liquidated damages herein are not a penalty, but are a reasonable estimate of the costs and expenses that may be incurred by SAWS for failure to return the badges or parking tags.

SAWS facilities require a SAWS employee to physically escort Consultant at all times. SAWS may, in its sole discretion, waive the escort requirements if the PCDF and a “clean” Background Screening Letter, signed by an authorized representative of Consultant are approved by SAWS Security.

Sub-Consultants must always be under escort of the Consultant while performing work on any SAWS property. Sub-Consultants must display either a company photo badge, with name, or a valid driver’s license at all times while working on any SAWS property. Consultant is solely responsible for the actions of its employees, agents, Sub-Consultants and Consultants.

Consultant MUST be prepared for additional security requirements at its expense if violations of SAWS Security procedures are noted. Some examples of additional requirements include hiring of SAWS approved security guards, temporary fencing, mobile Closed Circuit Television Monitoring trailer(s), or extra lighting. Notwithstanding anything herein to the contrary, any provisions in these Security Procedures that may appear to give SAWS the right to direct Consultant as to details of doing any work under this Agreement or to exercise a measure of control over any security measures or such work shall be deemed to mean that Consultant shall follow the desires of SAWS in the results of the work or security measures only.

Advance coordination by Consultant with SAWS Security for these security requirements is necessary to ensure no delays with timely performance of the work. In the event Consultant fails to comply with SAWS Security requirements, SAWS may, with no penalty or claim against SAWS:

- Issue a Work Stoppage Order until the security violation(s) are remedied
- Ask any unidentified or improperly identified person or equipment to leave SAWS site immediately and not return until items are remedied.
EXHIBIT VI
LIST OF SUB-CONSULTANTS

<table>
<thead>
<tr>
<th>Sub Consultant</th>
<th>Services to be Performed</th>
<th>Level of Participation</th>
</tr>
</thead>
</table>

DRAFT
EXHIBIT VII
NO BOYCOTTING ISRAEL VERIFICATION

Consultant agrees that it does not boycott Israel and will not do so during the term of this Contract. This provision is in compliance with §2270.001 of the Texas Government Code. SAWS agrees to comply with the United States and Texas Constitutions in consideration of whether to enforce this provision.
TO: San Antonio Water System Board of Trustees

FROM: Tracey B. Lehmann, P.E., Interim Director, Development, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: UTILITY SERVICE AGREEMENTS FOR WATER AND/OR WASTEWATER SERVICES TO TRACTS REQUIRING THE SAN ANTONIO WATER SYSTEM FINANCIAL PARTICIPATION IN THE DEVELOPMENT OF INFRASTRUCTURE THROUGH oversizing or impact fee credits AND/OR ARE LOCATED OUTSIDE THE SAN ANTONIO WATER SYSTEM WATER AND/OR WASTEWATER CERTIFICATE OF CONVENIENCE AND NECESSITY

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution approves Utility Service Agreements (USA) to provide water and/or wastewater services to the specified tracts of land requiring San Antonio Water System’s (the “System”) financial participation in the development of infrastructure through oversizing or impact fee credits, and/or is located outside the System’s water and/or wastewater Certificate of Convenience and Necessity (CCN).

• This board item consists of two tracts, which totals 1,343 acres; 3,198 water Equivalent Dwelling Units (EDUs); and 2,180 wastewater water EDUs.

• Board approval is required since the tracts require the System’s financial participation in the development of infrastructure through oversizing or impact fee credits and/or is located outside the System’s water and/or wastewater CCN.

• The Briggs Ranch East Tract is located within the City of San Antonio Extra Territorial Jurisdiction, inside the System’s water CCN and inside the wastewater CCN. The USA provides 2,450 EDUs of water and 2,180 EDUs of wastewater services and consists of oversized infrastructure.

• The Blackbuck Ranch Phase II Tract is located within the City of San Antonio Extra Territorial Jurisdiction, inside the System’s water CCN and outside the wastewater CCN. The USA provides 748 EDUs of water and zero EDUs of wastewater services and consists of oversized infrastructure.

• The Developer is required to install all necessary on-site facilities in accordance with the Board’s regulations and at the Developer’s total cost.
The Developer is responsible for the construction and engineering costs associated with all required water and/or wastewater mains to serve the tract (on-site and off-site).

Staff recommends that the Board approve this resolution.

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W EDUs</th>
<th>WW EDUs</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>Board Reason</th>
<th>W CCN</th>
<th>WW CCN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Briggs Ranch East</td>
<td>Convergence Investments</td>
<td>886</td>
<td>2,450</td>
<td>2,180</td>
<td>COSA ETJ</td>
<td>OUTSIDE</td>
<td>OVR</td>
<td>INSIDE</td>
<td>INSIDE</td>
</tr>
<tr>
<td>2</td>
<td>Blackbuck Ranch</td>
<td>Soutlerland Canyons, LLC</td>
<td>457</td>
<td>748</td>
<td>0</td>
<td>COSA ETJ</td>
<td>INSIDE</td>
<td>OVR</td>
<td>INSIDE</td>
<td>OUTSIDE</td>
</tr>
</tbody>
</table>

Total 1,343.00 3,198 2,180

Acronyms:
EARZ = Edwards Aquifer Recharge Zone
OVR = Oversizing
CCN = Certificate of Convenience and Necessity
CZ = Edwards Aquifer Contributing Zone
WW = Wastewater
IFC = Impact Fee Credits
CoSA = City of San Antonio limits
ETJ = Extraterritorial Jurisdiction

**EXTENT AND CONDITIONS OF UTILITY SERVICE AGREEMENT:**

Upon approval by the System of this USA, the Developer Customers have 36 months to complete the required utility master plan and to start construction. If a Developer Customer fails to complete these requirements within the 36-month period, the USA will expire and a request for a new agreement must be submitted to the System. During the effective term of this USA, capacity in the System’s water and wastewater systems will be set aside. The Developer Customers are not guaranteed capacity until all required off-site infrastructure is built by the Developer, accepted by the System, and all impact fees are paid.

**FINANCIAL IMPACT:**

In compliance with the System’s Board of Trustees water extension policy, Developer Customer applicants are responsible for financing all required local benefit facilities and for payment of all applicable impact fees. The Developers will contribute all impact fees in effect at the time of plat recordation or the latest date allowable by law for each subdivision unit. The fees to be collected by the System will be recorded in the Service Recovery Account and are estimated as follows, based on current charges and full build out of the tracts:
Utility Service Agreements to the Specified Tracts Requiring Oversizing And/or Outside the System’s Water and/or Wastewater CCN

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Water Impact Fees</th>
<th>Wastewater Impact Fees</th>
<th>Total Impact Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Briggs Ranch East Tract</td>
<td>$11,597,810.00</td>
<td>$5,125,180.00</td>
<td>$16,722,990.00</td>
</tr>
<tr>
<td>2</td>
<td>Blackbuck Ranch Phase II Tract</td>
<td>$3,636,028.00</td>
<td>$0.00</td>
<td>$3,636,028.00</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$15,233,838.00</strong></td>
<td><strong>$5,125,180.00</strong></td>
<td><strong>$20,359,018.00</strong></td>
</tr>
</tbody>
</table>

The System is responsible for providing access to existing general benefit facilities and/or financing the construction of additional general benefit facilities.

**OVERSIZING AND/OR IMPACT FEE CREDITS:**

The following USAs have recommendations for the System’s financial participation in the development of infrastructure through oversizing or impact fee credits and/or facilities based on the System’s Master Plan.

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Oversize SAWS</th>
<th>Oversize Developer</th>
<th>Oversize Total</th>
<th>Oversize Developer (%)</th>
<th>Oversize System (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Briggs Ranch East Tract 24 Inch Water Main</td>
<td>$1,698,667</td>
<td>$1,358,933*</td>
<td>$3,057,600</td>
<td>44.44%</td>
<td>55.56%</td>
</tr>
<tr>
<td>1</td>
<td>Briggs Ranch East Tract 7 MGD PS</td>
<td>$5,672,310</td>
<td>$1,700,167*</td>
<td>$7,372,477</td>
<td>23.06%</td>
<td>76.94%</td>
</tr>
<tr>
<td>2</td>
<td>Blackbuck Ranch Phase II Tract 5.5 MGD PS</td>
<td>$740,845</td>
<td>$990,155</td>
<td>$1,731,000</td>
<td>57.20%</td>
<td>42.80%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$8,111,822</strong></td>
<td><strong>$4,049,255</strong></td>
<td><strong>$12,161,077</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: The Developer is eligible for impact fee credits for their share of the cost for the water infrastructure for the Briggs Ranch East Tract.

The Developer is required to install all other necessary on-site facilities in accordance with the Board’s regulations at the Developer’s total cost.
Utility Service Agreements to the Specified Tracts Requiring Oversizing
And/or Outside the System’s Water and/or Wastewater CCN

Tracey B. Lehmann, P.E.
Interim Director
Development

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Table 1, Tract Information
Table 1
Tract Information

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Principal</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>PZ</th>
<th>Acres</th>
<th>Water EDU</th>
<th>WW EDU</th>
<th>Watershed</th>
<th>Board Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Briggs Ranch East Tract</td>
<td>Convergence Investments</td>
<td>Shawn Smith</td>
<td>COSA ETJ OUTSIDE</td>
<td>1080/950W</td>
<td>886</td>
<td>2,450</td>
<td>2,180</td>
<td></td>
<td>Big Sous Creek and Polecat Creek-Medina River Watershed</td>
<td>OVR</td>
</tr>
<tr>
<td>2</td>
<td>Blackbuck Ranch Phase II Tract</td>
<td>Southerland Canyons, LLC</td>
<td>Dan Mullins</td>
<td>COSA ETJ INSIDE</td>
<td>12/14</td>
<td>457</td>
<td>748</td>
<td>0</td>
<td></td>
<td>Headwaters Culebra Creek and Lower Culebra Creek</td>
<td>OVR</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>1,343.00  3,198  2,180</td>
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**Acronyms:**
EARZ = Edwards Aquifer Recharge Zone  
OVR = Oversizing  
CZ = Edwards Aquifer Contributing Zone  
WW = Wastewater  
CoSA = City of San Antonio limits  
ETJ – Extraterritorial Jurisdiction  
ICF = Impact Fee Credits  
PZ = Pressure Zone
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING UTILITY SERVICE AGREEMENTS TO PROVIDE WATER AND/OR WASTEWATER SERVICES TO THE SPECIFIED TRACTS OF LAND REQUIRING THE SAN ANTONIO WATER SYSTEM’S FINANCIAL PARTICIPATION IN THE DEVELOPMENT OF INFRASTRUCTURE THROUGH OVERSIZING OR IMPACT FEE CREDITS AND/OR ARE LOCATED OUTSIDE THE SAN ANTONIO WATER SYSTEM’S WATER AND/OR WASTEWATER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN), SUBJECT TO THE EXPIRATION OF SUCH AGREEMENTS IF NOT EXERCISED IN THIRTY-SIX MONTHS; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Developer Customers, specified in the table below, have requested the San Antonio Water System (the “System”) to provide water and/or wastewater service(s), and have satisfied the requirements of the Board’s Regulations for Developer Customers Applicant; and

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W EDUs</th>
<th>WW EDUs</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>Board Reason</th>
<th>W CCN</th>
<th>WW CCN</th>
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<td>Convergence Investments</td>
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<td>2,450</td>
<td>2,180</td>
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<td>OVR</td>
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<td>INSIDE</td>
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<td>Southerland Canyons, LLC</td>
<td>457</td>
<td>748</td>
<td>0</td>
<td>COSA ETJ</td>
<td>INSIDE</td>
<td>OVR</td>
<td>INSIDE</td>
<td>OUTSIDE</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>1,343.00</td>
<td>3,198</td>
<td>2,180</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

WHEREAS, the Developer Customer’s provisions to acquire water and/or wastewater services within the System’s jurisdiction is generally illustrated in the attached Project Site Maps; and

WHEREAS, the Developer Customer is obligated to pay the prescribed fees and to comply with other applicable requirements as set forth in the Regulations for Water and/or Wastewater Service; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the Utility Service Agreements and to provide water and/or wastewater services to tracts of land requiring the System’s financial participation in the development of infrastructure through oversizing or impact fee credits and/or are located outside the System’s water and/or wastewater Certificate of Convenience and Necessity, and (ii) to provide that the Utility Service Agreements
will be honored for a period of thirty-six months, and that if not exercised during this period, the Utility Service Agreements will expire; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the System hereby approves the Utility Service Agreements and agrees to provide water and/or wastewater services to tracts of land requiring the System’s financial participation in the development of infrastructure through oversizing or impact fee credits and/or are located outside the System’s water and/or wastewater Certificate of Convenience and Necessity as generally illustrated in the attached Project Site Maps hereto, on a Developer Customer basis as provided for in the Board's Regulations, applicable amendments to the Regulations, and any other applicable federal, state or local regulations.

2. That the Utility Service Agreements shall be honored for a period of thirty-six months, and if not exercised during this thirty-six-month period, the Utility Service Agreement will expire.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

5. This resolution shall take effect immediately from and after its passage.

PASSED AND APPROVED this 6th day of February, 2018.

_______________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_______________________________
Ernesto Arrellano, Jr., Secretary

Attachments:
1. Project Site Maps
Briggs Ranch East
2450 Water EDUs
2180 Sewer EDUs
886 Acres
USA-18113

Lattigo Bend
Western Stub Out
Northern Stub Out
W Groenbach Rd.

Existing 8-inch main
Passive Pressure Reducing Value (PRV)
Existing 16-inch main
Wt Montgomery Rd.
Stub Out

Construct approx. 2000 LF of a 12-inch main

Future 24-inch main (Job No 16-1184)
Tract Located:
- Within Edwards Aquifer Contributing Zone
- Partially within the 5-mile Camp Bullis Awareness Zone

Legend:
- USA Tract
- Parish Line
- Existing 12" Water Main
- Existing 14" Water Main
- Proposed Water Mains
  - PZ 12
  - PZ 14
- Proposed Tank
- Proposed Distributor Valve

Project Location:

ATTACHMENT III:
USA-16993
Blackbuck Ranch Phase II Tract
Proposed Water Infrastructure Map
457 Acres

San Antonio Water System

Advisory Note:
This utility map is for reference only. The information may not represent what actually has been constructed. USAWES specifically disclaims any representation of the accuracy, completeness, or exactitude of the information for any purpose, evaluation, or measurement. USAWES provides the reproduction or sale of this document. This map is only to assist in the development of the project and is not intended for use in any licensing or permitting processes.

1,450 ft elevation

PZ 14 Stub out

PZ 14 Stub out

PZ 14 Stub out

14A

12A

12SSH

12

Nina Rd

Kendall Canyon

PZ 12

PZ 14

Proposed Tank

Proposed Distributor Valve

1,450 ft elevation

0
650
1,300
2,600

Feet
TO: San Antonio Water System Board of Trustees

FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF PROFESSIONAL SERVICES CONTRACT IN CONNECTION WITH THE E-16 WURZBACH PARKWAY SEWER PROJECT AT HIGHWAY 281

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a professional services contract to Kimley-Horn and Associates, Inc., a local, non-SMWVB firm, and authorizes funds in the amount of $2,078,881.00 in connection with the E-16 Wurzbach Parkway Sewer Project at Highway 281 (the “Project”).

- The contract that is the subject of the attached resolution will authorize work that is required by the Consent Decree between the San Antonio Water System (the “System”), the United States of America, and the State of Texas that was lodged in the United States District Court for the Western District of Texas on July 23, 2013.

- The Project will address a capacity constraint in the eastern watershed and is necessary to comply with the EPA Consent Decree. This project consists of constructing approximately 3,200 feet of 78-inch sanitary sewer pipeline as well as approximately 3,800 feet of 24- to 27-inch gravity sanitary sewer pipelines. It extends from a point southwest of the intersection of Highway 281 and Wurzbach Parkway upstream to a point southeast of the intersection of Blanco Road and Wurzbach Parkway.

- A Request for Qualifications was issued on September 29, 2017. A total of seven firms submitted statements of qualifications for this solicitation. Kimley-Horn and Associates, Inc. was selected based on the System’s Architect and Engineer Selection Process.

- Basic services to be provided include review of design, bid phase, services during construction, and project closeout services related to the Project. Basic services on this project total an amount not to exceed $1,631,888.00.

- Supplemental Services include, but are not limited to surveying, environmental, cultural, geotechnical, right-of-way/easements acquisition support, and other additional professional services. Total supplemental services on this project total an amount not to exceed $446,993.00.
The total fee for engineering services is not to exceed $2,078,881.00.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure included in the CY 2017 Capital Improvement Program. The sewer work is included in the Wastewater Main Replacement Core Business budget line item. The amount is $2,078,881.00 for sewer related engineering work. The job number is 18-4509.

**SUPPLEMENTARY COMMENTS:**

Seven firms responded to the Request for Qualifications. Kimley-Horn and Associates, Inc. was selected through the System’s Architect and Engineer Selection Process as a qualified consultant. The submitting firms are as follows:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>AECOM Technical Services, Inc.</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Bain Medina Bain, Inc.</td>
<td>Local/WBE–Caucasian</td>
</tr>
<tr>
<td>Brown &amp; Gay Engineers, Inc.</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>CAS Consulting and Services, Inc.</td>
<td>Local/MBE–Asian</td>
</tr>
<tr>
<td>Freese and Nichols, Inc.</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Halff Associates, Inc.</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td><strong>Kimley-Horn and Associates, Inc.</strong></td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td><em>Selected Firm</em></td>
<td></td>
</tr>
</tbody>
</table>

Kimley-Horn and Associates, Inc. proposed to use the following subconsultants for services on this contract:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Percent of Fee</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unintech Consulting Engineers, Inc.</td>
<td>9.71%</td>
<td>Local/WBE–Asian</td>
</tr>
<tr>
<td>The Rios Group, Inc.</td>
<td>5.05%</td>
<td>Local/WBE–Hispanic</td>
</tr>
<tr>
<td>Cox McLain Environmental Consulting, Inc.</td>
<td>8.06%</td>
<td>Non–Local/WBE–Caucasian</td>
</tr>
<tr>
<td>Arias &amp; Associates, Inc.</td>
<td>5.72%</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>K. Friese &amp; Associates</td>
<td>8.83%</td>
<td>Local/WBE–Caucasian</td>
</tr>
<tr>
<td>Big Red Dog, Inc.</td>
<td>1.44%</td>
<td>Local/SBE</td>
</tr>
<tr>
<td>Jacobs Engineering Group, Inc.</td>
<td>6.03%</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Construct-Ability, LLC</td>
<td>1.44%</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Grubb Engineering, Inc.</td>
<td>1.18%</td>
<td>Local/WBE–Caucasian</td>
</tr>
</tbody>
</table>
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>SMWVB Analysis – Board Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
</tr>
<tr>
<td>MBE – African American</td>
</tr>
<tr>
<td>MBE – Asian</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
</tr>
<tr>
<td>MBE – Other</td>
</tr>
<tr>
<td>WBE – Minority</td>
</tr>
<tr>
<td>WBE – Non-Minority</td>
</tr>
<tr>
<td>SMWVB Total</td>
</tr>
</tbody>
</table>

Gail A. Hamrick-Pigg, P.E.  
Director  
Pipelines  

Andrea L.H. Beymer, P.E.  
Vice President  
Engineering and Construction  

Robert R. Puente  
President/Chief Executive Officer  

Attachments:  
1. Project Area Map  
2. Project Site Map
SAN ANTONIO WATER SYSTEM
PROJECT SITE MAP
ATTACHMENT II

E-16 WURZBACH PARKWAY SEWER
PROJECT AT HIGHWAY 281

LEGEND
- PROJECT LIMITS
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A PROFESSIONAL SERVICES CONTRACT TO KIMLEY-HORN AND ASSOCIATES, INC. IN THE AMOUNT OF $2,078,881.00 IN CONNECTION WITH THE E-16 WURZBACH PARKWAY SEWER PROJECT AT HIGHWAY 281; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $2,078,881.00 FROM THE SYSTEM’S PROJECT FUND FOR THE PROJECT ENGINEERING WORK; APPROVING THAT AN AMOUNT NOT TO EXCEED $2,078,881.00 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM’S PROJECT FUND FOR PROJECT ENGINEERING WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH KIMLEY-HORN AND ASSOCIATES, INC., AND TO PAY KIMLEY-HORN AND ASSOCIATES, INC., AN AMOUNT NOT TO EXCEED $2,078,881.00 FOR THE PROJECT ENGINEERING WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) requires professional engineering services (the “project engineering work”) related to the E-16 Wurzbach Parkway Sewer Project at Highway 281 (the “Project”); and

WHEREAS, the project engineering work will consist of all services necessary for the design and construction of the Project; and

WHEREAS, Kimley-Horn and Associates, Inc., a local, non-SMWVB firm, was selected through the System’s Architect and Engineer Selection Process for the project engineering work; and

WHEREAS, a contract in an amount not to exceed $2,078,881.00 is to be awarded to Kimley-Horn and Associates, Inc.; and

WHEREAS, the amount of $2,078,881.00 is available from the System’s Project Fund for the project engineering work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to award
a professional services contract to Kimley-Horn and Associates, Inc. in the amount of $2,078,881.00 in connection with the E-16 Wurzbach Parkway Sewer Project at Highway 281, (ii) to authorize the expenditure of funds in an amount not to exceed $2,078,881.00 for the project engineering work, (iii) to make available an amount not to exceed $2,078,881.00 from the System's Project Fund for the project engineering work, and (iv) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a professional services contract with Kimley-Horn and Associates, Inc., and to pay Kimley-Horn and Associates, Inc. an amount not to exceed $2,078,881.00 for the project engineering work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a professional services contract to Kimley-Horn and Associates, Inc. in the amount of $2,078,881.00 in connection with the E-16 Wurzbach Parkway Sewer Project at Highway 281 is hereby awarded.

2. That the expenditure of funds in an amount not to exceed $2,078,881.00 for the project engineering work is hereby approved.

3. That an amount not to exceed $2,078,881.00 for the project engineering work is hereby made available and is to be expended from the System’s Project Fund.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract with Kimley-Horn and Associates, Inc., and to pay Kimley-Horn and Associates, Inc. an amount not to exceed $2,078,881.00 for the project engineering work.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

7. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 6th day of February, 2018.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Michael L. Myers, P.E., Director, Plants and Major Projects, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF PROFESSIONAL SERVICES CONTRACT IN CONNECTION WITH THE MANAGEMENT & MONITORING OF THE ANDERSON PUMP STATION KARST PRESERVE PROJECT

Board Action Date: February 6, 2018

SUMMARY AND RECOMMENDATION:

The attached resolution awards a professional services contract to SWCA, Inc., a local, non-SMWVB firm, and authorizes funds in the amount of $164,818.22 in connection with the Management & Monitoring of the Anderson Pump Station Karst Preserve Project (the “project”).

- The Anderson Pump Station Karst Preserve (APS Karst Preserve) contains 57.6 acres of undeveloped land and is located within the Culebra Anticline Karst Fauna Region near the intersection of Loop 1604 and State Highway 151 in northwest Bexar County, Texas. The APS Karst Preserve contains several karst features with the characteristics of suitable karst invertebrate habitat including the endangered beetle *Rhadine exilis*.

- The San Antonio Water System (the “System”) in coordination with the U.S. Fish and Wildlife Service (USFWS), created the APS Karst Preserve as mitigation for the impacts of incidental take of federally endangered karst invertebrates consistent with the November 2017 SAWS Karst Invertebrate Habitat Conservation Plan (HCP) and a USFWS Incidental Take Permit (ITP) that was issued by USFWS in January 2018.

- The System is required by the ITP to perform a Management and Monitoring Plan that describes the measures that the System will implement on the APS Karst Preserve to help fulfil its obligations under the HCP and ITP. The HCP and ITP require an adaptive management cycle for the APS Karst Preserve of five years.

- A Request for Qualifications was issued on November 16, 2017 for professional services for this project. Three statements of qualifications were received. SWCA, Inc. was selected through the System’s Architect and Engineer Selection Process.

- SWCA, Inc. will provide professional services for a negotiated not to exceed amount of $164,818.22. Services include management, monitoring, and annual reporting for compliance with the ITP.
Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure included in the 2018 Operation and Maintenance Program. The job number is 18-0109.

**SUPPLEMENTARY COMMENTS:**

The firms that provided qualifications statements for this project are listed below:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWCA, Inc.*</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>TTL/Drash Consultants, LLC</td>
<td>Local/Non–SMWVB</td>
</tr>
<tr>
<td>Zara Environmental LLC</td>
<td>Non–Local/WBE–Caucasian</td>
</tr>
</tbody>
</table>

*Selected Firm

SWCA, Inc. proposed to use the following subconsultant on this contract:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Percent of Fee</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medina Consulting Company, Inc.</td>
<td>40.00%</td>
<td>Local/WBE–Caucasian</td>
</tr>
</tbody>
</table>

Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>Management &amp; Monitoring of the Anderson Pump Station Karst Preserve Project</th>
<th>SWCA, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMWVB Analysis – Board Award</td>
<td></td>
</tr>
<tr>
<td>SBE</td>
<td>0.00%</td>
</tr>
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<td>MBE – African American</td>
<td>0.00%</td>
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<tr>
<td>MBE – Asian</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE – Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE – Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE – Non–Minority</td>
<td>40.00%</td>
</tr>
<tr>
<td>SMWVB Total</td>
<td>40.00%</td>
</tr>
</tbody>
</table>
Management & Monitoring of the Anderson Pump Station Karst Preserve Project

Michael L. Myers, P.E.
Director
Plants and Major Projects

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
SAN ANTONIO WATER SYSTEM
PROJECT AREA MAP
ATTACHMENT I

MANAGEMENT & MONITORING OF THE ANDERSON
PUMP STATION KARST PRESERVE

LEGEND

★ PROJECT SITE

EDWARDS AQUIFER RECHARGE ZONE
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A PROFESSIONAL SERVICES CONTRACT TO SWCA, INC. IN THE AMOUNT OF $164,818.22 IN CONNECTION WITH THE MANAGEMENT & MONITORING OF THE ANDERSON PUMP STATION KARST PRESERVE PROJECT; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $164,818.22 FROM THE SYSTEM’S PROJECT FUND FOR PROJECT ENGINEERING WORK; APPROVING THAT AN AMOUNT NOT TO EXCEED $164,818.22 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM’S PROJECT FUND FOR PROJECT ENGINEERING WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH SWCA, INC., AND TO PAY SWCA, INC. AN AMOUNT NOT TO EXCEED $164,818.22 FOR THE PROJECT ENGINEERING WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE, AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Anderson Pump Station Karst Preserve (APS Karst Preserve) contains 57.6 acres of undeveloped land and is located within the Culebra Anticline Karst Fauna Region near the intersection of Loop 1604 and State Highway (SH) 151 in northwest Bexar County, Texas; and

WHEREAS, the APS Karst Preserve contains several karst features with the characteristics of suitable karst invertebrate habitat including the endangered beetle *Rhadine exilis*; and

WHEREAS, the San Antonio Water System (the “System”) in coordination with the U.S. Fish and Wildlife Service (USFWS), created the APS Karst Preserve as mitigation for the impacts of incidental take of federally endangered karst invertebrates consistent with the November 2017 SAWS Karst Invertebrate Habitat Conservation Plan (HCP) and a USFWS Incidental Take Permit (ITP) that was issued by USFWS in January 2018; and

WHEREAS, the System is required by the ITP to perform a Management and Monitoring Plan that describes the measures that the System will implement on the APS Karst Preserve to help fulfil its obligations under the HCP and ITP; and

WHEREAS, SWCA, Inc., a local, non-SMWVB firm, was selected through the
Systems’ Architect and Engineer Selection Process for the project engineering work; and

WHEREAS, a contract in the negotiated amount not to exceed $164,818.22 is to be awarded to SWCA, Inc.; and

WHEREAS, the amount of $164,818.22 is available from the System’s Project Fund for the project work; and

WHEREAS, the San Antonio Water System’s Board of Trustees desires (i) to award a professional services contract to SWCA, Inc. in the amount of $164,818.22 in connection with the Management & Monitoring of the Anderson Pump Station Karst Preserve Project, (ii) to authorize the expenditure of funds in an amount not to exceed $164,818.22 for the project engineering work, (iii) to make available an amount not to exceed $164,818.22 from the System’s Project Fund for the project engineering work, and (iv) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a professional services contract with SWCA, Inc., and to pay SWCA, Inc. an amount not to exceed $164,818.22 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a professional services contract to SWCA, Inc. in the amount of $164,818.22 in connection with the Management & Monitoring of the Anderson Pump Station Karst Preserve Project is hereby awarded.

2. That the expenditure of funds in an amount not to exceed $164,818.22 for the project engineering work is hereby approved.

3. That an amount not to exceed $164,818.22 for the project work is hereby made available, and is to be expended from the System's Project Fund.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract for architect/engineering services with SWCA, Inc., and to pay SWCA, Inc. an amount not to exceed $164,818.22 for the project engineering work.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative, or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 6th day of February, 2018.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary