

November 4, 2014

By e-mail and UPS Next-Day Tracking: 1Z 5X1 6F4 01 9194 7555

Gibson and Keith, PLLC
119 South Main Street
Monticello, AR 71655-0447
Att'n: C.C. Gibson, III, Esq.

ccgiii@gibsonandkeith.com

Re: September 13, 2013 Performance Contracting Agreement between the City of Monticello, Arkansas and Siemens Industry, Inc. ("Contract")

Dear Mr. Gibson:

In accordance with our exchanges and discussion, Siemens Industry, Inc. responds to Mayor Rogers' August 19, 2014 letter to Peter Kamps and Tony Ardillo, and to your October 22, 2014 letter to Mr. Ardillo. I'll first respond to your letter, and then to Mayor Rogers' letter.

I. Response to Letter of October 22, 2014

Payment and Performance Bonds

I attach the combined Payment/Performance Bond issued in respect to this matter, which was provided to the City contemporaneously with the Bond's issuance in November 2013.

Guaranty of Efficiency Savings

The Contract contains Siemens' express undertaking to pay savings shortfalls. To date, there has been no shortfall and no demand for payment of any shortfall, let alone a failure by Siemens to honor such a demand in accordance with the Contract. As for Siemens' financial strength, we note that, with the benefit of analysis by its bond counsel, the City long ago sold bonds on the strength of Siemens' contractual undertaking. Your letter suggests no subsequent change in Siemens' financial condition that might affect its ability to honor this aspect of the Contract, as there has not been one.

Manufacturers' Warranties

Installation is not yet complete; the City has not accepted the installation of the meters. When complete, the manufacturer will issue formal warranties, an exemplar of which is attached.

Manufacturers' Recommendations, etc.

Siemens previously provided this documentation to the City, and stands prepared to do so again. See attached exemplar. I must reiterate that this aspect of the Project has not yet been "accepted" by the City, so the City's concerns about losing its right to receive efficiency savings are facially premature. These stated concerns are also subject to significant dispute as a legal and factual matter.

Type/Brand of Meters

The Contract specified that Siemens would "install a new Mueller Hot Rod TM or equivalent AMR system..." *Contract, Ex. A, Art. 1.2.1*. The latter part of that clause is of course as much a part of the Contract as the first. Siemens complied with the contract by installing an equivalent system manufactured by Sensus. Siemens did this at the City's specific instance and request. Mayor Maxwell directed Siemens to purchase Sensus equipment on September 12, 2013. At a subsequent project kickoff meeting, in January 2014, Siemens described its implementation plan, reiterating that Sensus would be installed. The City never corrected Siemens' minutes of that meeting, despite express invitation to do so as may have been warranted. See attached. Moreover, the City never objected to Siemens' subsequent installation of this, despite the City's actual knowledge of these activities.

We finally note that the City has never suggested that the Sensus equipment is not in form, fit and function the equivalent of the Mueller equipment. In short, Siemens has fully complied with the Contract in this regard.

II. Response to Letter of August 19, 2014

With the passage of time and numerous activities since the date of Mayor Rogers' letter, I must respectfully suggest the parties' respective operational personnel meet and confer to address the City's concerns in a pragmatic way. For the most part, issues with respect to the AMR system appear to be of a "punch list" nature which can and should be addressed and solved methodically. As for the water lines scope of work, the parties likewise need to collaborate on an operational basis. Among other things in this regard, Siemens awaits results of the City's hydraulic studies, called for by the *Contract, Ex. A, Sec. 1.2.2*.

Gibson and Keith, PLLC
Att'n: C.C. Gibson, III, Esq.

November 4, 2014
Page 3

At no point has Siemens failed to perform, or to tender performance of, any of its contractual obligations. Siemens has been, and remains, ready, willing and able to complete all of its contractual obligations, but requires the City's cooperation in order to complete its work. The City has directed Siemens to cease work on the water lines scope of work, which may affect the parties' respective rights and duties. Siemens continues to reserve all rights and remedies against the City.

Very truly yours,

Siemens Industry, Inc.

By: 

Steven R. Shamash
Litigation Counsel
Siemens Corporation

Enc.

C: Mr. Anthony Ardillo
Mr. Peter Kamps
Noe Bermudez, Esq.
Sebastian Danziger, Esq.

THE AMERICAN INSTITUTE OF ARCHITECTS

AIA Document A312

Performance Bond

Bond No. 82334275 / 9143133

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

CONTRACTOR (Name and Address):

Siemens Industry, Inc.
8600 North Royal Lane
Irving, TX 75063

SURETY (Name and Principal Place of Business):

Federal Insurance Company /
Fidelity and Deposit Company of Maryland

OWNER (Name and Address):

City of Monticello, Arkansas
203 West Gaines
Monticello, AR 71657

CONSTRUCTION CONTRACT

Date: September 19, 2013

Amount: (\$ 10,112,651.21) Ten Million One Hundred Twelve Thousand Six Hundred Fifty One Dollars and 21/100

Description (Name and Location):

Water Meter System & Installation BTX1-PC-Monticello AR Perf Project

BOND

Date (Not earlier than Construction Contract Date): November 19, 2013

Amount: (\$ 10,112,651.21) Ten Million One Hundred Twelve Thousand Six Hundred Fifty One Dollars and 21/100

Modifications to this Bond:



None



See Page 3

CONTRACTOR AS PRINCIPAL

Company: _____ (Corporate Seal)

Siemens Industry, Inc.

Signature: _____

Name and Title: **George T. Burck, Jr.**
Director, SOX & ICS

(Any additional signatures appear on page 3)

SURETY

Company: _____ (Corporate Seal)

See Attached Signature Page

Signature: _____

Name and Title: _____

Address: _____

Attorney-in-Fact

(FOR INFORMATION ONLY-Name, Address and Telephone)

AGENT or BROKER:

Willis of New York, Inc.

One World Financial Center, 200 Liberty Street

New York, NY 10281

212-915-8888

OWNERS REPRESENTATIVE (Architect, Engineer or other party):

1 The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner for the performance of the Construction Contract, which is incorporated herein by reference.

2 If the Contractor performs the Construction Contract, the Surety and the Contractor shall have no obligation under this Bond, except to participate in conferences as provided in Subparagraph 3.1.

3 If there is no Owner Default, the Surety's obligation under this Bond shall arise after:

3.1 The Owner has notified the Contractor and the Surety at its address described in Paragraph 10 below that the Owner is considering declaring a Contractor Default and has requested and attempted to arrange a conference with the Contractor and the Surety to be held not later than fifteen days after receipt of such notice to discuss methods of performing the Construction Contract. If the Owner, the Contractor and the Surety agree, the Contractor shall be allowed a reasonable time to perform the Construction Contract, but such an agreement shall not waive the Owner's right, if any, subsequently to declare a Contractor Default; and

3.2 The Owner has declared a Contractor Default and formally terminated the Contractor's right to complete the contract. Such Contractor Default shall not be declared earlier than twenty days after the Contractor and the Surety have received notice as provided in Subparagraph 3.1; and

3.3 The Owner has agreed to pay the Balance of the Contract Price to the Surety in accordance with the terms of the Construction Contract or to a contractor selected to perform the Construction Contract in accordance with the terms of the contract with the Owner.

4 When the Owner has satisfied the conditions of Paragraph 3, the Surety shall promptly and at the Surety's expense take one of the following actions:

4.1 Arrange for the Contractor, with the consent of the Owner, to perform and complete the Construction Contract; or

4.2 Undertake to perform and complete the Construction Contract itself, through its agents or through independent contractors; or

4.3 Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Construction Contract, arrange for a contract to be prepared for execution by the Owner and the contractor selected with the Owner's concurrence, to be secured with the performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Construction Contract, and pay to the Owner the amount of damages as described in Paragraph 6 in excess of the Balance of the Contract Price incurred by the Owner resulting from the Contractor's default; or

4.4 Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances;

.1 After investigation, determine the amount for which it may be liable to the Owner and, as soon as practicable after the amount is determined, tender payment therefor to the Owner; or

.2 Deny liability in whole or in part and notify the Owner citing reasons therefor.

5 If the Surety does not proceed as provided in Paragraph 4 with reasonable promptness, the Surety shall be deemed to be in default on this Bond fifteen days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Subparagraph 4.4, and the Owner refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner.

6 After the Owner has terminated the Contractor's right to complete the Construction Contract, and if the Surety elects to act under Subparagraph 4.1, 4.2, or 4.3 above, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Construction Contract, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Construction Contract. To the limit of the amount of this Bond, but subject to commitment by the Owner of the Balance of the Contract Price to mitigation of costs and damages on the Construction Contract, the Surety is obligated without duplication for:

6.1 The responsibilities of the Contractor for correction of defective work and completion of the Construction Contract;

6.2 Additional legal, design professional and delay costs resulting from the Contractor's Default, and resulting from the actions or failure to act of the Surety under Paragraph 4; and

6.3 Liquidated damages, or if no liquidated damages are specified in the Construction Contract, actual damages caused by delayed performance or non-performance of the Contractor.

7 The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Construction Contract, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the Owner or its heirs, executors, administrators or successors.

8 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

9 Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two years after Contractor default or within two years after the Contractor ceased working or within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of the Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a

defense in the jurisdiction of the suit shall be applicable.

10 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page.

11 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in the Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirements shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

12 DEFINITIONS

12.1 Balance of the Contract Price: The total amount payable by the Owner to the Contractor under the Construction Contract after all proper adjustments have been made, including allowance to the Contractor of any amounts received or to be received

by the Owner in settlement of insurance or other claims for damages to which the Contractor is entitled, reduced by all valid and proper payments made to or on behalf of the Contractor under the Construction Contract.

12.2 Construction Contract: The agreement between the Owner the Contractor identified on the signature page, including all Contract Documents and changes thereto.

12.3 Contractor Default: Failure of the contractor, which has neither been remedied nor waived, to perform or otherwise to comply with the terms of the Construction Contract.

12.4 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS:

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL

Company: _____ (Corporate Seal)

SURETY

Company: _____ (Corporate Seal)

See Attached Signature Page

Signature: _____
Name and Title: _____
Address: _____

Signature: _____
Name and Title: _____ Attorney-in-Fact
Address: _____

ATTACHMENT TO BOND NO. 82334275 / 9143133

SURETIES

Surety A

Federal Insurance Company
15 Mountain View Road
Warren, NJ 07059

State of Incorporation: IN
Limit of Liability: 50%

By: 
Aiza Lopez, Attorney-In-Fact

Surety B

Fidelity and Deposit Company of Maryland
1400 American Lane
Schaumburg, IL 60196

State of Incorporation: MD
Limit of Liability: 50%

By: 
Aiza Lopez, Attorney-In-Fact

Surety C

State of Incorporation:
Limit of Liability:

By: _____
, Attorney-In-Fact

THE AMERICAN INSTITUTE OF ARCHITECTS

AIA Document A312

Payment Bond

Bond No. 82334275 / 9143133

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

CONTRACTOR (Name and Address):

Siemens Industry, Inc.
8600 North Royal Lane
Irving, TX 75063

SURETY (Name and Principal Place of Business):

Federal Insurance Company /
Fidelity and Deposit Company of Maryland

OWNER (Name and Address):

City of Monticello, Arkansas
203 West Gaines
Monticello, AR 71657

CONSTRUCTION CONTRACT

Date: September 19, 2013

Amount: (\$ 10,112,651.21) Ten Million One Hundred Twelve Thousand Six Hundred Fifty One Dollars and 21/100

Description (Name and Location):

Water Meter System & Installation BTX1-PC-Monticello AR Perf Project

BOND

Date: (Not earlier than Construction Contract Date): November 19, 2013

Amount: (\$ 10,112,651.21) Ten Million One Hundred Twelve Thousand Six Hundred Fifty One Dollars and 21/100

Modifications to this Bond:

☐

None

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See Page 6

CONTRACTOR AS PRINCIPAL

Company: (Corporate Seal)

Siemens Industry, Inc.

SURETY

Company: (Corporate Seal)

See Attached Signature Page

Signature:

Name and Title: **George T. Burck, Jr.**
Director, SOX & ICS

(Any additional signatures appear on page 6)

Signature:

Name and Title: Attorney-in-Fact

(FOR INFORMATION ONLY-Name, Address and Telephone)

AGENT or BROKER:

Willis of New York, Inc.

One World Financial Center, 200 Liberty Street

New York, NY 10281

212-915-8888

OWNERS REPRESENTATIVE (Architect, Engineer or other party):

1 The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner to pay for labor, materials and equipment furnished for use in the performance of the Construction Contract, which is incorporated herein by reference.

2 With respect to the Owner, this obligation shall be null and void if the Contractor:

2.1 Promptly makes payment, directly or indirectly, for all sums due Claimants, and

2.2 Defends, indemnifies and holds harmless the Owner from claims, demands, liens or suits by any person or entity whose claim, demand, lien or suit is for the payment for labor, materials or equipment furnished for use in the performance of the Construction Contract, provided the Owner has promptly notified the Contractor and the Surety (at the address described in Paragraph 12) of any claims, demands, liens or suits and tendered defense of such claims, demands, liens or suits to the Contractor and the Surety, and provided there is no Owner Default.

3 With respect to Claimants, this obligation shall be null and void if the Contractor promptly makes payment, directly or indirectly, for all sums due.

4 The Surety shall have no obligation to Claimants under this Bond until:

4.1 Claimants who are employed by or have a direct contract with the Contractor have given notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner, stating that a claim is being made under this Bond and, with substantial accuracy, the amount of the claim.

4.2 Claimants who do not have a direct contract with the Contractor:

.1 Have furnished written notice to the Contractor and sent a copy, or notice thereof, to the Owner, within 90 days after having last performed labor or last furnished materials or equipment included in the claim stating, with substantial accuracy, the amount of the claim and the name of the party to whom the materials were furnished or supplied or for whom the labor was done or performed; and

.2 Have either received a rejection in whole or in part from the Contractor, or not received within 30 days of furnishing the above notice any communication from the Contractor by which the Contractor has indicated the claim will be paid directly or indirectly; and

.3 Not having been paid within the above 30 days, have sent a written notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner, stating that a claim is being made under the Bond and enclosing a copy of the

previous written notice furnished to the Contractor.

5 If a notice required by Paragraph 4 is given by the Owner to the Contractor or to the Surety, that is sufficient compliance.

6 When the Claimant has satisfied the conditions of Paragraph 4, the Surety shall promptly and at the Surety's expense take the following actions:

6.1 Send an answer to the Claimant, with a copy to the Owner, within 45 days after receipt of the claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed.

6.2 Pay or arrange for payment of any undisputed amounts.

7 The Surety's total obligations shall not exceed the amount of the Bond, and the amount of this Bond shall be credited for any payments made in good faith by the Surety.

8 Amounts owed by the Owner to the Contractor under the Construction Contract shall be used for the performance of the Construction Contract and to satisfy claims, if any, under any Construction Performance Bond. By the Contractor furnishing and the Owner accepting this Bond, they agree that all funds earned by the Contractor in the performance of the Construction Contract are dedicated to satisfy obligations of the Contractor and the Surety under this Bond, subject to the Owner's priority to use the funds for the completion of the work.

9 The Surety shall not be liable to the Owner, Claimants or others for obligations of the Contractor that are unrelated to the Construction Contract. The Owner shall not be liable for payment of any costs or expenses of any Claimant under this Bond, and shall have under this Bond no obligations to make payments to, give notices on behalf of, or otherwise have obligations to Claimants under this Bond.

10 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

11 No suit or action shall be commenced by a Claimant under this Bond other than in a court of competent jurisdiction in the location in which the work of part of the work is located or after the expiration of one year from the date (1) on which the Claimant gave the notice required by Subparagraph 4.1 or Clause 4.2.3, or (2) on which the last labor or service was performed by anyone or the last materials or equipment were furnished by anyone under the Construction Contract, whichever of (1) or (2) first occurs. If the provisions of the Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

12 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page. Actual receipt of notice by Surety, the Owner or the Contractor, however accomplished, shall be sufficient compliance as of the date received at the address shown on the signature page.

13 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

14 Upon request by any person or entity appearing to be a potential beneficiary of this Bond, the Contractor shall promptly furnish a copy of this Bond or shall permit a copy to be made.

15 DEFINITIONS

15.1 Claimant: An Individual or entity having a direct contract with the Contractor or with a subcontractor of the Contractor to furnish labor, materials or equipment for use in the performance of the Contract. The intent of this Bond shall be to include without limitations in the terms "labor, materials or equipment" that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental equipment used in the Construction Contract, architectural and

engineering services required for performance of the work of the Contractor and the Contractor's subcontractors, and all other items for which a mechanic's lien may be asserted in the jurisdiction where the labor, materials or equipment were furnished.

15.2 Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.

15.3 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS:

Sub paragraph 4.3 is added as follows:

4.3 Claimant has furnished to Surety proof of claim duly sworn to by Claimant, along with adequate supporting documentation which proves the amount claimed is due and payable.

Paragraph 5 is amended as follows:

5 If a notice required by paragraph 4 is given by Owner to the Contractor and to the Surety, that is sufficient compliance.

Paragraph 6 is deleted in its entirety and the following is substituted in its place:

6 When the Claimant has satisfied the conditions of Paragraph 4, and has submitted all supporting documentation and any proof of claim requested by the Surety, the Surety shall, within a reasonable period of time, notify the Claimant of the amounts that are undisputed and the basis for challenging any amounts that are disputed, including, but not limited to, the lack of substantiating documentation to support the claim as to entitlement or amount, and the Surety shall, within a reasonable period of time, pay or make arrangements for payment of any undisputed amount; provided, however, that the failure of the Surety to timely discharge its obligations under this paragraph or to dispute or identify any specific defense to all or any part of a claim shall not be deemed to be an admission of liability by the Surety as to such claim or otherwise constitute a waiver of the Contractor's or Surety defenses to, or right to dispute such claim. Rather, the Claimant shall have the immediate right, without further notice, to bring suit against the Surety to enforce any remedy available to it under this Bond.

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL

Company:

(Corporate Seal)

SURETY

Company:

(Corporate Seal)

See Attached Signature Page

Signature: _____

Name and Title: _____

Address: _____

Signature: _____

Name and Title: _____

Address: _____

Attorney-in-Fact

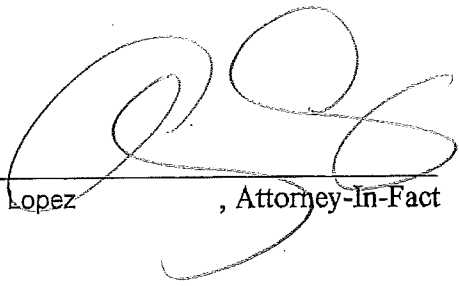
ATTACHMENT TO BOND NO. 82334275 / 9143133

SURETIES

Surety A

Federal Insurance Company
15 Mountain View Road
Warren, NJ 07059

State of Incorporation: IN
Limit of Liability: 50%

By: 
Aiza Lopez, Attorney-In-Fact

Surety B

Fidelity and Deposit Company of Maryland
1400 American Lane
Schaumburg, IL 60196

State of Incorporation: MD
Limit of Liability: 50%

By: 
Aiza Lopez, Attorney-In-Fact

Surety C

State of Incorporation:
Limit of Liability:

By: _____
, Attorney-In-Fact



**Chubb
Surety**

**POWER
OF
ATTORNEY**

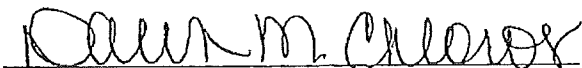
**Federal Insurance Company
Vigilant Insurance Company
Pacific Indemnity Company**

**Attn: Surety Department
15 Mountain View Road
Warren, NJ 07059**

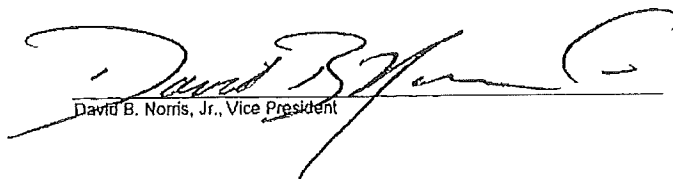
Know All by These Presents, That FEDERAL INSURANCE COMPANY, an Indiana corporation, VIGILANT INSURANCE COMPANY, a New York corporation, and PACIFIC INDEMNITY COMPANY, a Wisconsin corporation, do each hereby constitute and appoint Francis M. McGarry, Rosalie A. Moresco, Patricia O'Connell and Ann Marie Tinerino of New York, New York; Aiza Lopez, Jeannette Porrini, Stacy Rivera and Elana V. Sanchez of Hartford, Connecticut -----

each as their true and lawful Attorney-in-Fact to execute under such designation in their names and to affix their corporate seals to and deliver for and on their behalf as surety thereon or otherwise, bonds and undertakings and other writings obligatory in the nature thereof (other than bail bonds) given or executed in the course of business, and any instruments amending or altering the same, and consents to the modification or alteration of any instrument referred to in said bonds or obligations.

In Witness Whereof, said FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY have each executed and attested these presents and affixed their corporate seals on this **13th** day of **May, 2013**.



Dawn M. Chloros, Assistant Secretary



David B. Norris, Jr., Vice President

STATE OF NEW JERSEY

County of Somerset

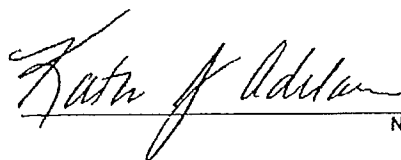
ss.

On this **13th** day of **May, 2013** before me, a Notary Public of New Jersey, personally came Dawn M. Chloros, to me known to be Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY, the companies which executed the foregoing Power of Attorney, and the said Dawn M. Chloros, being by me duly sworn, did depose and say that he is Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY and knows the corporate seals thereof, that the seals affixed to the foregoing Power of Attorney are such corporate seals and were thereto affixed by authority of the By-Laws of said Companies; and that he signed said Power of Attorney as Assistant Secretary of said Companies by like authority; and that he is acquainted with David B. Norris, Jr., and knows him to be Vice President of said Companies; and that the signature of David B. Norris, Jr., subscribed to said Power of Attorney is in the genuine handwriting of David B. Norris, Jr., and was thereto subscribed by authority of said By-Laws and in deponent's presence.

Notarial Seal



**KATHERINE J. ADELAAR
NOTARY PUBLIC OF NEW JERSEY
No. 2316685
Commission Expires July 16, 2014**



Notary Public

CERTIFICATION

Extract from the By-Laws of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY:

"All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the President or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the following officers: Chairman, President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Assistant Secretaries or Attorneys-In-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached."

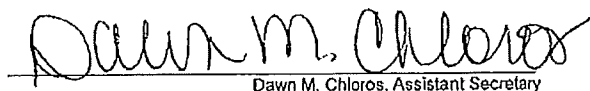
I, Dawn M. Chloros, Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY

(the "Companies") do hereby certify that

- (i) the foregoing extract of the By-Laws of the Companies is true and correct,
- (ii) the Companies are duly licensed and authorized to transact surety business in all 50 of the United States of America and the District of Columbia and are authorized by the U.S. Treasury Department; further, Federal and Vigilant are licensed in Puerto Rico and the U.S. Virgin Islands, and Federal is licensed in American Samoa, Guam, and each of the Provinces of Canada except Prince Edward Island; and
- (iii) the foregoing Power of Attorney is true, correct and in full force and effect.

Given under my hand and seals of said Companies at Warren, NJ this **19** day of **November** **2013**





Dawn M. Chloros, Assistant Secretary

IN THE EVENT YOU WISH TO NOTIFY US OF A CLAIM, VERIFY THE AUTHENTICITY OF THIS BOND OR NOTIFY US OF ANY OTHER MATTER, PLEASE CONTACT US AT ADDRESS LISTED ABOVE, OR BY Telephone (908) 903-3493 Fax (908) 903-3656

e-mail: surety@chubb.com

FEDERAL INSURANCE COMPANY

STATEMENT OF ASSETS, LIABILITIES AND SURPLUS TO POLICYHOLDERS

Statutory Basis

DECEMBER 31, 2012

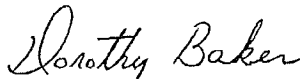
(in thousands of dollars)

ASSETS		LIABILITIES AND SURPLUS TO POLICYHOLDERS	
Cash and Short Term Investments.....	\$ 402,323	Outstanding Losses and Loss Expenses	\$ 12,627,388
United States Government, State and Municipal Bonds	9,901,519	Unearned Premiums.....	3,416,163
Other Bonds.....	4,595,536	Ceded Reinsurance Premiums Payable.....	364,197
Stocks	811,166	Provision for Reinsurance	62,250
Other Invested Assets.....	1,681,828	Other Liabilities.....	935,654
 TOTAL INVESTMENTS	 17,392,372	 TOTAL LIABILITIES	 17,405,652
 Investments in Affiliates:			
Chubb Investment Holdings, Inc.	3,352,969	Capital Stock.....	20,980
Pacific Indemnity Company.....	2,496,198	Paid-In Surplus.....	3,106,809
Chubb Insurance Investment Holdings Ltd....	1,228,075	Unassigned Funds	10,713,227
Executive Risk Indemnity Inc.....	1,100,637		
CC Canada Holdings Ltd.....	758,892	 SURPLUS TO POLICYHOLDERS.....	 13,841,016
Chubb Insurance Company of Australia Limited	517,597		
Great Northern Insurance Company	438,592		
Chubb European Investment Holdings SLP ..	265,490		
Vigilant Insurance Company.....	246,766		
Other Affiliates	429,458		
Premiums Receivable	1,494,693		
Other Assets	1,524,929		
 TOTAL ADMITTED ASSETS	 \$ 31,246,668	 TOTAL LIABILITIES AND SURPLUS TO POLICYHOLDERS.....	 \$ 31,246,668

Investments are valued in accordance with requirements of the National Association of Insurance Commissioners.
Investments with a carrying value of \$430,688,714 are deposited with government authorities as required by law.

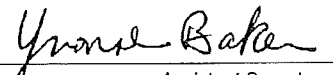
State, County & City of New York, — ss:

Yvonne Baker, Assistant Secretary _____ of the Federal Insurance Company
being duly sworn, deposes and says that the foregoing Statement of Assets, Liabilities and Surplus to Policyholders of said
Federal Insurance Company on December 31, 2012 is true and correct and is a true abstract of the Annual Statement of said
Company as filed with the Secretary of the Treasury of the United States for the 12 months ending December 31, 2012.
Subscribed and sworn to before me
this March 31, 2013.



Notary Public

DOROTHY M. BAKER
Notary Public, State of New York
No. 31-4904994
Qualified in New York County
Commission Expires Sept. 14, 2013



Assistant Secretary

EXTRACT FROM BY-LAWS OF THE COMPANIES

"Article V, Section 8, Attorneys-in-Fact. The Chief Executive Officer, the President, or any Executive Vice President or Vice President may, by written instrument under the attested corporate seal, appoint attorneys-in-fact with authority to execute bonds, policies, recognizances, stipulations, undertakings, or other like instruments on behalf of the Company, and may authorize any officer or any such attorney-in-fact to affix the corporate seal thereto; and may with or without cause modify or revoke any such appointment or authority at any time."

CERTIFICATE

I, the undersigned, Vice President of the ZURICH AMERICAN INSURANCE COMPANY, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that Article V, Section 8, of the By-Laws of the Companies is still in force.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the ZURICH AMERICAN INSURANCE COMPANY at a meeting duly called and held on the 15th day of December 1998.

RESOLVED: "That the signature of the President or a Vice President and the attesting signature of a Secretary or an Assistant Secretary and the Seal of the Company may be affixed by facsimile on any Power of Attorney...Any such Power or any certificate thereof bearing such facsimile signature and seal shall be valid and binding on the Company."

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at a meeting duly called and held on the 5th day of May, 1994, and the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seals of the said Companies, this 19 day of November, 20 13.



Geoffrey Delisio

Geoffrey Delisio, Vice President

**ZURICH AMERICAN INSURANCE COMPANY
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY
FIDELITY AND DEPOSIT COMPANY OF MARYLAND
POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS: That the ZURICH AMERICAN INSURANCE COMPANY, a corporation of the State of New York, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, a corporation of the State of Maryland, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND a corporation of the State of Maryland (herein collectively called the "Companies"), by **THOMAS O. MCCLELLAN, Vice President**, in pursuance of authority granted by Article V, Section 8, of the By-Laws of said Companies, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, do hereby nominate, constitute, and appoint **Jeannette PORRINI, Stacy RIVERA, Aiza LOPEZ and Elana V. SANCHEZ, all of Hartford, Connecticut, EACH** its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: **any and all bonds and undertakings**, and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the ZURICH AMERICAN INSURANCE COMPANY at its office in New York, New York., the regularly elected officers of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at its office in Owings Mills, Maryland., and the regularly elected officers of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at its office in Owings Mills, Maryland., in their own proper persons.

The said Vice President does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article V, Section 8, of the By-Laws of said Companies, and is now in force.

IN WITNESS WHEREOF, the said Vice-President has hereunto subscribed his/her names and affixed the Corporate Seals of the said **ZURICH AMERICAN INSURANCE COMPANY, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and FIDELITY AND DEPOSIT COMPANY OF MARYLAND**, this 3rd day of December, A.D. 2012.

ATTEST:

**ZURICH AMERICAN INSURANCE COMPANY
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY
FIDELITY AND DEPOSIT COMPANY OF MARYLAND**



By: _____

Eric D. Barnes

Assistant Secretary
Eric D. Barnes

Thomas O. McClellan

Vice President
Thomas O. McClellan

State of Maryland
City of Baltimore

On this 3rd day of December, A.D. 2012, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, **THOMAS O. MCCLELLAN, Vice President, and ERIC D. BARNES, Assistant Secretary**, of the Companies, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and acknowledged the execution of same, and being by me duly sworn, depose and saith, that he/she is the said officer of the Company aforesaid, and that the seals affixed to the preceding instrument are the Corporate Seals of said Companies, and that the said Corporate Seals and the signature as such officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

Maria D. Adamski

Maria D. Adamski, Notary Public
My Commission Expires: July 8, 2015



FIDELITY AND DEPOSIT COMPANY

OF MARYLAND

600 Red Brook Blvd., Suite 600, Owings Mills, MD 21117

Statement of Financial Condition As Of December 31, 2012

ASSETS

Bonds	\$ 157,177,826
Stocks	23,000,311
Cash and Short Term Investments.....	119,155
Reinsurance Recoverable	17,923,564
Other Accounts Receivable	35,473,256
TOTAL ADMITTED ASSETS	<u>\$ 233,694,113</u>

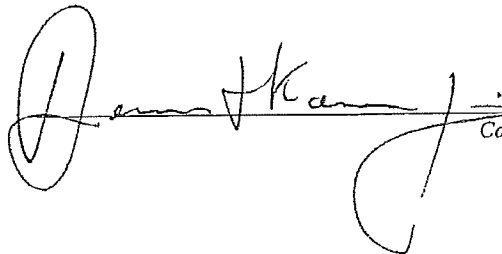
LIABILITIES, SURPLUS AND OTHER FUNDS

Reserve for Taxes and Expenses	\$ 74,782
Ceded Reinsurance Premiums Payable	48,323,524
Securities Lending Collateral Liability	1,716,240
TOTAL LIABILITIES	<u>\$ 50,114,546</u>
Capital Stock, Paid Up	\$ 5,000,000
Surplus	<u>178,579,567</u>
Surplus as regards Policyholders.....	183,579,567
TOTAL	<u>\$ 233,694,113</u>

Securities carried at \$59,468,002 in the above statement are deposited as required by law.

Securities carried on the basis prescribed by the National Association of Insurance Commissioners. On the basis of December 31, 2012 market quotations for all bonds and stocks owned, the Company's total admitted assets would be \$243,518,971 and surplus as regards policyholders \$193,404,425.

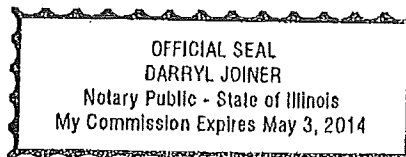
I, DENNIS F. KERRIGAN, Corporate Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing statement is a correct exhibit of the assets and liabilities of the said Company on the 31st day of December, 2012.


Corporate Secretary

State of Illinois }
City of Schaumburg } SS:

Subscribed and sworn to, before me, a Notary Public of the State of Illinois, in the City of Schaumburg, this 15th day of March, 2013.


Notary Public



Sensus Limited Warranty

G-500 R17

I. General Product Coverage

Sensus USA Inc. ("Sensus") warrants its products and parts to be free from defects in material and workmanship for one (1) year from the date of Sensus shipment and as set forth below. All products are sold to customer ("Customer") pursuant to Sensus' Terms of Sale, available at: <http://sensus.com/TC/> ("Terms of Sale").

II. SR II® and accuSTREAM™ 5/8", 3/4" & 1" Meters...

are warranted to perform to AWWA New Meter Accuracy Standards for five (5) years from the date of Sensus shipment or until the registration shown below, whichever occurs first. Sensus further warrants that the SR II meter will perform to at least AWWA Repaired Meter Accuracy Standards for fifteen (15) years from the date of Sensus shipment or until the registration shown below, whichever occurs first:

	New Meter Accuracy	Repair Meter Accuracy
5/8" SR II Meter and accuSTREAM Meter	500,000 gallons	1,500,000 gallons
3/4" SR II Meter and accuSTREAM Meter	750,000 gallons	2,250,000 gallons
1" SR II Meter and accuSTREAM Meter	1,000,000 gallons	3,000,000 gallons

III. SR® 5/8", 3/4" & 1" Meters...

are warranted to perform to AWWA New Meter Accuracy Standards for one (1) year from the date of Sensus shipment. Sensus further warrants that the 5/8", 3/4" and 1" SR meter will perform to at least AWWA Repaired Meter Accuracy Standards for fifteen (15) years from the date of Sensus shipment or until the registration shown below, whichever occurs first:

	Repair Meter Accuracy
5/8" SR Meter	1,500,000 gallons
3/4" SR Meter	2,250,000 gallons
1" SR Meter	3,000,000 gallons

IV. SR 1-1/2" & 2" Meters...

are warranted to perform to AWWA New Meter Accuracy Standards for one (1) year from the date of Sensus shipment. Sensus further warrants that the 1-1/2" and 2" SR meter will perform to at least AWWA Repaired Meter Accuracy Standards for ten (10) years from the date of Sensus shipment or until the registration shown below, whichever occurs first:

	Repair Meter Accuracy
1-1/2" SR Meter	5,000,000 gallons
2" SR Meter	8,000,000 gallons

V. PMM® 5/8", 3/4", 1" Meters...

are warranted to perform to AWWA New Meter Accuracy Standards for one (1) year from the date of Sensus shipment. Sensus further warrants that the 5/8", 3/4", and 1" PMM meter will perform to at least AWWA Repaired Meter Accuracy Standards for fifteen (15) years from the date of Sensus shipment or until the registration shown below, whichever occurs first:

	Repair Meter Accuracy
5/8" PMM	1,500,000 gallons
3/4" PMM	2,000,000 gallons
1" PMM	3,000,000 gallons

VI. PMM 1-1/2", 2" Meters...

are warranted to perform to AWWA New Meter Accuracy Standards for one (1) year from the date of Sensus shipment. Sensus further warrants that the 1-1/2", and 2" PMM meter will perform to at least AWWA Repaired Meter Accuracy Standards for ten (10) years from the date of Sensus shipment or until the registration shown below, whichever occurs first:

	Repair Meter Accuracy
1-1/2" PMM	5,000,000 gallons
2" PMM	8,000,000 gallons

VII. iPERL™ Water Management Systems...

that register water flow are warranted to perform to the accuracy levels set forth in the iPERL Water Management System Data Sheet (IPL-110), available at www.sensus.com.

com/iPerl or by request from 1-800-METER-IT, for twenty (20) years from the date of Sensus shipment. The iPERL System warranty does not include the external housing.

VIII. Maincase...

of the SR, SR II and PMM in both standard and low lead alloy meters are warranted to be free from defects in material and workmanship for twenty-five (25) years from the date of Sensus shipment. Composite and E-coated maincases will be free from defects in material and workmanship for fifteen (15) years from the date of Sensus shipment.

IX. Sensus "W" Series Turbo Meters, OMNI™ Meters and Propeller Meters...

are warranted to perform to AWWA New Meter Accuracy Standards for one (1) year from the date of Sensus shipment.

X. Sensus accuMAG™ Meters...

are warranted to be free from defects in material and workmanship, under normal use and service, for 18 months from the date of Sensus shipment or 12 months from startup, whichever occurs first.

XI. Sensus Registers...

are warranted to be free from defects in material and workmanship from the date of Sensus shipment for the periods stated below or until the applicable registration for AWWA Repaired Meter Accuracy Standards, as set forth above, are surpassed, whichever occurs first:

5/8" thru 2" SR, SR II, PMM, accuSTREAM Standard Registers	25 years
5/8" thru 2" SR, SR II, PMM, accuSTREAM Encoder Registers	10 years
Electronic Communication Index (ECI)	10 years
All HSPU, IMP Contactor, R.E.R. Elec. ROFI	1 year
Standard and Encoder Registers for: "W" Turbo and Propeller Meters	1 year
OMNI Register with Battery	10 years

XII. Sensus Electric Meters...

are warranted to be free from defects in material and workmanship for one (1) year from the date of Sensus shipment. Spare parts and components are warranted to be free from defects in material and workmanship for one (1) year from the date of Sensus shipment.

Repaired or refurbished equipment repaired by Sensus is warranted to be free from defects in material and workmanship for ninety (90) days from the date of Sensus shipment or for the time remaining on the original warranty period, whichever is longer.

XIII. Batteries, iPERL System Components, AMR and FlexNet™ System AMI Interface Devices...

are warranted to be free from defects in material and workmanship from the date of Sensus shipment for the period stated below:

Electronic TouchPads	10 years
RadioRead® MXU (Model 505C, 510R or 520R) and Batteries	20 years*
Act-Pak® Instrumentation	1 year
TouchRead® Coupler and AMR Equipment	1 year
FlexNet Water or Gas SmartPoint™ Modules and Batteries	20 years*
Hand Held Device	1 year
Vehicle Gateway Base Station	1 year
FlexNet Base Station (including the Metro and M400 base stations)	1 year
Echo Transceiver	1 year

XIII. Batteries, iPERL System Components, AMR and FlexNet™ System AMI Interface Devices... (continued)

Remote Transceiver	1 year
iConA and FlexNet Electricity SmartPoint Module	1 year
iPERL System Battery and iPERL System Components	20 years*
Residential Electronic Register	20 years*

(continued)



Sensus Limited Warranty

Sensus will repair or replace non-performing:

- RadioRead® MXU (Model 505C, 510R and 520R) and Batteries,
- FlexNet Water or Gas SmartPoint Modules (configured to the factory setting of six transmissions per day) and batteries,
- Residential Electronic Register with hourly reads
- iPERL System Batteries, and/or the iPERL System flowtube, the flow sensing and data processing assemblies, and the register ("iPERL System Components") with hourly reads

at no cost for the first ten (10) years from the date of Sensus shipment, and for the remaining ten (10) years, at a prorated percentage, applied towards the published list prices in effect for the year product is accepted by Sensus under warranty conditions according to the following schedule:

Years	Replacement Price	Years	Replacement Price
1-10	0%	16	55%
11	30%	17	60%
12	35%	18	65%
13	40%	19	70%
14	45%	20	75%
15	50%	>20	100%

Note: Software supplied and licensed by Sensus is warranted according to the terms of the applicable software license agreement. Sensus warrants that network and monitoring services shall be performed in a professional and workmanlike manner.

XIV. Return...

Sensus' obligation, and Customer's exclusive remedy, under this Sensus Limited Warranty is, at Sensus' option, to either (i) repair or replace the product, provided the Customer (a) returns the product to the location designated by Sensus within the warranty period; and (b) prepays the freight costs both to and from such location; or (ii) deliver replacement components to the Customer, provided the Customer installs, at its cost, such components in or on the product (as instructed by Sensus).

The return of products for warranty claims must follow Sensus' Returned Materials Authorization (RMA) procedures. Water meter returns must include documentation of the Customer's test results. Test results must be obtained according to AWWA standards and must specify the meter serial number. The test results will not be valid if the meter is found to contain foreign materials. If Customer chooses not to test a Sensus water meter prior to returning it to Sensus, Sensus will repair or replace the meter, at Sensus' option, after the meter has been tested by Sensus. The Customer will be charged Sensus' then current testing fee. Sensus SmartPoints modules and MXU's returned must be affixed with a completed return evaluation label. For all returns, Sensus reserves the right to request meter reading records by serial number to validate warranty claims.

For products that have become discontinued or obsolete ("Obsolete Product"), Sensus may, at its discretion, replace such Obsolete Product with a different product model ("New Product"), provided that the New Product has substantially similar features as the Obsolete Product. The New Product shall be warranted as set forth in this Sensus Limited Warranty.

THIS SECTION XIV SETS FORTH CUSTOMER'S SOLE REMEDY FOR THE FAILURE OF THE PRODUCTS, SERVICES OR LICENSED SOFTWARE TO CONFORM TO THEIR RESPECTIVE WARRANTIES.

XV. Warranty Exceptions and No Implied Warranties...

This Sensus Limited Warranty does not include costs for removal or installation of products, or costs for replacement labor or materials, which are the responsibility of the Customer. The warranties in this Sensus Limited Warranty do not apply to goods that have been: installed improperly or in non-recommended installations; installed to a socket that is not functional, or is not in safe operating condition, or is damaged, or

is in need of repair; tampered with; modified or repaired with parts or assemblies not certified in writing by Sensus, including without limitation, communication parts and assemblies; improperly modified or repaired (including as a result of modifications required by Sensus); converted; altered; damaged; read by equipment not approved by Sensus; for water meters, used with substances other than water, used with non-potable water, or used with water that contains dirt, debris, deposits, or other impurities; subjected to misuse, improper storage, improper care, improper maintenance, or improper periodic testing (collectively, "Exceptions."). If Sensus identifies any Exceptions during examination, troubleshooting or performing any type of support on behalf of Customer, then Customer shall pay for and/or reimburse Sensus for all expenses incurred by Sensus in examining, troubleshooting, performing support activities, repairing or replacing any Equipment that satisfies any of the Exceptions defined above. The above warranties do not apply in the event of Force Majeure, as defined in the Terms of Sale.

THE WARRANTIES SET FORTH IN THIS SENSUS LIMITED WARRANTY ARE THE ONLY WARRANTIES GIVEN WITH RESPECT TO THE GOODS, SOFTWARE LICENSES AND SERVICES SOLD OR OTHERWISE PROVIDED BY SENSUS. SENSUS EXPRESSLY DISCLAIMS ANY AND ALL OTHER REPRESENTATIONS AND WARRANTIES, INCLUDING WITHOUT LIMITATION, WARRANTIES AS TO FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, NON-INFRINGEMENT AND TITLE.

SENSUS ASSUMES NO LIABILITY FOR COSTS OR EXPENSES ASSOCIATED WITH LOST REVENUE OR WITH THE REMOVAL OR INSTALLATION OF EQUIPMENT. THE FOREGOING REMEDIES ARE CUSTOMER'S SOLE AND EXCLUSIVE REMEDIES FOR THE FAILURE OF EQUIPMENT, LICENSED SOFTWARE OR SERVICES TO CONFORM TO THEIR RESPECTIVE WARRANTIES.

XVI. Limitation of Liability...

SENSUS' AGGREGATE LIABILITY IN ANY AND ALL CAUSES OF ACTION ARISING UNDER, OUT OF OR IN RELATION TO THIS AGREEMENT, ITS NEGOTIATION, PERFORMANCE, BREACH OR TERMINATION (COLLECTIVELY "CAUSES OF ACTION") SHALL NOT EXCEED THE TOTAL AMOUNT PAID BY CUSTOMER TO SENSUS UNDER THIS AGREEMENT. THIS IS SO WHETHER THE CAUSES OF ACTION ARE IN TORT, INCLUDING, WITHOUT LIMITATION, NEGLIGENCE OR STRICT LIABILITY, IN CONTRACT, UNDER STATUTE OR OTHERWISE.

AS A SEPARATE AND INDEPENDENT LIMITATION ON LIABILITY, SENSUS' LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES. SENSUS SHALL NOT BE LIABLE FOR: (I) ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES; NOR (II) ANY REVENUE OR PROFITS LOST BY CUSTOMER OR ITS AFFILIATES FROM ANY END USER(S), IRRESPECTIVE OF WHETHER SUCH LOST REVENUE OR PROFITS IS CATEGORIZED AS DIRECT DAMAGES OR OTHERWISE; NOR (III) ANY IN/OUT COSTS; NOR (IV) MANUAL METER READ COSTS AND EXPENSES; NOR (V) DAMAGES ARISING FROM MAINCASE OR BOTTOM PLATE BREAKAGE CAUSED BY FREEZING TEMPERATURES, WATER HAMMER CONDITIONS, OR EXCESSIVE WATER PRESSURE. "IN/OUT COSTS" MEANS ANY COSTS AND EXPENSES INCURRED BY CUSTOMER IN TRANSPORTING GOODS BETWEEN ITS WAREHOUSE AND ITS END USER'S PREMISES AND ANY COSTS AND EXPENSES INCURRED BY CUSTOMER IN INSTALLING, UNINSTALLING AND REMOVING GOODS. "END USER" MEANS ANY END USER OF ELECTRICITY/WATER/GAS THAT PAYS CUSTOMER FOR THE CONSUMPTION OF ELECTRICITY/WATER/GAS, AS APPLICABLE.

The limitations on liability set forth in this Agreement are fundamental inducements to Sensus entering into this Agreement. They apply unconditionally and in all respects. They are to be interpreted broadly so as to give Sensus the maximum protection permitted under law.

To the maximum extent permitted by law, no Cause of Action may be instituted by Customer against Sensus more than TWELVE (12) MONTHS after the Cause of Action first arose. In the calculation of any damages in any Cause of Action, no damages incurred more than TWELVE (12) MONTHS prior to the filing of the Cause of Action shall be recoverable.

Technical Brief

Utility Actions Required Before AMR System Start-Up

DESCRIPTION

Sensus provides up to two consecutive days of Engineering start-up training for purchasers of the Sensus AutoRead® System Software and Automated Meter Reading Equipment. For the training sessions to be productive, utility personnel must complete the following activities before the visit is scheduled. When using the Sensus RadioRead® System, an FCC license will be required.

1. Your personal computer (PC), configured per specifications, should be received and set up by your IT personnel or computer supplier, making certain it is running properly.
2. System operators should be given preliminary computer training at a local qualified training facility. The operators should also be familiar with the operation of Windows 2000, XP, XP Professional and Vista.
3. You should have received your CDs for the AutoRead software. Operators should install the software and become familiar with it by using the Help screens. This will enable the Sensus engineers to concentrate on questions or problems which operators have identified or on areas of the program on which the operator is unclear.
4. An adequate work area should be established for the Computer/Billing Operator. The following should be provided:
 - A table or desk on which to place the equipment.
 - Supplies, including printer paper and computer disks. Adequate power outlets.
 - At a minimum, you will need one outlet for the communications/charging stands, one for the computer, one for the printer, and one for the monitor. Also consider the needs of any other office equipment (e.g., desk lamp, typewriter) in the area.
 - An Uninterruptible Power Supply (UPS). This device will prevent data loss due to a power outage. Care should be taken to assure that the UPS has sufficient capacity to operate the PC. *Ask your dealer if you are unsure.*
5. Your meter reading equipment should be received and installed at a location convenient to the PC. The charging process for the Sensus hand-held units should begin as soon as they arrive. (Full charge takes about ten hours. However, the units should be continually charged when not in use.) If you are using Visual Readers, these will also need to be charged. (Full charge takes about ten hours.)
6. Depending on the billing software being used, you will need to build the files for at least one meter reading route and become familiar with the billing software procedure to create this route.

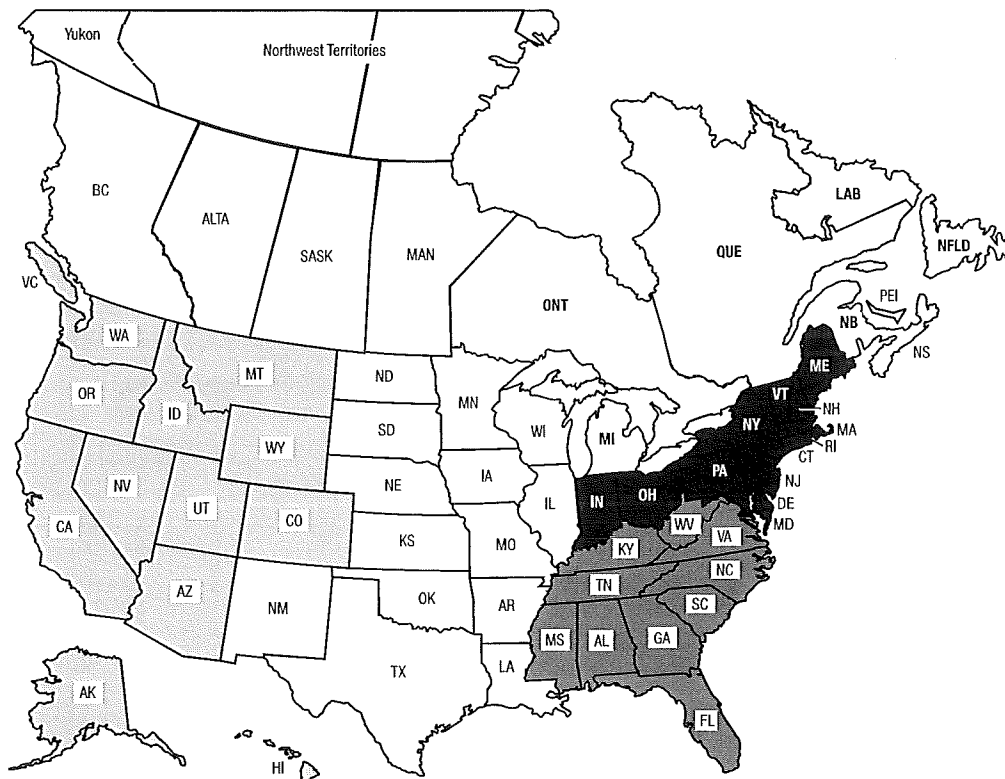
- If you are billing from a mainframe computer, your programmers or consultants will need to:
 - a. Install the PC to mainframe communications board and cables
 - b. Make software changes to the mainframe
 - c. Provide software for the emulator or communications
 - d. Define the data structure for passing data between the mainframe and PC
 - e. Be able to transfer data (ASCII test file) between the Auto-Read software and the billing computer
- From your billing software package, create and send a sample "route" file, along with an explanation of the file's layout to: amr.support@sensus.com.

You may also send a flash drive or CD to:
 Sensus
 Attn: Technical Services
 450 N. Gallatin Ave.
 Uniontown, PA 15401

Note: The sample "route" file must be created at your location to ensure that the file interface is correctly installed. This also enables Sensus Technical Services personnel to verify that the data has been properly entered.

- If your PC needs to communicate to Sensus hand-held products, some additional steps may be necessary to verify communications from the PC to the hand-held. These steps can usually be performed by telephone within several minutes. For additional details, call the toll-free number shown below.
7. Contact the Technical Services Group if you have any questions regarding the preparations for start-up.
 8. Upon receipt of an approved sample route file, you will be placed in the queue for start-up training and will be contacted by a Technical Services representative to schedule a training date.

1. AMR refers to all Sensus Meter Reading Systems; TouchRead® and RadioRead®.



Sensus Metering Systems • 1501 Ardmore Blvd. 6th Floor • Pittsburgh, PA 15221

REGIONAL SALES OFFICES



WESTERN REGION
19598 Quinn Circle NW
Elk River, MN 55330
T (763) 241-6957
F (763) 274-0352



MID-WEST REGION
207 Windmere Drive
Bowling Green, KY 42103
Phone: (270) 796-9040
FAX: (270) 781-1146



NORTHERN REGION
1501 Ardmore Blvd.
6th Floor
Pittsburgh, PA 15221
Phone: (412) 430-4050
FAX: (412) 430-4056



CANADA
10 Wellandvale Drive
Welland Ontario Canada L3C 7C4
T (905) 548-0678
F (905) 548-9911



SOUTHERN REGION
7202 Polston Court
Fairview, TN 37062
T (615) 799-8324
F (615) 799-9486

SIEMENS INDUSTRY, INC.

City of Monticello, AR

Siemens Industry, Infrastructure and Cities Division

Energy and Environmental Solutions

Meeting Minutes

Meeting Date: January 15, 2014

Time: 9:00 AM

Place: Board Room

Subject: Pre-Kickoff Meeting

Attendee List: Monticello – Mayor Allen Maxwell, Andrea Chambers, LW Wood, Charlie Hammock, David Knight, and Zack Tucker
Union Bank – Gail Hooker and Denise Harper
Siemens – Cory Carter and Tony Ardillo
Hooker Engineering – Marcus Hooker

Meeting Minutes

- Invoices will be submitted on a (3) month schedule based on the schedule of values agreement; checks will be mailed to Siemens' Office in Jackson.
- Engineering work will begin no later than 2/1/14.
- Siemens will replace damaged and missing meter boxes and lids.
- United System Technology Inc. (USTI) will have the billing data file ready on 2/12/14.
- Utility Metering Services (UMS) will hire up to (6) local temporary workers for the water meter install.
- City will continue to read meters as normal until all meters have been replaced; Sensus AMR Drive-By System will be implemented once install is fully complete.
- Existing irrigation meters will be replaced during the same time as the residential meters (irrigation meters are on a separate route that is billed once a year).
- UMS will work one cycle behind the last billing cycle; there are a total of (16) routes, including irrigation meters.

- City workers will paint boxes to indicate irrigation/water meter and insert flags near hard-to-locate meters.
- The city requested that (30) 2" meters are saved for fire hydrate metering. Meters will be kept at Siemens' office in side storage room; pallets will be provided by the city.
- City will provide storage containers for all other meters that will be scrapped; container will be kept in Siemens' shipping yard.
- UMS is allowed to work Monday – Saturday; Sunday work will be reserved for commercial accounts.
- Mobile Home Parks will have (1) master meter installed; city will review apartment complexes to determine if only (1) master meter should be installed as well.
- York Town Water Association has a meter on Old Hwy 13 at Monticello Lake that will not be replaced.

Distribution:

Attendees Robert Mott Chad Davis

Please address any corrections or additions to the meeting minutes to Cory Carter within 5 business days. After 5 business days, the meeting minutes will be considered approved as written.

Cory Carter

Project Manager

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