

**MASTER AGREEMENT FOR SERVICES AND PARTS SUPPLY  
BETWEEN THE CITY OF SAN JOSÉ  
AND  
CAMERON INTERNATIONAL CORPORATION  
(AGREEMENT # \_\_\_\_\_)**

This Agreement is entered into as of \_\_\_\_\_, 2012 between the City of San José, a municipal corporation ("City"), and Cameron International Corporation, dba Process & Compression Systems, a Delaware corporation. ("Contractor").

**RECITALS**

1. City desires to obtain parts and services for purposes of City's rebuild of an electrical generator engine at the San Jose/Santa Clara Water Pollution Control Plant ("WPCP"); and
2. Contractor has the necessary resources, knowledge, expertise and skill to provide the parts and services required; and
3. Contractor is the sole successor to the Original Equipment Manufacturer.
4. The purpose of this Agreement is to set forth the terms and conditions that will apply to purchases of parts and services under this Agreement

***NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:***

**1 AGREEMENT DOCUMENTS**

The documents forming the entire Agreement between City and Contractor shall consist of this Master Agreement including:

- Exhibit A - Scope of Services
- Exhibit B - Schedule of Performance
- Exhibit C – Compensation
  - Attachment C-1, Cameron Field Service Rates, Domestic US
- Exhibit D - Insurance Requirements

This Agreement and the Exhibits set forth above, contain all of the agreements, representations and understandings of the parties hereto, and supersede and replace any previous understandings, commitments, or agreements, whether oral or written.

**2 SCOPE OF SERVICES**

Contractor shall perform those services specified in detail in the attached Exhibit A, entitled "Scope of Services".

### **3 TERM OF AGREEMENT**

The term of this Agreement is for THREE YEARS from February 14, 2012 to February 13, 2015, inclusive, subject to the provisions of Section 7 of this Agreement.

### **4 SCHEDULE OF PERFORMANCE**

Contractor's services must be completed according to the schedule set out in the attached Exhibit C, entitled "Schedule of Performance". Contractor acknowledges that the date(s) of delivery specified herein are important and Contractor shall use all reasonable efforts to comply with the delivery requirements of City. Contractor may request revisions to this Schedule and City may agree to such revisions in writing.

### **5 COMPENSATION**

The total compensation to be paid to Contractor, including payment for services, reimbursable expenses, and parts supplied by Contractor, shall not exceed THREE MILLION AND NO/100 DOLLARS (\$3,000,000.00). Of this amount, compensation for services, including labor, technical support and any reimbursable expenses, shall not exceed SEVEN HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$750,000.00). The rate and schedule of payment and other compensation terms are set out in Exhibit C, entitled "Compensation".

### **6 TAXES AND CHARGES**

Contractor shall be responsible for payment of all taxes, fees contributions or charges applicable to the conduct of Contractor's business. Contractor prices do not include sales, use or similar taxes. Such taxes shall be billed separately to City unless City provides Contractor with a valid tax exemption certificate acceptable to taxing authorities.

### **7 TERMINATION**

#### **7.1.1 Termination for Convenience**

City shall have the right to terminate this Agreement, without cause, by giving not less than thirty (30) days' written notice of termination.

#### **7.2.1 Termination for Default**

If Contractor fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided by law, City may terminate this Agreement immediately upon written notice, after giving Contractor a reasonable time period to cure the default.

#### **7.3.1 Termination Authority**

The Director of General Services ("Director") is empowered to terminate this Agreement on behalf of City.

#### **7.4.1 Consequences of Termination**

In the event of termination, Contractor shall deliver to City copies of all reports, documents, and other work performed by Contractor under this Agreement, and upon receipt thereof, City shall pay Contractor for services performed and reimbursable expenses incurred to the

date of termination. In cases of termination for convenience, City shall also pay for costs incurred due to the termination, including reasonable third party cancellation charges under subcontracts as Contractor may incur, and in the case of parts, cancellation fees of up to 30% for stock items and 100% for non-stock or specially fabricated parts. In cases of termination for default, in no event shall Contractor's total liability for expenses related to termination exceed the value of the order giving rise to the claim.

## **8 INDEMNIFICATION**

Contractor agrees to defend, indemnify and hold harmless the City, its officers, agents and employees from any and all claims and liability, including expenses, for injuries or death to persons or damage to or destruction of property caused by or resulting from the negligent acts or omissions of Contractor, its officers, agents, employees, suppliers or subcontractors in the performance of this Agreement, provided that in the event of joint or concurrent negligence or fault of Contractor and City or a third party, Contractor's indemnification obligation hereunder shall be limited to its allocable share of such negligence.

IN NO EVENT SHALL CONTRACTOR BE LIABLE FOR INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES RESULTING FROM OR ARISING OUT OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, LOSS OF PROFIT OR BUSINESS INTERRUPTION HOWSOEVER SAME MAY BE CAUSED.

Except for personal injury, death, and third party claims, Contractor's total responsibility for any claims, damages, losses or liabilities arising out of or related to its performance of this contract or the products covered hereunder shall not exceed the amount of insurance required to be carried by Contractor under this Agreement.

## **9 DAMAGE TO CITY PROPERTY**

Contractor shall be responsible for any damage to City property caused by Contractor's agents, employees, suppliers or subcontractors in the performance of this Agreement, and shall upon notice from City promptly reimburse City for such damage.

## **10 INSURANCE REQUIREMENTS**

Contractor agrees to have and maintain the policies set forth in Exhibit D, entitled "Insurance Requirements," which is attached hereto and incorporated herein. All policies, endorsements, certificates and/or binders shall be subject to approval by City's Risk Manager as to form and content. These requirements are subject to amendment or waiver if so approved in writing by the Risk Manager. Contractor agrees to provide City with a copy of said certificates and/or endorsements before work commences under this Agreement.

## **11 WAIVER**

The parties agree that a waiver of any breach or violation of any provision of this Agreement shall not be deemed to be a waiver of any other provision or a waiver of any subsequent breach or violation of the same or any other provision. City's acceptance of the performance of any of Contractor's services will not be a waiver of any provision of this Agreement.

## **12 INDEPENDENT CONTRACTOR**

Contractor, in the performance of this Agreement, is an independent contractor. Contractor shall maintain complete control over all of Contractor's employees, any subcontracting subcontractors, and Contractor's operations. Neither Contractor nor any person retained by Contractor may represent, act, or purport to act as the agent, representative or employee of City. Neither Contractor nor City is granted any right or authority to assume or create any obligation on behalf of the other.

## **13 COMPLIANCE WITH LAWS**

Contractor shall comply with all applicable laws, ordinances, codes and regulations (collectively, "laws") of the federal, state and local governments, including without limitation, any and all laws specified elsewhere in this Agreement.

## **14 CONFLICT OF INTEREST**

Contractor shall avoid all conflict of interest or the appearance of conflict of interest in performance of this Agreement.

## **15 NONDISCRIMINATION**

Contractor shall fully comply with all Federal and State of California laws pertaining to nondiscrimination and Chapter 4.08 of the San Jose Municipal Code, and shall not discriminate against or grant preferential treatment to any person, on account of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity, disability, ethnicity, national origin, marital status, or family status, in connection with or related to the performance of this Agreement.

## **16 GIFTS**

### **16.1.1 Prohibition on Gifts**

Contractor acknowledges that Chapter 12.08 of the San Jose Municipal Code prohibits City's officers and designated employees from accepting gifts as defined in Chapter 12.08.

### **16.2.1 No Offer**

Contractor agrees not to offer any City officer or designated employee any gift prohibited by Chapter 12.08.

### **16.3.1 Breach of Agreement**

Contractor's offer or giving of any gift prohibited by Chapter 12.08 will constitute a material breach of this Agreement. In addition to any other remedies City may have in law or equity, City may terminate this Agreement for such breach as provided in Section 8 of this Agreement.

## **17 DISQUALIFICATION OF FORMER EMPLOYEES**

Contractor is familiar with Chapter 12.10 of the San Jose Municipal Code (“Revolving Door Ordinance”) relating to the disqualification of City’s former officers and employees in matters which are connected with their former duties or official responsibilities. Contractor shall not utilize either directly or indirectly any officer, employee, or agent of Contractor to perform services under this Agreement, if in the performance of such services, the officer, employee, or agent would be in violation of the Revolving Door Ordinance.

## **18 CONFIDENTIAL INFORMATION**

All data, documents, discussions or other information developed or received by or for Contractor in performance of this Agreement are confidential and must not be disclosed to any person except as authorized by City, or as required by law.

## **19 OWNERSHIP OF MATERIALS**

All reports, documents or other materials prepared by Contractor as a part of the scope of work or any other person engaged directly or indirectly by Contractor to perform Contractor’s services are City’s property without restriction or limitation upon their use. Contractor shall retain its rights in its standard drawing details, specifications, databases, computer software, and other proprietary property. Rights to intellectual property developed, utilized or modified in the performance of the services shall remain the property of the originator.

## **20 CONTRACTOR’S BOOKS AND RECORDS**

### **20.1.1 Maintenance during Term**

Contractor shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other documents evidencing or relating to charges for services, or expenditures and disbursements charged to City for a minimum period of three (3) years, or for any longer period required by law, from the date of final payment to Contractor pursuant to this Agreement.

### **20.2.1 Maintenance after Term**

Contractor shall maintain all documents which demonstrate performance under this Agreement for a minimum period of three (3) years, or for any longer period required by law, from the date of termination or completion of this Agreement.

### **20.3.1 Inspection**

Any documents required to be maintained pursuant to this Agreement must be made available for inspection or audit, at any time during regular business hours, upon ten (10) days written request by the City Attorney, City Auditor, City Manager, or a designated representative of any of these officers. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at Contractor’s address indicated for receipt of notices in this Agreement.

### **20.4.1 Custody of Records**

Where City has reason to believe that any of Contractor’s documents relating to this Agreement may be lost or discarded due to dissolution, disbandment or termination of

Contractor's business, City may, by written request by any of the above-named officers, require that custody of the Contractor's documents be given to City and that these documents be maintained in City Hall. City agrees to grant access to Contractor's documents to any party authorized by Contractor, Contractor's representatives, or Contractor's successor-in-interest.

## **21 ASSIGNABILITY**

The parties agree that the expertise and experience of Contractor are material considerations for this Agreement. Unless specifically authorized by this Agreement, Contractor may not assign the performance of any obligation or interest under this Agreement without the prior written consent of City. Any attempt by Contractor to assign this Agreement, in violation of this Section, will be voidable at City's sole option. City may not assign the performance of any obligation or interest under this Agreement without the prior written consent of Contractor.

## **22 SUBCONTRACTORS**

### **22.1.1 Authorized Subcontractors**

Notwithstanding Section 21 (ASSIGNABILITY) above, Contractor may use designated subcontractors. Approved in advance by City in performing Contractor's services. Contractor must obtain City's prior written consent in order to change or add subcontractors. Contractor shall be responsible for directing the work of the approved subcontractors and for any compensation due to subcontractors. City assumes no responsibility whatsoever concerning such compensation.

### **22.2.1 Compliance with Agreement**

Contractor shall ensure that Contractor's subcontractors comply with this Agreement. At City's request, Contractor shall require any or all of Contractor's subcontractors to sign an agreement with Contractor requiring compliance with this Agreement.

## **23 ENVIRONMENTALLY PREFERABLE PROCUREMENT POLICY**

Contractor agrees that, in the performance of this Agreement, Contractor shall perform its obligations under the Agreement in conformance with City Council Policy 4-6, Environmentally Preferable Procurement Policy. A description for environmentally preferable procurement and the Policy can be found on the City's website at the following link:  
<http://www.sanjoseca.gov/esd/natural-energy-resources/epp.htm>.

Environmental procurement policies and activities related to the completion of work will include wherever practicable, but are not limited to:

- 23.1 Use of recycled and/or recyclable products in daily operations. (i.e. 30, 50, 100% PCW paper, chlorine process free; triclosan free hand cleaner, etc.)
- 23.2 Use of Energy Star Compliant equipment.
- 23.3 Vehicles and vehicle operations (i.e. Alternative Fuel, Hybrid, etc.)

23.4 Internal waste reduction and reuse protocol(s).

23.5 Water and resource conservation activities within facilities, including bans on individual serving bottled water and the use of compostable food service products, etc.

## 24 WARRANTIES

Contractor warrants that all goods and services shall be delivered or performed free of all liens, claims, security interest or encumbrances, will conform to applicable and agreed upon specifications, drawings, descriptions and samples, and will be of good workmanship and material, and free from defect. Unless manufactured or performed pursuant to detailed design furnished by City, Contractor assumes design responsibility, and warrants that all goods and services shall be delivered or performed free of design defect, and that neither purchase, use or resale, nor delivery or performance thereof shall violate any patent, copyright or similar rights. Contractor's warranties shall run to City. City's inspections, approval, acceptance, use of or payment for all or any part of the goods or services shall in no way affect its warranty rights whether or not a breach of warranty had become or should have become evident at the time. The warranty period for new units and spare parts is twelve (12) months from the date of initial operation not to exceed eighteen (18) months from shipment. The warranty period for repairs and upgrades is six (6) months from date of shipment. Contractor warrants that the field services supplied hereunder will be performed in a competent diligent manner and in accordance with generally accepted standards for such services. All claims for defective field services must be made in writing immediately upon discovery and in any event within ninety (90) days from the date of completion of said services. If within that period Contractor receives from City written notice of any alleged defect in or non-conformance of the product or service, and if the product or service does not conform or is found to be defective in material and workmanship, Contractor will at its option and expense either: (a) furnish a Service Representative to correct defective workmanship, or (b) replace the component, or (c) if the product cannot be made to conform to the warranty by repair or replacement, return the full purchase price for the product or service without interest. Contractor's sole responsibility and City's remedy hereunder is limited to such repair, replacement or refund. Equipment and accessories furnished by third parties which are not incorporated in the equipment manufactured by Contractor are warranted only to the extent of the original manufacturer's warranty to Contractor. THERE ARE NO OTHER WARRANTIES, EXPRESS, STATUTORY OR IMPLIED, INCLUDING THOSE OF MERCHANTABILITY AND OF FITNESS FOR PURPOSE NOR ANY AFFIRMATION OF FACTS OR REPRESENTATION WHICH EXTENDS BEYOND THE DESCRIPTION OF THE PRODUCTS ON THE FACE HEREOF. Contractor shall have no responsibility to repair or replace defective equipment or component parts resulting from the use of repair or replacement parts not of Contractor's manufacture or approved by Contractor or from City's failure to store, install, maintain, and operate the equipment according to Contractor's written instructions and drawings and good engineering practice. Deterioration and wear occasioned by chemical and abrasive action or excessive heat shall not constitute defects. Transportation of products to and from Contractor's service facility shall be borne to City when a repair is not covered by warranty. Warranty work provided under this contract does not assure uninterrupted operation of the products.

## 25 GOVERNING LAW

This Agreement must be construed – and its performance enforced—under California law.

## 26 VENUE

26.1.1 In the event that suit is brought by either party to this Agreement, the parties agree that venue must be exclusively vested in the state courts of the County of Santa Clara, or where otherwise appropriate, exclusively in the United States District Court, Northern District of California, San Jose, California.

26.2.1 Contractor further agrees that in the event a lawsuit involving this Agreement is filed by City, Contractor will unconditionally accept the jurisdiction of a federal or state court located in Santa Clara County, California.

## 27 NOTICES

27.1.1 All notices and other communications required or permitted to be given under this Agreement must be in writing and must be personally served, or mailed, postage prepaid via U. S. mail, or sent via courier service, addressed to the respective parties as follows:

To City: Director of Finance  
City of San Jose  
200 East Santa Clara Street, 14<sup>th</sup> Floor  
San Jose, CA 95113

To Contractor: Contracts Manager  
Cameron Compression Systems  
16250 Port Northwest Dr.  
Houston, TX 77041

27.2.1 Notice will be effective on the date personally delivered or if sent by courier service, on the date of receipt. If mailed, notice will be effective three (3) days after deposit in the mail.

27.3.1 The parties may change their respective addresses in accordance with the provisions of this Section.

## 28 MISCELLANEOUS

### 28.1.1 Survival of Provisions

If any part of this Agreement is for any reason found to be unenforceable, all other parts nevertheless remain enforceable.

### 28.2.1 Entire Agreement and Amendments

This Agreement represents the entire understanding of the parties as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may only be modified by a written amendment duly executed by the parties to this Agreement.

28.3.1 Successors and Assigns

Subject to the provisions of Section 21 (ASSIGNABILITY), this Agreement binds and inures to the benefit of the parties and their respective successors and assigns.

28.4.1 Headings

The headings of the sections and exhibits of this Agreement are inserted for convenience only. They do not constitute part of this Agreement and are not to be used in its construction.

28.5.1 Authority of City Manager

Where this Agreement requires or permits City to act and no officer of the City is specified, City's Manager or the designated representative of City's Manager has the authority to act on City's behalf.

28.6.1 Counterparts

This Agreement may be executed in any number of counterparts, each of which counterparts shall be an original, but all of which together shall constitute one and the same instrument.

APPROVED AS TO FORM:

**City of San José**, a municipal corporation

\_\_\_\_\_  
Brian Doyle  
Senior Deputy City Attorney

By \_\_\_\_\_  
Name: Scott P. Johnson  
Title: Director of Finance  
Date: \_\_\_\_\_

**Cameron International Corporation, dba  
Compression Systems**, a Delaware corporation

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT A**  
**Scope of Services**

**1 GENERAL**

1.1 Contractor shall supply the equipment, parts, services, repairs, upgrades, labor and/or technical support (referred to collectively as “Services” in this Exhibit A) on an as-needed basis for purposes of City’s rebuild of electrical generator engines located at the San Jose/Santa Clara Water Pollution Control Plant (“WPCP” and/or “Plant”). All work will be performed in accordance with the Contractor’s Original Equipment Manufacturer’s (OEM) specifications and requirements contained in Contractor’s engineering documentation for the following Engines:

- 1.1.1 Enterprise HVA-16, EG-2 & EG-3
- 1.1.2 Cooper Bessemer LSVB-12-GDC EG-1
- 1.1.3 Cooper Bessemer LS-6-SGC
- 1.1.4 Cooper Bessemer LS-8-SGC
- 1.1.5 Enterprise DGSG-8-CB
- 1.1.6 Enterprise DGSR-8-CB

**1.2 SERVICES**

The performance of all Services by Contractor shall be to the satisfaction of City, and be of the professional standard and quality which prevail among providers of similar knowledge and skill engaged in related work in the state of Wyoming under the same or similar circumstances.

**1.3 PURCHASE ORDERS**

- 1.3.1 All requests for Services shall be issued by City in the form of a Purchase Order, each of which will become a part of this Agreement. Each Purchase Order shall detail the Services to be provided, the time limit for performance (if applicable), any documents or reports required, and the maximum compensation for the task assigned. Contractor shall provide those Services as specifically set forth in the Purchase or Service Orders issued by City under this Master Agreement.
- 1.3.2 In the event of a conflict in the provisions of this Agreement and those of a Purchase Order, the conflict shall be resolved in favor of the Agreement, unless otherwise expressly stated.

**2 ENGINE REBUILD ASSEMBLIES**

2.1 City (Plant) will dis-assemble engine, pack and ship the following assemblies to the designated vendor inspection/repair site:

- 2.1.1 16/Ea, 1A-7495, Cylinder Heads

- 2.1.2 1/Ea, 1A-7800, Camshaft Assembly: City will provide blank camshaft P/N 08-350-03-OL. Contractor will install, test and inspect the following items to complete the assembly:
- 2.1.3 16/Ea, 08-350-12-AA, Intake Cam Lobe
- 2.1.4 16/Ea, 08-350-12-AB, Exhaust Cam Lobe
- 2.1.5 2/Ea, 08-350-01-OV, Collar
- 2.1.6 16/Ea, 1A-6892, Piston Assembly
- 2.1.7 8/Ea, 08-340-09-AM, Master Rod and Box
- 2.1.8 2/Ea, ET18LFIV, Turbocharger

2.2 City will ship all assemblies to Contractor by Common Carrier, FOB Destination.

### 2.3 REPAIR DEPOT

Plant will prepare and ship assemblies for inspection and repair to:

Cameron  
1950 North Loop Ave.  
Casper, WY 82602  
Attn: Bob Kelly, Supervisor  
Tel: 307-265-7653

2.4 Contractor will receive the items identified in Section 2.1 and inspect for shipping damage as may be required.

2.5 Contractor will inspect items identified in Section 2.1 in accordance with the OEM requirements and procedures for the purpose of determining the level of refurbishing that is required for each assembly.

2.6 Contractor will prepare an inspection report that defines the refurbishing required, including confirmation of cost for the required work and the delivery lead-time.

2.7 Contractor will provide the prepared inspection report to the City for review and approval.

2.8 City Project Manager will provide written authority to proceed with the required work and a City Purchase Order will be issued delineating the required work and delivery lead time.

## 3 NEW PRODUCTS

City will provide a Purchase Order for the following new assemblies:

- 3.1 68/Ea, Z1A-4186, Tappet
- 3.2 14/Ea, Z08-341-04-AA, Crown Piston
- 3.3 6/Ea, Z1A-6892, Piston Assembly
- 3.4 6/Ea, Z1A7507, Pin Piston
- 3.5 6/Ea, ZJC-015-006, Ring Set - Piston, 14" Diameter

#### 4 ADDITIONAL PRODUCTS

From time-to-time during the term of the agreement, the City may require additional new and/or rebuilt parts and/or assemblies for the engine types identified in Section 1.1. Contractor and City will use the same process identified herein for the procurement of new or rebuilt parts and/or assemblies.

#### 5 PRODUCT RETURN SHIPPING AND DELIVERY

5.1 Contractor will inspect all completed work for both the refurbished and new products in accordance with Contractor's standard Quality Assurance policies and procedures, and provide a copy of the final inspection report to the City in advance of shipment.

5.1.1 City will not have an employee or third party representative witness the final inspection at Contractor's facility.

5.2 Contractor will properly package and ship all assemblies for transit by commercial carrier.

5.3 All products will be shipped FOB Destination to the following address:

City of San Jose  
WPCP Warehouse  
4235 Zanker Rd.  
San Jose, CA 95134

5.4 Partial shipment of each assembly is authorized for both refurbished and new products.

#### 6 RECEIPT BY CITY

6.1 Upon receipt by the City, City will inspect the shipping crates for damage, and report any damage identified to Contractor.

6.2 City will open and inspect all package contents, and report any damage or other identifiable abnormality to Contractor in writing.

6.3 Contractor will resolve any issue arising from shipping, or other identifiable abnormality.

6.4 Upon acceptance by the City, final invoice(s) will be processed for payment. City will provide written acceptance of all parts that are shown to be in order. Contractor will invoice City for service performed/products delivered in accordance with the specifications of the Agreement.

**EXHIBIT B**  
**Schedule of Performance**

The following two tables are for parts and services to be done immediately and primarily for the EG-2 unit and also the EG-3 unit.

<b>Rebuild Assemblies</b>	<b>Timeframe of work to be completed</b>
2.1.6 16/Ea, 1A-6892, Piston Assembly (1.1.1 engine)	June 2012
2.1.7 8/Ea, 08-340-09-AM, Master Rod and Box	June 2012
2.1.1 16/Ea, 1A-7495, Cylinder Heads	July 2012
2.1.2 1/Ea, 1A-7800, Camshaft Assembly: City will provide blank camshaft P/N 08-350-03-OL. Contractor will install, test and inspect the following items to complete the assembly: 2.1.4 08-350-12-AB, Exhaust Cam Lobe 2.1.5 08-350-01-OV, Collar 2.1.3 08-350-12-AA, Intake Cam Lobe	August 2012
2.1.8 2/Ea, ET18LFIV, Turbocharger (1.1.4 engine)	August 2012

<b>New Assemblies</b>	<b>Timeframe of work to be completed</b>
3.2 14/Ea, Z08-341-04-AA, Crown, Piston	June 2012
3.1 68/Ea, Z1A-4186, Tappet	August 2012
3.3 6/Ea, Z1A-6892, Piston Assembly	Sept 2012
3.4 6/Ea, Z1A7507, Pin, Piston	Sept 2012
3.5 6/Ea, ZJC-015-006, Ring Set, Piston, 14" Diameter	Sept 2012

**EXHIBIT C**  
**Compensation**

1 **MAXIMUM COMPENSATION FOR MASTER AGREEMENT:**

The maximum amount of compensation that City will pay to Contractor under this Agreement, including payment for parts, services, repairs, upgrades, labor, technical support, delivery and taxes , shall not exceed THREE MILLION AND NO/100 DOLLARS (\$3,000,000.00).

1.1 **MAXIMUM COMPENSATION FOR PURCHASE ORDER:**

Each Purchase Order shall specify the maximum amount of compensation for performance of the Purchase Order. The compensation paid to Contractor for each Purchase Order shall not exceed the amount set forth as the Maximum Compensation in the Purchase Order issued under this Agreement, including all applicable taxes and fees.

2 **RATES:**

Payments for products and services described in each Purchase Order shall not exceed the Unit Prices in the following table(s). Prices shown do not include Sales Tax or Environmental Fees that may apply.

2.1 **KNOWN REBUILD ASSEMBLIES:**

Item	Part Number and Description	Qty	Unit Price	Extended Price	Note
1	1A-7495, Cylinder Head	16	\$23,650.00	\$378,400.00	i
2	1A-7800, Camshaft Assembly	1	\$43,938.00	\$43,938.00	ii
3	1A-6892, Piston Assembly	16	\$10,809.38	\$172,950.08	iii
4	08-340-09-AM, Master Rod and Box	8	\$13,131.00	\$105,048.00	iv
5	Cooper Bessemer ET18LFIV, Turbocharger	2	\$ 7,040.00	\$14,080.00	v

2.2 **NOTES:**

2.2.1 Unit and Extended Price is the price for rebuild of Cylinder Heads at Level 2. Each Cylinder Head will be inspected upon receipt, an inspection report will be provided to City, and City will approve repair level. If a Level 1 repair is indicated, the unit price is reduced by \$11,560.00 per unit.

2.2.2 City to provide Cam Shaft P/N: 08-350-03-OL for assembly rebuild. Contractor to provide sub-assembly items per Scope of Work, sub-section 2.1.2 to complete the assembly rebuild.

2.2.3 Unit Price is the price for Inspection and cleaning, including checking for cracks and a new piston crown. If a new piston crown is not required, the price will be reduced by \$9,859.38.

2.2.4 Unit Price includes inspection, clip and boring (if required). If clip and boring are not required, unit price is reduced by \$10,744.00.

2.2.5 Unit Price includes all labor and Parts.

### 2.3 KNOWN NEW ASSEMBLIES:

Item	Part Number and Description	Qty	Unit Price	Extended Price	Note
1	Z1A-4186, Tappet	68	\$4,253.99	\$289,271.32	
2	Z08-341-04-AA, Crown, Piston	14	\$9,061.38	\$126,859.32	i
3	Z1A-6892, Piston Assembly	6	\$13,254.55	\$79,527.30	ii
4	Z1A7507, Pin, Piston	6	\$3,823.40	\$22,940.40	
5	ZJC-015-006, Ring Set, Piston, 14" Diameter	6	\$2,843.75	\$17,062.50	

### 2.4 NOTES:

2.4.1 If a new crown is required for rebuilding the Piston Assembly, Item 3 in Section 2.3 above, this unit price will apply.

2.4.2 If a Piston Assembly, Item 3 in Section 2.3 above, is not repairable, an additional new assembly will be required at this unit price.

### 2.5 ADDITIONAL PRODUCTS /SERVICES

2.5.1 From time-to-time, the Plant may require additional products services to complete work being performed by the Plant. Contractor will provide a quotation for the refurbishment of the part or assembly with the inspection report provided in accordance with Exhibit A, Section 2.5.

2.5.2 From time-to-time, the Plant may require additional services to complete work being performed by the Plant, or to accomplish unanticipated additional work that may be required in the repair of engine assemblies or sub-assemblies. The rates contained in Exhibit C, Attachment C-1 will apply to additional work performed by the Contractor.

### 3 INVOICES

On a monthly basis Contractor shall invoice City for all services completed and parts delivered during the immediately preceding month. The monthly invoice shall set forth for the relevant invoice period, as applicable, a detailed description of the parts delivered, the work completed, the number of hours worked and applicable hourly rates, and reimbursable expenses incurred. The invoice shall also show the total to be paid for the invoice period, the aggregate amounts of payments received to date under the Purchase Order and the balance of maximum compensation for remaining work on the Purchase Order.

#### 3.1 TAXES

For Purchase Orders, Contractor shall separately state on all invoices any taxes imposed by federal or state government applicable to furnishing of the articles; provided where a tax exemption is available. City will notify Contractor if an exemption applies. Such tax exemption shall be subtracted from the total price and identified. Municipalities are exempt from federal excise tax and transportation taxes, except for the excise tax on gasoline. Except for the excise tax on gasoline, total prices quoted are to exclude federal taxes. Applicable exemption certificates will be furnished upon request. Unless otherwise indicated, prices quoted will be considered to exclude state and city sales or use tax, which is payable by City.

#### 3.2 PAYMENT AND DELIVERY TERMS

3.2.1 Payment terms are net 30 days from the date of invoice. No payment shall represent a waiver of City's right to inspect for defects. For orders over \$100,000.00, progress payments may be required. Contractor may withhold goods or services if payment is more than 15 (fifteen) days overdue until such payment has been made current without canceling this Agreement. Contractor reserves the right to change payment terms at any time at its sole discretion; however if such change shall only apply to future orders and shall not effect orders in progress at the time of the change.

3.2.2 All goods shall be delivered “free on board destination” to the location specified herein, full freight prepaid except for special or expedited orders. Deliveries of goods shall be made without charge for boxing, crating, carting or storage unless otherwise specified, and goods shall be suitably packed, and in accordance with the requirements of common carriers, and in such a manner as to assure against damage from weather or transportation. City’s order numbers and symbols must be plainly marked on all invoices, packages, bills of lading and shipping orders. Packing lists shall accompany each box or package shipment. City’s count or weight shall be final and conclusive on shipments not accompanied by packing lists. Shipments for two or more destinations when so directed by City shall be shipped in separate boxes or containers for each destination at no extra charge.

3.2.3 Title to and risk of loss on all goods shall pass to City only upon delivery by Vendor in the manner specified herein and in accordance with the requirements and obligations of this Agreement.

3.2.3.1 City will prepare and ship assemblies to Contractor’s designated location FOB Destination, pre-paid.

3.2.3.2 Contractor will prepare and ship assemblies to City designated location FOB Destination.

**ATTACHMENT C-1  
Cameron Field Service Rates, Domestic US**

**STANDARD FIELD SERVICE RATES- DOMESTIC US  
Effective 01/01/2012 Expires 12/31/2012**

Field Engineer (FE).....	\$164.00 per hour
Performance Analyst (PA) .....	\$154.00 per hour
Control Service Representative (CSR) .....	\$149.00 per hour
Senior Field Service Specialist (SFS) .....	\$124.00 per hour
Mechanical Service Representative (MSR) .....	\$107.00 per hour
Field Machinist (FM) .....	\$107.00 per hour
Crew Chief (CCF) .....	\$86.50 per hour
Mechanic (M) .....	\$69.00 per hour
Electronic Analysis Team (AT).....	Upon Request

**MINIMUM CHARGES**

One-half day (4 hours) is the minimum charge. Travel time is considered work time in calculating the minimum charge.

**TRAVEL, OVERTIME and VEHICLE CHARGES**

**Travel:**.....  
Travel time..... 1.0 X Hourly Rate

**Overtime:**  
In excess of 8 hours per day Monday through Saturday ..... 1.5 X Hourly Rate  
Sundays & Local Holidays..... 2.0 X Hourly Rate

**Charges to, from and at job:**  
Cameron vehicle ..... \$ 1.35 per Mile  
Cameron Crane/Air Compressor Rig Vehicle ..... \$ 1.50 per Mile  
Rented vehicle ..... Actual Cost plus 10%

**On Site Vehicle Charge:**  
Cameron Crane/Air Compressor Rig Vehicle ..... \$ 35.00 per Work Day Hour

**TRAVEL AND LIVING EXPENSES CHARGES**

- All Hotel, meal, telephone and laundry expenses will be charged at actual cost plus 10% handling fee
- Per Diem Rates can be quoted and utilized upon request.

**SPECIAL DUTY ASSIGNMENTS**

All rates will be increased by 25% for offshore duty assignments (any location not accessible by ground transportation).

**SPECIAL NOTES**

- A. Tool rental (for gang box deployment) fees may be charged for contract overhaul assignments, not to exceed 5% of the invoice (labor portion only).
- B. Hytorc and RAD hydraulic torque wrench - specialty tooling – Quoted upon requirement
- C. 4% of the invoice (labor portion only) will be charged for an environmental & safety compliance fee.
- D. Standard rates and living expense charges will apply for standby duty.
- E. Any special apparel or equipment required by the customer will be charged to the customer on a cost plus 25% basis.
- F. Service personnel on extended away assignments will be entitled periodic home leave as established on a case by case basis. The customer will be responsible for associated transportation charges en route from and to the job site.
- G. All rates are subject to change without notice unless quoted in writing as valid for a specified period of time (not to exceed 90 days).
- H. All rates are in U.S. dollars unless otherwise stated.
- I. All personnel, tools, and materials to be supplied FOB Cameron Location
- J. The terms and conditions of sale specified on Form CAM T&C- US Rev. 0806 shall apply, unless otherwise govern by signed agreement
- K. Availability of personnel, tools, and materials are subject to prior sales and/or commitments.
- L. Unless arranged for prior to the start of work, the customer will be required to supply the following:
  - Hoist, Crane Service, or other lifting equipment as required for performing the work.
  - Loading & Unloading of parts and equipment at site.
  - Transportation of parts and equipment to and from site.
  - Providing for the ability of parts and equipment to be loaded and unloaded should Cameron provide transportation / freight.
  - Assistance in locating specialized tools, fittings, and service at the job site.
  - Tools which are normally supplied with the engine/compressor such as lifting brackets, special wrenches, compressor ring funnels or bands, etc., or any special tools required by the unit manufacturer.
  - An accepted means of draining fluids necessary to perform the work.
  - Necessary cleaning solvents.
  - Any asbestos abatement and waste removal.
  - Necessary electrical and/or pneumatic supplies.
  - Primary Lockout/Tag out of Equipment.

**EXHIBIT D**  
**INSURANCE REQUIREMENTS**

**For a Master Service Agreement with Cameron Compression Inc.**

Contractor shall procure and maintain for the duration of the contract (or for such longer periods as may be specified below) insurance against claims for injuries to persons or damages to property which Contractor may be liable under his obligations contained in the Agreement, his agents, representatives, employees or subcontractors. The cost of such insurance shall be included in the Contractor's bid.

**D-1 Minimum Scope of Insurance**

Coverage shall be at least as broad as:

1. The coverage provided by Insurance Services Office Commercial General Liability coverage "occurrence" form CG 0001; and
2. Workers' Compensation insurance as required by the Labor Code of the State of California or the State where the Contractor is located, and Employers Liability insurance.

There shall be no endorsements reducing the scope of coverage required above unless approved by the City's Risk Manager.

**D-2 Minimum Limits of Insurance**

Contractor shall maintain limits no less than:

1. Commercial General Liability: \$4,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Workers' Compensation and Employers Liability: Workers' Compensation limits as required by the Labor Code of the State of California, or the State where the Contractor is located, and Employers Liability limits of \$1,000,000 per accident.

**D-3 Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to, and approved by, the City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officials, employees, agents and contractors; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses in an amount specified by the City.

#### **D-4 Other Insurance Provisions**

The policies are to contain, or be endorsed to contain, the following provisions:

##### **1. General Liability Coverage**

a. The City, its officials, employees, agents and contractors are to be covered as additional insureds as respects: liability arising out of activities performed by, or on behalf of, the Contractor; products and completed operations of the Contractor; premises owned, leased or used by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officials, employees, agents and contractors.

b. The Contractor's insurance coverage shall be primary insurance as respects the City, its officials, employees, agents and contractors. Any insurance or self-insurance maintained by the City, its officials, employees, agents or contractors shall be excess of the contractor's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its officials, employees, agents, or contractors.

d. Coverage shall state that the Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

e. Coverage shall contain a waiver of subrogation in favor of the City, its officials, employees, agents and contractors.

##### **2. Workers' Compensation and Employers Liability**

Coverage shall be endorsed to state carrier waives its rights of subrogation against the City, its officials, agents and contractors.

##### **3. All coverages**

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to the City, except that ten (10) days' prior written notice shall apply in the event of cancellation for non-payment of premium.

#### **D-5 Acceptability of Insurance**

Insurance is to be placed with insurers acceptable to the City's Risk Manager.

**D-6 Verification of Coverage**

Contractor shall furnish the City with certificates of insurance and with original endorsements affecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

Copies of all the required ENDORSEMENTS shall be attached to the CERTIFICATE OF INSURANCE which shall be provided by the Contractor's insurance company as evidence of the stipulated coverages.

Proof of insurance shall be either emailed in pdf format to: [Riskmgmt@sanjoseca.gov](mailto:Riskmgmt@sanjoseca.gov), or mailed to the following postal address (or any subsequent email or postal address as may be directed in writing by the Risk Manager):

City of San Jose – Finance Department  
Risk & Insurance Management  
200 East Santa Clara St., 13th Floor  
San Jose, CA 95113-1905

**D-7 Subcontractors**

Contractors shall include all subcontractors as insureds under its policies or shall obtain separate certificates and endorsements for each subcontractor.

D-8 Notwithstanding the foregoing, any requirements for additional insured, waiver of rights of subrogation or recognition of Contractor's insurance as primary shall apply only to the extent of the legally-binding indemnities agreed to by Contractor in the Agreement.