

Lucier Chemical Industries, Ltd.
P.O. Box 49000
Jacksonville Beach FL 32240-9000
Contact: Betty Kendall-Jones
Phone: 800-578-7891 Ext. 124 Fax: 904-249-6489
E-mail: bkj@lciltd.com

SUPPLY OF HYDROFLUOROSILICIC ACID

I. Specifications/Scope of Work

A. Product Composition

Hydrofluorosilicic Acid, concentration to be 24% +/- 1% to be delivered in liquid form, complying with AWWA Spec. B703-89. Hydrofluorosilicic Acid to be ANSI/NSF certified product.

Expected average and maximum phosphorus content of delivered product:

Average: 0.05 % as P205

Maximum: 0.20 % as P205

B. Ordering of Product

Orders will be placed by SPU on an “as needed” basis. The Contractor must be able to provide a continuing supply, as required by SPU.

C. Delivery of Product

Delivery is required within five(5) business days after receipt of order. All deliveries will be made by tank truck that is dedicated to Hydrofluorosilicic Acid to the Landsburg Treatment Facility. Sufficient storage capacity exists at this location to reduce demurrage to a minimum.

Tank capacity in minimum tank truck releases is as follows:

| | |
|------------------------------|----------------|
| Landsburg Treatment Facility | 24,000 gallons |
|------------------------------|----------------|

All deliveries shall be scheduled in advance by the Facilities Manager or Facilities Manger Designee. Each shipment of the chemical shall be accompanied by a certificate stating compliance with the specification and the exact percentage strength of the chemical, the name of the manufacturer, and include a statement that it is guaranteed by that manufacturer to meet the American Water Works Association standard for Hydrofluorosilicic Acid.

D. Security

Contractor shall submit names and photos of drivers proposed by the contractor for transport of Hydrofluorosilicic Acid to Lansburg treatment facility as well as Hazmat Endorsement. Contractor must notify SPU by telephone or fax the name of the driver delivering, and the truck number. Driver must be listed on the Contractors roster previously given to SPU. Names and photos of new drivers must be given to SPU 5 days prior to any delivery. Tanker must contain an identifying tamper proof seal, to be removed only in the presence of the on duty Operator at the time of delivery. Number on the seal should match the number on the chain of custody.

E. Site Visits

The Contractor shall visit the Landsburg treatment facility prior to the first hydrofluorosilicic acid delivery. Transporters must be familiar with directions and routes to this SPU facility.

To schedule such a visit, the Contractor will contact Candace DeVries at 425-413-4161.

Prior to the use of the Contract and at any time thereafter, the City (SPU) reserves the right to visit the Contractor's chemical manufacturing site. The site visit may include a walk through and a discussion of various aspects of the Scope of Work or any other contract administration issues of concern to SPU.

The Contractor shall ensure that SPU has the name of an emergency contact person and a 24 hour contact person.

F. Transportation Plan

The Contractor must have an acceptable transportation plan in place before delivery of hydrofluorosilicic acid to the Landburg treatment facility. The plan must include emergency response procedures, the names of manufacturers, distributors, and transporters proposed by the Contractor in the implementation of the Contract. Any changes made to the plan prior to the award of the contract or anytime thereafter must be reviewed and concurred in by SPU before implementation of proposed changes.

G. Transporters

Transporters of hydrofluorosilicic acid to the Landsburg treatment facility shall meet all the applicable federal, state, and local laws, regulations, including the requirements listed in Paragraph F, below, Driver's Training Section. The Contractor shall use only those transporters identified during the bid process or prior to contract award unless concurred in by the City. Change of transporter (s) shall require 30 days written notice to SPU, to include a revised transporter's list. Written notice shall include the company name, address, owner, operator, contact person, phone number, description of capabilities, drivers' qualification. SPU reserves the right to reject any subcontractor proposed after the Contract is executed. Any additional costs caused by the work of subcontractors in violation of this section or by delays due to failure to comply with this section shall be borne the Contractor.

If there is a change in transporters, the transporter must meet all the requirements of the Scope of Work and the Contractor must make arrangements with SPU for the new transporter to the Landburg treatment facility prior to the first hydrofluorosilicic acid delivery.

H. Driver Training

All drivers used by the Contractor in the transporting and delivery of hydrofluorosilicic acid to the Landburg treatment facility shall have and maintain a current hazardous materials endorsement on their Commercial Driver's License. Hazardous Material drivers shall be trained in accident prevention, defensive driving, proper loading and unloading procedures, use of personal protective mint, and emergency response to spills or accidents, as required by applicable environmental or safety laws. Evidence of training may include refresher courses. Drivers used by the Contractor shall have a working knowledge of Hazardous Communication regulations, Department of Transportation Hazmat HM-126F Training and all other applicable federal, state and local health and safety regulations to ensure that he/she knows what to do should a chemical or equipment emergency occur on-site or while traveling to the facility. Drivers used by the Contractor shall have documented evidence of two (2) years of experience in hauling and handling hydrofluorosilicic acid and/or similar hazardous materials.

I. Safety and Personal Protective Equipment

The Contractor shall ensure that all parties involved with the delivery of hydrofluorosilicic acid to the Landburg treatment facility observe applicable safety practices. This includes wearing the appropriate personal protective equipment during trans-loading and of flooding operations such as, but not limited to, hard hat, safety-toed shoes and gloves, etc.

Delivery trucks shall be equipped with emergency communications equipment such as a cellular telephone to report any in-route emergency. Copies of the Contractor's Emergency Response procedures and Contractor's Transportation Plan shall be available for review with each delivery upon request by SPU.

J. Successful Bidder's Safety Requirements

Contractor must ensure that their drivers and others involved in the delivery of hydrofluorosilicic acid to the Landburg treatment facility are trained in job safety; hazards peculiar to the handling and delivery of hydrofluorosilicic acid and; applicable provisions in the SPU emergency response plans. Upon request by SPU, the Contractor must present safety performance information that ensures the following:

- Employees and truck drivers are trained in safe work practices;
- Employees have been instructed in potential fire or toxic release hazards related to the job;
- Contractor shall provide, upon request, certificates or other indications of staff safety training and the manner in which such training is applied by staff.
- Employees follow SPU safety rules and work

K. Use of Subcontractors

Only those Subcontractors specified by the Contractor in the PROPOSED TRANSPORTERS attachment shall be used in this Contract. The Contractor shall not employ the services of any subcontractor in performance of the Contract without (1) written notice to the City's Purchasing Services Division at least 30 days prior to use of the subcontractor, (2) the Contractor having sent the City an amended subcontractor list and (3) the City having agreed to the addition of the subcontractor.

Written notice shall include the following for new proposed subcontractors: company name, address, owner, operator, contact person, phone number, description of capabilities, drivers' qualifications. SPU reserves the right to reject any subcontractor proposed after the Contract is executed. Any additional costs caused by the work of subcontractors in violation of this section or by delays due to failure to comply with this section shall be borne by the Contractor.

L. Access and Review

The City may visit and view any of the offices, premises, facilities and vehicles of the Contractor and the Contractor's actual or proposed subcontractors, upon request and reasonable notice during the terms of the Contract and any renewals. The Contractor and its actual and proposed subcontractors shall allow the City access to all facilities and to view annual financial statements, environmental, safety, and training records upon request, and shall assist authorized City personnel in visiting, viewing and reviewing the Contractor and subcontractor's facilities and records and in copying records. The parties may reach a reasonable agreement regarding the manner and cost of copying of records.

Prior to the use of the Contract and at any time thereafter, SPU reserves the right to visit the Contractor's chemical manufacturing site or source. The site visit may include a walk-through of the manufacturing process and a discussion of the Contractor's transportation plan and/or any other contract issues of concern to the City.

M. Compliance and Permits

The Contractor and subcontractors shall accomplish all services in a timely and appropriate manner, and, at no additional expense to the City, shall comply with all applicable laws affecting performance of the Contract, including but not limited to all federal, state and local laws, county and City ordinances.

The Contractor and subcontractors shall have and maintain current and in full force and effect during the term of the Contract any and all identification numbers, licenses, permits and other governmental approvals or authorizations required by all applicable Environmental or Safety Law, implementing regulations, and governmental orders, permits, licenses, approvals, and authorizations and shall comply with all requirements thereof. The City may, at any time, cancel this Contract based on its evaluation of the Contractor Environmental or Safety Law compliance.

Any facility which the Contractor or subcontractor uses in performance of the Contract shall have all federal, state, and local approvals and permits required to operate fluorosilicic acid facility.

The Contractor is solely responsible for its and its subcontractors' compliance. Nothing in the Contract, including the City's knowledge or receipt, review, acceptance or approval of the Contractor or subcontractor's permits, licenses, governmental approvals or authorizations, insurance documentation, safety plans, other plans or other regulatory or compliance information, shall be construed to waive any rights of the City, nor shall relieve the Contractor of any legal obligation, including but not limited to the obligation to provide a safe and healthful working environment.

N. Spill Responsibilities

The Contractor is solely responsible for any and all spills or leaks, except those caused by the sole negligence of the City, which occur during the performance of the Contract. Except for spills or leaks caused by the sole negligence of the City, and at no additional cost to the City, the Contractor shall contain and clean up, any and all spills or leaks to the satisfaction of the City. At reasonable cost to the City, the Contractor shall contain and clean up any and all spills or leaks caused by the sole negligence of the City to the satisfaction of the City. All spills and leaks are to be cleaned up in a manner that complies with all applicable Environmental or Safety Law.

The Contractor shall immediately report all spills and leaks within one (1) hour of discovery by telephone to SPU representative, as designated in writing by the City for this purpose. This telephone report shall convey all the information contained in the Spill Telephone Report Form Attachment. A written detailed follow-up report shall be submitted to and received by SPU representative within five (5) business days of the spill, and shall include at least the following:

- a description of the waste spilled
- whether the amount spilled is EPA/State reportable and whether the spill was reported
- the spill containment and cleanup procedures initiated
- a summary of any communications with press or governmental entities.

The Contractor shall have a written Spill Prevention Control and Countermeasure (SPCC) Plan in place pertaining to all aspects of performing the Contract, including but not limited to personnel training, and shall provide a copy to the City promptly upon request.

O. Reports, Records, and Progress Meetings

- Records Kept and Accessible: The Contractor shall keep complete and accurate records of Hydrofluorosilicic Acid delivered pursuant to the Contract, including the site location delivered to, the amount delivered, and any problems encountered during transport and delivery. At no additional cost and upon request, the Contractor shall

promptly provide to the City (SPU and/or Purchasing Services) accurate and timely reports as related to implementation of the Contract.

- Meetings: Upon periodic request by the City, the Contractor shall meet with the City to discuss the status of services provided by the Contractor. The City's Purchasing Services Division will arrange a meeting date, time, and place. The Contractor shall also be available for in-person meetings with all appropriate personnel present to discuss any service-related problem and/or possible contract violation.
- Change of Ownership: The Contractor shall notify the City in writing within three (3) business days of any changes in ownership of the facilities of the Contractor, or of the facilities of any subcontractor or a change in ownership of a Transporter. In addition, the Contractor shall notify the City in writing as soon as possible and in no event later than three (3) business days, after any decision by the Contractor to change or discontinue service that will affect services provided to the City under the Contract.

P. Payment

Before payment, the Contractor shall provide SPU a correct line-itemized invoice, in duplicate, documenting all services and items billed. Invoices shall be sent to the authorized representative identified by SPU. The City reserves the right to withhold payment if proper invoicing and documentation is not provided.

Q. City Department Personnel Authorized To Use Contract

The Contractor shall accept orders from only the City personnel SPU have authorized in writing to place orders for services under the Contract. A list of authorized personnel may be made available prior to the first request for delivery.

R. General Terms and Conditions

The Contractor shall be solely responsible for obtaining/providing all materials, equipment, supplies, labor and other services required by the Contract as may be necessary to fulfill the requirements of the Contract. The Contractor shall competently and efficiently supervise and direct all activities necessary to fulfill the requirements of the contract. The Contractor shall accomplish all services in a timely and appropriate manner, and, at no additional expense to the City, comply with all applicable laws affecting performance of the Contract, including but not limited to all federal and state laws, county and city ordinances, Environmental or Safety Law, implementing regulations, and governmental orders, permits, licenses, approvals, authorizations. Any work subcontracted shall come under the provisions of the Contract, and the contractor shall be responsible for the prompt, efficient and lawful performance of such work.

S. General and Environmental Indemnification

The Contractor shall take all necessary precautions for prevention of accidents, injuries and property damage. The Contractor shall indemnify, release, defend and hold the City and its officers, employees, and agents harmless from and against any and all (1) losses, claims, demands, actions, causes of action, damages, liabilities, judgments and expenses (including reasonable attorneys' fees and expenses and consulting fees and expenses) and (2) all other losses, claims, demands, actions, causes of action, damages, liabilities, judgments and expenses (including reasonable attorneys' fees and expenses and consulting fees and expenses) relating to any hazardous, dangerous or toxic material, waste, or substance, or other pollutant or contaminant, or to compliance with any Environmental or Safety Law; arising out of or resulting from the Contractor's performance or lack of performance under this Contract, the

violation of law or breach of this Contract by the Contractor or any of its employees, agents or subcontractors under this Contract.

When the Contractor learns of a claim, or of circumstances reasonably likely to give rise to a claim, against the Contractor or the City, the Contractor shall immediately notify the City. In the event that any suit or claim based upon any such loss, claim, action, damage, expense, or liability is brought against the City, the Contractor, upon notice of the commencement thereof, shall defend the same at its sole cost and expense, except that the City may, at its option and the City's cost, participate in the defense with counsel of its choosing. If any final court judgment, alternative dispute resolution award or settlement be adverse to the City based on the City's sole negligence, the Contractor shall not be obligated to pay the judgment, award or settlement. In such case where the Contractor is not obligated to pay, if the City required the Contractor to undertake the City's defense, the City shall reimburse to the Contractor the amount of any reasonable attorney fees, litigation expenses and costs incurred by the Contractor in defending the City.

If both (1) a court of competent jurisdiction issues a final determination that RCW 4.24.115 governs the liability and no appeal of such determination is pending and (2) the liability was caused by or resulted from the concurrent negligence of (a) the Contractor or its officer, agent or employee and (b) the City or its officer, agent or employee, then these indemnity provisions shall be valid and enforceable only to the extent of the Contractor's negligence.

The Contractor shall pay every judgment, alternative dispute resolution award, settlement, and other liability for which the Contractor is responsible when payment is due. If the Contractor fails to do so, and the City pays the liability, the Contractor shall pay the City interest at the statutory rate for judgments, accruing from the date the City pays the liability.

The provisions of this section have been mutually negotiated and shall survive any termination or expiration of this Contract. In the event that this section conflicts with any other provision of the Contract, this section shall control. The Contractor expressly waives, with respect to the City only, its immunity under RCW Title 51, Industrial Insurance.

T. Liability Insurance

The Contractor shall secure, prior to the award of Contract, and shall maintain at all times during the term of this Contract, at no expense to the City, policy or policies of insurance in accordance with the provisions of the insurance attachment form. (See Insurance Requirements Attachment #2)

U. Notice to the City of Labor Disputes

Whenever the Contractor has knowledge that any actual or potential labor dispute threatens to delay the timely performance of the Contract, the Contractor shall immediately give notice thereof, including all relevant information with respect thereto, to the Contract Administrator.

II. General Contract Provisions

A. Contract Period: 10/01/05 through 9/30/10

B. Pricing: Prices shall be firm-fixed throughout the first year of the contract. Thereafter, the Contractor may submit a written request for a price increase at least 45-days prior to the contract anniversary date for consideration.

Such requests shall consider the following:

- Price request shall be no greater than the total of changes to the CPI Index for King County or other index appropriate to the particular product herein;

- Not produce a higher profit margin than that on the original contract;
- Clearly identify the items impacted by the increase;
- Be accompanied by documentation acceptable to the Buyer sufficient to warrant the increase;
- And remain firm for a minimum of 365 days.

The request shall be considered by the Buyer and may be accepted or rejected. Failure to submit a price request at least 45-days prior to the contract anniversary date, shall result in a continuation of all existing pricing until the next contract anniversary date. The decision to accept any price increase will be at the sole discretion of the Buyer.

The Buyer may exempt these requirements for extraordinary conditions that could not have been known by either party at the time of bid or for other circumstances beyond the control of both parties, in the opinion of the Buyer.

- C. Cost Reductions: Any cost reductions to the Contractor, such as rebates or “specials”, shall be reflected in a reduction of the contract price effective immediately. Seattle will not be bound by prices contained in an invoice that are higher than those in the contract. Unless the higher price has been accepted by the City and the contract amended, the invoice may be rejected and returned to the Contractor for corrections.
- D. Expansion Clause: This contract may be further expanded to include any other item normally offered by the Contractor, as long as the price of such additional products is based on the same cost/profit formula as the listed item.
- E. Permits: All necessary permits required to perform work are to be supplied by the Contractor at no additional cost to the City.
- F. Trial Period and Right to Award to Next Low Bidder: A ninety (90) day trial period shall apply to this contract. During the trial period, the Contractor must perform in accordance with all terms and conditions of the contract. Failure to perform during this trial period may result in the immediate cancellation of the contract. In the event of dispute or discrepancy as to the acceptability of product or service, the City’s decision shall prevail. The City agrees to pay only for authorized orders received up to the date of termination. If the contract is terminated within the trial period, the City reserves the option to award the contract to the next low responsive bidder by mutual agreement with such bidder. Any new award will be for the remainder of the contract and will also be subject to this trial period.

III. Pricing

| Item # | Description | U/M | Price per U/M |
|--------|--|-----|---------------|
| 1 | Hydrofluorosilicic Acid (based on 24% +/- 1% acid) to be delivered in liquid form and complying with AWWA spec. B703.89 and Freight Cost to the Landsburg Water Treatment Facility | ton | \$367.00 |

The above prices include all duties, handling, transportation and any incidental costs excluding Sales or Use Tax.

Payment Terms: N30 days

Freight Terms: F.O.B. Destination, Prepaid & Allowed