

# EXHIBIT A

**CONTRACT  
FOR  
SERVICES**

THE STATE OF: MISSISSIPPI

COUNTY OF: JONES

KNOW ALL MEN BY THESE PRESENTS:

THIS CONTRACT FOR SERVICES ("Contract") is made on the date of countersignature, hereinafter specified, by and between the City of Laurel ("City"), and ISI Water Company, a Texas corporation, with its principal office in Houston, Harris County, Texas (referred to herein as Water Company of America "WCA"). The initial addresses of the parties are as follows:

WCA  
ISI Water Company  
5215 Fidelity St  
Houston, Texas 77029

CITY  
City of Laurel  
401 North 5<sup>th</sup> Ave  
Laurel, Ms. 39440

**WITNESSETH:**

**WHEREAS**, the CITY desires to secure the performance of services of the highest quality by trained, skilled personnel; and

**WHEREAS**, WCA desires to provide such services in exchange for the fees hereinafter specified; and

**WHEREAS**, WCA has submitted information describing the proposed service;

**NOW, THEREFORE**, for and in consideration of the premises and mutual covenants herein contained, it is agreed as follows:

## ARTICLE I

### Definitions

As used in this Contract, the following terms shall have meanings as set out below:

**"Account"** is defined as a particular Utility Service of the CITY (including but not limited to Water, Wastewater, and Solid Waste). This definition includes all unauthorized taps discovered by WCA that previously had not been given an Account number by the CITY.

**"Base Revenue"** Is defined as the average of the monthly Account billings during the period of time when the Account experienced the problem and which immediately precedes the completion of the Work, for up to a twelve month period. By way of example, and not limitation, if WCA discovers a meter which has been broken for a six-month period, resulting in consumption of zero usage during such six-month period, the Base Revenue is zero, and shall not include in the Base Revenue average the preceding six-month period during which time the meter operated properly.

**"WCA Share"** is defined as the fee to be paid by the CITY to WCA for performance of duties under this Contract, computed in accordance with Section 5.02 hereof.

**"CITY"** is defined in the preamble of this Contract and includes its successors and assigns.

**"WCA"** is defined in the preamble of this Contract and includes its successors and assigns.

**"Customer Information System"** (or "CIS") is defined as the system used by the CITY to bill and to account for customer activities.

**"Contract Administrator"** is defined as that person designated by the Director by notice to WCA, to administer this Contract on behalf of the CITY. This individual shall have a working knowledge of CITY protocol and operating procedures of the CITY, and shall have the authority and responsibility of administering all day-to-day aspects of this contract on behalf of the CITY.

**"Director"** is defined as the CITY's designated Utility manager who has ultimate authority and responsibility over this Contract.

**"Documenting the Find"** is defined as the notation by WCA on the Research report to the CITY or the approval of a submitted Formal Work Order.

**"Find"** is defined as the discovery by WCA of an Account condition, as the result of the Work, which causes a specific Utility Service to be improperly or inaccurately billed.

**"Force Majeure"** as used herein, shall include but not be limited to, acts of God, acts of the public enemy, war, blockades, insurrection, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, tornadoes, hurricanes, arrests, and restraints of government and people, explosions, breakage or damage to machinery or equipment and any other abilities of either party, whether similar to those enumerated or otherwise, and not within the reasonable control of the party claiming such inability.

**"Increased Revenue"** is defined as the amount of monthly income received by the CITY on an Account, over and above the Base Revenue, including any rate increases, subsequent to corrective action being taken on that Account, including both income derived from ongoing usage, as well as retroactive billing.

**"Notice to Proceed"** is defined as the written notification by the CITY to WCA to initiate Work. This notification shall be issued upon the successful conversion of Account data from the CIS by WCA. The date of the Notice to Proceed shall mark the initiation of the Contract Term.

**"Research Report"** is defined as the reports delivered to the CITY by WCA pursuant to Section 2.01 (C) (1) hereof.

**"Utility Service"** is defined as the physical location of a CITY consumer, both known and unknown to the CITY, which utilizes services provided by the CITY.

**"Work"** is defined as all of WCA's efforts towards determining needed changes and recommending the corrective actions necessary in order for the specific Utility Service to be properly and accurately billed.

**"Work Order"** shall be defined to mean that certain standard document that defines relevant information about a CITY Account that WCA has evaluated and determined to be defective.

## **ARTICLE II**

### Scope of Service

#### 2.01 - Basic Service

WCA shall provide the investigation, Work Orders, and field services necessary to maximize the billable revenue for the CITY's utility Service.

- A) Investigation and Field Work
- B) Upon receiving the Account information described in Section 3.01 (A) hereof WCA shall:
  - 1) Investigate each Account and determine if there is a loss of revenue to the CITY associated with that Account.
  - 2) Submit Work Orders with recommendation for changes in billing procedures and/or changes in physical service. This information will be provided for each Account.
- C) Reports
  - 1) WCA shall provide to the CITY on a periodic basis a complete list of all Accounts researched on which WCA has identified potential increased revenues to the CITY. This Research Report shall be submitted for the purpose of "Documenting the Find" and WCA shall be entitled to its portion of the Increased Revenues on said Accounts (the WCA Share), if the Work Order(s) included therein are subsequently approved by the Contract Administrator.
  - 2) On each Account for which WCA has Documented the Find and the CITY has collected Increased Revenue, WCA shall provide a detailed report that quantifies Increased Revenue prepared from the information received from the CITY in the monthly account data download. This report typically contains at least the following information:
    - a) Work Order number
    - b) Account Number
    - c) Cycle counter (indicates progression through the revenue sharing period)

- d) Amount of customer billing (from the download)
  - e) Base Revenue
  - f) Calculation of Increased Revenue
  - g) Calculation of WCA Share
- 3) WCA may provide the Contract Administrator a status report on a frequency agreed to by the parties. This report is to be inclusive of all Accounts that are deemed by WCA to justify action and on which a Work Order has been generated in the prior month.
- D) WCA warrants that all work shall be performed in a good and workmanlike manner meeting the standards of quality prevailing in the CITY ordinances for services of like kind. WCA further warrants that trained and skilled persons who have been previously approved by the CITY shall perform all Work.

### 2.02 - Services in General

WCA shall coordinate all of its activities herein described with the CITY, the Director, WCA Administrator, or their designated representative(s).

### 2.03 – Finds Exempted

In certain rare cases, WCA may discover a Find on an Account of which the CITY has prior knowledge and is attempting to remedy. Such a Find being remedied by the CITY is exempted from WCA Work.

These cases fall into two categories and require that WCA shall:

- 1) for a period of 60 calendar days from the date of the inception of a new Account problem that originates during the term of this agreement, refrain from submitting a Work Order related to that Find, and
- 2) for a period of 60 calendar days beginning at the Notice to Proceed date, refrain from submitting a Work Order for any specific problem on an Account that is known to the CITY and is made known to WCA, that the CITY is in the process of remedying on that Account.

It is agreed by the parties hereto that the purpose of this Section 2.03 is to define and agree to the period of time for the CITY to remedy new problems that it discovers, and/or to remedy known situations. This will minimize duplication of effort, thus keeping project resources focused on providing maximum benefit to the CITY.

Accounts that are subject to collection efforts by the City shall be exempt from submission by WCA.

## **ARTICLE III**

### CITY Duties, Data Records, Work Products, Etc.

#### 3.01 - Certain Duties of the CITY:

- A) In addition to its other duties under this Contract, the CITY shall, to the extent permitted by law for each Account, promptly provide access to all the data and records in the possession of the CITY and provide copies of any documents in the possession or control of the CITY or available to the CITY which are requested by WCA and are reasonably necessary for WCA to perform its duties under this Contract. CIS data shall be in two forms.
  - 1) The CITY will create a monthly download consisting of a .bak (backup) file of the Utility Billing System.
    - a) The CITY will exercise all reasonable haste in timely creation of download #1

- b) The download will be created monthly by the CITY on the same day of each month for the duration of the project to support both field operations and Increased Revenue calculation.
  - c) The day of the month selected for download will be determined solely by the CITY.
  - d) The download content and naming of tables and fields will be consistent and not vary unless first agreed to by the CITY and WCA.
  - e) The CITY will transmit via SFTP or the best secure method agreed to by the CITY and WCA.
  - f) In the event that the provision of data is interrupted for any period of time, the Term shall be extended by an equal period of time.
- 2) The CITY will establish a password protected "read only" live link to the CIS for the viewing and extracting of "real time" information by WCA. At no time will WCA be able to input a change or modification to an Account by way of this link.
- B) Upon execution of this Contract by all parties, the CITY will establish the day of the month for the bimonthly Contract meeting for Work Order status which is to be attended by the key stakeholders (Contract Administrator, Billing, Customer Service, Meter Operations).
  - C) The CITY shall review all Work Orders submitted by WCA under Section 2.01 (B) hereof and within ten (10) working days of the date of submittal, the CITY shall advise WCA of the disposition of the Work Order request (approved or denied).
  - D) The CITY shall timely implement the recommended corrective action identified in the Work Order once approved and notify WCA of this action once complete and the date of completion. Changes to account data such as billing code changes shall be accomplished within thirty calendar days. Should this not occur within the time frame specified, the CITY shall issue to WCA written notification of a fifteen-day extension. Work Orders that involve changes to physical service shall be expedited with all reasonable haste. Both parties recognize and agree that the purpose and intent of the project cannot be realized until approved changes have been implemented and accounts are fairly and accurately billed. If Account changes are not completed by the CITY within the time frames described, the CITY shall approve and pay an estimate of the WCA Share (ref 5.02 C).
  - E) The Contract Administrator shall assist WCA in its dealings with any CITY department.
  - F) The CITY shall acknowledge that WCA has Documented the Find pursuant to Section 2.01 (C) (1), by promptly entering the appropriate information related to the Account within the "CIS" System, or by whatever other method the CITY chooses. Once documented, the CITY shall not deny approval of a Work Order due to any action taken by the CITY during the approval process.
  - G) Matters not specifically covered by this Contract will have procedures established by mutual agreement of WCA and the Contract Administrator.
  - H) At all times, the spirit of this Contract will be upheld by both the CITY and WCA. WCA is performing a service to the CITY by increasing revenue to the CITY. The CITY has given WCA authorization to perform the defined duties of this Contract and will not hinder, restrict, delay or compete with WCA's performance of these duties.

## **ARTICLE IV**

### Indemnification and Insurance

#### 4.01 - Indemnification

WCA hereby agrees at all times to defend, indemnify and hold the CITY harmless from and against any and all liability, losses or costs arising from claims for damages, or suits for loss or damage, including without limitation out-of-pocket costs and reasonable attorney's fees, which

arise as a result of WCAs negligence or failure to properly perform this Contract, whether such claims are asserted before or after the termination of this Contract.

#### 4.02 - Insurance

Throughout the term of this Contract, WCA shall carry and maintain the following insurance coverage with a company or companies reasonably satisfactory to the Director, and policies of insurance that meet the requirements of the State. The CITY shall be named as an additional insured on all such policies for this Contract, and the policy shall provide that the Director will be given at least ten (10) day notice in case of cancellation. Such insurance coverage shall have the minimum limits of liability in not less than the following amounts:

- A) Comprehensive General Liability Insurance including Contractual Liability:
  - Bodily Injury & Property Damage
  - \$ 1,000,000 per occurrence
  - \$ 2,000,000 aggregate
- B) Worker's Compensation with Employees Liability including Broad Form All States Endorsement: \$ 1,000,000

### **ARTICLE V**

#### Payment

##### 5.01 - Limitation of Funds

Any and all fees due to WCA under this Contract shall be payable solely from the funds collected pursuant to this Agreement. WCA acknowledges and agrees that the CITY's liability for any and all payments hereunder shall be limited by this provision. No other funds are available nor will they be appropriated for the purpose of this Contract.

##### 5.02 - Payment for Services

- A) If any Work performed by WCA to an Account results in Increased Revenues to the CITY, WCA shall be entitled to a WCA Share for such Work equal to 50% of all Increased Revenues (as defined in Article I of this Contract) for a term of 48 months thereafter, referred to in 6.01 TERM as Phase Two. The 48 month term may be suspended in the event that the account problem persists which eliminates Increased Revenue and restarted following remedy.
- B) Documentation substantiating and calculating Increased Revenue shall be reviewed and approved by the CITY within thirty calendar days of submission and thereafter processed for payment within the time frame stipulated by Statute. Interest on all amounts remaining unapproved and/or unpaid beyond the time frame stipulated by Statute shall accrue at a rate of 10% per annum until paid.
- C) If all of the data necessary to compute the WCA Share is not available in time to make such payment when due, or if the condition described in 3.01 D) occurs, the CITY shall approve a good faith estimate of such Increased Revenue and compute the WCA Share accordingly. Adjustments to such WCA Share shall be made on succeeding monthly payments after actual Increased Revenues are determined.

##### 5.03 – Early Payment Option

In the event that the CITY should desire, for any reason, to make payment of any and all fees due WCA sooner than defined in Article V, the CITY shall have the right to approve a calculation of any and all remaining fees based on a Work Order by Work Order payment average to date, multiplied by the remaining number of months, factored down by a "present value discount" using the prime interest rate in effect at the time of the early payment.

#### 5.04 - Arbitration

The CITY and WCA shall promptly notify each other of any controversy which shall arise with respect to the computation of any payments or fees due to WCA hereunder. Each party shall act in good faith and shall make its best reasonable effort to resolve the dispute within thirty (30) days after receipt of any invoice disputing such payments or fees. In the event the parties are not able to resolve the dispute within such thirty (30) day period, the controversy shall be considered and resolved by majority vote of an arbitration panel ("Panel") consisting of three (3) persons selected and designated as follows:

1. The CITY shall within ten (10) days thereafter designate an independent certified public accountant which may be the independent auditors regularly retained by the CITY;
2. WCA shall within ten (10) days thereafter designate an independent certified public accountant which may be a certified public accountant regularly retained by WCA; and
3. The two (2) certified public accountants and/or independent auditors thus designated shall agree upon and promptly designate a third certified public accountant and/or independent auditor which shall not have then or previously had any significant relationship with the CITY or WCA.

The parties agree that the arbitration procedure provided above shall be the sole remedy for dispute of the payments or fees due WCA hereunder and shall be binding on the parties thereto; provided, however, in the event the CITY's certified public accountant and WCA's certified public accountant cannot agree upon a third accountant, or the Panel does not resolve the controversy within a reasonable period, not to exceed one hundred twenty (120) days from the date the independent certified public accountants are retained by the parties, either party may pursue any other remedy provided by law. Each party shall bear the expenses of its designated accountant, and the expense of the third accountant shall be borne equally by the parties.

## **ARTICLE VI**

### Term and Termination

#### 6.01 - Term

The Contract term is initiated by the CITY upon the issuance of the Notice to Proceed. The term of the Contract is divided in two phases. Phase one is the operations period when WCA is performing the Work and shall continue for a primary term equal to twenty-four (24) months.

At the end of the primary term of phase one, the phase one term may be renewed for successive periods of twelve (12) months, upon written agreement of both parties.

Phase two is the period of time, on a Work Order by Work Order basis, during which the WCA Share is determined (reference 5.02 A).

Therefore, the Contract Term is the total time from the date of the Notice to Proceed, through phase one, including any renewal periods, and including phase two which is the 48 month Work Order by Work Order revenue sharing period for each Find approved by the CITY.

#### 6.02 - Termination

Either party may terminate phase one (the operations period) of this Contract by giving a thirty day written notice to the other party of the intent to terminate. The CITY agrees that for three (3) years after termination of this Agreement, however brought about, the CITY shall, during normal business hours, provide WCA with access to and the determination of fees and payments owed to WCA hereunder.

### 6.03 - Earned Fees

The duties and obligations of the CITY to pay WCA under the terms of Article V shall continue in full force and effect as outlined therein and shall survive the completion of phase one (the operations period) of this Contract.

## **ARTICLE VII**

### Miscellaneous Provisions

#### 7.01 - Independent Contractor

The relationship between WCA and the CITY shall be that of an independent contractor.

#### 7.02 - Business Structure and Assignments

Other than by operation of law, WCA shall not delegate or assign any portion of this Contract without the written consent of the Director, which shall not be unreasonably withheld. WCA however may assign any portion of its WCA Share under this Contract. Before an assignment of this sort can become effective, WCA shall furnish reasonable proof of the assignment by providing a notice to the Director containing the following information: a) the name, address and telephone number of WCA with clear reference to this Contract; b) the name, address and telephone number of assignee; and c) the identity of the fees to be assigned. If reasonable proof as described above is not provided to the Director, the CITY may continue to pay the assignor.

#### 7.03 - Subcontractors

WCA may subcontract any part of its performance under this Contract with the approval of the Director or Contract Administrator. Any subcontractor shall be treated under the Contract as if they were employees of WCA, except in regard to fees.

#### 7.04 - Parties in Interest

This Contract shall not bestow any rights upon any third party, but rather, shall bind and benefit the CITY and WCA only.

#### 7.05 - Non-waiver

Failure of either party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on or to enforce by any appropriate remedy strict compliance with any other obligation hereunder or to exercise any right or remedy occurring as a result of any future default or failure of performance.

#### 7.06 - Applicable Laws

This Contract is subject to all laws of the State of domicile of the CITY, the CITY Charter and Ordinances of the CITY, the laws of the federal government of the United States of America and all rules and regulations of any regulatory body having jurisdiction.

#### 7.07 - Notices

All notices required or permitted hereunder shall be in writing and shall be deemed delivered when actually received or, if earlier, on the third day following deposit in a United States Postal Services post office or receptacle with proper postage affixed (certified mail, return receipt requested) addressed to the other party at the address prescribed in the preamble hereof or at such other address as the receiving party may have therefore prescribed by notice to the sending party.

#### 7.08 - Equal Employment Opportunity

WCA will comply with all laws, ordinances and policies set by the CITY in reference to Equal Employment Opportunities.

#### 7.09 - Force Majeure

In the event either party is rendered unable, wholly or in part, by Force Majeure to perform under this Contract, it is agreed that, upon such party's giving notice specifying such Force Majeure in writing or by telefax to the other party as soon as possible after the occurrence of the Force Majeure, the obligations of the party giving such notice, to the extent it is affected by Force Majeure and to the extent that due diligence is being used to cure the Force Majeure and resume performance at the earliest practicable time, shall be suspended during the continuance of the Force Majeure, but for no longer extended by the period of time during which either party was unable to perform its obligations hereunder as a result of the occurrence of a Force Majeure.

#### 7.10 - Approvals; Authority

An approval by the Director, or by any other instrumentality of the CITY, of any part of WCA's performance shall not be construed to waive compliance with this Contract or to establish a standard of performance other than required by this Contract or by law. No party is authorized to vary the terms of this Contract.

#### 7.11 - Remedies Cumulative

The rights and remedies contained in this Contract shall not be exclusive but shall be cumulative of all other rights and remedies, now or hereafter existing, whether by statute, at law, or in equity; provided however, that none of the parties shall terminate this Contract except in accordance with the provision hereof.

#### 7.12 - Representations

- A) WCA represents that it and its employees, agents and subcontractors are fully competent and qualified to perform all the service required to be performed under this Contract. WCA represents that it has experience in performing all of the services to be performed hereunder and these services shall be of the highest professional quality.
- B) The CITY represents that it is a duly authorized and empowered to enter into this Agreement and to carry out its obligations hereunder. By proper action of its members, the CITY has duly authorized the execution, delivery and performance by this Agreement.

#### 7.13 - Captions

The captions at the beginning of the Articles of this Contract are guides and labels to assist in location and reading such Articles and, thereto, will be given no effect in construing this Agreement and shall not be restrictive of or be used to interpret the subject matter of any article, section or part of this Contract.

#### 7.14 - Personnel of WCA

WCA shall replace any personnel assigned to provide services under this Contract which are deemed unsuitable by the Director or Contract Administrator.

#### 7.15 - Entire Agreement

This Contract contains all the agreements of the parties relating to the subject matter hereof and is the full and final expression of the agreement between the parties.

#### 7.16 - Amendment

This Contract may be modified or amended by written agreement signed by all parties hereto.

7.17 - Exclusive Contract

WCA shall have the sole and exclusive franchise, license and privilege to provide the services described in this Contract within the bounds of the Contract service area.

Witnesseth:

**WCA**

**CITY**

ISI WATER COMPANY

City of Laurel, Ms.

By: \_\_\_\_\_  
Steven Hooper

By: \_\_\_\_\_

Title: General Manager

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_