

SIEMENS

4654 W. Farm Road 130
Springfield, Missouri 65802
Telephone (417) 864-5599
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FAX COVER LETTER

DATE: October 17, 2011
REF. NO.: Site #243, Truckee Meadows WWTP – Reno, NV
Model KA44SV-GL225, S/N 6537, 6538, 6539, 6540
SUBJECT: Proposal #F243-2911 – Five Year Preventative Maintenance
ATTENTION: Robert Adams – Truckee Meadows WWTP
E-Mail: radams@cityofsparks.us
FROM: Rhonda Fite

TOTAL NUMBER OF PAGES (INCLUDING COVER LETTER): 9

Please find attached Proposal Number F243-2911 for a Five Year Preventative Maintenance program on the above-mentioned blowers.

Please see the attached Mandatory Asbestos Reporting form. Please complete and return this form to us as soon as possible.

IMPORTANT: If your company is tax exempt, please forward a tax exemption certificate with your purchase order.

Should you have any questions, please don't hesitate to contact us. We look forward to the opportunity to work with you in the near future.

Regards,



Rhonda Fite
Commissioning Assistant
E-Mail: rhonda.fite@siemens.com
417-380-5780

Attachments

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PROPOSAL

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Robert Adams
Truckee Meadows WWTP
Tel: 775-861-4100
Fax:
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Proposal Number: F243-2911
Date: October 17, 2011
Model: KA44SV-GL225
S/N's: 6537, 6538, 6539, 6540
Ref: Truckee Meadows WWTP - Reno, NV

Advantages of Factory Authorized Field Service

Factory Certified Service Personnel with Electrical and Mechanical Expertise
Service Personnel Supported by Siemens Engineering Department
STE A/S (original manufacturer in Helsingor, Denmark) Engineering Support
Guaranteed Field Service Work
Factory Parts Warranty
Financial Strength of Siemens
Access to the Most Recent Equipment Improvements/Enhancements

Five Year Preventative Maintenance

Five year Preventative Maintenance Program for Siemens Blowers installed at Truckee Meadows WWTP. This program will consist of five annual visits to the plant by a factory-authorized service technician to inspect the blowers and perform Class II Service on S/N 6537, 6538, 6539 and 6540 as described in the attached Preventative Maintenance Program summary.

Cost for one blower (including travel time, labor and per diem)	\$ 30,285.00
Adder for three additional blowers @ \$14,860.00 each	\$ 44,580.00
Total for four blowers	\$74,865.00

NOTE: Above pricing assumes lifting equipment provided by customer and at least one local helper will be available to assist Siemens personnel with service of the blower. This pricing also assumes that proper lifting will be available and the sound enclosures will be removed (if applicable) for access to perform Class II Service.

This proposal includes typical replacement components for Class II Service. Any significant wear or abnormalities identified requiring extra labor and parts shall be billed per Siemens' standard Service Rate Schedule. Siemens will provide an estimate of time and materials required.

A Five Year Preventative Maintenance Program allows the end user to lock in at our current labor rate for the five year term of the contract. All pricing is in U.S. Dollars and valid on agreements received through December 31, 2011. Prices exclude sales/use tax. Any applicable taxes should be paid direct to the proper authority by the customer. Payment terms are Net 30 days. Freight costs on domestic shipments will be prepaid and added to the invoice; freight costs on international shipments will be for the customer's account, including all duties, taxes, etc.

Attachments: Mandatory Asbestos Reporting, Five Year Preventative Maintenance Agreement, Rate Schedule, Service/Parts Warranty, Factory Authorized Service Statement & Terms and Conditions.

SIEMENS

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FACTORY AUTHORIZED SERVICE

Siemens Energy, Inc. is an equipment manufacturer of single-stage centrifugal compressors (blowers) in partnership with STE A/S, Helsingor, Denmark (the manufacturer of the bare compressor). The compressors provide large volumes of aeration as used in the treatment of wastewater in municipal and industrial plants and provide a critical service to their process.

Siemens is the only factory-authorized service center and distributor of OEM components in North America for these machines (including those sold previously by Turblex, Inc., Springfield, Missouri and by Cord-Turbo, Rexdale, Ontario during the early 1980's).

Our commitment to exemplary operating installations is demonstrated by the Company's investment in the Customer Service/Parts Department. This highly trained group of professionals includes In-house technical and parts departments, as well as Mechanical and Instrumentation field servicemen.

Each of our field service technicians is factory certified. They attend periodic classes at the manufacturing plants in Helsingor, Denmark and Springfield, Missouri in order to have the latest service and repair expertise for our operating installations. Instrumentation field service engineers not only attend Siemens factory training schools, but sub-vendor training, such as Allen Bradley, Bentley-Nevada, Eaton, and other technical schools. The Siemens field service group is supported by a staff of over 50 mechanical, electrical, and instrumentation engineers from our engineering centers in Springfield, Missouri and Helsingor, Denmark.

Technical questions related to field service are often discussed between Siemens field servicemen and factory engineers, to provide the best solution to a particular situation. This inter-play of factory engineering and field service is vital to providing proper and correct service and preventative maintenance for compressors and accessories provided by Siemens.

Siemens' field service work is guaranteed for one year and backed by a multi-million dollar insurance policy and the financial strength of the Siemens Energy, Inc., STE A/S.

For technical support and/or spare parts for your Siemens equipment, contact us at toll-free: 800-299-1035.

TRUCKEE MEADOWS WWTP – RENO, NV FIVE YEAR PREVENTATIVE MAINTENANCE, TRAINING & FACTORY INSPECTION PROGRAM

Siemens offers a five year preventative maintenance program to ensure the long-term maximized power savings of the blowers and aeration instrumentation systems. After purchase, this program will include a total of:

Five plant visits (one each year) as described below.

A Inspection of blower mechanical equipment, including:

- Inspection of inlet filter/silencer assembly
- Inspection of oil filter assembly
- Overview of results from oil chemistry analysis
- Verification of proper operation of surge detection unit (SUC II or SUC III)
- Checkout of inlet guide vane and variable diffuser operating span
- Verification of motor coupling alignment and bolt torque
- Monitoring of blower operation to operating temperature
- Verification of proper operation of blow-off, discharge check, and butterfly valves

B Inspection of blower instrumentation and controls, including:

- Testing of safety features
- Verification of all 4-20 mA current loops
- Check-out of all primary instruments
- Inspection of local control panel internals

C Onsite training of operators, as requested, to keep site personnel knowledgeable of equipment and help insure blower operation continues at peak efficiency level

D Class II internal inspection of each unit will be performed during the term of the contract, based on the operating hours/most recent internal inspection.

Should additional internal inspections be required during the term of this contract, the expense of such services will be for the account of others.

Item D – Continued

The Class II inspection (air-end and gearbox) includes:

- Repeat of annual preventative maintenance as described in Section A, B, and C, plus - -
- Disassembly and inspection of all air-end internals
- Inspection and cleaning of variable diffuser vane system
- Inspection and/or cleaning of inlet guide vane system
- Inspection of axial movement on high and low speed shafts
- Verification of unit alignment before re-start, as required
- Dismantle gearbox
- Inspect gearwheels, bearings & seals and check clearances
- Replace flexible seals (O-rings)
- Inspect electric motor, oil pump, oil cooler, coupling, valves, etc.

Note: This contract includes typical replacement components for Class II Service. Upon disassembly, should any abnormalities be found requiring parts and/or additional labor, Siemens will provide an estimate of labor and materials required.

Mandatory Asbestos Reporting

This form shall be completed and returned to Siemens for all sites where our employees may be performing activities.

29 CFR 1926.1101, Toxic and Hazardous Substances

OHSA requires that building and/or facility owners notify all employers of employees who will be performing work within or adjacent to areas containing ACM (Asbestos Containing Material) or PACM (Presumed Asbestos Containing Material) of the presence, location and quantity of ACM or PACM, at the work sites in their buildings and facilities.

Site Information:

Site Name: _____

Address: _____

City, State, Zip: _____

Asbestos Information:

Site contains ACM (Asbestos Containing Material) or PACM (Presumed Asbestos Containing Material) in or adjacent to work sites in buildings or facilities where Siemens employees may be performing work.

Yes No

If yes, then detailed information shall be attached in regard to:

1. The location and quantify of materials.
2. How the site achieves compliance with permissible exposure limits.
3. Any equipment, precautions, etc. needed for Siemens employees that may be performing functions in the work areas.

The information provided shall be reviewed and approved by Siemens prior to any work being done by a Siemens employee. Note: Additional information may be required as part of the review process.

Person Completing Form:

Name: _____

Title: _____

Contact Information: _____



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ITEM A

2011 INSTALLATION & COMMISSIONING ENGINEERING RATE SCHEDULE

<u>DESCRIPTION</u>	<u>USD HOUR/DAY/MILE</u>
Factory Representatives normal working hours (Monday through Friday)	\$160.00/hr
1st through 4th working hours in excess of normal working hours and working on Saturday	240.00/hr
Additional overtime hours and working on Sunday and national holidays	\$320.00/hr
Engineering Personnel normal working hours (Monday through Friday)	\$210.00/hr
1st through 4th working hours in excess of normal working hours and working on Saturday	\$315.00/hr
Additional overtime hours and working on Sunday and national holidays	\$420.00/hr
Traveling hours	\$160.00/hr
Helper working/traveling hours	\$80.00/hr
Airfare	Cost, plus 15%
Per diem (domestic), including: lodging, car rental, telephone, fax, meals, gas	\$310.00/day
International per diem, including: lodging, car rental, telephone, fax, meals, gas,	Cost, plus 15%
Helper per diem (less car rental)	\$205.00/day
Traveling expenses by Company car/truck per mile	\$0.75/mi
Charge for waiting time on Saturdays, Sundays and holidays:	\$250.00/day
Replacement parts/supplies (i.e., special sealants, etc.), if necessary:	as per Invoice
Delivery of replacement parts (domestic), if any.	Prepaid/Added to the invoice
<u>Delivery of replacement parts (international), if any.</u>	<u>Collect</u>

TRAVEL TIME

All travel time from home base of operation to jobsite and return shall be charged in accordance with the above defined workday rates. Daily travel time to and from lodging will not be included and billed as part of the workday.

STAND-BY TIME

All time the Factory Representative is on stand-by or is available to work Monday through Friday, but is unable to due to reasons other than his own sickness or injury, shall be charged in accordance with the normal workday rates.

TRANSPORTATION AND LIVING EXPENSES

All transportation and living expenses during the service period from the time the Factory Representative leaves his base of operation until the time he returns shall be charged as defined above.

RESPONSIBILITY

The Factory Representative shall interpret the Company's drawings and data for the equipment and advise/assist the Customer regarding the sequence of steps and procedures for installation, start-up, dismantling, repairing and assembly of the equipment as the case may be.

The Customer shall supply, at their own expense, all labor, material, replacement parts, special tools (other than Company-supplied tools and instruments required for unique procedures and/or collection of operating data), equipment cranes, rigging tools, outside balancing/machining and facilities required to perform the physical work on the equipment.

SIEMENS

SERVICE AND PARTS WARRANTY

WARRANTY

This is a non-transferrable warranty for the sole benefit of the original service and parts Purchaser. Siemens warrants our workmanship and factory parts replacement for a period of one year after said service work is completed. This warranty is limited to include only those services and/or parts installed by Siemens, Inc., or its designee.

This warranty, including the stated remedies, is expressly made by Siemens and accepted by Purchaser in lieu of all other warranties, and Siemens disclaims any implied warranty of merchantability or fitness for any particular purpose. We will not be liable for any consequential, incidental or liquidated damages, and in no event shall be liable for any amount in excess of the purchase price of the service performed.

This warranty shall not apply to equipment or parts thereof which have been altered or repaired outside of a Siemens factory, or damaged by improper installation, application, erosion or corrosion of any sort, or subjected to misuse, abuse, neglect or accident. Siemens will make no allowance or reimbursement for repairs, alterations, replacements or work of any kind, done or ordered by others without Siemens' prior, written authorization. This warranty does not include any installation, removal or freight expenses that might be associated with warranty repair or replacement.

Siemens makes no warranty with respect to parts, accessories, or components manufactured by others. The warranty applicable to such items is that offered by their respective manufacturers and will be passed through Siemens to the original user.

The Purchaser shall supply, at their own expense, all labor, material, replacement parts (other than defective parts still covered by warranty), tools (other than special tools and instruments which must be supplied by Siemens), equipment cranes, rigging tools, outside balancing/machining and facilities required to perform the physical work on the equipment.

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SIEMENS ENERGY INC.

O&G DIVISION, TURBOMACHINERY SOLUTIONS GROUP

TERMS AND CONDITIONS

1. ACCEPTANCE

All orders shall be made out to Siemens Energy Inc. and subject to acceptance by Siemens at our plant located in Springfield, Missouri. This proposal may be revoked by Siemens without liability at any time prior to our written acceptance. The quotation is based on Siemens terms and conditions as stated herein. Any modifications must be communicated in writing and accepted by Siemens. Modifications to our terms may affect the quoted price. This agreement is governed by and subject to the laws of the State of Missouri.

2. SHIPMENTS, DELIVERY & "FORCE MAJEURE"

Shipment dates are our best estimate, and not guaranteed. Siemens will make all reasonable efforts to meet specified shipment dates including expediting subvendors, but will have no liability for any failure or delay in performance with respect to delivery or otherwise, if such failure or delay is due to any cause beyond our control including but not limited to: any act of God, war, civil disturbance, riot, labor difficulty, fire, other casualty, accident, new export restrictions or our supplier's failure or inability to perform.

All shipments, whether partial or complete, will be accompanied by a detailed shipping list with the quantities certified correct by a Siemens inspector. It is the Purchaser's responsibility to inspect each item carefully for damage or shortages. Siemens shall not be obligated to consider any claim for shortages unless notified within ten (10) working days after the Purchaser's receipt of equipment. Seller shall further be obligated to comply with any national or international export control regulations as outlined in the Siemens Export Control Clause for any third party transfers of the works provided or performed.

Siemens pricing is based on FOB point of shipment (factory), which means title passes to the Purchaser when loaded on trucks at the point of manufacture. Any damage or claims for shipment damage are the Purchaser's responsibility. Siemens shall retain a security interest in the equipment as enumerated in Item five (5) below.

3. APPROVAL DRAWINGS & SUBMITTALS

Any preliminary drawings and accompanying information attached to the Siemens quotation are for illustration purposes only to show approximate dimensions and arrangement.

Submittal drawings, engineering data and catalog cuts will be forwarded after receipt of the order, in the period indicated on the quotation. This estimate of submittal time may be affected by our backlog at the time of order acceptance and timely receipt of specifications, drawings and details from the Purchaser. Negotiation of terms and conditions will also affect the submittal date.

4. CREDIT APPROVAL & PAYMENT

All orders are subject to the approval of Purchaser's credit. Siemens' terms of payment are 100% of the invoice amount without deduction, net 30 days after invoice date for any partial or complete shipments made. Other terms may affect our pricing. Orders written to Siemens providing for retention of monies until total job completion are not acceptable. Purchaser's payment obligation shall not be in any way dependent or contingent upon payment from any other party. Any balance owed Siemens after thirty (30) days is subject to a 1.5% per month delinquency charge until paid. If Purchaser's financial condition becomes impaired, or if payments are delayed for any reason, Siemens may, at our discretion, suspend work on the equipment, demand pre-payment before any future shipments are made or file a lien on any equipment we provided. We may withhold instruction manuals, certification of equipment or startup services as required to secure payment. Any additional charges for collection, including attorney's fees, shall be paid by the Purchaser.

When the Purchaser is responsible for any delay in shipment, the date of completion of equipment may be treated by Siemens as the date of shipment and the Purchaser invoiced accordingly. Completed equipment shall be held by Siemens, and Siemens has the right to bill the Purchaser for reasonable storage and insurance expenses.

The Purchaser shall furnish Siemens with a copy of the Purchaser's performance and payment bond (if applicable), to be utilized in the event of non-payment by the Purchaser.

5. SECURITY INTEREST

Until all amounts due us have been paid in full, Siemens shall retain a security in the equipment and have all rights of a secured party under the Uniform Commercial Code, including the right to repossess the equipment without legal process.

6. SOFTWARE LICENSE & CONFIDENTIALITY

Siemens grants to Purchaser a nonexclusive, nontransferable license to utilize the Siemens Software furnished. Such license is limited to Purchaser's internal use at or for the Equipment with which such Software is incorporated. All title and ownership of the Siemens Software, including, without limitation, the copyright to such Software, shall remain exclusively with Siemens. Purchaser may make a reasonable number of backup copies of the Software for evaluation, installation, and maintenance of the Siemens Equipment. Purchaser shall not itself, or with the assistance of others, reverse compile, reverse engineer, or in any other manner attempt to decipher in whole or in part the logic or coherence of any Software licensed hereunder, nor have any right to sell, assign nor otherwise disclose Software to any third party. Third party Software provided by Siemens may be subject to a separate license agreement and/or registration requirements and limitations on copying and use.

Purchaser hereby agrees that any confidential information we provide will be expressly protected at all times. Purchaser's rights to this information shall be limited solely to the use in operation, repair and/or maintenance of the designated project. At no time will any permanent transfer of title be created for any technical drawings or intellectual property, nor shall any of this specifically designated information be disclosed other than for the above stated purposes.

7. CANCELLATION OR DELAY

Should this order be canceled by the Purchaser without Siemens' consent, the Purchaser shall be obligated to pay for work performed and equipment purchased by Siemens, plus a reasonable profit. Any costs related to suspension or delays caused or required by the Purchaser shall be for the Purchaser's account.

8. WARRANTY

For the benefit of the original user only, Siemens warrants that the equipment and software of our manufacture will be free from defects in material and workmanship when installed,

operated and maintained under design conditions and in accordance with our written instructions. Siemens will replace or repair FOB, our factories or other locations designated by us, any parts or defective software returned which examination shall show it to have failed under normal use and service by the original user, normal wear and tear excepted.

Warranties will expire eighteen (18) months after shipment or twelve (12) months after start-up (which shall be the Siemens certified date the equipment is available for beneficial use), whichever occurs first. Expendable items such as V-belts, filter media, oil, and grease are excluded from this warranty.

This warranty, including stated remedies, is expressly made by Siemens and accepted by Purchaser in lieu of all other warranties, and Siemens disclaims any implied warranty of merchantability or fitness for any particular purpose.

If the equipment Siemens is to provide is contractually subject to the final approval of a consulting engineer, who disapproves our equipment prior to shipment, the Purchaser's order may be canceled by either party, without liability to the other, provided that Siemens shall have the right to appeal the consulting engineer's decision, if such right is available under the contract or applicable law and regulations. In the event the consulting engineer has not given final approval to our equipment within 12 weeks after original submittals are forwarded, Siemens may cancel the Purchaser's order without liability.

This warranty shall not apply to equipment or parts thereof which have been altered or repaired outside of a Siemens factory, or damaged by improper installation, application, erosion or corrosion of any sort, or subjected to misuse, abuse, neglect or accident. Siemens will make no allowance or reimbursement for repairs, alteration, replacements or work of any kind, done or ordered by others without Siemens' prior, written authorization. This warranty does not include any installation, removal or freight expense that might be associated with warranty repair or replacement. Free and clear access to the equipment shall be provided for Siemens warranty repair work. Repair, replacement or refund of the purchase price by Siemens, at our sole option, shall be the exclusive remedy for breach of this warranty.

Siemens makes no warranty with respect to parts, accessories, or components manufactured by others. The warranty applicable to such items is that offered by their respective manufacturers and will be passed through Siemens to the original user.

Siemens warrants for each item of Technical Services that (i) the advice, recommendations and performance of its personnel will reflect competent knowledge and judgment and (ii) the technical information, reports and analyses transmitted by Siemens will reflect competent knowledge and judgment, beginning with the start of the item of Technical Services and ending one (1) year after completion of Technical Services by Siemens (the "Technical Services Warranty Period").

If during the Technical Services Warranty Period, Siemens is promptly notified in writing that any portion of the Technical Services fails to conform to the Technical Services Warranty, Siemens will promptly re-perform the nonconforming portion of the Technical Services.

9. INDEMNITY

Until the expiration of the applicable Warranty Period, Siemens shall indemnify, hold harmless and defend Purchaser its officers, directors and employees from and against any claims, demands, suits, liabilities, judgments, losses, damages, costs or expenses (including reasonable legal fees, costs and charges) for personnel injury or death or loss of or damage to third party property (except property of customers of Purchaser or property incorporated in or intended to be incorporated in the project), to the extent caused by or arising out of any negligent act or omission or willful misconduct of Siemens, or any of its officers, directors, agents, employees or Suppliers in connection with performance of work under the Agreement.

Siemens also agrees to hold Purchaser harmless from any infringement or alleged infringement of any patents or copyrights for any equipment furnished by Siemens.

Siemens will not be liable for any consequential, liquidated or incidental damages including but not limited to the loss of profit, loss of production or loss of business, and in no event shall Siemens be liable for any amount in excess of the purchase price of the equipment.

10. TAXES

Taxes are not included in our pricing. Any applicable taxes will be added to the price and invoiced separately.

11. NOISE TESTS

Siemens will not certify or guarantee a final installed noise level because of the many variables that affect sound levels, i.e. size of room, room construction materials, other equipment in room, equipment spacing, ventilation, piping, etc. Refer to proposal for any specific details.

12. STARTUP

Unless specifically stated in Siemens' quotation, installation, startup, service supervision and training are not included in our pricing. These responsibilities shall be the exclusive responsibility of the Purchaser. It shall further be the responsibility of the Purchaser to ensure that there is no asbestos or similar environmental or health and safety hazard present during the performance of the order.

A trained factory serviceman is available at the rate stated in our quotation, with all travel and living expenses billed at cost plus ten percent. Service charges are based on a standard eight (8) hour work day with time charged from the date of his departure from the home office to the date of return. Overtime and weekend travel will be charged at time and one-half and double-time, respectively.

13. VARIATIONS

Any variation from the Siemens terms and conditions herein must be approved in writing by Siemens, or Siemens will not be bound thereby.