

Firm Proposal

Fusible C-900®

Billings 2010 - Pipeburst with FPVC - Truckload Billings, MT

Proposal Number: P10-0315
Date Prepared: 4/22/2010



Sales Contact:
Pat Laidlaw
Phone Number: (801) 699-2804
Email: PLaidlaw@underground solutions.com
Proposal Created by: HM



13135 Danielson Street, Suite 201
Poway, CA 92064
Tel: (858) 679-9551
Fax: (858) 679-9555
www.underground solutions.com



Date Prepared: 4/22/2010

Mr. Scott Emerick
City of Billings
2251 Belknap Ave. P.O. Box 30958
Billings, MT 59111

**Ref: Billings 2010 - Pipeburst with FPVC - Truckload - Billings, MT
Proposal No. P10-0315**

Dear Mr. Emerick,

Underground Solutions, Inc. (UGSI) is pleased to provide the following Firm Proposal for Fusible PVC™ pipe for the Billings 2010 - Pipeburst with FPVC - Truckload project. Pricing for pipe (including freight) is detailed in the following section on a Unit Cost (\$/ft) and Total Cost (\$) basis.

Fusible C-900® and Fusible C-905® pipe meet all applicable industry standards: AWWA C900/C905, NSF-61 Certification for Drinking Water Components, ASTM cell classification 12454, and formulation requirements of Plastics Pipe Institute TR-2. FPVC® pressure pipe is tested in accordance with AWWA C900/C905 requirements, meets the same ASTM cell classification and PPI formulation requirements, and is NSF-61 certified when used for potable water.

In evaluating Fusible PVC™ pipe for this project, we would like to call your attention to the following total installed cost advantages associated with using Fusible PVC™ pipe:

- Maximum Flow Area:** Fusible PVC™ pipe generally offers the largest internal diameter in a pipe bursting material. This leads to a smaller OD for a given ID, which means a smaller bursting head and less expensive bursting equipment are needed.
- Material Properties:** Fusible PVC™ pipe has excellent scratch and abrasion resistance.
- Standard Fittings:** Fusible PVC™ pipe utilizes standard mechanical joint fittings. No special fittings or equipment are required for connections. As a result, Fusible PVC™ pipe is easy to connect to and maintain.
- Safe Pulling Allowance:** Fusible PVC™ pipe has a safe pulling allowance that is significantly greater than that of most other pipe systems, and does not depend on pull-in duration.

Thank you for considering UGSI. Please do not hesitate to contact us for any additional information or with any questions or clarifications.

Sincerely,

Pat Laidlaw

*Underground Solutions, Inc. does business in California as UGSI, Inc.

Underground Solutions, Inc.

Proposal



Date Prepared: 4/22/2010
Prepared For: City of Billings
Prepared By: Pat Laidlaw

Project Reference: Billings 2010 - Pipeburst with FPVC - Truckload
Proposal No.: P10-0315
Project Site: Billings, MT

PRODUCTS AND SERVICES:

No.	Pipe Description	Pipe Size	DR	Type	Color	Qty., ft	Unit Cost, \$/ft	Total Cost, \$
1	8" DR 14 Fusible C-900®	8"	14	DIPS	Blue	3,800	\$14.50	\$55,100
Freight to Project Site								Included
Purchase Price								\$55,100

Our Scope of work is limited to the supply of pipe and freight to the project site.

PULL-HEAD TERMS: A pull-head is available for rental from UGSI, subject to prior execution of a Pull-Head Rental Agreement (which can be obtained by contacting Eric Davis at (858) 218-3733, or by downloading from the UGSI website at: <http://www.undergroundolutions.com>). Freight costs would be added to the final pull-head rental invoice following return of the pull-head to UGSI. Refer to the Pull-Head Rental Agreement for specific terms and conditions of rental and purchase option.

	Pre-Rental Value	Initial Rental Fee	Weekly Rental Rate (After 1st Week)	Estimated Freight (each way)
8" Pull-head	\$1,960	\$196	\$45	\$200

PAYMENT TERMS: 100% of contract value on pipe delivery, net 30 days.
SHIPPING TERMS: F.O.B. Shipping Point with full freight allowed to the job site.
PROPOSAL VALIDITY: Price quoted is valid for 10 business days from the date of this Proposal.
DELIVERY SCHEDULE: To be negotiated. UGSI will take reasonable action to meet Buyer's installation schedule.
TAXES: The Purchase Price shown above does not include sales taxes. Any sales taxes or similar taxes are the responsibility of the Buyer (see Section 3 of Terms and Conditions of Sale).

This Proposal is subject to the Terms and Conditions of Sale which are included with, and form an integral part of, this Proposal. The attached Terms and Conditions of Sale will govern the terms of any transaction resulting from this Proposal. Any contract resulting from this Proposal is made subject to prior acceptance by Underground Solutions, Inc. (d/b/a in California as UGSI, Inc.) at its offices in Poway, California. All orders are subject to prior credit approval.

Buyer's signature indicates acceptance of the Underground Solutions, Inc. Proposal and Terms and Conditions of Sale.

Signature

Date

Print Name

Print Company Name

- Tax Exempt (must provide Tax Exempt Certificate with order)
- Taxable
- State Registered Wholesaler

Storage, Handling, Installation, Pressure Testing, and Tapping Procedures Applicable to Fusible PVC™ Pipe

The procedures for storing, handling, installing, testing, and tapping Fusible PVC™ pipe are similar to those used when working with bell and spigot PVC products. Because of the different stresses to which Fusible PVC™ pipe is often subjected, the longer pipe lengths supplied, the monolithic nature of the installed product, and the different installation methods employed when using Fusible PVC™ pipe, there are some additional handling requirements associated with Fusible PVC™ pipe products.

UGSI has developed an Operations Procedural Documents Handbook to provide guidance covering the following topics:

- Pipe Handling and Storage
- Installation
- Pressure Testing
- Tapping

Proper handling and installation of Fusible PVC™ pipe in accordance with the guidelines provided in the Operations Procedural Documents Handbook will preserve your warranty protection.

UGSI will provide a copy of the Operations Procedural Documents Handbook upon the acceptance of your order in accordance with the terms of the Proposal. In the meantime, contact your UGSI representative if you have any questions or concerns regarding the proper handling and use of Fusible PVC™ products.

TERMS AND CONDITIONS OF SALE

1. Applicable Terms. These terms and conditions govern the purchase and sale of the products (collectively, "Products") referred to in Seller's proposal (excluding the transmittal letter, the "Proposal"). All terms and conditions contained in any other oral or written communication, including, without limitation, Buyer's request for proposal(s) or purchase order, which are different from or in addition to the terms and conditions herein are hereby rejected and will not be binding on Seller, whether or not they would materially alter this document, and Seller hereby objects thereto. All prior proposals, negotiations and representations, if any, are merged herein. These terms and conditions, together with the Proposal, comprise the complete and exclusive statement of the agreement between the parties (the "Agreement") with respect to the sale of the Products and supersede any terms contained in Buyer's documents, unless separately signed by an authorized officer of Seller. If Seller is providing fusion services to Buyer, such services will be provided pursuant to Seller's Supplemental Terms and Conditions for Fusion Services included with the Proposal, which will constitute a part of this Agreement. All references by Seller to technical specifications and similar requirements are only to describe the Products covered hereby, and no warranties or other terms therein shall have any force or effect. This Agreement does not supersede or modify the terms of any license agreement between Seller and Buyer.
2. Payment. Buyer agrees to pay for the Products according to the payment terms set forth in the Proposal. In the event Buyer fails to make any payment to Seller when due, Buyer's entire account(s) with Seller will become immediately due and payable without notice or demand. Buyer will be charged the lower of 1½% interest per month or the maximum rate allowed by law on all amounts not received by the due date. Buyer hereby grants Seller a purchase money security interest in the Products until such time as Seller is fully paid. Buyer will assist Seller in taking the necessary action to perfect and protect Seller's security interest. No Products furnished by Seller shall become a fixture by reason of being attached to real estate.
3. Taxes. The amount of any sales, excise or other taxes, duties or governmental charges (collectively, "Taxes"), if any, applicable to the sale of the Products will be added to the purchase price and will be paid by Buyer unless Buyer provides Seller with an exemption certificate acceptable to the Taxing authorities. Any Taxes which Seller may be required to pay or collect under any existing or future law, upon or with respect to the sale, purchase, delivery, storage, processing, use or consumption of any of the Products will be for the account of the Buyer, who will promptly pay the amount thereof to Seller upon demand.
4. Delivery. All delivery dates are estimated and are dependent in part upon prompt receipt of all necessary information from Buyer. Seller will make a good faith effort to complete delivery of the Products on the date and to the location specified in the Proposal, but Seller assumes no responsibility or liability and will accept no backcharge for loss or damage due to delay or inability to deliver, whether or not such loss or damage was made known to Seller. Seller reserves the right to ship Products in advance of the scheduled delivery date unless Buyer specifically requests in writing that shipments not be made prior to the scheduled date. Unless the Proposal provides otherwise, delivery terms are F.O.B. shipping point. The cost of any special packing or special handling caused by Buyer's requirements or requests will be added to the purchase price. If Buyer causes or requests a shipment delay, or if Seller ships or delivers the Products erroneously as a result of inaccurate, incomplete or misleading information supplied by Buyer or its agents or representatives, storage and all other additional costs and risks will be borne solely by Buyer. Any claims for Products damaged or lost in transit ("Transit Losses") must be made by Buyer to the carrier and reported to Seller within one (1) business day following delivery to Buyer.
5. Returns. Upon Seller's prior written approval, which may be withheld in Seller's sole discretion, Buyer may return Products purchased under this Agreement. Any authorized return will be subject to payment of a restocking charge and will be allowed only if the subject Product: (i) is in new condition, suitable for resale, and (ii) has not been used, installed, modified, altered or damaged. The restocking charge for authorized returns will be no less than (x) 25% of the purchase price, net of any freight charges included in the purchase price, plus (y) 100% of freight costs incurred by Seller. Buyer is responsible for return freight charges. Returns will be shipped F.O.B. Seller's location. Seller may, but will not be obligated to, treat any cancellation of an accepted order as an authorized return.
6. Warranty. Seller warrants Products to be free from defects in material and workmanship for a period of one (1) year from the date of shipment. This warranty applies only when the Products are used as identified in the Proposal and are used and installed in accordance with Seller's written guidelines. This warranty does not cover, and Seller will not be liable for, general wear and tear, or any malfunction, damage or wear caused by faulty installation, unusual pressure surges or pulsation, water hammer, temperature shocking, misapplication, misalignment, abrasion, vibration, incompatible lubricants or sealants, inadequate or improper storage, U.V. degradation, accident or tampering. This warranty is conditioned upon Seller's verification of the claimed defect. If the claimed defect is verified, then, as Buyer's sole remedy for the defect, Seller will replace the defective Product free of charge. The replacement Product will be delivered transportation prepaid. This warranty is conditioned on Buyer giving Seller written notice of any claimed warranty defect within a reasonable time after the discovery of such defect and, in any event, within eighteen (18) months after the date of shipment.

THE WARRANTIES SET FORTH IN THIS SECTION ARE SELLER'S SOLE AND EXCLUSIVE WARRANTIES AND ARE SUBJECT TO SECTION 8 BELOW. SELLER MAKES NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE.

7. Force Majeure. Seller will have no liability for any breach caused by extreme weather or other act of God, strike or other labor shortage or disturbance, fire, accident, war or civil disturbance, delay of carriers, failure of normal sources of supply, act of government or any other cause beyond Seller's reasonable control.
8. LIMITATION OF LIABILITY. NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY, SELLER WILL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR OTHER INDIRECT DAMAGES, AND SELLER'S TOTAL LIABILITY ARISING AT ANY TIME FROM THE SALE OR USE OF THE PRODUCTS WILL NOT EXCEED THE PURCHASE PRICE PAID FOR THE PRODUCTS. THESE LIMITATIONS APPLY WHETHER THE LIABILITY IS BASED ON CONTRACT, TORT, STRICT LIABILITY OR ANY OTHER THEORY. THE REMEDIES SET FORTH IN THIS AGREEMENT ARE INTENDED TO CONSTITUTE A COMPLETE ALLOCATION OF THE RISKS BETWEEN THE PARTIES AND BUYER ACKNOWLEDGES THAT IT IS KNOWINGLY LIMITING THE REMEDIES THAT MIGHT OTHERWISE BE AVAILABLE TO BUYER. BECAUSE THIS AGREEMENT AND THE PRICE PAID REFLECT SUCH ALLOCATION, THE REMEDIES PROVIDED TO BUYER HEREUNDER WILL NOT HAVE FAILED OF THEIR ESSENTIAL PURPOSE EVEN IF THEY OPERATE TO BAR RECOVERY FOR CERTAIN DAMAGES THAT BUYER MAY INCUR.
9. Inspection and Acceptance. Buyer will have seven (7) days from the date Buyer receives any Products to inspect such Products for defects and nonconformance which are not due to Transit Losses, and to notify Seller, in writing, of any defects, nonconformance or rejection of such Products. After such seven (7) day period, Buyer will be deemed to have irrevocably accepted the Products, if not previously accepted. After such acceptance, Buyer will have no right to reject the Products for any reason or to revoke acceptance.
10. Set-off and Backcharges. Buyer will not be entitled to set-off any amounts due Buyer against any amount due Seller from Buyer. Seller will not be responsible for any backcharges unless approved in writing in advance by an authorized representative of Seller.
11. Remedies of Seller. Buyer agrees that any of the following will constitute an event of default which will enable Seller, at its option and without liability to Buyer, to cancel any unexecuted portion of this order and to exercise any other right or remedy expressed herein or otherwise available at law or in equity: (i) the failure of Buyer to make any payment required hereunder when due or to perform any other term or condition contained herein; (ii) the insolvency of Buyer or its failure to pay its debts as they mature, an assignment by Buyer for the benefit of its creditors, the appointment of a receiver for Buyer or for the materials covered by this order, or the filing of any petition to adjudicate Buyer bankrupt; (iii) a failure by Buyer to provide adequate assurance of performance within ten (10) days after a justified demand by Seller; or (iv) if Seller, in good faith, believes that Buyer's prospect of performance under this Agreement is impaired. All rights and remedies of Seller herein are in addition to, and will not exclude, any rights or remedies that Seller may have at law or in equity. Seller's election of any remedy or remedies in the event of a default by Buyer will not preclude Seller from exercising any other remedy or remedies available to Seller for the same or any other default. In the event it becomes necessary to incur any expense for collection of any overdue account, reasonable collection charges, including without limitation reasonable attorneys' fees and expenses, will be added to the balance due, and Buyer will pay all such charges.
12. Fusion Services. If Seller is providing fusion services to Buyer, such services will be provided pursuant to the Supplemental Terms and Conditions for Fusion Services included with the Proposal. Seller is not responsible for any defect or failure in fused joints that are fused by any person other than Seller's employees.
13. Patented Technology. Buyer acknowledges that any fusible polyvinyl chloride pipe included in the Products can be fused only by Seller or by a licensee in good standing of Seller's fusion technology covered by patents issued and pending (U.S. Pat. No. 6,982,051 and U.S. Pat. App. No. 11/244,123). Buyer warrants that: (i) if it is the end-user of the Products, it will not fuse the Products nor have the Products fused except by Seller or by a licensee in good standing of Seller's patented fusion technology; and (ii) if it resells the Products, it will (x) inform the purchaser of such Products of the licensing requirements described above; and (y) provide Seller upon request with the name, address, and telephone number of any purchaser purchasing the Products from Buyer, the Products purchased, and the quantity purchased. Upon request, Seller will confirm to Buyer or Buyer's purchaser whether the fusion provider to be utilized by Buyer or Buyer's purchaser is a licensee in good standing of Seller's patented fusion technology.
14. Miscellaneous. No part of this Agreement may be changed or cancelled except by a written document signed by Seller and Buyer. No course of dealing or performance, usage of trade or failure to enforce any term will be used to modify the Agreement. If any of these terms is unenforceable, such term will be limited only to the extent necessary to make it enforceable, and all other terms will remain in full force and effect. Buyer may not assign this Agreement without Seller's prior written consent. This Agreement will be governed by the laws of the State of Delaware without regard to its conflict of laws provisions.