

AI-19459

4.

Tax Resales

DRAINAGE DISTRICT

Date: 01/19/2010

Submitted By: Monica Badillo, COMMISSIONERS' COURT EXEC. OFFICE

Submitted For: John D. Franz - Perdue,Brandon

Department: COMMISSIONERS' COURT EXEC. OFFICE

Information

CAPTION

Discussion and action on an Order authorizing Resale of Foreclosed Real Estate Properties

BACKGROUND

Fiscal Impact

Attachments

No file(s) attached.

Form Routing/Status

Route Seq	Inbox	Approved By	Date	Status
1	Budget & Management	Erika Zamora	01/14/2010 02:57 PM	APRV
2	Perla Lopez	Perla Lopez	01/14/2010 03:00 PM	APRV
3	Final Approval		01/15/2010 04:16 PM	NEW

Form Started By: Monica Badillo

Started On: 01/14/2010 02:44 PM

Final Approval Date: 01/15/2010

AI-19424

5.

Zachry PR

DRAINAGE DISTRICT

Date: 01/19/2010

Submitted By: Minerva Luna, DRAINAGE DISTRICT

Department: DRAINAGE DISTRICT

Information

CAPTION

A. Request approval of Payment Request No. 12 to Zachry Construction Corporation for the Construction of DHS 0-8 (3.13 miles).

B. Request approval to process manual checks to Zachry Construction Company for the above mentioned projects pending the approval from County Auditor and pending the electronic transfer of funds from the Department of Homeland Security (DHS).

BACKGROUND

Fiscal Impact

Attachments

Link: [DHS 0-8 PR 12](#)

Form Routing/Status

Route Seq	Inbox	Approved By	Date	Status
1	Budget & Management	Erika Zamora	01/14/2010 09:00 AM	APRV
2	Perla Lopez	Perla Lopez	01/14/2010 10:39 AM	APRV
3	Final Approval		01/15/2010 04:16 PM	NEW

Form Started By: Minerva Luna

Started On: 01/13/2010 04:32 PM

Final Approval Date: 01/15/2010

Project Name:
 Contractor:
 Address:
 City/State/Zip:

REQUEST FOR PAYMENT
 DHS SEGMENT 0-8 (3.31 MILES)
 ZACHRY CONSTRUCTION CORPORATION
 P.O. BOX 241948
 San Antonio, Texas 78224-3848

REQUEST FOR PAYMENT NO. 12

Project Number: 4410-03 3.13 MILES
 Date: 12/1/2009

CONTRACT NO. 08-012-07-08
 WORK THRU: 10/25/2009 thru 11/25/2009

PROGRESS BILLING WORKSHEET - NO. 2

ABEL ORTIZ, PROJECT MANAGER	ITEM NO	UNIT	TOTAL QUANTITY	BID UNIT PRICE	TOTAL BID PRICE	CHANGE ORDERS			UNIT QTY. COMPLETE PRIOR INVOICES	UNIT QTY. COMPLETE THIS PERIOD	UNIT QTY. COMPLETE TO DATE	AMOUNT PRIOR INVOICES	AMOUNT COMPLETE TO DATE	AMOUNT DUE THIS INVOICE	BALANCE TO COMPLETE
						NO.	QTY. +/-	UNIT PRICE +/-							
TEMP EROSION CONTROL (FILTER FABRIC)	1	LF	34,200	\$ 2.20	\$ 75,240.00				30,912.00	0.00	30,912.00	68,006.40	68,006.40	-	7,233.60
TEMP EROSION CONTROL (CONST EXIT / ENTR)	2	EA	4	\$ 2,250.00	\$ 9,000.00				0.00	0.00	0.00	-	-	-	9,000.00
EXCAVATE AND STOCKPILE EXIST	3	CY	21,210	\$ 12.00	\$ 254,520.00				21,210.00	0.00	21,210.00	254,520.00	254,520.00	-	-
TRENCH EXCAV. PROTECTION (RET. ALL KEY)	4	LF	2,600	\$ 5.00	\$ 13,000.00				2,600.00	0.00	2,600.00	13,000.00	13,000.00	-	-
TRENCH EXCAV. PROTECTION (STRUCTURES)	5	LF	115	\$ 5.00	\$ 575.00				115.00	0.00	115.00	575.00	575.00	-	-
TEMPORARY SPECIAL SHORING	6	SF	195,285	\$ 9.00	\$ 1,757,565.00				195,285.00	0.00	195,285.00	1,757,565.00	1,757,565.00	-	-
TRAFFIC CONTROL PLAN	7	LS	1	\$ 35,000.00	\$ 35,000.00				1.00	0.00	1.00	35,000.00	35,000.00	-	-
CONC. COLLAR (30 IN.)	8	EA	1	\$ 5,500.00	\$ 5,500.00				1.00	0.00	1.00	5,500.00	5,500.00	-	-
CONSTRUCT GATE WELL STRUCTURE W/ SLUICE GATE, GRATE & LADDER (8 FT X 3 FT)	9	EA	1	\$ 80,000.00	\$ 80,000.00				1.00	0.00	1.00	80,000.00	80,000.00	-	-
RETAINING WALL/CAST-IN-PLACE (STEM)	10	CY	7,449	\$ 700.00	\$ 5,214,300.00	2	6,945.00	\$ 778.45	\$ 192,035.25	6,945.00	0.00	6,945.00	5,406,335.25	5,406,335.25	-
RETAINING WALL/CAST-IN-PLACE (FOOTING)	11	CY	10,465	\$ 500.00	\$ 5,232,500.00	2.4	7,754.00	\$ 647.307057	\$ (213,281.08)	7,754.00	0.00	7,754.00	5,019,218.92	5,019,218.92	-
RETAINING WALL/CAST-IN-PLACE (KEY)	12	CY	2,091	\$ 400.00	\$ 836,400.00	2	1,270.00	\$ 378.00	\$ (356,340.00)	1,270.00	0.00	1,270.00	480,060.00	480,060.00	-
AGGREGATE DRAIN MATERIAL	13	CY	11,934	\$ 50.00	\$ 596,700.00	3	2,471.00	\$ 50.00	\$ (473,150.00)	2,471.00	0.00	2,471.00	123,550.00	123,550.00	-
PVC UNDERDRAIN PIPE (6 IN)	14	LF	17,105	\$ 18.00	\$ 307,890.00				17,105.00	0.00	17,105.00	307,890.00	307,890.00	-	-
METAL BEAM GUARD RAIL	15	LF	16,884	\$ 25.00	\$ 422,100.00	1	0.00	\$ 25.00	\$ (422,100.00)	0.00	0.00	0.00	0.00	0.00	-
PREPARATION RIGHT OF WAY	16	STA	171	\$ 12,812.00	\$ 2,190,852.00				171.00	0.00	171.00	2,190,852.00	2,190,852.00	-	-
EMBANKMENT	17	CY	22,946	\$ 12.00	\$ 275,352.00				22,946.00	0.00	22,946.00	275,352.00	275,352.00	-	-
REMOVE PIPE (30 IN) RCP	18	EA	3	\$ 6,300.00	\$ 18,900.00				3.00	0.00	3.00	18,900.00	18,900.00	-	-
REMOVE CONC. HEADWALL	19	EA	1	\$ 4,200.00	\$ 4,200.00				1.00	0.00	1.00	4,200.00	4,200.00	-	-
REMOVE EXISTING GATE WELL STRUCTURES AND SALVAGE SLUICE GATE ASSEMBLIES	20	EA	1	\$ 32,859.00	\$ 32,859.00				1.00	0.00	1.00	32,859.00	32,859.00	-	-
CAPPED EXISTING GATE WELL STRUCTURES AND SALVAGE SLUICE GATE ASSEMBLIES	21	EA	1	\$ 18,000.00	\$ 18,000.00				1.00	0.00	1.00	18,000.00	18,000.00	-	-
CONC. RIP RAP CL-B (SLOPE PROTECTION)	22	CY	200	\$ 380.00	\$ 76,000.00				200.00	0.00	200.00	76,000.00	76,000.00	-	-
CONC. PAD (4 FT X 4 FT) (6 IN)	23	EA	34	\$ 1,300.00	\$ 44,200.00				34.00	0.00	34.00	44,200.00	44,200.00	-	-
CONC. SHOULDER (2 FT X 4 IN)	24	LF	160	\$ 65.00	\$ 10,400.00				80.00	0.00	80.00	5,200.00	5,200.00	-	5,200.00
FURNISHING & PLACING TOPSOIL (SALVAGED MATERIAL)(6IN)	25	STA	152	\$ 340.00	\$ 51,680.00				152.00	0.00	152.00	51,680.00	51,680.00	-	-
FURNISHING & PLACING TOPSOIL (NEW)(6IN)	26	STA	19	\$ 580.00	\$ 11,020.00				14.00	0.00	14.00	8,120.00	8,120.00	-	2,900.00
FLEXBASE (SALVAGED MATERIAL) (CALICHE) (TY D GR 6) (6 IN.)	27	CY	1,267	\$ 12.00	\$ 15,204.00				445.00	0.00	445.00	5,340.00	5,340.00	-	9,864.00
FLEXBASE (CALICHE) (TY D GR 6) (6 IN.)	28	CY	12,033	\$ 30.00	\$ 360,990.00				12,033.00	0.00	12,033.00	360,990.00	360,990.00	-	-
FLEXBASE (CALICHE) (TY D GR 6) (8 IN.)	29	CY	444	\$ 30.00	\$ 13,320.00				444.00	0.00	444.00	13,320.00	13,320.00	-	-
HYDRO MULCH	30	SY	47,500	\$ 1.00	\$ 47,500.00	20	95,286.00	\$ 1.00	\$ 47,786.00	47,500.00	47,786.00	95,286.00	47,500.00	47,786.00	-
REFIN. CONC. PIPE (30 IN) (CLV)	31	LF	123	\$ 125.00	\$ 15,375.00				123.00	0.00	123.00	15,375.00	15,375.00	-	-
CONC. HEADWALL (30 IN) (CAST IN PLACE)	32	EA	1	\$ 9,000.00	\$ 9,000.00				1.00	0.00	1.00	9,000.00	9,000.00	-	-
REGRADE DITCH	33	LF	7,625	\$ 4.00	\$ 30,500.00				7,625.00	0.00	7,625.00	30,500.00	30,500.00	-	-
BOLLARD (CUT TO PLAN DIMENSIONS)	34	EA	16,590	\$ 81.00	\$ 1,343,790.00	1	0.00	\$ 81.00	\$ (1,343,790.00)	0.00	0.00	0.00	0.00	0.00	-
BOLLARD (TRANSPORT FROM STAGING AREA & INSTALL PER PLANS) (8 FT TO 12 FT LONG)	35	EA	16,037	\$ 90.00	\$ 1,443,330.00				16,037.00	0.00	16,037.00	1,443,330.00	1,443,330.00	-	-
BOLLARD (TRANSPORT FROM STAGING AREA & INSTALL PER PLANS) (14 FT TO 20 FT LONG)	36	EA	553	\$ 270.00	\$ 149,310.00				553.00	0.00	553.00	149,310.00	149,310.00	-	-
BOLLARD (SUPPLY, CUT & WELD ANGLE IRON SUPPORTS) (4 IN X 4 IN X 1/4 IN 8 FT)	37	LF	17,485	\$ 4.00	\$ 69,940.00	1	17,485.00	\$ 70.21	\$ 1,157,681.85	17,485.00	0.00	17,485.00	1,227,621.85	1,227,621.85	-
BOLLARD (INSTALL & WELD CAPS)	38	EA	16,590	\$ 45.00	\$ 746,550.00	1	0.00	\$ 45.00	\$ (746,550.00)	0.00	0.00	0.00	0.00	0.00	-
FLAP GATES W/WALL PIPE & TEE (6 IN.)	39	EA	34	\$ 2,300.00	\$ 78,200.00				34.00	0.00	34.00	78,200.00	78,200.00	-	-
REMOVE AND REPLACE EXIST. SIGN	40	EA	8	\$ 1,500.00	\$ 12,000.00				8.00	0.00	8.00	12,000.00	12,000.00	-	-
SHEET WALL DRAIN MATERIAL	41	SF	0	\$ -	\$ -	3	55,865.00	\$ 4.70	\$ 262,565.50	55,865.00	0.00	55,865.50	262,565.50	262,565.50	-
REFIN. CONC. PIPE (24 IN) (CLV)	42	LF	0	\$ -	\$ -	15	88.00	\$ 114.00	\$ 10,032.00	88.00	0.00	88.00	10,032.00	10,032.00	-
LOWER EXISTING 2 INCH WATERLINE	43	LS	0	\$ -	\$ -	16	1.00	\$ 3,084.00	\$ 3,084.00	1.00	0.00	1.00	3,084.00	3,084.00	-
RELOCATE EXISTING 18 IN IRRIGATION LINE	44	LS	0	\$ -	\$ -	17	1.00	\$ 13,425.43	\$ 13,425.43	1.00	0.00	1.00	13,425.43	13,425.43	-

ORIGINAL CONTRACT AMOUNT:	\$ 21,908,762.00														
NET CHANGES BY CHANGE ORDER(S)	\$ (1,868,801.05)														
TOTAL CONTRACT AMOUNT TO DATE	\$ 20,040,160.95														
Estimated % Project Completion to Date:	99.83%														
Adjusted Damages	Current Days:	0													
LESS RETAINAGE @ 10%	\$ 2,000,596.35	\$ 4,778.60													
PENDING RELEASED RETAINAGE PR #11	\$ 997,908.88	\$ -													
LESS Previous Requests for Payments	\$18,960,268.48	\$ 50.00													
To Date Days:	0	LD's per Day:	\$ 10,000.00												
TOTAL AMOUNT DUE THIS REQUEST	\$ 43,007.40	\$ 43,007.40													

Contractor: ZACHRY CONSTRUCTION CORPORATION

CERTIFICATION OF CONTRACTOR
 According to the best of my knowledge and belief, I certify that all items and amounts shown on the face of this Application for Payment are correct; that all work has been performed and / or material supplied in accordance with the requirements of the referenced Contract and / or duly authorized deviations, substitutions, alterations, and / or additions; that the foregoing is a true and correct statement of the Contract Amount up to and including the last day of the period covered by the Application for Payment; that no part of the "Balance Due this Payment" has been received and that the undersigned and his subcontractors have complied with all the labor provision of said contract.
 Signed: ABEL ORTIZ Date: 12/17/09
 Title: PROJECT MANAGER

Instructions: Contractor's Certification No. 2: is to be executed for all requests for payments after the first. Notarize all requests for payments.

CONTRACTOR'S Certification No. 2:
 The undersigned CONTRACTOR Certifies that (1) all previous progress payments received from Owner on account of Work done under the Contract referred to above have been applied on account to discharge CONTRACTOR'S legitimate obligations incurred in connection with Work covered by prior Applications for Payment numbered 1 through 12 this Application for Payment will pass to OWNER at time of payment free and clear of all Liens, security interest or encumbrance; and (3) all Work covered by this Application for Payment is in accordance with the Contract Documents and not defective.

By: ABEL ORTIZ, PROJECT MANAGER
 DATE: 12/17/09
 State of TEXAS
 County of DALLAS
 Subscribed and sworn to me this 17th day of DEC. 2009
 My Commission Expires: 08/30/09
 JASON FROHNAPFEL
 My Commission Expires August 30, 2010

Engineer: DANMENBAUM ENGINEERING McALLEN-LLC

INSPECTOR'S CERTIFICATION
 I certify that I have checked and verified the above and foregoing Periodic Estimate for Partial Payment: that to the best of my knowledge and belief it is a true and correct statement or work performed and/or material supplied by the contractor, and that partial payment claimed and requested by the Contractor is correctly computed on the basis of work performed and/or material supplied to date. Payment of the above AMOUNT DUE THIS APPLICATION is recommended.
 Date: 12/18/09
 HECTOR CANTU
 DOS LOGISTICS INSPECTOR

ENGINEER'S CERTIFICATION
 I certify that I have checked and verified the above and foregoing Periodic Estimate for Partial Payment: that to the best of my knowledge and belief it is a true and correct statement or work performed and/or material supplied by the contractor, and that partial payment claimed and requested by the Contractor is correctly computed on the basis of work performed and/or material supplied to date. Payment of the above AMOUNT DUE THIS APPLICATION is recommended.
 Date: 12/18/09
 RICHARD D. SEITZ, P.E.
 RESIDENT PROJECT REPRESENTATIVE

OWNER CERTIFICATION
 I have checked this estimate against the contractor's Schedule of Amount for Contract Payments, the notes and reports of my inspections of the project, and the period reports submitted by the Project Engineer. It is my opinion that the statement of work performed and/or materials supplied is accurate, that the contractor is observing the requirements of the contract, and the payment to the contractor in the amount requested above is recommended.
 Date: _____
 RENE A. RAMIREZ
 CHAIRMAN OF THE BOARD



REQUEST FOR PAYMENT
 DHS SEGMENT 0-8 (3.31 MILES)
 ZACHRY CONSTRUCTION CORPORATION
 P.O. BOX 241948
 San Antonio, Texas 78224-3948

CONTRACT NO. 08-012-07-08
 WORK THRU: 10/25/2009 thru 11/25/2009

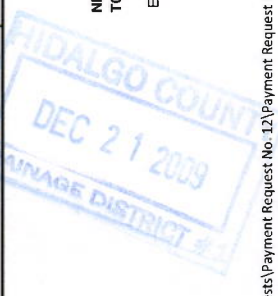
4410-03 3.13 MILES
 12/1/2009

Project Number:
 Date:

REQUEST FOR PAYMENT NO. 12

PROGRESS BILLING WORKSHEET - NO. 2

ITEM NO	UNIT	TOTAL QUANTITY	BID UNIT PRICE	TOTAL BID PRICE	NO.	QTY. +/-	CHANGE ORDERS			VARIANCE AMOUNT +/-	UNIT QTY. COMPLETE PRIOR INVOICES	UNIT QTY. COMPLETE THIS PERIOD	UNIT QTY. COMPLETE TO DATE	AMOUNT PRIOR INVOICES	AMOUNT COMPLETE TO DATE	AMOUNT DUE THIS INVOICE	BALANCE TO COMPLETE
							UNIT PRICE +/-	PRICE +/-	AMOUNT +/-								
1	LF	34,200	\$ 2.20	\$ 75,240.00							30,912.00	30,912.00	68,006.40	68,006.40	-	7,233.60	
2	EA	4	\$ 2,500.00	\$ 10,000.00							0.00	0.00	0.00	0.00	0.00	0.00	9,000.00
3	CY	21,210	\$ 12.00	\$ 254,520.00							21,210.00	21,210.00	254,520.00	254,520.00	-	-	-
4	LF	2,600	\$ 5.00	\$ 13,000.00							2,600.00	2,600.00	13,000.00	13,000.00	-	-	-
5	LF	115	\$ 5.75	\$ 661.25							115.00	115.00	661.25	661.25	-	-	-
6	SF	195,285	\$ 9.00	\$ 1,757,565.00							195,285.00	195,285.00	1,757,565.00	1,757,565.00	-	-	-
7	LS	1	\$ 35,000.00	\$ 35,000.00							1.00	1.00	35,000.00	35,000.00	-	-	-
8	EA	1	\$ 5,500.00	\$ 5,500.00							0.00	0.00	0.00	5,500.00	-	-	-
9	EA	1	\$ 80,000.00	\$ 80,000.00							1.00	1.00	80,000.00	80,000.00	-	-	-
10	CY	7,449	\$ 778.45	\$ 5,814,300.00	2	6,945.00	\$ 192,035.25				6,945.00	6,945.00	5,406,335.25	5,406,335.25	-	-	-
11	CY	10,465	\$ 500.00	\$ 5,232,500.00	2,4	7,754.00	\$ (213,281.08)				7,754.00	7,754.00	5,019,218.92	5,019,218.92	-	-	-
12	CY	2,491	\$ 400.00	\$ 996,400.00	3	1,270.00	\$ (356,340.00)				1,270.00	1,270.00	480,060.00	480,060.00	-	-	-
13	CY	11,934	\$ 50.00	\$ 596,700.00	2	2,471.00	\$ (473,150.00)				2,471.00	2,471.00	123,550.00	123,550.00	-	-	-
14	LF	17,165	\$ 18.00	\$ 308,970.00							17,165.00	17,165.00	307,890.00	307,890.00	-	-	-
15	LF	16,884	\$ 25.00	\$ 422,100.00	1	0.00	\$ (422,100.00)				0.00	0.00	0.00	0.00	-	-	-
16	STA	171	\$ 12,812.00	\$ 2,190,852.00							171.00	171.00	2,190,852.00	2,190,852.00	-	-	-
17	CY	22,946	\$ 12.00	\$ 275,352.00							22,946.00	22,946.00	275,352.00	275,352.00	-	-	-
18	EA	3	\$ 6,300.00	\$ 18,900.00							3.00	3.00	18,900.00	18,900.00	-	-	-
19	EA	1	\$ 4,200.00	\$ 4,200.00							1.00	1.00	4,200.00	4,200.00	-	-	-
20	EA	1	\$ 32,859.00	\$ 32,859.00							1.00	1.00	32,859.00	32,859.00	-	-	-
21	EA	1	\$ 18,000.00	\$ 18,000.00							1.00	1.00	18,000.00	18,000.00	-	-	-
22	CY	200	\$ 380.00	\$ 76,000.00							200.00	200.00	76,000.00	76,000.00	-	-	-
23	EA	34	\$ 1,300.00	\$ 44,200.00							34.00	34.00	44,200.00	44,200.00	-	-	-
24	LF	160	\$ 65.00	\$ 10,400.00							80.00	80.00	5,200.00	5,200.00	-	-	-
25	STA	152	\$ 340.00	\$ 51,680.00							152.00	152.00	51,680.00	51,680.00	-	-	-
26	STA	19	\$ 580.00	\$ 11,020.00							14.00	14.00	8,120.00	8,120.00	-	-	-
27	CY	1,267	\$ 12.00	\$ 15,204.00							445.00	445.00	5,340.00	5,340.00	-	-	-
28	CY	12,033	\$ 30.00	\$ 360,990.00							12,033.00	12,033.00	360,990.00	360,990.00	-	-	-
29	CY	444	\$ 30.00	\$ 13,320.00							444.00	444.00	13,320.00	13,320.00	-	-	-
30	SY	47,500	\$ 1.00	\$ 47,500.00	20	95,286.00	\$ 47,786.00				47,786.00	95,286.00	47,500.00	47,500.00	47,786.00	-	-
31	LF	123	\$ 125.00	\$ 15,375.00							123.00	123.00	15,375.00	15,375.00	-	-	-
32	EA	9,000	\$ 9,000.00	\$ 81,000.00							1.00	1.00	9,000.00	9,000.00	-	-	-
33	LF	7,625	\$ 4.00	\$ 30,500.00							7,625.00	7,625.00	30,500.00	30,500.00	-	-	-
34	EA	16,590	\$ 81.00	\$ 1,343,790.00	1	0.00	\$ (1,343,790.00)				0.00	0.00	0.00	0.00	-	-	-
35	EA	16,037	\$ 90.00	\$ 1,443,330.00							16,037.00	16,037.00	1,443,330.00	1,443,330.00	-	-	-
36	EA	553	\$ 270.00	\$ 149,310.00							553.00	553.00	149,310.00	149,310.00	-	-	-
37	LF	17,485	\$ 4.00	\$ 69,940.00	1	17,485.00	\$ 1,157,681.85				17,485.00	17,485.00	1,227,621.85	1,227,621.85	-	-	-
38	EA	16,590	\$ 45.00	\$ 746,550.00	1	0.00	\$ (746,550.00)				0.00	0.00	0.00	0.00	-	-	-
39	EA	34	\$ 2,300.00	\$ 78,200.00							34.00	34.00	78,200.00	78,200.00	-	-	-
40	EA	8	\$ 1,500.00	\$ 12,000.00							8.00	8.00	12,000.00	12,000.00	-	-	-
41	SF	0	\$ -	\$ -	3	55,865.00	\$ 4.70				55,865.00	55,865.00	262,565.50	262,565.50	-	-	-
42	LF	0	\$ -	\$ -	15	88.00	\$ 114.00				88.00	88.00	10,032.00	10,032.00	-	-	-
43	LS	0	\$ -	\$ -	16	1.00	\$ 3,084.00				1.00	1.00	3,084.00	3,084.00	-	-	-
44	LS	0	\$ -	\$ -	17	1.00	\$ 13,425.43				1.00	1.00	13,425.43	13,425.43	-	-	-



ORIGINAL CONTRACT AMOUNT: \$ 21,908,762.00
 NET CHANGES BY CHANGE ORDER(S) \$ (1,868,601.05)
 TOTAL CONTRACT AMOUNT TO DATE \$ 20,040,160.95

Estimated % Project Completion to Date: 99.83%

Liquidated Damages: 0
 Current Days: 0
 To Date Days: 0

LESS RETAINAGE @ 10% \$ 2,000,596.35
 PENDING RELEASED RETAINAGE PR # 11 \$ 997,908.88
 LESS Previous Requests for Payments \$ 18,960,266.48
 LESS LD's per Day \$ 10,000.00
TOTAL AMOUNT DUE THIS REQUEST \$ 43,007.40

TOTAL COMPLETE TO DATE \$ 20,005,963.35
 TOTAL CURRENT CONTRACT EARNED \$ 47,786.00
 CONTRACT BALANCE TO COMPLETE \$ 34,197.60

**GK Services Uniforms / GASB 45
DRAINAGE DISTRICT**

Date: 01/19/2010
Submitted By: Jaime Salazar, DRAINAGE DISTRICT
Submitted For: Jaime Salazar
Department: DRAINAGE DISTRICT

Information

CAPTION

A. Requesting approval to accept Proposal and approval of Service Agreement with Milliman, Inc. to provide GASB 45 analysis requirements or services as requested to Hidalgo County Drainage District No.1.

B. Requesting approval to enter into an agreement with GK Services for "Uniform Service" through the District's membership with BuyBoard Contract No. 264-07.

BACKGROUND

Fiscal Impact

Attachments

Link: [Milliman Proposal](#)

Link: [GK Services Agreement & Pricing](#)

Form Routing/Status

Route Seq	Inbox	Approved By	Date	Status
1	Budget & Management	Erika Zamora	01/13/2010 11:49 AM	APRV
2	Perla Lopez	Perla Lopez	01/13/2010 02:40 PM	APRV
3	Final Approval	Angela Garcia	01/15/2010 04:16 PM	APRV

Form Started By: Jaime Salazar
Started On: 01/13/2010 10:53 AM

Final Approval Date: 01/15/2010



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December 13, 2007

Jaime Salazar
Buyer
Hidalgo County Drainage District No. 1
902 N. Doolittle

Edinburg, TX 78541

Re: **Hidalgo County Drainage District No. 1
Proposal to Provide Initial GASB 45 Analysis**

Dear Jaime,

As a follow-up to previous discussion, this letter serves to outline our recommended approach to providing GASB 45 services for Hidalgo County Drainage District No. 1. We appreciate your consideration of Milliman and are confident that we can effectively address issues related to GASB 45.

Project Steps

1. Initial Valuation

The initial phase of the analysis is expected to accomplish the following objectives:

- (a) **Data collection** – We will gather requested information from Hidalgo County Drainage District No. 1 related to other post-employment benefits (OPEBs) offered to retirees.
- (b) **Valuation** – We will perform calculations in accordance with GASB guidance and current actuarial standards of practice. Key computations will include the initial OPEB liability, the annual required contribution, and projected future benefit payments.
- (c) **Sensitivity analysis** – We will provide sensitivity analysis to demonstrate the impact of variation in the assumed discount rate and other key assumptions. This information will be valuable in identifying the key drivers of expected cost associated with providing OPEBs to retirees.
- (d) **Meeting to present results** – We will meet with you to present valuation results and discuss important issues.



2. Plan Design and Funding Analysis *(as needed)*

Based on conclusions drawn from the initial valuation, we will be ready to discuss next steps. Those next steps typically include analysis of strategies you may want to explore prior to the effective date of disclosing GASB 45 information in employer financial statements. Key considerations may include:

- The effect of potential plan design changes on GASB cost
- The impact of changes in employee cost-sharing provisions
- Whether advance funding of benefits in a trust is appropriate

3. Ongoing Valuation

After completion of the initial valuation and additional analysis, as needed, we will be well-positioned to provide OPEB valuations on an ongoing basis as required under GASB 45. The steps involved in performing ongoing valuations will be similar to the steps described above for the initial valuation. Following completion of the valuation, we will meet with you to discuss results and follow with issuance of a formal valuation report.

Requested Information

To complete the initial valuation, we will need certain census and plan information. The enclosed Exhibit B provides a list of this information.

Timing for Completion of the Initial Valuation

From the time we receive the requested information (listed in Exhibit B) and a completed service agreement (included as Exhibit C), we expect to complete the initial valuation within four weeks and schedule a meeting to discuss the results with you.

Estimated Fees

The estimated fees for the project are as follows:

Phase	Fee
Initial Valuation	\$10,500
Plan Design and Funding Analysis	Provided as needed and based on scope
Ongoing Valuation	\$10,500



These estimates are based on the following:

- There are approximately 74 active employees.
- There are fewer than 50 retirees and beneficiaries.
- There are two medical options available to retirees.

If a material difference in fees becomes evident due to a change in the scope of the assignment, we will advise you. Travel and other out-of-pocket expenses are billed separately.

Project Team

The following individuals will be involved in the project (biographies are available upon request):

Name	Title	Experience
Jim Tumlinson	Consulting Actuary	18 years
Bryan Wilson, EA	Consulting Actuary	16 years
Mary Leong	Analyst	6 years

Service Agreement

A service agreement is provided in Exhibit C. If you wish to engage us to provide the GASB 45 consulting services as described herein, please sign this document (at the end of Exhibit C) and return the agreement to us. We will then sign the agreement, provide a copy to you and begin work.

Jaime, we are excited about the opportunity to further Milliman’s relationship with Hidalgo County Drainage District No. 1 as we provide GASB 45 services. Milliman is uniquely positioned to assist Hidalgo County Drainage District No. 1 in navigating the new GASB standards and managing the risk related to your post-employment benefit arrangements. I am confident we can provide significant value to you during this process.

Please feel free to call with any questions or comments.

Sincerely,

Bryan Wilson, EA
Actuary

ENCLOSURES

GASB proposal - Hidalgo County Drainage District No. 1 090606.doc

Exhibit A

Introduction to Milliman's Services

Actuarial Consulting Services

Milliman differentiates itself in the delivery of actuarial consulting services by seeking out and developing professionals who are not only technically sound, but who can also communicate complex actuarial and accounting concepts in an understandable way. As a result, we bring measurable value to our client's ability to make sound decisions.

The characteristics that distinguish Milliman with regard to providing GASB 43/45 consulting services include:

- **Public Sector Experience.** Milliman is nationally recognized for our substantial commitment to the public sector, which includes publication of our PERiScope newsletter, active participation in national meetings and advisory committees, and the funding of specialized research. With one of the largest groups of public-sector clients in the U.S., our consultants are extremely well versed in the GASB standards relating to post-employment benefit arrangements. They are also mindful of the impact that state and local law has on public employer benefit plans as they consider and analyze the effect that applicable law may have on current and future liabilities.

We have been retained by numerous public employers to perform GASB 45 valuations and consult on issues related to GASB 43 and 45 (please see Exhibit D for a representative client list). In general, we have clients across the entire spectrum of public sector organizations, including:

- City, County and State Governments
- School Districts
- Law Enforcement Agencies
- Hospital Districts
- Transportation Authorities
- Power and Utilities Organizations

Milliman also provides a broad range of other services to public plan sponsors, including actuarial services, benefits consulting, compliance, recordkeeping, employee communication and investment advisory services.

- **Health and Welfare Expertise.** For many years, our Health Practice has been considered the premier provider of health actuarial services in the U.S. This expertise and experience are particularly important since employers' GASB 45 liability is highly dependent on the cost structure of the health plan offered to its retirees and due to anticipated medical inflation.

In addition to serving as actuary for some of the nation's larger healthcare providers, Milliman's healthcare group publishes the *Healthcare Cost Guidelines*, an invaluable tool for developing per capita claims costs and medical inflation assumptions for post-employment medical benefit valuations. The *Guidelines* were first developed in 1954 as a result of Milliman's continuing research on healthcare costs and the publication has been updated and expanded annually ever since and are continually monitored as they are utilized in measuring

the experience and evaluating the rates of our clients, and comparing the information to other data sources.

The *Guidelines* also provide a flexible but consistent basis for the determination of claim costs for a wide variety of health benefit plans and may be used to estimate future claim levels, set provider budgets, set service category budgets, evaluate past experience, and establish interrelationships between different health coverages.

- **Independence.** Recognized as an industry leader, Milliman is an independent firm of consultants and actuaries. We are not affiliated with other organizations that might impair our objectivity or our focus on your needs. We deliver top-quality service because our flexible internal structure allows us to assemble collaborative project teams that provide broad expertise under the guidance of an assigned consultant who understands Hidalgo County Drainage District No. 1 and your unique needs.
- **State-of-the-Art Valuation System.** Milliman has developed a state-of-the-art valuation system for GASB 45 valuations that allows our consultants to effectively analyze and maintain data, produce valuation results and project anticipated future GASB costs. Because no two plans are alike, our system is flexible. Accordingly, we are equipped to serve all types of clients with a broad spectrum of plan designs.
- **Client Commitment.** We have worked hard to earn the trust of our public-sector clients by being very approachable and accessible, using technology to simplify and support all services, and by delivering on our commitments. We intend to follow the same client service model for Hidalgo County Drainage District No. 1 and earn the same high level of trust.

Exhibit B

Information Request

Following is an outline of the information that we need to perform the initial GASB 45 valuation:

1. Summary of plan provisions	
<ul style="list-style-type: none"> • Retirees and eligible dependents, pre-65 	<ul style="list-style-type: none"> ▪ Medical benefits ▪ Prescription drug benefits ▪ Other post-employment benefits (other than retirement), including life insurance, vision, dental, etc.
<ul style="list-style-type: none"> • Retirees and eligible dependents, post-65 	<ul style="list-style-type: none"> ▪ Medical benefits, including how they coordinate with Medicare ▪ Prescription drug benefits, including how they coordinate with Medicare ▪ Other post-employment benefits (other than retirement), including life insurance, vision, dental, etc.
2. Participant information	
<ul style="list-style-type: none"> • Employee groups 	<ul style="list-style-type: none"> ▪ Active ▪ Retirees and eligible dependents, pre-65 ▪ Retirees and eligible dependents, post-65
<ul style="list-style-type: none"> • Data elements 	<ul style="list-style-type: none"> ▪ Name ▪ Identification number (SSN, for example) ▪ Date of birth ▪ Date of hire ▪ Gender ▪ Benefit coverages ▪ Annual compensation, if necessary (life insurance benefit, for example) ▪ Other pertinent data items
3. Retiree contribution schedule (or include in Item #2 above, if by individual)	
4. Employer contribution schedule (if insured)	
5. Claims information (if self-insured)	
<ul style="list-style-type: none"> • Employee groups 	<ul style="list-style-type: none"> ▪ Active ▪ Retirees and eligible dependents, pre-65 ▪ Retirees and eligible dependents, post-65
<ul style="list-style-type: none"> • Type of benefit 	<ul style="list-style-type: none"> ▪ Medical ▪ Prescription drug ▪ Other
<ul style="list-style-type: none"> • Time period 	<ul style="list-style-type: none"> ▪ It is important that we receive claim information for the most recent year. If it is easy to provide, claims information for the previous three years would be helpful also.
6. Most recent pension valuation report (if available)	

Exhibit C

Service Agreement

This document will serve as the Service Agreement between Milliman and Hidalgo County Drainage District No. 1 for the provision of actuarial services required to meet GASB 43/45 requirements and other services, as requested.

Terms and Conditions

- 1. Limitation of Liability. Milliman will perform all services in accordance with applicable professional standards. The parties agree that Milliman, its officers, directors, agents and employees, shall not be liable to Hidalgo County Drainage District No. 1, under any theory of law including negligence, tort, breach of contract or otherwise, for any damages which exceed 5 times the total professional fees paid in the previous 12-month period. In no event shall Milliman be liable for lost profits of Hidalgo County Drainage District No. 1 or any other type of incidental or consequential damages. The foregoing limitations shall not apply in the event of the intentional fraud or willful misconduct of Milliman.
2. Disputes. In the event of any dispute arising out of or relating to the engagement of Milliman by Hidalgo County Drainage District No. 1, the parties agree that the dispute will be resolved by final and binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall take place before a panel of three arbitrators. Within 30 days of the commencement of the arbitration, each party shall designate in writing a single neutral and independent arbitrator. The two arbitrators designated by the parties shall then select a third arbitrator. The arbitrators shall have a background in either insurance, actuarial science or law. The arbitrators shall have the authority to permit limited discovery, including depositions, prior to the arbitration hearing, and such discovery shall be conducted consistent with the Federal Rules of Civil Procedure. The arbitrators shall have no power or authority to award punitive or exemplary damages. The arbitrators may, in their discretion, award the cost of the arbitration, including reasonable attorney fees, to the prevailing party. Any award made may be confirmed in any court having jurisdiction. Any arbitration shall be confidential, and except as required by law, neither party may disclose the content or results of any arbitration hereunder without the prior written consent of the other parties, except that disclosure is permitted to a party's auditors and legal advisors.
3. Choice of Law. The construction, interpretation, and enforcement of this Agreement shall be governed by the substantive contract law of the State of New York without regard to its conflict of laws provisions. In the event any provision of this agreement is unenforceable as a matter of law, the remaining provisions shall stay in full force and effect.
4. No Third Party Distribution. Milliman's work is prepared solely for the internal business use of Hidalgo County Drainage District No. 1. Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party.
5. Terms of Agreement. This Agreement will become effective upon the signature of both parties, and will remain in effect until terminated by either party as provided herein. Either party may terminate this Agreement upon ninety (90) days prior written notice. Milliman will retain any records it has relating to the Services provided under this Agreement for a period of three years following the termination of this Agreement.

This Service Agreement will take effect upon the signature of both parties below.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
I have read and agree to the terms and conditions of this Agreement.
Accepted by: _____
Title: _____ Date: _____

MILLIMAN, INC.
I have read and agree to the terms and conditions of this Agreement.
Accepted by: _____
Title: Principal Date: _____

Exhibit D

Sample GASB 45 Client List

Brazos County, Texas

Brownsville Public Utilities Board (Texas)

Cameron County, Texas

City of Amarillo, Texas

City of Columbus, Georgia

City of Denton, Texas

City of Euless, Texas

City of Lakewood, Colorado

City of Laredo, Texas

City of Miami, Florida

City of Port Arthur, Texas

Collin County, Texas

Gulf Coast Waste Disposal (Texas)

Hidalgo County, Texas

Little Rock Waste Water (Arkansas)

Metropolitan Transit Authority of Harris County (Texas)

Port of Corpus Christi (Texas)

Port of Houston Authority (Texas)

State of Arkansas

State of Louisiana

Williamson County, Texas

Vendor Contract Information[Proposal Documents](#)[Back](#)**Vendor:** G & K Services**Address:** 2504 Mustang Dr.
Arlington , TX 76001**Phone:** (817) 437-3728**Contact:** James Roof**Email:** jroof@gkservices.com**Website:** www.gkservices.com**Federal ID:** 41-1670526**Accepts RFQs:** Yes**Contract:** Uniforms & Accessories for Various Areas #264-07**Effective Date:** 6/1/2007**Expiration Date:** 5/31/2010**Payment Terms:** Net 30 days**Delivery Days:** 10**Shipping Terms:** Free Shipping**Freight Terms:** FOB Destination**Ship Via:** Company Truck**Quote Reference****Number:** 264-07**Regions Served:** All Texas Regions**States Served:** All States**Vendor Exceptions:** Rental Agreement Term is 36 months effective on the date executed by the individual entity. A price increase of 2% will be apply in the 2nd and 3rd years and will be effective on June 1 of each year. All garments will have the steam tunnel finish except for executive shirts & pants which are pressed. All garments can be pressed for the additional charge of \$0.25 each. There will be a design fee to create Direct Embroidery Logo. Direct emproirdery \$6 per piece. There is a buy back charge for all direct embroidery garments and buy back on executive shirts and knit shirts with emblems at the current garment replacement cost. Minimum stop \$20. No charge for Prep, Emblems or name tags. No charge for environmental, waste water or energy charge (additional service charge). 10% upcharge on oversized garments.**Return Policy:** Return of garments upon termination of service or user unemployment.[\[Log Out \]](#)

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**AGREEMENT FOR SUPPLY OF G&K SERVICES
FOR
BUY BOARD MEMBER HIDALGO COUNTY DRAINAGE DISTRICT #1**

This Agreement, including the terms below, on the reverse, and on any attached written addenda and any added verbally as described below, all of which are incorporated by this reference, ("Agreement") is entered into between Customer and G&K Services ("G&K"), as of the Effective Date. Customer and Effective Date are identified below.

1. G&K Agrees With Customer:

- To provide services ("Services") and merchandise ("Merchandise") listed on any attached Addenda, or added verbally or in a separate writing by Customer.
- To provide **G&K Service Guarantees**:
 - G&K will deliver all Merchandise to Customer, picked-up by G&K on a regularly scheduled delivery day, by the next scheduled delivery day;
 - G&K will clean all Merchandise using high standards in laundering methods;
 - G&K will inspect, repair and deliver to Customer, on the next scheduled delivery day, all Merchandise needing repair that can reasonably be repaired;
 - G&K will deliver to Customer all Merchandise in a clean and useable condition on the next scheduled delivery day;
 - G&K will deliver to Customer, on the next regularly scheduled delivery day, replacement or additional uniforms ordered of a similar size and color as those in service at Customer, provided G&K receives the order on a regular delivery day;
 - G&K will replace worn-out Merchandise on the next regularly scheduled delivery day with Merchandise meeting G&K's high quality standards, at no additional charge to Customer except for Merchandise damaged or lost and except for charges for preparation, nametags or emblems, and embroidery;
- To issue a credit to Customer's account equal to the weekly charge for the item of Merchandise affected, to the extent G&K Service Guarantees are unmet.
- To review with Customer its account for Services and Merchandise as needed or upon request.
- To remain committed to meeting or exceeding Customer's needs, and to respond to any Customer service request or concern within 48 business hours after receipt by a G&K representative.

If G&K materially fails to provide Services or Merchandise required under this Agreement, Customer will deliver written details of the failure to the G&K office serving Customer, and G&K then has 30 days to correct it. The failure will be considered corrected unless within 10 days after this sixty-day period Customer delivers to the G&K facility serving Customer a second written notice showing the failure is continuing. If this Agreement then is cancelled, Customer will pay G&K all amounts then due, return all rental items to G&K in good and usable condition, and pay the replacement value for all lost, damaged and/or unreturned rental items.

2. Customer Agrees With G&K:

- Customer has no commitment to any other company for Services or Merchandise described in or otherwise covered under this Agreement, the individual signing for Customer is authorized to enter into this Agreement on Customer's behalf, and this Agreement, when signed on behalf of Customer will constitute a legal binding obligation of Customer, enforceable against Customer;
- To order from G&K all its requirements for the type of Merchandise and Services covered under this Agreement during the time this Agreement is in effect;
- To pay the fees for all Merchandise and Services supplied by G&K under this Agreement, based on 52 weeks per year of service, as follows:
 - In cash on the regular delivery day or, if G&K has approved credit for Customer, within 10 days after the date of each invoice delivered; provided that G&K may, at any time, convert any account to a cash on delivery basis;
 - Annual increases in prices as invoiced by G&K for Merchandise and Services at the rate of 2% each June 1st
 - All charges shown on G&K invoices for additional items, such as additional orders for Merchandise and Service, charges for any embroidery, seasonal changeovers, exchanges, outsizes, automatic replacement, Image Guard program, special services programs, replacement values for Merchandise lost or damaged (ordinary wear and tear excepted) while in possession of Customer.
 - A monthly service charge on all past due amounts equal to the lesser of 18% per annum or the highest rate permitted by law; and
 - G&K's then current replacement values for all embroidered or permanently embellished, non-standard and/or unreturned Merchandise provided to Customer by G&K under this Agreement at the time this Agreement expires or is terminated for any reason.
- To notify G&K in advance of service of anything that may pose a health or environmental hazard, as for example Merchandise containing lead or blood borne pathogens, except as approved in advance by G&K in writing;
- To be responsible for and hold G&K harmless from any claim arising from use of the Merchandise by Customer; and
- To take whatever steps are necessary to assign this Agreement to any successor to Customer if Customer or Customer's business, assets or capital stock is sold or taken over by another party, and to notify G&K in writing of any assignment.

3. Term: Renewal: Early Termination.

- This Agreement takes effect as of the Effective Date and continues for the term of 36 months ("Initial Term") from the later of (a) the Effective Date or (b) the date G&K first delivers Merchandise to Customer, and then renews automatically and continuously for successive periods of 12 months each ("Renewal Term"), unless either party gives the other party written notice of non-renewal at least 90 days, but no more than 180 days, prior to expiration of the Initial Term or any Renewal Term. Notwithstanding the foregoing, each Customer that signs a local service agreement with G&K will be subject to the minimum term of service in the applicable service agreement, which may be no shorter than thirty-six (36) months subject to the non-appropriations clause as outlined in the proposal instructions.

**TERMS AND CONDITIONS ON THE REVERSE SIDE OF THIS AGREEMENT, AND IN ANY ATTACHED ADDENDA, ARE A PART OF THIS AGREEMENT.
THIS AGREEMENT IS NOT BINDING ON G&K UNTIL SIGNED BY G&K MANAGEMENT BELOW.**

Customer Name HIDALGO COUNTY DRAINAGE DISTRICT # 1

G&K SERVICES

Address 902 N. DOOLITTLE EDINBURG, TX. 78542

Sales Signature _____

Accepted By _____

Printed Name and Title Louie M. Garcia TSR

Name and Title (printed) _____

Management Signature _____

Printed Name and Title _____

Effective Date _____, 200_____

Route _____, Day _____ Customer Number: _____

A. EARLY TERMINATION.

Customer may terminate this Agreement for his own convenience at any time, provided that Customer must give written notice to G&K at least 90 days, but no more than 180 days, prior to the effective date of termination stated by Customer in the notice, complies with the requirements of Paragraph E below, and pays an Early Termination Fee. The Early Termination Fee is intended to provide to G&K a return on its investment in Customer's image program and shall be calculated, as follows: multiply the number of weeks remaining in the Initial Term or Renewal Term, as the case may be, following the date of termination by either (a) an amount equal to 50% of the average weekly amounts invoiced by G&K to Customer during the 8 weeks preceding the date of Customer's notice of termination, or (b) if Customer terminates this Agreement before Customer has 8 weeks of average weekly invoices, by an amount equal to 50% of average weekly invoices for any lesser period of time. In the event Customer fails in any of its commitments under this Agreement, G&K may suspend its performance or terminate this Agreement within 30 days after the date G&K provides notice to Customer of the failure, in which case Customer will meet each of the conditions described in this paragraph, including paying G&K the Early Termination Fee.

B. CUSTOMER ACKNOWLEDGES THAT G&K HAS INVESTED IN MERCHANDISE AND PERSONNEL IN RELIANCE ON THIS AGREEMENT, THAT G&K IS ENTITLED TO A RETURN ON THIS INVESTMENT, AND THAT THE PAYMENT OF FEES AND CHARGES, INCLUDING THE EARLY TERMINATION FEE, REPRESENT THIS RETURN ON INVESTMENT OVER THE TERM OF THIS AGREEMENT.

C. All rental Merchandise supplied to Customer under this Agreement remains the property solely of G&K.

D. G&K MAKES NO WARRANTIES, INCLUDING, BUT NOT LIMITED TO, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, REGARDING THE MERCHANDISE OR THE SERVICES SUPPLIED UNDER THIS AGREEMENT OTHER THAN THOSE SPECIFICALLY DESCRIBED IN THIS AGREEMENT. CUSTOMER ACCEPTS SOLE RESPONSIBILITY FOR SELECTING THE TYPE AND AMOUNT OF MERCHANDISE APPROPRIATE FOR CUSTOMER AND ACKNOWLEDGES THE MERCHANDISE SUPPLIED UNDER THIS AGREEMENT IS SUPPLIED FOR GENERAL PURPOSES, UNLESS SPECIFICALLY IDENTIFIED AS "FIRE RETARDANT", "FLAME RESISTANT" OR FOR OTHER SPECIAL PURPOSE. G&K MAY NOT BE THE MANUFACTURER OF THE MERCHANDISE AND HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, REGARDING THE QUALITY, SAFETY OR SUITABILITY OF THIS MERCHANDISE FOR USE BY CUSTOMER. G & K DOES PASS ON THE WARRANTIES AVAILABLE TO IT BY ITS MANUFACTURERS.

E. As of the effective date of any termination, expiration or cancellation of this Agreement for any reason, Customer will return to G&K all Merchandise in good and usable condition or pay G&K's replacement value for any Merchandise not returned or that is returned in damaged condition, will purchase at G&K's then replacement value all embroidered, permanently embellished, non-standard or special order Merchandise, and will pay to G&K all amounts owed to that date under this Agreement, including, without limitation, all accounts receivable, replacement value for all lost or damaged Merchandise, plus, if applicable, the Early Termination Fee.

F. Any claim or dispute between the parties, arising from, or relating to, this Agreement will be governed by TEXAS law, without regard to its conflicts of law provisions. Any claim or dispute must be resolved only as provided in this Section. Prior to filing any legal proceeding in any court, the parties will first attempt in good faith to promptly resolve the claim or dispute, including by negotiation at agreed time(s) and location(s). All negotiations are confidential and will be treated as settlement negotiations. If the parties are unable to resolve the dispute through negotiation, then G&K may elect to require a mediation of the dispute through a neutral party under rules of an established mediation center. Each provision of this paragraph is enforceable by any court having jurisdiction over the parties, and either party may seek injunctive relief for this purpose. Customer will reimburse G&K for all costs, including attorneys' fees, incurred by G&K to enforce the commitments of Customer under this Agreement and this paragraph.

G. Any interruption of G&K's usual operations, or delay or termination of service provided in this Agreement, by reason of acts of God, fires, explosions, strikes, or other industrial disturbances, or any cause beyond the reasonable control of G&K, will not be considered a failure or a liability under this Agreement.

H. THE REMEDIES FOR CUSTOMER DESCRIBED IN THIS AGREEMENT ARE THE SOLE REMEDIES FOR G&K'S BREACH OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND, IN ANY EVENT, G&K'S LIABILITY FOR BREACH OF THIS AGREEMENT SHALL NOT EXCEED THE PRICE OF FEE PAID FOR AN ITEM OF MERCHANDISE THAT FAILS TO COMPLY WITH G&K'S GUARANTEE. G&K IS NOT LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL (INCLUDING, WITHOUT LIMITATION, LOST WAGES, REVENUE, PROFIT, OPPORTUNITY, DATA OR LOSS OF USE), EXEMPLARY OR PUNITIVE DAMAGES.

I. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, the remaining terms and conditions will remain in full force and effect. This Agreement constitutes the entire agreement and supersedes all prior oral or written agreements between the parties regarding the matters covered by this Agreement. No waivers or statements made by any representative of G&K will be valid unless included in writing in this Agreement. No amendments to this Agreement will be binding unless in writing signed by representatives of both parties having the apparent authority to do so or as otherwise indicated in this Agreement.

J. All notices permitted or required under this Agreement must be in writing and transmitted by personal delivery, a nationally recognized overnight courier service, certified or registered mail, returned receipt requested, or facsimile (with confirmation). Notices shall be sent to the addresses specified on the first page of this Agreement or to such other address as either party may specify in writing.



RENTAL PROGRAM PRICING

RENTAL PRICING INCLUDES PICK-UP, WASHING GARMENTS, CLEANING FACILITY ITEMS, DELIVERY, REPAIRS AND UPGRADES.

Product Description	*Weekly Price
Uniforms	*Weekly price based on 11 sets with 5 changes per week.
Men's or Women's 65/35 Shirts	\$1.90
Men's or Women's 65/35 Pants	\$2.05
Men's or Women's Executive Shirts	\$3.35
Men's or Women's Executive Pants	\$3.35
Men's Soft Twill 100% Cotton Shirt, button down collar	\$4.45
100% Cotton Shirts	\$3.20
100% Cotton Pants	\$3.20
Micro check Shirts	\$2.35
Chambray Shirts	\$2.35
Standard Polo Shirts	\$3.35 (not available in long sleeves)
Exceed Polo Shirts 100% Poly	\$4.34 (not available in long sleeves)
Exceed T-Shirts 100% Poly	\$2.20 (not available in long sleeves)
Big Ben Denim Shirt	\$3.98 (not available in short sleeves)
Denim Shirts	\$3.25
GK Jeans	\$2.80
65/35 Lined Work Jackets	\$0.51
Wrangler Jeans	\$5.45



Shorts	\$2.05 (Year around, no seasonal price)	
Scrub Top	\$2.04	
Scrub Pants	\$2.04	
Smocks – Short Coat, Counter Coat	\$1.99	
Smock – Short Coat (Loose Fitting with Buttons)	\$2.30	
Smock – Wrap Around	\$2.81	
Coat – Butcher, BioSmart	\$2.65	
Additional Garment Items	Unit Price	Weekly Price
65/35 Coveralls	\$0.84	\$4.18
100% Cotton Coveralls	\$1.02	\$5.10
Big Ben Overalls, 100% Ctn Denim	\$1.02	\$5.10
Lab Coats (Men's or Ladies)	\$0.66	\$3.32
Wrap Around Smock	\$0.56	\$2.81
Bib Aprons	\$0.26	-----
Cobbler Aprons	\$0.51	-----
Security Shirts	\$0.87	\$4.34
Visibility Shirt 65/35 (Gray w/orange)	\$0.61	\$3.06
High Visibility Shirts 100% poly-Yellow	\$1.53	\$7.65
ANSI T-Shirt (not available in long sleeves)	\$1.02	\$5.10
ANSI Vest	\$1.33	\$6.63
Indura Shirts (not available in short sleeves)	\$0.87	\$4.34
Indura Pants	\$0.87	\$4.34



Indura Jeans	\$1.02	\$5.10
Indura Coverall	\$1.72	\$8.67