

THE STATE OF TEXAS

BID # ~~SC6~~-S23741

COUNTY OF HARRIS

ORDINANCE # 10-1073

CONTRACT # 460001076L

I. PARTIES

1.0 ADDRESS:

THIS AGREEMENT FOR STRATEGIC VEHICLES PARTS PARTNER ("Agreement") is made on the Countersignature Date between the CITY OF HOUSTON, TEXAS ("City"), a Texas Home-Rule City and GENUINE PARTS COMPANY ("Contractor or Vendor"), a corporation doing business in Texas. The initial addresses of the parties, which one party may change by giving written notice to the other party, are as follows:

City

City Purchasing Agent for Director(s)
of Houston Police Department
City of Houston
P.O. Box 1562
Houston, Texas 77251

Contractor

Genuine Parts Company
2221 W. Mockingbird Lane
Dallas, Texas 75235
Phone: 214-347-3900
Fax: 214-357-3598

The Parties agree as follows:

2.0 TABLE OF CONTENTS:

2.1 This Agreement consists of the following sections:

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3.0 PARTS INCORPORATED:

The above described sections and exhibits are incorporated into this Agreement.

4.0 CONTROLLING PARTS:

If a conflict among the sections or exhibits arise the Exhibits control over the Sections.

5.0 DEFINITIONS:

Certain terms used in this Agreement are defined in Exhibit "A".

6.0 SIGNATURES:

The Parties have executed this Agreement in multiple copies, each of which is an original.

ATTEST/SEAL (if a corporation):

Genuine Parts Company

WITNESS (if not a corporation):

By: [Signature]

Name: Melissa Bush

Title: Notary of TX

By: [Signature]

Name: Stu Kambozy

Title: Division Vice President

Federal Tax ID Number: 58-0254510



[Signature]
City Secretary

CITY OF HOUSTON, TEXAS

Signed by:

[Signature]
Mayor [Signature]

APPROVED:

[Signature]
City Purchasing Agent

COUNTERSIGNED BY:

[Signature]
City Controller [Signature]

DATE COUNTERSIGNED:

11/6/11

This Contract has been reviewed as to form by the undersigned legal assistant and has been found to meet established Legal Department criteria. The Legal Department has not reviewed the content of these documents.

12-15-10
Date

[Signature]
Legal Assistant

II. DUTIES OF CONTRACTOR

1.0 SCOPE OF SERVICES:

In consideration of the payments specified in this Agreement, Contractor shall provide all labor, material, equipment, transportation and supervision necessary to perform the services described in Exhibits "B -1" and "B-2".

2.0 RELEASE AND INDEMNIFICATION:

2.1 RELEASE

PRIME CONTRACTOR/SUPPLIER AGREES TO AND SHALL RELEASE THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE CITY) FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO NEGLIGENT PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE CITY'S CONCURRENT NEGLIGENCE AND/OR THE CITY'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY.

2.2 INDEMNIFICATION:

PRIME CONTRACTOR/SUPPLIER AGREES TO AND SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY "THE CITY") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEY'S FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:

- 2.2.1 PRIME CONTRACTOR/SUPPLIERS AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY IN NUMBERED PARAGRAPHS 2.1-2.3, "PRIME CONTRACTOR/SUPPLIER") ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS;
- 2.2.2 THE CITY'S AND PRIME CONTRACTOR/SUPPLIER'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER PRIME CONTRACTOR/SUPPLIER IS IMMUNE FROM LIABILITY OR NOT; AND
- 2.2.3 THE CITY'S AND PRIME CONTRACTOR/SUPPLIER'S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER PRIME CONTRACTOR/SUPPLIER IS IMMUNE FROM LIABILITY OR NOT.
- 2.2.4 PRIME CONTRACTOR/SUPPLIER SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY HARMLESS DURING THE TERM OF THIS AGREEMENT AND FOR FOUR YEARS AFTER THE AGREEMENT TERMINATES. PRIME CONTRACTOR/SUPPLIER'S INDEMNIFICATION IS LIMITED TO \$500,000.00 PER OCCURRENCE. PRIME CONTRACTOR/SUPPLIER SHALL NOT INDEMNIFY THE CITY FOR THE CITY'S SOLE NEGLIGENCE.

2.0 RELEASE AND INDEMNIFICATION (continued):

2.3 INDEMNIFICATION:

CONTRACTOR SHALL REQUIRE ALL OF ITS SUBCONTRACTORS (AND THEIR SUBCONTRACTORS) TO RELEASE AND INDEMNIFY THE CITY TO THE SAME EXTENT AND IN SUBSTANTIALLY THE SAME FORM AS ITS RELEASE AND INDEMNITY TO THE CITY

3.0 INDEMNIFICATION PROCEDURES:

3.1 Notice of Claims. If the City or Prime Contractor/Supplier receives notice of any claim or circumstances which could give rise to an indemnified loss, the receiving party shall give written notice to the other party within 10 days. The notice must include the following:

3.1.1 a description of the indemnification event in reasonable detail,

3.1.2 the basis on which indemnification may be due, and

3.1.3 the anticipated amount of the indemnified loss.

3.2 This notice does not stop or prevent the City from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice. If the City does not provide this notice within the 10 day period, it does not waive any right to indemnification except to the extent that Prime Contractor/Supplier is prejudiced, suffers loss, or incurs expense because of the delay.

3.3 Defense of Claims

3.3.1 Assumption of Defense. Prime Contractor/Supplier may assume the defense of the claim at its own expense with counsel chosen by it that is reasonably satisfactory to the City. Prime Contractor/Supplier shall then control the defense and any negotiations to settle the claim. Within 10 days after receiving written notice of the indemnification request, Prime Contractor/Supplier must advise the City as to whether or not it will defend the claim. If Prime Contractor/Supplier does not assume the defense, the City shall assume and control the defense, and all defense expenses constitute an indemnification loss.

3.3.2 Continued Participation. If Prime Contractor/Supplier elects to defend the claim, the City may retain separate counsel to participate in (but not control) the defense and to participate in (but not control) any settlement negotiations. Prime Contractor/Supplier may settle the claim without the consent or agreement of the City, unless it (i) would result in injunctive relief or other equitable remedies or otherwise require the City to comply with restrictions or limitations that adversely affect the City, (ii) would require the City to pay amounts that Prime Contractor/Supplier does not fund in full, (iii) would not result in the City's full and complete release from all liability to the plaintiffs or claimants who are parties to or otherwise bound by the settlement.

4.0 **INSURANCE:**

4.1 Contractor shall maintain in effect certain insurance coverage and shall furnish certificates of insurance, in duplicate form, before beginning its performance under this Agreement. All policies except Professional Liability and Workers' Compensation must name the City as an additional insured. The issuer of any policy (1) shall have a Certificate of Authority to transact insurance business in Texas or (2) shall be an eligible non-admitted insurer in the State of Texas and have a Best's rating of at least B+ and a Best's Financial Size Category of Class VI or better, according to the most current edition Best's Key Rating Guide. Contractor shall maintain the following insurance coverages in the following amounts:

4.1.1 Commercial General Liability insurance including Contractual Liability insurance:
\$500,000 per occurrence; \$1,000,000 aggregate

4.1.2 Workers' Compensation including Broad Form All States endorsement:
Statutory amount

4.1.3 Automobile Liability insurance
\$1,000,000 combined single limit per occurrence
Defense costs are excluded from the face amount of the policy.
Aggregate Limits are per 12-month policy period unless otherwise indicated.

4.1.4 Employer's Liability
Bodily injury by accident \$100,000 (each accident)
Bodily injury by disease \$100,000 (policy limit)
Bodily injury by disease \$100,000 (each employee)

4.2 All insurance policies must require on their face, or by endorsement, that the insurance carrier waives any rights of subrogation against the City, Contractor shall give written notice to the Director if any of its insurance policies are cancelled, materially changed or non-renewed. Within the 30 day period, Contractor shall provide other suitable policies in lieu of those about to be canceled, materially changed, or non-renewed so as to maintain in effect the required coverage. If Contractor does not comply with this requirement, the Director, at his or sole discretion, may:

4.2.1 immediately suspend Contractor from any further performance under this Agreement and begin procedures to terminate for default, or

4.2.2 purchase the required insurance with City funds and deduct the cost of the premiums from amounts due to Contractor under this Agreement.

5.0 **WARRANTIES:**

All items supplied pursuant to this Contract are subject to the terms of written warranties provided by the manufacturer of each part, and Contractor shall use reasonable commercial efforts to assist the City in processing all warranty claims that the City may have against a manufacturer. The manufacturer's warranty will be the sole and exclusive remedy of the City in connection with any claims concerning the parts supplied to the City pursuant to this Contract. ALL OTHER WARRANTIES, BOTH EXPRESS AND IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY EXCLUDED. Copies of the manufacturers' warranties are available to the City upon request."

6.0 LICENSES AND PERMITS:

Contractor shall obtain and pay for all licenses, permits, and certificates required by any statute, ordinance, rule, or regulation.

7.0 COMPLIANCE WITH EQUAL OPPORTUNITY ORDINANCE:

Contractor shall comply with the City's Equal Employment Opportunity Ordinance as set out in Exhibit "C".

8.0 MWBE COMPLIANCE:

8.1 Contractor shall comply with the City's Minority and Women Business Enterprise ("MWBE") programs as set out in Chapter 15, Article V of the City of Houston Code of Ordinances. Contractor shall make good faith efforts to award subcontracts or supply agreements in at least **11%** of the value of this Agreement to MWBEs. Contractor acknowledges that it has reviewed the requirements for good faith efforts on file with the City's Affirmative Action Division and will comply with them.

8.2 Contractor shall require written subcontracts with all MWBE subcontractors and shall submit all disputes with MWBEs to binding arbitration in Houston, Texas if directed to do so by the Affirmative Action Division Director. MWBE subcontracts must contain the terms set out in Exhibit "D". If Contractor is an individual person (as distinguished from a corporation, partnership, or other legal entity), and the amount of the subcontract is \$50,000 or less, the subcontract must also be signed by the attorneys of the respective parties.

9.0 DRUG ABUSE DETECTION AND DETERRENCE:

9.1 It is the policy of the City to achieve a drug-free workforce and workplace. The manufacture, distribution, dispensation, possession, sale, or use of illegal drugs or alcohol by contractors while on City Premises is prohibited. Contractor shall comply with all the requirements and procedures set forth in the Mayor's Drug Abuse Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31 ("Executive Order"), which is incorporated into this Agreement and is on file in the City Secretary's Office.

9.2 Before the City signs this Agreement, Contractor shall file with the Contract Compliance Officer for Drug Testing ("CCODT"):

9.2.1 a copy of its drug-free workplace policy,

9.2.2 the Drug Policy Compliance Agreement substantially in the form set forth in Exhibit "E", together with a written designation of all safety impact positions and,

9.2.3 if applicable (e.g. no safety impact positions), the Certification of No Safety Impact Positions, substantially in the form set forth in Exhibit "F".

9.3 If Contractor files a written designation of safety impact positions with its Drug Policy Compliance Agreement, it also shall file every 6 months during the performance of this Agreement or on completion of this Agreement if performance is less than 6 months, a Drug Policy Compliance Declaration in a form substantially similar to Exhibit "G." Contractor shall submit the Drug Policy Compliance Declaration to the CCODT within 30 days of the expiration of each 6-month period of performance and within 30 days of completion of this Agreement. The first 6-month period begins to run on the date the City issues its Notice to Proceed or if no Notice to Proceed is issued, on the first day Contractor begins work under this Agreement.

9.0 DRUG ABUSE DETECTION AND DETERRENCE (CONTINUED):

- 9.4 Contractor also shall file updated designations of safety impact positions with the CCODT if additional safety impact positions are added to Contractor's employee work force.
- 9.5 Contractor shall require that its subcontractors comply with the Executive Order, and Contractor shall secure and maintain the required documents for City inspection.

10.0 ENVIRONMENTAL LAWS:

- 10.1 Contractor shall comply with all rules, regulations, statutes, or orders of the Environmental Protection Agency ("EPA"), the Texas Commission on Environmental Quality ("TCEQ"), and any other governmental agency with the authority to promulgate environmental rules and regulations ("Environmental Laws"). Contractor shall promptly reimburse the City for any fines or penalties levied against the City because of Contractor's failure to comply.
- 10.2 Contractor shall not possess, use, generate, release, discharge, store, dispose of, or transport any Hazardous Materials on, under, in, above, to, or from the site except in strict compliance with the Environmental Regulations. "Hazardous Materials" means any substances, materials, or wastes that are or become regulated as hazardous or toxic substances under any applicable federal, state, or local laws, regulations, ordinances, or orders. Contractor shall not deposit oil, gasoline, grease, lubricants or any ignitable or hazardous liquids, materials, or substances in the City's storm sewer system or sanitary sewer system or elsewhere on City Property in violation of the Environmental Laws.

11.0 CONTRACTOR'S PERFORMANCE:

Contractor shall make citizen satisfaction a priority in providing services under this Agreement. Contractor shall train its employees to be customer service-oriented and to positively and politely interact with citizens when performing contract services. Contractor's employees shall be clean, courteous, efficient, and neat in appearance and committed to offering the highest quality of service to the public. If, in the Director's opinion, Contractor is not interacting in a positive and polite manner with citizens, he or she shall direct Contractor to take all remedial steps to conform to these standards.

12.0 PAYMENT OF EMPLOYEES AND SUBCONTRACTORS:

- 12.1 Contractor shall make timely payments in accordance with applicable state and federal law to all persons and entities supplying labor, materials or equipment for the performance of this Agreement including Contractor's employees.
- 12.2 Failure of Contractor to pay its employees as required by law shall constitute a default under this contract for which the Contractor and its surety shall be liable on Contractor's performance bond if Contractor fails to cure the default as provided under this Agreement.
- 12.3 Contractor shall defend and indemnify the City from any claims or liability arising out of Contractor's failure to pay its subcontractors as required by law. Contractor shall submit disputes relating to payment of M/WBE subcontractors to arbitration in the same manner as any other disputes under the M/WBE subcontract.

13.0 CONTRACTOR PAY OR PLAY PROGRAM:

- 13.1 The requirement and terms of the City of Houston Pay or Play Policy, as set out in Executive Order 1-7, are incorporated into this Agreement for all purposes. Contractor has reviewed Executive Order 1-7 and shall comply with its terms and conditions as they are set out at the time of City Council approval of this Agreement. Exhibit "I".
- 13.2 The Pay or Play Program for various departments will be administered by the City of Houston Affirmative Action Division's designee and for a Department specific contract; the Department's designated contract administrator will administer the Pay or Play Program.

III. DUTIES OF CITY

1.0 PAYMENT TERMS:

- 1.1 The City shall pay and Contractor shall accept fees at the unit prices provided in Exhibit H for all services rendered and the Deliverables furnished by Contractor. The fees must only be paid from Allocated Funds, as provided below.
- 1.2 Any quantities of services or Deliverables shown in any part of this contract or its exhibits are estimated only and are not any guarantee that the City will not purchase more or less of those services or Deliverables. The City will pay only for the services or Deliverables actually ordered and only at the unit prices set out.

2.0 TAXES:

The City is exempt from payment of Federal Excise and Transportation Tax and Texas Limited Sales and Use Tax. Contractor's invoices to the City must not contain assessments of any of these taxes. The Director will furnish the City's exemption certificate and federal tax identification number to Contractor if requested.

3.0 METHOD OF PAYMENT:

The City shall pay Contractor on the basis of invoices submitted by Contractor and approved by the Director, showing the specific tasks completed in the preceding month and the corresponding prices. The City shall make payments to Contractor at its address for notices within 30 days of receipt of an approved invoice.

4.0 METHOD OF PAYMENT - DISPUTED PAYMENTS:

If the City disputes any items in an invoice Contractor submits for any reason, including lack of supporting documentation, the Director shall temporarily delete the disputed item and pay the remainder of the invoice. The Director shall promptly notify Contractor of the dispute and request remedial action. After the dispute is settled, Contractor shall include the disputed amount on a subsequent regularly scheduled invoice or on a special invoice for the disputed item only.

5.0 LIMIT OF APPROPRIATION:

- 5.1 The City's duty to pay money to Contractor under this Agreement is limited in its entirety by the provisions of this Section.
- 5.2 In order to comply with Article II, Sections 19 and 19a of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has appropriated and allocated the sum of **\$0** to pay money due under this Agreement (the "Original Allocation").
- 5.3 The City shall only be obligated to pay money under this Agreement when it issues a City Purchase Order to Contractor. Contractor shall not provide any goods or services to the City under this Agreement until it receives a Purchase Order for such goods or services, and City shall have no obligation to pay Contractor for any item or service it furnishes without first receiving a City Purchase order for same. The only exception to the policy stated before is that the City may pay Contractor with a City-authorized Procurement Card ("P-card"), which shall not require the prior issuance of a Purchase order. Contractor shall not proceed to furnish goods or services until it has verified that a P-card payment will be made.

6.0 CHANGES:

- 6.1 At any time during the Agreement Term, the City Purchasing Agent or Director may issue a Change Order to increase or decrease the scope of services or change plans and specifications, as he or she may find necessary to accomplish the general purposes of this Agreement. Contractor shall furnish the services or deliverables in the Change Order in accordance with the requirements of this Agreement plus any special provisions, specifications, or special instructions issued to execute the extra work.
- 6.2 The City Purchasing Agent or Director will issue the Change Order in substantially the following form:

CHANGE ORDER

TO: [Name of Contractor]
 FROM: City of Houston, Texas (the "City")
 DATE: [Date of Notice]
 SUBJECT: Change Order under the Agreement between the City and [Name of Contractor] countersigned by the City Controller on [Date of countersignature of the Agreement]

Subject to all terms and conditions of the Agreement, the City requests that Contractor provide the following:

[Here describe the additions to or changes to the equipment or services and the Change Order Charges applicable to each.]

Signed:

[Signature of City Purchasing Agent or Director]

[Signature of Contractor]

- 6.3 The City Purchasing Agent or Director may issue more than one Change Order, subject to the following limitations:
 - 6.3.1 Council expressly authorizes the City Purchasing Agent or Director to approve a Change Order of up to \$25,000. A Change Order of more than \$25,000 over the approved contract amount must be approved by the City Council.
 - 6.3.2 If a Change Order describes items that Contractor is otherwise required to provide under this Agreement, the City is not obligated to pay any additional money to Contractor.
 - 6.3.3 The Total of all Change Orders issued under this section may not increase the Original Agreement amount by more than 25%.
- 6.4 Whenever Contractor receives a Change Order, Contractor shall furnish all material, equipment, and personnel necessary to perform the work described in the Change Order. Contractor shall complete the work within the time prescribed. If no time for completion is prescribed, Contractor shall complete the work within a reasonable time. If the work described in any Change Order causes an unavoidable delay in any other work Contractor is required to perform under this Agreement, Contractor may request a time extension for the completion of the work. The City Purchasing Agent's or Director's decision regarding a time extension is final.
- 6.5 A product or service provided under a Change Order is subject to inspection, acceptance, or rejection in the same manner as the work described in the Original Agreement, and is subject to the terms and conditions of the Original Agreement as if it had originally been a part of the Agreement.
- 6.6 Change Orders are subject to the Allocated Funds provisions of this Agreement.

IV. TERM AND TERMINATION

1.0 CONTRACT TERM:

This Agreement is effective on the Countersignature Date and expires five (5) years after the date specified in the Notice to Proceed unless sooner terminated according to the terms of this Agreement.

2.0 NOTICE TO PROCEED:

Contractor shall begin performance under this Agreement on the date specified in a Notice to Proceed from the City Purchasing Agent.

3.0 RESERVED:

4.0 TIME EXTENSIONS:

If the Department requests an extension of time to complete its performance, then the City Purchasing Agent may, in his or her sole discretion, extend the time so long as the extension does not exceed 90 days. The extension must be in writing but does not require amendment of this Agreement. Contractor is not entitled to damages for delay(s) regardless of the cause of the delay(s).

5.0 TERMINATION FOR CONVENIENCE BY THE CITY:

- 5.1 The City Purchasing Agent or Director may terminate this Agreement at any time by giving 30 days written notice to Contractor. The City's right to terminate this Agreement for convenience is cumulative of all rights and remedies which exist now or in the future.
- 5.2 On receiving the notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement and cancel all existing orders and subcontracts that are chargeable to this Agreement. As soon as practicable after receiving the termination notice, Contractor shall submit an invoice showing in detail the services performed under this Agreement up to the termination date. The City shall then pay the fees to Contractor for services actually performed, but not already paid for, in the same manner as prescribed in Section III unless the fees exceed the allocated funds remaining under this Agreement.
- 5.3 TERMINATION OF THIS AGREEMENT AND RECEIPT OF PAYMENT FOR SERVICES RENDERED ARE CONTRACTOR'S ONLY REMEDIES FOR THE CITY'S TERMINATION FOR CONVENIENCE, WHICH DOES NOT CONSTITUTE A DEFAULT OR BREACH OF THIS AGREEMENT. CONTRACTOR WAIVES ANY CLAIM (OTHER THAN ITS CLAIM FOR PAYMENT AS SPECIFIED IN THIS SECTION), IT MAY HAVE NOW OR IN THE FUTURE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM THE CITY'S TERMINATION FOR CONVENIENCE.

6.0 TERMINATION FOR CAUSE BY CITY:

- 6.1 If Contractor defaults under this Agreement, the City Purchasing Agent or Director may either terminate this Agreement or allow Contractor to cure the default as provided below. The City's right to terminate this Agreement for Contractor's default is cumulative of all rights and remedies which exist now or in the future. Default by Contractor occurs if:
- 6.1.1 Contractor fails to perform any of its duties under this Agreement;
 - 6.1.2 Contractor becomes insolvent;
 - 6.1.3 all or a substantial part of Contractor's assets are assigned for the benefit of its creditors;
or
 - 6.1.4 a receiver or trustee is appointed for Contractor.
- 6.2 If a default occurs, the City Purchasing Agent or Director may, but is not obligated to, deliver a written notice to Contractor describing the default and the termination date. The City Purchasing Agent or Director, at his or her sole option, may extend the termination date to a later date. If the City Purchasing Agent or Director allows Contractor to cure the default and Contractor does so to the City Purchasing Agent's or Director's satisfaction before the termination date, then the termination is ineffective. If Contractor does not cure the default before the termination date, then the City Purchasing Agent or Director may terminate this Agreement on the termination date, at no further obligation of the City.
- 6.3 To effect final termination, the City Purchasing Agent or Director must notify Contractor in writing. After receiving the notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement, and promptly cancel all orders or subcontracts chargeable to this Agreement.

7.0 TERMINATION FOR CAUSE BY CONTRACTOR:

- 7.1 Contractor may terminate its performance under this Agreement only if the City defaults and fails to cure the default after receiving written notice of it. Default by the City occurs if the City fails to perform one or more of its material duties under this Agreement. If a default occurs and Contractor wishes to terminate the Agreement, then Contractor must deliver a written notice to the Director describing the default and the proposed termination date.
- 7.2 The date must be at least 30 days after the Director receives notice. Contractor, at its sole option, may extend the proposed termination date to a later date. If the City cures the default before the proposed termination date, then the proposed termination is ineffective. If the City does not cure the default before the proposed termination date, then Contractor may terminate its performance under this Agreement on the termination date.

8.0 REMOVAL OF CONTRACTOR OWNED EQUIPMENT AND MATERIALS:

Upon expiration, or termination of this Agreement, Contractor is permitted ten (10) days within which to remove contractor-owned material and equipment from the City's premises. The City shall make such material and equipment readily available to Contractor. The time period may be extended upon approval by the Director. The City reserves the right to deny any extension of time.

V. MISCELLANEOUS

1.0 INDEPENDENT CONTRACTOR:

Contractor shall perform its obligations under this Agreement as an independent contractor and not as an employee of the City.

2.0 FORCE MAJEURE:

2.1 Timely performance by both parties is essential to this Agreement. However, neither party is liable for delays or other failures to perform its obligations under this Agreement to the extent the delay or failure is caused by Force Majeure. Force Majeure means fires, floods, explosions, and other acts of God, war, terrorist acts, riots, court orders, and the acts of superior governmental or military authority.

2.2 This relief is not applicable unless the affected party does the following:

2.2.1 uses due diligence to remove the Force Majeure as quickly as possible; and

2.2.2 provides the other party with prompt written notice of the cause and its anticipated effect.

2.3 The City may perform contract functions itself or contract them out during periods of Force Majeure. Such performance does not constitute a default or breach of this Agreement by the City.

2.4 If the Force Majeure continues for more than 30 days, the City Purchasing Agent or Director may terminate this Agreement by giving 30 days' written notice to Contractor. This termination is not a default or breach of this Agreement. CONTRACTOR WAIVES ANY CLAIM IT MAY HAVE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM THE TERMINATION EXCEPT FOR AMOUNTS DUE UNDER THE AGREEMENT AT THE TIME OF THE TERMINATION.

3.0 SEVERABILITY:

If any part of this Agreement is for any reason found to be unenforceable, all other parts remain enforceable unless the result materially prejudices either party.

4.0 ENTIRE AGREEMENT:

This Agreement merges the prior negotiations and understandings of the Parties and embodies the entire agreement of the Parties. No other agreements, assurances, conditions, covenants (express or implied), or other terms of any kind exist between the Parties regarding this Agreement.

5.0 WRITTEN AMENDMENT:

Unless otherwise specified elsewhere in this Agreement, this Agreement may be amended only by written instrument executed on behalf of the City (by authority of an ordinance duly adopted by the City Council) and Contractor. The Director is only authorized to perform the functions specifically delegated to him or her in this Agreement.

6.0 APPLICABLE LAWS:

- 6.1 This Agreement is subject to the laws of the State of Texas, the City Charter and Ordinances, the laws of the federal government of the United States, and all rules and regulations of any regulatory body or officer having jurisdiction.
- 6.2 Venue for any litigation relating to this Agreement is Harris County, Texas.

7.0 NOTICES:

All notices to either party to the Agreement must be in writing and must be delivered by hand, facsimile, United States registered or certified mail, return receipt requested, United States Express Mail, Federal Express, Airborne Express, UPS or any other national overnight express delivery service. The notice must be addressed to the party to whom the notice is given at its address set out in Section I of this Agreement or other address the receiving party has designated previously by proper notice to the sending party. Postage or delivery charges must be paid by the party giving the notice.

8.0 NON-WAIVER:

- 8.1 If either party fails to require the other to perform a term of this Agreement, that failure does not prevent the party from later enforcing that term and all other terms. If either party waives the other's breach of a term, that waiver does not waive a later breach of this Agreement.
- 8.2 An approval by the Director, or by any other employee or agent of the City, of any part of Contractor's performance does not waive compliance with this Agreement or establish a standard of performance other than that required by this Agreement and by law. The Director is not authorized to vary the terms of this Agreement.

9.0 INSPECTIONS AND AUDITS:

City representatives may perform, or have performed, (1) audits of Contractor's books and records, and (2) inspections of all places where work is undertaken in connection with this Agreement. Contractor shall keep its books and records available for this purpose for at least two (2) years after this Agreement terminates. This provision does not affect the applicable statute of limitations.

10.0 ENFORCEMENT:

The City Attorney or his or her designee may enforce all legal rights and obligations under this Agreement without further authorization. Contractor shall provide to the City Attorney all documents and records that the City Attorney requests to assist in determining Contractor's compliance with this Agreement, with the exception of those documents made confidential by federal or State law or regulation.

11.0 AMBIGUITIES:

If any term of this Agreement is ambiguous, it shall not be construed for or against any party on the basis that the party did or did not write it.

12.0 SURVIVAL:

Contractor shall remain obligated to the City under all clauses of this Agreement that expressly or by their nature extend beyond the expiration or termination of this Agreement, including but not limited to, the indemnity provisions.

13.0 PARTIES IN INTEREST:

This Agreement does not bestow any rights upon any third party, but binds and benefits the City and Contractor only.

14.0 SUCCESSORS AND ASSIGNS:

This Agreement binds and benefits the Parties and their legal successors and permitted assigns; however, this provision does not alter the restrictions on assignment and disposal of assets set out in the following paragraph. This Agreement does not create any personal liability on the part of any officer or agent of the City.

15.0 BUSINESS STRUCTURE AND ASSIGNMENTS:

15.1 Contractor shall not assign this Agreement at law or otherwise or dispose of all or substantially all of its assets without the City Purchasing Agent's or Director's prior written consent. Nothing in this clause, however, prevents the assignment of accounts receivable or the creation of a security interest under Section 9.406 (c) of the Texas Business & Commerce Code. In the case of such an assignment, Contractor shall immediately furnish the City with proof of the assignment and the name, telephone number, and address of the Assignee and a clear identification of the fees to be paid to the Assignee.

15.2 Contractor shall not delegate any portion of its performance under this Agreement without the City Purchasing Agent's or Director's prior written consent.

16.0 REMEDIES CUMULATIVE:

Unless otherwise specified elsewhere in this Agreement, the rights and remedies contained in this Agreement are not exclusive, but are cumulative of all rights and remedies which exist now or in the future. Neither party may terminate its duties under this Agreement except in accordance with its provisions.

17.0 CONTRACTOR DEBT

If Contractor, at any time during the term of this agreement, incurs a debt, as the word is defined in Section 15-122 of the Houston City Code of Ordinances, it shall immediately notify the City Controller in writing. If the City Controller becomes aware that Contractor has incurred a debt, she shall immediately notify contractor in writing. If Contractor does not pay the debt within 30 days of either such notification, the City Controller may deduct funds in an amount equal to the debt from any payments owed to Contractor under this agreement, and Contractor waives any recourse therefor.

18.0 PERFORMANCE BOND:

- 18.1 The Contractor shall furnish and maintain a performance bond in the amount of **100% of the total contract cost, renewable annually**, which will be for a period not to exceed one year. If the City exercises its option to extend the agreement beyond the initial term of one year and the Contractor mutually agrees, the Contractor shall furnish a performance bond for each renewal year. However, the surety providing the performance bond for the initial term of the agreement shall be under no obligation to provide the performance bond for any renewal year. The bond shall be conditioned upon the Contractor's full and timely performance of this agreement and must be issued by a corporate surety authorized to write surety bonds in the State of Texas and in the form set out in Exhibit "J".
- 18.2 If the amount of the bond exceeds \$100,000, the surety must be listed on the current list of accepted sureties on federal bonds published by the United States Treasury Department or reinsured for any liability in excess of \$100,000 by a reinsurer listed on the U.S. Treasury list.
- 18.3 The Contractor must deliver the Performance Bond or Clean Irrevocable Letter of Credit to the City Purchasing Agent of the City on or before the tenth (10th) day following the day this Bidder receives notification from the City of a possible award.

EXHIBIT "A" DEFINITIONS

As used in this Agreement, the following terms have the meanings set out below:

"Agreement" means this contract between the Parties, including all exhibits, change orders, and any written amendments authorized by City Council and Contractor.

"City" is defined in the preamble of this Agreement and includes its successors and assigns.

"City Purchasing Agent" is defined as the person or duly authorized successor, authorized in writing to act for the City. The term includes, except as otherwise provided in this Contract, the authorized representative of the City Purchasing Agent acting within the limits of delegated authority.

"Contractor Administrator" means the representative of the Department who is responsible for the administration for the Contract.

"Contract Award Notice" means the official notification substantiated by the Notice to Proceed issued by the City Purchasing Agent to the Contractor.

"Contract Charges" means charges that accrue during a given month as defined in Article III.

"Contract Term" is defined in Article IV.

"Contractor" is defined in the preamble of this Agreement and includes its successors and assigns.

"Countersignature Date" means the date this agreement is countersigned by the City Controller.

"Director" mean the Directors/Chiefs of each of the Departments or the City Purchasing Agent for the City, or the person he or she designates.

"Effective Date" is defined as date contract is countersigned by the City Controller.

"Governing Body" means the Mayor and City Council of the City of Houston.

"Hazardous Materials" is defined in Article II (Environmental Laws).

"Notice to Proceed" means a written communication from the City Purchasing Agent to Contractor instructing Contractor to begin performance.

"Parties" mean all the entities set out in the Preamble who are bound by this Agreement.

EXHIBIT "B-1"
SCOPE OF WORK

1.0 Scope of Service

- 1.1 The successful Contractor shall be responsible for stocking and managing vehicle replacement parts storerooms at the vehicle maintenance facilities shown in Appendix B herein. The successful Contractor shall be responsible for providing "just in time" inventory on demand for the Department of Fleet Management (DFM) vehicle repairs for the City of Houston (COH). The COH/DFM will not pay the Contractor for parts stocked in the Contractor's inventory.
- 1.2 The Contractor shall be responsible for managing and shall own the replacement parts inventory at the locations designated herein. The successful Contractor shall be required to take over the parts rooms identified herein and shall be responsible for purchasing the parts as agreed to by both parties. Subsequent to taking over the designated parts storerooms, the Contractor shall own and manage all parts storeroom activities in strict accordance with the requirements set forth herein. Access to the secured parts store rooms shall be restricted to Genuine Parts Company employees and authorized Genuine Parts Company representatives only. City of Houston employees, contractors or agents shall not be permitted to enter the secured parts storeroom areas unless accompanied by a Genuine Parts Company employee or other authorized Genuine Parts Company representative.
- 1.3 The parts to be managed and stocked by the Contractor are inclusive of all vehicle repair/replacement parts (preventative repairs, both routine and emergency repairs) tires, lubricants, antifreeze, special hydraulic fluids, oil and grease.
- 1.4 The COH/DFM reserves the right to purchase parts directly from other sources for due cause, based upon the failure of the Contractor to perform in accordance with performance standards, special needs, or emergency situations which may arise during the term of the contract agreement or any extensions. The COH/DFM also reserves the right to direct the Contractor to purchase specialized parts from suppliers designated by the COH/DFM if the price or quality of the part provided by the Contractor is not satisfactory to the COH/DFM.

2.0 COH Vehicle Fleet and Maintenance Facilities

- 2.1 The COH operates, repairs, and maintains approximately 13,000 mobile and trailed or attached assets; both licensed for road and off road vehicles. A listing of these vehicle assets for which replacement parts are required is attached in Appendix A, along with a brief description of the asset and COH location which is currently designated as the primary maintenance facility for that asset. The COH/DFM reserves the right to reassign vehicles to different maintenance locations.
- 2.2 Currently, the COH operates 29 maintenance facilities which are responsible for maintaining the equipment shown in Appendix A. A listing of these maintenance facilities, their address, operation hours and a brief description which defines the facility size is shown in Appendix B. It is noted that the location, size, operating hours and configuration of these facilities will be dynamic during the upcoming 24 months as the COH consolidates the vehicle fleets into a single agency. Once operating schedules are established, the COH reserves the right to modify schedules as needed and will notify the Contractor 30 calendar days in advance, except in emergency situations (See Section 10).
- 2.3 Of these current 29 COH/DFM maintenance facilities, 19 currently maintain a parts inventory on location to support vehicle repair. For the facilities which maintain parts, a listing of the current inventory of parts is shown in Appendix C.

3.0 **System of Record**

- 3.1 The Contractor shall be required to record all parts inventory and inventory activity in the existing current COH fleet management system, referred to as M5. A description of M5 and its operating environment is provided in Appendix D.
- 3.2 The COH requires that the Contractor have an existent system interface between the Contractor's parts inventory management system and M5, in place for all requirements listed below in Sections 3.2.2.1 through 3.2.2.6.
 - 3.2.1 The system of record for this contract is M5.
 - 3.2.2 This system of record requirements surrounding M5 are as follows:
 - 3.2.2.1 The Contractor's on site parts inventory is to be 'mirrored' or 'shadowed' inside M5. All parts located at each maintenance facility are to be logged into the M5 parts inventory module. The inventory in M5 is to match the Contractor's inventory for each location at any given time. M5 will provide to any authorized COH/DFM personnel, access to parts inventory levels at any location, at any given time.
 - 3.2.2.2 The issuance of vehicle parts will be authorized by an authorized, open M5 work order (WO) – which has a unique identifying number for all of COH/DFM; this unique WO number and/or document will be required for parts issues and will be provided by a vehicle mechanic or authorized shop personnel at the time a part is requested for a vehicle repair.
 - 3.2.2.3 All parts issued by the Contractor are to be recorded into M5 by the Contractor at the time of issue and inventory is to be relieved.
 - 3.2.2.4 All parts restocked or added into any maintenance facility parts room, managed by the Contractor, are to be adjusted into the M5 parts module as often as the systems are interfaced.
 - 3.2.2.5 Parts returns and or part cores which may be credited against the price of the issued parts and the M5 WO are to be likewise handled by the Contractor and recorded appropriately in M5.
 - 3.2.2.6 Invoice details issued by the Contractor for payment by the COH for authorized parts usage are to reference the M5 WO number as well as other information listed in Section 7.3.2, for validation and auditing purposes. (See Section 7.3.4).

4.0 **Contractor Baseline Requirements**

- 4.1 The Contractor shall continually adhere to the following criteria:
 - 4.1.1 **Scope of Parts** – The Contractor will provide parts at maintenance facility parts windows, or designated areas designated by COH/DFM for vehicle repairs inclusive of:
 - 4.1.1.1 Repair and Replacement Parts (routine, preventive, scheduled, unscheduled, and emergency)
 - 4.1.1.2 Tires
 - 4.1.1.3 Lubricants and Fluids

4.0 Contractor Baseline Requirements (continued)

- 4.1.2 **Stock Purchase at Start Up of Each Location** - For each parts room location assumed by the Contractor, the Contractor will purchase existing parts in inventory that cross reference to the Contractor's parts catalog. (See Proposed Transitional Phase). The price for the parts purchase will be based upon the Contractor base parts price (see Section 7.1) for each part times the number of parts in inventory. The Contractor may set a 'not to exceed' amount as a limit to this initial purchase.
- 4.1.3 **System of Record Data** – The Contractor will record all activity of parts inventory for each location into M5; all parts charges are to be entered against authorized M5 work orders. All part activities associated with part work order requests are to be time stamped in the Contractor's inventory systems so that the Contractor can be measured according to performance – (see Section 4.1.6 below). See Section 6.3 for data recorded during part issues.
- 4.1.4 **Parts Room Management** – The Contractor will maintain, manage and own all parts inventory at each maintenance facility location as it is taken over by the Contractor. Part level thresholds for inventory are to be maintained such that the part availability standards shown in Section 4.1.6 below are consistently met or exceeded.
- 4.1.5 **Personnel Staffing** – The Contractor will adequately man storerooms at each maintenance facility with Contractor personnel in accordance with the operating schedule of the garages. The Contractor will staff at a level sufficient to meet part availability standards shown in Section 4.1.6 below, at levels as agreed to and approved by COH/DFM. (See Section 10.9 for Emergency Services and Overtime).
- 4.1.6 **Part Availability Standards** –For maintenance facility parts rooms, which are taken over by the Contractor and staffed by the Contractor, the following availability standards are to be met within 60 calendar days and thereafter. For maintenance facility parts rooms which are taken over by the Contractor and not staffed by the Contractor, the following availability standards are to be met within six (6) calendar months and thereafter. The Contractor will maintain tailored stock at all garage locations as needed such that parts are provided for vehicle repairs according to the following:
- 4.1.6.1 At least 85% of parts requested by City mechanics at each facility are to be provided at the parts room windows on demand
- 4.1.6.2 No more than 10% of requested repair parts are provided within a time span of 24 hours from the point in time that each parts request is made.
- 4.1.6.3 No greater than 5% of parts requested will be delivered at an agreed upon time frame based upon the 'special part needs' as defined by the COH/DFM and the Contractor.
- 4.1.7 **Part Availability Time Stamps** - The Contractor will maintain time stamped records in the Contractor's inventory systems which yield metrics summarized for parts availability according to the above thresholds. This is to be summarized based upon availability of each part and the time stamps associated with the transaction. The COH/DFM will have the authority to validate the metrics and time stamp records for validating compliance with these parts availability standards (See Section 6.3.2.).

4.0 Contractor Baseline Requirements (continued)

- 4.1.8 **Parts Quality** – Parts supplied by the Contractor will meet or exceed the specifications of the parts furnished originally from the Original Equipment Manufacturer (OEM) or be an acceptable equivalent. The COH/DFM will approve new product lines or changes to existing product lines before they are introduced for use. It will be the responsibility of the Contractor to substantiate and justify any question regarding OEM or equivalent quality at the Contractors own cost. All fasteners provided will be at least Society of Automotive Engineering Grade Five (5) or better as requested and must comply with the Fastener Quality Act of 1990. All hydraulic fittings must be OEM or an approved equal or better. The COH/DFM reserves the right to direct the Contractor to purchase specialized parts from suppliers designated by the COH/DFM (See Section 1.4).
- 4.1.9 **New Vehicles** - The COH/DFM will provide the Contractor with all newly purchased vehicle specifications prior to delivery into the COH/DFM locations and as soon as order confirmations are accepted by the COH/DFM. **Likewise, information regarding older vehicles that the COH takes out of service shall be communicated to the Contractor as soon as possible.**
- 4.1.10 **Specialized Parts – Redirection to Specific Supplier or Manufacturer** – The COH/DFM operates assets which require highly specialized parts. (In the Transitional Phase of the contract period, (see Section 5.0), the COH/DFM will provide a list of all current suppliers for specialized parts.). At any time the COH/DFM may redirect the Contractor to another supplier based upon lack of part reliability, excessive parts cost or part availability/delivery (See Section 1.4).
- 4.1.11 **Parts Warranties** – The Contractor will maintain and track parts warranties based upon the manufacturer's or part supplier's warranty period. Parts warranty collection or part exchanges shall be the responsibility of the Contractor. The COH/DFM will have the right to edit part transactions for potential warranty recovery from the part manufacturer through M5. The Contractor shall designate the potential warranty recovery parts at time of issue. Any applicable recovery dollars shall be applied to work orders and invoices as soon as possible but no later than a time lag of 16 calendar weeks.
- 4.1.12 **Bulk Fluid Availability Standards** – The Contractor will be required to provide and refill all bulk fluids at the maintenance facilities. These bulk fluids will be stored and dispensed in containers provided by COH/DFM. The Contractor shall maintain at minimum, a level of 50% of all bulk fluids stored in facility bulk fluid containers and check the fluid levels daily (See Section 6.6).
- 4.1.13 **COH/DFM – Right to Purchase on Inter-Governmental Agreement Contracts** - The COH/DFM shall reserve the right to purchase certain high volume parts from Inter-governmental agreement contracts. An example of this is for purchasing light duty vehicle tires on the State of Texas purchasing contract. For these purchases, the Contractor shall serve as an 'agent' for COH/DFM and receive, store and issue these parts and supplies as needed.
- 4.1.14 **Contractor Battery Recharging Services** – The COH/DFM will return batteries to the Contractor for re-charging. The COH/DFM will supply re-charging stations for the Contractor; however, the Contractor shall provide re-charging services, and battery testing services as needed when this activity is required by the maintenance facility.

4.0 Contractor Baseline Requirements (continued)

- 4.1.15 **Contractor Parts Delivery to/from COH/DFM Maintenance Facilities and Parts Pick Up** – It is recognized by the COH/DFM that to meet part availability standards, the Contractor will need to (a) shuttle and distribute parts from one COH/DFM maintenance facility parts room to another; and (b) Pick up emergency or immediately needed parts from local suppliers. This service provided by the Contractor may be invoiced by the Contractor so long as the vehicles and drivers are used exclusively for COH/DFM and approved by the City Contract Administrator pursuant to the invoice process (see Section 7.3.4).
- 4.1.16 **Raw Materials** – The COH/DFM requires raw materials such as steel plating, sheet metal, welding rods and other materials for component and vehicle rebuilds. The Contractor will be required to provide this material on an ongoing basis and in accordance with the parts availability standards set in Section 4.1.6.

5.0 Proposed Transitional Phase

- 5.1 The COH operates 29 maintenance facilities at the current time – see Appendix B. The COH/DFM is initiating a consolidation effort under which maintenance facilities may be combined, dissolved, or new facilities added. Therefore COH/DFM will designate the order for which the Contractor will assume and take over parts management responsibility at each location.
 - 5.1.1 The COH/DFM consolidation plan will use its best efforts to designate an efficient order for which the Contractor to follow for each location. However it is noted that some maintenance facilities may be closed after the Contractor has taken over parts management responsibility at a specific location. The COH/DFM will give a minimum of 60-calendar days notice to the Contractor when a maintenance facility is to be closed.
 - 5.1.2 The COH/DFM may designate the Contractor to take over a facility parts room which already has an existent parts Contractor in place. In the event that this occurs, the COH/DFM shall take an additional time period, not to exceed 30-calendar days, for removal and/or repossession of all parts at that location – prior to the takeover by the Contractor in accordance with the steps outlined below in the Proposed Transitional Phase.
- 5.2 For each facility parts room to be operated by the Contractor the following steps are to be followed:
 - 5.2.1 The COH/DFM and the Contractor will designate personnel for a “Parts Transition Team”. The Parts Transition Team will consist of stakeholders from COH/DFM and the Contractor and together they will coordinate all activities in the transition phase for each maintenance facility location.
 - 5.2.2 The “Parts Transition Team” will document and produce a statement inclusive of all new Policies and Procedures which need to be established in accordance with the Transition Phase and Operational Phase of the contract. The policies and procedures will be signed by the Director of COH/DFM and the Contractor Project Manager.

5.0 **Proposed Transitional Phase (continued)**

- 5.2.3 The Contractor will have in place a system interface between the Contractor's parts management system and M5. See Section 3.2. The COH/DFM will set up an M5 location for the Contractor's inventory, a test instance of M5; the Contractor and COH/DFM are to test all aspects of the system interface which the Contractor will be utilizing.
- 5.2.4 Prior to assuming a location, COH/DFM personnel, possibly in cooperation with the Contractor will designate parts at the maintenance facility parts room which are obsolete and which need to be sold for salvage. This may be accomplished by attaching 'green' stickers on parts bins or parts – designating "green for go".
- 5.2.5 The COH/DFM will move all 'green parts' to a central warehouse for salvage and sale. The COH/DFM will require that these obsolete/salvage sale parts be inventoried by a third party.
- 5.2.6 For the remaining stocked parts, the COH/DFM will provide to the Contractor a list of suppliers which provide the highly specialized parts.
- 5.2.7 The Contractor will establish contract capability with the suppliers of all specialized parts and raw materials.
- 5.2.8 The Contractor will negotiate the best available pricing through local COH suppliers for parts not provided through the Contractor's parts catalog. The Contractor will perform random price evaluation testing on a semi-annual basis. COH/DFM will have the authority to review those findings.
- 5.2.9 At a specified date, for each COH/DFM parts location taken over by the Contractor, most likely a weekend, the Contractor will come on site to the maintenance facility and inventory all parts, count and segregate the parts into two categories:
 - 5.2.9.1 Category 1 – Parts which are in sellable condition and which 'cross reference' to the Contractor's part's catalog. (These parts will be issued at 'Contractor base part price' plus percentage; see Section 7.1.1.)
 - 5.2.9.2 Category 2 – Parts which are either not sellable or do not cross reference to the Contractor's parts catalog. (These parts while in inventory, until replenished, will be issued at zero cost to COH/DFM); See Section 7.1.2. (See Section 6.0 Proposed Operational Phase).
- 5.2.10 The Contractor will purchase from COH/DFM all parts in Category 1. The part price will be based upon the Contractor's base parts price listed in their catalog.
- 5.2.11 After activities described in Sections 5.2.9 and 5.2.10 are completed, the Contractor will have an active inventory for this COH/DFM location. The Contractor's inventory management system will be loaded and begin its routine interface to M5 for this location.
- 5.2.12 The Contractor will assume control of the facility parts room, maintain all inventory and issue parts against authorized M5 WOs.

5.0 Proposed Transitional Phase (continued)

5.2.13 The Contractor will assist the COH in disposing of salvaged parts from the central location. Costs associated with this activity are to be included as a portion of the Contractor's base costs.

6.0 Proposed Operational Phase

6.1 City Contract Administrator

COH/DFM will assign a primary contact person who will be responsible for administrating the resultant contract with the Strategic Vehicle Parts Partner Contractor. This person will be responsible for the contract and in particular the resolution of any invoice exceptions that arise from the detailed Contractor invoices. This City employee will also be responsible for approving summary invoices submitted by the Contractor into COH/DFM's accounting system for payment and is authorized for reconciliation of disputed invoices.

6.2 Contractor Project Manager

The Contractor will designate a primary contact person who will be responsible for administrating the resultant contract with the COH/DFM. This person will be responsible for the contract and in particular have the authority for the resolution of any invoice disputes that arise from the detailed Contractor invoices. The COH/DFM Contract Manager will have full authority to monitor all metrics and performance of the Contractor which are referred to in this contract.

6.3 Parts Disbursement Procedures – Direct Parts: Direct parts are those parts which are to be charged against a work order in direct support of a vehicle repair.

6.3.1 COH/DFM mechanics will request parts from the Contractor based upon a parts request form and the presentation of a valid M5 work order bar code for scanning purposes. This parts request form will contain the following information:

6.3.1.1 Request Date and Time

6.3.1.2 Facility

6.3.1.3 M5 Work Order number

6.3.1.4 Unit Year, Make, and Model

6.3.1.5 Employee Name and Number

6.3.1.6 Part Number and/or description of part requested

6.3.1.7 Quantity Needed

6.3.1.8 The parts request form may be presented manually or electronically

6.3.2 The Contractor will acknowledge receipt of the request for parts and time stamp the request accordingly, either manually or within the Contractor's management system for building parts availability metrics. These part availability metrics will be monitored for compliance of part availability standards as specified in Section 4.1.6.

6.0 Proposed Operational Phase (continued)

6.3.3 The Contractor will provide the part and:

- 6.3.3.1 Record the issue of the part into the M5 work order for that occurrence. The system interface described in Section 3.2 will record the activity in the Contractor's inventory system.
- 6.3.3.2 Parts from category 2 (see Sections 5.2.8 and 5.2.9), which have not been resupplied by the Contractor are to be issued at no cost.
- 6.3.3.3 Relieve the inventory based upon the parts issued.
- 6.3.3.4 Provide a part issue record for the mechanic to sign, acknowledging receipt of the part. This will be generated from the Contractor's inventory system.
- 6.3.3.5 The Contractors' inventory system will time stamp this occurrence for tracking each part issued for availability metrics.

6.4 Parts Disbursement Procedures – Indirect Parts

6.4.1 Indirect parts, sometimes referred to as 'bench stock', are those minor parts or shop supplies which support the maintenance facility operations, but which are not directly charged against the vehicle on a work order. For example, grease absorbent or work gloves.

6.4.2 The COH/DFM will set up an indirect account code in M5 for each maintenance facility. These parts and supplies will be requested via an Indirect Parts Request form and issued against the facility's indirect account code. The Indirect Parts Request form will contain at minimum:

- 6.4.2.1 Date and Time
- 6.4.2.2 Location
- 6.4.2.3 Mechanic ID
- 6.4.2.4 Approval
- 6.4.2.5 Items Requested and Quantity

6.4.3 These parts and supplies issues are not required to be time stamped nor included in parts availability metrics.

6.5 Parts Returns – Parts returns by the mechanic are to be credited against the M5 work order as well as detailed accumulating invoice data maintained by the Contractor.

6.6 Fluids Disbursement Procedures – Use of Bulk Fluid Systems

The Contractor shall use the bulk fluid systems provided by COH/DFM and will monitor the bulk fluid tanks on a daily basis at the Fleet Maintenance Shops covered under this bid. The Contractor shall report any defects in the system to the COH/DFM location supervisor. The bulk fluid systems are pressurized systems that require the flow into the systems to be pumped and metered along with 55-gallon drum systems and/or bulk storage systems. The Contractor will also stock some fluids in quart and gallon sizes. These fluids will be charged on the basis of the full container size. The bulk fluids will be paid for in gallons and quarts, as disbursed. In COH/DFM locations with 55-gallon drum systems, the Contractor shall deliver the drums of fluids to COH/DFM as required. Bulk fluid system maintenance, repairs and upgrades are to be invoiced to COH/DFM at contractor cost only. All fluids are to be charged against M5 work orders or M5 indirect parts accounts for the applicable facility.

6.0 Proposed Operational Phase (continued)

6.7 Hazardous Materials

The Contractor shall comply with all hazardous materials plans, procedures, and requirements established by COH/DFM, City of Houston, State of Texas, and the Federal Government. The Contractor shall be responsible for maintaining operational compliance in the warehouse areas and on the facility yards. Utilization of secondary containment and any other procedures established for compliance purposes in warehouse areas will be adhered to by the Contractor. The Contractor shall maintain the most current copies of the required Material Safety Data Sheet (MSDS), OSHA Form 174, manufacturer's safety data sheet, or such other sheet which contains the same information as the OSHA Form 174 for each product supplied as required by Federal Regulation. The MSDS' will be provided to each location and maintained in a location accessible to all contractor and fleet personnel

6.8 Core Part Returns

6.8.1 When possible used part cores will be provided to the Contractor when the new part is issued. The Contractor invoice will indicate that a core was supplied and also indicate that the Contractor received the core. In cases where the core is not available at the time the new part is issued the Contractor will charge for the core on the invoice. It will be the responsibility of COH/DFM to then return the core to the Contractor and at such time the Contractor will issue a credit invoice referencing the original invoice number, unit number, and work order number. In cases where the core is damaged and is not serviceable COH/DFM will pay the core cost and the Contractor will note that the core is non-serviceable on the invoice. The Contractor will retain all packaging or boxes required for core returns. Return for cores shall be provided within 30 days.

6.8.2 Part cores are to be credited against the M5 work order.

6.9 Used Tire Disposal

The Contractor shall be responsible for the disposal of all used tires as part of its cost. Contractor shall collect and store the used tires in a safe and orderly manner and shall dispose of them in a timely manner. Contractor shall be responsible for securing a certified supplier to remove the used tires and shall be responsible for all applicable Federal, State and local laws governing such disposal. Failure to familiarize itself with such laws will not relieve it of that responsibility. All fines and/or penalties assessed resulting from failure to comply will be at the Contractor's expense. Contractor shall comply with all applicable Federal, State, County and City laws, rules, regulations, codes and ordinances, especially concerning registration, record keeping on-site storage, and the use of registered transporters of whole-used or scrap tires. COH/DFM shall be responsible for the delivery of used tires to the Contractor's storage areas at each location.

6.10 Disposal of Used Fluids and Filters

The Contractor shall dispose of all used oil, oil filters, lubricants, antifreeze and solvents, through the use of existing City contracts. COH/DFM of Houston shall be responsible for payment to the Contractors providing the disposal service and any costs associated with this activity are to be included as a portion of the Contractor's basic costs.

6.0 Proposed Operational Phase (continued)

6.11 Disposal of Used Batteries

The Contractor shall be responsible for the safe handling and disposal for all lead-acid batteries generated as part of the Contractor's responsibility for providing full battery replacement. Disposal shall be in accordance with Senate Bill 1340 (SB 1340), enacted by the 72nd Texas Legislature (1991), requiring that all lead-acid batteries may no longer be mixed with municipal solid waste and sent to a landfill. To dispose of a battery, Contractor must take it to a battery retailer or wholesaler, a secondary lead smelter, or a collection or recycling facility authorized by law to accept it. All costs associated with full compliance of Senate Bill 1340 shall be the responsibility of the Contractor and shall be included as part of its Basic Services. The Contractor shall be responsible for fully familiarizing itself with this law and failure to do so will not relieve it of the responsibility for compliance. All fines and/or penalties assessed resulting from failure to comply will be at Contractor's expense. COH/DFM shall be responsible for delivering the used batteries to the parts counter to determine if there is a warranty and a core return when required.

6.12 Disposal of Used and Replaced Parts

During the process of Preventive Maintenance and/or repairs on any vehicle and equipment, all parts and materials that are removed from City vehicles/equipment as defective shall be disposed of by the Contractor at its expense as part of the Basic Services cost. Failure of the Contractor to familiarize itself with such laws will not relieve it of this responsibility. All fines and/or penalties assessed resulting from failure to comply will be at Contractor's expense. COH/DFM will be responsible for putting removed or replaced parts in the proper designated disposal containers.

6.13 Residual Value of Disposed Parts and Scrap Materials

Any residual value as a result of the sale of parts, tires for scrap, and fluids which can be garnered by the Contractor shall be credited to the Contractor's invoice for the following month in which the credit was received by the Contractor.

6.14 Policies and Procedures

The City Contract Administrator and Contractor Project Manager will produce, print and sign policies and procedures for all Contractor and COH personnel to follow. These policies and procedures shall be developed in accordance with the above Sections 6.3 through 6.11. Changes and modifications to these policies and procedures shall be documented, dated, signed and amended to the existent policies and procedures as needed and agreed to by the COH/DFM and the Contractor.

6.15 Service Trucks

The COH/DFM currently maintains a small inventory of parts on its service trucks for scrap which repair vehicles in the field. The Contractor shall work with the maintenance facility where the service truck is based to provide parts needed for this activity. Replenishing of these parts will be done as needed, but most likely be done on a daily basis. The recording of these parts will be charged against a direct M5 parts account for that location.

6.0 Proposed Operational Phase (continued)

6.16 Mechanic and Service Technician Training

The Contractor will have in place as a service to the COH/DFM, specialized training courses for mechanics and service technicians. These training courses from the Contractor's existent available catalog will be provided and will be scheduled at mutually agreeable times and locations. Contractor can invoice for any prior approved expenses related to offering training classes' expenses must be prior approved by the COH/DFM contract administrator.

6.17 COH/DFM Rebuilt Parts and Components

Some COH/DFM facilities rebuild components. A value is associated with this rebuilt component and this cost is established as 'rebuilt component parts price'. These components rebuilt by the COH/DFM are to be inventoried by the Contractor, issued as needed and charged against work orders for the vehicles receiving these components. The Contractor is to treat these components as a pass through and is not to add a parts markup or surcharge for these COH/DFM rebuilt components.

7.0 Contractor Parts Pricing and Invoice Process

7.1 Parts Pricing

7.1.1 Category 1 Parts (See Section 5.2.9.1) The Contractor base parts price offered to the COH/DFM shall be the lowest price available nationally through the Contractor's catalog and/or internal network of suppliers.

7.1.2 Category 2 Parts (See Section 5.2.9.2) The Contractor shall issue Category 2 parts at no cost to the COH/DFM.

7.2 The Contractor will make the catalog available either in printed form or electronically, so that the COH/DFM Contract Administrator may validate base parts costs being charged to the City. The City's Contract Administrator and Contractor Project Manager will have responsibility for validating updates of current base parts price and assuring that M5 is current.

7.3 Contractor Invoicing Process

7.3.1 The Contractor will invoice monthly for each maintenance facility.

7.3.2 The invoice will contain line item detail for each parts issue occurrence inclusive of at minimum the following information:

7.3.2.1 Date

7.3.2.2 Internal Contractor identifying number

7.3.2.3 City unit number and authorized M5 work order number

7.3.2.4 Part number, descriptive noun, and manufacturer

7.3.2.5 Unit of sale and quantity

7.3.2.6 Unit base parts price

7.3.2.7 Surcharge (Profit) Amount

7.3.2.8 Total price, extended for all items listed

7.3.2.9 Core return itemized (must sign for core) if applicable

7.3.2.10 COH/DFM employee name, employee number receiving the parts

7.0 Contractor Parts Pricing and Invoice Process

7.3 Contractor Invoicing Process (continued)

- 7.3.3 Invoices for parts purchased by the Contractor that are not included in the base parts catalog are to be invoiced in the above format. The Contractor will be required to provide supporting documentation for price verification purposes.
- 7.3.4 Rebuilt parts and components (see Section 6.16) as well as parts purchased on Intergovernmental Agreement Contracts (see Section 4.1.13) are to be provided with no surcharge (profit) amount.
- 7.3.5 The monthly invoice will include all basic operating costs for the Contractor associated with operating each location facility parts room. These basic operating costs are reimbursable over and above the parts "surcharge (profit) amount noted above. Reimbursable basic operating costs are as follows:
 - 7.3.5.1 Regular Hours and Regular Hourly Rate
 - 7.3.5.2 Accounting and Data Processing
 - 7.3.5.3 General Office
 - 7.3.5.4 Counter
 - 7.3.5.5 Delivery
 - 7.3.5.6 Delivery Vehicle Expenses - Insurance, Maintenance, Depreciation
 - 7.3.5.7 Employee Benefits – Pension, Group life insurance, Group health insurance
 - 7.3.5.8 Freight and Postage – (Note: Freight charges are only to be invoiced for parts which are not in the Contractor's catalog. Excessive freight charges for repetitive specialized parts are subject to review and negotiation by COH/DFM.)
 - 7.3.5.9 Insurance
 - 7.3.5.10 Office Supplies
 - 7.3.5.11 Store Supplies
 - 7.3.5.12 Telephone
 - 7.3.5.13 Training
 - 7.3.5.14 Computer Expense – Depreciation, Maintenance, and Catalog Fees
 - 7.3.5.15 Bank Service Fees
- 7.3.6 The Contractor invoices are to be approved by the COH Contract Administrator. The COH shall reserve the right to audit Contractor invoices at any given time.
- 7.3.7 Invoices are to be submitted to:

City of Houston
Department of Fleet Management
Strategic Vehicle Parts Partner Contract Administrator
900 Bagby, 4th Floor, Room A447
Houston, TX 77002

8.0 Price Adjustment

- 8.1 Parts and Lubricants - The price percentage adjustment bid shall remain firm during the full term of the Agreement. Price adjustments will be determined from the plus or minus percentage applied to the Contractor's parts catalog lowest unit price column.
- 8.2 Labor Rate Escalation Clause - No labor rate increase shall be allowed during the life of the award. Therefore, the labor rate offered for each awarded year shall be firm for the life of the award, see Exhibit "H".

9.0 Right of First Refusal of Employment

The Contractor shall give COH/DFM employees who have been or will be adversely affected or separated as a result of award of this contract the right of first refusal if qualifications are equal, for employment openings under the contract in positions for which they are qualified, if that employment is consistent with post-COH employment conflict interest standards. Within 10 days after contract award, the COH/DFM's Director or his designee will provide to the Contractor a list of all COH/DFM employees who have been or will be adversely affected or separated as a result of award of this contract. The Contractor shall report to the City Contract Manager the names of individuals identified on the lists that were hired within 90 days after contract performance begins. This report shall be forwarded within 120 days after contract performance begins. **Contractor's consideration of such employees for employment shall be done in accordance with the Contractor's standard hiring practices.**

10.0 On-Going Contractor Evaluation and Reporting

- 10.1 Facility Review Meetings – The COH/DFM maintenance facility management will schedule review meetings on a regular basis with the Contractor facility parts personnel to review special parts needs and or to review processes and documentation. The facility review meetings are to be scheduled by COH/DFM maintenance facility management and attended by the Contractor facility personnel. Meeting notes are to be documented by an authorized COH/DFM facility manager.
- 10.2 Contractor Performance Reporting – General – The COH/DFM will monitor the parts costs at the vehicle and facility level through M5. The Contractor is expected to provide any non-confidential activity reports from its parts management systems to COH/DFM on an ongoing basis; this might include parts usage/forecasting reports, and exception reports that the Contractor might have in place, etc.
- 10.3 Contract Review Meetings – In the spirit of partnership, COH/DFM and the Contractor are to meet quarterly, or more frequently during start-up phases, and review all aspects of the contract. Metrics are to be reviewed; comparisons are to be made between location to location in order that 'best practices' of the contract are shared among all locations.
- 10.4 Contractor Parts Availability Performance Tracking – The Contractor will track the parts availability metrics according to the definitions set in Section 4.1.6. The part availability metric is to be provided and tracked on a monthly basis from the inception of the contract for each location and for COH/DFM as a whole. Trends for this metric are to be provided. COH/DFM will have the right to audit the details of this metric at any given time; if requested the Contractor shall provide all time stamped information to COH/DFM for detailed analysis of this parts availability metric for the time period requested by COH/DFM.

11.0 Emergency Services and Overtime

At specific times, the COH/DFM maintenance facilities will be required to remain open for extended operating hours. In some cases this may be temporarily ongoing for example an impending hurricane. The Contractor will staff parts rooms according to the expanded hours of the maintenance facilities. The COH/DFM will use its best efforts to provide to the Contractor a notification of expanded hours at least 24 hrs in advance. Any scheduled overtime hours required by the Contractor will be approved in writing by the City Contract Administrator or authorized COH/DFM person located at the facility for which overtime hours are required, prior to the charging of such overtime hours.

12.0 Contract Termination – COH/DFM Inventory Purchase

Upon the termination, expiration, or non-renewal of this contract, Contractor shall have the option to require the COH to purchase all non-Contractor branded inventory and the COH shall have the option to purchase all Contractor branded inventory owned by the Contractor and located in the on-site store at the Contractor's current acquisition cost. There will be inventory that the Contractor will purchase specifically for the COH facility that cannot be incorporated back into the Contractor's chain of distribution (i.e. non-Contractor branded inventory) and the Contractor cannot agree to take the inventory loss associated with these COH-specified inventory items.

13.0 Warranty Of Services

- 13.1 *Definitions:* "Acceptance" as used in this clause, means the act of an authorized representative of the City by which the City assumes for itself, approval of specific services, as partial or complete performance of the contract.
- 13.2 "Correction" as used in this clause, means the elimination of a defect.
- 13.3 Notwithstanding inspection and acceptance by the City or any provision concerning the conclusiveness thereof, the Contractor warrants that all services performed under this contract will, at the time of acceptance, be free from defects in workmanship and conform to the requirements of this contract. The City shall give written notice of any defect or nonconformance to the Contractor within a one-year period from the date of acceptance by the City. This notice shall state either (1) that the Contractor shall correct or re-perform any defective or non-conforming services at no additional cost to the City, or (2) that the City does not require correction or re-performance.
- 13.4 If the Contractor is required to correct or re-perform, it shall be at no cost to the City, and any services corrected or re-performed by the Contractor shall be subject to this clause to the same extent as work initially performed.

EXHIBIT "B-2"
VEHICLE ASSET LIST

Starting at Page 50 and Concluding at Page 270

EXHIBIT "C"
EQUAL EMPLOYMENT OPPORTUNITY

1. The contractor, subcontractor, vendor, supplier, or lessee will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, or age. The contractor, subcontractor, vendor, supplier, or lessee will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, sex, national origin, or age. Such action will include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The contractor, subcontractor, vendor, supplier or lessee agrees to post in conspicuous places available to employees, and applicants for employment, notices to be provided by the City setting forth the provisions of this Equal Employment Opportunity Clause.
2. The contractor, subcontractor, vendor, supplier, or lessee states that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, national origin or age.
3. The contractor, subcontractor, vendor, supplier, or lessee will send to each labor union or representatives of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer advising the said labor union or worker's representative of the contractor's and subcontractor's commitments under Section 202 of Executive Order No. 11246, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
4. The contractor, subcontractor, vendor, supplier, or lessee will comply with all provisions of Executive Order No. 11246 and the rules, regulations, and relevant orders of the Secretary of Labor or other Federal Agency responsible for enforcement of the equal employment opportunity and affirmative action provisions applicable and will likewise furnish all information and reports required by the Mayor and/or Contractor Compliance Officer(s) for purposes of investigation to ascertain and effect compliance with this program.
5. The contractor, subcontractor, vendor, supplier, or lessee will furnish all information and reports required by Executive Order No. 11246, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to all books, records, and accounts by the appropriate City and Federal Officials for purposes of investigations to ascertain compliance with such rules, regulations, and orders. Compliance reports filed at such times as directed shall contain information as to the employment practice policies, program, and work force statistics of the contractor, subcontractor, vendor, supplier, or lessee.
6. In the event of the contractor's, subcontractor's, vendor's, supplier's, or lessee's non-compliance with the non-discrimination clause of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part, and the contractor, subcontractor, vendor, supplier, or lessee may be declared ineligible for further City contracts in accordance with procedures provided in Executive Order No. 11246, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as may otherwise be provided by law.
7. The contractor shall include the provisions of paragraphs 1-8 of this Equal Employment Opportunity Clause in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontractor or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.
8. The contractor shall file and shall cause his or her subcontractors, if any, to file compliance reports with the City in the form and to the extent as may be prescribed by the Mayor. Compliance reports filed at such times as directed shall contain information as to the practices, policies, programs, and employment policies and employment statistics of the contractor and each subcontractor.

EXHIBIT "D"

MWBE REQUIREMENTS CITY OF HOUSTON CERTIFIED MWBE SUBCONTRACT TERMS

Contractor shall insure that all subcontracts with M/WBE subcontractors and suppliers are clearly labeled "THIS CONTRACT IS SUBJECT TO BINDING ARBITRATION ACCORDING TO THE TEXAS GENERAL ARBITRATION ACT" and contain the following terms:

1. _____ (M/WBE subcontractor) shall not delegate or subcontract more than 50% of the work under this subcontract to any other subcontractor or supplier without the express written consent of the City of Houston's Affirmative Action Director ("the Director")
2. _____ (M/WBE subcontractor) shall permit representatives of the City of Houston, at all reasonable times, to perform 1) audits of the books and records of the subcontractor, and 2) inspections of all places where work is to be undertaken in connection with this subcontract. Subcontractor shall keep such books and records available for such purpose for at least four (4) years after the end of its performance under this subcontract. Nothing in this provision shall affect the time for bringing a cause of action nor the applicable statute of limitations.
3. Within five (5) business days of execution of this subcontract, Contractor (prime contractor) and Subcontractor shall designate in writing to the Director an agent for receiving any notice required or permitted to be given pursuant to Chapter 15 of the Houston City Code of Ordinances, along with the street and mailing address and phone number of such agent.
4. As conclude by the parties to this subcontract, and as evidenced by their signatures hereto, any controversy between the parties involving the construction or application of any of the terms, covenants or conditions of this subcontract shall, on the written request of one party served upon the other or upon notice by Director served on both parties, be submitted to binding arbitration, under the Texas General Arbitration Act (Tex. Civ. Prac. & Rem. Code Ann., Ch. 171 – "the Act"). Arbitration shall be conducted according to the following procedures:
 - a. Upon the decision of the Director or upon written notice to the Director from either party that a dispute has arisen, the Director shall notify all parties that they must resolve the dispute within thirty (30) days or the matter may be referred to arbitration.
 - b. If the dispute is not resolved within the time specified, any party or the Director may submit the matter to arbitration conducted by the American Arbitration Association under the rules of the American Arbitration Association, except as otherwise required by the City's contract with American Arbitration Association on file in the Office of the City's Affirmative Action Division.
 - c. Each party shall pay all fees required by the American Arbitration Association and sign a form releasing the American Arbitration Association and its arbitrators from liability for decisions reached in the arbitration.
 - d. In the event the American Arbitration Association no longer administers Affirmative Action arbitration for the City, the Director shall prescribe alternate procedures as necessary to provide arbitration by neutrals in accordance with the requirements of Chapter 15 of the Houston City Code of Ordinances.

These provisions apply to goal-oriented contracts. A goal oriented contract means any contract for the supply of goods or non-personal or non-professional services in excess of \$100,000.00 for which competitive bids are required by law; not within the scope of the MBE/WBE program of the United States Environmental Protection Agency on the United States Department of Transportation; and ; which the City Purchasing Agent has determined to have significant M/WBE subcontracting potential in fields which there are an adequate number on known MBEs and/or WBE's to compete for City contract.

The M/WBE policy of the City of Houston will be discussed during the pre-bid. For information assistance, and/or to receive a copy of the City's Affirmative action policy and/or ordinance contact the Affirmative Action Division at (713) 837-9000, 611 Walker, 7th Floor, Houston, Texas.

EXHIBIT "DD"

**CITY OF HOUSTON
AFFIRMATIVE ACTION & CONTRACT COMPLIANCE
M/WBE UTILIZATION REPORT**

Report Period _____

PROJECT NAME & NUMBER: _____ AWARD DATE: _____

PRIME CONTRACTOR: _____ CONTRACT No.: _____

ADDRESS: _____ CONTRACT AMOUNT: _____

LIAISON/PHONE No.: _____ M/WBE GOAL: _____

M/WBE SUB/VENDOR NAME	DATE OF AA CERTIFICATION	DATE OF SUBCONTRACT	SUBCONTRACT AMOUNT	% OF TOTAL CONTRACT	AMOUNT PAID TO DATE	% OF CONTRACT TO DATE

Use additional pages if needed. Submit by the 15th day of the following month.
 Provide support documentation on all revenues paid to end of the report period to:
 M/WBEs to reflect up/down variances on contract amount

Affirmative Action Division
 ATTN: Velma Laws 713-837-9015
 611 Walker, 7th Floor
 Houston, Texas 77002

EXHIBIT "E"
DRUG POLICY COMPLIANCE AGREEMENT

I, Stu Kambury Division Vice President as an owner or officer of
(Name) (Print/Type) (Title)
Genuine Parts Company (Contractor)
(Name of Company)

have authority to bind Contractor with respect to its bid, offer or performance of any and all contracts it may enter into with the City of Houston; and that by making this Agreement, I affirm that the Contractor is aware of and by the time the contract is awarded will be bound by and agree to designate appropriate safety impact positions for company employee positions, and to comply with the following requirements before the City issues a notice to proceed:

1. Develop and implement a written Drug Free Workplace Policy and related drug testing procedures for the Contractor that meet the criteria and requirements established by the Mayor's Amended Policy on Drug Detection and Deterrence (Mayor's Drug Policy) and the Mayor's Drug Detection and Deterrence Procedures for Contractors (Executive Order No. 1-31).
2. Obtain a facility to collect urine samples consistent with Health and Human Services (HHS) guidelines and a HHS certified drug testing laboratory to perform the drug tests.
3. Monitor and keep records of drug tests given and the results; and upon request from the City of Houston, provide confirmation of such testing and results.
4. Submit semi-annual Drug Policy Compliance Declarations.

I affirm on behalf of the Contractor that full compliance with the Mayor's Drug Policy and Executive Order No. 1-31 is a material condition of the contract with the City of Houston.

I further acknowledge that falsification, failure to comply with or failure to timely submit declarations and/or documentation in compliance with the Mayor's Drug Policy and/or Executive Order No. 1-31 will be considered a breach of the contract with the City and may result in non-award or termination of the contract by the City of Houston.

Date 12/8/2010

Contractor Name Stu Kambury

Signature 

Title Division Vice President

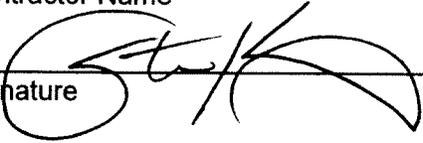
EXHIBIT "F"
CONTRACTOR'S CERTIFICATION OF NO SAFETY IMPACT POSITIONS
IN PERFORMANCE OF A CITY CONTRACT

I, Stu Kambury Division Vice President
(Name)(Print/Type) **(Title)**

as an owner or officer of Genuine Parts Company (Contractor) have authority to bind the Contractor with respect to its bid, and I hereby certify that Contractor has no employee safety impact positions as defined in §5.18 of Executive Order No. 1-31 that will be involved in performing this City Contract. Contractor agrees and covenants that it shall immediately notify the City's Director of Personnel if any safety impact positions are established to provide services in performing this City Contract.

12/8/2010
Date

Stu Kambury
Contractor Name


Signature

Division Vice President
Title

CONTRACTOR'S CERTIFICATION OF NON-APPLICATION OF
CITY OF HOUSTON DRUG DETECTION AND DETERRENCE PROCEDURES
FOR CONTRACTORS

I, _____
(NAME) (PRINT/TYPE)

as an owner or officer of _____ (Contractor) have authority to bind the Contractor with respect to its bid, and I hereby certify that Contractor has fewer than fifteen (15) employees during any 20-week period during a calendar year and also certify that Contractor has no employee safety impact positions as defined in 5.18 of Executive Order No. 1-31 that will be involved in performing this City Contract. Safety impact position means a Contractor's employment position involving job duties that if performed with inattentiveness, errors in judgment, or diminished coordination, dexterity, or composure may result in mistakes that could present a real and/or imminent threat to the personal health or safety of the employee, co-workers, and/or the public.

DATE

CONTRACTOR NAME

SIGNATURE

TITLE

**EXHIBIT "G"
DRUG POLICY COMPLIANCE DECLARATION**

I, Stu Kambury Division Vice President as an owner or officer of
 (Name) (Print/Type) (Title)
Genuine Parts Company (Contractor or Vendor)
 (Name of Company)

have personal knowledge and full authority to make the following declarations:

This reporting period covers the preceding 6 months from June to December, 2010.

SK
Initials

A written Drug Free Workplace Policy has been implemented and employees notified. The policy meets the criteria established by the Mayor's Amended Policy on Drug Detection and Deterrence (Mayor's Policy).

SK
Initials

Written drug testing procedures have been implemented in conformity with the Mayor's Drug Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31. Employees have been notified of such procedures.

SK
Initials

Collection/testing has been conducted in compliance with federal Health and Human Services (HHS) guidelines.

SK
Initials

Appropriate safety impact positions have been designated for employee positions performing on the City of Houston contract. The number of employees in safety impact positions during this reporting period is (0) Zero.

SK
Initials

From 6/1/2010 to 12/1/2010 the following test has occurred
 (Start date) (End date)

	Random	Reasonable Suspicion	Post Accident	Total
Number Employees Tested	14	0	2	16
Number Employees Positive	0	0	0	0
Percent Employees Positive	0	0	0	0

SK
Initials

Any employee who tested positive was immediately removed from the City worksite consistent with the Mayor's Policy and Executive Order No. 1-31.

SK
Initials

I affirm that falsification or failure to submit this declaration timely in accordance with established guidelines will be considered a breach of contract.

I declare under penalty of perjury that the affirmations made herein and all information contained in this declaration are within my personal knowledge and are true and correct.

12/8/2010
(Date)

Stu Kambury
(Typed or Printed Name)
[Signature]
(Signature)
Division Vice President
(Title)

**EXHIBIT "H"
FEES AND COSTS**

BID ITEM	DESCRIPTION	UNIT OF MEASURE	UNIT PRICE
1.	Repair and Replacement Parts	EA	+7% Markup
2.	Tires	EA	+5% Markup
3.	Lubricants and Fluids	EA	+5% Markup
Year One (1) Labor Rates			
1.	City Parts Project Manager	YR	\$55,000.00
2.	Facility Parts Room Manager	YR	\$38,000.00
3.	Lead Shift Store Keeper	YR	\$29,110.00
4.	Storekeeper	YR	\$23,400.00
5.	Delivery Vehicle Drive	YR	\$18,720.00
Year Two (2) Labor Rates			
1.	City Parts Project Manager	YR	\$56,650.00
2.	Facility Parts Room Manager	YR	\$39,140.00
3.	Lead Shift Store Keeper	YR	\$29,993.60
4.	Storekeeper	YR	\$24,102.00
5.	Delivery Vehicle Drive	YR	\$19,281.60
Year Three (3) Labor Rates			
1.	City Parts Project Manager	YR	\$58,349.50
2.	Facility Parts Room Manager	YR	\$40,314.20
3.	Lead Shift Store Keeper	YR	\$30,893.41
4.	Storekeeper	YR	\$24,825.06
5.	Delivery Vehicle Drive	YR	\$19,860.05
Year Four (4) Labor Rates			
1.	City Parts Project Manager	YR	\$60,099.99
2.	Facility Parts Room Manager	YR	\$41,523.63
3.	Lead Shift Store Keeper	YR	\$31,820.21
4.	Storekeeper	YR	\$25,569.81
5.	Delivery Vehicle Drive	YR	\$20,455.85
Year Five (5) Labor Rates			
1.	City Parts Project Manager	YR	\$61,902.98
2.	Facility Parts Room Manager	YR	\$42,769.33
3.	Lead Shift Store Keeper	YR	\$32,774.82
4.	Storekeeper	YR	\$26,336.91
5.	Delivery Vehicle Drive	YR	\$21,069.52

BID ITEM	DESCRIPTION	UNIT OF MEASURE	UNIT PRICE
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Year One (1) Overtime Labor Rates

1.	Lead Shift Store Keeper	YR	\$4,555.20
2.	Storekeeper	YR	\$3,643.20

Year Two (2) Overtime Labor Rates

1.	Lead Shift Store Keeper	YR	\$4,692.00
2.	Storekeeper	YR	\$3,752.50

Year Three (3) Overtime Labor Rates

1.	Lead Shift Store Keeper	YR	\$4,832.76
2.	Storekeeper	YR	\$3,865.08

Year Four (4) Overtime Labor Rates

1.	Lead Shift Store Keeper	YR	\$4,977.74
2.	Storekeeper	YR	\$3,981.03

Year Five (5) Overtime Labor Rates

1.	Lead Shift Store Keeper	YR	\$4,818.07
2.	Storekeeper	YR	\$4,100.46

EXHIBIT "I"
PAY OR PLAY PROGRAM

(See Next Page)



FORM POP 2 (DOCUMENT 00630)

CERTIFICATION OF AGREEMENT TO COMPLY WITH PAY OR PLAY PROGRAM

Contractor Name: Genuine Parts Company (Contractor/Subcontractor) \$ 95,068,803.75 (Amount of Contract)
Contractor Address: 2221 W. Mockingbird Lane Dallas, Texas 75235

Project No.: [GFS/CIP/AIP/File No.] S05-S23741
Project Name: [Legal Project Name] Strategic Vehicle Parts Partner for the Fleet Management Department

In accordance with the City of Houston Pay or Play Program authorized by Ordinance 2007-534, Contractor agrees to abide by the terms of this Program. This certification is required of all contractors for contracts subject to the program. You must agree EITHER to PAY or to PLAY for each covered employee, including those of subcontractors subject to the program.

- [X] Yes [] No Contractor agrees to Pay \$1.00 per hour for work performed by covered employees, including compliance for covered subcontractors' employees and contract labor, under the contract with the City.
[X] Yes [] No Contractor agrees to offer health benefits to each covered employee, including compliance by the covered subcontractors that meet or exceed the following criteria:

- (1) the employer will contribute no less than \$150 per employee per month toward the total premium cost; and
(2) the employee contribution, if any amount, will be no greater than 50% of the total premium cost.

[X] Yes [] No Contractor agrees to pay on behalf of some covered employees and contract labor and play on behalf of other covered employees, in accordance with program requirements, including subcontractors' employees, if applicable.

[X] Yes [] No If contract labor is utilized the Contractor agrees to report hours worked by the contract laborer and Pay \$1.00 per hour for work performed.

[X] Yes [] No Contractor will comply with all provisions of the Pay or Play Program and will furnish all information and reports requested to determine compliance with program provisions.

[X] Yes [] No For Prime Contractors Only: Contractor will file compliance reports with the City, which will include activity for subcontractors subject to the program, in the form and to the extent requested by the administering department or the Affirmative Action and Contract Compliance Office. Compliance reports shall contain information including, but not limited to, documentation showing employee health coverage and employee work records.

Table with 3 columns and 4 rows: Total No. Of Employees on City Job (16, 10), No. Of Employees-"Playing" (16), No. Of Employees -"Paying" (10), No. Of Employees "Exempt"

I hereby certify that the above information is true and correct.

CONTRACTOR (Signature) [Signature] DATE 12/8/2010
Stu Kambury Division Vice President
NAME AND TITLE (Print or type)

EXHIBIT "J"
PERFORMANCE BOND

THE STATE OF TEXAS

COUNTY OF HARRIS

Genuine Parts Company/NAPA, ("Principal") and Travelers Casualty and Surety Company of America, ("Surety"), shall pay to the City of Houston, Texas ("City"), the sum of \$19,013,760.75 in accordance with the terms and conditions stated below:

On or about this date, the Principal executed a contract Agreement in writing with the City for S05-S2371-Strategic Vehicle Parts Partner ** ("Agreement"), which is incorporated into this Bond. ****for Fleet Management Department**

The conditions of this obligation are that if the Principal performs its obligations under the terms of the Agreement and this Bond in all respects, then this obligation is void and has no further force and effect; otherwise this obligation remains in effect and the sum of \$19,013,760.75 is payable to the City on demand.

The Surety relieves the City and its representatives from the exercise of any diligence whatever in securing the Principal's compliance with the terms of the Agreement, and the Surety waives any notice to it of the Principal's default or delay in the performance of the Agreement. The Surety shall take notice of and is held to have knowledge of all acts or omissions of the Principal, its agents, and representatives in all matters pertaining to the Agreement.

The City and its representatives may at any time, without notice to the Surety, make any changes in the terms and conditions of the Agreement, or extend it, and may add to or deduct from the Principal's obligations under the Agreement. Such changes, if made, do not in any way relieve, release, condition, or limit the obligation in this Bond and undertaking or release the Surety therefrom.

SURETY AND PRINCIPAL AGREE TO AND SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY, ITS AGENTS, AND REPRESENTATIVES FROM ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, DAMAGES, FINES, AND EXPENSES ARISING OUT OF OR RESULTING FROM ANY FAILURE ON THE PART OF THE PRINCIPAL, ITS AGENTS, AND REPRESENTATIVES, TO FULLY PERFORM UNDER THE AGREEMENT, INCLUDING ANY CHANGES OR EXTENSIONS TO IT.

If the City brings any suit or other proceeding at law on the Agreement or this Bond, or both, the Principal and the Surety shall pay to the City the additional sum of 10 percent of whatever amount the City recovers, which sum of 10 percent is agreed by all parties to be indemnity to the City for the expense of and time consumed by its City Attorney, his or her assistants, and office staff, and other costs and damages to the City. The amount of 10 percent is fixed and liquidated by the parties because the exact damage to the City would be difficult to ascertain.

This Bond and all obligations created under it shall be performable in Harris County, Texas, and all are non-cancelable. This Bond must be automatically renewed annually on the anniversary of the effective date of the Bond for the term of the Agreement and any extensions, unless the Surety gives the Principal and the City 30 days written notice before the renewal date that the Surety will not renew this Bond, in which case the Principal shall provide the City with a replacement bond (in the same form as this Bond) before the renewal date. The provisions of V.T.C.A., Government Code Section 2253, as amended, control even though the Statute may not be applicable.

All notices required or permitted by this Bond must be in writing and are deemed delivered on the earlier of the date actually received or the third day following: (1) deposit in a United States Postal Service post office or receptacle; (2) with proper postage (certified mail, return receipt requested); and (3) addressed to the other party at the address set out on the signature page of this Bond or at such other address as the receiving party designates by proper notice to the sending party.

This Bond is effective on November 30, 2010 and is binding on the Principal and the Surety, their heirs, executors, administrators, successors and assigns, jointly and severally.

EXECUTED in multiple originals this 30th day of November, 2010.

ATTEST/SEAL: (if a corporation)
WITNESS: (if not corporation)

Genuine Parts Company/NAPA
(Name of Principal)
2999 Circle 75 Parkway Circle 75
Atlanta Ga 30339
(Address of Principal)

By: Linda L. Olvey
Name: Linda Olvey
Title: Administrative Assistant
Date: 11-30-2010

By: Fred M. Howard
Name: Fred M. Howard
Title: Senior Vice President and Treasurer
Date: 11-30-2010

ATTEST/SEAL
SURETY WITNESS:

Travelers Casualty and Surety Company of America
(Name of Surety)
One Tower Square, Hartford, CT 06183
(Address of Surety)

By: Rosemarie Caponi
Name: Rosemarie Caponi
Title: Witness as to Surety
Date: 11/30/2010

By: Maureen McNeill
Name: Maureen McNeill
Title: Attorney-in-Fact
Date: 11/30/2010

REVIEWED:

This Bond has been reviewed as to form by the undersigned Paralegal and has been found to meet established Legal Department criteria.

12-15-10
Date

[Signature]
Paralegal



POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 222635

Certificate No. 003771660

KNOW ALL MEN BY THESE PRESENTS: That St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc., is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Darella White, Richard G. Dicciani, Richard A. Jacobus, Mary C. O'Leary, Douglas R. Wheeler, Maureen McNeill, Wayne G. McVaugh, Rosemarie Caponi, Elizabeth Marrero, and Sandra E. Bronson

of the City of Philadelphia, State of Pennsylvania, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 15th day of July, 2010.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
George W. Thompson, Senior Vice President

On this the 15th day of July, 2010, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2011.



[Signature]
Marie C. Tetreault, Notary Public

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

HARTFORD, CONNECTICUT 06183

FINANCIAL STATEMENT AS OF DECEMBER 31, 2009

CAPITAL STOCK \$ 6,480,000

ASSETS		LIABILITIES & SURPLUS	
CASH & INVESTED CASH	\$ 91,652,774	UNEARNED PREMIUMS	\$ 839,517,654
BONDS	3,673,398,648	LOSSES	898,279,987
INVESTMENT INCOME DUE AND ACCRUED	51,425,446	LOSS ADJUSTMENT EXPENSES	391,564,338
PREMIUM BALANCES	183,601,018	COMMISSIONS	34,630,568
NET DEFERRED TAX ASSET	72,285,733	TAXES, LICENSES AND FEES	59,474,472
REINSURANCE RECOVERABLE	4,899,080	OTHER EXPENSES	31,738,727
REINSURANCE RECEIVABLE INTERCOMPANY	247,774,281	FUNDS HELD UNDER REINSURANCE TREATIES	101,203,706
OTHER ASSETS	6,728,714	CURRENT FEDERAL AND FOREIGN INCOME TAXES	6,951,413
		REMITTANCES AND ITEMS NOT ALLOCATED	49,208,988
		AMOUNTS WITHHELD / RETAINED BY COMPANY FOR OTHERS	47,770,209
		RETROACTIVE REINSURANCE RESERVE	3,174,786
		POLICYHOLDER DIVIDENDS	8,823,721
		PROVISION FOR REINSURANCE	7,950,503
		CEDED REINSURANCE NET PREMIUMS PAYABLE	(47,812,192)
		PAYABLE TO PARENT, SUBSIDIARIES AND AFFILIATES	60,768,201
		OTHER ACCRUED EXPENSES AND LIABILITIES	(1,322,861)
		TOTAL LIABILITIES	\$ 2,484,857,039
		CAPITAL STOCK	\$ 6,480,000
		PAID IN SURPLUS	433,803,760
		OTHER SURPLUS	1,396,961,901
		TOTAL SURPLUS TO POLICYHOLDERS	\$ 1,836,848,661
TOTAL ASSETS	\$ 4,331,705,701	TOTAL LIABILITIES & SURPLUS	\$ 4,331,705,701

STATE OF CONNECTICUT)
 COUNTY OF HARTFORD) SS.
 CITY OF HARTFORD)

MICHAEL J. DOODY, BEING DULY SWORN, SAYS THAT HE IS SECOND VICE PRESIDENT, OF TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, AND THAT TO THE BEST OF HIS KNOWLEDGE AND BELIEF, THE FOREGOING IS A TRUE AND CORRECT STATEMENT OF THE FINANCIAL CONDITION OF SAID COMPANY AS OF THE 31st DAY OF DECEMBER, 2009.



Michael J. Doody
 SECOND VICE PRESIDENT

[Signature]
 NOTARY PUBLIC - MY COMMISSION EXPIRES 11/30/2012

SUBSCRIBED AND SWORN TO BEFORE ME THIS
 19th DAY OF APRIL, 2010

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call Travelers Casualty and Surety Company of America and its affiliates' toll-free telephone number for information or to make a complaint at:

1-800-328-2189

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P. O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact your Agent or Travelers first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR BOND:

This notice is for information only and does not become a part or condition of the attached document and is given to comply with Texas legal and regulatory requirements.

Texas Department of Insurance



Certificate No. 11562

Company No. 08-005217

Certificate of Authority

THIS IS TO CERTIFY THAT

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

HARTFORD, CONNECTICUT

has complied with the laws of the State of Texas applicable thereto and is hereby authorized to transact the business of

Fire; Allied Coverages; Hail-growing crops only; Rain; Inland Marine; Ocean Marine; Aircraft--Liability & Physical Damage; Workers' Compensation & Employers' Liability; Employers' Liability; Automobile--Liability & Physical Damage; Liability other than Automobile; Fidelity & Surety; Glass; Burglary & Theft; Forgery; Boiler & Machinery; Credit; Livestock and Reinsurance on all lines authorized to be written on a direct basis

insurance within the state of Texas. This Certificate of Authority shall be in full force and effect until it is revoked, canceled or suspended according to law.

IN TESTIMONY WHEREOF, witness my hand and seal of office at Austin, Texas, this

1st day of July A.D. 1997

ELTON BOMER
COMMISSIONER OF INSURANCE



BY Kathy A. Wilcox
Kathy A. Wilcox
Director
Insurer Services