

SERVICES CONTRACT

IN CONSIDERATION of the mutual covenants and promises contained herein, **Severn Trent Environmental Services, Inc. ("STES")** agrees to perform the services set forth in this Contract for **BellaVita at Green Tee Homeowner Association** (the "HOA"):

ADDRESS WHERE WORK PERFORMED:

1548 North Riviera Circle; Pearland, Texas 77581

Billing Address: _____

START DATE/TERMINATION:

This Contract will commence on **July 19, 2011** for a period of one (1) month and shall continue thereafter from month-to-month subject, however, to termination by either the HOA or STES for any reason at any time by giving ten (10) days advance written notice to the other.

DESCRIPTION OF SERVICES:

See Attachment "A".

CONTRACT PRICE:

The HOA agrees to pay STES for labor, equipment and materials at the rates set forth in STES's standard rate schedule, a copy of which is attached hereto as Attachment "B".

Unless stated otherwise in Attachment B, payments are due in monthly in accordance with the General Terms and Conditions of this Contract. The charge for services shall not exceed \$1,000.00 per month, without STES obtaining prior approval from the Board.

THE GENERAL TERMS AND CONDITIONS attached to this Contract are agreed to be a part of this Contract.

AGREED BY:

BellaVita at Green Tee Homeowner Association
(HOA)

Ronald H. Giddens
(Name)

President, HOA TREASURER
(Title)

7/19/11 7/23/11
(Date Signed)

OFFERED BY:

Severn Trent Environmental Services, Inc.
(STES)

Bill Fry
(Name)

Regional General Manager
(Title)

July 18, 2011
(Date Signed)

GENERAL TERMS AND CONDITIONS OF AGREEMENT

Definitions. As used herein, the following terms shall have the following meanings:

-- "*Applicable Law*" is defined as those laws, rules, regulations, codes, administrative, judicial and settlement orders, directives, guidelines, judgments, rulings, interpretations, permit conditions and restrictions or similar requirements or actions of any federal, state, local government, agency or executive or administrative body of any of the foregoing in each case that pertain to the (a) parties' respective responsibilities under this Contract, (b) operation or maintenance of the Facility, (c) health and welfare of individuals working at or visiting the Facility, and (d) the collection, delivery, pretreatment, and treatment of the HOA's water and/or wastewater, as applicable.

-- "*Change of Law*" the occurrence of any of the events listed in (i) through (iv) below, which results or can reasonably be expected to result in a change in the scope of STES's liabilities or obligations under this Contract:

(i) there is passed or promulgated any federal, state, or other local law, statute, ordinance, rule or regulation different from those existing on the Contract Date; or

(ii) there is passed or promulgated any amendment to, or change in, any federal, state, or other local law, statute, ordinance, rule or regulation (including any applicable sales tax regulation) following the Contract Date; or

(iii) there comes into existence an order or judgment of any federal, state, or local court, administrative agency or other governmental body following the Contract Date containing interpretations of law relating to the provision of the Services by STES that is inconsistent with generally accepted interpretations in effect on the Contract Date; or

(iv) (a) the imposition of any condition different from those existing on the Contract Date on the issuance, maintenance or renewal of any official permit, license or necessary approval related to the provision of the Services by STES, or (b) there shall be a suspension, termination, interruption, revocation, denial or failure of renewal of any official permit, license or necessary approval related to the provision of the Services by STES, including without limitation such of the foregoing as are issued or approved by the USEPA, the Occupational Safety and Health Administration or any local Environmental and/or Building Department;

-- "*Contract*" means these terms and conditions, any additional terms and conditions attached hereto and/or expressly incorporated herein directly or by reference including, without limitation, the Description of Services attached hereto as Attachment A and the Rate Schedule attached hereto as Attachment B;

-- "*Contract Price*" means the compensation to be paid by the HOA to STES in accordance with the terms of this Contract;

-- "*STES*" means Severn Trent Environmental Services, Inc. and its permissible successors and/or assigns. Any reference to actions taken or not taken by STES shall include those actions taken or not taken on STES's behalf.

-- "*Facility*" means the HOA's water or wastewater treatment facility more particularly described on the front page of this Contract.

-- "*Force Majeure*" means any act, event or condition to the extent that it adversely affects the cost or the ability of a party to perform its obligations in accordance with the terms of this Contract if such act, event or condition, in light of any circumstances that should have been known or reasonably believed to have existed at the time, is beyond the reasonable control and is not a result of the willful or negligent act, error or omission or failure to exercise reasonable diligence on the part of the party so affected. Such acts, events or conditions may include, but shall not be limited to, the following: (a) an act of God, landslide, earthquake, fire, explosion, flood, hurricane, tornado, sabotage, or similar occurrence, acts of a public enemy, extortion, strikes, acts of terrorism, war, blockade or insurrection riot or civil disturbance; or (b) a Change of Law; or (c) the failure of any appropriate governmental agency or private utility to provide and maintain utilities required by the affected party in order to perform its obligations hereunder; or (d) with respect to STES only, the presence of, or the migration to, anywhere in, on or under the Facility of hazardous materials, regulated substances (including airborne materials and substances), or influent water and/or wastewater that cannot be treated to the standards required by Applicable law given the design or physical limitations of the Facility, all to the extent not caused by STES's negligence; or (e) with respect to the STES only, the failure of Facility or STES equipment, unless caused by STES's negligence or breach hereunder.

-- "*HOA*" means the party executing this Contract and described as the HOA on the front page of this Contract;

-- "*Services*" means the services to be provided by STES to the HOA as identified in Attachment A to this Contract.

Other terms not expressly defined above have the meaning so given to them in this Contract.

Construction of Agreement. Whenever the context requires, the gender of all words used in this Contract includes the masculine, feminine, and neuter. All references to Articles and Sections refer to articles and sections of this Contract, and all references to Attachments are to Attachments attached to this for all purposes. Captions, headings, cover pages, tables of contents and footnote instructions contained in this Contract are inserted only to facilitate reference and for convenience and in no way define, limit or describe the scope, intent or meaning of any provisions of this Contract. Words and abbreviations that have well known technical or trade meanings are used in this Contract in accordance with such recognized meanings.

Entire Agreement. The terms and conditions set out herein are the entire terms and conditions of this Contract and any prior or contemporaneous understandings or agreements, oral or written, are merged herein. There are no representations or warranties, agreements, or covenants other than those

expressly set forth in this Contract. This Contract may be amended or modified and/or any right or obligation arising under this Contract may be waived from time to time only by a written instrument executed by the HOA and STES. The failure of either party at any time to enforce any of the provisions of this Contract shall not constitute a waiver of such provision.

Quality of Work and Materials. The Services to be provided hereunder shall be performed by qualified personnel in accordance with standards generally acceptable in STES's industry. STES shall use the effort, skill, diligence and quality control/quality assurance measures expected of a qualified firm performing services of a similar nature to the Services to be performed by STES pursuant to this Contract. Materials furnished by STES, if any, shall be current, of merchantable quality and in compliance with any technical standards or specifications incorporated into this Contract. When certain materials are specified by a reference standard, STES may select any suitable commercially acceptable material meeting the standard.

Compliance with Law. The parties shall comply with Applicable Laws in performing their respective obligations hereunder.

Contract Schedule. STES's completion of the Services within a reasonable time shall constitute STES's full compliance with any specific schedule requirement, if any, contained in this Contract. The date of completion provided in this Contract, if any, is approximate and is based upon prompt receipt by STES of all necessary information and data required to be supplied by the HOA, and is subject to weather, groundwater conditions, unforeseen site conditions and all Force Majeure events.

Additional Work. (a) All additional labor, materials, tools, bonds, insurance, equipment, licenses, taxes, transportation, surveys, engineering, other professional services not set forth in Attachment A and any additional item provided by or on behalf of the STES as a result of Force Majeure conditions shall constitute additional work extending beyond the scope of the Services to be provided by STES hereunder, provided, however, that absent an emergency, no such additional work shall be performed without the express written consent of HOA. STES shall be compensated for all such additional work commensurate with the appropriate unit prices and/or hourly rates indicated in this contract and if no such prices or rates are provided, STES shall be compensated for the fair and equitable value of such additional work in an amount reasonably agreeable to the parties; (b) The HOA may add, delete, modify, alter, or accelerate the Services to be performed hereunder, including without limitation, order changes to the Services, or require STES to perform additional services but only through a duly executed change or field order. All change and field orders shall be in writing and require the signature and acceptance by STES prior to becoming effective. Unless agreed to otherwise by STES, all such change and field orders shall reflect the parties' agreement regarding price and proposed completion date. The

General Terms and Conditions shall apply to such field or change order, except to the extent specifically agreed by the parties in such field or change order.

Employee Safety. STES shall be responsible for the safety, efficiency and adequacy of its employees and any vehicles and/or machinery, equipment or materials furnished or utilized by STES during the performance of Services. STES, however, shall not assume any obligation or incur any liability for personal injury or property damage caused by (i) unsafe site conditions—not created by STES or by any of its agents, employees and subcontractors, (ii) work being performed by other parties not related to STES, (iii) the negligence of the HOA, and/or (iv) the negligence of any third party not related to STES.

Facility Permits. HOA shall be responsible for obtaining, maintaining and renewing, in HOA's name and expense, all state, federal and local permits and licenses required for the ownership and operation of the Facility and all Facility equipment

Risk of Loss. Any losses or other liabilities resulting from theft, damage or unauthorized use of HOA's property, by any party other than STES, shall be borne by the HOA.

Force Majeure. Any event of Force Majeure that directly or indirectly causes a party to be unable to perform its obligations under this Contract shall not be deemed a breach of this Contract. The occurrence of such event shall suspend the obligations of the affected party for only so long as the impact of such event continues. The obligation to pay amounts due and owing shall not be suspended by such event. The party affected will use commercially reasonable efforts to mitigate the effect of the event.

Ownership of Documents and Inventions. (a) All tracing, specifications, computations, notes and other original documents as instruments of service are and shall remain the property of STES unless otherwise provided by law; *provided however* that Facility specific records and data, such as Facility operation reports and permit compliance reports, shall at all times remain the property of the HOA. STES shall not release HOA's records data without prior authorization, unless otherwise required by Applicable Law; (b) All inventions, discoveries and copyright in work of authorship, including those in formative stages, made by STES (either alone or jointly with the HOA) shall from the time of conception or, in the case of works of authorship, from the time of creation be the property of STES.

Restriction on Use of Reports. Except for reports required by state, federal, or local regulatory bodies or agencies, any reports rendered under this Contract by STES are prepared for the exclusive use of the HOA. The use of any such reports and data for purposes other than those intended within the scope of the Services is strictly prohibited and is at the HOA's sole risk and responsibility.

Approval of Work. Services performed by STES shall be deemed approved and accepted by HOA within a reasonable period of time (but in no event longer than thirty (30) days) after the HOA has had the opportunity to review and/or inspect such services unless HOA objects within such period of time by written notice specifically stating the details in which HOA believes such services are incomplete or defective. Under all circumstances, final payment of the Contract Price shall be deemed as conclusive evidence that the HOA has accepted all Services provided.

Payment Terms. Unless specifically stated otherwise, all payments are due Net 30 days from the date of invoice. Any payment delayed beyond thirty (30) days from the specified due date, unless occasioned by fault of STES, shall be subject to one and one-half (1.5) percent per month interest on the unpaid balance.

Taxes. HOA shall pay all property, franchise, sales, use and other taxes associated with the Services other than taxes imposed on STES's net income or STES's payroll taxes. The prices hereunder do not include sales, use, excise, ad valorem, property or other taxes, other than taxes based on income, now or hereafter imposed directly or indirectly, by any governmental authority or agency with respect to this Contract and the Services provided and materials furnished hereunder. HOA shall pay directly or reimburse STES for any such taxes that STES may be required to pay, including without limitation, sales and/or use taxes that STES may be required to pay, under Applicable Law, in connection with STES's purchase or use, in performing the Services hereunder, of equipment, supplies, material and/or subcontracted services.

Default and Termination. The persistent or repeated failure or refusal of either party to comply with the terms of this Contract shall constitute a default. Upon default by one party, the other party shall send written notice. Such notice shall clearly specify the nature of the default and provide the defaulting party thirty (30) days to cure the default. If the default is capable of being cured within thirty (30) days but is not cured within thirty (30) days, the Contract shall terminate at midnight of the thirtieth day following receipt of the default notice. In the case of default that cannot be cured within thirty (30) days, this Contract shall not terminate so long as the defaulting party has given written notice to the other party that the defaulting party has commenced and is diligently pursuing a cure. Evidence of such cure shall be provided from the defaulting party to the reasonable satisfaction of the other party. In the event of any termination, STES shall be paid for all services rendered and materials supplied (including materials specifically manufactured/made for the HOA that have yet to be supplied), if any, through the date of termination. For purposes of this section, the failure of the HOA to pay STES in accordance with the payment terms of this Contract shall be considered such a substantial failure. In the event of a substantial failure on the part of the HOA, STES, in addition to the right to terminate set forth in this paragraph, may also elect to suspend work until the default in question has been cured. No delay or omission on the part of either party in exercising any right or remedy hereunder shall

constitute a waiver of any such right or remedy on any future occasion.

Indemnification. Each party (the "Indemnifying Party") shall defend, indemnify and hold harmless the other party, its shareholders, officers, directors, agents and employees, and their respective successors and assigns (each is referred to herein as an "Indemnified Party") against any and all liability for damages, costs, losses, penalties and expenses, including reasonable attorney's fees, resulting from any claim asserted by a third party for wrongful death, bodily injury and/or property damage which are caused solely by the willful or negligent acts or omissions of the Indemnifying Party. However, to the extent that both HOA and STES are determined to be negligent and the negligence of both is the proximate cause of a claim against either party for any of the damages subject to indemnity as set forth above, then in such event, HOA and STES shall each be responsible for the portion of the liability equal to its comparative share of the total negligence. Notwithstanding the foregoing, with respect to any loss, damage, injury or other claims made against HOA as a result of or based upon the presence, removal, handling, storage, release, discharge, escape or other disposition of any hazardous substances, waste, pollutants or contaminants, STES's obligations to HOA for indemnity shall not apply if such removal, handling, storage, release, discharge, or other disposition is not required by any local, state or federal law, rule or regulation, or where the loss, damage, injury or claim is not the result of STES's gross negligence or willful misconduct in its handling, removal, disposal, storage, release, discharge, escape or other disposition of any hazardous substances, waste, pollutants or contaminants.

STES's Liability. In the event that claims(s) raised against STES on account of this Contract, or on account of the Services performed hereunder, is/are covered under the insurance policies required of STES hereunder, STES shall not be responsible for any loss, damage or liability beyond the policy amounts contractually required hereunder and the limits and conditions of such insurance policies. With respect to any other causes of action and/or claims arising under this Contract, or otherwise arising as a result of, or on account of, the Services provided hereunder, STES's total aggregate liability shall not exceed an amount equal to \$1,000. Additionally, in no event shall STES be liable, either directly or as an indemnitor of the HOA, for any special, punitive, indirect and/or consequential damages, including damages attributable to loss of use, loss of income or loss of profit even if STES has been advised of the possibility of such damages.

Insurance. STES shall procure and maintain through the period of this Contract, at STES's own cost and expense (a) general liability insurance in the amount of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate; and (b) worker's compensation insurance in accordance with all statutory requirements.

Disclosure of Information and Cooperation of the Parties. (a) Each party agrees that it has disclosed, and it will continue to disclose, any and all information it now has, or may have in

the future, to the extent that such information is relevant to the other party in performing its duties and obligations hereunder; (b) Each party hereto agrees that it will cooperate in good faith with the other and its agents, employees, representatives, officers, contractors and subcontractors to facilitate the performance of the mutual obligations set forth in this Contract.

No Third Party Beneficiaries. This Contract is entered into solely between, and may be enforced only by STES and HOA; and this Contract shall not be deemed to create any rights in third parties, including clients, suppliers, or customers of a party, or to create any obligations of a party to any such third parties.

Notices. Wherever under this Contract one party is required or permitted to give notice to the other party, such notice shall be in writing and shall be delivered personally, sent by facsimile transmission, sent by nationally recognized express courier or sent by certified, registered, first class mail, postage prepaid, but not by electronic mail. Any such notice shall be deemed given when actually received when delivered either personally, by facsimile transmission or by express courier, or

if mailed, on the fifth day after its mailing, postage prepaid to the recipient party.

Governing Law and Venue. This Contract and performance under it shall be governed by and construed in accordance with the laws of the state where the Services are to be rendered. Venue for any action under this Contract shall be in the state court in the county in which the Services are to be provided.

Severability. If this Contract contains any unlawful provision, the same shall be deemed of no effect and shall, upon the application of either party, be deemed stricken from this Contract without affecting the binding force of the remainder.

Successors and Assigns. Neither HOA or STES shall assign, sublet, or transfer any rights under or interest in including, but without limitation, moneys that may become due or moneys that are due) this Contract without the written consent of the other, except to the extent that any assignment, subletting or transfer is mandated by law or the effect of this limitation may be restricted by law. Notwithstanding the foregoing, STES may assign its rights and obligations under this Contract to an affiliate upon the written notice to HOA.

ATTACHMENT "A"

DESCRIPTION OF SERVICES

- STES will provide water system expertise to advise the HOA of how to eliminate taste and odor complaints from the HOA members and water customers of the City of Pearland.
- STES will provide experts to meet with the City, County, and State authorities to discuss solutions to address the water system concerns of the HOA.

The above services will be provided at the hourly rates set forth in Attachment "B". The charge for these services shall not exceed \$1,000.00 per month, without STES obtaining prior approval from the Board.

ATTACHMENT "B"

Rate Schedule

Regional General Manager – Bill Fry	\$125.00 per hour
Regional Water Environmental Specialist- Elizabeth Reeves	\$ 75.00 per hour
Regional Water System Cleaning Specialist	\$ 65.00 per hour
Standard Utility Vehicle	\$ 15.00 per hour
Standard Maintenance Vehicle	\$ 30.00 per hour
Sampling and Testing- Outside Vendor	Cost plus 15%

The charge for services shall not exceed \$1,000.00 per month, without STES obtaining prior approval from the Board.