



CITY OF CRETE
Doane Substation Transformer

Proposal #: M232405A | 26 June 2023

Customer Contact Information

Doane Substation Transformer
CITY OF CRETE
C/O TOM OURADA
1111 LINCOLN MALL
LINCOLN, NE 68333-0086
402-474-5160

VTC Contact Information


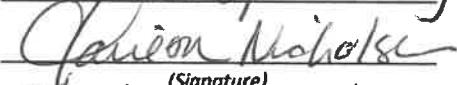
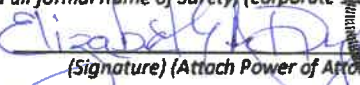

PPU CENTRAL
540-682-6618
chad_kraml@vatransformer.com

220 Glade View Drive, NE Roanoke, 24012
Phone:540-345-9892 Fax:540-342-7694
www.vatransformer.com



SECTION 00430

BID BOND (PENAL SUM FORM)

Bidder Name: Virginia Transformer Corp Address (principal place of business): 220 Glade View Dr. NE Roanoke, VA 24012-6470	Surety Name: Travelers Casualty and Surety Company of America Address (principal place of business): One Tower Square Hartford, CT 06183
Owner Name: City of Crete Address (principal place of business): 601 P Street, Suite 200 Lincoln, NE 68508	Bid Project (name and location): Doane Substation Transformer Installed on the Doane University Campus, Crete, Nebraska - 34.5kV/13.8kV-Y/7970V, 10/12.5/14 ONAN/ONAF @55 degrees C, 11.2/14/15.8 ONAN/ONAF/ONAF @ 65 degrees C, Z, 7-5%. Quote #M232405A Bid Due Date: June 29, 2023
Bond Penal Sum: 5.00% Five Percent of Amount Bid Date of Bond: June 29, 2023	
Surety and Bidder, intending to be legally bound hereby, subject to the terms set forth in this Bid Bond, do each cause this Bid Bond to be duly executed by an authorized officer, agent, or representative.	
Bidder Virginia Transformer Corp (Full formal name of Bidder)	Surety Travelers Casualty and Surety Company of America (Full formal name of Surety) (Corporate Seal)
By:  (Signature) Name: Jim Qian (Printed or typed) Title: Director of Treasury Attest:  (Signature) Name: Claressa Nicholson (Printed or typed) Title: Contract Specialist	By:  (Signature) (Attach Power of Attorney) Name: Elizabeth A. Dyer (Printed or typed) Title: Attorney-in-Fact Attest:  (Signature) Name: Amanda E. Smith (Printed or typed) Title: Witness
Notes: (1) Note: Addresses are to be used for giving any required notice. (2) Provide execution by any additional parties, such as joint venturers, if necessary.	

1. Bidder and Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors, and assigns to pay to Owner upon default of Bidder the penal sum set forth on the face of this Bond. Payment of the penal sum is the extent of Bidder's and Surety's liability. Recovery of such penal sum under the terms of this Bond will be Owner's sole and exclusive remedy upon default of Bidder.

EJCDC® C-430, Bid Bond (Penal Sum Form).

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Guidelines Page 1 of 2

1/9/2020

2. Default of Bidder occurs upon the failure of Bidder to deliver within the time required by the Bidding Documents (or any extension thereof agreed to in writing by Owner) the executed Agreement required by the Bidding Documents and any performance and payment bonds required by the Bidding Documents.
3. This obligation will be null and void if:
 - 3.1. Owner accepts Bidder's Bid and Bidder delivers within the time required by the Bidding Documents (or any extension thereof agreed to in writing by Owner) the executed Agreement required by the Bidding Documents and any performance and payment bonds required by the Bidding Documents, or
 - 3.2. All Bids are rejected by Owner, or
 - 3.3. Owner fails to issue a Notice of Award to Bidder within the time specified in the Bidding Documents (or any extension thereof agreed to in writing by Bidder and, if applicable, consented to by Surety when required by Paragraph 5 hereof).
4. Payment under this Bond will be due and payable upon default of Bidder and within 30 calendar days after receipt by Bidder and Surety of written notice of default from Owner, which notice will be given with reasonable promptness, identifying this Bond and the Project and including a statement of the amount due.
5. Surety waives notice of any and all defenses based on or arising out of any time extension to issue Notice of Award agreed to in writing by Owner and Bidder, provided that the total time for issuing Notice of Award including extensions does not in the aggregate exceed 120 days from the Bid due date without Surety's written consent.
6. No suit or action will be commenced under this Bond prior to 30 calendar days after the notice of default required in Paragraph 4 above is received by Bidder and Surety, and in no case later than one year after the Bid due date.
7. Any suit or action under this Bond will be commenced only in a court of competent jurisdiction located in the state in which the Project is located.
8. Notices required hereunder must be in writing and sent to Bidder and Surety at their respective addresses shown on the face of this Bond. Such notices may be sent by personal delivery, commercial courier, or by United States Postal Service registered or certified mail, return receipt requested, postage pre-paid, and will be deemed to be effective upon receipt by the party concerned.
9. Surety shall cause to be attached to this Bond a current and effective Power of Attorney evidencing the authority of the officer, agent, or representative who executed this Bond on behalf of Surety to execute, seal, and deliver such Bond and bind the Surety thereby.
10. This Bond is intended to conform to all applicable statutory requirements. Any applicable requirement of any applicable statute that has been omitted from this Bond will be deemed to be included herein as if set forth at length. If any provision of this Bond conflicts with any applicable statute, then the provision of said statute governs and the remainder of this Bond that is not in conflict therewith continues in full force and effect.
11. The term "Bid" as used herein includes a Bid, offer, or proposal as applicable.

END OF SECTION



Travelers Casualty and Surety Company of America
Travelers Casualty and Surety Company
St. Paul Fire and Marine Insurance Company
Farmington Casualty Company

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, St. Paul Fire and Marine Insurance Company, and Farmington Casualty Company are corporations duly organized under the laws of the State of Connecticut (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint Elizabeth A. Dyer of Roanoke, VA, their true and lawful Attorney(s)-in-Fact to sign, execute, seal and acknowledge the following bond:

Surety Bond No.: Bid Bond

Principal: Virginia Transformer Corp

OR

Obligee: City of Crete

Project Description: Doane Substation Transformer Installed on the Doane University Campus, Crete, Nebraska

ONAF @ 65 degrees C. 2.7-5%. Quote #M232405A

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed, and their corporate seals to be hereto affixed, this 21st day of April, 2021.



State of Connecticut

By: 

Robert L. Raney, Senior Vice President

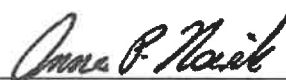
City of Hartford ss.

On this the 21st day of April, 2021, before me personally appeared **Robert L. Raney**, who acknowledged himself to be the Senior Vice President of each of the Companies, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of said Companies 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, 2026





Anna P. Nowik, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of each of the Companies, which resolutions are now in full force and effect, reading as follows:

RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

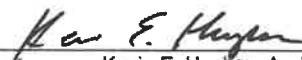
FURTHER RESOLVED, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

FURTHER RESOLVED, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, **Kevin E. Hughes**, the undersigned, Assistant Secretary of each of the Companies, do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which remains in full force and effect.

Dated this 29th day of June, 2023.





Kevin E. Hughes, Assistant Secretary

To verify the authenticity of this Power of Attorney, please call us at 1-800-421-3880.

Please refer to the above-named Attorney(s)-in-Fact and the details of the bond to which this Power of Attorney is attached.

BID FORM FOR PROCUREMENT CONTRACT

The terms used in this Bid with initial capital letters have the meanings stated in the Instructions to Bidders, the General Conditions, and the Supplementary Conditions.

ARTICLE 1—BUYER AND BIDDER

1.01 This Bid is submitted to:

City of Crete, Crete, Nebraska

1.02 The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into a Procurement Contract with Buyer in the form included in the Procurement Bidding Documents, and to furnish the Goods and Special Services as specified or indicated in the Procurement Bidding Documents, for the prices and within the times indicated in this Bid, and in accordance with the other terms and conditions of the Procurement Bidding Documents.

ARTICLE 2—BASIS OF BID

2.01 *Lump Sum Bids*

A. Bidder will furnish the Goods and Special Services in accordance with the Procurement Contract Documents for the following Procurement Contract Price(s) for Doane Substation Transformer:

1. Lump Sum Bid Price - Transformer

BID LUMP SUM	\$ 876,669.00
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ARTICLE 3—TIME OF COMPLETION

3.01 Bidder agrees that the furnishing of Goods and Special Services will conform to the schedule of Procurement Contract Times set forth in Article 2 of the Procurement Agreement.

3.02 Bidder accepts the provisions of the Procurement Agreement as to liquidated damages.

ARTICLE 4—ATTACHMENTS TO THIS BID

4.01 The following documents are attached to and made a condition of this Bid:

- A. Required Bid security in the form prescribed in the Instructions to Bidders.
- B. Evidence of authority to do business in the state of the Project; or a written covenant to obtain such authority within the time for acceptance of Bids.
- C. Equipment Data Sheets.
- D. Required Bidder Qualification Statement with supporting data.
- E. Technical information required for comparative evaluation as described in Instruction to Bidders, and more specifically in Specifications.

ARTICLE 5—BIDDER’S ACKNOWLEDGMENTS

- 5.01 Bidder accepts all terms and conditions of the Instructions to Bidders. This Bid will remain subject to acceptance for 60 days after the Bid opening, or for such longer period that Bidder may agree to in writing upon request of Buyer.
- 5.02 Bidder has examined and carefully studied the Procurement Bidding Documents, the related data identified in the Procurement Bidding Documents, and the following Addenda, receipt of which is hereby acknowledged:

Addendum No.	Addendum Date
1	May 25th, 2023

ARTICLE 6—BIDDER’S REPRESENTATIONS AND CERTIFICATIONS

6.01 *Bidder’s Representations*

A. In submitting this Bid, Bidder represents that:

1. Bidder has examined and carefully studied the Procurement Contract Documents.
2. If required by the Instructions to Bidders to visit the Point of Destination and the site where the Goods are to be installed or Special Services will be provided, or if, in Bidder’s judgment, any observable local or site conditions may affect the delivery, cost, progress, or furnishing of the Goods and Special Services, then Bidder has visited the Point of Destination and site where the Goods are to be installed or Special Services will be provided (as applicable) and become familiar with and is satisfied as to the observable local and site conditions that may affect delivery, cost, progress, and furnishing of the Goods and Special Services.
3. Bidder is familiar with and is satisfied as to all Laws and Regulations that may affect the cost, progress, and performance of Seller's obligations under the Procurement Contract.
4. Bidder has carefully studied, considered, and correlated the information known to Bidder with respect to the effect of such information on the cost, progress, and performance of Seller's obligations under the Procurement Contract.
5. Bidder has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Bidder has discovered in the Procurement Contract Documents, and the written resolution (if any) thereof by Engineer is acceptable to Bidder.
6. The Procurement Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance of Seller's obligations under the Procurement Contract.
7. The submission of a Bid will constitute an incontrovertible representation by Bidder that Bidder has complied with every requirement of the Bidding Requirements, that without exception the Bid (including all Bid prices) is premised upon furnishing the Goods and Special Services as required by the Procurement Contract Documents.

6.02 *Bidder's Certifications*

A. Bidder certifies that:

1. This Bid is genuine and not made in the interest of or on behalf of any undisclosed individual or entity and is not submitted in conformity with any collusive agreement or rules of any group, association, organization, or corporation;
2. Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid;
3. Bidder has not solicited or induced any individual or entity to refrain from bidding; and
4. Bidder has not engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the Procurement Contract. For the purposes of this Paragraph 6.02.A.4:
 - a. "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value likely to influence the action of a public official in the bidding process;
 - b. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process to the detriment of Buyer, (b) to establish bid prices at artificial non-competitive levels, or (c) to deprive Buyer of the benefits of free and open competition;
 - c. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of Buyer, a purpose of which is to establish bid prices at artificial, non-competitive levels; and
 - d. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process.

This Bid is offered by:

Bidder:

Virginia Transformer Corporation

(typed or printed name of organization)

By:

(individual's signature)

Date:

6/26/2023

(date signed)

Name:

Joshua Yun

(typed or printed)

Title:

Vice Pres. of Sales

(typed or printed)

(If Bidder is a corporation, a partnership, or a joint venture, attach evidence of authority to sign.)

Attest:

(individual's signature)

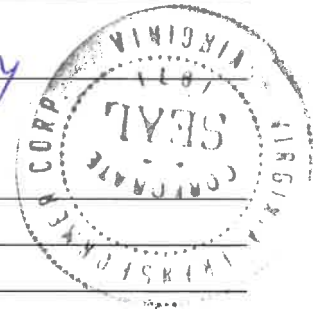
Title:

Jim Qian, Director of Treasury

(typed or printed)

Address for giving notices:

220 Glade View Drive, NE Roanoke, VA 24012



Designated Representative:

Name: Chad Kraml

(typed or printed)

Title: Sales Engineer

(typed or printed)

Address:

220 Glade View Drive, NE Roanoke, VA 24012

Phone:

540-682-6618

Email:

Chad_Kraml@vatransformer.com

License No.:

N/A

Classification:

N/A

Limitation:

N/A

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



Table of Contents

Commercial Summary	3
Base Price.....	3
Price Policy.....	3
Validity of Quote	3
Estimated Freight Cost	3
ITEM #1	4
Optional Pricing	4
Shipping	4
Proposed Payment Terms	4
Warranty.....	4
Testing - As Per IEEE ANSI 57.12.90	5
Drawings	5
Technical Summary	6
ITEM #1	6
Transformer Ratings.....	6
Mechanical Features	6
Radiators.....	7
Standard Gauges and Accessories	7
Bushings.....	7
Load Tap Changer	7
Ambient Conditions	8
Dimensions and Weights	8
Clarifications/Deviations to Specifications and Technical Notes	9
TECHNICAL	9
COMMERCIAL	9
General Terms and Conditions of Sale	10

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



Virginia Transformer Corporation

This document contains Virginia Transformer Corp proprietary information and may not be copied or disclosed to others without written consent from Virginia Transformer Corp.

For over 50 years, innovative technology and a commitment to superior customer service and support has established Virginia Transformer Corp(VTC) as an engineering company leading in manufacturing a variety of transformers.

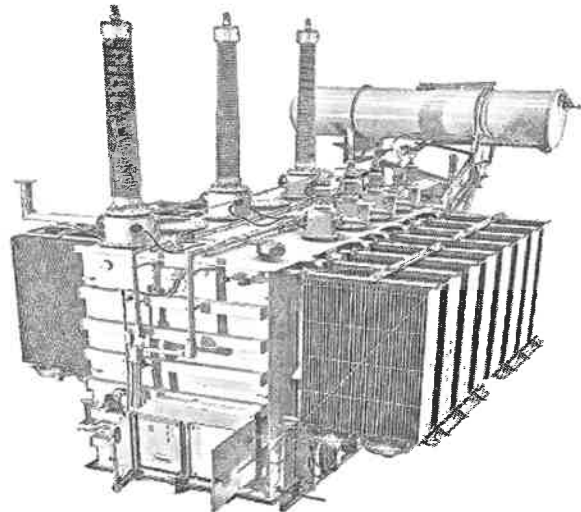
VTC designs and manufactures custom power transformers ranging from 500 KVA to 400 MVA, 500 kV class (core type) and up to 1400 MVA, 500 kV class (shell type), and dry-type units up to 15000 KVA, 35 kV.

VTC has design and manufacturing facilities in Roanoke, VA, Pocatello, ID, Chihuahua, Mexico and Georgia Transformer in Rincon GA. In addition, VTC has design and procurement capabilities in Delhi, India, establishing a world-wide presence as a supplier of transformer solutions. VTC reserves the right to manufacture the product quoted herein at VTC owned or affiliated plants in North America.



ISO 9001

"The Commitment Company"



Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



Commercial Summary

Base Price

Item	Description	Qty	Unit Price (USD)	Extended Price (USD)
1	10,000 / 11,200 / 12,500 / 14,000 kVA 34.5 - 13.8 kV	1	\$876,669	\$876,669

Tax Certificates Requirement

Upon acceptance of our proposal, the purchaser is required to submit a sales tax exemption certificate with the Purchase order, otherwise VTC will charge appropriate state taxes based on the destination.

Price Policy

In the event of customer delay on a job quoted with a firm price and shipment date, VTC/GTC will apply the BLS Transformer Index to adjust price. The agreed firm price will be escalated with the base period being the quoted shipment date and the Settlement date being the month of shipment. Only increases in the BLS index will be considered for this calculation. Any advance payments will be credited to the final invoice. No adjustment will be applied if the transformer is completed and shipped prior to the quoted shipment date.

Validity of Quote

08/13/2023

Estimated Freight Cost

Item	Ship To	Qty	Freight Cost (USD)	Extended Freight Cost (USD)
1	Doane University, Crete, NE	1	\$12,219	\$12,219

VTC will quote freight at the time of shipment.

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



ITEM #1

Optional Pricing

Particulars	Price (USD/Per Unit)
Field Service Offloading	\$15,400
Field Service Assembly & Testing	\$26,400

For Witness testing, cost for travel, transportation, lodging and meals are not included in the quoted price unless otherwise noted.

Shipping

Unit Shipment By	45-50 Weeks from Order Acknowledgement date.VTC reserves the right to ship unit up to 3 months earlier than the contractual ship date.
Freight	PREPAID & ADD
Estimated Freight Cost (Per Unit)	\$12,219
INCO Terms	FOB - FREE ON BOARD(Doane University, Crete, NE)
Proposed Manufacturing Location	ROANOKE, VA USA
Impact Recorder	Impact Recorder to be provided on Returnable Basis, \$ 7,500 to be invoiced if not returned in 30 days after Delivery.

VTC cannot guarantee multiple units to arrive at the same time unless more than one unit can be loaded on the same truck. VTC cannot guarantee arrival dates and times at the job site. Final Lead time will be confirmed at the time of order acknowledgements

Proposed Payment Terms

30% Advance with Purchase Order
30% upon drawing submittal, net 30 days
40% invoiced at the time of Shipment or upon moving to storage, Net 30 days

Warranty

60/60 Months Extended Warranty	Includes all accessories, tank, core and coil.
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Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



To ensure validity of Warranty coverage, Virginia - Georgia Transformer requires Dissolved Gas Analysis (DGA) reports of the supplied unit to be provided every year for the period of Warranty coverage. The annual DGA's should be emailed to: FieldService@vatransformer.com

Testing - As Per IEEE ANSI 57.12.90

Routine Test	Included
Impulse Test on HV & LV	Included
Partial Discharge	Included
Power Factor	Included

All tests are as per ANSI/IEEE standard guideline. For Witness testing, cost for travel, transportation, lodging and meals are not included in the quoted price. If customer requires additional time beyond the scheduled witness test period, an additional charge of \$10,000/day will apply.

Drawings

Drawings are typically supplied 14-16 Weeks after Order Acknowledgement. Actual Drawing lead time will be confirmed at the time of order Acknowledgement Only. Customer approvals of drawings are required within one week from date of submittal unless otherwise agreed to in writing by VTC-authorized representative.

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



Technical Summary

This proposal is Virginia Transformer's complete understanding of the specification requirements provided, and is the basis for acceptance of any resulting orders.

ITEM #1

Transformer Ratings

ITEM :1			QUANTITY #1
kVA	10,000 / 11,200 / 12,500 / 14,000	Application	POWER DIST.
Cooling Class	ONAN/ONAF	Winding Temp Rise (Avg)	55/65 °C
# Phase	3	Dielectric Fluid	TYPE II MINERAL
Frequency (Hertz)	60	Winding Material	COPPER
HV Rating (V)	34,500 DELTA	LV Rating (V)	13,800 Y/7,967
HV BIL (kV)	200	LV BIL (kV)	95
HV Tap Changer	DETC	LV Tap Changer	LTC
HV Taps	2 FCAN, 2 FCBN @2.5 %	LV Taps	16 ABOVE, 16 BELOW @0.625 %
Nom. Impedance	7.50 % +/- 7.50 % @ 10,000 kVA	Noise (dBA)	Standard NEMA TR-1
HV Bushing Mtng	Segment III, Cover Mounted	LV Bushing Mtng	Segment I, Side Mounted
HV Terminal Chamber	Not Applicable	LV Terminal Chamber	FULL ATC
HV Coil Type	DISC CIRC.	LV Coil Type	DISC CIRC.
Paint Color - ANSI	70	Paint Type	III URETHANE OVER EPOXY
Losses	Guaranteed with IEEE Tolerance		
No Load Losses	8.00 kW at 100% volts	Load Losses	49.00 kW @ 10,000 kVA

Mechanical Features

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



De-energized Manual No Load Tap Changer
Diagrammatic Name Plate
Gasketed Manhole in Cover
Panel Type Radiators
Provision for Jacking, Skidding and Lifting
Sealed Tank with Dry Nitrogen Blanket
Two Stainless Steel Ground Pads welded to Base on Diagonally Opposite Corners
Welded Top Cover

Radiators

Environment Protection	Hot Dipped Galvanized & Unpainted	Radiator Type	Demount Type
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VTC standard radiators are Hot Dipped Galvanized and Unpainted which do not require painting. These radiators are suitable for all climatic conditions that include chemical, petro-chemical and marine conditions. Unless specified differently below, these standard, galvanized radiators will be provided.

Standard Gauges and Accessories

Gauges Details	Make
Liquid Level Gauge W/Contact	QUALITROL CORP.
Liquid Temp Gauge W/Contact	QUALITROL CORP.
Pressure Relief Device W/Contact	QUALITROL CORP.
Pressure Vacuum Gauge W/Bleeder	QUALITROL CORP.
Sudden Pressure Relay (GAS) With Seal in Relay	QUALITROL CORP.

Bushings

Bushing	kV BIL	Location	Qty / Phase	Make
HV	200	Segment III	1	HITACHI (ABB)/PCORE
LV	95	Segment I	1	HITACHI (ABB)/PCORE

Load Tap Changer

Location	On LV Winding
Make	REINHAUSEN MFG
XMFR	PREVENTIVE AUTO

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Proposal #: M232405A



NOTE: The actual voltages at various taps of the LTC shall correspond to the nearest turn in accordance with IEEE Std C57.12.00 2010 clause 9.1. This can lead to different step voltage between steps.

Ambient Conditions

Ambient Temperature(°C)	Min. -20 / Av. 30 / Max. 40
Seismic Zone	Zone 1 & 2
Altitude(Feet)	< 3,300

Unit shall be designed per the latest ANSI standards for Seismic per IEEE 693 – 2018

Dimensions and Weights

Overall & Shipping Estimated Dimensions:		
Dimension	Overall Dimensions (Inches)	Shipping Dimensions (Inches)
Width	215	215
Depth	145	145
Height	152	139
Overall & Shipping Estimated Weights:		
Weight of the Unit (Lbs)		Shipping Weight (Lbs)
77,500		76,875
Parts Shipped Separately:		
HV Arresters and Mounting		
HV Bushings		

Assembly of any ship separate parts is not in VTC scope unless, VTC field service assembly option is purchased or included in the base price.

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



Clarifications/Deviations to Specifications and Technical Notes

TECHNICAL

CLARIFICATIONS

- 1.) Transformer will be designed per ANSI/IEEE standards.
- 2.) Values of Test like Induced Voltage, SFRA, Corona and Partial Discharge shall be as applicable in ANSI standard.
- 3.) Accessories such as CTs or Lightning Arrestors have not been considered in this offer. If the Customer requires these items, then the Customer shall provide ratings to VTC to be considered with inherent price implication.

COMMERCIAL

CLARIFICATIONS

- 1.) Reference attached commercial clarifications for extended explanation.

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



General Terms and Conditions of Sale

Virginia Transformer Corp's General Terms and Conditions of Sale

Virginia Transformer Corp, hereinafter referred to as Seller, hereby offers to supply the items and/or services identified in the quotation, proposal, or acknowledgment expressly conditional upon the Buyer's acceptance of the following terms. Seller, by its commencement of performance, shall not prejudice its rights to enforcement of these conditions. Any confirmatory action by the Buyer hereunder, or any acceptance of such equipment or services, installation, energization, or utilization shall constitute assent to said terms or conditions. Stenographic and clerical errors on this quotation, proposal, or acknowledgment are subject to correction.

1. **ACCEPTANCE OF ORDER:** None of Buyer's Terms and Conditions contained the Purchase Order or other submittal by Buyer shall alter Seller's Terms and Conditions in any respect and shall not apply to this transaction unless specifically agreed to in writing by the Seller.
2. **EXPIRATION OF OFFER:** All offers of sale by Seller are valid for thirty (30) days from the date of the offer based on product delivery within 6 months unless otherwise specifically stated in the Seller's offer or as otherwise may be expressly agreed to in writing by the Seller. All such offers of Seller are subject to change without notice after this period unless earlier withdrawn by the Seller.
3. **MINIMUM ORDER VALUE:** The minimum acceptable value of any order is \$500.00. Buyer's accumulation of several items into one purchase is authorized to reach the minimum order value.
4. **F.O.B. POINT AND SHIPMENTS ACCEPTANCE OF ORDER:** Title to the goods and risk of loss shall pass to Buyer at the FOB point. All supplies and services are sold FOB origin and the point of origin shall be that of Seller's factories or locations identified in its proposal or sales contract form unless as otherwise specifically agreed to in writing on the face of Seller's sales contract. Seller assumes no responsibility for delay, breakage, damage, or loss after delivery to the carrier as evidenced by **in good order** receipts from the carrier. All claims for loss, damage and delay in transit are to be handled by Buyer directly with the carrier. Seller shall select method of transportation and route on behalf of Buyer unless Buyer specifies the method and route and is to pay freight costs in addition to price. Seller reserves the right to make partial shipments at its discretion. Claims for shortages or incorrect items must be made in writing to Seller within seven days after receipt of shipment. Failure to give such notice shall constitute an unqualified acceptance of equipment and waiver by Buyer of all claims for such shortages or incorrect items.

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



When terms are F.O.B. destination or freight allowed to destination, **destination** means common carrier delivery point nearest the destination the continental United States, excluding Alaska, Hawaii, Puerto Rico, etc.). When terms are F.O.B. job site or pad, Buyer guarantees all access roads are suitable for normal unimpeded access to site with free and clear access to area directly adjacent to the placement point of the unit with no physical obstructions and clear of stored materials.

Shipping schedules and delivery arrangements are made in best effort and good faith. Seller cannot, however, accept liability for penalty or damages resulting from shipping delays caused by Force Majeure including but not limited to strikes, fires, truck availability, labor or material shortages, Acts of God, or any other cause beyond VTC's reasonable control. Ship Separate Parts may not arrive concurrently with the transformer and some assembly may be required. Shipment may be made earlier after due notice to Buyer.

5. **BUYER'S OBLIGATION OF ASSISTANCE:** Except to the extent Seller has otherwise assumed such responsibility for itself under express provisions of the attachment hereto entitled **Proposal**, Buyer shall:

- (a) place at Seller's disposal all information necessary for performance of the work including any plans, plant layout, wiring instructions and operational information that may reasonably be expected to affect the performance of the work. This includes to the extent reasonable previous studies or reports and other data relative to the design, installation, and selection of equipment for the work to be performed by Seller.
- (b) guarantee access to and to make all reasonable provisions for Seller to enter on its property and other public and private lands as is required for performance of the work including safe storage of equipment, materials, and tools during the process of any such off-site work.
- (c) agree to cooperate in all reasonable ways necessary to Seller's performance of the work.
- (d) covenant that it has disclosed fully and accurately to Seller all general and local conditions which can affect performance of the work prescribed hereunder or the price thereof. Buyer acknowledges that Seller is entitled to rely on information furnished by Buyer in developing its specifications, equipment selection, price, and other terms of this order.

6. **PAYMENT TERMS:** Terms are 30% with the initial order, 30% upon Drawing Submission, net 30 days, and 40% at shipment, net 30 days, calculated from the date of invoice if credit arrangements have been approved, in advance by Seller, and these terms are included on the Seller's proposal. **Otherwise, payment is required before shipment or delivery in a form and arrangement acceptable to Seller.** In addition to any other rights or remedies available to Seller, failure to pay the amount(s) due within the time specified will result in a late charge of one and one half (1-1/2%) percent per month to Buyer's account until final payment. Payments shall not be contingent on end-user payment to Buyer and Seller reserves the right to refuse to fulfill all obligations (including field service and voiding of warranty) if payment is not received as due. In instances involving orders for more than one unit, the foregoing

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



amounts will be billed and due for each unit. In instances where items are quoted by line item in the proposal, those will be billed, and payment will be due upon rendering of each item.

Purchaser grants Seller a security in the goods to secure payment of all outstanding balances. Purchaser authorizes Seller to file financing statements, fixture filings, and to execute and file any other documents and take all other steps to perfect its security interest.

Except to the extent otherwise specified by Seller in its quotation or proposal, payments shall become due without setoff. If Seller consents to delay shipments after completion of any product, the goods may be placed in storage by Seller for Buyer's account and risk, and Buyer shall pay all charges for storage, cranes, trucking and other incidental expenses incurred by Seller and the provisions in the **Storage** paragraph below shall further apply.

Any order for products by Buyer shall constitute a representation that Buyer is solvent. In addition, upon Seller's request, Buyer will furnish a written representation concerning its solvency and provide adequate assurances of its ability to satisfy its financial obligations under its contract with Seller, including but not limited to current financial statements, at any time prior to shipment. If Buyer's financial condition at any time does not justify continuance of the work to be performed by Seller hereunder on the agreed terms of payment, Seller may require full or partial payment in advance. In the event of Buyer's bankruptcy or insolvency; or in the event any proceeding is brought against Buyer, voluntarily or involuntarily, under the bankruptcy or any insolvency laws; Seller shall be entitled to cancel any order then outstanding at any time during the period allowed for filing claims against the estate and shall receive reimbursement for its proper cancellation charges. Seller's rights under this article are in addition to all rights available to it at law or in equity.

Any delay in payment as due, will impact all deliverables from Seller including the achievement of deliverables through the guaranteed delivery date. Any extended delay in payment can be the basis for the order to be held and any applicable liquidated damages in favor of Buyer shall be deemed waived.

7. **CHARGEBACKS, SET-OFF, OFFSETS OR WITHHOLDING:** Seller will not accept any back charges, set-off, offsets, or withholding for material or services without the prior written consent of Seller.

8. **DELIVERY:** The prices quoted are for the shipment dates provided on the Seller's proposal. While the Seller shall have no obligation to comply with unilateral directives to change schedules or temporarily cease work, Seller may accommodate Buyer's reasonable written requests for acceleration or deceleration made at least ninety/sixty (90/60) days respectively prior to scheduled delivery. Such changes may or may not be accepted by Seller at its sole discretion. In the event Seller accepts such changes, Seller shall be under no

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



obligation to comply therewith until a price adjustment acceptable to Seller is negotiated between the parties and evidenced by an amendment to the order. Any agreement to delay delivery shall not exceed 6 months from original acknowledgement ship date; goods not released for shipment within such revised time frame shall be automatically deemed canceled and subject to Seller's Cancellation terms listed below.

9. **Storage:** In the event goods are placed in storage at the request of the Purchaser, it is agreed that title will pass to the Purchaser upon placement into storage. Irrespective of anything herein to the contrary, Purchaser will be invoiced for the balance of the purchase price of the goods when they are placed in storage and payment will be due net 30 days. Risk of loss shall pass to Purchaser who shall be responsible for insuring the goods and Seller shall have no liability for loss or damage when the goods remain in its possession in storage. Purchaser further agrees that for any goods placed in storage, Seller will be provided a minimum of three weeks advanced notice before requested delivery out of storage and delivery will then be made subject to availability of carrier and transportation services. Payment of storage fees will be due prior to shipment from storage.

10. **EXPORT REGULATIONS:** Buyer acknowledges that if the items purchased hereunder are to be exported, they are subject to the U.S. Commerce and/or State Department Export Regulations. Buyer accepts full responsibility for and agrees to comply fully with such regulations, including obtaining export licenses and re-export permission unless otherwise agreed that Seller is to be exporter of record.

11. **CANCELLATION & TERMINATION:** Seller, in addition to all other rights and remedies under this order or at law, shall have the right to cancel and terminate Buyer's order for breach by Buyer including, but not limited to, if Buyer fails to make payment as due or if Buyer is adjudicated bankrupt, files a petition in bankruptcy, makes an assignment for the benefit of creditors or if action under any law for the relief of debtors is taken. In the event of cancellation and termination of this order for breach of the provisions hereof by Buyer, Seller shall have no further liability to Buyer and Seller shall not be liable for any costs of cancellation, special, incidental, or consequential damages (including punitive or exemplary damages) for any cause or of any nature whatsoever and such cancellation and termination. All cancellations or terminations by Seller for Buyer's breach shall be subject to the following cancellation or termination charges:

1. 30% of order amount after order entry by Seller.
2. Additional 15% of order amount after outline drawing completion / submission.
3. If manufacturing has begun, charges will be based upon commitments for materials and percent completion in addition to the 45% for engineering and order entry.

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



In the event Buyer cancels its order, Buyer shall be responsible to Seller for cancellation charges in the amounts set forth above in Cancellation & Termination paragraph 11 which Buyer shall pay Seller upon such cancellation.

12. **RESCHEDULING FEE:** Any extended delays by the customer/Purchaser which result in the loss of the scheduled production slot will be subject to a re-scheduling fee of 30% of the specific order value.

13. **PATENT INFRINGEMENT:** To the extent that the items ordered are manufactured to designs, drawings, specifications, or instructions furnished by Buyer, Buyer guarantees that the manufacture and sale or use of such items will not infringe upon any U.S., or foreign patents. Buyer further agrees to indemnify and hold harmless the Seller from any expense, loss, cost, damage, or liability of any kind which may be incurred because of any such infringement or alleged infringement of patent rights with respect to such items and to defend, at its own cost and expense, any action or claim in which such infringement is alleged. Buyer shall promptly notify Seller of any such action and shall provide Seller an opportunity, at Seller's option, to participate in any defense of such action or claim at Seller's own expense.

Seller shall hold Buyer harmless from costs actually incurred arising directly from the defense of any suit for infringement of any domestic or foreign patent by a Seller-manufactured item, provided Seller shall be given timely written notice of such suit and the option to replace the same, obtain a license, make other arrangements to avoid litigation or to defend the suit. No indemnification is offered or applicable for alleged infringement arising from the use of Seller's items in combination with other items supplied by Buyer or from compliance with drawings, specifications or instructions furnished by Buyer as described in the paragraph above. Further, no indemnification by Seller applies if this order is accepted under a U.S. government contract containing an Authorization and Consent Clause applicable hereto as prescribed by U.S. federal procurement laws and regulations.

14. **DISCLOSURE OF INFORMATION / PROPERTY OF SELLER:** Any information, suggestions or ideas transmitted by either Buyer or Seller in connection with performance hereunder are not to be regarded as secret or submitted in confidence unless it is stamped or marked **Confidential** prior to delivery by the disclosing party. Neither party shall use or disclose such property to any third party or any one not having a need to know, including employees, without the prior written consent from the disclosing party. Title to all tools, test equipment and facilities not furnished by Buyer or specifically paid for by Buyer as a separate line item under any order, shall remain with Seller. Further, Seller does not agree to submit to Buyer because of the Consideration paid under this order, any information, technical data, or drawings which are proprietary to Seller; nor does Seller agree to grant to Buyer any patent rights, title, or license without Seller's expressed prior written consent.

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



15. **TAXES:** The purchase price of the Goods and Services does not include transportation taxes and sales, use, excise, value added, import or any similar tax or other governmental charge arising pursuant to or in connection with the sale, purchase, processing, delivery, storage, use, consumption, performance or transportation of the Goods and Services. Buyer is responsible for payment of any transportation taxes, and any present or future sales, use, excise, value added, import or any similar tax or other governmental charge applicable to the Agreement and to the sale and/or furnishing of the Goods and Services if a Sales Tax exemption form is not received by Seller from Buyer.

16. **EQUIPMENT WARRANTIES AND REMEDY:**

(A) For the period set forth below in this paragraph, Seller warrants that each newly manufactured item sold hereunder, and such portion of a repaired/refurbished item as has been repaired or replaced by Seller under this warranty, shall be free from defects in material, workmanship, or title at the time of shipment and shall perform during the warranty period in accordance with the specifications incorporated herein. Should any failure to conform to these warranties (excluding any defects in title) be discovered and brought to Seller's attention during the warranty period and be substantiated by examination at Seller's factory or by authorized field personnel, then (i) Seller shall correct such failure by, at Seller's exclusive option, repair or replacement of the nonconforming item or portion thereof with Buyer promptly making product available to be worked by Seller's personnel or agents without interference with no additional cost to the Seller; or (ii) Buyer making available product F.O.B. Seller's plant with Seller's written return authorization, at Seller's exclusive option, for repair or replacement of the nonconforming item or portion thereof. Buyer agrees that this remedy shall be its sole and exclusive remedy against Seller and that no other remedy shall be available or pursued by Buyer against Seller. In no event shall the Seller be liable for any costs or expenses in excess of those described in this paragraph and expressly excluding any liability or damages for special, incidental, or consequential damages.

The warranty period for newly manufactured items shall extend 12 months from the date of first energization or 18 months from the date of shipment whichever occurs first or unless a different warranty period is agreed to by Seller. The warranty period for repaired/refurbished articles shall extend for the unexpired warranty period of the item repaired or replaced or for 90 days, whichever is longer. This warranty shall be voided and not extend to any item that upon examination by Seller is found to have been subject to:

- (a) mishandling, misuse, negligence, or accident.
- (b) storage, installation, operation, testing, or maintenance that either was not in accordance with Seller's specifications, instructions, manuals, or otherwise improper, or contrary to industry standards.
- (c) tampering as evidenced for example by broken seals, damaged packaging containers, etc.

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



- (d) testing of equipment above normally accepted field tests.
- (e) repair or alteration by anyone other than Seller without Seller's express advance written approval.
- (f) payment(s) not received per terms of sale.

Failure to promptly notify Seller in writing upon discovery of any non-conforming items during the warranty period shall void the warranty as to such items. Buyer shall describe any such non-conformity in detail, expressing its position as to return of any article under the remedy provided herein. No returns shall be accepted without prior approval by Seller. No back charges shall be accepted without the prior written consent of Seller's authorized representative. Where a failure cannot be corrected by Seller's reasonable efforts, the parties shall mutually agree upon an equitable adjustment in price. The preceding sets forth the exclusive remedies for claims (except as to title) based on defect whether in contract or tort (including negligence or strict liability) and however instituted. THIS WARRANTY IS EXCLUSIVE AND IN LIEU OF ANY OTHER WARRANTIES, EITHER EXPRESSED OR IMPLIED INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND SELLER DISCLAIMS IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

(B) **SELLER'S INSTALLATION WARRANTY:** Seller warrants that all work hereunder shall be performed in accordance with the standards employed by Seller in performing the same or similar services for itself. Seller disclaims any and all other representations or warranties expressed or implied including without limitation any representation or warranty that a) any unauthorized entry, burglary, theft, embezzlement, or any other crimes will be prevented by the equipment and/or installation thereof or that b) any particular purpose or standard of care intended or desired or any particular results to be achieved by Buyer through the installation and operation of the items to be delivered hereunder. Seller's installation services and installation warranty does not include or imply any assistance for system field troubleshooting and no back charges for such services shall be accepted without the prior written consent of Seller's authorized representative.

(C) **EXTENDED WARRANTY PERIOD OPTION FOR CORE AND COIL:** When purchased, the warranty period may be extended by the period specified in such purchase covering core and coils only against failure occurring with respect to normal operation and within the parameters for which the transformer was designed. For extended Warranty period, to ensure validity of Extended Warranty period coverage, Virginia Transformer requires Dissolved Gas Analysis (DGA) reports of the supplied unit to be provided every year for the period of extended warranty period coverage. The annual DGAs should be emailed to: FieldService@vatransformer.com. Failure to conduct annual DGAs and provide the reports to Seller may void the purchased extended warranty. Except for the extended time period all other provisions, terms, conditions, and limitations set forth above shall apply to the extended warranty period. In case of any disturbance in the system that causes the transformer to trip off-line, following information shall be forwarded to Virginia Transformer Corp within 48

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



hours: Event summary with relevant data, Protection system data, Overvoltage conditions (If any), Fault data (if any) and offset timing with peak current value, Loading, Environmental and atmospheric conditions. Failure to timely provide this information may void the warranty.

(D) EXTENDED BUMPER TO BUMPER WARRANTY PERIOD OPTION: When purchased, the warranty for the extended period specified will cover the entire Transformer including core and coils and all associated transformer accessories against failure occurring with respect to normal operation and within the parameters for which the transformer was designed. Bumper to Bumper Warranty does not cover normal wear and tear including paint and gaskets beyond five years. For extended Warranty period, to ensure validity of Extended Warranty period coverage, Virginia Transformer requires Dissolved Gas Analysis (DGA) reports of the supplied unit to be provided every year for the period of extended warranty coverage, and the additional data as stated in Section 15(A). The annual DGA's should be emailed to: FieldService@vatransformer.com. Failure to conduct annual DGAs and provide the reports to Seller may void the purchased extended warranty. Except for the extended time period all other provisions, terms, conditions, and limitations set forth above shall apply to the extended warranty period.

(E) IN/OUT COVERAGE OPTION: When purchased, Seller will cover only the expenses to transport the transformer to a repair facility and back to site for warranty failures occurring within the period defined. Buyer will make transformer ready for shipment in the condition it was originally received per the Outline Drawing with clear and free access by Carrier. Craning, civil work, disconnection, and reconnection of the transformer, etc. is the responsibility of the Buyer.

17. **CONFIGURATION STATUS AND SUBSTITUTION OF MATERIALS:** Seller reserves the right to make substitution of materials without degrading the quality of product. Customer approval will be solicited when changes affect form, fit or function. Seller further reserves the right to discontinue any items without notice and to change or modify specifications at any time without incurring any obligation to incorporate new or modified features in components or products previously sold or shipped.

18. **LIMITATION OF LIABILITY:** Neither party shall be liable to the other for any incidental, indirect, special, punitive, or consequential damages regardless of whether liability would arise under contract or tort (including negligence and strict liability), warranty, indemnity, or otherwise. Neither party's liability on any claim for loss or damage arising out of this contract or from the performance or breach thereof shall exceed the price of the item giving rise to the claims for loss or damage in the event more than one item is included in this contract/order with distinct pricing being allocated to each item in arriving at the total contract/order price.

19. **HAZARDOUS BUSINESS:** Unless otherwise agreed in writing by an authorized representative of the Seller, goods sold hereunder are not intended for use in connection with any nuclear facility or any other hazardous activity such as commercial or military aircraft,

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



missile installation, space exploration or other critical applications where failure of a single component could cause substantial harm to persons or property. If so used, Seller disclaims all liability for any nuclear damage contamination or other injury and Buyer shall indemnify and hold Seller harmless from such liability whether as a result of breach of contract, warranty, tort (including negligence) or other grounds. Neither Seller nor its suppliers shall have any liability to the Buyer or its insurers whether based on contract, warranty, tort (including negligence or strict liability) or other grounds for on-site damage to any property located at a nuclear facility.

20. **COMPLIANCE WITH LAW:** Buyer shall comply with all applicable Federal, State, municipal and local laws including but not limited to: laws concerning procurement integrity (particularly subsections 27(a), (d) and (f) of the Office of Federal Procurement Policy Act, as amended, 41 U.S.C. §423 and FAR 3.104-3; the Byrd Amendment (31 U.S.C. §1352); laws governing lobbying activities (2 U.S.C. §261 et seq., particularly § 267); laws prohibiting the giving of bribes (18 U.S.C. §201(b) or gratuities (18 U.S.C. §201 (c); the Foreign Corrupt Practices Act of 1977, as amended, (15 U.S.C. §78m, 78dd-1, 78dd-2, and 78ff). Buyer acknowledges that if items purchased are to be exported, Buyer has the complete responsibility and agrees to comply with all export laws and regulations of the U.S. Department of Commerce and of the U.S. State Department, or other governmental body. Seller hereby certifies that all goods sold hereunder which are produced or manufactured in the United States of America are products in compliance with the Fair Labor Standards Act of 1938 which shall be considered as satisfied by this certification.

21. **INSURANCE:** Buyer shall maintain its usual and customary insurance coverage for automobile, workmen's compensation and third-party liability claims during performance of this order and, if requested by Seller, name Seller an insured under its third-party liability coverage.

22. **NON-WAIVER:** The failure of Seller to enforce at any time any of the provisions of this order shall not constitute a waiver of such provisions or a waiver of the right of Seller to enforce any or all provisions. If any term or provisions of this order is held invalid or unenforceable by any court of competent jurisdiction, the remainder of this order shall continue to be valid and binding upon the parties unless performance thereof is rendered legally impractical and no longer fulfills the intention of the parties under this order.

23. **APPLICABLE LAW AND FORUM FOR RESOLUTION OF DISPUTES:** This contract shall be deemed to have been made and performed in, and shall be construed, interpreted and the rights and obligations of the parties determined by the law of the Commonwealth of Virginia excluding choice of law rules. Any dispute, controversy or claim arising out of or related to this contract, or any breach thereof, shall be resolved by binding arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Such arbitration shall take place in Roanoke, Va. In case of non- performance by Buyer

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



requiring arbitration or other legal action, Seller's costs, and reasonable attorney's fees of arbitration or other legal action shall be the responsibility of the Buyer

24. **PRICE SURCHARGE:** In the event any components such as, core steel, mineral oil, electricity, labor etc. are subject to abnormal price increases, and VTC/GTC is not able to otherwise mitigate these increases, during the period between the proposal date and the settlement date, VTC/GTC may pass along those specific incremental cost increases.

25. **ASSIGNMENT:** Except as otherwise expressly provided herein, no assignment of this order or Buyer's rights under this order shall be made by Buyer without the prior written agreement of the Seller. All amounts due to the Seller, including the assignment fee of \$10,000, must be paid to the Seller before any assignments will be granted. In addition, Buyer must provide financial and other information as requested by the Seller to support the ability of the assignee to pay future amounts that may become due. Seller reserves the right to deny any request for assignment.

26. **FORCE MAJEURE:** In addition to other liability limitation herein contained, seller shall not be responsible to the Buyer for any loss or damage due to failure or delay in performance or delivery of any of the items or services required under this order when such delay or failure is due to causes beyond the Seller's reasonable control. Such causes shall include without limitation fires, floods, epidemics, pandemics, quarantines, unusually severe weather, strikes, embargoes, wars, political strife, riots, delays in transportation, compliance with any regulation or directives of any national, state, or local municipal government or authority and unforeseeable shortages in fuel, power, materials, or labor. Seller shall not be liable for delays in delivery or performance, or for failure to manufacture, deliver or perform, due to an inability on account of a cause beyond the reasonable control of Seller to obtain necessary materials, components, services, or facilities. Seller will notify Buyer of any material delay excused by this clause and will specify the revised delivery date as soon as practicable. In the event of any such delay, there will be no termination and the date of delivery or of performance shall be extended for a period equal to the time lost by reason of the delay.

27. **ORDER TERMS EXCLUSIVE:** These Terms and Conditions together with Seller's Proposal and Order Acknowledgement constitute the entire and sole agreement between the parties concerning the subject matter of this order and the parties acknowledge and agree that none of them has made any representation with respect to the subject matter of this order or any representations including the execution and delivery hereof except as specifically set forth herein. Captions as used herein are for convenience or reference only and shall not be deemed or construed as in any way limiting or extending the meaning of any terms and conditions contained herein.

28. **CUSTOMER CONTRACTS:** Buyer will include in its contracts with its purchaser customers the warranty conditions and limitations Section 15 (Equipment Warranties and Remedy), and the limitations of liability provisions set out in Section 17 (Limitation of Liability). Buyer shall

Doane Substation Transformer

CITY OF CRETE

Proposal #: M232405A



indemnify and hold harmless Seller from any liability to any customer or third parties as a result of the failure to include such conditions and limitations in its contracts with its purchaser customers.

29. **MODIFICATION:** This order may not be modified except by written instrument executed by the following authorized representatives; Director of Contracts, Director of Finance, Senior VP of Materials / MIS, Corporate Controller, President, and CEO.

30. **SECTION TITLES:** Section titles appearing in the General Terms and Conditions of Sale are for convenience only and shall not be construed as interpretations of text.

31. **APPENDICIES:** Any appendix or other terms and conditions of the Seller as may be attached hereto and/or identified herewith are hereby incorporated and made a part of these Terms and Conditions and all orders or contracts shall be subject to such additional terms and conditions which shall control over any inconsistency with the Terms and Conditions stated herein.

32. **"Intellectual Property Rights"** means all registered and unregistered intellectual property rights throughout the world, including rights in patents, copyrights, trademarks, trade secrets, designs, databases, and domain names and moral rights.

33. **Grant of License by VTC Upon** receipt of full payment for the Transformer and conditioned upon Customer not defaulting on its obligations under this Agreement, VTC hereby grants to Customer a perpetual, royalty-free license to use the Intellectual Property Rights of VTC which are incorporated in the Transformer. Such license is limited solely to the use of the Transformer by Customer for the purposes and at the location described in VTC's Proposal. Customer may only transfer this license to a third party upon first providing VTC with a written acknowledgment by such transferee of VTC's ownership of its Intellectual Property Rights contained in the Transformer.

34. If any purchase order submitted by the owner/purchaser contains or invokes terms or conditions other than this Contract or the Terms and Conditions agreed to between VTC and the owner/purchaser, then Seller/VTC may, without penalty, reject said terms and conditions on the purchase order by striking them out.

Virginia Transformer Corp.
Summary of Clarifications to the Terms and Conditions
to be negotiated and discussed
City of Crete – M232405A

Item	Article/Section	
1	<p>Procurement Contract</p> <p>Article 2 – Procurement Contract Times</p> <p>Section 2.01 Time of the Essence Material Importance</p> <p>Pg. 1 of 9</p>	<p>2.01 Time of the Essence Material Importance</p> <p>A. All time limits for Milestones, including the submittal of Shop Drawings and Samples, the delivery of Goods, and the furnishing of Special Services as stated in the Procurement Contract Documents, are of the essence material importance of the Procurement Contract.</p>
	Customer Response	
2	<p>Procurement Contract</p> <p>Article 9 – Mutual Waiver</p> <p>Section 9.01 Mutual Waiver of Consequential Damages</p> <p>Please add the following to this Section.</p> <p>Pg. 8 of 9</p>	<p>Neither party's liability on any claim for loss or damage arising out of this contract or from the performance or breach thereof shall exceed the price of the item giving rise to the claims for loss or damage in the event more than one item is included in this contract/order with distinct pricing being allocated to each item in arriving at the total contract/order price.</p>
	Customer Response	
3	<p>Conditions of Contract</p> <p>Article 4 – Commencement and Schedule</p> <p>Section 4.04 Delays</p> <p>Please adjust the following.</p> <p>Pg. 10 of 35</p>	<p>A. If Buyer, Engineer, or anyone for whom Buyer is responsible, delays, disrupts, or interferes with Seller's performance or progress, then Seller shall be entitled to an equitable adjustment in Procurement Contract Price or Procurement Contract Times. Any extended delays requested by the customer/Purchaser which result in the loss of the scheduled production slot will be subject to a re-scheduling fee of 30% of the specific order value.</p> <p>C 1. 1. severe and unavoidable natural catastrophes such as fires, floods, epidemics, pandemics, quarantines, and earthquakes;</p>
	Customer Response	

4	<p>Conditions of Contract</p> <p>Article 7 – Seller’s Responsibilities</p> <p>Section C. Special Guarantee</p> <p>Please remove this section as this is covered by the Warranty.</p> <p>Pg. 15 of 35</p>	<p>Special Guarantee: Buyer may require Seller to furnish at Seller’s expense a special performance guarantee or other surety with respect to any such proposed “or equal.”</p>
	Customer Response	
5	<p>Conditions of Contract</p> <p>Article 7 – Seller’s Responsibilities</p> <p>Section 7.07 Indemnification</p> <p>Please see the amendment to this section. VTC also requests that B. be struck in its entirety. Liability should be limited to the Contract Value of the offending unit per Senior Mgmt.</p> <p>Pg. 18 of 35</p>	<p>To the fullest extent permitted by Laws and Regulations, Seller shall indemnify and hold harmless Buyer, Engineer, Project Owner, and any assignee of Buyer, including Contractor/Assignee, and their officers, directors, members, partners, employees, agents, consultants, contractors, and subcontractors, from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to the performance of Seller's obligations under the Procurement Contract, provided that any such claim, cost, loss, or damage is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the Goods themselves), including the loss of use resulting therefrom, but only to the extent caused by any negligent act or omission of Seller, or any individual or entity directly or indirectly employed by Seller or anyone for whose acts Seller may be liable. Seller's liability under this Clause shall be only to the proportionate extent of Seller's fault, negligence, or responsibility and not for any portion of any claim under this Clause that is the fault, negligence or responsibility of other parties including the Indemnified Parties.</p>
	Customer Response	
6	<p>Conditions of Contract</p> <p>Article 9 – Warranty</p> <p>Please replace this entire Section with the following as VTC reserves the right to warrant its own product, and rejection takes place during FAT. Any damage during transit is our responsibility, and any nonconformity at</p>	<p>(A) For the period set forth below in this paragraph, Seller warrants that each newly manufactured item sold hereunder, and such portion of a repaired/refurbished item as has been repaired or replaced by Seller under this warranty, shall be free from defects in material, workmanship, or title at the time of shipment and shall perform during the warranty period in accordance with the specifications incorporated herein. Should any failure to conform to these warranties (excluding any defects in title) be discovered and brought to Seller's attention during the warranty period and be substantiated by examination at Seller's factory or by authorized field personnel, then (i) Seller shall correct such failure, at Seller's exclusive option, repair or replacement of the nonconforming item or portion thereof with Buyer promptly making product available to be worked by Seller’s personnel or agents without interference with no additional cost to the Seller; or (ii) Buyer making available product F.O.B. Seller’s plant with Seller’s written return authorization, at Seller’s exclusive option, for repair or replacement of the nonconforming item or portion thereof. Buyer agrees that this remedy shall be its sole and exclusive remedy against Seller and that no other remedy shall be available or pursued by Buyer against Seller. In no event shall the Seller be liable for any costs or expenses in excess of those described in this paragraph and expressly excluding any liability or damages for special, incidental, or consequential damages.</p>

the time of delivery is a warranty issue that will be made whole.

Please also use this same language in Section 016000 – Product Requirements Section 1.5 Product Warranties, and Section 261213 2.5 Warranty.

The warranty period for newly manufactured items shall extend 12 months from the date of first energization or 18 months from the date of shipment whichever occurs first or unless a different warranty period is agreed to by Seller. The warranty period for repaired/refurbished articles shall extend for the unexpired warranty period of the item repaired or replaced or for 90 days, whichever is longer. This warranty shall be voided and not extend to any item that upon examination by Seller is found to have been subject to:

- a) mishandling, misuse, negligence, or accident.
- b) storage, installation, operation, testing, or maintenance that either was not in accordance with Seller's specifications, instructions, manuals, or otherwise improper, or contrary to industry standards.
- c) tampering as evidenced for example by broken seals, damaged packaging containers, etc.
- d) testing of equipment above normally accepted field tests.
- e) repair or alteration by anyone other than Seller without Seller's express advance written approval.
- f) payment(s) not received per terms of sale.

Failure to promptly notify Seller in writing upon discovery of any non-conforming items during the warranty period shall void the warranty as to such items. Buyer shall describe any such non-conformity in detail, expressing its position as to return of any article under the remedy provided herein. No returns shall be accepted without prior approval by Seller. No back charges shall be accepted without the prior written consent of Seller's authorized representative. Where a failure cannot be corrected by Seller's reasonable efforts, the parties shall mutually agree upon an equitable adjustment in price. The preceding sets forth the exclusive remedies for claims (except as to title) based on defect whether in contract or tort (including negligence or strict liability) and however instituted. THIS WARRANTY IS EXCLUSIVE AND IN LIEU OF ANY OTHER WARRANTIES, EITHER EXPRESSED OR IMPLIED INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND SELLER DISCLAIMS IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

(B) SELLER'S INSTALLATION WARRANTY: Seller warrants that all work hereunder shall be performed in accordance with the standards employed by Seller in performing the same or similar services for itself. Seller disclaims any and all other representations or warranties expressed or implied including without limitation any representation or warranty that a) any unauthorized entry, burglary, theft, embezzlement, or any other crimes will be prevented by the equipment and/or installation thereof or that b) any particular purpose or standard of care intended or desired or any particular results to be achieved by Buyer through the installation and operation of the items to be delivered hereunder. Seller's installation services and installation warranty does not include or imply any assistance for system field troubleshooting and no back charges for such services shall be accepted without the prior written consent of Seller's authorized representative.

(C) EXTENDED WARRANTY PERIOD OPTION FOR CORE AND COIL: When purchased, the warranty period may be extended by the period specified in such purchase covering core and coils only against failure occurring with respect to normal operation and within the parameters for which the transformer was designed. For extended Warranty period, to ensure validity of Extended Warranty period coverage, Virginia Transformer requires Dissolved Gas Analysis (DGA) reports of the supplied unit to be provided every year for the period of extended warranty period coverage. The annual DGAs should be emailed to: FieldService@vatransformer.com. Failure to conduct annual DGAs and provide the reports to Seller may void the purchased extended warranty. Except for the extended time period all other provisions, terms, conditions, and limitations set forth above shall apply to the extended warranty period. In case of any disturbance in the system that causes the transformer to trip off-line, following information shall be forwarded to Virginia Transformer Corp within 48 hours: Event summary with relevant data, Protection system data, Overvoltage conditions (If any), Fault data (if any) and offset timing with peak current value, Loading, Environmental and atmospheric conditions. Failure to timely provide this information may void the warranty.

		<p>(D) EXTENDED BUMPER TO BUMPER WARRANTY PERIOD OPTION: When purchased, the warranty for the extended period specified will cover the entire Transformer including core and coils and all associated transformer accessories against failure occurring with respect to normal operation and within the parameters for which the transformer was designed. Bumper to Bumper Warranty does not cover normal wear and tear including paint and gaskets beyond five years. For extended Warranty period, to ensure validity of Extended Warranty period coverage, Virginia Transformer requires Dissolved Gas Analysis (DGA) reports of the supplied unit to be provided every year for the period of extended warranty coverage, and the additional data as stated in Section 15(A) The annual DGA's should be emailed to: FieldService@vatransformer.com. Failure to conduct annual DGAs and provide the reports to Seller may void the purchased extended warranty. Except for the extended time period all other provisions, terms, conditions, and limitations set forth above shall apply to the extended warranty period.</p> <p>IN/OUT COVERAGE OPTION: When purchased, Seller will cover only the expenses to transport the transformer to a repair facility and back to site for warranty failures occurring within the period defined. Buyer will make transformer ready for shipment in the condition it was originally received per the Outline Drawing with clear and free access by Carrier. Craning, civil work, disconnection, and reconnection of the transformer, etc. is the responsibility of the Buyer.</p>
	Customer Response	
7	<p>Conditions of Contract</p> <p>Article 11 – Changes</p> <p>Section 11.06 Buyer's Contingency Allowance</p> <p>Please add the following</p> <p>Pg. 26 of 35</p>	<p>E. In the event any components such as, electricity, freight, labor, core steel, mineral oil etc. are subject to abnormal price increases, and VTC/GTC is not able to otherwise mitigate these increases, during the period between the proposal date and the shipment date, VTC/GTC may pass along those specific incremental cost increases.</p>
	Customers Response	
8	<p>Conditions of Contract</p> <p>Article 14 – Cancellation, Suspension, and Termination</p> <p>Section 14.01 Cancellation and Section 14.02 Suspension of Performance by Buyer.</p> <p>Pg. 33 of 35</p>	<p>14.01 Cancellation</p> <p>A. Buyer has the right to cancel the Procurement Contract, without cause, at any time prior to delivery of the Goods by written notice. Cancellation pursuant to the terms of this paragraph will not constitute a breach of contract by Buyer. Upon cancellation:</p> <p>1. Buyer shall pay Seller for the direct costs incurred in producing any Goods that Seller has specially manufactured for the Project, plus a fair and reasonable amount for overhead and profit.</p> <p>2. For Goods that are not specially manufactured for the Project, Seller shall be entitled to a restocking charge of 10 percent of the unpaid Procurement Contract Price of such Goods. Seller, in addition to all other rights and remedies under this order or at law, shall have the right to cancel and terminate Buyer's order for breach by Buyer including, but not limited to, if Buyer fails to make payment as due or if Buyer is adjudicated bankrupt, files a petition in bankruptcy, makes an assignment for the benefit of creditors or if action under any law for the relief of debtors is taken. In the event of cancellation and termination of this order for breach of the provisions hereof by Buyer, Seller shall have no further liability to Buyer and Seller shall not be liable for any costs of cancellation, special, incidental or consequential damages (including punitive or exemplary damages) for any cause or of any nature whatsoever and such cancellation and termination. All cancellations or terminations by Seller for Buyer's breach shall be subject to the</p>

		<p>following cancellation or termination charges:</p> <ul style="list-style-type: none"> • 30 % of order amount after order entry by Seller. • Additional 15 % of order amount after outline drawing completion / submission. • If manufacturing has begun, charges will be based upon commitments for materials and percent completion in addition to the 45% for engineering and order entry. <p>In the event Buyer cancels its order, Buyer shall be responsible to Seller for cancellation charges in the amounts set forth in the Cancellation & Termination paragraph above, which Buyer shall pay Seller upon such cancelation.</p> <p>14.02 Suspension of Performance by Buyer A. Buyer has the right to suspend performance of the Procurement Contract for up to 90 days, without cause, by written notice. Upon suspension under this paragraph, Seller shall be entitled to an increase in the Procurement Contract Times and Procurement Contract Price caused by the suspension, provided that performance would not have been suspended or delayed for causes attributable to Seller. Any extended delays requested by the customer/Purchaser which result in the loss of the scheduled production slot will be subject to a re-scheduling fee of 30% of the specific order value.</p>
	Customer Response	
9	<p>Supplementary Conditions of the Procurement Contract</p> <p>Article 9 – Buyer’s Rights</p> <p>Section 9.05 B Please strike in its entirety.</p> <p>Limitation of Seller’s Liability</p> <p>Pg. 6 of 6</p>	<p>B. Upon assignment the terms of this Paragraph 9.05 will be binding upon both the assignor and assignee with respect to Seller's liability. The terms of this limitation do not apply to or limit any claim by Buyer against Seller based on any of the following: (a) contribution or indemnification with respect to third party claims, losses, and damages; (b) costs, losses, or damages attributable to personal or bodily injury, sickness, disease, or death, or to injury to or destruction of the tangible property of others, (c) intentional or reckless wrongful conduct, or (d) rights conferred by any bond provided by Seller under this Contract.</p>
	Customer Response	
10	<p>Requesting the insertion of the following section.</p> <p>Storage</p>	<p>In the event goods are placed in storage at the request of the Purchaser, it is agreed that title will pass to the Purchaser upon placement into storage. Irrespective of anything herein to the contrary, Purchaser will be invoiced for the balance of the purchase price of the goods when they are placed in storage and payment will be due net 30 days. Risk of loss shall pass to Purchaser who shall be responsible for insuring the goods and Seller shall have no liability for loss or damage when the goods remain in its possession in storage. Purchaser further agrees that for any goods placed in storage, Seller will be provided a minimum of three weeks advanced notice before requested delivery out of storage and delivery will then be made subject to availability of carrier and transportation services. In the event goods are placed in storage at the request of the Purchaser, it is agreed that title will pass to the Purchaser upon placement into storage. Irrespective of anything herein to the contrary, Purchaser will be invoiced for the balance of the purchase price of the goods when they are placed in storage and payment will be due net 30 days. Risk of loss shall pass to Purchaser who shall be responsible for insuring the goods and Seller shall have no liability for loss or damage when the goods remain in its possession in storage. Purchaser further agrees that for any goods placed in storage, Seller will be provided a minimum of three weeks advanced notice before requested delivery out of storage and</p>

		delivery will then be made subject to availability of carrier and transportation services. Storage and crantage fees will be applied and be payable prior to shipment.
	Customer Response	
11	<p>Requesting the insertion of the following section.</p> <p>Grant of License by VTC</p>	Upon receipt of full payment for the Transformer and conditioned upon Customer not defaulting on its obligations under this Agreement, VTC hereby grants to Customer a perpetual, royalty-free license to use the Intellectual Property Rights of VTC which are incorporated in the Transformer. Such license is limited solely to the use of the Transformer by Customer for the purposes and at the location described in your Proposal. Customer may only transfer this license to a third party upon first providing VTC with a written acknowledgment by such transferee of VTC's ownership of its Intellectual Property Rights contained in the Transformer.
	Customer Response	
12	<p>Requesting the insertion of the following section.</p> <p>Purchase Orders</p>	If any purchase order submitted by the owner/purchaser contains or invokes terms or conditions other than this Contract or the Terms and Conditions agreed to between VTC and the purchaser, then Seller/VTC may, without penalty reject said terms and conditions on the purchase order by striking them out.
	Customer Response	