



**Contract Agreement**

**between**

**National Grid USA**

**and**

**Michels Corporation  
to provide**

**Engineering, Material Procurement & Construction  
Related Services**

**for the**

**Eastover Road EPC Substation Project**

**March 6, 2013**

**Please Note: This Document contains Confidential, sensitive information  
that is not to be reproduced or distributed outside of the project team  
leadership and executive reviewers of National Grid and Michels.**

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## **AGREEMENT**

This Agreement, made and entered into on the date when signed by the party signing last in time, by and between National Grid USA and its affiliates (herein referred to as Owner), a Massachusetts corporation with offices at 40 Sylvan Road, Waltham, MA 02451, and Michels Corporation (herein referred to as Contractor), a Wisconsin based company having its international headquarters at 817 West Main Street, Brownsville, WI, concerning the Engineering and final design, Procurement of required equipment and materials, and the Construction of a new 230/115kV Substation identified as the Eastover Road Substation. This agreement provides for the Turnkey delivery of the Eastover Road Substation by the Contractor to the Owner in fully operational status, inclusive of all features and capabilities defined under the scope of work (see below), and on the agreed schedule of delivery (see below), for which the Contractor will be remunerated by the Owner in an amount equal to the Lump Sum bid price (contract price), paid in accordance with the Terms and Conditions of this Agreement and the Milestone Payment Schedule (see below).

### ARTICLE 1 - SCOPE OF WORK

The Contractor hereby agrees to meet all requirements of the full scope of work as defined in the Contract Documents (see below) and the complete Request for Proposal RFP 007-12 Doc208279998 in Ariba, inclusive of all Technical Specifications, Standards, Guidance, Notes, Addenda items, Message Board Responses, and Clarifications, as well as documented correspondence and written responses related to post bid Questions and Answers.

### ARTICLE 2 - CONTRACT DOCUMENTS

The following documents, including all attached schedules, appendices, exhibits or other attachments thereto, are incorporated by reference as if fully set forth herein, and are hereinafter referred to collectively and individually as the "Contract Documents" or the "Agreement":

NDA:	Non-Disclosure Agreement
Terms & Conditions:	0700 Terms and Conditions for Construction Purchase Orders Revised 11/11, executed as updated 1/8/2013
Exhibit A:	Letter of Intent
Exhibit B:	Scope of Work / Design Packages
Exhibit C:	RFP Proposal and Post Bid Q&A Submittals
Exhibit D:	Pricing Summary & Bid Response Workbook
Exhibit E:	Warranty
Exhibit F:	Schedule Requirements
Exhibit G:	Milestone Payment Schedule
Exhibit H:	Project Management: Reporting Requirements and KPIs
Exhibit I:	Other Memoranda of Understanding
Exhibit J:	Contractor Safety Requirements
Exhibit K:	Environmental Guidance Procedures
Exhibit L:	Owners Controlled Insurance Program
Exhibit M:	Security Background Check

Exhibit N: Supplier Code of Conduct

ARTICLE 3 - SCHEDULE

The Contractor agrees to commence any Work to be performed under this Agreement at the time specified by National Grid, and to carry it on continuously with such diligence that the Work will be completed on schedule. Any planned, contemplated, or unforeseen changes to project schedule must be documented in detail by the Contractor, inclusive of all cascading effects, particularly any change to the project end date. This information must be presented to and discussed with National Grid and must be approved in writing by the National Grid Project Manager.

ARTICLE 4 – LIQUIDATED DAMAGES

In the event that the Contractor fails to complete the Eastover Road Substation sufficient to be fully operational and connected to the Grid at all specified Transmission Line take-offs (whether or not connected) before or on the last day of calendar year 2014, the Contractor shall be liable for Liquidated Damages as provided for in the Terms and Conditions, and as specified below, unless the Contractor can provide clear documentation that Schedule changes approved by National Grid (see Article 3 above) were caused by, and/or requested by National Grid. Liquidated Damages for delay beyond the agreed latest date of operational status, 12/31/2014, will be assessed at the rate of [REDACTED] per day (or [REDACTED] per month), beginning 1/02/2015. In the event that National Grid has caused some or all of the delay in completion, the days of delay caused by National Grid can be added to the last day for completion (12/31/14), beyond which Liquidated Damages can then be assessed should additional delay be attributable to the Contractor. For example, if 10 days delay can be attributed to National Grid, the new latest day of completion prior to assessment of Liquidated Damages will be 1/10/2015. Liquidated Damages will be capped at a maximum total amount of [REDACTED] 10% of Contract Value).

ARTICLE 5 - CONTRACT PRICE

The Contract Price of [REDACTED] for the Work is based on the best and final Lump Sum Bid proposal submitted by the Contractor. Contract price is inclusive of the Contractor being enrolled in National Grid’s Owner Controlled Insurance Program (O.C.I.P) and the inclusion of a dedicated project Safety Representative.

ARTICLE 6 – INVOICING / PAYMENTS

The Contractor agrees to submit invoices as detailed in the Milestone Payment Schedule, Exhibit G. An original copy is to be forwarded to the “Bill to” address referenced in Purchase Order to

the attention of National Grid’s Project Manager including Purchase Order #, Project Name & Funding Number C31326. A “preliminary” invoice is to be e-mailed to the Project Manager for review 5 days prior to mailing the invoice to Accounts Payable.

As per National Grid’s Terms and Conditions a 10% retainer will be held for each submitted invoice until satisfactory completion of the Project. Invoices are to contain completed work with itemized detail specific to work scope / units completed under the Milestone Payment Schedule, and should deduct the 10% retainer (i.e. Milestone Payment due = \$500,000. Invoice submitted total is \$450,000 referencing a line item deduction of \$50,000 retained.).

Invoices shall not include any Sales Tax assessment (see Terms and Conditions Payment and Taxes Section).

Upon satisfactory completion of the project, including the close out of any “punch list” items and submittal of a signed contractor’s lien release, releasing National Grid from all claims and liens by the Contractor, their Suppliers, and Subcontractors, the Contractor will request National Grid Project Manager written approval to proceed with final invoicing. Upon receipt of this written approval, the Contractor can proceed with invoice submittal to collect the remaining 10% retainage.

ARTICLE 7 - NOTICES

Notices required or permitted under this Agreement shall be addressed to:

Contractor	Owner
<i>Michels Corporation</i> Zeb Green Senior Manager, Substation 1775 E Shady Ln Neenah, WI 54956 Phone: 920.721.9143 zgreen@michels.us	<i>National Grid</i> Jeffrey Gardner Senior Buyer, Strategic Procurement Substations 40 Sylvan Road, Waltham, MA 02451 Ph: 781-907-3677 <a href="mailto:jeffrey.gardner@nationalgrid.com">jeffrey.gardner@nationalgrid.com</a> and Nicholas Spagnoletti Project Manager 300 Erie Blvd. West, Syracuse, NY 13202 Ph: 315-428-5330 <a href="mailto:Nicholas.spagnoletti@nationalgrid.com">Nicholas.spagnoletti@nationalgrid.com</a>

ARTICLE 8 – TERM OF AGREEMENT

The Term of this Agreement shall be retroactive to the Issuance of the Letter of Intent on 12/20/2012, and ending upon completion of all applicable contract deliverables as approved by National Grid, and acceptance of Final Invoice.


ARTICLE 9 - ENTIRE AGREEMENT

This Agreement, including all Contract Documents, constitutes the entire Agreement between the Owner and the Contractor, with respect to the Work specified, and all previous representations relative thereto, not included in this contract, either written or oral are hereby annulled and superseded. No modification of any of the provisions of this Agreement shall be binding unless committed to in writing and signed by a duly authorized representative of each party hereto.

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed by its duly authorized representative on the day and year set forth below.

**Contractor:**

Michels Corporation

  
\_\_\_\_\_  
*Signature*

Zeb Green  
*Name*

General Manager  
*Title*

March 6, 2013  
*Date*

**Owner:**

National Grid USA and its affiliates

  
\_\_\_\_\_  
*Signature*

Ross W. Turrini  
*Name*

V.P. US Procurement  
*Title*

3/13/2013  
*Date*


**Terms and Conditions**

**ACCEPTANCE OF CONDITIONS**

The Contractor hereby agrees that any Work (as defined in the Agreement/Purchase Order) performed for Company in compliance with any order, written or verbal, shall be governed by the terms and conditions cited in the Agreement/Purchase Order whether or not specific reference is made to the below noted Terms and Conditions by the Agreement/Purchase Order unless the Agreement/Purchase Order specifically contains terms and conditions other than those contained in said Terms and Conditions; then those terms will apply to the extent that they are different.

Receipt of the below noted Terms and Conditions is hereby acknowledged on the date executed below, and the undersigned agrees to be bound to same and the signatory represents complete authority to sign on behalf of the Contractor.

Michels Power, a division of Michels Corporation  
Contractor

By  \_\_\_\_\_

Senior Manager  
Title

Date January 8, 2013

1775 E. Shady Lane  
Street Address

Neenah, WI 54956  
City, State, Zip Code

Reference Terms and Conditions Document No.  
00700

Revision Date 05/05/11