

APPENDIX A TO RFP #VGS2012-03**CONTRACT FOR SERVICES****CONTRACT FOR
ENGINEERING, PROCUREMENT AND
CONSTRUCTION MANAGEMENT SERVICES**

**Between
Vermont Gas Systems, Inc.
And
Clough Harbour & Associates L.L.P**

This Contract is between Vermont Gas Systems, Inc., a Vermont corporation with a principal place of business at 85 Swift Street, South Burlington, Vermont, (hereinafter "VGS") and Clough Harbour & Associates L.L.P., a New York limited liability partnership with a principal place of business at Ill Winners Circle, Albany, NY 12205 (the "Engineering Consultant").

Whereas, VGS currently provides natural gas service to 17 towns in Franklin County and Chittenden County, Vermont and proposes to expand its existing natural gas pipeline system to extend its natural gas service into Addison County, Vermont;

Whereas, VGS has commissioned engineering studies to identify and evaluate options for extending gas service into the Addison County area;

Whereas, VGS requires certain engineering, construction management and other professional services as contemplated and defined by this Contract; and

Whereas, Engineering Consultant is willing to undertake and provide those services to VGS on the terms hereinafter provided.

Now, therefore, VGS and Engineering Consultant agree as follows:

1. DEFINITIONS**1.1. Contract**

References to the Contract means all text of this agreement, the RFP, all Schedules, attachments, Specifications and other documents, standards, laws and matters incorporated into or specifically referenced in the text of this agreement. The Contract supersedes and replaces any and all other prior writings, negotiations, discussions, bids, purchase orders and other understandings with respect to the Work and all tasks, actions or transactions contemplated under the Contract.

1.2. Engineering Consultant's Projects Manager

The Engineering Consultant's Projects Manager shall be the Engineering Consultant's duly authorized representative who will provide general administration and management of the Projects and this Contract on behalf of Engineering Consultant and shall represent Engineering Consultant in all matters relating to the Projects and this Contract.

1.3. Good Utility Practice

Good Utility Practice means practices, methods and actions conforming to applicable professional standards, engaged in and approved by a significant portion of the North American gas industry and includes the taking of reasonable actions to ensure that the Work is performed by knowledgeable, trained and experienced personnel utilizing proper methods and tools in accordance with this Contract and all applicable Legal Requirements, as defined elsewhere in this Contract, and that the Work and all equipment and materials specified for placement at the Projects meet or exceed the standard of durability that is generally used in connection with North American gas industry operations and all aspects of 49 C.F.R. Part 192 and Vermont Public Service Board Rule 6.100.

1.4. Price

The Price is the not-to-exceed price for the Work set forth in Schedule B to this Contract and any adjustments to the Price authorized by a Change Order under this Contract.

1.5. Projects

The Projects contemplated by this Contract are the various aspects of and all the tasks necessary to complete the VGS Addison County Expansion Project as described in the RFP.

1.6. RFP

The VGS Request for Proposals RFP #VGS2012-03 for Engineering, Procurement and Construction Management Services, Addison County Expansion Projects, April 2, 2012, is incorporated into and is part of this Contract including, but not limited to, all Definitions and Acronyms set forth in the RFP and VGS' responses to bidder questions of April 18, 2012, which shall have the same meaning when used anywhere in this Contract.

1.7. Schedule of Performance

The Schedule of Performance is the schedule for performing the Work set forth in Schedule A and any adjustments to the Schedule for Performance authorized by a Change Order.

1.8. Specifications

The Specifications are the design standards and requirements for the Projects as set forth anywhere in the RFP, together with any design standards and requirements of any federal or state agency and all Legal Requirements applicable to the Projects.

1.9. Subconsultants

Subconsultants are those persons or organizations providing services of any kind or nature as subcontractors to the Engineering Consultant.

1.10. VGS Projects Manager

The VGS Projects Manager shall be the duly authorized representative of VGS, who will provide the general administration of this Contract on behalf of VGS and shall represent VGS in all matters related to this Contract. VGS may, in its sole discretion, change its Projects Manager at any time or from time to time and shall promptly notify the Engineering Consultant in writing of any such change.

1.11. Work

The Work is the totality of the obligations imposed upon Engineering Consultant to perform the Work in accordance with this Contract, including but not limited to, the activities and all

provisions of the RFP that provides the scope of the Work and other requirements of the Work, and the Legal Requirements, as defined in Paragraph 19.6 of this Contract. The Work also means and includes the tangible products of Engineering Consultant's performance pursuant to the Contract including, but not limited to, the Developments, as defined in Article 21.2 of this Contract. Engineering Consultant shall be responsible to provide all professional expertise, materials, labor, supplies and equipment necessary to complete the Work itself or through its Subconsultants and any necessary suppliers. The Work, however, does not include any of the actual construction of the Projects by other contractors, as opposed to construction supervision or management of Projects.

1.12. Other Terms

Other terms may be specially defined in the Contract or the RFP in the context of their use. Terms not defined will have their ordinary and usual meaning unless they have special meaning in context and in accordance with Good Utility Practices.

2. THE CONTRACT

2.1. Interpretation of the Contract

The Contract comprises one binding agreement and all terms, conditions or requirements set forth anywhere in the Contract apply to all parts of the Contract unless expressly stated to the contrary. All parts of the Contract are intended to be complementary, i.e., to describe and provide for a complete job and to include all items and guidance necessary for the proper execution and completion of the Work.

2.2. Notification of Conflicts

Engineering Consultant shall promptly notify the VGS Projects Manager in writing if Engineering Consultant finds any apparent conflict, insufficiency, discrepancy, error, omission or variance between or among the provisions of the Contract. The VGS Projects Manager upon receipt of any such notice shall promptly investigate the circumstances and give appropriate written instructions to Engineering Consultant. The decision of the VGS Projects Manager in all such matters shall be final, but VGS or Engineering Consultant may request a Change Order if appropriate based on any change in scope or timing of the Work. Until such instructions are given, any portion of the Work done by Engineering Consultant, directly or indirectly, after discovery and before receipt of written instructions from the VGS Projects Manager will be at Engineering Consultant's own risk and cost.

2.3. Maintenance and Ownership of Documentation

Engineering Consultant shall provide and maintain a complete set of all drawings, shop drawings, site plans, design drawings, engineering design documents, permit applications, delineations, plans, renderings, models, samples, inspection reports, field studies, other reports or memoranda and all written communications, correspondence, field or other notes, sketches, communications and all other documents related in any way to or which comprise any part of the Work, whether in print or electronic or other format. All such documentation relating to or that comprises part of the Work is the property of VGS.

3. THE WORK

3.1. General Obligations and Representations

Engineering Consultant shall provide all professional and non-professional services and shall perform all other acts and supply all other things necessary to accomplish the Work in

conformity with Good Utility Practice. The Engineering Consultant is responsible for the proper completion of all Work, including Work performed by Subconsultants.

3.2. Schedule of Performance

The Schedule of Performance set forth in Schedule A indicates the dates for starting and completion of the Work and may specify various stages between. Engineering Consultant shall commence the Work not later than the commencement date shown in the Schedule of Performance and shall complete the same as soon as good practice and due diligence shall permit, but in no case shall Substantial Completion occur later than the completion date shown in the Schedule A Schedule of Performance (subject to Paragraph 11.3). Substantial Completion shall mean the point at which the Projects contemplated as part of the Work may be used by VGS for their intended purposes in accordance with applicable permits, safety and other standards and Good Utility Practice. VGS may supplement or amend the Schedule of Performance by a Change Order, as circumstances require.

4. PROCUREMENT OF CONTRACTS, MATERIALS AND EQUIPMENT

4.1. Procurement of Contracts

VGS shall sign and hold all contracts for the construction of the Projects. All such contracts that Engineering Consultant may provide, recommend or propose as part of its Work shall be furnished in advance of execution to the VGS Projects Manager and shall conform to all requirements of this Contract and the Projects. Each contract for any portion of the construction of the Projects must be specifically pre-approved in writing by VGS prior to execution. Such preapproval, however, is not a warranty that any contract conforms to all requirements of this Contract or for construction of the Projects, which responsibility shall remain with the Engineering Consultant. The Engineering Consultant shall not, however, be responsible for any matter requiring legal review of the contracts.

4.2. Quality of Materials and Equipment

All materials and equipment recommended or specified by Engineering Consultant or its Subconsultants as part of the Work and for use in construction of the Projects shall be new and of good quality. The selection and source of supply of all materials and equipment shall be approved by VGS before delivery for use in the Projects.

4.3. Conformity with Specifications

All materials, equipment and methods of construction and installation specified by the Engineering Consultant shall meet the Specifications unless otherwise approved by VGS in writing.

4.4. VGS Right to Inspect and Test Materials and Equipment

VGS may direct that inspections, tests or examinations be performed on representative samples of recommended materials and equipment.

4.5. VGS Right to Reject Nonconforming Materials

VGS has the right to reject or to require correction or replacement of nonconforming materials or equipment or methods of construction and installation recommended or specified by Engineering Consultant and its Subconsultants for use in the construction of the Projects.

5. DEFECTIVE, NONCONFORMING OR INCOMPLETE WORK

5.1. Obligation to Report and Remedy

Engineering Consultant shall report to the VGS Projects Manager in writing and shall correct any deficiencies, errors, omissions or lack of accuracy in any of the Work, and all deficient Work, without additional compensation, at its sole expense and with all proper diligence. VGS shall not be responsible for discovering any deficiencies, errors omissions or lack of accuracy in the Work or any deliverables that are part of the Work.

5.2. Direction to Correct

Should the VGS Projects Manager receive notice from the Engineering Consultant or discover that any portion of the Work is defective, deficient or does not conform to this Contract, the VGS Projects Manager may direct the Engineering Consultant to make such changes as are reasonably necessary to correct the Work or make the Work conform to this Contract. If Engineering Consultant fails to remedy inaccuracies in the deliverables or any other defective Work within a reasonable time after receiving notice from VGS to correct or make the Work conform to the Contract, VGS may cause the Work to be remedied at the expense of Engineering Consultant. The performance of corrective measures by Engineering Consultant, VGS or others shall not relieve Engineering Consultant of any of its responsibilities under the Contract.

6. PERSONNEL AND SUBCONSULTANTS

6.1. Key Personnel

Engineering Consultant's personnel identified in Schedule A to this Contract as Key Personnel are essential to performance of the Work. VGS can request removal and replacement of Key Personnel or any of Engineering Consultant's employees or other workers for cause at no cost to VGS. Engineering Consultant, however, shall make no removal or substitution of Key Personnel without prior written approval by VGS, and Key Personnel changes by Engineering Consultant that VGS does not approve shall be grounds to terminate the Contract.

6.2. Other Workers

Engineering Consultant shall provide a sufficient quantity of competent professional design, management and oversight personnel and all other necessary workers to perform the Work within the time prescribed by the Schedule of Performance. Personnel employed by Engineering Consultant shall possess the appropriate skills and have sufficient experience to perform Engineering Consultant's obligations under this Contract competently.

6.3. Subconsultants

Engineering Consultant may enter into subcontracts with professionals and others as necessary to perform the Work in accordance with the Contract. Engineering Consultant shall subcontract with other professionals only those portions of the Work approved in advance and in writing by VGS. Engineering Consultant shall be solely responsible for contracting with all Subconsultants and for all payment of all Subconsultants. Engineering Consultant shall provide copies of all subcontracts for any portion of the Work, all of which must be in writing, in advance of execution to the VGS Projects Manager who must specifically approve all subcontracts in writing prior to execution. Each subcontract shall provide that the terms of this Contract also govern and are a part of such subcontract and that each Subconsultant agrees for the benefit of VGS to be bound by this Contract as applied to that portion of the Work covered under the subcontract. Each subcontract shall

further provide for its annulment at VGS's order, if, in VGS's reasonable opinion, the Subconsultant fails to comply with the requirements of the Contract, in which event the Subconsultant shall be removed immediately from the Work and shall not again be employed with respect to any portion of the Work. Engineering Consultant is fully responsible to VGS for the acts and omissions of all Subconsultants and of persons either directly or indirectly employed by them, in the same manner as if the acts and omissions were those of persons directly employed by Engineering Consultant. Nothing contained in this Contract or any subcontract, however, shall create any direct contractual relationship between any Subconsultant and VGS.

6.4. Supervision and Discharge

Engineering Consultant shall provide appropriate supervision of all persons and organizations performing the Work and enforce strict discipline and good order among its employees, other workers and Subconsultants. If the Engineering Consultant's Projects Manager, Subconsultants, employees or other persons employed in connection with the Work by Engineering Consultant or any Subconsultant fail or refusing to carry out directions given to the Engineering Consultant by VGS, or shall appear to VGS to be intemperate, incompetent, troublesome or otherwise undesirable, then VGS may request that such person be removed from participation in any aspect of the Work.

7. CHANGE ORDERS

7.1. Changes to the Work

VGS may make changes to the Work through additions, deletions or revisions including, but not limited to, changes in the scope of Work, Price, Schedule of Performance or sequence of completion of the Work or suspension or termination of the performance of all or any portion of the Work.

7.2. Change Orders

All changes to the Work shall be through a written Change Order issued or approved and signed by the VGS Project Manager. Upon receipt of a duly authorized Change Order from VGS, Engineering Consultant shall proceed, immediately, with the Work as modified by such Change Order, according to its terms and without regard to the status of any claim for extension of time or adjustment to the Price or Schedule of Performance. If the Change Order increases or decreases the cost of performing the Work or time for performance, the parties shall agree to an equitable adjustment of the Price or Schedule of Performance. Engineering Consultant shall submit any claim for extension of time in the Schedule of Performance or adjustment to the Price caused by a VGS initiated Change Order no later than ten working days after receipt of a Change Order from VGS. Any such claim shall include a detailed description of the claim. In the event Engineering Consultant does not submit a claim within the required time, VGS has the right to deny any late-filed claim.

7.3. Engineering Consultant's Requests for Change Orders

The Engineering Consultant may request a Change Order by a detailed request submitted in writing to the VGS Projects Manager. VGS shall accept or reject such requests for changes in its reasonable, but sole discretion. No changes to the Work, Schedule of Performance or Price when requested by the Engineering Consultant shall be made except under a written Change Order agreed to and signed by both parties. If VGS shall decline any request for a Change Order in whole or part, and Engineering Consultant disagrees, Engineering Consultant shall give notice of its disagreement with the reasons therefore within ten working days after receipt of the Change Order decision from VGS. If Engineering

Consultant gives proper notice, the decision by VGS shall be subject to any mutually agreed upon alternative dispute resolution ("ADR") process or, in the event no ADR process is agreed upon, the dispute may be resolved through litigation. In the event Engineering Consultant does not submit notice of its disagreement within ten working days, the Change Order decision shall be deemed final and binding on both parties and not subject to any change.

8. Insurance Requirements

8.1. Required Policies and Limits

Engineering Consultant shall purchase and maintain such insurance, at its sole expense, as will protect Engineering Consultant and its Subconsultants and VGS, including insurance sufficient to insure Engineering Consultant's indemnification obligations under the Contract. The policies shall be purchased and maintained with a company or companies lawfully authorized to do business in the State of Vermont. At a minimum, Engineering Consultant shall obtain and maintain throughout the term of the Agreement, the following insurance coverages:

- 8.1.1. Workers' Compensation/Employers' Liability:** Statutory requirements and coverage amounts for the State of Vermont or place of employment of any employee or other worker, whichever is greater;
- 8.1.2. Comprehensive Automobile Liability:** Combined Single Limit for Bodily Injury and Property Damage for owned, non-owned and hired automobiles of not less than \$1,000,000 per accident;
- 8.1.3. Commercial General Liability:** Combined Single Limit for Bodily Injury, Property Damage, Personal Injury/Advertising Injury, to include Blanket Contractual Coverage and Products/Completed Operations Coverage of not less than \$2,000,000 per occurrence;
- 8.1.4. Umbrella Liability:** Combined Single Limit - Excess of Primary Limits - \$3,000,000 per occurrence and in the aggregate. These limits shall apply to and as excess coverage over all of the above-mentioned policies; and
- 8.1.5. Professional Liability:** Engineers or Design Professionals and Construction Management Professional Liability Insurance with a Limit of not less than \$3,000,000 per claim.

8.2 Required Policy Provisions, Evidence and Duration

All such insurance policies shall contain a provision that coverage will not be cancelled, allowed to expire or the limits in any manner reduced until at least thirty days prior written notice has been provided to VGS. Any deductibles under said policies will be the responsibility of the Engineering Consultant. Engineering Consultant further agrees to provide VGS with an updated Certificate of Insurance upon every insurance renewal. Engineering Consultant shall obtain and maintain all such coverages throughout the term of this Contract and for a period of three years after completion and final acceptance of the Work. Engineering Consultant shall provide VGS with evidence that VGS has been named as an additional insured for the Projects on the Commercial General Liability and Umbrella Liability policies, and certificates indicating the required coverage and providing in all instances thirty days prior notice to VGS of termination, non-renewal or a material change in

coverage. VGS shall have the right to require increases in coverage and such other insurance coverage, as it may deem necessary or desirable.

8.3. Waiver of Subrogation

To the fullest extent allowable under all policies and under law, Engineering Consultant and its insurers hereby waive all rights of subrogation against VGS and its directors, officers, employees, agents and representatives. If requested by VGS, Engineering Consultant shall also furnish to VGS evidence of waiver of subrogation endorsements.

8.4. Liability for Failure to Procure or Maintain Coverage

Failure by Engineering Consultant to obtain and maintain the required insurance in the manner specified in this Article 8 or to provide required certificates and endorsements shall constitute a breach of this Contract and Engineering Consultant will be liable for any and all costs, liabilities, damages and penalties (including attorneys' fees and court and settlement expenses) resulting from any such breach.

9. Compensation

9.1. Contract Payments

VGS shall compensate Engineering Consultant for the Work based upon bi-weekly invoices submitted in accordance with Paragraph 9.2. In no event shall VGS be obligated to, nor shall Engineering Consultant be entitled to receive, compensation for the Work, including all portions of the Work provided through Subconsultants, in an aggregate amount that exceeds the Price as set forth in Schedule B. Each billing must consist of an invoice, a report on progress to date compared to project schedule and cost milestones, together with a comparison of disbursements paid to date compared to the Price. Engineering Consultant shall direct all Invoices and progress reports to the VGS Projects Manager, and VGS shall make no payment until the VGS Projects Manager has approved the progress report and invoice. VGS shall make payments within thirty days after receipt by VGS of an acceptable invoice with appropriate supporting documentation, subject to the limitations set forth in this Article 9.

9.2. Taxes Included

All taxes not expressly imposed by law on VGS shall be included in the Price. Without limiting the generality of the foregoing, Engineering Consultant shall pay all taxes, levies, duties and assessments of every nature due in connection with the Work under this Contract. Engineering Consultant shall make any and all payroll deductions and withholdings required by law, and hereby indemnifies and holds harmless VGS from any liability on account of any and all such taxes, levies, duties, assessments and deductions. VGS is not responsible for and will not pay any local, state or federal taxes. All taxes associated with payments for the Work will be the sole responsibility of the Engineering Consultant.

9.3. Invoices

Engineering Consultant shall submit to the VGS Projects Manager bi-weekly invoices by the 2nd and 4th Friday of each month. All invoices submitted by Engineering Consultant shall describe the portion of Work completed in reasonable detail, and shall be in form and substance satisfactory to VGS. If requested by VGS in advance of commencement of the Work, Engineering Consultant shall adopt and follow a classification of accounts for the Work as determined by VGS. In such cases, VGS shall prescribe and Engineering Consultant shall follow VGS format for all invoices the Engineering Consultant shall submit

to VGS. VGS may return invoices that do not include the detailed cost information required by VGS or that are otherwise incomplete to Engineering Consultant unpaid.

9.4. Preservation of Records

Engineering Consultant shall preserve all records supporting its invoices and all records of costs paid or invoiced to VGS, including all underlying documentation, all until the tenth anniversary after final payment for each of the Projects. However, if Engineering Consultant customarily retains such records for a shorter period, Engineering Consultant upon expiration of that time may satisfy the requirements of this Paragraph by delivering all such records and files to VGS.

9.5. Contract Payments Not to Include Interest

Under no circumstances will VGS be liable for the payment of any interest charges associated with any payment of fees or costs for the Work under the Contract.

9.6. Final Payment

Prior to final payment, Engineering Consultant shall complete a closeout form certifying that all of the Work has been delivered and completed as required and releasing VGS from all further obligations and liabilities to Engineering Consultant for payment of Engineering Consultant's compensation. Upon final payment, Engineering Consultant shall indemnify and save VGS harmless from any other claims for payment of its Subconsultants or suppliers or any approved assignees, including but not limited to, any liens from initial or successor financing entities assigned rights by way of collateral assignment.

9.7. Lien Waivers

As a condition precedent to any payment, VGS may as may be necessary require Engineering Consultant to execute and deliver to VGS, and cause any Subconsultant or other supplier to execute and deliver to VGS a Notice of Lien Release for any lien for labor or material. Engineering Consultant shall notify VGS immediately upon learning that a Subconsultant or any supplier or other contractor has recorded a lien.

9.8. Right of Setoff

VGS may set-off, withhold or nullify the whole or part of any invoice to the extent necessary to protect VGS from (a) loss on account of defective, disputed nonconforming or incomplete Work; (b) third party claims filed or reasonable evidence indicating probable filing of third party claims for which Engineering Consultant, a Subconsultant or any supplier of either would be responsible under this Contract; (c) failure of Engineering Consultant to make payments due to its Subconsultants, suppliers or its/their employees or agents; (d) unsatisfactory prosecution of the Work by Engineering Consultant or a Subconsultant; (e) any reasonable indication that the Work will not be completed as required by the Schedule of Performance; (f) failing to provide or maintain required insurances; (g) invoicing which is incorrect, unsubstantiated or unsupported; (h) overcharges; (i) losses, costs, expenses or damages for which Engineering Consultant or any Subconsultant or supplier is liable; or (j) any other claim or charge VGS may have against Engineering Consultant.

9.9 Effect of Payments

No payment made by VGS to Engineering Consultant shall be evidence that Engineering Consultant has finally or correctly performed any portion or all of the Work or of VGS's acceptance of any defective, disputed, incomplete or nonconforming Work.

10. PROGRESS

10.1. Progress Reporting and Meetings

Engineering Consultant shall furnish VGS with bi-weekly progress reports along with each of its invoices and further schedules that are sufficient to provide reasonable assurance of full and timely performance of the Work and shall participate in progress meetings at such time and frequency determined by VGS.

10.2. Adequate Assurance of Future Performance

VGS shall have the right at any time to require Engineering Consultant to provide VGS with adequate assurance that Engineering Consultant will perform its obligations in a timely fashion in accordance with this Contract. Should VGS request Engineering Consultant to provide adequate assurance of future performance, Engineering Consultant shall, within five business days of said request, provide VGS such assurance in writing. Engineering Consultant's failure to provide said adequate assurance, or a statement by Engineering Consultant that Engineering Consultant cannot or will not perform in a timely fashion in accordance with this Contract, or any act or omission of Engineering Consultant which makes it, in VGS's judgment, improbable that Engineering Consultant will perform in accordance with this Contract, shall permit VGS to terminate this Contract.

11. SUSPENSION OF WORK

11.1. Temporary Suspension of Work

At any time, VGS may, by Change Order, suspend the performance of all or any portion of the Work. Upon receipt of such notice, Engineering Consultant shall, unless the notice requires otherwise:

- 11.1.1. Immediately discontinue the Work on the date and to the extent specified in the Change Order;
- 11.1.2. Place no further orders or subcontracts for equipment, material, services or facilities with respect to suspended performance of the Work other than to the extent required in the Change Order;
- 11.1.3. Promptly make every reasonable effort to obtain suspension upon terms satisfactory to VGS of all orders, subcontracts and rental agreements to the extent they relate to the performance of the Work;
- 11.1.4. Continue to protect and maintain the Work including those portions which has been suspended; and
- 11.1.5. Take any other reasonable steps necessary to minimize costs associated with such suspension.

11.2. Notice to Resume

Upon receipt of notice to resume suspended Work, Engineering Consultant shall promptly resume performance under the Contract to the extent required in the notice, subject to a reasonable allowance of time for Engineering Consultant to reinitiate the Work.

11.3. Force Majeure Event

The time during which Engineering Consultant is delayed in the performance of the Work due to any cause beyond the reasonable control of Engineering Consultant or VGS (a "Force Majeure Event") shall be added to the time for final completion of the Work; provided that Engineering Consultant shall have (i) used all available efforts to avoid such Force Majeure Event and to minimize the impact of same on VGS, and (ii) rendered to VGS prompt written notice of the Force Majeure Event when first discovered, fully describing its probable effect and duration. The term "Force Majeure Event" shall include, but shall not be limited to, acts of God or the public enemy; expropriation or confiscation; war, rebellion, civil disturbances, sabotage, and riots; strikes or other labor disputes that are not due to the breach of any labor agreement by the Engineering Consultant; inability to obtain any local, state or federal governmental approval due to actions or omissions by any such governmental authority that were not voluntarily induced or promoted by the Engineering Consultant; floods or unusually severe weather that could not have been reasonably anticipated; and fires, explosions, earthquakes, and other similar occurrences. A Force Majeure Event shall not include economic hardship, changes in market conditions or delays attributable to and within the control of Engineering Consultant or Engineering Consultant's Subconsultants or suppliers of any tier. In the event of a Force Majeure Event, VGS shall (i) have the right at its option and without liability to Engineering Consultant to cancel by written notice to Engineering Consultant any portion or portions of Engineering Consultant's performance so affected; (ii) be excused from strict time of performance requirements that are impeded by the Force Majeure Event; and (iii) may take such other action as may be necessary. VGS may after ascertaining the facts and the extent of the delay extend the time for Final Completion of the Work when the facts so justify and may amend the Schedule of performance accordingly by Change Order.

12. TERMINATION

12.1. Termination for Default

The occurrence of any of the following shall constitute an event of default (a "Default" or an "Event of Default"), upon which VGS may, by written notice to Engineering Consultant, and without prejudice to any other right or remedy available to VGS, terminate this Contract :

- 12.1.1.** Failure of Engineering Consultant to perform its obligations in the manner, time or sequence provided in this Contract;
- 12.1.2.** Failure of Engineering Consultant to supply sufficient properly skilled workers or to permit it to meet the Schedule of Performance;
- 12.1.3.** Failure of Engineering Consultant to provide adequate assurance of future performance when requested by VGS;
- 12.1.4.** Engineering Consultant engages in behavior that is dishonest, fraudulent or constitutes a conflict of interest with its obligations under this Contract;
- 12.1.5.** Engineering Consultant is adjudged bankrupt or insolvent;
- 12.1.6.** Engineering Consultant makes a general assignment for the benefit of its creditors;
- 12.1.7.** A trustee or receiver is appointed for Engineering Consultant or for any of

Engineering Consultant's property;

- 12.1.8. Engineering Consultant files a petition to take advantage of any bankruptcy or insolvency law;
- 12.1.9. Engineering Consultant violates, disregards or otherwise fails to comply with Legal Requirements;
- 12.1.10. Engineering Consultant fails to comply with any other provision of the Contract; or
- 12.1.11. Engineering Consultant breaches a warranty set forth in Article 19 of this Contract.

12.2. Termination for Reasons Other Than Default

This Agreement may also be terminated as follows:

- 12.2.1. By mutual agreement terminating performance under the Contract in whole or part;
- 12.2.2. By VGS upon (10) ten days' written notice to the Engineering Consultant, terminating performance under the Contract in whole or part, for any reason, including its convenience.

12.3. Payment upon Termination for Reasons Other Than Default

Upon termination of this Agreement for any reason other than an Event of Default, and unless agreed otherwise by VGS and Engineering Consultant, all compensation and expenses due to the Engineering Consultant will be paid within thirty (30) working days of the termination of the Contract. Engineering Consultant in such event waives any claims for damages, including loss of anticipated profits, and the sole right and remedy of the Engineering Consultant shall be payment for compensation and expenses due, plus any costs incurred by Engineering Consultant prior to such termination that may be reasonably allocable to this Contract under recognized accounting practice, plus a reasonable allowance for direct overhead for Work completed, less any amounts previously paid by VGS. No payment for indirect overhead or profit will be made or due. VGS may also take possession of and utilize any written Work, including all Developments, and Technical Materials as defined Article 21 of this Contract, and all data, designs, licenses, materials and property of any kind furnished by Engineering Consultant and necessary to complete, or which is part of the Work.

12.4. Notice and Opportunity to Cure upon Default

Upon termination because of an Event of Default, VGS shall notify Engineering Consultant in writing of the Event of Default and of its intention to terminate this Contract for Default. Before termination is issued to Engineering Consultant, VGS may in its sole discretion issue a cure notice allowing Engineering Consultant up to fourteen calendar days from receipt of notification, or sooner if safety is involved, to provide satisfactory evidence that such Default will be corrected within a reasonable time agreeable to VGS. If Engineering Consultant has not made corrections within the cure period, VGS may terminate the Contract for Default. In doing so, VGS may take possession of the Work and prosecute the Work to completion by contract or by any other method deemed expedient. VGS may also take possession of and utilize any written Work, including all Developments and Technical Materials, as defined

Article 21 of this Contract,, and all data, designs, licenses, materials and property of any kind furnished by Engineering Consultant and necessary to complete, or which is part of the Work.

12.5. Payment and Obligations upon Termination for Default

In the event VGS terminates the Contract for Default, VGS shall have no liability to Engineering Consultant except for Work satisfactorily completed prior to termination. Engineering Consultant shall be liable to VGS for any extra costs incurred to obtain substitute performance of the terminated Work and for any costs to finish, repair or replace any of the Work made necessary or expedient by the Event of Default, provided however, that Engineering Consultant shall continue the performance of the Contract to the extent not terminated. In case of a termination for Default, Engineering Consultant shall be liable for all costs in excess of the Contract Price for such terminated Work reasonably and necessarily incurred in the completion of the Work, including compensation to VGS for additional engineering, managerial and administrative services and the cost of administration of any purchase orders or contracts awarded to others for completion of same. Upon VGS's termination for Default, Engineering Consultant shall:

- 12.5.1. Immediately discontinue Work on the date and to the extent specified in the notice and place no further purchase orders or subcontracts to the extent that they relate to the terminated Work or the Projects;
- 12.5.2. Inventory, maintain and turn over to VGS all data, designs, licenses, materials, and property furnished by Engineering Consultant or provided by VGS for the performance of the terminated Work, as well as all Confidential Information and Technical Materials and all written or tangible aspects of the Work and the Projects;
- 12.5.3. Promptly assign as directed by VGS or obtain cancellation upon terms satisfactory to VGS of all purchase orders, subcontracts, rentals or any other agreements existing for performance of the terminated Work or construction of the Projects;
- 12.5.4. Cooperate with VGS in the transfer of data, designs, licenses and information and disposition of Work in progress so as to mitigate damages; and
- 12.5.5. Comply with all other reasonable requests from VGS regarding the terminated Work and construction of the Projects.

12.6 Limitation of Remedy and Assignment of Claims

Where VGS has terminated the Contract, VGS shall make payment as specified which shall be the sole and exclusive remedy of Engineering Consultant. VGS may then exercise any rights, claims or demands which Engineering Consultant may have against third parties in connection with the Contract and construction of the Projects and for such purposes Engineering Consultant does hereby assign, transfer, and set over unto VGS all such rights, claims, and demands. No retention or payment of monies by VGS due Engineering Consultant will release Engineering Consultant from compliance with this Contract.

12.7 Provisions with Continuing Effect

Upon termination of this Contract, for any reason, all obligations under this Contract shall be terminated except for this Article 12, Paragraph 6.3. headed "Subconsultants;" Article 8, headed "Insurance;" Paragraphs 9.2. and 9.6. of Article 9, headed "Compensation;" Article 13, headed "Indemnification;" Article 14, headed "Limitation of Liability;" Article 15, headed "Remedies Cumulative;" Article 17, headed "Audit;" Article 19, headed "Warranties;" Article 20, headed "Confidential Information;" Article 21, headed "Technical Materials and Developments;" and Article 27, headed "Applicable Law and Forum" all of which shall remain in effect.

13. INDEMNIFICATION

13.1. No Responsibility for Loss or Damage

Neither VGS nor its authorized agents and employees shall be accountable in any manner to Engineering Consultant or third parties for any loss or damage arising out of or in connection with the Work by Engineering Consultant or Subconsultants or for injury or damage to any person or organization, whether workers or the public, or for damage to adjoining property from any cause during the progress of the Work, except for any loss or damage as a sole result of the negligent or wrongful actions or omissions of VGS, its authorized agents and employees.

13.2. Engineering Consultant's Obligation to Indemnify

To the fullest extent permissible by law, Engineering Consultant shall, at its sole expense, defend (at VGS's sole option), indemnify and hold harmless VGS, its directors, officers, affiliates, agents and employees (collectively, the "Indemnitee") from and against all claims, causes of action, suits, losses and damages (including attorneys' fees, costs, and the cost of attaining compliance with respect to Legal Requirements) (collectively, the "Liabilities"), and from threatened loss or expense by reason of the Liabilities, to the extent the Liabilities arise, in whole or in part, from, or out of or in connection with, the Work and/or this Contract or any breach or default under this Contract, including but not limited to:

- 13.2.1.** Liabilities that arise, in whole or in part, as a result of or in connection with the actions, neglect or omissions of Engineering Consultant, its agents, employees, Subconsultants or suppliers;
- 13.2.2.** Liabilities for or due to violations of Legal Requirements by Engineering Consultant or any of Engineering Consultant's agents, employees, Subconsultants or suppliers;
- 13.2.3.** Liabilities arising out of or in connection with property damage, bodily or personal injury caused to VGS, its employees, agents or any third parties or others;
- 13.2.4.** Liabilities alleged in suits or actions brought by any person or persons for or on account of any such injuries or damages, whether actual or alleged; and
- 13.2.5.** Liabilities to separate contractors, persons or organizations working on the Projects regardless of whether brought against Engineering Consultant or VGS.

Anything in this Article 13 to the contrary notwithstanding, the Engineering Consultant shall not be required to indemnify any Indemnitee with respect to the Liabilities to the extent such Liabilities arise out of (1) the negligence of VGS' contractors other than Engineering Consultant or its Subconsultants or (2) the sole negligence of VGS. VGS agrees that in its contracts with each contractor on the Projects other than Engineering Consultant, VGS will include appropriate indemnification provisions requiring such contractor to indemnify and hold harmless VGS, Engineering Consultant and their respective directors, officers, affiliates, agents and employees from Liabilities arising out of the activities of such contractor on the Projects, and requiring such contractor to name VGS and Engineering Consultant and their respective directors, officers, affiliates, agents and employees as additional insureds under the contractor's commercial general liability insurance policy.

14. LIMITATION OF LIABILITY

The total liability of VGS for any and for all claims arising out of, or relating to, the performance or breach of this Contract or use of any products or services or the Work provided shall not exceed the Contract Price less any amounts previously paid or advanced to Engineering Consultant. In no event shall VGS be liable to Engineering Consultant under any circumstances for any loss of profit or revenues, loss of or loss of the use of products or services or any associated equipment, interruption of business, cost of capital, cost of cover, downtime costs, increased operating costs or for any special, consequential, incidental, indirect, punitive or exemplary damages, all of which Engineering Consultant expressly waives. To the extent Engineering Consultant is supplying services as part of the Work to any third party, Engineering Consultant shall require the third party also to agree to be bound by this Article. The limitations and exclusions in this Article shall apply regardless of whether a claim is based in contract, warranty, indemnity, tort or other extra-contractual liability (including negligence), strict liability or otherwise. VGS's and Engineering Consultant's rights, obligations and remedies arising out of or relating to the Work are limited to those rights, obligations and remedies described in this Contract. This Article 14 shall prevail over any conflicting or inconsistent terms in the Contract, except to the extent that such terms further restrict VGS's liability.

Engineering Consultant's liability for any direct damages claimed by VGS is not limited. In the event VGS sustains indirect damages, such as loss of profit or revenues, loss of or loss of the use of products or services or any associated equipment, interruption of business, cost of capital, cost of cover, downtime costs, increased operating costs or for any special, consequential, incidental, indirect, punitive or exemplary damages, and can establish the elements necessary to recover such damages as required by Vermont law, then the total liability of Engineering Contractor for such indirect damages shall not exceed \$8,249,500.00.

15. REMEDIES CUMULATIVE

Each of VGS's rights and remedies under this Contract shall be cumulative and additional to any other or further rights or remedies provided in law or equity or otherwise.

16. INDEPENDENT CONTRACTOR

For the purposes of this Contract and all Work, Engineering Consultant, all Subconsultants and their agents and employees shall be independent contractors and not employees of VGS. Engineering Consultant and its Subconsultants shall have no authority whatsoever to

make any statement, representation or commitment of any kind, or to take any action, which may be binding on VGS, except as expressly provided in this Contract or as expressly authorized in writing by VGS. Engineering Consultant shall have no recourse against any of VGS' affiliates, members, partners, joint venture participants, shareholders, investors, officers, directors or employees for any reason, other than as set forth in this Contract.

17. AUDIT

VGS reserves the right and Engineering Consultant shall allow VGS to audit, or cause to have audited, any items related to aspects of the Contract reasonably necessary to assure Engineering Consultant's compliance with the Contract. Such items include, but are not limited to, the property, books and records, including computerized data files, of Engineering Consultant related to all terms, proposals and performance under the Contract. When requested by VGS, Engineering Consultant shall provide VGS with reasonable access to personnel, property and records necessary to affect VGS's audit rights hereunder. Upon VGS's request, Engineering Consultant shall provide any computerized data files and programs for audit purposes using computer equipment under Engineering Consultant's supervision or control. "Access" pursuant to this Paragraph contemplates audits on Engineering Consultant's premises during normal business hours. VGS's auditors may copy any document or records that can be properly audited hereunder, but any copies will be used only for VGS's purposes hereunder and will not be disclosed to unrelated third parties except as required by law. VGS shall be permitted identical audit rights in any subcontract with any Subconsultant made by Engineering Consultant for Work hereunder, and Engineering Consultant shall cause the inclusion of this Paragraph in all such subcontracts. Engineering Consultant shall notify VGS of potential Subconsultants so that VGS may contact such Subconsultants for a pre-agreement visit to discuss record keeping procedures and audit measures.

18. WAIVER

No waiver of any term, covenant or condition of the Contract shall be effective for any purpose whatsoever unless it is in writing in this Contract or another writing signed by the waiving party and expressly referencing this Contract. Without limiting the generality of the foregoing, VGS's failure to insist, in one or more instances, upon strict performance of any provision of the Contract, or its failure or delay in taking advantage of any of its rights or remedies under this Contract or its failure to notify Engineering Consultant of any breach, violation or default under the Contract, shall not be construed as a waiver by VGS of any such performance, provision, rights, remedies, breach, violation or Default, either then or in the future.

19. WARRANTIES

19.1. Examination of the Contract

Engineering Consultant warrants that Engineering Consultant has carefully examined all of the documents, items, references and matters that comprise the Contract and that they are sufficiently complete, adequate and suitable for the purposes intended and to govern the Engineering Consultant's performance of the Work. Engineering Consultant further warrants that it has reviewed and is familiar with information provided or made available by VGS with respect to the Projects, local conditions, permitting requirements and all other relevant factors bearing on performance of the Work in accordance with the Schedule of Performance in Schedule A and has made adequate allowance for carrying out the Work as

scheduled, subject to the assumptions set forth in Engineering Consultant's Proposal in Schedule A and subject to Paragraph 11.3 above.

19.2. Defects in Ownership or Title

Engineering Consultant warrants that it owns and has sufficient title in and to the Work deliverables and all elements of services provided or conveyed as part of the Work and that its transfer of same to VGS is rightful, and that all aspects of the Work shall be delivered free from any contrary claims of ownership, security interests, liens, encumbrances or other defect in title.

19.3. Quality

Engineering Consultant represents and warrants to VGS that Engineering Consultant is experienced and skilled in the performance of the Work and that Engineering Consultant can perform the Work in accordance with the terms of this Contract. Engineering Consultant further warrants that the Work will conform to the professional standards of care and practice appropriate to the nature of the technical and professional services rendered, that the Work shall be free from material engineering or construction management related errors or omissions, and will conform to Best Utility Practice and the Contract. Work not conforming to these standards in the reasonable judgment of VGS shall be considered defective.

19.4. Personnel Warranty

Engineering Consultant warrants that it will provide qualified, knowledgeable and competent personnel, effectively supervised, to perform the Work.

19.5. Infringement

Engineering Consultant warrants that (i) Engineering Consultant has all of the rights necessary to assign full and complete ownership of the Developments, as defined later in this Contract, and all intellectual property rights therein to VGS; and (ii) no part of the Developments infringes any patent, trademark, copyright, trade secret or other proprietary interest of any third party. Without limiting any other remedies VGS may have, Engineering Consultant shall defend (at VGS's option), indemnify and hold harmless VGS and its parents, subsidiaries, directors, officers, agents and employees from all claims, suits or proceedings brought against VGS that arise out of or are related to claims that use of the Developments constitutes an infringement of any patent, trademark, copyright, trade secret or other proprietary interest of any third party. Engineering Consultant shall pay all damages, costs and expenses, including reasonable attorneys' fees, in connection with any such claims, suits or proceedings.

19.6. Compliance with Legal Requirements

Engineering Consultant represents, warrants and covenants that its performance of the Work, and the Work itself, and all of Engineering Consultant's employees, suppliers, Subconsultants and subcontracts shall comply with all applicable laws, statutes, ordinances, rules, regulations and orders enacted by or promulgated by federal, state, municipal or other governmental authority, including but not limited to, those relating to importation, safety, employment, employment opportunity, the environment and tax withholding. Engineering Consultant further warrants that it and its employees, agents and Subconsultants (i) are fully informed of all legal rules and requirements that in any manner may affect the Work or those engaged in the performance of the Work, (ii) shall be licensed in accordance with all applicable laws; (iii) shall procure all required certificates of inspection and use and occupancy and all required permits and licenses; and (iv) shall give all notices necessary

and incidental to the due and lawful performance of its obligations under the Contract and with respect to all aspects of the Work, except such permits and licenses or other regulatory requirements as VGS has obtained or, in accordance with the provisions of the Contract, will undertake to obtain. Engineering Consultant further warrants that the Work performed under the Contract shall comply with all of the terms, conditions and limitations contained in any applicable certificate, permit or license and with all applicable codes, standards, covenants, agreements, restrictions and encumbrances contained in any instrument of record or otherwise known to VGS and Engineering Consultant affecting the Work. All such obligations under this paragraph 19.6 are referred to in this Contract as the "Legal Requirements." Where a higher quality of materials or type of construction is shown in the Projects' Specifications than is called for by any Legal Requirements, the higher quality, in addition to compliance with Legal Requirements, shall be furnished.

19.7. Notice of Noncompliance

If Engineering Consultant discovers any discrepancy or inconsistency between this Contract and any Legal Requirements, Engineering Consultant shall forthwith report the same to the VGS Projects Manager in writing. Upon receipt of such notice, VGS shall promptly investigate the circumstances and give appropriate instructions to Engineering Consultant. Until the VGS Projects Manager gives instructions, any Work performed by Engineering Consultant after discovery of such discrepancy or inconsistency will be at Engineering Consultant's own risk and Engineering Consultant will bear all costs and losses arising from continued performance of the Work.

19.8. No Breach or Default

Engineering Consultant warrants that the execution, delivery and performance of the Contract by Engineering Consultant will not result in any breach of or default under any term or provision of any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation to which Engineering Consultant is a party or by which Engineering Consultant may be bound or that applies to Engineering Consultant's performance of the Work.

19.9. Payment or Acceptance

No inspection, testing, acceptance, final payment or use of the Work by VGS shall relieve the Engineering Consultant of any responsibility for failure to meet the warranties made in the Contract.

19.10. Breach of Warranty

If the Work is defective (as defined in Paragraph 19.3) or does not otherwise comply with the foregoing warranties, and VGS gives Engineering Consultant notice of such noncompliance for any identified Work provided by Engineering Consultant, then Engineering Consultant shall, promptly take corrective action at its sole expense. In addition, Engineering Consultant shall be responsible for all costs and expense associated with or incidental to such corrective action, including redesign, reengineering, access to, removal, disassembly, transportation, customs and duties, necessary for repair or replacement of equipment, materials, goods or services caused by the non-conforming Work. In the event of Engineering Consultant's failure to perform the Work or make corrective action as herein provided, VGS may make corrective actions that are the responsibility of Engineering Consultant or may purchase such services from third parties. VGS may elect to either (i) invoice Engineering Consultant for the cost of any corrective actions or (ii) deduct the cost thereof from any payments due or subsequently due Engineering Consultant. Unless Engineering Consultant takes such corrective action, VGS

may require a reduction in the Price or a repayment from the Engineering Consultant that is equitable under the circumstances. The performance of such corrective action, whether by Engineering Consultant, VGS or third parties, shall not relieve Engineering Consultant of any of its responsibilities under the Contract. Without limiting any other remedies VGS might have, the breach of any warranty or obligation made in this Contract shall permit VGS to terminate the Contract for Default.

19.11. Subconsultants

Engineering Consultant's Subconsultants shall agree to be bound by the warranties provided herein with respect to portions of the Work furnished by them.

20. CONFIDENTIAL INFORMATION

20.1. Meaning of Confidential Information

Confidential Information shall mean all information relating to the Work and any process, technology or system relating thereto, and any information that relates to research, development, trade secrets or the business and affairs of VGS and/or any VGS affiliate, which Engineering Consultant directly or indirectly receives or acquires from anyone on behalf of VGS, either in writing or verbally or through observation of the Work, except information falling into any one of the following categories: (i) information which was in Engineering Consultant's possession on a non-confidential basis prior to Engineering Consultant's receipt or acquisition thereof from VGS or any VGS affiliate; (ii) information which is lawfully in the public domain at the time of Engineering Consultant's receipt or acquisition thereof, other than through the process of tendering for or performing the Work; (iii) information which, after Engineering Consultant's receipt or acquisition becomes part of the public domain through no act of Engineering Consultant or of any third party under an obligation of confidence with respect to such information, but only after such information becomes part of the public domain; and (iv) information which, after Engineering Consultant's receipt or acquisition thereof, is lawfully obtained by Engineering Consultant from an unaffiliated third party, but only after such information is so received or acquired, and provided such unaffiliated third party is under no obligation of confidence with respect to such information. However, "Confidential Information" shall not include any materials VGS may expressly designate in writing as not confidential.

20.2. Confidentiality

Engineering Consultant shall keep all Confidential Information in confidence and shall not disclose Confidential Information to others without the prior written approval of VGS. Engineering Consultant shall not use the Confidential Information obtained from VGS, except (i) as is reasonably necessary to perform the Work; (ii) to execute or enforce the terms of the Agreement; and (iii) insofar as the Engineering Consultant is required by law to make such disclosure.

20.3. Disclosure of Confidential Information

Engineering Consultant may disclose Confidential Information to those of its employees and Subconsultants and their respective employees to whom disclosure is required in order for Engineering Consultant or any Subconsultants to perform the Work, provided Engineering Consultant shall ensure that its employees and agents comply with, and shall contractually require its Subconsultants and their respective employees and agents to comply with Paragraph 20.2. above. Engineering Consultant may also disclose Confidential Information with the express written permission of VGS consistent with the scope of the permission.

21. TECHNICAL MATERIALS AND DEVELOPMENTS

21.1. Technical Materials

Technical materials means all designs, drawings, data, specifications, facilities, software and all blueprints or other materials furnished to Engineering Consultant by VGS or any VGS affiliate, whether in electronic or hard copy form and are and shall remain VGS's sole and exclusive property and shall be deemed Confidential Information unless otherwise designated by VGS in writing or by operation of Paragraph 20.1. VGS reserves and retains all rights thereto. Unless otherwise directed by VGS, Engineering Consultant shall inventory and maintain, and deliver and/or return to VGS in good condition upon completion, termination or cancellation of the Agreement or on demand by VGS, all of the Technical Materials, all Developments and any other material that contains Confidential Information, whether in electronic or hard copy form. Engineering Consultant will utilize the Technical Materials only to perform the Work and for the exclusive benefit of VGS. Provision of Technical Materials by VGS or any VGS affiliate to the Engineering Consultant or any Subconsultant is not a warranty as to the accuracy or suitability of the Technical Materials for use in the Work, which accuracy and suitability will be the sole responsibility of the Engineering Consultant to determine.

21.2. Developments

All of Engineering Consultant's ideas, concepts, techniques, inventions, data, designs (whether ornamental or otherwise), drawings, blueprints, specifications, software, computer programs and related documentation, licenses, materials, works of authorship and the like, whether in electronic or hard-copy form, prepared for, submitted to or paid for by VGS in connection with the Work performed under this Agreement (collectively the "Developments"), are and shall be the exclusive property of VGS, and shall, as appropriate, be deemed works made for hire. The Developments shall also be deemed Confidential Information unless otherwise designated by VGS in writing or by operation of Paragraph 20.1.

21.3. Assignment of Developments

In order to more fully vest in VGS ownership and title to the Developments, Engineering Consultant hereby assigns to VGS all of Engineering Consultant's right, title and interest in and to the Developments, including all copyright, patent, trademark, trade secret and other intellectual property rights associated with the Developments. If requested by VGS, Engineering Consultant will assist VGS in making, executing and delivering all application papers, assignments or instruments, and will perform or cause to be performed such other lawful acts, as VGS may deem necessary or desirable to evidence VGS's full and exclusive title to the Developments and all intellectual property rights associated therewith. Further, Engineering Consultant will assist and cooperate with VGS and its representatives in any controversy or legal proceedings relating to the ownership or use of the Developments. No license or other rights are granted to Engineering Consultant, either expressly or by implication, estoppel or otherwise, with respect to the Developments.

21.4. Maintenance and Delivery of Developments and Technical Materials

Unless otherwise directed by VGS, Engineering Consultant shall inventory and maintain, and deliver and/or return to VGS in good condition upon completion, termination or cancellation of the Agreement or on demand by VGS, all VGS Technical Materials, Developments and any other material that contains Confidential Information, whether in electronic or hard copy form.

22. NOTICES

All notices to VGS shall be in writing and shall be sent first class, postage prepaid as well as via email to:

Vermont Gas Systems, Inc.
Attention: Robert J Faulkner, PE
RFP# VGS2012-03
P.O. Box 467
Burlington, Vermont 05402

Notices to Engineering Consultant shall be in writing and shall be sent first class, postage prepaid as well as via email to:

Clough Harbour & Associates
Attention: James B. Howe
RFP# VGS2012-03
111 Winners Circle,
Albany, NY 12205
jhowe@chacompanies.com

with a copy to:

Clough Harbour & Associates
Attention: Michael A. Platt
RFP# VGS2012-03
111 Winners Circle,
Albany, NY 12205
mplatt@chacompanies.com

23. SEVERABILITY

In the event any provision of the Contract shall be declared invalid, illegal or unenforceable in any respect under applicable law, such provision shall be deemed severable from the remaining provisions of this Contract, which otherwise shall remain in full force and effect.

24. HEADINGS

Headings within the Contract and the Schedules thereto are for convenience only and shall not limit their scope and applicability.

25. ASSIGNMENT

Engineering Consultant and Subconsultants shall not assign, sublet or transfer any rights under or interest (including, but without limitation, moneys due or to become due) in this Contract or any subcontract nor delegate any duties or obligations under this Contract or any subcontract without VGS's prior written consent. VGS hereby consents to the Engineering Consultant's use of the Subconsultants specifically identified in Engineering Consultant's Proposal, Schedule A to this Contract, for the services described therein. Unless specifically stated to the contrary in any written consent, VGS's consent to an assignment shall not operate to release or discharge the assigning party from its obligations under this Contract or any subcontract. Any assignment without prior written consent by VGS shall be null and void. VGS may, however, require that Engineering Consultant or any Subconsultant assign this Contract or any subcontract if such assignment is necessary or desirable for use as collateral in connection with the financing of the Work. Any assignment approved or required by VGS must contain a provision that the assignee assumes all prior liens and claims for services rendered and materials supplied for the performance of the Work in favor of all persons rendering such services or supplying such materials, and a clause requiring any financing company to waive any liens and agreeing to discharge liens

arising by operation of law or otherwise against VGS upon final completion of the Work.

26. GRATUITIES

Engineering Consultant and its employees, agents or Subconsultants shall not offer or give to an officer, employee or agent of VGS any services, gifts, entertainment, payments, loans or other special favors which might appear to be offered to influence or possibly influence the award of a contract or to obtain favorable treatment under the Contract or other contract. Engineering Consultant and its employees, agents and Subconsultants further agree not to perform services for or engage in activities with any officer, employee or agent of VGS, or any third party that would in any way present a conflict of interest with respect to Work performed under the Contract. However, VGS may in its sole discretion, waive any potential or actual conflict of interest in writing, provided such conflict of interest is fully disclosed by Engineering Consultant and the writing specifies the precise scope of the waiver. Any such written waiver shall be considered part of this Contract.

27. APPLICABLE LAW AND EXCLUSIVE FORUM

This Contract is made under and shall be governed by and construed under the laws of the State of Vermont without regard to principles of conflicts of laws. Any litigation relating to the subject matter hereof shall be initiated and maintained exclusively in the courts of the State of Vermont, to include the Federal District Court sitting in Vermont, which courts shall have exclusive jurisdiction. Each party submits to the personal jurisdiction of courts of the State of Vermont or the Federal District Court sitting in Vermont, and accepts service of process by certified mail, return receipt requested to the addresses set forth at the head of this Contract.

28. EQUAL OPPORTUNITY EMPLOYMENT

Engineering Consultant shall not discriminate against any employee or applicant for employment because of race, color, religion, national origin, sex, sexual orientation, and ancestry, place of birth, age or physical or mental condition. Engineering Consultant shall take affirmative action to ensure that applicants are employed and that employees are treated during employment, without regard to their race, color, religion, national origin, sex, sexual orientation, and ancestry, place of birth, age or physical or mental condition. Engineering Consultant shall comply with all applicable labor and employment laws and regulations, including, without limitation, (i) Executive Order 11246, as amended, (ii) the rules, regulations and orders of the Secretary of Labor, (iii) the rules, regulations and relevant orders issued under the Vietnam Era Veteran's Readjustment Assistance Act of 1972, as amended (38 U.S.C. §4211 and §4212) and (iv) the rules, regulations and relevant orders issued under the Rehabilitation Act of 1973 (29 U.S.C. §793, as amended). Engineering Consultant shall post in conspicuous places available to employees and applicants for employment written notices that explain this Paragraph. Engineering Consultant shall, in all solicitations or advertisements for employees placed by or on behalf of Engineering Consultant, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, sex, sexual orientation, ancestry, place of birth, age or physical or mental condition. Engineering Consultant shall include the requirements of this Paragraph in every subcontract.

29. SUCCESSORS, AFFILIATES AND ASSIGNS

All of the covenants and agreements of this Contract of VGS and Engineering Consultant shall apply and inure to the benefit of, and be binding upon, their respective legal representatives, successors and assigns. For purposes of the benefits and protections of Articles 20 and 21, only, the term "Affiliates" shall also include Vermont Electric Power Company, Inc. ("VELCO").

30. AUTHORITY

VGS and Engineering Consultant each hereby represent and warrant that it has full power and authority to carry on its business, to enter into the Contract and to perform all of its obligations hereunder.

31. ENTIRE CONTRACT

The Contract embodies the entire agreement between the parties hereto and may be modified only pursuant to a written Change Order.

32. EXECUTION IN COUNTERPARTS AND FACSIMILE OR IMAGE

The Contract may be executed in counterparts, each of which, when executed and delivered, shall be deemed an original, but with all counterparts together constituting one and the same instrument. The parties further agree to accept facsimile or imaged copies of the Contract pages as legally binding.

In Witness Whereof, VGS and Engineering Consultant have executed this Contract as of this 8th day of June 2012.

Vermont Gas Systems, Inc.

6/8/12
Date

Signed: [Signature]
Name: PRESIDENT + CEO
Title: [Signature]
6.8.2012

CHA Consulting, Inc.

6/8/12
Date

By: [Signature]
Name: Rodney A. Bascom
Title: President

ATTACHMENTS

Schedule A – Engineering Consultant’s Proposal

Schedule B – Not-to-Exceed Price