

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
REGULAR MONTHLY MEETING
WEDNESDAY, APRIL 19, 2023, AT 8:30 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS**

TRUSTEES PRESENT:

Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

STAFF PRESENT:

Mike Wittler, General Manager and CEO
Amy Dozier, Director of Finance
Tammye Riley, Director of Operations
Robby McCutcheon, Director of Information Technology
Allison Bueché, Director of Customer and Community Relations
Ricardo Berrios, Distribution Engineer
Jill Cook, Accounting Supervisor
Damon Richardson, Purchasing Agent
Lidia S. Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

OTHERS PRESENT:

Stephen Schulte, Legal Counsel
Alexandria Fitch
Quentin Vega
Jakeb Pritt

1. CALL TO ORDER:

Mr. Mark Cowden, Chairman, called the Regular Monthly Meeting to order at 8:30 a.m.

2. PLEDGE OF ALLEGIANCE

3. CITIZEN/CONSUMER OPEN FORUM:

There were no citizens/consumers to speak.

4. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Ms. Bueché highlighted the staff spotlight for the month, Juan Pruneda, Utility Field Tech. Mr. Pruneda has been with KPUB for sixteen years. She highlighted participation in events including an Arc & Spark Demonstration at Starkey Elementary School; Dietert Center's March for Meals and Food Pantry Events. She advised KPUB will be sponsoring a Community Weatherization Event on June 3rd at the Doyle Center as well as another Blood Drive on June 22nd. Ms. Bueché added that the Customer Satisfaction

Survey is ongoing through May 15th; and highlighted the Spring Newsletter mailout. Mr. Wittler advised KPUB employees as well as other community helpers will be assisting on a special project at the Doyle Center with improvement and installation of donated items. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Wednesday, May 17, 2023 at 8:30 a.m.*
- *Wednesday, June 28, 2023 at 8:30 a.m. (one week later than normal)*
- *Wednesday, July 19, 2023 at 8:30 a.m.*
- *Wednesday, August 30, 2023 at 8:30 a.m., with a Special Called Budget Workshop immediately following the regular meeting.*

5. AWARDING OF KPUB SCHOLARSHIPS FOR 2023-2024 SCHOOL YEAR – ALLISON BUECHÉ, DIRECTOR OF CUSTOMER & COMMUNITY RELATIONS:

Ms. Bueché advised 2023 marks the eleventh year that KPUB has awarded scholarships to local area students, based on eligibility and guidelines as defined in the KPUB Scholarship program. The deadline for this year's scholarships was February 24, 2023 at 5:00 p.m. Twenty-three qualified applications were received. Five applications were for the trade and technical scholarship offering. She advised the KPUB Scholarship Selection Committee, consisting of Larry Howard, Mindy Curran (Ingram ISD) and Lauren Jette (KISD), thoroughly reviewed each application. Eligible applicants were scored on academic achievement, economic need, participation in school activities, work history, community involvement and a short essay. The two applicants with the highest scores, who received this year's undergraduate scholarships, were Alexandria Finch and Quentin Vega. The applicant with the highest score that is being awarded one of the two available trade and technical scholarships is Jakeb Pritt. Alexandria Finch has been accepted to the University of Texas at Austin and will major in Unspecified Business, seeking a math-related business degree. She is currently a senior at Tivy High School. Quentin Vega has been accepted to Texas State University in San Marcos, and will major in Unspecified Business, seeking a finance degree. He is currently a senior at Tivy High School. These scholarships are \$1,500 a year and renewable for up to four years. Jakeb Pritt has been accepted to Range College and will be majoring in Welding Technologies. He is currently a senior at Ingram Moore High School. This scholarship is \$1,000 a year and renewable for two years. Ms. Bueché added that KPUB is honored to present Alexandria Finch, Quentin Vega and Jakeb Pritt with a KPUB Scholarship.

**At this time the Board took a quick break for a photograph of the scholarship recipients.*

6. QUARTERLY REPORT FROM THE KERRVILLE ECONOMIC DEVELOPMENT CORPORATION (KEDC) – GILBERT SALINAS, COO:

Mr. Wittler advised that Mr. Salinas requested this item be tabled until next month.

7. CONSENT AGENDA:

Glenn Andrew, Treasurer, made a motion to accept items in the consent agenda with corrected Minutes. Larry Howard, Vice Chairman, seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

7A. APPROVAL OF MINUTES.

7B. RESOLUTION NO. 23-05 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies.

7C. APPROVAL AND REPORTING OF PURCHASES AND SALES:

1. Quote #3195 – Meter Purchase (Damon Richardson, Purchasing Agent)
2. Quote #3193 – Transformers (Damon Richardson, Purchasing Agent)
3. Landys + Gyr Extension (Howard Hall, Supervisor of Field Services)
4. Dell Servers and Storage (Robby McCutcheon, Director of IT)
5. Engineer Procure Construct (EPC) Purchase for Hunt Radio Tower Civil Work (Mike Wittler, General Manager & CEO)

END OF CONSENT AGENDA

8. **FINANCIAL REPORT – AMY DOZIER, DIRECTOR OF FINANCE:**

Ms. Dozier presented the financial statements for the month of March 2023. Ms. Dozier noted a \$82K increase in net position; \$4.0M in operating revenue; \$3.9M in operating expense; \$8K in operating income; \$4.0M in over collected power cost adjustment as of March 31, 2023; and \$32.2M invested in investment pools, and an investment account at Happy State Bank. She advised the investment account at Happy State Bank is completely liquid, fully collateralized, and earning 4.85% as of April 12, 2023. She added that rates on the investment pool accounts have risen with LOGIC currently earning 4.98% and TexPool earning 4.80%. The Power Cost Adjustment (PCA) was set at \$102.50 in November. On a YTD basis, actual power costs equate to a power cost adjustment factor of \$100.06. Management recommends keeping the PCA at \$102.50 for April due to ongoing price volatility and continued pending litigation. Ms. Dozier also provided a power point presentation with the month's highlights and financial metrics from her memo. She also provided quarterly vendor payment listings and a listing of surplus items sold through online auctions from June 2022 through March 2023 resulting from the building remodel project.

9. **DISCUSSION CONSIDERATION AND ACTION ON RESOLUTION NO. 23-06 – AMY DOZIER, DIRECTOR OF FINANCE:**

Mr. Dozier advised that during the February 22, 2023 Board meeting, recent material price increases were discussed, especially price increases related to transformers; which led to the Board requesting a review of KPUB's current line extension policy. Staff has reviewed KPUB's policy, surveyed other utilities and consulted with a rate analyst at UFS. As a result of the analysis, staff proposed changes to KPUB's policy. Ms. Dozier went over the changes to the current policy with the Board. She included the summary of a survey of 12 nearby utilities, advising policies at other utilities varied. Three of the utilities require the customer/member to pay all costs. Eight of the utilities offer an allowance generally ranging from \$1,500 to \$3,000 depending on the type of extension. Most utilities include the cost of the transformer as part of the estimated extension cost. Ms. Dozier advised KPUB's proposed policy is not an outlier on either end. The proposed residential and single-phase commercial allowances are similar to other utilities that offer allowances. Because actual demand is hard to estimate before a business opens, KPUB's proposed bill credit based on billed demand is the most fair way to offer a revenue-based allowance for large customers. After discussion of the proposal, the Board requested staff bring back additional analysis detailing the impact of the proposed policy by looking at recent projects in all customers classes. In particular, the Board wants to understand the potential impact on housing costs that a change to the policy could cause. Mr. Howard motioned to table this item, and bring back the information requested at the May board meeting. Mr. Andrew seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

10. CONSIDERATION AND ACTION ON PURCHASES FOR MATERIALS AND INSTALLATION OF UNDERGROUND CONDUIT AT CLAY AND WATER STREET – MIKE WITTLER, CEO:

Mr. Wittler advised a Request for Proposal to four contractors was issued for the installation of underground conduit at Clay and Water Street. Three of the contractors attended a pre-bid meeting to review the project and two contractors provided bids. RGB Resources had the lowest cost with prices ranging from \$349,500 to \$389,500, and DW Electric's prices ranged from \$883,440 to \$924,840. The prices varied based on options for traffic control that involve different levels of closure on Water Street. He advised all options required closures on Clay Street, and as traffic was reduced on Water Street, the number of days of work and costs generally went down. Mr. Wittler advised when this project was budgeted and funding requested from the Kerrville Economic Improvement Corporation (KEIC), the estimated cost for the project was \$450,575 and based on these bids, the cost is now \$594,575 to \$634,575. Other costs in the estimate, were reviewed and believe that they are still reasonable. KPUB has \$250,000 in the budget for this project. Mr. Wittler went over some changes that caused cost increases.

The two most obvious options for moving forward with the project were to either keep the 50/50 funding split the same and approve an increase in the KPUB budget from \$250,000 up to \$317,288 and ask the KEIC to increase their funding from \$225,288 to \$317,288; or keep the KPUB provided funding at \$250,000 as budgeted and ask the EIC to increase their funding from \$225,288 to \$409,287. Mr. Wittler added that a request for quotation was also issued for the conduit, sweeps and PVC couplings for this project. Six bids were received; Elliott Electric Supply was the low bid with a total cost of \$53,639.86. Mr. Wittler advised staff recommended approval of purchase orders to RGB Resources for a total of \$389,500 and to Elliott Electric Supply for a total of \$53,639.86, with both purchase orders contingent on approval of a funding increase from KEIC as directed by the Board. Mr. Wittler provided summaries of all bids received as well as a map for the Board's review. After discussion by the Board, Mr. Howard made a motion to continue with KPUB's commitment of \$250,000 and have EIC review their budget and the Board look at this item again at the next meeting. Mayor Eychner seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

11. ENGINEERING AND OPERATIONS PROJECTS AND CAPITAL BUDGET REPORT – RICARDO BERRIOS, DISTRIBUTION ENGINEER:

Mr. Berrios presented the Projects and Capital Budget Reports for the second quarter of fiscal year end 2023. He presented major projects showing the name, location and number of units in various states of design. He highlighted some of the projects discussed in the report, those that have been completed, and active residential projects. Mr. Berrios also highlighted the Customer Extensions; Ordinary replacements; System Improvements; Pole Inspection Replacements; Minor Improvements, Office Furniture, Facilities Improvements and the Radio System Upgrade at Hunt Subdivision.

12. QUARTERLY RELIABILITY REPORT – TAMMYE RILEY, DIRECTOR OF OPERATIONS:

Ms. Riley presented the second quarter Reliability Report for FY2022-2023 for the Board's review showing a trimmed down report with only short outages. She advised the report uses the System Average Interruption Durations Index (SAIDI), which is an industry standard metric. SAIDI shows how long on average, each customer was without power in each quarter throughout the fiscal year. She added it was important to note that SAIDI is calculated by excluding Major Event Days (MEDs), as defined by the IEEE.

13. MOTION TO VOTE AND RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION:

I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, the Kerrville Public Utility Board will recess for the purpose of “Consultation With Attorney” regarding the following matter:

- A. Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO

II. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Competitive Matters”:

- A. Bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies; Risk management information, contracts, and strategies, including fuel hedging and storage;
 - (1) Discussion and Possible Action on Hedging Activities, ERCOT Invoicing and Purchased Power Contracts – Mike Wittler, CEO

III. EXECUTIVE CLOSED SESSION - DELIBERATION REGARDING SECURITY DEVICES OR SECURITY AUDITS:

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.076, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Deliberations Regarding Security Devices or Security Audits”:

- A. Cybersecurity Overview – Robby McCutcheon, Director of Information Technology

Mr. Andrew made a motion that the Board convene in Executive Closed Session to discuss “Consultation With Attorney” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086, and “Deliberation Regarding Security Devices or Security Audits” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.076. Mr. Howard seconded the motion. Vote was by show of hands. Motion carried 5 – 0.

The Board entered Executive Closed Session at 10:12 a.m. Chairman Cowden adjourned the Executive Closed Session and reconvened into Open Session at 10:37 a.m.

10. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSIONS:

No action taken by the Board.

11. ADJOURNMENT

Chairman Cowden adjourned the Regular Board Meeting at 10:37 a.m.

Date Approved: _____

Mark Cowden, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Amy Dozier

Date: May 10, 2023

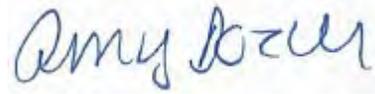
Re: Agenda Item No. 6B – Resolution No. 23-07

In accordance with Board resolution 10-06 that requires monthly reporting of wire transfers exceeding \$20,000, this memo reports the following transfers between April 14, 2023 and May 10, 2023 for Board approval:

	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>	<u>Date</u>
Purchased Power:				
1	NextEra	March 2023	\$ 484,436.00	4/18/2023
2	CPS	March 2023	1,009,330.88	4/20/2023
3	DG Solar	March 2023	48,045.71	4/21/2023
4	Engie	March 2023	82,551.53	4/26/2023
5	Garland Power & Light	March 2023	284,924.48	4/26/2023
6	LCRA	March 2023	651,264.59	4/26/2023
Payroll:				
1	Payroll	Pay period ending 4/8/2023	124,364.64	4/14/2023
2	Payroll	Pay period ending 4/22/2023	127,669.12	4/28/2023
3	Payroll Taxes	Pay period ending 4/8/2023	44,815.35	4/19/2023
4	Payroll Taxes	Pay period ending 4/22/2023	46,292.82	5/3/2023
Employee Benefits:				
1	TML	Health Insurance - May	75,605.42	4/28/2023
2	TMRS	Pension - April Payroll	72,519.91	5/4/2023
Investment Transfers (from Operating Account to Investment Account at Happy State Bank):				
1	Happy State Bank	Investment Transfer	700,000.00	4/21/2023
2	Happy State Bank	Investment Transfer	700,000.00	4/28/2023
3	Happy State Bank	Investment Transfer	300,000.00	5/5/2023
3	Happy State Bank	Investment Transfer	300,000.00	5/10/2023
Interest Payment:				
1	Broadway Bank	Interest Payment - May 2023	51,633.75	4/27/2023

I am happy to answer any questions regarding these transfers at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Amy Dozier". The signature is written in a cursive style with a light blue background highlight.

Amy Dozier
Director of Finance

RESOLUTION NO. 23-07

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD CONFIRMING AND AUTHORIZING THE PAYMENTS OF INVOICES AS APPROVED AND PRESENTED BY THE CHIEF FINANCIAL OFFICER AND GENERAL MANAGER / CEO.

WHEREAS, the providers of services or material have submitted invoices for payment;
and

WHEREAS, the Chief Financial Officer or General Manager/CEO has reviewed the invoices and approved payments for services rendered or material received.

WHEREAS, the items marked "Paid" have been previously approved by the Board and are included in this Resolution for information; now, therefore,

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:

Section 1. That the Kerrville Public Utility Board review payment of the items set forth on the preceding Schedule.

Section 2. That the Kerrville Public Utility Board instructs the General Manager/CEO or his designee to make said payments and ratifies the payment of the items marked "Paid."

Section 3. This Resolution shall take effect immediately from and after its passage.

PASSED, APPROVED AND ADOPTED on this 17th day of May, 2023

Mark Cowden, Chairman

ATTEST:

Bill Thomas, Secretary

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Amy Dozier

Date: May 10, 2023

Re: Agenda Item No. 6C – Quarterly Funds Report

Attached please find summary information from KPUB's quarterly funds report.

As of March 31, 2023, KPUB had \$32.2M invested in municipal investment pools and demand accounts at Happy State Bank. The majority of the funds (\$24.3M) are held in demand accounts at Happy State Bank. These accounts are fully collateralized, completely liquid and earning 5.19% as of May 10, 2023.

The investments were discussed with the Investment Committee following the April Board meeting. Given instability at some regional banks, we discussed diversifying our holdings by moving money from Happy State Bank to our existing accounts at TexPool and LOGIC. This move has been completed and our investment pool accounts now hold approximately 3 months of operating expense. Our plan is to continue the current strategy of holding completely liquid and fully collateralized investments at favorable rates until pending litigation is resolved.

The Investment Committee also discussed the Bank Depository Services Request for Proposal that is required every 5 years. The proposal was released on April 28, 2023 and is due on May 31, 2023. Several local banks have expressed interest and acknowledged receipt of the proposal.

I am happy to answer any questions regarding the Quarterly Funds Report at your convenience.

Sincerely,



Amy Dozier
Director of Finance

**Kerrville Public Utility Board
Schedule of Average Daily Balance of Fund
For Reporting Compliance as Required by the
Texas Public Funds Investment Act
For the Quarter Ended March 31, 2023**

Total Funds Invested

Day of the Month	January 2023	February 2023	March 2023	Totals
1	\$ 30,502,909	\$ 31,647,790	\$ 31,930,142	
2	30,502,909	31,647,790	31,930,142	
3	30,307,151	31,647,790	31,930,142	
4	30,307,151	31,647,790	31,930,142	
5	30,307,151	31,647,790	31,930,142	
6	30,807,151	32,197,790	32,422,042	
7	30,807,151	32,197,790	32,422,042	
8	30,807,151	32,197,790	32,347,268	
9	30,807,151	32,197,790	32,347,268	
10	30,807,151	32,697,790	32,697,268	
11	31,137,072	32,697,790	32,697,268	
12	31,137,072	32,697,790	32,697,268	
13	31,537,072	32,697,790	32,697,268	
14	31,537,072	32,624,144	33,197,085	
15	31,537,072	32,624,144	33,197,085	
16	31,537,072	32,624,144	32,758,941	
17	31,536,796	31,370,044	33,108,941	
18	29,285,454	31,370,044	33,108,941	
19	30,285,454	31,370,044	33,108,941	
20	30,232,713	31,370,044	33,608,941	
21	30,232,713	31,370,044	32,259,557	
22	30,232,713	31,310,136	32,259,557	
23	30,820,224	31,251,610	32,215,325	
24	30,769,221	31,556,991	32,615,325	
25	30,769,221	31,556,991	32,615,325	
26	30,740,205	31,556,991	32,615,325	
27	30,627,845	31,556,991	32,578,414	
28	30,627,845	32,005,244	32,519,346	
29	30,627,845		31,544,965	
30	30,627,845		31,544,965	
31	31,722,305		32,177,657	
Total of daily balance	\$ 953,523,859	\$ 893,338,874	\$ 1,007,013,035	
Average daily balance	\$ 30,758,834	\$ 31,904,960	\$ 32,484,291	\$ 31,709,731
Interest earnings	\$ 119,461	\$ 115,519	\$ 132,691	\$ 367,671
APR ----->	4.57%	4.72%	4.81%	4.70%

**Kerrville Public Utility Board
Schedule of Other Investment Facts
For Reporting Compliance as Required by the
Texas Public Funds Investment Act
For the Quarter Ended March 31, 2023**

Total Funds Invested by Fund

Fund	Market Value and Carrying Amount	Actual Interest Earnings	Budgeted Interest Earnings
Revenue	\$ 23,092,550	\$ 265,558	\$ 132,313
Construction	1,488,801	17,124	9,063
Rate Stabilization	1,959,257	22,535	10,875
Long Term Rate Stabilization	1,749,809	18,720	7,250
Debt Reserve	-	-	-
Interest & Sinking	223,861	1,598	907
Emergency, Repair, Replace & Cont. Fund	3,663,378	42,136	20,844
Total	\$ 32,177,657	\$ 367,671	\$ 181,252

Total Funds Invested by Security

Type of Security	Market Value and Carrying Amount	Actual Interest Earnings	Budgeted Interest Earnings
Certificate of Deposit	0% \$ -	\$ -	-
TexPool	9% 2,759,795	4,127	15,545
LOGIC	16% 5,147,255	59,211	28,994
Happy State Bank - Investment	75% 24,270,607	304,333	136,713
Totals	100% \$ 32,177,657	\$ 367,671	\$ 181,252

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Allison Bueché

Date: May 9, 2023

Re: Agenda Item No. 6D. 1–Payment Card Industry Phone Compliance Software

In March 2020, amid COVID and our remote work environments, KPUB discontinued live phone payments with our customer service agents for Payment Card Industry (PCI) compliance reasons. We did not resume live phone payments after returning to our normal business operations at the office after we identified some PCI risks with doing so. Instead, we have been temporarily routing customers to our automated secure phone payment system for credit card phone payment requests.

Being a public power utility company, we strive to be easy to do business with. As a service provider in a retirement-based community, speaking to a live human is a customer preference. Customers are still consistently calling and asking to make live phone payments with our CSRs as their preferred payment method three years later. The three most common phone calls we receive are to start/transfer service, stop service and pay their KPUB bill.

After extensive research between customer service and IT with various PCI phone payment solutions, we had an outside PCI consultant (TrustSec) review our software proposals and evaluate our different solution options and risks with cardholder data. **We have identified CallGuard as the payment solution (PCI DSS) to move forward with resuming our live phone credit card payments.** This solution with CallGuard will increase our security and limit our PCI scope. CallGuard was the vendor recommendation from TrustSec, and our after-hours call center, Cooperative Response Center (CRC), utilizes CallGuard as their PCI solution, also.

Additionally, CallGuard has a telephony services feature for our business enterprise telephone system that will improve our phone service reliability. We have been utilizing Windstream for this service currently, and it has proven to be very unreliable, with frequent outage periods and dropped customer phone calls. We expect to realize a \$1500 monthly (\$18,000 a year overall) cost savings from our on-going telephony service expenses by switching from Windstream to CallGuard, which is a variable figure that's based upon actual usage.

These recommendations for the purchase and/or sale of goods or services are presented for your consideration and review.

1. CallGuard PCI DSS Solution. Staff recommends issuing a purchase order to CallGuard for their PCI DSS Solution. Initial set-up fees are \$40,521.77.

This would be a multi-year agreement for a total of three years, and our net ongoing services annual fees would be \$24,180 a year.

CallGuard Telephony Services Solution. Staff recommends issuing a purchase order to CallGuard for their Telephony Services Solution. The initial set-up fee (\$15,000) and a one-time hardware and software fee (\$17,144) are \$32,144.00 in total.

This would be a multi-year agreement for a total of three years, and our net ongoing services annual fees for annual maintenance and support (\$10,786) and communication teleco services (\$2,400) are a total of \$13,186 a year. We have been paying for telephony services with Windstream already, and this is a significant cost saving from what we were paying with Windstream annually.

CallGuard PCI DSS Solution	CallGuard Telephony Services Solution
\$40,521.77 set-up fee	\$32,144 set-up and hardware fees
\$24,180 annual fee x 3 years = \$72,540	\$13,186 x 3 years = \$39,558
\$113,061.77 total	\$71,702 total*
	*We have been paying for telephony services with Windstream already, and CallGuard will save us an estimated \$5,000 a year x 3 = \$15,000 savings

Please let me know if you have any questions or concerns.

Sincerely,



Allison Bueché
 Director of Customer & Community Relations



Kerrville Public Utility Board Eckoh's CallGuard Solution PCI DSS Compliance

Partnering with Eckoh



- **Eckoh will provide:**

- Telephony Services – An enterprise telephony service that will be reliable for our members to call KPUB
- CallGuard PCI DSS Solution – A Secure Payment Solution that will protect/secure KPUB's environment from handling cardholder data and providing PCI DSS compliance

- **Other solutions Eckoh offers:**

- Secure Call Recording
- Secure Chat Services
- Secure Digital Payments

Eckoh can support KPUB with additional solutions and services based on our Road Map and future needs



- **KPUB will join a group of world-class enterprises who've made the decision to address PCI Compliance, create a more secure environment and protect their customer's data.**

- **KPUB will:**

- Achieve Compliance, Reduce Security Risks and Provide for Data Protection
- Support the members journey – make it easy for them to make a payment, via DTMF and Speech
- Support the agent experience – slight process change to support our members
- Not require internal teams to take on significant development efforts to implement or support Eckoh's solution

KPUB's CallGuard Investment



<ul style="list-style-type: none"> • Initial One Time Set up fees: <ul style="list-style-type: none"> • Includes set up, Project management, telephony configuration, Smarthub payment journey configuration, testing, and production deployment. • Includes DTMF and Speech Entry 	\$40,521.77
<ul style="list-style-type: none"> • Cloud Usage Annual Fee: <ul style="list-style-type: none"> • In the event call volumes exceed forecast call volumes of 100 concurrent calls, an additional cloud capacity charge of \$70.00/month will apply for each additional 100 concurrent calls, measured in 100 call increments, for any applicable month in which the overage occurs. • The annual CallGuard fee includes 10,000 minutes per year at \$0.0015 per minute. Additional minutes above 10,000 per year will be charged at \$0.003 per minute. 	\$180.00 per year
<ul style="list-style-type: none"> • Ongoing CallGuard Annual Services: <ul style="list-style-type: none"> • Annual fees for up to 50 named agents utilizing CallGuard and 100 maximum concurrent calls for 36 months. 	\$24,000.00 per year



**Total KPUB's CallGuard PCI DSS Investment – 36-month commitment:
\$113,061.77**

*additional information on Statement of Work



KPUB's Telephony Investment



<ul style="list-style-type: none"> • One Time Hardware and Software Fee: <ul style="list-style-type: none"> • Includes hardware for 1 SBC instance per site at two sites. (2 total SBC units) • Includes 25 licenses supporting up to 25 concurrent calls per site 	\$17,144.00
<ul style="list-style-type: none"> • Initial One Time SBC Set up fees: 	\$15,000.00
<ul style="list-style-type: none"> • SBC Annual Maintenance and Support: <ul style="list-style-type: none"> • Annual fees for Management and Support of Ribbon SBCs, up to 5 hours per month. 	\$10,786.00 per year
<ul style="list-style-type: none"> • Communication Telco Services Approx. Fees: <ul style="list-style-type: none"> • Toll Free usage - \$0.24 • Inbound DID 12,000 minutes - \$24.00 • Outbound calls 9,800 minutes - \$117.00 • Monthly recurring for 1 Toll free number - \$0.30 • Monthly recurring for 68 DIDs - \$10.20 	Approx. \$2,400.00 per year



**Total KPUB's Telephony Investment – 36-month commitment:
\$71,702.00**

*additional information on Statement of Work



KPUB's CallGuard Experience

Future Proof solution – PCI DSS

No data in our environment, eliminates need for work with changes to PCI DSS regulations now and in the future.

Organization Security

KPUB becomes compliant **AND** more importantly secure as there is no data traversing in our environment- nothing can be stolen.

Member Experience

KPUB members making payment over the phone will have peace of mind that their card information is secure, thus creating a better member experience.

Flexible

KPUB is not tied to existing systems or payment processes.

Light Touch

Eckoh does all the heavy lifting reducing our burden.

Resources provided

Eckoh will provide KPUB with the Attestation of Compliance (AOC) on a yearly basis. TrustedSec reviewed and approved CallGuard solution, PCI Responsibility Matrix and AOC.



Next Steps



- MSA and SOW execution by end of the month of May
 - Eckoh will send us the MSA and SOW via DocuSign to sign electronically
- PO to be provided to Eckoh per SOW milestones
- Eckoh to assign resources (approx. 2 weeks)
- Eckoh to schedule call to launch project (Project Kick Off)
 - Approximately 4 - 6 month installation timeframe



CallGuard™ Secure Voice Cloud Solution

Statement of Work No. 18493

This Statement of Work (“SOW”) is entered into between Eckoh, Inc. (“Eckoh”) and Kerrville Public Utility Board (“CLIENT”) pursuant to the Master Services Agreement dated __5/31/23_____ (the “Agreement”). This SOW is effective as of May 31, 2023 (“SOW Effective Date”). Capitalized terms not otherwise defined in this Statement of Work shall have the meanings set forth in the Agreement, to which this SOW is attached and made a part of by this reference. If any term of this SOW conflicts with anything contained in the Agreement, this SOW will control for purposes of this SOW only.

1. Order form

I.Territories	US only.	
II.Sensitive Data	This will cover payment cards only with capture of PAN and Security Code	
III.Capture methods	<p>Agent Assisted Phone Payments:</p> <p>Sensitive Data identified above will be captured via the following caller input methods:</p> <p style="padding-left: 40px;">DTMF,</p> <p style="padding-left: 40px;">Speech supporting the following languages:</p> <p style="padding-left: 80px;">US English,</p> <p style="padding-left: 80px;">US Spanish,</p> <p style="padding-left: 80px;">French Canadian</p>	
IV.Telephony	<p>For inbound calls, up to 100 channels to be consumed concurrently.</p> <p>Existing numbers for Kerrville Public Utility Board will be ported to Eckoh. Calls will then be routed via SIP over the internet to Eckoh provided and managed SBC’s onsite.</p> <p>* For further details see Appendix A</p>	
V.Proxied Payment Journeys	NISC SmartHub – Eckoh will proxy the payment page at nisc.ebill.coop	
VI.Virtual Terminals	Virtual Terminal is not in scope	
VII.Agent Control Panel	The CallGuard Agent Control Panel is being provided as part of this solution This will be used to join the telephony to the proxied payment journeys	
VIII.Users	Up to 50 Named Agents using the CallGuard Solution.	
IX.Expected Delivery Dates	Expected Telephony Go-Live date	3 Months from contract signature.
	Expected Payments Go-Live date	4 Months from contract signature.

<p><u>III Agent Control Panel (CallGuard)</u> List Price..... Discount..... Net Price..... Annual fees for up to 50 named agents utilizing Agent Control Panel for CallGuard for 36 months. Any increase in the number of licensed users for Agent Control Panel will be billed at a rate of \$10.08 per named agent per year. Please contact your Account Manager should you wish to increase the number of named agents.</p> <p><u>IV Reporting Dashboard (CallGuard)</u> List Price..... Discount..... Net Price..... Annual fees for up to 50 named agents utilizing Reporting Dashboard for CallGuard for 36 months. Any increase in the number of licensed users for Agent Control Panel will be billed at a rate of \$10.08 per named agent per year. Please contact your Account Manager should you wish to increase the number of named agents.</p> <p><u>II.V Net Ongoing Services Annual Fees</u></p>	<p>\$13,500 /year \$ (13,500)/year \$0.00 /year</p> <p>\$13,500 /year \$ (13,500)/year \$0.00 /year</p> <p>\$ 34,786.00 /year</p>
<p>IV. Cloud Usage Annual Fee</p> <p>In the event call volumes exceed forecast call volumes of 100 concurrent calls, an additional cloud capacity charge of \$70.00/month will apply for each additional 100 concurrent calls, measured in 100 call increments, for any applicable month in which the overage occurs.</p> <p>The annual CallGuard fee includes 10,000 minutes per year at \$0.0015 per minute. Additional minutes above 10,000 per year will be charged at \$0.003 per minute.</p>	<p>\$ 180.00 /year</p>
<p>V. Communication Services</p> <p>In the event the Client elects to utilize Eckoh’s Communication Services, Eckoh will bill the Client for all minutes utilizing the Communications Services as detailed in Appendix C.</p> <p>Based upon fees set forth in Appendix C of this Agreement, Eckoh will invoice the Client on the last day of each month for the monthly minutes which utilizes Eckoh’s Communication Services.</p> <p>Eckoh, working with its telecommunication partner will invoice the Client at the rates contained in Appendix C for the term of this agreement. Termination of the telecommunication partner or the Communication Services, for any reason, shall not result in a termination of any other services provided under this Statement of Work. Excluding international Rates and notwithstanding any other provision herein, Eckoh may revise the Rates for Communication Services, provided that such revision is limited to the amount necessary to compensate for increased cost to Eckoh from either (a) mandatory regulatory</p>	

changes resulting in an increase in Communication Services costs to deliver the CallGuard Secure Voice Cloud Solution or (b) increases in Eckoh's vendor cost for the Communication Services caused by market conditions which significantly impact rates for industry carriers providing these services generally.	
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3. Milestones and recurring billing

Payment Milestone	Description	Amount
Execution of Agreement	50% of Initial Setup fee	\$ 20,260.89
	100% of SBC Hardware and Licensing	\$ 17,144.00
		Total: \$ 37,404.89
Client Acceptance Test Sign-off	50% of Initial Setup fee	\$ 20,260.89
		Total: \$ 20,260.89
Years 1 to 3: Effective Telephony Production Go-Live or no later than 4 months from Contract Execution.	CallGuard Annual Fees:	\$24,000.00 per annum
	SBC Annual Management and Support:	\$10,786.00 per annum
	The following fees will be invoiced annually as applicable: Data Usage Charge	\$180.00 per annum

Payments are due and will be invoiced at completion of relevant Milestone. Annual Fees will be payable in full, upon Telephony Production Go-Live and then on each annual anniversary in advance. Payments are due 30 days from the date of invoice. Recurring charges for Ongoing Services will start on the date the system is shown to meet the Acceptance Criteria as defined in section 3.1 or such time as the Eckoh solution begins to process production telephony traffic. (the "Production Go-Live Date") or no later than 4 months from Contact Execution Date, whichever occurs first.

4. Introduction to SOW

Under this SOW, Eckoh will provide the Client a CallGuard Secure Voice Cloud (“SVC”) Solution (“Solution”) to address the Payment Card Industry Data Security Standard (“PCI DSS”) set of standards designed to ensure companies that accept, process, store or transmit payment card information maintain a secure environment for processing payment card transactions. This Solution allows a Client Service Representatives (“CSR”) to securely process customer information while the caller remains engaged on the phone with the CSR. The solution prevents this information from being exposed visibly or audibly to the CSR and from entering Client’s contact center voice and data networks. Eckoh shall provide installation and configuration services (“Installation & Configuration”) and ongoing maintenance and support services (including the Support Services set forth in Section 9) (“Ongoing Services”) for the Solution (Installation & Configuration and Ongoing Services shall be referred to collectively herein as the “Services”, and Eckoh’s provision of Installation & Configuration Services shall be referred to collectively herein as the “Project”).

5. CallGuard Secure Voice Cloud Solution

I. CallGuard

The CallGuard Secure Voice Cloud Solution will allow a CSR to accept payment transactions over the phone without unsecured sensitive data entering or traversing Client’s call center PBX, call center data networks, applications, workstations, or the CSR themselves. The Solution works by using a real-time process called Audio Tokenization. When the caller keys in their sensitive data (e.g., payment card details, Bank Account details) using their phone’s keypad, audio tones are generated (DTMF digits) which match the data and Eckoh converts these into temporary placeholder tokens which are used in the payment journey in place of the sensitive data. Since the tokens are not sensitive data of the end Client, they can be stored, transmitted, and processed safely in the Client environment. Appendix D provides each Party’s responsibility for PCI DSS compliance in its PCI Responsibility Matrix.

II. Territories

- Production payment and telephony data will be processed and supported in the territories covered in the “Order Form” above.
- Eckoh reserves the right to change or transition production payment and telephony data between territories, which may require Client resources. Client agrees to make resources available when a change or transition of territories is requested by Eckoh.

III. Sensitive Data

- Eckoh’s CallGuard Solution can be used to capture different sensitive data, dependent on the Client’s requirements, including:
 - Payment Cards
 - Bank Account details
 - Social Security Numbers
- The specific sensitive data covered by this SOW is outlined in the “Order Form” table above. If additional data is required, this can be included via a Change Request.
- During the implementation, Eckoh will provide a Data Classification Assessment outlining how any non-payment data is stored and how this and payment data is transmitted as part of the solution along with any relevant data retention periods, for Client approval.

IV. Capture Methods

- CallGuard

- CallGuard supports the capture of sensitive data using different methods. This includes via:
 - Agent Assisted using DTMF
 - Agent Assisted using Speech
 - Payment IVR proxy using DTMF
- The specific capture methods in the scope of this SOW are detailed in the “Order Form” table above. If other methods are required, the Client can request these via a Change Request.

V. Telephony

- All inbound calls need to route via the Eckoh CallGuard Secure Voice Cloud Platform.
- Appendix A, attached herein, provides an overview of the Solution, including how telephony calls route into and from the CallGuard Secure Voice Cloud Solution for this Client, per the “Telephony” section in the “Order Form” above.
- If outbound calls are in scope for payments these must also route via the Eckoh Secure Voice Cloud environment. The Client will be responsible for configuring outbound peers to Eckoh’s Cloud environment
- TLS and SRTP are not supported as standard.
- Changes to the Telephony scope will be processed via a Change Request.

VI. Proxied payment Journeys

- Eckoh’s CallGuard Secure Voice Cloud Solution provides the capability to proxy existing payment pages and/or API HTTPS requests made from a Client’s CRM.
- The number of proxied payment journeys covered by this SOW is outlined in the “Order Form” table above. If additional journeys are required, this can be included via a Change Request.
- At the start of the project, Eckoh need to be provided access to both the Test and Live versions of the payment pages and/or API used in the Client’s existing payment journey. This will need to include:
 - Provision of any login details to access the payment page\API
 - Test data required to access the payment page\API
 - Eckoh’s IPs being added to any allow list, if required to access the payment page\API
- During Client Acceptance Testing, Eckoh will provide self-signed certificate for testing the proxied payment HTTPS requests and URLs, which can be imported into browsers, as required. In production, a certificate will be purchased from a certificate provider for the proxied HTTPS requests and URLs.
- For PCI DSS compliance, to connect to the Eckoh proxy, Clients will need to provide static public IPs that are either owned by the Client or be of their sole use. Cloud-based firewalls, which share IPs across multiple organizations, are therefore not supported, so these need to be bypassed if in use by the Client.

VII. Virtual Terminals

- Eckoh’s CallGuard Secure Voice Cloud Solution includes optional Virtual Terminal instances, where CallGuard Secure Voice can be used to capture payment card information, which is proxied by Eckoh to the Client’s Payment Service Provider’s API.
- Depending on the Client’s requirements, one Virtual Terminal instance can cover one, or more, of a client’s payment journeys. The number of Virtual Terminal instances that will be included via this SOW is outlined in the “Order Form” table above, along with details on the Payment Service Provider this will be integrated with.
- Each Virtual Terminal Instance will be configured as standard to accept key value pairs sent by the Client, in the HTTPS request they use to load the Virtual Terminal. The validation of this data will be confirmed after project kick-off. An additional Client ID will be provided to the Client to be used when launching the virtual terminal to add an additional layer of authentication and security. Additional key value pairs can be requested via change control.
- For PCI DSS compliance, to connect to the Eckoh Virtual Terminals, Clients will need to provide static public IPs that are either owned by the Client or be of their sole use. Cloud-based firewalls, which share

IPs across multiple organizations, are therefore not supported, so these need to be bypassed by the Client if in use.

- Eckoh can provide the result of transaction attempts made via the Virtual Terminal instances, back to a Client's API, in the form of a standard POST request. An OpenAPI 3 specification will be provided after project kick-off if this is required.

VIII. Agent Control Panel

- The CSR will be able to see and manage the callers progress using an Eckoh provided Agent Control Panel, with the temporary placeholder tokens.
 - automatically populated in proxied payment pages and/or the Eckoh provided Virtual Terminal, or
 - copied into client CRMs manually by the CSR, where Eckoh will proxy the API requests made to the client's Payment Service Provider
- See the "Payments" and "Capture Methods" sections in the "Order Form" table above for this specific Client.
- If auto-join functionality is supported the Agent Control Panel will indicate that the proxied payment page \ virtual terminal instance is joined to an active telephony session.
- If telephony auto-join is not supported the CSR will use a LinkID displayed in the Agent Control Panel, by entering this into their telephone keypad.
- The Agent Control Panel allows the CSR to alter the different Capture Methods and which Sensitive Data is being captured, where applicable.
- An Agent Control Panel User Guide will be provided to the Client detailing all available functionality. Additional functionality or features included in the User Guide, but out of the scope of this Statement of Work, can be requested via a Change Request.

IX. Client Usage

- The number of licensed users is detailed in the "Order Form" and relates to the total number of Client's CSRs expected to use the solution, i.e., as is not concurrent usage, per the number of locations.
- Support for additional users or locations can be raised via a Change Request.

X. Delivery Timescales

- The CallGuard Secure Voice Cloud Solution is designed, and the Eckoh implementation resources are provided, to support a service go-live 90 days from contract signature. It is anticipated that telephony, if in scope, will be live 5 days prior to this, so 85 days from signature. Eckoh provides 10 days post service go-live project support, so the project closure is estimated as 100 days from contract signature, after which the service will be transitioned to the Client's designated Account Manager.
- Following the sign-off of an agreed design, Eckoh's assigned Project Manager will provide a detailed project plan outlining the key activity dates, as described in section 4, below.
- The specific timescale for this Client is indicated in the "Order Form". Any change to this timescale would be subject to a Change Request.
- If the Client places a project on hold, Eckoh retains the right to charge fees related to restarting the project, via a Change Request.

XI. Payment Milestones

- Payment milestones related to the delivery of this Statement of Work are detailed in the "Order Form" section above.
- The term of service will commence after 120 days from the date of signature, upon telephony go-live and/or service go-live, whichever is sooner.

XII. Term of service

- The term of service is outlined in the “Order Form” section above.

6. Project Management

I. Eckoh Project Management

- Eckoh will assign a project manager (the “Eckoh Project Manager”) for the duration of the Project.
- Eckoh’s Project manager (the “Eckoh Project Manager”) will:
 - Act as a single point of contact at Eckoh and will oversee Eckoh’s Project deliverables
 - Schedule and conduct a weekly project status meeting, with this limited to 1 hour
 - Determine, identify, and request Eckoh Project resources and develop and maintain a Project Plan.
 - Act as a facilitator for issue resolution within the scope of this SOW.
 - Manage Project changes and confirm Services and deliverables are complete.

II. Client Project Management

- The Client will assign a project manager (the “Client Project Manager”) for the duration of the Project.
- The Client Project Manager will
 - Serve as the single point of contact with responsibility for the Project within the Client’s organization.
 - Secure and manage resources of the Client
 - Secure and manage any of the Client’s third-party resources involved in the Project including, but not limited to, payment service providers and telco providers.
 - Ensure that items requiring Client approval will be managed through a review and update cycle to support a rapid deployment model.
 - Ensure all necessary staff are made promptly available to ensure the smooth running of the Project activities, including stakeholders for rapid agreement to the Project deliverables, technical experts, and operational resources as required.

7. Project Phasing

Overview

The table below details each phase of the project, their expected timescale, and output. The Project Plan, baselined during design, will be deemed a part of this SOW and is incorporated herein by this reference. Once the parties agree to Project Plan and relevant timelines for tasks, any changes are subject to Change Request Process.

Phase	Expected timescale to completion (from signature)	Outputs \ Deliverables
i. Requirements and planning	2 weeks	<ul style="list-style-type: none">• Requirements confirmed• Design meetings \ workshops scheduled• Draft project plan
ii. Design	4 weeks	<ul style="list-style-type: none">• Discovery and design meetings \ workshops held• Design documents created and signed-off• Baselined plan
iii. Development	6 weeks	<ul style="list-style-type: none">• Development complete and signed-off by Eckoh QA• UAT deployment planned
iv. Deployment to UAT	7 weeks	<ul style="list-style-type: none">• Cloud environment configured for Client Acceptance Testing• UAT code deployment complete and signed off by Eckoh QA• Production and Go-Live planned
v. Client Acceptance Testing	9 weeks	<ul style="list-style-type: none">• Client Acceptance Testing signed-off• Support Turnover meeting held, with Eckoh Support and Client Management
vi. Production deployment and Go-Live	11 weeks	<ul style="list-style-type: none">• Production deployment complete• Go-Live complete• Management Information \ reports shared
vii. Project Closure	13 weeks	<ul style="list-style-type: none">• Early life support completed• Project Closed

I. Requirements and Planning

Within 2 weeks from the date that Client executes the Agreement and provides Eckoh with a Purchase Order, Eckoh's Project Manager will contact the Client for a Project kick-off meeting to review the requirements detailed in the "Order Form", confirm expected timelines, schedule initial design tasks, and raise any Change Requests should there be any deviation from the "Order Form". Following this, an initial project plan will be drafted by the Eckoh Project Manager, based on the deliverables being provided in the "Order Form", which will include dates for the design workshops. As part of this scheduling and planning, the Client will confirm the attendance of their internal resources, and any third parties.

II. Design

As an output of design workshops, Eckoh will work with the Client to develop documentation detailing the Solution design ("Solution Design Documentation") detailing the design of the solution within the Client's environment. Where included in the design workshops and documentation will cover:

- Telephony
- Payments, i.e., specifically where included:
 - Proxied payment journeys
 - CallGuard Virtual Terminals
 - The CallGuard Agent Control Panel (overview and explanation of user guide)

All application software used in the Client's test environment will work as specified by the applicable vendor. Any significant issues with the Client's environment not disclosed during Eckoh's preparation of the final Solution Design Documentation could affect Eckoh's estimate, timeline, and resources.

For proxied payment pages, the Design sessions will include a review of how the Client submits payments to its Payment Service Provider ("PSP") so that Eckoh can provision the hosted proxy solution and/or Virtual Terminal instances appropriately. For proxied payment journeys, this will involve sessions with the Client's project team where test transactions will be submitted to the PSP and Eckoh will gather details of the network traffic from these transactions. Eckoh will also need to be provided with access to test versions of the existing payment pages and/or APIs used in the existing payment journeys, and Eckoh's IPs will need to be added to any allow lists required for access.

To access the proxied payment journeys and/or Eckoh Virtual Terminals, the Client will provide Eckoh with IPs that are required for Eckoh's allow lists.

For CallGuard Virtual Terminals, Eckoh will need to be provided with "PSP" test accounts for use during the design process, so that Eckoh can test transactions being submitted to the "PSP", and Eckoh's IPs will need to be added to any allow lists required for access.

1 working day of Eckoh Professional services (i.e., 8 hours) has been included for the Design phase, in the pricing of this project, with additional hours available via a Change Request. The Client will sign off each separate design document provided, prior to development and/or configuration starts.

III. Development

During this phase, Eckoh's Project Team will configure the Solution in accordance with the agreed design. Once configuration has been developed, this will be peer reviewed by the Eckoh development team and tested by the Eckoh QA team. The Eckoh Project Manager will update the Client on progress made during this phase. As development is completed and signed-off by Eckoh QA the Eckoh Project Manager will raise requests for the configuration to be deployed into Eckoh's User Acceptance Test environment in preparation for Client Acceptance Testing.

IV. Deployment to User Acceptance Test environment

During this phase, Eckoh will complete the provisioning of Client's configurations in the Secure Voice Cloud telephony environment and will deploy configurations to the Eckoh User Acceptance Test environment. Once deployed this will be validated prior to Phase V, by the Eckoh QA Team and signed-off as ready for Client Acceptance Testing

V. Client Acceptance Testing

The Client will ensure appropriate resources are made available to undertake Client Acceptance Testing and that they have prepared for this stage, by developing a Client Acceptance Test Plan.

A duration of 10 days Client Acceptance Testing has been estimated and included in the pricing of this project, which includes time for any defect resolution. To allow for this, all tests must be executed by the Client in the

first 5 days of the phase, which will allow for any defects to be resolved by Eckoh and the Client to retest in the last 5 days of the phase. The Client will report any defects or queries, and provide any response to Eckoh's remediation or answers, daily, during this phase.

During the project, Eckoh will also make a Test Strategy available to the Client which outlines:

- The overall approach to testing during the implementation of this Project
- How and in what format any defects or queries discovered during Client Acceptance Testing need to be reported to Eckoh to allow for an expedient response or resolution.
- The supporting detail that will be provided by the Client, which should include:
 - Date and time of issue
 - Description of issue
 - Reporters name
 - Supporting evidence, including screenshots and URLs where applicable
 - Steps to replicate the issue
 - Severity of issue

Once all defects have been resolved, at the end of the Client Acceptance Testing, the Client will provide sign-off of the phase to allow for a production deployment. A support turnover meeting will be held, to introduce the Client to the Eckoh Support Team, so that any Production issues, can be raised via the appropriate channels – see section 8 below

VI. Production Deployment and Go-Live

Further to approval at the Eckoh Change Control Board, which meets each Friday excluding public holidays, Eckoh will provision the Production Cloud telephony environment and deploy the code and configuration developed in the previous phases, into the Eckoh Production environment. Production Deployment windows are Monday through Thursday excluding holidays and any production freeze windows, which will be communicated to Client. The initial deployment to the Eckoh Production environment allows the Client to perform production testing, during which the Client should execute tests prior to confirming the scheduled Go-Lives for telephony and payments can proceed. Under this SOW, this phase is estimated and priced as lasting 2 weeks, with Eckoh to provide support for a single telephony Go-Live and single payments Go-Live. Any issues reported will be triaged and worked by the Project team based on an agreed upon Production Rollout plan developed in conjunction with the Client. If the Client requires additional time in this phase, or support during additional telephony or Payments Go-Lives, the Client can raise a Change Request for additional services, with their assigned Eckoh Project Manager.

VII. Project Closure

The Eckoh Project Team and Eckoh Project Manager will provide 10-days Early Life Support (“ELS”), to allow for any issues raised post Go-Live to be resolved. During “ELS” a handover will take place to the Client's Eckoh Account Manager. During “ELS” as the solution is in Production and Live, any Priority 1 or Priority 2 issues, as outlined in section 8 below, should be raised with the Eckoh Support Team to allow for the issues to be handled with the appropriate priority and expedience.

Standard Management \ Business Information Reporting, which provides the Client with statistics related to the performance of the service, will also be provided, post Go-Live.

8. Acceptance Criteria and Certificate of Acceptance

As detailed in 7.v, Eckoh shall turn the Solution over to the Client for Client Acceptance Testing (CAT) once Eckoh has completed validation of the deployment to UAT. The Client is responsible for having developed a CAT Test Plan (“Client Acceptance Test Plan”). Successful completion of CAT is defined as all test cases executed and passed, and all defects arising from said execution resolved, deferred, or otherwise closed. Within ten (10) days following CAT, the Solution will be put into production by Eckoh.

I. Functional Requirements/ Acceptance Criteria

The Solution shall be deemed to perform successfully if transactions are processed successfully in the Production Environment. Successful processing shall be defined as, during testing process, all test scenarios pass successfully, to include:

- a. Production telephony traffic utilizing the Eckoh CallGuard Secure Voice Cloud Solution environment
- b. Payments being successfully processed with the Client’s PSP, and,
- c. Response data from the PSP is successfully returned to the Client.

(Collectively, the “Functional Requirements”), but in no event shall require the completion of Production Rollout throughout the Client’s Production Environment.

II. Acceptance

Following a 10-business day monitoring period commencing with the deployment of the Solution into the Production Environment, the Client shall execute a Certificate of Acceptance in the form set forth in Appendix B indicating that the solution has been accepted. If the Solution substantially fails to perform in accordance with the Functional Requirements / Acceptance Criteria, as defined in Section 3.1, during the monitoring period, the Client shall promptly notify Eckoh in writing of the failure and the parties shall immediately assess the failure and complete a plan to correct. Upon receiving defect notice from the Client, Eckoh will have fifteen (15) calendar days, and in no event longer than thirty (30) calendar days to remedy any failure of the Eckoh solution to substantially conform to the documentation or the Functional Requirements / Acceptance criteria as defined in Section 8.I. and the Solution Design Document. Eckoh will use commercially reasonable efforts to correct any non-conformance identified by the Client. Upon resolution, Eckoh shall re-submit Solution for testing by the Client and the 10-business day monitoring period shall re-commence. In the event that Eckoh is unable to remedy such defect, the Client may (i) accept the Eckoh Solution “as-is,” subject to a reasonable fee adjustment or (ii) terminate this Agreement and receive a full refund for any unused pre-paid fees paid to Eckoh. Any of the following three events will constitute acceptance of the Solution: (i) execution of a Certificate of Acceptance, (ii) if, solely due to the Client’s actions, the Client fails to put the Solution into production within thirty (30) calendar days after successful completion of CAT, (iii) the Parties agree in writing that the Solution meets the Functional Requirements / Acceptance Criteria provided above. Upon acceptance of the Solution, payments for Ongoing Services shall commence.

9. Ongoing Services

Eckoh shall provide a notice to the Client at least 90 days prior to the end of the Initial Term date stating the terms for renewal of services with corresponding fees. Services shall automatically renew at the end of the Initial Term for successive 36-month terms, unless Eckoh receives the appropriate termination notice prior to the termination date.

10. Change Control

The Change Control Process shall be as follows: If Eckoh or the Client desires to make any changes to this SOW, such as but not limited to design/specifications, the Project Plan, timeframe, schedule, or the number workstations, the party requesting the change must propose the change by submitting to the other party a Change Request in writing (the "Change Request"). The Client acknowledges that any Change Request submitted by the Client shall be sized by Eckoh to determine the impact of the Change Request. Eckoh will then provide a work estimate to the Client detailing the impact of the Change Request. If the Change Request is acceptable to both parties, the parties shall mutually execute the Change Request as an amendment to the Statement of Work to reflect the change, which may include but not limited to any applicable change in the fees payable to Eckoh and/or extension of the time period(s) for completion of the Project or Project Plan resulting from the implementation of the Change Request. If the parties cannot agree on the Change Request, the change will not be implemented.

11. Service Level Agreements (SLAs)

I. Ongoing Services Commitments

The Eckoh Platform is built from highly resilient components and is spread across multiple geographically separate sites each providing resilient solutions for communications and power. As such, the platform provides an availability figure of 99.99% availability 24 hours a day, 7 days a week and 365 days a year (“Availability Hours”) in terms of its capability to handle tokenization traffic and processing.

II. System Availability.

(a) Subject to Scheduled Maintenance Downtime and excluding any availability issues resulting from third party applications or services, Eckoh shall use commercially reasonable efforts to maintain availability of the System to Client so as to meet or exceed the Service Levels as defined.

(b) System Availability shall be calculated as follows: for a single month, the actual uptime (which shall be defined as the aggregate amount of time within the Scheduled Uptime that is not Downtime) expressed as a percentage of the Scheduled Uptime less Schedule Maintenance Downtime (i.e., within the Scheduled Uptime, any applicable scheduled time within Maintenance Windows) for such service. As the System is built using at least N+1 components for the avoidance of doubt a reduction in capacity due to individual component failure will be excluded from System Availability measurements, unless the system is unable to operate at all due to such a failure.

Availability % = (Actual Uptime / (Scheduled Uptime – Scheduled Maintenance Downtime) x 100).

(c) 99.99% System Availability over any calendar month is maintained. "System Availability" is calculated as the percentage of total time during which the Services are available to the Client less the Scheduled Maintenance Downtime, which shall be less than 8 hours per month.

(d) Delays due to the Client’s network, general Internet traffic delays, and other delays caused by systems outside of Eckoh’s direct control are not included.

(e) SLAs apply to the critical services of the solution and will not apply to any reports or dashboards.

III. Special Provisions for Services

“Actual Uptime” shall mean the aggregate number of minutes within the reporting month minus Downtime

“Scheduled Uptime” shall mean the aggregate number of minutes within the reporting month minus Scheduled Maintenance Downtime.

“Scheduled Maintenance Downtime” shall mean the total number of minutes in the reporting month in which the Solution is unavailable due to scheduled maintenance activities, which will be less than 8 hours per month and will not occur during the hours of 5am – 12am EST. Scheduled Maintenance Downtime will be coordinated and agreed upon by the parties at least fourteen (14) days in advance.

“Downtime” shall mean the total number of minutes in the reporting month that the Solution was not available to Client. Downtime excludes Scheduled Maintenance Downtime.

"System Availability" will exclude (collectively referred to as an "Excused Downtime"):

- i. Delays due to Client end user network, general internet traffic delays, and other delays caused by systems outside of Eckoh's direct control
- ii. Call transport and telephony equipment downstream System.
- iii. The availability of the payment interface provided by Client's third-party payment provider.
- iv. Voluntary disabling of the system by non-Eckoh personnel
- v. Acts of God / Force Majeure

The Client shall use the Eckoh Solution solely for its internal business purposes in compliance with applicable law and shall not knowingly: (i) resell, sublicense, lease, time-share or otherwise make the Services available to any unauthorized third party; (ii) send or store infringing or unlawful material; (iii) send or store Malicious Code; (iv) attempt to gain unauthorized access to, or disrupt the integrity or performance of, the Services or the Data contained therein; (v) reverse engineer the Services; (vi) access the Services for the purpose of building a product or service competitive to the Services or copying its features or user interface; (vii) permit access to the Services by a direct competitor of Eckoh; or (viii) modify, copy or create derivative works based on the Services.

Notwithstanding anything to the contrary, the Client may permit the Client's call-center suppliers to utilize the Eckoh solution.

IV. Support

The Parties acknowledge and agree that the provision by Eckoh of any support or maintenance services in connection with the Ongoing Services is at all times subject to the Support Services as further described herein. Support Services consist of the following:

Eckoh shall provide 24 hours a day/7 day a week telephone assistance at 888 455 2285 and 24 hours a day/7 day a week email assistance at noc@eckoh.com for technical support, as well as technical assistance and remediation for operational issues. Telephone assistance and email assistance for Supporting Services and general advice and support is available during normal Business Days and Business Hours by way of the same channels.

Definitions:

- i. "Business Days" means Monday to Friday.
- ii. "Business Hours" means 8.00 am to 5.00 pm Eastern Standard Time on Business Days.
- iii. "Fix Time" means the elapsed time between the time a fault notification is received by Eckoh and the time Eckoh provides a Fix or Workaround.
- iv. "Fix" means a correction of a fault.
- v. "Response Time" shall mean the elapsed time between the time a fault notification is received by Eckoh and the time Eckoh starts work to resolve the problem or issue raised by the fault notification.
- vi. "Target Fix Time" means the duration between notice and cure of the applicable fault.

- vii. "Workaround" means a workaround or temporary fix of a fault to restore Services until such time as a permanent fix is completed.

To manage the fault classification effectively Client must provide the support desk with the following information:

- i. Name of person reporting the fault / and department
- ii. Contact phone number and email address (for updating on fault resolution)
- iii. Details of the issue – including, times examples and any steps that have already been taken.

Eckoh will log the fault within the fault reporting system and assign a call reference number to the caller reporting the issue. That number will be used to track the matter pending resolution. The support center will then engage with the relevant technical staff within Eckoh to ensure that any reported fault is responded to, resolved, or escalated within agreed timescales.

All faults shall be tracked and assigned an initial severity level by the Client in collaboration with Eckoh.

Eckoh shall not be responsible for fault incidents due to factors outside of Eckoh's control. These factors include, but are not limited to:

- i. Delays due to Client's network, general internet traffic delays, and other delays caused by systems outside of ECKOH's direct control:
- ii. Air conditioning, power and other relevant environmental dependencies within the Client's premises:
- iii. Carrier trunks and localized terminating equipment through which telephone calls traverse.
- iv. Downstream call transport and telephony equipment.
- v. Availability of the payment interface provided by the Client's third-party payment processor provider.
- vi. Disabling of the Solution that is not authorized by Eckoh

Any fault incident identified as being caused by factors outside of Eckoh's control will not be subject to the SLAs

Eckoh shall correct all problems with the Eckoh Solution that are reported by the Client or of which Eckoh otherwise becomes aware in accordance with the following fault classifications:

Error Severity	Initial Response	Fix Time	Activity	Resolution Method	Penalty
Priority 1	immediate	2 hours	continuous effort	patch/ work around	2.5% of Monthly Fees per hour in excess of Target Fix Time, up to 25% of the monthly fees
Priority 2	Immediate	4 hours	continuous during Business Hours	patch/ work around	1% of Monthly Fees per hour in excess of Target Fix Time, up to 10% of the monthly fees per incident.
Priority 3	48 Business Hours	3 months	as required	as needed	No penalty

Priority 1:

Services are not working; a significant function of the Services is not properly working, or a significant number of users are unable to access or use some functionality.

A Priority 1 incident shall be confirmed by the Parties in accordance with the following criteria:

1. Within a set sixty (60) minute period.
2. Greater than 25% of the Customer Service Representatives attempting to utilize the Solution to securely process payments are affected

Response and Fix Time: Fix time clock starts once it's determined that a Priority one incident is declared and agreed to by both parties. Eckoh shall respond to and Eckoh's engineers shall commence efforts to fix Priority 1 problems no later than one (1) hour after Client report of such problem or Eckoh's detection of such problem, whichever is earlier. Eckoh shall use best and continuous efforts, twenty-four (24) hours per day, seven (7) days per week to provide an acceptable Workaround for the Priority 1 problem and shall provide a permanent fix for the Priority 1 problem no later than thirty (30) days after Client report of such problem or Eckoh's detection of such problem, whichever is earlier.

Priority 2:

Functionality of the Services is impaired. There is some impact to Client's business, impact results in a diminished response from the system affecting the performance for the Client. A Priority 2 incident shall be confirmed by the Parties in accordance with the following criteria:

1. Within a set sixty (60) minute period.
2. Greater than 5%, but not more than 25% of Client's Service Representatives (CSRs) attempting to utilize the Solution to securely process payments are affected.

Response and Fix Time: Fix time clock starts once it's determined that a Priority Two incident is declared and agreed to by both parties. Eckoh shall respond to and Eckoh's engineers shall commence efforts to fix Priority 2 problems no later than four (4) hours after Client's report of such problem or Client's detection of such problem, whichever is earlier. Eckoh shall use reasonable and continuous efforts to fix Priority 2 problems during normal business hours, and if an acceptable Workaround is provided, shall provide a permanent fix of the Priority 2 problem no later than thirty (30) days after Client's report of such problem or Eckoh's detection of such problem, whichever is earlier.

Priority 3:

Low impact to Client users of the Services.

Response and Fix Time: Fix time clock starts once it's determined that a Priority Three incident is declared and agreed to by both parties. Eckoh shall respond to Priority 3 problems within forty-eight (48) hours after the Client's report of such problem or Eckoh's detection of such problem, whichever is earlier, during the Client's regular business hours (or on the next business day, if the problem is reported outside of the Client's regular business hours). Eckoh shall fix Priority 3 problems no later than thirty (30) days after the Client's report of such problem or Eckoh's detection of such problem, whichever is earlier, and if an acceptable Workaround is provided, shall provide a permanent fix of the Priority 3 problem in the next upgrade cycle.

If a Priority 3 fault notification is received during the Business Hours and Eckoh is unable to respond to the fault notification by the end of those Business Hours, Eckoh is entitled to wait until the commencement of the next Business Hours to respond to the fault notification. For illustrative purposes, if a fault notification which is categorized as a Priority 3 is received at 4.30pm on a Business Day, the time period for Eckoh to respond will stop at 5.00pm and then recommence at 9.00am the next Business Day. In this example Eckoh would achieve a one (1) hour Response Time, if it had responded to the fault notification by 9:30 am the next Business Day. This same principle applies in respect of Fix Times.

Notwithstanding anything to the contrary, the Client and Eckoh agree that any issues that prevent or impair a payment being made will be classified as Priority 1.

Eckoh Support Steps

- i. The Client calls support desk to log an issue
- ii. If email is received by Eckoh from the Client, the Client will receive a response within established timeframes.
- iii. The Client's details are taken by a member of the support team, and they are provided with an incident reference number
- iv. The incident is then allocated to a member of the support team to investigate
- v. Once the issue has been identified it is given a severity rating
- vi. Client is informed of the severity rating and given timescales for resolution
- vii. The support team will agree upon a timeframe for keeping Client informed of progress and progress will be communicated by telephone or by email as appropriate
- viii. As soon as a fault has been tested and resolved, the Client will be informed and asked to confirm that the Services have resumed correct operation
- ix. The fault will only be closed with the Client's agreement

An incident report (“Incident Report”) shall be provided to the Client, for any Priority 1 incident. The Incident Report will include the following:

- i. How the issue was identified
- ii. Who it was reported by.
- iii. How the issue was managed
- iv. Full details of the incident and the total time service was affected or total of the Client’s members that were impacted
- v. The resolution/fix that was put in place
- vi. Measures to avoid the incident occurring again
- vii. Figures detailing the impact on service
- viii. Evidence that supports that the issue was closed satisfactorily

Eckoh shall provide the incident report with 5 business days after the incident.

The Client will have the right to discuss the details included in the Incident Report with the appropriate Eckoh personnel and request additional reasonable documentation, data, and records to support the information included in the Incident Report.

Escalation

All faults are logged, assigned a priority, and subject to internal escalation procedure. The Escalation Table with contact information will be provided to Client at the kick-off meeting.

Planned Maintenance

The Client will be notified of any planned maintenance 2 weeks prior to any work being done. Using a list of contacts at the Client, Eckoh support will notify all necessary parties of the work taking place and the possible effect to service that the work taking place could have. Eckoh will ask the Client to review the information and report back to Support if they have any questions or problems with the planned work. It can then be reviewed as necessary.

12. Execution

This SOW may be executed in counterparts or duplicate originals, all of which are regarded as one and the same instrument. The Parties consent to use of facsimile, electronic and/or digital signatures in the execution of this Agreement, and the same are binding upon the Parties as if they were an original signature. Facsimile, electronic and digital copies of this Agreement, including properly executed PDF versions of this Agreement, are regarded as an original instrument by the Parties.

IN WITNESS WHEREOF, the parties have approved this Statement of Work to be signed by their duly authorized representatives.

Eckoh, Inc.

Kerrville Public Utility Board

By: _____

By: _____

Name: Tyler O'Brien

Name: Mike Wittler

Title: SVP Client Services and Sales

Title: General Manager & CEO

Date: 5/31/23

Date: 5/31/23

**Appendix A:
High Level Architecture**

Calls made from Customer are connected through the Customer's Call Center to a CSR. When the CSR is ready to take a payment:

1. When the transaction necessitates a payment, the CSR pulls up the Customer payment application.
1. All relevant information needed on the payment page will be captured, except for the payment data. The CSR will ask the end customer to enter their payment data into their phone keypad and press the pound key (“#”) to signify that entry of the field is completed. When the end customer enters their payment data information onto their phone keypad, DTMF tones are generated.
2. The DTMF tones are intercepted before the Call Center by the Audio Appliance and are sent to Eckoh's Hosted Platform.
3. Eckoh's Platform creates a corresponding temporary token.
4. The Audio Appliance plays the token as a series of .wav files to the CSR through their head/handset as a *Spoken token* (audible file).
5. The CSR enters the audible temporary token into the applicable field with the Customer payment application.
6. When the transaction is ready to submit, the token is submitted to the Customer Payment Application for authorization.
7. The Customer Payment Application submits the payment details through the Eckoh Hosted Data Center, which acts as a proxy for the traffic between Customer and the Payment Service Provider.
8. Eckoh's Proxy Process locates the Eckoh token in the traffic stream and replaces the token with the actual Card Data entered by the customer, and then forwards the data on to the Payment Service Provider.
9. The Payment Service Provider processes the request and will return a response. This response is forwarded to Customer un-touched.
10. Once the response from the Payment Service Provider is sent to Customer, all Card Data and Eckoh Tokens are wiped from Eckoh's cache. The process is terminated via a DTMF code.

Certificate of Acceptance

This Certificate of Acceptance relates to:

	Date
SOW for SVC Solution for Client	<insert date>
Change Request # 1	<insert date>

The Client hereby certifies that the Project as described in the above identified documents was delivered to the Client in accordance with the relevant Project documents. The Client hereby certifies that the Project is complete and has been fully accepted. Any final Payments are due and payable in accordance with SOW Payment Schedule.

Term of ATC Solution	Enter SOW Term from COA
Date of Certification of Acceptance	<insert date>

Execution:

Client Name	<Enter Client Name>
Executed by	<Print Name>
Title	<Insert Title>
Signature	
Date	<Insert Date>

Communication Services

"Communication Services" means services for relaying and routing of voice, data, or messaging provided over a wireline or wireless network utilizing components of the public switched telephone network.

"SIP Channel" means a SIP-based transmission channel that has the bandwidth required for voice frequency and that provides access to the PSTN to support the SIP-Based Services. Each SIP Channel represents one concurrent voice call on the network.

"SIP-Based Service" means a VoIP Origination Service, Toll-Free Service, and/or VoIP Termination Service, as specified in this agreement.

"Toll Free Number" or **"TFN"** means the toll-free number used to receive the Toll-Free Service.

"Toll-Free Service" means a communication service pursuant to which Eckoh will cause its partner to deliver voice traffic originating in selected markets to the Client over the SIP Channels based on the called TFN.

"VoIP Origination Service" means a communication service pursuant to which Eckoh will cause its partner to deliver voice traffic originating in selected markets to the Client over the SIP Channels based on the called TN.

"VoIP Termination Service" means a communication service in which the Client sends voice traffic to Eckoh's partner over the SIP Channels for termination to the PSTN or another IP network.

To support the CallGuard Secure Voice Cloud Solution, Eckoh has negotiated with a partner to provide Communication Services, providing connectivity via regulated telecommunication carrier(s) to Eckoh's Cloud environment. To support the delivery of Communication Services, Eckoh will cause its partner to provide or enable SIP-Based Services. Eckoh will cause its partner to provide the SIP-Based Services, including the SIP Channels, (collectively referred to as the "Services") in accordance with terms as specified in this agreement. Eckoh, Eckoh's partner and the Client will exchange voice traffic over the SIP Channels using the IP-address(es) associated with Eckoh's equipment in Eckoh's Cloud Environment and the IP-address(es) associated with Eckoh's partner's equipment at the POP locations. Eckoh will cause its partner to provide and maintain appropriate equipment in support of the SIP Channels.

Communications Services.

To the extent any Statement of Work includes the provision of Communication Services and notwithstanding anything in the Agreement or the Statement of Work to the contrary, the following additional terms shall apply:

- A. Representations and Warranties.
 - a. The Client specifically acknowledges and agrees that Service Provider has not and is not expected to provide the Client with any analysis, interpretation, or advice regarding the compliance of any aspect of The Client's Materials or operations conducted by the Client separate from the Services with any third-party rights or laws, rules, or regulations.
- B. CPNI.
 - a. In the course of providing Communication Services (including, to the extent applicable, VoIP Communication Services), Service Provider will necessarily obtain information about the quality, technical configuration, type, destination, location, pricing, contract terms, billing information and payment history relating to Communication Services provided to the Client. Such information is referred to as the Client proprietary network information ("CPNI"). Provided that such CPNI does not include any information that can reasonably be used to identify any specific the Client or any individual or consumer served by the Client. The Client hereby consents to the use, disclosure, and access of CPNI by Service Provider and Service Provider and its agents and subcontractors directly involved in providing Communication Services to the Client, solely for the purposes of verifying the Client usage and deployment of Communication Service and improving Communication Services to the Client. the Client acknowledges that it may

withdraw its consent at any time by notifying Service Provider in accordance with this Agreement. In the event that the Client withdraws its consent, Service Provider will make commercially reasonable efforts to minimize the impact of such withdrawal upon Service Provider's provision of Communication Services to The Client.



C. Messages.

- a. If the Client uses Communication Services to send fax, email, phone, text, SMS or other messages (collectively, "Messages") to any recipients ("Recipients"), as a condition for using such Communication Services, the Client represents and warrants that: (i) the Client is solely responsible for the content of the Messages; (ii) the Client has the legal right to send all Messages to the Recipients (including obtaining any required consents from the Recipients); (iii) the content, timing and purpose of all Messages, campaigns and programs are in compliance with all applicable laws, rules and regulations; (iv) Service Provider is acting at the Client's direction as the transmitter of the Messages; and (v) Service Provider's transmission of the Messages will not violate the rights of any third party or any law, rule or regulation to the extent such violation is based upon the content of the Messages. The Client is responsible for all uses of Communication Services in association with its accounts, whether or not authorized by it, by parties other than Service Provider or any person acting on Service Provider's behalf, including unintended usage due to holidays, daylight savings, computer clock errors or similar circumstances. The Client acknowledges and agrees that Service Provider does not control nor monitor the Client Content nor guarantee the accuracy, integrity, security or quality of the Client Content, provided that the foregoing does not limit any obligations of Service Provider hereunder with respect to any impacts to the integrity or security of such content that are caused by Service Provider or any third parties acting on Service Provider's behalf. Recording any use of Communication Services may subject the Client to laws or regulations, and the Client is solely responsible for providing any required notification to those being recorded.

Communication Services Fees

Service		Price (USD)
US DID Metered Usage	Rate per Minute	0.00200
US DID TN MRC	Rate per TN	0.15000
US DID TN Setup NRC	Rate per TN	0
US DID TN Port-in NRC	Rate per TN	0
Inbound CNAM	Rate per Call	0.00457
e911	Rate per Endpoint	0.91000
Inbound Toll-Free Usage; TFT; Multi-CIC ONLY w/ West as RespOrg ¹	Rate per Minute	0.01380
TFN MRC	Rate per TFN	0.30000
Toll Free Dip	Rate per Call	0
Outbound toll	Rate per Minute	.014000

Notes:

- 1: Rates shown are for calls in the continental US. Actual customer price depends upon traffic profile.
- 2: Rate elements not mentioned in the table above will be set at standard rates
- 3: US continental calls are billed 6 second minimum and 6 second increments
- 4: International minutes will be billed at current international rates, inquire with Account Manager regarding specific rates

PCI Responsibilities Matrix

Requirement	Description	B1) Agent Assisted Payments with Eckoh processing/transmitting payment
1.1	Establish and implement firewall and router configuration standards that include the following:	ECKOH
1.1.1	A formal process for approving and testing all network connections and changes to the firewall and router configurations	ECKOH
1.1.2	Current network diagram that identifies all connections between the cardholder data environment and other networks, including any wireless networks	ECKOH
1.1.3	Current diagram that shows all cardholder data flows across systems and networks	ECKOH
1.1.4	Requirements for a firewall at each Internet connection and between any demilitarized zone (DMZ) and the internal network zone	ECKOH
1.1.5	Description of groups, roles, and responsibilities for management of network components	ECKOH
1.1.6	Documentation of business justification and approval for use of all services, protocols, and ports allowed, including documentation of security features implemented for those protocols considered to be insecure.	ECKOH
1.1.7	Requirement to review firewall and router rule sets at least every six months	ECKOH
1.2	Build firewall and router configurations that restrict connections between untrusted networks and any system components in the cardholder data environment	ECKOH
1.2.1	Restrict inbound and outbound traffic to that which is necessary for the cardholder data environment, and specifically deny all other traffic	ECKOH
1.2.2	Secure and synchronize router configuration files	ECKOH
1.2.3	Install perimeter firewalls between all wireless networks and the cardholder data environment, and configure these firewalls to deny or, if traffic is necessary for business purposes, permit only authorized traffic between the wireless environment and the cardholder data environment.	ECKOH

1.3	Prohibit direct public access between the Internet and any system component in the cardholder data environment.	ECKOH
1.3.1	Implement a DMZ to limit inbound traffic to only system components that provide authorized publicly accessible services, protocols, and ports.	ECKOH
1.3.2	Limit inbound Internet traffic to IP addresses within the DMZ.	ECKOH
1.3.3	Implement anti-spoofing measures to detect and block forged source IP addresses from entering the network. (For example, block traffic originating from the Internet with an internal source address.)	ECKOH
1.3.4	Do not allow unauthorized outbound traffic from the cardholder data environment to the Internet.	ECKOH
1.3.5	Permit only "established" connections into the network	ECKOH
1.3.6	Place system components that store cardholder data (such as a database) in an internal network zone, segregated from the DMZ and other untrusted networks.	N/A
1.3.7	Do not disclose private IP addresses and routing information to unauthorized parties.	ECKOH
1.4	Install personal firewall software or equivalent functionality on any portable computing devices (including company and/or employee-owned) that connect to the Internet when outside the network (for example, laptops used by employees), and which are also used to access the CDE. Firewall (or equivalent) configurations include: <ul style="list-style-type: none"> · Specific configuration settings are defined. · Personal firewall (or equivalent functionality) is actively running. · Personal firewall (or equivalent functionality) is not alterable by users of the portable computing devices. 	ECKOH
1.5	Ensure that security policies and operational procedures for managing firewalls are documented, in use, and known to all affected parties.	ECKOH
2.1	Always change vendor-supplied defaults and remove or disable unnecessary default accounts before installing a system on the network. This applies to ALL default passwords, including but not limited to those used by operating systems, software that provides security services, application and system accounts, point-of-sale (POS) terminals, payment applications, Simple Network Management Protocol (SNMP) community strings, etc.).	ECKOH
2.1.1	For wireless environments connected to the cardholder data environment or transmitting cardholder data, change wireless vendor defaults, including but not limited to default wireless encryption keys, passwords, and SNMP community strings	N/A

2.2	<p>Develop configuration standards for all system components. Assure that these standards address all known security vulnerabilities and are consistent with industry-accepted system hardening standards. Sources of industry-accepted system hardening standards may include but are not limited to:</p> <ul style="list-style-type: none"> · Center for Internet Security (CIS) · International Organization for Standardization (ISO) · Sysadmin Audit Network Security (SANS) Institute · National Institute of Standards Technology (NIST). 	ECKOH
2.2.1	<p>Implement only one primary function per server to prevent functions that require different security levels from co-existing on the same server. (For example, web servers, database servers, and DNS should be implemented on separate servers.)</p>	ECKOH
2.2.2	<p>Enable only necessary services, protocols, daemons, etc., as required for the function of the system.</p>	ECKOH
2.2.3	<p>Implement additional security features for any required services, protocols, or daemons that are considered to be insecure. Note Where SSL/early TLS is used, the requirements in Appendix A2 must be completed.</p>	ECKOH
2.2.4	<p>Configure system security parameters to prevent misuse.</p>	ECKOH
2.2.5	<p>Remove all unnecessary functionality, such as scripts, drivers, features, subsystems, file systems, and unnecessary web servers.</p>	ECKOH
2.3	<p>Encrypt all non-console administrative access using strong cryptography. Note Where SSL/early TLS is used, the requirements in Appendix A2 must be completed.</p>	ECKOH
2.4	<p>Maintain an inventory of system components that are in scope for PCI DSS.</p>	ECKOH
2.5	<p>Ensure that security policies and operational procedures for managing vendor defaults and other security parameters are documented, in use, and known to all affected parties.</p>	ECKOH
2.6	<p>Shared hosting providers must protect each entity's hosted environment and cardholder data. These providers must meet specific requirements as detailed in Appendix A1: Additional PCI DSS Requirements for Shared Hosting Providers.</p>	N/A
3.1	<p>Keep cardholder data storage to a minimum by implementing data retention and disposal policies, procedures and processes that include at least the following for all cardholder data (CHD) storage:</p> <ul style="list-style-type: none"> · Limiting data storage amount and retention time to that which is required for legal, regulatory, and business requirements · Processes for secure deletion of data when no longer needed · Specific retention requirements for cardholder data · A quarterly process for identifying and securely deleting stored cardholder data that exceeds defined retention. 	ECKOH

3.2	<p>Do not store sensitive authentication data after authorization (even if encrypted). If sensitive authentication data is received, render all data unrecoverable upon completion of the authorization process.</p> <p>It is permissible for issuers and companies that support issuing services to store sensitive authentication data if:</p> <ul style="list-style-type: none"> · There is a business justification and · The data is stored securely. <p>Sensitive authentication data includes the data as cited in the following Requirements 3.2.1 through 3.2.3:</p>	ECKOH
3.2.1	<p>3.2.1 Do not store the full contents of any track (from the magnetic stripe located on the back of a card, equivalent data contained on a chip, or elsewhere) after authorization. This data is alternatively called full track, track, track 1, track 2, and magnetic-stripe data.</p> <p>Note: In the normal course of business, the following data elements from the magnetic stripe may need to be retained:</p> <ul style="list-style-type: none"> · The cardholder’s name · Primary account number (PAN) · Expiration date · Service code to minimize risk, store only these data elements as needed for business. 	ECKOH
3.2.2	<p>Do not store the card verification code or value (three-digit or four-digit number printed on the front or back of a payment card used to verify card-not-present transactions) after authorization.</p>	ECKOH
3.2.3	<p>Do not store the personal identification number (PIN) or the encrypted PIN block after authorization.</p>	ECKOH
3.3	<p>Mask PAN when displayed (the first six and last four digits are the maximum number of digits to be displayed), such that only personnel with a legitimate business need can see more than the first size/last four digits of the PAN.</p>	ECKOH
3.4	<p>Render PAN unreadable anywhere it is stored (including on portable digital media, backup media, and in logs) by using any of the following approaches:</p> <ul style="list-style-type: none"> · One-way hashes based on strong cryptography, (hash must be of the entire PAN) · Truncation (hashing cannot be used to replace the truncated segment of PAN) · Index tokens and pads (pads must be securely stored) · Strong cryptography with associated key-management processes and procedures. Note: It is a relatively trivial effort for a malicious individual to reconstruct original PAN data if they have access to both the truncated and hashed version of a PAN. Where hashed and truncated versions of the same PAN are present in an entity’s environment, additional controls must be in place to ensure that the hashed and truncated versions cannot be correlated to reconstruct the original PAN. 	ECKOH

3.4.1	If disk encryption is used (rather than file- or column-level database encryption), logical access must be managed separately and independently of native operating system authentication and access control mechanisms (for example, by not using local user account databases or general network login credentials). Decryption keys must not be associated with user accounts. NOTE: This requirement applies in addition to all other PCI DSS encryption and key management requirements.	N/A
3.5	Document and implement procedures to protect keys used to secure stored cardholder data against disclosure and misuse:	N/A
3.5.1	<p>Additional requirement for service providers only: Maintain a documented description of the cryptographic architecture that includes:</p> <ul style="list-style-type: none"> · Details of all algorithms, protocols, and keys used for the protection of cardholder data, including key strength and expiry date · Description of the key usage for each key · Inventory of any HSMs and other SCDs used for key management <p>Note: This requirement is a best practice until January 31, 2018, after which it becomes a requirement.</p>	N/A
3.5.2	Restrict access to cryptographic keys to the fewest number of custodians necessary.	N/A
3.5.3	<p>Store secret and private keys used to encrypt/decrypt cardholder data in one (or more) of the following forms at all times:</p> <ul style="list-style-type: none"> · Encrypted with a key-encrypting key that is at least as strong as the data-encrypting key, and that is stored separately from the data-encrypting key · Within a secure cryptographic device (such as a hardware (host) security module (HSM) or PTS-approved point-of-interaction device) · As at least two full-length key components or key shares, in accordance with an industry-accepted method Note: It is not required that public keys be stored in one of these forms. 	N/A
3.5.4	Store cryptographic keys in the fewest possible locations.	N/A
3.6	Fully document and implement all key-management processes and procedures for cryptographic keys used for encryption of cardholder data, including the following: Note: Numerous industry standards for key management are available from various resources including NIST, which can be found at http://csrc.nist.gov .	N/A
3.6.1	Generation of strong cryptographic keys.	N/A
3.6.2	Secure cryptographic key distribution	N/A
3.6.3	Secure cryptographic key storage	N/A

3.6.4	Cryptographic key changes for keys that have reached the end of their crypto period (for example, after a defined period of time has passed and/or after a certain amount of cipher-text has been produced by a given key), as defined by the associated application vendor or key owner and based on industry best practices and guidelines (for example, NIST Special Publication 800-57).	N/A
3.6.5	Retirement or replacement (for example, archiving, destruction, and/or revocation) of keys as deemed necessary when the integrity of the key has been weakened (for example, departure of an employee with knowledge of a clear-text key component), or keys are suspected of being compromised.	N/A
3.6.6	If manual clear-text cryptographic key-management operations are used, these operations must be managed using split knowledge and dual control.	N/A
3.6.7	Prevention of unauthorized substitution of cryptographic keys.	N/A
3.6.8	Requirement for cryptographic key custodians to formally acknowledge that they understand and accept their key custodian responsibilities.	N/A
3.7	Ensure that security policies and operational procedures for protecting stored cardholder data are documented, in use, and known to all affected parties.	ECKOH
4.1	Use strong cryptography and security protocols to safeguard sensitive cardholder data during transmission over open, public networks, including the following: <ul style="list-style-type: none"> · Only trusted keys and certificates are accepted. · The protocol in use only supports secure versions or configurations. · The encryption strength is appropriate for the encryption methodology in use. Note: Where SSL/early TLS is used, the requirements in Appendix A2 must be completed. Examples of open, public networks include but are not limited to: <ul style="list-style-type: none"> · The Internet · Wireless technologies, including 802.11 and Bluetooth · Cellular technologies, for example, Global System for Mobile communications (GSM), Code division multiple access (CDMA) · General Packet Radio Service (GPRS) · Satellite communications 	ECKOH
4.1.1	Ensure wireless networks transmitting cardholder data or connected to the cardholder data environment, use industry best practices to implement strong encryption for authentication and transmission.	N/A
4.2	Never send unprotected PANs by end-user messaging technologies (for example, e-mail, instant messaging, SMS, chat, etc.).	ECKOH
4.3	Ensure that security policies and operational procedures for encrypting transmissions of cardholder data are documented, in use, and known to all affected parties.	ECKOH
5.1	Deploy anti-virus software on all systems commonly affected by malicious software (particularly personal computers and servers).	ECKOH

5.1.1	Ensure that anti-virus programs are capable of detecting, removing, and protecting against all known types of malicious software.	ECKOH
5.1.2	For systems considered to be not commonly affected by malicious software, perform periodic evaluations to identify and evaluate evolving malware threats in order to confirm whether such systems continue to not require anti-virus software.	ECKOH
5.2	Ensure that all anti-virus mechanisms are maintained as follows: <ul style="list-style-type: none"> · Are kept current, · Perform periodic scans · Generate audit logs which are retained per PCI DSS Requirement 10.7. 	ECKOH
5.3	Ensure that anti-virus mechanisms are actively running and cannot be disabled or altered by users, unless specifically authorized by management on a case-by-case basis for a limited time period.	ECKOH
5.4	Ensure that security policies and operational procedures for protecting systems against malware are documented, in use, and known to all affected parties	ECKOH
6.1	Establish a process to identify security vulnerabilities, using reputable outside sources for security vulnerability information, and assign a risk ranking (for example, as “high,” “medium,” or “low”) to newly discovered security vulnerabilities.	ECKOH
6.2	Ensure that all system components and software are protected from known vulnerabilities by installing applicable vendor-supplied security patches. Install critical security patches within one month of release	ECKOH
6.3	Develop internal and external software applications (including web-based administrative access to applications) securely, as follows: <ul style="list-style-type: none"> · In accordance with PCI DSS (for example, secure authentication and logging) · Based on industry standards and/or best practices. · Incorporating information security throughout the software-development life cycle 	ECKOH
6.3.1	Remove development, test and/or custom application accounts, user IDs, and passwords before applications become active or are released to customers.	ECKOH
6.3.2	Review custom code prior to release to production or customers in order to identify any potential coding vulnerability (using either manual or automated processes) to include at least the following: <ul style="list-style-type: none"> · Code changes are reviewed by individuals other than the originating code author, and by individuals knowledgeable about code-review techniques and secure coding practices. · Code reviews ensure code is developed according to secure coding guidelines · Appropriate corrections are implemented prior to release. · Code-review results are reviewed and approved by management prior to release 	ECKOH

6.4	Follow change control processes and procedures for all changes to system components. The processes must include the following:	ECKOH
6.4.1	Separate development/test environments from production environments and enforce the separation with access controls.	ECKOH
6.4.2	Separation of duties between development/test and production environments	ECKOH
6.4.3	Production data (live PANs) are not used for testing or development	ECKOH
6.4.4	Removal of test data and accounts from system components before the system becomes active / goes into production.	ECKOH
6.4.5	Change control procedures must	ECKOH
6.4.5.1	Documentation of impact.	ECKOH
6.4.5.2	Documented change approval by authorized parties.	ECKOH
6.4.5.3	Functionality testing to verify that the change does not adversely impact the security of the system.	ECKOH
6.4.5.4	Back-out procedures.	ECKOH
6.4.6	Upon completion of a significant change, all relevant PCI DSS requirements must be implemented on all new or changed systems and networks, and documentation updated as applicable. Note: This requirement is a best practice until January 31, 2018, after which it becomes a requirement.	ECKOH
6.5	Address common coding vulnerabilities in software-development processes as follows: <ul style="list-style-type: none"> · Train developers at least annually in up-to-date secure coding techniques, including how to avoid common coding vulnerabilities. · Develop applications based on secure coding guidelines. Note: The vulnerabilities listed at 6.5.1 through 6.5.10 were current with industry best practices when this version of PCI DSS was published. However, as industry best practices for vulnerability management are updated (for example, the OWASP Guide, SANS CWE Top 25, CERT Secure Coding, etc.), the current best practices must be used for these requirements. 	ECKOH
6.5.1	Injection flaws, particularly SQL injection. Also consider OS Command Injection, LDAP and XPath injection flaws as well as other injection flaws.	ECKOH
6.5.2	Buffer overflows	ECKOH
6.5.3	Insecure cryptographic storage	ECKOH
6.5.4	Insecure communications	ECKOH
6.5.5	Improper error handling	ECKOH
6.5.6	All “high risk” vulnerabilities identified in the vulnerability identification process (as defined in PCI DSS Requirement 6.1).	ECKOH
6.5.7	Cross-site scripting (XSS)	ECKOH

6.5.8	Improper access control (such as insecure direct object references, failure to restrict URL access, directory traversal, and failure to restrict user access to functions).	ECKOH
6.5.9	Cross-site request forgery (CSRF)	ECKOH
6.5.10	Broken authentication and session management.	ECKOH
6.6	For public-facing web applications, address new threats and vulnerabilities on an ongoing basis and ensure these applications are protected against known attacks by either of the following methods: <ul style="list-style-type: none"> · Reviewing public-facing web applications via manual or automated application vulnerability security assessment tools or methods, at least annually and after any changes Note: This assessment is not the same as the vulnerability scans performed for Requirement 11.2. · Installing an automated technical solution that detects and prevents web-based attacks (for example, a web-application firewall) in front of public-facing web applications, to continually check all traffic. 	ECKOH
6.7	Ensure that security policies and operational procedures for developing and maintaining secure systems and applications are documented, in use, and known to all affected parties.	ECKOH
7.1	Limit access to system components and cardholder data to only those individuals whose job requires such access.	ECKOH
7.1.1	Define access needs for each role, including: <ul style="list-style-type: none"> · System components and data resources that each role needs to access for their job function · Level of privilege required (for example, user, administrator, etc.) for accessing resources. 	ECKOH
7.1.2	Restrict access to privileged user IDs to least privileges necessary to perform job responsibilities.	ECKOH
7.1.3	Assign access based on individual personnel’s job classification and function	ECKOH
7.1.4	Require documented approval by authorized parties specifying required privileges.	ECKOH
7.2	Establish an access control system(s) for systems components that restricts access based on a user’s need to know and is set to “deny all” unless specifically allowed. This access control system(s) must include the following:	ECKOH
7.2.1	Coverage of all system components	ECKOH
7.2.2	Assignment of privileges to individuals based on job classification and function.	ECKOH
7.2.3	Default “deny-all” setting	ECKOH
7.3	Ensure that security policies and operational procedures for restricting access to cardholder data are documented, in use, and known to all affected parties.	ECKOH

8.1	Define and implement policies and procedures to ensure proper user identification management for non-consumer users and administrators on all system components as follows:	ECKOH
8.1.1	Assign all users a unique ID before allowing them to access system components or cardholder data.	ECKOH
8.1.2	Control addition, deletion, and modification of user IDs, credentials, and other identifier objects.	ECKOH
8.1.3	Immediately revoke access for any terminated users.	ECKOH
8.1.4	Remove/disable inactive user accounts within 90 days.	ECKOH
8.1.5	Manage IDs used by third parties to access, support, or maintain system components via remote access as follows: · Enabled only during the time period needed and disabled when not in use. · Monitored when in use.	ECKOH
8.1.6	Limit repeated access attempts by locking out the user ID after not more than six attempts.	ECKOH
8.1.7	Set the lockout duration to a minimum of 30 minutes or until an administrator enables the user ID.	ECKOH
8.1.8	If a session has been idle for more than 15 minutes, require the user to re-authenticate to re-activate the terminal or session.	ECKOH
8.2	In addition to assigning a unique ID, ensure proper user-authentication management for non-consumer users and administrators on all system components by employing at least one of the following methods to authenticate all users: · Something you know, such as a password or passphrase · Something you have, such as a token device or smart card · Something you are, such as a biometric.	ECKOH
8.2.1	Using strong cryptography, render all authentication credentials (such as passwords/phrases) unreadable during transmission and storage on all system components.	ECKOH
8.2.2	Verify user identity before modifying any authentication credential—for example, performing password resets, provisioning new tokens, or generating new keys.	ECKOH
8.2.3	Passwords/passphrases must meet the following: · Require a minimum length of at least seven characters. · Contain both numeric and alphabetic characters. Alternatively, the passwords/ passphrases must have complexity and strength at least equivalent to the parameters specified above.	ECKOH
8.2.4	Change user passwords/passphrases at least once every 90 days.	ECKOH
8.2.5	Do not allow an individual to submit a new password/passphrase that is the same as any of the last four passwords/passphrases he or she has used.	ECKOH

8.2.6	Set passwords/passphrases for first-time use and upon reset to a unique value for each user and change immediately after the first use.	ECKOH
8.3	Secure all individual non-console administrative access and all remote access to the CDE using multi-factor authentication. Note: Multi-factor authentication requires that a minimum of two of the three authentication methods (see Requirement 8.2 for descriptions of authentication methods) be used for authentication. Using one factor twice (for example, using two separate passwords) is not considered multi-factor authentication	ECKOH
8.3.1	Incorporate multi-factor authentication for all non-console access into the CDE for personnel with administrative access. Note: This requirement is a best practice until January 31, 2018, after which it becomes a requirement.	ECKOH
8.3.2	Incorporate multi-factor authentication for all remote network access (both user and administrator and including third-party access for support or maintenance) originating from outside the entity's network.	ECKOH
8.4	Document and communicate authentication procedures and policies to all users including: <ul style="list-style-type: none"> · Guidance on selecting strong authentication credentials · Guidance for how users should protect their authentication credentials · Instructions not to reuse previously used passwords · Instructions to change passwords if there is any suspicion the password could be compromised. 	ECKOH
8.5	Do not use group, shared, or generic IDs, passwords, or other authentication methods as follows: <ul style="list-style-type: none"> · Generic user IDs are disabled or removed. · Shared user IDs do not exist for system administration and other critical functions. · Shared and generic user IDs are not used to administer any system components. 	ECKOH
8.5.1	Additional requirement for service providers only: Service providers with remote access to customer premises (for example, for support of POS systems or servers) must use a unique authentication credential (such as a password/phrase) for each customer. Note: This requirement is not intended to apply to shared hosting providers accessing their own hosting environment, where multiple customer environments are hosted. Note: Requirement 8.5.1 is a best practice until June 30, 2015, after which it becomes a requirement.	ECKOH

8.6	<p>Where other authentication mechanisms are used (for example, physical or logical security tokens, smart cards, certificates, etc.), use of these mechanisms must be assigned as follows:</p> <ul style="list-style-type: none"> · Authentication mechanisms must be assigned to an individual account and not shared among multiple accounts. · Physical and/or logical controls must be in place to ensure only the intended account can use that mechanism to gain access. 	ECKOH
8.7	<p>All access to any database containing cardholder data (including access by applications, administrators, and all other users) is restricted as follows:</p> <ul style="list-style-type: none"> · All user access to, user queries of, and user actions on databases are through programmatic methods. · Only database administrators have the ability to directly access or query databases. · Application IDs for database applications can only be used by the applications (and not by individual users or other non-application processes). 	N/A
8.8	<p>Ensure that security policies and operational procedures for identification and authentication are documented, in use, and known to all affected parties.</p>	ECKOH
9.1	<p>Use appropriate facility entry controls to limit and monitor physical access to systems in the cardholder data environment.</p>	ECKOH
9.1.1	<p>Use either video cameras or access control mechanisms (or both) to monitor individual physical access to sensitive areas. Review collected data and correlate with other entries. Store for at least three months, unless otherwise restricted by law. Note: “Sensitive areas” refers to any data center, server room or any area that houses systems that store, process, or transmit cardholder data. This excludes public-facing areas where only point-of-sale terminals are present, such as the cashier areas in a retail store.</p>	ECKOH
9.1.2	<p>Implement physical and/or logical controls to restrict access to publicly accessible network jacks.</p>	ECKOH
9.1.3	<p>Restrict physical access to wireless access points, gateways, handheld devices, networking/communications hardware, and telecommunication lines.</p>	N/A
9.2	<p>Develop procedures to easily distinguish between onsite personnel and visitors, to include:</p> <ul style="list-style-type: none"> · Identifying onsite personnel and visitors (for example, assigning badges) · Changes to access requirements · Revoking or terminating onsite personnel and expired visitor identification (such as ID badges). 	ECKOH
9.3	<p>Control physical access for onsite personnel to the sensitive areas as follows:</p> <ul style="list-style-type: none"> · Access must be authorized and based on individual job function. · Access is revoked immediately upon termination, and all physical access mechanisms, such as keys, access cards, etc., are returned or disabled 	ECKOH

9.4	Implement procedures to identify and authorize visitors. Procedures should include the following:	ECKOH
9.4.1	Visitors are authorized before entering, and escorted at all times within, areas where cardholder data is processed or maintained.	ECKOH
9.4.2	Visitors are identified and given a badge or other identification that expires and that visibly distinguishes the visitors from onsite personnel	ECKOH
9.4.3	Visitors are asked to surrender the badge or identification before leaving the facility or at the date of expiration.	ECKOH
9.4.4	A visitor log is used to maintain a physical audit trail of visitor activity to the facility as well as computer rooms and data centers where cardholder data is stored or transmitted. Document the visitor's name, the firm represented, and the onsite personnel authorizing physical access on the log. Retain this log for a minimum of three months, unless otherwise restricted by law.	ECKOH
9.5	Physically secure all media.	ECKOH
9.5.1	Store media backups in a secure location, preferably an off-site facility, such as an alternate or backup site, or a commercial storage facility. Review the location's security at least annually.	ECKOH
9.6	Maintain strict control over the internal or external distribution of any kind of media, including the following:	ECKOH
9.6.1	Classify media so the sensitivity of the data can be determined.	ECKOH
9.6.2	Send the media by secured courier or other delivery method that can be accurately tracked.	ECKOH
9.6.3	Ensure management approves any and all media that is moved from a secured area (including when media is distributed to individuals).	ECKOH
9.7	Maintain strict control over the storage and accessibility of media.	ECKOH
9.7.1	Properly maintain inventory logs of all media and conduct media inventories at least annually.	ECKOH
9.8	Destroy media when it is no longer needed for business or legal reasons as follows:	ECKOH
9.8.1	Shred, incinerate, or pulp hard-copy materials so that cardholder data cannot be reconstructed. Secure storage containers used for materials that are to be destroyed.	ECKOH
9.8.2	Render cardholder data on electronic media unrecoverable so that cardholder data cannot be reconstructed.	N/A
9.9	Protect devices that capture payment card data via direct physical interaction with the card from tampering and substitution.	N/A

9.9.1	Maintain an up-to-date list of devices. The list should include the following: <ul style="list-style-type: none"> · Make, model of device · Location of device (for example, the address of the site or facility where the device is located) · Device serial number or other method of unique identification. 	N/A
9.9.2	Periodically inspect device surfaces to detect tampering (for example, addition of card skimmers to devices), or substitution (for example, by checking the serial number or other device characteristics to verify it has not been swapped with a fraudulent device).	N/A
9.9.3	Provide training for personnel to be aware of attempted tampering or replacement of devices. Training should include the following: <ul style="list-style-type: none"> · Verify the identity of any third-party persons claiming to be repair or maintenance personnel, prior to granting them access to modify or troubleshoot devices. · Do not install, replace, or return devices without verification. · Be aware of suspicious behavior around devices (for example, attempts by unknown persons to unplug or open devices). · Report suspicious behavior and indications of device tampering or substitution to appropriate personnel (for example, to a manager or security officer). 	N/A
9.10.	Ensure that security policies and operational procedures for restricting physical access to cardholder data are documented, in use, and known to all affected parties.	ECKOH
10.1	Implement audit trails to link all access to system components to each individual user.	ECKOH
10.2	Implement automated audit trails for all system components to reconstruct the following events:	ECKOH
10.2.1	All individual user accesses to cardholder data	ECKOH
10.2.2	All actions taken by any individual with root or administrative privileges	ECKOH
10.2.3	Access to all audit trails	ECKOH
10.2.4	Invalid logical access attempts	ECKOH
10.2.5	Use of and changes to identification and authentication mechanisms—including but not limited to creation of new accounts and elevation of privileges—and all changes, additions, or deletions to accounts with root or administrative privileges	ECKOH
10.2.6	Initialization, stopping, or pausing of the audit logs	ECKOH
10.2.7	Creation and deletion of system-level objects	ECKOH
10.3	Record at least the following audit trail entries for all system components for each event:	ECKOH
10.3.1	User identification	ECKOH
10.3.2	Type of event	ECKOH

10.3.3	Date and time	ECKOH
10.3.4	Success or failure indication	ECKOH
10.3.5	Origination of event	ECKOH
10.3.6	Identity or name of affected data, system component, or resource	ECKOH
10.4	Using time-synchronization technology, synchronize all critical system clocks and times and ensure that the following is implemented for acquiring, distributing, and storing time.	ECKOH
10.4.1	Critical systems have the correct and consistent time.	ECKOH
10.4.2	Time data is protected.	ECKOH
10.4.3	Time settings are received from industry-accepted time sources.	ECKOH
10.5	Secure audit trails so they cannot be altered.	ECKOH
10.5.1	Limit viewing of audit trails to those with a job-related need.	ECKOH
10.5.2	Protect audit trail files from unauthorized modifications.	ECKOH
10.5.3	Promptly back up audit trail files to a centralized log server or media that is difficult to alter.	ECKOH
10.5.4	Write logs for external-facing technologies onto a secure, centralized, internal log server or media device.	ECKOH
10.5.5	Use file-integrity monitoring or change-detection software on logs to ensure that existing log data cannot be changed without generating alerts (although new data being added should not cause an alert).	ECKOH
10.6	Review logs and security events for all system components to identify anomalies or suspicious activity. Note: Log harvesting, parsing, and alerting tools may be used to meet this Requirement.	ECKOH
10.6.1	Review the following at least daily: <ul style="list-style-type: none"> · All security events · Logs of all system components that store, process, or transmit CHD and/or SAD, or that could impact the security of CHD and/or SAD · Logs of all critical system components · Logs of all servers and system components that perform security functions (for example, firewalls, intrusion-detection systems/intrusion-prevention systems (IDS/IPS), authentication servers, e-commerce redirection servers, etc.). 	ECKOH
10.6.2	Review logs of all other system components periodically based on the organization's policies and risk management strategy, as determined by the organization's annual risk assessment.	ECKOH
10.6.3	Follow up exceptions and anomalies identified during the review process.	ECKOH
10.7	Retain audit trail history for at least one year, with a minimum of three months immediately available for analysis (for example, online, archived, or restorable from backup).	ECKOH

10.8	<p>Additional requirement for service providers only: Implement a process for the timely detection and reporting of failures of critical security control systems, including but not limited to failure of:</p> <ul style="list-style-type: none"> · Firewalls · IDS/IPS · FIM · Anti-virus · Physical access controls · Logical access controls · Audit logging mechanisms · Segmentation controls (if used) <p>Note: This requirement is a best practice until January 31, 2018, after which it becomes a requirement.</p>	ECKOH
10.9	<p>Ensure that security policies and operational procedures for monitoring all access to network resources and cardholder data are documented, in use, and known to all affected parties.</p>	ECKOH
11.1	<p>Implement processes to test for the presence of wireless access points (802.11) and detect and identify all authorized and unauthorized wireless access points on a quarterly basis.</p>	ECKOH
11.1.1	<p>Maintain an inventory of authorized wireless access points including a documented business justification.</p>	ECKOH
11.1.2	<p>Implement incident response procedures in the event unauthorized wireless access points are detected.</p>	ECKOH
11.2	<p>Run internal and external network vulnerability scans at least quarterly and after any significant change in the network (such as new system component installations, changes in network topology, firewall rule modifications, product upgrades). Note: Multiple scan reports can be combined for the quarterly scan process to show that all systems were scanned, and all applicable vulnerabilities have been addressed. Additional documentation may be required to verify non-remediated vulnerabilities are in the process of being addressed. For initial PCI DSS compliance, it is not required that four quarters of passing scans be completed if the assessor verifies 1) the most recent scan result was a passing scan, 2) the entity has documented policies and procedures requiring quarterly scanning, and 3) vulnerabilities noted in the scan results have been corrected as shown in a re-scan(s). For subsequent years after the initial PCI DSS review, four quarters of passing scans must have occurred.</p>	ECKOH
11.2.1	<p>Perform quarterly internal vulnerability scans. Address vulnerabilities and perform rescans to verify all “high risk” vulnerabilities are resolved in accordance with the entity’s vulnerability ranking (per Requirement 6.1). Scans must be performed by qualified personnel.</p>	ECKOH
11.2.2	<p>Perform quarterly external vulnerability scans, via an Approved Scanning Vendor (ASV) approved by the Payment Card Industry Security Standards Council (PCI SSC). Perform rescans as needed, until passing scans are achieved.</p>	ECKOH

11.2.3	Perform internal and external scans, and rescans as needed, after any significant change. Scans must be performed by qualified personnel.	ECKOH
11.3	<p>Implement a methodology for penetration testing that includes the following:</p> <ul style="list-style-type: none"> · Is based on industry-accepted penetration testing approaches (for example, NIST SP800-115) · Includes coverage for the entire CDE perimeter and critical systems · Includes testing from both inside and outside the network · Includes testing to validate any segmentation and scope-reduction controls · Defines application-layer penetration tests to include, at a minimum, the vulnerabilities listed in Requirement 6.5 · Defines network-layer penetration tests to include components that support network functions as well as operating systems · Includes review and consideration of threats and vulnerabilities experienced in the last 12 months · Specifies retention of penetration testing results and remediation activities results. 	ECKOH
11.3.1	Perform external penetration testing at least annually and after any significant infrastructure or application upgrade or modification (such as an operating system upgrade, a sub-network added to the environment, or a web server added to the environment).	ECKOH
11.3.2	Perform internal penetration testing at least annually and after any significant infrastructure or application upgrade or modification (such as an operating system upgrade, a sub-network added to the environment, or a web server added to the environment).	ECKOH
11.3.3	Exploitable vulnerabilities found during penetration testing are corrected and testing is repeated to verify the corrections.	ECKOH
11.3.4	If segmentation is used to isolate the CDE from other networks, perform penetration tests at least annually and after any changes to segmentation controls/methods to verify that the segmentation methods are operational and effective, and isolate all out-of-scope systems from systems in the CDE.	ECKOH
11.3.4.1	Additional requirement for service providers only: If segmentation is used, confirm PCI DSS scope by performing penetration testing on segmentation controls at least every six months and after any changes to segmentation controls/methods. Note: This requirement is a best practice until January 31, 2018, after which it becomes a requirement.	ECKOH
11.4	<p>Use intrusion-detection and/or intrusion-prevention techniques to detect and/or prevent intrusions into the network. Monitor all traffic at the perimeter of the cardholder data environment as well as at critical points in the cardholder data environment, and alert personnel to suspected compromises.</p> <p>Keep all intrusion-detection and prevention engines, baselines, and signatures up to date.</p>	ECKOH

11.5	Deploy a change-detection mechanism (for example, file-integrity monitoring tools) to alert personnel to unauthorized modification (including changes, additions, and deletions) of critical system files, configuration files, or content files; and configure the software to perform critical file comparisons at least weekly. Note: For change-detection purposes, critical files are usually those that do not regularly change, but the modification of which could indicate a system compromise or risk of compromise. Change-detection mechanisms such as file-integrity monitoring products usually come pre-configured with critical files for the related operating system. Other critical files, such as those for custom applications, must be evaluated and defined by the entity (that is, the merchant or service provider).	ECKOH
11.5.1	Implement a process to respond to any alerts generated by the change-detection solution.	ECKOH
11.6	Ensure that security policies and operational procedures for security monitoring and testing are documented, in use, and known to all affected parties.	ECKOH
12.1	Establish, publish, maintain, and disseminate a security policy.	ECKOH
12.1.1	Review the security policy at least annually and update the policy when the environment changes.	ECKOH
12.2	Implement a risk-assessment process that: <ul style="list-style-type: none"> · Is performed at least annually and upon significant changes to the environment (for example, acquisition, merger, relocation, etc.), · Identifies critical assets, threats, and vulnerabilities, and · Results in a formal, documented analysis of risk. Examples of risk-assessment methodologies include but are not limited to OCTAVE, ISO 27005 and NIST SP 800-30. 	ECKOH
12.3	Develop usage policies for critical technologies and define proper use of these technologies.	ECKOH
12.3.1	Explicit approval by authorized parties	ECKOH
12.3.2	Authentication for use of the technology	ECKOH
12.3.3	A list of all such devices and personnel with access	ECKOH
12.3.4	A method to accurately and readily determine owner, contact information, and purpose (for example, labeling, coding, and/or inventorying of devices)	ECKOH
12.3.5	Acceptable uses of the technology	ECKOH
12.3.6	Acceptable network locations for the technologies	ECKOH
12.3.7	List of company-approved products	ECKOH
12.3.8	Automatic disconnect of sessions for remote-access technologies after a specific period of inactivity	ECKOH
12.3.9	Activation of remote-access technologies for vendors and business partners only when needed by vendors and business partners, with immediate deactivation after use	ECKOH

12.3.10.	For personnel accessing cardholder data via remote-access technologies, prohibit the copying, moving, and storage of cardholder data onto local hard drives and removable electronic media, unless explicitly authorized for a defined business need. Where there is an authorized business need, the usage policies must require the data be protected in accordance with all applicable PCI DSS Requirements.	ECKOH
12.4	Ensure that the security policy and procedures clearly define information security responsibilities for all personnel	ECKOH
12.4.1	Additional requirement for service providers only: Executive management shall establish responsibility for the protection of cardholder data and a PCI DSS compliance program to include: <ul style="list-style-type: none"> · Overall accountability for maintaining PCI DSS compliance · Defining a charter for a PCI DSS compliance program and communication to executive management Note: This requirement is a best practice until January 31, 2018, after which it becomes a requirement.	ECKOH
12.5	Assign to an individual or team the following information security management responsibilities	ECKOH
12.5.1	Establish, document, and distribute security policies and procedures.	ECKOH
12.5.2	Monitor and analyze security alerts and information and distribute to appropriate personnel.	ECKOH
12.5.3	Establish, document, and distribute security incident response and escalation procedures to ensure timely and effective handling of all situations.	ECKOH
12.5.4	Administer user accounts, including additions, deletions, and modifications.	ECKOH
12.5.5	Monitor and control all access to data.	ECKOH
12.6	Implement a formal security awareness program to make all personnel aware of the cardholder data security policy and procedures.	ECKOH
12.6.1	Educate personnel upon hire and at least annually.	ECKOH
12.6.2	Require personnel to acknowledge at least annually that they have read and understood the security policy and procedures.	ECKOH
12.7	Screen potential personnel prior to hire to minimize the risk of attacks from internal sources. (Examples of background checks include previous employment history, criminal record, credit history, and reference checks.) Note: For those potential personnel to be hired for certain positions such as store cashiers who only have access to one card number at a time when facilitating a transaction, this requirement is a recommendation only.	ECKOH
12.8	Maintain and implement policies and procedures to manage service providers with whom cardholder data is shared, or that could affect the security of cardholder data, as follows:	SHARED

12.8.1	Maintain a list of service providers including a description of the service provided.	SHARED
12.8.2	Maintain a written agreement that includes an acknowledgement that the service providers are responsible for the security of cardholder data the service providers possess or otherwise store, process or transmit on behalf of the customer, or to the extent that they could impact the security of the customer's cardholder data environment. Note: The exact wording of an acknowledgement will depend on the agreement between the two parties, the details of the service being provided, and the responsibilities assigned to each party. The acknowledgement does not have to include the exact wording provided in this requirement.	SHARED
12.8.3	Ensure there is an established process for engaging service providers including proper due diligence prior to engagement.	SHARED
12.8.4	Maintain a program to monitor service providers' PCI DSS compliance status at least annually.	SHARED
12.8.5	Maintain information about which PCI DSS requirements are managed by each service provider, and which are managed by the entity.	SHARED
12.9	Additional requirement for service providers only: Service providers acknowledge in writing to customers that they are responsible for the security of cardholder data the service provider possesses or otherwise stores, processes, or transmits on behalf of the customer, or to the extent that they could impact the security of the customer's cardholder data environment. Note: The exact wording of an acknowledgement will depend on the agreement between the two parties, the details of the service being provided, and the responsibilities assigned to each party. The acknowledgement does not have to include the exact wording provided in this requirement.	ECKOH
12.10.	Implement an incident response plan. Be prepared to respond immediately to a system breach.	ECKOH
12.10.1	Create the incident response plan to be implemented in the event of system breach. Ensure the plan addresses the following, at a minimum: <ul style="list-style-type: none"> · Roles, responsibilities, and communication and contact strategies in the event of a compromise including notification of the payment brands, at a minimum · Specific incident response procedures · Business recovery and continuity procedures · Data backup processes · Analysis of legal requirements for reporting compromises · Coverage and responses of all critical system components · Reference or inclusion of incident response procedures from the payment brands. 	ECKOH
12.10.2	Review and test the plan, including all elements listed in Requirement 12.10.1, at least annually.	ECKOH

12.10.3	Designate specific personnel to be available on a 24/7 basis to respond to alerts.	ECKOH
12.10.4	Provide appropriate training to staff with security breach response responsibilities	ECKOH
12.10.5	Include alerts from security monitoring systems, including but not limited to intrusion-detection, intrusion-prevention, firewalls, and file-integrity monitoring systems.	ECKOH
12.10.6	Develop a process to modify and evolve the incident response plan according to lessons learned and to incorporate industry developments.	ECKOH
12.11	<p>Additional requirement for service providers only: Perform reviews at least quarterly to confirm personnel are following security policies and operational procedures. Reviews must cover the following processes:</p> <ul style="list-style-type: none"> · Daily log reviews · Firewall rule-set reviews · Applying configuration standards to new systems · Responding to security alerts · Change management processes <p>Note: This requirement is a best practice until January 31, 2018, after which it becomes a requirement.</p>	ECKOH
A.1	Protect each entity's (that is, merchant, service provider, or other entity) hosted environment and data, per A.1.1 through A.1.4: A hosting provider must fulfil these requirements as well as all other relevant sections of the PCI DSS.	N/A
A.1.1	Ensure that each entity only runs processes that have access to that entity's cardholder data environment.	N/A
A.1.2	Restrict each entity's access and privileges to its own cardholder data environment only.	N/A
A.1.3	Ensure logging and audit trails are enabled and unique to each entity's cardholder data environment and consistent with PCI DSS Requirement 10.	N/A
A1.4	Enable processes to provide for timely forensic investigation in the event of a compromise to any hosted merchant or service provider	N/A
A2.1	<p>Where POS POI terminals (and the SSL/TLS termination points to which they connect) use SSL and/or early TLS, the entity must either:</p> <ul style="list-style-type: none"> · Confirm the devices are not susceptible to any known exploits for those protocols. <p>Or:</p> <ul style="list-style-type: none"> · Have a formal Risk Mitigation and Migration Plan in place. 	N/A
A2.2	Entities with existing implementations (other than as allowed in A2.1) that use SSL and/or early TLS must have a formal Risk Mitigation and Migration Plan in place.	ECKOH

A2.3	<p>Additional Requirement for Service Providers Only: All service providers must provide a secure service offering by June 30, 2016. Note: Prior to June 30, 2016, the service provider must either have a secure protocol option included in their service offering or have a documented Risk Mitigation and Migration Plan (per A2.2) that includes a target date for provision of a secure protocol option no later than June 30, 2016. After this date, all service providers must offer a secure protocol option for their service.</p>	ECKOH
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MASTER SERVICES AGREEMENT

This **MASTER SERVICES AGREEMENT** (“**Agreement**”) is effective May 31, 2023 (“**Effective Date**”) by and between Eckoh, Inc., a California corporation with a place of business at 6700 Mercy Road, Suite 302 Omaha, Nebraska 68106 (“**Eckoh**”), and Kerrville Public Utility Board, an Electric Utility corporation, with a place of business at Kerrville, Texas (“**Customer**”). “**Party**” or “**Parties**” means, individually, Eckoh or Customer, as the context requires, and, collectively, Eckoh and Customer.

BACKGROUND

Eckoh is the seller of secure payment solutions to the contact center market (the “**Eckoh Solution**”) comprised of professional services and on-going hosting and maintenance and support services.

Customer wishes to obtain from Eckoh the Eckoh Solution for use in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, covenant and agree as follows:

AGREEMENT

1. ECKOH SOLUTION

a. Statement of Work. Eckoh will make available to Customer an Eckoh Solution as set forth in the applicable statement of work (each, a “**Statement of Work**” or “**SOW**”). The Eckoh Solution may consist of professional services, including, as applicable, installation and configuration services (“**Professional Services**”), and/or on-going hosting, maintenance and support services (“**Hosted Services**”) (the Professional and Hosted Services referred to collectively as, the “**Services**”), which shall be specifically set forth in the applicable SOW, and any applicable Documentation made available by Eckoh. Each SOW is incorporated into and made subject to the terms of this Agreement. The Parties may enter into additional Statements of Work during the Term of this Agreement. All Statements of Work are subject to the terms therein as expressly agreed to by the Parties and shall control over any provisions herein.

b. Changes in Scope. If the Parties wish to modify, expand or change the scope of any Statement of Work (a “**Change**”), the Change requires a mutually agreed upon amendment of the applicable Statement of Work, detailing the Change and any other relevant information that enables the Parties to implement the Change in accordance with the Change Control Process as provided in the applicable Statement of Work. No Change shall be considered authorized unless Eckoh and Customer have signed an amendment to the applicable Statement of Work, and the terms of such amended Statement of Work shall control over any terms in the Statement of Work or this Agreement.

2. TERM AND RENEWAL

This Agreement shall commence on the Effective Date and shall continue in full force and effect (subject to earlier termination in accordance with the provisions of this Agreement) for the initial term of thirty-six (36) months (“**Initial Term**”). Upon expiration of the Initial Term or Renewal Term, as applicable, the Parties may renew this Agreement for an additional twelve (12) month term (each, a “**Renewal Term**”) upon execution of a mutually agreed upon addendum at any time prior to the expiration of the then-current term (the Initial Term and each Renewal Term collectively, the “**Term**”).

3. CHARGES

a. Charges. Customer agrees to pay for the Eckoh Solution the charges as set forth in the applicable Statement of Work (“**Charges**”). Payment of all Charges shall be due within thirty (30) days from the date of Eckoh’s invoice. Customer will pay interest on all past-due sums at a rate which

is the lesser of one and a half percent (1.5%) per month, or the highest rate allowed by law. Any increase in the Charges for any renewal shall be provided for in the applicable SOW.

b. Taxes. Customer shall add to each invoice and Customer shall pay any sales, use, excise, value-added, gross receipts, services, labor-related, consumption and other similar taxes or surcharges, however designated, that are levied by any taxing authority in connection with the provision or use of Eckoh Solution under this Agreement. If, at any time during the Term of this Agreement, Eckoh believes that it is required by law to collect any new or additional taxes for which Customer would be responsible for paying, Eckoh shall notify Customer of such taxes, collect such taxes directly from Customer and remit such taxes to the appropriate governmental authority. If any taxing authority determines at any time that Eckoh has incorrectly determined any tax liability regarding taxes for which Customer is responsible pursuant to this Agreement, Eckoh shall have the right to invoice Customer for such taxes determined by such taxing authority to be due and owing.

c. Payment Disputes. If Customer reasonably disputes any of the Charges due under any invoice (the "**Disputed Amount**"), it shall pay the undisputed portion of the invoice in accordance with the provisions of Section 3.a. and submit a written claim setting out the reasons for disputing the Disputed Amount. All written claims must be submitted to Eckoh within fifteen (15) days after the date of the invoice to which it relates, otherwise Customer will be deemed to agree to such Charges and Eckoh will not be subject to making adjustments to charges or invoices. The Parties shall use all reasonable efforts to settle the dispute. In the event that the dispute is resolved in favor of Eckoh, Customer shall immediately pay the Disputed Amount to Eckoh together with applicable interest calculated in accordance with Section 3.a. In the event that Customer does not pay and does not dispute a payment in accordance with this Section 3.c. Eckoh may suspend the provision of the Eckoh Solution in whole or in part until payment default has been remedied.

4. ECKOH SOLUTIONS

a. Eckoh Services. Eckoh will provide the Services to Customer on the terms of this Agreement from the Effective Date until terminated in accordance with the terms of this Agreement. Subject to the terms and conditions of this Agreement and the applicable Statement of Work, Eckoh grants to Customer a nonexclusive, nontransferable right to access and to use the Services identified on the applicable Statement of Work and any related specifications, user guides and training materials made available by Eckoh ("**Documentation**") solely for the purpose of conducting its internal business operations ("**Customer's Business**") and only within the Territory specified within the applicable Statement of Work. Unless otherwise specified in a Statement of Work, "**Territory**" means the United States of America and its territories and possessions. Customer may allow Affiliates to access and use the Services for Customer's Business as long as Customer ensures that such access and use is in accordance with the terms of this Agreement. Any new Services Eckoh makes available to its Customers after the Effective Date may be provided pursuant to a mutually agreed upon SOW. To the extent required to use the Eckoh Solution, Eckoh grants Customer a nonexclusive, nontransferable license to use any Eckoh software ("**Software**") necessary to provide Services, including any enabling technology. To the extent applicable, Eckoh may make corrective code and other updates to the Software during the Term as part of ongoing Hosted Services. Any such updates will become part of the Software licensed to Customer pursuant to this Agreement. For purposes of this Agreement, "Affiliate" means a person that directly or indirectly controls, is controlled by or is under common control with a Party. For purposes of this definition, "control" means the power to direct the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise.

b. Maintenance and Support. As part of the Hosted Services and provided Customer is current on all applicable fees, Eckoh will provide maintenance and support services pursuant to the applicable Statement of Work. To the extent applicable to the Eckoh Solution, Customer will install any maintenance releases for the Software provided by or on behalf of Eckoh promptly upon receipt. Customer agrees to provide and maintain Customer systems as reasonably required by Eckoh to provide the Eckoh Solution. Eckoh shall not be liable for any failure to perform (or any delay in performing) any of its obligations under this Agreement or SOW if the failure or delay results from Customer's failure or delay in performing any of its obligations set forth in this Agreement or applicable SOW, including the failure by Customer to timely provide and/or maintain Customer systems. Eckoh shall not be liable hereunder for any claims resulting from Customer's failure to maintain the Eckoh Solution as reasonably required by Eckoh.

5. USE RESTRICTIONS AND ACCEPTABLE USE

Customer's access and use of the Eckoh Solution is subject to the following use rights and restrictions.

a. Use Restrictions. Customer shall not take any of the following actions with respect to the Eckoh Solution: (i) reverse engineer, decompile, disassemble, re-engineer or otherwise create, attempt to create, or permit, allow or assist others to create, the source code or the structural framework for part or all of the Eckoh Solution or otherwise disrupt the features, functionality, integrity, or performance of the Eckoh Solution (including any mechanism used to restrict or control the functionality of the Eckoh Solution); (ii) cause or permit any use, display, loan, publication, transfer of possession, sublicensing or other dissemination of the Eckoh Solution, in whole or in part, including as a service bureau, to or by any third party without Eckoh's prior written consent; (iii) cause or permit any change to be made to the Eckoh Solution or Documentation without Eckoh's prior written consent; (iv) bypass or breach any security device or protection used for or contained in the Eckoh Solution; or (v) use the Eckoh Solution for purposes of benchmarking or conducting competitive analysis of the Eckoh Solution or developing, using or providing competing software products or services. Customer shall promptly notify Eckoh if Customer becomes aware of or reasonably suspects any security breach, including any loss, theft, or unauthorized disclosure or use of the Eckoh Solution. Customer, in connection with its use of the Eckoh Solution, shall be solely responsible and liable for all activity of any person that Customer grants access to the Eckoh Solution (collectively, the "Users").

b. Acceptable Use. Customer shall not, and shall ensure that no Users are permitted to: (i) use the Eckoh Solution to store or transmit any content, including Customer Content, that may be infringing, defamatory, threatening, harmful, or otherwise tortious or unlawful, including any content that may violate intellectual property, privacy, rights of publicity, or other laws, or send spam or other unsolicited messages in violation of applicable law; (ii) upload to, or transmit from, the Eckoh Solution any data, file, software or link that contains or redirects to a virus, Trojan horse, worm, or other harmful component; (iii) attempt to gain unauthorized access to the Eckoh Solution, or related Software or networks, or to defeat, avoid, bypass, remove, deactivate, or otherwise circumvent any software protection or monitoring mechanisms of the Eckoh Solution; (iv) use, or otherwise access in connection with Customer's use, the Eckoh Solution in any manner that is not in accordance with applicable laws and government regulations; or (v) copy the Software, except as otherwise provided for specifically in a mutually agreed upon SOW for backup and archival purposes.

c. Suspension of Eckoh Services. Customer acknowledges and agrees that Eckoh may temporarily suspend Customer's access to the Services for a violation of this Section 5 or any other violation of the terms of this Agreement that may have an adverse effect on the Services. Eckoh will provide advance written notice to Customer, to the extent possible under the circumstances, of its intent to suspend the Services. The suspension will continue until Customer has resolved any violation to Eckoh's satisfaction.

6. INTELLECTUAL PROPERTY RIGHTS

a. Eckoh Solution. As between Customer and Eckoh, Eckoh retains all right, title and interest in and to the Services, including all Software and Documentation. Nothing herein shall be construed to restrict, impair, encumber, alter, deprive or adversely affect any of Eckoh's rights or interests therein or any other Eckoh intellectual property, information, content, processes, methodologies, products, goods, services, materials or rights, tangible or intangible. All rights, title and interest in and to the Services, including all Software and Documentation, not expressly granted in this Agreement are reserved by Eckoh.

b. Customer Content. Customer shall retain all right, title and interest in and to, and all intellectual property rights in, Customer records, data and information provided by Customer in connection with the Services (the "Customer Content"). Customer hereby grants Eckoh a limited, worldwide, royalty-free, non-exclusive license to access, use, reproduce, electronically distribute, transmit, display, store, archive, index and create derivative works of Customer Content solely for the purpose of providing the Services to Customer and supporting Customer's use of the Services. Eckoh may also use Customer Content for the limited purpose of improving and developing the Eckoh products and services generally, provided that, when doing so, Eckoh shall only use Customer Content in an

anonymized and aggregated way. Customer is solely responsible for Customer Content that Customer and its Users upload, publish, display, link to, or otherwise make available via the Services.

7. CONFIDENTIALITY

a. Confidentiality Obligations. Both Parties acknowledge that each Party may receive (“**Receiving Party**”) Confidential Information from the other Party (“**Disclosing Party**”) during the Term of this Agreement, and all Confidential Information is deemed to have been received in confidence. Receiving Party may use Disclosing Party’s Confidential Information only to perform its obligations or exercise its rights under this Agreement and may disclose Disclosing Party’s Confidential Information only to Receiving Party’s employees, agents or contractors that need to know the information pursuant to this Agreement and who are required (by written agreement, written and enforceable internal policy, or legally enforceable code of professional responsibility) to maintain the confidentiality of the Confidential Information as required by this Agreement. Receiving Party must protect the Confidential Information at least as well as it does its own valuable and sensitive information of a similar nature and, in any event, with no less than a reasonable degree of care. Following termination or expiration of this Agreement, and/or if requested by Disclosing Party, Receiving Party must return or destroy all Confidential Information and, upon request, certify in writing as to having returned or destroyed all Confidential Information. The obligation of confidentiality continues for five (5) years from the expiration or termination of this Agreement; provided, however, Receiving Party must keep (i) any personally identifiable information (“**PII**”) confidential as required by any applicable law; and (ii) any trade secrets of Disclosing Party confidential as long as the information remains a trade secret.

b. Definition. “**Confidential Information**” includes, without limitation, (i) all information communicated by Disclosing Party that should reasonably be considered confidential under the circumstances, whether it was or was not identified as confidential at the time of disclosure; (ii) all information identified as confidential to which Receiving Party has access in connection with the subject matter of this Agreement; (iii) this Agreement, (iv) any trade secret; (v) any existing or contemplated product, service, design, technology, software, process, technical data, engineering, technique, research, development, invention, methodology and concept and any related information; (vi) information relating to any business plan, Customer information, PII, Customer or supplier list or requirement; and (vii) financial and accounting information.

c. Exceptions. The obligations of either Party under this Section 7 do not apply to information that Receiving Party can demonstrate (i) was in its possession at the time of disclosure without confidentiality restrictions; (ii) at the time of disclosure by Disclosing Party is generally available to the public or after disclosure becomes generally available to the public through no breach of agreement or other wrongful act by Receiving Party; provided, however, PII remains subject to confidentiality obligations regardless of its availability to the public or availability through unauthorized disclosure; (iii) was received from a third party without restriction on disclosure and without breach of agreement or other wrongful act by Receiving Party; or (iv) is independently developed by Receiving Party without reference to the Confidential Information of the other Party.

d. Disclosure by Law. In the event Receiving Party is required by law, regulation, stock exchange requirement or legal process to disclose any of Disclosing Party’s Confidential Information, Receiving Party must (i) give Disclosing Party, to the extent possible, reasonable advance notice prior to disclosure so Disclosing Party may contest the disclosure or seek a protective order, and (ii) reasonably limit the disclosure to the minimum amount that is legally required to be disclosed.

8. INDEMNITIES

a. Customer Indemnity. Customer shall indemnify, defend and hold Eckoh and its officers, directors, employees and agents harmless from and against any and all claims of loss, damages, liability, costs, and expenses (including reasonable attorneys’ fees and expenses) arising out of or resulting from: (i) Customer systems and Customer Content; (ii) a claim relating to any service offered by Customer to third parties; and (iii) any breach by Customer of Sections 4, 5 and 7 of this Agreement.

b. Eckoh Intellectual Property Indemnity. Eckoh shall indemnify, defend and hold Customer harmless from any claim, suit or proceeding brought against Customer and adjudicated to a

final non-appealable judgement by a court of competent jurisdiction to the extent it is based on a third-party claim that the Services as delivered by Eckoh infringe a United States copyright or a United States patent issued as of the Effective Date of this Agreement ("**IP Claim**"). Eckoh will have no indemnity obligation or other liability hereunder arising from: (i) Customer's negligence, breach of this Agreement or alteration of the Services; (ii) Customer systems or Customer Content; (iii) combination of the Services, including any Software, with Customer systems or any materials, products or services not provided by Eckoh; or (iv) any third-party products or third-party services. If an IP Claim is or, in Eckoh's reasonable determination, is likely to be made, Eckoh will, at its own expense and sole discretion, exercise one or the following remedies: (x) obtain for Customer the right to continue to use the Services consistent with this Agreement; or (y) modify the Services so it is non-infringing and in compliance with this Agreement. If, in Eckoh's reasonable determination, the remedies set forth in subsection (x) and (y) are not available on commercially reasonable terms: (A) Customer shall, at Eckoh's request, stop using the allegedly infringing portions of the Services and return any of them (including any copies thereof) in Customer's possession or control; and (B) Eckoh may stop performing all allegedly infringing Services, and terminate this Agreement immediately by notice in writing to Customer. The foregoing states the entire obligation of Eckoh and its suppliers, and the exclusive remedy of Customer, with respect to infringement of proprietary rights.

c. Indemnification Procedure. The Party claiming indemnification shall: (i) notify the indemnifying party of any claim in respect of which the indemnity may apply; (ii) relinquish control of the defense of the claim to the indemnifying party; and (iii) provide the indemnifying party with all assistance reasonably requested in defense of the claim. The indemnifying party shall be entitled to settle any claim without the written consent of the indemnified party so long as such settlement involves only the payment of money by the indemnifying party and in no way affects any rights of the indemnified party. The indemnities set forth herein shall not apply to the negligence of the indemnified party.

9. REPRESENTATIONS AND WARRANTIES

a. Mutual Representations and Warranties. Each Party represents and warrants that (i) it has full power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement without any further ratification or approval; (ii) this Agreement constitutes the legal, valid and binding obligations of such Party; and (iii) it complies with all federal, state, local and, if applicable, foreign laws, rules and regulations (collectively, "**Relevant Law**"), including, with respect to Customer, all Relevant Law that pertains to Customer's operation of its business.

b. Services. Services provided hereunder shall be performed in a workmanlike manner consistent with industry standards. Customer must notify Eckoh promptly, but in no event more than thirty (30) days after completion of the Services, of any claimed breach of this Section 9.b. Customer's sole and exclusive remedy for breach of this warranty shall be, at Eckoh's option, re-performance of the Services or termination of the applicable Service and return of any prepaid, unused portion of the Service fees for such non-conforming Services. The provision of Services under this Agreement shall not extend to the warranties provided with any Software.

c. Restrictions. The warranties referenced in this Section 9 do not apply if the Eckoh Solution or any part thereof: (i) have been altered, except by Eckoh; (ii) have not been installed, operated, repaired, used or maintained in accordance with instructions made available by Eckoh; (iii) have been subject to abnormal or unusual physical or electrical stress or environmental conditions, misused, or negligently handled or operated; or (iv) is acquired by Customer for beta, evaluation, testing, demonstration purposes or other circumstances for which Eckoh does not receive payment of any charge or fee.

d. Disclaimer. EXCEPT FOR THE LIMITED WARRANTIES SET FORTH IN THIS SECTION 9, THE ECKOH SOLUTION, INCLUDING THE SOFTWARE AND SERVICES, IS PROVIDED "AS IS" AND ECKOH EXPRESSLY DISCLAIMS AND EXCLUDES ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT AND WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE. WITHOUT LIMITING THE FOREGOING, ECKOH PROVIDES NO WARRANTY OR UNDERTAKING AND MAKES NO REPRESENTATION OF ANY KIND, WHETHER EXPRESS,

IMPLIED, STATUTORY OR OTHERWISE, THAT THE ECKOH SOLUTION WILL MEET CUSTOMER'S REQUIREMENTS, ACHIEVE ANY INTENDED RESULTS, BE COMPATIBLE OR WORK WITH ANY OTHER EQUIPMENT, SOFTWARE, APPLICATIONS, SYSTEMS OR SERVICES (EXCEPT AS EXPRESSLY SET FORTH IN THE DOCUMENTATION), OPERATE WITHOUT INTERRUPTION, MEET ANY PERFORMANCE OR RELIABILITY STANDARDS OR BE ERROR-FREE. TO THE EXTENT PERMITTED BY LAW, IF A WARRANTY CONDITION OR TERM CANNOT BE DISCLAIMED, SUCH WARRANTY, CONDITION OR TERM SHALL BE LIMITED IN DURATION TO THE APPLICABLE EXPRESS WARRANTY PERIOD.

10. LIMITATIONS OF LIABILITY

a. No Consequential Damages. EXCEPT AS SET FORTH IN SECTION 10.c. BELOW, NEITHER PARTY WILL BE LIABLE TO THE OTHER FOR ANY LOSS OR DAMAGE, COSTS OR EXPENSES TO THE EXTENT THAT THE SAME IS OR CAN BE CHARACTERIZED AS (OR ARISING FROM): (i) BUSINESS INTERRUPTION, LOSS OF PROFITS, LOSS OF PRODUCTION, LOSS OF REVENUE (EXCLUDING CHARGES UNDER THIS AGREEMENT) OR COST OF COVER; (ii) LOSS OF OR CORRUPTION TO DATA; (iii) LOSS OF GOODWILL OR INJURY TO REPUTATION; AND/OR (iv) INDIRECT, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, PUNITIVE OR SPECIAL LOSS OR DAMAGES, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, STRICT LIABILITY OR TORT.

b. Monetary Cap. EXCEPT AS SET FORTH IN SECTION 10.c. BELOW, ECKOH'S TOTAL LIABILITY TO CUSTOMER FOR ANY CLAIMS, LOSSES, INJURIES, SUITS, DEMANDS, JUDGMENTS, LIABILITIES, COSTS, EXPENSES OR DAMAGES FOR ANY CAUSE WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, THOSE ARISING OUT OF OR RELATED TO THIS AGREEMENT (REGARDLESS OF THE FORM) SHALL BE LIMITED TO THE AMOUNT ACTUALLY PAID TO ECKOH BY CUSTOMER UNDER THE STATEMENT OF WORK APPLICABLE TO THE EVENT GIVING RISE TO SUCH ACTION DURING THE TWELVE (12) MONTHS PRECEDING THE RELEVANT INCIDENT (OR SERIES THEREOF).

c. Exclusions. The limitations of liability set forth in this Section 10 do not apply with respect to the liability of either Party for death or personal injury resulting from its own negligence; Customer's payment obligations to Eckoh under this Agreement; liability of either Party resulting from a Party's gross negligence or willful misconduct; or liability arising from Customer's indemnity obligations under Section 8; notwithstanding the foregoing, Eckoh's liability arising from a breach of its data security obligations shall not exceed two (2) times amount actually paid to Eckoh by Customer under the Statement of Work applicable to the event giving rise to such action during the twelve (12) months preceding the relevant incident (or series thereof).

11. TERMINATION

a. Termination for Cause. If a Party materially breaches any provision of this Agreement and/or any Statement of Work and fails to remedy the breach within thirty (30) days of receipt of written notice from the non-breaching Party, the non-breaching Party may terminate this Agreement and/or any Statement of Work adversely affected by the breach.

b. Termination in the Event of Bankruptcy. Either Party may terminate this Agreement upon written notice to the other Party in the event (i) the other Party files a petition for bankruptcy or is adjudicated a bankrupt; (ii) a petition in bankruptcy is filed against the other Party and the petition is not dismissed within thirty (30) calendar days; (iii) the other Party becomes insolvent or makes an assignment for the benefit of its creditors or an arrangement for its creditors pursuant to any bankruptcy or other similar law; (iv) the other Party discontinues its business; or (v) a receiver is appointed for the other Party or its business.

c. Effect of Termination. Upon termination, except as required for a Party's continuing rights hereunder, each Party shall (i) immediately destroy or return to the other Party all of such other Party's Confidential Information then in such Party's possession; and (ii) promptly certify to the other Party that it has done so. Termination of this Agreement shall operate to terminate all then-outstanding Statements of Work. The termination of this Agreement shall not relieve Customer of its liability to pay

any amounts due to Eckoh hereunder. Upon the termination of this Agreement, all rights and licenses granted by Eckoh hereunder shall likewise terminate.

d. Survival. All provisions of this Agreement which by their nature should survive termination shall survive termination.

12. FORCE MAJEURE

Neither Party shall be liable for delays and/or defaults in its performance (other than Customer's obligation to pay fees for Services performed) due to causes beyond its reasonable control, including, but without limiting the generality of the foregoing: acts of God or of the public enemy; fire or explosion; flood; stability or availability of the Internet; the elements; telecommunications system failure; war; technology attacks, epidemic; acts of terrorism; riots; embargoes; quarantine; viruses; strikes; lockouts; disputes with workmen or other labor disturbances; total or partial failure of transportation, utilities, delivery facilities, or supplies; acts or requests of any governmental authority; or any other cause beyond its reasonable control, whether or not similar to the foregoing (each, a "**Force Majeure Event**"). Upon any Force Majeure Event, the Parties shall enter into bona fide discussions as soon as reasonably practicable with a view to alleviating its effects or to agreeing upon such alternative arrangements as may be fair and reasonable. If any of the events detailed in this Section continue for more than thirty (30) days, either Party may immediately terminate this Agreement by providing the other Party with written notice to that effect.

13. INSURANCE

During the Term of this Agreement, Eckoh shall, at its own cost and expense, obtain and maintain in full force and effect insurance policies for the duration of this Agreement, the insurance set forth in the Insurance Schedule, attached to this Agreement as Exhibit A and incorporated herein by this reference.

14. DATA PROTECTION AND PCI DSS

a. Export. Neither Party will export, directly or indirectly, any technical data acquired from the other Party under this Agreement ("**Technical Data**") (or any products, including Software, incorporating any such Technical Data) in breach of any applicable laws or regulations ("**Export Control Laws**") to any country for which the government or any agency thereof at the time of export requires an export license or other governmental approval without first obtaining such license or approval.

b. PCI-DSS. Each Party represents that it will comply with its responsibility in relation to the preservation of Payment Card Industry Data Security Standards ("**PCI-DSS**"), in accordance with the applicable Statement of Work, and agrees to maintain all PCI-DSS requirements as explicitly stated in the applicable Statement of Work. Both Parties agree to cooperate fully to the extent necessary to fulfil joint obligations, and Eckoh shall not be held liable to the extent Customer refuses or delays cooperation on a joint obligation as set out in the applicable Statement of Work.

c. Customer Obligations for PCI-DSS. In order to enable Eckoh to meet its obligations under PCI DSS requirements, Customer shall cooperate with ECKOH at all times as necessary for the provision of Services. Customer shall (i) allow Eckoh remote and on-site access as reasonably required to complete Services under this Agreement; (ii) provide fixed IP address(es) for communication between Eckoh's hosted platform and on-site hardware, if any, and promptly notify Eckoh upon any scheduled amendments to the IP addresses; A PCI DSS or Security audit by Customer may be used in lieu of an audit conducted by Eckoh. Additional evidence can be provided by Customer to Eckoh as mutually agreed upon to determine compliance.

d. Change Management. The Parties agree that, to the extent any change in or decision by a competent authority is made to any Relevant Law, either Party may request changes or enhancements to the Services which will be reasonably considered by the Parties pursuant to the following procedure (the "**Change Policy**"). The requesting Party shall provide a written description of the change and the Parties shall meet in good faith to discuss the change and any additional costs or other required terms and any such change shall only become effective upon mutual agreement on a change order or amendment. Notwithstanding anything in this Agreement, Eckoh may suspend

Services pursuant to Section 5.c. to the extent it requests a change that it reasonably believes is necessary in order for the Services to remain compliant with any Relevant Law and such change is not agreed to by Customer as provided for herein.

15. GOVERNING LAW AND JURISDICTION

a. Governing Law; Jurisdiction. This Agreement shall be governed under the laws of Delaware without regard for its choice of law principles. The Parties exclude any application to this Agreement of the United Nations Convention on Contracts for the International Sale of Goods and the Uniform Computer Information Transactions Act (“UCITA”). Customer agrees that any legal action involving this Agreement in any way will be instituted in a court of competent jurisdiction located in the state or federal courts of the United States located in Douglas County, Nebraska, and each Party irrevocably submits to the non-exclusive jurisdiction of such courts.

b. Waiver of Jury Trial. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY COLLATERAL AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

16. GENERAL

a. Records and Audit. For the Term of this Agreement and for one (1) year thereafter, upon reasonable prior written notice, Eckoh or its designee will have the right to visit the premises of Customer during normal business hours and review their systems as reasonably necessary to determine compliance with this license grant and use restrictions set forth in this Agreement. Eckoh or its designee will use reasonable efforts to avoid unnecessary business disruption during such audit or inspection. If Customer is not in compliance, Customer will correct any failure of compliance including without limitation paying any additional fees that may be due and, if such non-compliance is material, Customer will pay the reasonable costs of the audit.

b. Assignment. Neither Party may assign, delegate or otherwise transfer this Agreement or any rights or obligations hereunder (including by merger, consolidation, dissolution or operation of law, and whether voluntarily or by a Regulatory Body action or order), without the other Party's prior written consent. Notwithstanding the foregoing, Eckoh may assign this Agreement to an Affiliate or to an acquirer of all or part of Eckoh's business or assets, whether by merger or acquisition. This Agreement binds and inures to the benefit of the Parties and their respective permitted successors and assignees.

c. Notices. Except as otherwise provided in this Agreement, all notices, requests, claims and other communications between the Parties described in or otherwise regarding this Agreement must be in writing and be given or made (and will be effective on receipt) by delivery in person (including courier service), or by registered or certified mail (postage prepaid, return receipt requested) to a Party at its address specified herein above or at any other address of which that Party has notified the other Party in accordance with this Section.

d. Waiver. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision of this Agreement or a continuing waiver unless otherwise expressly so provided in writing. The failure of either Party to enforce at any time any of the provisions of this Agreement shall in no way limit or restrict the rights of that Party with respect to any future breach.

e. Amendment. This Agreement may be amended or modified only by a written instrument that refers specifically to this Agreement and is signed by each Party's authorized representative.

f. Severability. If any provision of this Agreement (or part of any provision) is found by any court or other authority of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions will remain unaffected and in force. If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted, the provision shall apply with whatever deletion is necessary to give effect to the Parties' commercial intention.

g. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties and is not intended to, nor shall it be construed to, create any right or confer any benefit on or against any third party.

h. Publicity. Customer agrees to allow Eckoh to use its name, logo and/or trademarks in connection with Eckoh's marketing materials for promotional and public dissemination purposes.

i. Entire Agreement. This Agreement, attached Exhibits and all executed Statements of Work constitute the complete integrated agreement between the Parties concerning the subject matter contained in this Agreement. All prior and contemporaneous agreements, understandings, negotiations or representations, whether oral or in writing, relating to the subject matter of this Agreement are superseded and canceled in their entirety. In the event of a conflict between the terms of this Agreement, Exhibits and Statements of Work, the order of precedence (with the first being the controlling) is: (i) the applicable Statement of Work (including its attachments); and (ii) this Agreement.

j. Headings. The descriptive headings in this Agreement are used solely for convenience and are not intended to affect its meaning or interpretation. A reference to a Party is to a Party to this Agreement and shall include that Party's personal representatives, successors or permitted assignees.

k. Independent Contractors. The Parties are independent contractors and shall not be considered an employee, agent, joint venturer or partner of the other. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between the Parties. Neither Party shall have the power or authority to bind or obligate the other.

l. Counterparts. The Parties may execute this Agreement in one or more counterparts (by original, electronic, or facsimile signature), each of which when executed is an original counterpart and all of which taken together constitute one and the same Agreement. A Party's delivery to the other Party of an original counterpart to this Agreement in accordance with this Section or as a scanned image (such as a .pdf file) attached to an email to the other Party's authorized representative is effective as delivery of that counterpart.

[Signature Page to Follow]

The Parties have caused this Agreement to be executed by their respective duly authorized representatives.

ECKOH, INC.

CUSTOMER

By _____

By _____

Name: Tyler O'Brien

Name: Mike Wittler

Title: SVP Client Services & Sales

Title: General Manager & CEO

Date: 5/31/23

Date: 5/31/203

**EXHIBIT A/
INSURANCE**

Eckoh will, at its own cost and expense, obtain and maintain during the Term of this Agreement, the following insurance:

- (i) Commercial General Liability Insurance, including contractual liability insurance against the liability assumed in this Agreement, products liability, and broad form property damage, including completed operations with the following minimum limits for Bodily Injury and Property Damage on an Occurrence basis: \$1,000,000 per occurrence; \$2,000,000 in the aggregate.
- (ii) Commercial Excess/Umbrella Liability Insurance, subject to minimum limits of \$10,000,000 for bodily injury and physical damage.
- (iii) Cyber Liability Insurance in the amount of \$5,000,000 in the aggregate.

All insurance is written by companies with a BEST Guide rating of B+ VII or better.

Certificates of insurance (or copies of policies) are available upon request.

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Amy Dozier

Date: May 10, 2023

Re: Agenda Item No. 7 – Financial Report

Attached please find financial statements for the month of April 2023.

Highlights include:

- **\$18K increase in net position** for the month, **\$1.1M increase** in net position on a year-to-date (YTD) basis, which is \$824K better than budget.
- **\$3.5M in operating revenue** for the month, **\$26.8M** on a YTD basis.
 - Seven months in to the fiscal year, operating revenue is 1.01% lower than expected. This is due to lower than expected kWh sales (4.1% lower) caused by mild weather offset by slightly higher than expected cost per kWh.
- **\$3.6M in operating expense** for the month, **\$26.0M** on a YTD basis.
 - YTD operating expense is 2.13% lower than budget due to slightly higher than budgeted purchased power costs offset by lower than budgeted costs in all other operating expense categories. Staffing vacancies, mutual aid deployments (New Smyrna Beach and CTEC), and timing of several large expenses (tree trimming and radio purchases) are contributing to the positive variance.
- **\$60K in operating loss** for the month, **\$812K in operating income** on a YTD basis.
- **\$3.9M in over collection of power cost adjustment** as of 4/30/2023, a **decrease of \$134K** from the prior month.
- **\$31.2M invested** in investment pools and an investment account at Happy State Bank. The investment account at Happy State Bank is completely liquid, fully collateralized, and earning 5.19% as of May 10, 2023. Rates on the investment pool accounts are 5.19% at LOGIC and 5.02% at TexPool as of May 10, 2023.

The Power Cost Adjustment (PCA) was set at \$102.50 in November. On a YTD basis, actual power costs equate to a power cost adjustment factor of \$100.82. Management recommends keeping the PCA at \$102.50 for May due to ongoing price volatility and continued pending litigation.

Sincerely,



Amy Dozier
Director of Finance

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended April 30, 2023
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Current Month	Current Month Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance	Current Month Last Year Amount	Variance Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 1,892,550	\$ 1,839,316	\$ 53,234	2.89%	\$ 2,013,507	\$ (120,957)	-6.01%
Commercial/Industrial	1,572,268	1,486,114	86,154	5.80%	1,625,491	(53,223)	-3.27%
Sales to Public Authorities	21,828	21,500	328	1.52%	21,565	263	1.22%
Other	33,054	32,021	1,032	3.22%	43,151	(10,097)	-23.40%
TOTAL OPERATING REVENUES	3,519,699	3,378,951	140,748	4.17%	3,703,714	(184,014)	-4.97%
OPERATING EXPENSES:							
Purchased Power	2,484,513	2,494,849	10,336	0.41%	2,634,141	149,629	5.68%
Distribution	306,539	371,387	64,848	17.46%	246,103	(60,436)	-24.56%
Customer Accounts	56,739	64,853	8,114	12.51%	62,784	6,044	9.63%
Customer Service, Informational & Sales	27,319	35,252	7,932	22.50%	15,581	(11,738)	-75.33%
Administrative Expenses	383,255	404,809	21,555	5.32%	332,385	(50,870)	-15.30%
Depreciation & Amortization	321,461	325,265	3,804	1.17%	312,968	(8,493)	-2.71%
TOTAL OPERATING EXPENSES	3,579,826	3,696,415	116,590	3.15%	3,603,962	24,136	0.67%
OPERATING INCOME (LOSS)	(60,126)	(317,464)	257,338	-81.06%	99,752	(159,878)	-160.28%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	130,180	18,750	111,430	594.29%	15,384	114,796	746.22%
Interest Income - City of Kerrville	13,929	13,929	0	0.00%	15,000	(1,071)	-7.14%
Interest Expense	(9,267)	(9,986)	719	-7.20%	(9,620)	353	-3.67%
City of Kerrville - General Fund Transfer	(109,496)	(101,931)	(7,565)	7.42%	(111,622)	2,126	-1.90%
City of Ingram - Franchise Fee	(2,455)	(2,909)	455	-15.63%	(2,428)	(27)	1.11%
Other - Net	7,307	2,667	4,640	174.02%	1,117	6,190	554.02%
TOTAL NONOPERATING REVENUES (EXP)	30,197	(79,482)	109,679	-137.99%	(92,169)	122,366	-132.76%
INCOME BEFORE CONTRIBUTIONS	(29,929)	(396,945)	367,016	92.46%	7,583	(37,512)	-494.69%
CAPITAL CONTRIBUTIONS	47,660	25,000	22,660	90.64%	47,802	(142)	-0.30%
CHANGE IN NET POSITION	\$ 17,731	\$ (371,945)	\$ 389,676	104.77%	\$ 55,385	\$ (37,654)	67.99%
NET POSITION AT BEGINNING OF MONTH	\$ 75,059,681				\$ 72,958,041		
NET POSITION AT END OF MONTH	\$ 75,077,411				\$ 73,013,425		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended April 30, 2023
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Year to Date	Year to Date Budget Amount	Variance		Year to Date Last Year Amount	Variance	
			Favorable (Unfavorable)	Percentage Variance		Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 15,302,874	\$ 15,517,563	\$ (214,689)	-1.38%	\$ 14,769,211	\$ 533,663	3.61%
Commercial/Industrial	10,888,710	11,001,750	(113,040)	-1.03%	10,308,145	580,565	5.63%
Sales to Public Authorities	148,842	150,500	(1,658)	-1.10%	151,088	(2,246)	-1.49%
Other	480,102	424,910	55,192	12.99%	489,015	(8,913)	-1.82%
TOTAL OPERATING REVENUES	26,820,527	27,094,723	(274,196)	-1.01%	25,717,459	1,103,068	4.29%
OPERATING EXPENSES:							
Purchased Power	18,619,692	18,267,035	(352,657)	-1.93%	17,347,694	(1,271,998)	-7.33%
Distribution	2,042,711	2,572,570	529,859	20.60%	1,982,271	(60,440)	-3.05%
Customer Accounts	367,912	427,634	59,722	13.97%	334,883	(33,029)	-9.86%
Customer Service, Informational & Sales	180,906	244,021	63,115	25.86%	161,173	(19,733)	-12.24%
Administrative Expenses	2,554,605	2,797,805	243,200	8.69%	2,366,470	(188,136)	-7.95%
Depreciation & Amortization	2,242,268	2,265,729	23,462	1.04%	2,164,425	(77,843)	-3.60%
TOTAL OPERATING EXPENSES	26,008,095	26,574,795	566,701	2.13%	24,356,916	(1,651,179)	-6.78%
OPERATING INCOME (LOSS)	812,433	519,928	292,505	56.26%	1,360,544	(548,111)	-40.29%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	812,880	381,250	431,630	113.21%	58,661	754,220	1285.74%
Interest Income - City of Kerrville	101,786	101,786	0	0.00%	105,000	(3,214)	-3.06%
Interest Expense	(63,128)	(69,325)	6,197	-8.94%	(68,874)	5,746	-8.34%
City of Kerrville - General Fund Transfer	(829,002)	(824,279)	(4,723)	0.57%	(773,333)	(55,669)	7.20%
City of Ingram - Franchise Fee	(19,445)	(23,202)	3,757	-16.19%	(19,280)	(165)	0.85%
Other - Net	21,432	18,667	2,766	14.82%	17,541	3,891	22.18%
TOTAL NONOPERATING REVENUES (EXP)	24,524	(415,104)	439,627	-105.91%	(680,285)	704,809	-103.60%
INCOME BEFORE CONTRIBUTIONS	836,956	104,824	732,132	698.44%	680,258	156,698	23.04%
CAPITAL CONTRIBUTIONS	266,753	175,000	91,753	52.43%	222,832	43,921	19.71%
CHANGE IN NET POSITION	\$ 1,103,710	\$ 279,824	\$ 823,886	294.43%	\$ 903,090	\$ 200,619	22.21%
NET POSITION AT BEGINNING OF YEAR	\$ 73,973,702				\$ 72,110,335		
NET POSITION AT END OF MONTH	\$ 75,077,411				\$ 73,013,425		

Kerrville Public Utility Board
Balance Sheet
As of April 30, 2023

Assets and Deferred Outflows	April 30, 2023 (Unaudited)	September 30, 2022	Net Position, Liabilities and Deferred Inflows	April 30, 2023 (Unaudited)	September 30, 2022
Utility Plant:					
Utility Plant in Service	\$ 96,840,628	\$ 93,982,686	Total Net Position	\$ 75,077,411	\$ 73,973,702
Less: Accumulated Depreciation	(47,600,882)	(46,827,910)			
Net Utility Plant in Service	49,239,746	47,154,776	Liabilities:		
Construction Work in Progress	929,803	1,834,762	Current Liabilities:		
Total Utility Plant	50,169,549	48,989,538	Current Maturities of Long-Term Liabilities	449,108	437,108
Restricted and Noncurrent Assets:			Accrued Interest Payable	938	48,046
Customer Deposits	481,554	463,149	Accounts Payable - Purchased Power	10,817,424	10,817,424
Interest and Sinking Fund	217,000	434,802	Accounts Payable - Other	735,995	1,369,794
Emergency, Repair, Replace, Contingency Fund	3,678,059	3,585,091	Over Collection of Power Cost Adjustment	3,909,601	3,846,149
Advance to City of Kerrville, net of current portion	5,892,858	6,428,572	Total Current Liabilities	15,913,067	16,518,522
Net Pension Asset	677,020	677,020	Noncurrent Liabilities:		
Total Restricted and Noncurrent Assets	10,946,491	11,588,634	2013 Revenue Bonds, net of current portion	2,413,000	2,847,000
Current Assets:			Lease Liability	108,000	108,000
Revenue Fund:			Customer Deposits	481,554	463,149
Cash and Cash Equivalents	691,463	606,004	Interest on Customer Deposits	2,986	2,437
Investments	22,118,539	23,084,450	Total OPEB Liability	382,619	382,619
Less: Customer Deposits	(481,554)	(463,149)	Total Long-Term Liabilities	3,388,159	3,803,205
Total Revenue Fund	22,328,448	23,227,305	Total Liabilities	19,301,226	20,321,726
Construction Fund:			Deferred Inflows of Resources - Pension & OPEB	2,044,144	2,044,144
Cash and Cash Equivalents	5,270	5,135			
Investments	1,494,767	1,456,985			
Total Construction Fund	1,500,037	1,462,120			
Rate Stabilization Fund:					
Investments	1,967,109	1,917,388			
Total Rate Stabilization Fund	1,967,109	1,917,388			
Long Term Rate Stabilization Fund:					
Investments	1,756,821	1,094,339			
Total Rate Stabilization Fund	1,756,821	1,094,339			
Customer Accounts Receivable, net of allowance	3,547,810	4,055,633			
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428			
Materials and Supplies	1,253,304	1,135,750			
Other	980,014	895,666			
Total Current Assets	34,404,971	34,859,629			
Deferred Outflow of Resources - Pension & OPEB	901,771	901,771			
Total Assets and Deferred Outflows	\$ 96,422,781	\$ 96,339,572	Total Net Position, Liabilities and Deferred Inflows	\$ 96,422,781	\$ 96,339,572

Kerrville Public Utility Board
Invested Funds Detail
For the Month Ended April 30, 2023

	Date	Revenue Fund	Construction Fund	Rate Stabilization Fund	Restricted			Emergency Repair, Replacement & Contingency	Total Funds Invested
					Long Term Rate Stabilization Fund	Debt Reserve Fund	Interest & Sinking Fund		
Beginning Fund Balance		\$ 23,092,550	\$ 1,488,801	\$ 1,959,257	\$ 1,749,809	\$ -	\$ 223,861	\$ 3,663,378	\$ 32,177,657
Withdrawals:									
Happy Investment - TML	04/03/23	(75,657)							(75,657)
Happy Investment - TMRS	04/13/23	(109,365)							(109,365)
Happy Investment - ERCOT	04/14/23	(142)							(142)
Happy Investment - NextEra	04/18/23	(484,436)							(484,436)
Happy Investment - CPS	04/19/23	(1,009,331)							(1,009,331)
Happy Investment - DG Solar	04/21/23	(48,046)							(48,046)
Happy Investment - Engie	04/26/23	(82,552)							(82,552)
Happy Investment - LCRA	04/26/23	(651,265)							(651,265)
Happy Investment - Garland	04/26/23	(284,924)							(284,924)
Happy Investment - TML	04/28/23	(75,605)							(75,605)
Investments:									
Happy Investment	04/06/23	400,000							400,000
Happy Investment	04/21/23	700,000							700,000
Happy Investment	04/28/23	700,000							700,000
Fund Balance after Withdrawals & Investments		22,071,227	1,488,801	1,959,257	1,749,809	-	223,861	3,663,378	31,156,334
Allocation of:									
Interest Income	04/30/23	91,209	5,966	7,852	7,012	-	875	14,681	127,595
Total Interest Allocation		91,209	5,966	7,852	7,012	-	875	14,681	127,595
Fund Balance After Allocations		22,162,437	1,494,767	1,967,109	1,756,821	-	224,737	3,678,059	31,283,929
Interfund Transfers :									
Debt Service	04/30/23	(43,897)					43,897		-
Interest Payment	04/27/23						(51,634)		(51,634)
Ending Fund Balance		\$ 22,118,539	\$ 1,494,767	\$ 1,967,109	\$ 1,756,821	\$ -	\$ 217,000	\$ 3,678,059	\$ 31,232,295

Kerrville Public Utility Board
 Computation of the Monthly and Annual Debt Service Coverage
 For the Month Ended April 30, 2023

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ 17,731	\$ 1,103,710	\$ 2,050,244
PLUS:			
Interest Expense (net of amortizations)	9,267	63,128	114,600
Depreciation & Amortization Expense	<u>321,461</u>	<u>2,242,268</u>	<u>3,832,177</u>
Numerator	<u>348,459</u>	<u>3,409,105</u>	<u>5,997,021</u>
DIVIDED BY:			
Interest Expense (net of amortizations)	9,267	63,128	114,600
Principal Payment Due	<u>36,167</u>	<u>252,167</u>	<u>428,000</u>
Denominator	<u>\$ 45,434</u>	<u>\$ 315,294</u>	<u>\$ 542,600</u>
DEBT SERVICE COVERAGE RATIO	<u><u>7.67</u></u>	<u><u>10.81</u></u>	<u><u>11.05</u></u>

Minimum Requirement per Bond Covenant	1.35	times Debt Service
Minimum Requirement Established by KPUB Board for Good Business Practices	1.65	times Debt Service

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Amy Dozier

Date: May 10, 2023

Re: Agenda Item No. 8 – Line Extension Policy

During the April 19, 2023 Board meeting we discussed a proposed change to KPUB's line extension policy that would make changes such as including the cost of transformers in the construction estimate for the project and generally increasing the amount due from the customer for line extensions. The Board asked for additional analysis on the proposal. In particular, the Board requested information on how the proposed policy would have impacted recent projects for each class of customer.

This analysis shows that the proposed policy results in:

- A low cost for high density projects such as apartments (\$0 contribution required) and small lot subdivisions (\$717 per lot for Ridgeland)
- A higher cost for individual single-family homes or smaller multi-family projects - \$2,645 to \$3,744 per unit for the projects analyzed
- Higher costs in all cases for commercial projects. The small commercial project analyzed resulted in a contribution of \$2,955 under the proposed policy. Large commercial projects analyzed resulted in much lower contributions if they choose the annual credit based on billed demand charge option, however, that requires a larger up-front contribution.

To recap, significant changes to the current policy include:

1. The cost of transformers will now be included as part of the project cost estimate. This addresses the issue of the rising transformer costs as well as customers requesting larger transformers than required.
2. Rather than basing pricing on a certain number of free feet of overhead line extension, the pricing will be based on total estimated cost in excess of an allowance amount. Allowance amounts were determined using an approach that considers future distribution and customer charge revenue based on expected energy use.
3. Residential extension – Customer pays estimated costs in excess of \$2,000.
4. Single-phase commercial extension – Customer pays estimated costs in excess of \$3,000.
5. Three-phase commercial extension – Customer pays estimated costs in excess of either:
a) up-front \$3,000 allowance or b) a bill credit equal to \$3.50 per kW of monthly billed demand for 36 months.
6. Residential development (single-family and multi-family) – Customer pays estimated costs in excess of \$1,500 allowance per dwelling unit.
7. No changes to outdoor lighting or temporary service policy.

A summary of our survey of 12 nearby utilities is also included. Policies at other utilities vary. Three of the utilities (Austin Energy, City of Georgetown and Pedernales Electric Co-op) require the customer/member to pay all costs. Eight of the utilities offer an allowance generally ranging from \$1,500 to \$3,000 depending on the type of extension. Most utilities include the cost of the transformer as part of the estimated extension cost.

KPUB's proposed policy is not an outlier on either end. The proposed residential and single-phase commercial allowances are similar to other utilities that offer allowances. KPUB's proposed bill credit based on billed demand for large commercial customers is unique among utilities that offer an allowance. Demand for these customers is often hard to estimate, so we feel a credit based on billed demand is the most fair way to offer a revenue-based allowance for large customers.

Please find the following documents following this memo:

1. Analysis of proposed policy
2. Resolution 23-06
3. Proposed policy
4. Line extension survey summary
5. UFS (rate analyst) recommendations

I am happy to answer any questions regarding the proposal.

Staff recommends approval of Resolution No. 23-06.

Sincerely,

A handwritten signature in black ink that reads "Amy Dozier". The signature is written in a cursive, flowing style.

Amy Dozier
Director of Finance

Kerrville Public Utility Board
Line Extension Analysis
May 2023

Customer	Type	Total Cost	# of units	Existing Policy		Proposed Policy		
				Actual Contribution	Price per Unit	Fixed Allowance - Contribution Due	Price per Unit	Demand Credit - Contribution Due
1 Ridgeland	Single-Family Subdivision	\$ 281,590	127	\$ -	\$ -	\$ 91,090	\$ 717	n/a
2 Water St. Lofts	Single-Family + Townhome	58,036	14	2,516	180	37,036	2,645	n/a
3 155 Cedar Wood	Single-Family Residential	5,744	1	-	-	3,744	3,744	n/a
4 The Landing	Multi-Family	95,792	121	13,724	113	-	n/a	n/a
5 Sendero Ridge	Multi-Family	155,679	121	1,540	13	-	n/a	n/a
6 Smitty's Car Wash	Large Commercial	51,689	1	7,623	7,623	48,689	n/a	9,988 *
7 Hobby Lobby	Large Commercial	21,089	1	-	-	18,089	n/a	5,496
8 5D Steakhouse	Large Commercial	24,189	1	3,619	3,619	21,189	n/a	10,217 *
9 Raising Canes	Small Commercial	5,955	1	-	-	2,955	n/a	n/a

*estimated

RESOLUTION NO. 23-06

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD APPROVING AND ADOPTING THE LINE EXTENSION POLICY.

WHEREAS, the Kerrville Public Utility Board desires to provide reliable, safe and cost-effective electric service; and

WHEREAS, the Kerrville Public Utility Board extends service to customers within our service area at the request of the customer; and

WHEREAS, KPUB's current line extension policy is based on the LCRA policy in place when KPUB was purchased in 1987; and

WHEREAS, recent material price increases combined with an outdated methodology has created a need to revise KPUB's line extension policy; and

WHEREAS, management has surveyed area electric utility extension policies and engaged an independent rate consultant in order to prepare an updated Line Extension Policy to address these concerns;

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:

Section 1. The Board approves and adopts the updated Line Extension Policy.

Section 2. By approval of this Resolution management is directed to implement the updated Line Extension Policy.

Section 3. This Resolution shall take effect on June 1, 2023.

PASSED, APPROVED AND ADOPTED on this 17th day of May, 2023

Mark Cowden, Chairman

ATTEST:

Bill Thomas, Secretary

EXTENSION OF ELECTRIC SERVICE

Line extensions are designed and installed on a case-by-case basis to accommodate the unique circumstances of each request. Construction allowances described below are developed by considering future revenue generated from projected energy use patterns over an expected length of service.

Ownership

KPUB shall have, at all times, complete ownership and control of the entire line constructed to serve any Customer, and shall have the right to serve other Customers from said line and/or any extension thereof, without obligation to refund any part of the payment for Contribution In Aid of Construction (CIAC) paid by Customer.

All meters, transformers, regulators, services, fixtures, etc., which are installed by KPUB upon the Customer's premises for the purpose of delivering electricity to the Customer remain the property of KPUB and may be repaired, replaced or removed by KPUB at any time.

Contribution in Aid of Construction (CIAC)

KPUB may require additional charges, prior to providing electric service, if the electric service requested by the Customer is not available at the service location, is other than that which KPUB usually provides, or if the service requested is not adequately compensated for by the applicable rate schedule.

CIAC Determination

The total estimated cost for an extension or expansion to include engineering, primary and secondary extension, transformers, materials, labor, right of way clearing, and any other costs associated with the extension shall be determined by KPUB based on an analysis of each project. KPUB's standard of service is based on the extension of overhead facilities. In cases where the Customer desires or is required to extend underground facilities, the Customer shall be responsible for the installation of trenches and conduit and the associated costs of such installation shall be fully paid by the customer. Any allowance for extension under this policy will not be applied to the cost of trenches and conduit.

Following a detailed analysis of the project, the total estimated cost will be provided to the Customer in a cost estimate letter, which is valid for 90 days. Prices and rates used to prepare the cost estimate shall be reviewed and adjusted at least annually. Any amount determined to be the Customer's responsibility shall be paid to KPUB in advance of construction.

CIAC shall be calculated without regard to other utilities or parties joint use of the extension or facilities provided to extend service to Customer.

KPUB may at its discretion construct system additions or improvements of greater capacity than that required to serve Customer, except that the Customer will only be required to pay the CIAC for those facilities required to provide adequate service for the Customer's requested electrical service.

In certain areas of KPUB's distribution system, extension of overhead service is impractical and would nullify the benefits of substantial past investments in underground facilities. In such areas KPUB reserves the right to limit extensions of electric service to Customer from KPUB's existing underground distribution system.

Right of Way

In all cases, the facilities of KPUB which are to be constructed on privately owned property shall be constructed only on, along and/or across rights-of-way which permit ready access from public roads and shall be covered by properly executed standard easements or platted subdivision easements legally recorded which, among other things, grant KPUB the right to construct, operate and maintain said facilities, and along with the right to rebuild, replace or remove the same.

Customer's Electrical Installation

Customer's electrical installation for receiving electrical service is to be in accordance with KPUB Electric Service Policy which is available at KPUB's offices. In those locations where an ordinance requires Customer to obtain a certificate of inspection and acceptance or a permit, KPUB will not provide electric service to Customer until KPUB receives notification of approval of Customer's electrical installation from the authority having jurisdiction.

KPUB does not assume any duty of inspecting Customer's electrical installation and is not responsible therefor. Without limiting the foregoing, KPUB may refuse electrical service to a Customer whose electrical installation, in KPUB's sole judgement, is considered to be hazardous or of such character that satisfactory service cannot be provided.

The providing of electric service by KPUB does not indicate that KPUB has inspected Customer's electrical installation and deemed it safe or adequate.

Point of Delivery and Metering Equipment

Location

Customer's electrical installation must be arranged so that the location of the point of delivery is acceptable to KPUB, taking into consideration location of existing KPUB facilities and construction required to connect to KPUB system.

Any change from the KPUB designated point of delivery is subject to payment by Customer to KPUB the added costs to extend service facilities to alternate locations or other than that specified by KPUB.

The location of the meter shall be as near as possible to the point of delivery.

Space Requirements

Customer grants to or secures for KPUB, at no charge to KPUB whatsoever, a suitable space that is easily accessible and permits ready access on Customer's premises for the installation of facilities necessary to provide electric service to Customer and for installation of KPUB's metering facilities. The location for meters and associated equipment shall be suitable to KPUB and provide for clear working space on all sides as specified in KPUB Electric Service Policy.

Ownership

All meters are furnished, installed and maintained by KPUB. All meter enclosures and other meter equipment are normally furnished and owned by KPUB, and Customer installs and maintains these facilities, including replacement due to overload or damage.

Service Connections

Only KPUB authorized personnel are permitted to connect the Customer's electrical installation to, or disconnect the same from, KPUB's electrical facilities and system.

Requirement to Take Electrical Service

Customer shall be obligated to take service within 30 days after it is made available. If after this period of time the Customer fails to take service, KPUB may impose the minimum monthly charge under the appropriate rate schedule each month until service is taken.

Relocation or Removal of KPUB Facilities

Facilities of KPUB may be relocated or removed at the request of Customer or a property owner if:

1. Service to other Customers, both present and prospective, will not be adversely affected, and
2. Easements for rights-of-way for the relocated facilities have been granted to KPUB covering their new location, and
3. The requesting party agrees to pay KPUB the actual cost of removing or relocating and advances to KPUB the estimated cost of the removal or relocation including appropriate overheads.

Construction in Flood Areas

KPUB shall not extend electric service into areas below the maximum pool level of lakes or in the flood plain of rivers and streams as established by the authority having jurisdiction.

Residential Service

The Customer shall be responsible for any cost exceeding \$2,000 associated with a residential extension to include engineering, primary and secondary line extensions, transformers, materials, labor, right of way clearing and any other costs associated with the extension. A new service charge still applies and will be billed separately.

Residential Development (Single-Family or Multi-Family)

The Developer shall be responsible for any cost exceeding \$1,500 per dwelling unit associated with a residential development (single or multi-family) extension to include engineering, primary and secondary extensions, transformers, materials, labor, right of way clearing and any other costs associated with the extension. A new service charge still applies and will be billed separately.

Single-Phase Commercial Service

The Customer shall be responsible for any cost exceeding \$3,000 associated with a single-phase commercial service extension to include engineering, primary and secondary extensions, transformers, materials, labor, right of way clearing and any other costs associated with the extension. A new service charge still applies and will be billed separately.

Three-Phase Commercial Service

The Customer shall be responsible for all costs associated with a three-phase commercial service extension to include engineering, primary and secondary extensions, transformers, materials, labor, right of way clearing and other costs associated with the extension.

Customers can offset a portion of the extension cost by selecting one of the following options:

1. A \$3,000 up-front construction allowance, or
2. Future bill credits based on usage - Customers in good standing are eligible to receive credits equal to \$3.50 per kW of monthly billed demand for 36 months following the commencement of service. The credit will be applied to a Customer's account annually. Credits may be applied to future service only and are not eligible to be paid as a refund.

A new service charge still applies and will be billed separately.

Lighting

KPUB will construct permanent extensions of, or additions to, existing overhead facilities of KPUB which provide electric service for the municipal lighting systems under the appropriate schedules where the annual revenue justifies the costs of such extensions.

KPUB will install individual outdoor area lights on existing overhead facilities at the request of a Customer receiving full time electric service in accordance with the contract provisions specified in the applicable rate schedule. Where additional pole(s) or transformer(s) are required and requested by the applicant for the installation of lights, a charge will be made to defray any additional costs incident thereto.

Where primary voltage facilities are not installed, street lighting for subdivisions will only be installed, without cost to applicant, as primary voltage facilities are extended to serve permanent residences or businesses in a subdivision.

Special Facilities - Residential and Commercial

The Customer shall be responsible for all costs associated with a special facilities extension to include engineering, transformers, materials, labor, right of way clearing and any other costs associated with the extension. A new service charge still applies and will be billed separately. Special facilities include but are not limited to accessory dwelling units, wells, barns, signs, seasonal facilities, etc.

Non-Standard and Customer Convenience Service- The Customer shall pay for any special installation necessary to meet a particular requirement for service other than that normally provided. Alternate voltage levels, tight voltage regulation, minimum line noise, and other special requirements shall be the responsibility of the Customer. The Customer may be required to share in a portion of the estimated construction cost for extending service where

such service is not normally provided, or for additional meter or transformer installations to provide separate electric service such as to X-ray machines.

Intermittent loads- KPUB reserves the right to require that the customer furnish and install any suitable or special equipment necessary to reasonably limit the adverse effects created by the Customer-owned equipment such as process furnaces, arc welders, resistance welders, and large motors.

Temporary Service

Extensions of overhead facilities required to serve Customers on a temporary basis will be installed only if the applicant for temporary service pays KPUB, in advance, the full estimated cost of installing and removing all facilities expressly required for such temporary service.

In situations where a temporary service is required for construction purposes, and such temporary line extension results in a permanent meter upon completion of the construction, KPUB will extend such temporary service which contributes to a permanent electric service, at its option, under the appropriate rule for permanent extensions.

Line Extension Survey Summary

Utility	Residential	Commercial	Subdivision Development	Transformer
1. Austin Energy	100% of cost paid by requesting party. Waivers for Affordable Housing projects.	100% of cost paid by requesting party. Waivers for Affordable Housing projects.	100% of cost paid by requesting party. Waivers for Affordable Housing projects.	Transformer paid for by customer.
2. Bandera Electric Cooperative	Estimated cost after \$2,500 allowance for single family residential, \$750 allowance for temporary, \$0 for upgrade.	Same concept and allowances as residential \$2,500 allowance for permanent or \$750 allowance for temporary.	Developer pays all costs. BEC does all installation to metering points.	Transformer paid for by BEC.
3. Bluebonnet Electric Cooperative	Estimated cost after \$1,950 allowance for single family residential. \$350 allowance for barns, wells, etc. \$0 allowance for temporary service. Multifamily (more than 4 units) allowance is on a case by case basis based on projected usage.	Same concept as residential. \$1,950 allowance for single-phase small commercial. Sliding scale for 3 phase allowance based on size of project, type of business, projected load. \$0 allocation for oil wells, food trucks, seasonal businesses, etc.	Developer pays all costs after allowance of \$1,950 per lot.	Transformer paid for by customer.
4. Central Texas Electric Co-op	Estimated cost after \$2,000 allowance. Credits for up to 2 meters. \$0 allowance for temporary service.	Same \$2,000 allowance as residential. If transformer size is unique to the system, then member pays for it.	CTEC pays for underground service in subdivisions with at least 20 lots, served by water and wastewater utilities, with density of at least 30 residences per mile. Developer digs trenches.	Transformer paid for by CTEC. Transformer installation paid by member.
5. City of Boerne	Utility pays for first 100 feet of primary line extension. Remainder is billed at actual cost.	Utility pays for first 100 feet of primary line extension. Remainder is billed at actual cost.	Same as residential. City of Boerne electric service territory is compact and mostly built-out.	
6. City of Georgetown	Application fee - \$260 (single lot residential) Fixed fee per dwelling unit - \$4,460 includes labor, material, engineering Fixed fee per Multi-Family unit - \$1,100 + items listed as Additional Costs such as pro rata costs for AMI	Application Fee of \$2,500 + cost estimate that includes engineering, labor, material, conductor, transformers, metering equipment, etc. + Additional Costs + Connect Fees	Flat \$4,460 cost per subdivision unit. Same as commercial for other developments.	Transformer paid for by customer.
7. City of San Marcos	Estimated cost after \$1,500 allowance. No allowance for temporary / seasonal dwellings.	Estimated cost after \$1,500 allowance.	Estimated cost after \$1,500 allowance.	
8. City of Seguin	Estimated cost after \$1,500 allowance for single family residential, \$750 for temporary.	Same concept as residential. Allowances as follows: \$1,500 for <200 amp 3 phase, \$2,250 for 200 to 800 amp 3 phase, \$3,000 for > 800 amp 3 phase.	100% of cost including engineering, transformers, material, labor, right of way clearing, and all other costs paid by developer. Includes development of RV Parks.	Transformer paid for by customer.

Line Extension Survey Summary

Utility	Residential	Commercial	Subdivision Development	Transformer
9. CPS Energy	Estimated cost less allowance of \$767 per residential unit . 100 feet of standard OH service cable included.	Estimated cost less allowance equal to \$100 per kW of the Customer's estimated maximum demand . Customer pays for service installation. No allowance on service installation.		OH transformers paid for by CPS. Padmount transformers - customer pays the difference between OH and padmount cost.
10. Guadalupe Valley Electric Coop	Estimated cost after \$3,000 allowance for single family residential.	Estimated cost after allowance based on 2 year estimated ROI from projected load for non-oil 3 phase commercial. No allowance for line extension to oil well or 3 phase water well.	OH - Developer pays 50% of construction costs (materials and labor) Underground - \$3,125 per lot, \$1,250 per light, lots over 60' subject to extra cost of \$35/ft.	Transformer paid for by customer.
11. New Braunfels Utilities	NBU pays for transformer and secondary extensions, including temporary. Customer pays for primary extension.	Commercial customer pays for primary and secondary extension.	Developer pays for primary extension.	NBU pays transformers.
12. Pedernales Electric Coop	Estimated cost paid by member.	Estimated cost paid by member.	Estimated cost, including site work and connection at edge of property paid by developer.	Transformer paid for by member.

Maximum Contribution alternatives toward line extension for Kerrville TX

Significant assumptions

	Recovery Customer Charge	Average Distribution Contribution (excluding contribution to city)	Average Contribution (excluding contribution to city) VALUED	Monthly Average Usage	Valued Units	Years	Discount Rate / ROR	Year1	Year2	Year3	Year4	Year5	Year6	Year7
Residential	\$ 0.01284	\$ 0.01336	\$ 0.02619	1,159 kWh		7	6.0%	\$ 364	\$ 364	\$ 364	\$364	\$364	\$364	\$364
Outdoor Area Lighting	\$ 0.05943	\$ 0.01345	\$ 0.07288	58 kWh		5	6.0%	\$ 51	\$ 51	\$ 51	\$ 51	\$ 51		
Street Lighting	\$ 0.16559	\$ 0.19755	\$ 0.36314	57 kWh		5	6.0%	\$ 250	\$ 250	\$ 250	\$250	\$250		
Commercial Service	\$ 2.54455	\$ 6.08585	\$ 8.63039	12 kW		3	6.0%	\$ 1,248	\$ 1,248	\$ 1,248				
Large Commercial Service Primary	\$ 0.28133	\$ 4.49016	\$ 4.77149	1,372 kW		3	6.0%	\$ 78,558	\$ 78,558	\$ 78,558				
Large Commercial Service Secondary	\$ 0.86386	\$ 4.49919	\$ 5.36305	576 kW		3	6.0%	\$ 37,050	\$ 37,050	\$ 37,050				
Contract Secondary	\$ 0.88916	\$ 4.16804	\$ 5.05720	187 kW		3	6.0%	\$ 11,348	\$ 11,348	\$ 11,348				
Contract Primary	\$ 0.43286	\$ 3.77238	\$ 4.20523	633 kW		3	6.0%	\$ 31,939	\$ 31,939	\$ 31,939				

Summary Results

Class	Maximum if credited monthly for three years / monthly U/M (all costs paid up front by customer)	Maximum \$ if credited monthly for three years (all costs paid up front by customer)	Maximum Line Extension Contribution \$ by Utility @ NPV per Annual U/M per rate class (or credited monthly U/M for one year)	U/M	Maximum Line Extension Contribution \$ by Utility @ NPV (if paid one time)	
Residential	\$0.04874	\$ 56.49	\$0.14621	Per Annual kWh	\$ 2,034	
Outdoor Area Lighting	\$0.10233		\$0.30700	Per Annual kWh	\$ 214	
Street Lighting	\$0.50990		\$1.52969	Per Annual kWh	\$ 1,054	
Commercial Service	\$7.69		\$23.07	Per Annual kW	\$ 3,335	
Large Commercial Service Primary	\$4.25		\$12.75	Per Annual kW	\$ 209,986	
Large Commercial Service Secondary	\$4.78		\$14.34	Per Annual kW	\$ 99,036	
Contract Secondary	\$4.51		\$13.52	Per Annual kW	\$ 30,334	
Contract Primary	\$3.75		\$11.24	Per Annual kW	\$ 85,374	
Class Grouping						
Large Commercial Service & Contract Service - Primary	\$ 4.01		\$ 12.03	Per Annual kW		
Large Commercial Service & Contract Service - Secondary	\$ 4.59		\$ 13.76	Per Annual kW		
Residential Development (3 year phase in)	\$0.04066	\$ 47.12	\$0.12197	Per Annual kWh	\$ 1,696	Maximum Contribution per Residential Development Lot
					\$ 250	Less future Service drop Residential Development if Paid by Utility (pedestal to home - use actual amount estimated per lot per development)
					\$ 1,446	Value per lot (max utility contribution per lot, developer pays rest)
			Prefer			
			Ok but prefer Green			
			Not recommended			

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Mike Wittler

Date: May 12, 2023

Re: Item 9—Consideration and Action on Purchases for Materials and Installation of Underground Conduit at Clay and Water Street

After our last Board meeting, we informed City staff that the KPUB Board would be looking to the EIC for the additional funding needed for this project. We looked again at our costs and also had a number of conversations with the preferred contractor, RGB Resources, about ways the costs for the project could be reduced. We identified the following measures to reduce costs:

- Allow full closure of Water St. for the trenching at the intersection of Clay and Water. This will:
 - Reduce cost by about \$25-40k,
 - Cut the working time on the part of the project from about 20 days to 10 days, and
 - Increase safety on the job site.
- Have KPUB setup traffic control (with signs borrowed from the City). This saves about \$25k.
- RGB Resources took a hard look at their costs and found material estimates that could be reduced by about \$30k.
- We looked at our KPUB labor estimated crew days and costs and it can be reduced by about \$12,000.

With these changes, the current estimate is \$525,503.

The City's request to the EIC was a total of \$400,000 for this project and a garage façade improvement project. That amount includes enough buffer to cover this current cost estimate with a 50/50 split.

KPUB has \$250,000 in the budget for this project.

Staff is recommending:

- Allocating \$25,000 from contingency funds in the capital budget to this project to bring the total allocation to \$275,000,
- Continuing the 50/50 funding split with the City/EIC, and
- Approval of purchase orders to RGB Resources for a total of \$285,000 and to Elliott Electric Supply for a total of \$53,639.86.

I will be happy to address any questions from the Board regarding this project.

Thanks,

A handwritten signature in black ink, appearing to read "Mike Wittler". The signature is stylized and cursive.

Mike Wittler, P.E.

Clay Street Project Cost Estimate 05-12-2023

Activity	August 2022 Estimate	Original Bid		Value Engineered		Value Engineered	
		With Contracted Traffic Control		With Contracted Traffic Control		With CoK Provided Signage and KPUB Installation	
		Low Cost (Close Water St.)	High Cost (Work with Water St. Open)	Low Cost	High Cost	Low Cost	High Cost
Civil Construction Work	\$205,500	\$349,500	\$389,500	\$285,000	\$311,000	\$285,000	\$311,000
Traffic Control				\$25,000	\$25,000	\$10,000	\$10,000
Material cost	\$141,506	\$141,506	\$141,506	\$141,506	\$141,506	\$141,506	\$141,506
KPUB Labor	\$50,000	\$50,000	\$50,000	\$37,928	\$37,928	\$37,928	\$37,928
HCTC Material and Labor	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Windstream Material and Labor	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
Spectrum Material and Labor	\$8,813	\$8,813	\$8,813	\$8,813	\$8,813	\$8,813	\$8,813
Customer Service Entrance Conversions	\$10,000	\$10,000	\$10,000	\$7,500	\$7,500	\$7,500	\$7,500
Contingency	\$21,456	\$21,456	\$21,456	\$21,456	\$21,456	\$21,456	\$21,456
Total	\$450,575	\$594,575	\$634,575	\$540,503	\$566,503	\$525,503	\$551,503

Clay Street Conduit Installation Bid Summary					
		RGB Resources, LLC.		RGB Value Engineering	
Project Section	Description	Price	Working Days	Price	Working Days
A-B	163 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 43,000	10	\$ 35,000	10
B-J	69 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 35,000	5	\$ 25,000	5
J-K	84 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 42,000	5	\$ 32,000	5
B-C	92 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 42,000	5	\$ 30,000	5
C-D	32 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 25,000	4	\$ 20,000	4
E-G	185 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 22,000	5	\$ 22,000	5
F-X	254 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 30,500	6	\$ 27,000	6
D-E (Traffic Option 1)	162 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 63,000		\$ 50,000	
E-F (Traffic Option 1)	95 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 43,500		\$ 35,000	
G-L (Traffic Option 1)	93 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 43,500	20	\$ 35,000	20
D-E (Traffic Option 2)	162 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 63,000		\$ 50,000	
E-F (Traffic Option 2)	95 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 43,500		\$ 35,000	
G-L (Traffic Option 2)	93 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 43,500	20	\$ 35,000	20
D-E (Traffic Option 3)	162 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 55,000		\$ 40,000	
E-F (Traffic Option 3)	95 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 38,000		\$ 32,000	
G-L (Traffic Option 3)	93 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 38,000	16	\$ 32,000	16
D-E (Traffic Option 4)	162 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 50,000		\$ 38,000	
E-F (Traffic Option 4)	95 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 30,000		\$ 28,000	
G-L (Traffic Option 4)	93 feet of trench and required conduit, pads, hand holes, and vaults as identified in drawings.	\$ 30,000	10	\$ 28,000	10
Bid Payment and Performance Bond and Certificate of Insurance		\$ -		\$ -	
Cost for off site staging					
Available to Start		May 1, 2023			
Total (Traffic Option 1)		\$ 389,500	60	\$ 311,000	60
Total (Traffic Option 2)		\$ 389,500	60	\$ 311,000	60
Total (Traffic Option 3)		\$ 370,500	56	\$ 295,000	56
Total (Traffic Option 4)		\$ 349,500	50	\$ 285,000	50

Conduit Bids for Clay Street Project

Vendor	Total Bid	Exceptions	Lead Time		Material bid list	
Irby	53,945.00	Holding price only to the 19th. Not quoting 1.5" elbows	2 weeks		1	CONDUIT 4" PVC SCHED 40 600'
Elliott Ele. Supply	53,639.86	1.5" elbows, 2 in stock, remaining 6 weeks	Stock in SA. Deliver to our yard or we pick up in Kerrville		2	CONDUIT 3" PVC SCHED 40 6200'
Techline	61,333.54		stock to 2 weeks		3	CONDUIT 2" PVC SCHED 40 6000'
Wesco	64,833.32		1 to 3 weeks		4	CONDUIT 1.5" PVC SCHED 40 320'
Hill Co Ele Supply	60,305.06	missed item 7	N/A		5	Conduit 4" Elbow 36"R/90deg SCH 80 PVC 14
Dealers Electric	54,649.30	Sweeps are special order.	No lead time mentioned		6	Conduit 3" Elbow 36"R/90deg SCH 80 PVC 94
KBS	56,245.88	no bid item 8			7	Conduit 2" Elbow 36"R/90deg SCH 80 PVC 94
					8	Conduit 1.5" Elbow 24"R/90deg SCH 80 PVC 10
					9	COUPLING 4" CONDUIT PVC 14
					10	COUPLING 3" CONDUIT PVC 94
					11	COUPLING 2" CONDUIT PVC 94
					12	COUPLING 1.5" CONDUIT PVC 10