

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

AGREEMENT FOR SECURITY GUARD SERVICES

I. PARTIES

A. Address

THIS AGREEMENT FOR SECURITY GUARD SERVICES ("Agreement") is made by and between **HOUSTON FIRST CORPORATION** ("HFC"), a Texas local government corporation, and **ANDY FRAIN SERVICES, INC.** ("Contractor"), a corporation doing business in Texas.

The initial addresses of the parties, which one party may change by giving written notice to the other party, are as follows:

HFC

Attn: Dawn Ullrich, President and CEO
Houston First Corporation
P.O. Box 61469
Houston, Texas 77208-1469

Contractor

Attn: Dane Vontobel, Vice President/Owner
Andy Frain Services, Inc.
761 Shoreline Drive
Aurora, IL 60504

The Parties agree as follows:

B. Table of Contents

This Agreement consists of the following sections:

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EXHIBITS

- A. Scope of Services
 - B. Fee Schedule
 - C. Performance Incentive Program
 - D. Minimum Equipment Requirements at Start of Security Guard Services Agreement
 - E. Shadow File Form
 - F. Performance Bond
- C. Controlling Parts

If a conflict among the sections and exhibits arises, the sections control over the exhibits.

D. Signatures

The Parties have executed this Agreement in multiple copies, each of which is an original.

ANDY FRAIN SERVICES, INC.

By: Paul H Clayton
Name: DAVID CLAYTON
Title: PRES/CEO

HOUSTON FIRST CORPORATION

By: Dawn Ullrich
Name: Dawn Ullrich
Title: President and CEO

II. DEFINITIONS

As used in this Agreement, the following terms have the meanings set out below:

"Agreement" means this contract between the Parties, including all exhibits and any written amendments authorized by President and Contractor.

"Assistant Project Manager" means a Commissioned Security Officer whom the Contractor will name, who will roam or travel to various Facilities, and locations within Facilities, in order to coordinate and monitor the Security Guard Services provided by the Contractor at all locations, sites and posts. The Assistant Project Managers shall be immediately available to perform their duties for any period of time that the Contractor has any Security Officer performing security duties. Contractor shall provide one Assistant Project Manager for the Theater District Facilities and one Assistant Project Manager for the George R. Brown Convention Center. The Assistant Project Managers shall assist Contractor's Project Manager.

"Commissioned Guard" means a Security Officer who holds a Security Officer's commission issued by the Texas Board of Private Investigators and Private Security Agencies, pursuant to the authority of Chapter 1702, Texas Occupations Code. Contractor will not be required to furnish firearms to Security Officers as part of this Agreement unless the President specifically requests them.

"Contractor" is defined in the preamble of this Agreement and includes its successors and assigns.

"Documents" mean notes, manuals, notebooks, plans, computations, databases, tabulations, exhibits, reports, underlying data, charts, analyses, maps, letters, models, forms, photographs, the original tracings of all drawings and plans, and other work products (and any modifications or improvements to them) that Contractor prepares or provides under this Agreement.

"Event Guard" means a Security Officer who will wear a uniform with a dress jacket approved by the President while performing security duties. Event Guards will be scheduled on an as needed basis as requested by the President or a General Manager. Event Guards will report to the Supervisor Guard or the Assistant Project Manager when appropriate to receive instructions for duty.

"Facility" or **"Facilities"** means the HFC buildings and premises as specified by the President, which include, but shall not be limited to, George R. Brown Convention Center ("GRBCC"), historical homes and train engine located adjacent to Avenida de las Americas at the site of the future Nau Center, Root Memorial Square Park, Bayou Place (which includes the Albert Thomas Convention Center, also known as the "West Hall," the Sweeney Clock Triangle, and the perimeter of the downtown Aquarium restaurant), the Sabine Promenade (the hike and bike trail along Buffalo Bayou from Sabine to Bagby

Street), Jones Hall for the Performing Arts, Jones Plaza, Wortham Theater Center, Fish Plaza, Sesquicentennial Parks I and II, Sunset Coffee Building, Talento Bilingue de Houston, Miller Outdoor Theatre, The Houston Center for the Arts, all Parking Facilities as defined herein, and such other Facilities as HFC may acquire from time to time.

"General Manager" means HFC's manager for any of the Facilities, as defined herein, or their respective designees, each of whom shall be the General Manager for purposes of the Agreement as to the Facilities or properties which each manages for HFC.

"HFC" is defined in the preamble of this Agreement and includes its successors and assigns.

"Holiday" means any day that has been designated as such by HFC's Board of Directors.

"Noncommissioned Officer" means a Security Officer who holds a Noncommissioned security card issued by the Texas Commission on Private Security pursuant to the authority of Texas Occupations Code, Chapter 1702, and who is unarmed while providing Security Guard Service as directed by Contractor under this Agreement.

"Notice to Proceed" means the written notice signed by the President and sent to the Contractor authorizing the Contractor to begin performance under this Agreement.

"Parking Facilities" includes all parking garages, surface lots, tunnels, stairwells, elevators, entrance ramps, entrance signs and parking equipment owned and operated by HFC. Included are the Theater District Parking Garages and tunnels, the George R. Brown Convention Center Surface Lots, the Convention District Garage, Houston Center for the Arts parking lot, Lots C and H, the Houston Police Department parking lot located at 3300 Artesian, and such other parking garages or parking surface lots as HFC may acquire from time to time.

"Parties" mean all the entities set out in the Preamble who are bound by this Agreement.

"Performance Bond" shall mean the form of security approved by HFC and furnished on HFC's form, or in substantial conformance thereto, by the Contractor as a guarantee that the Contractor will execute the work in accordance with the terms of the Agreement and will pay all lawful claims.

"Post Orders" means those specific security requirements, as defined by the President or General Managers, for each location identified.

"President" means the President of HFC, or the person he or she designates, acting within the limits of delegated authority.

"Project Manager" means Contractor's Project Manager who shall be available at the Facilities at those times the Supervisors or Assistant Project Managers are not on-site. The Project Manager shall solely be dedicated to HFC and shall have no outside or other work responsibilities unless approved in writing by the President. The Project Manager shall oversee the performance of the Security Guard

Services.

"**Security Guard Service(s)**" means all reasonable and necessary efforts to prevent intrusion, unauthorized entry, theft, larceny, vandalism, abuse, fire, terrorism, and trespass or other criminal activity on the designated premises of HFC; the prevention, observation, or detection of any unauthorized activity in the Facilities or on the designated premises of HFC, and the documentation of all conditions requiring response of Security Officers.

"**Security Officer**" means a person employed by the Contractor to provide Security Guard Service under this Agreement, and includes Commissioned Guards and Noncommissioned Officers. All Security Officers shall wear a standard Contractor company uniform while performing Security Guard Services.

"**Supervisor**" or "**Site Supervisor Guard**" means a Commissioned Guard who has previous managerial or supervisory experience in the commercial guard service industry or an acceptable equivalent such as police officer, law enforcement, or military experience. Supervisors and Site Supervisor Guards will perform security and supervisory duties for a Facility on an as needed basis as required by the President. Supervisors and Site Supervisor Guards shall report to the Project Manager to receive instructions for duty.

III. DUTIES OF CONTRACTOR

A. Scope of Services

In consideration of the payments specified in this Agreement, Contractor shall provide all labor, material, and supervision necessary to perform the services described in Exhibit "A."

B. Coordinate Performance

Contractor shall coordinate its performance with the President and other persons that the President designates. Contractor shall promptly inform the President and other person(s) of all significant events relating to the performance of this Agreement.

C. Payment of Subcontractors

Contractor shall make timely payments to all persons and entities supplying labor, materials, or equipment for the performance of this Agreement. CONTRACTOR SHALL DEFEND AND INDEMNIFY HFC FROM ANY CLAIMS OR LIABILITY ARISING OUT OF CONTRACTOR'S FAILURE TO MAKE THESE PAYMENTS. Contractor shall submit disputes relating to payment of MWBE subcontractors to arbitration in the same manner as any other disputes under the MWBE subcontract.

D. RELEASE

CONTRACTOR AGREES TO AND SHALL RELEASE HOUSTON FIRST CORPORATION, HOUSTON FIRST HOLDINGS, LLC, THE CITY OF HOUSTON, AND THEIR AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY "INDEMNITEES") FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE INDEMNITEES' CONCURRENT NEGLIGENCE AND/OR THE INDEMNITEES' STRICT STATUTORY LIABILITY AS WELL AS FROM ALL LIABILITY FOR DAMAGES OR OTHER RELIEF ARISING UNDER FEDERAL OR STATE EMPLOYMENT LAWS RELATING TO OR INVOLVING PERSONNEL EMPLOYED BY CONTRACTOR UNDER THIS AGREEMENT.

E. INDEMNIFICATION

CONTRACTOR AGREES TO AND SHALL DEFEND, INDEMNIFY, AND HOLD HOUSTON FIRST CORPORATION, HOUSTON FIRST HOLDINGS, LLC, THE CITY OF HOUSTON, AND THEIR AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY "INDEMNITEES") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEY'S FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT AS WELL AS FOR ALL LIABILITY FOR DAMAGES OR OTHER RELIEF ARISING UNDER FEDERAL OR STATE EMPLOYMENT LAWS RELATING TO OR INVOLVING PERSONNEL EMPLOYED BY CONTRACTOR UNDER THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY OR RELATING TO:

(1) CONTRACTOR AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', PRESIDENTS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY IN THIS SECTION, "CONTRACTOR") ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS; THE INDEMNITEES' AND CONTRACTOR'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER CONTRACTOR IS IMMUNE FROM LIABILITY OR NOT; AND INDEMNITEES' AND CONTRACTOR'S ACTUAL OR ALLEGED

STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER CONTRACTOR IS IMMUNE FROM LIABILITY OR NOT.

(2) ACTUAL OR ALLEGED VIOLATIONS OF ANY FEDERAL OR STATE EMPLOYMENT LAWS, INCLUDING WITHOUT LIMITATION, ALL CLAIMS AND CAUSES OF ACTION BROUGHT AGAINST INDEMNITIES BY CONTRACTOR'S PERSONNEL AND/OR GOVERNMENT AGENCIES ARISING FROM, RELATING TO, OR INVOLVING SERVICES OF CONTRACTOR'S PERSONNEL UNDER THIS AGREEMENT.

CONTRACTOR SHALL DEFEND, INDEMNIFY, AND HOLD THE INDEMNITEES HARMLESS DURING THE TERM OF THIS CONTRACT AND FOR FOUR YEARS AFTER THE CONTRACT TERMINATES. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IT IS AGREED THAT CONTRACTOR SHALL NOT INDEMNIFY, DEFEND OR HOLD HARMLESS THE INDEMNITEES FOR THEIR ACTUAL GROSS OR SOLE NEGLIGENT ACTS OR WILLFUL MISCONDUCT.

IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT CONTRACTOR IS NOT RESPONSIBLE FOR PERFORMING ANY MAINTENANCE SERVICES, OTHER THAN MAINTENANCE OBLIGATIONS CONCERNING THE EQUIPMENT UNDER ITS CARE, CUSTODY OR CONTROL, INCLUDING, BUT NOT LIMITED TO, ELEVATOR OR ESCALATOR MAINTENANCE, LIGHT REPAIR, LOCK OR ALARM DEVICE REPAIR OR MAINTENANCE, BUILDING UPKEEP, SNOW REMOVAL, GARBAGE OR DEBRIS REMOVAL OR WATER REMOVAL.

CONTRACTOR SHALL REQUIRE ALL OF ITS SUBCONTRACTORS (AND THEIR SUBCONTRACTORS) TO RELEASE AND INDEMNIFY THE INDEMNITEES TO THE SAME EXTENT AND IN SUBSTANTIALLY THE SAME FORM AS ITS RELEASE AND INDEMNITY TO THE INDEMNITEES.

F. INDEMNIFICATION PROCEDURES

- (1) Notice of Claims. If HFC or Contractor receives notice of any claim or circumstances, which could give rise to an indemnified loss, the receiving party shall give written notice to the other party within 30 days. The notice must include the following:
- a. a description of the indemnification event in reasonable detail, and
 - b. the basis on which indemnification may be due, and
 - c. the anticipated amount of the indemnified loss.
- (2) This notice does not estop or prevent HFC from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice.

If HFC does not provide this notice within the 30 day period, it does not waive any right to

indemnification except to the extent that Contractor is prejudiced, suffers loss, or incurs expense because of the delay.

(3) Defense of Claims

a. Assumption of Defense. Contractor may assume the defense of the claim at its own expense with counsel chosen by it. Contractor shall then control the defense and any negotiations to settle the claim. Within a reasonable period of time after receiving written notice of the indemnification request, Contractor must advise HFC as to whether or not it will defend the claim. If Contractor does not assume the defense, HFC shall assume and control the defense, and all defense expenses constitute an indemnification loss.

b. Continued Participation. If Contractor elects to defend the claim, HFC may retain separate counsel to participate in (but not control) the defense and to participate in (but not control) any settlement negotiations. Contractor may settle the claim without the consent or agreement of HFC, unless it (i) would result in injunctive relief or other equitable remedies or otherwise require the Indemnitees to comply with restrictions or limitations that adversely affect the Indemnitees, (ii) would require the Indemnitees to pay amounts that Contractor does not fund in full, (iii) would not result in the Indemnitees' full and complete release from all liability to the plaintiffs or claimants who are parties to or otherwise bound by the settlement.

G. Insurance

Minimum Insurance Requirements. Contractor shall maintain the following insurance coverage in the following amounts:

<u>(Coverage)</u>	<u>(Limit of Liability)</u>
Workers' Compensation	Statutory for Workers' Compensation (Contractor is not allowed to self-insure Workers' Compensation.)
Employer's Liability	Bodily Injury by accident \$100,000 (each accident) Bodily Injury by Disease \$100,000 (policy limit) Bodily Injury by Disease \$100,000 (each employee)
Commercial General Liability: Including Broad Form Coverage, Contractual Liability, Bodily and Personal Injury, and Completed Operations	Bodily Injury and Property Damage, Combined Limits of \$1,000,000 each occurrence and \$2,000,000 aggregate

Automobile Liability Insurance
(for vehicles Contractor
uses in performing under this
Agreement, including Employer's
Non-Owned and Hired Auto
Coverage)

\$1,000,000 combined single limit
per occurrence

Defense costs are excluded from the face amount of the policy.
Aggregate Limits are per 12-month policy period
unless otherwise indicated.

2.2 Form of Policies. The President may approve the form of the insurance policies, but nothing the President does or fails to do relieves Contractor from its duties to provide the required coverage under this Agreement. The President's actions or inactions do not waive HFC's rights under this Agreement.

2.3 Issuers of Policies. The issuer of any policy (1) shall have a Certificate of Authority to transact insurance business in Texas or (2) shall be an eligible non-admitted insurer in the State of Texas and have a Best's rating of at least A- and a Best's Financial Size Category of Class VI or better, according to the most current edition of Best's Key Rating Guide.

2.4 Insured Parties. Each policy, except those for Workers' Compensation, Employer's Liability, and Employment Practices Liability Insurance must name HFC and the City of Houston as Additional Insured parties on the original policy and all renewals or replacements. Additionally, if all or any part of the Hilton Americas-Houston hotel is added to this Agreement as a Facility, both Contractor and its subcontractors shall have Houston First Holdings LLC and The Variable Annuity Life Insurance Company c/o AIG Asset Management ("AIG") included on commercial liability insurance policies as Additional Insured parties.

2.5 Deductibles. Contractor shall be responsible for and bear any claims or losses to the extent of any deductible amounts and waives any claim it may have for the same against the Additional Insured parties. Each policy shall not have more than a \$100,000 deductible for any occurrence without prior approval from the Additional Insured parties, except for mandatory deductibles where required under local regulations, or when required by insurers for specific catastrophic perils.

2.6 Cancellation. CONTRACTOR SHALL GIVE 30 DAYS' WRITTEN NOTICE TO THE PRESIDENT IF ANY OF ITS INSURANCE POLICIES ARE CANCELLED, MATERIALLY CHANGED OR NON-RENEWED. Within the 30 day period, Contractor shall provide other suitable policies in lieu of those about to be cancelled, materially changed, or nonrenewed so as to maintain in effect the required coverage. If Contractor does not comply with this requirement, the President, at his or her sole discretion, may

- (a) immediately suspend Contractor from any further performance under this Agreement and begin procedures to terminate for default, or
- (b) purchase the required insurance with HFC funds and deduct the cost of the premiums from amounts due to Contractor under this Agreement.

2.7 Subrogation. Each policy must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against HFC and the City of Houston, and, if all or any part of the Hilton Americas-Houston hotel is added to this Agreement as a Facility, there must also be a waiver of subrogation in favor of Houston First Holdings LLC, and AIG.

2.8 Endorsement of Primary Insurance. Each policy, except Workers' Compensation, must contain an endorsement that the policy is primary to any other insurance available to the Additional Insureds.

2.9 Required Endorsement Forms. Endorsement forms must accompany the insurance certificates provided by Contractor's insurance agent, showing Additional Insured coverage and waivers of subrogation in favor of both HFC and the City of Houston, and, if all or any part of Hilton Americas-Houston hotel is added to this Agreement, Houston First Holdings LLC and AIG, when such coverage is required. HFC will accept the following endorsement forms and such other endorsement forms as may be approved by HFC:

CG2404 – Waiver of Transfer of Rights of Recovery against Others

CA0403 – Additional Insured Endorsement

CAT353 – Business Auto Extension Endorsement

WC 42304A – Workers Compensation Waiver of Transfer of Rights of Recovery against Others.

2.10 Liability for Premium. Contractor shall pay all insurance premiums, and HFC shall not be obligated to pay any premiums.

2.11 Subcontractors. Contractor shall require all subcontractors to carry insurance naming HFC and the City of Houston as Additional Insured parties, and, if all or any part of Hilton Americas-Houston hotel is added to this Agreement, naming Houston First Holdings LLC and AIG as Additional Insured parties, and meeting all of the above requirements except amount. The amount of coverage must be commensurate with the amount of the subcontract, but in no case less than \$1,000,000 per occurrence. Contractor shall provide copies of insurance certificates to the President upon request.

2.12 Proof of Insurance.

- (a) Prior to execution of this Agreement, Contractor shall furnish the President with certificates of insurance. If requested by the President, Contractor shall provide an Affidavit confirming that the certificates accurately reflect the insurance coverage maintained. If requested in writing by the President, Contractor shall furnish HFC with certified copies of Contractor's actual insurance policies.

- (b) Contractor shall continuously, and without interruption, maintain in force the required insurance coverages specified in this section. If Contractor does not comply with this requirement, the President, at his or her sole discretion, may
 - (i) immediately suspend Contractor from any further performance under this Agreement and begin procedures to terminate for default, or
 - (ii) purchase the required insurance with HFC funds and deduct the cost of the premiums from amounts due to Contractor under this Agreement.

HFC shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

2.13 Other Insurance. If requested by the President, Contractor shall furnish adequate evidence of Social Security and Unemployment Compensation Insurance, to the extent applicable to Contractor's operations under this Agreement.

H. Representations and Warranties

1. Contractor represents and warrants that it shall perform all work in a good and workmanlike manner, meeting the standards of quality prevailing in Harris County, Texas for work of this kind. Contractor shall perform all work using trained, qualified, skilled and properly licensed persons having substantial experience performing the work required under this Agreement.

2. Contractor further represents and warrants that it has and shall maintain in effect a valid Class B or Class C Security Services Contractor License issued by the Texas Commission on Private Security ("Commission"). Additionally, Contractor warrants that it shall at all times provide Security Guard Services complying with the requirements of the Commission.

3. With respect to any equipment furnished by it, Contractor warrants:

- (a) that all items are free of defects in title, material, and workmanship,
- (b) that each item meets or exceeds the manufacturer's specifications and requirements for the equipment, structure, or other improvement in which the item is installed,
- (c) that each replacement item is new in accordance with original equipment manufacturer's specifications, and of a quality at least as good as the quality of the item which it replaces (when the replaced item was new), and
- (d) that no item or its use infringes any patent, copyright, or proprietary right.

I. Licenses and Permits

Contractor shall obtain, maintain, and pay for all licenses, permits, and certifications, including all professional licenses required by any statute, ordinance, rule, or regulation. Contractor shall immediately notify the President of any suspension, revocation, or other detrimental action against his or her license.

J. Compliance with Laws

Contractor shall comply with all applicable state and federal laws and regulations.

K. Diversity Program

Contractor shall make good faith efforts to award subcontracts equal to **twenty-five percent (25%)** of the value of this Agreement to certified, diverse suppliers of goods and services in accordance with the Diversity Program established by HFC, which is incorporated herein by this reference. Contractor shall disclose to HFC the manner and extent to which it has made good faith efforts to achieve such goal and submit reports to HFC monthly, on or before the 15th day of each month during the Agreement, on forms provided by HFC. Failure to submit monthly diversity reports to HFC by the 15th of each month is a material default, which may result in termination of the Agreement.

L. Performance Bond

Contractor shall furnish a performance bond in substantially the form attached hereto as Exhibit "F" in the amount of \$1,500,000, renewable for each Agreement Year of the initial three-year term and, if and when the option years are exercised by the President, \$1,500,000 for each option year, conditioned on Contractor's full and timely performance of the Agreement. The bond(s) must be issued by a corporate surety authorized and admitted to write surety bonds in Texas. The surety must be listed on the current list of accepted sureties on federal bonds published by the United States Treasury Department or reinsured for any liability in excess of \$100,000 by a reinsurer listed on the U.S. Treasury list.

M. Drug Abuse Detection and Deterrence Policy

It is the policy of HFC to achieve a drug-free workforce and workplace. The manufacture, distribution, dispensation, possession, sale, or use of illegal drugs or alcohol by contractors while on HFC premises is prohibited. Contractor shall comply with this policy and shall subject its employees to drug testing if there is a reasonable suspicion that the employees may be abusing drugs or alcohol while working on HFC premises. Contractor shall provide the President with copies of all such drug tests upon request. If an employee's drug test result is positive, Contractor shall prevent the employee with the positive drug test result from continuing to perform work related to this Agreement.

N. Duty to Inspect

Contractor represents that it or its agent has inspected all Facilities affected by this Agreement and that it is not entitled to additional compensation for its failure to accurately account for all of the work to be performed under this Agreement.

IV. DUTIES OF HFC

A. Payment Terms

HFC shall pay for personnel at the hourly rates set forth in Exhibit "B", Fee Schedule, and shall pay for equipment at the costs set forth in Exhibit "D" or at actual cost, if equipment is not listed in Exhibit "D".

B. Performance Incentive

As additional consideration, Contractor may be eligible to receive a quarterly Performance Incentive based on Contractor's performance under this Agreement, and the President's level of satisfaction with that performance. Contractor's performance herein will be evaluated for the preceding three months based upon the criteria contained in Exhibit "C"—"Performance Incentive Program." Minor adjustments may be made to the evaluation criteria and evaluation form as the Agreement progresses, if mutually agreed upon by the President and Contractor, to reflect changes in the Scope of Services or HFC's objectives. The evaluation shall be conducted within 30 days after the conclusion of each three month period during the Agreement Term, including any renewal terms.

Based on HFC's evaluation of Contractor's performance, the Contractor shall be eligible to receive a Performance Incentive, not to exceed twenty thousand dollars (\$20,000) for the previous three months. The Contractor will be paid the applicable Performance Incentive in the month immediately following each three month evaluation period. Contractor shall pay the entirety of any Performance Incentive it receives under this Agreement directly to its employees who have provided services pursuant to this Agreement. Contractor shall make such payments within a reasonable amount of time from Contractor's receipt of each payment from HFC. Contractor shall match each Performance Incentive received by contributing 50% of each Performance Incentive. The total of each Performance Incentive received from HFC plus Contractor's 50% match shall be distributed to Contractor's employees who perform services under this Agreement. Contractor shall provide to HFC a report after each Performance Incentive period reflecting the amounts distributed and the names of those employees receiving the distribution.

Contractor has no vested right to receive the Performance Incentive described herein. It is a contingent right based upon Contractor's performance under this Agreement and the President's level of satisfaction with that performance. After applying the appropriate Performance Incentive payments for the evaluation period, the President shall have the right, in his or her sole discretion, to reduce or eliminate altogether the amount of Performance Incentive payable to Contractor for the evaluation period. Contractor shall have no recourse against HFC for any such reduction or elimination.

Notwithstanding the foregoing, payment of a Performance Incentive shall never exceed eighty thousand dollars (\$80,000) per Agreement Year.

Following the initial three month evaluation utilizing the criteria in Exhibit "C," the President shall have the right and option to designate and implement additional quantifiable performance goals to be utilized for any subsequent three month evaluations to be performed pursuant to this Agreement. Such additional performance goals will be provided to Contractor on or before the beginning of the three month evaluation period to which they will be applied, together with the rating or scoring scales to be utilized for such goals. The additional performance goals may be weighted so as to constitute up to forty percent (40%) of the evaluation factors used to determine the Performance Incentive payment, as designated by the President.

C. Taxes

HFC is exempt from payment of Federal Excise and Transportation Tax and Texas Limited Sales and Use Tax. Contractor's invoices to HFC must not contain assessments of any of these taxes. The President will furnish HFC's exemption certificate and federal tax identification number to Contractor if requested.

D. Method of Payment

HFC shall pay Contractor on the basis of monthly invoices submitted electronically by Contractor, by the fifth (5th) calendar day of the month, and approved by the President, showing the hourly rates and number of hours worked for all categories of personnel who performed services during the previous month and itemizing any equipment provided and the cost thereof during the previous month. HFC shall make payments to Contractor within 30 days of receipt of an approved invoice.

E. Disputed Payments

If HFC disputes any items in an invoice Contractor submits for any reason, including lack of supporting documentation, the President shall temporarily delete the disputed item and pay the remainder of the invoice. The President shall promptly notify Contractor of the dispute and request remedial action. After the dispute is settled, Contractor shall include the disputed amount on a subsequent regularly scheduled invoice or on a special invoice for the disputed item only.

F. Access to Site

Contractor may enter and leave all premises at all reasonable times without charge. Contractor and its employees may use the common areas and roadways of the premises where it is to perform the services together with all facilities, equipment, improvements, and services provided in connection with the premises for common use, provided that they follow HFC policies. Contractor's employees shall not loiter at the Facilities for purposes unrelated to the services required by this Agreement; they shall arrive at and depart from the Facilities in a timely manner before and after their work shifts begin and end.

Contractor shall repair any damage caused by it or its employees as a result of its use of the common areas.

G. Certain Duties of HFC

In addition to its other duties under this Agreement, HFC shall, to the extent permitted by law, provide access to and allow the Contractor to make copies of documents in the possession or control of HFC or available to HFC that are requested by the Contractor and are reasonably necessary for the Contractor to perform under this Agreement.

V. TERM AND TERMINATION

A. Agreement Term

This Agreement is effective at 12:01 a.m. on April 1, 2014 and shall remain in effect for three years, unless sooner terminated according to the terms of this Agreement. Contractor shall begin performance under this Agreement on the date as stated in the Notice to Proceed. Upon written notice from the President to the Contractor, the term of this Agreement may be extended on the same terms and conditions for a period of time not to exceed 90 days for the completion of services hereunder or the provision of additional related services.

B. Renewals

If the President, at his or her sole discretion, makes a written request for renewal to Contractor at least 30 days before expiration of the then-current term and if sufficient funds are allocated, then, upon expiration of the initial term, this Agreement is renewed for two successive one-year terms upon the same terms and conditions.

C. Termination for Convenience by HFC

The President may terminate this Agreement at any time by giving 30 days' written notice to Contractor. HFC's right to terminate this Agreement for convenience is cumulative of all rights and remedies which exist now or in the future.

On receiving the notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement and cancel all existing orders and subcontracts that are chargeable to this Agreement. As soon as practicable after receiving the termination notice, Contractor shall submit an invoice showing in detail the services performed under this Agreement up to the termination date. HFC shall then pay the fees to Contractor for services actually performed, but not already paid for, in the same manner as prescribed in Section IV unless the fees exceed the allocated funds remaining under this Agreement.

TERMINATION OF THIS AGREEMENT AND RECEIPT OF PAYMENT FOR SERVICES RENDERED ARE CONTRACTOR'S ONLY REMEDIES FOR HFC'S TERMINATION FOR CONVENIENCE, WHICH DOES NOT CONSTITUTE A DEFAULT OR BREACH OF THIS AGREEMENT. CONTRACTOR WAIVES ANY CLAIM (OTHER THAN ITS CLAIM FOR PAYMENT AS SPECIFIED IN THIS SECTION), IT MAY HAVE NOW OR IN THE FUTURE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM HFC'S TERMINATION FOR CONVENIENCE.

D. Termination for Cause by HFC

If Contractor defaults under this Agreement, the President may either terminate this Agreement or allow Contractor to cure the default as provided below. HFC's right to terminate this Agreement for Contractor's default is cumulative of all rights and remedies which exist now or in the future. Default by Contractor occurs if:

- (1) Contractor fails to perform any of its duties under this Agreement;
- (2) Contractor becomes insolvent;
- (3) all or a substantial part of Contractor's assets are assigned for the benefit of its creditors; or
- (4) a receiver or trustee is appointed for Contractor.

If a default occurs, the President may, but is not obligated to, deliver a written notice to Contractor describing the default and the termination date. The President, at his or her sole option, may extend the termination date to a later date. If the President allows Contractor to cure the default and Contractor does so to the President's satisfaction before the termination date, then the termination is ineffective. If Contractor does not cure the default before the termination date, then the President may terminate this Agreement on the termination date, at no further obligation of HFC.

To effect final termination, the President must notify Contractor in writing. After receiving the notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement, and promptly cancel all orders or subcontracts chargeable to this Agreement.

E. Termination for Cause by Contractor

Contractor may terminate its performance under this Agreement only if HFC defaults and fails to cure the default after receiving written notice of it. Default by HFC occurs if HFC fails to perform one or more of its material duties under this Agreement. If a default occurs and Contractor wishes to terminate the Agreement, then Contractor must deliver a written notice to the President describing the default and the proposed termination date. The date must be at least 30 days after the President receives notice. Contractor, at its sole option, may extend the proposed termination date to a later date. If HFC cures the default before the proposed termination date, then the proposed termination is ineffective. If HFC does

not cure the default before the proposed termination date, then Contractor may terminate its performance under this Agreement on the termination date.

VI. MISCELLANEOUS

A. Independent Contractor

Contractor shall perform its obligations under this Agreement as an independent contractor and not as an employee of HFC.

B. Force Majeure

1. Timely performance by both parties is essential to this Agreement. However, neither party is liable for reasonable delays in performing its obligations under this Agreement to the extent the delay is caused by Force Majeure that directly impacts HFC or Contractor. The event of Force Majeure may permit a reasonable delay in performance but does not excuse a party's obligations to complete performance under this Agreement. Force Majeure means: fires, interruption of utility services, epidemics in the city, floods, hurricanes, tornadoes, ice storms and other natural disasters, explosions, war, terrorist acts against HFC or Contractor, riots, strikes, court orders, and the acts of superior governmental or military authority, and which the affected party is unable to prevent by the exercise of reasonable diligence. The term does not include any changes in general economic conditions such as inflation, interest rates, economic downturn or other factors of general application; or an event that merely makes performance more difficult, expensive or impractical. Force Majeure does not entitle Contractor to extra payment.

2. This relief is not applicable unless the affected party does the following:

- (a) uses due diligence to remove the effects of the Force Majeure as quickly as possible and to continue performance notwithstanding the Force Majeure; and
- (b) provides the other party with prompt written notice of the cause and its anticipated effect.

3. The President will review claims that a Force Majeure that directly impacts HFC or Contractor has occurred and render a written decision within 14 days. The decision of the President is final.

4. HFC may perform contract functions itself or contract them out during periods of Force Majeure. Such performance is not a default or breach of this Agreement by HFC.

5. If the Force Majeure continues for more than 14 days from the date performance is affected, the President may terminate this Agreement by giving seven days' written notice to Contractor. This termination is not a default or breach of this Agreement. **CONTRACTOR WAIVES ANY CLAIM IT MAY HAVE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING**

FROM THE TERMINATION EXCEPT FOR AMOUNTS DUE UNDER THE AGREEMENT UP TO THE TIME THE WORK IS HALTED DUE TO FORCE MAJEURE.

C. Severability

If any part of this Agreement is for any reason found to be unenforceable, all other parts remain enforceable unless the result materially prejudices either party.

D. Entire Agreement

This Agreement merges the prior negotiations and understandings of the Parties and embodies the entire agreement of the Parties. No other agreements, assurances, conditions, covenants (express or implied), or other terms of any kind, exist between the Parties regarding this Agreement.

E. Written Amendment

Unless otherwise specified elsewhere in this Agreement, this Agreement may be amended only by written instrument executed on behalf of HFC and Contractor.

F. Applicable Laws

This Agreement is subject to the laws of the State of Texas, the laws of the federal government of the United States, and all rules and regulations of any regulatory body or officer having jurisdiction.

Venue for any litigation relating to this Agreement is Harris County, Texas.

G. Notices

All notices to either party to the Agreement must be in writing and must be delivered by hand, facsimile, United States registered or certified mail, return receipt requested, United States Express Mail, Federal Express, Airborne Express, UPS or any other national overnight express delivery service. The notice must be addressed to the party to whom the notice is given at its address set out in Section I of this Agreement or other address the receiving party has designated previously by proper notice to the sending party. Postage or delivery charges must be paid by the party giving the notice.

H. Captions

Captions contained in this Agreement are for reference only, and, therefore, have no effect in construing this Agreement. The captions are not restrictive of the subject matter of any section in this Agreement.

I. Non-Waiver

If either party fails to require the other to perform a term of this Agreement, that failure does not prevent the party from later enforcing that term and all other terms. If either party waives the other's breach of a term, that waiver does not waive a later breach of this Agreement.

An approval by the President, or by any other employee or agent of HFC, of any part of Contractor's performance does not waive compliance with this Agreement or establish a standard of

performance other than that required by this Agreement and by law. The President is not authorized to vary the terms of this Agreement.

J. Inspections and Audits

HFC representatives may have the right to perform, or have performed, (1) audits of Contractor's books and records, and (2) inspections of all places where work is undertaken in connection with this Agreement. Contractor shall keep its books and records available for this purpose for at least three years after this Agreement terminates. This provision does not affect the applicable statute of limitations.

K. Enforcement

HFC's General Counsel or his or her designee may enforce all legal rights and obligations under this Agreement without further authorization. Contractor shall provide to HFC's General Counsel all documents and records that HFC's General Counsel requests to assist in determining Contractor's compliance with this Agreement, with the exception of those documents made confidential by federal or State law or regulation.

L. Ambiguities

If any term of this Agreement is ambiguous, it shall not be construed for or against any party on the basis that the party did or did not write it.

M. Survival

Contractor shall remain obligated to HFC under all clauses of this Agreement that expressly or by their nature extend beyond the expiration or termination of this Agreement, including but not limited to, the indemnity provisions.

N. Parties in Interest

This Agreement does not bestow any rights upon any third party, but binds and benefits HFC and Contractor only.

O. Successors and Assigns

This Agreement binds and benefits the Parties and their legal successors and permitted assigns; however, this provision does not alter the restrictions on assignment and disposal of assets set out in the following paragraph. This Agreement does not create any personal liability on the part of any officer or agent of HFC.

P. Business Structure and Assignments

Contractor shall not assign this Agreement at law or otherwise or dispose of all or substantially all of its assets without the President's prior written consent. Nothing in this clause, however, prevents the assignment of accounts receivable or the creation of a security interest as described in the Texas Business & Commerce Code. In the case of such an assignment, Contractor shall immediately furnish the

President with proof of the assignment and the name, telephone number, and address of the Assignee and a clear identification of the fees to be paid to the Assignee.

Contractor shall not delegate any portion of its performance under this Agreement without the President's prior written consent.

Q. Remedies Cumulative

Unless otherwise specified elsewhere in this Agreement, the rights and remedies contained in this Agreement are not exclusive, but are cumulative of all rights and remedies which exist now or in the future. Neither party may terminate its duties under this Agreement except in accordance with its provisions.

R. Confidentiality, Conflict of Interest

The Contractor recognizes that all records and data received by the Contractor shall be kept in strictest confidence by the Contractor. The Contractor shall not divulge such information except as approved by the President or as may be compelled by law or as required or permitted by this Agreement. The Contractor is strictly prohibited from allowing its Security Officers to work for any of the HFC's clients or contractors without prior written approval from the President.

S. Covenant Not to Hire

Contractor hereby agrees that, at no time during the Term or during the one year period thereafter, Contractor shall not employ, solicit for employment or otherwise encourage the employment of any of the following persons employed by HFC (or holding the office positions within HFC herein described), whether directly or indirectly, or through any affiliate of Contractor: President, General Counsel, Chief Operating Officer, Treasurer or any other individual who has negotiated the terms and provisions of this Agreement with Contractor or has had substantial and personal involvement (as hereinbelow defined) with respect to this Agreement. For purposes of this provision, the term "has had substantial and personal involvement" means that a person exercised discretion or decision-making in the handling of any of the terms and provisions of this Agreement associated with the Contractor's performance of this Agreement. The terms and provisions of this section shall expressly survive the expiration or sooner termination of this Agreement and, in the enforcement hereof, HFC shall have all rights and remedies available at law or in equity including, without limitation, the right to seek and obtain injunctive relief.

EXHIBIT "A"

SCOPE OF SERVICES

1.0 GENERAL

Contractor shall provide competent, fully qualified and State of Texas licensed Security Officers, as well as the necessary equipment, and supervision to provide high quality Security Guard Services at the Facilities.

Contractor shall make periodic oral or written reports and recommendations to the President with respect to conditions, transactions, situations or circumstances encountered by the Contractor relating to the services to be performed under this Agreement and attend meetings determined to be necessary by the President. **Contractor shall provide any reports that the President may reasonably request by written notice. Any notice or authorization that is required in writing may be sent by fax or by e-mail.**

At least five working days prior to the start of services under this Agreement, Contractor shall provide the following to the President:

- (a) A complete company profile; and
- (b) A copy of its written procedures that regulate its prompt and proper response to incidents, emergency contingencies, and contacting supervisors; and
- (c) A copy of its current State of Texas Security Services Contractor License; and
- (d) A complete company personnel roster, including an organizational chart, and a listing of officers, presidents, executive personnel, and management personnel the Contractor intends to service this Agreement and their qualifications.
- (e) A roster, including an organizational chart, of all Security Officers, Supervisors, Assistant Project Managers, and the Project Manager who Contractor initially intends to assign to the Facilities. This roster shall include identifying information such as dates of birth, driver license numbers or Texas ID Card numbers, and Social Security numbers. Whenever personnel changes are made, deleting or adding personnel to the roster, Contractor shall notify the applicable General Manager within one working day, unless advance notification is required herein, providing the name and identifying information about whoever is being deleted from or added to the roster. Contractor shall provide updated personnel rosters and organizational charts to the President and the General Managers whenever changes in Contractor's personnel are made. Updated personnel rosters and organizational charts shall be furnished to the General Managers throughout the term of this Agreement, upon request.
- (f) Contractor shall submit key personnel resumes for the Project Manager, Assistant Project Managers, and each Supervisor to the President for approval, both at the beginning of the Agreement and throughout the Agreement Term, before any changes to these key personnel are made. Resumes must include detailed evidence of experience and qualifications within the past ten (10) years, along with personal references.

1.1 Security Guard Services

Contractor shall provide Security Guard Services in accordance with the particular requirements for each location as specified in the security requirement instructions for each Facility ("Post Orders") to be provided to the Contractor by the President during Contractor's Phase-In period. Such Post Orders are incorporated herein by this reference.

1.2 Oral and Written Reports

Contractor shall make periodic oral or written reports and recommendations to the President with respect to conditions, transactions, situations or circumstances encountered by the Contractor relating to the services to be performed under this Agreement and attend meetings determined to be necessary by the President. **Contractor shall provide any reports that the President may reasonably request by written notice. Any notice or authorization that is required in writing may be sent by fax or by e-mail.**

1.3 Required Documents

At least five working days prior to the start of services under this Agreement, Contractor shall provide the following to the President:

- (a) A complete company profile; and
- (b) A copy of its written procedures that regulate its prompt and proper response to incidents, emergency contingencies, and contacting supervisors; and
- (c) A copy of its current State of Texas Security Services Contractor License; and
- (d) A complete company personnel roster, including an organizational chart, and a listing of officers, Presidents, executive personnel, and management personnel the Contractor intends to service this Agreement and their qualifications.
- (e) A roster, including an organizational chart, of all Security Officers, Supervisors, Assistant Project Managers, and the Project Manager who Contractor initially intends to assign to the Facilities. This roster shall include identifying information such as dates of birth, driver license numbers or Texas ID Card numbers, and Social Security numbers. Whenever personnel changes are made, deleting or adding personnel to the roster, Contractor shall notify the President and the applicable General Manager within one working day, unless advance notification is required herein, providing the name and identifying information about whoever is being deleted from or added to the roster. The Contractor shall provide updated personnel rosters and organizational charts to the President and the General Managers whenever changes in Contractor's personnel are made. Updated personnel rosters and organizational charts shall be furnished to the General Managers throughout the term of this Agreement, upon request.
- (f) Contractor shall submit key personnel resumes for the Project Manager, Assistant Project Managers, and each Supervisor to the President for approval, both at the beginning of the Agreement and throughout the Agreement Term, before any changes to these key personnel are made. Resumes must include detailed evidence of experience and qualifications within the past ten years, along with personal references.

1.4 Criminal Background Checks

At its sole expense, Contractor shall conduct national and local background checks on all temporary and permanent employees, including subcontractor employees, before they are assigned to work at any of the Facilities. Background checks shall include a thorough criminal history check, including registered sex offender status, prior employment history check, inclusive of reasons for dismissals, if any, and level of education.

Background checks shall be conducted in accordance with EEOC regulations including EEOC Enforcement Guidance entitled "Consideration of Arrest and Conviction Records in Employment Decisions under Title VII of the Civil Rights Act of 1964," as may be amended from time to time. Contractor shall develop and implement a written targeted screen of factors for Contractor's evaluation of the criminal background checks for Contractor's temporary and permanent employees working at HFC Facilities. The factors shall include the nature and gravity of the offense or conduct, the time that has passed since the offense, conduct, or completion of the sentence, and the nature of the job taking into account the public nature and usage of HFC's Facilities. Contractor shall submit the written targeted screen to HFC for its approval. If any of Contractor's employees and subcontractor employees are identified by the targeted screen, then Contractor shall conduct an individualized assessment of those so identified consistent with job relatedness and business necessity for the work to be performed.

Contractor shall provide to HFC a written report on at least a quarterly basis concerning the dates and results of each criminal background check done on each temporary and permanent employee assigned to work at any of the Facilities. Should Contractor become aware that any such employee is convicted of a criminal offense while the employee is assigned to any of the Facilities, Contractor shall immediately provide HFC with this information. Contractor shall comply with all requirements in the Federal Fair Credit Reporting Act, 15 U.S.C. § 1681, et seq., and any other applicable laws with respect to background checks, including without limitation requiring applicants and employees to consent in writing for the results of the background checks to be released to Contractor and HFC. Upon request by the President, Contractor shall provide a report or other information about the background checks at any other time deemed necessary by the President throughout the term of the Agreement.

Failure to strictly comply with these requirements for background checks is grounds for immediate termination of the Agreement.

Contractor shall be responsible for all costs associated with the background checks.

Contractor may also be required by HFC at Contractor's expense to conduct additional background checks for special events.

Prior to employment, all personnel hired shall be drug tested at Contractor's expense. Subsequent drug testing, whether at random or for reasonable suspicion, shall also be conducted at Contractor's expense. Contractor shall ensure that drug testing services are available during both day and evening shifts. Any employee or applicant testing positive for drugs shall be dismissed and shall not be permitted to work at any HFC Facility.

1.5 Access to Facilities/Office Space

- 1.5.1 Subject to HFC rules and regulations, Contractor may enter and exit from Facility work sites at all reasonable times. However, Security Officers shall arrive for work no more than 30 minutes before their shifts begin and shall leave the premises within 15 minutes after their shifts end, unless an early arrival or late departure is necessary due to scheduling irregularities or an emergency situation. Arrival and departure times are subject to change at the sole discretion of the President. For example, it is permissible for a Security Officer to wait at a scheduled post until the next scheduled Security Officer arrives, but it is not acceptable for a Security Officer to plan an unauthorized meeting or social gathering at any of the Facilities.
- 1.5.2 Parking is subject to availability and is allowed only in areas designated by the President or General Managers. HFC will provide Contractor's employees with a reasonable amount of free parking during the times they are assigned to work at the GRBCC, the Theater District Garage, and the other Facilities except for Houston Center for the Arts, where Contractor shall pay for metered parking. Access to any restricted areas requires the prior written approval of the President and HFC personnel escort. Contractor shall repair any damage caused by Contractor, its employees or subcontractors as a result of their use of any part of the Facilities.
- 1.5.3 Throughout the term of the Agreement, Contractor shall use HFC's security offices in the GRBCC and the Theater District Garage. Security stations are provided at the Wortham Theater Center and Jones Hall. Such office space use is only for the purpose of Contractor's performance of services under the Agreement and is not a lease.
- 1.5.4 Contractor shall be responsible for keeping assigned office spaces clean and shall pay for its own telephone services except for the local telephone service HFC may provide in security office areas. Contractor is responsible for all office equipment, long-distance telephone service, materials, and supplies needed for the efficient operation of its business. Contractor shall be responsible for furnishing a professional, presentable office area within the GRBCC, the Wortham Theater Center, the Theater District Parking Garage, Jones Hall, and any other security office locations President assigns during the Agreement Term.
- 1.5.5 HFC shall provide any necessary refurbishment of office areas that Contractor occupies, as it deems necessary, including paint, new carpeting, workstations, and chairs. Removable office equipment (such as computers) belonging to the Contractor shall remain the property of the Contractor upon the expiration of this Agreement, provided Contractor removes same within ten days following the expiration of the Agreement. If Contractor fails to remove its office equipment within ten days following the expiration of this Agreement, such equipment shall become the property of HFC and HFC may dispose of the equipment as it chooses.
- 1.5.6 Storage space is limited in office areas to be used by Contractor, so Security Officers should limit the size and number of backpacks, purses, briefcases, and other personal effects or carrying cases brought into the Facilities. A Security Officer may bring only one reasonably sized carrying case into a Facility, unless the General Manager specifically approves of other arrangements in advance. Large or suspicious carrying cases are subject to inspection at any time.

1.6 Post Orders

Post Orders shall consist of the following information per location:

- 1.6.1 A listing of the number of Security Officers required, whether they are to be commissioned, and the days and hours during which Security Guard Service is required, including specific work shifts;
- 1.6.2 A listing of the number of vehicles required, if any;
- 1.6.3 A list and description of any and all equipment required;
- 1.6.4 A description of the location of Security Officer posts, if any;
- 1.6.5 A description of required procedures for logging or recording exiting or entering persons and materials, if such logging is to be required;
- 1.6.6 A description of the geographical locations where the President desires Security Guard Service to be performed, including a description of required patrol routes and checkpoints, if any; and,
- 1.6.7 Any other specific instructions as to the particular Facility involved.
- 1.6.8 Post Orders shall remain in effect until altered by the President. The President may alter or amend all or any part of the existing Post Orders by notifying the Contractor in writing. Amended Post Orders shall take effect at 8:00 a.m. on the second day following their delivery by HFC, or at such earlier or later date as specified in President's notice, or as mutually agreed upon by HFC and Contractor. The Post Orders may be altered at any time during the term of the Agreement.

1.7 Standards of Performance

- 1.7.1 Security Officers shall perform in a manner consistent with the highest standards for security and protection services prevailing in the industry, which shall include, but not be limited to, the following:
 - a. Effective Communications: All security personnel assigned to a Facility must be able to read, understand and follow the specific Post Orders and event information for the Facility to which they are assigned. Security Officers are required to provide accurate information to clients and customers of the Facilities. They must be able to communicate effectively both orally and in writing.
 - b. Attention to Surroundings: Security Officers must remain alert and pay attention to their surroundings. In addition to inspecting the Facilities for security reasons, Security Officers should report safety hazards or conditions requiring repairs to Facility management.
 - c. Security Cameras: Security Officers shall monitor security camera systems in Facilities as determined by the President. Security Officers who monitor security cameras shall be trained to operate the security camera system effectively, and shall be certified in the correct operation of security cameras, if such certification is available. Contractor shall be responsible for operating

the security camera systems and reviewing recordings when investigations are required. Unusual or suspicious activities must be investigated immediately.

- d. HFC may install additional video security cameras in various Facility locations during the term of the Agreement. If the President determines that video camera monitoring is required, he or she will send Contractor a written notice. Upon receipt of the President's notice, or on such other date as specified therein, Contractor shall monitor activity at the additional video camera locations, if the video cameras are of the type that require monitoring. Contractor shall monitor all entrances and/or similar locations as indicated in the President's notice.
- e. Screening of Persons Entering Facilities: Security Officers shall request identification from persons entering Facilities as required by Post Orders and as requested by General Managers. Security Officers shall use metal detectors to screen visitors, staff, and contractors when requested by Facility management.
- f. Enclosed Areas: Each roving security employee must cover large HFC or City of Houston-owned buildings, parks, and vast parking areas as well as stairwells and tunnels. Security personnel shall check all elevators, stairwells, and recessed hiding places on a scheduled basis. Enclosed areas must be checked as per Post Orders.
- g. Visiting/Loitering: Security personnel shall not visit or loiter.
- h. Safe Driving: Security personnel assigned to operate golf carts or other motor vehicles must drive in a safe manner and at a reasonable speed. Annually, Contractor shall check driving records of its employees who have work-related driving responsibilities pertaining to this Agreement. Any security personnel operating motor vehicles of any kind must have a valid Texas driver's license with no restrictions. Contractor is responsible for reporting and repairing any damage caused by security personnel.

Contractor's employee is disqualified from driving a vehicle if he/she:

- a. has been convicted of a felony involving the use of a motor vehicle within a period of three years immediately before the date of hire by the Contractor; or
- b. has been convicted of DWI and/or DUI within the last three years; or
- c. has been convicted of any combination of moving violations and/or motor vehicle accidents, whether in Texas or out of state, totaling three or more within the last three years,

All of Contractor's employees who drive vehicles on HFC property must report an accident of any kind. Accidents and/or criminal conduct carry the same weight, whether on or off duty. If a Security Officer's driving records show violations, driving duties will be removed from the Security Officer's designated responsibilities. The President may require the Contractor to terminate or remove one of its employees from driving responsibilities, if the President or her designee determines that the magnitude of any incident indicates such action is appropriate for the safety of the public.

- i. Energy Efficiency and Cost Controls: Security Officers should be aware of the hours that lighting and air conditioning are scheduled in the particular Facility to which they are assigned. Following the Facility's guidelines and schedules, all security personnel should reduce lighting levels and air conditioning requirements to help the Facility maintain energy efficiency and to control costs. Doors to the Facilities, including loading dock doors, must be kept secured and shall not be

allowed to remain open, unless a General Manager specifically allows it for reasons such as to allow entrance for an event in progress or to allow access for an authorized client or contractor.

- j. Flood Gauge Monitoring: Security Officers stationed at the Wortham Theater Center's loading dock must monitor the flood gauge across the Bayou and alert HFC management when the water level rises during heavy rains so that the flood gates can be deployed.

1.8 Public Relations

Contractor agrees that neither it nor its agents, subcontractors, or employees shall issue or make any statements on behalf of HFC with respect to either the Facilities or any incident occurring at any of the Facilities. Contractor shall not issue any publicity (oral or written) of any nature that references this Agreement without the prior written consent of the President.

1.9 Ambassador Program

The Ambassador Program consists of having certain Security Officers wear a different type of uniform (a uniform including a red jacket, for example) and act as door greeters and lobby directors ("Ambassadors"). Contractor shall provide the uniforms at its expense, not at its employees' expense.

The door greeter Ambassadors will greet visitors to the Facilities at the entrance doors as they come in, to help people feel welcome. The lobby Ambassadors will assist visitors with directions to areas within the buildings, while at the same time being alert to any possible security breaches. The Security Officer Ambassadors should be knowledgeable about services and amenities in the Facility and the surrounding neighborhood.

Contractor shall provide Ambassadors as needed for special events. The hourly rates for Security Officers acting as Ambassadors shall be paid in the same manner and at the same rates as the other Security Officers.

1.10 Subcontractors

Contractor shall not substitute subcontractors without President's prior written approval. Subcontractors shall perform at the same standards as those required of Contractor. The President shall have the right to determine the locations where subcontractor employees are assigned.

1.11 Replacement of Lost, Stolen or Damaged Items

Contractor is responsible for the replacement cost of missing, stolen or damaged items that fall under the scope of Contractor's authority and responsibility. If Contractor fails to provide Security Guard Services when requested and property is lost, stolen or damaged during the time Security Guard Services should have been provided, then Contractor will be held responsible for replacement of that missing, stolen or damaged property. Contractor is not responsible for other missing, stolen or damaged property that is out of Contractor's control, unless it is proven that Contractor's employee stole or damaged something.

2.0 STAFFING AND TRAINING

2.1 Minimum Requirements for Security Officers, Supervisors, Assistant Project Managers, and Project Manager

The Project Manager and all Security Officers, Supervisors, and Assistant Project Managers who provide Security Guard Service under this Agreement shall be commissioned or registered under Chapter 1702, Texas Occupations Code and shall meet the following criteria. In addition to the files kept by Contractor at its office, Contractor shall maintain a shadow file on HFC premises for each employee hired on the form attached hereto as Exhibit "E."

- 2.1.1 21 years of age or older;
- 2.1.2 High school graduate or must have obtained a Graduate Equivalency Diploma;
- 2.1.3 Able to speak, understand, read and write the English language sufficiently to complete reports stating facts in a clear and concise manner. Security Officers may be dismissed immediately if there are communication problems. Dismissed Security Officers shall be replaced immediately at no additional cost to HFC.
- 2.1.4 Not have been convicted in any jurisdiction of any felony unless a full pardon has been granted per State licensing requirements;
- 2.1.5 Not have been convicted in any jurisdiction of a Class A misdemeanor during the last ten years;
- 2.1.6 Not have been convicted in any jurisdiction of a misdemeanor involving moral turpitude during the seven-year period preceding the date of application unless a full pardon has been granted for the conviction per State licensing requirements;
- 2.1.7 Not have any pending, unresolved, or unadjudicated felony or Class A misdemeanor charges or indictments in this or any other jurisdiction. Not be on probation or parole for any felony or Class A misdemeanor;
- 2.1.8 Not be required to register in this or any other state as a sex offender;
- 2.1.9 Have no outstanding warrants;
- 2.1.10 Not have been declared by any court of competent jurisdiction incompetent by reason of mental defect or disease without having been restored;
- 2.1.11 Not be suffering from intoxication, alcohol dependency, or from narcotics addiction or dependence. Prior to employment, all security personnel hired shall be drug tested at Contractor's expense. Subsequent drug testing, whether at random or for reasonable suspicion, shall also be conducted at Contractor's expense. Any security employee or applicant testing positive for drugs shall be dismissed and shall not be permitted to work at any HFC Facility;
- 2.1.12 Not have been discharged from the armed services of the United States under other than honorable conditions;

- 2.1.13 Skilled in effectively and tactfully communicating with a wide variety of people in sensitive situations. Skilled in establishing and maintaining effective working relationships with HFC employees and the general public.
- 2.1.14 A minimum of six months' previous experience providing commissioned or noncommissioned guard service unless otherwise approved by the President.
- 2.1.15 Trained to provide Security Guard Service. (The prevention of intrusion, unauthorized entry, theft, larceny, vandalism, abuse, fire, terrorism, and trespass or other criminal activity on the designated premises of HFC; the prevention, observation, or detection of any unauthorized activity in the Facilities or on the designated premises of HFC, and the documentation of all authorized entry forms or conditions requiring response of Security Officers.)
- 2.1.16 Knowledgeable about the Facility being secured, familiar with Post Orders, locations of exits, locations of restrooms, fire hydrants, fire extinguishers, emergency panels (if any), emergency operation of elevators, evacuation procedures, etc.
- 2.1.17 Must check in at each checkpoint designated in Post Orders, or attachments to Post Orders, such as maps or drawings, and otherwise remain at designated post throughout the entire designated shift unless relieved by a relief Security Officer or Supervisor.
- 2.1.18 Must be able to physically perform the specific requirements of the post to which they are assigned.
- 2.1.19 Trained to perform duties in a complex the size of HFC's locations.
- 2.1.20 Any additional licensing or training required under Texas state or local regulations.
- 2.1.21 Maintain a neat and well groomed appearance at all times in accordance with Contractor's uniform and grooming policy, which is subject to President's approval.
- 2.1.22 Have ability to exercise good judgment.
- 2.1.23 Have ability to maintain a high level of performance.
- 2.1.24 Shall not carry a weapon of any kind unless specified by the President.

2.2 Job Specific, On-Site Training

At the commencement of this Agreement, Contractor shall be allowed up to 30 days to comply with the following training requirements.

Security Officers shall undergo a minimum of eight hours of job-specific on-site training, with a person designated by the President, at the Contractor's expense and prior to the assumption of Security Officer responsibilities. Contractor shall also ensure that all security personnel receive annual training on Tips for Eyewitness Identification, a course that Contractor will develop and conduct. All training shall be documented, and such documentation shall be available upon request to the President. The President reserves the right to review all training documentation

without prior notice. Training documentation shall consist of, at a minimum, comprehensive written tests, which all Security Officers must pass. Contractor shall organize and prepare information relative to the required guard training classes. **Contractor shall send copies of all training information to the General Managers for their approval.** Contractor shall implement changes to the information provided in the training classes as the General Managers suggest.

Contractor shall ensure that all security personnel have satisfactorily completed the training specified herein before reporting for work on any post. Contractor shall notify the General Manager of date, time, and place of scheduled training sessions. HFC personnel may monitor training sessions. The Contractor shall test its personnel and provide the General Manager with the test results.

The training must be conducted by a security guard instructor who has a current security guard instructor certificate. Contractor shall provide the General Manager with a copy of the current security guard instructor certificate and any renewals thereof.

In addition, Contractor shall ensure that the Project Manager, Assistant Project Managers, and all Supervisors and Security Officers are thoroughly familiar with all applicable rules, regulations, and procedures before they are allowed to staff any post in a Facility. All personnel shall be properly trained in the operation of the Facilities and shall adhere to the Facility rules and regulations without exception.

All Security Officers shall receive Contractor provided training comprehensive enough to effectively deal with:

- a. Customer service and courtesy;
- b. Security situations to include emergencies of fire, bomb threat, terrorism, flood, and evacuation procedures;
- c. Basic first aid training and CPR and AED training, for handling medical emergencies; and
- d. Assisting the disabled in a sensitive and helpful manner.

Contractor's employees shall attend HFC-sponsored training, about topics such as bomb threats and emergency evacuation, at HFC's expense, when scheduled by the President or his or her designee.

2.3 Limitations on Security Officers' Hours

The Contractor shall not assign any Security Officer to perform services under this Agreement if such assignment would require that the Security Officer work more than 16 consecutive hours in a 48 hour period, or more than 60 hours in a single seven day period, unless the Contractor obtains the prior written approval of the President. The Contractor shall have sufficient personnel reserves that are trained, in order to comply with this requirement. However, at least 75% of Contractor's Security Officers shall be full-time employees, who work in shifts of 30 or more hours per week.

2.4 Project Manager

Contractor shall have one Project Manager, who shall be on-site at the Facilities five days a week, Monday through Friday, during the hours 8:00 a.m. to 5:00 p.m. exclusive of HFC holidays, scheduled vacation, and sick days. The Project Manager must be available by cell phone 24 hours per day, seven days per week, and must return phone calls within the hour after being called by the President or any one of the General Managers.

Contractor shall provide an alternate Supervisor phone number that will be answered continuously if the Project Manager is temporarily unable to meet these requirements, for example, due to illness or vacation. Without limiting the generality of any other term or provision hereof, the Project Manager shall not perform Security Officer tour duty or act as relief for any Security Officer on duty hereunder at any time. Contractor shall notify the General Managers in advance if the Project Manager will be absent for any reason such as vacation or other scheduled or unscheduled leave.

The Project Manager shall have a minimum of ten years' management and/or supervisory experience in the commercial guard services business or equivalent experience such as police officer, law enforcement, or military experience, and all of the qualifications and certifications required of Security Officers.

The Project Manager shall oversee the performance of the Security Guard Service and shall perform duties that include, but are not limited to, the following:

- a. Direct supervision at the Facilities on behalf of Contractor, handle administration of the Agreement, carry out the directions of the President and General Managers, and meet and communicate with HFC representatives from time to time as required.
- b. Prepare and circulate weekly work schedules to General Managers, including schedules of relief personnel.
- c. Maintain Security Officer, Supervisor, and Assistant Project Manager schedules, including vacations and roll call changes. Ensure appropriate Contractor personnel are available for duty and procure replacement personnel as necessary.
- d. Monitor and act upon all attendance and disciplinary issues.
- e. Maintain all Post Orders in a central file and ensure that Security Officers at posts have copies of these orders at all times.
- f. Provide General Managers with training schedules to allow HFC the opportunity to monitor ongoing training.
- g. Provide General Managers with a list of on-call supervision on a weekly basis.
- h. Provide daily scanner reports to the General Managers each morning by 10:00 a.m. and weekly scanner reports to General Managers, or as requested.
- i. Provide daily activity reports to General Managers, including daily total Security Officer hours, Supervisor hours, etc.

- j. Provide Incident Reports to General Managers within 24 hours following an incident, via electronic means.
- k. Attend industry meetings relating to security, at General Manager's request.
- l. Contractor shall provide its Project Manager and Assistant Project Managers with a dedicated e-mail address at which e-mail will be checked promptly.

2.5 Assistant Project Managers

Contractor shall provide two Assistant Project Managers, one to be assigned to the George R. Brown Convention Center and one to be assigned to Theater District Facilities (all other Facilities, including Parking Facilities). The Assistant Project Managers shall have at least five years' previous managerial or supervisory experience in the commercial guard industry or an acceptable equivalent such as police officer, law enforcement, or military experience. The Assistant Project Managers shall have all of the qualifications of Supervisors and shall assist the Project Manager with the duties described above.

The Assistant Project Managers must be available by smart phone 24 hours per day, seven days per week, and must return phone calls within the hour after being called by the President or any one of the General Managers. Contractor shall notify the General Managers in advance if an Assistant Project Manager will be absent for any reason such as vacation or other scheduled or unscheduled leave.

2.6 Supervisors

Unless directed otherwise by the President, Contractor shall have sole responsibility for supervising the Security Officers performing under this Agreement. Supervision shall consist of that level of management and administrative activity necessary to ensure that each Security Officer is performing his/her duties in a safe and efficient manner and to ensure that each location at which Security Guard Service is provided is staffed in accordance with the Post Orders for that location. HFC will have no obligation to exercise any supervisory authority over any Security Officer performing services under this Agreement.

Contractor shall have sufficient Supervisors on its staff so that the ratio of Supervisors to Security Officers on each shift is sufficient to provide coverage satisfactory to the General Managers. The Supervisors shall be trained as supervisors and must have all the qualifications required of Security Officers. In addition, Supervisors must have previous managerial or supervisory experience in the commercial guard service industry or an acceptable equivalent such as police officer, law enforcement, or military experience. Contractor shall provide sufficient transportation for Supervisors to inspect job posts and Security Officers under their supervision, as necessary.

Contractor's Supervisors shall assist the Project Manager and Assistant Project Managers in connection with the performance of the Security Guard Service and perform duties that include the following:

- a. Maintain the direct supervisory responsibility on behalf of Contractor at the Facilities.
- b. Act on behalf of the Project Manager and Assistant Project Managers in their absence.
- c. Monitor and act upon all attendance and disciplinary issues.
- d. Conduct specialized security training specified by the Project Manager.

- e. Prepare written reports that may be required by the General Managers.

Contractor's supervisory personnel shall make random unannounced inspections on various shifts. There must be a minimum of four visits, at each of the different locations, per calendar month. Contractor shall submit documentation of these visits with its monthly invoices.

2.7 Response Time

Upon receiving a call from the President or the General Manager requiring the Supervisor's attention, the Supervisor will respond within ten minutes via telephone and will be on-site at HFC location within 30 minutes of official notification by the Security Guard Services staff and/or HFC staff during any 24-hour period to assist with the situation.

Contractor shall provide additional Security Officers to fill new posts within four hours following receipt of notification from a General Manager.

Contractor shall maintain a base office within the city limits of Houston, Texas. Contractor shall provide a phone number(s), pager numbers, and a dedicated e-mail address at which an executive level person or a designated agent of the Contractor with supervisory authority may be reached on a 24-hour, seven days per week basis during the week, weekends, nights, and holidays all year round.

2.8 Response to Incidents

Contractor shall immediately contact the President as well as the General Managers, the Houston Police Department, or other appropriate agency regarding any incident involving injury, fire, or criminal activity, or threats thereof. Any incident, whether emergency or otherwise, shall be reported in a written Incident Report to the President and the General Manager within 24 hours immediately following the incident.

2.9 Reassignment or Removal of Security Officers

Contractor shall reassign or remove particular Security Officers from assignment to the Facilities upon receipt of a written or oral request from the President in his or her sole discretion to do so. The written or oral request will specify the name of the Security Officer whose re-assignment or removal is desired. Contractor shall recover the identification badge from any Security Officer whose removal is requested and return it to the General Manager. A Security Officer who is removed from a Facility shall not be allowed to return to any other HFC Facility as a Security Officer.

2.10 Mandatory Post Coverage

Contractor's personnel at HFC Facilities shall not leave their assigned posts unattended at any time, unless relief is provided. It shall be the duty of the Site Supervisor Guard to periodically check to ensure that all radios are in working order throughout the day. Therefore, it is not acceptable to leave a post unattended by a Security Officer (or relief Security Officer) due to radio failure or for any other reason.

There must be a relief Security Officer for all breaks. At all Facilities, Supervisors or rover Security Officers shall relieve Security Officers during all breaks and meal breaks. Such breaks are to be taken at a designated break area determined by the General Manager. Security Officers shall not eat at their posts unless instructed otherwise by the General Manager. Security Officers shall be allowed two 15-minute

breaks and one 30-minute meal break, per eight-hour shift and shall be on-call during the breaks and meal periods. HFC will pay for the breaks and meal periods.

2.11 Salaries

In order to maintain the highest quality level of professional security services, Contractor shall ensure that its employees and any employees of subcontractors are compensated at or above the following minimum salary levels. HFC will pay Contractor for actual time worked, including breaks, meal breaks, and HFC-sponsored training, but not for vacation time, sick time, or other time not worked.

The total amount of the hourly wage increase for each Agreement Year shall not increase by more than two percent (2%) per Agreement Year or the most recent annual increase in the Consumer Price Index, All Urban Consumers, all items for the Houston Area, ("CPI") compiled by the U.S. Department of Labor (or if such statistics are no longer published, the most nearly comparable statistics published by a recognized financial authority selected by HFC and consented to by the Contractor), whichever is less. The increase in the CPI, if any, is equal to the difference between the CPI for the month last published before the upcoming anniversary date of the Agreement Year and the CPI for the same month of the immediately preceding Agreement Year.

Minimum hourly wages (with annual increase of 2% per Agreement Year or annual change in CPI, whichever is less)					
	Security Officer	Supervisor	Assistant Project Manager	Project Manager	Percentage change
*Agreement Year 1	\$11.36	\$19.87	\$25.85	\$28.85	
*Agreement Year 2	\$11.59	\$20.27	\$26.37	\$29.43	0.02
*Agreement Year 3	\$11.82	\$20.67	\$26.89	\$30.02	0.02
*Option Year 1	\$12.06	\$21.09	\$27.43	\$30.62	0.02
*Option Year 2	\$12.30	\$21.51	\$27.98	\$31.23	0.02

*Hourly wages for Agreement Years 2 and 3, and Option Years 1 and 2 are estimates and have been calculated based upon the full 2% increase per Agreement Year.

2.12 Overtime

Contractor must have an adequate number of employees to meet the requirements of this Agreement and shall use its best efforts to minimize the use of overtime. Although Contractor shall pay its employees overtime in accordance with applicable labor law, overtime work shall not be billed to HFC unless pre-approved by the President or a General Manager. If a special need for overtime is approved, HFC will reimburse Contractor for overtime costs only for Security Officers and Supervisors, at one and a half times the hourly rate, if it is required for special events or circumstances requiring more security coverage

than usual. As a general practice, HFC will not reimburse Contractor for overtime costs caused by scheduling anomalies, absences, or any type of leave.

2.13 Identification Cards for Security Personnel

All Security personnel, including subcontractors, shall be required to carry and have clearly displayed on their person, a photo identification card (including Texas commission or registration) at all times when performing Security Guard Services at HFC Facilities. Such identification must be worn on the outer garment at all times when Contractor's employees or subcontractors are performing Security Guard Services.

Contractor shall issue the photo identification cards at its expense. These cards shall include the company name, first and last name of officer, with the name typewritten or printed in black, a recent photograph of the employee, and the date of commission class completion.

A copy of the actual Texas commission cards, for commissioned Security Officers, shall be held by the Contractor for a minimum of six months after the Security Officer becomes commissioned and shall be available for inspection upon request by the President or the General Manager.

In addition, the President or a General Manager may, at any time, ask the Contractor to submit a list of all Security Officers working on any specified day, for a random check of commission verification.

2.14 Identification Badges for Others

Security personnel shall be required to issue temporary identification badges to visitors and permanent photo identification badges to staff and to contractors as required by General Managers. HFC will provide temporary badges and the equipment to provide the permanent identification badges.

3.0 EQUIPMENT

At the beginning of the Agreement, Contractor shall purchase and invoice HFC for the actual cost of all equipment listed in Exhibit "D" and as described below, to be amortized in a straight line amortization over five years. Title to the equipment shall remain with the Contractor. The Contractor shall bear the sole cost for repairing, maintaining, and replacing such equipment throughout the term of the Agreement. Contractor shall purchase and invoice HFC for the actual cost of any additional equipment that HFC requests as the Agreement progresses, which shall also be repaired, maintained and replaced at the Contractor's expense. Contractor shall provide supporting documentation showing the actual cost of equipment purchases. Failure to provide adequate documentation of equipment costs may result in no reimbursement from HFC.

The quantities of equipment described in Exhibit "D" are estimated minimum numbers only. Contractor must ensure that each Security Officer assigned to this Agreement, including part-time and subcontractor employees, is sufficiently equipped. Contractor shall submit an inventory of the required equipment to the General Managers, if requested. An inventory may be requested as often as quarterly, or less often, as deemed necessary by the General Managers.

If there is a slight disparity between the actual amount of equipment needed and the estimated minimum amounts shown in Exhibit "D," Contractor shall provide the amount of equipment needed, as requested by the General Managers (for example, if 140 whistles are needed instead of 139, Contractor shall provide 140). As the Agreement progresses, if there is a need for additional equipment (for example, if an

additional computer, or more radios or smart phones are requested by a General Manager later in the Agreement, for use at a new Facility), then HFC shall reimburse Contractor for the actual cost of the additional equipment, provided that Contractor submits with its invoice to HFC adequate documentation substantiating the actual cost of the additional equipment. As the Agreement progresses, the President or any General Manager may, as he or she deems necessary, reallocate the distribution of equipment, or change the amount or type of equipment needed.

3.1 Communications Equipment

3.1.1 Radios

Contractor shall equip all Security Officers with a 16-channel, two-way radio, as approved by the President or the General Manager, with sufficient range to provide communication between all Security Officers on duty at a particular Facility (when required in the Post Orders). All radios, chargers, and batteries shall be new at the beginning of the Agreement, and shall be replaced as necessary to maintain communication at all times throughout the Agreement Term, at Contractor's expense. Each Facility's security post must always be equipped with at least one additional charger and one additional battery, to ensure that there is no lapse in communications.

- a. For Parking Facilities, Contractor shall furnish no less than nine functional radios to provide communication between all Security Officers and the Command Center located in the Civic Center Garage. A minimum of 15 backup batteries for the radios shall be kept available at all times throughout the Agreement. A multi-unit charger with the capacity to charge nine radios must also be kept on site.
- b. Contractor shall furnish no less than 16 radios at the George R. Brown Convention Center, with 24 batteries, and a multi-unit charger with capacity for 16.
- c. For the Wortham Theater Center, Contractor shall provide no less than six radios, batteries, and radio chargers.
- d. For Jones Hall, Contractor shall provide at least four radios, batteries, and radio chargers.
- e. For Houston First Outdoors, including Jones Plaza, Bayou Place, Sabine Promenade, Fish Plaza, Sesquicentennial Parks I and II, and Root Memorial Square Park, Contractor shall provide at least five radios, with eight radio batteries, and four radio chargers.
- f. For Sunset Coffee Building, Contractor shall provide one radio with two batteries and one radio charger.
- g. For Houston Center for the Arts, Contractor shall provide two radios, two batteries, and two radio chargers.

3.1.2 Smart Phones

The Project Manager, Assistant Project Managers, and all Supervisors must carry smart phones approved by the President or General Manager. Contractor shall also ensure that Security Officers have smart phones for official business if required in the Post Orders. **Security Officers in three remote Theater District Parking locations must carry approved smart phones.** At least one extra smart phone should be kept on hand as a back up in the following three locations: the Theater District Parking Garage, the

George R. Brown Convention Center, and the Wortham Theater Center. Smart phones may be shared from shift to shift, but must be kept in good working order at all times. The Project Manager, Assistant Project Managers, and the Supervisors should answer their smart phones as promptly as possible. Calls should not be forwarded to an automatic voice mail system on a routine basis. **Prompt communications are essential to this Agreement. Contractor shall pay for the costs of any personal calls.**

3.1.3 Computers

The Project Manager, Assistant Project Managers, and Supervisors shall have Internet access and an e-mail address as an additional means of communication. Contractor shall provide computers with software, a printer, and e-mail capabilities at three locations: the George R. Brown Convention Center, the Wortham Theater Center, and the security office in the Theater District Parking Garage. E-mail communications shall be answered in a prompt manner.

3.1.4 Computer Software

Contractor shall provide computer software compatible with the software used by HFC for all computer equipment that it provides. Microsoft Office 2010 is the preferred software at the beginning of the Agreement. If HFC upgrades to other software as the Agreement progresses, the Contractor shall also upgrade its software.

CONTRACTOR IS RESPONSIBLE FOR ALL COMMUNICATIONS EQUIPMENT ON SITE.

3.2 BASIC GUARD EQUIPMENT AND SUPPLIES

3.2.1 Bicycles and Bicycle Helmets

Contractor shall provide four presentable, operational bicycles: two at the George R. Brown Convention Center and two at Houston First Outdoors, for outside perimeter patrolling only. The bicycles shall be similar to the bicycles used by the Houston Police Department for patrol purposes and shall remain the property of the Contractor at the expiration or termination of this Agreement. Security Officers who ride bicycles must wear bicycle helmets at all times while riding bicycles. Contractor shall provide four bicycle helmets at the George R. Brown Convention Center and four bicycle helmets for Houston First Outdoors.

3.2.2 Flashlights/Lanterns

Contractor shall provide substantial, lantern type flashlights to Security Officers working outside. A minimum number of working flashlights, with backup batteries, must be available at all times. Security Officers at the following Facilities shall have at least the following minimum number of working flashlights and backup batteries:

<u>Facility</u>	<u>Minimum Number of Working Flashlights and Batteries</u>
George R. Brown Convention Center	11
Houston Center for the Arts	1
Houston First Outdoors	5
Jones Hall	2
Miller Outdoor Theatre	3
Parking Facilities	6
Sunset Coffee Building	1

<u>Facility</u>	<u>Minimum Number of Working Flashlights and Batteries</u>
Talento Bilingue de Houston	1
Wortham Theater Center	3

Additionally, Contractor shall provide a minimum of six working traffic directing cone lights or wands for use during electrical outages to Security Officers working in the Parking Facilities.

3.2.3 Golf Carts

- a. Upon the effective date of this Agreement, Contractor shall provide two new electric golf carts for use at the George R. Brown Convention Center. The electric golf carts must be kept in fully operational condition at all times. Each golf cart shall have a flashing warning light, amber in color. The strobe light shall be mounted on a pole or on the roof of each golf cart. Passengers riding on the golf carts shall be the Contractor's sole responsibility.
- b. Contractor shall provide four new gasoline powered golf carts for the Parking Facilities as of the effective date of this Agreement. Security personnel shall use the gasoline powered golf carts to cover the expanse of the garages. Golf carts must be in fully operational condition at all times. Contractor shall provide all gasoline and OSHA and NFPA approved containers and storage cabinets for the gasoline. Each golf cart shall have a flashing warning light, amber in color. The strobe light shall be mounted on a pole or on the roof of each golf cart. Passengers riding on golf carts shall be the Contractor's sole responsibility.

3.2.4 Scanner Wands and Buttons

Contractor shall provide sufficient scanner wands and buttons to perform its services described herein.

- a. Contractor shall provide a minimum of two scanner wands and position approximately 40 scanner button locations throughout the Theater District Parking Garages to ensure a constant and effective security patrol.
- b. Contractor shall provide a minimum of six scanner wands and 148 scanner buttons at the George R. Brown Convention Center and related areas (Convention District Garage, surface parking lots, and historical homes near Convention Center).
- c. Contractor shall provide a minimum of two scanner wands and 64 scanner buttons at the Wortham Theater Center.
- d. Contractor shall provide a minimum of two scanner wands and 54 scanner buttons for Jones Hall.
- e. Contractor shall provide a minimum of two scanner wands and 15 scanner buttons for Miller Outdoor Theatre.
- f. Contractor shall provide a minimum of one scanner wand and 14 scanner buttons for the Houston Center for the Arts.
- g. Contractor shall provide a minimum of six scanner wands and 75 scanner buttons for Houston First Outdoors.

- h. Contractor shall provide a minimum of two scanner wands and 35 scanner buttons at Sunset Coffee Building.

3.2.5 Whistles

All Security Officers must have handheld whistles.

4.0 UNIFORMS

Contractor shall provide all of the uniforms and uniform related items (rain gear, reflective vests, footwear, and other items as required) described in Exhibit "D" and as described below, at its sole expense.

4.1 Uniforms Generally

The Contractor shall, at its expense, not at its employees' expense, equip each Security Officer with a complete, distinctive uniform approved by the President, suitable for both summer and winter operations. All uniform clothing shall be cleaned and pressed. Contractor shall provide four sets of uniforms for each of its employees assigned to this Agreement. Security Officers should not deviate from Contractor's uniform and grooming policies (e.g., should not wear excessive jewelry, unusual hats, have visible body piercings, etc.), or carry more equipment than specified in the Post Orders. Contractor's uniform and grooming policies are subject to the President's and General Managers' approval. **With the exception of ordinary footwear, all items related to uniforms, including outerwear, rain gear, and rain boots, shall be provided at Contractor's sole expense, not at its employees' expense.**

4.2 Subcontractors' Uniforms

Subcontractors shall also wear a complete, distinctive uniform approved by the President, suitable for both summer and winter operations. Subcontractors' uniforms and identification badges shall meet the same criteria as required for Contractor.

4.3 Outerwear and Rain Gear

Security Officers required to work outside shall be supplied with boots, winter jackets, hats, rain boots, and raincoats (bearing the Contractor's name and insignia). Additionally, Contractor shall provide rain pants for use by Security Officers assigned to direct traffic in the Parking Facilities and for those Security Officers who work outside during inclement weather at Facilities such as Houston First Outdoors and Miller Outdoor Theatre.

4.4 Special Event and Ambassador Uniforms

Contractor shall also provide special event uniforms (i.e., a complete uniform with a more formal, blazer-style jacket, pants, and hat) to Security Officers who work at the Wortham Theater Center and Jones Hall. A special "Ambassador" uniform is required for some Security Officers assigned to the George R. Brown Convention Center. The special event and "Ambassador" uniforms are subject to the President's prior approval.

4.5 Reflective Vests

Contractor shall provide a minimum of 12 reflective vests to Security Officers assigned to Parking Facilities, to be worn while directing traffic, mainly for events.

4.6 Footwear

All uniform clothing shall be accompanied by polished black leather or patent leather footwear.

5.0 VEHICLES

If Contractor's supervisory personnel do not have their own motor vehicles, Contractor shall assign a sufficient number of vehicles to on-duty supervisors so that supervisory personnel may meet with the President within 25 minutes of being contacted. Additionally, the Contractor shall provide motor vehicles for use by Security Officers if required in the Post Orders for a particular location. All vehicles provided by Contractor shall be licensed to operate on public streets, shall have four cylinder or larger engines and shall provide their driver with protection from the weather. Each vehicle provided must include a two-way radio and a smart phone with sufficient range to provide communications between all Security Officers on duty at a particular Facility and with the Contractor's base station. Each vehicle shall be clearly marked as a security vehicle. Each vehicle provided shall be in safe operating condition and shall be maintained and operated solely by Contractor, at Contractor's expense.

6.0 DATA, RECORDS, WORK PRODUCTS, ETC.

6.1 Personnel Time Log

To ensure accurate timekeeping and billing, Contractor shall use computerized time accounting systems at all Facilities and maintain a time log for all personnel performing services under this Agreement. Personnel time logs shall contain a record for each employee, which shows employee's name, date(s) and time(s) worked. All personnel time logs shall be submitted to HFC with the invoices pertaining to the time period covered by the logs, as well as any documentation verifying Security Officer check-in at designated checkpoints. **Contractor will not be paid if the personnel time logs and invoices do not agree.** Contractor shall use a wand tour system to ensure Security Officers are making their rounds. Contractor shall give scanner reports to General Managers on a daily basis.

If a "biometric time clock" or a similar time-keeping system is implemented at any time during the Agreement, the Contractor shall ensure that its employees and subcontractors use the new technology in accordance with procedures or instructions to be provided by HFC.

6.2 Absences

Contractor shall orally report the absence of any Security Officer from an assigned post or position to the General Manager. **This report shall be made no later than five minutes after the start of the reporting time for the post or position. The report shall include the name of the absent employee, the post or position affected, and Contractor's efforts to meet the security needs of HFC. A relief Security Officer or Supervisor shall immediately fill the vacancy until other arrangements are made.**

6.3 Reports

Contractor shall ensure that Supervisors or Security Officers submit an approved written shift report ("**Daily Activity Report**") for every eight hour shift worked by 10:00 a.m. on the morning following the shift. The Daily Activity Report should include a log of activity occurring during the tour of duty. Particular note should be made of unusual incidents or activity. Any operational problems with the scanner wands or button round system should be noted in the Daily Activity Reports for follow-up, and resolution. Daily Activity Reports should be written in a clear, coherent manner.

"Incident Report" means an electronic report prepared by a Security Officer, and reviewed by a Supervisor, for Facility management detailing and describing any extraordinary event or unauthorized activity occurring during that Officer's duty shift that affects or might reasonably be expected to affect the security or safety of the Facility, the property located thereon, or any person at the Facility. Incident Reports shall be provided electronically.

All Security Officers shall continuously inspect the Facilities for safety hazards, items requiring repairs and maintenance, or other conditions requiring attention, to assist HFC with maintaining all Facilities in first class condition. Safety hazards and Facility security issues shall be reported *immediately* to Facility management and must be corrected in an expedient manner. Oral notification shall be followed by electronic notification to the appropriate General Manager(s).

6.4 Sign-in Sheets

Contractor shall, on non-event days, ensure that all persons entering the Facility enter at the front door and sign in at the front desk. In addition, guests must be authorized to enter the Facility by a HFC staff member or Contractor. During event days, Contractor shall use its best efforts to ensure that unauthorized persons do not enter the Facility. If any conflict arises, Contractor shall notify the General Manager immediately.

6.5 Weekly Work Schedules

Contractor shall submit weekly work schedules to the General Managers for each of the Facilities prior to the beginning of each week. General Managers may request that Contractor adjust the weekly work schedules. General Managers' requests may be made either orally or in writing.

7.0 LIQUIDATED DAMAGES

7.1 Understanding

Contractor and HFC agree that the security services should be provided in an effective and efficient manner to ensure the security services provided to the public are satisfactory. To accomplish this, HFC has established strict performance standards and requirements, which must be met by the Contractor and Contractor's subcontractors. Contractor agrees that in the event the requirements of this Agreement and exhibits attached thereto are not complied with, HFC may assess liquidated damages for non-compliance, the amount of any such liquidated damages as set out in Sections 7.4 and 7.5 to be deducted from payments otherwise due to the Contractor. The parties agree that the amount of actual damages resulting from Contractor's non-compliance may be difficult to ascertain and both parties agree that the liquidated damages assessed are reasonable and are not a penalty. Unsatisfactory conditions or performance attributable to Contractor's subcontractor shall also cause liquidated damages to be assessed against Contractor.

However, under no circumstances shall liquidated damages assessed against Contractor exceed **\$50,000.00** in any given Agreement year or renewal year. Nothing herein shall limit or affect HFC's rights of termination.

7.2 Concept

Failure to comply with the requirements of this Agreement and more specifically this Scope of Services may result in two types of conditions: correctable and non-correctable. Correctable incidents of non-

compliance are those of a nature that the non-compliance requires correction and HFC has suffered no monetary loss. In these cases, the Contractor will receive written notice of the details of non-compliance. The Contractor will have 24 hours in which to correct the unsatisfactory condition (or initiate action to have the unsatisfactory condition corrected if it is unreasonable to expect correction within 24 hours and respond to the President in writing of the corrective action taken. In the event the unsatisfactory condition is not corrected (or action initiated where appropriate), the liquidated damages will be applied. The 24 hour notice period shall begin when written notice is delivered to the Contractor's appropriate employee.

The non-correctable condition is one in which the result of the condition cannot be corrected, e.g., scheduled Security Officers not reporting for duty. In those instances, Contractor will be notified in writing of the details of non-compliance and allowed an opportunity to respond. The applicable liquidated damages will be applied at the discretion of the President.

7.3 Inspection Rights

HFC reserves the right to inspect Facilities, procedures, personnel performance, or compliance with any requirement of this Agreement an unlimited number of times. Liquidated damages shall be assessed for each 24 hour period that a correctable condition exists beyond the 24-hour notice period.

7.4 Correctable Conditions

Correctable Conditions include but are not limited to:

- 7.4.1 Failure to submit to President or General Manager all training materials for approval within 30 days after effective date of Agreement, or within 24 hours following Contractor's receipt of a written request for training materials.
Liquidated Damages - Five hundred dollars (\$500).
- 7.4.2 Allowing employee who has not completed eight hours of training to work without supervision.
Liquidated Damages - One hundred dollars (\$100) per employee, per day.
- 7.4.3 Failure of employee to be in uniform or failure to have essential equipment (e.g., radios, identification badge).
Liquidated Damages - One hundred dollars (\$100) per instance.
- 7.4.4 Lack of familiarity with Post Orders, or Facility layout, amenities or services.
Liquidated Damages - One hundred dollars (\$100) per occurrence.
- 7.4.5 Failure to provide written Daily Activity Report or Incident Report.
Liquidated Damages - One hundred dollars (\$100) per occurrence.
- 7.4.6 Failure to provide weekly work schedule on time.
Liquidated Damages - One hundred dollars (\$100) per occurrence.
- 7.4.7 Failure to keep golf carts in functioning condition (four gasoline powered golf carts for Theater District Parking Garage and two electric powered golf carts for the George R. Brown Convention Center)
Liquidated Damages - One hundred dollars (\$100) for each golf cart not working, per day after the first 24 hours of service interruption.

- 7.4.8 Failure to keep bicycles in functioning condition.
Liquidated Damages - One hundred dollars (\$100) for each bicycle not working, per day after the first 24 hours of service interruption.
- 7.4.9 Failure to keep required equipment or supplies in inventory. Failure to keep required equipment, including scanner wands and button round system, in good working order.
Liquidated Damages – One hundred dollars (\$100) per occurrence.
- 7.4.10 Failure to have adequate number of employees on staff or failure to keep key positions staffed.
Liquidated Damages – One hundred dollars (\$100) per day.

Upon the third and additional instance of any repeat condition, in a 90 day period, liquidated damages will be assessed at the time of notice to Contractor without the benefit of the cancellation of the liquidated damage assessment for correction of the condition within the 24 hour period allowed for correction.

NOTE: Notice to Contractor of non-receipt of any required report may be made by telephone, fax or e-mail.

7.5 Non-Correctable Conditions

Non-Correctable Conditions include but are not limited to:

- 7.5.1 Failure of Contractor to have a post staffed as scheduled.
Liquidated Damages - HFC staff shall periodically test Contractor on its performance in this area. Deficiencies may result in, among other things, a charge of one hundred dollars (\$100) per hour for each hour or any portion thereof during which the post remains unstaffed, per instance.
- 7.5.2 Contractor employee asleep on duty.
Liquidated Damages – One hundred dollars (\$100) plus HFC will not pay for Contractor's employee found asleep, per instance. Any of Contractor's employees found sleeping on duty shall be replaced immediately.
- 7.5.3 Failure to provide adequate timesheet documentation showing Contractor's employee worked number of hours charged to HFC.
Liquidated Damages - One hundred dollars (\$100) or the amount charged for undocumented hours, whichever is greater.
- 7.5.4 Failure to provide Security Guard Service when requested, resulting in financial loss to HFC due to criminal activities, such as theft or vandalism, occurring during the absence of requested Security Officer(s).
Liquidated Damages – Contractor shall reimburse HFC for the replacement cost of items damaged, stolen, or vandalized due to Contractor's failure to provide services as requested or one hundred dollars (\$100), whichever is greater.

7.5.5 Loss or damage to HFC-owned or client-owned equipment or supplies under Contractor's control.

Liquidated Damages – Contractor shall reimburse HFC for the replacement of any HFC-owned or client-owned equipment or supplies lost or damaged due to Contractor's actions or failure to act in a responsible manner.

7.5.6 Failure to keep overtime within acceptable limits (overtime shall not be billed to HFC unless pre-approved by President or a General Manager).

Liquidated Damages – One hundred dollars (\$100) per occurrence AND overtime invoiced to HFC shall not exceed the amount authorized.

7.5.7 Failure to comply with any other requirement of the Agreement not specifically listed in this section (for example, failure to conduct required drug testing and background checks, Security Officer failure to meet minimum requirements, allowing employee with DWI to drive on HFC property, etc.).

Liquidated Damages – One hundred dollars (\$100) per occurrence.

Note: The liquidated damages assessments listed above may be combined to suit the situation. For example, failure to have a post staffed as requested may result in liquidated damages of one hundred dollars (\$100) per hour, in accordance with Section 7.5.1 and reimbursement to HFC for items that are damaged or stolen while the post is unstaffed, in accordance with Section 7.5.4.

Liquidated Damages for any non-correctable condition occurring more than once in a ninety (90) day period may be doubled, at the President's discretion.

8.0 ADDITIONS AND DELETIONS

The President, by means of a written authorization to Contractor, may add other Facilities to this Agreement and any items or services provided by Contractor that are reasonably related to the scope of this Agreement. The President may also delete Facilities, items or services by written notice. Written notification of the deleted Facilities, items or services shall take effect upon the Contractor's receipt of such notice or on such other day as specified therein.

Addition of Facilities, items or services provided by Contractor shall be effectuated by substituting revised Schedules or Scope of Services statements that shall add to or replace the existing Schedule in the Post Orders or this Scope of Services. Additional items or services purchased by HFC under this Agreement shall be priced at prices similar to those in Contractor's proposal or at prices agreed upon between HFC and Contractor. As of the Effective Date, each item or service added shall be subject to this Agreement, as if it had originally been a part, but any charge for such additions shall start to accrue only as of the effective date specified in President's notice of addition. Charges for deletions shall be excluded from any sums otherwise due under the Agreement as of the date specified in President's notice to Contractor.

9.0 SPECIAL SERVICES

A. At any time during the Agreement Term, the President may issue a Special Services Authorization ("SSA") to increase or decrease the scope of services or change plans and specifications, as he or she may find necessary to accomplish the general purposes of this Agreement. Contractor shall furnish the services or deliverables in the SSA in accordance with the requirements of this Agreement plus any

special provisions, specifications, or special instructions issued to execute the extra work. Should a conflict arise between the terms and conditions of a SSA and the terms and conditions of this Agreement, the terms and conditions of this Agreement shall control.

- B.. The President may issue more than one SSA, subject to the following limitations:
 - (a) If a SSA describes items that Contractor is otherwise required to provide under this Agreement, HFC is not obligated to pay any additional money to Contractor.
 - (b) The total of all SSAs issued under this section may not increase the original Agreement amount by more than **25%**.

C. Whenever Contractor receives a SSA, Contractor shall furnish all material, equipment, and personnel necessary to perform the work described in the SSA. Contractor shall complete the work within the time prescribed. If no time for completion is prescribed, Contractor shall complete the work within a reasonable time. If the work described in any SSA causes an unavoidable delay in any other work Contractor is required to perform under this Agreement, Contractor may request a time extension for the completion of the work. The President's decision regarding a time extension is final.

D. A product or service provided under a SSA is subject to inspection, acceptance, or rejection in the same manner as the work described in this Agreement, and is subject to the terms and conditions of this Agreement as if it had originally been a part of the Agreement.

10.0 OUTSIDE EMPLOYMENT

Contractor shall not provide hourly Event Guard Services to clients of HFC ("Event Guard Services") unless the President specifically requests such services in writing beforehand. The form of Contractor's written agreement with HFC's clients, if any, shall be subject to the prior written approval of HFC's General Counsel (or her designee).

Notwithstanding the foregoing, Contractor's employees shall not allow clients, or unknown persons from the public at large, unauthorized access to secured areas of the Facilities at any time.

11.0 CONTRACTOR'S PHASE-IN

The Contractor must be prepared to accomplish a smooth and successful transition of operations and services and will have up to a 30 day phase-in period. Contractor's Phase-in period shall begin upon receipt of a start phase-in notice from the President (such notice not to be construed as an official Notice to Proceed, but being anticipatory of phase-in only) and shall last approximately 30 days or fewer, preceding the receipt of Notice to Proceed. The incumbent vendor shall be responsible for performing the duties and services listed in its contract during the Phase-in period. During the Phase-in period, Contractor shall arrange to have necessary supervisory, technical, and other personnel on site to observe the operation of the incumbent's Security Guard Services.

Contractor may use this Phase-in period to recruit and transfer personnel, train personnel, arrange for security badging, establish management procedures, set up records, ensure adequate equipment is in place for security operations, and otherwise prepare for the assumption of control without disruption of operations. During the Phase-in Period, it shall be the responsibility of Contractor to develop and implement a full project schedule detailing the responsibilities of assigned personnel and submit it to the President for approval. Contractor shall have no responsibilities for operating or maintaining the Security

Guard Services during the Phase-in period. The Phase-in period will end at issuance of the official Notice to Proceed, at which time Contractor shall assume full responsibility for the operations of the Security Guard Services.

For those incumbent Security Officers that HFC wishes Contractor to retain, Contractor shall grandfather the tenure of those Security Officers by carrying over their years of service at the Facilities working for the previous contractor for vacation purposes, at no additional cost to HFC.

Contractor shall perform the Phase-in services listed above at no cost to HFC.

12.0 CONTRACTOR'S PHASE-OUT

Contractor recognizes that the services provided by the Agreement are vital to HFC's overall efforts to provide safe and efficient convention and entertainment facilities operations; that continuity thereof must be maintained at a consistently high level without interruption; that upon expiration of the Agreement a successor may continue these services; that its successor Contractor shall need Phase-in training; and that Contractor must cooperate in order to effect an orderly and efficient transition. Contractor shall provide HFC with all Documents related to this Agreement.

Accordingly, Contractor shall be required to provide Phase-out services for up to 30 days prior to contract expiration to its successor Contractor at no extra charge to HFC. Phase-out orientation shall comprise a maximum of 30 working days, eight hours per day. Orientation may include system operations procedures, record keeping, reports, and procurement procedures, etc. Contractor shall be totally responsible for providing the services called for by the Agreement during its Phase-out period. Contractor agrees to cooperate with its successor Contractor in allowing as many personnel as practical to remain on the job in order to enhance the continuity and consistency of the services in the Agreement. Contractor agrees to disclose necessary personnel records and allow its successor to conduct on-site interviews with its employees, provided Contractor obtains the consent of said employees to disclose their records and to conduct such interviews and provided such disclosure and interviews are conducted in accord with all applicable laws, statutes, rules, regulations, and ordinances which have been passed, enacted or promulgated by any governmental body having jurisdiction over such matters.

EXHIBIT "B"

FEE SCHEDULE

NOTE: Hours and equipment costs are estimates only and are subject to change.

Agreement Year 1	Estimated Hours	Hourly Rate	Estimated Total
Security Officer hours	214,174	x 15.96 per hour =	\$3,418,217.04
Supervisor hours	23,317	x 28.50 per hour =	\$664,534.50
Asst. Project Manager hours	3,884	x 34.00 per hour =	\$132,056.00
Project Manager hours	2,058	x 36.00 per hour =	\$74,088.00
		Total equipment cost, year one:	\$16,281.35
		Maximum performance incentive	\$80,000.00
		Total Agreement Year 1	\$4,385,176.89

Agreement Year 2	Estimated Hours	Hourly Rate	Estimated Total
Security Officer hours	214,174	x 16.27 per hour =	\$3,484,610.98
Supervisor hours	23,317	x 29.07 per hour =	\$677,825.19
Asst. Project Manager hours	3,884	x 34.68 per hour =	\$134,697.12
Project Manager hours	2,058	x 36.72 per hour =	\$75,569.76
		Total equipment cost, year two:	\$16,281.35
		Maximum performance incentive	\$80,000.00
		Total Agreement Year 2	\$4,468,984.40

Agreement Year 3	Estimated Hours	Hourly Rate	Estimated Total
Security Officer hours	214,174	x 16.59 per hour =	\$3,553,146.66
Supervisor hours	23,317	x 29.65 per hour =	\$691,349.05
Asst. Project Manager hours	3,884	x 35.37 per hour =	\$137,377.08
Project Manager hours	2,058	x 37.45 per hour =	\$77,072.10
		Estimated equipment cost, year 3:	\$16,281.35
		Maximum performance incentive	\$80,000.00
		Total Agreement Year 3	\$4,555,226.24

Option Year 1	Estimated Hours	Hourly Rate	Estimated Total
Security Officer hours	214,174	x 16.92 per hour =	\$3,623,824.08
Supervisor hours	23,317	x 30.24 per hour =	\$705,106.08
Asst. Project Manager hours	3,884	x 36.07 per hour =	\$140,095.88
Project Manager hours	2,058	x 38.19 per hour =	\$78,595.02
		Estimated equipment cost, option year 1:	\$16,281.35
		Maximum performance incentive	\$80,000.00
		Total Option Year 1	\$4,643,902.41

Option Year 2	Estimated Hours	Hourly Rate	Estimated Total
Security Officer hours	214,174	x 17.25 per hour =	\$3,694,501.50
Supervisor hours	23,317	x 30.84 per hour =	\$719,096.28
Asst. Project Manager hours	3,884	x 36.79 per hour =	\$142,892.36
Project Manager hours	2,058	x 38.95 per hour =	\$80,159.10
Estimated equipment cost, option year 2:			\$16,281.35
Maximum performance incentive			\$80,000.00
Total Option Year 2			\$4,732,930.59
TOTAL—ALL FIVE YEARS			\$22,786,220.53

Minimum hourly rates to be paid to employees (to increase each Agreement Year by the lesser of 2% increase each Agreement Year or annual CPI increase)					
	Security Officer	Supervisor	Assistant Project Manager	Project Manager	Percentage change
*Agreement Year 1	\$11.36	\$19.87	\$25.85	\$28.85	
*Agreement Year 2	\$11.59	\$20.27	\$26.37	\$29.43	0.02
*Agreement Year 3	\$11.82	\$20.67	\$26.89	\$30.02	0.02
*Option Year 1	\$12.06	\$21.09	\$27.43	\$30.62	0.02
*Option Year 2	\$12.30	\$21.51	\$27.98	\$31.23	0.02

PERFORMANCE INCENTIVE

Maximum performance incentive amount for each Agreement Year:

<u>Agreement Year</u>	<u>Maximum Annual Performance incentive Amount</u>
First Year	\$80,000
Second Year	\$80,000
Third Year	\$80,000
Renewal Year 1	\$80,000
Renewal Year 2	<u>\$80,000</u>
	\$400,000

EXHIBIT "C"

PERFORMANCE INCENTIVE PROGRAM

1. PERFORMANCE INCENTIVE - INSTRUCTIONS

The purpose of each evaluation is to judge the performance of the Security Guard Service operations and to determine whether Contractor's performance during the evaluation period met or exceeded the expectations of HFC.

STEP 1:

Post the name of the Facility and evaluation period on the Performance Incentive evaluation and calculation forms.

Evaluate the performance of the Contractor at each individual Facility, using the Performance Evaluation Form, under each category. Each item under each category will be rated on a scale of 1 to 10, with 1 = poor and 10 = excellent.

For those items for which there are multiple questions under a category, the points for a Yes or No answer are listed. Circle Yes or No and total the points for the category.

Those items that are not applicable for a particular Facility should be marked N/A. The format of the following Performance Incentive Calculation Form is subject to revision as agreed upon by President and Contractor to account for changes in the scope of services.

STEP 2:

Calculate Available Incentive Percentage Amount. Post this information on the Performance Incentive Calculation Form.

STEP 3:

Transfer total points for each category to the Performance Incentive Calculation Form. The total score, of a maximum score of 400 points, should be divided by four, to obtain a total score not to exceed 100 points. Calculate the available Performance Incentive to be awarded for each category by multiplying the percentage of points awarded by the total Performance Incentive amount available.

The Performance Incentive amount available is the total Available Incentive Amount of \$20,000 per quarter, not to exceed \$80,000 per Agreement Year.

The three different regions of HFC, Parking Facilities, George R. Brown Convention Center (and related areas), and the Theater District Facilities (all other Facilities), shall calculate their scores in a proportionate basis, based on their approximate usage of the Security Guard Services.

STEP 4:

Calculate the Incentive Amount for each category to the Total sheet and add up the total Incentive to be awarded by adding the amounts awarded for each category.

The scores from the three separate regions, Parking Facilities; Theater District Facilities, and the George R. Brown Convention Center, will be combined and weighted as shown below. These weights have been assigned in accordance with each region's estimated usage of Security Guard Services. If the proportionate usage of the three separate regions changes as the Agreement progresses, the Contractor and the President may mutually agree to assign different weights to these regions.

Parking Facilities	GRBCC and related areas (Convention District Garage, surface parking lots, and historical homes)	Theater District Facilities (all other Facilities)	TOTAL SCORE
24%	38%	38%	100%

2. SECURITY GUARD SERVICES OVERVIEW

Parking Facilities	GRBCC and related areas (Convention District Garage, surface parking lots, and historical homes)	Theater District Facilities (all other Facilities)	TOTAL (Maximum score: 100 points)
24%	38%	38%	100%
Maximum Performance Incentive: \$4,800.00 per quarter	Maximum Performance Incentive: \$7,600.00 per quarter	Maximum Performance Incentive: \$7,600.00 Per quarter	Not to exceed \$20,000 per quarter

Maximum Performance Incentive Amount Available
Not to exceed \$80,000 per Agreement Year or \$20,000 per Quarter

**EXAMPLE OF
PERFORMANCE INCENTIVE CALCULATIONS**

(If Percentage Scores = 100)

Amount Available x Percentage Score = Performance Incentive for Quarter

1.	Parking Facilities (including Theater District Parking Garages and tunnels, Lots C&H, and HPD parking lot)	\$ 4,800	X 100% = \$ 4,800
2.	George R. Brown Convention Center including Convention District Garage, GRBCC surface parking lots, and historical homes	\$ 7,600	X 100% = \$ 7,600
3.	Theater District Facilities Houston First Outdoors (Jones Plaza, Bayou Place, Sabine Promenade, Fish Plaza, Sesquicentennial Parks I & II, and Root Memorial Square Park)	\$ 7,600	X 100% = \$ 7,600

Houston Center for the Arts and
Houston Center for the Arts parking lot
Jones Hall
Miller Outdoor Theatre
Sunset Coffee Building
Talento Bilingue de Houston
Wortham Theater Center

TOTAL POSSIBLE PERFORMANCE INCENTIVE AMOUNT = \$ 20,000 per Quarter

MAXIMUM PERFORMANCE INCENTIVE:

PARKING FACILITIES	\$ <u>4,800</u>
GEORGE R. BROWN CONVENTION CENTER	\$ <u>7,600</u>
<u>THEATER DISTRICT FACILITIES</u>	\$ <u>7,600</u>
TOTAL PERFORMANCE INCENTIVE FOR QUARTER =	\$ <u>20,000</u>

PERFORMANCE INCENTIVE PERFORMANCE INCENTIVE – EVALUATION FORM
EVALUATION PERIOD: _____

RATING: 0 = POOR to 10 = EXCELLENT

CATEGORY I. CUSTOMER SERVICE (100 points max)	Parking Facilities	GRBCC	Theater District Facilities
A) Responsiveness to incidents: Excellent = 10 Poor = 0			
B) Visitors sign in and out as required by contract. Yes = 10 No = 0			
C) Posts are staffed as required. Yes = 10 No = 0			
D) Security Officers are effectively trained in Facility information and customer service procedures. Yes = 10 No = 0			
E) Security Officers sign in and out as required. Yes = 10 No = 0			
F) Customer complaints. No complaints/minor complaints = 10 Frequent/serious complaints = 0			
G) Security Officers assist the disabled in a sensitive and helpful manner. Yes = 10 No = 0			
H) Security Officers have been trained to deal with emergencies: fire, bomb threat, terrorism, flood, and evacuation. Yes = 10 No = 0			
I) Security Officers have taken basic first aid training: CPR and AED training Yes = 10 No = 0			
J) Telephone, radio, and e-mail messages are answered promptly. Yes = 10 No = 0			
TOTAL SCORE			

CATEGORY II. EFFICIENCY OF OPERATION (100 points max)	Parking Facilities	GRBCC	Theater District Facilities
A) Safety and security concerns are reported in a timely manner. Yes = 10 No = 0			
B) Daily Activity reports are submitted on time. Yes = 10 No = 0			
C) Post Orders are followed. Yes = 20 No = 0			
D) <u>Effective use of personnel:</u> Manning for peak periods is anticipated. Yes = 10 No = 0			
E) Security Officers wear appropriate uniforms and identification badges. Yes = 10 No = 0			
F) Incident Reports contain relevant facts and are submitted in a timely manner. Yes = 10 No = 0			
G) Time clock information is recorded accurately and matches invoices. Yes = 10 No = 0			
H) Security Officers communicate effectively and provide accurate information to clients and customers of the Facility. Yes = 10 No = 0			
I) Security Officers provide complete scanner reports, to confirm that assigned rounds have been made. Yes = 10 No = 0			
TOTAL SCORE			

CATEGORY III. MANAGEMENT PERFORMANCE	Parking Facilities	GRBCC	Theater District Facilities
(100 points max)			
A) <u>Project Manager and Assistant Project Managers</u> 1) Are responsible and meet requirements. Yes = 5 No = 0			
2) <u>Supervisors</u> Are responsible and meet requirements. Yes = 5 No = 0			
B) Adherence to Agreement hiring standards. Background checks have been conducted as required by Agreement. Yes = 20 No = 0			
C) Training requirements have been met and documented. Yes = 10 No = 0			
D) Corporate management attends meetings if requested. Yes = 10 No = 0 (If not requested, assign 10 points.)			
E) Relief guards are scheduled in a timely manner. Yes = 10 No = 0			
F) Service Guard Services are implemented as scheduled. (Rating x 4 = 40 points maximum) Yes = 40 No = 0			
TOTAL SCORE			

CATEGORY IV. RESPONSIVENESS TO FACILITY (100 points max) Rate on a scale where 10 points is the best: 10 points = Excellent, exceeds expectations 8 points = Meets requirements with rare exceptions 6 points = Usually meets requirements 4 points = Needs to improve 2 points = Frequently not meeting requirements 0 points = Failing	Parking Facilities	GRBCC	Theater District Facilities
A) Assists Facility management in planning for special events including holidays and peak periods. 10 = best performance 0 = worst			
B) Copy of current Post Orders for Facility are kept in Security Officer posts. Yes = 10 No = 0			
C) Responds to Facility management's requests in a timely manner. Yes = 10 No = 0			
D) Time clock information is submitted on time and does not contain errors. Yes = 10 No = 0			
E) Invoices are submitted within 15 days after the end of the previous month and do not contain errors. Yes = 10 No = 0			
F) Overall performance. (Rating x 5 = 50 points maximum) 50 points = best . . . 0 points = worst			
TOTAL SCORE			

PERFORMANCE INCENTIVE - CALCULATION FORM

EVALUATION PERIOD: _____

AVAILABLE INCENTIVE PERCENTAGE

FACILITY	CATEGORY	POINTS AVAILABLE	%	POINTS AWARDED	AVAILABLE INCENTIVE \$ AMOUNT	% OF TOTAL POINTS	AVAILABLE INCENTIVE PERCENTAGE
	I. CUSTOMER SERVICE	100	25				
	II. EFFICIENCY OF OPERATION	100	25				
	III. MANAGEMENT PERFORMANCE	100	25				
	IV. RESPONSIVENESS TO FACILITY	100	25				

PERFORMANCE INCENTIVE - CALCULATION FORM

PERFORMANCE INCENTIVE EVALUATION TOTALS:

FACILITY: _____

CATEGORY I.	25%	
CUSTOMER SERVICE		\$ _____
CATEGORY II.	25%	
EFFICIENCY OF OPERATION		\$ _____
CATEGORY III.	25%	
MANAGEMENT PERFORMANCE		\$ _____
CATEGORY IV.	25%	
RESPONSIVENESS TO FACILITY		\$ _____
TOTAL AMOUNT RECOMMENDED FOR INCENTIVE		\$ _____

TOTAL INCENTIVE CALCULATION PER QUARTER			
Parking Facilities	GRBCC and related areas (Convention District Garage, surface parking lots, and historical homes)	Theater District Facilities (all other Facilities)	TOTAL INCENTIVE
			NOT TO EXCEED \$80,000 PER AGREEMENT YEAR
Total amount recommended for incentive multiplied by .24	Total amount recommended for incentive multiplied by .38	Total amount recommended for incentive multiplied by .38	100%
\$20,000 x .24 = \$4,800.00 per quarter	\$20,000 x .38 = \$7,600.00 per Quarter	\$20,000 x .38 = \$7,600.00 per quarter	\$80,000 ÷ 4 = \$20,000 per Quarter

EXHIBIT "D"

**MINIMUM EQUIPMENT REQUIREMENTS AT START OF SECURITY GUARD
SERVICES AGREEMENT**

MINIMUM EQUIPMENT REQUIREMENTS AT START OF SECURITY GUARD SERVICES AGREEMENT

*These quantities are estimates only and are subject to change as the Agreement progresses. All uniforms and i.d. badges shall be provided at Contractor's expense.

The total dollar amount estimates for each category listed below are to provide a basis for the purchase of any additional items that may be needed as the Agreement progresses.

EQUIPMENT	George R. Brown Convention Center	Parking Facilities	Wortham Theater Center	Jones Hall	Miller Outdoor Theatre	Houston Center for the Arts	Sunset Coffee Bldg	Talento Bilingue de Houston	Houston First Outdoors	TOTAL MINIMUM NEEDED	TOTAL COST
Bicycles	2								2	4	\$2,280.00
Bicycle Helmets	4								4	8	\$320.00
Smart Phones	2	1	2	1	1	1	1	1	0	10	\$990.00
Computers	1	1	1						0	3	\$3,360.00
Flashlights (lanterns) and back-up batteries	11	6	3	2	3	1	1	1	5	33	\$1,046.10
Flashlights with traffic directing cones		6								6	\$103.80
Gas Storage Cabinet and Gas Can		3							0	3	\$1,274.70
Golf Carts	2 electric-powered	4 gas powered							0	6	\$49,083.96
Radios (radio type, if specified)	16 Motorola	9 Motorola	6 Nextel	4 Motorola	0	2 Nextel	1		5	43	\$8,062.50
Radio Batteries	24	15	6	4	0	2	2		8	61	\$1,219.39
Radio Chargers	1 Multi-unit charger with capacity for 16	1 Multi-unit charger with capacity for 9	6	3	0	2	1		4	18	\$1,514.70
Scanner Buttons	148	40	64	54	15	14	35		75	445	\$2,291.75
Scanner Wands	6	2	2	2	2	1	2		6	23	\$9,292.00
Whistles (for each guard)	46	33	16	12	4	1	3		27	142	\$568.00
Office supplies as needed											n/a
TOTAL EQUIPMENT COSTS											\$81,406.90

UNIFORMS AND ID BADGES	George R. Brown Convention Center	Parking Facilities	Wortham Theater Center	Jones Hall	Miller Outdoor Theatre	Houston Center for the Arts	Sunset Coffee Bldg	Talento Bilingue de Houston	Houston First Outdoors	TOTAL MINIMUM NEEDED	TOTAL COST
NOTE: Uniforms and i.d. badges are to be provided at Contractor's expense.											
<u>Rain Gear and Outerwear for Outside Posts</u>											
Winter Jackets	18	16	8	3	2	1	5		15	68	not billed to HFC
Hats	18	16		3	2	1	5		15	60	"
Rain Coats	6	4		3	2	1	1		3	20	"
Rain Pants	6	4				1	1		3	15	"
Rubber Boots		4 pairs		3 pairs	2 pairs	1 pair	2 pairs		3 pairs	15 pairs	"
Reflective Vests		6								6	"
<u>Uniforms</u>											
4 uniforms per Security Officer and Supervisor	176	134	64	52	15	4	20	4	58	527	"
Special Event Uniforms			4	2						6	"
"Ambassador" Uniforms	36										"
											"
Identification Badges (for all employees and subcontractors)											"

NOTE: George R. Brown Convention Center including Convention District Garage, surface parking lots, and historical homes near Convention Center. Houston First Outdoors includes Jones Plaza, Bayou Place, Sabine Promenade, Fish Plaza, Sesquicentennial Parks I and II, and Root Memorial Square Park

EXHIBIT "E"

SHADOW FILE FORM

**APPLICANT/EMPLOYEE FILE CHECKLIST
HOUSTON FIRST CORPORATION**

Name: _____

Shadow File Complete

Document's/ Requirements:	Document Collected:	Recruiter Initials:	Date Verified:	HR Initials:	Date Verified:
Minimum Age 21					
Minimum 6 mths Security Experience					
HS Diploma/GED					
DD-214: Honorable Discharge					
Drug Screen consent form & test	Date signed: _____ Date Completed: _____ Eligible: Y N				
Background Check (No Misdemeanor or Moral Turpitude w/in 7 yrs.)	Date entered: _____ Date received: _____ Eligible: Y N				
Texas DPS Security License					
License App. (for EE's with inactive licenses)	Date Completed: _____ Date Mailed: _____				
TDPS Website Printout					
TDPS L2 Training Certificate					
8 Hrs. Training					

EXHIBIT "F"
PERFORMANCE BOND

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

Be it known that _____, as Surety, and _____, as Principal, are hereby held and firmly bound unto Houston First Corporation, a local government corporation created under Chapter 431 of the Texas Transportation Code, in the penal amount of **ONE MILLION FIVE HUNDRED DOLLARS (\$1,500,000)** for payment whereof, Principal and Surety bind themselves, their heirs, executors, administrators, jointly and severally.

The conditions of this obligation are such that Contractor has on or about this day executed a contract with Houston First Corporation known as the Agreement for Security Guard Services ("Agreement") all of such work to be done as set out therein, which is made a part of this instrument as fully and completely as if set out in full herein;

NOW, THEREFORE, the conditions of this obligation are such that if Principal shall faithfully perform the work in accordance with the Agreement, then this obligation shall be null and void, otherwise, the same shall remain in full force and effect for the definite period of April 1, 2014 through March 31, 2015; provided, however, that the bond may be extended by continuation certificate for additional annual periods from the expiry date thereof;

Provided, however, that this bond is executed pursuant to the provisions of Chapter 2253 of the Texas Government Code, as may be amended from time to time, and all liabilities on this bond shall be determined in accordance with the provisions thereof, to the same extent as if it were set forth in its entirety herein;

Surety, for value received, stipulates and agrees that no change, extension of time, alteration or addition to the terms or conditions of the Agreement, or to the work performed thereunder, shall in any way affect or relieve Surety of its obligations hereunder. Surety does hereby waive notice of any such change, extension of time, alteration or addition to the Agreement, or to the work to be performed thereunder.

IN WITNESS WHEREOF, Principal and Surety have executed this instrument on this the _____ day of _____, 2014.

_____, "Principal"
"Surety"

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____
Address: _____
Phone: _____

A copy of the Surety agent's Power of Attorney must be attached hereto.