



# SECTRAN SECURITY INC.

## ARMORED SERVICE AGREEMENT CONTRACT # 0432

The following paragraphs of this Armored Service Agreement (the "Agreement") outline the agreements and understandings by and between

**SECTRAN ARMORED INC.**  
**("SECTRAN")**  
 a California Limited Liability Company  
 located at,  
 7633 Industry Avenue  
 Pico Rivera, CA 90660

and

**PALOS VERDES PENINSULA UNIFIED SCHOOL DISTRICT**  
**("CUSTOMER")**  
 a California corporation, located at  
 .375 VIA ALMAR  
 PALOS VERDES ESTATES, CA 90274

This Agreement expresses and outlines the services, roles, and responsibilities of the parties. If additional locations are added to the scope of this Agreement, consistent terms and services will be maintained. These promises for such services and their related payments form the basis of this Agreement, made this 11TH day of DECEMBER 2017.

**Term:** Service will begin on the 1ST day of JANUARY, 2018 and shall continue for a period of one (1) year(s). At the expiration of this Agreement, this Agreement shall automatically be extended for successive like term periods unless terminated by either party on sixty (60) days written notice prior to the next anniversary date. CUSTOMER agrees that SECTRAN is the exclusive provider for these services for the facilities contained herein. Except as otherwise provided in this Agreement, it is expressly understood and agreed that this Agreement contains no provision for early termination in whole or part. Either party may terminate this Agreement within 5 days written notice in the event of bankruptcy, or insolvency of the other party. SECTRAN may terminate this Agreement with 30 days written notice in the event of a material reduction or cancellation of insurance.

### CUSTOMER and SECTRAN agree to the following:

Schedule for Services: Conjunctive, sequential, on route pickup and delivery of items at the following location(s) to/from CUSTOMER's designated, mutually agreed-upon location(s):

SECTRAN BRANCH	UNIT # / LOCATION	MAXIMUM LIABILITY COVERAGE	SERVICE FREQUENCY	FEE for SERVICE
PICO	<u>PALOS VERDES PENINSULA UNIFIED SCHOOL DISTRICT OFFICE</u> <u>375 VIA ALMAR</u> <u>PALOS VERDES ESTATES, CA 90274</u>	\$100,000.00	TUESDAY & THURSDAY (2)	\$145.00 PER MONTH
PICO	<u>MIRALESTE INTERMEDIATE SCHOOL CENTRAL KITCHEN</u> <u>29323 PALOS VERDES DRIVE EAST</u> <u>RANCHO PALOS VERDES, CA 90275</u>	\$100,000.00	TUESDAY & THURSDAY (2)	\$145.00 PER MONTH
PICO				
DEPOSITOR Y	<u>WELLS FARGO CASH VAULT &amp; BRINKS COIN PROCESSING CENTER</u>			

**Waiting Time:** In the event the CUSTOMER requires additional time and SECTRAN agrees to stay, a charge of \$0.00 per one (1) minute will be assessed after the first five (5) minutes. Over fifteen (15) minutes, SECTRAN may elect to depart from the CUSTOMER'S location. Should SECTRAN be requested to return, the pick-up will be rescheduled as a Special Pick-up and will be charged at an agreed to fee prior to rendering service.

**Research, Special Request and Supply Fee:** A fee of \$45.00 per hour will be charged for research of SECTRAN's documents or receipts that have aged over sixty (60) days, unless it is determined to be solely an error of SECTRAN or the development at CUSTOMER's request custom reports or CUSTOMER special requests outside the scope of normal services referenced in Section 1. Supplies provided by SECTRAN to CUSTOMER will be charged back to CUSTOMER at SECTRAN current cost plus 1%.

**Excess Item Handling:** A fee of \$0.00 per item is assessed when the number of items or containers exceed 5 items per shipment.

**Holiday Service Fee:** A fee of \$65.00 will be charged for the service provided on those Holidays as listed in Section 11.

**Excess Liability:** A fee of \$.15 per \$1,000 or fraction thereof for any amounts which exceed the Liability Coverage per Shipment Amount

## TERMS AND CONDITIONS

1. **Service:** SECTRAN agrees to pick up, receive from, and/or deliver to CUSTOMER, or any designated agent, securely sealed or locked shipments which may contain any or all of the following: currency, coin, checks, securities, or other valuables. If the shipment container(s) does not appear to be securely locked or sealed, SECTRAN reserves the right to refuse to accept such container(s) and will not receive said container(s) from the CUSTOMER or its designated agent. If SECTRAN accepts sealed container(s), SECTRAN will give CUSTOMER a receipt for said sealed container(s), transport and deliver such sealed container(s) to the consignee designated by the CUSTOMER. CUSTOMER agrees that it will not conceal or misrepresent any material fact or circumstances concerning the property delivered to SECTRAN pursuant to this Agreement. The fee payable by CUSTOMER to SECTRAN is based upon the agreed upon liability limit(s) and level(s) of service provided by SECTRAN as stated in this Agreement. If additional or special services are required, CUSTOMER and SECTRAN agree to negotiate fees for these other services. Before these other services commence, a written amendment will be attached to this Agreement confirming these additional services. If other services are provided prior to the execution of a written amendment, the fees to be charged will be the standard fees quoted for such service by SECTRAN.

2. **Billing and Payment:** CUSTOMER agrees to pay SECTRAN within fifteen (15) days of receipt of invoices which shall include any applicable federal, state or local taxes. In addition, SECTRAN may, at its discretion, impose a service charge of one and one-half percent (1.5%) per month or eighteen percent (18%) per annum or such lesser rate as may be required by law, of the amount unpaid by CUSTOMER, as is due and payable to SECTRAN on all invoices not paid in full by invoice due date. CUSTOMER further agrees that undisputed portions of any invoice shall be remitted to SECTRAN in accordance with normal payment terms. However, should CUSTOMER fail to pay any undisputed amounts within thirty (30) days of the invoice date, SECTRAN may, at its sole option, terminate this Agreement upon ten (10) days written notice to CUSTOMER. CUSTOMER agrees to notify SECTRAN of dispute(s) arising from any invoice within thirty (30) days after such invoice has been presented to CUSTOMER, or else such claim shall be deemed waived. All amounts due hereunder shall be paid by cash, check or ACH unless otherwise agreed on the signature page of this Agreement.

3. **Rate Adjustment:** SECTRAN shall annually increase the service fee(s) based upon the year to year changes in the Consumer Price Index (CPI) or other applicable economic factor(s).

To account for future movements in the price of diesel fuel, up and down, SECTRAN will henceforth adjust the monthly fuel fee based on U.S. average diesel prices as measured and published by the Department of Energy (WWW.EIA.DOE.GOV). SECTRAN's established baseline is \$1.31. Any cost above the \$1.31 baseline cost will be adjusted on a monthly basis by 0.5% on price movements of 10 cents per gallon (i.e. if diesel prices rise to \$1.41, the corresponding fuel fee is increased by 0.5%). Each party will be able to monitor and keep track of the adjustments easily. The fuel fee rate change reflected on the invoice will be based on national average diesel prices published on the Department of Energy Website. The calculation is the average of the national prices for the first four Mondays of the month rounded to the next cent. The table is for reference only and as such, does not reflect the maximum rate which might be assessed.

Minimum	Maximum	Per Gallon	Fee (%)
\$4.91	\$5.00	\$ .10	18.00%
\$4.81	\$4.90	\$ .10	17.50%
\$4.71	\$4.80	\$ .10	17.00%
\$4.61	\$4.70	\$ .10	16.50%
\$4.51	\$4.60	\$ .10	16.00%
\$4.41	\$4.50	\$ .10	15.50%
\$4.31	\$4.40	\$ .10	15.00%
\$4.21	\$4.30	\$ .10	14.50%
\$4.11	\$4.20	\$ .10	14.00%
\$4.01	\$4.10	\$ .10	13.50%
\$3.91	\$4.00	\$ .10	13.00%
\$3.81	\$3.90	\$ .10	12.50%
\$3.71	\$3.80	\$ .10	12.00%
\$3.61	\$3.70	\$ .10	11.50%
\$3.51	\$3.60	\$ .10	11.00%
\$3.41	\$3.50	\$ .10	10.50%
\$3.31	\$3.40	\$ .10	10.00%
\$3.21	\$3.30	\$ .10	9.50%
\$3.11	\$3.20	\$ .10	9.00%

\$3.01	\$3.10	\$ .10	8.50%
\$2.91	\$3.00	\$ .10	8.00%
\$2.81	\$2.90	\$ .10	7.50%
\$2.71	\$2.80	\$ .10	7.00%
\$2.61	\$2.70	\$ .10	6.50%
\$2.51	\$2.60	\$ .10	6.00%
\$2.41	\$2.50	\$ .10	5.50%
\$2.31	\$2.40	\$ .10	5.00%
\$2.21	\$2.30	\$ .10	4.50%
\$2.11	\$2.20	\$ .10	4.00%
\$2.01	\$2.10	\$ .10	3.50%
\$1.91	\$2.00	\$ .10	3.00%
\$1.81	\$1.90	\$ .10	2.50%
\$1.71	\$1.80	\$ .10	2.00%
\$1.61	\$1.70	\$ .10	1.50%
\$1.51	\$1.60	\$ .10	1.00%
\$1.41	\$1.50	\$ .10	.50%
\$1.31	\$1.40	\$ .10	.00%

3a. SECTRAN reserves the right in times of global economic downturn or due to changes in regulatory obligations to renegotiate rates and fees in good faith with customer. In the event that CUSTOMER refuses to consent to such adjustment(s) or fee(s), SECTRAN shall have the right to terminate this Agreement upon Thirty (30) days written notice to CUSTOMER.

4. **Liability:** SECTRAN agrees to assume the liability for any loss, according to the terms of this Agreement of the securely sealed container(s) from the time SECTRAN signs for and receives physical custody of the sealed container(s). SECTRAN' responsibility terminates when the CUSTOMER or its designated consignee takes physical possession of the sealed container(s) and signs SECTRAN' receipt. If it is impossible to complete the delivery, SECTRAN shall be responsible for any loss until the sealed container(s) is returned to the CUSTOMER or its designated agent and a signed receipt obtained. While the sealed container(s) is stored in the CUSTOMER'S premises, SECTRAN does not assume the liability for any loss. If CUSTOMER conceals or misrepresents any material fact or circumstance concerning the property or container, or the contents thereof, SECTRAN will have no liability for any loss in any way related to such fact or circumstance. SECTRAN reserves the right to take any and all action as may be reasonably necessary to prevent money laundering to the extent permitted under law or as may be required by any regulatory body that may exert a right of control over SECTRAN.

UNDER NO CIRCUMSTANCES WILL SECTRAN BE LIABLE TO THE OTHER PARTY FOR LOST PROFITS OR FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES ARISING FROM THE SUBJECT MATTER OR SERVICES OF THIS AGREEMENT, REGARDLESS OF THE TYPE OF CLAIM AND EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; SUCH AS, BUT NOT LIMITED TO LOSS OF REVENUE, LOSS OF INTEREST, LOST DATA, DATA TRANSPORTATION OR TRANSMISSION ERROR OR ANTICIPATED PROFITS OR LOST BUSINESS. EXCEPT FOR THE CARGO LIABILITY SPECIFIED WITHIN SECTION 4, IN NO EVENT SHALL SECTRAN' LIABILITY TO CUSTOMER ARISING OUT OF THIS AGREEMENT EXCEED THE AMOUNT REPRESENTED BY THAT PORTION OF THE SERVICE CHARGE CONTAINED HEREIN FOR THE SERVICE(S) PAID BY CUSTOMER FOR SUCH SERVICES.

5. **Excess Liability:** The following terms will apply if CUSTOMER did not decline excess liability coverage on the signature page. If SECTRAN shall accept tender of a shipment in excess of the Liability Coverage per Shipment Amount, CUSTOMER agrees to pay SECTRAN the excess liability fee set forth on the signature page. **CUSTOMER, by paying this additional fee, will obtain full dollar coverage of any or all losses, subject to the other provisions of this Agreement. If CUSTOMER declines Excess Liability Coverage, liabilities covered under this Agreement are limited to the Liability Coverage per Shipment Amount.**

6. **Indemnity:** CUSTOMER agrees to indemnify, defend and hold harmless SECTRAN from all claims, costs or expenses arising out of any third party's threatened or actual claim, suit, demand, garnishment or seizure of any funds or property provided by CUSTOMER hereunder that is in SECTRAN's custody due to a claim, demand or suit against CUSTOMER by such third party or through governmental seizure. SECTRAN agrees to give CUSTOMER prompt notice of any such claim, suit, demand or seizure and to provide CUSTOMER reasonable cooperation on the defense.

7. **Claim Procedures:** The following provisions shall control in the event of any loss or claim, notwithstanding anything to the contrary contained in this Agreement:

a) In the event of a loss, CUSTOMER agrees to notify SECTRAN in writing within four (4) calendar days after the loss is discovered or should have been discovered in the exercise of due care. CUSTOMER agrees that any loss shall be reported by CUSTOMER to SECTRAN within forty-five (45) days after the pick-up by SECTRAN of the securely sealed container in connection with which the loss is asserted. Unless such notice has been received by SECTRAN within this forty-five (45) day period, such claim shall be deemed waived and released by the CUSTOMER. It is agreed that both parties will work together to determine the extent of the loss, and if possible, the cause of loss.

b) The sole liability of SECTRAN (except as stated in this Agreement) in the event of a loss, from whatever cause, shall be subject to the Liability Coverage per Shipment Amount set forth in this Agreement or the Excess Liability Coverage, if not declined by the CUSTOMER.

c) Unless CUSTOMER has opted-out of its reconstruction obligations in writing above, CUSTOMER shall retain sufficient information to allow reconstruction of item(s) in the event of a loss. In addition, CUSTOMER agrees it will cooperate and assist in reconstructing lost, damaged, or destroyed items constituting a part of any loss. SECTRAN's liability, unless otherwise stated in this Agreement, shall be the payment to the CUSTOMER for the reasonable costs necessary to reconstruct the item(s), any necessary cost because of stop-payment procedures or reasonable costs associated with CUSTOMER providing information and assistance with recovery of loss. The term "Reconstruction" is defined to mean the identification of the item(s) only to the extent of determining the face amount of said item(s) and the identity of the maker or endorser of each or providing audit trail, foreign or internal network information, data, customer information or other relevant information to allow SECTRAN to recover any and/or all item(s) or cash associated with loss. CUSTOMER agrees in the event of a loss, that any liability of SECTRAN shall be reduced by the face value of reconstructed or recovered item(s).

d) Upon the request of SECTRAN, CUSTOMER will furnish a proof of loss to SECTRAN or its insurance carrier. Once reimbursement has been made to CUSTOMER, SECTRAN and its insurer shall receive any and all of the CUSTOMER'S rights and remedies of recovery.

#### **8. Limitations & Force Majeure:**

a) The CUSTOMER agrees that SECTRAN will not be liable for any loss or damage caused by or resulting from shortages claimed in the contents of the sealed or locked shipment(s), for non-performance or delays, or for the breakage of statuary, marble, glassware, bric-a-brac, porcelains and similar fragile articles. Likewise, SECTRAN shall not be liable to CUSTOMER for failure to render service if in SECTRAN's judgment the same may endanger the safety of CUSTOMER'S property or personnel or SECTRAN'S vehicles or employees.

b) It is further agreed that SECTRAN shall not be held accountable or liable for any damages or losses, caused by or resulting from illegal or fraudulent acts of CUSTOMER's employees, agents, representatives, or third-party contractors.

c) CUSTOMER agrees that SECTRAN shall not have any liability for losses of any documentation carried by SECTRAN at CUSTOMER's request without compensation.

d) CUSTOMER expressly understands and accepts that ownership (title) to cash transported or stored by SECTRAN shall never transfer to SECTRAN.

e) It is further agreed SECTRAN shall not be held accountable or liable for any damages or losses, whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) for which liability is assumed by SECTRAN, resulting from:

- (i) Hostile or warlike action in time of peace or war, including action hindering, combating or defending against an actual, impending or expected attack; (1) by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval or air forces; or (2) by military, naval or air forces; or (3) by any agent of any such government, power authority or forces.
- (ii) Nuclear reaction, nuclear radiation, radioactive contamination or any weapon of war employing atomic fission or radioactive force whether in time of peace or war.
- (iii) Insurrection, rebellion, revolution, terrorist act, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence; seizure or destruction under quarantine or customs regulations; confiscation by order of any governmental or public authority; or risks of contraband or illegal transportation or trade.
- (iv) Acts of God, strikes, labor disturbances, impostor pick-up or deliveries, or other conditions or circumstances beyond SECTRAN' reasonable control.

9. **Disputes:** CUSTOMER and SECTRAN agree that except for non payment of services, any controversy or claim, including any claim of misrepresentation, arising out of or related to this Agreement, or the furnishing of any service by SECTRAN to CUSTOMER, shall be settled by arbitration under the then current rules of the American Arbitration Association. The arbitrator shall be chosen from a panel of persons knowledgeable in the fields of financial institution security operations and armored car services. CUSTOMER and SECTRAN agree to equally share in the cost and fees of this resolution process. The decision and award of the arbitrator shall be final, unappealable and binding. Judgment upon the award so rendered may be entered in any court having jurisdiction thereof. Any arbitration hereunder shall be held in Los Angeles, California.

10. **Container Value Limitation:** CUSTOMER acknowledges and agrees that the maximum value which SECTRAN will transport in any individual container will not exceed one hundred thousand dollars (\$100,000) in cash or cash equivalents. If the total value of a shipment which CUSTOMER seeks to tender to SECTRAN exceeds one hundred thousand dollars (\$100,000) in cash or cash equivalents, such shipment must be broken down into separate shipment containers of one hundred thousand dollars (\$100,000) in cash or cash equivalents or less.

11. **Holiday Service:** SECTRAN agrees to provide service as stated in the Agreement with the following holiday exceptions: New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Columbus Day, Thanksgiving Day, Christmas Day, federal banking and any local applicable observed holiday. Charges for service on such days will be as stated upon page 1 of this Agreement, excluding Christmas Day. SECTRAN will not provide Christmas Day service.

12. **Specials:** Unscheduled pickups or deliveries are available under the same conditions and provisions of this Agreement. Prices are quoted upon request.

13. **Excess Liability Coverage:** SECTRAN reserves the right to refuse tender of a shipment in excess of the Liability Coverage per Shipment Amount as set forth in this Agreement.

14. **Confidentiality:** Each party receiving information (the "Receiving Party") undertakes to retain in confidence the terms of this Agreement and all other non-public information, technology, materials and know-how of the other party disclosed or acquired by the Receiving Party pursuant to or in connection with this Agreement which is either designated as proprietary and/or confidential or, by the nature of the circumstances surrounding disclosure, ought in good faith to be treated as proprietary and/or confidential ("Confidential Information"). Neither party shall use any Confidential Information with respect to which it is the Receiving Party for any purpose other than to carry out the activities contemplated by this Agreement. Each party agrees to use commercially reasonable efforts to protect Confidential Information of the other party, and in any event, to take precautions at least as great as those taken to protect its own confidential information of a similar nature. Each party shall also notify the other promptly in writing in the event such party learns of any unauthorized use or disclosure of any Confidential Information that it has received from the other party, and will cooperate in good faith to remedy such occurrence to the extent reasonably possible.

15. **Entire Agreement:** This Agreement: (a) shall be governed by and construed in accordance with the laws of the State of California without reference to conflict of laws principles; (b) constitutes the entire Agreement and understanding of the parties with respect to its subject matter, except that the terms of any Agreement regarding confidential information of the parties shall be deemed to be a part of this Agreement; (c) and the terms and conditions including fees set forth in it shall be treated as confidential information; (d) is not for the benefit of any third party; (e) may not be amended except by a written instrument signed by both CUSTOMER and SECTRAN; (f) may not be assigned by CUSTOMER without SECTRAN's prior written consent; (g) may be assigned by SECTRAN, provided that SECTRAN shall furnish written notice of such assignment to CUSTOMER; (h) shall be binding upon any assignees, and defined terms used in this Agreement to apply to either party shall be construed to refer to such party's assignee; (i) is the product of negotiation; (j) is subject to a contractually agreed one (1) year statute of limitations on all claims or the minimum allowable by applicable law; (k) shall not be deemed to have been drafted by either party; (l) may be executed in multiple counterparts, all of the same Agreement which when taken together shall constitute one and the same instrument; (m) contains article and section headings which are for convenience of reference only and which shall not be deemed to alter or affect the meaning or interpretation of any provision of this Agreement; (n) does not make either party the agent, fiduciary or partner of the other; (o) does not grant either party any authority to bind the other to any legal obligation; (p) does not intend to nor grant any rights to any third party and (q) shall remain valid and enforceable despite the holding of any specific provision to be invalid or unenforceable, except for such specific provision. The waiver by either party of any rights arising out of this Agreement shall not cause a waiver of any other rights under this Agreement, at law or in equity. Any and all correspondence regarding this Agreement shall be delivered via certified mail (return receipt requested) or verifiable third-party courier (return receipt requested).

The undersigned individual, executing this Agreement on behalf of the CUSTOMER acknowledges, accepts and understands that the Services are provided by SECTRAN under the terms of this Agreement, which CUSTOMER hereby acknowledges receiving, and further represents that he or she has the authority to sign this Agreement on behalf of, and to bind, CUSTOMER.

**SECTRAN**

By \_\_\_\_\_

Printed Name Jon Donohoo

Title President

Date \_\_\_\_\_

**CUSTOMER**

By \_\_\_\_\_

Printed Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_