

**REC TECHNOLOGIES INC.  
PLATFORM SERVICES AGREEMENT**

**RECITALS**

City maintains and offers to its residents certain recreational facilities and programs, and desires a software services platform to allow for booking of facilities and classes, and payment of facility and program fees.

Rec operates a proprietary technology platform (“Rec Platform”) that “powers” the coordination, scheduling, and use of such facilities and programming and allows Rec Platform resident users to view schedules and guidelines, reserve facilities, and purchase lessons and other programming offered by the City.

City and Rec share the goal of increasing community participation. City desires to make its facilities and programming offerings available to residents and to otherwise take advantage of the administrative, scheduling, and transactional, and marketing functions of the Rec Platform to help get the local community active. Rec also desires to give City access to the Rec Platform in a way that improves the day-to-day operations for the City.

This Services Agreement (“Agreement”) is made as of October 28, 2025 (the “Effective Date”), by and between Hermosa Beach (“City”) and Rec Technologies Inc. (“Rec”). City and Rec are referred to herein collectively as the “Parties,” and each as a “Party.”

This Agreement is comprised of the following General Service Terms and Schedules which are incorporated into and made a part of this Agreement:

The General Service Terms

Schedule 1 (Project Plan)

Schedule 2 (Fee Schedule)

Schedule 3 (Marketing & Promotional Commitments)

Schedule 4 (Insurance)

Schedule 5 (Scope of Work)

Schedule 6 (Information Security Requirements of Third Party Providers)

1. Definitions.

1.1. City-Staff User means a named individual who is an employee, consultant, contractor or agent of City and who is authorized by City to administer City’s use of the Rec Platform and who has been supplied user identifications and passwords.

1.2. Confidential Information means any and all non-public information disclosed by either Party (the “Disclosing Party”) to the other (the “Receiving Party”), which is marked “confidential” or “proprietary” or which should reasonably be understood by the Receiving Party to be confidential

or proprietary. Rec acknowledges the City is required to comply with information disclosures required by the California Public Records Act (California Government Code Section 7920 *et seq.*). City acknowledges Rec's right to protection of its proprietary intellectual property rights.

- 1.3. Customer Data means all data and information submitted to the Rec Platform under an account of a City-Staff User.
  - 1.4. Documentation means the written instructions or manuals, including any updates thereto provided by Rec that describe the features of the Services. Documentation may be more fully described in the applicable Order Form.
  - 1.5. Intellectual Property Rights means any intellectual property or proprietary rights, rights of privacy or publicity, including but not limited to copyright rights, moral rights, trademarks (including logos, slogans, trade names, service marks), patent rights (including patent applications and disclosures), know-how, inventions, rights of priority, and trade secret rights, recognized in any country or jurisdiction in the world.
  - 1.6. Resident Participant Data means personal profiles of individuals who use the Rec Platform to purchase access to facilities or programming offered by City.
  - 1.7. Service(s) means the interactive platform and solution known as the Rec Platform and related implementation, support, marketing, and professional services provided by Rec.
2. Platform Services and Other Obligations.
- 2.1. Rec Platform. Rec owns and operates a proprietary technology platform (the "Rec Platform") that powers the management and use of facilities such as racquet courts, sports fields, aquatics centers and other recreational spaces, which may include opportunities for Rec's authorized users to view schedules and play guidelines, book programming and reserve such spaces for recreational use, lessons, and other facilitated or unfacilitated activities (collectively, the "Services"). City shall be entitled to the Services set forth in Schedule 1 (attached hereto) at the negotiated rates set forth in Schedule 2 (attached hereto). In addition to the Services set forth in Schedule 1, City may also opt in to additional services as approved in writing (via amendment) by the Parties hereto. Use of the premises and the Services shall at all times be subject to City's terms of use, as defined in this Agreement.
    - 2.1.1. Access. Subject to the terms and conditions of this Agreement, during Term (defined below) Rec will permit City-Staff Users to access and use the most recently updated version of the Rec Platform for its internal purposes. Such access is given on a non-exclusive, non-transferable and non-sublicensable basis.
    - 2.1.2. Restrictions. City will not, and will not allow any third party to (a) modify, copy, or otherwise reproduce the Rec Platform or content available therein in whole or in part except as may otherwise be agreed by the parties in writing; (b) reverse engineer, decompile, disassemble, or otherwise attempt to derive the source code form or structure of the software used in the Rec Platform; (c) provide, lease or lend the Rec Platform to any third party except as expressly authorized hereunder; (d) remove any proprietary notices or labels displayed on the Rec Platform; (e) modify or create a derivative work of any part of the Rec Platform; (f) use the Rec Platform for any unlawful purpose, or (g) "frame" or "mirror" any of Rec's content which forms part of the Rec Platform.

- 2.1.3. Implementation. The Parties will perform their respective obligations concerning implementation as set forth in Schedule 1 (Project Plan) and Schedule 5 (Scope of Work).
- 2.1.4. Support. During the Term, Rec will provide the Support described in Schedule 1 (Project Plan).
- 2.1.5. Uptime Levels. The service level of the Rec Platform within Rec's control is the availability of the Rec Platform, not, for example, the transmission of data over the public Internet. Rec will make commercially reasonable efforts to make the Rec Platform available 24 hours a day, 7 days a week, except for: (i) planned maintenance periods or (ii) any unavailability caused by circumstances beyond its reasonable control, including without limitation, acts of God, acts of government, floods, fires, earthquakes, civil unrest, acts of terror, strikes or other labor problems, third-party service provider failures or delays, or denial of service attacks.
- 2.1.6. Point of Sale Hardware. The parties will perform their respective obligations concerning the provisioning of point-of-sale hardware as set forth in Schedule 1 (Project Plan).
- 2.1.7. Nature of Services. The Parties acknowledge and agree that Rec is providing City access to commercially available, off-the-shelf software (the "Rec Platform") delivered as a hosted software-as-a-service ("SaaS") solution. The Parties further agree this Agreement does not constitute a professional-services or work-for-hire arrangement, and no ownership of any software, source code, or related intellectual property transfers to City.
- 2.2. Marketing. The Parties will perform their respective obligations concerning marketing activities as set forth in Schedule 3 (Marketing & Promotional Efforts).
- 2.3. Insurance. Rec will perform its obligations concerning insurance coverage as set forth in Schedule 4 (Insurance).
- 2.4. Business License. Prior to beginning to perform the Services, Rec will obtain a City of Hermosa Beach Business License.
- 2.5. Rec's Accounting Records; Other Records. Rec must keep and maintain accurate books and records at its principal place of business concerning the performance of services pursuant to this Agreement, including but not limited to records of accounts between City and Rec, specifications and drawings relating to the services, and progress and inspection reports concerning the work performed. The City and/or its duly authorized legal or accounting representative (including independent certified public accountants), will have the right during regular business hours to inspect Rec's books and records that relate to the performance of services pursuant to this Agreement and to make copies of that information at the City's expense, Rec will maintain these records for at least three years after final payment.
3. Fees.
- 3.1. City will pay Rec the annual license and service fee and other charges ("fees") set forth in Schedule 2 (Fee Schedule). Payment obligations are non-cancelable and fees paid are non-refundable. All Fees are exclusive of taxes, excluding taxes on Rec's income.

3.2. Changes to Services. City and Rec shall each have the right to, by written notice to the other Party (any such notice, a “Change Order”), request changes the nature or extent of the work covered by the Agreement, or the drawings and specifications related to the work, or to request to suspend all or a portion of the work. Upon receipt of any such Change Order, the receiving Party agrees to promptly review the Change Order, discuss with the other Party what would be required to implement the requested changes, negotiate the requested changes with the requesting Party, and, if changes to the Agreement or Services are accepted and either Party deems appropriate, negotiate an amendment and/or addendum to the Agreement to reflect the agreed upon changes to the work covered by the Agreement. For the avoidance of doubt, nothing in this “Changes to Services” Section or otherwise in this Agreement shall require either Party to accept or implement a Change Order or the requested changes therein. Unless otherwise set forth in this Agreement, any changes to Fees or the agreed upon fee schedule must be agreed to in writing by both Parties.

4. Proprietary Rights.

4.1. Ownership. Except as expressly set forth herein or a separate written agreement, as between the Parties, Rec and its licensors own all rights, including Intellectual Property Rights, in the Services and any information included therein (not including any Customer Data), including software and other technology underlying the Services and any individual user account data and records and including any modifications, enhancements, customizations, updates, revisions or derivative works of the Services or such technology or information. No transfer of ownership will occur under this Agreement. All rights not expressly granted to City are reserved by Rec. Except as expressly set forth herein or in a separate written agreement, as between the Parties, City owns all worldwide right, title and interest in and to all Customer Data and Rec will not obtain any ownership rights or interests in such data. City hereby grants to Rec a non-exclusive license to use, reproduce, modify and distribute copies of and make available the Customer Data, and to sublicense such rights, as is necessary to provide the Rec Platform to City and its participant residents.

4.2. Feedback. City may, from time to time, submit to Rec comments, information, questions, data, ideas, description of processes, or other information (“Feedback”). For any and all Feedback, City grants to Rec a non-exclusive, worldwide, perpetual, irrevocable license to use, exploit, reproduce, incorporate, distribute, disclose, and sublicense any Feedback. City represents that it holds all intellectual or proprietary rights necessary to grant to Rec such license, and that the Feedback will not violate the personal, proprietary or intellectual property rights of any third party.

4.3. Aggregated Data. All other provisions of this Agreement notwithstanding, Rec may collect and aggregate data derived from the operation of the Services (“Aggregated Data”), and Rec may use and disclose such Aggregated Data for purposes of operating its business, monitoring performance of the Services, and improving products and services. Use and disclosure of Aggregated Data by Rec will not reveal any Confidential Information or personally identifiable information. Aggregated Data is the property of Rec. Aggregated Data will be non-personally identifiable.

5. Confidentiality and Security.

5.1. Confidential Information. Each Party hereby agrees that it will not use or disclose any Confidential Information received from the other Party other than as expressly permitted under

the terms of the Agreement, California Government Code Section 7920 *et seq.*, or as expressly authorized in writing by the other Party. Each Party will use the same degree of care to protect the other Party's Confidential Information as it uses to protect its own confidential information of like nature, but in no circumstances less than reasonable care. Neither Party will disclose the other Party's Confidential Information to any third-party other than its officers, principals, employees, subcontractors, and vendors who need access to such Confidential Information in order to achieve the intent of this Agreement and who are bound by confidentiality terms no less restrictive than those in this Agreement.

- 5.2. Exceptions. The restrictions set forth in Section 5.1 will not apply to any Confidential Information that the Receiving Party can demonstrate (a) was known to it prior to its disclosure by the Disclosing Party; (b) is or becomes publicly known through no wrongful act of the Receiving Party; (c) has been rightfully received from a third party authorized to make such disclosure without restriction; (d) is independently developed by the Receiving Party; (e) has been approved for release by the Disclosing Party's prior written authorization; or (f) has been disclosed by court order or as otherwise required by law or statute, provided that the Party required to disclose the information provides prompt advance notice thereof, to the extent practicable, to enable the Disclosing Party to seek a protective order or otherwise prevent such disclosure.
- 5.3. Injunctive Relief. The Parties agree that a breach of Section 5.1 may cause irreparable damage which money cannot satisfactorily remedy and therefore, the Parties agree that in addition to any other remedies available at law or hereunder, the Disclosing Party will be entitled to seek injunctive relief for any threatened or actual disclosure by the Receiving Party.
- 5.4. Customer Data. Customer Data shall be treated as Confidential Information under this Agreement.
- 5.5. Resident Participant Data. During the Term and thereafter, subject to consent by the end user, Rec will only re-sell, share, or disclose to any third-party any individual Resident Participant Data or use the Resident Participant Data for the provision of the Rec Platform to City and the applicable resident participants. Rec will not re-sell, share, or disclose to any third-party any individual Resident Participant Data or use the Resident Participant Data for purposes other than provision of the Rec Platform to City and the applicable resident participants. Notwithstanding anything to the contrary, during the Term and thereafter Rec may use, display, distribute and transmit Resident Participant Data: (a) to transact with individual users through the Rec Platform; (b) for purposes of communicating with individual users of the Rec Platform concerning offerings and opportunities available within the Rec Platform; (c) in non-personally-identifiable aggregated form for the purposes of monitoring, operating, evaluating and improving its products and services; (d) as otherwise individually consented to by the applicable individual user of the Rec Platform, and (e) for purposes of enabling Rec to provide customer support and communications to users regarding booking information, payment issues, user feedback or matching with additional offerings on Rec. All use of Resident Participant Data by Rec will be in compliance with applicable law.
- 5.6. Security and Privacy. Rec uses commercially reasonable practices, including encryption and firewalls, to ensure that non-public Customer Data is disclosed only to City and City-Staff Users. Rec will secure Customer and Resident Participant Data in compliance with all applicable laws and industry standards for similarly situated service providers, and other legal obligations associated with the collection, use, and disclosure of personal information. Rec will abide by all

applicable laws relating to data privacy and identity theft which may include but are not limited to California 58 1386, California Civil Code 1398, the Personal Data Privacy and Security Act, the Identity Theft Protection Act, the Information Protection and Security Act, EU General Data Protection Regulation, and the Consumer Data Security and Notification Act. Affected users will be notified by Rec of any breach of security involving their personal information as required by applicable laws. All users of the Rec Platform will be assigned a unique user name and password. Access to the Rec Platform will electronically log user name, date and time. As soon as practicable, but in no event later than as required by applicable law, Rec will notify City regarding all identified security breaches that compromise non-public Customer Data. This notification must include the date and time of the breach or unauthorized access, nature of the security breach, what Customer Data was accessed or vulnerable to the breach, and what Rec has done in response to the event. Summaries of security practices and measures taken to ensure the security of Customer Data, the Rec Platform and its users must be documented and provided to City within a reasonable period following City's written request. Rec will use commercially reasonable efforts to ensure virus, worm, Trojan horse, and other hostile software detection and control is frequently updated in accordance with industry standards.

5.6.1. Rec agrees to implement all requirements of the City of Hermosa Beach Information Security Requirements of Third Party Service Providers (Third Party Service Provider Requirements), as set forth on Schedule 6 hereto.

5.7. Security and Privacy Reports. City will be able to request updated reports for security and compliance purposes. These reports can include internal security assessments, SOC reports, and any 3rd party assessments completed on Rec's in-use systems.

5.8. City Passwords. As part of the registration process, City will select passwords for accounts. City is responsible for maintaining the confidentiality of passwords, and City agrees that Rec has no liability with regard to the use of such passwords by third parties. City agrees to notify Rec immediately if City has any reason to believe that the security of City's account has been compromised. City-Staff will be asked to log-in via mutually agreed upon multi-factor authentication ("MFA") process via phone or email within 30 days of initial launch of Rec Platform.

5.9. Resident Participant Passwords. As part of the registration process, resident participants will select passwords for accounts. Resident participants will be given the option to enable MFA for added security for their Participant information.

## 6. Term & Termination.

6.1. Term and Renewals. This Agreement will remain in effect for a period of 2 years, unless terminated sooner in accordance with its terms ("Initial Term"). Unless otherwise set forth herein, upon expiration of the Initial Term, this Agreement will automatically renew for additional consecutive 1-year periods (each a "Renewal Term," and collectively with the Initial Term, the "Term"), unless and until a Party gives the other written notice of non-renewal at least 90 days prior to the end of the then-current term. Unless otherwise agreed, Fees during any Renewal Term will be the same as that during the prior term unless Rec provides Customer with notice of a pricing change, in which case the pricing change shall be effective during the Renewal Term unless Customer gives notice of non-renewal prior to the beginning of the Renewal Term.

Termination for Cause. Either Party may terminate this Agreement upon thirty (30) days' written notice if the other Party materially breaches this Agreement and fails to cure such breach within that thirty-day period after written notice.

6.1.1. Other Termination Events. Either Party may terminate this Agreement immediately if the other Party (i) makes a general assignment for the benefit of creditors, (ii) is adjudicated as bankrupt or insolvent, or (iii) commences a case under applicable bankruptcy laws.

6.2. Effect of Termination. Upon expiration or termination of this Agreement, City's City-Staff Users' right to access and use the Rec Platform will immediately terminate, City will immediately cease all use of the Rec Platform, and each Party will return or destroy and make no further use of any Confidential Information, materials, or other items (and all copies thereof) belonging to the other Party. Rec may destroy or otherwise dispose of any Customer Data in its possession unless Rec receives, no later than 10 days after the effective date of the expiration or termination of this Agreement, a written request that Rec continue to allow City access to Customer Data within the Rec Platform for a period of up to 30 days. Upon such request, Rec will use reasonable efforts to permit such access.

6.3. Survival. The rights and obligations of Rec and City contained in Sections 1 (Definitions), 2.1.2 (Restrictions), 3 (Fees), 4 (Proprietary Rights), 5 (Confidentiality and Security), but only with respect to Confidential Information disclosed during the Term, 6.3 (Effect of Termination), 7.3 (Disclaimer of Warranties), 8 (Indemnification), 9 (Limitation of Liability), and 10 (Miscellaneous Provisions) survive any expiration or termination of this Agreement.

## 7. Warranties.

7.1. Authority. Each Party represents to the other that it is a valid legal entity and is in good standing or validly existing under the laws of the state of its formation and residence. Each Party represents that it has all the requisite legal power and authority to execute, deliver and perform its obligations under the Agreement; that the execution, delivery and performance of the Agreement has been duly authorized; that the Agreement is enforceable in accordance with its terms; and that no approval, authorization or consent of any governmental or regulatory authorities is required to be obtained or made in order for it to enter into and perform its obligations under the Agreement.

7.2. Limited Warranty. Rec warrants that, during the Term, (i) the Rec Platform will perform materially in accordance with the terms of this Agreement and applicable Documentation and that Rec will not materially decrease the functionality of the Rec Platform and (ii) any professional, marketing or other similar Services provided by Rec hereunder will be performed in a professional and workmanlike manner. In the event of a breach of the foregoing warranty, City's exclusive remedy shall be to request Rec assistance, correction, and re-performance through Rec's support programs available to City under this Agreement. The foregoing limited warranty does not apply to access to beta or pre-release versions of the Rec Platform or access otherwise provided free of charge by Rec.

7.3. DISCLAIMER OF WARRANTIES. EXCEPT FOR THE LIMITED PERFORMANCE WARRANTY STATED ABOVE, REC AND ITS AFFILIATES AND SUPPLIERS DO NOT REPRESENT THAT CUSTOMER'S USE OF THE SERVICES WILL BE SECURE, TIMELY, UNINTERRUPTED OR ERROR-FREE OR THAT THE SERVICES WILL MEET CUSTOMER'S REQUIREMENTS OR THAT ALL ERRORS IN THE SERVICES OR DOCUMENTATION WILL BE CORRECTED OR THAT THE OVERALL SYSTEM THAT

MAKES THE SERVICES AVAILABLE (INCLUDING BUT NOT LIMITED TO THE INTERNET, OTHER TRANSMISSION NETWORKS, AND CUSTOMER'S LOCAL NETWORK AND EQUIPMENT) WILL BE FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS. THE STATED WARRANTY IS THE SOLE AND EXCLUSIVE WARRANTY OFFERED BY ANY PARTY OR THIRD PARTY. THERE ARE NO OTHER WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THOSE OF MERCHANTABILITY, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT OF THIRD-PARTY RIGHTS. EXCEPT FOR THE LIMITED WARRANTY EXPRESSLY MADE ABOVE, THE SERVICE IS PROVIDED TO CUSTOMER ON AN "AS IS" AND "AS AVAILABLE" BASIS. CUSTOMER ASSUMES ALL RESPONSIBILITY FOR DETERMINING WHETHER THE SERVICES OR THE INFORMATION GENERATED THEREBY IS ACCURATE OR SUFFICIENT FOR CUSTOMER'S PURPOSES.

8. Indemnification.

- 8.1. Indemnification by Rec. Rec will defend City against any third-party claim, suit, or proceeding alleging that the Rec Platform infringes or misappropriates such third party's intellectual-property rights, and will pay any damages and costs finally awarded against City as a result of such claim or any settlement approved by Rec. By City. City will defend, indemnify, and hold harmless Rec from and against any third-party claim, demand, cause of action, or proceeding arising out of or related to City's ownership, operation, or management of its facilities, programs, or personnel, except to the extent caused by Rec's gross negligence or willful misconduct.
- 8.2. Limitation. Except for the obligations in Section 8.1, neither Party shall be liable to the other for any indirect, incidental, consequential, or punitive damages, and each Party's aggregate liability is limited as provided in Section 9 (Limitation of Liability)

9. Limitation of Liability.

- 9.1. TO THE FULLEST EXTENT PERMITTED BY LAW, IN NO EVENT WILL REC (INCLUDING ITS SUBSIDIARIES AND OTHER AFFILIATES) OR ITS OR THEIR OFFICERS, EMPLOYEES, AGENTS, SUPPLIERS OR LICENSORS BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, COVER OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS, REVENUE, GOODWILL, USE OR CONTENT) HOWEVER CAUSED, UNDER ANY THEORY OF LIABILITY, INCLUDING, WITHOUT LIMITATION, CONTRACT, TORT, WARRANTY, NEGLIGENCE OR OTHERWISE, EVEN IF COMPANY HAS BEEN ADVISED AS TO THE POSSIBILITY OF SUCH DAMAGES. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE AGGREGATE MAXIMUM LIABILITY OF REC (INCLUDING ITS SUBSIDIARIES AND OTHER AFFILIATES) AND ITS AND THEIR OFFICERS, EMPLOYEES, AGENTS, SUPPLIERS OR LICENSORS, RELATING TO THE SERVICES WILL BE LIMITED TO AN AMOUNT PAID BY CITY DURING THE 12-MONTH PERIOD OCCURRING IMMEDIATELY PRIOR TO THE EVENT GIVING RIGHT TO LIABILITY OR IN CASES WHERE INSURANCE IS PRESENT, THE MAX PAYABLE BY INSURANCE AGAINST A CLAIM. THE EXISTENCE OF MULTIPLE CLAIMS WILL NOT INCREASE SUCH LIMIT. THE LIMITATIONS AND EXCLUSIONS ALSO APPLY IF THIS REMEDY DOES NOT FULLY COMPENSATE CITY FOR ANY LOSSES OR FAILS OF ITS ESSENTIAL PURPOSE. SOME JURISDICTIONS DO NOT ALLOW THE LIMITATION OF INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES. IN SUCH AN EVENT THIS LIMITATION WILL NOT APPLY TO THE

EXTENT PROHIBITED BY LAW. The Parties acknowledge that the limitations set forth in this Section are integral to the amount of fees charged in connection with making the Services available to City and that, were Rec to assume any further liability other than as set forth herein, such fees would of necessity be set substantially higher.

10. Miscellaneous Provisions.

10.1. Notices. Except as otherwise specified in the Agreement, all notices under the Agreement will be in writing and will be delivered or sent by (a) first class U.S. mail, registered or certified, return receipt requested, postage pre-paid; (b) U.S. express mail, or national express courier with a tracking system, to the address specified herein, or (c) via email, in any case to the address given for a Party below. Notices will be deemed given on the day actually received by the Party to whom the notice is addressed.

Addresses:

If to City of Hermosa Beach,  
City Manager  
City of Hermosa Beach  
1315 Valley Drive  
Hermosa Beach, CA 90254  
Email: [REDACTED]

With a copy to:  
City Clerk  
City of Hermosa Beach  
1315 Valley Drive  
Hermosa Beach, CA 90254

If to Rec,  
Rachel Williams  
2261 Market Street, Suite 22268  
San Francisco, CA 94114  
Email: [REDACTED]

10.2 Independent Contractor. The relationship of Rec and City is that of independent contractors. Neither Party has any authority to act on behalf of the other Party or to bind it, and in no event will the parties be construed to be partners, employer-employee, or agents of each other.

10.3 Governing Law; Venue. All matters arising out of or relating to this Agreement will be governed by the laws of the State of California, without regard to its conflict of law provisions. Venue shall be Los Angeles County, California.

10.4 Compliance with Laws. Each Party agrees to comply with all applicable laws and regulations with respect to its activities hereunder, including, but not limited to, any export laws and regulations of the United States.

10.5 Conflict of Interest.

A. No officer or employee of City may have any financial interest, direct or indirect, in this Agreement, nor may any officer or employee participate in any decision relating to

the Agreement that affects the officer or employee's financial interest or the financial interest of any corporation, partnership or association in which the officer or employee is, directly or indirectly interested, in violation of any law, rule or regulation.

B. No person may offer, give, or agree to give any officer or employee or former officer or employee, nor may any officer or employee solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation or any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any way pertaining to any program requirement, contract or subcontract, or to any solicitation or proposal.

10.6 Assignment. Neither Party may assign or transfer this Agreement, in whole or in part, without the other Party's prior written consent. Notwithstanding the foregoing, upon notice to the other Party, either Party may assign this Agreement to its affiliate or as a part of any merger, acquisition or sale of all or substantially all of its assets or the assets of the line of business to which the Services relate. Any attempted assignment or transfer in violation of this Section will be null and void. Subject to the foregoing restrictions, this Agreement will inure to the benefit of the successors and permitted assigns of the parties.

10.7 Force Majeure. Notwithstanding any provision contained in the Agreement, neither Party will be liable to the other to the extent fulfillment or performance of any terms or provisions of the Agreement are delayed or prevented by revolution or other civil disorders; wars; strikes; labor disputes; electrical equipment or availability failure; fires; floods; epidemics; pandemics; acts of God; government action; or, without limiting the foregoing, any other causes not within its control and which, by the exercise of reasonable diligence, it is unable to prevent. This clause will not apply to the payment of any sums due under the Agreement by either Party to the other. If a Force Majeure event continues for more than thirty (30) days, either Party may terminate this Agreement upon written notice, and neither Party shall be liable for further performance or payment obligations arising after the effective termination date.

10.8 Press Releases. Rec may use City's name and logo in Rec's marketing program including use on Rec's company website, marketing literature, and in press releases - on a case by case basis with email consent from City.

10.8 Miscellaneous. Headings in the Agreement are for reference purposes only and will not affect the interpretation or meaning of the Agreement. If any provision of the Agreement is held a court of competent jurisdiction to be contrary to law, then the remaining provisions of the Agreement will remain in full force and effect. No delay or omission by either Party to exercise any right or power it has under the Agreement will be construed as a waiver of such right or power. A waiver by either Party of any breach by the other Party will not be construed to be a waiver of any succeeding breach or any other covenant by the other Party. All waivers must be in writing and signed by the Party waiving its rights.

10.9 Severability. Should any provision of this Agreement be held by a court of law to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement will not be affected or impaired thereby.

10.10 Counterparts. The Agreement may be executed simultaneously in any number of counterparts, each of which will be deemed an original, but all of which together constitute one and the same agreement. The parties agree that electronic and other facsimile signatures are valid signatures for enforcement of this Agreement.

10.11 Entire Agreement; Modifications. This Agreement constitutes the entire agreement between Rec and City with respect to the subject matter hereof. The Agreement supersedes all prior negotiations, agreements, and undertakings between the Parties with respect to such subject matter. No modification of the Agreement will be effective unless contained in writing and signed by an authorized representative of each Party. No term or condition contained in City's purchase order or similar document will apply unless specifically agreed to by Rec in writing, even if Rec has accepted the order set forth in such purchase order, and all such terms or conditions are otherwise hereby expressly rejected by Rec.

**11. Other Public Agency Orders.** Other federal, state, county, and local entities may utilize the terms and conditions established by the Contract if agreeable to all parties. The City does not accept any responsibility or involvement in the purchase orders or contracts issued by other public agencies.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF the parties hereto have signed this Agreement as of the date first written above.

CITY OF HERMOSA BEACH

CONTRACTOR

\_\_\_\_\_  
Steve Napolitano, Interim City Manager

By:

\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Myra Maravilla, City Clerk

\_\_\_\_\_  
Taxpayer ID No.

APPROVED AS TO FORM:

\_\_\_\_\_  
Jason Baltimore, Interim City Attorney

## **Schedule 1 Project Plan**

### **IMPLEMENTATION SCHEDULE**

The Parties acknowledge the following schedule for implementing the Rec Platform for access by City. Dates and milestones are estimates subject to City's timely provision of data and information. Delays in City deliverables shall extend corresponding Rec obligations on a day-for-day basis. Scope of work and timeline are further detailed in Schedule 5 below.

- By February, 2026, Rec shall establish the foundation for RecOS functionality and facility management.
- By April 2026, Rec shall complete configuration for all key system components, including registration, facilities and payment processing.
- By June 2026, Rec shall ensure full team training and readiness for ongoing operations.
- By July 2026 Rec shall be ready for a public launch of the system with comprehensive marketing communications sent to the public.

If there is a delay in staff availability or receiving required information from the City of Hermosa Beach for configuration, Rec may require the launch date to be postponed until both parties agree.

### **ONGOING IMPROVEMENTS**

Over the rest of contract term, Rec's product and engineering team will continue to support features oriented at the following goals.

Administrative user efficiency

Improved resident experience at purchase, and at program check-in  
Improved automated reporting

Improved optional automated communications to users  
Optional connectivity features between residents

Americans with Disabilities Act (ADA) User Interface compliance

Rec commits to monthly feedback sessions from the City to ensure that the prioritization of improvements represents the City's needs.

These improvements to the Rec Platform will be provided to the City at no additional cost and with the appropriate training modules when necessary.

### **RESOURCE REQUIREMENTS**

Rec will assign resources as needed throughout the process. Rec team members will be the primary contact for remote discovery, onsite training, updates, and any necessary discussion throughout the process. City will assign a project lead to work directly with Rec's team. City will schedule the appropriate staff for remote discovery and on-site training sessions.

### **REQUIRED INFORMATION**

In order that facility location and programming information may be offered by City to individual users of the Rec Platform. Rec and the City will agree upon the specific data requirements for each field after their mutual design review sessions by August 1, 2025. City will provide the following data for the first season of configuration *no later than February , 2026.*

Description Access Info  
Getting There info  
Hours of operation  
Community guidelines  
Address

Programming (for all recreational programming):

Program Name  
Program description  
Location  
Session Dates (please note any holidays)  
# of sessions  
Price (resident/non-resident)  
Instructor  
Class Code

**REPORTING**

Rec will deliver the reports set forth below to City. No personal data of any individual Rec Platform users will be provided to City absent mutual written agreement and subject to all applicable privacy and data protection laws.

Biweekly reporting of class utilization and any qualitative feedback received.  
Quarterly surveys, both NPS and qualitative.  
Revenue reports at a mutually agreed cadence.  
Class participant information in order to support programming operations

**RESIDENT COMMUNICATIONS**

City and Rec will work together to develop a mutually-satisfactory resident communication plan in order to share information about the implementation. This may include direct emails, signage or fliers at City centers, and seminars led by City to teach residents how to become individual users of the Rec Platform.

**SUPPORT**

Individual User Technical Support

Rec Provides front-line technical support for Participants, on behalf of City, if they email [support@rec.us](mailto:support@rec.us). Rec will provide a first response within 48 hours of an individual's question, although Rec strives to be at a 12 hour response time. This support will be provided based on City-defined support policies. Example support issues will include:

General programming inquiries such as payment inquiries. Rec can act on behalf of City for payment inquiries, applying the City-defined cancellation and refund policies, or choose to pass through to a City-Staff Users.

Account creation, management, and deletion

Questions about programming availability, programming details, and other inquiries which require local knowledge will be directed to a City-Staff member.

For resident participants that go directly to City-Staff, the Rec Platform will provide the City-Staff user with the appropriate tools to solve the participant's issue.

### City-Staff User Support

Rec will provide direct support to City-Staff Users. During the first 30 days after Go-Live, City will have access to live support via phone or video conferencing 7 days a week from 9am - 7pm PST. After this initial period, City will submit all support requests to the Rec team via [partners@rec.us](mailto:partners@rec.us) and can expect a response for operational support within 24 hours.

As features are built to introduce a ticketing support system into the City interface, City will receive these additional features at no cost to the Customer.

### Technical Service Levels

Rec Strives to maintain 99.999% uptime of systems. Rec provides support in accordance with the following service levels:

**Mission Critical-Tier: defined as limiting a participant or City-Staff ability to sign-up, purchase, or participate in a program successfully.**

Mission Critical (on-call) availability: 24/7

Initial Response: 1 hour

Status Report Provided: every 4 hours

Correction identified or pursued, and a mutually agreeable correction plan will be developed within: 24 hours

**Severe Tier: Defined as limiting City-Staff or Customer from efficiently completing expected workflows.**

Severe Tier availability: 9am - 5pm PST Monday - Friday

Initial Response: 1 day

Status Report Provided: Daily

Correction identified or pursued, and a mutually agreeable correction plan will be developed within: 7 days

**Improvement Tier: Defined as a feature request for improvement or minor bug not significantly impacting City-Staff or Participant workflows**

Improvement Tier availability: 9am - 5pm PST Monday - Friday

Initial Response: 48 hours

Status Report Provided: Monthly

Proactive Input: On a quarterly basis, Rec will reach out to City to collect and prioritize all requested improvements to the Rec Platform.

Correction identified or pursued, and a mutually agreeable correction or deprioritization will be communicated within: 1 month

Schedule 1: Standard Platform and Services

<b>Rec Technical Platform</b>	<b>Applicable</b>
<b>Programming Registration &amp; Administration</b>	✓
<b>Facilities &amp; Permit Management</b>	✓
<b>Memberships Management</b>	✓
<b>Business &amp; Financial Reporting</b>	✓
<b>Embedded Payment Processing</b>	✓

<b>Rec Services (Ongoing)</b>	<b>Applicable</b>
Rec Licensed Learning & Instructor Management	✓
Rec Programming Development Support	✓
Tier 1 Customer (Resident) Support Management	✓
Marketing Design & Material Production	✓

<b>Rec Services (Launch)</b>	<b>Applicable</b>
Customized Training Program for All Staff	✓
Unlimited Training Hours - Virtual and Onsite	✓
Data Configuration	✓
Community Engagement Marketing Campaign	✓
Dedicated Account Management and Support	✓

**SCHEDULE 2  
FEE SCHEDULE**

Schedule 2A: Annual Fee

Fee based on City's annual revenue estimate of \$1,600,000.

<b>Year</b>	<b>Rec Annual Fee*</b>	<b>Discounted Annual Fee**</b>
<b>Year 1</b>	\$36,000	\$29,500
<b>Year 2</b>	\$36,000	\$29,500
<b>Year 3</b>	\$36,000	\$29,500

*\*List price for cities transacting \$1.5 - 2 million in revenue on the Rec platform*

*\*\*Discount applied for Recs' Early Customer Program*

Schedule 2B: Payment Processing

The following fees are charged based on the method of purchase made by end users on the Rec platform.

The City has the option to pass a portion or the entirety of the following payment processing fees incurred during transactions onto the end user. The specific amount or percentage to be passed on will be determined and set by the City at their discretion.

<b>Payment Method</b>	<b>Fee</b>
Credit Card	3.5% + \$0.30
ACH or ECheck	1.0%
Cash or Physical Check	1.0%

Schedule 2C: Implementation & Hardware

<b>Implementation &amp; Hardware</b>	<b>Fee</b>
System Configuration	\$16,000
Data Transfer	
Staff Training	
Design and Brand Collaboration	
Point of Sale Hardware Readers	\$300 per terminal

Facility Public Signage - 18x18" (Courts, Rinks Etc)	\$50 per sign
Facility Public Signage - 9x9" (Rec Rooms, Picnic Rentals)	\$30 per sign

Schedule 2D: Payment Terms

Rec shall be responsible for issuing invoices for all fees due under this Agreement. All payments shall be made in U.S. dollars and may be remitted via ACH transfer, wire transfer, or check. The City shall be responsible for any bank fees or transaction costs associated with their chosen payment method. All payments must reference the corresponding invoice number to ensure proper application.

*Annual Fee Payment Terms*

The Annual Fee for the Services shall be due and payable within thirty (30) days of July 1, 2026. Failure to remit payment within the specified timeframe may result in suspension of Services or other remedies as outlined in this Agreement.

*Implementation Fee Payment Terms*

The Implementation Fee shall be due and payable within thirty (30) days following the Effective Date of this Agreement. The Effective Date shall be the date of execution of this Agreement by both Parties. Failure to remit payment within the specified timeframe may result in suspension of Services or other remedies as outlined in this Agreement.

*Hardware Purchasing Invoice*

The City shall be invoiced for any hardware purchases made by Rec Technology on the City's behalf. Such invoices shall be issued upon procurement of the hardware and shall be due and payable within 30 days of the invoice date. The City acknowledges that all hardware purchases are final and non-refundable unless otherwise stated in the manufacturer's warranty or return policy.

**SCHEDULE 3  
MARKETING & PROMOTIONAL COMMITMENTS**

**1. PARTNER MARKETING OBLIGATIONS**

Email. City will actively participate in partner marketing initiatives by sending out email messages to its community members to promote and advertise recreational programming facilitated by the Rec Platform.

Direct Links from the City Website. City Parks and Rec department will include direct links to the Rec Platform on relevant sections of its website. These links will provide easy access for community members to explore and register for recreational programs.

Permanent Signage. Rec has City permission to install permanent signage at mutually agreed-upon locations at the facilities covered by this agreement. Such signage may include, but is not limited to, court signs and other permanent displays that enable improved resident experience (i.e, QR codes for calendars), and those that promote and advertise recreational programs. The design and placement of permanent signage will be subject to the approval of both Parties.

Temporary and Promotional Signage. Rec will create and provide temporary signage (such as fence vinyls) to advertise new programs, lessons, or special events. The duration, design, and placement of temporary signage will be mutually agreed upon by both parties.

**2. REC'S MARKETING COMMITMENTS**

Rec will engage in marketing efforts designed to increase demand for lessons and programming. This may include campaigns related to subscribing to a court, newsletters, physical marketing materials, social media, engagement with community groups, and other innovative approaches.

Rec will engage in marketing and brand design with the City in order to support improvements in physical signage and digital presence

## **SCHEDULE 4 INSURANCE**

Rec will maintain the following insurance coverage naming City and its directors, agents and employees as additional insured. Rec will provide City with a Certificate of Insurance reflecting such coverage prior to commencing work.

General Liability: \$1,000,000 per occurrence and \$3,000,000 aggregate.

Sexual Abuse and Molestation: \$1,000,000 per occurrence and \$1,000,000 aggregate.

Cyber Liability (Network Security and Privacy Liability): \$2,000,000 per occurrence and 2,000,000 aggregate.

Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Rec in this agreement and shall include, but not be limited to, claims involving security breach, system failure, data recovery, business interruption, cyber extortion, social engineering, infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, and alteration of electronic information. The policy shall provide coverage for breach response costs, regulatory fines and penalties as well as credit monitoring expenses.

Workers Compensation: Employee's liability insurance with minimum limits of \$1,000,000 per occurrence. The workers compensation policy shall be endorsed with a waiver of subrogation in favor of City for all work performed by Rec, its employees, agents and subcontractors.

The insurance provided by Rec will be primary and noncontributory.

City, the City Council and each member thereof, members of boards and commissions, every officer, agent, official, employee and volunteer must be named as additional insureds under the automobile and general liability policies.

Rec must provide certificates of insurance including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) indicating appropriate coverage, to the City Clerk of the City of Hermosa Beach before the commencement of work.

Each insurance policy required by this Paragraph must contain a provision that no termination, cancellation or change of coverage can be made without notice to the City.

If Rec maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by Rec. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

The procuring of insurance shall not be construed as a limitation on liability nor as full performance of the indemnification provisions of Rec.

Rec hereby grants to City a waiver of any right to subrogation which any insurer of said Rec may acquire against the City by virtue of the payment of any loss under such insurance. Rec agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

## SCHEDULE 5

### SCOPE OF WORK AND TIMELINE

<b>Phase 1: Initial Discovery &amp; Timeline Build (Month 1)</b> <i>By February 2026 Rec shall establish the foundation for RecOS functionality and facility management.</i>	
Objectives	<ul style="list-style-type: none"><li>● Establish foundation for RecOS functionality and facility management for Client</li><li>● Conduct discovery workshops to understand department needs and integration points.</li></ul>
Benchmarks	<ul style="list-style-type: none"><li>● Complete discovery sessions with Parks &amp; Recreation team to identify customizations.</li><li>● Complete and approve detailed week-by-week for timeline to launch including key training and marketing dates to the public</li></ul>
Client Requirements	<ul style="list-style-type: none"><li>● Scheduling and participation of discovery sessions for the following modules<ul style="list-style-type: none"><li>○ Programming &amp; Memberships</li><li>○ Facilities Management</li><li>○ Finance &amp; Reporting</li><li>○ Marketing &amp; Community Engagement</li></ul></li></ul>
<b>Phase 2: Configuration &amp; Building (Month 3)</b> <i>By April 2026, Rec shall complete configuration for all key system components, including registration, facilities and payment processing.</i>	
Objectives	<ul style="list-style-type: none"><li>● Complete configuration for all key system components: registration, facilities, payment processing</li></ul>

Benchmarks	<ul style="list-style-type: none"> <li>● Programming Administration: Set up agency-branded templates for class creation, email/SMS confirmations, and waiver management.</li> <li>● Facilities Management: Configure facilities (gyms, parks, fields, etc.) in RecOS with dynamic calendar and facility rules engine.</li> <li>● Payment Processing: Activate payment system for online and point-of-sale transactions (including Stripe integration).</li> <li>● Finance and Accounting reporting: Support for accrual based revenue recognition, overdue payment plan, and weekly remittance reports</li> </ul>
Client Requirements	<ul style="list-style-type: none"> <li>● Programming registration data export from existing software</li> <li>● Location and facilities details</li> </ul>
<p><b>Phase 3: Training &amp; Program Ready (Month 5)</b>  <i>By June 2026, Rec shall ensure full team training and readiness for ongoing operations.</i></p>	
Objectives	<ul style="list-style-type: none"> <li>● Ensure full team training and readiness for ongoing operations.</li> </ul>
	<ul style="list-style-type: none"> <li>● Focus on system optimization to support seamless program registration for users.</li> </ul>
Benchmarks	<ul style="list-style-type: none"> <li>● Team Training: Complete comprehensive training sessions for all agency staff, covering advanced features such as reporting, registration management, and customer support processes.</li> <li>● User Registration: Finalize setup of the registration system to ensure that users can easily discover, register, and pay for programs and classes.</li> <li>● Facilities &amp; Permit Management: Ensure staff can effectively manage facility rentals, special permits, and event coordination, including document storage and waivers.</li> <li>● Waivers and Policies: Ensure that staff can handle waivers and policies, print necessary documentation, and manage signed waiver notifications.</li> </ul>
Client Requirements	<ul style="list-style-type: none"> <li>● Participation in all scheduled training sessions</li> <li>● Waiver and policy data for ingestion</li> </ul>
<p><b>Phase 4: Marketing Ready &amp; Launch (Month 6)</b>  <i>By July 2026 Rec shall be ready for a public launch of the system with comprehensive marketing communications sent to the public.</i></p>	

Objectives	<ul style="list-style-type: none"> <li>● Prepare for a public launch of the system with strong marketing support.</li> <li>● Ensure user engagement through email marketing and promotional materials.</li> </ul>
Benchmarks	<ul style="list-style-type: none"> <li>● Marketing Support: Finalize the design and production of print and digital marketing materials, ensuring alignment with the agency’s branding and messaging.</li> <li>● Email Marketing Campaigns: Set up and launch custom email marketing campaigns, promoting program registration and new offerings to residents.</li> <li>● Public Launch: Conduct the official launch of the platform for public-facing registration and facility booking, ensuring all automated systems, including confirmations and reminders, are operational.</li> <li>● User Engagement: Roll out special pricing, residency verification, and other engagement strategies to attract diverse groups to programming.</li> </ul>
Client Requirements	<ul style="list-style-type: none"> <li>● Public communication and marketing of new system including the following at minimum: 3 email blasts, dedicated website information, 3 social media posts</li> </ul>

## Schedule 6

### Information Security Requirements of Third Party Providers

#### OVERVIEW

The purpose of this document is to define information security requirements of Third-Party Service Provider who will access data and information on behalf of the City. Third-party Service Provider refers to any entity that is undertaking an outsourced activity on behalf of the City or is performing system administrator duties on their offsite system that contains City data. Third-party Service Providers may include Contractors, Subcontractors, Consultants, and City partners etc.

This document is incorporated in the Agreement between the City and the Third Party Service Provider.

#### DEFINITIONS

Confidential Data \_ Information whose unauthorized disclosure or modification could result in significant fines, penalties, regulatory action, or civil or criminal violations. Examples include but are not limited to Protected Health Information (PHI), Personally Identifiable Information (PII), credit card data, police records, legal and risk management records, financial information, large collections of special information with sensitivity to privacy, resident records, security camera recordings.

Protected Health Information (PHI) — Protected health information includes all individually identifiable health information, such as demographic data, medical histories, test results, insurance information, and other information used to identify a patient or provide healthcare services or healthcare coverage.

Personal Identifiable Information (PII) — Any representation of information that permits the identity of an individual to whom the information applies to be reasonably inferred by either direct or indirect means.

Security Breach - Unauthorized acquisition of computerized data that compromises the security, confidentiality or integrity of personal information maintained on it.

Third-Party Service Provider - Contractors, Subcontractors, Consultants, and City Partners etc.

#### ACKNOWLEDGEMENT

Third-Party Service Provider acknowledges that its contract/purchase order with the City may allow the Third-Party Service Provider access to or possession of City's Confidential Data including, but not limited to, personal information, employee records, citizens records, health care information, or financial information. This data may be transferred in various forms, notwithstanding the manner in which or from whom it is received by Third-Party Service Provider subject to state laws that restrict the use and disclosure of such information. Third-Party Service Provider represents and warrants that it will keep City's Confidential Data secure both during the term and after the termination of the Agreement.

## INFORMATION SECURITY PLAN

Third-Party Service Provider is required to comply with information security standards for the protection of data and information required by law, regulation, and regulatory guidance.

Within 30 days of the effective date of the agreement and subject to the review and approval of the City, Third-Party Service Provider shall establish, implement, and maintain an information security plan (“Information Security Plan”).

Third-Party Service Provider’s Information Security Plan shall be designed to;

- Ensure the security, integrity and confidentiality of the City’s data,
- Protect against any anticipated threats or hazards to the security or integrity of such information,
- Protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to the person that is the subject of such information,
- Protect against unauthorized changes to or use of City’s data, and
- Comply with all applicable legal and regulatory requirements for data protection,
- Include business continuity and disaster recovery plans.

Third-Party Service Provider agrees that it will protect City Confidential Data according to published information security policy and standards and no less rigorously than it protects its own confidential information but in no case less than reasonable care.

Third-Party Service Provider shall develop, implement, maintain, and use appropriate administrative, technical, and physical security measures, which may include but not be limited to encryption techniques, to preserve the confidentiality, integrity, and availability of all such Confidential Data.

In addition, Third-Party Service Provider represents and warrants that in performing the Services, it will comply with all applicable privacy and data protection laws and regulations based on the type of data and information it is handling on behalf of the City. Applicable law and regulations may include but not limited to;

- California Civil Code (Sections 1798.29, 1798.82, 1798.84, 1798.85),
- The Health Insurance Portability and Accountability Act of 1996 (HIPAA), Payment Card Industry Data Security Standard (PCI DSS)
- Americans with Disabilities Act of 1990.

Failure by Third-Party Service Provider to comply with any provision of this Section shall constitute a default as defined in the Agreement.

## **ACCESSIBILITY REQUIREMENTS**

If Third-Party Service Provider is presenting any information to the public thru website content and/or mobile application, all content must be presented in compliance with the most current standards of the Web Content Accessibility Guidelines published by the Consortium (W3C) and/or required by Title II of the Americans with Disabilities Act.

## **INCIDENT RESPONSE PLAN**

### Notification of Security Incident

Third-Party Service Provider shall report, in writing, to the City any actual or suspected use or disclosure of City Confidential Data not authorized by this Agreement or authorized in writing by the City, including any reasonable belief that an unauthorized individual has accessed City Confidential Data. This report shall be made to the Agreement's primary contact and the City's designated information security officer. It shall include details relating to any known or suspected security breach of Third-Party Service Provider's system or facilities which contain City Confidential Data or any other breach of Confidential Data relating to this Agreement. This report shall be made not later than within seventy-two (72) hours after suspected or confirmed, if the information was, or is reasonably believed to have been, acquired by an unauthorized person.

### Notification Contents

Third-Party Service Provider's report shall identify:

- The nature of the actual or suspected unauthorized use or disclosure
- The time and date of incident
- A description of City's data used or disclosed,
- Who made the unauthorized use or received the unauthorized disclosure,
- What Third-Party Service Provider has done or shall do to mitigate any harmful effect of the unauthorized use or disclosure, and
- The corrective action Third-Party Service Provider has taken or shall take to prevent future similar unauthorized use or disclosure.
- Other information as requested by the City.
- Third-Party Service Provider shall provide any other information, including a written report, as reasonably requested by the City.

### Notification to Parties

Third-Party Service Provider agrees to fully cooperate with the City with the preparation and transmittal of any notice, which the City may deem appropriate or required by law, to be sent to affected parties regarding the known or suspected security breach, and to be financially responsible for any such notice resulting from Third-Party Service Provider's, its Representatives, Affiliates, or Sub Third-Party Service Providers acts or omissions with regard to the data security requirements of this Agreement. Third-Party Service Provider shall take appropriate remedial action with respect to the integrity of its security systems and processes.

## **AUDIT REQUIREMENTS**

A Third-Party Service Provider, with access to City's confidential data, shall conduct risk assessment and/or audit of its use of City's confidential data at least annually. The Third-Party Service Provider shall provide the City with copies of its latest information security risk assessments and/or audit results upon request. The requirements of this section can be fulfilled by the Third-Party Service Provider providing a System and Organizational Controls (SOC) report as promulgated by the American Institute of Certificate Public Accountants (AICPA).

If any assessment and/or audit discloses material variances from the performance requirements set forth in this Agreement or a breach by Third-Party Service Provider of the provisions of this Agreement, Third-Party Service Provider shall notify the City. The Third-Party Service Provider agrees to give the City the right to perform audits to verify compliance to any part of this Agreement.

## **TERMINATION OR EXPIRATION OF AGREEMENT**

Upon the termination or expiration of this Agreement, or at any time upon the request of the City, Third-Party Service Provider and its Sub Third-Party Service Providers shall return all City data (and all copies and derivative works thereof made by or for Third-Party Service Provider) back to the City or transfer to a third party as instructed by the City. Further, Third-Party Service Provider and all Sub Third-Party Service Providers shall delete or erase such data, copies and derivative works thereof, from their computer systems.

The City shall have the right to require Third-Party Service Provider to verify, that all City data has been returned, deleted or erased. Third-Party Service Provider agrees to use commercially reasonable efforts to cooperate with the City requests for verification.