

**AMENDMENT NO. 1
TO AGREEMENT NO. 47005 BETWEEN
THE LOS ANGELES DEPARTMENT OF WATER AND POWER
AND
OPEX CORPORATION**

THIS FIRST AMENDMENT to Agreement No. 47005 is made and entered into by and between the City of Los Angeles, a municipal corporation acting by and through the Los Angeles Department of Water and Power (hereinafter referred to as "LADWP") and Opex Corporation (hereinafter referred to as "Contractor").

WITNESSETH

WHEREAS, on September 13, 2011, the LADWP Board of Water and Power Commissioners (Board) approved Agreement No. 47005 for hardware and software maintenance, support services, and licensing fees; and

WHEREAS, LADWP and Contractor are desirous of amending the Agreement for the purpose of purchasing an Opex Eagle high-speed envelope extractor and six Opex Falcon Rapid Extraction Desks, providing equipment service maintenance coverage, increasing the contract amount by \$2,745,628 for a not-to-exceed total of \$3,300,000, and extending the term to September 12, 2021; and

WHEREAS, the amendment is necessary and proper to continue or complete certain activities authorized under the Agreement;

NOW, THEREFORE, LADWP and Contractor agree to amend the Agreement as follows:

AMENDMENT

1. Paragraph 1.pp) "**Statement of Work**", is amended to read as follows:

"**Statement of Work**' shall mean the description of the work to be carried out by Contractor, the Deliverables to be provided by Contractor, the Schedule to be met by Contractor, and the Fees to be paid, and contained in the format described in **Exhibit A1 ('STATEMENT OF WORK')**."

2. Paragraph 2.a) "**Services**", is amended to read as follows:

"**Services**. Contractor shall perform Services, strictly in accordance with Statement of Work, **Exhibit A1**."

3. **“Exhibit A – Statement of Work”**, is amended to add **“Exhibit A1”**.
4. Paragraph 13.a) **“Term”**, is amended to extend the termination date by five years and read as follows:

“Term. The term of this Agreement (“Term”) shall commence upon the Effective Date and shall expire ten years thereafter, unless earlier terminated as hereinafter provided.”
5. The attached **“Exhibit A1 Supplemental Fee Schedule”** dated October 13, 2015, shall supplement Exhibit A.
6. Exhibit A, Section 1 **“Equipment Schedule”**, is amended to add the following:

“c.) The Equipment covered by this Maintenance Agreement includes the machines described below:

 - (e) Machine Description: Eagle
Serial Numbers: G076 and G077
 - (f) Machine Description: Falcon Model 72 Rapid Extraction Desk
Serial Numbers: pending

d.) The dark site Equipment covered by this Maintenance Agreement is located at the following site: 6550 Van Nuys Boulevard, Van Nuys, CA 91401.

e.) The dark site Equipment covered by this Maintenance Agreement includes the machines described below:

 - (a) Machine Description: Eagle
Serial Number: pending
 - (b) Machine Description: Falcon Model 72 Rapid Extraction Desk
Serial Numbers: pending”
7. Exhibit A, Section 7 **“On-Call Maintenance Support”** is amended as follows:
 - i. “Preventive Maintenance Calls: Contractor shall provide regular schedule of preventive maintenance (PM) calls for the Eagle, Model 60, Omaton 2100, and Omaton 206 on an annual basis and shall schedule the performance of the PM prior to the commencement of each election.
 - ii. Demand Calls: LADWP shall have unlimited demand calls during the contracted service coverage period. When LADWP calls for a demand call, Contractor’s service technician shall exert all reasonable efforts to arrive at the equipment site within four (4) hours for the Model 60, Omaton 206, and Omaton 2100, and within two (2) hours for the Eagle, from the inception of

the call, during Contractor's standard hours of coverage of 7:00 AM – 3:00 PM, Monday - Friday, excluding Contractor's holidays.”

8. Exhibit I, Section 1.2 **“Definition of LADWP’s Equipment Site(s)”**, is amended to add the following:

“1.2 Definition of LADWP’s Equipment Site(s). For purposes of this Maintenance Agreement, and as relates solely to LADWP’s Eagle, Omaton, and Model 60’s (“Equipment”), “Site” is defined as the one (1) floor within LADWP’s premises where a particular machine covered hereunder is physically located as of the date it is first covered by this Maintenance Agreement. As relates to all other Equipment, “Site” is defined as the exact physical location within LADWP’s premises where the Equipment is assembled, installed and operated by the LADWP for the first time. Equipment moved to a different Equipment “Site” (as defined in this Paragraph) is subject to the maintenance limitations of this Maintenance Agreement.”

9. Exhibit I, Section 1.3 **“Service Calls”**, is amended as follows:

Machine Type	Eagle	Model 60	Omaton
Demand	Unlimited	5	Unlimited
Preventive Maintenance	12	12	4

10. Exhibit I, Section 1.5 **“Response Times”**, is amended to replace in its entirety:

“1.5 Response Times. For the Eagle Equipment (collectively “Capital Equipment”), Contractor shall exert all reasonable efforts to respond to Demand Call requests within two (2) hours after such call is received by Contractor, during the designated Service Coverage Hours. For all other Equipment, Contractor shall exert all reasonable efforts to respond to Demand Call requests within four (4) hours after such call is received by Contractor, during the designated Coverage Hours. For a LADWP Site with Eagle Equipment, Maintenance Service may be provided on an ‘On-Site’ basis, defined as Maintenance Service provided by Contractor physically located at, and solely dedicated to, LADWP’s Equipment Site. On-Site coverage service will be billed to LADWP at additional cost according to Contractor’s published rates and terms then in effect.”

11. Exhibit I, Section 2.2 **“Service Coverage Hours, LADWP Site with System 150”**, is amended to read as follows:

“2.2 Service Coverage Hours, LADWP Site with Eagle.”

12. Exhibit I is amended to add Section 2.6 "Dark Site Services" to read as follows:

"2.6 Dark Site Services. The dark site services for the Eagle and Falcon Model 72 Rapid Extraction Desk shall be provided in accordance to the terms set forth in **Exhibit A1** of this Agreement."

Except as amended herein, all other terms and conditions shall remain in full force and effect.

This Amendment is executed in three (3) duplicate originals, each of which is deemed to be an original. This amendment consists of four (4) pages.

IN WITNESS THEREOF, the parties hereto represent that they are authorized to enter into this Amendment No. 1 to Agreement No. 47005 as of the Amendment effective date.

DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES BY
BOARD OF WATER AND POWER COMMISSIONERS
OF THE CITY OF LOS ANGELES

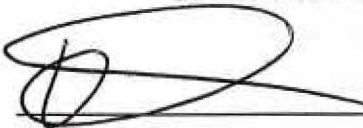
Dated: _____

By: _____
MARCIE L. EDWARDS
General Manager

And: _____
BARBARA E. MOSCHOS
Secretary

OPEX CORPORATION

Dated: 12/17/2015

By:  Winnie Chew

Title: Asst. Dir, Corp. & Legal Affairs

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

OCT 28 2015

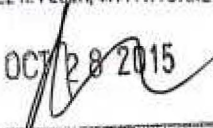
BY  _____
DIRK P. BROERSMA
DEPUTY CITY ATTORNEY

EXHIBIT A1
SUPPLEMENTAL FEE SCHEDULE
OCTOBER 13, 2015

I. DARK SITE SERVICES

“**Dark Site**” is defined as the limited service provided pursuant to the terms set forth below. Dark Site Coverage shall only be available for the Opex Eagle High-Speed Envelope Extractor (Eagle) and Falcon Model 72 Rapid Extraction Desk (FalconRED) which LADWP intends to maintain ready for commercial operation, but does not in fact use for commercial operation, which includes without limitation, live operation, production, and testing.

For the Eagle and FalconRED covered under Dark Site coverage, Contractor shall:

- i. Keep the Eagle and FalconRED in good operating condition, and ready for LADWP’s use.
- ii. Perform all standard preventive maintenance service. Such testing to be performed around the third or fourth week of the month.
- iii. Exercise the equipment once each Preventive Maintenance (“PM”) period. The Eagle and FalconRED shall be run one (1) hour per month in the form of PM testing to be performed by both the Contractor and LADWP.
- iv. The Eagle and FalconRED covered under this Agreement must be maintained on the same maintenance service schedule (i.e. during the same coverage hours). All service shall be provided to LADWP during Contractor’s standard hours of coverage of 7:00 AM – 3:00 PM, Monday through Friday, excluding Contractor’s holidays.
- v. Contractor shall set up and maintain one standard test job (OPEX TEST); or
- vi. If LADWP has a specific job that it wants set up, which changes the standard media used for the standard test job (“Customized Job”), Contractor shall charge an additional \$500.00 to set up such Customized Job. Then, any continuing maintenance on such Customized Job will be billed at Contractor’s then current published labor rates.
- vii. Bill the Dark Site coverage annually on an advance billing schedule.
- viii. All parts and routine cleanings are covered under this Agreement.
- ix. Any amount of Usage during a given month will constitute one (1) full month’s usage, whether it is 1 day or 30 days, unless mutually agreed to otherwise by the

parties. Usage will be determined upon a standard calendar basis. For example, usage from October 12, 2014 up to and including November 2, 2014 would be billed for two (2) full months of service at Contractor's then current price rate for 1/6th of a standard annual maintenance agreement. Necessary spare parts will be kept on site and included at no additional charge.

II. EQUIPMENT

<u>Description</u>	<u>Unit Price</u>	<u>Qty</u>	<u>Extended Price</u>
1. Eagle	\$555,870.00	1	\$555,870.00
2. Dust Collection System for Eagle	\$6,426.00	1	\$6,426.00
3. FalconRED, consisting of the following:	\$79,346.00	6	\$476,076.00
a. M72base with milling top cutter, 110V - \$29,973.00			
b. ASM frame [M72 adjustable height, 110V]SA - \$2,888.00			
c. Falcon base machine (NA) 120V - \$40,420.00 (includes programming of 3 jobs, per unit; each additional job is \$200, per unit)			
d. Falcon magnetic ink character recognition plus - \$5,487.00			
e. Falcon rear standard printer only - \$578.00			

III. SERVICE PRICING

A) Pricing for Year 1 of the Maintenance Agreement for the System 150 with Image Export Module (IEM) and Assemble & Test Fees; based on 2013 rates:

<u>Description</u>	<u>2013 Unit Price</u>	<u>Qty</u>	<u>2013 Extended Price</u>
4. System 150 with IEM, Dark Site	\$27,993.00	1	\$27,993.00
5. Assemble & Test, System 150 D436, IEM X268, at 6550 Van Nuys Blvd, Van Nuys, CA 91405, consisting of the following:	All for \$2,520.20	1	\$2,520.20
a. Labor to assemble & Test equipment (12 man.hours)- weekend rate - \$1,560.00			
b. 3 Techs RT Travel Miles & Time (60milesx3)+(1hrx3)- weekend rate - \$460.20			
c. Dolly rental-wheels for M150/IEM - \$500.00			

- G) Equipment Reassembly and Test Fees**: Net Price
**Standard Rate, Monday through Friday 7:00am - 3:00pm,
excluding Contractor holidays, for price per hour of \$150.00
Weekend or non-standard rate (outside standard rate hours of
Monday through Friday 7:00am - 3:00pm, excluding Contractor
holidays), for a price per hour of \$225.00
Travel Time, for a price per hour of \$150.00
Mileage, for a price per mile of \$0.50

IV. EAGLE, NON-DARK-SITE SERVICES

- A) **Standard Maintenance Charge.** Contractor's standard maintenance charge covers Maintenance Service for Equipment used on a "Single Shift Basis," defined to mean Equipment used on an average basis of no more than thirty-five (35) hours per week, fifty-two (52) weeks per year ("Standard Maintenance Charge"). Contractor's Standard Maintenance Charge (and other charges as discussed below) will be assessed based on the number of machines at LADWP's Site. Equipment usage by LADWP in excess of that covered by the Standard Maintenance Charge will be charged in accordance with the terms described below. Equipment usage is defined in the following paragraph:
- B) **Measurement of Eagle Usage.** Eagle usage is determined by measuring the number of envelopes processed on a quarterly basis, with "quarterly" meaning every three (3) months or thirteen (13) weeks. Eagle usage is calculated in the following manner: LADWP's mail volume is measured over a three (3) month period; this provides a quarterly reading for comparison purposes ("Eagle Quarterly Reading"). The number of envelopes that can be processed by the Equipment on a Single Shift Basis is determined by taking the Equipment's average feed rate of 16,000 envelopes per hour (based upon a 7.5" envelope and 20 second average machine jam clearing time) and multiplying this figure by thirty-five (35) hours per week; this means that on average, the Equipment could process, on a Single Shift Basis, 500,000 envelopes per week, or 6,500,000 envelopes per quarter ("Eagle Equipment Processing Average"). To the extent that LADWP's Eagle Quarterly Reading exceeds the Eagle Equipment Processing Average, LADWP's usage will be deemed to have exceeded that covered by the Standard Maintenance Charge.
- C) **Equipment Usage Charge.** Actual Equipment usage shall be measured by Contractor at the end of each quarter, using the usage formulas described above. To the extent that the Equipment is used on a basis greater than Single Shift Basis, LADWP shall pay Contractor an additional charge, and the additional charge shall be billed in a minimum of half-shift increments only. For each additional half-shift increment of usage in excess of Single Shift Basis, LADWP shall pay Contractor an additional usage charge in the amount of 25% of Contractor's Standard Maintenance Charge ("Additional Usage Charge").