

**City and County of San Francisco
Airport Commission
P.O. Box 8097
San Francisco, California 94128**

Modification No. 2

THIS MODIFICATION (this "Modification") is dated for convenience as of July 1, 2019, in San Francisco, California, by and between **Hallmark Aviation Services, L.P.** ("Contractor"), and the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Airport Commission, hereinafter referred to as "**Commission.**"

RECITALS

- A. City and Contractor have entered into the Agreement (as defined below); and
- B. The City has approved the contracting-out of the services under the Agreement upon the certification of the Controller that the services can be performed by a contractor at a lower cost than by City employees at current salary and benefit levels, see Board of Supervisors Resolution No. 307-16, adopted July 19, 2016; and
- C. On October 18, 2016, by Resolution No. 16-0265, the Commission awarded the Agreement to the Contractor for a term of 18 months and a not-to-exceed amount of \$11,550,000; and
- D. On December 13, 2016, by Resolution No. 533-16, the Board of Supervisors approved the Agreement under San Francisco Charter Section 9.118; and
- E. On April 3, 2018, by Resolution No. 18-0096, the Commission exercised the first of three two-year options to extend and approved Modification No. 1 ("Modification No. 1"), extending the term of the Agreement by two years, increasing the total contract not-to-exceed amount to \$27,353,224 and modifying the Scope of Work and Calculation of Charges; and
- F. On May 22, 2018, by Resolution No. 160-18, the Board of Supervisors approved Modification No. 1 under San Francisco Charter Section 9.118; and
- G. City and Contractor desire to further modify the Agreement on the terms and conditions set forth herein to modify the contract to increase the labor rate to the new QSP rate and update standard contractual clauses; and
- H. The Local Business Entity ("LBE") subcontracting participation requirement for this Agreement is 5 %.

NOW, THEREFORE, Contractor and the City agree as follows:

- 1. **Definitions.** The following definitions shall apply to this Modification:
- 2. **Article 1. Definitions, 1.1 Agreement** has been revised. The definition "Agreement" shall mean the Agreement dated October 19, 2016 between Contractor and City, as amended by Modification No. 1, dated April 3, 2018.



3. **Article 1. Definitions, Other Terms**, was incorrectly added as “1.2 Other Terms” in the Modification No. 1, and is now corrected to add **1.10 Other Terms** to read as follows:

New 1.10 Other Terms. Terms used and not defined in this Modification shall have the meanings assigned to such terms in the Agreement.

4. **Article 1. Definitions, 1.11 City Data or Data** is added to the Agreement as follows:

New Section 1.11 City Data or Data. “City Data” or “Data” includes, but is not limited to, all data collected, used, maintained, processed, stored, or generated by or on behalf of the City in connection with this Agreement. This includes data that is provided by a third-party for use under this Agreement.

5. **Article 1. Definitions, 1.12 Confidential Information** is added to the Agreement as follows:

1.12.1 “Confidential Information” means confidential City information including, but not limited to, personally-identifiable information (“PII”), protected health information (“PHI”), or individual financial information (collectively, “Proprietary or Confidential Information”) that is subject to local, state or federal laws restricting the use and disclosure of such information, including, but not limited to, Article 1, Section 1 of the California Constitution; the California Information Practices Act (Civil Code § 1798 et seq.); the California Confidentiality of Medical Information Act (Civil Code § 56 et seq.); the federal Gramm-Leach-Bliley Act (15 U.S.C. §§ 6801(b) and 6805(b)(2)); the privacy and information security aspects of the Administrative Simplification provisions of the federal Health Insurance Portability and Accountability Act (45 CFR Part 160 and Subparts A, C, and E of part 164); and San Francisco Administrative Code Chapter 12M (Chapter 12M).

1.12.2 “Confidential Information” also means any and all nonpublic information, whether written, electronic, or oral, concerning or relating to Airport technology, computer, or data systems, processes, or procedures, or Critical Infrastructure Information or Protected Critical Infrastructure Information as defined under the Homeland Security Act of 2002 and 6 CFR §29.2, which information or access to such information is supplied by the Airport or on behalf of the Airport to Contractor or otherwise acquired by Contractor during the course of dealings with the Airport and regardless of whether such information is in its original form, a copy, or a derivative product. “Derivative” means written or electronic material created from or with, or based on Confidential Information (i.e., a report analyzing Confidential Information shall also be considered Confidential Information). Confidential Information shall also mean proprietary, trade secret or other protected information, identified as Confidential Information by the Airport.

6. **Article 4.5 Assignment** is replaced in its entirety as follows:

4.5 Assignment. The Services to be performed by Contractor are personal in character. Neither this Agreement, nor any duties or obligations hereunder, may be directly or indirectly assigned, novated, hypothecated, transferred, or delegated by Contractor, or, where the Contractor is a joint venture, a joint venture partner, (collectively referred to as an “Assignment”) unless first approved by City by written instrument executed and approved in the same manner as this Agreement in accordance with the Administrative Code. The City’s approval of any such Assignment is subject to the Contractor demonstrating to City’s reasonable satisfaction that the proposed transferee is: (i) reputable and capable, financially and otherwise, of performing each of Contractor’s obligations under this Agreement and any other documents to be assigned, (ii) not forbidden by applicable law from transacting business or entering into contracts with City; and (iii) subject to the jurisdiction of the courts of the State of California. A change of ownership or control of Contractor or a sale or transfer of substantially all of the assets of

Contractor shall be deemed an Assignment for purposes of this Agreement. Contractor shall immediately notify City about any Assignment. Any purported Assignment made in violation of this provision shall be null and void.

7. **Article 7.3 Withholding** is added to the Agreement as follows:

7.3 **Withholding.** Contractor agrees that it is obligated to pay all amounts due to the City under the San Francisco Business and Tax Regulations Code during the term of this Agreement. Pursuant to Section 6.10-2 of the San Francisco Business and Tax Regulations Code, Contractor further acknowledges and agrees that City may withhold any payments due to Contractor under this Agreement if Contractor is delinquent in the payment of any amount required to be paid to the City under the San Francisco Business and Tax Regulations Code. Any payments withheld under this paragraph shall be made to Contractor, without interest, upon Contractor coming back into compliance with its obligations.

8. **Article 8.2.1 (a).** The table after Article 8.2.1 (a) is amended to add Article 11.25 Nondisclosure of City Data, Private or Confidential Information and Article 11.26 Management of City Data and Confidential Information to the table.

9. **Article 8.4.1.** The table after Article 8.4.1 is amended to add Article 11.25 Nondisclosure of City Data, Private or Confidential Information and Article 11.26 Management of City Data and Confidential Information to the table.

10. **Article 10.4 Nondisclosure of Private, Proprietary or Confidential Information** is replaced in its entirety with **Article 10.4 Consideration of Salary History** as follows:

10.4 Consideration of Salary History. Contractor shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." Contractor is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Agreement or in furtherance of this Agreement, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Contractor is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>. Contractor is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

11. **Article 10.11 Limitations on Contributions** is replaced in its entirety as follows:

10.11 Limitations on Contributions. By executing this Agreement, Contractor acknowledges its obligations under Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the



City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of Contractor's board of directors; Contractor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Contractor certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

12. Article 10.17 Sugar-Sweetened Beverage Prohibition is replaced in its entirety with **Article 10.17 Distribution of Beverages and Water** as follows:

10.17 Distribution of Beverages and Water.

10.17.1 Sugar-Sweetened Beverage Prohibition. Contractor agrees that it shall not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Agreement.

10.17.2 Packaged Water Prohibition. Contractor agrees that it shall not sell, provide, or otherwise distribute Packaged Water, as defined by San Francisco Environment Code Chapter 24, as part of its performance of this Agreement.

13. Article 11.23 Incorporation of Recitals is added to the Agreement as follows:

11.23 Incorporation of Recitals. The matters recited above are hereby incorporated into and made part of this Agreement.

14. Article 11.24 Notification of Legal Requests is added to the Agreement as follows:

11.24 Notification of Legal Requests. Contractor shall immediately notify City upon receipt of any subpoenas, service of process, litigation holds, discovery requests and other legal requests ("Legal Requests") related to all data given to Contractor by City in the performance of this Agreement ("City Data" or "Data"), or which in any way might reasonably require access to City's Data, and in no event later than 24 hours after it receives the request. Contractor shall not respond to Legal Requests related to City without first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City's instruction and requests, including, without limitation, any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

15. Article 11.25 Disclosure of City Data, Private or Confidential Information is added to the Agreement as follows:

11.25 Nondisclosure of City Data, Private or Confidential Information.

11.25.1 Protection of Private Information. If this Agreement requires City to disclose "Private Information" to Contractor within the meaning of San Francisco Administrative Code Chapter 12M, Contractor and subcontractor shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

11.25.2 Confidential Information. In the performance of Services, Contractor may have access to City Data and /or City's Confidential Information, the disclosure of which to third parties may damage City. If City discloses City Data or Confidential Information to Contractor, such information must be held by Contractor in confidence and used only in performing the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own Confidential Information.

16. **Article 11.26 Management of City Data and Confidential Information** is added to the Agreement as follows:

11.26 Management of City Data and Confidential Information

11.26.1 Access to City Data. City shall at all times have access to and control of all data given to Contractor by City in the performance of this Agreement ("City Data" or "Data"), and shall be able to retrieve it in a readable format, in electronic form and/or print, at any time, at no additional cost.

11.26.2 Use of City Data and Confidential Information. Contractor agrees to hold City's Confidential Information received from or created on behalf of the City in strictest confidence. Contractor shall not use or disclose City's Data or Confidential Information except as permitted or required by the Agreement or as otherwise authorized in writing by the City. Any work using, or sharing or storage of, City's Confidential Information outside the United States is subject to prior written authorization by the City. Access to City's Confidential Information must be strictly controlled and limited to Contractor's staff assigned to this project on a need-to-know basis only. Contractor is provided a limited non-exclusive license to use the City Data or Confidential Information solely for performing its obligations under the Agreement and not for Contractor's own purposes or later use. Nothing herein shall be construed to confer any license or right to the City Data or Confidential Information, by implication, estoppel or otherwise, under copyright or other intellectual property rights, to any third-party. Unauthorized use of City Data or Confidential Information by Contractor, subcontractors or other third-parties is prohibited. For purpose of this requirement, the phrase "unauthorized use" means the data mining or processing of data, stored or transmitted by the service, for commercial purposes, advertising or advertising-related purposes, or for any purpose other than security or service delivery analysis that is not explicitly authorized.

11.26.3 Disposition of Confidential Information. Upon termination of Agreement or request of City, Contractor shall within forty-eight (48) hours return all Confidential Information which includes all original media. Once Contractor has received written confirmation from City that Confidential Information has been successfully transferred to City, Contractor shall within ten (10) business days purge all Confidential Information from its servers, any hosted environment Contractor has used in performance of this Agreement, work stations that were used to process the data or for production of the data, and any other work files stored by Contractor in whatever medium. Contractor shall provide City with written certification that such purge occurred within five (5) business days of the purge.

17. **Appendix B-1 Calculation of Charges, July 1, 2018 through June 30, 2019 Cost Proposal** (as set forth in Modification No. 1) is replaced in its entirety with the **Appendix B-1 Cost Proposal Table B-1.1 July 1, 2018 through June 30, 2019** as follows:



Appendix B-1 Cost Proposal Table B-1.1 July 1, 2018 through June 30, 2019

July 1, 2018 through June 30, 2019 Cost Proposal - Airport Information and Guest Assistance Services

Direct Labor Costs	Budgeted		Hourly	Total Cost
	FTE	Hours	Rate	
<i>Hallmark</i>				
International Arrival Ambassador	62.0	128,960	\$ 17.00	\$ 2,192,320.00
Lost & Found Agent	5.1	10,608	\$ 17.00	\$ 180,336.00
Lost & Found Lead	1.4	2,912	\$ 19.47	\$ 56,696.64
International Arrival Ambassador Lead	4.2	8,736	\$ 19.47	\$ 170,089.92
Totals - Hallmark	72.7	151,216		\$ 2,599,442.56
Actual Direct Labor Costs - Hallmark				\$ 2,574,402.95

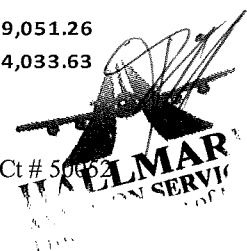
<i>Polaris</i>				
Guest Service Ambassador	26.2	54,496	\$ 18.74	\$ 1,021,255.04
Guest Service Ambassador Supervisor	8.4	17,472	\$ 20.09	\$ 351,012.48
Volunteer Program Coordinator	2.0	4,160	\$ 37.89	\$ 157,622.40
Volunteer Program Coordinator - PT	1.0	2,080	\$ 37.89	\$ 78,811.20
Totals - Polaris	37.6	78,208		\$ 1,608,701.12
Actual Direct Labor Costs - Polaris				\$ 1,463,509.29

TOTAL DIRECT LABOR \$ 4,208,143.68
ACTUAL DIRECT LABOR \$ 4,037,912.24

Indirect Labor Costs	Fringe Percent		Total
	Percent	Amount	
<i>Hallmark</i>	Health, Dental, Life Insurance	0.1771	\$ 460,361.28
	Worker's Compensation	0.0354	\$ 92,020.27
	FICA, FUTA SUI	0.11	\$ 285,938.68
	Personal Leave	0.0462	\$ 120,094.25
	Holiday premium	0.0192	\$ 49,909.30
	401K Matching	0.032	\$ 83,182.16
	Staff Welfare & Morale	0.0095	\$ 24,694.70
	Totals - Hallmark		\$ 1,116,200.64
		Actual Total - Hallmark \$ 1,105,448.63	

Indirect Labor Costs	Fringe Percent		Total
	Percent	Amount	
<i>Polaris</i>	Health, Dental, Life Insurance	0.1425	\$ 229,239.91
	Worker's Compensation	0.02	\$ 32,174.02
	FICA, FUTA SUI	0.1013	\$ 162,961.42
	Personal Leave	0.147	\$ 236,479.06
	Holiday premium	0.0192	\$ 30,887.06
	401K Matching	0.0335	\$ 53,891.49
	Staff Welfare & Morale	0.008	\$ 12,869.61
	401K Profit Sharing	0.04	\$ 64,348.04
Totals - Polaris		\$ 822,850.62	
		Actual Total - Polaris \$ 748,585.00	

TOTAL INDIRECT LABOR \$ 1,939,051.26
ACTUAL INDIRECT LABOR \$ 1,854,033.63



Management Fee	July 1, 2018 through June 30, 2019
Management Fee	\$ 1,485,648.00

TOTAL MANAGEMENT FEE \$ 1,485,648.00

Other Direct Costs

Office Equipment and Technical Support	\$ 57,110.00
Reward & Recognition	\$ 10,000.00
Uniforms and Dry Cleaning	\$ 85,000.00
ADM Customer Support Supplies	\$ 15,000.00
Performance Bond	\$ 38,000.00
Fringe Reimbursement	\$ 5,000.00

TOTAL OTHER DIRECT COSTS \$ 210,110.00

ACTUAL OTHER DIRECT COSTS \$ 162,229.26

Total July 1, 2018 through June 30, 2019 Cost Proposal \$ 7,842,952.94

Actual Total Cost July 1, 2018 through June 30, 2019 Cost Proposal \$ 7,539,823.13

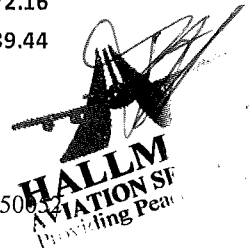
18. Appendix B-1 Calculation of Charges, July 1, 2019 through June 30, 2020 Cost Proposal (as set forth in Modification No. 1) is replaced in its entirety with the Appendix B-1 Cost Proposal Table B-1.2 July 1, 2019 through June 30, 2020 as follows:

Appendix B-1 Cost Proposal Table B-1.2 July 1, 2019 through June 30, 2020

July 1, 2019 through June 30, 2020 Cost Proposal - Airport Information and Guest Assistance Services

Direct Labor Costs	FTE	Budgeted	Hourly Rate	Total Cost
<i>Hallmark</i>				
International Arrival Ambassador	62.0	128,960	\$ 18.16	\$ 2,341,913.60
Lost & Found Agent	5.1	10,608	\$ 18.16	\$ 192,641.28
Lost & Found Lead	1.4	2,912	\$ 20.81	\$ 60,598.72
International Arrival Ambassador Lead	4.2	8,736	\$ 20.81	\$ 181,796.16
Totals - Hallmark	72.7	151,216		\$ 2,776,949.76
FORMER Totals - Hallmark				\$ 2,653,067.04
<i>Polaris</i>				
Guest Service Ambassador	26.2	54,496	\$ 19.13	\$ 1,042,508.48
Guest Service Ambassador Supervisor	8.4	17,472	\$ 20.51	\$ 358,350.72
Volunteer Program Coordinator	2.0	4,160	\$ 38.68	\$ 160,908.80
Volunteer Program Coordinator - PT	1.0	2,080	\$ 38.68	\$ 80,454.40
Totals - Polaris	37.6	78,208		\$ 1,642,222.40

TOTAL DIRECT LABOR \$ 4,419,172.16
FORMER DIRECT LABOR TOTAL \$ 4,295,289.44



Indirect Labor Costs		Fringe Percent	
<i>Hallmark</i>	Health, Dental, Life Insurance	0.1771	\$ 491,797.80
	Worker's Compensation	0.0354	\$ 98,304.02
	FICA, FUTA SUI	0.11	\$ 305,464.47
	Personal Leave	0.0462	\$ 128,295.08
	Holiday premium	0.0192	\$ 53,317.44
	401K Matching	0.032	\$ 88,862.39
	Staff Welfare & Morale	0.0095	\$ 26,381.02
	Totals - Hallmark		\$ 1,192,422.23
FORMER Totals - Hallmark			\$ 1,139,226.99

		Fringe Percent	
<i>Polaris</i>	Health, Dental, Life Insurance	0.1425	\$ 234,016.69
	Worker's Compensation	0.02	\$ 32,844.45
	FICA, FUTA SUI	0.1013	\$ 166,357.13
	Personal Leave	0.147	\$ 241,406.69
	Holiday premium	0.0192	\$ 31,530.67
	401K Matching	0.0335	\$ 55,014.45
	Staff Welfare & Morale	0.008	\$ 13,137.78
	401K Profit Sharing	0.04	\$ 65,688.90
Totals - Polaris		\$ 839,996.76	

TOTAL INDIRECT LABOR \$ 2,032,418.98
FORMER TOTAL INDIRECT LABOR \$ 1,979,223.75

Management Fee	July 1, 2019 through June 30, 2020
Management Fee	\$ 1,485,648.00
TOTAL MANAGEMENT FEE	\$ 1,485,648.00


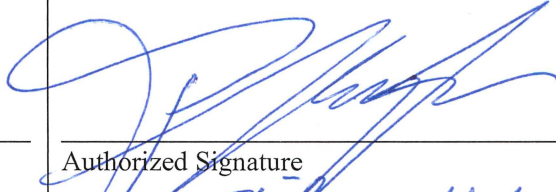



Other Direct Costs	
Office Equipment and Technical Support	\$ 87,110.00
Reward & Recognition	\$ 20,000.00
Uniform and Dry Cleaning	\$ 146,051.85
ADM Guest Support Supplies	\$ 30,000.00
Performance Bond	\$ 38,000.00
Fringe Reimbursement	\$ 5,000.00
TOTAL OTHER DIRECT COSTS	\$ 326,161.85
FORMER TOTAL INDIRECT LABOR	\$ 200,110.00

Total July 1, 2019 through June 30, 2020 Cost Proposal \$ 8,263,400.99
FORMER Total July 1, 2019 through June 30, 2020 Cost Proposal \$ 7,960,271.18

19. Effective Date. Each of the changes set forth in this Modification shall be effective on and after the date of this Modification.

20. Legal Effect. Except as expressly changed by this Modification, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Modification as of the date first referenced above.

CITY	CONTRACTOR
AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	
<p>By: </p> <p>Ivar C. Satero, Airport Director</p>	<p></p> <p>Authorized Signature</p> <p></p> <p>Printed Name</p> <p></p> <p>Title</p>
<p>Approved as to Form:</p> <p>Dennis J. Herrera City Attorney</p>	<p><u>Hallmark Aviation Services L.P.</u> Company Name</p>
<p>By: </p> <p>Christopher Stuart Deputy City Attorney</p>	<p><u>0000019096</u> City Supplier Number</p> <p><u>5757 W. Century Boulevard, Suite 860</u> Address</p>
	<p><u>Los Angeles, CA 90045</u> City, State, ZIP</p> <p><u>310-215-7213</u> Telephone Number</p> <p><u>95-4217627</u> Federal Employer ID Number</p>

