



SERVICE PROPOSAL

City of Long Beach

Air Support Division

Aircraft Inspection

EC 130, SN 3560

January 29, 2009

31166



police department

**Dan Ramos
400 West Broadway
Long Beach, CA 90802
562/570-7301**

THIS SERVICES PROPOSAL is made by **American Eurocopter LLC** ("AE") to City of Long Beach, Ca. ("Customer").

Inspection Service Overview

The AE Customer Support Facility in Long Beach, CA is an FAA approved Repair Station that performs airframe and engine inspections, repairs and/or modifications in accordance with the OEM publications and pertinent FAA regulations for your specific aircraft.

This proposal provides a brief description of the work to be performed on the aircraft and budgetary information only. Due to the length and scope of the details encompassed in an inspection of this magnitude, the aircraft Master Servicing Recommendations (MSR) for the respective aircraft should be consulted for a detailed guide for inspection requirements.

In every case, the scope of work, items due service life replacement or overhaul varies depending on calendar and in-service hours on the airframe and components. For this reason, if not provided by the customer, a detailed review of the TBO (Time Before Overhaul) and SLL (Service Live Limits) for all installed components will be required prior to inspection.

Aircraft Inspection(s)

- AE will perform an incoming test flight (if applicable) and receiving inspection prior to maintenance in accordance with requirements stipulated in the inspection guidelines found in the aircraft maintenance manual and AE's procedures in the Repair Station Quality Manual.
- A review of the TBO and SLL items will be accomplished by the AE Quality Assurance department to determine overhaul and service life limited component requirements. Additionally, a review of FAA Airworthiness Directives, Mandatory and Alert Service Bulletins will be accomplished to validate compliance.
- The aircraft will be inspected in accordance with the requirements defined in the latest revisions of Chapter 5 of the aircraft Master Servicing Recommendations and the associated engine manufacturers' maintenance manuals.
- All discrepancies found during the test flight, incoming and receiving, airframe and engine inspections as well as during the reviews of the AD's, SB's, TBO and SLL's; will be documented in the aircraft work order. A written list of discrepancies will be provided to customer with an estimate of parts and labor cost and an estimated TAT of work performed.
- Discrepancies will be forwarded to the customer for review and repair authority prior to repair of these items. Due to this measure, a timely reply to repair requests will be required in order to prevent schedule delays.
- Bi-Weekly reporting of aircraft status and discrepancies discovered will be provided to the customer in writing.
- Upon completion of all inspection requirements and maintenance required to complete repairs, a functional ground run and flight test will be accomplished as per maintenance manual and regulatory requirements.



Upon completion of all work performed, the aircraft documentation will be updated to reflect work accomplished, component log cards, AD and SB compliance, FAA Form 8110-3 and FAA Form 337 for approval of major repairs (if required) and FAA Form 8130-3 (or EASA Form 1) for replacement parts installed. A review of all documentation will be accomplished with the Customer prior to delivery.

Section A: Aircraft Inspection

Maintenance and Inspection	\$ 84,904
Inspect and Replace Mechanical Parts	\$ 29,143
Inspect and Recertify Avionic Components	\$ 13,452
Visual Inspect of the Dynamic Components	\$ 12,900
Inspection of Engine (estimate only)	\$ 100,000
<u>Total Section A: Aircraft Inspection</u>	\$ 240,399

* This does not include discrepancies found at inspection. Those charges will be quoted and handled as separate over & above items.

Expected Completion Date:

The expected completion will take 4 to 5 weeks (estimated) for the inspection which also includes time for possible minor discrepancies. This date is based upon the current status of the aircraft and is predicated upon a normal aircraft run-up and flight test results after work.

Fuel Surcharge:

Fuel associated with this work will be charged as a separate line item and priced according to the daily-published price at the Long Beach Airport.

Responsibilities of Operator:

To perform this scope of work in the most timely and efficient manner, AE requires the operator to comply with the following:

- Payment made in accordance with established trade account terms. If the final balance exceeds the available balance in the trade account, final payment or alternative arrangements must be made prior to release of the aircraft from AE's facility.
- Supply a listing of accomplished inspections, maintenance and services bulletins applied to the aircraft (aircraft records). AE will perform all Mandatory Service Bulletins and AD's that are due unless the customer specifically (in writing) declines such work to be performed. The customer will need to notify AE if a full review of optional and recommended service bulletins is to be preformed. If a full review is requested, at the completion of the review process, a list will be provided to the customer. The cost of performing a full service bulletin review is not included in this proposal.

Inspection of Optional Equipment (if applicable):

AE will, after reviewing the aircraft historical records, submit a quotation for the performance of the required measures for the installed optional equipment (if any) according to the listed references on those items of optional equipment that are always installed or whose operating time has reached the time limit according to the MSM.

Additional Services/Discrepancies:

- Should the Customer require additional services that are not covered by this Agreement, then the conditions for the performance of such additional services will be subject to a specific quotation or agreement.
- In the event discrepancies are discovered by AE during the Services that are over and above the scope of work, then Customer shall be notified of any cost or schedule impacts. Customer agrees to approve or decline AE discrepancy change orders with applicable quote and schedule impacts within three business days. After the 3 business days, AE will consider only the required service bulletins, required AMS, air-worthiness directives (AD's) and safety of flight items approved. All other additional services/discrepancies will be suspended until written approval is sent by customer, at which time, schedule impact (if any) will be reviewed.

Avionics/Electrical Provision

Due to procedural and regulatory requirements, American Eurocopter performs functional and operational checks to evaluate all electrical equipment installed during maintenance, modification or repair. This is accomplished by ground and flight tests during the receiving and incoming inspection phase of a maintenance activity or project. On occasion, the condition of the aircraft upon receipt may prevent application of electrical power and/or functional flight test. In the event these tests cannot be performed, AE will utilize all available technical data to determine the root cause of discrepancies with such equipment, document and repair upon request. In the case of "Safety of Flight" discrepancies, these items must be corrected prior to test flight and return to service. Due to the wide variety of avionics/electrical equipment and installations, the responsibility to provide tech data and related cost associated to inspect, troubleshoot and correct discrepancies with these systems remain with the owner/operator.

If this proposal is acceptable, sign in the space below and return to my attention at fax # 972-641-5065. All accepted proposals are subject to Exhibit "A" Terms and Conditions attached hereto.

American Eurocopter LLC:

Accepted by: _____
Signature: *[Signature]*
Date: 2/2/09

Customer: City of Long Beach, CA.
Accepted by: _____
Signature: *[Signature]* Assistant City Manager
Date: 6-16-09

EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.

APPROVED AS TO FORM
June 11, 2009
ROBERT E. SHANNON, City Attorney
By *[Signature]*
GARY J. ANDERSON
DEPUTY CITY ATTORNEY

EXHIBIT "A"

Terms and Conditions: The following terms and conditions shall be effective between AE and Customer.

1. Price Conditions. Prices quoted are fixed and are not subject to negotiation or audit after quote has been accepted. All prices are FOB, Long Beach, CA and do not include local, state or federal taxes. Customer agrees to the following payment terms. First Installment: Forty percent (40%) of the total amount shall be required upon contract execution. Second Installment: Thirty percent (30%) of the total amount shall be payable after commencement of work by AE. Final Installment: The balance of the total amount due will be COD payable on delivery to Customer.
2. Warranties. AE represents and warrants to the Customer:
 - 2.1 That the services herein and each product, repair and part manufactured by Eurocopter SAS or Eurocopter Deutschland to be free from defects in material and workmanship under normal use and service. AE's sole obligation under this warranty is limited to replacement or repair of parts that, at the time of any repair or replacement, are determined by AE, in its sole discretion, as subject to this warranty, provided, that such product or parts have been timely returned to AE's facility and, such alleged failure therein, as determined at the sole discretion of AE, has occurred within the following time limits:
 - a) AE-installed parts, the earlier of the following after delivery to the customer:
 - (i) 1000 flying hours or (ii) 12 months.This coverage is for the specific installations accomplished only. AE warrants each part installed by AE or the OEM to be free from defect in workmanship or material.
 - b) This warranty shall not apply to any parts which have been repaired or altered outside the Eurocopter factory in any way so as, in AE's sole discretion, to affect its stability, safety or reliability, or which has been subject to misuse, common neglect, abuse, negligence or accident.
 - c) The warranty shall apply only to the extent the parts installed therein are operated and maintained in accordance with the instructions contained in the flight manual, the Maintenance Manual, and the AE's technical service bulletins.
 - 2.2 The parts provided under this warranty, as warranty replacement parts, may be either new, repaired or otherwise serviceable components/parts and shall cover the balance of the warranty period still remaining against the repaired part.
 - 2.3 As soon as possible, but not to exceed twenty (20) days after the date the Customer discovers a part failure, Customer shall return the allegedly failed part or parts to AE's factory, freight prepaid. Prior to shipment of the allegedly failed part or parts, Customer shall obtain from AE a Return Material Authorization Number (RMA). Prior to, or concurrently with, shipment of allegedly failed part or parts, Customer shall furnish, in writing, full details of Customer's claim (completed Maintenance Malfunction Information Report-MMIR) or equivalent documentation and the basis thereof.



- 2.4 All Warranty Claims must accompany proof of purchase from AE or one of AE's authorized facilities. If warranty replacement parts(s) were produced from an authorized AE service/maintenance center, application for warranty must be processed by that service/maintenance center. All Warranty Claims must be submitted within twenty (20) days of the occurrence date, in order to be considered for warranty reimbursement.
- 2.5 AE and Customer disclaim and exclude from this agreement all other warranties, including, but not limited to, statutory warranties, other express warranties, and any implied warranties, including, without limitation, warranties of merchantability and fitness for a particular purpose. The express warranty set forth above is given in lieu of: (i) all other warranties and (ii) any obligation or liability of, right or claim against, or remedy from AE or the manufacturer, in contract or in tort, including product liability based on AE's or the manufacturer's strict liability or AE's or the manufacturer's negligence. The rights and remedies provided in this agreement are exclusive in connection with the products and services provided herein. The stated express warranty provided herein in lieu of any and all liabilities or obligations of the manufacturer or of AE for any injuries, bodily harm, or damages of any type, including, but not limited to, all incidental or consequential damages, all loss, damage or expense arising out of or in connection with the use, loss of use, performance, or non-performance of AE or manufacturer's and/or AE's products and services, and damages from any other cause.
- 2.6 All Warranty Claims must accompany proof of purchase from AE. If warranty replacement parts(s) were produced from an authorized AE service/maintenance center, application for warranty must be processed by that service/maintenance center. Provided Customer has complied with the above return requirements, Customer will have 3 months of the occurrence date to make any Warranty Claims in order to be considered for warranty reimbursement.
- 2.7 All Customer Furnished Equipment (CFE) supplied by Customer to AE for installation will be excluded from and not subject to the above warranty.
3. Pre-Induction Test Flight. Customer's aircraft insurance will be primary during any pre-induction test flight by AE, its pilots, agents or representatives unless damages are due to the sole negligence of AE. Upon induction of the aircraft by AE, AE's insurance will be primary until delivery to Customer.
4. Customer Obligations. Customer agrees that any parts serviced by AE in furtherance with the terms of this Agreement shall be operated and maintained in compliance with EC's technical documentation.
5. Suspension. In the event the Customer fails to perform any of its obligations required by this Agreement, then AE may suspend its performance of the Services until such time as Customer has performed such obligations. Any suspension will likewise extend the delivery dates, if applicable, for the length of the suspension period.



6. Force Majeure. AE shall be excused from performance or delivery delays due to an event of force majeure or any event beyond AE's control which affects performance under this Agreement.
7. Termination. This Agreement may be terminated by either party upon default of the terms of this Agreement or if either party becomes insolvent or bankrupt, is the subject of any proceedings relating to its liquidation or insolvency or the appointment of a receiver, or makes an assignment for the benefit of all or substantially all of its creditors or enters into such other agreement for the readjustment of all or substantially all of its obligations.
8. Limitation of Liability. Neither party will be liable to the other for lost profits or consequential, punitive, or incidental damages, even if informed of their possibility.
9. Additional Services. Should the Customer require additional services that are not covered by this Agreement, then the conditions for the performance of such additional services will be subject to a specific quotation or agreement.
10. Governing Law. This Agreement shall be governed by the laws of the State of Texas, irrespective of any conflicts of law. The sole and exclusive venue for any cause related to this Agreement shall be in Dallas County, Texas.
11. Severability; Waiver. If any terms of this Agreement becomes null or unenforceable by force of law, the other terms shall remain valid and enforceable. Waiver of one provision by either party will not waive any other terms.
12. Assignment. This Agreement may not be assigned by Customer without written consent of AE. It may be modified only by an amendment in writing signed by the parties.
13. Notices. Any notice under this Agreement will be deemed given if in writing and delivered in person, by overnight delivery service, or by fax transmission, receipt confirmed, or three business days after such notice is deposited in the US mail, registered or certified mail, return receipt requested, and addressed to the recipient name and party at its address set forth above. Either party may from time to time change its address or designated representative by giving the other prior written notice of the new address or designated representative and the effective date of such change.
14. Entire Agreement. This Agreement, including any exhibits, quotes or SOW attached hereto, constitutes the entire agreement between AE and Customer. There are no other understandings or agreements between the parties, and no change, waiver or discharge of this Agreement will be valid unless in writing and signed by the party against whom such change, waiver or discharge is sought to be enforced.