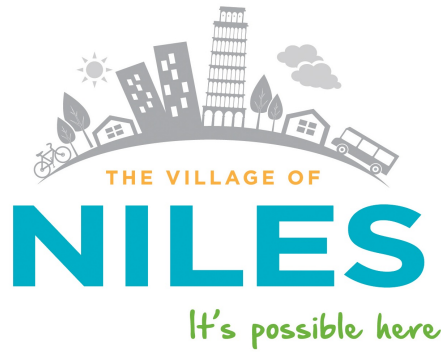


MAYOR
George D. Alpogianis

TRUSTEES
Susan DeBartolo
Ajay Mody
Craig Niedermaier
Dean Strzelecki
Marryann Warda



VILLAGE MANAGER
Frank Lindbloom

VILLAGE CLERK
Denise M. McCreery

Phone: (847) 588-8000
www.vniles.com

1000 Civic Center Drive, Niles, Illinois 60714

AGENDA
NILES VILLAGE BOARD OF TRUSTEES MEETING
COUNCIL CHAMBERS
Tuesday, February 17, 2026
6:00 PM

SPECIAL MEETING

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL**
- 4. PUBLIC COMMENTS**
- 5. OLD BUSINESS**

Item 5.a Resolution Authorizing an Intergovernmental Agreement with Pace Trustee DeBartolo
for the Purchase of Service for the Provision of Bus Service (Niles
Courtesy Bus) for Calendar Year 2026
[Details](#)

- 6. ADJOURNMENT**



BOARD AGENDA ITEM EXPLANATION FORM



Resolution Authorizing an Intergovernmental Agreement with Pace for the Purchase of Service for the Provision of Bus Service (Niles Courtesy Bus) for Calendar Year 2026

Meeting Date: 02/17/2026

Item Number **5.a**

Requested By: Village Managers Office

Action Requested: Resolution

Prepared By: Katie Schneider,

Assigned to: Trustee DeBartolo

Strategic Pillar: Infrastructure Planning & Funding

Applicable Village Plan: Strategic Plan

Link to Applicable Village Plan:

ATTACHMENTS:

[Resolution 2026-xx RESOLUTION AUTHORIZING AN INTERGOVERNMENTAL AGREEMENT WITH PACE \(1\).docx](#)

[POS Agreement Final 1-21-26.pdf](#)

MOTION

I move for Board approval for a Resolution Authorizing an Intergovernmental Agreement with Pace for the Purchase of Service for the Provision of Bus Service (Niles Courtesy Bus) for Calendar Year 2026.

REASON FOR REQUEST / BACKGROUND

With the collaborative efforts of many, the Village and Pace have come together to establish a new contractual agreement. Some highlights of the new agreement include:

- 1 Pace will provide ten (10) Pace owned 15-passenger vehicles, all ADA compliant
2. Pace will reimburse the Village of Niles for service from June 1, 2024 through September 13, 2025
3. The Village of Niles will obtain and maintain an insurance transit policy and indemnify, defend and hold harmless Pace its directors, officers, employees, and agents
4. Pace will reimburse the Village of Niles for insurance premium cost up to \$10,130 for the 2026 plan year
5. Pace will continue to cover costs of the \$1,700,000 program at 64% (\$1,088,000) and the Village of Niles share of 36% (\$622,000)

Will this action involve an expenditure of funds?

Yes

If yes, is this a budgeted item?

Yes

Impact on future budget(s)

Yes

If yes, Projected Cost(s), Projected Fiscal Year, Project Name

FY 2026 and FY2027

Grant Funded Project

Yes

Grant Source

Pace reimburses Niles for 64% of costs for this program

ORG# 60030 / 60040

Total Amount for Approval \$1,700,000

ACCT# Various

Budget Amount \$1,700,000

Line Item Budget Amount

Variance

RESOLUTION 2026-xxR

RESOLUTION AUTHORIZING AN INTERGOVERNMENTAL AGREEMENT WITH PACE FOR THE PURCHASE OF SERVICE FOR THE PROVISION OF BUS SERVICE (NILES COURTESY BUS) FOR CALENDAR YEAR 2026

WHEREAS, the Village President and Board of Trustees (hereinafter collectively referred to as the “Village Board”) of the Village of Niles, Cook County, Illinois (hereinafter the “Village”), find that the Village is a Home Rule Municipal Corporation as provided in Article VII, Section 6 of the 1970 Constitution of the State of Illinois and pursuant to said Constitutional Authority, may exercise and perform any function pertaining to its governmental affairs; and

WHEREAS, the Village of Niles provides a courtesy bus service within the Village (commonly known as the “Niles Courtesy Bus”) to offer local, community-based transportation for residents and to support access to shopping, services, and other destinations within the Village; and

WHEREAS, Pace has been assisting the Village of Niles in defraying the cost of providing such courtesy bus service through its purchase-of-service program and related intergovernmental arrangements; and

WHEREAS, for calendar year 2026, the total program cost for the Niles Courtesy Bus service is anticipated to be \$1,700,000, with Pace covering 64% (\$1,088,000) and the Village covering 36% (\$622,000), and Pace reimbursing the Village for insurance premium cost up to a cap of \$10,130 for the 2026 plan year, all as set forth in the Agreement; and

WHEREAS, the Corporate Authorities of the Village of Niles have found that it is in the best interests of the Village and its residents to enter into an intergovernmental agreement with Pace for the Purchase of Service for the Provision of Bus Service (the “Agreement”) for calendar year 2026 in order to continue the Niles Courtesy Bus service and to provide for cost-sharing and service coordination consistent with the Village’s transportation and mobility objectives, with the Agreement commencing on January 1, 2026 and ending on December 31, 2026, with an option to renew annually; and

NOW, THEREFORE, BE IT RESOLVED that the President and Board of Trustees of the Village of Niles, Cook County, Illinois, do hereby authorize the following:

SECTION 1: That the President or his designee of the Village of Niles is hereby authorized to execute a one-year intergovernmental agreement with Pace for the purchase of services for the provision of bus services (“Niles Courtesy Bus”) for calendar year 2026, commencing on January 1, 2026 and ending on December 31, 2026, which is attached hereto and made a part of this Resolution as Exhibit “A.”

SECTION 2: That this Resolution shall be in full force and effect from and after its passage, approval and publication as provided by law.

SECTION 3: The President and Board of Trustees of the Village of Niles authorize and direct the Village President, or his designee, to execute the final version of the Agreement, which may contain certain non-substantive and non-financial modifications that are approved by the Village Attorney, and to execute and deliver all other instruments and documents and pay all costs necessary to fulfill Niles' obligations under the Agreement. The Village Clerk shall attest, on behalf of the Village, the Agreement upon receipt by the Village Clerk at least one original copy of the Agreement executed by Pace; provided, however, that if the executed copy of the Agreement is not received by the Village Clerk within 60 days after the effective date of this Resolution, then this authority to execute and attest, shall at the option of the President and Board of Trustees, be null and void.

SECTION 4: That all resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of any such conflict.

SECTION 5: That any section or provision of this resolution that is construed to be invalid or void shall not affect the remaining sections or provisions which shall remain in full force and effect.

PASSED: This 17th day of February, 2026
YEAS:
NAYS:
ABSENT:
ABSTAIN:

APPROVED by me this 17th day of February, 2026.

President of the Village of Niles
Cook County, Illinois

ATTESTED AND FILED in my office on this 17th day of February, 2026, and published in pamphlet form as provided by law in the Village of Niles, Illinois.

Village Clerk

PURCHASE OF SERVICE AGREEMENT

This purchase of service agreement (“Agreement”) is between Pace, the Suburban Bus Division of the Regional Transportation Authority, an Illinois municipal corporation (“Pace”), and the Village of Niles, an Illinois municipal corporation (“Transportation Agency”).

Pace was established under the Regional Transportation Authority Act (70 ILCS 3615/1.01 et seq.) (“Act”), as amended or superseded, to aid and assist public transportation in the six-county northeastern Illinois area.

Article VII, section 10 of the Constitution of the State of Illinois (Ill. Const. art. VII, § 10) authorizes units of local government to contract or otherwise associate among themselves in any manner not prohibited by law or ordinance.

The Intergovernmental Cooperation Act (5 ILCS 220/1 et seq.) authorizes and encourages intergovernmental cooperation.

The parties are units of government within the meaning of article VII, section 10 of the Constitution of the State of Illinois (Ill. Const. art. VII, § 10) and have the power and authority to enter into this Agreement.

Pursuant to the Act, Pace may enter into purchase of service agreements with governmental and private sector entities to obtain public bus service and to provide for payment of operating and other expenses upon terms and conditions as Pace provides in those agreements.

Pace wants Transportation Agency to provide the Transportation Services and Other Services as described in this Agreement, and Transportation Agency wants to provide those Transportation Services and Other Services.

The parties agree as follows:

ARTICLE 1 **SCOPE, DESCRIPTION, AND CHANGES IN SERVICES**

Section 1.1. Transportation Services.

- A. **Transportation Services.** Transportation Agency shall provide safe, efficient, and economical transportation services along each of the routes specified in Exhibit D according to the route map and schedule published or approved by Pace and in effect for those routes on the first day of the Term and along additional or modified routes established pursuant to the procedures in section 1.1(B) according to the route map and schedule published or approved by Pace. As an integral part of providing those services, Transportation Agency shall:
1. comply with the Pace Municipal Operating Manual (“Manual”), including all applicable Operations Bulletins;
 2. take all steps necessary to ensure the safety, comfort, and convenience of the public utilizing the Transportation Services;

3. charge only those fares as Pace may direct;
4. comply with all policies, practices, procedures, terms, and conditions as Pace may direct regarding:
 - a. collection, security, and disposition of fares and other Transportation and Other Services Revenue;
 - b. passes, tickets, coupons, tokens, transfers, transfer systems, interconnections between different modes of transportation, and interconnections between different transportation agencies; and
 - c. the availability and distribution of schedules and other printed material for the Transportation Services and related transportation services;
5. comply with all conditions of, and all laws, regulations, policies, practices, procedures, and procedures applicable to, the use of federal, State of Illinois, or Regional Transportation Authority funds, including, without limitation, conditions pertaining to rates charged to students, the elderly, and disabled persons, employment, reporting, and the prohibition of charter bus operations and school bus operations;
6. comply with all conditions of, and all laws, regulations, policies, practices and procedures applicable to, any federal, state, or local grant received by Pace or Transportation Agency at any time with respect to the Transportation Services, the Other Services, the Equipment, or the Real Property and Facilities;
7. conduct the Transportation Services and Transportation Agency's business and operations as they relate to the Transportation Services in a safe, sound, economical, and efficient manner; and
8. comply with all Pace efforts to improve efficiency, including, without limitation, the implementation of the HASTUS scheduling system and the Oracle eAM system.

B. Changes in Transportation Services.

1. **Transportation Agency-Initiated Change.**
 - a. Except as provided in section 1.1(B)(1)(b) and (c), Transportation Agency shall not initiate, permit, or implement any change to the Transportation Services without Pace's prior written approval. To propose a change to the Transportation Services, Transportation Agency must submit a written proposal to Pace at least 45 days in advance of the date on which the proposed change is to take effect.

Within 30 days of receiving that proposal, Pace will approve or disapprove of it in writing.

- b. Transportation Agency may implement a minor operational change that will neither increase any Reimbursable Expenditure, affect any fare or system for passes, transfers, interconnections, or similar programs, nor substantially change any route or schedule, provided (i) Transportation Agency gives Pace at least 30 days' advance notice of Transportation Agency's intent to implement that change and (ii) Pace does not notify Transportation Agency of Pace's disapproval of that change within 15 days after receiving Transportation Agency's notice.
- c. Transportation Agency may make a minor operational change of an emergency nature without Pace's prior written approval, provided (i) that change does not increase any Reimbursable Expenditure and (ii) Transportation Agency notifies Pace of that change as soon as possible but in no event later than 12 hours after Transportation Agency implements that change.

2. **Pace-Initiated Route and Schedule Change.** Pace may change the routes and schedules specified in section 1.1(A) on the following conditions:

- a. unless some other notice is permitted or required pursuant to section 1.1(B)(2)(b) or unless Transportation Agency agrees to some lesser notice, Pace shall notify Transportation Agency at least (i) 45 days in advance of, but not prior to the conclusion of any required hearing for, that change if that change does not involve the addition or reduction of personnel or any requirement that drivers be allowed to pick routes or (ii) 60 days in advance of, but not prior to the conclusion of any required hearing for, that change in all other cases;
- b. Pace shall comply with any special procedures or standards made applicable to that change by any law or regulation or any other agreement between Pace and Transportation Agency; and
- c. Pace shall approve an amendment to the Approved Budget or shall provide sufficient additional funding to fairly reflect any increase in the Reimbursable Expenditures caused by that change.

If Transportation Agency disputes Pace's compliance with section 1.1(B)(2)(b) or 1.1(B)(2)(c), Transportation Agency may submit a written request to Pace for the Pace board of directors to determine whether Pace complied with that section. If the board of directors determines that Pace complied with that section, Transportation Agency shall implement Pace's change no later than the expiration of the notice period in 1.1(B)(2)(a), subject to Transportation Agency's remedies in article 14.

3. **Other Pace Initiated Changes.** Except for changes in routes and schedules, Pace may change the Transportation Services upon written notice to Transportation Agency.
4. **Pace Discretion.** Nothing in this section 1.1(B) requires Pace to approve any change to the Transportation Services, and Pace may withhold its approval of any change to the Transportation Services.

Section 1.2. Other Services. Transportation Agency shall furnish all ancillary and supporting services that are necessary or appropriate to provide the Transportation Services and comply with this Agreement, including, without limitation:

- A. Maintaining in first-class condition all garages, yards, facilities, equipment, materials, and supplies used in providing or supporting the Transportation Services; and
- B. Providing all professional, supervisory, administrative, skilled, and unskilled personnel necessary or appropriate to provide the Transportation Services and to carry out Transportation Agency's other obligations under this Agreement.

Section 1.3. Equipment. Unless otherwise provided in article 2, Transportation Agency shall use only the Equipment specified in article 2 in providing the Transportation Services and Other Services.

Section 1.4. Real Property and Facilities. Unless otherwise provided in article 3, Transportation Agency shall use only the garages, yards, and related facilities specified in article 3 in providing the Transportation Services and Other Services.

Section 1.5. Force Majeure. A party will not hold the other party liable for damages or be deemed to have breached this Agreement for failure or delay in performing any obligation under this Agreement if the failure or delay is caused by or results from unforeseeable causes beyond the reasonable control of and without the fault or negligence of the affected party, including war, fire, flood, other acts of God, civil disturbance, a terrorist act, pandemic, epidemic, or a labor strike or lockout. The affected party shall promptly notify the other party of those force majeure circumstances, specifying the cause and the expected duration of the delay, and shall promptly undertake all reasonable steps necessary to cure those force majeure circumstances. If a condition of force majeure continues for more than 30 consecutive days, Pace, at its option and after notifying Transportation Agency, may terminate this Agreement immediately for convenience. Where an event of force majeure occurs after a party's failure or delay in performance, the breaching party will not be released from liability.

ARTICLE 2
EQUIPMENT

Section 2.1. Provision of Equipment by Pace.

- A. **Absolute Right.** Pace may (1) determine the number and type of Pace Vehicles and Other Pace Equipment, (2) substitute or replace Pace Vehicles and Other Pace Equipment, and (3) direct the return of Pace Vehicles and Other Pace Equipment to Pace or its designee; provided, however, in the absence of Transportation Agency's fault or other good cause, Pace will not take action that would prevent or have a material adverse effect on Transportation Agency's ability to provide the Transportation Services and Other Services. In exercising its rights under this section 2.1(A), Pace shall not discriminate against Transportation Agency in violation of section 2.02(e) of the Act.
- B. **Inventory and Documentation.** Pace will provide, or has already provided, Transportation Agency with the Pace Revenue Vehicles specified in section A of Exhibit B and the Pace Non-Revenue Vehicles specified in section B of Exhibit B. Transportation Agency acknowledges that the Pace Revenue Vehicles specified in section A of Exhibit B, together with the Transportation Agency Revenue Vehicles specified in section C of Exhibit B, if any, are adequate and sufficient to provide the Transportation Services. Transportation Agency further acknowledges that it has additionally received various Other Pace Equipment from Pace, and Transportation Agency shall comply with all Pace procedures for handling that Other Pace Equipment in accordance with the Manual. Transportation Agency shall cooperate with Pace in developing and maintaining an accurate inventory of all Pace Equipment in Transportation Agency's possession. Transportation Agency shall complete and process all documentation necessary to evidence and record Transportation Agency's receipt, possession, return, and transfer of Pace Equipment. Copies of that documentation are incorporated into Exhibit B as if fully set forth in that exhibit.
- C. **No Consideration.** Pace will not require Transportation Agency to pay any separate consideration for Transportation Agency's use of Pace Equipment during the Term.
- D. **Acceptance of Pace Equipment.** Transportation Agency shall accept delivery of Pace Equipment at the place(s) within the Region at the time(s) as Pace directs. If Transportation Agency unreasonably delays or neglects, refuses, or fails to accept any Pace Equipment at those designated place(s) and time(s), Transportation Agency shall reimburse all costs and expenses that Pace incurred from that delay, neglect, refusal, or failure immediately upon Pace's written demand. Those costs and expenses will not be a Reimbursable Expense for purposes of this Agreement.

- E. **Returns and Substitutions.** Transportation Agency shall deliver any Pace Equipment, which Pace designates Transportation Agency to return or transfer, to the place(s) within the Region at the time(s) as Pace directs. Transportation Agency shall accept delivery of any substitute Pace Equipment at the place(s) within the Region at the time(s) as Pace directs. All terms and conditions of this Agreement will apply to substitute Pace Equipment.
- F. **Surplus.** Any Pace Vehicle not scheduled for use in the Transportation Services and not required as a spare for ten days or more will be considered a surplus Pace Vehicle. Any other Pace Equipment not required for the Transportation Services or other services pursuant to this Agreement will be considered surplus Pace Equipment. Transportation Agency shall return surplus Pace Vehicles and surplus Pace Equipment to Pace within 30 days after receiving notice from Pace to do so.
- G. **Repossession.** If Transportation Agency fails to return or deliver any Pace Equipment as Pace directs or to use, repair, or maintain any Pace Equipment in accordance with this Agreement, Pace may enter any premises under Transportation Agency's control where the Pace Equipment is or may be located and take possession of and remove the Pace Equipment without demand, legal process, or breach of the peace. Transportation Agency shall not prosecute or assist in the prosecution of any claim, suit, action, or other proceeding arising out of that repossession. Transportation Agency shall reimburse Pace for all costs and expenses, including reasonable attorneys' fees, that Pace incurs in connection with any claim, suit, action, or other proceeding arising out of any matter in this section 2.1(G). Those costs and expenses will not be Reimbursable Expenditures under this Agreement.
- H. **Inspection.** Pace may inspect the Pace Equipment and, unless Pace determines, in its sole discretion, that there are emergency conditions or factors affecting safety or security, Pace shall notify Transportation Authority at least 24 hours in advance of that inspection. Pace may demand that Transportation Agency furnish a written statement specifying the condition of the Pace Equipment or any part of the Pace Equipment. Transportation Agency shall furnish that statement to Pace within ten days after receiving Pace's demand. If Pace determines, in its sole discretion, that Transportation Agency has not maintained any Pace Equipment in accordance with this Agreement or the Manual, Pace will provide Transportation Agency with a written report of the deficiencies. If that report discloses non-safety-related deficiencies, Transportation Agency shall correct them within 30 days. If that report discloses safety-related deficiencies, Transportation Agency shall immediately remove the affected Pace Vehicle from service and correct them as soon as reasonably possible prior to returning the affected Pace Vehicle to service. Pace may appoint a designee to perform one or more of the functions assigned to Pace under this section 2.1(H).
- I. **Return of Pace Equipment and Records Upon Termination or Expiration of Agreement.** Immediately upon termination or expiration of this Agreement, Transportation Agency shall surrender the following items to Pace and deliver them to the place(s) within the Region at the time(s) as Pace directs:

1. all Pace Equipment, which must be in good operating order, repair, and condition, reasonable wear and tear and normal depreciation excepted;
2. all records pertaining to all Pace Vehicles and Other Pace Equipment, including, without limitation, all preventative maintenance reports and repair reports; and
3. all records that pertain to the Transportation Services and Other Services, including, without limitation, personnel and payroll records of the employees engaged in the Transportation Services and Other Services, all labor contracts and agreements relating to those employees, and any other records that Pace deems necessary to the continuation of services similar to the Transportation Services and Other Services.

If Transportation Agency fails to comply with this section 2.1(I), Pace may inspect Transportation Agency's premises and remove those items that remain in Transportation Agency's possession in the manner provided in section 2.1(G). Pace, in its sole discretion, will determine the condition of surrendered and returned Pace Equipment and the extent of any wear and tear, depreciation, or damage. Transportation Agency will be responsible for making all repairs that Pace deems necessary to place the surrendered and returned Pace Equipment in the condition required by sections 2.1 and 2.2. Transportation Agency shall complete those repairs within 21 days following Pace's written demand that Transportation Agency make the repairs. If those repairs are the result of Transportation Agency's failure to comply with this Agreement, the repair costs will not be a Reimbursable Expenditure under this Agreement. If Transportation Agency fails to make those repairs, then Pace will make them, and Transportation Agency shall reimburse Pace for the repair costs within 30 days after receiving a receipt for those costs from Pace.

Nothing in section 2.1(I)(3) will be construed to preclude Transportation Agency from keeping personnel, payroll, or other records that Transportation Agency is required to maintain by state or federal law or generally accepted accounting practices. However, Pace and its designated agents will have the right, except as restricted by law, to examine those records and receive photocopies of those records.

- J. **Title.** Transportation Agency acknowledges that Pace owns the Pace Equipment. Nothing in this Agreement affects Pace's absolute ownership of and title to the Pace Equipment. Transportation Agency shall not obtain, acquire, or represent itself as having obtained or acquired any property or other interest in the Pace Equipment, except the right to use the Pace Equipment for the purposes and on the conditions stated in this Agreement. Transportation Agency shall not grant any person or entity any right to use or possess the Pace Equipment or any part of it or permit the Pace Equipment or any part of it to pass from Transportation Agency's possession and control, unless directed in writing by Pace. Transportation Agency shall not allow the Pace Equipment or any part of it to be pledged, seized, or held for any tax, debt,

lien, or other obligation. If the Pace Equipment or any part of it becomes subject to or encumbered by any tax, debt, lien, or other obligation (each, an “Encumbrance”) during the Term or before the delivery of the Pace Equipment to Pace after the Term, Transportation Agency shall, subject to its right to protest in good faith that Encumbrance, promptly pay or discharge that Encumbrance so that the Pace Equipment is no longer subject to or encumbered by it.

- K. **Warranty.** Neither Pace nor Transportation Agency is the manufacturer of the Pace Equipment or is the manufacturers' agent; therefore, neither Pace nor Transportation Agency makes any express or implied warranty of any nature regarding the Pace Equipment, including but not limited to its merchantability or fitness for any particular purpose, design or condition, workmanship, freedom from latent defects, compliance with the requirements of any law, rule, specification, or contract, or noninfringement of any patent, trademark, or license. Provided Pace or the manufacturer has supplied required warranty documents to Transportation Agency, Transportation Agency shall take all actions it is authorized to take under this Agreement to preserve all manufacturers' warranties regarding the Pace Equipment. This Agreement will not operate to release or waive any rights of Pace or Transportation Agency against any person or entity not a party to this Agreement, including the manufacturer of the Pace Equipment.

Section 2.2. Maintenance of Pace Equipment by Transportation Agency.

- A. **Maintenance Requirements.** Transportation Agency shall maintain all Pace Equipment (1) in good mechanical condition in conformity with all applicable safety practices, laws, and regulations and (2) in accordance with this Agreement, all maintenance policies, practices, procedures, conditions, and requirements in the Manual, and all manufacturers' maintenance schedules and warranty requirements. Transportation Agency shall perform all preventive maintenance required pursuant to the Manual. Transportation Agency shall keep the exterior and interior of all Pace Vehicles in a neat, clean, and first-class condition. Transportation Agency shall maintain all Pace Revenue Vehicles to meet the requirements of the Illinois Department of Transportation and the Manual and shall ensure that a valid Illinois Department of Transportation safety inspection sticker is affixed to all Pace Vehicles.
- B. **Maintenance Records.** Transportation Agency shall prepare and maintain accurate records relating to all maintenance work performed by or for Transportation Agency on all Pace Equipment and, in that regard, shall comply with this Agreement and all applicable Pace policies, practices, procedures, conditions, and requirements in the Manual. For each Pace Vehicle, Transportation Agency shall maintain a separate maintenance file containing all maintenance records for the Pace Vehicle. Transportation Agency shall also complete, maintain, and transmit to Pace all maintenance forms required by the Manual and any other records requested by Pace, including without limitation maintenance and fuel consumption records and records required under Pace’s preventive maintenance program.

Section 2.3. Use of Pace Equipment by Transportation Agency.

- A. **General Operating Standard.** Transportation Agency shall use all Pace Equipment (1) in accordance with this Agreement, the operating procedures in the Manual, and all applicable federal, state, and local laws and regulations and (2) solely for the purpose of providing the Transportation Services and Other Services.
- B. **Identification Markings and Decals.** Transportation Agency shall not remove, change, or obstruct any Pace Equipment identification markings or decals affixed by Pace. Unless otherwise approved in advance in writing by Pace, Transportation Agency shall not affix or display any identification marking or decal (other than those supplied by Pace) on any Pace Equipment.
- C. **Advertising.** Pace may sell advertising space on the interior and exterior of Pace Vehicles. Pace's advertising contractor will be responsible for installing and maintaining aluminum frames on the bus exteriors to hold advertisements. Transportation Agency shall allow access to the Pace Vehicles for the purpose of installing and updating the advertisements between the hours of 7:00 a.m. and 8:30 p.m. Central Time, Monday through Friday, or at any other time agreeable to both parties.
- D. **Storage.** Transportation Agency shall store all Pace Equipment as directed by Pace at locations identified in article 3 or at other suitable locations as Pace may approve in advance in writing. Transportation Agency shall provide commercial property insurance coverage for those locations and facilities at those locations unless Pace notifies Transportation Agency in writing that Pace will provide that insurance. Those locations and facilities at those locations must have adequate fire protection systems. All fire protection systems must comply with all applicable federal, state, and local laws and regulations and must have the approval of the Fire Underwriters Laboratory and Pace. Pace Vehicles shall not be stored outdoors without Pace's prior written approval and then only in accordance with conditions as Pace may require.
- E. **Pick-Up and Drop Off of Passengers.** Unless Pace otherwise directs in writing, Transportation Agency shall pick up and drop off passengers at any safe point along a Pace designated route.
- F. **Fareboxes and Radios.** Transportation Agency shall utilize only fareboxes, radios, and related equipment that are approved in advance in writing by Pace. Transportation Agency shall install those fareboxes and radios, and maintain them in good condition, in all Revenue Vehicles.

Section 2.4. Transportation Agency Vehicles.

- A. **Applicability of Section.** Vehicles, if any, to be supplied by Transportation Agency for use in the Transportation Services are specified in section C of Exhibit B. If section C of Exhibit B contains the word “NONE,” this section 2.4 will be of no force or effect; otherwise, this section 2.4 will apply to any Vehicles specified in section C of Exhibit B.

- B. **Duty to Provide Transportation Agency Vehicles.** Unless otherwise authorized by Pace in advance in writing, Transportation Agency shall provide all Vehicles specified in section C of Exhibit B for use in the Transportation Services and Other Services at all times during the Term. Transportation Agency shall not, without the prior written approval of Pace, dispose of any Transportation Agency Vehicle or otherwise withdraw any Transportation Agency Vehicle from service under this Agreement or substitute any other Vehicle for any Transportation Agency Vehicle in providing the Transportation Services and Other Services. Transportation Agency shall not engage in charter service operations with Pace Equipment, except as authorized by 49 U.S.C. section 5323(d) and 49 C.F.R. part 604.

- C. **Maintenance and Use of Transportation Agency Vehicles.** Transportation Agency shall comply with sections 2.2 and 2.3 with respect to the maintenance and use of the Transportation Agency Vehicles in the same manner as if the Transportation Agency Vehicles were Pace Vehicles.

Section 2.5. Other Transportation Agency Equipment. Transportation Agency shall devote Other Transportation Agency Equipment as may be useful in and reasonably available for providing the Transportation Services and Other Services.

**ARTICLE 3
REAL PROPERTY AND FACILITIES**

Section 3.1. Use of Real Property and Facilities. Transportation Agency shall use the Real Property and Facilities or portions of the Real Property and Facilities specified in Exhibit E solely for the purpose of providing the Transportation Services and Other Services.

Section 3.2. Maintenance of Real Property and Facilities. Transportation Agency shall maintain the Real Property and Facilities in first class condition for their intended purposes.

ARTICLE 4
EMPLOYEES

Section 4.1. Employment of Personnel.

- A. **Management.** Transportation Agency shall provide competent and professional management in accordance with Pace policies, practices, procedures, and standards. If Transportation Agency fails to provide those managerial services, Pace may notify Transportation Agency to take corrective action within 21 days of Transportation Agency's receipt of Pace's notice. If Transportation Agency fails to comply with Pace's notice or if Pace determines that Transportation Agency's corrective action is unsatisfactory, Pace will no longer be obligated to pay salaries, fringe benefits, or travel and related expenses incurred by Transportation Agency in connection with those managerial services; provided, however, in the event Transportation Agency attempts to cure its failure to provide managerial services but cannot do so within that 21-day period notwithstanding Transportation Agency's diligence to do so, Pace shall extend that 21-day period to allow Transportation Agency to cure its failure with continued diligence.
- B. **Staff.** Transportation Agency shall furnish competent and qualified staff, who may be Transportation Agency's employees, to provide the Transportation Services and Other Services in accordance with this Agreement. Transportation Agency's staff must meet all applicable qualifications established by federal, state, and local laws and regulations. Vehicle drivers providing the Transportation Services must be courteous to their passengers and maintain a neat, clean appearance. Transportation Agency shall comply with all federal and Pace requirements relating to drug and alcohol testing of Transportation Agency's staff, including, but not limited to, those requirements imposed by 49 C.F.R. parts 40 and 655. Transportation Agency's staff, as appropriate, shall participate in any driver training programs established by Pace during the Term, and Transportation Agency shall comply with driver and safety standards in the Manual.

Section 4.2. Employment Contracts and Labor Agreements. Transportation Agency shall notify Pace of any labor negotiations Transportation Agency is conducting with its employees and inform Pace of the status and progress of those negotiations. Pace shall not directly negotiate with collective bargaining agents recognized by Transportation Agency without Transportation Agency's consent; provided, however, this section 4.2 will not be construed to prohibit communications or negotiations relating to Pace's obligations and rights under sections 2.15, 2.16, 2.18, and 2.19 of the Act. Transportation Agency's labor agreements must provide they may be reopened if Pace does not approve Transportation Agency's budget under this Agreement or any subsequent, similar agreement between Pace and Transportation Agency; provided, however, in any case where Pace expressly approves a wage rate or fringe benefit guaranteed by any Transportation Agency labor agreement, Pace will also, if necessary, approve an amendment to the Approved Budget to accommodate that wage rate or fringe benefit.

ARTICLE 5
COMPLIANCE WITH LAWS

Section 5.1. Compliance with Federal, State and Local Laws. Transportation Agency shall comply with all federal, state, and local laws, statutes, ordinances, rules, and regulations applicable to this Agreement (the “Laws”), including section 2-105(A)(4) of the Illinois Human Rights Act (775 ILCS 5/2-105(A)(4)), and those Laws related to:

- A. the payment of minimum wages to employees, limitations upon the employment of minors, minimum fair wage standards for minors, the payment of wages due employees, and all applicable regulations established to protect the health and safety of employees, passengers, and the public;
- B. employee protection, if required, under section 13(c) of the Urban Mass Transportation Act of 1964, as amended, 49 U.S.C. § 1609(c), and section 2.16 of the Act, 70 ILCS 3615/2.16, for persons employed by Transportation Agency to provide the Transportation Services and Other Services;
- C. anti-discrimination and equal employment and business opportunity Laws, including but not limited to the Age Discrimination in Employment Act, as amended, 29 U.S.C. § 621, et seq., Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §2000e, et seq., the Civil Rights Acts of 1866 and 1871, 42 U.S.C. §§ 1981 and 1983, the Americans with Disabilities Act, 42 U.S.C. 12101, et seq., and the Illinois Human Rights Act, 775 ILCS 5/1-101, et seq.
 1. Transportation Agency shall take affirmative action to ensure that it employs applicants, and treats employees during employment, without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. That action includes, but is not limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
 2. If Transportation Agency is required by the Illinois Department of Human Rights (the “Department”) to file an affirmative action program, then prior to the execution of this Agreement, Transportation Agency shall furnish Pace with evidence that it has filed with the Department an affirmative action program. Transportation Agency shall furnish Pace with a copy of all documents Transportation Agency filed with the Department.
 3. In the event of Transportation Agency’s noncompliance with the provisions of the equal employment opportunity clause set forth in section 5.1(C)(3)(a)-(g) or with the Illinois Human Rights Act, Transportation Agency may be declared ineligible for future contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations, and this Agreement may be cancelled or voided in whole or in part, and other sanctions or penalties may be imposed or remedies invoked as provided by statute or regulation. During the performance of this Agreement, Transportation Agency agrees as follows:

- a. that it shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, marital status, order of protection status, national origin or ancestry, citizenship status, age, physical or mental disability unrelated to ability, military status or an unfavorable discharge from military service; and further that it shall examine all job classifications to determine if minority persons or women are underutilized and shall take appropriate affirmative action to rectify any such underutilization;
- b. that, if it hires additional employees in order to perform this Agreement or any portion hereof, it will determine the availability (in accordance with Ill. Admin. Code tit. 44, part 750) of minorities and women in the areas from which it may reasonably recruit, and it shall hire for each job classification for which employees are hired in a way that minorities and women are not underutilized;
- c. that, in all solicitations or advertisements for employees placed by it or on its behalf, it shall state that all applicants will be afforded equal opportunity without discrimination because of race, color, religion, sex, sexual orientation, marital status, order of protection status, national origin or ancestry, citizenship status, age, physical or mental disability unrelated to ability, military status or an unfavorable discharge from military service;
- d. that it shall provide to each labor organization or representative of workers with which it has or is bound by a collective bargaining or other agreement or understanding, a notice advising the labor organization or representative of Transportation Agency's obligation under the Illinois Human Rights Act and Ill. Admin. Code tit. 44, part 750. If any labor organization or representative fails or refuses to cooperate with Transportation Agency in its efforts to comply with the Illinois Human Rights Act and Ill. Admin. Code tit. 44, part 750, Transportation Agency shall promptly notify the Department and Pace and shall recruit employees from other sources when necessary to fulfill its obligations under this Agreement;
- e. that it shall submit reports as required by Ill. Admin. Code tit. 44, part 750, furnish all relevant information as may from time to time be requested by the Department or Pace, and in all respects comply with the Illinois Human Rights Act and Ill. Admin. Code tit. 44, part 750;
- f. that it shall permit access to all relevant books, records, accounts, and work sites by personnel of Pace and the Department for purposes of investigation to ascertain compliance with the Illinois Human Rights Act and the Department's rules and regulations; and

- g. that it shall include verbatim or by reference the provisions of the equal employment opportunity clause set forth in section 5.1(C)(3)(a)-(g) in every subcontract awarded under which any portion of the obligations under this Agreement is undertaken or assumed, so that the provisions will be binding upon the subcontractor. In the same manner as with other provisions of this Agreement, Transportation Agency will be liable for compliance with applicable provisions of this clause by subcontractors; and further Transportation Agency shall promptly notify Pace and the Department in the event any subcontractor fails or refuses to comply with those provisions. In addition, Transportation Agency shall not utilize any subcontractor declared by the Illinois Human Rights Commission to be ineligible for contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations.
- 4. Transportation Agency shall insert the following provision in all subcontracts relating to the provision of Transportation Services and Other Services, except subcontracts for standard commercial supplies or raw materials:

“No discrimination shall be made in any term or aspect of employment because of race, color, religion, sex, sexual orientation, gender identity, marital status, order of protection status, national origin or ancestry, citizenship status, age, physical or mental handicap unrelated to ability, military status or an unfavorable discharge from military service, or political reasons or factors.”
- 5. Disadvantaged Business Enterprises. Transportation Agency shall not discriminate on the basis of race, color, national origin, or sex in the performance of this Agreement. Transportation Agency shall carry out applicable requirements of 49 C.F.R. part 26 in the award and administration of DOT-assisted contracts. Transportation Agency’s failure to carry out those requirements is a material breach of this Agreement, which may result in the termination of this Agreement or such other remedy as Pace deems appropriate.

Section 5.2. Failure to Comply. In the event Transportation Agency’s noncompliance with any federal, state, or local anti-discrimination or equal employment or business opportunity law, including but not limited to those identified in section 5.1, results in Transportation Agency being declared ineligible for future contracts or subcontracts with any department, agency, establishment, or instrumentality of the federal government or with the State of Illinois or any of its political subdivisions or municipal corporations, Pace may cancel or void this Agreement, in whole or in part, impose other sanctions or penalties, and/or invoke other remedies as provided by the Laws.

ARTICLE 6
REPORTS AND RECORDS

Section 6.1. Reports, Forms, and Statements Required. Transportation Agency shall furnish Pace with all reports in accordance with the Manual. In addition, Transportation Agency shall timely furnish the following documents to Pace:

- A. a monthly listing of any reports and documents related to the Transportation Services and Other Services that Transportation Agency files with any government or government agency;
- B. all written forms and documentation required for the administration of Pace's programs concerning students, the elderly, and the disabled (Transportation Agency shall furnish one or more of those forms and documentation to the United States and Illinois Departments of Transportation upon Pace's written request);
- C. all applications, including all amendments and modifications to previously filed applications, for federal or state grants, loans, or other funding relating to the Transportation Services and Other Services prior to making those applications (Transportation Agency shall notify Pace and obtain Pace's advance written approval of those applications);
- D. a mileage log for each Pace Vehicle and each Transportation Agency Vehicle, if any (mileage must be according to the Vehicle hub odometer and must be reported to Pace monthly);
- E. all correspondence, papers, notices, accident reports, and documents that Transportation Agency receives in connection with any claim or demand involving or related to the Transportation Services, the Other Services, or the Equipment;
- F. all records that are required pursuant to section 2.1(I); and
- G. other reports, forms, and statements as this Agreement, the Laws, or order of any duly constituted authority may require.

Section 6.2. Records. Transportation Agency shall create and maintain accurate and complete records of the Transportation Services and Other Services that Transportation Agency performs and the time that Transportation Agency spends, the materials, equipment, and supplies that Transportation Agency purchases, and the costs that Transportation Agency incurs in performing the Transportation Services and Other Services, including all records required by this Agreement, the Manual, or the Laws. Subject to section 2.1(I), unless Pace consents in advance in writing to the disposal or destruction of those records, Transportation Agency shall make those records available for review, inspection, and audit in accordance with section 6.3 during the Term and for three years thereafter or such longer period as required by law or applicable grant or as necessary for any pending litigation or other claim relating to this Agreement or the Transportation Services and Other Services (the "record retention period"); provided, however, prior to Transportation Agency's disposal or destruction of any those records following the record retention period,

Transportation Agency shall notify Pace of the date on which Transportation Agency intends to dispose of or destroy those records, which date must be at least 90 days after the effective date of that notice. Pace will have 90 days after receipt of Transportation Agency's notice to notify Transportation Agency to not dispose of or destroy those records and to deliver them to Pace or its designee, at Pace's expense, on a confidential basis if appropriate.

Section 6.3. Inspections and Audits. With or without prior notice to Transportation Agency, Pace may review, inspect, and/or audit the Transportation Services and Other Services and all information and records related to the Transportation Services and Other Services. Pace shall perform its review, inspection, and/or audit in a manner that will not unduly delay or interfere with Transportation Agency's performance under this Agreement. Transportation Agency shall cooperate with Pace and provide reasonable facilities to Pace to assist Pace with its review, inspection, and/or audit. Pace may perform its review, inspection, and/or audit through one or more of its officers, employees, or other designated agents.

ARTICLE 7 **CENTRAL MATERIAL PURCHASING**

Section 7.1. Participation Required. Transportation Agency shall participate in Pace's centralized purchasing program. The Approved Budget will be amended as necessary to reflect any cost savings that Transportation Agency realized by reason of Pace's purchase of any equipment, materials, supplies, or services on behalf of, or for the benefit of, Transportation Agency in connection with Transportation Agency's performance of this Agreement. Transportation Agency, in connection with its performance of this Agreement, shall not independently purchase equipment, materials, or supplies available through Pace's centralized purchasing program without Pace's prior written approval.

Section 7.2. Other Arrangements Prohibited. Transportation Agency shall not enter into or renew any purchase agreements in excess of \$5,000.00 for equipment, materials, or supplies to be used in connection with its performance of this Agreement without Pace's prior written approval.

ARTICLE 8 **INDEMNIFICATION**

Section 8.1 General. Transportation Agency shall indemnify, defend, and hold harmless Pace, the Regional Transportation Authority (including any successor entity), and their respective directors, officers, employees, and agents (collectively, "Pace Indemnitees") from and against all liability, injuries, losses, damages, claims, suits, payments, settlements, judgments, demands, costs and expenses, including reasonable attorneys' fees, which may accrue against one or more Pace Indemnitees arising out of or in connection with: (A) the Transportation Services and Other Services from July 1, 2024 through the expiration of the Term and/or (B) the acts or omissions of Transportation Agency, its subcontractors, and/or their respective employees, agents, subcontractors, or independent contractors in connection with the performance of this Agreement.

Transportation Agency’s indemnification obligations under this indemnification provision will not extend to any liability, injuries, losses, damages, claims, suits, payments, settlements, judgments, demands, costs, and expenses caused solely by Pace’s gross negligence or willful and wanton conduct or to the suit pending in the Circuit Court of Cook County, Illinois, County Department, Law Division, and known as *Kayla L. Polo v. Ruth A. Eck, individually and as an agent, servant, and/or employee of Pace Suburban Bus, and Pace, the Suburban Bus Division of the Regional Transportation Authority* (2025 L 006936) (“Lawsuit”).

Pace shall indemnify, defend, and hold harmless Transportation Agency and its directors, officers, employees, and agents (collectively, “Transportation Agency Indemnitees”) from and against the Lawsuit and all other claims for personal injury resulting from the event that occurred on April 23, 2025 at the intersection of Caldwell Avenue and Touhy Avenue in Chicago, IL and that is more fully described in the complaint at law filed in the Lawsuit. Pace will have the no other obligation to indemnify, defend, and hold harmless Transportation Agency Indemnitees under this Agreement. Pace will have sole control of all aspects of the defense of the Lawsuit, including the selection of legal counsel to defend the Lawsuit. Transportation Agency Indemnitees consent to the joint legal representation of Pace Indemnitees and Transportation Agency Indemnitees in the Lawsuit, waive all conflicts of interest with respect to that joint legal representation, and further waive the right to be represented by independent legal counsel in the Lawsuit.

Transportation Agency and Transportation Agency’s employees, agents, subcontractors, and independent contractors, who shall maintain separate policies of insurance as provided in this Agreement, expressly waive any and all claims for unemployment benefits and workers’ compensation benefits. Within 10 days of receiving written tender of defense from any Pace Indemnitee regarding any claim under this indemnification provision, Transportation Agency shall provide each tendering party with a written response to that tender. Transportation Agency shall appear and defend all suits brought upon that claim and shall pay all costs and expenses related to that claim; provided, however, each tendering party may, at its option and expense, participate in the defense of any suit, without relieving Transportation Agency of Transportation Agency’s obligations under this indemnification provision.

If any Pace Indemnitee hires legal counsel to enforce its right to indemnification under this indemnification provision, Transportation Agency will be obligated to pay all costs and expenses, including attorneys’ fees, incurred by the Pace Indemnitee in connection with that enforcement.

ARTICLE 9

INSURANCE PROGRAM AND INSURANCE REQUIREMENTS

Section 9.1. General. Transportation Agency shall comply with all policies, practices, procedures, conditions, and requirements in the Manual for Vehicles used in the Transportation Services, whether those Vehicles are Pace Vehicles or Transportation Agency Vehicles. Transportation Agency shall immediately notify Pace of any accidents or incidents involving any Vehicle.

Section 9.2. Insurance Program for Pace Vehicles and Transportation Agency Vehicles. Claims arising from Pace Vehicles and/or Transportation Agency Vehicles used in the Transportation Services are Transportation Agency's sole responsibility. Transportation Agency shall comply with the insurance requirements specified in Exhibit F for Pace Vehicles and Transportation Agency Vehicles.

Section 9.3. Payment/Reimbursement of Insurance. Pace shall pay Transportation Agency's actual premium cost for the insurance required of Transportation Agency under this Agreement in an amount not to exceed \$10,130 ("Premium Cost"). Payment of the Premium Cost will be made in a lump sum to Transportation Agency upon Pace's receipt of Transportation Agency's invoice for the Premium Cost. Other than payment of the Premium Cost for the 10 Pace Revenue Vehicles referenced in Exhibit B, Pace is not responsible for and will not pay any other insurance-related costs, fees, or expenses incurred by Transportation Agency.

If this Agreement is terminated and Pace has already paid the Premium Cost, Transportation Agency shall immediately reimburse Pace for that portion of the Premium Cost from the date of termination through the end of the current term of Transportation Agency's general, automobile, and umbrella insurance policies. The Premium Cost reimbursement amount due from Transportation Agency to Pace will be calculated by multiplying: (1) the quotient obtained by dividing the Premium Cost by the total days of the coverage term for the 10 Pace Revenue Vehicles referenced in Exhibit B and (2) the number of days from the date of termination through the end of the current term of Transportation Agency's general, automobile, and umbrella insurance policies.

ARTICLE 10

PAYMENT, BUDGET, AND ACCOUNTING

Section 10.1. Payment for Services. In consideration of the Transportation Services and Other Services to be provided by Transportation Agency pursuant to this Agreement and subject to the provisions of this article 10, Pace shall pay Transportation Agency a total Contract Price not to exceed the Approved Budget Maximum or the portion of the Contract Price due for payment pursuant to sections 10.2 and 10.3, whichever is less.

Section 10.2. Monthly Installments and Final Payment.

- A. **Timing and Amount of Payments.** Subject to the provisions of this article 10, Pace shall pay the Contract Price to Transportation Agency in 12 monthly installments beginning on or about January 15, 2026 and continuing on or about the 15th day of each month of the Term, with one final payment or credit, as the case may be, on or about February 15, 2027. Each of the first two monthly installments will be one-twelfth of the Approved Budget Maximum. Each of the remaining monthly installments will be equal to the amount of the "Total Expenses" shown in the Monthly Report for the month that is two months prior to the month during which the monthly installment is due, subject to a setoff for operating revenues (see section 10.5) and local share contributions (see section 10.6). The final payment or credit will be computed by subtracting the total amount of the 12 monthly installment payments from the total amount of the "Total Expenses" shown on the 12 Monthly Reports covering the 12 months of the Term, subject to any final adjustment for operating revenue and/or local share contribution as provided in

sections 10.5 and 10.6, respectively. If a credit or local share contribution is due to Pace, Transportation Agency shall pay the amount of that credit or local share contribution to Pace within 30 days after receiving Pace's written demand for that amount.

- B. **Pace Credits.** Notwithstanding section 10.2(A), if by audit conducted pursuant to section 6.3 or otherwise, it is determined that Transportation Agency has received any payment not authorized by this Agreement, the amount of that payment will be deducted from the next payment due to Transportation Agency or, if no payment is due, Transportation Agency shall pay that amount to Pace within 30 days after receiving Pace's written demand for that amount.
- C. **Lump Sum Payment.** Within 30 business days after the Effective Date, Pace shall pay to Transportation Agency, and Transportation Agency shall accept, the sum of \$989,032.59 as payment in full for Transportation Services and Other Services provided by Transportation Agency from June 1, 2024 through September 13, 2025 ("Lump Sum Payment"). The Lump Sum Payment is separate from the payments specified in section 10.2(A). Transportation Agency acknowledges that no purchase of service agreements were in effect between Pace and Transportation Agency from July 1, 2024 through the day before the Effective Date, and nothing in this Agreement, including the Lump Sum Payment, will be deemed to establish or imply the existence of such purchase of service agreements.

Section 10.3. Limitations on Payments. If Transportation Agency fails to comply with any material term of this Agreement or to take action to correct that failure as directed by Pace, Pace, in addition to any other remedy provided in this Agreement, may withhold payments to Transportation Agency pending Transportation Agency's compliance or corrective action. Notwithstanding any other provision of this article 10:

- A. except for the first two monthly installments, no monthly installment due in any month will be paid unless Transportation Agency has submitted to Pace the Monthly Reports due for all months prior to and including the month that is two months prior to the month in question in accordance with the Manual;
- B. no final payment will be made unless Transportation Agency has submitted the Monthly Reports to Pace for all months during the Term in accordance with the Manual;
- C. no payment will be made except with respect to a Reimbursable Expenditure;
- D. no payment will be made in excess of the Approved Budget Maximum;
- E. no payment will be made with respect to any Reimbursable Expenditure properly allocable to a Line Item if that Reimbursable Expenditure is in excess of the Line-Item Budget Maximum for that Line Item; provided, however, Pace shall not unreasonably refuse to approve a Transportation Agency request to receive payments with respect to Reimbursable Expenditures properly allocable to a Line Item that are in excess of the Line-Item Budget Maximum for that Line Item if (1) that request is in writing and properly documented and supported, (2) those

Reimbursable Expenditures were or will be reasonably and properly incurred in accordance with Pace policies, guidelines, and practices, (3) Transportation Agency agrees to reduce the Line-Item Budget Maximum for one or more other Line Items by the amount of the requested excess payment(s), and (4) Pace reasonably determines that Transportation Agency will not exceed that reduced Line-Item Budget Maximum;

- F. no payment will be made with respect to any Reimbursable Expenditure that is not properly allocated to the appropriate Line-Item Budget;
- G. no payment will be made with respect to any Reimbursable Expenditure that Pace did not approve for inclusion in the Approved Budget or the Line-Item Budget from which payment is requested; and
- H. no payment will be made with respect to any Reimbursable Expenditure incurred or accrued in violation of this Agreement or the Manual.

Section 10.4. Excess Expenses. Any expenditure made by, and any cost, expense, or liability incurred by, Transportation Agency that is not a Reimbursable Expense, that is in excess of the Approved Budget Maximum or the applicable Line-Item Budget Maximum, or that is otherwise barred from payment pursuant to section 10.3 will be the responsibility of Transportation Agency, and Transportation Agency shall promptly pay or discharge that cost, expense, or liability. Transportation Agency shall indemnify and defend Pace from any claims, demands, and liabilities arising out of or relating to Transportation Agency's failure to promptly pay or discharge that cost, expense, or liability.

Section 10.5. Transportation and Other Services Revenue. All Transportation and Other Services Revenue is the property of Pace. In the absence of any other specific policy, practice, or procedure, Transportation Agency shall remit to Pace all Transportation and Other Services Revenue collected during any month no later than the 15th day of the following month and shall account for that Transportation and Other Services Revenue in the Monthly Report for the month during which Transportation Agency collected that Transportation and Other Services Revenue. Transportation Agency shall comply with Pace policies, practices, and procedures relating to the collection, security, accounting, and remittance of all Transportation and Other Services Revenues as set forth in the Manual.

If Pace permits Transportation Agency to retain all Transportation and Other Services Revenue, then Transportation Agency will be responsible for reporting that Transportation and Other Services Revenue as part of the Monthly Report to Pace no later than the 15th day of the following month during which Transportation Agency collected that revenue. That amount will be considered the operating revenue referred to in Exhibit A and will be a set off on payments Pace made to Transportation Agency pursuant to section 10.2. Revenue reporting must adhere to all revenue accounting requirements maintained by Pace and will be subject to review as part of Pace's annual audit of Transportation Agency.

If Transportation Agency elects to forego the collection of fares from its riders, then Transportation Agency will be responsible for remitting to Pace on a monthly basis an amount equal to the current Pace fare multiplied by its reported monthly ridership. That amount will be considered operating revenues when computing the minimum required revenue pursuant to Exhibit A and will be a set off on payments Pace made to Transportation Agency pursuant to section 10.2.

Section 10.6. Local Share Contribution. In the event Transportation and Other Services Revenue is insufficient to meet the minimum required level of a 36% recovery ratio as set forth in Exhibit A, Transportation Agency shall make a local share contribution in an amount to produce a 36% recovery ratio. If operating revenues exceed minimum required levels, then excess revenues will continue to be used in calculating the Transportation Agency's recovery ratio. The local share contribution will be calculated monthly on a year-to-date basis and will be reconciled at the end of 2026 so that if the recovery ratio at the end of 2026 is below 36%, then an adjustment will be made by computing the local share contribution and that amount will be set off against Pace's monthly payment to Transportation Agency beginning in 2027. In the event Transportation Agency does not enter into an agreement with Pace for the year 2027, then Transportation Agency shall pay that local share contribution to Pace within 30 days after receiving Pace's invoice for that local share contribution.

Section 10.7. Accounting and Reporting Standards. Transportation Agency shall maintain its books and records and prepare, maintain, and file reports relating to this Agreement and the Transportation Services and Other Services in accordance with generally accepted governmental accounting principles, section 15 of the United States Federal Transit Act (49 U.S.C. App. 1611), the Approved Budget, and any documentation submitted by Transportation Agency and approved by Pace in support of the Approved Budget. In case of any conflict in those accounting and reporting standards, Transportation Agency shall seek Pace's direction and, pending receipt of that direction, shall comply with the standard that most fairly, accurately, and completely records and reports the results of operation of the Transportation Services and Other Services.

Section 10.8. Deviations From Approved Budget. Should Pace determine that Transportation Agency has paid any expense or incurred any liability in excess of the Approved Budget Maximum, in excess of any applicable Line-Item Budget Maximum, or in violation of this Agreement or that Transportation Agency is paying expenses or incurring liabilities at such a rate or in such amounts that indicate Transportation Agency will or may exceed the Approved Budget Maximum or any Line-Item Budget Maximum prior to the end of the Term, and should Pace notify Transportation Agency of that determination in writing, Transportation Agency shall, within ten days after receipt of that notice, submit to Pace:

- A. a written analysis and explanation of the circumstances giving rise to the matter(s) in Pace's notice;
- B. a detailed plan of corrective action to bring all expenses within the Approved Budget Maximum and applicable Line-Item Budget Maximum or, in the alternative, Transportation Agency's statement of intent to fund any excess expense pursuant to its obligation under section 10.4 together with a statement of the source and availability of funds to be used for that purpose; and

- C. when relevant, a detailed plan of corrective action to remedy any past or existing violation of this Agreement and to prevent the reoccurrence of any similar violation in the future.

Within 15 days following receipt of the foregoing information and plan(s), Pace shall advise Transportation Agency of its approval or non-approval of those plan(s). In the event of Pace's approval, Transportation Agency shall promptly and effectively implement the approved plan(s). In the event of Pace's non-approval, Pace will direct Transportation Agency to submit new or revised plan(s) of corrective action for Pace's approval within a stated time or to implement plan(s) of corrective action developed by Pace, and Transportation Agency shall comply with that directive.

Transportation Agency's failure or refusal to submit any required information pursuant to this section 10.8, to develop and submit acceptable plan(s) of corrective action when required pursuant to this section 10.8, or to promptly and effectively implement any Pace-approved or Pace-developed plan(s) of corrective action pursuant to this section 10.8 will, in addition to the remedies provided in articles 11 and 14, entitle Pace to withhold all or any portion of any monthly installment or final payment that would otherwise be due to Transportation Agency pursuant to section 10.2 until Transportation Agency remedies its failure or refusal by submitting the required information, developing and submitting acceptable plan(s) of corrective action, or promptly and effectively implementing Pace-approved or Pace-developed plan(s) of corrective action.

Section 10.9. Budget Amendments.

- A. **General Standard.** Except as provided in section 1.1(B) and section 5.1, Pace will have no obligation to revise the Approved Budget or increase the Approved Budget Maximum or any Line-Item Budget Maximum.
- B. **Budget Amendments Requested by Transportation Agency.** Transportation Agency may make a written request to Pace for an amendment to the Approved Budget when circumstances beyond the control of Transportation Agency or not known or reasonably ascertainable prior to the beginning of the Term render an amendment to the Approved Budget essential, in the opinion of Transportation Agency. Pace will consider that request in good faith; however, even in those circumstances, Pace is under no obligation to approve that request. Transportation Agency acknowledges that limitations on Pace's own funding and other obligations of Pace make it difficult or impossible for Pace to approve any amendment to the Approved Budget that results in an increase of the Approved Budget Maximum and that any Approved Budget amendment is, therefore, likely to be limited to transfers between Line Items. Notwithstanding the foregoing and subject to the availability of Pace funds, Pace shall not unreasonably refuse to approve any Transportation Agency request for an amendment to the Approved Budget when the amendment is limited to the reimbursement of materially additional costs that Transportation Agency incurred as a direct result of significant changes in operating practices directed by Pace after approval of the Approved Budget.
- C. **Budget Amendments Initiated by Pace.** Except when any other agreement between Pace and Transportation Agency provides otherwise, Pace may unilaterally require an amendment to the Approved Budget when:

1. the funds available to Pace for payments under this Agreement are insufficient to fully fund the Approved Budget Maximum;
2. circumstances beyond the reasonable control of Pace require a reduction in the Approved Budget Maximum; or
3. a change in routes or schedules authorized pursuant to section 1.1(B) or any other change in the Transportation Services and Other Services results in a savings of Reimbursable Expenditures, but only in the amount of those savings.

Section 10.10. Capital Assets. If Transportation Agency pays for any Capital Asset with the proceeds of any Pace payment, the Capital Asset will be the property of Pace and will be added to Exhibit B. Transportation Agency shall deliver the Capital Asset to Pace at the end of the Term.

ARTICLE 11 **TERMINATION**

Section 11.1. Termination.

- A. **Termination for Insufficient Funds.** Pace may terminate this Agreement, in whole or in part, upon seven days' advance written notice to Transportation Agency if Pace, in its sole discretion, determines that (1) the Illinois General Assembly, the Regional Transportation Authority, or any funding source has failed to appropriate or otherwise make available sufficient funds in any fiscal year to cover payments to Transportation Agency pursuant to article 10 or (2) any Equipment necessary to perform the Transportation Services and Other Services is unavailable for any reason. Pace's notice will specify the extent and effective date of the termination. If Pace terminates part of this Agreement, Transportation Agency shall continue with the unterminated part.
- B. **Termination for Convenience.** Pace may terminate this Agreement, in whole or in part, at any time, when in Pace's best interest, by notifying Transportation Agency of the termination. Pace's notice will specify the extent and effective date of the termination. If Pace terminates part of this Agreement, Transportation Agency shall continue with the unterminated part.
- C. **Termination for Negatively Impacting the Transportation Services.** Pace may terminate this Agreement if Transportation Agency, for any reason other than as specified in section 1.5:
 1. cancels, eliminates, or reduces any route or diminishes service or scheduling along any route (except changes approved by Pace, minor operational changes made pursuant to section 1.1(B), and changes due to normal seasonal route rescheduling identical to such rescheduling in the calendar year prior to the Term);

2. fails to comply with sections 1.1(A)(3), 1.1(A)(4)(a)-(b), and/or 1.1(A)(5);
or
3. fails to file or implement plan(s) of corrective action when required to do so pursuant to section 10.8.

Pace shall notify Transportation Agency of the termination, which will be effective 24 hours after the date of that notice.

- D. **Termination for Breach.** If Pace, in its sole discretion, determines that Transportation Agency has breached this Agreement by failing to timely perform any of its material obligations under this Agreement or to comply with any of its material obligations under this Agreement, Pace may terminate this Agreement for breach by notifying Transportation Agency of the termination. Pace will allow Transportation Agency 21 days from the date of Transportation Agency's receipt of that notice to cure the breach ("Cure Period"). Pace's notice will state the nature of the breach, the Cure Period, and any other conditions Pace deems appropriate. If Transportation Agency fails to remedy the breach to Pace's satisfaction within the Cure Period, Pace may terminate this Agreement without any further obligation to Transportation Agency or extend the Cure Period. Termination will not preclude Pace from also pursuing all available remedies against Transportation Agency for breach. If, after termination for breach, Pace determines that Transportation Agency was not in breach, Pace will treat the termination as a termination for the convenience of Pace.
- E. **Obligations Following Termination.** Pace's obligations upon termination of this Agreement will be limited to paying Transportation Agency for the Transportation Services and Other Services rendered in accordance with this Agreement from the Effective Date up to the date of termination. Immediately upon termination of this Agreement, Transportation Agency shall comply with the provisions of section 2.1(I). In addition, Transportation Agency will be liable to Pace for all damages that Pace incurs as a result of any Transportation Agency breach that leads to termination of this Agreement. Those damages include, but are not limited to, all court costs and attorneys' fees and disbursements that Pace incurs in connection with enforcing or defending its rights under this Agreement.

ARTICLE 12

COVENANTS AND REPRESENTATIONS

Section 12.1. General. Transportation Agency hereby covenants and represents that:

- A. **Corporate Existence and Power.** Transportation Agency is duly organized, validly existing, and in good standing under Illinois law and has the legal power and authority to enter into this Agreement and provide, engage in, and carry out the Transportation Services and Other Services. Transportation Agency shall maintain its corporate identity during the Term.

- B. **Authorization.** Transportation Agency's execution of and compliance with this Agreement will not result in any breach or violation of, or default under, any judgment, decree, mortgage, contract, agreement, indenture, or other instrument applicable to Transportation Agency.
- C. **Approvals Obtained.** Transportation Agency has obtained all approvals, consents, permits, licenses, authorizations, and modifications as may be required to permit Transportation Agency to perform its obligations under this Agreement.
- D. **No Material Litigation.** To Transportation Agency's knowledge, there are no pending or threatened investigations or legal proceedings involving Transportation Agency with respect to this Agreement or which are reasonably likely to have a material adverse effect on Transportation Agency's business, operations, property, or financial condition.
- E. **No Default.** Transportation Agency is not in default under or with respect to any obligation that could be materially adverse to Transportation Agency's business, operations, property, or financial condition or that is reasonably likely to materially adversely affect Transportation Agency's ability to perform under this Agreement.
- F. **No Burdensome Restrictions.** Neither any obligation of Transportation Agency nor any requirement of law materially adversely affects or, insofar as Transportation Agency may reasonably foresee, may affect Transportation Agency's business, operations, property, or financial condition or Transportation Agency's ability to perform under this Agreement.
- G. **No Sale, Lease, or Encumbrance.** Transportation Agency shall not sell, lease, loan, mortgage, or dispose of any Pace Equipment or the Real Property and Facilities, or any improvements or additions thereto, during the Term.
- H. **No Free Service.** Transportation Agency shall not furnish the Transportation Services free of charge without Pace's prior written approval.
- I. **Payment Obligations.** (1) Subject to section 12.1(I)(2), Transportation Agency shall perform and discharge its payment obligations with respect to the Transportation Services and Other Services. (2) Transportation Agency is not required to perform and discharge those payment obligations during the period when Transportation Agency is contesting them in good faith by appropriate proceedings, provided Transportation Agency has set aside an adequate reserve on its books with respect to them. Immediately upon a final adjudication of those proceedings that is adverse to Transportation Agency after expiration of all appeal periods, Transportation Agency shall perform and discharge those payment obligations.
- J. **No Bar from Public Contracts.** Transportation Agency is not barred from contracting with Pace as a result of a violation of either section 33E-3 or 33E-4 of the Illinois Criminal Code of 2012 (720 ILCS 5/33E-3 and 33E-4) and, at or before the time Transportation Agency signs this Agreement, shall complete the affidavit specified in Exhibit G and provide that affidavit to Pace.

- K. **Opinion of Counsel.** At or before the time Transportation Agency signs this Agreement, Transportation Agency shall provide Pace with the opinion of an attorney licensed to practice law in Illinois. That opinion must be in the form specified in Exhibit H.

ARTICLE 13 **GENERAL PROVISIONS**

Section 13.1. Entire Agreement. Excepting those agreements, if any, specified in Exhibit J, this Agreement, including the introductory recitals and any attached exhibits and the Manual, which are hereby incorporated into and made a part of this Agreement, constitutes the entire agreement between the parties and supersedes any prior written or oral understandings, agreements, or representations between the parties that may have related in any way to the subject matter of this Agreement, and no other written or oral warranties, inducements, considerations, promises, representations, or interpretations, which are not expressly addressed in this Agreement, will be implied or impressed upon this Agreement.

Section 13.2. Conflict. In the event of conflict or ambiguity between the terms of this Agreement and the terms of any exhibits, including the Manual, the terms which, in the opinion of Pace, best promote safe, efficient, and economical bus transportation service and best protects the Equipment will control.

Section 13.3. Amendments. No changes, amendments, or modifications to this Agreement will be valid unless they are in writing and the duly authorized signatory of each party signs them.

Section 13.4. Notice. Any notice under this Agreement must be in writing. A party shall give the notice in the following manner:

- A. by personal delivery (deemed effective as of the date and time of delivery);
- B. by commercial overnight delivery (deemed effective on the next Business Day following deposit of the notice with a commercial overnight delivery company);
- C. by registered or certified mail, return receipt requested, with proper postage prepaid (deemed effective as of the third Business Day following deposit of the notice in the U.S. mail); or
- D. by facsimile with confirmation of transmission (deemed effective as of the date and time of the transmission, except the effective date and time shall be 8:00 a.m. on the next Business Day after transmission of the notice if transmitted during non-Business Hours).

The notice must be addressed as follows or addressed to such other address as either party may from time to time specify in writing to the other party:

If to Pace:

Pace, the Suburban Bus Division of the RTA
550 W. Algonquin Road
Arlington Heights, IL 60005
Attention: Executive Director

Facsimile No.: (847) 228-4205

If to Transportation Agency:

Village of Niles
1000 Civic Center Drive
Niles, IL 60714
Attention: Village Manager

Facsimile No.: (847) 588-8051

Section 13.5. Calendar Days and Time. Any reference herein to "day" or "days" in this Agreement means calendar days unless otherwise indicated. If the date for giving any notice or performing any obligation under this Agreement falls on a Saturday, Sunday, or federal or State of Illinois holiday, a party may give that notice or perform that obligation on the next Business Day after that Saturday, Sunday, or federal or State of Illinois holiday. Any reference in this Agreement to time of day is to local time for Arlington Heights, Illinois.

Section 13.6. Singular, Plural, and Gender. When used in this Agreement, unless the context otherwise requires, the singular includes the plural, the plural includes the singular, and gender-related nouns and pronouns include the feminine, masculine, and neutral.

Section 13.7. Governing Law, Jurisdiction, and Venue. Illinois law governs this Agreement without regard to principles of conflicts of law, and the parties shall submit to the exclusive jurisdiction and venue of the state courts of Cook County, Illinois for any dispute arising out of or related to this Agreement.

Section 13.8. Changes in Laws. Unless otherwise provided in this Agreement, any reference to laws, ordinances, rules, or regulations includes all amendments to those laws, ordinances, rules, or regulations.

Section 13.9. Assignment. Neither party may assign, delegate, or otherwise transfer all or part of its rights and obligations under this Agreement without the prior written consent of the other party. Any successor or approved assign under this Agreement will accede to all the terms of this Agreement as a condition precedent to that succession or assignment.

Section 13.10. Headings. The headings in this Agreement are for reference and convenience only and will not affect the meaning or interpretation of this Agreement.

Section 13.11. Prohibited Interests. No members of the Illinois General Assembly, no members of the United States Congress, and no directors or employees of Pace or Transportation Agency may, during their tenure and for one year thereafter, have any direct or indirect interest in this Agreement or be admitted to any share or part of this Agreement, any benefit arising from this Agreement, or any proceeds of this Agreement.

Section 13.12. Independent Relationship. In connection with this Agreement, Transportation Agency is an independent contractor and not an employee, agent, joint venturer, or partner of Pace. Nothing in this Agreement creates an agency, partnership, joint venture, or any other relationship between Transportation Agency and Pace or between Pace and any employee or agent of Transportation Agency, and Transportation Agency shall not act on behalf of or bind Pace in any manner. Transportation Agency's employees must be employees of Transportation Agency, and Transportation Agency will be solely responsible for all aspects of their employment. All personnel necessary for Transportation Agency's performance of this Agreement must be employees or volunteers of Transportation Agency.

Section 13.13. Litigation Against Transportation Agency. If, during the Term, one or more persons or entities file or initiate legal proceedings against Transportation Agency and those proceedings may materially affect or inhibit Transportation Agency's ability to perform its obligations under or otherwise to comply with this Agreement, Transportation Agency shall deliver a copy of the complaint or charge related to those proceedings to Pace within two days of Transportation Agency's receipt of that complaint or charge and shall inform Pace of all aspects of those proceeding.

Section 13.14. Waiver. Pace will not be deemed to have waived any right under this Agreement unless the waiver is in writing and an authorized officer or director of Pace signs that waiver. Pace's delay or omission in exercising any right under this Agreement will not operate as a waiver of that right or any other right. Pace's rights and remedies under this Agreement are cumulative and not exclusive, and Pace may exercise those rights and remedies singly or concurrently. Pace's waiver or exercise of any remedy will not be a waiver of any other remedy available under this Agreement or general principles of law or equity.

Section 13.15. Time of Essence. Time is of the essence with respect to Transportation Agency's performance of this Agreement.

Section 13.16. Severability. If any provision of this Agreement or amendment thereto is held invalid or unenforceable by an Illinois court of competent jurisdiction, that provision will be deemed severed therefrom, and the remaining provisions of this Agreement will remain in full force and effect.

Section 13.17. No Third-Party Beneficiaries. Nothing in this Agreement creates, or will be construed as creating, any third-party beneficiary rights in any person or entity not a party to this Agreement.

Section 13.18. Counterparts. The parties may execute this Agreement in counterparts, each of which when so executed and delivered will constitute an original and all of which when taken together will constitute one and the same agreement.

Section 13.19. Other Agreements Not Prohibited. This Agreement does not prohibit Pace from entering into additional or alternative agreements or arrangements to provide replacement, additional, supplementary, or duplicative service in Transportation Agency’s service area.

Section 13.20. No Future Obligations. Neither this Agreement nor the parties' performance under this Agreement creates any obligation to renew this Agreement after the Term or to enter into any other agreement of any kind or nature.

Section 13.21. Binding Effect. This Agreement is binding upon the parties and their respective directors, officers, employees, agents, representatives, successors, and approved assigns.

Section 13.22. Survival. Any provision of this Agreement that imposes an obligation after termination or expiration of this Agreement will be deemed to survive termination or expiration of this Agreement.

Section 13.23. Electronic Signatures. This Agreement may be executed through the use of electronic signatures. Electronic signatures and signatures scanned and transmitted via email will be deemed original signatures for purposes of this Agreement.

Section 13.24. Authorization. The signatories to this Agreement represent and warrant that they have full authority to sign this Agreement on behalf of the party for whom they sign.

ARTICLE 14 **REMEDIES**

Section 14.1. Remedies. In the event a party breaches this Agreement, in addition to the rights provided in this Agreement, the non-breaching party may bring a legal proceeding against the breaching party to enforce or compel the breaching party’s performance of this Agreement. Any cost or expense associated with that proceeding will not be a Reimbursable Expenditure under this Agreement.

Section 14.2. Notice and Cure The non-breaching party may not bring a legal proceeding against the breaching party pursuant to section 14.1 without first notifying the breaching party of the breach and allowing the breaching party 21 days to cure the breach. If the breaching party attempts to cure the breach but cannot do so within the 21-day period notwithstanding the breaching party’s diligence to do so, the non-breaching party shall extend the 21-day period to allow the breaching party to cure the breach with continued diligence.

ARTICLE 15 **DEFINITIONS**

Approved Budget. The budget of revenue and expenses approved by Pace and specified in Exhibit A and Exhibit A-1.

Approved Budget Maximum. The amount specified in the budget summary in Exhibit A as “Approved Maximum Budget Funding.”

Approved Capital Expenditure. A capital expenditure approved by Pace pursuant to section 10.9.

Business Days. Monday through Friday, excluding federal and State of Illinois holidays.

Business Hours. 8:00 a.m. to 5:00 p.m. Central Time on Monday through Friday, excluding federal and State of Illinois holidays.

Capital Asset. Land, a fixture attached to land, or an item of personal property that meets all of the following criteria: (1) the cost of acquisition or the cost of improvement of that property exceeds \$500.00; (2) the expected useful life of that property when acquired is more than one year or the extension of the useful life of that property as a result of the improvement is more than one year; (3) that property retains its original shape and appearance with use; and (4) that property is nonexpendable (meaning that if that property is damaged or some of its constituent parts are lost or worn out, it is usually more economical to repair that property than to replace it with an entirely new unit).

Capital Expenditure. An expenditure made to acquire or improve one or more Capital Assets.

Contract Price. The total amount that Pace is to pay to Transportation Agency pursuant to section 10.1.

Effective Date. The date that Pace signs this Agreement.

Equipment. Pace Equipment, Transportation Agency Vehicles, and Other Transportation Agency Equipment.

Financial Assistance Grant Agreement. References to the "Financial Assistance Grant Agreement" and any similar references contained in the Manual or any other document referred to or incorporated into this Agreement will be deemed to be references to this Agreement.

Line Item. A specific, separately identified category listed in the Approved Budget.

Line-Item Budget. The amount of the Approved Budget allocated to a specific Line Item.

Line-Item Budget Maximum. The amount specified in the Approved Budget for each Line Item.

Monthly Report. The monthly report of revenue and expenses.

Non-Revenue Vehicles. All Vehicles, except Revenue Vehicles.

Operating Expenses. All reasonable expenses, costs, and disbursements of every kind and nature, other than Capital Expenditures, paid or properly accrued in accordance with uniformly and consistently applied generally accepted governmental accounting principles by Transportation Agency during the Term in connection with providing Transportation Services and Other Services.

Operations Bulletin. Any written directive issued by Pace to advise Transportation Agency of additional, supplemental, new, or revised Pace policies, practices, and procedures regarding the provision of Transportation Services and Other Services and other matters relating to the performance of this Agreement.

Other Pace Equipment. All Pace Equipment, except Pace Vehicles.

Other Services. The services specified in section 1.2.

Other Transportation Agency Equipment. All Transportation Agency-owned assets, except Transportation Agency Vehicles.

Pace Equipment. All Pace-owned assets, including Pace Vehicles, (1) provided by Pace to the Transportation Agency or (2) purchased by Transportation Agency with capital grant funds provided by or through Pace or with Transportation and Other Services Revenue or payments made by Pace to Transportation Agency pursuant to this Agreement.

Pace Vehicles. All Pace-owned Vehicles, including, without limitation, all Pace Revenue Vehicles specified in section A of Exhibit B, all Pace Non-Revenue Vehicles listed in section B of Exhibit B, and all other Vehicles provided by Pace to Transportation Agency (whether or not those Vehicles are specified in Exhibit B).

Real Property and Facilities. All real property and facilities specified in Exhibit E.

Region. The six-county northeastern Illinois area in which Pace operates.

Reimbursable Expenditure. Either (1) an Approved Capital Expenditure or (2) an Operating Expense other than any of following Operating Expenses:

- A. amount that Transportation Agency shall pay Pace pursuant to this Agreement or pursuant to any other agreement between Pace and Transportation Agency;
- B. incidental expense as determined by Pace;
- C. excessive or unreasonable expense as determined by Pace;
- D. expense for fees, licenses, local government taxes, or other charges unless the Approved Budget or its supporting documents specifies that expense or Transportation Agency obtains Pace's prior written approval;
- E. expense resulting from any increase in wage rates in excess of Pace-established ceilings specified in Exhibit C;
- F. expense for wages or benefits resulting from any change in employment practices or any change in Transportation Services or Other Services not made in conformance with the Approved Budget, at the direction or with the approval of Pace, or pursuant to a federal or state law requirement that Pace determines is applicable to this Agreement;
- G. expense for inadequate managerial services (as provided in section 5.1(A));
- H. expense resulting from the amortization or payment of any debt that Transportation Agency incurred prior to the Term or without Pace's prior written approval;
- I. interest expense unless Transportation Agency obtained Pace's prior written approval;
- J. sinking fund expense;
- K. expense resulting from the amortization of any intangible cost to the extent that expense does not meet Pace's evaluative criteria for allowable amortization;
- L. depreciation expense; and
- M. non-cash expense unless Transportation Agency obtained Pace's prior written approval.

Revenue Vehicles. All Vehicles designed or used as a means for the transportation or conveyance of the general public as passengers.

Term. The term of this Agreement, which commences on January 1, 2026 and ends upon Transportation Agency’s completion of the Transportation Services and Other Services on December 31, 2026 unless earlier terminated in accordance with this Agreement.

Transportation Agency Vehicles. All Transportation Agency-owned Vehicles specified in section C of Exhibit B.

Transportation and Other Services Revenue. All amounts properly classified as revenue or income generated by, derived from, attributable to, or related to the Transportation Services and Other Services during the Term, except payments made by Pace to Transportation Agency pursuant to this Agreement.

Transportation Services. The services specified in section 1.1(A) of this Agreement.

Vehicle. Any means of transportation or conveyance.

The parties have caused this Agreement to be executed by their respective duly authorized signatory on the dates below.

PACE

TRANSPORTATION AGENCY

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

PACE/VILLAGE OF NILES
Effective January 1, 2026

LIST OF EXHIBITS

- A. and A-1. Budget
- B. Vehicles
- C. Wage Rate Ceilings
- D. Routes
- E. Real Property and Facilities
- F. Insurance Requirements
- G. Transportation Agency's Affidavit
- H. Transportation Agency's Counsel Opinion Letter Form
- I. Hold Harmless Agreement and General Release of All Claims
- J. Additional Agreements

EXHIBIT A

**Village of Niles
2026 Budget Summary**

Total Expenses (Authorized Total Expenses)	\$1,726,033
Recovery Ratio (Minimum Required Recovery Ratio)	36.00%
Total Revenue (Minimum Required Revenue)	\$621,373
Passenger Fares (Planned Operating Revenue)	\$199,172
Local Grants (Required Local Share)	\$422,201
Funding Requirement (Approved Maximum Budget Funding)	\$1,104,660

EXHIBIT A-1
VILLAGE OF NILES
2026 DETAILED BUDGET WORKSHEET

		2026 STAFF PROPOSED
SYSTEM GENERATED REVENUE		
401101	PASSENGER FARES	199,172
409101	LOCAL GRANTS	422,201
TOTAL REVENUE		621,373
 OPERATING EXPENSE		
OPERATIONS		
501101	OPERATOR LABOR	625,078
502011	F.I.C.A.	50,834
502021	PENSION+L.T.D.	61,134
502031	HEALTH INSURANCE	97,633
502032	DENTAL/HEALTH INS RESERVE	5,383
502041	LIFE INSURANCE	778
502081	WORKMENS COMPENSATION	67,500
502091	SICK PAY	15,766
502101	HOLIDAY PAY	15,766
502111	VACATION PAY	23,650
502131	UNIFORM ALLOWANCE	6,200
503362	PROF/TECH SERVICE	4,400
TOTAL OPERATIONS		974,122
 MAINTENANCE EXPENSE		
501102	OTHER SALARIES	187,094
502011	F.I.C.A.	15,399
502021	PENSION+L.T.D.	24,639
502031	HEALTH INSURANCE	47,505
502032	DENTAL INSURANCE	3,473
502041	LIFE INSURANCE	259
502081	WORKMENS COMPENSATION	5,400
502091	SICK PAY	7,102
502101	HOLIDAY PAY	7,102

502111	VACATION PAY	7,102
503662	CONTRACT MAINTENANCE	13,000
503991	OTHER SERVICES	6,221
504989	OTHER MAT'L/SUPPLIES	63,186
TOTAL MAINTENANCE		387,482
GENERAL ADMINISTRATION		
501102	OTHER SALARIES	218,061
502011	F.I.C.A.	18,831
502021	PENSION+L.T.D.	30,130
502031	HEALTH INSURANCE	38,553
502032	DENTAL INSURANCE	2,267
502041	LIFE INSURANCE	311
502081	WORKMENS COMPENSATION	6,480
502091	SICK PAY	11,569
502101	HOLIDAY PAY	9,057
502111	VACATION PAY	19,040
506801	PREMIUMS	10,130
TOTAL ADMINISTRATION		364,429
TOTAL EXPENSES		1,726,033
FUNDING REQUIREMENT		1,104,660
RECOVERY RATIO		36.00%

EXHIBIT B

VEHICLES

A. Pace Revenue Vehicles

<u>Vehicle #</u>	<u>Manufacturer</u>	<u>Year Manufactured</u>
26201	Coach & Equipment	2026
26202	Coach & Equipment	2026
26204	Coach & Equipment	2026
26208	Coach & Equipment	2026
26209	Coach & Equipment	2026
26210	Coach & Equipment	2026
26211	Coach & Equipment	2026
26212	Coach & Equipment	2026
26214	Coach & Equipment	2026
26215	Coach & Equipment	2026

An additional vehicle is made available when other buses are under long-term repairs.

B. Pace Non-Revenue Vehicles

NONE

C. Transportation Agency Vehicles

NONE

EXHIBIT C

VILLAGE OF NILES

WAGE RATE CEILINGS

Unless otherwise approved by Pace, wage increases for calendar year 2026 in excess of either (1) 3.0% for operators and 3.0% for all other personnel or (2) the Village of Niles' standard wage increase percentage, will not be considered a Reimbursable Expenditure. Furthermore, the wage growth ceiling rates provided in this exhibit are not intended to supersede or jeopardize adherence to the total funding levels specified in the Total Expenses line in Exhibit A.

EXHIBIT D

ROUTES

410	East Niles Local Service
411	West Niles Local
412	North Niles Circulator

No fares will be charged to users of Transportation Services on these routes. Transportation Agency shall compensate Pace for the standard local fare for each passenger using the Transportation Services.

EXHIBIT E

REAL PROPERTY AND FACILITIES

NONE

EXHIBIT F

Insurance Requirements

Transportation Agency shall obtain and maintain insurance coverage required by this exhibit for the Term. All insurers must maintain a rating of A-VII or better as rated by A.M. Best Company. If an A.M. Best rating is not available due to insurance coverage being underwritten by an alternative risk financing method (e.g., self-insurance, pooling arrangement, risk retention group, and captive insurance company), Transportation Agency shall provide Pace with Transportation Agency's most recent audited financial statements, audit report notes, state insurance department documents granting Transportation Agency's self-insurance approval, and/or, at Pace's discretion, written attestation that Transportation Agency possesses the necessary amount of unencumbered financial assets to support Transportation Agency's retained risk financing exposures.

Transportation Agency shall provide Pace with the evidence of insurance coverage required by this exhibit for Pace's approval and shall not commence Transportation Services and Other Services under this Agreement prior to that approval. Transportation Agency agrees any failure by Pace to demand or receive proof of insurance coverage or to identify a deficiency in the evidence of insurance coverage provided will not constitute a waiver of Transportation Agency's obligation to obtain the insurance required by this exhibit.

The provisions of this exhibit, including the required minimum insurance coverages, in no way limit Transportation Agency's responsibilities under other provisions of this Agreement, including the indemnification provision of this Agreement. Transportation Agency's failure to carry, maintain, and/or document the insurance required by this exhibit will constitute a breach of this Agreement.

Evidence of Insurance must be on Acord 25 (or equivalent) Certificate of Insurance form and must evidence all insurance coverage, limits, and endorsements and/or policy language required by this exhibit. Prior to the renewal date of each insurance policy required by this exhibit, Transportation Agency shall provide Pace with an updated Certificate of Insurance by email to insurancecert@pacebus.com.

The following wording must appear on the Certificate of Insurance: "This insurance is primary, non-contributory, and not excess of any other insurance of Pace."

Waiver of subrogation must appear on the Certificate of Insurance.

Additional Insured must appear on the Certificate of Insurance as "Pace, the Suburban Bus Division of the Regional Transportation Authority, and the Regional Transportation Authority."

The Certificate of Insurance must disclose all applicable deductibles or self-insured retentions, which are the sole responsibility of Transportation Agency.

The insurance required by this exhibit must provide for written notice of policy cancellation to Pace's Insurance Liaison at least 30 days prior to the effective date of that cancellation.

The Certificate Holder must appear on the Certificate of Insurance as:

Pace, the Suburban Bus Division of the Regional Transportation Authority
550 W. Algonquin Road
Arlington Heights, IL 60005
Attention: Insurance Liaison

Insurance Coverages:

Minimum insurance requirements for this Agreement are identified in those paragraphs below marked with an ☒:

- ☒ **Automobile Physical Damage (APD)/Loss Payee** If Transportation Agency is leasing or using Pace property, including any Pace Vehicle(s), and is contractually obligated to insure such property, Provider's insurer or agent/broker must name Pace, the Suburban Bus Division of the Regional Transportation Authority, as the **Loss Payee**, and must provide Pace with a BP 12 03 Loss Payee (or equivalent) endorsement that specifically schedules Pace as a Loss Payee. The APD policy must afford the following coverage: **comprehensive perils** including losses from fire, theft, vandalism, falling or flying objects, malicious mischief, lightning, windstorm, water, flood, earthquake, hail, impact with animals, missiles, riot, civil commotion, rising water, and breakage of glass (other than when caused by collision), and **collision perils**, including upset or collision with another vehicle, person, or any object, including the ground or highway, and impact with an object on or in the ground. The physical damage coverage limit (valuation) will be based on the Replacement Cost of the vehicle. Replacement cost means the cost, as solely determined by Pace, to replace new with like kind and quality and zero dollars (\$0) in accumulated depreciation.
- ☒ **Business Automobile Liability Insurance** affording the following coverage and limits: combined single limit of \$1,000,000 each accident for bodily injury and property damage liability arising from owned, non-owned, and hired vehicles. This policy must name Pace, the Suburban Bus Division of the Regional Transportation Authority, and the Regional Transportation Authority as Additional Insured by endorsement to this policy.
- ☒ **Commercial General Liability Insurance (Broad Form)** affording the following coverage and limits: Each Occurrence-\$1,000,000; General Aggregate-\$3,000,000; Products/Completed Operations Aggregate-\$1,000,000; and Personal & Advertising Injury-\$1,000,000. This policy must not contain a Sexual Abuse and Molestation exclusion. This policy must be written on an ISO CG 00 01 (or equivalent) and must name Pace, the Suburban Bus Division of the Regional Transportation Authority, and the Regional Transportation Authority as Additional Insured by endorsement to this policy.
- ☒ **Workers' Compensation and Employer's Liability Insurance** affording the following coverage and limits: Coverage A-Statutory Benefits and Coverage B-Employer's Liability-\$1,000,000 Each Accident, \$1,000,000 Disease-Each Employee, \$1,000,000 Disease-Policy Limit.
- ☒ **Umbrella Liability Insurance** affording the following coverage and limits: \$15,000,000 each occurrence and \$15,000,000 aggregate. This insurance must provide coverage at least as broad as each of the underlying policies and must name Pace, the Suburban Bus Division of the Regional Transportation Authority, and the Regional Transportation Authority as Additional Insured.



Waiver of Subrogation

Transportation Agency and its insurer must waive any rights of subrogation that they have against Pace and the Regional Transportation Authority and, in connection therewith, Transportation Agency's insurance policies required under this exhibit must include a waiver of subrogation clause or endorsement.

The insurance required under this Agreement, including that which provides additional insured coverage for Pace and the Regional Transportation Authority, is primary and non-contributory to any other insurance of Pace and the Regional Transportation Authority.

EXHIBIT G

STATE OF ILLINOIS)
) SS
COUNTY OF _____)

TRANSPORTATION AGENCY’S AFFIDAVIT

The undersigned, being first duly sworn on oath, deposes and states as follows:

1. I am over the age of 18 and authorized to make this affidavit on behalf of _____ (“Transportation Agency”).
2. I have personal knowledge of the facts in this affidavit and, if called as a witness, could competently testify about them.
3. Transportation Agency is not barred from contracting with Pace as a result of a violation of either section 33E-3 or section 33E-4 of the Illinois Criminal Code of 2012 (720 ILCS 5/33E-3 and 33E-4).
4. The statements in this affidavit are true and accurate.

Signature

Print Name

Print Title

Subscribed and sworn to
before me this _____ day
of _____, 20 ____.

NOTARY PUBLIC

EXHIBIT H

TRANSPORTATION AGENCY’S COUNSEL OPINION LETTER FORM

Pace, the Suburban Bus Division of the RTA
550 W. Algonquin Road
Arlington Heights, IL 60005
Attention: Executive Director

Please be advised that I am legal counsel for _____ (insert name of Transportation Agency) (“Transportation Agency”). This opinion letter is provided to Pace pursuant to article 12 of the purchase of service agreement (“Agreement”) between Pace and Transportation Agency:

1. Transportation Agency is duly organized, validly existing, and in good standing under Illinois law and has the legal power and authority to enter into the Agreement and provide, engage in, and carry out the public transportation services as specified in the Agreement.
2. Transportation Agency’s execution of and compliance with the Agreement will not result in any breach or violation of, or default under, any judgment, decree, mortgage, contract, agreement, indenture, or other instrument applicable to Transportation Agency and known to this counsel.
3. Transportation Agency has obtained all approvals, consents, permits, licenses, authorizations, and modifications as may be required to permit Transportation Agency to perform its obligations under the Agreement as known to this counsel.
4. To this counsel’s knowledge, there are no pending or threatened investigations or legal proceedings involving Transportation Agency with respect to the Agreement or which are reasonably likely to have a material adverse effect on Transportation Agency’s business, operations, property, or financial condition.
5. Transportation Agency is not in default under or with respect to any obligation that could be materially adverse to Transportation Agency’s business, operations, property, or financial condition or that is reasonably likely to materially adversely affect Transportation Agency’s ability to perform under the Agreement.
6. Neither any obligation of Transportation Agency nor any requirement of law materially adversely affects or, insofar as this counsel may reasonably foresee based on facts known to this counsel, may affect Transportation Agency’s business, operations, property, or financial condition or Transportation Agency’s ability to perform under the Agreement.

Transportation Agency Counsel’s Signature

Transportation Agency Counsel’s Printed Name

Date

EXHIBIT I

**HOLD HARMLESS AGREEMENT
AND GENERAL RELEASE OF ALL CLAIMS**

This hold harmless agreement and general release of all claims (“Agreement”) is between Pace, the Suburban Bus Division of the Regional Transportation Authority (“Pace”), and the Village of Niles (“Village”).

In consideration of Pace permitting the Village to enter Pace premises and utilize Pace equipment for the purpose of bus transportation, the parties agree as follows:

1. The Village shall waive, release, hold harmless, and forever discharge Pace, the Regional Transportation Authority, and their respective board members, directors, officers, employees, agents, and successors (“Pace Representatives”) from and against any claims or causes of action whatsoever, whether known or unknown, arising out of or in any way relating to the use of Pace equipment, and any losses or injuries suffered, regardless of whether those claims or causes of action arise in whole or in part out of the alleged negligence or fault of Pace Representatives.
2. The Village shall indemnify and defend Pace Representatives from and against any claims or suits brought against one or more Pace Representatives by any person or entity, and any liabilities, losses, judgments, or settlements, arising out of or in any way relating to the use of Pace equipment, regardless of whether those claims or suits arise in whole or in part out of the alleged negligence or fault of Pace Representatives.

Each party is signing this Agreement on the date under that party’s signature.

PACE

VILLAGE

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT J

ADDITIONAL AGREEMENTS

NONE