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9 and TED SHEETS dba ADS IN MOTION

FILED
JAN 03 2023 AR
SUPERIOR COURT OF CALIFORNIA
COUNTY OF HUMBOLDT

10 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 IN AND FOR THE COUNTY OF HUMBOLDT

12 CHARLES EDWARDS and TED SHEETS) CASE NO.
13 dba ADS IN MOTION,)
14 Plaintiffs,) COMPLAINT FOR BREACH OF
15 Vs.) CONTRACT; BREACH OF AN IMPLIED
16 HUMBOLDT TRANSIT AUTHORITY,) COVENANT OF GOOD FAITH AND
17 GREG PRATT; KATIE COLLENDER and) FAIR DEALING; DEFAMATION; AND
18 DOES 1 through 20, inclusive.) INTENTIONAL AND NEGLIGENT
19 Defendants.) INTERFERENCE WITH BUSINESS
20) ADVANTAGE
21)
22)
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29 Plaintiffs CHARLES EDWARDS and TED SHEETS doing business as
30 ADS IN MOTION hereby allege:

31 **FIRST CAUSE OF ACTION**
32 **(Breach of Contract against all defendants)**

33 1. Plaintiffs CHARLES EDWARDS and TED SHEETS do business
34 as an unincorporated partnership known as ADS IN MOTION, which
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1 does business in the County of Humboldt, State of California and
2 is hereinafter referred to as "plaintiff."

3 2. Defendant HUMBOLDT TRANSIT AUTHORITY (hereinafter
4 referred to as "defendant" or "HTA" where descriptively
5 appropriate) is a public entity operating as a joint powers
6 authority operated by proxies from the County of Humboldt and
7 the municipalities of Arcata, Eureka, Fortuna, Rio Dell and
8 Trinidad and is headquartered in Eureka.

9 3. Defendants GREG PRATT (hereinafter "Mr. Pratt") and
10 KATIE COLLANDER are residents of the County of Humboldt and were
11 under all relevant times mentioned herein agents/employees for
12 defendant and breached their duty of care causing damages to
13 plaintiff while acting under the authority of defendant within
14 the scope of their agency of and duties to defendant.

15 4. Plaintiff is ignorant as to the true names and
16 capacities of the defendants sued herein as DOES 1 through 20,
17 inclusive, and therefore sues these defendants by fictitious
18 names. Plaintiff will amend this Complaint once the true names
19 and capacities of these defendants are ascertained. Plaintiff
20 is informed and believes and thereon alleges that each
21 fictitiously named defendant is in some way liable to Plaintiff
22 for the damages alleged in this Complaint, and was the agent,
23 partner, member, co-conspirator and was at all times acting in
24 concert with each other defendant to this Complaint in doing the
25 things alleged herein.

26 5. On or about March 20, 2016 the parties entered into a
27 written contract entitled "Agreement Between the Humboldt
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1 Transit Authority and Ads in Motion for Contract Services" for
2 advertising brokerage for advertising on HTA busses and other
3 services as described in the written contract, a true copy of
4 which is attached hereto as **Exhibit "A"** and incorporated herein.
5 The agreement/contract was amended/extended on or about August
6 29, 2018 and the term of the agreement was extended to March 31,
7 2023. A true copy of the Amendment No. 1 to Agreement Between
8 the Humboldt Transit Authority and Ads in Motion for Contract
9 Services" is attached hereto as **Exhibit "B"** and incorporated
10 herein. Hereinafter the agreements described in **Exhibits "A"**
11 **and "B"** shall be collectively referred to as "the agreement."

12 6. On August 8, 2022, without legal or equitable
13 justification, defendant arbitrarily terminated the agreement
14 and ceased performance of all of its contractual obligations to
15 plaintiff, depriving plaintiff of the benefits of the contract
16 and causing additional damages and losses to plaintiff. Said
17 damages for breach of contract include, but are not limited, to
18 the following:

19 a. Monthly profit from September, 2022 through March, 2023
20 - \$15,000 per month totaling \$105,000.

21 b. Loss of income from fewer buses being available for
22 advertising - average of 41 busses available when 42 were
23 guaranteed by contract - \$600.00 per month for 60 months
from the inception of the contract totaling \$36,000.00.

24 c. Failure to inform claimants when busses are out of
25 commission for three months beginning on October 22, 2021
26 and extending three months and thus forcing a refund to
client in the amount of \$2,550.00.

27 d. Material inventory for signage on buses at the time of
28 termination - Approximately \$7,209.21.

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7. Plaintiff has performed all obligations under the agreement or is excused from performance by circumstances beyond plaintiff's control.

8. By the actions and omissions described herein, defendants have caused plaintiff damages in the amounts specified and additionally according to proof.

SECOND CAUSE OF ACTION
(Breach of Implied Covenant of Good Faith and Fair Dealing Against all defendants)

9. Plaintiff hereby incorporates paragraphs 1 through 8, inclusive, herein by reference.

10. As pled herein, the parties entered a binding contract under the described terms.

11. Plaintiff substantially performed all obligations or were excused from performance by forces beyond their control and all the conditions for defendants' performance had taken place or were excused.

12. Defendant arbitrarily terminated the contract prior to its expiration and did so without legal or just cause, and did so with the inequitable intention of claiming plaintiff's business interests under the contract.

13. Defendants' acts and omissions described herein were made in bad faith.

14. Plaintiff was harmed by defendants' acts and omissions and the relief sought herein is justified.

THIRD CAUSE OF ACTION
(Defamation - Against all defendants)

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3 15. Plaintiff hereby incorporates paragraphs 1 through 14,
4 inclusive, herein by reference.

5 16. Defendants HTA, GREG PRATT, KATIE COLLENDER and other
6 agents to be named upon discovery have published or told to ADS
7 IN MOTION clients and/or other businesses and individuals that
8 plaintiff, and each plaintiff named in the caption above, have
9 acted unethically and attempted to cheat HTA of money by
10 intentionally charging for inappropriate costs and attempting to
11 hide the overcharges. Defendants have also claimed that
12 plaintiff did not make the contractual payment to defendant in
13 September, when the payment was made and apparently credited
14 towards a perceived unspecified debt by plaintiff to defendant.
15 Said defendants have made other false accusations against
16 plaintiff to numerous people either in writing or orally.

17 17. All of these written or oral statements were false,
18 and defendants knew them to be false or should have known them
19 to be false with due diligence.

20 18. The statements were not in any way privileged and were
21 made within the past year.

22 19. The statements were of a nature that they tend to
23 injure or cause special damage, and cause plaintiffs great harm
24 in the local community both in terms of business and social
25 reputation.

26 20. At minimum, the defamatory statements were made in
27 negligence.
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1 21. Plaintiff was in fact damaged and requests \$400,000.00
2 in damages to business and social reputation.

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4 **FOURTH CAUSE OF ACTION**
5 **(Intentional and Negligent Interference with Business Advantage**
6 **Against all defendants)**

7 22. Plaintiff hereby incorporates paragraphs 1 through 21,
8 inclusive, herein by reference.

9 23. In connection to and conjunction with the agreement to
10 the parties herein, plaintiff maintained contracts and
11 relationships with multiple businesses and individuals
12 (hereinafter "clients") in which plaintiff brokered advertising
13 space on HTA busses and provided services to create, install,
14 and maintain the advertising. Plaintiff cultivated these
15 contracts and relationships with positive performance and
16 excellent business practices.

17 24. Defendants, and each of them, were actually and
18 constructively aware of these relationships and contracts and of
19 their material value to plaintiff.

20 25. Defendants, and each of them, knew that these
21 relationships and contracts would be disrupted and/or destroyed
22 by defendants' actions, including but not limited to the
23 termination of the agreement between the parties herein; the
24 defamatory comments made to the clients described above; and by
25 instructing the clients to do business and pay money to
26 defendants rather than plaintiff.

27 26. In these actions and omissions, whether intentional or
28 negligent, defendants breached their duty of reasonable care to
plaintiff.

1 27. By their acts and omissions defendants damaged and/or
2 destroyed plaintiff's relationships and contracts with the
3 clients.

4 28. Plaintiffs incurred damages in amount of at least
5 \$43,662.50, or more according to proof.

6 WHEREFORE, plaintiff prays judgment against defendants as
7 follows:

- 8 1. An award of damages as stated herein and according to
9 proof;
- 10 2. For interest from the dates of breach as allowed by
11 law;
- 12 3. For attorney fees as allowed by law;
- 13 4. For costs of suit;
- 14 5. For any and all other relief the Court deems proper.

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16 Dated: January 2, 2023

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19 Eric V. Kirk
20 Attorney for plaintiffs,
21 CHARLES EDWARDS and TED SHEETS dba
22 ADS IN MOTION
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EXHIBIT A

**AGREEMENT BETWEEN
THE HUMBOLDT TRANSIT AUTHORITY
AND
ADS IN MOTION
FOR CONTRACT SERVICES**

THIS AGREEMENT for Contract Services ("Agreement") is made on April 1, 2016, by and between Ads in Motion, hereinafter referred to as "Contractor," and the Humboldt Transit Authority, a joint powers authority, hereinafter referred to as "HTA."

1. **Scope of Services.** Contractor shall perform services for HTA in accordance with Exhibit A, Scope of Work, attached hereto and incorporated herein, and briefly described as Bus Advertising "Services"
2. **Term.**
 - a) **Commencement.** No Services shall be performed or furnished under this Agreement until HTA has provided notice to commence Services to the Contractor, which shall not occur until after full execution of this Agreement by both parties and receipt by HTA of all insurance certificates.
 - b) **Termination.** Unless terminated sooner under Section 17, this Agreement shall terminate on March 31, 2021.
3. **Compensation For Services, Payment.**
 - a) HTA shall pay Contractor at the rate and basis as set forth in the payment schedule in Exhibit B, attached hereto and incorporated herein.
 - b) Contractor shall prepare and submit its invoices to HTA no more than once per month, and, for Services billed on a time and materials basis or in installments, shall provide a time summary of work performed by each person for whom charges are billed. All reasonable efforts will be made by HTA to pay undisputed invoices within 30 days of receipt. If HTA disputes an invoice, it may withhold that portion so contested and shall pay the undisputed amount. HTA may withhold all or any portion of the funds provided for by this Agreement in the event that the Contractor has materially violated or threatens to materially violate, any term, provision, or condition of this Agreement.
4. **Permits And Licenses.** Contractor warrants that it is fully qualified to perform the Services under this Agreement, and holds all applicable licenses, permits, and other necessary qualifications. Contractor shall pay all charges and fees in connection with said permits and licenses, and shall keep them paid and current throughout the term of this Agreement.
5. **Compliance With Applicable Laws.** Contractor shall be responsible for complying with all applicable local, state, and federal laws and regulations, whether or not expressly stated or referred to herein, including without limitation, environmental and worker safety laws and regulations.
6. **Independent Contractor Status.** Contractor is performing Services as an independent contractor for HTA, and is neither an employee nor an agent of HTA. Except as otherwise provided in this Agreement, Contractor shall have sole control over the manner and method of performance of the services and shall furnish all tools, equipment, labor and materials at its cost and expense, except such materials as are specifically identified in this Agreement. HTA's only interest shall be in the results of such Services. HTA's liability hereunder shall be limited to payment of the compensation provided in this Agreement. Contractor agrees

and acknowledges that it is not entitled to any benefits or insurance, including without limitation any medical, unemployment, or disability benefits, on HTA's account.

7. **Designation of Representative.** Contractor and HTA shall designate specific individuals to act as representatives ("Designated Representative"), who shall have authority to transmit instructions, receive information, and implement the Agreement on behalf of each respective party. Either party may change its Designated Representative or the address of its Designated Representative by giving reasonable notice to the other party.
8. **Notice.** All notices required or permitted hereunder shall be in writing and shall be deemed to have been properly given and delivered when delivered personally (including by commercial messenger or courier or by facsimile transmission) or four (4) days after deposit in the U. S. mail with all postage or charges fully prepaid and addressed to the authorized representative of the appropriate party.

HTA:
General Manager
Humboldt Transit HTA,
133 V Street
Eureka, CA, 95501

Contractor:

9. **Indemnification.**

When the law establishes a professional standard of care for Contractor's services, to the fullest extent permitted by law, Contractor shall indemnify and hold harmless HTA and its boards, task forces, officials, employees and agents (collectively "Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including attorney's fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of Contractor, its officers, agents, employees or sub-contractors or any entity or individual for which Contractor shall bear legal liability in the performance of professional services under this Agreement.

Other than in the performance of professional services and to the extent permitted by law, Contractor shall indemnify, defend and hold harmless HTA, and any and all of the Indemnified Parties from and against any liability (including liability from claims, suits, actions, arbitration proceedings, alleged or threatened, including attorney's fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are attributable to, in whole or in part, the performance of this Agreement by Contractor or by any individual or entity for which Contractor is legally liable, including but not limited to officers, agents, employees or sub-contractors of Contractor.

10. Insurance.

a) Insurance Requirements.

- i. Prior to performing any Services hereunder, Contractor shall obtain and thereafter maintain insurance in full compliance with all of the provisions of this Section 10.
- ii. As evidence of specified insurance coverage, the HTA may, in lieu of actual policies, accept certificates issued by the insurance carrier showing such policies in force for the specified period and naming the HTA as an additional insured thereunder, except Professional Liability Insurance and Workers Compensation.
- iii. HTA reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required by giving the Contractor ninety (90) days advance written notice.

b) Workers' Compensation Insurance. Contractor shall purchase and maintain such Workers' Compensation covering all employees and volunteers as required by the State of California, and on a state-approved policy form.

c) Commercial General Liability. Insurance Services Office (ISO) "Commercial General Liability" policy form CG 00 01 or equivalent. Coverage for additional insured shall not be limited to vicarious liability. Defense costs must be paid in addition to limits. Limits shall be no less than \$1,000,000 general aggregate.

d) Automobile Liability Insurance. ISO Business Auto Coverage for CA 0001 including symbol 1 or equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Contractor or Contractor's employees will use personal autos in the performance of any duties under this Agreement, Contractor shall provide evidence of personal auto liability coverage for each such person.

11. Dispute Resolution. The parties agree to negotiate any disputes over the performance of their respective rights and obligations under this Agreement in good faith for a period of at least 30 days after the date of notice invoking the need for dispute resolution or exercising rights under law. Neither party may initiate court action prior to such good faith negotiation and following that prior to good faith third-party mediation.

12. Governing Law, Venue. This Agreement and performance hereunder and all suits and special proceedings shall be interpreted in accordance with California law. Venue shall be fixed in Humboldt County.

13. Authority. Each party hereto warrants and represents to the other party that such party has the full right, power and authority to enter into this Agreement and has obtained all necessary consents and approvals to consummate the transaction contemplated hereby.

14. Negotiated Agreement, Interpretation. This Agreement has been negotiated by the parties hereto. Each of the parties has had full opportunity to have this Agreement reviewed by an attorney acting on such party's behalf. The language of the Agreement shall not be construed for or against either party by reason of the authorship or alleged authorship of any provision hereof or by reason of the status of the respective parties.

15. Entire Agreement/Modifications And Amendments. This Agreement together all attachments constitutes the entire agreement between HTA and Contractor as to the subject matter hereof. It supersedes all prior communications, representations, or agreements, whether oral or written. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required.

16. **Assignment, Subcontract.** Contractor may not assign its rights, interests, duties or obligations under this Agreement without prior consent from HTA. Contractor may not subcontract Services without prior written consent from HTA.
17. **Termination Rights.** HTA may terminate this Agreement upon material breach of any of the terms of this Agreement by Contractor, after first giving Contractor written notice of such breach and thirty (30) days to cure. If Contractor does not cure the breach within the allotted time, the Agreement will be terminated.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date of the last party signing.

HUMBOLDT TRANSIT
AUTHORITY



General Manager

Designated Representative

Date: March 1, 2016

Name Greg Pratt

Cell (707) 407-6702

Email greg@hta.org

CONTRACTOR



Project Manager

Designated Representative

Date: 20 March 2016

Name Charles Edwards

Cell (707) 599-0590

Email cedwards@stroopfx.com

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**EXHIBIT A
SCOPE OF SERVICES**

SCOPE OF WORK

~Exhibit A is a current copy of HTA's bus advertising policy.

The Humboldt Transit Authority (HTA) Governing Board of Directors accepted Ads in Motion proposal on January 20, 2016 for the provision of a transit advertising program for the exterior of the Redwood Transit System, Willow Creek Extension, Tish-Non Village and Southern Humboldt Transit System buses in the greater Humboldt County area as described in more detail in Table 1 below. Note that of the total fleet, HTA will reserve one (1) 40-foot RTS bus and one (1) 30-foot SHI bus to be made available to and its member entities for system promotion and public service announcements.

Ads in Motion will be solely responsible for the complete provision of each related component of the advertising program. This shall include, but is not be limited to, the marketing, production and placement of all advertising materials, and the acquisition, installation, maintenance and insurance to all related equipment during the term of the resulting agreement or agreements, if any, at no cost to HTA.

In exchange, Ads in Motion shall have the exclusive right to sell advertising space on HTA's vehicles to the extent provided herein and in the resulting contract agreement or agreements. The number of vehicles and the extent of the advertising on such vehicles, agreement terms and conditions, the revenue sharing percentage, and the method of calculation shall be subject to negotiation between HTA and the recommended firm, and is subject to the Humboldt Transit Authority's Bus Advertising Policy and Regulations, a copy of which is attached as Exhibit C.

Table 1

<u>System</u>	<u>Number of Vehicles</u>	<u>Vehicle Description</u>
Redwood Transit System (RTS)	*16	40-foot bus
Willow Creek (WC)	2	30-foot cutaway
Southern Humboldt Intercity (SHI)	*5	30-foot cutaway
Southern Humboldt Local (SHL)	2	25-foot cutaway
Tish Non-Village (TNT)	2	30-foot cutaway
Total Vehicles:	27	

EXHIBIT B
PAYMENT SCHEDULE

Ads in motion will pay Humboldt Transit Authority a monthly commission in the amount of \$2,800.00 from their advertising revenue by the 10th of each month and sent to the address below.

Humboldt Transit Authority
Attn: Alene Webb
133 V Street
Eureka, CA 95501

Phone: (707) 443-0826 ext. 112
Email: alene@hta.org



ADS in motion

726 2nd St, Eureka, CA 95501 (707) 443-2816 (707) 599-0590 E-mail: cedwards@stroofx.com

Proposal for the HTA Advertising Program

ADS in motion, owned by Charles Edwards and Ted Sheets, under its parent company, Advanced Display & Signs, is locally owned and in good standing with the general Eureka and Humboldt County small business community. Advanced Display & Signs has been printing bus decals for Eureka Transit, Redwood Transit as well as the Humboldt Transit Authority (HTA), for 15 years. Please see *Exhibit B* for examples of our work.

Charles Edwards' responsibilities include: Outside Sales; Customer Support; Sign Design; Collections. Ted Sheets' responsibilities include: Bus Sign Design; Bus Sign Printing and Installation; General Accounting.

Our reputation for providing consistently high-quality graphics and stellar customer service has earned Advanced Display & Signs a significant market share in the local graphics printing business. Please see *Exhibit A* for letters of referral from existing ADS in Motion clients.

Over the last five years, we have been providing steady monthly income to both the HTA and City of Eureka by selling advertising space and printing bus advertising graphics for local Humboldt County businesses. Our experience gives us intimate knowledge of how to install and remove bus-specific graphics without damaging the finish on the bus.

The tenets of our bus advertising program are to:

- Provide a low-cost advertising venue for small businesses
- Whenever possible, serve the greater good of the community by providing advertising and creative services free of charge for community and non-profit organizations Please See *Exhibit C*
- Maintain the visual integrity of the HTA Fleet. Please see *Exhibit D*

During the last 5-years, ADS in Motion, in furtherance of promoting the the HTA mission of providing transportation to the County, has provided the HTA marketing and Social Media services gratis; including, but not limited to writing press releases and Facebook content monitoring and pictorial uploads. Additionally, we allocated one entire bus (#818) to promote ridership within the Inter-city Southern Humboldt route from August, 2012 to August, 2014. We designed the graphics and waived any potential advertising revenue during this period of time – a potential \$24,000 value in advertising alone. Please see *Exhibit E*

We have also provided creative services for the HTA to promote various rider programs and regulations. Please See *Exhibit F*

Upon being awarded the contract, we will continue to provide the same quality of service to both the HTA and transit advertisers from our office at 726 East Second Street, Eureka, CA 95501.

In exchange for a \$2,800 monthly commission, paid to the HTA by the 10th of each month, irrespective of ADS in Motion revenue, we propose the following:

- We will continue our effective program to sell available sign openings to local business and government entities through simple pricing schedules, attractively designed ads and top-quality printed graphics, in accordance with the HTA guidelines. We will procure advertisers through our extensive customer

database, giving them stellar customer service and potential for new advertising. Please see *Exhibit G* for our simple contract and pricing.

- During the terms of our contract, our insurance coverage will be as follows:
 - Comprehensive General Liability of \$1,000,000 single and \$2,000,000 aggregate coverage.
 - Automobile \$1,000,000 per accident including non-owned vehicles.
 - The HTA will be named as an additional insured according to its requirements named in the contract.
- The size of each ad will be equal to current ad sizes unless otherwise stipulated by the HTA. We have the capability of printing large graphics, vehicle-wraps and contoured shapes as demonstrated in *Exhibit D*
- All printed materials will consist of high quality vinyls, easily removed without damage to the painted surfaces of each bus. No panels or additional hardware will be used in the process. Each graphic will demonstrate excellent color longevity for an attractive ad that upholds the visual integrity of the fleet.


By design, our program is one of the least-cost, if not *the* least cost, form of advertising for any Humboldt County business. The exposure of transit advertising presents an unheard number of views per hour for the maximum amount of exposure. Our goal is that every business has the same opportunity to advertise without breaking their bank.

One value-added service for each advertiser is that we hold all advertisers harmless, with regard to replacing their respective bus sign, in the event their sign is damaged by motor vehicle accident, acts of God, vandillism or, as has been the case with (8) HTA buses, their bus is retired from service. (Bus# 840 – 841 – 842 – 843 – 847 – 848 – 870 – 875) The vinyl signs are a one-use application so our out of pocket to replace the 20 signs from the retired buses was aproximately \$6,000.

The HTA will be retiring (4) additional buses (Bus# 821 – 844 – 845 – 846) so our anticipated out of pocket expense for the first quarter of 2016 to replace and reinstall the (15) signs currently on the buses about to be retired is \$4,500.

We appreciate the opportunity to continue serving the local business community while providing a steady revenue stream for the HTA.

Yours truly,



Charles Edwards
ADS In Motion
726 2nd Street
Eureka, CA 95501
(707) 599-0590

cedwards@stroopfx.com

EXHIBIT C

HUMBOLDT TRANSIT AUTHORITY'S BUS ADVERTISING POLICY AND REGULATIONS

I. INTRODUCTION

The purpose of this policy is to establish guidelines for interior and exterior advertising on Humboldt Transit vehicles. The Humboldt Transit Authority Board is ultimately responsible for the adoption of this policy and any amendments. The Humboldt Transit Authority Board intends that it is operating in a proprietary capacity and its vehicles constitute non-public forums that are subject to the viewpoint-neutral restrictions set forth below.

The Humboldt Transit Authority Board has approved the concept of commercial advertising on the exterior of its vehicles as a means of raising revenue for the transit system. Revenue generated from commercial advertising is returned to the general operating budget and used to reduce local contributions to fund operations.

In order to realize the maximum benefit from the sale of advertising space, the program will be managed in a manner that produces as much revenue as practical, while ensuring that advertising does not:

- Discourage the use of the transit system.
- Diminish Humboldt Transit's reputation in the community.
- In any way interfere with operations or jeopardize the safety of passengers, employees, and the public.
- Cause offense to its customers or the general public.

The exterior of vehicles is reserved for commercial advertising only. In addition, a portion of the interior of buses will be available for commercial advertising, with Humboldt Transit also making available free public service advertising space for public agencies and non-profit organizations.

Humboldt Transit may, from time to time, also use exterior and interior vehicle advertising itself to promote public awareness of transit programs, services and promotions. This type of advertising may include the display of flyers, brochures, posters and special advertisements.

II. APPLICABILITY

This policy is applicable to Humboldt Transit Authority Board members and its employees, and companies that contract with Humboldt Transit for the leasing of advertising space on Humboldt Transit vehicles.

III. DEFINITIONS

- **Commercial Advertising:** Advertising for the sole purpose of selling or renting services or property for a profit.
- **Political Advertising:** Any advertising that supports or opposes the election of any candidate or group of candidates, or any ballot question, initiative, petition, or referendum issue, including bond issues, constitutional amendments, or proposed legislation.
- **Non-Profit Organizations:** Organizations that meet the requirements for a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code and that: 1. have a physical office in the geographical boundaries served by Humboldt Transit; 2. provide social welfare services; and 3. serve the needs of Humboldt Transit passengers.
- **Public Service Announcements:** Non-commercial and non-political advertising by Non-Profit Organizations and public agencies promoting their social services.

IV. COMMERCIAL ADVERTISING STANDARDS

Advertising displayed on the exterior of Humboldt Transit buses shall be strictly commercial in nature and purpose. Commercial advertising also is available on the interior of the buses as determined by the Humboldt Transit Authority's General Manager.

Because Humboldt Transit serves persons of all ages and backgrounds and strives to create a comfortable and enjoyable experience for all passengers, the following types of advertising are prohibited:

- Materials that contain false, misleading, libelous, slanderous, or deceptive images.
- Advertising for illegal drugs.
- Advertising for adult products, services or entertainment directed to sexual stimulation.
- Advertising that depicts sexually explicit, obscene and/or pornographic images or words;
- Advertising that portrays graphic violence.
- Advertising that contains discriminatory, derogatory, negative or personal attacks against individuals, groups, or organizations.
- Advertising that is political.
- Advertising that is directed to inciting or producing imminent lawless action, or is likely to incite or produce such action, including but not limited to unlawful actions.
- Advertising that promotes illegal activity of any kind.
- Advertising that encourages persons to refrain from using Humboldt Transit or public transit in general.
- Advertising that explicitly and directly promotes or encourages the use of means of transportation in direct competition with public transit.
- Advertising messages that conflict with the mission of Humboldt Transit.
- Advertising that contains Humboldt Transit's name, brand logo, slogans or other graphic representations of the transit system, unless written consent from Humboldt Transit is obtained prior to use.

- The prohibitions also apply to advertisements that include a website that provides a message that does not comply with this Section.

V. PRODUCTION AND PLACEMENT GUIDELINES

Advertising materials will be produced at the advertiser's expense and must be of good quality and conform to standards for size, weight, material and other physical characteristics as set by Humboldt Transit.

Advertisers will be responsible for the installation and removal of advertising from vehicles and all applicable costs incurred. Humboldt Transit staff will assist in scheduling buses for the installation or removal of advertising.

VI. COMPLIANCE RESPONSIBILITY

Humboldt Transit Authority's General Manager shall determine the interior and exterior spaces that will serve as appropriate locations for commercial and/or non-profit advertising. Humboldt Transit Authority reserves the right to modify, change, or alter the locations and sizes of the available ad spaces as it sees fit. The placement and size of any advertising shall be at the sole discretion of The Humboldt Transit Authority's General Manager. The Humboldt Transit Authority shall approve or reject a proposed advertisement or PSA within 15 days of when the request and all other documents associated with it are received by Humboldt Transit.

VII. INTERIOR PUBLIC SERVICE ANNOUNCEMENTS

Interior advertising space may be allowed and available to public agencies and Non-Profit Organizations to display public service announcement (PSA) materials free of charge at the discretion of the Humboldt Transit Authority's General Manager.

Guidelines for the acceptance of non-profit advertising are as follows:

- PSA materials will be produced at the agency's or non-profit organization's expense, and must be produced through a process that ensures reproduction of good quality on materials of specific quality and size, and conform to uniform standards set by the Humboldt Transit Authority's General Manager.
- PSAs must be non-commercial, non-partisan, and non-political.
- PSAs shall adhere to the guidelines established in Section IV of this Policy.
- PSA space may be available on the interior of vehicles only, provided display space is available, as determined by the Humboldt Transit Authority General Manager.
- PSAs will be accepted on a first come, first-served basis, and may be displayed for up to 90 days.
- The sponsor of the PSA shall pay the applicable labor costs for the installation and removal of their advertising.

RESOLUTION NO. 15-15

A RESOLUTION ADOPTING THE HUMBOLDT TRANSIT AUTHORITY'S
ADVERTISING POLICY

WHEREAS, The Humboldt Transit Authority (HTA) contracts for advertising on its vehicles to generate additional revenue to benefit the transit system as a whole; and,

WHEREAS, the proposed Transit Advertising Policy adopts procedures and clarifies responsibilities in the advertisement review process for HTA Transit's vehicles, which helps fund the transit system as a whole; and,

WHEREAS, HTA seeks to increase visibility in the community for partnerships; and seeks to foster business relations and growth in the community; and

WHEREAS, the Humboldt Transit Authority Governing Board of Directors finds it in the best interest to adopt the proposed Transit Advertising Policy;

NOW, THEREFORE, BE IT RESOLVED by the Humboldt Transit Authority Governing Board of Directors as follows:

1. The Transit Advertising Policy attached hereto as Exhibit A is adopted and effective immediately, and applies to all pending applications for advertising. This Policy shall replace all transit advertising policies or protocols previously adopted or used.

PASSED, APPROVED AND ADOPTED this sixteenth day of September 2015, on the following vote:

AYES: *Lovlace, Bohn, Trent, Marko, Fulkerson, Arroyo*
NOES: *Winkler*
ABSENT:

Michael Winkler

Chair of the HTA Governing Board of
Directors

ATTEST:

Brenda Fregata

HTA Secretary to the Board

EXHIBIT B

**AMENDMENT No. 1 TO
AGREEMENT BETWEEN
THE HUMBOLDT TRANSIT AUTHORITY
AND ADS IN MOTION
FOR CONTRACT SERVICES**

This is an amendment ("Amendment") to that certain Agreement between the Humboldt Transit Authority ("HTA") and ADS in Motion, a California company, ("Contractor"), dated April 1, 2016 ("Agreement"). This Amendment is effective on July 1, 2018.

RECITALS

WHEREAS, effective July 1, 2018, HTA assumed complete administration of the Eureka Transit System (ETS) and acquired all of the ETS assets including seven buses and eight Dial-a-Ride vehicles; and

WHEREAS, the parties desire to amend the Agreement to include the 15 ETS vehicles within the Contractor's Bus Advertising Services, subject to the compensation Agreement Term revisions set forth below.

NOW THEREFORE, in consideration of the mutual covenants, conditions and terms recited herein and made a material part hereof, the parties agree as follows:

1. Scope of Services. Exhibit A, *Scope of Services*, is replaced by the attached Exhibit A-1, incorporated herein.
2. Compensation. Exhibit B, *Payment Schedule*, is replaced by the attached Exhibit B-1, incorporated herein.
3. Term of Agreement. Section 2, *Termination*, is extended to March 31, 2023.
4. Ratification of Agreement. The terms and conditions of the Agreement, including all exhibits and attachments, are ratified in their entirety except to the extent inconsistent with the terms and provisions of this Amendment. In the event of such inconsistency, this Amendment shall control.

IN WITNESS WHEREOF, the parties have executed this Amendment No.1 effective as of the date of the last party signing below.

HUMBOLDT TRANSIT AUTHORITY

By: 
Greg Pratt, General Manager

Date: 8/29/18

ADS IN MOTION

By: 
Ted Sheets

Date: 8/29/18

**EXHIBIT A-1
Scope of Services**

Ads in Motion shall provide a transit advertising program for the exteriors of 42 vehicles operated in the Redwood Transit System (RTS), Willow Creek Extension (WC), Tish-Non Village Transit (TNT), Southern Humboldt Intercity (SHI), Southern Humboldt Local (SHL), and Eureka Transit System (ETS) as described in Table 1 below. Note that two buses as specified in Table 1 shall be devoted at HTA's direction to system promotion and public service announcements by HTA and its member agencies.

Ads in Motion will be solely responsible for the complete provision of each related component of the advertising program. This shall include, but is not limited to the marketing, production and placement of all advertising materials, and the acquisition, installation, maintenance and insurance to all related equipment during the term of the resulting advertising agreement or agreements, if any, at no cost to HTA.

Ads in Motion shall have the exclusive right to sell advertising space on the vehicles identified in Table 1. Additional vehicles may be added to this Scope of Services on such revenue sharing percentages, method of calculation, and other conditions and terms as negotiated between HTA and Ads in Motion.

TABLE 1

System	Number of Vehicles	Vehicle Description
Redwood Transit System (RTS)	16 ¹	40-foot bus
Willow Creek (WC)	2	30-foot cutaway
Southern Humboldt Intercity (SHI)	5 ²	30-foot cutaway
Southern Humboldt Local (SHL)	2	25-foot cutaway
Tish Non-Village (TNT)	2	30-foot cutaway
Eureka Transit System (ETS)	7	35-foot bus
Dial-a-Ride	8	25-foot cutaway
TOTAL VEHICLES	42	

¹ HTA reserves one (1) 40-foot RTS bus to be made available to HTA for system promotion and public service announcements.

² HTA reserves one (1) 30-foot SHI bus to be made available to HTA for system promotion and public service announcements.