



Item Number
here **9**

Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:  _____ Dave Jones, Deputy Executive Director Commercial Development	Meeting Date																										
	7/7/2022																										
Reviewer:  _____ Brian C. Ostler, City Attorney <i>LN</i>	Needs Council Approval: <input checked="" type="checkbox"/> Y																										
	<table border="1"> <thead> <tr> <th>Reviewed for/by</th> <th>Date</th> <th>Approval Status</th> <th>By</th> </tr> </thead> <tbody> <tr> <td>Finance</td> <td>6/14/2022</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> NA</td> <td>JS</td> </tr> <tr> <td>CEQA</td> <td>6/3/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>VW</td> </tr> <tr> <td>Procurement</td> <td>6/8/2022</td> <td><input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond</td> <td>QM</td> </tr> <tr> <td>Guest Experience</td> <td>6/9/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>TB</td> </tr> <tr> <td>Strategic Planning</td> <td>6/7/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>KC</td> </tr> </tbody> </table>	Reviewed for/by	Date	Approval Status	By	Finance	6/14/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS	CEQA	6/3/2022	<input checked="" type="checkbox"/> Y	VW	Procurement	6/8/2022	<input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond	QM	Guest Experience	6/9/2022	<input checked="" type="checkbox"/> Y	TB	Strategic Planning	6/7/2022	<input checked="" type="checkbox"/> Y	KC		
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 <small>Justin Erbacci (Jun 30, 2022 11:24 PDT)</small> _____ Justin Erbacci, Chief Executive Officer																											

SUBJECT

Request to award a Property Management and Leasing Services Agreement for Skyview Center at Los Angeles International Airport and Aviation Plaza at Van Nuys Airport to Colliers International Real Estate Management Services, Inc., for a seven-year term, with three one-year extension options, at a not-to-exceed cost of property management fees of \$2.5 million over the term.

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines.
- FIND that the Request for Proposals used in this competitive award process satisfies the requirements of Administrative Code Section 10.17 and is compatible with the City's interests.
- FURTHER FIND that Colliers International Real Estate Management Services, Inc. is responsive and responsible, that entering into this agreement is in the best interest of the City, and that waiving any formality in the contractor's proposed Small Business Enterprise participation is in the City's best interest.

5. APPROVE the award of the agreement with Colliers International Real Estate Management Services, Inc. to provide property management and leasing services at Skyview Center at Los Angeles International Airport and Aviation Plaza at Van Nuys Airport.
6. AUTHORIZE the Chief Executive Officer, or designee, to execute the agreement subject to approval as to form by the City Attorney and upon approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

To provide property management and leasing services at two Los Angeles World Airports-owned commercial properties.

2. Prior Related Actions/History of Board Actions

- **August 3, 2009 – Board Order No. AO-5141**
The Board of Airport Commissioners (Board) approved a 10-year lease for 104,155 square feet (Lease), which lease included a purchase option for buildings and land at Skyview Center.
- **May 21, 2013 – Board Resolution No. 25129**
The Board approved acquisition of two commercial office buildings having 407,000 total square feet located at 6033 and 6053 West Century Boulevard, a parking structure located between the office buildings, and a 14.42-acre parking lot located at 6101 and 6151 West 98th Street (Skyview Center).
- **June 4, 2015 – Board Resolution No. 25714**
The Board approved a five-year Property Management and Leasing Agreement with Colliers International Real Estate Management Services, Inc. (Colliers) at Skyview Center for an amount not to exceed of \$691,400.
- **July 1, 2019 – Board Resolution No. 26776**
The Board approved a one-year Property Management and Leasing Agreement with Colliers at Aviation Plaza at Van Nuys Airport for an amount not to exceed \$54,000.
- **June 18, 2020 – Board Resolution No. 27039**
The Board approved an amendment to extend for one year the Property Management and Leasing Agreement with Colliers for Aviation Plaza at Van Nuys Airport for an amount not to exceed \$50,000.

3. Background

Los Angeles World Airports (LAWA) purchased Skyview Center in 2013. The property is comprised of two commercial buildings totaling 407,000 square feet, one parking structure, and an adjacent, flat parking lot. To maintain the value of the property for a possible future sale, LAWA contracted with an outside firm to manage the facility and act as its leasing agent for vacant office space.

In 2015, after a competitive process, Colliers was awarded a contract for a five-year term, with one two-year extension option. To maintain consistent management of the property during the COVID 19 pandemic, LAWA exercised the two-year option to extend the contract through July 31, 2022.

Aviation Plaza is a three-story office building with 55,600 square feet adjacent to the Van Nuys Airport. In July of 2016, LAWA assumed ownership of Aviation Plaza. When LAWA took ownership, the building had a high vacancy rate and had substantial deferred maintenance issues. Colliers was retained for property management and leasing services for a two-year term to assist during the transition of ownership. In 2019, the Board approved a new contract with Colliers to allow continuation of services at Aviation Plaza until a new Request for Proposals (RFP) process was completed.

4. Current Action/Rationale

Colliers was chosen to provide property management and leasing services after a competitive process was held (described below). The proposed contract with Colliers will allow continued property management and leasing services for both Skyview Center and Aviation Plaza. Property management services include daily on-site operations, including custodial and engineering services and construction management of any tenant improvement projects. Colliers is required to select, negotiate, engage, and supervise contracts with third parties for such services and other purchases as may be necessary in the normal and ordinary course of managing and operating Skyview Center and Aviation Plaza. In addition, Colliers will provide leasing services, including marketing available spaces and negotiating with potential tenants.

All services, and capital improvement projects are approved on a case-by-case basis as part of an annual budget submitted as part of the LAWA annual budget process. Construction Management, Tenant Improvements costs and Broker Commissions are approved and appropriated as part of the Board action approving each individual lease. The terms of the proposed contract are listed below.

Description	Proposed Contract																				
Term	Effective Date: July 1, 2022 Termination Date: June 30, 2029, unless otherwise extended per the contract																				
Property Management Fee	Skyview Center – \$11,890/month = \$142,680/year Aviation Plaza – \$4,760/month = \$57,120/year Total Annual Fee - \$199,800 increased by CPI each year for a not to exceed amount of \$2.5 million over the term																				
Construction Management Fee (approved by the Board through the approval of each lease)	<table border="0"> <tr> <td colspan="2">Base Building Fee</td> </tr> <tr> <td>\$0 – \$40,000</td> <td>\$1,000</td> </tr> <tr> <td>\$40,001 – \$249,999</td> <td>8%</td> </tr> <tr> <td>\$250,000 – \$499,999</td> <td>6%</td> </tr> <tr> <td>Greater than \$499,999</td> <td>5%</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2">Tenant Improvement Fee</td> </tr> <tr> <td>\$0 – \$499,999</td> <td>10%</td> </tr> <tr> <td>\$500,000 – \$1 million</td> <td>5%</td> </tr> <tr> <td>Greater than \$1 million</td> <td>3%</td> </tr> </table>	Base Building Fee		\$0 – \$40,000	\$1,000	\$40,001 – \$249,999	8%	\$250,000 – \$499,999	6%	Greater than \$499,999	5%			Tenant Improvement Fee		\$0 – \$499,999	10%	\$500,000 – \$1 million	5%	Greater than \$1 million	3%
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5. Selection Process

On April 14, 2022, LAWA released an RFP for eligible proposers to provide property management and leasing services for Skyview Center and Aviation Plaza. On May 13, 2022, LAWA received two proposals from Colliers and Clear Blue. The three-member evaluation committee consisted of senior-level LAWA staff.

Specific evaluation criteria in the RFP were used to rank the proposals received as listed below:

Item	Evaluation Criteria	Points
1	Demonstrated Approach to the Project Scope	25
2	Experience and Qualifications of Key Members of Proposing Team	25
3	Task and Project Development and Management Approach	20
4	Cost (Fee Schedule with All-Inclusive Hourly Rates)	20
5	Inclusivity Commitments	10
Total Points		100
6	Compliance with Administrative Requirements	Pass/Fail

Staff reviewed the proposals by Colliers and Clear Blue. Based on Colliers experience, track record in property management and leasing of buildings of similar size, and responsiveness to the specifics of the RFP, staff requests that the Board approve the award of a property management and leasing services contract to Colliers for the seven-year term, with three one-year extension options.

6. Fiscal Impact

Awarding this agreement will result in LAWA property management fees of approximately \$2.5 million over the term. The Board will approve future operating expenses for Skyview Center and Aviation Plaza through the annual budget process and other fees through each capital appropriation or lease approval. Revenues from these two properties are approximately \$13.7 million annually.

7. Alternatives Considered

- **Take No Action**

Taking no action is not recommended because, in the absence of contractual office property management and leasing services, LAWA staff determined both Skyview Center and Aviation Plaza would be less competitive in their respective markets. There are day-to-day property management services and capital improvement projects that cannot be addressed with existing staff and resources. Without the assistance of a property management and leasing services contract to address the infrastructure and tenant needs, the building will suffer a loss in value due to increased vacancy and deferred maintenance issues

APPROPRIATIONS

Funds for this contract are available in the Fiscal Year 2022-2023 Los Angeles World Airports Operating Budget in Cost Center 2001525 – Skyview Center and Cost Center 4001019 – VNY Aviation Plaza; Commitment Item 520 – Contractual Services; 522 - Materials and Supplies; and 523 - Utilities. Funding for subsequent years will be requested as part of the annual budget process.

STANDARD PROVISIONS

1. This item, as a continuing administrative, maintenance and personnel-related activity, is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. The proposed document(s) is/are subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 373.
4. Colliers International Real Estate Management Services (CA), Inc. will comply with the provisions of the Living Wage/ Worker Retention Ordinances.

5. Procurement Services has reviewed this action (File No. 9692) and established a mandatory 10% Small Business Enterprise participation for this project. Colliers International Real Estate Management Services (CA), Inc. committed to 10% SBE participation
6. Colliers International Real Estate Management Services (CA), Inc. will comply with the provisions of the Affirmative Action Program.
7. Colliers International Real Estate Management Services (CA), Inc. must provide a Business Tax Registration Certificate prior to execution of the contract.
8. Colliers International Real Estate Management Services (CA), Inc. will comply with the provisions of the Child Support Obligations Ordinance.
9. Colliers International Real Estate Management Services (CA), Inc. must have approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports prior to execution of the contract.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. Colliers International Real Estate Management Services (CA), Inc. has submitted the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of the Contractor Responsibility Program.
12. Colliers International Real Estate Management Services (CA), Inc. must be determined by Public Works, Office of Contract Compliance, to be in full compliance with the provisions of the Equal Benefits Ordinance, prior to execution of the contract.
13. Colliers International Real Estate Management Services (CA), Inc. will comply with the provisions of the First Source Hiring Program.
14. Colliers International Real Estate Management Services (CA), Inc. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. Colliers International Real Estate Management Services (CA), Inc. has submitted the Municipal Lobbying Ordinance CEC Form 50 and will comply with its provisions.
16. Colliers International Real Estate Management Services (CA), Inc. has submitted the Iran Contracting Act of 2010 Affidavit and will comply with its provisions.

PROPERTY MANAGEMENT AND LEASING AGREEMENT
(Skyview Center, Lot F, and Aviation Plaza; Los Angeles, California)

THIS PROPERTY MANAGEMENT AND LEASING AGREEMENT (this “**Agreement**” or “**Contract**”) is made and entered into as of _____, 2022, by and between **CITY OF LOS ANGELES**, a California municipal corporation, acting by and through its Board of Airport Commissioners (“**Owner**”) and Colliers International Real Estate Management Services (CA), Inc., a Delaware corporation (“**Manager**” or “**Contractor**”).

RECITALS

A. Owner is the owner of i) those certain office buildings and related real property and improvements located at 6033 and 6053 W. Century Boulevard (“**Skyview Buildings**”) and that parking structure between the Skyview Buildings and the surface parking lot located at 6151 West 98th Street (“**Skyview Parking Facilities**”) in Los Angeles, California, collectively known as “**Skyview Center**,” ii) the Lot F parking garage located at 6075 Avion Drive (“**Lot F**”), and iii) that certain office building and parking lot located at 16461 Sherman Way, in Van Nuys, California, collectively known as “**Aviation Plaza**,” (the Skyview Center, Lot F, and Aviation Plaza are collectively referred to herein as the “**Properties**”).

B. Manager is presently engaged and experienced in the management, operation, supervision, and leasing of commercial office buildings comparable in size, location, and quality to the Properties.

C. Owner desires to retain Manager as Owner’s exclusive agent to provide certain property management and leasing services at the Properties, and Manager desires to provide the same, all as more particularly set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, Owner and Manager agree as follows:

AGREEMENT

ARTICLE 1. DEFINITIONS

1.1 Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

“**Affiliate**” shall mean with respect to a Person (a) any other Person that owns directly or indirectly 10% or more of the equity interest of such first Person or (b) any entity if at least 10% of the equity interest of such entity is owned directly or indirectly by such first Person or by individuals or entities who own directly or indirectly at least 10% of the equity interest in such first Person or (c) any other Person who directly or indirectly controls, is controlled by or is under common control with such first Person or (d) an officer, director or trustee of such first Person.

“**Fixed Rent**” shall mean all fixed, minimum or base rent due or collected from Tenants under Leases.

“**Lease**” shall mean any agreement for the use or occupancy of any portion of the Properties (including, without limitation, license agreements).

“**Management Office**” shall mean the office located in the Properties, if any, described in Paragraph 2.4 hereof.

“**New Capital Expenditure**” shall mean any expenditure related to the Properties which exceeds \$50,000 and (i) is new to the Properties, or (ii) adds to the useful life of the Properties. Capital expenditures previously identified in an Approved Budget shall not be considered New Capital Expenditures.

“**Person**” shall include individuals, corporations, partnerships, limited liability companies, trusts and any other legal entities, as the context requires.

“**Security Deposits**” shall mean cash payments or other deposits or instruments made or provided by Tenants under Leases to secure their performance under such Leases.

“**Tenant**” shall mean any Person who has entered into a Lease or any subtenant or assignee of any such Person permitted and approved pursuant to the terms of any such Lease.

“**Tenant Allowances**” shall mean payments or concessions to Tenants of the Properties, all as and to the extent previously approved in writing by Owner pursuant to Leases, under an Approved Budget, or otherwise.

“**Tenant Spaces**” shall mean, individually or collectively as the context requires, space that a Tenant possesses a right to occupy under a Lease, or is currently being offered for lease by Owner.

ARTICLE 2. APPOINTMENT AND SERVICES OF MANAGER

2.1 **Term.** The term of this Agreement shall commence upon City’s issuance of a Notice to Proceed (“**Commencement Date**”) by LAWA’s Chief Executive Officer or authorized designee (collectively, “**Chief Executive Officer**”), which shall occur only after approval by the Board of Airport Commissioners and by the City Council, and shall expire seven (7) years thereafter (“**Expiration Date**”), unless sooner terminated as provided herein. There shall be three (3) one-year extension options, each of which may be exercised by the Chief Executive Officer (“**CEO**”), or his/her designee, of Los Angeles World Airports (“**LAWA**”) at least one (1) year prior to the expiration of the then current term.

2.2 **Property Management Services.** Subject to and in accordance with the terms and conditions herein stated, Manager shall manage, market, repair, maintain and operate the Properties in the best interests of Owner, in an efficient manner, in good faith and diligently in

accordance with sound, reasonable and prudent property management practices, in compliance with applicable law, equal to the standard of care provided by office management companies for similar buildings and properties of similar quality located in the near vicinity of such building (the “**Operating Standard**”). The Manager will be responsible for providing maintenance of the Skyview Parking Facilities subject to Operating Standards for similar type facilities. Such costs will be included in the budget pursuant to Section 2.2(a). No consent by Owner to Manager’s recommendations or actions shall relieve Manager of its obligations hereunder. Subject at all times to such procedures and directions as are set forth in this Agreement, Manager shall do all of the following:

(a) Budgets. Budgets for the management and operation of the Properties shall be implemented, as follows:

(i) Manager acknowledges that Owner will have a fiscal year beginning on July 1 and ending the following June 30 (each a “**Fiscal Year**”). Promptly following the execution of this Agreement, the Manager shall prepare and deliver to the Owner a proposed budget for the period commencing on the effective date of this Agreement and ending on June 30, 2023. Such proposed budget shall be in a format to be designated by Owner (the “**Approved Budget Format**”), and shall set forth, in reasonable detail and on a monthly basis, an itemized statement of the estimated disbursements for such period, including but not limited to all normal operating costs, expenses relating to tenant improvements, management fees, mortgage payments, insurance premiums, employee salaries and similar items, a schedule of necessary capital expenditures reasonably detailing each item and the estimated cost thereof (the “**Capital Expense Schedule**”) and the estimated income for such period based on a schedule of minimum rents as reflected in all leases in effect for such period (the “**Rent Schedule**”). The Manager shall cooperate with the Owner to review and modify the proposed budget, as may reasonably be required by Owner, and the parties shall act diligently and in good faith to cause the proposed budget, as so modified, to be approved in a reasonable timeframe prior to the start of the next fiscal year. Upon Owner’s approval, the proposed budget shall become the Approved Budget (the “**Approved Budget**”).

(ii) As to all future Approved Budgets, by February 1 prior to the commencement of each Fiscal Year, so long as this Agreement is in effect, Manager shall prepare and deliver to Owner a proposed budget which, after approval by Owner, shall be deemed the Approved Budget for such Fiscal Year. Each proposed budget shall be in the Approved Budget Format.

(iii) If, after the approval by Owner of any Approved Budget, Manager believes it is desirable to change the Rent Schedule or the Capital Expense Schedule, Manager shall provide written notice to Owner of the changes sought. All such changes shall require the specific written approval of Owner prior to implementation. In the event that Owner disapproves any proposed budget submitted by Manager during the term of this Agreement, then such budget shall be resubmitted by Manager within ten (10) days of receipt of Owner’s written notice containing specific objections thereto.

(iv) If Owner has not approved a proposed budget for the Properties in accordance with the terms hereof prior to the first day of the Fiscal Year to which such proposed annual budget is to apply, the Manager shall operate the Properties from the first day of such Fiscal Year through the date on which Owner approves such proposed annual budget for the Properties in accordance with the terms most recently approved by Owner. For purposes of the preceding sentence, the annual Budget most recently approved by Owner shall not include capital items and nonrecurring expenditures which were approved solely for a preceding year, but Manager may, for any fiscal year, seek approval from Owner for any capital items or nonrecurring expenditures.

(b) Maintenance. Manager shall maintain or cause to be maintained, in accordance with the Operating Standard, at Owner's expense (to the extent not required to be maintained by Tenants or others), the Properties, building and common areas thereof, external and internal, including without limitation the sidewalks, signs, mechanical, electrical and other systems, parking lots and landscaping, in good and clean condition and repair, and provide for the furnishing of all utilities, vermin extermination, trash removal, janitorial and other necessary services, provided that no maintenance expense, repairs or alterations which are not provided for within the Approved Budget or otherwise specifically permitted pursuant to the terms and conditions of this Agreement shall be undertaken without the prior written consent of Owner unless such repair constitutes an emergency situation as described in Section 2.2(m) and (o)(ii).

(c) Contracts with Third Parties. Within the constraints of the Approved Budget, Manager shall have the authority to select, negotiate, engage and supervise, on behalf of Owner and as Owner's agent, contracts for such utilities, services and other purchases as may be necessary in the normal and ordinary course of managing and operating the Properties (the "Service Contracts"). Manager shall monitor all independent contractors, consultants, suppliers, and entities retained by Manager for the operation, repair, maintenance, and servicing of the Properties or for any other activity within the scope of this Agreement. Manager shall require any contractor performing (i) a public works contract, as defined in the California Public Contract Code Section 1101, to post, prior to the commencement of work, a payment bond, if applicable, pursuant to California Civil Code Section 9550 and/or (ii) construction services to post a performance bond, if applicable, pursuant to City of Los Angeles Administrative Code Section 10.15 (g) and (j), and iii) pay prevailing wage rates to contractor's employee(s) covered under the prevailing wage requirements of Division 2, Part 7 of the California Labor Code.

(d) Purchases. Subject to the terms of this subsection 2.2(d), Manager shall arrange for, and shall have the authority to arrange for, the purchase (or when applicable, lease) on behalf of Owner and the Properties of all reasonable inventories, provisions, supplies and operating equipment which are specifically provided for in the Approved Budget or otherwise specifically approved by Owner in writing.

(e) New Capital Expenditures. All New Capital Expenditures (and related plans, specifications, budget and Construction Documents (hereafter defined)) must be specifically authorized in writing by Owner.

(f) Security. To the extent required and provided for under the Approved Budget, Manager shall contract for security services for the Properties as recommended by Manager and approved by Owner from time to time.

(g) Real and Personal Property Taxes. Manager understands that Owner is a municipal corporation under the laws of the State of California, and therefore Owner's real and personal property may be exempt from certain state and local property taxation. Accordingly, Manager shall not pay, or include in any proposed budget, any real estate taxes, personal property taxes, improvement assessments, or similar tax or assessment which might otherwise become a lien against any portion of the Properties, except as specifically directed by Owner, and Owner shall hold harmless and hereby releases Manager from and against any claim, lien, suit or other liability resulting from the failure by Manager to collect or remit any such tax except as specifically authorized and directed by Owner. In the event that the Properties is subject to any claim, billing, assessment or other assertion of liability for such taxation, Owner shall be solely responsible for the payment or appeal or contestation thereof, provided that such bills or notices as Manager may receive directly shall be provided to Owner by Manager with reasonable diligence.

(h) Compliance. Manager, on behalf of Owner, shall use its best efforts to operate the Properties in compliance with all terms and conditions of (a) any Lease, and (b) any operating agreement affecting the Properties of which Manager has actual knowledge (such Leases and operating agreements referred to herein as the "**Property Agreements**"), and Manager shall not violate any of the Property Agreements. The foregoing shall not be deemed to create any contractual or other legal relationship between Manager and any party to any of the Property Agreements. In accordance with the Approved Budget (as modified and agreed to by Owner from time to time), or as otherwise expressly set forth herein, Manager shall use reasonable efforts to cause the Properties to comply with all applicable statutes, ordinances, laws, rules or regulations of any governmental or quasi-governmental agency having jurisdiction over the Properties and with any insurance policies or requirements affecting Owner and/or its Affiliates or affecting the Properties to the extent such insurance policies or requirements have been made specifically known to Manager by Owner (collectively, "**Requirements**"); and upon obtaining knowledge of any violation or pending or threatened violation, shall notify Owner and advise Owner of the steps Manager recommends to be taken to remedy the violation. If required by any Requirement, in order for documents executed by Manager (on Owner's behalf) to be binding on third parties, Manager will prepare, and Owner and Manager will execute and record, an instrument evidencing Manager's authority to act as agent for Owner, subject to Owner's approval thereof. Notwithstanding the foregoing, Manager shall not be responsible for any non-compliance with any of the Requirements if the expenditure of funds is required, and after written request for such funds is delivered by Manager to Owner, such funds are disapproved or not made available by Owner.

(i) Licenses and Permits. Manager shall assist Owner and/or its designee in obtaining all licenses, permits or other governmental approvals required for the operation of the Properties or any portion thereof or otherwise as requested by Owner. Fees and other incidental costs (approved by Owner) required to be paid for the issuance of any such licenses, permits and approvals shall be paid for by Owner. Manager shall maintain original licenses, permits and approvals at the Properties and shall send to Owner a copy of all initial or renewal license applications relating to such approvals that are applied for after the date of this Agreement. All

such licenses, permits and other instruments shall be obtained in the name of Owner and/or its designee(s) (rather than in the name of Manager or its Affiliates) whenever possible (except for Manager's license to manage or lease real estate in the state where the Properties is located). If Manager holds any such licenses, permits or other instruments in the name of Manager as of the date of this Agreement, such licenses, permits or other instruments shall be held by it on behalf of Owner and upon the termination of this Agreement, Manager shall transfer or assign any such licenses, permits or other instruments, to the extent assignable, to Owner or to such person as Owner may direct.

(j) Notice and Cooperation. Owner and Manager shall give notice to each other of all relevant information involving the other and relating to the Properties of which they obtain knowledge (to the extent not subject to confidentiality requirements), including without limitation, the receipt of any governmental or third-party notice of violation, or the commencement of any action, suit or proceeding against Owner or against Manager with respect to the operations of the Properties or otherwise affecting the management of the Properties as provided for in this Agreement promptly after obtaining knowledge of same. Manager and Owner each shall reasonably cooperate with the other, and, during the term of this Agreement, shall cause all of their respective employees and other representatives to reasonably cooperate in connection with the prosecution or defense of all such legal proceedings. Upon Owner's request, appropriate representatives of Manager shall meet with Owner at the Properties, or other locations requested by Owner, to discuss the management, operation and budgeting of the Properties and shall from time to time be available by telephone to discuss Properties issues.

(k) Consultants. Without Owner's prior written approval or request, Manager shall not retain or discharge attorneys, energy service consultants, insurance brokers, accountants or similar consultants or independent contractors for the management and operation of the Properties. Once approved, Owner shall pay all agreed upon fees, costs and expenses of such consultants or personnel engaged or hired by Manager to represent Owner, provided that Manager shall not exceed the amounts set forth in the Approved Budget for such services, unless such excess amounts are specifically approved in writing in advance by Owner or as otherwise allowed in this Agreement.

(l) Disclosure/Press Releases. Manager shall not issue any press releases regarding the Properties and/or the Leases or cause the publicity of Owner's retention of Manager or other events or conditions regarding the Properties or Manager's involvement therewith, or any occurrence thereon, without Owner's prior written consent.

(m) Permitted Operating Variances. Notwithstanding any of the provisions of this Agreement to the contrary, Manager shall not be required to obtain Owner's approval for any operating expenditures (i) which are for emergency repairs to the Properties which in Manager's reasonable opinion are required to be made for the preservation and safety of the Properties, or to avoid the imminent suspension of any service (such as a utility) to the Properties, to reinstate such service or to avoid damage to property or injury or death to any person (in any of which cases Manager shall promptly notify Owner of such event as soon as is practical, however, in all instances, within one (1) business day thereafter), or (ii) which are made in the ordinary course of business and are for unbudgeted variations in public utilities, the cost of which is beyond

Manager's reasonable control, or (iii) do not exceed the amount for an item in a line-item of the Approved Budget by more than the greater of (x) \$10,000 and (y) an amount equal to five percent (5%) of such item.

(n) Information. Manager shall cooperate with and assist Owner in responding to auditors' requests and will certify information regarding the Properties and provide information and/or materials (if and to the extent in Manager's possession or control) regarding the Properties and will provide (or assist Owner in providing) tours of the Properties in connection with a financing or sale of the Properties, the leasing of the Properties, insurance and environmental reviews of the Properties, any appraisal of the Properties, any tax consulting with respect to the Properties or for any other similar purpose. The foregoing will include preparing tenant estoppels in connection with any financing or sale of the Properties and assisting in the distribution and collection of tenant estoppels.

(o) Environmental Duties. Manager shall perform the following duties with respect to environmental laws:

(i) Monitor compliance by Tenants with provisions or covenants of Leases and Requirements regarding standards of conduct concerning hazardous materials or compliance with environmental laws.

(ii) With respect to any environmental risks or violations of Environmental Laws of which Manager has knowledge, make recommendations to Owner regarding the engagement of professionals to evaluate the need for and performance of, and, upon Owner's approval, engage such professionals, and timely perform or cause to be performed, investigative, preventive, or remedial actions to minimize such risk or correct such violations; provided however, if any such risk or violation poses in Manager's reasonable judgment, an emergency which requires immediate action, Manager shall, at Owner's expense, take or cause to be taken, such remedial actions as Manager deems necessary to minimize and control and/or correct the damage threatened by such emergency. In the event of such an emergency, if Manager is unable to communicate with and obtain direction from Owner in a timely manner, Owner's approval shall not be required for such actions but Manager shall immediately after such remedial actions provide notice to Owner describing the emergency and the actions taken in response thereto. Manager shall have no obligation to independently determine whether or not the Properties, or any portion thereof, including any space occupied by a tenant or licensee, are in compliance with Environmental Laws or other laws relating to the presence of Hazardous Materials.

(iii) Owner acknowledges and agrees that there is no expectation that Manager has any specialized knowledge, training or qualifications with respect to compliance with or enforcement of federal, state and local laws, rules, regulations, ordinances and requirements relating to hazardous or toxic substances, waste or materials ("**Environmental Laws**") or with respect to identification, assessment, detection or clean-up of hazardous or toxic substances, waste or materials

(“Hazardous Materials”). Accordingly, the scope of any inspection of the Properties undertaken by Manager hereunder shall be limited to physical walk-throughs of the Properties by Manager’s personnel who shall exercise the care and prudence of a reasonably prudent person who does not have specialized knowledge, training or qualifications with respect to compliance with or enforcement of Environmental Laws or with respect to identification, assessment, detection or clean-up of Hazardous Materials. Manager shall have no liability with respect to any non-compliance at the Properties with Environmental Laws or the presence of any Hazardous Materials at, on, under or around the Properties, except to the extent Manager causes the non-compliance or introduction of Hazardous Materials at the Properties.

(iv) Manager may not, without Owner’s written approval, provide any Tenants or any other third party with any reports within the possession of Manager or disclose the contents of any such reports, relating to the environmental status of the Properties unless Manager is required to do so pursuant to any law, rule, regulation or court order by which Manager is bound and then only after affording Owner the opportunity to challenge such requirement to the extent doing so does not materially prejudice Manager.

(p) Construction Management Projects. If the Properties, pursuant to the Approved Budget, requires repair, replacement, improvements to Tenant Space or renovation work (a **“Construction Management Project”**), Manager will perform the services described below (**“Construction Management Services”**) for such Construction Management Project for those fees set forth and provided in **Exhibit B** attached hereto. Manager acknowledges and agrees that the Construction Management Services will include, but will not be limited to the following:

(i) negotiating on behalf of Owner construction, architectural and other service agreements on forms prescribed by Owner (which Owner may revise from time to time or on forms otherwise approved, in writing, by Owner);

(ii) evaluating, comparing and submitting to Owner, bids for the work contemplated by such agreements and making recommendations to Owner as to the cost and timing to complete the work;

(iii) assisting in the preparation and filing or applications for required approvals of plans and specifications, and in procuring permits, licenses and certificates;

(iv) engaging and coordinating the work of contractors, architects and engineers (upon the prior written approval of Owner);

(v) assisting in the review and approval of all plans for tenant improvements at the Properties and monitoring draw requests;

(vi) assisting in the coordination of punch list and punch out procedures;

- (vii) assisting with warranty claims;
- (viii) posting Notices of Financial Non-Responsibility for tenant improvement projects and assisting in obtaining lien waivers; and
- (ix) assisting in the processing and issuance of payments to contractors.

Manager shall employ competent architects, engineers, and designers.

At Owner's election, the Construction Management Services, and all agreements, bids, plans, specifications, drawings, draw requests and other construction documents (collectively "**Construction Documents**"), shall be subject to Owner's oversight, review and approval. Owner may further elect by prior written notice to provide all Construction Management Services for any Construction Management Project with Owner's own forces, in which case Manager shall have no obligation to provide Construction Management Services for such Construction Management Project and shall be entitled to receive no additional compensation with respect thereto.

(q) Property Inspection. Manager shall, subject to restrictions contained in Leases, make inspections of leased premises at Owner's request and use commercially reasonable diligence to prevent the use of any portion of the Properties for any purpose which would void any insurance or violate any Requirement, reporting to Owner any known event, occurrence or condition discovered by, or brought to the attention of, Manager.

(r) Business and Operations Plan. Manager shall prepare, with Owner's cooperation, an initial strategic plan for the operation of the property in accordance with Owner's business and operational objectives (the "**Business and Operations Plan**"). The Business and Operations Plan shall be submitted to Owner no later than thirty (30) days after the execution of this Agreement. The Business and Operations Plan shall include those components specifically set forth in **Exhibit A** hereto, as well as such other matters as may be identified by Owner. Upon approval by Owner of the Business and Operations Plan, the Manager shall use reasonable efforts to operate the Properties and otherwise carry out its obligations hereunder in a manner consistent with the Business and Operations Plan. Manager shall cooperate with Owner in the periodic review and updating of the Business and Operations Plan, as reasonably requested by Owner.

2.3 Leasing Services. Manager will use its best efforts to locate desirable tenants for available space in the Properties (hereinafter referred to as the "Tenant Spaces"), to negotiate leases with such tenants in accordance with Owner's then current Leasing Guidelines (as hereinafter defined), and to conduct such other leasing activities as may be directed by Owner. As used herein, the term "**Leasing Guidelines**" shall mean Owner's policies and negotiating guidelines respecting base rental, minimum and maximum terms, rental escalation's, recovery of operating expenses, rent concessions, security deposits, allowances, and other matters commonly the subject of negotiation with tenants. The Leasing Guidelines shall be communicated to Manager promptly after the date of this Agreement. The Leasing Guidelines may be revised by Owner from time to time and at any time upon five (5) days written notice to Manager. Manager shall solicit and investigate prospective tenants for the Premises and, while at all times keeping Owner fully

informed, shall conduct negotiations and prepare proposed leases on standard forms then in use by Owner (hereinafter referred to as a “Lease”). Except as otherwise directed in writing by Owner, each Lease shall be in the name of Owner, shall be subject to Owner’s approval in its sole discretion and shall be executed by Owner; provided, however, that Manager shall have the authority to enter into, execute or deliver any non-binding proposal to lease Tenant Space on behalf of Owner with Owner’s written approval.

(a) Filling Vacancies. Manager shall so far as possible, procure references and financial statements from prospective tenants, investigate such references, and use its best judgment in the recommendation of prospective tenants. Immediately following any vacancy, Manager shall prepare adequate rental listings and promptly distribute them as Manager reasonably deems appropriate. After a vacancy is so listed, Manager shall cooperate with any other brokers in any manner reasonably likely to aid in successfully filling the vacancy.

(b) Exclusive Listing. It is understood and agreed that Owner is retaining Manager hereunder on an exclusive basis and that Owner shall not retain or authorize other parties to act as renting or leasing brokers or agents on Owner's behalf with respect to the Premises.

(c) Obligations. Manager shall have the sole authority and responsibility for hiring, supervising, and terminating all employees and others necessary to carry out its obligations under this Agreement. It is expressly understood and agreed by the parties hereto that all personnel hired by Manager shall be the employees or independent contractors of Manager and that Owner shall not have any liability or obligation whatsoever with respect to any such employees or independent contractors.

(d) Tenants’ Rights. Owner shall provide Manager with the terms and conditions of all existing leases. Manager shall keep a written record of exclusive and restrictive rights granted to tenants, shall verify that no provision of any proposed lease violates any exclusive or restrictive rights previously granted to any other tenant under any existing lease, and shall fully disclose all such exclusive and restrictive rights of tenants to Owner for Owner’s approval prior to offering the same to any prospective or current tenant.

(e) Compliance. Manager shall, at all times during the term of this Agreement, fully comply with all applicable rules, regulations and policies of Owner respecting the leasing of space in the Properties, as Owner may reasonably establish from time to time in writing, or as may be required by governmental authorities having jurisdiction over such matters. Manager shall cause each of its staff members and employees to comply with such rules, regulations and policies. The failure of Manager or any employee or representative of Manager to comply with such rules, regulations and policies shall constitute a breach of this Agreement.

(f) Monthly Leasing Reports. Manager shall provide to Owner monthly leasing reports describing the prior month’s leasing efforts undertaken by Manager, and identifying the names of prospective tenants with whom Manager shall have had material discussions during such prior month. The forms and contents of such reports shall be consistent with leasing reports prepared by Manager in the ordinary course of its business for other commercial office buildings located in southern California.

2.4 Management Office/Customer Service Center. Owner shall provide Manager, without rent, an office (“**Management Office**”) located within the Properties, which is of a size sufficient for, and for the sole purpose of, permitting Manager to perform its property management duties under Section 2.2. Owner may relocate the office within the Properties upon notice to Manager. Manager shall not undertake any alterations to the Management Office without Owner’s prior written consent. Owner shall have access to the Management Office at all times.

2.5 Deliveries. Promptly upon receipt and to the extent not received from Owner, Manager will deliver to Owner at the first notice address for Owner set forth in Section 10.12 hereto, or at such other address as may be specified by Owner, copies of all deal letters, lease applications, letters of intent, leases, lease amendments, lease assignments and material tenant correspondence.

2.6 Additional Services. If Owner elects to implement a program or programs pursuant to which any ancillary services are provided to Tenants, Manager will assist Owner in implementing, operating and monitoring such program(s) in accordance with Owner’s policies and procedures, provided any additional out-of-pocket costs to the Properties related to such program(s) are included in an Approved Budget or otherwise are approved by Owner.

Owner may require Manager not to perform any of the services described in this Agreement to be performed by Manager, upon written notice to Manager.

ARTICLE 3. COMPENSATION AND EXPENSES

3.1 Property Management Compensation. As compensation for its property and construction management services under Section 2.2, Owner agrees to pay Manager a management fee (the “**Management Fee**”) and a construction management fee (the “**Construction Management Fee**”) as set forth on **Exhibit B** hereto. The Management Fee shall be payable monthly in arrears for each “**Payment Period**” on or before the 10th business day of the calendar month following the applicable Payment Period. For purposes hereof, a “**Payment Period**” shall be a calendar month. The Management Fee for any partial Payment Period shall be prorated.

3.2 Leasing Services Compensation.

(a) Payment of Commissions. As compensation for its leasing services under Section 2.3, Owner agrees to pay Manager a commission (the “**Commission Fee**”) as set forth on **Exhibit B** hereto which may be changed by the Chief Executive Officer to reflect market conditions in the vicinity of the Properties. Manager acknowledges that the Leasing Commissions described in Exhibit B include the portion of commission payable to the broker representing the tenant. If a third-party broker represents the tenant, then such portion of the Commission shall be payable to such third-party broker.

(b) Sale of Properties. No sales or brokerage commission or other compensation shall be due to Manager pursuant to the terms of this Agreement in the event the Properties, or any portion thereof, is refinanced, sold or otherwise disposed of by Owner.

(c) Termination. Upon the termination of this Agreement, whether by the terms of Article 8 or otherwise, Manager shall, within fifteen (15) days after the effective date of termination:

(i) submit to Owner a list of any prospective tenants with whom Manager is then currently engaged in bona fide and substantial negotiations with respect to the leasing of space within the Properties as of the date of termination, which list shall be subject to verification by Owner;

(ii) if Owner disagrees with said list or upon Owner's request, Manager shall be required to submit to Owner written information from each prospective tenant confirming the nature and extent of such negotiations and such tenant's interest in the Premises; and

(iii) if Owner, within ninety (90) days after the effective date of termination of this Agreement, enters into a New Lease with any prospective tenant so listed and accepted by Owner, then such lease shall, for purposes of this Article 3.2, be considered a New Lease entered into during the term of this Agreement and Manager shall be entitled to the compensation provided in this Article with respect thereto.

(d) No Waiver. It is further understood and agreed by Manager that notwithstanding any term or provision to the contrary contained herein, that in the event any commission amount to be paid hereunder is adjusted in any manner by mutual written agreement of the parties hereto in connection with one or more transaction(s) occurring during the term hereof, that such adjustment shall not constitute or be deemed a waiver or modification of any term or provision contained in this Agreement.

3.3 Expenses Incurred by Manager.

(a) All costs and expenses incurred or committed by Manager to manage, operate and lease the Properties which are expressly permitted and approved under this Agreement and/or by the Approved Budget shall be borne by Owner.

(b) Manager may, but shall be under no obligation to, advance its own funds for the payment of the costs and expenses of Owner or the Properties. Notwithstanding the foregoing, the following costs of management and operation shall be borne solely by Manager and not be subject to payment or reimbursement by Owner hereunder:

(i) All costs of Manager's off-site supervisory and/or engineering personnel or personnel providing or maintaining any books, records and reports or data processing services or equipment relating to the Properties, except to the extent that such costs are included in the Approved Budget or otherwise specifically agreed to hereunder.

(ii) Any transportation and entertainment costs of commuting and out-of-town travel.

(iii) All taxes of Manager based upon the payment of the fees, commissions, salaries and other payments received by Manager under this Article 3 or associated with assets of Manager.

3.4 Non-customary Services; Solicitation. Notwithstanding anything provided in this Agreement to the contrary, Manager shall not furnish or render to the Tenants services other than those services customarily furnished to tenants of similar properties, or otherwise specifically permitted or required by this Agreement, unless: (i) Manager makes a separate, adequate charge to Tenants for such services; (ii) such separate charge is received and retained by Manager or any Affiliate of Manager; (iii) Manager bears the cost of providing such services; and (iv) Manager gives Owner prior notice of, and receives Owner's written consent to the providing of, such services.

ARTICLE 4. PERSONNEL

4.1 Property Management Team. Owner and Manager recognize the benefits inherent in promoting stability in the management team engaged in the operation of the Properties.

(a) Manager shall recommend to Owner for approval of required positions and Manager shall hire such employees, provide such supervision, management and in-house staff services as it deems necessary to operate and lease the Properties in compliance with Manager's duties and obligations under this Agreement. Manager shall, in the hiring or recommending of all employees and in retaining independent contractors, use reasonable care to select qualified, competent, licensed (where required) and trustworthy employees and independent contractors. Subject to the provisions of this Section 4.1, and except as otherwise provided for in this Agreement, the selection, terms of employment (including rates of compensation and bonuses) and termination thereof, and the supervision, training and assignment of duties and direction of all employees engaged in the operation of the Properties and employed by Manager shall be the duty and responsibility of and shall be determined by Manager consistent with Manager's duties and responsibilities under this Agreement, but Owner shall in all events have the right to approve, the individuals serving as Properties Manager. In the event that Manager discharges any such individual or any such individual resigns, Manager may appoint an individual (without Owner's consent) to act in an interim capacity until Manager and Owner acting reasonably have agreed upon a replacement for the vacated position. Manager shall use diligence to resolve all labor disputes with employees or contractors affecting the Properties.

Manager and Owner shall not discriminate against any personnel, any applicant for employment, any prospective tenant or vendor at the Properties because of race, creed, color, sex, sexual orientation or national origin; and shall otherwise comply with all rules, regulations, laws and orders relating to workers compensation, social security, unemployment insurance, wages, hours, working conditions and other employment matters, and shall reasonably endeavor to cause all subcontractors of labor, contractors, and vendors to abide by the same standard.

(b) The employment of personnel and retention of contractors shall be in accordance with the requirements and limitations of the Approved Budget. With each proposed

budget provided for in Section 2.2(a) above, Manager shall include a staffing plan for the forthcoming year. The compensation due Manager's on-site employees (including bonuses, fringe benefits and benefits required by law, vacation accrual, payroll taxes, benefits received pursuant to any normal severance plan of Manager, unemployment compensation, required contributions to pension plans, workers compensation premiums and other amounts payable to employees under collective bargaining agreements) allocable to such employee's services at and for the Properties during the term of, and pursuant to, the provisions of this Agreement (collectively "Labor Costs") shall be paid by Manager and billed by Manager to the Properties. Manager shall, and shall cause any Affiliate employing personnel hereunder to, fully comply, with all applicable collective bargaining agreements, laws and regulations having to do with workers' compensation, social security, unemployment insurance, hours of labor, wages, working conditions, non-discrimination and other employer/employee-related subject relating to its employees.

(c) Manager shall cause the employment of employees as listed in the Approved Budget. The salary, wages, bonuses, benefits and other labor costs of such employees as is (i) specified in the Approved Budget or (ii) otherwise determined by Manager and approved by Owner (which approval shall not be unreasonably withheld), shall be an expense of Owner.

(d) Manager shall also cause the employment of such other personnel for the Properties as Owner may from time to time reasonably request, provided that Owner reimburses Manager for the Labor Costs of all such personnel.

4.2 Leasing Team.

(a) Manager shall recommend for approval the positions of a leasing manager and all leasing agents as it deems necessary to carry out its duties and obligations under this Agreement, but Owner shall in all events have the right to approve such individuals. Manager shall hire such employees or retain independent contractors as it deems necessary and shall use reasonable care to select qualified, competent, licensed (where required) and trustworthy employees and independent contractors. Manager is solely responsible for hiring, supervising managing, and terminating any and all staff engaged in the leasing of the Properties, and Owner shall not have any liability or obligation whatsoever with respect to such employees or independent contractors. In the event that Manager discharges any such individual or any such individual resigns, Manager may appoint an individual (without Owner's consent) to act in an interim capacity until Manager and Owner acting reasonably have agreed upon a replacement for the vacated position. Manager shall use diligence to resolve all labor disputes with employees or contractors affecting the Properties.

Manager and Owner shall not discriminate against any personnel, any applicant for employment, any prospective tenant or vendor at the Properties because of race, creed, color, sex, sexual orientation or national origin; and shall otherwise comply with all rules, regulations, laws and orders relating to workers compensation, social security, unemployment insurance, wages, hours, working conditions and other employment matters, and shall reasonably endeavor to cause all subcontractors of labor, contractors, and vendors to abide by the same standard.

(b) The compensation due to employees or independent contractors engaged by Manager to lease the Properties shall be paid by Owner through commissions as set forth in Section (3) of **Exhibit B** hereto. In no event shall such compensation be billed by Manager to the Properties. The commissions payable to Manager under Section (3) of Exhibit B are the sole compensation to Manager for leasing services.

ARTICLE 5. ACCOUNTING AND FINANCIAL MATTERS

5.1 Receipt of Funds, Bank Accounts and Payment of Expenses.

(a) Manager shall use its diligent efforts to collect in accordance with accepted practices in the industry all rents, receipts, income and security deposits and all other sums of money whatsoever (all hereinafter collectively called "**Receipts**") which may be due or payable to Owner in connection with the occupancy, use or enjoyment of the Properties, and to account to Owner for the Receipts and to remit the same to Agent in accordance with the provisions of Section 5.1(b) below. Manager shall hold all Receipts in trust for the benefit of Owner. Manager shall deposit all Receipts in an account established by Manager, in Owner's name and for Owner's benefit (the "**Manager Trust Account**"), as soon as reasonably possible following their collection by Manager. Manager shall have authority to deposit and disburse Receipts into and from the Manager Trust Account as provided herein. All funds held within the Manager Trust Account, and all interest and other earnings thereon, shall be funds of the Owner.

(b) On or before the tenth (10th) day of each full calendar month after the date of this Agreement to and including the tenth (10th) day of the calendar month next following the expiration (whether by lapse of time or otherwise) of the term of this Agreement, Manager shall deliver to Owner an accounting (hereinafter called the "**Monthly Statement**") setting forth the source of the Receipts for the preceding calendar month, the reimbursable expenses properly incurred by Manager pursuant to Section 3.3 above during such month, the Manager's determination of the Monthly Fee payable by Owner for such month pursuant to Section 3.1 above (such Receipts, less such reimbursable expenses and Monthly Fee, are referred to as the "**Net Owner Receipts**" herein), and the amount and age of any rent delinquencies. At the request of Owner or Manager, the Monthly Statement shall also include a check register indicating the name of each payee of each disbursement for the prior month, the amount of each disbursement, the check number and a description of the disbursement. Concurrently with Manager's delivery of the Monthly Statement, Manager shall cause to be deposited to Owner's account, as further directed by Owner, the Net Owner Receipts. All requests for payment submitted pursuant to this Agreement shall be certified by a duly authorized officer of Manager. Owner reserves the right to require additional substantiation of any payment submitted, if, in the opinion of Owner's Chief Executive Officer, such would be in Owner's best interest.

(c) By no later than thirty (30) days following Owner's receipt of Manager's Monthly Statement and the corresponding Net Owner Receipts for such month, Owner shall notify Manager of any claimed discrepancy or error in Owner's accounting; provided, however, Owner's failure to notify Manager within said time period shall not be deemed a waiver of Owner's right to audit such statement and to pursue any claims for discrepancies or errors thereafter. In the absence of such notification, Manager shall have the authority, without further authorization from

Owner to cause Manager's Monthly Fee, together with the amount of any reimbursable expenses that have been paid hereunder from Manager's own funds during such payment period, to be transferred from the Manager Trust Account to Manager's own account.

d. All third-party fees and costs related to bank accounts of Owner shall be the sole responsibility of Owner.

5.2 Books and Records. Manager shall cause to be kept at its expense for Owner customary and separate accounts and books and records of the Properties. Notwithstanding the foregoing, Owner understands that Manager may maintain certain books and records regarding the Properties as part of Manager's proprietary property accounting systems (the "**Manager Systems**"). All books and records shall be kept pursuant to an accrual basis of accounting, employing accepted accounting principles consistently applied, showing all receipts, expenditures and all other records necessary for the recording of the results of operations of the Properties. All information comprising such accounts, books and records shall be deemed the property of Owner and shall be produced for Owner's inspection and may be copied by Owner and its representatives, at Owner's expense, at all reasonable times; provided, however, that Owner shall not have independent access to the Manager Systems. Upon the effective date of any termination of this Agreement, all of such books and records and electronically stored data shall be delivered to Owner so as to ensure the orderly continuance of the operation of the Properties; provided, however, that Manager and its Affiliates shall be entitled to retain copies and shall be entitled to such access to such books and records and electronically stored data as is necessary to enable Manager to wind up its affairs with respect to this Agreement and to respond to tax, accounting, claims or other similar matters in the future.

5.3 Property Reporting. Unless otherwise specified, Manager shall provide to Owner the management and monthly financial reports (the "**Property Reports**") listed in **Exhibit C**. The commissions payable to Manager under Section (3) of Exhibit B are the sole compensation to Manager for leasing services.

5.4 Audit. Manager shall cooperate with all audits of books and records by Owner and by any independent accountants as follows:

(a) Owner (or its designee) shall have the right and privilege of examining such books, records and reports of the Properties which are maintained by Manager at any and all reasonable times upon reasonable notice to Manager. Manager shall fully cooperate in any audit. If in the sole judgment of Owner an audit discloses weaknesses in internal controls, errors in recordkeeping, or other shortcomings in Manager's maintenance of such records, Manager shall correct the same and shall promptly inform Owner in writing of the action taken to do so. Audits shall be an expense of Owner.

(b) Manager shall cooperate with any independent accountant in connection with any audit and the examination, audit and preparation of the independently certified financial statements and income tax statements for the Properties.

5.5 Contracts and Other Documents. Manager shall maintain at the Properties or at another office of Manager where such records are normally maintained by Manager, an original (or a copy, if no original is available) of all contracts, Leases, Lease abstracts, Lease correspondence, equipment leases, maintenance agreements, Construction Documents, and all other agreements and correspondence in Manager's possession relating to the management, maintenance, operation, leasing, use or occupancy of the Properties. Duplicate originals of all such documents (or a copy, if no duplicate original is available) shall be forwarded to Owner by Manager forthwith after execution thereof.

5.6 Record Retention. Manager shall retain all records relating to Owner or the Properties coming into Manager's possession during the term of this Agreement and periodically deliver such retained items as directed by Owner.

ARTICLE 6. INSURANCE AND INDEMNITY

6.1 Indemnification.

(a) Manager agrees to and shall, to the maximum extent permitted by law, indemnify, defend (with counsel reasonably acceptable to Owner), protect and hold Owner and any and all of Owner's boards, officers, agents, employees, assigns, and successors in interest (collectively, the "**Owner Related Parties**") harmless from and against any and all claims, demands, actions, liabilities, losses, damages, fines, penalties, injuries and expenses (including, without limitation, reasonable attorneys' fees and defense costs) (collectively, "**Claims**") to the extent arising out of and/or resulting from (i) any acts of Manager, its employees, agents, contractors, any other person acting on behalf of Manager, or of any Manager Related Party (defined below) beyond the scope of its authority under this Agreement, and/or (ii) any default, beyond applicable notice and cure periods, by Manager under this Agreement, and/or (iii) any fraudulent or negligent act or omission or any act or omission taken in bad faith (including misapplication of funds) of Manager or Manager Related Parties, whether or not contributed to by any act or omission of Owner or any of Owner's boards, officers, agents, or employees.

(b) Owner agrees to and shall, to the maximum extent permitted by law, indemnify, defend (with counsel reasonably acceptable to Manager), protect and hold Manager, its direct and indirect partners, stockholders, members, trustees, beneficiaries, employees, officers, directors and Affiliates and their respective officers, directors, trustees, beneficiaries, shareholders, employees, Affiliates and permitted successors and assigns (collectively, the "**Manager Related Parties,**" and together with the Owner Related Parties, the "**Related Parties**"), harmless from and against any and all Claims arising out of and/or resulting from (i) Owner's default beyond applicable notice and cure periods hereunder and/or (ii) any fraudulent or grossly negligent act or omission of Owner or Owner Related Parties. In no event, however, shall Owner be obligated to indemnify or be deemed to have indemnified Manager or any Manager Related Party or any others (i) to the extent of any failure by Manager or any Manager Related Party to act as required by this Agreement within the scope of its authority under this Agreement, (ii) to the extent of any failure by Manager or any Manager Related Party to procure such insurance coverage as Manager may be required to procure under this Agreement, (iii) for any fraudulent or negligent act or omission or for any act or omission taken in bad faith by Manager or any Manager Related Party, including,

without limitation, misapplication of funds, (iv) for any claim by any employee of Manager or of Manager's Affiliate related to such employee's employment thereby, or (v) for any independent acts of any co-broker or brokers who are not agents or employees of Manager.

(c) Notwithstanding any other provisions of this Agreement to the contrary, the indemnity obligations under this Section 6.1 shall survive the expiration and/or termination of this Agreement and shall bind each such indemnitor together with any and all of the successors and assigns of such party. Neither party shall be entitled to seek or collect consequential damages under this Agreement.

6.2 Insurance. (To be updated prior to execution)

(a) Manager, at its sole cost and expense, shall carry and maintain insurance as follows:

(i) Worker's Compensation insurance in compliance with the Worker's Compensation Act of the state governing the location of the Properties, including, by specific endorsement, a waiver of its right of subrogation against the City and LAWA, its Board, and all of its officers, employees and agents, their successors and assigns.

(ii) Employer's liability insurance on all employees for the Properties for occupational accidents or disease, with limits of not less than \$1,000,000 for any one occurrence.

(iii) Comprehensive Automobile Coverage shall be in force and effect during the term of this Agreement, covering all owned, hired, and non-owned vehicles with the following limits of liability: \$1,000,000 per occurrence.

(iv) Commercial general liability insurance on an occurrence form basis with limits of not less than \$5,000,000 per occurrence with an annual aggregate limit of \$5,000,000 shall be in force and effect during the term of this Agreement.

(v) Professional Liability Insurance (errors and omissions) with the following limits of liability: One Million Dollars (\$1,000,000.00) in the aggregate. Manager agrees to maintain the above-required minimum of Professional Liability coverage in force for a period of one (1) year following the expiration or earlier termination of this Agreement.

(vi) Fidelity or Commercial Crime Insurance (Employee Dishonesty) covering Manager's employees, including employee theft, premises, transit and depositor's forgery coverage, with limits of liability as to any given occurrence of \$1,000,000 per occurrence.

Manager acknowledges that the costs of the foregoing insurance shall not be billed to the Properties or Owner. Such costs are not a reimbursable expense.

(b) Owner, at its sole cost and expense, shall carry and maintain the following insurance:

(i) Commercial general liability insurance on an occurrence form basis with limits of not less than \$5,000,000 per occurrence with an annual aggregate limit of \$5,000,000. Owner's commercial general liability policy shall include Manager as a real estate manager and insured by definition. Such insurance shall be primary insurance for claims arising at or on the Property and any policy of Manager shall be excess and non-contributing in all aspects. Owner reserves the right to self-insure. To the extent Owner uses any deductibles or self-insured retentions to reduce or mitigate premium or risk cost, such deductibles or retentions will be wholly for the account of Owner and, with respect to Manager, will be treated as though it were first-dollar insurance. In no event shall Manager's insurance be called upon or required to pay a "first party loss" to the Property.

(ii) "All risk" direct damage property insurance on a replacement cost basis at least as broad in scope as the Insurance Services Office (ISO) Causes of Loss – Special Form (CP 1030) covering the full value of the structure and improvements. If the Property is under construction, "all risk" builder's risk insurance shall be carried covering the full cost of construction.

(iii) Loss of rental income, business interruption, and extra expense coverage or similar insurance protecting against lost income due to damage to the Property.

(iv) Boiler and machinery insurance covering the building, fixtures and equipment located at the Property for mechanical failure or explosion of pipes or boilers (such insurance to include loss of use coverage/business interruption due to such failures).

(c) Manager shall require and use reasonable commercial efforts to obtain from contractors, subcontractors and vendors hired to perform work at the Property the following insurance, in the following minimum amounts:

(i) Worker's Compensation insurance in compliance with the Worker's Compensation Act of the state governing the location of the Property, including, by specific endorsement, a waiver of its right of subrogation against Manager and Owner and all of its officers, employees and agents, their successors and assigns.

(ii) Employer's Liability of \$1,000,000 per occurrence and as to aggregate limits.

(iii) Commercial General Liability on an occurrence form basis with limits of not less than \$1,000,000 per occurrence with an annual aggregate limit of \$2,000,000.*

(iv) Business Automobile Coverage covering all owned, hired, and non-owned vehicles with the following limits of liability: \$1,000,000 per occurrence.

*These coverages shall be primary to Owner's and Manager's insurance and will cover Owner and Manager as insureds for allegations, claims, losses, damages, demands, judgments, or other causes of action arising out of contractor's or subcontractor's operations for or on behalf of Owner or Manager. Owner and Manager shall be named as additional insureds for all such general liability policies both for operations and, to the extent available in the insurance market, for completed operations of the named insured for as long as Owner or Manager may be exposed to loss arising out of such operations.

If contractor's work involves hazardous materials or environmental abatement work, contractor will be required to provide evidence of pollution liability insurance, with Owner and Manager as additional insureds. If the contractor's work involves professional design or engineering, special evidence of design professional liability (also known as E&O) coverage will also be required.

In all agreements or contracts for services entered into by Owner or on Owner's behalf by Manager for the design and construction of projects, where Manager acts as Project Manager, Owner will require all contractors and consultants to extend broad form indemnities to both Owner and Manager and require all contractors to name both Owner and Manager as additional insureds and all consultants to name both Owner and Manager as additional insureds.

Owner or Manager may require additional coverage as they deem reasonable and may waive certain limits or requirements on a case-by-case basis. Manager shall require each contractor or subcontractor to submit Certificates of Insurance and endorsements in form and substance satisfactory to Owner or Manager as evidence of the coverages required. Each policy required herein will provide for (A) separation of insured in liability policies; (B) waiver of subrogation against Owner and Manager. Each certificate will provide for 30 days' prior written notice to Manager or Owner of cancellation. All such policies shall be issued by insurers with a Best's rating of B+VII or higher as reported in the most recent Property & Casualty Reports Key Rating Guide edition.

(d) All insurance policies required to be maintained by Manager under this Section 6.2 shall be with an insurance company with a Best rating of A-, VIII or better, and Manager shall provide that all such policies may not be canceled or materially and adversely altered without at least thirty (30) days' prior written notice to Owner. The party hereto which is the Named Insured under such policies shall deliver satisfactory certificates of insurance to the other party hereto and renewal policies shall be obtained, and certificates delivered to such other party, at least ten (10) days prior to expiration. The form of the policies required under Section 6.2(a) above shall be reasonably satisfactory to Owner. Owner shall be named as a Loss Payee with respect to the crime policy described in Section 6.2(a)(vi), and Owner and those of its related parties specified by Owner shall be named as Additional Insureds with respect to the policies described in Sections 6.2 (a)(iii) and (iv). With respect to the policies required under Section 6.2(b)(i), Manager shall be named as an Additional Insured. Under Section 6.2(b)(i), Manager shall be considered an insured and entitled to all rights and protections afforded to an insured with respect to the commercial general liability insurance policy.

(e) Owner and Manager shall obtain in the insurance policies each is required to procure hereunder a waiver of subrogation, if available, for any liability from loss or damage released and waived pursuant to the foregoing. If any policy does not permit such a waiver without the payment of an additional premium, and if the party to benefit therefrom is advised of same in writing and requests that such a waiver be obtained, the other party agrees to obtain an endorsement to its insurance policies permitting such waiver of subrogation. In such event, the party benefiting therefrom shall be notified of the amount of such additional premium and, if it desires to have the waiver, shall pay to the other party the amount of such additional premium promptly upon being billed therefore.

(f) Manager shall promptly investigate and give notice to Owner of any fire or other damage to the Property. Manager shall deliver a full written report to Owner and the appropriate insurance carrier as to all alleged accidents and/or alleged claims for damages relating to the ownership, operation and maintenance of the Property, including any damage or destruction to the Property and the estimated cost of repair. Manager shall cooperate with and make all reports required by the insurance carrier(s) and shall not knowingly do anything to jeopardize the rights of Owner and/or any other party insured under such policies. Manager shall forward to Owner any notice of claim, summons, subpoena or other like legal documents served upon Manager alleging any potential liability of Owner or Manager with respect to the Property.

(g) Manager shall review the insurance coverage that Tenants are required to maintain under the respective Leases and advise Owner whether Manager recommends any changes to such coverage. Manager shall collect and review Tenant certificates of insurance annually to confirm whether the insurance evidenced by such certificates is effective, complies with the requirements of such Tenant's lease, contains loss payable clauses for the benefit of Owner, if applicable, and provides that Owner and/or Manager are to be notified if any or all coverage is reduced and/or terminated. Manager shall (i) immediately give Owner notice if a Tenant's insurance coverage does not comply with the foregoing requirements; and (ii) provide Owner with copies of all certificates of insurance evidencing Tenants' insurance required under each Lease.

(h) Manager shall cooperate with Owner and insurance carriers with respect to any claim which may arise under Owner's insurance policies. Notwithstanding the foregoing, Manager shall have no authority to settle any losses, complete loss reports or adjust losses.

(i) Owner may at any time change the types or amounts of insurance maintained, at Owner's expense, as applicable, for the Property and any carrier of such insurance. Manager shall effect any such change requested by Owner within thirty (30) days after Owner notified Manager of any such requested change.

6.3 Estoppel Certificates. Manager and Owner shall each, without charge at any time and from time to time, within fifteen (15) days after request by the other party, certify by written instrument, duly executed, acknowledged and delivered to the requesting party:

(i) that this Agreement is unmodified and in full force and effect (or if there has been a modification, that the same is in full force and effect as modified and stating the modification);

(ii) that all sums and payments required under this Agreement to have been paid to date have been paid (or if there are sums and payments due and owing the nature of such sums and payments owed);

(iii) whether, to the certifying party's knowledge, the requesting party is in default in the performance of any covenants, terms and conditions on the requesting party's part to be performed under this Agreement, and the nature of the default and whether, to the certifying party's knowledge, any event would become a default upon the giving of any required notice and/or the expiration of an applicable cure or other time period, if any; and

(iv) such other pertinent information as the requesting party may reasonably request.

ARTICLE 7. REPRESENTATIONS

Manager represents to Owner that:

(a) It is presently engaged in the business of managing, operating, maintaining, and leasing of property similar to the Properties in the geographic area in which the Properties is located.

(b) It has complied with and, when required, shall comply with, all regulations, registrations, filings, approvals, authorizations, consents or examinations required by any governmental authority having jurisdiction over its activities or the acts contemplated by this Agreement.

(c) The personnel of Manager who shall be responsible for carrying out this Agreement are individuals experienced in the performance of the various functions contemplated by this Agreement and to Manager's actual knowledge have not been convicted of any crime or found liable in a civil or administrative proceeding or pleaded *nolo contendere* or agreed to any consent decree with respect to any matter involving breach of trust or fiduciary duty, fraud, securities law violations, or bankruptcy law regulations.

(d) Manager shall promptly notify Owner in the event of any material change in the legal existence, ownership, or management control of Manager (including, without limitation, in the event any transaction described in Section 8.1(b) occurs).

(e) Manager shall promptly notify Owner in the event that any of the foregoing acknowledgements, representations, warranties or agreements has been breached or is no longer true.

ARTICLE 8. TERMINATION

8.1 Termination by Owner. This Agreement may be terminated by Owner and the obligations of the parties hereunder shall thereupon cease (except with respect to those obligations theretofore accrued or which by the express provisions of this Agreement survive such termination) at any time during the term hereof upon written notice from Owner (except as otherwise stated) to Manager as follows:

(a) if Manager shall be in breach of, or fails to observe or perform, any of its obligations under this Agreement, unless otherwise directed by Owner, and such failure shall continue for fifteen (15) business days in the case of a failure by Manager to deposit or apply money as required hereunder or shall continue for forty-five (45) days in the case of a non-monetary failure to perform, and in each case after written notice thereof shall have been given by Owner to Manager;

(b) immediately without notice, if Manager shall be dissolved and ceases to do business, or upon written notice from Owner, if a majority or controlling interest, directly or indirectly, in Manager is transferred to any person or entity (including without limitation by Manager), or is acquired by another person or entity or Manager merges with another person or entity whereby Manager is not the surviving entity;

(c) if a court shall enter a decree or order for relief in respect of Manager in an involuntary case under federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for Manager or for any substantial part of its property, or for the winding-up or liquidation of its affairs, and such decree or order shall continue unstayed and in effect for a period of ninety (90) consecutive days;

(d) immediately without notice, if Manager shall commence a voluntary case or action under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy insolvency or other similar law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for Manager or for any substantial part of its property, or make any assignment for the benefit of creditors, or fail generally to pay its debts as such debts become due, or take action in furtherance of any of the foregoing;

(e) upon the actual date of transfer in the event of the sale, transfer, exchange, conveyance in foreclosure, conveyance in lieu of foreclosure or other disposition of the Properties by Owner, or upon the transfer of more than 50% of the direct or indirect ownership interests in Owner to persons not Affiliates of Owner, any of the foregoing an “**Owner Transfer**” provided Owner will, from time to time, keep Manager reasonably apprised of changes in the contemplated closing date;

(f) in the event of any material damage or destruction to, or condemnation of, all or a part of the Properties;

(g) if there is a default, beyond the applicable grace or cure period, in the performance of any of Manager's obligations under any agreement between Owner (or its Affiliate) and Manager (of its Affiliate);

(h) immediately without notice, if Manager engages in gross negligence, willful misconduct, fraud or bad faith or any representation of Manager in this Agreement or any report required to be prepared by Manager hereunder is materially false; or

(i) for Owner's convenience, with or without cause, upon sixty (60) days' prior written notice.

8.2 Termination by Manager. This Agreement may be terminated by Manager and the obligations of the parties hereunder shall thereupon cease (except as to those obligations theretofore accrued or which by the express provisions of this Agreement survive such termination) at any time during the term hereof upon written notice from Manager to Owner as follows:

(a) if Owner shall be in breach of, or fail to observe or perform any of its obligations under this Agreement, and such failure continues for forty-five (45) business days after written notice thereof;

(b) if a court shall enter a decree or order for relief in respect of Owner in an involuntary case under federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for Owner or for any substantial part of its property, or for the winding-up or liquidation of its affairs, and such decree or order shall continue unstayed and in effect for a period of ninety (90) consecutive days; or

(c) immediately, if Owner shall commence a voluntary case or action under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy insolvency or other similar law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for Owner or for any substantial part of its property, or make any assignment for the benefit of creditors, or fail generally to pay its debts as such debts become due, or take action in furtherance of any of the foregoing.

8.3 Payments Upon Termination, Orderly Transition.

(a) In the event of a termination of this Agreement, Owner shall pay to Manager, within thirty (30) days of such termination, any unpaid portion of the Management Fee and other fees and costs which have accrued to the date of such termination, including but not limited to severance and accrued vacation time payable to employees and other Labor Costs resulting from such termination, and within thirty (30) days after receipt of documents from Manager supporting such costs and expenses, any unpaid reimbursable costs and expenses incurred by Manager through the date of termination, except that any commission payments for Manager's leasing services shall be made pursuant to Section 3.2(d).

(b) Manager shall diligently endeavor and use all reasonable efforts to effect an orderly transition of the management and operation of the Properties to Owner or an agent designated by Owner and to cooperate with Owner or any such agent, which shall include the following:

(i) Manager will promptly deliver to Owner, or Owner's designee, all electronically stored data, books, records, contracts, Construction Documents, Leases, files and correspondence relating to the Properties, including but not limited to, correspondence with tenants or prospective tenants, computations of rental adjustments, maintenance or preventive maintenance programs, schedules and logs, tenant finish and construction records, inventories of personal property and equipment, correspondence with vendors, job descriptions and manning charts, correspondence with federal, state, county and municipal authorities, brochures, and accounts and sums held or maintained by Manager (all such data, books, records, documents, accounts and sums are collectively referred to hereinafter as "Property Records");

(ii) Manager shall have no further right to act on behalf of Owner;

(iii) Manager shall render to Owner an accounting of all funds of Owner, if any, held by Manager relating to the Properties and shall concurrently cause such funds to be paid to Owner; and

(iv) Manager shall perform all reporting and accounting functions hereunder for the period from the date of the last report or accounting to the date of termination.

8.4 Rights Which Survive Termination or Expiration. Termination and/or expiration of this Agreement shall in no event terminate or prejudice (a) any right or obligation arising out of or accruing in connection with the terms of this Agreement attributable to events and circumstances occurring in whole or in any part prior to termination or expiration of this Agreement, or (b) any right or obligation specified in this Agreement to survive such termination and/or expiration.

ARTICLE 9. CITY ADMINISTRATIVE PROVISIONS

9.1 Compliance with Los Angeles City Charter Section 470(c)(12).

Manager, Subcontractors, and their Principals are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances regarding limitations on campaign contributions and fundraising for certain elected City officials or candidates for elected City office if the contract is valued at \$100,000 or more and requires approval of a City elected official. Additionally, Contractor is required to provide and update certain information to the City as specified by law. Any Contractor subject to Charter Section 470(c)(12) shall include the following notice in any contract with a subcontractor expected to receive at least \$100,000 for performance under this contract:

Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions.

As provided in Charter Section 470(c)(12), and related ordinances, you are a subcontractor on City of Los Angeles Contract No. _____. Pursuant to City Charter Section 470(c)(12), subcontractor and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for twelve (12) months after the City contract is signed. Subcontractor is required to provide to Contractor names and addresses of the subcontractor's principals and contract information and shall update that information if it changes during the twelve (12) month time period. Subcontractor's information included must be provided to Contractor within five (5) business days. Failure to comply may result in termination of contract or may other available legal remedies including fines. Information about the restrictions may be found at the City Ethics Commission's website at <http://ethics.lacity.org/> or by calling (213) 978-1960.

Contractor, Subcontractors, and their Principals shall comply with these requirements and limitations throughout the term of this Contract. Violation of this provision shall entitle the City to terminate this Contract and pursue any and all legal remedies that may be available.

9.2 Municipal Lobbying Ordinance. Contractor shall comply with the provisions of the City of Los Angeles Municipal Lobbying Ordinance throughout the term of this Contract.

9.3 Living Wage and Worker Retention Requirements.

(a) Living Wage Coverage Determination. An initial determination has been made that this is a service contract that it is not exempt from coverage by the Living Wage Ordinance ("LWO") (Section 10.37, et seq., of the Los Angeles Administrative Code), which is incorporated herein by this reference. Determinations as to whether this is a service contract covered by the LWO, or whether an employer or employee are exempt from coverage under the LWO are not final but are subject to review and revision as additional facts are examined and/or other interpretations of the law are considered. In some circumstances, applications for exemption must be reviewed periodically. City shall notify Contractor in writing about any redetermination by City of coverage or exemption status. To the extent Contractor claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Contractor to prove such non-coverage or exemption.

(b) Compliance; Termination Provisions and Other Remedies: Living Wage Policy. If Contractor is not initially exempt from the LWO, Contractor shall comply with all applicable provisions of the LWO, as amended from time to time, including payment to employees at the minimum wage rates effective on the Execution Date of this Contract and thereafter adjusted pursuant to the LWO. If Contractor is initially exempt from the LWO, but later no longer qualifies for any exemption, Contractor shall, at such time as Contractor is no longer exempt, comply with all applicable provisions of the LWO. Violation of the LWO shall constitute a material breach of this Contract. If City determines that Contractor violated the provisions of the LWO, City shall be entitled to terminate this Contract and

otherwise pursue legal remedies that may be available, including those set forth in the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere in this Contract. Nothing in this Contract shall be construed to extend the time periods or limit the remedies provided in the LWO.

(c) Worker Retention Ordinance. This Contract may be subject to the Worker Retention Ordinance (“WRO”) (Section 10.36 et seq. of the Los Angeles Administrative Code), which is incorporated herein by this reference. If applicable, Contractor must comply with the WRO which requires that unless specific exemptions apply, within ten days of learning that a contract, as defined in Section 10.36.1(d) of the WRO, is to be terminated, Contractor shall provide to a successor contractor, the awarding authority, and the City’s designated administrative agency the name, address, date of hire, and employment classification of each employee of the terminated contractor or subcontractor working pursuant to the terminated contract. Violation of the WRO shall entitle City to terminate this Contract and pursue all legal remedies.

9.4 Small Business Enterprise.

(a) Contractor hereby agrees and obligates itself to utilize the services of the Small Business Enterprise (SBE) firms designated in its Proposal on the level designated in its Proposal (specifically, a ten percent (10%) Small Business Enterprise (SBE) Subcontractor level of participation for the required Program designated Services).

(b) Contractor hereby further agrees and obligates itself to strictly comply with all of the Rules and Regulations of LAWA’s Small Business Enterprise Program (Program). Failure to comply with any of the Program’s requirements shall subject the Contractor to the “Penalties” set forth in the Program’s Rules.

(c) Contractor shall submit, on a monthly basis, together with its invoice for payment the SBE Utilization Form listing the SBE Subcontractors utilized during the reporting period. Contractor shall cooperate with LAWA personnel in providing such information as shall be requested by LAWA in order to ensure compliance with the provisions of this section. LAWA will not process or pay Contractor’s subsequent invoices if the SBE Utilization Forms are not timely submitted or if the Contractor fails to cooperate with LAWA personnel by promptly providing any and all information related to SBE participation requested by LAWA.

(d) Failure to comply with any of the terms of this Section (or the terms of this Contract) shall constitute a material breach of contract and may result in the Contractor being deemed “Non-Responsible.” (Section 10.40 et seq. of the Los Angeles Administrative Code.)

9.5 Nondiscrimination and Equal Employment Practices/ Affirmative Action Program.

(a) Federal Non-Discrimination Provisions. Contractor assures that it will comply with pertinent statutes, Executive Orders, and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal

assistance. This Provision obligates Contractor or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. This Provision binds Contractor from the bid solicitation period through the completion of the contract. All subcontracts awarded under or pursuant to this Contract shall contain this provision.¹

(b) Municipal Non-Discrimination Provisions.

(i) Non-Discrimination in Use of Airport. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition in the Contract, transfer, use, occupancy, tenure, or enjoyment of the Airport or any operations or activities conducted on the Airport. Nor shall Contractor or any person claiming under or through Contractor establish or contract any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Contractors, Subcontractors, or vendees of the Airport. Any assignment or transfer, which may be permitted under this Contract, shall also be subject to all non-discrimination clauses contained in Section 9.5.

(ii) Non-Discrimination in Employment. During the term of this Contract, Contractor agrees and obligates itself in the performance of this contract not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition. Contractor shall take affirmative action to ensure that applicants for employment are treated, during the term of this Contract, without regard to the aforementioned factors and shall comply with the affirmative action requirements of the Los Angeles Administrative Code, Sections 10.8, et seq., or any successor ordinances or law concerned with discrimination.

(c) Equal Employment Practices. Throughout the term of this Contract, Contractor agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"), including any future amendments thereto, which is incorporated herein by this reference. By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of Contractor to comply with the Equal Employment Practices provisions of this Contract may be deemed to be a material breach of this Contract. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Contractor. Upon

¹ Pursuant to Section 520 of the Airport and Airway Improvement Act of 1982, LAWA Manager must comply with general civil rights prohibiting discrimination in employment practices.

a finding duly made that Contractor has failed to comply with the Equal Employment Practices provisions of this Contract, this Contract may be forthwith terminated, cancelled, or suspended.

(d) Affirmative Action Program. Throughout the term of this Contract, Contractor agrees to comply with Section 10.8.4 of the Los Angeles Administrative Code ("Affirmative Action Program"), including any future amendments thereto, which is incorporated herein by this reference. By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of Contractor to comply with the Affirmative Action Program provisions of this Contract may be deemed to be a material breach of this Contract. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Contractor. Upon a finding duly made that Contractor has failed to comply with the Affirmative Action Program provisions of this Contract, this Contract may be forthwith terminated, cancelled, or suspended.

(e) All subcontracts awarded under or pursuant to this Contract shall contain similar provisions, and Contractor shall require each of its Subcontractors to complete a like certification and to submit to Contractor an Affirmative Action Plan acceptable to City.

9.6 Business Tax Registration. Contractor represents that it has registered its business with the City Clerk of City and has obtained, and presently holds, from that Office a Business Tax Registration Certificate, or a Business Tax Exemption Number, required by City's own Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 and following, of City's Municipal Code). Contractor shall maintain, or obtain as necessary, all such Certificates required of it under said Ordinance and shall not allow any such Certificate to be revoked or suspended during the term hereof.

9.7 Child Support Orders. This Contract is subject to Section 10.10, Article I, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders, which is incorporated herein by this reference. Pursuant to this Section, Contractor (and any subcontractor of Consultant providing services to LAWA under this Contract) shall (1) fully comply with all State and Federal employment reporting requirements for Contractor's or Contractor's subcontractor's employees applicable to Child Support Assignment Orders; (2) certify that the principal owner(s) of Contractor and applicable subcontractors are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of this Contract. Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, failure of Contractor or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Contractor or applicable subcontractors to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default of this Contract subjecting this Contract to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Contractor by City (in lieu of any time for cure provided elsewhere in this Contract).

9.8 Contractor Responsibility Program.

(a) Pursuant to Resolution No. 21601 adopted by the Board of Airport Commissioners, effective August 23, 2011, it is the policy of Los Angeles World Airports (LAWA) to ensure that all LAWA Contractors have the necessary quality, fitness and capacity to perform the work set forth in the contract. LAWA shall award contracts only to entities and individuals it has determined to be Responsible Contractors. The provisions of this Program apply to leases and contracts for construction, for services, and for purchases of goods and products that require Board approval.

(b) Bidders/Proposers are required to complete and submit with the bid/proposal the "Contractor Responsibility Program Questionnaire" that provides information LAWA needs in order to determine if the bidder/proposer is responsible and has the capability to perform the period of not less than 14 days. Bidders/Proposers are also required to complete, sign and submit with the bid/proposal the "Contractor Responsibility Program Pledge of Compliance." Bidders/Proposers are also required to respond within the specified time to LAWA's request for information and documentation needed to support a Contractor Responsibility determination. Subcontractors will be required to submit the Pledge to the prime Contractor prior to commencing work. The CRP Rules and Regulations are available at <http://www.lawa.org>.

9.9 Equal Benefits Ordinance.

(a) Unless otherwise exempt, Contractor shall comply with the applicable provisions of the Equal Benefits Ordinance ("EBO"), Section 10.8.2.1 of the Los Angeles Administrative Code throughout the term of this Contract. Contractor shall not, in any of its operations within the City of Los Angeles or in other locations owned by the City of Los Angeles, including the Airport, discriminate in the provision of Non-ERISA Benefits (as defined below) between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration. As used above, the term "Non-ERISA Benefits" shall mean any and all benefits payable through benefit arrangements generally available to Contractor's employees which are neither "employee welfare benefit plans" nor "employee pension plans", as those terms are defined in Sections 3(1) and 3(2) of ERISA. Non-ERISA Benefits shall include, but not be limited to, all benefits offered currently or in the future, by Contractor to its employees, the spouses of its employees or the domestic partners of its employees, that are not defined as "employee welfare benefit plans" or "employee pension benefit plans", and, which include any bereavement leave, family and medical leave, and travel discounts provided by Contractor to its employees, their spouses and the domestic partners of employees.

(b) Contractor agrees to post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

"During the term of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to employees with spouses

and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance at (213) 847-6480.”

(c) Failure of Consultant to comply with the EBO will be deemed to be a material breach of the Contract by City. If Contractor fails to comply with the EBO, the City may cancel or terminate the Contract, in whole or in part, and all monies due or to become due under the Contract may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach. Failure to comply with the EBO may be used as evidence against Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Contractor Responsibility Ordinance. If the City determines that Contractor has set up or used its contracting entity for the purpose of evading the intent of the EBO, the City may terminate the Contract.

9.10 First Source Hiring Program For Airport Employers (LAX Only). Contractor shall comply with all terms and conditions of the First Source Hiring Program (hereinafter referred to as “FSHP”) throughout the term of this Contract. The rules, regulations, requirements, and penalties of the FSHP are material terms of this Contract.

9.11 Prevailing Wages. Contractor shall, at times during the performance of work hereunder, pay and ensure that subcontractors pay, as applicable, the general prevailing rate of per diem wages for each craft or type of worker needed to perform this Contract, at such rate(s) as have been determined by the Director of the Department of Industrial Relations of the State of California. Contractor covenants, on behalf of itself and its subcontractors, to comply with all applicable labor laws, including but not limited to Section 1771 of the California Labor Code. Contractor hereby agrees to indemnify, defend, and hold City harmless with respect to any claims relating to violations of labor laws, including but not limited to Section 1771 of the California Labor Code.

ARTICLE 10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be construed and interpreted in accordance with, and governed and enforced in all respects by, the State where the property is located, and the exclusive venue for any action interpreting or arising under this Agreement shall be the county where the Properties is located.

10.2 Headings and Exhibits. The headings of the various articles and sections of this Agreement have been inserted for convenient reference only and shall not have the effect of modifying or amending the express terms and provisions of this Agreement. The exhibits attached hereto are by this reference hereby incorporated into this Agreement and made a part hereof.

10.3 Amendments. Except as provided in Article 8 hereof, this Agreement shall not be amended, modified or canceled except in writing signed by Owner and Manager.

10.4 No Waiver. The failure of either party to insist upon strict performance of any of the terms or provisions of this Agreement or to exercise any option, right or remedy herein contained, shall not be construed as a waiver or as a relinquishment for the future of such terms, provisions, option, right or remedy, but the same shall continue and remain in full force and effect. No waiver by either party of any terms or provisions hereof shall be deemed to have been made unless expressed in writing and signed by such party.

10.5 Partial Invalidity. In the event that any portion of this Agreement shall be decreed invalid by the judgment of a court, this Agreement shall be construed as if such portion had not been inserted herein except when such construction would operate as an undue material hardship upon Owner or Manager or constitute a material deviation from the general intent and purpose of said parties as reflected in this Agreement.

10.6 Time. Time is of the essence of this Agreement.

10.7 Attorneys' Fees. In the event of litigation between the parties with regard to this Agreement, the substantially prevailing party(ies) in such litigation shall be awarded its/their reasonable attorneys' fees and court costs incurred therein from the respective nonprevailing party(ies) jointly and severally. The unenforceability, illegality or other impairment of the provisions of this section shall in no manner effect the effectiveness or enforceability of other provisions of this Agreement.

10.8 Authority. Manager and Owner each represents and warrants to the other that (i) it has full power, authority and legal right to execute, deliver and perform this Agreement and to perform all of its obligations hereunder, (ii) the execution, delivery and performance of all or any portion of this Agreement does not conflict with, result in a breach of, or constitute a default under, its organizational documents or any instrument to which it is a party or by which it or any of its property is bound, (iii) all consents of stockholders, partners, directors, officers, trustees, lenders and other persons required in connection with or to authorize this Agreement to be executed, and to be performed, have been obtained, are in full force and effect and have not been revoked, and (iv) the Persons executing this Agreement on behalf of such party hold the office and/or position in such legal entity respectively indicated hereinafter for them, and have full rights and power and have been duly and legally authorized to act on behalf of such legal entity in executing and entering into this Agreement on behalf of such party.

10.9 No Recording. Manager shall not record this Agreement, any memorandum hereof or any affidavit with respect hereto and any such recording shall constitute a default by Manager and a cause for termination under this Agreement.

10.10 Signs. All signs installed by Manager must meet all local sign codes and ordinances and shall be subject to Owner's prior written approval. If and when applicable, Manager shall have the right, subject to Owner's prior approval, to install signs on the Properties in furtherance of its activities to lease the Properties. Owner shall have the right to direct Manager to remove, alter or relocate any signs used by Manager hereunder.

10.11 Nature of Relationship. Nothing in this Agreement expressed or implied, shall be construed as creating a partnership or joint venture or an employment relationship between Manager (or any person employed by Manager) and Owner. Without limitation of the foregoing, in carrying out its duties and obligations hereunder in accordance with the terms hereof, (a) Manager shall in no event be deemed or construed to participate in the control of Owner or Owner's business, and (b) Manager shall act for and on behalf of Owner as its agent, and all contracts, permits, licenses, variances, certificates of occupancy and other documents for the Properties shall be for and in the name of Owner. Manager shall take no action hereunder which is beyond the scope of its authority under this Agreement. Manager shall act in a fiduciary capacity toward Owner.

10.12 Notices. All notices, demands and communications permitted or required to be given hereunder shall be in writing, and shall be delivered (a) personally, (b) by United States registered or certified mail, postage prepaid, (c) by Federal Express or other reputable courier service regularly providing evidence of delivery (with charges paid by the party sending the notice), or (d) by a PDF or similar attachment to an email, provided that such email attachment shall be followed within one (1) business day by delivery of such notice pursuant to clause (a), (b) or (c) above. Any such notice to a party shall be addressed at the address set forth below (subject to the right of a party to designate a different address for itself by notice similarly given):

To Manager: Colliers International
3 Park Plaza, Suite 1200
Irvine, CA 92614
Attn: REMS Managing Director

With Copy to: Colliers International
1114 Avenue of the Americas
New York, New York 10036
Attn: Legal Department

To Owner: Commercial Development Division
1 World Way, Suite 204
Los Angeles, CA 90045

With Copy to: Los Angeles City Attorney
1 World Way, Room 104
P.O. Box 92216
Los Angeles, CA 90009-2216

Service of any such notice or other communications so made shall be deemed effective on the day of actual delivery (whether accepted or refused), provided that if any notice or other communication to be delivered by email attachment as provided above cannot be transmitted because of a problem affecting the receiving party's computer, the deadline for receiving such notice or other communication shall be extended through the next business day, as shown by the addressee's return receipt if by certified mail, and as confirmed by the courier service if by courier; provided, however, that if such actual delivery occurs after 5:00 p.m. local time where received or

on a nonbusiness day, then such notice or communication so made shall be deemed effective on the first business day after the day of actual delivery. Except as expressly provided above with respect to certain email attachments, no communications via electronic mail shall be effective to give any notice, request, direction, demand, consent, waiver, approval or other communications hereunder. The attorneys for any party hereto shall be entitled to provide any notice that a party desires to provide or is required to provide hereunder.

10.13 Counterparts. This Agreement may be executed in any number of counterparts and each such executed counterpart shall be deemed to be an original instrument, but all such executed counterparts together shall constitute one and the same instrument.

10.14 No Third-Party Beneficiaries. This Agreement is for the sole and exclusive benefit of the parties hereto, and no third-party is intended to or shall have any rights hereunder; provided, however, that the indemnities provided in this Agreement are intended to be for the benefit of, and shall be enforceable by, those who are indemnified thereby.

10.15 Confidentiality. Manager shall keep confidential and shall cause its Affiliates and the partners, members, shareholders, principals, officers, directors, employees and agents of and/or Manager's Affiliates to keep confidential, all information pertaining to the Properties obtained in its capacity hereunder as Manager, unless authorized in writing by Owner to release such information, in which event Manager shall comply with Owner's reasonable instructions. Manager's obligations under this Section 10.15 shall not apply if such information (a) is disclosed at Owner's request, (b) is disclosed because such disclosure is required for Manager to fulfill its obligations in connection with the management, operation or leasing of the Properties, (c) is available to the general public or known within the real estate industry or (d) is required to be disclosed pursuant to law, court order or subpoena. The obligations of Manager in this Section 10.15 shall survive the expiration or sooner termination of this Agreement.

10.16 Exculpatory Clause. Manager agrees that none of Owner's boards, officers, agents, employees, assigns, and successors in interest, shall be personally liable for any of the obligations of Owner and that Manager must look solely to Owner's interest in the Properties for the enforcement of any claims against such party arising hereunder.

10.17 Mutual Waiver of Consequential Damages. In no event shall either party be liable to the other for damages in the nature of special, indirect or consequential damages.

11. Electronic Signature. This Agreement and any other document necessary for the consummation of the transaction contemplated by this Contract may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Contract and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF

format shall be legal and binding and shall have the same full force and effect as if a paper original of this Contract had been delivered that had been signed using a handwritten signature. All parties to this Contract (i) agree that an electronic signature, whether digital or encrypted, of a party to this Contract is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this Contract based on the foregoing forms of signature. If this Contract has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 (“E-SIGN”) and the California Uniform Electronic Transactions Act (“UETA”) (California Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

12. Entire Contract. This Contract contains the entire agreement between the parties hereto and supersedes any and all prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements or understandings, oral or written, between and among the parties relating to the subject matter contained in this Contract which are not fully set forth herein. This is an integrated Contract.

[Remainder of this Page Intentionally Left Blank; Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

OWNER:

**CITY OF LOS ANGELES, a California
municipal corporation**

By: _____
Name: Justin Erbacci
Title: Chief Executive Officer/Executive Director

MANAGER:

**COLLIERS INTERNATIONAL REAL
ESTATE MANAGEMENT SERVICES (CA),
INC., a Delaware corporation**

By:  _____
Name: Kevin K. Rude
Title: Regional Managing Director

APPROVED AS TO FORM:
Michael N. Feuer, City Attorney

Date: _____

By: _____
Deputy City Attorney

PROPERTY MANAGEMENT AGREEMENT LIST OF EXHIBITS

EXHIBIT A (Section 2.2 r)	Required Business and Operations Plan Components
EXHIBIT B (Section 2.2 p, 3.1, 3.2 a and 5.2 b)	Fees
EXHIBIT C (Section 5.3)	Property Reports

EXHIBIT A
REQUIRED BUSINESS AND OPERATIONS PLAN

The Business and Operations Plan shall include, but not be limited to, the following components:

- Organization Chart including responsible parties, including executive management and off-site accounting
- Budget
- Controls for management of Property accounts
- Maintenance Schedule
- Work order processing
- Security Plan
- Leasing Plan

**EXHIBIT B
FEES**

Subject to the following terms and conditions, Owner agrees to pay Manager and Manager agrees to accept as full compensation for all management and leasing services to be rendered by Manager pursuant to this Agreement as follows:

1. Management Fee:

A monthly all-inclusive flat Management Fee equal to Nine Thousand Five Hundred Dollars (\$9,500.00) for Skyview Center, Two Thousand Three Hundred and Ninety Dollars (\$2,390.00) for Skyview Center Garage, Surface Lot and Lot F Parking Garage and Four Thousand, Seven Hundred and Sixty Dollars (\$4,760.00) for Aviation Plaza, for an annual amount no to exceed One Hundred Ninety Nine Thousand Eight Hundred Dollars (\$199,800). The Management Fee shall be adjusted each July 1 by the increase in the CPI-U 1982-84=100, for the Los Angeles-Riverside-Orange County areas of California, for the previous 12 months as compiled by the U.S. Bureau of Labor Statistics.

2. Construction Management Fee:

For Construction Management Services, Manager shall receive a Construction Management Fee, which shall be calculated separately for each Construction Management Project as follows:

a. Base Building Construction

Total project cost	Fee
\$0-\$40,000	\$1,000
\$40,001 - \$249,000	8%
\$250,000-\$499,000	6%
Greater than \$499,000	5%

b. Tenant Construction

Total project cost	Fee
\$0-\$499,000	10%
\$500,000-\$1 million	5%
Greater than \$1 million	3%
Review fee (if not coordinating construction)	1%

Soft costs shall not exceed 20% of hard costs without the prior written consent of the Executive Director.

3. Leasing Fee:

Manager shall receive brokerage commissions, which shall be calculated separately for each approved leasing transaction, calculated as follows:

a. For new leases:

Lease Term	Total Commission	To Tenant Broker	To Owner Broker
1-5 years	6% of total Rental Income *	4%	2%
6-10 years	3% of total Rental Income *	2%	1%

*Rental Income does not include any other fees including, but not limited to, common area maintenance charges, insurance and taxes.

b. For lease renewals:

Lease Term	Total Commission	To Tenant Broker	To Owner Broker
1-5 years	6% of total Rental Income *	4%	2%
6-10 years	3% of total Rental Income *	2%	1%

*Rental Income does not include any other fees including, but not limited to, common area maintenance charges, insurance and taxes.

To offer broker bonuses, Manager must have prior written approval by the Chief Executive Officer or his/her designee.

The Chief Executive Officer, in his/her sole discretion, may change the above broker commission percentages from time to time to reflect commissions offered in the real estate market in the vicinity of the Property.

d. Notwithstanding the foregoing, commissions shall not be payable in connection with occupancy of the Buildings by personnel of Los Angeles World Airports (“LAWA”), whether under existing leases, renewals, or expansions.

EXHIBIT C
PROPERTY REPORTS

- Balance sheet
- Income statement
- Variance analysis
- Cash flow statement
- Detailed general ledger
- Trial balance
- Bank reconciliation
- GL account reconciliation
- Check registers
- Rent roll
- Executive summaries / Dashboard reporting
- Leasing activity report
- Access to the IMPAK System software.