

PROPERTY MANAGEMENT AGREEMENT
(Cal Tower Building, 3737 Main Street)

This PROPERTY MANAGEMENT AGREEMENT (this "Agreement") is dated as of this 8th day of January, ~~2017~~²⁰¹⁸ (the "Effective Date"), between The City of Riverside Redevelopment Successor Agency ("Owner"), and Inland Pacific Advisors, Inc., a California corporation ("Property Manager").

Owner owns certain real property and improvements in Riverside, California located at 3737 Main Street, Riverside, California 92501, commonly known as the Cal Tower Building and as more particularly described in Exhibit "A" attached hereto and incorporated herein (the "Property"). Owner desires to engage Property Manager to manage, lease, operate, and maintain the Property.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **COMMENCEMENT AND TERMINATION DATES.**

1.1. Commencement and Termination. Property Manager's duties and responsibilities under this Agreement shall begin on the Effective Date and shall continue for an initial term of five (5) years, unless earlier terminated as provided in Section 10. The term of this Agreement may be extended, upon mutual written consent of the parties, for an additional period(s) not to exceed five (5) years.

2. **PROPERTY MANAGER'S RESPONSIBILITIES.**

2.1. Status of Property Manager. Owner and Property Manager do not intend to form a joint venture, partnership or similar relationship. Instead, the parties intend that Property Manager shall act solely in the capacity of an independent contractor for Owner. Nothing in this Agreement shall cause Property Manager and Owner to be joint venturers or partners, and neither shall have the power to bind or obligate the other party by virtue of this Agreement, except as expressly provided in this Agreement. Nothing in this Agreement shall deprive or otherwise affect the right of either party to own, invest in, manage, or operate, or to conduct business activities which compete with, the Property.

2.2. Management. Property Manager shall manage, operate and maintain the Property in an efficient, economic, and satisfactory manner and shall manage the performance of everything reasonably necessary for the proper operation of the Property for the tenants thereof, subject to (a) applicable governmental requirements and (b) the terms and provisions of this Agreement, and in accordance with the Budget (as defined below). At the expense of Owner, Property Manager shall keep the Property clean and in good repair, shall order and supervise the completion of such repairs as may be required and shall generally do and perform, or cause to be done or performed, all things necessary, required or desirable for the proper and efficient management, operation, and maintenance of the Property, provided Owner, in a manner reasonably satisfactory to Property Manager, makes available to Property Manager sufficient sums to pay the costs thereof. Property Manager shall perform all services in a diligent and professional manner and in accordance with the Budget.

2.3. Employees/Independent Contractors of Property Manager. Property Manager shall employ, directly or through third party contractors (for example, an employee leasing company or on-site property manager), at all times, a sufficient number of capable employees and/or independent contractors to enable Property Manager to properly, adequately, safely and economically manage, operate and maintain the Property. All matters pertaining to the supervision of such employees shall be the responsibility of Property Manager. All salaries and benefits and positions of employees who perform work in connection with the Property shall be in accordance with the Budget (as defined in Section 2.5).

2.4. Compliance with Laws, Mortgages and Other Matters

2.4.1. Property Manager shall use reasonable efforts to comply, and cause the Property to be in compliance, with any deed of trust, mortgage or other loan documents evidencing loans secured by the Property as have been provided to Property Manager (the "Loan Documents"), and all applicable governmental requirements relative to the performance of its duties hereunder, ordinances, rules, regulations, and requirements. Property Manager may implement such procedures with respect to the Property as Property Manager may deem advisable for the more efficient and economic management and operation thereof. Property Manager shall pay from the Operating Account (defined in Section 6.2) expenses incurred to remedy violations of laws; provided, if such expenses cause the Property expenses to exceed the Budget, Property Manager shall obtain Owner's consent prior to paying such expenses. However, Property Manager shall not be obligated to remedy violations of law if sufficient funds are not available in the Operating Account or if Owner does not provide sufficient additional funds to do so.

2.4.2. Property Manager shall furnish to Owner, promptly after receipt, any notice of violation of any governmental requirement or order issued by any governmental entity, any notice of default from the holder of any mortgage or deed of trust encumbering the Property, or any notice of termination or cancellation of any insurance policy.

2.5. Budgets and Operating Plan.

2.5.1. Property Manager will prepare and submit to Owner herewith an initial capital and operating budget for the promotion, operation, repair, maintenance and improvement of the Property for the initial term of this Agreement. The Budget is and shall be presented on a monthly, accrual basis. The Budget shall be subject to the approval of Owner, however, until Owner approves any new Budget, the then-current Budget shall remain in effect. The capitalized term "Budget" used herein shall refer to the most recent budget prepared by Property Manager and approved by Owner. Property Manager shall provide Owner with such information regarding the Budget as may be, from time to time, reasonably requested by Owner. Property Manager may at any time submit a revised budget to Owner which shall become effective only after Owner's approval.

2.5.2. Property Manager shall charge all expenses to the proper account as specified in the Budget, provided that Property Manager may reallocate savings from one line item to other line items, for the benefit of Owner.

2.5.3. Together with the submission of the Budget, Property Manager shall submit to Owner an operating plan for the general operation of the Property, including a proposed list of improvements to the Property, general insurance plan, and plan for the general operation and maintenance of the Property for the initial term of this Agreement. The Operating Plan shall be subject to Owner's approval, and the capitalized term "Operating Plan" used herein shall refer to the most recent Operating Plan prepared by Property Manager and approved by Owner. Property Manager may submit a revised Operating Plan to Owner at any time which shall become effective only after Owner's approval.

2.5.4. Property Manager shall at all times operate the Property in accordance with the Budget.

2.6. Collection of Rents and Other Income. Property Manager shall bill all tenants and shall use its commercially reasonable efforts to collect all rent and other charges including any possessory interest taxes due and payable from any tenant or from others for services provided in connection with the Property. Property Manager shall deposit all monies so collected in the Operating Account unless directed otherwise by Owner.

2.7. Repairs and Maintenance. Property Manager shall maintain the buildings, appurtenances and grounds of the Property, other than areas which are the responsibility of tenants, including, without limitation, all repairs, cleaning, painting, decorations and alterations, for example electrical, plumbing, carpentry, masonry, elevators and such other routine repairs as are necessary or reasonably appropriate in the course of maintenance of the Property (subject to the limitations of this Agreement). Property Manager shall pay actual and reasonable expenses for materials and labor for such purposes from the Operating Account and in accordance with the Budget provided that any single expenditure in excess of \$2,500 must be supported by obtaining a minimum of 3 written bids and approved by Owner. Property Manager shall take reasonable precautions against fire, vandalism, burglary and trespass to the Property.

2.8. Prevailing Wage. Pursuant to Section 1771 of the California Labor Code, Property Manager and all vendors are required to pay the general prevailing rates of per diem wages, overtime and holiday wages as determined by the Director of the Department of Industrial Relations and implemented by Resolution No. 13346 of the City Council of the City of Riverside. The Director's determination of prevailing wage rates is available on-line at www.dir.ca.gov/dlsr/DPreWageDetermination.htm, and is referred to and made a part hereof as though fully set forth herein. Per Senate Bill 854 (2014), Property Manager and all vendors shall register with the Department of Industrial Relations in order to bid and perform public works projects. Property Manager and all vendors on all public works projects shall submit electronic certified payrolls to the Labor Commissioner and City unless excused from this requirement. Property Manager is aware of and stipulates that Property Manager will also comply with the following sections of the California Labor Code:

a. Section 1775 prescribing sanctions for failure to pay prevailing wage rates;

b. Section 1776 requiring the making, keeping and disclosing of detailed payroll records and prescribing sanctions for failure to do so;

c. Section 1777.5 prescribing the terms and conditions for employing registered apprentices;

d. Section 1810 providing that eight hours of labor shall be a day's work;

e. Section 1813 prescribing sanctions for violations of the provisions concerning eight-hour work days and forty-hour work weeks; and

f. Sections 1725.5 and 1771.1 requiring all general contractors and subcontractors to be registered with DIR. Registration can be accomplished through the DIR website by using this link: <http://www.dir.ca.gov/PublicWorks/PublicWorks.html>.

2.9. Capital Expenditures. Property Manager shall not make any capital expenditures without first obtaining written consent from Owner.

2.10. Service Contracts, Supplies and Equipment.

2.10.1. Property Manager may enter into or renew any customary contract for cleaning, maintenance, repairing or servicing the Property or any of the constituent parts of the Property (including contracts for fuel oil, security or other protection, extermination, landscaping, architects or engineering services) contemplated by the Budget and/or the Operating Plan with any unrelated third party with the prior written consent of Owner; provided such contracts are terminable on thirty days' notice and are on terms reasonable in the local market. Each such service contract shall be in the name of Property Manager, as agent for Owner, and be assignable to the transferee of Owner.

2.10.2. If this Agreement terminates pursuant to Section 10, Property Manager, at the option of Owner, shall assign to the nominee of Owner all of Property Manager's interest in the service agreements pertaining to the Property.

2.10.3. At the expense of Owner and in accordance with the Budget, Property Manager shall purchase, provide, and pay for all needed janitorial and maintenance supplies, tools and equipment, restroom and toilet supplies, light bulbs, paints, and similar supplies necessary to the efficient and economical operation and maintenance of the Property. Such supplies and equipment shall be the property of Owner. All such supplies, tools, and equipment generally shall be delivered to and stored in the Property and shall be used only in connection with the management, operation, and maintenance of the Property.

2.10.4. Property Manager shall use reasonable efforts to purchase all goods, supplies or services at the lowest cost reasonably available from reputable sources in the metropolitan area where the Property is located. In making any contract or purchase hereunder, Property Manager shall use reasonable efforts to obtain favorable discounts for Owner and all discounts, rebates or commissions under any contract or purchase order made hereunder shall inure to the benefit of Owner. Property Manager shall make payments under any such contract or purchase order to enable Owner to take advantage of any such discount if Owner provides sufficient funds therefor.

2.11. Taxes and Mortgages. Property Manager, unless otherwise requested, shall obtain and verify bills for real estate and personal property taxes, general and special real property assessments including possessory interest taxes and other like charges (collectively "Taxes") which are, or may become, liens against the Property. Property Manager may appeal such Taxes with Owner's prior written consent. Property Manager shall report any such Taxes that materially exceed the amounts contemplated by the Budget to Owner prior to Property Manager's payment thereof. Property Manager, if requested by Owner, will cooperate to prepare an application for correction of the assessed valuation to be filed with the appropriate governmental agency. Property Manager shall pay, within the time required to obtain discounts, from funds provided by Owner or from the Operating Account, all utilities, Taxes and payments due under each lease, mortgage, deed of trust or other security instrument, if any, affecting the Property. To the extent such payments are in accordance with the Budget and/or the Operating Plan (as either may be revised from time to time), Property Manager may make any such payments without the approval of Owner.

2.12. Tenant Relations; Compliance. Property Manager will use its best efforts to develop and maintain good relations with the tenants in the Property. At all times during the term hereof, Property Manager shall use its best efforts to retain existing tenants in the Property. Property Manager shall use its reasonable efforts to secure compliance by the tenants with the terms and conditions of their respective Leases.

2.13. Miscellaneous Duties. Property Manager shall (a) maintain at Property Manager's office address as set forth in Section 12.1 and readily accessible to Owner, or at one of Property Manager's centralized accounting locations, orderly files containing rent records, insurance policies, leases and subleases, correspondence, receipted bills and vouchers, bank statements, canceled checks, deposit slips, debit and credit memos, and all other documents and papers pertaining to the Property or the operation thereof; (b) provide information about the Property necessary for the preparation and filing by Owner of income or other tax returns required by any governmental authority, including annual statements and other information reasonably requested by Owner; (c) consider and record tenant service requests in systematic fashion showing the action taken with respect to each, and thoroughly investigate and report to Owner in a timely fashion with appropriate recommendations all complaints of a nature which might have a material adverse effect on the Property or the Budget; (d) supervise the moving in and out of tenants and subtenants; arrange, to the extent possible, the dates thereof to minimize disturbance to the operation of the Property and inconvenience to other tenants or subtenants; and render an inspection report, an assessment for damages and a recommendation on the disposition of any deposit held as security for the performance by the tenant under its lease with respect to each premises vacated; (e) check all bills received for the services, work and supplies ordered in connection with maintaining and operating the Property and, except as otherwise provided in this Agreement, pay such bills when due and payable and in accordance with the Budget; and (f) not permit the use of the Property for any purpose that might void any policy of insurance held by Owner or which might render any loss thereunder uncollectible. All such records are the property of Owner and will be delivered to Owner upon request

2.14. Right to Subcontract Property Management Functions. Property Manager reserves the right, subject to Owner's approval, to subcontract some or all of the property management functions described herein to local property managers and certain other parties.

However, except as expressly provided herein, the fees to be paid to Property Manager under this Agreement are inclusive of fees payable to such third parties.

2.15. Out of Scope Work. Out of Scope Work is defined as any work not specifically outlined in this Agreement, and is as further described in Exhibit B, attached hereto and incorporated herein by reference. Property Manager shall only perform this work at the request of Owner and will only be compensated for Out of Scope Work by separate written agreement with Owner.

3. INSURANCE.

3.1. Worker's Compensation Insurance. By executing this Agreement, Property Manager certifies that Property Manager is aware of and will comply with Section 3700 of the Labor Code of the State of California requiring every employer to be insured against liability for workers' compensation or to undertake self-insurance before commencing any of the work. Property Manager shall carry the insurance or provide for self-insurance required by California law to protect said Property Manager from claims under the Workers Compensation Act.

Prior to City's execution of this Agreement, Property Manager shall file with City either (1) a certificate of insurance or self-insurance evidencing that such insurance is in effect, or that Property Manager is self-insured for such coverage; or (2) a certified statement that Property Manager has no employees, and acknowledging that if Property Manager does employ any person, the necessary certificate of insurance will immediately be filed with City.

Contractor's workers' compensation carrier shall be authorized to transact insurance business in the State of California with a policy holder's rating of "A-" or higher and a Financial Class VII or larger.

3.2. Commercial General Liability and Automobile Liability Insurance. Prior to City's execution of this Agreement, Property Manager shall secure, and shall thereafter maintain until termination of this Agreement, such commercial general and automobile liability insurance as shall protect Property Manager from claims for damages for personal injury, including accidental death, as well as from claims for property damage which may arise from or which may concern operations under this Agreement.

All liability insurance shall be issued by an insurance company or companies authorized to transact liability insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or larger and shall cover (1) commercial general liability for both bodily injury (including death) and property damage, including but not limited to aggregate products, aggregate operations, and contractual liability, and (2) automobile liability covering bodily injury (including death) and property damage, with the following respective minimum limits:

Commercial General	\$1,000,000 per occurrence
	\$2,000,000 aggregate

Automobile \$1,000,000 per accident, combined single limit

Coverage: Coverage shall be as broad as the following.

Commercial General Liability. Insurance Services Office Commercial General Liability Coverage (occurrence Form CG 0001). This coverage shall include:

- a. Broad form property damage in any case where the Contractor has any property belonging to the City in the Contractor's care, custody, or control,
- b. Blanket contractual liability,
- c. Products and completed operations coverage.

If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations limit is used, the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.

Automobile Liability. Coverage shall be at least as broad as the following:

Coverage (Form CA 0001), covering Symbol 1 (any auto) or Symbols 8 and 9 (hired and non-owner autos). This coverage shall include:

Coverage for owned, non-owned, and hired automobiles

3.3 Additional Requirements. Original certificates of insurance along with additional insured endorsement reasonably acceptable to City, evidencing the coverage required by this Agreement for both commercial general and automobile liability, shall be filed with City and shall include City as an additional insured solely with regard to claims arising out of this Agreement. The policy or policies shall be in the usual form of public liability insurance, but shall also include the following provisions:

Solely for Services performed by and on behalf of the Property Manager for the City of Riverside, it is agreed that the City of Riverside and its officers and employees are added as additional insureds under the Commercial General Liability and Automobile Liability policies.

The Commercial General Liability insurance policy shall also comply with the following provisions:

- a. Policies shall include premises/operations, products completed operations, broad form contractual, personal injury, and broad form property damage.
- b. The policy shall be endorsed to waive any right of subrogation against the City and its subcontractors, employees, officers, agents and directors for work performed under this Agreement.

c. If policies are written on a claims made basis, the certificate should so specify and the policy must continue in force for one year after completion of the project. The retroactive date of the coverage must also be listed.

d. The policy shall specify that the insurance provided by Property Manager will be considered primary and not contributory to any other insurance available to the City of Riverside. Contractor shall provide Form No. CG 20010413 to City.

e. Property Manager shall notify Owner within ten (10) days prior to the expiration, termination or cancellation of any insurance required herein.

f. The insurance set forth in this Agreement must be maintained at all times during the term of this Agreement.

3.4 Errors and Omissions Insurance. Prior to Owner's execution of this Agreement, Property Manager shall obtain, and shall thereafter maintain during the term of this Agreement, errors and omissions/professional liability insurance in the minimum amount of \$1,000,000 per claim and aggregate.

3.5 Reporting. Property Manager shall investigate and submit, as soon as reasonably possible, a written report to the insurance carrier and Owner as to all accidents, claims for damage relating to the ownership, operation and maintenance of the Property, any damage to or destruction of the Property and the estimated costs of repair thereof, and prepare and file with the insurance company in a timely manner required reports in connection therewith. Property Manager shall, with Owner's prior written consent, settle all claims against insurance companies arising out of any policies, including the execution of proofs of loss, the adjustment of losses, signing and collection of receipts and collection of money.

3.6 Additional Insurance. Any insurance obtained by Property Manager for its own account, and not for the benefit of Owner, or the Property, shall be at Property Manager's own expense and any insurance payments shall be for Property Manager's sole benefit.

3.7 Contractor's and Subcontractor's Insurance. Property Manager shall require all contractors and subcontractors entering upon the Property to perform services to have insurance coverage at the contractor's or subcontractor's expense, in the following minimum amounts: (a) worker's compensation - statutory amount; (b) employer's liability (if required) - \$1,000,000; and (c) comprehensive general liability insurance, including comprehensive auto liability insurance covering the use of all owned, non-owned and hired automobiles, with bodily injury and property damage limits of \$1,000,000 per occurrence consistent with the provisions of Section 3.2 above. Property Manager shall obtain and keep on file a certificate of insurance which shows that each contractor and subcontractor is so insured.

3.8 Waiver of Subrogation. To the extent available at commercially reasonable rates, all insurance policies required hereunder by contractors and sub-contractors shall contain language whereby the insurance carrier thereunder waives any right of subrogation it may have with respect to Owner or Property Manager.

4. **FINANCIAL REPORTING AND RECORD KEEPING.**

4.1. **Books of Accounts.** Property Manager shall maintain adequate and separate books and records for the Property with the entries supported by sufficient documentation to ascertain their accuracy with respect to the Property. Such books and records shall contain a separate accounting of all items of income and all items of expenses for the Property. Owner agrees to provide to Property Manager any information reasonably requested by Property Manager to carry out its services hereunder. Property Manager shall maintain such books and records at Property Manager's office set forth in Section 12.1. Property Manager shall ensure such control over accounting and financial transactions as is necessary to protect Owner's assets from theft, error or fraudulent activity by Property Manager's employees. Property Manager shall bear losses arising from such instances, including, without limitation, the following: (a) theft of assets by Property Manager's employees, principals, or officers or those individuals associated or affiliated with Property Manager; (b) overpayment or duplicate payment of invoices arising from either fraud or gross negligence, unless credit is subsequently received by Owner; (c) overpayment of labor costs arising from either fraud or gross negligence, unless credit is subsequently received by Owner; (d) overpayment resulting from payment from suppliers to Property Manager's employees or associates arising from the purchase of goods or services for the Property; and (e) unauthorized use of facilities by Property Manager or Property Manager's employees or associates.

4.2. **Financial Reports.** On or before the 15th day after the end of each calendar month, Property Manager shall furnish to Owner a report of all transactions occurring during such prior month. These reports shall show all leases, collections, delinquencies, uncollectible items, vacancies and other matters pertaining to the management, operation, and maintenance of the Property or as otherwise requested by Owner during the quarter. Property Manager also shall deliver to Owner within 60 days of (a) the close of a calendar year and/or (b) the termination of this Agreement, a balance sheet for the Property. The statement of income and expenses, the balance sheet, and all other financial statements and reports shall be prepared on an accrual basis and in compliance with all reporting requirements relating to the operating of the Property and required under any deed of trust or mortgage affecting the Property.

4.3. **Supporting Documentation.** Property Manager shall maintain and make available at Property Manager's office, as set forth in Section 12.1, or at one of Property Manager's centralized accounting locations, copies of the following: (a) all bank statements, bank deposit slips, bank debit and credit memos, canceled checks, and bank reconciliations; (b) detailed cash receipts and disbursement records; (c) detailed trial balance for receivables and payables and billed and unbilled revenue items; (d) rent roll of tenants; (e) paid invoices (or copies thereof); (f) summaries of adjusting journal entries as part of the annual accounting process; (g) supporting documentation for payroll, payroll taxes and employee benefits for Property Manager's employees; (h) appropriate details of accrued expenses and property records; (i) information regarding the operation of the Property necessary for Owner's records; and (j) market study of competition (quarterly only). In addition, Property Manager shall deliver to Owner with the monthly financial statement copies of the documents described in (a) (statements and reconciliations only), (b), (c), (d), and (h) above.

5. **RIGHT TO AUDIT.** Owner and its representatives may, upon reasonable notice to Property Manager, during normal business hours, and at Owner's sole cost and expense, examine all books, records and files maintained for Owner by Property Manager. Owner may perform any audit or investigations relating to Property Manager's activities at any office of Property Manager if such audit or investigation relates to Property Manager's activities for Owner. Should Owner discover defects in internal control or errors in record keeping, Property Manager shall undertake with all due diligence to correct such discrepancies upon discovery. Property Manager shall inform Owner in writing of the action taken to correct any audit discrepancies.

6. **BANK ACCOUNTS.**

6.1. **Bank Account.** Property Manager shall establish and maintain, in reputable banks or financial institutions designated by Property Manager and approved by Owner, separate bank accounts in trust for, or in the name of, Owner (the "Bank Accounts"). Subject to any applicable Loan Documents, all moneys collected from, or in connection with, the Property shall be deposited in the Bank Accounts. Any bank accounts maintained by a third party property manager shall be designated as a real estate trust account or shall be in trust for, or in the name of, Owner.

6.2. **Operating Account.** Property Manager shall be permitted to deposit and make withdrawals from a master Bank Account (such master account together with and any interest earned thereon, shall hereinafter be referred to as the "Operating Account"). Property Manager shall maintain the Operating Account so that an amount at least as great as the budgeted expenses for such month is in the Operating Account as of the first of each month. Property Manager shall pay from the Operating Account the operating expenses of the Property and any other payments relating to the Property as required by this Agreement and in accordance with the Budget. If more than one bank account is necessary to operate the Property, each account shall have a unique name.

6.3. **Security Deposit Account.** If requested by Owner or if required by applicable law, Property Manager will open a separate account at a reputable bank or other financial institution. Property Manager shall maintain such account in accordance with applicable law. Property Manager shall use the account only to maintain security deposits on behalf of Owner. Property Manager shall inform the bank or financial institution to hold the funds in trust for Owner. Property Manager shall maintain detailed records of all security deposits deposited, and allow Owner or its designee(s) access to such records. Property Manager may return such deposits to any tenant in the ordinary course of business in accordance with the terms of the applicable lease and applicable law, and as determined and directed by Owner.

6.4. **Access to Account.** As authorized by signature cards, representatives of Property Manager shall have access to and may draw upon all funds in the accounts described in Sections 6.1, 6.2 and 6.3 without the approval of Owner, but in accordance with the Budget and this Agreement.

7. **PAYMENTS OF EXPENSES.**

7.1 Costs Eligible for Payment from Operating Account. Property Manager shall pay, in accordance with the Budget, all expenses of the operation, maintenance and repair of the Property directly from the Operating Account or shall be reimbursed by Owner, subject to the conditions set forth in Section 2.5 and 2.8 including the following: (a) cost to correct the violation of any governmental requirement relating to the leasing, use, repair and maintenance of the Property, or relating to the rules, if such cost is not the result of Property Manager's gross negligence or willful misconduct; (b) actual and reasonable cost of making all repairs, decorations and alterations if such cost is not the result of Property Manager's gross negligence or willful misconduct; (c) cost incurred by Property Manager in connection with all service agreements; (d) cost of collection of delinquent rents collected by a collection agency or attorney; (e) unlawful detainer fees of attorneys; (f) cost of capital expenditures subject to the restrictions in Section 2.9 and in this Section; (g) cost of printed checks for each account required for the Property and Owner; (h) cost of utilities; (i) cost of printed forms and supplies required for use at the Property; (j) management compensation set forth in Section 9; (k) the cost of tenant improvements to the Property; (l) broker's commissions; (m) debt service; (n) the cost of utilities, services, contractors and insurance; (o) reimbursement of Property Manager's out-of-pocket costs and expenses to the extent not prohibited by Section 8 below and as further set forth in Exhibit B hereto, incorporated herein by reference; (p) cost of forms, papers, ledgers, and other supplies and equipment used in connection with the Property for the preparation of reports, information and returns to be prepared by Property Manager under the terms of this Agreement; (q) cost of services provided by Property Manager to oversee and/or manage capital expenditure projects; and (r) all other costs incurred on site and directly related to the Property, including, but not limited to, communication costs (telephone, postage, etc.), computer rentals or time, supplies (paper, envelopes, business forms, checks, payroll forms and record cards, forms for governmental reports, etc.), printing, insurance, fidelity bonds, taxes and license fees, and general office expenses allocable to the Property.

7.2 All other amounts not directly related to the Property or Owner shall be payable solely by Property Manager, and shall not be paid out of the Operating Account or reimbursed by Owner.

7.3 Operating Account Deficiency. If there are not sufficient funds in the Operating Account to make any such payment, Property Manager shall notify Owner, if possible, at least thirty (30) days prior to any delinquency so that Owner has an opportunity to deposit sufficient funds in the Operating Account to allow for such payment prior to the imposition of any penalty or late charge.

8. PROPERTY MANAGER'S COSTS NOT TO BE REIMBURSED.

8.1. Non-reimbursable Costs. The following expenses or costs incurred by or on behalf of Property Manager in connection with the management and leasing of the Property shall be at the sole cost and expense of Property Manager and shall not be reimbursed by Owner: (a) cost attributable to losses arising from gross negligence, fraud or willful misconduct on the part of Property Manager, Property Manager's associates or employees; (b) cost of insurance purchased by Property Manager for its own account; and (c) Property Manager's cost of overhead, salaries and other items except as expressly provided in Section 7.1.

8.2. Litigation. Property Manager will be responsible for and hold Owner harmless from, all fees, costs, expenses, and damages relating to disputes with employees for worker's compensation (to the extent not covered by insurance), discrimination or wrongful termination, including legal fees and other expenses.

9. **COMPENSATION/PROPERTY MANAGEMENT FEE.** Owner shall pay the Property Management Fee described below monthly in arrears. Property Manager shall receive, for its services in managing the Property in accordance with the terms of this Agreement, a monthly management fee (the "Property Management Fee"), of FOUR THOUSANDTWO HUNDRED FIFTY DOLLARS (\$4,250.00) per month for the first year, subsequent years shall increase by three percent (3%) per year. The Property Management Fee shall be payable monthly, following calculation thereof, upon submission of a monthly statement from the Operating Account or from other funds timely provided by Owner. Upon termination of this Agreement, the parties will prorate the Property Management Fee on a daily basis to the effective date of such cancellation or termination. If Property Manager engages local property managers or other parties to provide property management services in accordance with Section 2.14, Property Manager shall be obligated to pay such third parties, it being intended that the Property Management Fee shall be inclusive of such third party fees.

9.1. Project Management Fee. Property Manager, shall receive, for its project management services performed in accordance with the terms of this Agreement, a project management fee which shall be equal to the following:

(i) For projects having a total cost of less than \$50,000: five percent (5%) of the total cost of the project.

(ii) For projects having a total cost of \$50,000 or more: five percent (5%) of the total cost of the project equal to or less than \$50,000; plus (if applicable) an amount to be agreed to, in advance, by Owner and Property Manager for that portion of the total cost of the project equal to or in excess of \$50,000.

The Project Management fee must be approved by Owner in writing prior to commencement of any construction work by a contractor. For purposes of this Agreement, "cost of construction" shall include: all labor and supervision costs; costs of materials and supplies; contract price for all construction work performed by general contractors and subcontractors; fees, taxes or other charges levied by governmental or quasi-governmental agencies in connection with the issuance of all authorizations, approvals, licenses and permits necessary to undertake construction of the project; costs of all equipment and fixtures provided for in drawings and specifications; concrete, welding and other testing expenses; and all architectural and engineering fees or costs.

(a) Duties as Project Manager (Capital Improvements)
Property Manager shall act as project manager for capital improvements only when authorized by Owner in writing in advance of performance of construction work and as set forth in the approved Budget or approved by Owner and all extraordinary repair and maintenance to the Property as approved by Owner in

advance of the performance of the extraordinary repair and maintenance work. As project manager, Property Manager shall (i) review and recommend for approval or disapproval by Owner all plans and specifications for any authorized construction (which review shall include a determination of whether such plans and specifications comply with Owner's building rules, regulations and standards); (ii) if required by Owner, solicit competitive bids and review such bids with Owner; (iii) if requested by Owner, enter into contracts on behalf of Owner, as Owner's agent, in form and content satisfactory to Owner, with the bidders approved by the Owner; (iv) schedule and coordinate the performance of all authorized construction (including oversight or administration of required inspections); (v) ensure that adequate insurance coverage is maintained consistent with the requirements of Owner; (vi) obtain, review and recommend for approval or disapproval by Owner all draw requests and lien waivers from the general contractor and all subcontractors; (vii) obtain or cause to be obtained all permits required for the construction and occupancy of the Property; and (viii) provide progress reports to Owner from time to time or as may be requested by Owner.

(b) Duties as Project Manager (Tenant Improvements) Property Manager shall act as project manager for any tenant alterations and improvements to be performed by Owner only when authorized by Owner in advance of the performance of such work. Property Manager shall (i) review and recommend for approval or disapproval by Owner all plans and specifications for any authorized tenant construction (which review shall include a determination of whether such plans and specifications comply with Owner's building rules, regulations and standards); (ii) solicit competitive bids; (iii) if requested by Owner, enter into contracts on behalf of Owner as Owner's Agent, in form and content satisfactory to Owner, with the successful bidders; (iv) schedule, coordinate and supervise the performance of such alterations and improvements from inception to completion (including oversight or administration of required inspections); (v) obtain and review all draw requests and lien waivers from the general contractors and all subcontractors; (vi) obtain or cause to be obtained all permits required for the construction and occupancy of the Property; and (vii) ensure that adequate insurance coverage is provided consistent with each tenant's lease prior to commencement of any such alterations or improvements. With respect to alterations and improvements not provided for in tenant leases, Manager is authorized to review and consent to such work provided that (i) such alterations and improvements are made at the tenant's expense in accordance with all applicable laws and ordinances, (ii) such alterations and improvements do not affect the structure of the Property and do not unreasonably interfere with building services to other tenants and (iii) conform to the specifications and limitations of the Property.

(c) For its project management services under either subsections (a) or (b) of Section 9.1 above, Property Manager shall receive the Project Management Fees. The Project Management Fees shall be paid upon

Owner's receipt of each draw request made by Property Manager based upon the project costs subject to that draw request.

10. **TERMINATION.** The parties shall have the right to terminate this Agreement as provided below.

10.1. Termination by Owner. Owner shall have the right to terminate this Agreement upon thirty (30) days' prior written notice to Property Manager for any reason or cause.

10.2. Termination by Property Manager. Property Manager shall the right to terminate this Agreement upon one hundred eighty (180) days' prior written notice to Owner for any reason or cause.

10.3. Termination on Sale. This Agreement shall automatically terminate upon the sale of the entire Property or any portion thereof (as to such portion only) without payment of any fee.

10.4. Final Accounting. Within forty-five (45) days after the expiration or earlier termination of this Agreement for any reason, Property Manager shall deliver to Owner the following: (a) a final accounting, setting forth the balance of income and expenses on the Property as of the date of termination; (b) any balance or monies of Owner or tenant security deposits held by Property Manager with respect to the Property; and (c) all materials and supplies, keys, books and records, contracts, leases, receipts for deposits, unpaid bills and other papers or documents which pertain to the Property, whether stored as computer files, in electronic form, on paper or otherwise. For a period of thirty (30) days after such expiration or cancellation for any reason other than Owner's default, Property Manager shall be available, through its senior executives familiar with the Property, to consult with and advise Owner or any person or entity succeeding to Owner as owner of the Property or such other person or persons selected by Owner regarding the operation and maintenance of the Property. In addition, Property Manager shall cooperate with Owner in notifying all tenants of the Property of the expiration or termination of this Agreement, and shall use reasonable efforts to cooperate with Owner to accomplish an orderly transfer of the operation and management of the Property to a party designated by Owner. Property Manager shall receive its monthly Property Management Fee for such services. Property Manager shall, at its cost and expense, promptly remove all signs wherever located indicating that it is the Property Manager and replace and repair any damage resulting therefrom. Termination of this Agreement shall not release either party from liability for failure to perform any of the duties or obligations as expressed herein and required to be performed by such party for the period prior to the termination.

11. **CONFLICTS.** Property Manager shall not deal with or engage, or purchase goods or services from, any subsidiary or affiliated company of Property Manager in connection with the management of the Property for amounts above market rates.

12. **NOTICES.**

12.1. Notices. All notices, demands, consents, approvals, reports and other communications provided for in this Agreement shall be in writing and shall be given to Owner

or Property Manager at the address set forth below or at such other address as they may specify hereafter in writing:

Owner: City of Riverside
Attn: David Welch, Real Property Services Manager
3900 Main Street, 5th Floor
Riverside, CA 92522

Property Manager: Inland Pacific Advisors, Inc.
3538 Central Ave, Suite 200
Riverside, CA 92506
Attn: Kristen Soliz

Such notice or other communication may be delivered by a recognized overnight delivery service providing a receipt, facsimile transmission or mailed by United States registered or certified mail, return receipt requested, postage prepaid if deposited in a United States Post Office or depository for the receipt of mail regularly maintained by the post office. Notices sent by overnight courier shall be deemed given one (1) business day after mailing; notices sent by registered or certified mail shall be deemed given two (2) business days after mailing; and notices sent by facsimile transmission shall be deemed given as of the date sent (if sent prior to 5:00 p.m. (Eastern time) and if receipt has been acknowledged by the operator of the receiving machine).

13. **MISCELLANEOUS.**

13.1. Assignment. Property Manager may not assign this Agreement without the prior written consent of Owner, which consent may be withheld in Owner's sole and absolute discretion.

13.2. Gender. Each gender shall include each other gender. The singular shall include the plural and vice-versa.

13.3. Amendments. Each consent, waiver, amendment, addition or deletion to this Agreement shall not be effective unless approved by the parties hereto in writing.

13.4. Governing Law; Venue; Attorneys' Fees. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California without regard to any choice of law rules. Any action relating to or arising out of this Agreement shall be tried in Riverside County. In the event either party hereto shall bring suit to enforce any term of this Agreement or to recover any damages for and on account of the breach of any term or condition of this Agreement, it is mutually agreed that each party will bear their own attorney's fees and costs.

13.5. Headings. All headings are only for convenience and ease of reference and are irrelevant to the construction or interpretation of any provision of this Agreement.

13.6. Representations. Property Manager represents and warrants that it is or shall be prior to entering into any transaction fully qualified and licensed, to the extent required

by law, to manage and lease real estate and perform all obligations assumed by Property Manager hereunder. Property Manager shall use reasonable efforts to comply with all such laws now or hereafter in effect.

13.7. Indemnification by Property Manager. Property Manager shall indemnify, defend and hold Owner and its shareholders, officers, directors, and employees harmless from any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including reasonable attorneys' fees and court costs, sustained or incurred by or asserted against Owner which arise out of its gross negligence, fraud or willful misconduct of Property Manager, its agents or employees or Property Manager's breach of this Agreement, except those which arise from Owner's gross negligence, fraud or willful misconduct. If any person or entity makes a claim or institutes a suit against Owner on a matter for which Owner claim the benefit of the foregoing indemnification, then (a) Owner shall give Property Manager prompt notice thereof in writing; (b) Property Manager may defend such claim or action by counsel of its own choosing provided such counsel is reasonably satisfactory to Owner; (c) neither Owner nor Property Manager shall settle any claim without the other's written consent and (d) this subsection shall not be construed to release Owner or Property Manager from any liability to the other for a breach of any of the covenants agreed to be performed under the terms of this Agreement.

13.8. Limitation of Liability. As used in this Agreement, "Property Manager" means only Inland Pacific Advisors, Inc. No principal, manager, member, officer, director, employee, or partner (general or limited) of Property Manager shall have any personal liability under any provision of this Agreement. If Property Manager defaults in the performance of any of its obligations under this Agreement or otherwise, Owner shall look solely to Property Manager's assets, and not to the assets, interest, or rights of any principal, manager, member, officer, director, employee, or partner (general or limited) of Property Manager for satisfaction of Owner's remedies. In any event, Property Manager's total liability hereunder, regardless of the nature of the claim made against Property Manager shall not exceed the greater of (i) the total annual Property Management Fee actually paid to Property Manager, or (ii) the available proceeds of any applicable insurance policy or policies Property Manager is required to maintain under this Agreement.

13.9. Complete Agreement. This Agreement shall supersede and take the place of any and all previous agreements entered into between the parties with respect to the management of the Property.

13.10. Severability. If any provisions of this Agreement or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement, where the application of such provisions or circumstances other than those as to which it is determined to be invalid or unenforceable shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

13.11. No Waiver. The failure by any party to insist upon the strict performance of, or to seek remedy of, any one of the terms or conditions of this Agreement or to exercise any right, remedy, or election set forth herein or permitted by law shall not constitute or be construed

as a waiver or relinquishment for the future of such term, condition, right, remedy or election, but such item shall continue and remain in full force and effect. All rights or remedies of the parties specified in this Agreement and all other rights or remedies that they may have at law, in equity or otherwise shall be distinct, separate and cumulative rights or remedies, and no one of them, whether exercised or not, shall be deemed to be in exclusion of any other right or remedy of the parties.

13.12. Binding Effect. This Agreement shall be binding and inure to the benefit of the parties and their respective successors and assigns.

13.13 Enforcement of Property Manager's Rights. In the enforcement of its rights under this Agreement, Property Manager shall not seek or obtain a money judgment or any other right or remedy against any shareholders or disclosed or undisclosed principals of Owner. Property Manager shall enforce its rights and remedies solely against the estate of Owner in the Property or the proceeds of any sale of all or any portion of Owner's interest therein.

13.14 Nondiscrimination. During Property Manger's performance of this Agreement, Property Manager shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, genetic information, gender, gender identity, gender expression, sex or sexual orientation, in the selection and retention of employees and subcontractors and the procurement of materials and equipment, except as provided in Section 12940 of the California Government Code. Further, Property Manager agrees to conform to the requirements of the Americans with Disabilities Act in the performance of this Agreement.

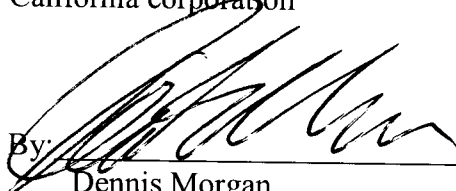
13.15 Business Tax. Property Manager understands that the work performed under this Agreement constitutes doing business in the City of Riverside, and Property Manager agrees that it will register for and pay a business tax pursuant to Chapter 5.04 of the Riverside Municipal Code and keep such tax certificate current during the term of this Agreement.

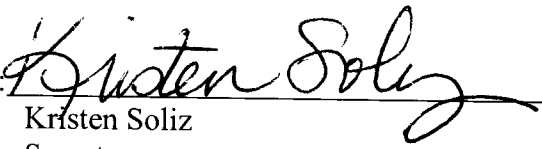
13.16 Counterparts. This Agreement may be executed in counterparts, each of which, when taken together, shall be deemed one fully executed original.

IN WITNESS WHEREOF, the parties hereto have executed this Management Agreement the date and year first above written.

PROPERTY MANAGER:

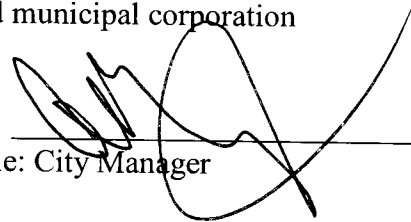
INLAND PACIFIC ADVISORS, INC., a
California corporation

By: 
Dennis Morgan
Its: President

By: 
Kristen Soliz
Its: Secretary

OWNER:

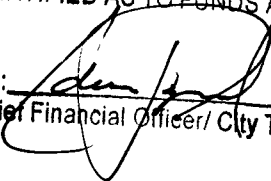
CITY OF RIVERSIDE, a California charter City
and municipal corporation

By: 
Title: City Manager

ATTESTED TO:

By: 
Title: City Clerk

CERTIFIED AS TO FUNDS AVAILABILITY:

BY: 
Chief Financial Officer/ City Treasurer

APPROVED AS TO FORM:

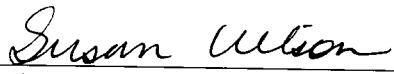
By: 
Title: Assistant City Attorney

EXHIBIT "A"
LEGAL DESCRIPTION

Address: 3737 Main Street
A.P.N.: 213-262-006

That certain real property located in the City of Riverside, County of Riverside, State of California, described as follows:

That portion of Block 7, Range 7, of the Town of Riverside, as shown by map on file in Book 7, Page 17 of Maps, Records of San Bernardino, California, described as follows:

BEGINNING at the Northeast corner of said Block 7;

Thence Southerly, along the Westerly line of Main Street to the Southeast corner of said Block 7;

Thence Westerly along the Northerly line of Eight Street (currently University Avenue), a distance of 150 feet to the Easterly line of an Alley;

Thence Northerly along the Easterly line of said Alley to the Southerly line of Seventh Street (currently Mission Inn Avenue);

Thence Easterly along the Southerly line of said Seventh Street, a distance of 150 feet to the **POINT OF BEGINNING**.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors Act.

Curtis C. Stephens 10/11/17 Prep. CS
Curtis C. Stephens, L.S. 7519 Date

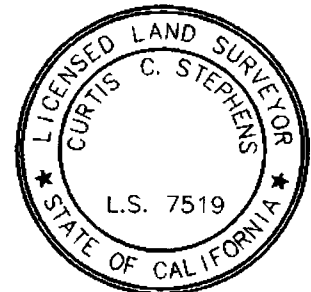


Exhibit B

1. Collection of revenues due, other than normal billing, late notices and collection calls. Time expended for three-day notices, unlawful detainers, working with attorneys, and private investigations.
2. Lien release management and coordination.
3. Accounting related to capital or construction projects.
4. Reclassification of operating expenses.
5. Time incurred regarding alleged or actual latent defects, capital expenditures.
6. Time expended in working with lenders, finance companies, documentation and work related to refinancing of all or a part of the property, preparation and/or review of estoppels, subordination, non-disturbance, or other legal documents, and potential buyers (include their representatives).
7. Time expended as a result of property owner not maintaining the minimum cash reserves established or failure to meet demands for additional capital to the property account.
8. Leasing or documentation preparation (if not being provided under a separate agreement).