

FIRST AMENDMENT TO PROPERTY MANAGEMENT AGREEMENT

G&E REAL ESTATE MANAGEMENT SERVICES, INC.

THIS FIRST AMENDMENT TO PROPERTY MANAGEMENT AGREEMENT ("First Amendment") is made and entered into as of this ____ day of _____, 2019, by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation ("Owner), and G&E REAL ESTATE MANAGEMENT SERVICES, INC., a Delaware corporation dba NEWMARK KNIGHT FRANK ("Property Manager").

RECITALS

A. On February 8, 2016, Owner and Property Manager entered into a Property Management Agreement ("Agreement) wherein Property Manager agreed to provide management, operational and maintenance services on behalf of the Owner.

B. The Parties desire to amend the Agreement to reflect compensation for Project Management services and to reflect the current name Property Manager is doing business as.

NOW THEREFORE, in consideration of the Recitals above, the Parties agree as follows.

1. Property Manager is now doing business as NEWMARK KNIGHT FRANK and will be referred to as such in all documents and correspondence between the Parties.

2. Section 2.7 of the Agreement is hereby amended to add an additional paragraph as follows:

"Property Manager shall also be responsible for the management, oversight, coordination and point of contact for all tenant improvement projects, as well as for any and all building maintenance or construction projects initiated by Owner in accordance with section 9.1 outlined below."

3. Section 4.2 of the Agreement is hereby deleted in its entirety and is replaced with the following:

"4.2. Financial Reports. On or before the 15th day after the end of each month, Property Manager shall furnish to Owner a report of all transactions occurring during such prior month, including statements of income, balance sheet and other financial statements and reports. 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."

4. Section 9. "Compensation/Property Management Fee" of the Agreement is hereby amended to a new Paragraph 9.1 as follows:

"9.1. Project Management Fee. Property Manager, shall receive, for its project management services for construction-related management, a project management fee as following:

- (i) For projects having a total cost of less than \$500,000, five percent (5%) of the total cost of the project.
- (ii) For projects having a total cost of \$500,000, but less than \$750,000, five percent (5%) of the total cost of the project for the first \$500,000, then four percent (4%) in excess of the \$500,000.
- (iii) For projects having a total cost that exceeds \$750,000, but less than \$1,000,000, (ii) above applies then the excess of \$750,000 shall be subject to a three percent (3%) fee.
- (iv) For projects having a total cost that exceeds \$1,000,000, Owner and Property Manager shall agree to a price in advance and shall be subject to a not to exceed 3% fee.

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) 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) 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."

5. Except as otherwise modified or amended hereby, the terms and provisions of the Agreement, as amended by the First Amendment, shall remain in full force and effect and are incorporated herein by this reference as if set forth in full.

[SIGNATURES ON FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed the day and year first above written.

OWNER

CITY OF RIVERSIDE
a California charter city and municipal
corporation

By: _____
City Manager

PROPERTY MANAGER

G&E REAL ESTATE MANAGEMENT
SERVICES, INC., a Delaware corporation
dba NEWMARK KNIGHT FRANK

By: _____
Name: Susan J. Louie
Its: Vice President

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
Chief Assistant City Attorney