

PROPERTY MANAGEMENT AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT (this "Agreement"), made as of this 4th day of February, 2004 ("Effective Date"), between the ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY, a joint powers authority formed under California law ("ARRA"), and PM REALTY GROUP, L.P., a Delaware limited partnership ("Property Manager"), of 333 Bush Street, Suite 1510, San Francisco, California 94104.

RECITALS

This Agreement is entered upon the basis of the following facts, understandings and intentions of the ARRA and Property Manager, sometimes collectively referred to herein as the "Parties".

A. ARRA controls, pursuant to separate documentation entered into with United States Department of the Navy (the "Navy"), certain real property together with buildings and other improvements situated thereon (the "Site"), located within the boundaries of the Alameda Point Improvement Project ("APIP") redevelopment area in the City of Alameda (the "City"), County of Alameda, State of California. The Site, also referred to as the "Development," is shown on the "Map of Site" attached hereto as Exhibit A and incorporated herein by reference. For the purpose of this Agreement, the term "Development" shall exclude those properties ("Excluded Properties") identified on Exhibit A-1 attached hereto. The Excluded Properties consist of: (a) those properties leased, or to be leased, pursuant to either (i) existing Interim Subleases or (ii) existing or to be executed Legally Binding Agreements with the Alameda Point Collaborative or its successors in interest, which properties are more particularly shown on the map attached as Exhibit A-2 and are listed in Exhibit A-1, Part 1; and (b) the City-occupied buildings listed in Exhibit A-1, Part 2. Property Manager shall have no responsibility or obligation to provide Property Management Services (as hereinafter defined) to the Excluded Properties.

B. ARRA desires to obtain the services of Property Manager as property manager of the Development with responsibilities for managing, operating, maintaining and servicing the Development and for the performance on behalf of ARRA of certain obligations with respect to the Development, as more specifically set forth in this Agreement, all such responsibilities being in furtherance of the redevelopment and reuse of the Site.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree as follows:

ARTICLE I DUTIES OF PROPERTY MANAGER

Section 1.1 Appointment of Property Manager.

(a) ARRA hereby appoints Property Manager as property manager of the Development with the responsibilities and upon the terms and conditions outlined in this

Agreement, and Property Manager hereby accepts such appointment.

(b) Notwithstanding any other provisions of this Agreement to the contrary, this Agreement is subject to the terms and conditions of that certain Lease in Furtherance of Conveyance, dated June 6, 2000, between the United States Navy and the ARRA, as amended (the "LIFOC"). During the term of this Agreement, Property Manager shall perform its Management Services consistent with the provisions of the LIFOC.

Section 1.2 Property Management of the Development. The Property Manager shall diligently perform its duties hereunder and shall devote sufficient time and effort to the Development to ensure that it is managed, leased, operated, maintained and serviced in good, well-maintained condition and in a manner comparable to similar professionally managed developments. In addition to providing the Property Management Services (as hereinafter defined), Property Manager shall perform such other services as ARRA may reasonably request in connection with the Development, consistent with its status as a professionally managed Development of its type.

Section 1.3 Specific Management Services. Without limiting the generality of any other term or provision of this Agreement, Property Manager shall provide the following services (the "Property Management Services") in furtherance of the redevelopment and reuse of the Site:

(a) Personnel. Property Manager shall, as employees of Property Manager and not of ARRA, hire, pay, supervise and discharge all employees and personnel necessary for the operation of the Development. Such personnel shall in every instance be the employees or independent contractors of Property Manager and not of ARRA. Subject to reimbursement as hereafter set forth, the salaries, wages and other compensation and fringe benefits (including, without limitation, workers' compensation and other insurance, employer's and employee's taxes and vacation, hereafter collectively "Wages") of such employees and personnel shall be paid by Property Manager and approved by ARRA. Additionally, at the expense of Property Manager, executive personnel of Property Manager will be charged with the performance of Property Manager's obligations under this Agreement and with the general supervision, direction and control of Development personnel. Property Manager shall comply with all laws, statutes and ordinances relating to the employment of its employees, including, without limitation, those requiring workers' compensation insurance to cover all of Property Manager's employees. Property Manager shall remove from the Development all persons whom the Property Manager, in the exercise of its good business judgment, or whom ARRA, in its reasonable judgment, deems unnecessary or undesirable for the operation and management of the Development, which removal shall be in compliance with applicable laws, statutes and ordinances.

(b) Collection and Handling of Money.

(i) Property Manager shall diligently undertake the collection of rents and other charges payable by tenants in the Development under the terms of their leases and any sums otherwise payable to ARRA with respect to the Development. All sums collected by Property Manager shall be deposited immediately in an interest-bearing account (all interest shall accrue to the benefit of ARRA), approved by and established in ARRA's name, for the benefit of, and held in trust for, ARRA, in a bank which has been approved by ARRA. Funds collected

by Property Manager from the Development shall not be commingled with any other funds collected by Property Manager from properties not a part of the Development. If required by law, Property Manager shall establish separate accounts for holding tenants' security deposits, and funds in such accounts shall not be commingled with other funds of Property Manager. Funds may only be withdrawn from the account by Property Manager for permissible expenditures pursuant to this Agreement.

(ii) Property Manager acknowledges that ARRA has certain regularly scheduled payments that it must make on a regular basis out of the revenues from the Development, including debt service on bonds. Within fifteen (15) days after the end of each calendar month, Property Manager shall cause to be disbursed to ARRA all funds in any of the bank accounts established by Property Manager (other than any accounts established for the deposit of tenants' security deposits), less any amounts which are necessary in order to meet anticipated expenses of the Development coming due during the next thirty (30) days, accompanied by the reports required under Section 1.3(d) below.

(c) Surety Bond. Employees of Property Manager who are responsible for, or have access to, money of ARRA shall be bonded by a fidelity bond company at the expense of Property Manager or covered under Property Manager's Crime insurance policy.

(d) Books and Records.

(i) Property Manager shall maintain complete books and records in accordance with generally accepted accounting principles applied on a consistent basis in connection with its management and operation of the Development and such books and records shall be clearly identified and readily accessible.

(ii) Property Manager shall make the books of account and all other records relating to, or reflecting the operation of the Development, including without limitation, computer records and electronic data, all of which Property Manager agrees to keep safe, available and separate from any records not relating to the Development, available to ARRA and its representatives at all reasonable times for examination, audit, inspection and transcription. Property Manager shall provide access to ARRA or its respective designees during normal business hours upon request by ARRA. The records shall be kept on-site at the Development as soon as Property Manager establishes a property management office on-site; prior to such time Property Manager shall make the records available to ARRA at the Development within three (3) business days of request by ARRA. ARRA may examine and audit the records, make any copies or transcripts therefrom it wishes, and inspect all work, data, documents, proceedings, and activities related to this Agreement. Such records shall be kept separate from other documents of Property Manager and shall be maintained for a period of three (3) years after receipt of final payment. For purposes of this provision, the term "record" shall have the definition it has in the Public Records Act of the State of California (Cal. Gov't. Code Section 6250 *et seq.*).

(iii) Upon ARRA's reasonable request, Property Manager shall deliver to ARRA copies of any source materials utilized by Property Manager in preparing the records, books and accounts.

(iv) Upon termination of the Agreement, Property Manager, at ARRA's written request, shall turn over copies of all such books and records to ARRA.

(v) Property Manager agrees to render to ARRA on or before the twentieth (20th) day of each calendar month a detailed financial report as specified in Article III. Property Manager shall, at ARRA's request (such notice to be not less than sixty (60) days), have an annual audit of the books and records of the Development made by a firm of certified public accountants or other auditors approved by ARRA, which audit shall be certified as to the fairness of the presentation of such financial statements and notes and the preparation thereof in accordance with generally accepted accounting principles applied on a consistent basis, but shall in no event include any tax return preparation relating to the Development. The expense of the annual audit shall be an expense of ARRA.

(vi) If supplemental examination or audit of the records is necessary due to concerns raised by the City's preliminary examination or audit of records, and the City's supplemental examination or audit of the records discloses a failure to adhere to appropriate internal financial controls, or other breach of contract or failure to act in good faith, then Property Manager shall reimburse the City for all reasonable costs and expenses associated with the supplemental examination or audit.

(vii) Property Manager will cooperate with, and give reasonable assistance to, any accountant or other person designated by ARRA to examine such records.

(e) Repairs and Maintenance.

(i) Property Manager shall make all repairs and perform all maintenance on the buildings, grounds and other improvements of the Development necessary to maintain the Development in good well-maintained condition, in a manner comparable to similar professionally managed Developments and otherwise in accordance with the approved Annual Management Plan (as defined in Section 3.1 below) and any other standards approved by ARRA from time to time. Property Manager shall also perform or furnish any and all emergency repairs or services necessary for the preservation of the Development or to avoid the suspension of any service to the Development or danger to life or property. Property Manager shall give prompt notice of any emergency repairs to ARRA and to make reasonable efforts to secure ARRA's prior written approval. Emergency repairs or services may be made or furnished by Property Manager without ARRA's prior approval, but only if it is not reasonably feasible to secure such prior approval. In any event, Property Manager shall, not later than two (2) business days after performing or furnishing an emergency repair or service, notify ARRA of the details and cost thereof.

(ii) Notwithstanding the provisions of Section 1.3(e)(i) above, Property Manager's obligations for repair and maintenance of the Site and the Development shall not include repair and maintenance of utilities located within the public rights of way. The property Property Manager shall maintain, or cause to be maintained, shall include the lateral utility lines from the public rights of way and within the buildings for the Development. The utilities located within the public rights of way (or street areas which are intended to become public rights of way) shall be the responsibility of ARRA, the City or the responsible utility, as

more particularly described in the Annual Management Plan. For purposes of determining what constitutes "public rights of way," the parties hereto agree the "public rights of way" shall mean the existing roadways up to the curb line.

(iii) Notwithstanding any other provision of this Agreement to the contrary, except for exterior services to the City-occupied buildings (other than roof repairs), Property Manager shall have no obligations to perform Property Management Services with regard to any of the Excluded Properties, which responsibility shall be the sole responsibility of ARRA or other parties to which such responsibilities have been delegated by ARRA or City.

(f) Service Contracts. Subject to the provisions of Section 2.2 below, Property Manager shall enter into, as "PM Realty Group, L. P. as agent for Alameda Reuse and Redevelopment Authority" as contractor (unless ARRA otherwise directs), contracts (in the ARRA's approved form of contract attached hereto as Exhibit D) for the furnishing to the Development of such utility, maintenance and other services and for the acquisition of such equipment and supplies as may be necessary for the management, operation, maintenance and servicing of the Development in accordance with this Agreement. Unless otherwise approved in writing by ARRA, all such contracts entered into pursuant to this subsection shall be cancelable upon not more than thirty (30) days' prior written notice and shall be assignable to ARRA, at ARRA's request. To the extent that any such contracts entered into pursuant to this subsection are required to be in the name of the ARRA or the City, as contractor, such contracts shall be submitted to ARRA for processing, review and execution by ARRA or the City, as appropriate. Property Manager shall be responsible for the performance of all such contracts entered into pursuant to this subsection and ARRA shall have the right to enforce the obligations of the contractor under such contracts, whether such contractor is Property Manager, ARRA, or the City directly against Property Manager and it shall be Property Manager's responsibility to enforce the terms of such contracts against the party(ies) to such contracts other than the contractor, whether such contractor is Property Manager, ARRA, or the City.

(g) Other Services. Property Manager shall perform all other services which are normally performed in connection with the operation and management of similar professionally managed developments; and specifically, without limiting the generality of the foregoing, Property Manager shall perform, without additional charge, all services normally provided to tenants of similar developments.

(h) Compliance With Laws, Permits and Licenses. With regard to the performance of the Property Management Services, Property Manager shall take such action as may be necessary to comply with all laws, rules and regulations and any and all orders or requirements of any governmental authority having jurisdiction there over affecting the Development, including, but not limited to, SB-975 enacted by the State of California on January 1, 2002. Property Manager shall be responsible for assuring that all use permits necessary for tenancies are obtained. Property Manager shall not knowingly permit the use of the Development for any purpose which might void or increase the premiums payable under any insurance policies held by ARRA. Property Manager shall obtain and maintain during the term of this Agreement all appropriate permits, certificates and licenses, including, but not limited to, a City of Alameda Business License, that may be required in connection with the performance of services hereunder. To the extent permits, certificates or licenses are necessary for Property

Manager to conduct its operations, the cost of such permits, certificates and licenses shall be at Property Manager's sole expense and not an expense paid out of revenues from the Development.

(i) Legal Actions. Any proposed legal action in connection with a tenant, including actions to evict tenants in default and to recover possession of such tenants' premises, shall be referred to the City Attorney's office acting as general counsel for ARRA for review and handling. Property Manager shall have no right to settle, compromise or release such actions or suits or reinstate such tenancies without prior written approval of ARRA and the City Attorney.

(j) Notices. Property Manager shall promptly deliver to ARRA all notices received from any contractor, subcontractor, governmental or official entity, any tenant or any other party with respect to the Development. Property Manager may sign and serve in the name of ARRA any and all notices required in connection with the proper performance by Property Manager of the Property Management Services.

(k) Notices of Claim of Injury or Damage. Property Manager shall notify the ARRA of any personal injury or property damage occurring to, or claimed by, any tenant or third party on or with respect to the Development promptly upon obtaining actual knowledge thereof and to promptly forward to ARRA any summons, subpoena, or legal document served upon the Property Manager relating to actual or alleged potential liability of the ARRA, the Property Manager or the Development within two (2) business days.

(l) Cooperation. Property Manager shall give ARRA all pertinent information and reasonable assistance in the defense or disposition of any claims, demands, suits or other legal proceedings which may be made or instituted by any third party against ARRA which arise out of any matters relating to the Development, this Agreement or Property Manager's performance hereunder.

(m) Leasing. Property Manager shall provide those services set forth in Exhibit B attached to and made a part of this Agreement, in connection with the marketing and leasing of the premises within the Development and shall receive, in consideration therefor, the leasing commissions specified in Exhibit B. Notwithstanding anything to the contrary contained in Exhibits A-1, Part 1; A-1, Part 2; A-2; or A-3, all leases must be executed by ARRA, or the Executive Director of ARRA, subject to such limitations as may be established by ARRA.

(n) Tenant Relations. Property Manager shall make itself fully familiar with the terms and provisions of all leases for space within the Development, shall perform all delegable duties of ARRA as landlord under each such lease, so that such lease shall remain in full force and effect, with no default by ARRA, and shall enforce the full performance of all obligations of the tenant under each such lease. Property Manager shall maintain business-like relations with tenants, receive requests, complaints and the like from tenants and respond and act upon the foregoing in reasonable fashion. To insure full performance by tenants of all of their obligations, Property Manager shall inspect the Development at least monthly, and, if appropriate, shall make demands on any tenants who have not performed such obligations to do so. Property Manager shall notify all tenants of all rules, regulations, and notices as may be promulgated by ARRA, governing bodies and insurance carriers. If a lease with any tenant

requires that the tenant maintain any insurance coverage, Property Manager shall obtain insurance certificates and endorsements from such tenant evidencing compliance with the lease terms, and shall promptly notify ARRA if it is unable to obtain such certificates.

(o) Taxes and Assessments. Property Manager, at ARRA's request, agrees to annually review, and submit a report on all real estate and personal property taxes and assessments affecting the Development (and if so requested, Property Manager may engage outside consultants at ARRA's expense with ARRA's prior written approval) and to initiate and pursue appeals of same, if so directed by ARRA.

(p) Inventories and Supplies. Property Manager agrees to supervise and purchase, or arrange for the purchase, in an economical manner, of all inventories, provisions, supplies and operating equipment which, in the normal course of business, are necessary and proper to maintain and operate the Development in a first-class manner.

(q) Hours. At all times during normal business hours, Property Manager agrees to be available to, or cause a representative of Property Manager to be available to, tenants in the Development.

(r) Inspections. Property Manager shall perform periodic comprehensive inspections of the Development, and report on such inspections to ARRA at least annually. In addition, Property Manager shall inspect all exterior areas of the Development for safety hazards on a monthly basis and shall report on such inspections to ARRA. Property Manager shall initiate and maintain a sidewalk inspection and maintenance program and shall perform all inspection and reporting services with respect to sidewalks in accordance with such program and as more particularly set forth in the Annual Management Plan. Property Manager shall also inspect all premises upon termination of leases, and shall inspect the roofs of buildings within the Development on a periodic basis as specified by ARRA.

(s) Assistance with Proposed Sale, Financing, Refinancing. Property Manager agrees to cooperate with, and assist ARRA in any attempt by ARRA to sell, finance or refinance the Development without such cooperation giving rise to compensation. Such cooperation shall include, without limitation, answering prospective purchasers' or lender(s)' questions about the Development or tenant leases, notifying tenants about the sale of the Development, and obtaining estoppel certificates. When requested by ARRA, Property Manager shall prepare a list of all personal property owned by ARRA and used at the Development or in its operation. Upon request, Property Manager shall diligently seek to obtain lease estoppel certificates (on a form approved by ARRA) from tenants for the benefit of ARRA and/or any proposed purchaser and/or mortgagee.

(t) Residential Management Agreement. The Property Manager shall be responsible for overseeing and administering the existing residential management agreement (the "Residential Management Agreement") with Gallagher & Lindsey (the "Residential Property Manager"), for the purpose of contracting for certain management services for the Residential Area. During the term of the Residential Management Agreement, the Property Manager would not perform Property Management Services for the Residential Area, but would be obligated to oversee and administer the Residential Management Agreement. At all times following

execution of this Agreement, the Property Manager shall be responsible for the performance of the Residential Management Agreement and ARRA shall have the right to enforce the obligations of the Property Manager for the Residential Area directly against the Property Manager. It shall be the Property Manager's responsibility to enforce the terms of the Residential Management Agreement against the Residential Property Manager. ARRA shall have the right to approve any new Residential Management Agreement and Residential Property Manager and to the extent deemed necessary or appropriate by either party hereto, the provisions of this Agreement shall be amended accordingly. All costs and expenses, including any fee paid to the Residential Property Manager, shall be passed through to ARRA and the Property Manager will not be entitled to additional compensation or any override with respect to the Residential Management Agreement. In no event will ARRA be obligated for compensation for management services for the Residential Area that would exceed the amounts currently paid to the existing residential Property Manager unless otherwise expressly approved in writing by ARRA.

(u) Port Service Agreement. Following execution of this Agreement, Property Manager shall oversee and administer the existing agreement ("Harbor Management Agreement") with Trident Management ("Harbor Property Manager"). ARRA shall have the right to approve any new Harbor Management Agreement and Harbor Property Manager and to the extent deemed necessary or appropriate by either party hereto, the provisions of this Agreement shall be amended accordingly. The Property Manager will not be entitled to additional compensation or any override with respect to the Harbor Management Agreement. In no event will ARRA be obligated to pay amounts for services under the Harbor Management Agreement in excess of the amounts currently being paid to the Harbor Property Manager unless otherwise expressly approved in writing by ARRA. At all times following execution of this Agreement, ARRA shall have the right to enforce obligations under the Harbor Management Agreement directly against the Property Manager and it shall be the Property Manager's responsibility to enforce the terms of the Harbor Management Agreement against the Harbor Property Manager.

ARTICLE II ARRA RIGHTS AND OBLIGATIONS

Section 2.1 Development Materials in Possession of ARRA. Property Manager acknowledges and agrees that it has all documents and information required for the management of the Development including, but not limited to, all leases, amendments and correspondence related thereto, the status of rental payment, copies of service contracts in effect, and all applicable insurance policies. Upon Property Manager's request, ARRA shall provide any additional such documents it may have in its possession.

Section 2.2 Approval of Contracts. Notwithstanding any term or provision of this Agreement to the contrary, except in the case of an emergency situation involving danger to persons or property, or as otherwise approved by ARRA, no contract or agreement for equipment, supplies, services or any other item shall be entered into by "PM Realty Group, L. P. as agent for Alameda Reuse and Redevelopment Authority" or by Property Manager, in its name, on behalf of ARRA, unless Property Manager shall have first complied with, or used a procurement process consistent with, ARRA's procurement policies applicable to equipment,

supplies and materials, a copy of which has been furnished to Property Manager, or in the case of services, Property Manager shall have first obtained and submitted to ARRA three competitive, written bids for the performance or furnishing of the same, and ARRA shall have approved the awarding of such contract or agreement. However, without such bidding and consent, Property Manager may enter into contracts and agreements, in its name, on behalf of ARRA, or as "PM Realty Group, L. P. as agent for Alameda Reuse and Redevelopment Authority," in the ordinary course of the management, operation, maintenance and servicing of the Development, such as, for example, involving the provision of utility, maintenance or other services or the furnishing of services to tenants in the Development, provided that such contract or agreement has already been approved in an Annual Management Plan. All service contracts shall contain a provision permitting ARRA to terminate such contracts and shall comply with the provisions of Section 1.3(f) above. Notwithstanding any other provision of this Agreement to the contrary, in no event shall Property Manager enter into, on behalf of ARRA, any agreement with Property Manager (including "PM Realty Group, L. P. as agent for Alameda Reuse and Redevelopment Authority") and/or any affiliate of Property Manager without the prior written consent of ARRA, which consent shall specifically reference the affiliation of Property Manager with the contracting party.

Section 2.3 On-Site Development Office. If the professional management of the Development requires such facilities or space, ARRA agrees to provide facilities or space in the Development suitable for the discharge of the Property Manager's duties under this Agreement, and ARRA agrees to assume the expense incurred in connection therewith.

Section 2.4 ARRA's Representative. For the purposes of administering this Agreement, Property Manager shall communicate with and take direction from ARRA's representative, Nanette Banks, in connection with Property Manager's performance of its obligations under this Agreement.

ARTICLE III BUDGETS AND REPORTS

Section 3.1 Annual Management Plan; Budget. Property Manager acknowledges that the fiscal year for ARRA and the City is July 1-June 30. No later than May 1st of each year, or such other date specified in a written notice from ARRA to Property Manager, Property Manager shall submit to ARRA, for ARRA's written approval (which shall not be unreasonably withheld), proposed budgets, operating plans and leasing plans (the "Annual Management Plan") for each building comprising the Development and for the Development as a whole, and a description of the Property Management Services to be provided by Property Manager during next fiscal year. Property Manager shall provide such other financial data and other information as may be required by ARRA in connection with the preparation of its annual business plan or which may otherwise be reasonably requested by ARRA. The first Annual Management Plan dated February 2004 has been delivered to ARRA for review and approved by ARRA prior to the date of this Agreement. The initial budget for the first Annual Management Plan is attached hereto as Exhibit C.

Section 3.2 Compensation for Property Management Services. ARRA shall pay to Property Manager as compensation for performing the Property Management Services in

furtherance of the redevelopment, reuse and further development of the Development amounts budgeted for costs and expenses of all services provided under this Agreement, including those costs and expenses which are specifically reimbursable pursuant to Section 4.1 below, in accordance with the budget attached hereto as Exhibit C, as such budget may be adjusted pursuant to Section 3.3 below. The line item on Exhibit C listed as the "Off-Site Management Fee" shall be paid monthly, in arrears, within fifteen (15) days following the end of each calendar month.

Section 3.3 Budget Adjustment. The initial budget for the first Annual Management Plan attached hereto as Exhibit C may be adjusted on an annual basis as follows:

(a) If the Property Manager desires to adjust the budget shown on Exhibit C, the Property Manager shall send written notice (the "Budget Adjustment Request") to ARRA no later than April 1. The Budget Adjustment Request shall include the proposed budget adjustments. In no event shall such adjustments collectively exceed three percent (3%) of the prior year's annual budget.

(b) The parties hereto agree to negotiate in good faith any such budget adjustments requested in the Budget Adjustment Request for a period not to exceed June 1 of the same year of the Budget Adjustment Request.

(c) If the parties hereto either (i) do not reach agreement regarding the requested budget adjustments, or (ii) if ARRA does not approve the requested budget adjustments by July 1 of the same year as the Budget Adjustment Request, then the annual budget shall not be adjusted and shall be the same as the annual budget approved and in place at the time the Budget Adjustment Request was received by ARRA.

Section 3.4 Monthly Reports. On or before the fifteenth (15th) day of each calendar month, Property Manager shall deliver to ARRA, for each building comprising the Development, and also for the Development as a whole, the following reports, for the preceding month:

(a) Accounting. A cash flow operating statement, a funds from operations statement (cash basis), an income statement (cash basis), a balance sheet (cash basis) and a statement of cash flows. Such statements shall present the results of operations of each building and the Development as a whole for the preceding calendar month and for the year-to-date.

(b) Rent Roll and Accounts Receivable Aging Reports. Reports setting forth a rent roll, presentation rent roll, tenant delinquencies and the aging of accounts payable.

(c) Inspection Reports. A report of all significant and material findings, if any, of Property Manager's inspections of tenants' premises pursuant to this Agreement.

(d) Capital Expenditure Reports. Reports providing details of capital expenditures, including tenant improvements, for the preceding month and for the remainder of the calendar year, itemized by type of capital expenditure.

(e) Updated Forecast. A statement setting forth in detail the estimated revenues, expenses, capital expenditures, for each of the remaining months of the calendar year.

Property Manager shall also set forth on a monthly basis the estimated cash flow to ARRA.

(f) Book and Tax Projections. If requested by ARRA (at ARRA's cost), projections of the current year's net income or loss on a book and tax basis, together with statements supporting the calculation of these projections. ARRA will notify Property Manager of the specific date on which the Projections are due.

(g) Receivables Aging Reports. A list of all accounts receivable outstanding as of the end of the preceding month, specifying the amount due, the nature of the receivable, the person or entity from whom due, the age of the receivable and a summary of collection efforts to date.

(h) Bank Reconciliation. A reconciliation for each of ARRA's bank accounts related to the Development of the activity in such account for the preceding month and for the year-to-date.

Section 3.5 Annual Reports. Within forty-five (45) days after the end of each calendar year, Property Manager shall deliver to ARRA a cash flow operating statement, a funds from operations statement (cash basis), an income statement (cash basis), a balance sheet (cash basis) and a statement of cash flows, each for or as of the end of the immediately preceding year.

Section 3.6 Format. At ARRA's request, Property Manager shall make available to ARRA all reports required hereunder in an electronic format reasonably acceptable to ARRA and compatible with ARRA and the City's computer system and software. Reports shall be substantially in the format set forth in Annual Management Plan, provided that ARRA may request changes from time to time. All reports required to be provided by this Agreement shall be printed on recycled paper.

Section 3.7 Use of Reports. All reports prepared by Property Manager may be used by ARRA or the City in execution or implementation of:

- (a) The original services for which Property Manager was hired;
- (b) Continuation of the services by others;
- (c) Subsequent additions to the original services; and/or
- (d) Other services being furnished to ARRA or the City, as the City and ARRA deem appropriate.

Section 3.8 No Distribution Without Approval. No report, information or other data given to or prepared or assembled by Property Manager pursuant to this Agreement shall be made available to any individual or organization by Property Manager without prior approval by ARRA.

ARTICLE IV
EXPENSES

Section 4.1 Expense of ARRA. All payments made, or expenses incurred, by the Property Manager in the performance of the Property Management Services shall be paid or reimbursed by ARRA, except as otherwise provided in this Agreement or the Annual Management Plan. Both parties acknowledge that ARRA shall not be obligated to pay or reimburse the Property Manager for any expenses incurred by the Property Manager in connection with the leasing of premises within the Development, or for office equipment, office supplies of the Property Manager postage or overnight delivery costs, for any general overhead expense of the Property Manager (other than on-site reimbursable expenses shown on the budget attached hereto as Exhibit C), or for any salaries of those employees and/or agent types (other than those identified on Exhibit C attached hereto), and all such employees shall be compensated directly by the Property Manager. The employee and/or agent types identified on Exhibit C attached hereto ("Reimbursable Employees") shall be subject to the obligation of ARRA to reimburse the Property Manager for such salaries in accordance with the provisions of the Annual Management Plan and not to exceed the budget attached hereto as Exhibit C, as such budget may be adjusted pursuant to Section 3.3 above.

Section 4.2 Payment by the Property Manager. Subject to Section 4.3 below, without the necessity of obtaining the prior written consent of ARRA, the Property Manager shall make all payments for repairs and maintenance costs incurred and equipment and supply purchases made in accordance with this Agreement, and under contracts existing prior to the effective date of this Agreement or approved or authorized pursuant to this Agreement, but only if such payments (a) will not cause the annual expenditure under a budget line item to exceed the approved budget (as set forth in the Annual Management Plan) by the lesser of Five Thousand and No/100ths Dollars (\$5,000.00) or ten percent (10%) or more of the amount of such budget line item, and (b) will not, as a result of actual savings to date in other budget line items, cause the total projected annual expenditures to exceed the approved budget. However, in the case of casualty, breakdown in machinery or other similar emergency, the Property Manager may make reasonable payments for repairs, maintenance, equipment or supplies in excess of such authorization amounts if, in the reasonable opinion of the Property Manager, emergency action prior to written approval is necessary to prevent additional damage or a greater total expenditure, to protect the Development from damage or to prevent a default on the part of ARRA as landlord under a lease, but in no event shall the Property Manager be authorized to expend more than Five Thousand and No/100ths Dollars (\$5,000.00). In such cases, such authority shall terminate upon the cessation of the emergency and the Property Manager shall notify ARRA of the expenditure within two (2) days after such expenditure.

Section 4.3 Use of Proceeds. The Property Manager acknowledges receipt from ARRA of a copy of Article 6 "Use of Proceeds from Sale or Lease" of the NAS Economic Development Conveyance Agreement executed between ARRA and the Navy for the Site ("EDC"). ARRA and the Property Manager both acknowledge and agree that the revenues from the Development shall be applied for the allowable uses in compliance with Sections 6(a) and 6(b) of the EDC.

Section 4.4 Source of Payment. Any authorized payments made by the Property

Manager on behalf of ARRA shall only be made out of such funds as the Property Manager may from time to time hold for the account of ARRA or as may be provided by ARRA.

ARTICLE V NONDISCRIMINATION AND EQUAL OPPORTUNITY

Section 5.1 Nondiscrimination. Neither ARRA, Property Manager nor anyone authorized to act for any of them, shall, in the rental, lease or sale, in the provision of service, or in any other manner, discriminate against any person on the grounds of race, color, creed, religion, handicap, sex or national origin, and Property Manager hereby agrees to comply with all laws, regulations and ordinances pertaining thereto.

Section 5.2 Equal Opportunity. Property Manager is an equal opportunity non-discriminatory employer. Property Manager and ARRA each mutually agree that there shall be no discrimination against, or segregation with respect to any person or of a group of persons on account of race, color, religion, creed, sex, or national origin in leasing, transferring, use, occupancy, tenure or enjoyment of the Development, nor shall ARRA or Property Manager permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants.

ARTICLE VI INDEMNIFICATION

Property Manager shall indemnify, defend and hold harmless ARRA, the City, its City Council, Alameda Power and Telecom, the Alameda Housing Authority, the Community Improvement Commission, and their boards, councils, commissions, officials, employees and volunteers (collectively, "Indemnitees") from and against any and all loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees (collectively, "Claims"), regardless of the merits or outcome of any such Claim, arising from or in any manner (a) connected to Property Manager's negligent act or omission, whether alleged or actual, regarding performance of services or work conducted or performed pursuant to this Agreement or any acts beyond the scope of Property Manager's authority hereunder, (b) by any person or entity for commissions or brokerage fees based on agreements between the claimant and Property Manager, or (c) accruing to or resulting from any and all persons, firms or corporations furnishing or supplying work, services, materials, equipment or supplies arising from or in any manner connected to Property Manager's negligent act or omission regarding performance of services or work conducted or performed pursuant to this Agreement or any acts beyond the scope of Property Manager's authority hereunder. If Claims are filed against Indemnitees which allege negligence on behalf of the Property Manager, Property Manager shall have no right of reimbursement against Indemnitees for the costs of defense even if negligence is not found on the part of Property Manager. However, Property Manager shall not be obligated to indemnify Indemnitees from Claims arising from the sole or active negligence or willful misconduct of Indemnitees. The foregoing indemnities shall survive termination of this Agreement.

ARTICLE VII
INSURANCE

Section 7.1 Liability Coverages. Property Manager, at its cost, shall maintain, or cause to be maintained, the following insurance coverage during the term of this Agreement:

(a) Comprehensive, broad form general liability insurance, in an amount not less than Six Million Dollars (\$6,000,000), combined single limit. At least \$1,000,000 shall be primary and the remainder may be maintained, as applicable, as umbrella or excess liability coverage.

(b) Automobile liability insurance for owned, hired or non-owned vehicles, in an amount not less than One Million Dollars (\$1,000,000), combined single limit.

(c) Workers' compensation, as required by law, and employer's liability in an amount not less than One Million Dollars (\$1,000,000).

(d) Two Million Dollars (\$2,000,000) of professional liability insurance for errors and omissions for the professional acts, errors and omissions of Property Manager or its employees and agents related to any services performed by Property Manager hereunder requiring a real estate broker's license.

(e) Property Manager shall not undertake or permit to be undertaken any construction involving heavy equipment, such as grading or earthmoving equipment, without prior approval of ARRA, which may be conditioned upon requiring additional insurance from Property Manager or the contractor or subcontractor performing the work.

(f) With respect to construction in the Development other than as described in Subsection (e) above, Property Manager shall cause the construction contractors and subcontractors to provide the following insurance coverages:

(i) The construction contractor shall provide ARRA's protective coverage, in an amount not less than Three Million Dollars (\$3,000,000), combined single limit.

(ii) Comprehensive, broad form general liability insurance, including products and completed operations, in an amount not less than One Million Dollars (\$1,000,000), combined single limit. If such insurance is provided under a blanket policy, a separate general liability and completed operations aggregate limit shall apply to the Development. The completed operations coverage shall be maintained for at least two (2) years following completion of construction.

(iii) Liability insurance for owned, hired and non-owned vehicles, in an amount not less than Five Hundred Thousand Dollars (\$500,000), combined single limit.

(iv) Workers' compensation, as required by law, and employer's liability in an amount not less than One Million Dollars (\$1,000,000).

(g) Property Manager shall also cause contractors and subcontractors to

maintain, as applicable, umbrella, or excess liability, coverage, in an amount not less than Three Million Dollars (\$3,000,000) unless the City's Risk Manager expressly approves in writing lesser amounts. Such insurance shall be in excess of all liability coverages required in the above subsections to be maintained by the contractors and subcontractors.

(h) To the extent Property Manager is directly or indirectly involved in any type of excavation at Alameda Point, it must obtain prior written approval of ARRA, which may condition such approval on requiring pollution legal liability insurance in an amount to be determined by ARRA based on the scope of work.

Section 7.2 General Requirements.

(a) Required Provisions. All insurance policies required under this Article VI other than workers' compensation and professional liability insurance for errors and omissions shall (i) name ARRA and all other parties specified in Section 7.2(f) below as additional insureds, (ii) be issued by an insurer and be in a form and contain terms, all as reasonably approved by ARRA and the City's Risk Manager, (iii) provide that such policies shall not be canceled nor shall any material change be made therein without at least thirty (30) days' prior written notice to ARRA, and (iv) provide that any loss shall be payable to ARRA and any other additional named insured specified in Section 7.2(f) below notwithstanding any act or negligence of Property Manager which might otherwise result in forfeiture of such insurance.

(b) Rating. All insurers providing the coverages specified in this Article VI shall be rated A-VII or better by Best's and shall otherwise be subject to the prior approval of the City's Risk Manager.

(c) Certificates of Insurance. On or before the commencement of the term of this Agreement, Property Manager shall furnish ARRA and the City with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with this Agreement. Such certificates, which do not limit Property Manager's indemnification, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to the City of Alameda by certified mail, Attention: Risk Manager." It is agreed that Property Manager shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company or companies licensed to do insurance business in the State of California and domiciled in the United States of America. Endorsements naming the additional insureds specified in Section 7.2(f) below shall be submitted with the insurance certificates. Property Manager shall also provide ARRA with certificates evidencing and further insurance coverages required by this Article VI (whether maintained by Property Manager or by contractors and subcontractors) prior to the commencement of any activity or operation which could give rise to a loss to be covered by such insurance. Replacement certificates shall be sent to the City's Risk Manager as policies are renewed, replaced or modified.

(d) Investigation of Claims. Property Manager shall promptly report any conditions or incidents of which Property Manager becomes aware which could give rise to a

claim or lawsuit against ARRA or involving the Development. Property Manager shall promptly investigate and make a full, timely, written report to any insurance company providing coverage, with a copy to ARRA and the City's Risk Manager, of all accidents, claims, or damage relating to the ownership, operation and maintenance of the Development, any damage or destruction to the Development and the estimated cost of repair thereof, and shall prepare any and all further reports required by any such insurance company in connection therewith. Property Manager shall have no right to settle, compromise or otherwise dispose of any claims, demands or liabilities, whether or not covered by insurance, without the prior written consent of ARRA and the City's Risk Manager.

(e) Failure to Secure. If Property Manager at any time during the term hereof should fail to secure or maintain the foregoing insurance, ARRA shall be permitted to obtain such insurance in Property Manager's name or as an agent of ARRA and shall be compensated by Property Manager for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

(f) Additional Insureds. ARRA, the City, the City Council, Alameda Power and Telecom, Alameda Housing Authority, and the Community Improvement Commission and their respective boards, commissions, officers, employees and agents shall be named as additional insureds under all insurance coverages required by this Agreement except the Workers' Compensation coverage and professional liability insurance. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. The insurance Property Manager is required to carry or cause to be carried under this Agreement shall be primary. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance required to be provided by this Agreement.

(a) Deductibles. All deductibles shall be subject to the approval of the City's Risk Manager. No self-insured retentions shall be permitted.

(b) Subrogation Waiver. Property Manager agrees that in the event of loss due to any of the perils for which Property Manager has agreed to provide comprehensive general and automotive liability insurance, Property Manager shall look solely to Property Manager's insurance for recovery. Property Manager hereby grants to the City and ARRA, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Property Manager or the City or ARRA with respect to the services of Property Manager herein, a waiver of any right to subrogation which any such insurer of Property Manager may acquire against the City or ARRA by virtue of the payment of any loss under such insurance.

(c) Sufficiency of Insurance. The insurance limits required by ARRA or the City are not represented as being sufficient to protect Property Manager. Property Manager is advised to confer with Property Manager's insurance broker to determine adequate coverage for Property Manager.

ARTICLE VIII
TERM AND TERMINATION

Section 8.1 Term. The term of this Agreement commenced on the Effective Date, and shall continue until February 3, 2005, unless sooner terminated in accordance with its terms. Subject to termination pursuant to Sections 8.2 or 8.3 below, this Agreement shall be automatically renewed for similar terms at the expiration of each preceding year unless one party notifies the other, in writing within ninety (90) days prior to the renewal date, that it elects not to renew. Upon any termination of this Agreement by ARRA or Property Manager, with or without cause, Property Manager shall be entitled only to the fees and reimbursement which have accrued hereunder but have not yet been paid through the effective date of termination.

Section 8.2 Termination by ARRA.

(a) For Cause. ARRA may terminate this Agreement, effective immediately upon receipt by Property Manager of written notice of ARRA's election to do so, if:

(i) In ARRA's reasonable judgment, Property Manager has mismanaged the Development or has been negligent in the management, operation, maintenance or servicing of the Development or has otherwise defaulted in the performance of its obligations hereunder, and has not remedied or cured the facts giving rise to ARRA's right to terminate under this subsection within thirty (30) days after receipt of written notice from ARRA specifying such facts;

(ii) A receiver, liquidator, or trustee of Property Manager shall be appointed by court order, or a petition to liquidate or reorganize Property Manager shall be filed against Property Manager under any bankruptcy, reorganization, or insolvency law and such order or petition is not vacated or dismissed within sixty (60) days, or Property Manager shall file a petition in bankruptcy or request a reorganization under any provision of the bankruptcy, reorganization, or insolvency laws, or if Property Manager shall make an assignment for the benefit of its creditors, or if Property Manager is adjudicated a bankrupt;

(iii) There is damage or destruction to the Development and ARRA elects not to rebuild or restore the Development;

(iv) Property Manager fails to make payment of any amounts payable to ARRA on the due dates set forth hereunder; provided that such failure shall not be an event of default if Property Manager makes such payment within seven (7) days after notice from ARRA of such failure, but Property Manager shall not be entitled to such seven (7) days' notice more than twice in any twelve month period.

(b) Without Cause. Upon ninety (90) days' written notice to Property Manager, ARRA may terminate this Agreement at any time, in its sole discretion, without cause of any kind.

(c) Termination of LIFO. This Agreement shall terminate immediately if ARRA no longer has a right to use and possess the Site by termination of the LIFO or for any other reason except as a result of conveyance of the Site to ARRA.

Section 8.3 Termination by Property Manager.

(a) For Cause. Property Manager may terminate this Agreement, by written notice to ARRA, if ARRA has defaulted in its obligations hereunder, and has not cured such default within thirty (30) days after receipt of written notice from Property Manager specifying such default.

(b) Without Cause. Upon ninety (90) days' written notice to ARRA, Property Manager may terminate this Agreement at any time, in its sole discretion, without cause of any kind.

Section 8.4 Manager's Obligations after Termination. Upon the expiration or termination of this Agreement pursuant to Sections 8.2 or 8.3 of this Agreement, Property Manager shall:

(a) deliver to ARRA, or to such other person or persons designated by ARRA, copies of all books and records of the Development and all funds in the possession of Property Manager belonging to ARRA or received by Property Manager pursuant to the terms of this Agreement;

(b) deliver to ARRA any and all funds of ARRA on hand or in any bank account, including all security deposits of tenants, if not previously delivered to ARRA, less any unpaid compensation due to Property Manager pursuant to this Agreement, and less any other reimbursements due to Property Manager under this Agreement;

(c) deliver to ARRA, as received, any funds due to ARRA under this Agreement but received after such termination;

(d) deliver to ARRA all materials, supplies, keys, contracts, documents, plans, specifications, promotional materials and other materials pertaining to the Development; and

(e) assign, transfer or convey to such person or persons all service contracts and personal property relating to or used in the operation and maintenance of the Development, except any personal property which was paid for and is owned by Property Manager. Property Manager shall, at its cost and expense, remove all signs that it may have placed at the Development indicating that it is Property Manager of the Development and repair and restore any damage resulting therefrom. Property Manager shall also, for a period of ninety (90) days after such expiration or termination, make itself available to consult with and advise ARRA, or such other person or persons designated by ARRA, regarding the operation and maintenance of the Development.

ARTICLE IX
ASSIGNMENT

Section 9.1 Personal Services. This Agreement is a contract for the personal services of Property Manager, and Property Manager may not assign, hypothecate, or transfer this Agreement or any interest therein directly or indirectly, by operation of law or otherwise without ARRA's prior written approval, which may be withheld in the sole discretion of ARRA. ARRA

shall not be required to accept performance hereunder by any person other than Property Manager, including without limitation, Property Manager as debtor in possession under the Bankruptcy Code, any trustee of Property Manager appointed under the Bankruptcy Code, or any assignee of such trustee or of Property Manager.

Section 9.2 Property Manager Identity. For purposes of this Agreement, any change in the constituent entities comprising Property Manager as of the Effective Date shall be deemed to be an assignment requiring the approval of ARRA in its sole discretion.

Section 9.3 Binding. Without derogating from the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

ARTICLE X NOTICES

Section 10.1 Notices. Unless otherwise specifically provided, all notices, demands, statements and communications required hereunder shall be in writing and shall be delivered in person or sent by registered or certified mail, postage prepaid, or by Federal Express or similar overnight courier, if intended for ARRA, addressed to ARRA at:

Alameda: City of Alameda
 2263 Santa Clara Avenue
 Alameda, California 94501
 Attention: City Manager

With copies to: City of Alameda
 2263 Santa Clara Avenue
 Alameda, California 94501
 Attention: City Attorney

Alameda Point Development Services
950 West Mall Square
Alameda, CA 94501-2272
Attention: Manager, Base Reuse

and if intended for Property Manager, addressed to Property Manager at:

PM Realty Group, L.P.
910 Travis, Suite 1000
Houston, TX 77002
Attention: Rick Kirk, President and CEO

or to such other address as shall, from time to time, have been designated by written notice by either party to the other party as herein provided. Unless otherwise specified herein, such notices, demands, statements and communications shall be deemed received (a) on the date delivered (or the date delivery is refused) if delivered in person; (b) three (3) business days after

being deposited with the U.S. Mail, if sent by registered or certified mail, postage prepaid, or (c) one (1) business day after being sent, if sent by Federal Express or similar overnight courier.

ARTICLE XI MISCELLANEOUS

Section 11.1 Entire Agreement. This Agreement is the entire agreement between the parties with respect to the subject matter hereof, and no alteration, modification or interpretation hereof shall be binding unless in writing and signed by both parties.

Section 11.2 Severability. If any provision of this Agreement or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those as to which it is so determined 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.

Section 11.3 Applicable Law. This Agreement shall be construed in accordance with the laws of the State of California. Any suits brought pursuant to this Agreement shall be filed with the Courts of the County of Alameda, State of California.

Section 11.4 Authority Limited. Property Manager's authority shall be derived wholly from this Agreement, and Property Manager has no authority to act for or represent ARRA except as herein specified.

Section 11.5 Exclusiveness of Compensation. The payments to be made to Property Manager hereunder shall be in lieu of all other and further compensation or commissions of any nature whatsoever for the services described herein and this Agreement shall be considered as a special agreement between the parties hereto covering the appointment and compensation of Property Manager to the exclusion of any other method of compensation unless otherwise agreed to in writing.

Section 11.6 Independent Contractor. Property Manager is an independent contractor and, as such, shall be solely responsible for all of its employees, for the supervision of all persons performing services in connection with the performance of all of ARRA's obligations relating to the maintenance and operation of the Development, and for determining the manner and time of performance of all acts hereunder. Nothing herein contained shall be construed to establish Property Manager as an agent of ARRA beyond the scope of authority expressly granted hereunder, or to create a joint venture or partnership between Property Manager and ARRA. No civil service status or other right of employment will be acquired by any person by virtue of Property Manager's services pursuant to this Agreement. None of the benefits provided by the City or ARRA to their employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available to Property Manager, its employees, independent contractors or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from the compensation due Property Manager under this Agreement. Payments of the above items, if required to or on behalf of any individual providing

services under this Agreement, are the responsibility of Property Manager.

Section 11.7 Transactions With Affiliates. Notwithstanding anything to the contrary contained in this Agreement, Property Manager shall not enter into or advise ARRA to enter into, any agreement or arrangement with Property Manager or any party affiliated with Property Manager, directly or indirectly at ARRA's expense or directly or indirectly on behalf of ARRA, without the written notification of ARRA. The provisions of this Section 11.7 are not intended to limit the fiduciary duties of Property Manager to ARRA contained in this Agreement or under common law.

Section 11.8 Limitation on Liability. Property Manager agrees that the obligations incurred by ARRA under this Agreement shall not constitute personal obligations of the employees, or any other principals or representatives of ARRA. Property Manager further agrees that its recourse against ARRA under this Agreement shall be strictly limited to ARRA's interest in the Development, and that Property Manager shall have no recourse to any other asset of ARRA, or any other principal or representative of ARRA for the satisfaction of any of ARRA's obligations hereunder.

Section 11.9 Consents and Approvals. To be effective, consents and approvals of ARRA shall be in writing. All such requests shall be directed to the City Manager or such representative as the City Manager shall have designated in writing ("Designated ARRA Representative"), and approvals from such person shall constitute the approval of ARRA.

Section 11.10 Disclosure. Property Manager shall disclose to ARRA for ARRA's reasonable approval of any controlling ownership interest of Property Manager, any officer or employee of Property Manager, or any immediate family member (parent or parent-in-law, spouse, child, brother, sister, brother-in-law or sister-in-law or step-parent), of any officer or employee of Property Manager in any corporation, partnership, joint venture or other business which provides materials, products or services, directly or indirectly, for the Development. Such disclosure shall be made to ARRA, in writing, at least ten (10) days prior to the proposed entering into any contract or agreement with such business for the provision of such products, materials, or service.

Section 11.11 Time. Time is of the essence with respect to this Agreement.

Section 11.12 Confidentiality Clause. Property Manager shall not reveal proprietary information with respect to ARRA or ARRA's properties, other than required by law, without prior written approval by ARRA.

Section 11.13 Waiver. No waiver by any party of any of the provisions of this Agreement shall be effective unless in writing and signed by the party granting the waiver, and only to the extent expressly provided in such written waiver. Further, the failure of ARRA to seek redress for breach, or to insist upon the strict performance of any covenant, agreement, provision or condition of this Agreement, shall not constitute a waiver thereof, and ARRA shall have all remedies provided herein and by applicable law with respect to any subsequent act which would have originally constituted a breach.

Section 11.14 Captions. The captions of this Agreement are inserted only for the

purpose of convenient reference and do not define, limit or prescribe the scope or intent of this Agreement or any part hereof.

Section 11.15 Conflict of Interest. Property Manager warrants that is not a conflict of interest for Property Manager to perform the services required by this Agreement. Property Manager may be required to fill out a conflict of interest form if the services provided under this Agreement require Property Manager to make certain governmental decisions or serve in a staff capacity as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

Section 11.16 Immigration Reform and Control Act. Property Manager assumes any and all responsibility for verifying the identity and employment authorization of all of its employees performing work hereunder pursuant to the Immigration Reform and Control Act ("IRCA") and all other applicable federal and state laws, rules and regulations governing the immigration and citizenship status of employees. In addition to the indemnification provided by Article V hereof, Property Manager shall indemnify and hold ARRA and the City harmless from and against any loss, damage, liability, costs or expenses arising from any noncompliance of this provision by Property Manager.

Section 11.17 Compliance with Fair Housing Act of 1968. Property Manager shall comply with the requirements of the Fair Housing Act of 1968 and all other applicable federal and state fair housing laws, rules and regulations.

Section 11.18 Non-Discrimination. Property Manager agrees that harassment or discrimination directed toward any person, including a job applicant, a City or ARRA employee, or a citizen by Property Manager or any of Property Manager's employees or subcontractors on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, or sexual orientation will not be tolerated in the delivery of services or otherwise in connection with the performance of this Agreement. Property Manager agrees that any and all violations of this provision shall constitute a material breach of this Agreement and may result in its termination.

Section 11.19 Warranty of Authority. Each party hereto represents and warrants to the other that this Agreement has been duly authorized, executed, delivered and that the individual executing this Agreement on behalf of such party is duly authorized to do so.

Section 11.20 Compliance with Marsh Crust Ordinance. Property Manager shall perform or cause its contractors to perform all excavation work in compliance with the City's Marsh Crust Ordinance as set forth at Section 13-56 of the Municipal Code. Prior to performing any excavation work, Property Manager shall verify with the City's Building Official whether the excavation work is subject to the Marsh Crust Ordinance. Property Manager or its contractor shall apply for and obtain permits from the City's Building Services on projects deemed to be subject to the Marsh Crust Ordinance.

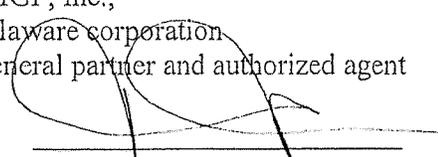
Section 11.21 Exhibits. Each of the exhibits referenced in this Agreement is attached hereto and incorporated herein.

IN WITNESS WHEREOF, ARRA and Property Manager have executed this Agreement in duplicate originals on the date set forth below, effective as set forth above.

PROPERTY MANAGER:

PM REALTY GROUP, L.P.,
a Delaware limited partnership

By: NPMGP, Inc.,
a Delaware corporation
as general partner and authorized agent

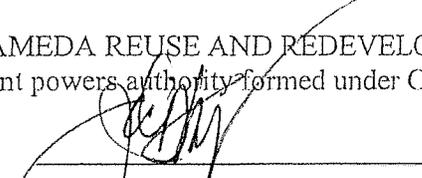
By: 

Name: Rick V. Kirk, President

Title: _____

ARRA:

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY,
a joint powers authority formed under California law

By: 

Name: James M. Flint

Title: Executive Director

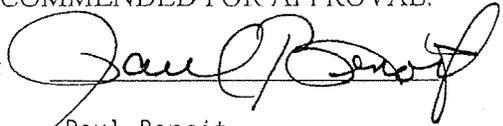
Approved as to form:

By: 

Name: Teresa L. Highsmith

Title: Assistant City Attorney

RECOMMENDED FOR APPROVAL:

By: 

Name: Paul Benoit

Title: Development Services Director

LIST OF EXHIBITS

- Exhibit A Map of Site
- Exhibit B Leasing and Commissions
- Exhibit C Annual Management Plan and Budget
- Exhibit D ARRA's Approved Contract Form

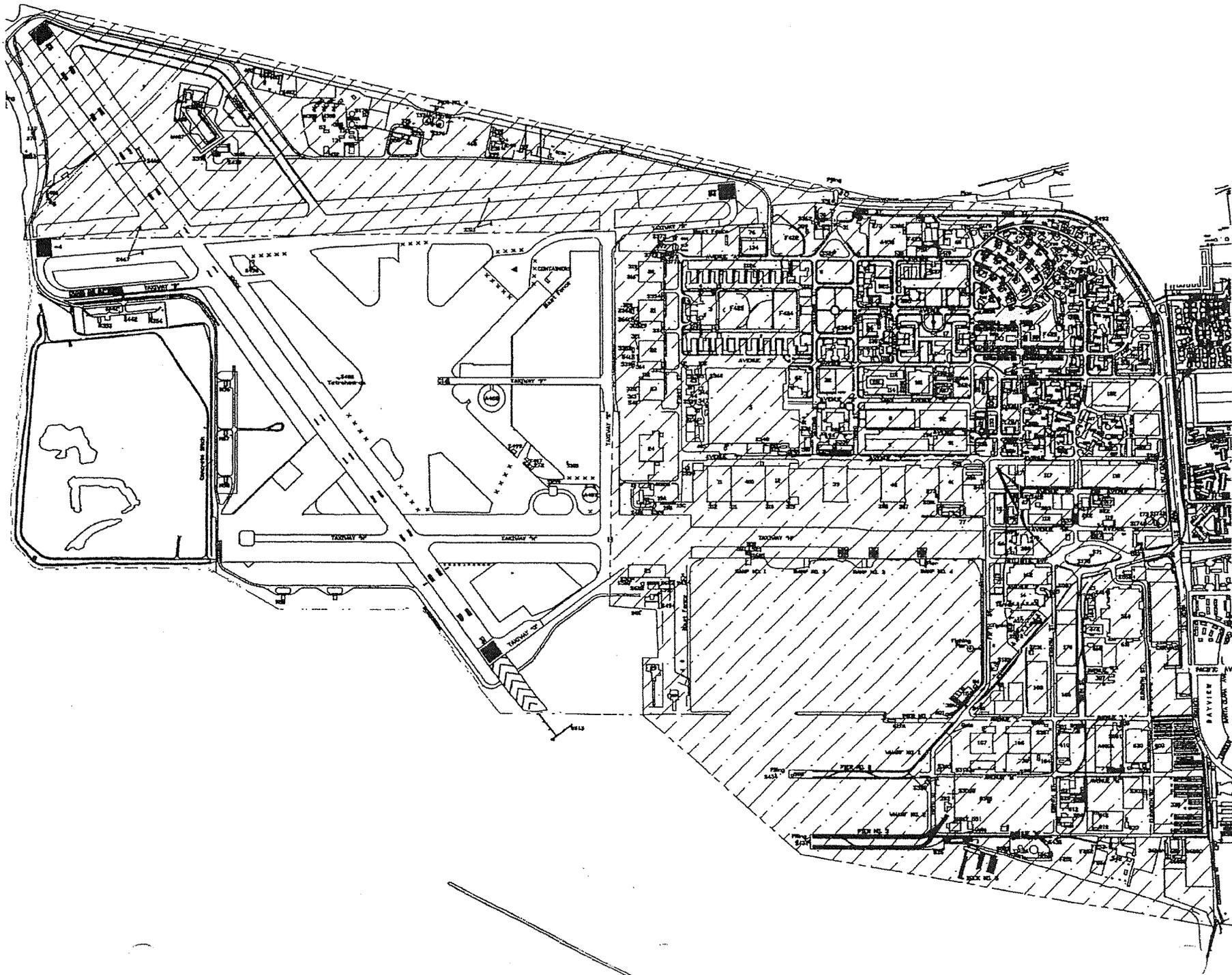


EXHIBIT A-1, PART 1

EXCLUDED PROPERTIES

List of Leased Properties
Alameda Point Collaborative

	<u>Units</u>
Housing – Bessie Coleman Court	
2500 Barbers Point Road	17
2520 Barbers Point Road	17
2530 Barbers Point Road	<u>19</u>
Total Units	53
Housing – Dignity Commons	
2300 Moonlight Terrace	4
2330 Moonlight Terrace	4
2300 Rainbow Court	6
2301 Rainbow Court	4
2320 Rainbow Court	3
2350 Rainbow Court	3
2370 Rainbow Court	<u>4</u>
Total Units	28
Housing – Dignity Housing West	
230 Corpus Christi Road	4
240 Corpus Christi Road	4
2451 Orion Street	4
2471 Orion Street	6
201 Stardust Place	4
251 Stardust Place	4
271 Stardust Place	<u>4</u>
Total Units	30
Housing – Mariposa	
2500 Pensacola Road	6
331 Stardust Place	6
351 Stardust Place	4
350 West Midway Avenue	<u>4</u>
Total Units	20
Housing – Miramar	
451 Corpus Christi Road	1
471 Corpus Christi Road	1
501 Corpus Christi Road	1
531 Corpus Christi Road	1
551 Corpus Christi Road	1
571 Corpus Christi Road	1
450 Pensacola Road	1
470 Pensacola Road	1
500 Pensacola Road	1

530 Pensacola Road	1
550 Pensacola Road	1
570 Pensacola Road	<u>1</u>
Total Units	12

Housing – Spirit of Hope I & II

120 Corpus Christi Road	5
170 Corpus Christi Road	4
201 Corpus Christi Road	5
250 Corpus Christi Road	1
251 Corpus Christi Road	1
270 Corpus Christi Road	1
271 Corpus Christi Road	1
300 Corpus Christi Road	1
301 Corpus Christi Road	1
330 Corpus Christi Road	1
331 Corpus Christi Road	1
350 Corpus Christi Road	1
351 Corpus Christi Road	1
370 Corpus Christi Road	1
371 Corpus Christi Road	1
450 Corpus Christi Road	1
470 Corpus Christi Road	1
2591 Orion Street	4
2601 Orion Street	4
2651 Orion Street	4
2751 Orion Street	4
2580 Pensacola Road	<u>1</u>
Total Units	45

Housing – Unity Village

2810 Barbers Point Road	1
200 Corpus Christi Road	4
500 Corpus Christi Road	1
530 Corpus Christi Road	1
550 Corpus Christi Road	1
2501 Pensacola Road	<u>4</u>
Total Units	12

Other APC Properties

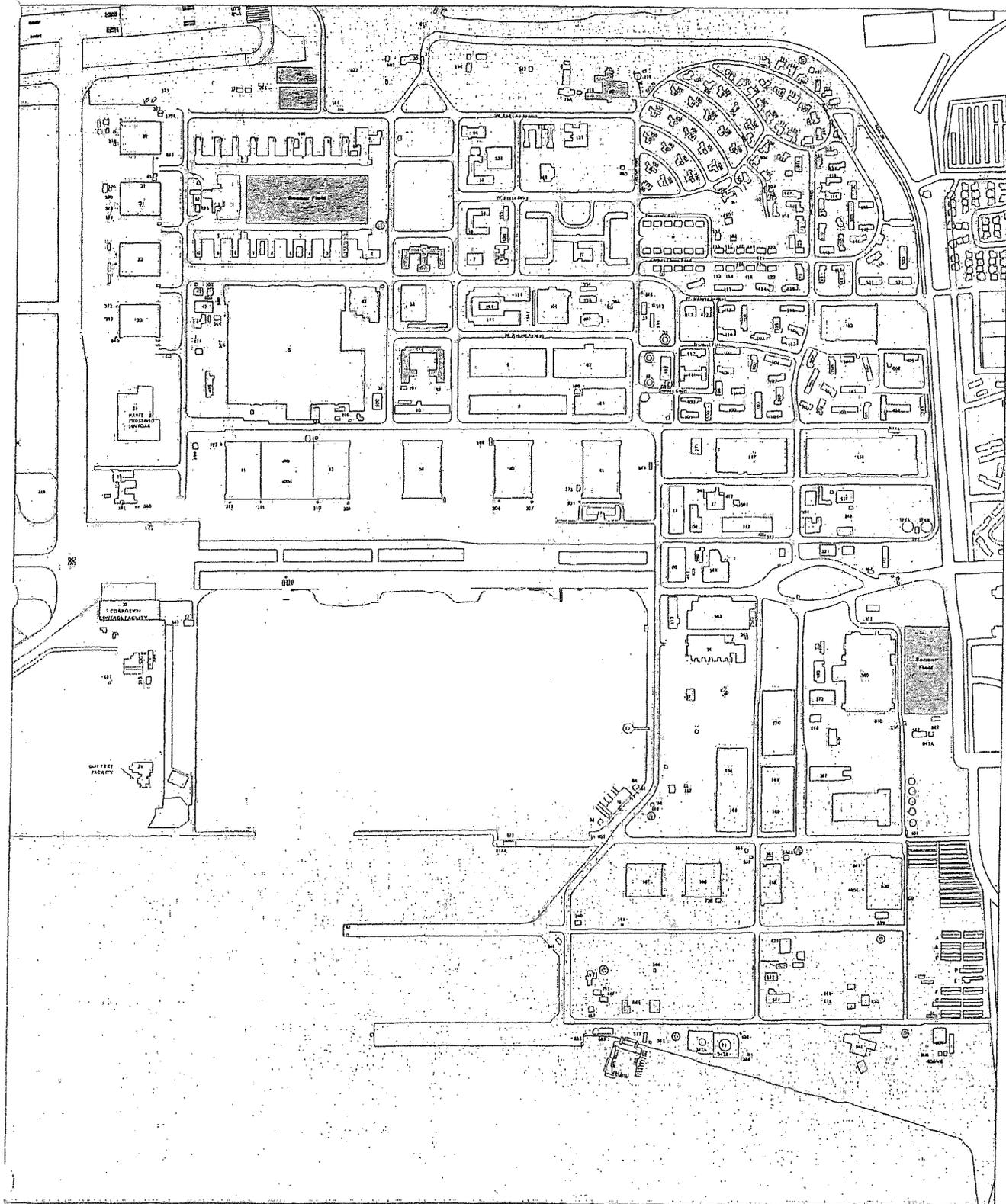
- 451 Stardust Place
- 650 West Ranger Avenue
- 677 West Ranger Avenue
- 751 West Ranger Avenue
- Parcel 98 – Garden
- Parcel 99 – Nursery

EXHIBIT A-1 - PART 2

EXCLUDED PROPERTIES

BUILDINGS/GROUNDS OCCUPIED AND MAINTAINED
BY THE CITY AT ALAMEDA POINT

Exhibit A-1 - Part 2
Excluded Properties - Buildings/Grounds Maintained by the City



 Excluded Buildings/Grounds

 Lift Station (Approximate Location)

EXHIBIT A-1, PART 2
EXCLUDED PROPERTIES

Buildings/Grounds Occupied and Maintained by the City at Alameda Point

Building Number	Building Name	Location/Address	Square Feet
#1	City Hall West	950 W. Mall Square	48,946 s.f.
#6	Fire House/P.W. Maintenance Annex	950 W. Ranger Ave	39,580 s.f.
#76	Swimming Pool	1111 W. Redline Ave.	24,736 s.f.
#60	Officers Club	641 W. Redline Ave.	29,538 s.f.
#134	Gymnasium	1101 W. Redline Ave.	36,959 s.f.
#522	Training Center	431 Stardust Place	2,400 s.f.
#2 Wing 2	Telephone Switch/Storage	1025 W. Midway Ave.	8,400 s.f.
#419	Pump Station		
#194	Storage Bldg.	950 W. Ranger Ave.	850 s.f.
#397	Storage Bldg.	1690 Orion St.	17,300 s.f.
#625/626	P.W. Storage/Recycling Site	1450 Viking	3,400 s.f.
Structure 176	Army Well Pump House		330 s.f.
T95	Army Well Tank		900 s.f.
#2	Lift Station	500 block of Sunrise	240 s.f.
#3	Lift Station	2991 Main Street	230 s.f.
#4	Lift Station	1501 Viking	150 s.f.
#5	Lift Station	1604 Ferry Point	100 s.f.
#8	Lift Station	200 block of Ticonderoga	300 s.f.
#14	Lift Station	330 West Hornet	100 s.f.
#16 and #551	Lift Station	300 block of West Hornet	3,820 s.f.
#19	Lift Station	2551 Lexington	250 s.f.
#20	Lift Station	50 West Hornet	100 s.f.
Grounds	Piedmont Soccer Field		
Grounds	City of Alameda Soccer Field (Rec. and Parks Dpt.)		

EXHIBIT B

Leasing and Commissions

I. LEASING.

1.1 Leasing Services. ARRA hereby engages the Property Manager as the exclusive leasing broker for the purpose of leasing those portions of the Development which may be available for lease during the term of this Agreement. The Property Manager shall:

(a) Diligently pursue new, renewal, extension and replacement tenants for premises within the Development on the best terms available in the market.

(b) Investigate prospective tenants as to their credit-worthiness and reputation in business and ethical matters. Such investigation shall include, without limitation, a review of the records of governmental agencies having jurisdiction over the use, generation, storage, transportation and disposal of hazardous wastes and materials and oil. If during the term of this Agreement, Property Manager becomes aware of the existence or the likely existence of hazardous materials, Property Manager shall immediately notify the ARRA of the condition, both orally and in writing.

(c) Negotiate lease terms, consistent with the Annual Management Plan, with prospective and renewal tenants.

(d) Prepare and present proposed leases (including amendments and renewals) to ARRA for approval.

1.2 Right to Approve. ARRA shall have the right, in its sole discretion, to approve the terms, conditions and form of any proposed lease (including amendments and renewals) and to approve any prospective tenants.

1.3 Outside Brokers.

(a) If any outside brokers are engaged in obtaining any new tenant of the Development on behalf of, or in conjunction with, the Property Manager, and a commission is due hereunder, the Property Manager shall negotiate the fee payable to such broker and pay any portion of its commission payable to such broker pursuant to its agreement with such broker.

(b) If an outside broker is involved and is unwilling to accept payment of its commission in the same manner as Property Manager will be paid pursuant to Article II of this Exhibit B, then on a case-by-case basis, Property Manager may request the ARRA's prior written approval for Property Manager to pay such outside broker in an alternative manner. The following example is provided as an illustration of an alternative payment request which may arise: An outside tenant's broker may request payment of its commission from Property Manager as 50% on execution of the lease and 50% on occupancy of the new lease. If the ARRA consents in writing to Property Manager's paying the outside broker as it requested, then Property Manager will provide an invoice to ARRA requesting an advance of a portion of the

Property Manager's commission, which Property Manager will pay to the outside broker. Subsequently and pursuant to Article II of this Exhibit B, Property Manager will provide monthly invoices to ARRA reduced by the amount of the advance paid by ARRA in the manner approved by ARRA in writing.

(c) Notwithstanding anything to the contrary in the foregoing, Property Manager shall be responsible for payment of any commissions or brokerage fees to outside brokers and ARRA shall not be liable to any outside broker for any commissions or brokerage fees which may arise as a result of Property Manager's agreements with outside brokers.

1.4 Reports.

(a) Leasing Status Reports. On or before the fifteenth day of each month, the Property Manager shall deliver to ARRA for each building comprising the Development a leasing status report for the preceding month. The leasing status report shall identify, with square footage and locations specified, all space occupied under leases which are expected to terminate or which contain termination options exercisable during the ensuing twelve months.

(b) Prospective Tenants. With respect to prospective tenants, the lease status report shall include the tenant's name; proposed terms of the lease, including base rent, term, free-rent periods, escalation provisions, projected occupancy date, tenant finish allowance or estimated tenant finish cost and options; size of premises to be leased.

II. LEASING COMMISSIONS.

2.1 Compensation for Leasing.

(a) Subject to Section 2.3 below, the Property Manager shall be entitled to a leasing commission with respect to any lease entered into during the Term of this Agreement, when (i) the lease has been fully executed, and (ii) the tenant takes occupancy of the leased premises. ARRA acknowledges that Property Manager may pay a portion of its commission to outside brokers pursuant to Section 1.3 above.

(b) Subject to the terms and conditions of Section 2.4 below and in accordance with the method of calculation illustrated by examples set forth in Section 2.3 below:

(i) payment by ARRA of the leasing commission to the Property Manager shall be made ratably only out of payments of Fixed Annual Minimum Rent (as hereinafter defined) made by the tenant in equal monthly installments over the term of the lease commencing on the date that the conditions set forth in Section 2.1(a)(i) and (ii) of this Exhibit B; and

(ii) the amount of such leasing commission shall be: (A) five percent (5%) of the Fixed Annual Minimum Rent for the first five (5) years of the initial term of the lease, and (B) as applicable, two and one-half percent (2-1/2%) of the Fixed Annual Minimum Rent for the second five (5) years of the initial term of the lease; excluding any

renewal, extension or expansion options included in such lease, any period of free rent and any period after the tenant may, at its option, terminate the lease.

(c) "Fixed Annual Minimum Rent" shall mean the base rent payable by the tenant, excluding any payments for real estate taxes, operating expenses, insurance or other such payments payable by the tenant or rent payments intended to amortize tenant improvement investments. Further, any other rent abatements or tenant concessions shall be deducted in calculating the amount of Fixed Annual Minimum Rent on which the commission is payable.

2.2 Renewals.

(a) Subject to the terms and conditions of Section 2.4 below and in accordance with the method of calculation illustrated by examples set forth in Section 2.3 below, a leasing commission equal to two and one-half percent (2-1/2%) of the Fixed Annual Minimum Rent payable for the first five (5) years of the renewal term shall be earned by the Property Manager for any renewal or extension of the term or expansion of the premises of any lease, and shall be payable ratably out of payments of Fixed Annual Minimum Rent made by the tenant under such lease renewal in equal monthly installments over the lease renewal term commencing on the date that conditions set forth in Section 2.1(a)(i) and (ii) of this Exhibit B have been satisfied as to such renewal, extension or expansion, as applicable.

(b) More than one lease renewal term for a lease, shall be subject to the prior written approval of the ARRA.

2.3 Payment Terms. The parties hereto contemplate payment of the leasing commissions will be payable only out of rental payments from tenants actually received (except as approved in writing by the ARRA pursuant to Section 1.3(b) of this Exhibit B). Accordingly, the Property Manager has agreed to the foregoing schedule of payments set forth in Sections 2.1 and 2.2 of this Exhibit B calculated in accordance with the illustrative examples set forth below (subject to reduction pursuant to any alternative arrangement approved in writing by the ARRA pursuant to Section 1.3(b) of this Exhibit B).

(a) Commissions for New Leases – Examples.

3 year new lease: Property Manager will provide monthly invoices to ARRA for 5% of the Fixed Annual Minimum Rent for months 1 through 36 of the lease.

7 year new lease: Property Manager will provide monthly invoices to ARRA for: (i) 5% of the Fixed Annual Minimum Rent for months 1 through 60 of the lease; then (ii) 2-1/2% of the Fixed Annual Minimum Rent for months 61 through 84 of the lease.

12 year new lease: Property Manager will provide monthly invoices to ARRA for: (i) 5% of the Fixed Annual Minimum Rent for months 1 through 60 of the lease; then (ii) 2-1/2% of the monthly Fixed Annual Minimum Rent for months 61 through 120 of the lease. No commission will be charged or payable for months 121 through 144 of the lease.

20 year new lease: Property Manager will provide monthly invoices to ARRA for: (i) 5% of the Fixed Annual Minimum Rent for months 1 through 60 of the lease; then (ii) 2-1/2% of the monthly Fixed Annual Minimum Rent for months 61 through 120 of the lease. No commission will be charged or payable for months 121 through 240 of the lease.

(b) Commissions for Renewals of Existing Leases – Examples.

3 year existing lease renewal: Property Manager will provide monthly invoices to ARRA for 2-1/2% of the Fixed Annual Minimum Rent for months 1 through 36 of the lease renewal term.

7 year existing lease renewal: Property Manager will provide monthly invoices to ARRA for 2-1/2% of the Fixed Annual Minimum Rent for months 1 through 60 of the 7-year lease renewal term. No commission will be charged or payable for months 61 through 84 of the 7-year lease renewal term.

Two 5-year options to renew existing lease: If the tenant exercises the first 5-year option to renew, Property Manager will provide monthly invoices to ARRA for 2-1/2% of Fixed Annual Minimum Rent for months 1 through 60 of the first 5-year lease renewal term. Then if the tenant exercises the second 5-year option to renew, Property Manager will provide monthly invoices to ARRA for 2-1/2% of Fixed Annual Minimum Rent for months 1 through 60 of the second 5-year lease renewal term.

(c) Commissions for New Leases Plus Renewals – Examples.

5-year new lease plus one 5-year option to renew: Property Manager will provide monthly invoices to ARRA for 5% of the Fixed Annual Minimum Rent for months 1 through 60 of the new 5-year lease. Then if the tenant exercises the option to renew, Property Manager will provide monthly invoices to ARRA for 2-1/2% of Fixed Annual Minimum Rent for months 1 through 60 of the 5-year lease renewal term.

7-year new lease plus one 5-year option to renew: Property Manager will provide monthly invoices to ARRA for: (i) 5% of the Fixed Annual Minimum Rent for months 1 through 60 of the new 5-year lease; then (ii) 2-1/2% of the Fixed Annual Minimum Rent for months 61 through 84 of the new 5-year lease. Then if the tenant exercises the option to renew, Property Manager will provide monthly invoices to ARRA for 2-1/2% of Fixed Annual Minimum Rent for months 1 through 60 of the 5-year lease renewal term.

10-year new lease plus one 7-year option to renew: Property Manager will provide monthly invoices to ARRA for: (i) 5% of the Fixed Annual Minimum Rent for months 1 through 60 of the new 10-year lease; then (ii) 2-1/2% of the monthly Fixed Annual Minimum Rent for months 61 through 120 of the new 10-year lease. Then if the tenant exercises the 7-year option to renew, Property Manager will provide monthly invoices to ARRA for 2-1/2% of Fixed Annual Minimum Rent for months 1 through 60 of the 7-year lease renewal term. No commission will be charged or payable for months 61 through 84 of the 7-year lease renewal term.

10-year new lease plus two 5-year options to renew: Property Manager will provide monthly invoices to ARRA for: (i) 5% of the Fixed Annual Minimum Rent for months 1 through 60 of the new 10-year lease; then (ii) 2-1/2% of the monthly Fixed Annual Minimum Rent for months 61 through 120 of the new 10-year lease. Then if tenant exercises the first 5-year option to renew, Property Manager will provide monthly invoices to ARRA for 2-1/2% of Fixed Annual Minimum Rent for months 1 through 60 of the first 5-year lease renewal term. Then if the tenant exercises the second 5-year option to renew, Property Manager will provide monthly invoices to ARRA for 2-1/2% of Fixed Annual Minimum Rent for months 1 through 60 of the second 5-year lease renewal term.

2.4 Special Circumstances. The amount of leasing commission payable by ARRA to the Property Manager pursuant to Sections 2.1, 2.2 and 2.3 of this Exhibit B shall be subject to the following qualifications:

(a) If, prior to the termination of the initial term of its lease, an existing tenant relocates within the Development, the commission applicable to the portion of the relocation lease term equal to the unexpired term of the original lease shall be based upon the increase, if any, in the rent.

(b) The commission due for any expansion by an existing tenant shall be based upon the net overall increase in rent payable by the tenant; and if another tenant vacates its space prior to the expiration of its lease term to permit such expansion, the rent upon which the commission is based shall be reduced by the vacating tenant's rent for the period of such unexpired term.

(c) If upon expiration of its existing lease, an existing tenant relocates to another space in the Development, the commission applicable to such lease shall be calculated as though the lease was a renewal as provided in Section 2.2 of this Exhibit B.

(d) The rent upon which the commission is based shall be reduced by the total amount of any rent payable to a tenant by ARRA for space subleased back to ARRA.

(e) No commission shall be paid to the Property Manager with respect to any lease for any period after ten (10) years from the initial occupancy of a tenant in the Development, except commissions for renewals pursuant to Section 2.2 of this Exhibit B.

(f) No commission shall be payable to the Property Manager with respect to any lease or other occupancy agreement for ARRA, City or any of their related agencies, or Property Manager.

III. ENTIRE COMPENSATION. Except as expressly set forth herein, no leasing commission, finder's fee, broker's fee or other type of commission shall be payable to the Property Manager for any lease, ground lease, sale, conveyance, or transfer of the Development or any interest in the Development, or for any financing or refinancing of the Development.

**ALAMEDA POINT
MANAGEMENT PLAN**

February 2004

Landscaping Specifications

1. DESCRIPTION

Landscape maintenance preserves and sustains the quality of a landscape. Landscapes are generally designed with a given style, formal or informal: proper maintenance maintains the intended design concept. Contractor shall provide costs which are delineated on the map provided. In addition, contractor shall provide weed control twice annually along the south side of Atlantic from Webster to just East of Atlantic Gate.

2. WORK INCLUDED

This section includes the maintenance of plantings, irrigation, debris removal and other related work.

3. QUALITY ASSURANCE

The Contractor shall be properly licensed to perform landscape work including pest control. All properties to be operationally evaluated a minimum of once per month.

Contractor will assign an on-site supervisor to manage the day-to-day operations and assure the utmost project quality.

4. SITE CONDITIONS

A. Existing Conditions

1. The Contractor shall inspect the entire designated site and be familiar with the requirements and growth habits of all existing plant material.
2. Upon receipt of the Request for Proposal (RFP), the Contractor will conduct a physical inspection and review all areas on the map, which require service.
3. Prior to commencement of work, the Contractor point of contact shall advise the Client or Client's representative of existing conditions that may affect the project.

B. Environmental Conditions

The Contractor shall advise the Client or Client's representative of serious disease or pest problems and any other conditions that may be detrimental to the landscape.

5. SCHEDULING

Any changes in work schedule shall be communicated to the Client prior to the change taking effect.

6. EQUIPMENT

The Contractor will provide and maintain all equipment necessary to properly complete the maintenance work. Equipment will be safe, proper, efficient and suited to and for the job. All cutting blades will be kept properly sharpened. All equipment will have all require safety devices in place and in operation. The Contractor will follow the company's established and accepted Safety Procedures and Illness and Injury Prevention Policies at all times.

Landscaping Specifications (continued)

7. EMERGENCIES

The Contractor will provide 24-hour seven (7) days a week after-hour emergency service. Key employee and supervisor personnel home, pager, cell numbers required.

8. PRODUCTS

A. Fertilizers

Commercial fertilizers may be pellet, tablet, and granular or liquid form and will conform to the requirements of the California Food and Agriculture Code. Choice of fertilizer will be based on soil fertility tests and/or the specific plant requirements.

B. Pesticides

All pesticides will be registered in the State of California and conform to all requirements of the California Food and Agriculture Code.

9. TREES

A. Pruning

1. All trees will be allowed to grow their natural genetic form and size, unless specifically accepted by the Client or Client's representative. The Contractor will be responsible for the pruning of trees up to 15 feet in height. Trees exceeding this height limit will be priced separately.
2. Tree pruning will have two basic objectives: to promote structural strength and to accentuate the natural form and features of the tree.
3. Under no circumstances will stripping of lower branches ("raising up") of young trees be permitted. Lower branches will be retained in a "tipped back" or pinched condition with as much foliage as possible to promote callipered trunk growth ("tapered trunk"). Lower branches will be cut-off only after the tree is able to stand erect without staking or other support.
4. Trees with strong central leader or conical (pyramidal) shape generally need little or no pruning. As a rule, the single central leader will never be radically topped or cut back, as this will create an unnatural multi-leader form and an abundance of weak vegetative growth.
5. Trees with multi-leaders or a branched main trunk system will be pruned to select and develop permanent scaffold branches that have vertical spacing. This will be done to eliminate narrow, V-shaped branch forks that lack strength, to maintain growth within space limitations, and to maintain a natural appearance.
6. Conifers will be thinned out and shaped only when necessary, to prevent wind and storm damage.
7. Proper side branch removal will require cutting at the main trunk just beyond the branch bark ridges.
8. All suckers and water sprouts and crisscrossing dead, diseased, broken and heavily laden side branches will be removed to thin crown for less wind resistance.

Landscaping Specifications (continued)

B. Staking and Guying

1. The purpose of staking and guying trees is to support and protect young trees until such time as they can stand-alone.
2. All trees stakes, guys and ties will be maintained to properly support the trees and will be inspected, to prevent girdling or chafing of trunks or branches or rubbing that may cause bark wounds.
3. Stakes and guys will be removed when no longer required for support.

C. Tree Wells

1. Bare soil wells will be maintained around all trees. A circle with a radius of 12-24 inches beyond the bark of the tree will be maintained free of grass, ground cover and weeds.
2. Grasses and weeds will be removed or sprayed with a herbicide.

10. SHRUBS AND VINES

A. Pruning

1. The general objectives for pruning of shrubs and vines are to maintain growth within space limitations, to maintain a natural appearance, to eliminate diseased or damaged growth, and to select and develop permanent branches.
2. Shrubs will be pruned to conform to the design concept of the landscape.
3. Vines will be pruned to control growth and direction, and will be kept "in-bounds" and not allowed to grow over windows, doors, gates or other structural features.
4. All pruning cuts will be made to lateral branches or buds or flush with trunk or main stem. Pinching or light heading back of terminal buds on selected shrub species promotes bushiness. To prevent legginess (sparse lower branches) shrubs will be maintained with the lower foliage wider than the upper foliage. This practice allows more light to reach the lower foliage.

11. GROUND COVERS

A. Edging

1. Established ground covers bordering sidewalks, curbs or structures will be edged as often as necessary to provide a clean, crisp line at all times and shall be maintained 2" – 4" from borders or structures.
2. Ground covers will not be allowed to touch or cover the crown of shrubs and trees.
3. Ground covers may need to be mowed/pruned on an annual basis depending on species growth habit.

Landscaping Specifications (continued)

12. LAWNS

A. Mowing

1. Lawns will be mowed weekly during the growing season and at as needed during the dormant season to maintain a neat appearance. Generally, mowing heights will be 2" - 2½" in fall/winter and 2½" - 3½" in spring/summer.
2. Mowing patterns will be alternated each week, or as needed, to avoid creating ruts and compaction.
3. Clipping will be either caught and removed or where acceptable mulching mowers can be used.

B. Edging

1. All lawn edges along sidewalks and curbs, as well as shrub or groundcover border areas, will be edged every week during the active growing season or as needed to create a clean look.
2. Hard edging will be appear as a clean, smooth and vertical line.
3. Lawn sprinkler heads will only be edged to allow for proper distribution of water.

13. FERTILIZATION TREATMENT

- A. Turf will be fertilized 6-8 times per year or 6-9 lbs. actual nitrogen per 1000 sq. ft., according to individual needs to maintain good health, vigor and color throughout the year.
- B. Ground cover and planter beds will be fertilized as required to maintain acceptable standards (up to 3 times per year).
- C. Special fertilization for acid-loving plant material (i.e., azaleas, camellias, rhododendrons, etc.) will applied as required to maintain acceptable standards (up to 2 times per year)

14. WEED CONTROL

- A. Lawn, shrub, groundcovers and flowerbeds shall be kept free of weeds by hand, machine or chemical use.
- B. Contractor shall make 1 application per year of pre-emergent weed control for all turf areas to deter crabgrass. Application will be performed in the spring.
- C. Planter-bed and ground cover will receive 2 applications per year of pre-emergent weed control. One application is made in the spring and the other in the fall.
- D. Contractor will perform 2 applications per year of broadleaf weed control for all turf areas. One application is made in the spring and the other in the fall.

Landscaping Specifications (continued)

- E. Weeds in large open areas shall not be permitted to exceed 6" in winter and 2" in summer.
- F. Contractor will perform pre-emergent and post-emergent applications, which will be applied as needed to sidewalks, asphalt surfaces and bare ground areas throughout the project.

15. IRRIGATION SYSTEMS

A. General

- 1. Proper irrigation system maintenance includes the overall supervision of the system, controller scheduling, routine checks and adjustments, and necessary repairs from tee to head.
- 2. Inspections of the irrigation systems in operation will be made weekly during the summer months, April through October, and monthly November through March, to detect any malfunctioning of the system.
- 3. All malfunctioning equipment will be repaired prior to the next scheduled irrigation check, or as quickly as deemed viable.
- 4. All replacement heads will be of the same manufacturer, type and application rates, as available, working toward a standardized system throughout the property.
- 5. Crew or on-site gardeners are responsible for making minor repairs and reporting the condition of the irrigation system to supervisor.
- 6. The Contractor's on-site irrigation staff will be responsible for operating the irrigation systems in their specified areas of maintenance, with the duties of adjusting controllers, observing the effectiveness of the irrigation system, and making minor adjustments to the system.
- 7. The irrigation programs will be adjusted to conform to plant requirements, soil and slope conditions, weather and change of season, within the limitations of the system.
- 8. Ideally, water will not be applied at a rate higher than the infiltration rate of the soil.
- 9. Soil moisture levels will be regularly evaluated to determine irrigation schedules and make necessary adjustments throughout the seasons.
- 10. Damage incurred by Contractor shall be repaired at Contractor's expense. Any other repairs shall be reported to the Client with recommendations and cost to repair.

16. SEASONAL COLOR DISPLAYS

- A. The Contractor will provide materials and labor to maintain annual beds throughout the project.
- B. Seasonal color is generally changed out 3 times per year or as deemed necessary by the Client.

Landscaping Specifications (continued)

- C. Contractor shall provide costs for seasonal color in two ways:
 - 1. Cost per installation
 - 2. Cost per month based on total yearly flat count
- D. Contractor shall provide seasonal color costs based on:
 - 1. Atlantic Entrance = 50 flats per change
 - 2. Main Entrance = 50 flats per change
- E. Contractor shall keep flower beds clean, weed free and fresh at all times.

17. DRAINAGE SYSTEM

- A. Good drainage is essential for healthy and vigorous plant growth, and system will be routinely checked for blockage, which could cause ponding, flooding and excessive saturation of the soil and plant root zones.
- B. Surface drainage swales will be kept free of leaves, debris and sediment accumulations.

18. DISEASE AND PEST CONTROL

- A. All chemical controls will be applied under the strict supervision of a licensed and qualified pest control applicator, per the manufacturer's recommended label application procedures.
- B. Where unusually high infections or infestations occur, an accurate identification of the disease or insect will be made and the control product selected with care, prior to application.

19. DEBRIS REMOVAL

- A. Litter and trash including rubbish, papers, bottles, cans, and other debris will be removed from all hardscape and softscape areas of the site on a weekly basis. Any hazardous waste will immediately be brought to the attention of the Client or Client's representative. Empty all public trash receptacles on a regular basis (includes all containers located on public walkways with garbage bag replacement).
- B. Parking lot, walkways and patio will be blown down.
- C. Clean curbs and corner build-up in parking lots areas.
- D. All cutting and clipping generated from maintenance work are to be removed from the job-site, unless special arrangements have been made.

Landscaping Specifications (continued)

20. SAFETY

- A. The Contractor will establish and maintain the necessary safeguards to prevent accidental injury or damage to Client's personnel, property or equipment. The Contractor will be responsible for damaged caused by any employee or subcontractor in its employ.
- B. The Contractor will maintain manufacturer's manuals for all machinery and equipment under their control. Personnel will be thoroughly trained prior to operating machinery or equipment.
- C. Machines will not be operated unless all guards are securely in place and operational. Personnel shall wear the appropriate personal protective equipment while performing the work.
- D. Fire prevention procedures will be implemented, including such controls as the careful handling of flammable liquids, the use of closed containers to prevent evaporation, the removal of all possible sources of ignition, adequate ventilation and the use of relief vents. Flammable materials will be stored properly.

21. INSURANCE

As required by ARRA

22. WAGE

Contractor is required to pay California Prevailing Wage Scale for Alameda County.

23. PRICE LIST

The Contractor shall provide unit price list for the following items.

TREES: Including stakes and ties

- 5 gallon
- 15 gallon
- 24" box
- 36" box
- 48" box

SHRUBS:

- 1 gallon
- 5 gallon
- 15 gallon
- 24" box

Landscaping Specifications (continued)

SPECIALTY ITEMS

PER FLAT:

Ground Covers
Annuals

PER FOOT:

Sod (soil preparation not included)
Redwood, 2x4
Redwood benderboard

MOSS ROCK / DECORATIVE ROCK:

TREE TIES:

Tie

STAKES:

8 foot
10 foot

Specialty Materials:

Bark Decomposed Granite
Drainage Rock Compost Blend
Hand Seeding (per pound)
Dump Fee
- Small load
- Large load
Irrigation Loaner Clock (use fee)
Irrigation Line Tracer (use fee)
Certified Backflow Testing (per unit)

Maintenance Specifications

Standards for Building and Project Maintenance:

- Monitor and notify management staff of vandalism to the project. Graffiti abatement to occur within 24 hours of notification. Paint color to match as closely as possible.
- Notify management staff of discarded items (i.e. couches, mattresses, shopping carts, etc.) and remove as soon as possible.
- Replace windows which are located on the first floor of buildings where practical.
- Place ½" plywood over broken windows which are located on the first floor and not practical to fix.
- Secure entry points of buildings which have been compromised.
- Perform minor carpentry and construction improvement tasks as deemed necessary.
- Perform basic plumbing repairs as needed.
- Perform basic electrical repairs as needed.
- Paint bollards, fire hydrants, and other fixtures as needed to provide a clean and presentable image.
- Pick-up trash and empty receptacles as needed.
- Misc. building maintenance tasks as required.

ALAMEDA POINT COMMUNITY PARTNERS
Forecast - Budget Report

	ACTUAL AMOUNTS						FORECAST AMOUNTS						Total	
	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Forecast	Budgeted
OPERATING REVENUES														
TOTAL RENTAL REVENUE	597,171	917,443	731,039	778,045	707,978	955,684	761,261	760,301	909,507	839,357	754,113	754,569	9,426,467	9,871,140
RECOVERIES														
TOTAL RECOVERIES	5,761	7,199	4,545	9,520	7,191	7,921	6,169	6,069	6,069	6,069	6,019	6,019	78,551	74,028
OTHER REVENUE														
TOTAL OTHER REVENUE	256	1,605	314	373	3,276	5,813	400	400	400	400	400	400	14,039	4,800
TOTAL OPERATING REVENUES	563,190	926,247	735,898	787,938	718,445	969,418	767,830	766,770	915,976	845,826	760,532	760,988	9,519,057	9,949,968
RECOVERABLE EXPENSES														
TOTAL SECURITY	681	1,925	65	0	1,628	11,550	5,200	1,700	2,265	200	200	3,765	29,179	49,160
CLEANING/JANITORIAL	-1,185	0	0	0	0	0	0	0	0	0	0	0	(1,185)	0
TOTAL CLEANING/JANITORIAL	-1,185	0	0	0	0	0	0	0	0	0	0	0	(1,185)	0
REPAIRS & MAINTENANCE														
TOTAL REPAIRS & MAINTENANCE	1,201	13,306	8,507	3,031	27,259	32,238	56,808	62,500	122,734	9,534	9,934	9,534	356,584	301,488
ADMINISTRATIVE														
TOTAL ADMINISTRATIVE	19,874	46,034	30,822	29,444	32,886	44,723	37,323	41,128	71,351	40,227	37,977	51,627	483,420	657,830
GENERAL BUILDING SERVICES														
TOTAL GENERAL BUILDING SERVICES	278	623	623	351	693	1,236	1,500	1,500	1,500	1,500	1,500	1,500	12,804	22,200
UTILITIES														
TOTAL UTILITIES	0	0	0	0	0	0	0	2,160	2,160	2,160	2,160	2,160	10,800	25,921
LANDSCAPING														
TOTAL LANDSCAPING	23,314	12,799	14,302	-1,699	39,125	16,977	39,060	21,000	20,440	21,300	22,300	21,000	249,851	318,620
MANAGEMENT FEES														
TOTAL MANAGEMENT FEES	18,622	16,884	23,264	22,125	17,537	21,626	18,523	18,491	18,618	20,863	17,523	17,537	231,613	218,156
TOTAL RECOVERABLE EXPENSES	62,786	91,570	77,583	53,253	119,128	128,350	158,354	146,319	236,908	93,624	89,434	104,963	1,362,272	1,567,454
NON-RECOVERABLE EXPENSES														
TOTAL NON-RECOVERABLE EXPENSES	95,026	125,239	109,241	103,691	111,625	113,610	98,235	98,235	96,235	108,367	176,982	98,235	1,336,721	1,382,646
NET OPERATING INCOME	405,379	709,438	549,075	630,994	487,693	727,458	511,241	522,216	580,833	643,835	494,116	557,790	6,820,064	6,999,868
NON-OPERATING EXPENSES														
TOTAL OWNERSHIP EXPENSES	0	0	0	6,244	0	0	4,000	4,000	4,000	4,000	4,000	4,000	30,244	20,116
TOTAL NON-OPERATING EXPENSES	0	0	0	6,244	0	0	4,000	4,000	4,000	4,000	4,000	4,000	30,244	20,116
NET INCOME (LOSS)	405,379	709,438	549,075	624,751	487,693	727,458	507,241	518,216	576,833	639,835	490,116	553,790	6,789,820	6,979,752

Alameda Point Property Management

Employees:

- Sr. Property Manager
- Property manager
- Assistant Property Manager
- Property Coordinator
- Receptionist

CONTRACTOR AGREEMENT

No.

THIS AGREEMENT, entered into this ___th day of _____, 200_, by and between PM REALTY GROUP, L.P., a Delaware limited partnership (hereinafter referred to as "**Manager**"), as agent for the Alameda Reuse and Redevelopment Authority, a Joint Powers Authority Established by the City of Alameda and the County of Alameda Under the California Joint Exercise of Powers Act (hereinafter referred to as "**ARRA**"), whose address is c/o PM Realty, 333 Bush Street, Suite 1510, San Francisco, California 94104, and _____, a _____, whose address is _____ (hereinafter called "**Contractor**"), in reference to the following:

RECITALS:

A. The Manager has a contractual right to manage certain real property and improvements known as Alameda Point located in Alameda, California, on behalf of the ARRA (the "**Project**").

B. The Manager and Contractor desire to enter into an agreement for _____ in accordance with Specifications, Special Provisions and Plans as attached in "**Exhibit A.**"

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

1. **TERM:**

The Contractor shall begin work within five (5) working days after receiving notice from the Manager to commence the work, and shall diligently prosecute the work to completion before the expiration of thirty (30) consecutive working days from the date of receipt of notice to begin work.

2. **SERVICES TO BE PERFORMED:**

Contractor agrees, at its own cost and expense, to furnish all labor, tools, equipment, materials, except as otherwise specified, and to do all work strictly in accordance with Specifications, Special Provisions and Plans, which Specifications, Special Provisions and Plans are hereby referred to and expressly made a part hereof with the same force and effect as if the same were fully incorporated herein.

3. **COMPENSATION TO CONTRACTOR:**

Contractor shall be compensated for services performed pursuant to this Agreement in the amount and manner set forth in Contractor's bid, which is attached hereto as "**Exhibit B**" and incorporated herein by this reference. Payment will be made in the same manner that claims of a like character are paid by the Manager, with checks drawn on the treasury of the ARRA, to be taken from the operating fund.

Payment will be made within thirty (30) days by PM Realty in the following manner: On the first day of each month, Contractor shall submit a written estimate of the total amount of work done the previous month. Payment shall be made for 90% of the value of the work. The Manager shall retain 10% of the value of the work as partial security for the completion of the work by Contractor. Retained amounts shall be paid to Contractor within 15 days of acceptance by the City of the project. Payment shall not be construed as acceptance of defective work. No interest will be paid to Contractor on retained funds.

4. **TIME IS OF THE ESSENCE:**

Contractor and Manager agree that time is of the essence regarding the performance of this Agreement.

It is agreed by the parties to the Agreement that in case all the work called for under the Agreement is not completed before or upon the expiration of the time limit as set forth in paragraph 1 above, damage will be sustained by the Manager, and that it is and will be impracticable to determine the actual damage which the Manager will sustain in the event of and by reason of such delay. It is therefore agreed that the Contractor will pay to the Manager the \$500.00 (five hundred dollars) per day for each and every day's delay beyond the time prescribed to complete the work; and the Contractor agrees to pay such liquidated damages as herein provided, and in case the same are not paid, agrees that the Manager may deduct the amount thereof from any money due or that may become due the Contractor under the Agreement.

It is further agreed that in case the work called for under the Agreement is not finished and completed in all parts and requirements within the time specified, the Manager shall have the right to extend the time for completion or not, as may seem best to serve the interest of the Manager.

The Contractor shall not be assessed with liquidated damages during any delay in the completion of the work caused by an act of God or of the public enemy, acts of the Manager, fire, flood, epidemic, quarantine restriction, strikes, freight embargoes or delays of subcontractors due to such causes; provided that the Contractor shall, within one (1) day from the beginning of such delay, notify the Manager in writing of the causes of delay. The Manager shall ascertain the facts and the extent of the delay, and its findings of the facts thereon shall be final and conclusive.

5. **STANDARD OF CARE:**

Contractor agrees to perform all services hereunder in a manner commensurate with the prevailing standards of like professionals in the San Francisco Bay Area and agrees that all services shall be performed by qualified and experienced personnel who are not employed by the Manager or ARRA nor have any contractual relationship with Manager or ARRA.

6. **INDEPENDENT PARTIES:**

Manager and Contractor intend that the relationship between them created by this Agreement is that of employer-independent contractor. The manner and means of conducting the work are under the control of Contractor, except to the extent they are limited by statute, rule or regulation and

the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Contractor's services. None of the benefits provided by Manager to its employees, including but not limited to unemployment insurance, workers' compensation plans, vacation and sick leave are available from Manager to Contractor, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Contractor. Payments of the above items, if required, are the responsibility of Contractor.

7. **IMMIGRATION REFORM AND CONTROL ACT (IRCA):**

Contractor assumes and all responsibility for verifying the identity and employment authorization of all of its employees performing work hereunder, pursuant to all applicable IRCA or other federal, or state rules and regulations. Contractor shall indemnify and hold Manager and ARRA harmless from and against any loss, damage, liability, costs or expenses arising from any noncompliance of this provision by Contractor.

8. **NON-DISCRIMINATION:**

Consistent with Manager's policy that harassment and discrimination are unacceptable employer/employee conduct, Contractor agrees that harassment or discrimination directed toward a job applicant, a Manager employee, or a citizen by Contractor or Contractor's employee on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, or sexual orientation will not be tolerated. Contractor agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

9. **HOLD HARMLESS:**

Contractor shall indemnify, defend, and hold harmless Manager, ARRA, the City of Alameda, its City Council, boards, commissions, officials, employees, and volunteers ("Indemnitees") from and against any and all loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees ("Claims"), arising from or in any manner connected to Contractor's negligent act or omission, whether alleged or actual, regarding performance of services or work conducted or performed pursuant to this Agreement. If Claims are filed against Indemnitees which allege negligence on behalf of the Contractor, Contractor shall have no right of reimbursement against Indemnitees for the costs of defense even if negligence is not found on the part of Contractor. However, Contractor shall not be obligated to indemnify Indemnitees from Claims arising from the sole or active negligence or willful misconduct of Indemnitees.

10. **INSURANCE:**

On or before the commencement of the terms of this Agreement, Contractor shall furnish Manager with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with paragraphs 10A, B, C and D. Such certificates, which do not limit Contractor's indemnification, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to ARRA by certified

mail, 'Attention: Risk Manager.'" It is agreed that Contractor shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Manager and licensed to do insurance business in the State of California. Endorsements naming the United States Department of the Navy, Alameda Reuse and Redevelopment Authority, City of Alameda, Alameda City Council, their respective Boards, Commissions, Officers, Employees and Agents, PM Realty Group, its Officers and Employees as additional insured shall be submitted with the insurance certificates.

A. **COVERAGE:**

Contractor shall maintain the following insurance coverage:

(1) **Workers' Compensation:**

Statutory coverage as required by the State of California.

(2) **Liability:**

Commercial general liability coverage in the following minimum limits:

Personal Injury or Death: \$3,000,000 each occurrence
Property Damage: \$1,000,000 each occurrence

If submitted, combined single limit policy with aggregate limits in the amounts of \$3,000,000 will be considered equivalent to the required minimum limits shown above.

(3) **Automotive:**

Comprehensive automobile liability coverage in the following minimum limit:

Combined Single Limit: \$1,000,000 each occurrence

B. **SUBROGATION WAIVER:**

Contractor agrees that in the event of loss due to any of the perils for which it has agreed to provide comprehensive general and automotive liability insurance, Contractor shall look solely to its insurance for recovery. Contractor hereby grants to the ARRA or Manager, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Contractor or ARRA or Manager with respect to the services of Contractor herein, a waiver of any right to subrogation which any such insurer of said Contractor may acquire against ARRA or Manager by virtue of the payment of any loss under such insurance.

C. **FAILURE TO SECURE:**

If Contractor at any time during the term hereof should fail to secure or maintain the foregoing insurance, Manager shall be permitted to obtain such insurance in the Contractor's name or as an agent of the Contractor and shall be compensated by the Contractor for the costs of the

insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. ADDITIONAL INSURED:

The United States Department of the Navy, Alameda Reuse and Redevelopment Authority, City of Alameda, Alameda City Council, their respective Boards, Commissions, Officers, Employees and Agents, PM Realty Group, their Officers and Employees shall be named as an additional insured under all insurance coverages, except workers' compensation insurance. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. SUFFICIENCY OF INSURANCE:

The insurance limits required by Manager are not represented as being sufficient to protect Contractor. Contractor is advised to consult Contractor's insurance broker to determine adequate coverage for Contractor.

11. PROHIBITION AGAINST TRANSFERS:

Contractor shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Manager. Any attempt to do so without said consent shall be null and void, and any assignee, sublessee, hypothecate or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Contractor from Manager under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Manager by Contractor.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Contractor, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if Contractor is a partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of Contractor, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

12. SUBCONTRACTOR APPROVAL:

Unless prior written consent from City is obtained, only those people and subcontractors whose names are listed in Contractor's bid shall be used in the performance of this Agreement.

Requests for additional subcontracting shall be submitted in writing, describing the scope of work to be subcontracted and the name of the proposed subcontractor. Such request shall set forth the total price or hourly rates used in preparing estimated costs for the subcontractor's services. Approval of the subcontractor may, at the option of Manager, be issued in the form of a Work Order.

In the event that Contractor employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general and automobile liability insurance in reasonable conformity to the insurance carried by Contractor. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

13. **PERMITS AND LICENSES:**

Contractor, at its sole expense, shall obtain and maintain during the term of this Agreement, all appropriate permits, certificates and licenses, including a City of Alameda Business License that may be required in connection with the performance of services hereunder.

14. **REPORTS:**

Each and every report, draft, work product, map, record and other document reproduced, prepared or caused to be prepared by Contractor pursuant to or in connection with this Agreement shall be the exclusive property of the ARRA.

No report, information or other data given to or prepared or assembled by Contractor pursuant to this Agreement shall be made available to any individual or organization by Contractor without prior approval by the ARRA or Manager.

Contractor shall, at such time and in such form as the ARRA or Manager may require, furnish reports concerning the status of services required under this Agreement.

15. **RECORDS:**

Contractor shall maintain complete and accurate records with respect to sales, costs, expenses, receipts and other such information required by City that relate to the performance of services under this Agreement.

Contractor shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Contractor shall provide free access to such books and records to the representatives of City or its designees at all proper times, and gives City the right to examine and audit same, and to make transcripts there from as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be kept separate from other documents and records and shall be maintained for a period of three (3) years after receipt of final payment.

If supplemental examination or audit of the records is necessary due to concerns raised by The ARRA or Manager's preliminary examination or audit of records, and the ARRA or Manager's supplemental examination or audit of the records discloses a failure to adhere to appropriate internal financial controls, or other breach of contract or failure to act in good faith, then Contractor shall reimburse The ARRA for all reasonable costs and expenses associated with the supplemental

examination or audit. This section limits the records available to payroll, invoices, contracts, or manufacture correspondences to the project covered under this Agreement.

16. **NOTICES:**

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States Mail, postage prepaid, registered or certified, addressed as hereinafter provided.

All notices, demands, requests, or approvals from Contractor to Manager shall be addressed to Manager at:

PM Realty Group L.P.
333 Bush Street, Suite 1510
San Francisco, CA 94104
Attention: _____

All notices, demands, requests, or approvals from Manager to Contractor shall be addressed to Contractor at:

Attention: _____

17. **SAFETY REQUIREMENT**

All work performed under this Agreement shall be performed in such a manner as to provide safety to the public and to meet or exceed the safety standards outlined by CAL-OSHA. Manager reserves the right to issue restraints or cease and desist orders to Contractor when unsafe or harmful acts or conditions are observed or reported relative to the performance of the work under this Agreement.

Contractor shall maintain the work sites free of hazards to persons and/or property resulting from his or her operations. Any hazardous condition noted by Contractor, which is not a result of his or her operations, shall immediately be reported to Manager.

18. **REQUIREMENT TO PAY PREVAILING WAGE**

Consistent with the ARRA's policy to pay prevailing wage rates, Contractor shall comply with the City of Alameda Labor Compliance Program and all other requirements set forth in Labor Code section 1770 et seq. The Manager shall require payment of the general rate of per diem wages or the general rate of per diem wages for holiday and overtime work. Contractor will submit monthly certified payroll records to the Manager or all employees and subcontractors in a preapproved format or a City of Alameda provided form. Any delay in remitting certified payroll reports to the Manager upon request from the Manager will result in either delay and/or forfeit of

outstanding payment to Contractor.

19. **URBAN RUNOFF MANAGEMENT:**

The Contractor shall avoid creating excess dust when breaking asphalt or concrete and during excavation and grading. If water is used for dust control, contractor shall use as little as necessary. Contractor shall take all steps necessary to keep wash water out of the streets, gutters and storm drains.

The Contractor shall develop and implement erosion and sediment control to prevent pollution of storm drains. Such control includes but is not limited to:

A. Use storm drain inlet protection devices such as sand bag barriers, filter fabric fences, block and gravel filters. (Block storm drain inlets prior to the start of the rainy season (October 15), in site de-watering activities and saw-cutting activities; shovel or vacuum saw-cut slurry and remove from the site).

B. Cover exposed piles of soil or construction material with plastic sheeting. All construction materials must be stored in containers.

C. Sweep and remove all materials from paved surfaces that drain to streets, gutters and storm drains prior to rain as well as at the end of the each work day. At the completion of the project, the street shall be washed and the wash water shall be collected and disposed of offsite in an appropriate location.

D. After breaking old pavement, Contractor shall remove all debris to avoid contact with rainfall or runoff.

E. Contractor shall maintain a clean work area by removing trash, litter, and debris at the end of each work day. Contractor shall also clean up any leaks, drips, and other spills as they occur.

The objective is to ensure that the City and County of Alameda County-Wide Clean Water Program is adequately enforced. These controls should be implemented prior to the start of construction, up-graded as required, maintained during construction phases to provide adequate protection, and removed at the end of construction.

These recommendations are intended to be used in conjunction with the State's Best Management Practices Municipal and Construction Handbooks, local program guidance materials from municipalities, Section 7.1.01 of the Standard Specifications and any other appropriate documents on storm water quality controls for construction.

Failure to comply with this program will result in the issuance of noncompliance notices, citations, project stop orders or fines. The fine for noncompliance of the above program is two hundred and fifty dollars (\$250.00) per occurrence per day. The State under the Federal Clean Water Act can also impose a fine on the contractor, pursuant to Cal. Water Code § 13385.

20. **COMPLIANCE WITH MARSH CRUST ORDINANCE:**

Contractor shall perform all excavation work in compliance with the City of Alameda's Marsh Crust Ordinance as set forth at Section 13-56 of the Municipal Code. Prior to performing any excavation work, Contractor shall verify with the Building Official whether the excavation work is subject to the Marsh Crust Ordinance. Contractor shall apply for and obtain permits from Building Services on projects deemed to be subject to the Marsh Crust Ordinance.

21. **TERMINATION:**

In the event Contractor fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Contractor shall be deemed in default in the performance of this Agreement. If such default is not cured within a period of two (2) days after receipt by Contractor from Manager of written notice of default, specifying the nature of such default and the steps necessary to cure such default, Manager may terminate the Agreement forthwith by giving to the Contractor written notice thereof.

Manager shall have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) days' prior written notice to Contractor as provided herein. Upon termination of this Agreement, each party shall pay to the other party that portion of compensation specified in this Agreement that is earned and unpaid prior to the effective date of termination.

22. **COMPLIANCES:**

Contractor shall comply with all laws, state or federal and all ordinances, rules and regulations enacted or issued by the ARRA, City of Alameda, or Manager.

23. **CONFLICT OF LAW:**

This Agreement shall be interpreted under, and enforced by the laws of the State of California excepting any choice of law rules which may direct the application of laws of another jurisdiction. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities.) Any suits brought pursuant to this Agreement shall be filed with the courts of the County of Alameda, State of California.

24. **ADVERTISEMENT:**

Contractor shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from The ARRA or Manager to do otherwise.

25. **WAIVER:**

A waiver by The ARRA or Manager of any breach of any term, covenant, or condition contained herein, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

26. INTEGRATED CONTRACT:

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the parties hereto, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by written execution signed by both Manager and Contractor.

27. INSERTED PROVISIONS:

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

28. CAPTIONS:

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

IN WITNESS WHEREOF, the parties have caused the Agreement to be executed on the day and year first above written.

CONTRACTOR

MANAGER:

PM REALTY GROUP, L.P., as agent for
for the Alameda Reuse and Redevelopment
Authority.

By _____
Name: _____
Title _____

By: _____
Name: _____
Title: _____