

MANAGEMENT AGREEMENT

In consideration of the covenants herein contained, The City of Cathedral City (hereinafter called "Owner") and Playa Del Sol Development Co., Inc., a California corporation, (hereinafter called "Agent") agrees as follows:

1. The Owner hereby employs the Agent exclusively to manage the property (hereinafter called the "Premises") known as the Fire Station Commercial Building, 27-620 Landau Boulevard, Cathedral City, California, upon the terms and conditions hereinafter set forth, for a term of three (3) years beginning on the 1st day of November, 2015, and ending on the 31st day of October, 2018. Owner may extend the term of this agreement for an additional thirty six months on October 31, 2021, provided that Owner gives Agent written notice of its intention to extend the term of this agreement by no later than July 31, 2018.

2. THE AGENT AGREES:

2.1 To accept the management of the Premises, to the extent, for the period, and upon the terms herein provided and agrees to furnish the services of its organization for the rental operation and management of the Premises.

2.2 To render a quarterly financial statement of receipts, disbursements and charges within 45 days after January 31, April 30, July 31, and October 31 to the following person at the address shown:

NAME	ADDRESS
City Manager City of Cathedral City	68-700 Avenida Lalo Guerrero Cathedral City, CA 92234

Owner may request distributions of cash from rental proceeds upon written notice to Agent provided that at no time will the balance of cash receipts be less than \$50,000.

IN CASE THE DISBURSEMENTS AND CHARGES SHALL BE IN EXCESS OF THE RECEIPTS, THE OWNER AGREES TO PAY SUCH EXCESS PROMPTLY, BUT NOTHING HEREIN CONTAINED SHALL OBLIGATE THE AGENT TO ADVANCE ITS OWN FUNDS ON BEHALF OF THE OWNER.

2.3 To cause all employees of the Agent who handle or are responsible for the safe keeping of any monies of the Owners to be covered by insurance for Employee Dishonesty, Forgery, Alteration and Computer Fraud with a limit of \$99,999.

3. THE OWNER AGREES:

To give the following authority and powers (all or any of which may be exercised in the name of the Owner) to the Agent:

3.1 To advertise the Premises, or any part thereof; to display signs thereon and to rent the same; if rent or leased by Agent, such fee shall be included within the monthly management fee and if using outside brokers, Agency is authorized to pay no more than reasonable and customary brokerage fees; to cause references of prospective tenants to be investigated; to sign leases with any lease term not to exceed ten (10) years; all of these services

shall be provided by Agent.

3.2 To renew and/or cancel the existing lease, and prepare and execute the new leases. Agent may collect from tenant any or all of the following: a late rent administrative charge, a non-negotiable check charge; credit report fee; a subleasing administrative charge, and/or broker's commission for subleasing. Agent need not account to Owner for these charges or commissions.

3.3 To terminate tenancies and to sign and serve such notices as are deemed required by the Agent.

3.4 In consultation with the Owner, and with Owner's approval; to institute and prosecute actions to evict tenants and to recover possession of the Premises; when expedient, to settle, compromise and release such actions or suits, or reinstate such tenancies. Owner shall pay Agent for all expenses of litigation including attorney's fees, filing fees and Court costs for actions taken in consultation with Owner, if the Agent does not recover such costs from tenants. Selection of the attorney to handle such litigation shall be subject to review and approval by the Owner.

3.5 To make or cause to be made all ordinary repairs and replacements necessary, to preserve the Premises in its present condition and for the operation efficiency thereof, and all alterations required to comply with lease requirements and to do decorating on the premises; to retain independent contractors to provide gardening services, routine maintenance, necessary repairs, minor alterations; to contract for utility services; to negotiate contracts for nonrecurring items not exceeding \$5,000.00, and to purchase supplies and pay all bills. Agent shall secure the approval of the Owner for any alterations or expenditures in excess of \$5,000.00 for anyone item, but may enter into agreements for recurring operating charges and emergency repairs in excess of \$5,000.00 if, in the reasonable opinion of the Agent, such repairs are necessary to protect the property from damage and to maintain services to the tenants as called for by their tenancy, or the recurring operating charges are routine and of a type normally required for Premises of the type involved herein. Any emergency or urgent contracts in excess of \$5,000.00 shall be reported to the Owner as soon as practicable following the incident creating the need therefor.

3.6 To collect rents and/or assessments and other items due or to become due and give receipts therefor, and to deposit all funds collected hereunder in the Agent's custodial account.

3.7 To handle tenants security deposits and to comply, on the Owner's behalf, with applicable state or local laws concerning the Agent's responsibility for security deposits and interest thereon, if any.

3.8 To execute and file all federal and state reporting forms relating to hiring and funds paid to independent contractors; there being no authority to hire employees on behalf of Owner to carry out the provisions of this Agreement, no reporting requirements or tax withholding requirements are anticipated to arise under Federal Insurance Contributions Act, the Federal Unemployment Tax Act, or the Internal Revenue Code of 1954, or any similar state enactment.

3.9. The Agent shall not be required to advance any monies for the care of said property, and the Owner agrees to advance all monies necessary.

4. THE OWNER FURTHER AGREES:

4.1 To indemnify, defend and save the Agent harmless from all suits in connection with the Premises and from liability for damage to the Premises and injuries to or death of any person, and to carry at its own expense public liability insurance naming the Owner and the Agent and adequate to protect their interests. The parties agree that public liability coverage provided to Owner and Agent through the Coachella Valley Joint Powers Insurance Authority's coverage, in an amount no less than five million dollars for any incident or occurrence shall be deemed adequate. Owner agrees to furnish to the Agent a certificate of insurance from said entity within thirty days from the date of this Agreement. Such insurance certificate shall provide that the Agent shall receive thirty (30) days written notice prior to cancellation of the policy.

4.2 To pay all expenses reasonably incurred by the Agent in connection with any claim, proceeding or suit involving an alleged violation by the Agent or the Owner, or both, of any law pertaining to fair credit reporting, environmental protection, or taxes, including, but not limited to, any law relating to unlawful discrimination and the Americans with Disabilities Act. Prior to incurring any such expenses, Agent shall notify Owner of such claim, proceeding or suit, and the Owner may elect to employ counsel to represent the Owner and Agent in any such proceeding or suit. In the event Owner is willing to undertake the defense of the Agent in the proceeding or suit, without reservation of rights, Agent shall rely upon counsel retained by the Owner, but shall have the right to retain an attorney to oversee such counsel's handling of the litigation, for the Agent's protection, for which Agent shall be reimbursed by Owner. In the event an allegation is made that the Agent is alleged to have incurred such liability personally, and not in a representative capacity, and Owner declines to undertake the defense of Agent without reservation of rights, Agent shall be entitled to retain its own counsel and to hold Owner responsible for the expenses incurred therefor if the suit is finally resolved with a determination that the Agent's liability, if any, arose solely in a representative capacity. In addition, Owner agrees to pay reasonable expenses (or an apportioned amount where other principals of Agent also benefit from the expenditure) when such expenses are incurred by Agent in obtaining legal advice regarding compliance with any law affecting the premises or activities related thereto.

5. OWNER AGREES TO PAY THE AGENT EACH MONTH:

5.1 For Management: \$1,250.00 per month during the thirty six month period term of this Agreement. In the event that Owner extends the term of this agreement by an additional twelve months per Article 1 above, Owner shall pay to Agent the sum of \$1,250 per month for management of the property during the extension period.

6. IT IS MUTUALLY AGREED THAT:

6.1 The Owner expressly withholds from the Agent any power or authority to make any structural changes in any building or to make any other major alterations or additions in or to any such building or equipment therein, or to incur any expense chargeable to the Owner other than expenses related to exercising the express powers above vested in Agent without the prior written direction of the City. Except such emergency repairs as may be required because of danger to life or property or which are immediately necessary for the preservation and safety of the premises or the safety of the tenants and occupants thereof or are required to avoid the suspension of any necessary services to the Premises.

6.2 The Agent does not assume and is given no responsibility for Compliance of any

building on the premises or any equipment therein with the requirements of any statute, ordinance, law, or regulation of any governmental body or of any public authority or official thereof having jurisdiction, except to notify the Owner promptly or forward to the Owner promptly any complaints, warnings, notices, or summonses received by it relating to such matters. The Owner represents that to the best of its knowledge the Premises and such equipment comply with all such requirements and authorizes the Agent to disclose the ownership of the premises to any such official and agrees to indemnify and hold harmless the Agent, its representatives, servants, and employees, of and from all loss, cost, expense, and liability whatsoever which may be imposed on them or any of them by reason of any present or future violation or alleged violation of such law, ordinances, statutes, or regulations.

6.3 In the event it is alleged or charged that any building on the premises or any equipment therein or any act or failure to act by the Owner with respect to the premises or the sale, rental, or other disposition thereof fails to comply with, or is in violation of, any of the requirements of any constitutional provision, statute, ordinance, law, or regulation of any governmental body or any order or ruling of any public authority or official thereof having or claiming to have jurisdiction thereof, and the Agent, in its sole and absolute discretion, considers that the action or position of the Owner or registered management agent with respect thereto may result in damage or liability to the Agent, the Agent shall have the right to cancel this Agreement at any time by written notice to the Owner of its election so to do, which cancellation shall be effective upon the service of such notice. Such cancellation shall not release the indemnities of the Owner set forth in Paragraphs 4 and 6.2 above and shall not terminate any liability or obligation of the Owner to the Agent for any payment, reimbursement, or other sum of money then due and payable to the Agent hereunder.

7. The Owner shall pay or reimburse the Agent for any sums of money due it under this Agreement for services for actions prior to termination, notwithstanding any termination of this Agreement. All provisions of this Agreement that require the Owner to have insured or to defend, reimburse, or indemnify the Agent (including, but not limited to Paragraphs 4.1 and 4.2) shall survive any termination and, if Agent is or becomes involved in any proceeding or litigation by reason of having been the Owner's Agent, such provisions shall apply as if this Agreement were still in effect. The parties understand and agree that the Agent may withhold funds for thirty (30) days after the end of the month in which this Agreement is terminated to pay bills previously incurred but not yet invoiced and to close accounts.

8. All notices shall be sent by personal delivery with signed receipt, or by certified mail return receipt requested, addressed as follows:

TO AGENT:

Playa Del Sol Development Co., Inc.
35-688 Cathedral Canyon Drive Bldg#3
Cathedral City, CA 92234
Attn: Al Bushman

TO OWNER: Unless otherwise specified in this agreement, the following address shall be used:

City Manager
City of Cathedral City
68-700 Avenida Lalo Guerrero
Cathedral City, CA 92234

Notices shall be deemed received on the date of the receipt of personal delivery, or the date of the receipt of certified mail.

This Agreement shall be binding upon the successors and assigns of the Agent and the heirs, administrators, executors, successors, and assigns of the Owner.

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures effective on the 1st day of November 2012.

APPROVED AS TO FORM

City Attorney

OWNER:
City of Cathedral City

By _____
City Manager

AGENT:
Play Del Sol Development Co. Inc

Al Bushman, Exec. Vice President