

**PROPERTY MANAGEMENT SERVICES AGREEMENT
BETWEEN
THE COUNTY OF SAN MATEO
AND
ORCHARD COMMERCIAL, INC.**

THIS AGREEMENT, entered into this 11 day of September, 2012, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and ORCHARD COMMERCIAL, INC., a California corporation, hereinafter called "Contractor";

W I T N E S S E T H:

WHEREAS, pursuant to Government Code, Section 31000, County may contract with independent contractors for the furnishing of special services, including administrative, building security and other property management services to or for County;

WHEREAS, it is necessary and desirable that Contractor be retained for the purpose of providing the County with a full range of experienced and skilled management services and resources necessary and appropriate for the management of the real property and improvements commonly known as Circle Star Plaza, One and Two Circle Star Way, San Carlos, California (the "Property").

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:

1. Exhibits and Attachments

The following exhibits and attachments are included hereto and incorporated by reference herein:

Exhibit A—Services

Exhibit B—Payments and rates

Attachment I—§504 Compliance

2. Services to be performed by Contractor

In consideration of the payments set forth herein and in Exhibit "B," Contractor shall perform services for County in accordance with the terms, conditions and specifications set forth herein and in Exhibit "A."

3. Payments

In consideration of the services provided by Contractor in accordance with all terms, conditions and specifications set forth herein and in Exhibit "A," County shall make payment to Contractor based on the rates and in the manner specified in Exhibit "B." The County reserves the right to withhold payment if the County determines that the quantity or quality of the work performed is unacceptable. In no event shall the County's total fiscal obligation under this Agreement exceed \$ 180,000 for any one year period, or \$ 540,000 for any three year period. This contract may be amended, extended or renewed as may be agreed by the parties pursuant to applicable law.

4. Term and Termination

The term of this Agreement, and any early termination or extension hereof, and any payments that may be due hereunder, shall be as set forth in Exhibit A.

5. Intentionally Omitted

6. Relationship of Parties

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent Contractor and not as an employee of the County and that Contractor acquires none of the rights, privileges, powers, or advantages of County employees.

7. Hold Harmless

Contractor shall indemnify and save harmless County, its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description, brought for, or on account of: (A) injuries to or death of any person, including Contractor, or (B) damage to any property of any kind whatsoever and to whomsoever belonging, or (C) any sanctions, penalties, or claims of damages resulting from Contractor's failure to comply with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended. The scope of such indemnity and hold harmless agreement shall be limited to injuries and damages arising or resulting from the performance, or mal-performance, of any work or services by Contractor, provided that this indemnification and hold harmless shall not apply if and/or to the extent that such injuries or damage are the result of the County's negligence or willful misconduct.

The duty of Contractor to indemnify and save harmless as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

8. Assignability and Subcontracting

Contractor shall not assign this Agreement or any portion thereof to a third party or subcontract with a third party to provide services required by contractor under this Agreement without the prior written consent of County. Any such assignment or subcontract without the County's prior written consent shall give County the right to automatically and immediately terminate this Agreement.

9. Insurance

The Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this paragraph has been obtained and such insurance has been approved by Risk Management, and Contractor shall use diligence to obtain such insurance and to obtain such approval. The Contractor shall furnish the County with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending the Contractor's coverage to include the contractual liability assumed by the Contractor pursuant to this Agreement. Contractor shall provide thirty (30) days' notice, in writing, to the County of any pending change in the limits of liability or of any cancellation or modification of the policy.

- (1) **Worker's Compensation and Employer's Liability Insurance** The Contractor shall have in effect during the entire life of this Agreement Workers' Compensation and Employer's Liability Insurance providing full statutory coverage. In signing this Agreement, the Contractor certifies, as required by Section 1861 of the California Labor Code, that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of this Agreement.
- (2) **Liability Insurance** The Contractor shall take out and maintain during the life of this Agreement such Bodily Injury Liability and Property Damage Liability Insurance as shall protect him/her while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from contractors operations under this Agreement, whether such operations be by himself/herself or by any sub-contractor or by anyone directly or indirectly employed by either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall be not less than the amount specified below.

Such insurance shall include:

- | | |
|---|-------------|
| (a) Comprehensive General Liability | \$2,000,000 |
| (b) Motor Vehicle Liability Insurance | \$1,000,000 |
| (c) Professional Liability | \$1,000,000 |

County and its officers, agents, employees and servants shall be named as additional insured on any such policies of insurance, with the exception of the crime insurance coverage, which shall also contain a provision that the insurance afforded thereby to the County, its officers, agents, employees and servants shall be primary insurance to the full limits of liability of the policy, and that if the County or its officers and employees have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, the County of San Mateo at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work pursuant to this Agreement.

10. Compliance with laws; payment of Permits/Licenses

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, including, but not limited to, Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended, and the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, as amended and attached hereto and incorporated by reference herein as Attachment "I," which prohibits discrimination on the basis of handicap in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including, but not limited to, appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. Further, Contractor certifies that the Contractor and all of its subcontractors will adhere to all applicable provisions of Chapter 4.106 of the San Mateo County Ordinance Code, which regulates the use of disposable food service ware.

In the event of a conflict between the terms of this agreement and State, Federal, County, or municipal law or regulations, the requirements of the applicable law will take precedence over the requirements set forth in this Agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

During the term of this Agreement, Contractor or its employees or principals, and its agents and any permitted subcontractors, shall hold and maintain, at Contractor's sole cost and expense, all licenses and permits that may be required or appropriate to hold in order to lawfully and fully provide the services to be provided hereunder.

11. Non-Discrimination and Other Requirements

- A. *Section 504 applies only to Contractor who are providing services to members of the public.* Contractor shall comply with § 504 of the Rehabilitation Act of 1973, which provides that no otherwise qualified handicapped individual shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of this Agreement.

- B. *General non-discrimination.* No person shall, on the grounds of race, color, religion, ancestry, gender, age (over 40), national origin, medical condition (cancer), physical or mental disability, sexual orientation, pregnancy, childbirth or related medical condition, marital status, or political affiliation be denied any benefits or subject to discrimination under this Agreement.
- C. *Equal employment opportunity.* Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to County of San Mateo upon request.
- D. *Violation of Non-discrimination provisions.* Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the County Manager, including but not limited to
 - i) termination of this Agreement;
 - ii) disqualification of the Contractor from bidding on or being awarded a County contract for a period of up to 3 years;
 - iii) liquidated damages of \$2,500 per violation;
 - iv) imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager.

To effectuate the provisions of this section, the County Manager shall have the authority to examine Contractor's employment records with respect to compliance with this paragraph and/or to set off all or any portion of the amount described in this paragraph against amounts due to Contractor under the Contract or any other Contract between Contractor and County.

Contractor shall report to the County Manager the filing by any person in any court of any complaint of discrimination or the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission or any other entity charged with the investigation of allegations within 30 days of such filing, provided that within such 30 days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include the name of the complainant, a copy of such complaint, and a description of the circumstance. Contractor shall provide County with a copy of their response to the Complaint when filed.

- E. *Compliance with Equal Benefits Ordinance.* With respect to the provision of employee benefits, Contractor shall comply with the County Ordinance which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse.
- F. The Contractor shall comply fully with the non-discrimination requirements required by 41 CFR 60-741.5(a), which is incorporated herein as if fully set forth.

12. Compliance with Contractor Employee Jury Service Ordinance

Contractor shall comply with the County Ordinance with respect to provision of jury duty pay to employees and have and adhere to a written policy that provides that its employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service in San Mateo County. The policy may provide that employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the employees' regular pay the fees received for jury service.

13. Retention of Records, Right to Monitor and Audit

(a) CONTRACTOR shall maintain all required records for three (3) years after the COUNTY makes final payment and all other pending matters are closed, and shall be subject to the examination and/or audit of the County, a Federal grantor agency, and the State of California.

(b) Reporting and Record Keeping: CONTRACTOR shall comply with all program and fiscal reporting requirements set forth by appropriate Federal, State and local agencies, and as required by the COUNTY.

(c) CONTRACTOR agrees to provide to COUNTY, to any Federal or State department having monitoring or review authority, to COUNTY's authorized representatives, and/or their appropriate audit agencies upon reasonable notice, access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules and regulations, and this Agreement, and to evaluate the quality, appropriateness and timeliness of services performed.

14. Merger Clause

This Agreement, including the Exhibits attached hereto and incorporated herein by reference, constitutes the sole Agreement of the parties hereto and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement or specification set forth in this body of the agreement conflicts with or is inconsistent with any term, condition, provision, requirement or specification in any exhibit and/or attachment to this agreement, the provisions of this body of the agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications shall be in writing and signed by the parties.

15. Notices

Any notice, request, demand, or other communication required or permitted hereunder shall be deemed to be properly given when both (1) transmitted via facsimile to the telephone number listed below or via email to the address listed below; and (2) either deposited in the United States mail, postage prepaid, or when deposited for overnight delivery with an established overnight courier that provides a tracking number showing confirmation of receipt for transmittal, charges prepaid, addressed to:

In the case of County, to:

Office of the County Manager
Redwood City, Ca 94063
400 County Center, 1st Floor
Attention: Peggy Jensen
Tel. No. 650-363-4598
Email: pjensen@smcgov.org

Copy to:

County Counsel
400 County Center, 6th Floor
Redwood City, CA 94063
Attention: Eugene Whitlock

In the case of Contractor, to:

Orchard Commercial, Inc.

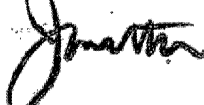
Attn: Joe Lewis
2055 Laurelwood Road, Suite 130
Santa Clara, CA 95054
Tel. No. (408) 922-0400
Email: jlewis@orchardcommercial.com

16. Controlling Law and Venue

The validity of this Property Management Services Agreement between the County of San Mateo and Orchard Commercial Inc., and of its terms or provisions, as well as the rights and duties of the parties hereunder, the interpretation, and performance of this Agreement shall be governed by the laws of the State of California. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or the United States District Court for the Northern District of California.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

COUNTY OF SAN MATEO

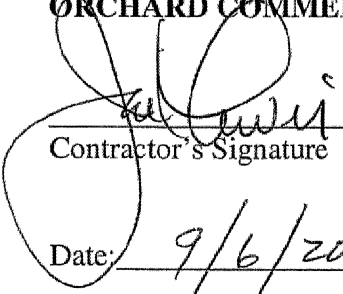
By: 
County Manager, San Mateo County

Date: September 11, 2012

ATTEST:

By: _____
Clerk of Said Board

ORCHARD COMMERCIAL, INC.


Contractor's Signature

Date: 9/6/2012

Long Form Agreement/Non Business Associate -revised

Resolution #72152

16. Controlling Law and Venue

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COUNTY OF SAN MATEO

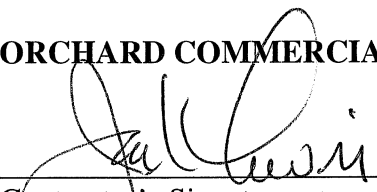
By: _____
County Manager, San Mateo County

Date: _____

ATTEST:

By: _____
Clerk of Said Board

ORCHARD COMMERCIAL , INC.



Contractor's Signature

Date: 9/6/2012

Long Form Agreement/Non Business Associate -revised

EXHIBIT A
(Services)

PROPERTY MANAGEMENT SERVICES AGREEMENT
SPECIFIC TERMS SERVICES AND CONDITIONS

This MANAGEMENT AGREEMENT and the terms and conditions of the services to be provided herein are with reference to the following facts and circumstances.

A. The County of San Mateo (alternately referred to as “County” or as “Owner”) owns that improved real property and improvements commonly known and referred to as Circle Star Plaza located at #1 and #2 Circle Star Way in San Carlos, California, comprising two four-story office buildings, one three-story parking garage and 300 surface parking spaces. Owner and Manager acknowledge that each office building requires separate and distinct accounting and management services as if they were independent projects, but that they are defined together herein as (the “Project” or the “Property”); and

B. Owner desires to employ Manager to supervise and to manage the operation of the Project in accordance with the terms hereof, and Manager desires to perform such services for Owner in consideration of the compensation set forth herein.

C. Manager is a duly licensed property manager under the laws of the State of California and is in the business of managing and operating real property comparable to the Project.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the performance and services shall be as follows:

1. ENGAGEMENT OF MANAGER

Owner engages Manager under the terms and conditions of this Engagement as the general manager of the Project. Manager hereby accepts such engagement and agrees to use all commercially reasonable efforts in the performance of its duties hereunder.

2. TERM

2..1. Basic Term. This engagement shall become effective on the first date shown in the duly executed Property Management Services Agreement (the “Effective Date”). Unless this engagement is sooner terminated in accordance with Paragraph 2.2, below, this engagement shall automatically be extended for successive one (1) year terms unless, at least sixty (60) days prior to the expiration of the initial or any subsequent

extended one year term, Owner or Manager gives the other written notice of termination as of the expiration of the then current term. Notwithstanding the foregoing, this Engagement may be terminated by either Manager or Owner for any reason by providing sixty (60) days' written notice to the other party. Further, this Engagement will automatically terminate on sale of the Project by the Owner. In no event shall the engagement hereunder exceed a term of ten (10) years.

2..2. Default. In the event that Owner or Manager materially defaults in the performance of its covenants, obligations and duties hereunder and such default has not been cured within fifteen (15) days after the other party has given the defaulting party notice thereof, (or such longer period as may reasonably be required to cure such default so long as a cure is promptly commenced and diligently completed at the earliest date reasonably possible), then the non-defaulting party shall have the right to terminate this Engagement, effective immediately, by giving notice thereof to the defaulting party, which notice will include a statement of the grounds for such termination.

2..3. Termination. Within thirty (30) days after the termination of this Engagement, pursuant to Section 2.1 or 2.2, Manager shall deliver to Owner an up-to-date accounting reflecting the balance of income and expenses for the Project as of the date of termination. Upon delivery of such accounting, each party shall promptly pay to the other all amounts due such other party under the terms of this Engagement. In addition, Manager shall, not later than the effective date of termination, deliver to the Owner, all books, permits, plans, records, leases, licenses, contracts and all other documents, computer disks and tapes, pertaining to the Project and its operation, and all insurance policies, bills of sale or other documents evidencing title or rights of the Owner. All personal property of Owner, whether on the Project or elsewhere, shall be delivered intact to Owner or Owner's representative. The Account provided for in Section 5.1 hereof will be transferred as directed by Owner. Manager further agrees to do all other things reasonably necessary to cause an orderly transition of the management of the Project without detriment to the rights of the Owner or to the continued management of the Project. Upon termination of this Engagement and delivery of the funds and items described herein, neither Owner nor Manager shall have any further claim or right against the other, except as otherwise expressly provided herein.

3. DUTIES OF MANAGER

Manager shall operate, manage and maintain the Project as an independent contractor for Owner in accordance with sound property management practices such that all building systems and components are maintained pursuant to IAW manufacturers' recommendations, industry standards and all applicable codes and laws. Manager's responsibilities hereunder shall include the following specific duties.

3..1. Legal Requirements. Manager shall take such action as may be necessary to comply with any and all orders or requirements affecting the Project by any federal, state, county or municipal authority having jurisdiction, prior to the date such action is required by such authority to be taken. Manager, however, shall not take such

action as long as the Owner is contesting or has notified Manager of its intention to contest and promptly institutes proceedings contesting any such order or requirement. Manager shall prepare, execute and, after obtaining the approval of Owner, file any reports or documents as may be required by any local, state or federal authority. Any fees, or out-of-pocket expenses in connection with such legal compliance shall be borne by Owner.

3..2 Enforcement. Manager shall take all reasonable actions to enforce the terms of tenant leases including, but not limited to, all actions and proceedings to (i) collect or cause the collection of all rentals and other charges due Owner from tenants of the Project in accordance with the terms of their leases; and (ii) notify Owner of any default under any tenant lease, and, at the direction of Owner, commence appropriate legal proceedings to oust, dispossess or evict tenants or other persons from the Project, or otherwise enforce the tenant leases. All such actions or proceedings shall be through legal counsel approved by, and the fees and costs of which shall be borne by, Owner. Manager shall, within the limitations of the Budget, comply with the obligations of Owner under the tenant leases to maintain and repair the Project, and furnish to the tenants or occupants of the Project such services as are required to be furnished by the Owner or Manager, under any tenant lease. Manager shall notify Owner of any additional services from time to time provided by Manager to tenants at their expense.

3..3. Repairs and Maintenance Contracts. Subject to County requests and approvals, including any approval required in connection with public works projects, Manager shall, on behalf of the Owner and at the Owner's expense, make or contract for all repairs, replacements, renovations and capital improvements on the Project as approved by Owner in the then current budget, provided further, that Owner's prior approval shall be required for execution of any contract on behalf of Owner, and for any such expenditures outside of the Budget or in excess of the budgeted amounts. Manager shall also be responsible for paying (at Owner's expense) the fees, charges, expenses and commissions due to any independent contractor pursuant to a contract approved by Owner. Subject to the foregoing, it is understood and agreed that whenever possible two bids shall be obtained for any contract estimated to cost in excess of \$5,000. In the event any contract is estimated to cost in excess of \$10,000, every effort will be made to obtain three bids. Manager shall obtain from all independent contractors working in or about the Project certificates of insurance, evidencing property damage, liability and workmen's compensation insurance in amounts in compliance with federal and state statutes. Manager shall not mark up the cost of outside services and materials. Manager shall promptly pay the Owner all profits, fees, rebates and any other value received directly or indirectly from any person or company furnishing any type of service or goods to the Project. Manager shall obtain and maintain records and enforce any guarantees or warranties that may concern Owner's real or personal property included within the Project. Written approval of the Owner must be obtained before pursuing any legal remedies to enforce such guarantees or warranties. Manager shall notify Owner within two (2) business days of any emergency that has occurred and the estimated costs to repair.

3..4. Books, Records and Budgets. Manager shall, at the cost and expense of Manager, maintain financial and business books and records and prepare budgets for Owner as required by Section 4 hereof.

3..5. Manager's Employees. Manager shall pay, at Manager's cost and expense: (a) all the wages, salaries and employee benefits of all full or part-time on-site employees of Manager (except as otherwise provided herein), and (b) all amounts due for workers' compensation insurance, social security taxes, unemployment insurance and all other taxes now in force or hereafter imposed with respect to Manager's employees. All parties engaged by Manager in the performance of Manager's duties hereunder shall be employees of Manager and not Owner. All matters pertaining to the employment, supervision, compensation, promotion and discharge of such employees shall be the responsibility of Manager and Owner shall not have any rights or obligations with respect thereto. Manager shall perform background checks and confirm certifications of all employees.

3..6. Other Actions. Manager shall take such action from time to time as Manager deems advisable for the efficient and economic management, leasing, operation and maintenance of the Project, subject to the terms and conditions hereof.

3..7. Payment of Debt Service and Insurance Premiums. Manager shall (at Owner's expense) pay regularly scheduled installments of principal, interest, and other charges due under any mortgage or deed of trust encumbering the Project, and premiums for insurance covering the Project, but only as expressly instructed in writing in advance by Owner.

3..8. Tenant Defaults. Manager shall advise Owner promptly in writing (i.e., within no less than two (2) business days) of any claim of default under any tenant lease.

3..9. Financial Reports to Lenders. Manager shall prepare and submit to holders of mortgages or deeds of trust on the Project any financial reports relative to the Project required by such holders, provided that such reports shall first be submitted to and approved by Owner.

3..10. Property Inspections. Manager shall inspect the Project no less than once per month to determine that tenants are complying with the requirements of their leases and any laws relating to the Project. Manager shall not be responsible for inspecting the operations of any tenant to determine whether or not the operations of such tenants are in compliance with all laws regulating hazardous materials. However, if Owner so requires, Manager shall, at Owner's expense, engage the services of an environmental consulting firm to conduct such periodic inspections with the assistance of Manager as are reasonably necessary to monitor the operations of any tenant on the Project concerning hazardous materials. Manager shall advise owner of the results of all such inspections. Owner shall approve any such consultant and consulting agreement prior to any consultant being retained.

3..11. Claims and Awards. When requested by Owner, Manager shall, without charge, except for out-of-pocket expenses, render advice and assistance to Owner in the negotiation and prosecution of all claims under any property or liability insurance policy. Manager shall promptly notify Owner, as required by Owner's applicable policies, of any casualty or injury to person or property on the Property, and complete customary reports in connection therewith.

3..12. Estoppel Certificates. If, during the term of this contract, Owner requires estoppel certificates or subordination agreements from the tenants of the Project, Manager shall use reasonable efforts to obtain such estoppel certificates or subordination agreements.

3..13. Marketing and Leasing. Manager shall cooperate with brokers hired by Owner for marketing and leasing the property.

3..14. Construction Management. As may be determined by the County, and subject to applicable law and regulation, Manager may be assigned the duty, and responsibility to manage, for a fee, construction on or in the Property, including construction of tenant improvements.

3.15 Services. Manager shall maintain the Property as Class A office space in good order, repair and condition throughout this engagement by providing services, including, but not limited to the following:

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| <input type="checkbox"/> <input type="checkbox"/> HVAC, Elevator and Roof (Quarterly maintenance) <input type="checkbox"/> <input type="checkbox"/> Equipment <input type="checkbox"/> <input type="checkbox"/> Lighting systems: Internal – External, including, but not limited to: bulbs, tubes, fixtures, lens covers, ballasts, emergency lights, security lights and exterior lights and disposal of all extinguished light bulbs and/or tubes in accordance with the standards set forth by the California Code of Regulations (CCR) Title 22, Chapter 23 <input type="checkbox"/> <input type="checkbox"/> Janitorial shall be furnished in compliance with Appendix “A” attached hereto <input type="checkbox"/> <input type="checkbox"/> Window cleaning <input type="checkbox"/> <input type="checkbox"/> Window replacement <input type="checkbox"/> <input type="checkbox"/> Window blind and shade repair - replacement <input type="checkbox"/> <input type="checkbox"/> Vermin and pest extermination <input type="checkbox"/> <input type="checkbox"/> Common Area landscaping, plant care, and irrigation oversight <input type="checkbox"/> <input type="checkbox"/> Annual maintenance, monitoring, and testing of all Life/Health/Safety Systems; including but not limited to: emergency lighting, fire alarm systems, fire extinguishers, smoke detectors, and all mechanical systems. <input type="checkbox"/> <input type="checkbox"/> Plumbing – drain clearing – faucet and toilet repair - replacement <input type="checkbox"/> <input type="checkbox"/> Painting interior – exterior <input type="checkbox"/> <input type="checkbox"/> Wall surface repair interior - exterior <input type="checkbox"/> <input type="checkbox"/> Carpet cleaning <input type="checkbox"/> <input type="checkbox"/> Carpet & flooring replacement <input type="checkbox"/> <input type="checkbox"/> Tile cleaning and repair <input type="checkbox"/> <input type="checkbox"/> Sink and tub repair <input type="checkbox"/> <input type="checkbox"/> Parking Garage door and gate and opener repair – replacement <input type="checkbox"/> <input type="checkbox"/> Roof and foundation repair - replacement <input type="checkbox"/> <input type="checkbox"/> Rain related repair - maintenance <input type="checkbox"/> <input type="checkbox"/> Fencing and gate - repair – replacement <input type="checkbox"/> <input type="checkbox"/> Block wall repair - replacement | <input type="checkbox"/> <input type="checkbox"/> Waterfall cleaning and operation oversight <input type="checkbox"/> <input type="checkbox"/> Backflow valve testing and maintenance <input type="checkbox"/> <input type="checkbox"/> Erosion control/flooding through sandbags and straw wadells <input type="checkbox"/> <input type="checkbox"/> Wall/front yard/common area landscaping oversight <input type="checkbox"/> <input type="checkbox"/> Parking and garage sweeper oversight <input type="checkbox"/> <input type="checkbox"/> Parking lot striping <input type="checkbox"/> <input type="checkbox"/> Signage for common areas <input type="checkbox"/> <input type="checkbox"/> Safety Compliance (OSHA), ADA compliance/accommodation <input type="checkbox"/> <input type="checkbox"/> Parking Management <input type="checkbox"/> <input type="checkbox"/> Advise on energy efficiency opportunities and the use of eco-friendly materials in maintenance of the Property <input type="checkbox"/> <input type="checkbox"/> Provide such emergency services as may be required for the efficient management and operation of the Property <input type="checkbox"/> <input type="checkbox"/> Ash, rubbish and garbage hauling and disposal of recycling materials in compliance with Owner’s policies <input type="checkbox"/> <input type="checkbox"/> Establish reasonable rules and regulations for tenants of the Property <input type="checkbox"/> <input type="checkbox"/> Procure all supplies and other materials necessary for the proper operation of the Property <input type="checkbox"/> <input type="checkbox"/> Cafeteria oversight <input type="checkbox"/> <input type="checkbox"/> Security services <input type="checkbox"/> <input type="checkbox"/> Review construction plans and work with all incoming tenants in their Move In and Move Out to ensure properly performed <input type="checkbox"/> <input type="checkbox"/> Annual power wash of buildings <input type="checkbox"/> <input type="checkbox"/> Perform annual energy audit <input type="checkbox"/> <input type="checkbox"/> Patio repair <input type="checkbox"/> <input type="checkbox"/> Street lights repair – lamp replacement <input type="checkbox"/> <input type="checkbox"/> Door – repair - replacement <input type="checkbox"/> <input type="checkbox"/> Generator repair/maintenance <input type="checkbox"/> <input type="checkbox"/> Locksmith |
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3.16 Vacant Building Management. For vacant buildings, Manager shall be paid a vacant building fee as provided for in Exhibit "B". Such fee shall be for maintaining all common area, landscaping and parking and for running all building systems to maintain the building as high quality Class A office space consistent with similar buildings in the area.

4. ACCOUNTING AND BUDGET.

4.1. Books of Account. Manager, at its expense, shall maintain or cause to be maintained true and accurate books of account reflecting the operation of the Project in accordance with sound accounting practices consistently applied. The format and account method, which may include a separate book of accounts on each building, shall be subject to Owner's approval. The Owner may require electronic reports.

4.2. Financials and Operating Statements. Manager, at its expense, shall prepare or cause to be prepared and shall furnish to Owner by the fifteenth (15th) of each month an unaudited statement of receipts and disbursements reflecting the operation of the Project for the calendar month immediately preceding, together with a schedule indicating tenants whose rentals are then delinquent, the amount of delinquencies and a description of the proposed course of action for collection of such delinquencies. No later than April 1 of each year, Manager, at its expense, shall prepare or cause to be prepared and furnished to Owner an unaudited statement of receipts and disbursements reflecting the operation of the Project for the calendar year immediately preceding. If requested by Owner, such statement of receipts and disbursements shall be certified by a firm of independent certified public accountants selected by Owner, provided, however, that the cost of having such statement of receipts and disbursements certified by such a firm of accountants shall be borne by Owner. Each statement of receipts and disbursements submitted by Manager shall also contain a comparison by line item with the budget then in effect under paragraph 4.4 hereof. At Owner's request, separate financials and operating statements shall be kept and provided on each building.

4.3. Ownership and Access to Books and Records. Owner shall be the owner of and, at all reasonable times have access to, the accounting records as well as the books, computer disks and tapes, and other records of Manager as they relate to the Project. Manager shall keep Owner notified in writing of the location of all such records. Owner shall have the right to audit said records and books at Owner's expense. Any adjustments in amounts due and owing by either Owner or Manager shall be paid within fifteen (15) days following the audit. All original reports, documents and leases are to be delivered to Owner, and Manager shall retain copies thereof.

4.4. Budget. No later than March 1 of each year during the term hereof, Manager shall prepare, at its expense, and deliver to Owner an annual operating budget (on each building separately at Owner's request) (the "Budget"), setting forth Manager's forecast of gross income, operating expenses, capital costs and expenses and net income for the Project for the calendar year next following. Each Budget must be approved or revised in writing by Owner within sixty (60) days after submission by

Manager. Failure of Owner to respond within such time shall be deemed Owner's disapproval of the Budget. Manager shall not, without the prior written authorization of Owner, expend any sums or incur any obligation for the expenditure of sums for any item or for any amount not authorized in the Annual Budget. All expenses within the owner-approved Budget are to be borne by Owner.

4..5 Special Accounting. Manager shall aid, assist and cooperate with Owner and Owner's contractors in matters relating to cost allocation plans in accordance with OMB A-87 guidelines, including but not limited to, the gathering and submission of all documents required by the State Controller's Office, the completion of relevant data forms and assumptions and responses required by audits.

5. BANKING.

5.1. Collections and Accounts. All rents and other sums paid with respect to the Project shall be deposited by the Manager with the County as may be directed by the County from time to time. Such deposits shall be and remain the property of the County. In no event shall the funds of anyone else be deposited by the Manager with the County nor shall Manager commingle the County's funds with the funds of anyone else. Manager assumes full responsibility for amounts received until deposited as directed by the County. Such direction for the deposit of funds shall in the first instance be provided to the Manager by the County. County may thereafter provide revised instruction as appropriate.

5.2. Owner's Duty to Pay Expenses. Owner shall from time to time provide Manager with funds with which Manager may satisfy the payment obligations of this Engagement. Owner shall at all times provide sufficient funds to enable Manager to pay on behalf of Owner as and when due all obligations required to be paid hereunder, including, without limitations, all compensation payable to Manager hereunder. In the event that additional funds are required at any time for any expenditures which Manager is to make pursuant to this Engagement, Manager shall request such funds accompanied by a statement of the necessity therefor. Manager shall not be required to take any action or incur any expense hereunder at any time when Manager, in its reasonable judgment, does not believe sufficient funds are available or will be available to pay therefor.

6. INSURANCE, LIAIBILITY AND INDEMNITY.

6..1. Owner's Insurance. Owner agrees to carry and at all times maintain comprehensive general liability insurance in the amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Without limiting the foregoing, such insurance shall specifically insure the indemnity provisions contained herein.

6..2. Manager's Insurance. Manager agrees to carry and at all times maintain (i) comprehensive general liability insurance in the primary account of \$2,000,000. Without limiting the foregoing, such insurance shall specifically insure the indemnity provisions contained here; (ii) workers' compensation insurance (any similar

insurance as required by law); and (iii) crime insurance with coverage of at least \$1,000,000. If Manager owns or operates any vehicles in connection with the Project, Manager shall carry automobile liability insurance with respect to such automobiles with coverages of not less than \$1,000,000 for combined single limit coverage for bodily injury and property damage.

6..3. Indemnification. Manager shall indemnify, defend and hold harmless the Owner, its agents and employees from and against any loss, claim, liability or cost (including reasonable attorney's fees and costs of suit) which may be made against or incurred by the Owner, its agents or employees arising out of (a) any acts of the Manager beyond the scope of the Manager's authority hereunder not authorized or ratified by Owner and (b) any gross negligence or willful misconduct of Manager, its agents or employees. Except as set forth in the preceding sentence, and except for any claims of Owner against Manager for breach of contract, Owner shall indemnify and hold harmless Manager, its agents and employees from and against any and all loss, claim, liability or cost (including reasonable attorney's fees and costs of suit) made against or incurred by Manager, its agents or employees arising out of the operation, management, use condition or occupancy of the Project.

6..4. General Insurance Provisions. All insurance provided by either party pursuant to this Engagement shall be maintained in effect throughout the term of this Engagement. The carrier and the amount of coverage in each policy shall be decided upon by each party, subject to the provisions of Section 6.1 and 6.2. Such insurance policies may be included in blanket policies provided that the Project is named separately. Each party's policies shall name the other party as an additional insured if possible, or in not possible, include a waiver of subrogation against the other party, its affiliates and authorized agents. If available, each policy shall provide that it shall not be canceled, amended or reduced without thirty (30) days prior written notice to both parties and that it shall not be invalidated or reduced by any act of either party, their affiliates, authorized agents or any other entity having an interest in the Project. Each party shall, with regard to the coverages required of it, deliver certificates of insurance evidencing the required coverages within ten (10) days after the date of this Engagement or within ten (10) days prior to the expiration of any policy already in effect. Other than as specifically set forth herein, Manager shall have no other rights under any other insurance policies of Owner.

6..5. Intent. It is the intent of the parties to look first and primarily to the insurance coverages set forth herein for recovery of any amounts payable pursuant to the indemnity obligations set forth in Section 6.3 above, with the insurers having no right of subrogation against either party or any affiliate or authorized agent thereof. The parties shall be liable to each other for such indemnity obligations only to the extent that insurance proceeds are not available.

6..6. No Obligations to Third Parties. Unless otherwise provided herein, none of the obligations and duties of Manager under this Engagement shall in any manner be deemed to create any obligation of Manager to, or any rights in, any person or

entity other than Owner (including without limitation, any tenant or occupant of the Project or any lender having an interest in the Project).

6..7. Survival. The indemnities provided in Paragraph 6.3 shall survive the expiration or termination of this Engagement.

7. COMPENSATION OF MANAGER AND REIMBURSEMENT OF EXPENSES.

7..1. Management Fee. Owner shall pay Manager a management fee as described in Exhibit B, next attached. The Management fee shall be prorated during any partial months.

7..2. Additional Services. Owner acknowledges that the services to be performed by Manager hereunder are normal and customary general management services. If Manager is required or called upon by Owner to perform services beyond the scope of this Engagement (such as, by way of illustration only, leasing services, supervising reconstruction after major fire damage, complying with new and burdensome governmental regulations affecting the Project which require substantial additional administrative duties, supervising major building renovation or remodeling or participating in union negotiations), then Manager shall be paid additional compensation as then agreed in writing between Owner and Manager.

7..3. Construction Management Fee. If Manager is asked to provide services as a construction manager, any such construction management fee or compensation shall be the subject of a separate writing between the parties.

7..4. Manager's Overhead. Owner shall not additionally compensate Manager for Manager's overhead expenses, including, but not limited to, payroll and other employee costs, transportation, office rental, supplies and expenses, general accounting and administrative expenses, except as otherwise provided herein.

7..5. Disbursements. County shall disburse to Manager all amounts due to Manager under Section 7 hereof after being invoiced in writing.

8. OTHER ACTIVITIES OF MANAGER.

During the term of this Engagement, Manager and its shareholders, officers, directors and employees may render services identical or similar to those required of Manager hereunder to other owners of real property and manager and such shareholders, officers, directors and employees may engage in the acquisition, development, leasing, rental, management, operation, sale and exploitation of real property (whether improved or not) for their own accounts and benefit without any accountability or liability whatsoever to Owner even though such services or business activities compete with or are enhanced by the business activity of Owner, including Owner's ownership of the Project. Manager shall not solicit Owner's tenants for other properties owned, controlled or managed by Manager without Owner's prior written consent.

9. ASSIGNMENT.

Manager shall not assign any of its rights or delegate any of its duties under this Engagement without the prior written consent of Owner. Owner shall, however, be entitled to assign its rights and delegate its duties hereunder to any subsequent owner of the Project.

10. NATURE OF ENGAGEMENT.

The rights and duties hereby granted to and assumed by Manager are those of an independent contractor only. Nothing contained herein shall be construed to constitute the relationship hereby created between Manager and Owner as an employment, a partnership, a joint venture or a general agency, notwithstanding anything contained herein to the contrary.

11. GENERAL PROVISIONS.

11.1. Owner Cooperation. Owner shall cooperate with and assist Manager in the performance of Manager's duties hereunder. Without limiting the foregoing, Owner shall at all times make itself or its authorized agent available promptly to execute contracts and review documents whenever requested by Manager.

11.2. Modifications/Waivers. No change or modification of this Engagement shall be valid or binding upon the parties hereto, nor shall any waiver of any term or condition, unless such change, modification or waiver shall be in writing and signed by the parties hereto.

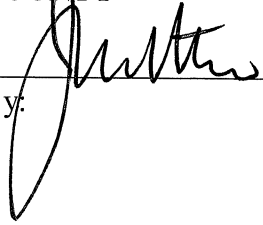
11.3. Binding Effect/Interpretation. This Engagement shall inure to the benefit of and shall be binding upon the parties hereto, their legal representatives, permitted transferees, successors and assigns. This Engagement contains the entire agreement of the parties hereto regarding the subject matter hereof and supersedes all representations and agreements previously made. The validity, effect, construction, performance and enforcement of this Engagement shall be governed in all respects by the laws of the State of California. The titles of the sections and paragraphs herein have been inserted as a matter of convenience or reference only and shall not control or affect the meaning or construction of any of the terms or provisions herein. Any rule of construction that ambiguities are to be construed against the drafting party shall not apply to the interpretation of this Agreement. If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect.

11.4. Confidentiality. Subject to applicable law and regulation, at all times during and after the term of this Engagement, Manager shall use its best efforts to maintain all books, records, documents and other information concerning the Project, the Owner, or any third party's relationship with Owner in strict confidence. Any press

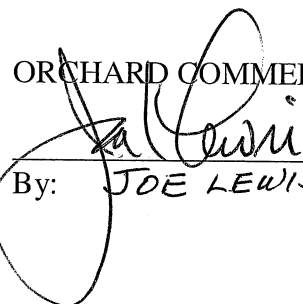
releases shall be approved in advance by both parties. The foregoing shall not restrict Manager from disclosing information in connection with any legal action brought by or against Manager so long as such disclosure is reasonably necessary to the protection of the interests of Manager in such legal action.

ACCEPTANCE AND ACKNOWLEDGEMENT OF TERMS OF THIS EXHIBIT A

COUNTY

By: 

ORCHARD COMMERCIAL, INC.,

By:  JOE LEWIS

APPENDIX A

STANDARDS FOR JANITORIAL SERVICE

- I. SPECIFICATION OF SERVICES TO BE PERFORMED - SCOPE OF WORK
- A. Manager's Contractor shall furnish all labor, materials and equipment required to perform exterior and interior janitorial service five days a week, Monday through Friday, excluding holidays, at the above location in accordance with these specifications:
 - B. All windows and glass broken by Manager's Contractor will be replaced at its expense. Manager's Contractor must, at all times, maintain adequate staffing to meet these specifications. All employees must wear uniforms (See Section II). Owner may request Manager to remove any janitor from the Property at any time it desires and for any reason whatsoever, and an immediate replacement must be provided.
 - C. All services must be performed after 8:00 p.m.
 - D. All employees of Manager's Contractor shall have background checks completed and approved and be fully trained and experienced in the custodial service trade.
 - E. Manager will assign space in the Building to Contractor for the storage of supplies and equipment. Materials and equipment shall be neatly stored only in areas provided by the Manager. No supplies or equipment will be stored in the Premises without the prior approval of Owner.
 - F. Owner's Recycling Program includes recycling materials from offices in the Building. Bins for recyclable materials can be obtained from Owner.
 - G. Manager's Contractor will provide, upon Lease Commencement, a schedule for all periodic services specified herein.
 - H. Janitorial Service Specifications for Offices and Common Areas.
 - 1. Nightly Services
 - a. Secure all lights as soon as possible each night.
 - b. Vacuum all carpets. Move electric cords to prevent damage to the corner bead.
 - c. Dust mop all resilient and composition floors with treated dust mops. Damp mop to remove spills and water stains as required.

- d. Spot clean any stains on carpet.
 - e. Dust all desks and office furniture with treated dust cloths.
 - f. Papers and folders on desks are not to be moved.
 - g. Sanitize all telephone receivers.
 - h. Empty all waste paper baskets and other trash containers and remove all trash from floors to the designated trash areas. Sort and put ALL RECYCLABLE MATERIAL into bins provided by the Owner.
 - i. Remove fingerprints, dirt smudges, graffiti, etc., from all doors, frames, glass partitions, windows, light switches, and walls.
 - j. Return chairs and wastebaskets to proper positions.
 - k. Clean, sanitize and polish drinking fountains.
 - l. Police any interior public planters.
 - m. Dust and remove debris from all metal door thresholds.
 - n. Wipe clean smudged brightwork.
 - o. Spot clean resilient and composition floors as required.
 - p. Service all walk-off mats as required.
 - q. Close all window coverings.
 - r. Check for burned out lights and replace from building stock (supplied by Manager).
2. Weekly Services
- a. Dust all low reach areas including, but not limited to, chair rungs, structural and furniture ledges, baseboards, window sills, door louvers, wood paneling, molding, etc.
 - b. Dust inside of all doorjams.
 - c. Clean and polish all metal door thresholds.
 - d. Wipe clean and polish all brightwork
 - e. Sweep the service stairwell.
 - f. Damp mop all vinyl bases.
 - g. Edge all carpeted areas.
3. Monthly Services
- a. Dust all high reach areas including, but not limited to, tops of door, frames, structural and furniture ledges, air conditioning diffusers and return grilles, tops of partitions, picture frames, etc.
 - b. Vacuum upholstered furniture.
 - c. Move all plastic carpet protectors and thoroughly vacuum under and around all desks and office furniture.

- d. Clean and buff all building standard resilient and/or composite flooring.
- 4. Quarterly Services
 - a. Shower-scrub or otherwise recondition all resilient or composition flooring to provide a level of appearance equivalent to a completely refinished floor.
 - b. Wash all chair pads.
- 5. Semi-Annual Services
 - a. Vacuum all window coverings.
 - b. Dust light diffusers.
- 6. Annual Services
 - a. Shampoo carpets in offices (schedule to be approved in advance), using products and methods recommended by manufacturer and/or carpet installation contractor.
- I. Rest Room Service Specifications
 - 1. Daily Service
 - a. Re-stock all rest rooms with supplies from the Manager's stock, including paper towels, toilet tissue, seat covers and hand soap, as required.
 - b. Re-stock all sanitary napkin and tampon dispensers from Contractor's stock, as required.
 - c. Wash and polish all mirrors, dispensers, faucets, flushometers and brightwork with non-scratch disinfectant cleaner. Wipe dry all sinks.
 - d. Wash and sanitize all toilets, toilet seats, urinals and sinks with non-scratch disinfectant cleaner.
 - e. Remove stains, scale toilets, urinals and sinks, as required.
 - f. Mop all rest room floors with disinfectant, germicidal solution, include scrubbing of all base, inside corners and hard to reach areas.
 - g. Empty and sanitize all waste and sanitary napkin and tampon receptacles.
 - h. Remove all rest room trash.
 - i. Spot clean fingerprints, marks and graffiti from walls, partitions, glass, aluminum and light switches as required.
 - j. Check for burned out lights and replace from building stock (supplied by Manager).
 - k. Ventilate rest rooms.

2. Weekly Services
 - a. Dust all low reach and high reach areas, including but not limited to, structural ledges, mirror tops, partition tops and edges, air conditioning diffusers and return air grilles.
 3. Monthly Services
 - a. Wipe down all walls and metal partitions. Partitions shall be left clean and not streaked after this work.
 - b. Clean all ventilation grilles.
 - c. Dust all doors and doorjamb.
 4. Quarterly Services
 - a. Thoroughly clean and reseal all ceramic tile floors, using approved sealers.
- J. Main Floor Elevator Lobbies and Public Corridors Specifications
1. Nightly Services
 - a. Spot clean all glass including low partitions and the corridor side of all windows and glass doors to Owner premises.
 - b. Spot clean all chrome brightwork including swinging door hardware, kick plates, base partition tops, handrails, waste paper receptacles, planters, elevator call button plates, hose cabinets and visible hardware on the corridor side of Owner entry doors.
 - c. Thoroughly clean all door saddles of dirt and debris.
 - d. Empty, clean and sanitize all waste paper baskets and refuse receptacles as required.
 - e. Vacuum and spot clean all carpets as necessary.
 - f. Spot clean all elevator doors and frames.
- K. Exterior Structure and Grounds Services Specifications
1. Daily Service
 - a. Spot clean accumulations of dirt, papers and leaves in all corner areas where winds tend to cause collections of debris.
 - b. Spot clean all exterior glass at building entrances.
 - c. Lift nap on all entry walk-off mats as necessary with a heavy bristle brush and vacuum.
 - d. Empty all waste receptacles and remove trash to designated trash areas.

- e. Clean sidewalk, steps and landscaped area, walks and benches; including gum removal.
- 2. Monthly Weekend Services
 - a. Steam clean exterior sidewalk and walkway areas.
- L. Carpet Cleaning
 - 1. Provide spot cleaning to Owner/Tenant space as necessary and shampoo carpets in Tenant office space and any common areas once each year (exact schedule to be approved in advance by Tenant).
- M. Window Cleaning
 - 1. All work to be performed in accordance with generally accepted industry standards.
 - 2. Proper safety standards are to be maintained at all times, including but not limited to, use of proper warning signs and clean up of water in compliance with all Tenant, State and Federal laws (OSHA).
 - 3. Window cleaning standards are to include clean up of water, wipe down of adjacent window mullions and ledges to prevent streaking, spotting, and excessive runoff.
 - 4. When necessary, drop cloths are to be used to prevent damage to floors and adjacent surfaces.
 - 5. Interior and exterior window washing shall be scheduled immediately prior to Lease Commencement. Interior glass shall be cleaned not less than once per year. Exterior glass shall be cleaned as needed, but not less than once every six months, including May of each year.
 - 6. Contractor to notify the Tenant for specific scheduling of window washing one week prior to scheduled cleaning.
 - 7. Contractor will be responsible for removing paint and putty etc. from both glass and plastic windows.
 - 8. Exterior surfaces of windows are not to be washed when it is raining.
 - 9. The words "window" and "light" as used herein are synonymous and are to be construed to mean any pane of glass, or glass substitute.

- II. UNIFORMS
- A. Janitors must wear their uniform whenever on duty.
- B. All personnel, including the coordinator and supervisors, will be uniformed. All personnel shall have a visible company name, logo, badge, etc., on their uniform.
- III. EMPLOYEE SAFETY
- Manager's Contractor shall accept responsibility for determining that all necessary safeguards for protection of Contractor's employees are available, or will be furnished. All work performed must conform to CAL-OSHA standards.
- IV. SUPPLIES
- Manager or its Contractor shall supply floor wax, wax stripper, and other expendable supplies required for daily cleaning and maintenance, as well as janitorial supplies such as hand soap, paper hand towels, paper toilet tissue, paper seat covers and deodorants. Furthermore, Manager or its Contractor shall supply all equipment including, but not limited to, ladders, vacuum cleaners, extractors, floor machines, mops and buckets.
- V. APPROVAL OF PRODUCTS
- Tenant shall have the right to prohibit the use of any product proposed or being used by Manager's Contractor should the Tenant deem the product to be unsafe or harmful to those items being cleaned or to Tenant's staff. In this regard, Manager must provide upon request a complete list of products to be used in the course of this Contract, together with Material Safety Data Sheets for each cleaning chemical.
- VI. DISPOSITION OF REFUSE
- All trash and refuse collected by the custodians shall be deposited in a debris box as designated by the Manager. (Manager will pay for debris box service).
- VII. MAINTENANCE PROBLEMS
- Employees of Manager's Contractor shall note maintenance problems (such as broken glass, light bulbs missing or burned out, inoperative fixtures, etc.) and report them to the Manager. Any problem that prevents performance must be noted in the log (Section VIII) before the end of the shift. Contractor shall not claim, and Owner will not entertain any claim that such problems prevented Contractor's performance if said claim is not entered in the log.
- VIII. JANITORIAL LOG
- Manager's Contractor shall provide, and Owner shall keep, a janitorial log on which deficiencies in performance, special problems or instruction shall be noted. Manager's Contractor shall check the log daily, as arranged with the Tenant, and correct any deficiencies in service within twenty-four (24) hours of the log entry. Contractor shall initial and date each entry when deficiency has been corrected.
- IX. EMERGENCY CONTACT
- Manager's Contractor shall provide the Tenant with an emergency telephone number where Contractor may be reached at any time during normal business hours (Monday - Friday, 8:00 a.m. - 5:00 p.m.). Contractor must respond to

emergency calls relating to deficiency of service by correcting said deficiency within four hours of receipt of the call.

X. PERFORMANCE

Manager and its Contractor shall guarantee that workmanship required for the performance of this Contract shall be in accordance with highest level of workmanship and accomplished according to the highest professional standards. The determination as to the adequacy of performance shall be made by the Tenant or the Assistant Tenant Manager, Tenant and Tenant of San Mateo. Contractor or Contractor's agent must be available at reasonable intervals during regular business hours as requested by Tenant, to participate in inspection walk through. Contractor will supervise all janitors during all shifts.

XI. VERIFICATION OF SERVICE

Manager may provide, install, or establish a system of sign off slips, service receipts, or room service sign off cards. Manager's Contractor shall faithfully comply with same by initialing, dating, and indicating time at which service was completed. It is agreed that no such service has been completed unless signed off by Contractor and countersigned by the Manager if said system so requires.

XII. HOLIDAY SCHEDULE FOR OWNER

New Year's Day
Martin Luther King Day
President's Day
Memorial Day
Independence Day
Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Friday after Thanksgiving Day
Christmas Day

Exhibit B

Management Fee Calculation

1. Circle Star Plaza One:

A. Beginning on the Effective date, \$1,225 per month until first day of occupancy by Owner, or the Commencement Date under a lease agreement between a tenant and Owner; and then \$1,225 per month per floor occupied, pro-rated by month so that payment to Manager is due on the 15th of the month.

2. For Circle Star Plaza Two:

A. Beginning on the Effective date, \$1,225 per month until the Commencement Date under a lease agreement between a tenant and Owner.

B. On the a lease Commencement Date,, 2.9% of gross monthly rent actually received by Owner pursuant to said lease, unless such amount is less than the amount set forth in section 2. A., in which case Owner shall pay Manager the \$1,225 per month as specified. If there is a rent holiday or forgiveness provided to the tenant, then the rent amount shall be deemed to be the rent that would otherwise have been paid (pro-rated by month so that payment to Manager is due on the 15th of the month). In no instance, shall rent include monies paid for tenant improvements or rent owing but delinquent.

3. In addition to the foregoing, the owner shall pay the Manager the following compensation, for the following additional services as may be requested by the owner. The details of the services and the compensation therefore, shall be as separately described and agreed by the Owner and the Manager.

| | |
|-------------------------------------|---------|
| Quarterly HVAC Maintenance | \$3,000 |
| Monthly Full Time Building Engineer | \$8,000 |
| Monthly Half Time Building Engineer | \$4,000 |
| HVAC Technician Hourly | \$95 |
| Service Technician Hourly | \$50 |