

MARIN VALLEY MOBILE
COUNTRY CLUB PARK

MANAGEMENT AGREEMENT

Between

PARK ACQUISITION CORPORATION OF
MARIN VALLEY MOBILE COUNTRY CLUB

and

THE HELSING GROUP, INC.
(Contractor)

For:

MARIN VALLEY MOBILE COUNTRY CLUB

Located in:

NOVATO, CA

Dated as of December 11, 2018

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MANAGEMENT AGREEMENT

This Management Agreement (this "Agreement"), dated as of ___, 2018, is entered onto by and between Park Acquisition Corporation of Marin Valley Mobile Country Club, a nonprofit mutual benefit corporation duly organized and existing under the laws of the State of California (the "PAC"), and The Helsing Group, Inc. (the "Contractor"). The PAC is obligated to enter into a management agreement with respect to a 315-space mobile home park located in the City of Novato, California, known as the Marin Valley Mobile Country Club (the "Project"), pursuant to the terms of a Delegation Agreement dated as of March 1, 1997 (the "Original Delegation Agreement"), as amended pursuant to the Restated and Amended Delegation Agreement dated as of March 31, 2012, and the Second Restated and Amended Delegation Agreement dated as of June 3, 2013, between the PAC and the City of Novato, as owner of the Project (the "Owner"). Terms used in this Agreement have the meanings set forth in Section 1, unless the context requires otherwise.

WITNESSETH:

WHEREAS, the NFA and the PAC entered into the Marin Valley Mobile Country Club Park Delegation Agreement as of March 1, 1997 (the "Original Delegation Agreement") in order to establish and declare the terms and conditions upon which the PAC would perform certain obligations and duties with respect to the Project; and

WHEREAS, Pursuant to the Original Delegation Agreement PAC was obligated to enter into a Management Agreement with a professional management company approved by the Owner in a form as attached to the Original Delegation Agreement; and

WHEREAS, in 1997, the PAC issued a Request for Proposal and received complete and responsive proposals from five firms to perform management services with respect to the Project; and

WHEREAS, the PAC thoroughly evaluated the various proposals and, based on several evaluation criteria, selected Storz Management Company, Inc. ("Storz") as the initial manager of the Project, but thereafter elected to terminate the management agreement with Storz and enter into a Management Agreement with Frei Real Estate Services ("Frei"); and

WHEREAS, on November 1, 1997, PAC and Frei entered into a Management Agreement ("Original Management Agreement") and Frei was appointed to operate and manage the Project pursuant thereto; and

WHEREAS, pursuant to section 4.02 of the Original Delegation Agreement, the Original Delegation Agreement and therefore the Original Management Agreement was subject to periodic renegotiation, with the first of such renegotiation periods occurring on October 1, 2010; and

WHEREAS, on March 8, 2011, the NFA transferred ownership of the Project to the City of Novato and the NFA and the City of Novato entered into an Assignment and Assumption Agreement dated, March 8, 2011, whereby the City of Novato assumed the obligations and benefits of the Original Delegation Agreement and Original Management Agreement; and

WHEREAS, in order to satisfy the periodic renegotiation obligations of Section 4.02 of the Original Delegation Agreement, amend the requirements thereof and continue to establish and declare the terms and conditions upon which the PAC will perform certain obligations and duties with respect to the Project, the Owner and the PAC entered into a Restated and Amended Marin Valley Mobile Country Club Delegation Agreement dated March 31, 2012 (“Restated Agreement”); and

WHEREAS, on March 31, 2012, in order to satisfy the periodic renegotiation obligations of Section 4.02 of the Original Delegation Agreement, amend the requirements thereof and of the Original Management Agreement and to continue to establish and declare the terms and conditions upon which Frei would manage the Project, Frei and PAC entered into a Restated and Amended Management (“Amended Agreement”); and

WHEREAS, on October 30, 2012, the City did determine it was in the best interest of the residents of the Marin Valley Mobile Country Club and Owner to refinance the remaining outstanding obligation under the bond financing for the Project and did refinance said obligation by entering into a Loan Agreement with Bank of Marin dated December 1, 2012, providing for a loan to repay the remaining obligation under the bonds (“the Loan Agreement”); and

WHEREAS, in order to amend the requirements of the Restated Agreement in order to recognize the actions taken to refinance the remaining obligation under the Senior Bonds, and the requirements of the Loan Agreement and continue to establish and declare the terms and conditions upon which the PAC will perform certain obligations and duties with respect to the Project, the Owner and the PAC entered into a Second Restated and Amended Marin Valley Mobile Country Club Delegation Agreement dated June 3, 2013 (“Delegation Agreement”); and

WHEREAS, in order to amend the requirements of the Amended Agreement in order to recognize the actions taken to refinance the remaining obligation under the bonds and the requirements of the Loan Agreement and continue to establish and declare the terms and conditions upon which the Frei would manage the Project, Frei and PAC entered into a Second Restated and Amended Management Agreement on June 3, 2013 (“Second Amended Agreement”); and

WHEREAS, Frei has entered onto an agreement with Contractor whereby Contractor is intended to assume the Contracts of Frei relating to management of various project, including the Project. The Second Amended Agreement is not assumable however, the parties wish to enter into a short-term Agreement under which Contractor will undertake the duties and obligations previously performed by Frei pursuant to the Second Amended Agreement; and

WHEREAS, the City is willing to consent, pursuant to the Delegation Agreement to the parties entering into this Management Agreement to establish and declare the terms and conditions upon which the Contractor will manage the Project.

NOW, THEREFORE, the Contractor and the PAC, for and in consideration of the mutual promises and agreements herein contained do agree as follows:

Section 1. Definitions and Construction.

- (a) The following terms used herein shall have the following meanings unless the context in which they are used clearly requires otherwise.

"Agreement" means this Management Agreement, dated as of the date set forth above, between the Contractor and the PAC, as it may be supplemented or amended from time to time in accordance with the terms hereof and the terms of the Delegation Agreement.

"Bank" means the Bank of Marin, or successor as set forth in the Loan Agreement.

"Business Day" means any day other than (a) a Saturday or Sunday, (b) a day on which (i) banking institutions in the City of New York, New York, or in San Francisco, California, are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is authorized or obligated by law or executive order to be closed or (c) with respect to actions required to be taken by the Owner only, a day on which the offices of the City of Novato are closed to the public.

"Capital Plan" means the plan of capital expenditures described in Section 10 hereof.

"City" means the City of Novato, a municipal corporation duly organized and existing under the laws of the State of California.

"Deposit Only Account" shall mean the Deposit Only Account established by the Owner into which all Revenues of the Project are to be deposited

"Effective Date" means _____, 2018.

"Fiscal Year" means the twelve-month period commencing July 1 and ending on June 30 of the succeeding calendar year.

"Housing Law" means Section 34312 of the Health and Safety Code of the State of California, as now in effect and as it may be amended.

"Improvements" means the structures, site improvements, roads, buildings, facilities, fixtures and equipment attached to the Project, but shall not include the mobilehomes or personal property of the residents of the Project.

"Loan" means the loan as set forth in the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated as of December 1, 2012 among the Owner and Bank of Marin, as the same may be amended from time to time in accordance with its terms.

"Lower Income Residents" means residents whose Income does not exceed 80% of median gross income for the area with adjustments for family size. The determination of a resident's

status as a Lower Income Resident shall be made initially by the PAC and thereafter by the PAC or the Owner upon initial occupancy of a unit in the Project by such resident, and annually thereafter and at any time that the PAC or the Owner has knowledge that the number of occupants in that unit has increased, on the basis of an income certification executed by the resident.

"Lower Income Spaces" means the mobilehome spaces in the Project required to be rented to, or held available for occupancy by Lower Income Residents which shall be no fewer than 32 Units, excluding spaces occupied by Contractor employees.

"Management Fee" means the management fee payable pursuant to Subsection 11(a) hereof.

"Management Plan" means Attachment 1 to this Agreement.

"Moderate Income Residents" means residents whose Income does not exceed 120% of median gross income for the area with adjustments for family size. The determination of a resident's status as a Moderate Income Resident shall be made initially by the PAC and thereafter by the PAC or the Owner upon initial occupancy of a unit in the Project by such resident, and annually thereafter and at any time that the PAC or the Owner has knowledge that the number of occupants in that unit has increased, on the basis of an income certification executed by the resident.

"Moderate Income Spaces" means the mobilehome spaces in the Project required to be rented to, or held available for occupancy by Moderate Income Residents which shall be no fewer than 65 Units, excluding spaces occupied by Contractor employees.

"Monthly Reports" means the reports described in Section 7 of the Management Plan.

"Operating Budget" shall have the meaning provided in Section 9 hereof.

"Operation and Maintenance Account" means the account established pursuant to Section 3 of the Management Plan.

"Owner" means the City of Novato, its successors and permitted assigns.

"Owner Representative" means the Mayor of the Owner or any person designated in writing by the Mayor to act on behalf of the Owner under or with respect to this Agreement.

"PAC" means the Park Acquisition Corporation of Marin Valley Mobile Country Club, its successors and assigns.

"PAC Representative" means the President of the PAC or any person designated in writing by the President to act on behalf of the PAC under or with respect to this Agreement.

"Project" means the mobile home park known as the Marin Valley Mobile Country Club located on the land described on Exhibit A to the Loan Agreement, including the real property described in such Exhibit A, the Improvements, and any property acquired in substitution for,

as a renewal or replacement of or as a modification or improvement to all or any part of such real property or Improvements.

"Revenues" means (i) all rents, income, receipts, utility charges and other revenues arising from the operation of the Project, including but not limited to the rents, late charges, penalties, security deposits and other amounts payable to the Contractor on behalf of the Owner by Project residents, or from others for services provided in connection with, or for the use of the Project or any portion thereof and (ii) all non-operating revenues of the Project.

"Debt Service Coverage Ratio" shall have the meaning provided in the Loan Agreement.

"Very Low Income Residents" means residents whose Income does not exceed 50% of median gross income for the area with adjustments for family size. The determination of a resident's status as a Very Low Income Resident shall be made initially by the PAC and thereafter by the PAC or the Owner upon initial occupancy of a unit in the Project by such resident, and annually thereafter and at any time that the PAC or the Owner has knowledge that the number of occupants in that unit has increased, on the basis of an income certification executed by the resident.

"Very Low Income Spaces" means the mobilehome spaces in the Project required to be rented to, or held available for occupancy by Very Low Income Residents which shall be no fewer than 20 Units, excluding spaces occupied by Contractor employees.

- (b) Unless the context clearly requires otherwise, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number and vice versa, when appropriate. All the terms or provisions hereof shall be construed to effectuate the purposes set forth in this Agreement and to sustain the validity hereof.
- (c) The captions of this Agreement are for convenience of reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.
- (d) All attachments to this Agreement constitute a part of this Agreement.

Section 2. Appointment; General Duties.

The PAC hereby appoints the Contractor the exclusive agent of the Owner and the PAC, for the term specified herein, to rent, lease, operate, manage and maintain the Project, including any mobile homes situated at the Project which are owned or leased, or any hereinafter owned or leased, upon the terms and conditions set forth in this Agreement. The Contractor hereby accepts such appointment.

The PAC and the Contractor hereby agree as follows:

- (a) *Generally.* The Contractor shall manage and operate the Project in accordance with the Management Plan, as an independent contractor, for the period and upon the terms herein

provided, and agrees to furnish the services of its organization for the operation and management of the Project, according to generally accepted procedures and practices usual and customary to management of a mobile home park. The Contractor, in the conduct of its activities hereunder, shall take no action, and shall not suffer or permit any resident of space within the Project to take any action, which would cause the loss or impairment of the exclusion from gross income for federal income tax purposes of interest paid with respect to the Loan. Pursuant to the terms of the Delegation Agreement, Owner has granted to PAC, subject to the restrictions stated in the Delegation Agreement and the rights of Owner, the right to operate and control the Project. Pursuant to the Delegation Agreement and the Management Plan, PAC is separated from the day-to-day management of the Project and those duties are to be performed by Contractor in accordance with the terms of this Agreement.

- (b) *Compliance With Law.* The Contractor and its subcontractors, agents and employees shall operate the Project in compliance with all applicable provisions of federal, state and local law, including, but not limited to, the Mobile Home Residency Law (California Civil Code, Section 798 et. seq.), Title 25 of the California Administrative Code and Ordinance No. 1341 of the City of Novato and any other applicable laws, regulations and ordinances now in effect or hereinafter enacted, and to maintain any and all records necessary and proper to show compliance therewith.
- (c) *Collection of Revenues.* The Contractor shall collect all Revenues and other charges which at any time are due or become due from any resident of the Project occupying space in the Project, or from others for services provided in connection with, or for the use of the Project or any portion thereof. All Revenues shall be the property of the Owner, subject to the pledge and first lien of the Bank, and, while in the custody of the Contractor, shall be held by the Contractor in trust, separate and apart from all other funds and accounts of the Contractor, the PAC and the Owner, as the Owner's agent hereunder.

The Contractor shall deposit any Revenues collected with respect to the Project, other than security deposits, (i) received prior to 2:00 p.m., Pacific standard time, into the Deposit Only Account on the date of receipt by the Contractor, unless such day is not a Business Day, in which case such funds will be deposited on the next Business Day and (ii) received after 2:00 p.m., Pacific standard time, into the Deposit Only Account on the first day immediately succeeding the date of receipt by the Contractor.

Any security deposits collected by the Contractor will be deposited in a separate account, established for such deposits.

- (d) *Cooperation in Litigation.* The Contractor shall assist the PAC, the Owner, their legal counsel or their insurance carriers, as applicable, in any ongoing litigation or litigation hereafter filed by any resident, potential resident or any other person(s) related to the ownership or operation of the Project. The PAC shall assist the Contractor, its legal counsel or its insurance carrier in any ongoing litigation or litigation filed against the Contractor relating to the maintenance, operation or management of the Project, the collection of rents or other Revenues or the enforcement of leases, rental agreements or other contracts respecting the Project. The Contractor shall have the right, with prior written notice to Owner, Owner's Counsel and PAC, to initiate litigation on behalf of the Project, in the name of Contractor for the purpose of

collection of unpaid rents within the Project or enforcement of Park rules. All other litigation concerning the Project and proposed to be initiated on behalf of the Project or Owner or relating in any way to the Project shall require the advance written authorization and consent of Owner, it being expressly understood that Owner shall retain the sole right to determine the initiation, progress and settlement of any such litigation.

(e) *Processing Requests for Service and Complaints.* The Contractor shall receive requests for service and complaints of residents of the Project through the use of a "Resident Input Form". The Resident Input Form shall provide information on the resident providing the input, the nature of the request/complaint or concern and any person(s) to be contacted by the Contractor relating to information or resolution of the request/complaint, or concern. Contractor shall provide an initial response to the Resident Input Form within 3 business days. Said initial response shall either substantively respond to the request/complaint, request additional information or provide a date to the resident by which a substantive response will be provided. All such requests/complaints shall be responded to by Contractor in a prudent manner, using the Contractor's own professional judgment and subject to the limitations imposed by or pursuant to this Agreement and the Delegation Agreement. Contractor shall not delegate this duty to the PAC or any other person, firm or organization other than employees of Contractor. The Contractor agrees to maintain copies of any such requests/complaints received, the responses to same and any and all correspondence from the Contractor relating thereto and shall upon request provide copies thereof to PAC, Owner, and Home Owners League of MVMCC.

(f) Contractor agrees that Contractor will use the Project website established by the PAC in order to communicate information regarding the activities of Contractor within the Project to the tenants of the Project and in this regard will post updates regularly. Contractor will maintain a full time, on site, Park Manager employed by Contractor who shall maintain regular on site office hours at the Project. Said Park Manager shall be Mr. Matt Greenberg. In the event that Contractor wishes to substitute a different Park Manager for Mr. Greenberg, such substitution shall require the written consent of PAC and Owner.

Section 3. Powers and Duties of the Contractor.

The PAC hereby gives the Contractor the following powers and duties in connection with the operation of the Project and in accordance with this Agreement.

(a) *Generally.* The Contractor shall enter into such agreements, contracts and arrangements as it may deem necessary for the operation of the Project, consistent with the terms and conditions as set forth herein. Without limiting the generality of the foregoing, the Contractor shall have the right and duty (i) to sign, renew, amend, enforce, terminate and/or cancel leases and/or rental agreements for the Project or any portion hereof, subject to the right of the Owner and PAC to approve the form of such leases and agreements to collect rents, security deposits or other charges and expenses due or to become and to give receipts therefore; (ii) with the written consent of Owner's Representative, to sign and serve in the name of Contractor such notices as are appropriate to institute and prosecute actions to evict residents of the Project and/or to recover rents and other Revenues due and enforce leases and rental agreements, in the name of

the Contractor; and (iii) with the written consent of the Owner's representative, to settle, compromise and release such actions or suits or reinstate such tenancies. The Contractor shall fairly and uniformly enforce the rules and regulations of the Project as they now exist or as hereinafter may be amended. The Contractor shall, in accordance with standards of prudent business practice, enforce the provisions of all leases and rental agreements for spaces within the Project.

The Contractor shall have the right and duty to hire attorneys, accountants and other professionals selected with due care to assist in the performance of its duties hereunder. None of the work or services to be performed hereunder shall be assigned, delegated or subcontracted to third parties without the prior written approval of the PAC and the Owner. Copies of all third-party contracts for attorney, accountant or other professionals or for assignment of any of the duties hereunder to be performed by Contractor shall be submitted to the PAC and the Owner for approval at least 10 Business Days prior to the proposed effective date. If the PAC and the Owner approve any such assignment, delegation or subcontract, the subcontractors, assignees or delegates shall be deemed to be employees of the Contractor, and the Contractor shall be responsible for their performance and any liabilities attaching to their actions or omissions. Contracts for repairs or other improvements to the Project shall be addressed in accordance with sub-sections (b) and (e) below.

- (b) *Repairs.* The Contractor shall have the obligation to make, or cause to be made, and supervise repairs and decorations to the Project in accordance with the Operating Budget and the Capital Plan, or as otherwise approved by the PAC and the Owner, and shall have the right to purchase supplies and pay all bills therefore, subject in all respects to the provisions of this Agreement. The procedure for contracting for said repairs shall be as set forth in Attachment 2, attached hereto and incorporated herein by reference.
- (c) *Utilities and Services.* The Contractor shall have the right to make contracts, in the capacity of agent for the Owner and in the Owner's name, for electricity, natural gas, fuel, water, telephone, cable TV, trash or rubbish hauling, janitorial, security, pool maintenance or servicing, landscaping and other utilities and/or services or such of them as the Contractor shall deem advisable and as required by the rental/lease agreements with the residents of the Project and subject to the prior written approval of Owner. Copies of all proposed contracts shall be forwarded to Owner in advance and shall meet the requirements of Owner regarding insurance coverage and indemnification of Owner.
- (d) *Employees.* Subject to the terms of this Agreement relating to the Park Manager, the Contractor shall have the right to hire, discharge and supervise all labor required for the operation of the Project. All such employees shall be the employees of the Contractor and shall be adequately bonded, if required by the PAC or Owner in an amount satisfactory to the PAC and Owner. All such employees shall be compensated in accordance with provisions of this Agreement. Such employees shall be used for the maintenance and operation of the Project only.
- (e) *Modifications to Project.* Subject to the limitations set forth in this Agreement, the Contractor shall make additions, alterations, modifications and improvements to the Project in accordance with the Capital Plan or as otherwise approved in writing by the PAC and the Owner. The procedure for contracting for said additions, alterations, modifications and improvements shall

be as set forth in Attachment 2, attached hereto and incorporated herein by reference. Such additions, alterations, modifications and improvements, or any removal thereof, shall not in any way damage the Project, decrease the level of service received by Project residents or cause the Project to be used for purposes other than those authorized under the provisions of state, federal law and local law and including the Loan Agreement. The Project, upon completion of any additions, alterations, modifications and improvements, shall be of a value which is not less than the value thereof immediately prior to the making of such additions, modifications and improvements.

- (f) *Subject to Financial Considerations.* All decisions by the Contractor with respect to any contract, agreement or other arrangement for the setting of rents or charges for the use by any resident of space in the Project shall be consistent with the requirement of the Owner to repay its financial obligations with respect to the Project pursuant to the provisions of this Agreement. Upon written or oral notice from the PAC Representative or the Owner to the Contractor stating that an action which the Contractor proposes to take or refrain from taking, could have the effect of reducing Revenues below the amount required by the Owner to meet its obligations under the Loan Agreement, the Contractor shall comply with all directions given to it by the Owner as applicable, with respect to such action.

Section 4. Term.

The initial term of the appointment of the Contractor (the "Initial Term") shall be for the period beginning on the Effective Date and ending on the 31st day of December 2019, unless earlier terminated in accordance with the terms hereof. On January 1, 2020 and each anniversary thereof, this Agreement will be extended for an additional term (each such term, a "Subsequent Term") consisting of the next 12 consecutive months, unless (a) an Event of Default exists under this Agreement, (b) the Contractor or the PAC, with the written consent of Owner, gives written notice to each other party hereto that it does not intend to extend the term of this Agreement or (c) the parties hereto and the Owner are unable to reach an agreement as set forth in this Section 4.

On or before June 30, 2019 and on or before June 30, 2023 and each 4 years thereafter, this Agreement shall be subject to review by both parties hereto and by the Owner. The parties agree to meet together with the Owner at mutually agreeable times for the review and, if necessary, renegotiate one or more of the terms hereof. If the parties and the Owner agree to modifications of this Agreement, such modifications shall be incorporated herein by amendment as hereinafter provided, such amendments to become effective on the date stipulated therein. In the event the parties and the Owner do not agree to modifications of this Agreement, this Agreement shall continue in effect without modifications until a replacement property manager is retained by the PAC, with the prior written consent of Owner, with respect to the Project; provided, however, that if a replacement manager has not been retained within six months following the commencement of such renegotiations, Owner, shall have the right to appoint a replacement property manager. If an Event of Default exists, this Agreement may not be extended for a Subsequent Term without prior written consent of Owner, such consent to be in the sole discretion of Owner. This paragraph of Section 4 may be amended in accordance with Section 24 herein only upon the delivery of an opinion of Counsel to the effect that such amendment shall not affect the exclusion of the interest

on the Loan from the gross income for federal income tax purposes.

Either Owner, the PAC with the prior written consent of Owner, or the Contractor may terminate this Agreement for any reason by giving 60 days' prior written notice to the other party hereto and the Owner. In addition, if the Delegation Agreement is terminated, the Owner shall assume all of the rights, duties and obligations of the PAC contained herein.

Section 5. Very Low Income Residents, Lower Income Residents and Moderate Income Residents.

Pursuant to the requirements of the relevant agreements relating to the Project acquisition and financing and the Housing Law, the Contractor hereby covenants as follows:

- (a) *Rent to Very Low Income Residents, Lower Income Residents or Moderate Income Residents.* The Contractor has reviewed a copy of the Delegation Agreement. The Contractor will comply with the provisions thereof relating to the renting of Very Low Income Spaces to Very Low Income Residents, Lower Income Spaces to Lower Income Residents and Moderate Income Spaces to Moderate Income Residents.
- (b) *No Discrimination.* The Contractor will not give preference to any particular class or group of persons in renting the mobile home sites in the Project, except to the extent that sites are Very Low Income Spaces, Lower Income Spaces or Moderate Income Spaces and except to the extent that the Project continues to be maintained as a "Seniors Only Facility" which rents sites solely to persons who are 55 years old or older. Residents occupying Very Low Income Spaces, Lower Income Spaces and Moderate Income Spaces will have equal access to and enjoyments of all common facilities of the Project as other residents. Subject to the first sentence of this Subsection (b), all of the mobile home sites in the Project shall be leased or rented, or held available for lease or rental, to the general public. In the performance of its obligations under this Agreement, the Contractor will comply with the provisions of any federal, state or local law prohibiting discrimination in housing on the grounds of, but not limited to, race, color, sex, creed or national origin, including, but not limited to, Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241), regulations issued pursuant to Executive Order 11063; Title VIII of the 1968 Civil Rights Act; and the Americans With Disabilities Act of 1990.
- (c) *Certificate of Resident Eligibility.* The Contractor will obtain and maintain on file from each Very Low Income Resident, Lower Income Resident and Moderate Income Resident, a certification of resident eligibility in a form approved by the Owner. A copy of said certificates shall be provided to PAC and Owner.
- (d) *Maintenance of Records.* The Contractor will maintain complete and accurate records pertaining to the Very Low Income Spaces, Lower Income Spaces and Moderate Income Spaces and will permit the PAC Representative and the Owner to inspect the books and records of the Contractor pertaining to the incomes of Very Low Income Residents, Lower Income Residents and Moderate Income Residents of the Project. Contractor will submit copies of such records to Owner, without request, no less often than quarterly.
- (e) *Certificate of Compliance.* The Contractor will prepare and submit to the PAC, and the Owner

no later than the thirty-first day of January of each year during the term of this Agreement a Certificate of Continuing Program Compliance in substantially the form approved by Owner.

- (f) *Rental Assistance.* The Contractor shall have the right to provide a rental assistance program for the benefit of any resident in the Project under qualifications standards which are consistent with Section 8 of the United States Housing Act of 1937, as approved by the PAC, provided that such rental assistance program is consistent with the requirements of the preceding paragraph (a). Contractor may administer a rental assistance program with funds other than project funds to provide temporary assistance to tenants in the Project on an as needed basis. The Contractor shall provide a summary (without identification of recipient) of the use of funds to PAC and Owner on an annual basis. Contractor further shall assist Owner with the administration of an Owner rental assistance or deferral program, if such program is approved by the Owner.

Section 6. Rental Agreements.

- (a) The Contractor shall use best efforts to secure and/or retain residents for the Project. The Contractor shall rent the spaces in the Project pursuant to a rental schedule, a form of rent agreement, a form of rules and regulations and general guidelines approved by the Owner and PAC, which shall incorporate the requirements imposed on the Project by the Delegation Agreement. Any necessary advertising to rent or lease spaces in the Project shall be done in the name of the Project out of funds available pursuant to the Operating Budget. The PAC, with the written consent of Owner, shall have the right to revise the form of rental agreements from time to time during the term of this Agreement, upon written notice to the Contractor. Each rental agreement (written or oral) executed after the Effective Date shall direct the tenant to make all rent checks payable to the Owner. On or prior to the Effective Date, all tenants then living in the Project shall be directed to make rent checks payable to the Owner.
- (b) Each resident of the Project on the Effective Date of this Agreement shall have the right to remain in occupancy under the existing terms and conditions of such resident's current lease or rental agreement, as modified in order to comply with the restrictions contained in the Delegation Agreement.
- (c) Upon the expiration or termination of any rental agreement for any reason whatsoever, the subsequent or renewal resident shall be required to enter into a new rental agreement in a form approved by the Owner and PAC.

Section 7. Maintenance and Assessment Costs.

- (a) The Contractor shall perform or cause to be performed all necessary repairs and maintenance of the Project and the Contractor shall pay, or cause to be paid, from Revenues (as provided in Section 11(b)) charges for all utility and other services supplied to the Project, costs of the repair and replacement of Project facilities or equipment used in the operation of the Project, all assessments of any type or nature, if any, charged to the Owner or to the PAC on the Owner's behalf or the Contractor on account of the ownership or operation of the Project or the

respective interests or estates therein; provided that with respect to special assessments or other government charges that may lawfully be paid in installments over a period of years, the Contractor shall be obligated to pay only such installments as are required to be paid as and when the same become due.

The Contractor shall promptly deliver to the Owner and PAC copies of invoices or statements for all insurance premiums required pursuant to the Loan Agreement (and Section 8(d) hereof) and assessments due with respect to the Project at least 10 days prior to the due date for such premiums or assessments, together with a requisition to the Owner specifying the amount to be paid, the payee and the date such amount is due, so that the Owner may authorize the transfer of funds from the Deposit Only Account sufficient to permit Contractor to pay such premiums or assessments in a timely manner.

- (b) The Contractor may, with the prior written consent of the PAC and the Owner, contest, in good faith, any such assessments, utility and other charges, and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the PAC or Owner shall notify the Contractor that, in its opinion, by nonpayment of any such items, the interest of the Owner in the Project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the Contractor shall promptly pay such taxes, assessments or charges out of Revenues as hereinafter specified.

Section 8. Hold Harmless and Insurance.

- (a) The Contractor shall indemnify, defend and hold harmless the PAC, the Owner, the Bank and their officers, officials, employees and agents from and against any and all claims, damages, losses, proceedings, liabilities, judgments, costs and expenses (including, but not limited to attorneys' fees) of any kind and character suffered or incurred by the PAC and/or Owner to the extent the same results or is alleged to result from willful misconduct or gross negligence of Contractor or any of its partners, officers, shareholders, employees, contractors, subcontractors or Managers.
- (b) PAC shall indemnify, defend and hold harmless Contractor from and against any and all claims, damages, losses, proceedings, liabilities, judgments, costs and expenses (including but not limited to attorneys' fees) of any kind and character suffered or incurred by Contractor as a result of Contractor's performance of this Agreement, except to the extent the same results from the willful misconduct or gross negligence of Contractor or any of its partners, officers, shareholders, employees, contractors, subcontractors or Managers.
- (c) Upon the Effective Date of this Agreement, the Contractor shall, at its expense, procure and maintain for the duration of this Agreement insurance against claims against the Project for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors excluding Course of Construction insurance. Upon the effective date of a subcontract, the Contractor shall require that subcontractors procure and maintain for the duration of any subcontract insurance against

claims against the Project for injuries to persons or damages to property which may arise from or in connection with the performance of the work described in the subcontract including Course of Construction insurance.

(i) *Minimum Scope of Insurance.* Coverage shall be at least as broad as:

(1) Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

(2) Insurance Services Office form number CA 0001 (ed. 1/87) covering Automobile Liability, code 1 (any auto).

(3) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(ii) *Minimum Limits of Insurance.*

(1) General Liability: \$2,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Project or the general aggregate limit shall be twice the required occurrence limit.

(2) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage, Insurance Services Office form number CA 0001 (ed. 1/87) covering Automobile Liability, code 1 (any auto).

(3) Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

(iii) *Deductibles and Self-Insured Retentions.* Any deductibles or self-insured retentions must be declared to and approved by the Owner and PAC. At the option of the Owner and/or PAC, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Owner, PAC, and their respective officers, officials, employees and volunteers or the Contractor or subcontractor shall provide a financial guarantee satisfactory to the Owner and PAC guaranteeing payment of losses and related investigations, claim administration and defense expenses.

(iv) *Other Insurance Provisions.* The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

(1) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after 30 days' prior written notice by certified mail, return receipt requested, has been given to the Owner and PAC.

(2) Course of Construction policies shall contain the following provisions: the Owner shall be named as loss payee and the insurer shall waive all rights of subrogation against the Owner

[Management Agreement- Helsing]

- (vi) *Acceptability of Insurers.* Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.
- (vii) *Verification of Coverage.* The Contractor or subcontractors shall furnish the Owner and PAC with original certificates and amendatory endorsement effecting coverage required by this clause. The endorsement should be on forms provided by the Owner or on other than the Owner's forms, provided those endorsements or policies conform to the requirements. All certificates and endorsements are to be received and approved by the Owner and PAC before work commences. The Owner and PAC reserve the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.
- (ix) *Subcontractors.* The Contractor shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.
- (x) The Owner, PAC and Bank shall be named additional insureds.
- (d) The Contractor shall cause all employees and officers of the Contractor who handle or are responsible for the safekeeping of any rents or other moneys of the Owner to be covered by an Employee Crime and Dishonesty Policy, naming the Owner, Trustee and Bank as beneficiaries, in an amount not less than the amount of the maximum monthly gross receipts from the Project, as estimated in good faith by the Owner. Any such policy shall insure the Owner against losses from forgery, theft, embezzlement and fraud of employees and officers of the Contractor. Copies of any such Employee Crime and Dishonesty Policy shall be provided to Owner.
- (e) The Contractor shall maintain or cause to be maintained all policies of insurance as required pursuant to the Loan Agreement.
- (f) The Owner, from time to time, may amend the insurance coverage required to be maintained according to the terms of Section 8(b). Upon receipt of written notice of any such amendment, the Contractor shall promptly comply with such requirements.

Section 9. Financial Management.

- (a) On or before the Effective Date, and on or before April 1 during the Initial Term and each Subsequent Term, the Contractor will submit to the PAC and the Owner for approval a proposed budget (the "Operating Budget") of monthly operating expenses to be incurred in connection with operation of the Project for the succeeding Fiscal Year, including expenses described in Section 6 of the Management Plan. The PAC Governing Board may review, approve, make reasonable amendments or disapprove the Operating Budget prior to April 25. The Operating Budget shall also be made available for inspection by Project residents and members of the public prior to April 28 and the Contractor, in conjunction with the PAC shall hold an annual public meeting on the budget prior to the submission thereof to the Owner. Project residents and members of the public may, on or prior to April 28, submit comments to

the Contractor and the PAC, which the Contractor will promptly forward to the Owner. After the time for public review and comment has ended, but no later than May 1, the Contractor will submit the proposed Operating Budget including any proposed changes to the Owner. Each Operating Budget shall include a statement of assumptions upon which the Operating Budget is based.

Provided that a proposed Operating Budget is submitted to the Owner together with a certificate stating that the Owner has 45 days after receipt to give comments on the Operating Budget or it shall be assumed to be approved by the Owner, such Operating Budget shall be assumed to be approved by the Owner after 45 days unless (a) the Owner gives written notice otherwise to the PAC and the Contractor within 45 days after receipt by the Owner of the Operating Budget or (b) an Event of Default (as defined in the Loan Agreement) or an Event of Default (as defined in this Agreement) exists. The Contractor will make any reasonable changes to a proposed Operating Budget required by Owner and submit a revised Operating Budget to Owner for approval within five Business Days. Upon receipt of final approval by Owner, the Contractor shall prepare the related Loan Payment Schedule as set forth in the Loan Agreement. By June 15 in each year during the term of this Agreement, the PAC shall approve an Operating Budget, which has been approved by the Owner, for the next Fiscal Year. Notwithstanding the obligation to approve an Operating Budget which has been approved by the Owner, the PAC may state its objections, concerns or comments to changes to the Operating Budget required by Owner. The Contractor shall make any changes to the Operating Budget required by Owner and submit such revised Operating Budget to Owner within five Business Days and shall adopt the budget as so revised.

- (b) Not later than January 25 in each year during each term of this Agreement, the Contractor shall prepare and file with the PAC Representative and the Owner a mid-year budget report for the current Fiscal Year and may recommend budget revisions. The mid-year budget report shall be made available for inspection by Project residents and members of the public prior to submission to Owner. Project residents and members of the public may submit comments to the Contractor and the PAC, which the Contractor will promptly forward to the Owner and the Agency. The PAC Governing Board may review the mid-year budget report and discuss any revisions which the PAC deems advisable. After the time for public review and comment has ended, and the PAC has approved and, if applicable, stated its objections, concerns or comments to the mid-year budget report, the Contractor will submit the mid-year budget report to Owner for approval. Owner shall approve or require changes to the mid-year budget proposed by the mid-year budget report within 45 days of receipt of same. The Contractor will make any reasonable changes to the proposed mid-year budget required by Owner and submit a revised Operating Budget to Owner for approval within five Business Days and Contractor shall implement the budget as so revised. The Contractor shall provide a copy of the final revised Operating Budget to the PAC and Owner.
- (c) The Contractor shall pay all expenses incurred in connection with the operation and management of the Project pursuant to this Agreement from amounts deposited in the Operation and Maintenance Account as hereinafter set forth; provided, however, no expenses shall be paid in any Fiscal Year unless the same are included in the Operating Budget or Capital Plan for such Fiscal Year which has been adopted in accordance with this Agreement, unless the PAC and the Owner give their prior written consent. In the event that any expense is

incurred, or in the opinion of the Contractor ought properly be incurred, which is not included in the Operating Budget, or in the event at any time amounts deposited in the Operation and Maintenance Account are not sufficient to permit the payment of any budgeted expense, the Contractor shall promptly notify the PAC Representative and the Owner and provide information relating to such expense as the PAC Representative and the Owner may request. Payment of such expense shall be made either directly by the PAC or, at the option of the PAC, by the Contractor out of amounts deposited in the Operation and Maintenance Account, but only with the prior written approval of the PAC Representative and the Owner.

- (d) The Contractor is liable for repayment of disallowed costs. Disallowed costs may be identified through audits, monitoring or other processes. The Contractor shall be required to respond to any adverse findings which may lead to disallowed costs.
- (e) The Contractor shall provide, by date due, to the PAC and the Owner the monthly reports required by the Management Plan. The Contractor shall, in addition, and upon the written request of the PAC Representative or the Owner furnish such other and/or further information concerning the operation of the Project in such manner and on such forms as the PAC Representative or the Owner may specify from time to time. The Contractor shall be held strictly accountable for all receipts and disbursements with respect to the operation of the Project.
- (f) The Contractor shall not incur annual expenses which exceed expenses for any major category of the Operating Budget in excess of 10% of the related category in the approved Operating Budget without the prior written approval of the PAC and the Owner. Annual expenses in any major category of the Operating Budget exceeding the Operating Budget of that category by less than 10% shall require the approval of PAC and Owner's designated representatives. The Contractor shall not exceed the total annual approved Operating Budget without prior approval of the PAC and the Owner.

Section 10. Capital Plan; Capital Improvement Agreement.

- (a) The Contractor shall on behalf of the Owner, on or before May 1, 2013 and on or before each May 1 during each Subsequent Term, submit to the PAC and to the Owner for approval, a capital expenditure plan for the Project for the next five Fiscal-Year period (each, a "Capital Plan"). Owner may, but is not obligated to, retain a consultant engineer to review the Capital Plan. The cost of said consulting engineer shall be paid for only with Project funds. Each Capital Plan shall include an estimate of the required annual contribution to the Replacement Reserve Fund, shall be prepared based upon findings of the physical needs reports prepared by Kleinfelder, Inc. with respect to the geotechnical evaluation and by Park Utilities Inc. with respect to the underground utilities lines, and the Physical Needs Report prepared pursuant to subsection (e) hereof and shall detail descriptions of all planned capital improvements to be made to the Project during the related Fiscal Years, an estimate of expenditures to be incurred therewith each month of such Fiscal Years and a timetable for completion of such improvements.
- (b) If the consulting engineer retained by Owner disagrees as to the cost of a capital improvement

detailed on the Capital Plan, Owner will provide the PAC and the Contractor with evidence of the basis for the disagreement, as provided by the consulting engineer.

- (c) The Contractor will make any changes required by Owner to the Capital Plan including changes to the amount of required monthly contributions to the Replacement Reserve Fund, within five Business Days of receipt of the requested change, the Contractor will provide copies of such revised Capital Plan to the Owner and the PAC within two Business Days after receipt of approval from Owner.
- (d) Funds for capital expenditures outlined on the Capital Plan will be deposited into the Replacement Reserve Fund established by the Owner. The amount of funds maintained in the Replacement Reserve Fund will be based upon a physical needs reserve analysis report prepared by a consulting engineer and mutually agreed upon by the Contractor the PAC and Owner. Upon completion of any capital expenditure detailed on a Capital Plan, the Contractor will submit to the Owner and the PAC, the invoice for such expense, together with a requisition for payment which includes a certification that: (a) the related expense was included in the Capital Plan and the amount requested to be paid is not greater than the amount allocated for such expense on the current Capital Plan; (b) the required repairs were performed in a satisfactory manner; and (c) any contract for works of improvement pursuant to the Capital Plan was completed in compliance with the requirements for contracting set forth in Attachment 2. If the amount of the invoice is greater than the amount allocated for such expense on the current Capital Plan, the Contractor must certify the amount of the variance and obtain the written consent of PAC and Owner to pay the excess amount prior to submission of the related requisition to the Owner (such consent to be included with the requisition submitted to the Owner).
- (e) During the last fiscal quarter of 2020, the consulting engineer retained by Owner as an operating expense of the Project, shall conduct a new 10-year physical needs reserve analysis with respect to the Project. Findings of such analysis shall be set forth in a written report (the "Physical Needs Report") delivered to the Owner, the PAC and the Contractor. The Contractor shall prepare successive Capital Plans based upon the findings of the Physical Needs Report as approved by Owner.
- (f) In the event there are insufficient Revenues to pay all amounts due and owing under the Loan Agreement payable from Revenues or to comply with the covenants set forth in the Delegation Agreement, the Contractor and the PAC will prepare and submit within 30 days a "Net Operating Income" petition to the City in accordance with the provisions of Ordinance No. 1341. The purpose of such a petition will be to obtain a space rent increase sufficient to comply with such covenants.
- (g) The Contractor shall not incur Capital Plan expenses which exceed expenses for any major category of the Capital Plan in excess of 10% of the related category in the approved Capital Plan without the prior written approval of the PAC and the Owner. Annual expenses in any major category of the Capital Plan exceeding the Capital Plan of that category by less than 10% shall require the approval of PAC and Owner's designated representative. Expenses which exceed the identified specific capital project budget in the Capital Plan shall require the approval of PAC and Owner's designated representative. The Contractor shall not exceed the

total annual approved Capital Plan without prior approval of the PAC and Owner.

Section 11. Compensation.

- (a) As compensation for the performance of its services hereunder, the Contractor shall be paid a current management fee equal to \$5,790 per month, pro-rated for partial months. In addition, the Contractor shall be entitled to reimbursement for its reasonable expenses incurred in the performance of its duties hereunder, to the extent such expenses are properly incurred under this Agreement and are included in the Operating Budget or otherwise approved by the PAC and the Owner. Said reasonable expenses shall include the salaries of on-site employees of Contractor in an amount included in the Operating Budget and approved by the PAC and Owner. In addition to the salaries of on-site employees of Contractor, Owner may, but is not obligated to, permit Contractor to rent to Contractor's on site employees any Owner owned mobile homes, existing on the Project site. The rent and utilities, if any, to be paid by said employees, shall be agreed upon in advance by Owner and Contractor and may upon agreement between Owner and Contractor be included as a portion of benefits or compensation to be provided to said on-site employees of Contractor.
- (b) The Contractor acknowledges that, notwithstanding any other provision of this Agreement, it shall receive from the Owner each month its Management Fee for the previous month, an amount equal to the utility charges for the previous month as certified to the Owner by the Contractor, and an amount equal to the monthly operating expenses for the Project, as set forth in the current Operating Budget.

Section 12. Documentation and Records.

- (a) On or prior to the Effective Date, the Contractor shall provide the PAC with copies of the following documents, evidencing filing with the appropriate governmental agency: (i) Articles of Incorporation; (ii) names and addresses of the current officers and/or Board of Directors of the Contractor; and (iii) a copy of the Contractor's adopted personnel policies and procedures.
- (b) The Contractor shall immediately report to the PAC any changes, subsequent to the date of this Agreement, in the Contractor's Articles of Incorporation, officers, Board of Directors, personnel policies and procedures.
- (c) The Contractor shall keep accurate books and records and in a form acceptable to the PAC and the Owner, in connection with all matters arising under the terms of this Agreement. The Contractor shall allow the PAC and the Owner, or any of their representatives, during normal business hours, access to the records and correspondence of the Contractor pertaining to any transaction arising out of this Agreement to audit, examine or copy any or all such books and records, including, without limitation, all contracts and subcontracts, invoices, payrolls, records of personnel, conditions of employment, materials and all other data relating to the Project and matters covered by this Agreement. The Contractor will be notified in advance that an audit will be conducted. The Contractor will be required to respond to any audit findings, and have the responses included in the final audit report. The cost of any such audit will be borne by the Project.

At the close of each Fiscal Year, the Contractor shall allow the books of the Operation and Maintenance Account to be examined and audited by a certified public accountant/Auditor, selected by the Owner, who shall transmit a copy of his report of said audit to the Owner and PAC within 90 days after the close of each Fiscal Year. The Contractor shall maintain complete and accurate records of all its transactions including, but not limited to, contracts, invoices, time cards, cash receipts, vouchers, canceled checks, bank statements, client statistical records, personnel, property and all other pertinent records sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred or anticipated to be incurred to perform this Agreement or to operate the Project and all other matters covered by this Agreement.

- (d) The Contractor shall preserve and make available its records until:
 - (i) The expiration of five years from the date of final payment to the Contractor under this Agreement and in compliance with Section 8.04 of the Delegation Agreement;
 - (ii) For such longer period, if any, as is required by applicable law; or
 - (iii) If this Agreement is terminated, for a period of five years from the date of termination.

- (e) The Contractor shall keep and maintain a current inventory of all personal property of Owner which is in the possession of PAC, the contractor or Park Manager and shall provide a certified copy of same to Owner along with the annual financial statements submitted to Owner in accordance with paragraph 8.03 of the Delegation Agreement. The Contractor shall not sell, transfer, gift, hypothecate, lend, or otherwise dispose of any of the personal property of Owner without the express written consent of Owner and in accordance with the surplus property disposition policies of Owner. To the extent that Project funds are at any time used to purchase or otherwise acquire or maintain any personal property to be used at the Project, said acquisition shall be made in accordance with the purchasing policy of Owner as set forth in Attachment 2 hereto and such personal property shall become the property of Owner and shall be added to the personal property inventory upon acquisition. In addition, the inventory of personal property shall include an inventory of the personal property of all other persons or organizations which is stored at or on the Project other than Personal Property of residents stored on their individual spaces.

Section 13. Contract Compliance.

Evaluation and monitoring of the Project performance shall be the mutual responsibility of both the PAC and the Contractor. The Contractor shall furnish all data, statements, records, information and reports necessary for the PAC and Owner, if requested, to monitor, review and evaluate the performance of the Project and its components.

Section 14. Events of Default.

The occurrence of any of the following events shall constitute an "Event of Default" hereunder:

- (a) Any representation or warranty made by the Contractor under this Agreement, or in any certificate or report furnished under this Agreement, that shall prove to be untrue or incorrect in any material respect as of the date when made or deemed to be made;

- (b) A continuing violation or breach of any covenant or material term of this Agreement (other than a failure or breach described in another paragraph of this Section 14) for a period of 30 days after written notice of such breach is given to the Contractor by the PAC or the Owner, provided that, if such failure shall be of a nature that it cannot be cured within 30 days, such failure shall not constitute an Event of Default hereunder if within such 30-day period the Contractor shall have given notice to the PAC and the Owner of corrective action it proposes to take, which corrective action is agreed in writing by the PAC and the Owner (in the event the Owner and the PAC do not agree, the decision of Owner will control) to be satisfactory, and the Contractor shall thereafter pursue such corrective action diligently until such default is cured;
- (c) Failure of the Contractor to (i) deposit any Revenues collected in connection with the Project (other than security deposits) into the Deposit Only Account in accordance with this Agreement, (ii) deposit any security deposits into a separate account therefore or (iii) pay generally when due any operating expenses related to the Project to the extent funds are on deposit in the Operations and Maintenance Account;
- (d) The total annual expenses for any major category of the Operating Budget or Capital Plan for the Project exceeds 10% of the category amount in the related Operating Budget or Capital Plan approved by the Owner, unless such variance has been previously approved by the PAC and the Owner. Such major categories include all operating expenses of the Project, with the exception of taxes, insurance and utilities.
- (e) Failure of the Contractor to respond, in a timely manner, to any inquiry of the PAC or the Owner pertaining to any Monthly Reports required pursuant to the Management Plan or any request for information pertaining to the Project from the PAC or the Owner;
- (f) An "event of default" exists under the Loan Agreement;
- (g) The occupancy rate for the Project, as measured at the end of each calendar month, is less than 95 %;
- (h) The Senior Debt Service Coverage Ratio for the Project for any calendar year is less than 2.00x;
- (i) The Contractor fails to implement and follow the provisions of the Capital Plan during the time period specified in the Capital Plan;
- (j) The Contractor shall fail to pay its non-Project-related corporate debts generally as they come due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or shall institute any proceeding seeking to adjudicate the Contractor insolvent or seeking a liquidation, or shall take advantage of any insolvency act, or shall commence a case or other proceeding naming the Contractor as debtor under the United States Bankruptcy Code or similar law, domestic or foreign, or if a case or other proceeding shall be commenced against the Contractor under the United States Bankruptcy code or similar law, domestic or foreign, or any proceeding shall be instituted against the Contractor seeking liquidation of the Contractor or the Contractor's assets and the Contractor shall fail to take appropriate action resulting in the withdrawal or dismissal of such proceeding within 30 days

or there shall be appointed or the Contractor shall consent to, or acquiesce in, the appointment of a receiver, liquidator, conservator, trustee or similar official in respect of the Contractor or the whole or any substantial part of its properties or assets or the Contractor shall take any corporate action in furtherance of any of the foregoing; or

- (k) Failure of the Contractor to conduct the leasing of the Project to comply with all applicable leasing restrictions contained in this Agreement, including, without limitation, the restrictions set forth in Section 8 of the Management Plan, and the Loan Agreement to preserve the tax-exempt status of the Loan.

Section 15. Remedies.

- (a) Upon the occurrence of an Event of Default, the PAC with the consent of the Owner or the Owner acting alone may, (i) terminate this Agreement, immediately upon written notice to the Contractor or upon any date specified in such notice, or (ii) take whatever action at law or in equity as may appear necessary or desirable in its judgment to collect the amounts then due and thereafter to become due under this Agreement or to enforce performance of any obligation of the Contractor under this Agreement.

Upon termination of this Agreement, the Owner, may appoint a successor property manager, or the PAC may, with the prior written consent of the Owner, which consent may not be unreasonably withheld, appoint a successor approved by the Owner.

- (b) No remedy herein conferred upon or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under or existing at law or in equity. No delay or failure to exercise any right or power accruing under this Agreement upon the occurrence of any Event of Default or otherwise shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 16. [RESERVED].

Section 17. Transfer of Records.

In the event the Contractor's duties, responsibilities and liabilities hereunder are terminated pursuant to either Sections 4 or 15 of this Agreement, the Contractor shall discharge such duties and responsibilities during the period from the date it acquires knowledge of such termination until the effective date thereof with the same degree of diligence and prudence which it is obligated to exercise hereunder, and shall take no action whatsoever that might impair or prejudice the rights or financial condition of its successor, the Owner or the PAC. Furthermore, the Contractor agrees to cooperate with the PAC and the Owner and any successor Contractor in effecting the termination of the Contractor duties and responsibilities hereunder and shall promptly also transfer to the Deposit Only Account all amounts held by the Contractor which have not been deposited into the Deposit Only Account or which are thereafter received by the Contractor with respect to the Project. The Contractor shall immediately provide the PAC and the Owner access to all documents, records, payroll, minutes of meetings, correspondence and, all other data pertaining to the funds held by the Contractor pursuant to this Agreement and, upon the

request of the PAC or the Owner, but at the expense of the Contractor, deliver to the Owner or the successor Contractor, all files, documents and records (including computer tapes and diskettes, including data but not programs) relating to the Project and an accounting of any amounts collected and held by the Contractor, and shall otherwise use its best efforts to effect the orderly and efficient transfer of its rights, duties and responsibilities to the party assuming such duties.

Upon termination of this Agreement, the Contractor shall (i) be paid for all documented services actually rendered hereunder to the date of such termination; provided, however, the PAC shall be obligated to compensate the Contractor only for that portion of the Contractor's services which are allowable costs and expenses as determined by an audit or other monitoring device; (ii) turn over to the Owner immediately any and all copies of studies, reports and other data, whether or not completed, prepared by the Contractor or its subcontractors, if any, in connection with this Agreement. Such materials shall become the property of the Owner. The Contractor, however, shall not be liable for the PAC's or the Owner's use of incomplete materials or for the PAC's or the Owner's use of completed documents if used for other than the services contemplated by this Agreement; and (iii) transfer to the Owner all assets acquired with Owner funds unless otherwise negotiated by separate agreement.

Section 18. Project Coordination.

- (a) The PAC Representative may designate an individual who shall render overall supervision of the progress and performance of this Agreement by the PAC. All services agreed to be performed by the PAC shall be under the overall direction of the designated individual.
- (b) All notices or other correspondence required or contemplated by this Agreement shall be sent to the parties at the following addresses:

PAC: Park Acquisition Corporation of Marin Valley Mobile Country Club
100 Marin Valley Drive, Novato, CA 94949-6716
Telephone: (415) 883-5911
Attention: President

Contractor: The Helsing Group, Inc.
4000 Executive Parkway, Suite 100
Telephone: _____ Facsimile: _____
e-mail: _____

Owner: City of Novato
922 Machin Ave
Novato, CA 94945
Telephone: (415) 899-8900
Attention: Assistant City Manager

Bank: Bank of Marin

All notices shall either be hand delivered or sent by United States mail, registered or certified, postage prepaid. Notices given in such a manner shall be deemed received when received. Any party may change its address for the purpose of this Section by giving five days' written notice of such change to each other party hereto, Owner and Bank in the manner provided in this Section.

Section 19. Independent Contractor.

This is an Agreement by and between independent contractors and is not intended and shall not be construed to create the relationship of servant, employee, partnership, joint venture or association between the Contractor and the PAC or the City and Contract or City and PAC. The Contractor, including its officers, employees, agents or independent contractors or subcontractors, shall not have any claim under this Agreement or otherwise against the Owner for any Social Security, Worker's Compensation or employee benefits extended to employees of the Contractor.

Section 20. Successors; Assignability.

This Agreement shall be binding upon the successors and assigns of the Contractor and the successors and assigns of the PAC, provided, however, that the Contractor shall not assign its rights under this Agreement without the PAC's and the Owner's prior written consent, which consent may not be unreasonably withheld. No successor Contractor may be appointed without the prior written approval of Owner in the exercise of its sole and absolute discretion.

Section 21. [RESERVED].

Section 22. Disclosure of Confidential Information.

Except as may be required by law or this Agreement, the PAC and the Contractor agree to maintain the confidentiality of any information regarding Project residents pursuant to this Agreement or their immediate families which may be obtained through application forms, interviews, tests, reports from public agencies or counselors or any other source. Without the written permission of the resident, such information shall be divulged only as necessary for purposes related to the performance or evaluation of the services and work to be provided pursuant to this Agreement or as required by state or federal law.

Section 23. Waiver of Rights and Remedies.

In no event shall any payment by the PAC or the Owner constitute or be construed to be a waiver by the PAC or the Owner of any breach of the covenants or conditions of this Agreement or any default which may then exist on the part of the Contractor, and the making of any such payment while any such breach or default shall exist, shall in no way impair or prejudice any right or remedy available to the PAC or the Owner with respect to such breach or defaults. In no event shall payment to the Contractor by the PAC or the Owner in any way constitute a waiver by the PAC or the Owner of their rights to recover from the Contractor the amount of money paid to the Contractor on any item which is not eligible for payment under this Agreement. No act of omission by the Contractor, the Owner or the PAC, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release

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to be effected only through a written document executed by the PAC, with the prior written consent of the Owner and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be constructed as continuing, or as a bar to, or as a waiver of, any subsequent right, remedy or recourse as to a subsequent event.

Section 24. Amendments.

Amendments to the terms or conditions of this Agreement shall be requested in writing by the party desiring such amendments, and any such amendment shall be effective only upon the mutual Agreement in writing of the parties hereto, with the prior written consent of the Owner.

Section 25. Integrated Document; Counterparts.

This Agreement contains the entire Agreement between the PAC and the Contractor with respect to the subject matter hereof. No written or oral Agreements with any officer, agent or employee of the PAC prior to execution of this Agreement shall affect or modify any of the terms or obligations contained in any documents comprising this Agreement.

This Agreement may be executed in counterparts by the parties hereto, and all such counterparts shall constitute one and the same instrument.

Section 26. Invalidity.

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity or unenforceability shall not affect any other provisions hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision(s) had never been included.

Section 27. Third-Party Beneficiary.

Owner shall be a third-party beneficiary to this Agreement, entitled to enforce the provisions hereof as if a party hereto. Any consent of Owner must be in writing to be effective.

Section 28. Representations and Warranties.

The Contractor hereby represents and warrants to and covenants with the PAC, and for the benefit of the Owner, that:

- (a) The Contractor is a corporation in good standing under the laws of the State of California;
- (b) The Contractor holds, and will hold during the term of this Agreement, all material licenses, certificates and permits from all governmental authorities necessary for the conduct of its business and has received no notice of proceedings relating to the revocation of any such license, certificate or permit which singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would materially affect the conduct of the business, results of operations, net worth or condition (financial or otherwise) of the Contractor;

- (c) The Contractor has the full power and authority to execute, deliver and perform, and to enter into and consummate, all transactions contemplated by this Agreement, has duly authorized the execution, delivery and performance of this Agreement and has duly executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation of the Contractor, enforceable against it in accordance with its terms, except as such enforcement may be limited (i) by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights in general and (ii) by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);
- (d) Neither the execution and delivery by the Contractor of this Agreement, the consummation by the Contractor of the transactions contemplated hereby nor the fulfillment of or compliance by the Contractor with the terms and conditions of this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of any legal restriction or any material agreement or instrument to which the Contractor is a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment or decree to which the Contractor or its property is subject;
- (e) The consummation by the Contractor of the transactions contemplated by this Agreement are in the ordinary course of business of the Contractor; and, at the date hereof, the Contractor does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every one of its duties and covenants contained in this Agreement;
- (f) There is no litigation pending or, to the Contractor's knowledge, threatened, which, if determined adversely to the Contractor, would adversely affect the execution, delivery or enforceability of this Agreement, or the ability of the Contractor to manage the Project hereunder in accordance with the terms hereof, or which would have a material adverse effect on the financial condition of the Contractor;
- (g) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Contractor of or compliance by the Contractor with this Agreement or the consummation by the Contractor of the transactions contemplated by this Agreement; and
- (h) The Contractor is familiar with all material federal, state and local laws, rules and regulations applicable to the management and operation of mobile home developments to be occupied in part by individuals of low or moderate income and will manage the Project in accordance with all such laws, rules and regulations.

Section 29. [Reserved]

Section 30. No Petition.

The Contractor will not institute against, or join any other person in instituting against, the Owner or the PAC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any bankruptcy or similar law, until the date on which no amounts remain

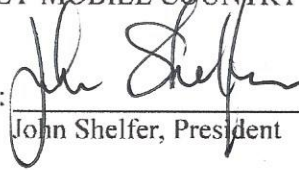
[Management Agreement- Helsing]

Outstanding under the Loan Agreement

IN WITNESS WHEREOF, the parties hereto have executed this instrument or caused this Management Agreement to be executed by their duly authorized agents this 11th day of December, 2018.

PARK ACQUISITION CORPORATION OF MARIN
VALLEY MOBILE COUNTRY CLUB

By:



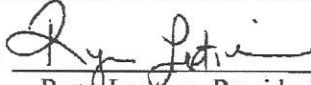
John Shelfer, President

Consent of Owner:

THE HELSING GROUP INC.

By: _____

By:



Ryan Leptien, President

ATTACHMENT 1

MANAGEMENT PLAN TO OPERATE AND MANAGE MARIN VALLEY MOBILE COUNTRY CLUB

Section 1. *Introduction.* Given the high cost of housing in relation to wages and salaries in the Novato area, substantial numbers of low- and moderate-income households find it difficult to secure affordable housing. Mobile homes constitute a viable affordable housing resource. Nonetheless, the ownership of mobile home parks by investors may limit the value of mobile homes as an affordable housing resource. The Park Acquisition Corporation of the Marin Valley Mobile Country Club (the "PAC") consequently entered into purchase negotiations with the owner of the Marin Valley Mobile Country Club, located in Novato, California (the "Project"). The Novato Financing Authority purchased the Project and subsequently transferred the Project to the City of Novato ("Owner"). The Owner and PAC selected Frei Real Estate Services, to operate and manage the Project. Upon the transfer of assets of Frei Real Estate Services, the Owner and PAC selected the Helsing Group, INC to operate and Manage the Project.

Section 2. *Purposes.* The purposes of this Agreement are as follows:

- (a) to provide full-service operation and management services for the Project;
- (b) to operate the Project in a professional and businesslike manner and separate the PAC and the Owner from day-to-day operation and management of the Project;
- (c) to encourage residents to seek to resolve issues with the professional managers of the Project;
- (d) to provide mobile home park residents with input in the operation of the Project;
- (e) to abide by the provisions of Ordinance No. 1341 of the City of Novato, insofar as they may apply to spaces within the Project;
- (f) to provide security that the Bank can expect regular payments pursuant to the Loan Agreement;
- (g) to provide for the regular upkeep of the Project and to make prudent capital improvements; and
- (j) to create a formal residents' association.

Section 3. *Flow of Funds.*

- (a) The Contractor will arrange for the reading of meters and calculate gas, water, sewer, electric and other miscellaneous charges and prepare rent and utility bills. On or about the twenty-fifth of each month the Contractor will make available rent and utility bills for each space. When requested by the appropriate individual rent and utility bills will be mailed to a designated address or delivered to the mobilehome space.
- (b) The Contractor will, upon receipt of any Revenues, record the payment upon a payment register

maintained at the Project and available for inspection by representatives of the Owner and the PAC. Records of any rent and utility payments shall include, at the least, date received, resident's name, space number, current charges, total amount collected and the balance due, if any. The Contractor will also maintain a separate general ledger which will include a record of payments, available for inspection by representatives of the Owner and the PAC.

- (c) The Contractor will establish an Operation and Maintenance Account, which shall be a separate trust account established in the name of the Owner. No funds relating to the Project will be commingled with funds of the Contractor or relating to any other matter or person other than the Project. On each Allocation Date, the Owner will transfer funds from the Deposit Only Account sufficient to pay operation and maintenance costs for the current month consistent with the adopted Operating Budget.

Section 4. [RESERVED].

Section 5. Other Pledged Funds. In the event that the Project's Debt Service Coverage Ratio falls below 2.00x, the PAC and the Contractor will prepare and submit within 30 days a "Net Operating Income" petition to the City of Novato in accordance with the provisions of Ordinance No. 1341. The purpose of such a petition will be to obtain a space rent increase sufficient to comply with such covenants.

Section 6. Budget and Expenditures. The budgets prepared in accordance with Section 9 of the Management Agreement will include the following line items: Office Supplies, Postage, Telephone, Computer & Copies Supplies, Legal, Bank Charges, Bookkeeping, Audit, Dues & Subscriptions, Mileage, Travel/Meals, Business Development & Training, General & Administrative, Marketing, Social Programs, Repair & Maintenance, Landscape Maintenance, Tools & Equipment Repair, Swimming Pool Supplies, Lighting Supplies, Grounds Materials & Supplies, Street/Parking Lot Maintenance, Security Services, Vehicle Maintenance, Resident Manager, Manager's Mobile Home Rent, Assistant Manager, Maintenance Assistant, Health Insurance & Benefits, Payroll Taxes, Worker's Compensation, Electricity, Gas, Trash Removal, Sewer, Water, Cable TV, Property & Liability Insurance, Trees, Utilities, Concrete, Street Repairs, Manager's Home Repairs, and Management Fee and capital expenditures.

Section 7. Monthly Reports.

- (a) On the twentieth day of each month, the Contractor will provide the Owner and the PAC with a Profit & Loss Statement, Cash Flow Statement, Balance Sheet and Budget Control Report for the prior month. The Budget Control Report will compare revenues and expenditures to the budget for the prior month and for the fiscal year and include date of purchase, vendor, item purchased, authorized by, the amount and the remaining balance in each budget category.
- (b) On the twentieth day of each month, the Contractor will provide the PAC and the Owner a Delinquency Report. The Delinquency Report will help maintain control of past-due rents, the collection process and the legal status of cases. The Delinquency Report will contain the date, property, resident's name, space number, current month past due, prior months past due, total, date 30-60-day notice filed, date unlawful detainer filed and served, court date, date of eviction, court fees and additional comments.

- (c) On the twentieth day of each month, the Contractor will provide the PAC and Owner a Check Register Report listing invoices paid during the prior month. In addition, the Contractor will notify the PAC and Owner of any past-due notices, liens filed or other actions that an employee, vendor or service provider may have taken to collect on overdue wages or payments.
- (d) On the twentieth day of each month, the Contractor will provide the Owner and the PAC with a Vacancy Turnover Report for the prior month. This report will include a recapitulation of vacant spaces, mobile homes available for sale and mobile homes occupied. The report will also include notifications received from residents who intend to move out of the Project and a cumulative total of expected move-outs and move-ins.
- (e) Prior to the twentieth day of each month, the Contractor will calculate and report in writing to the Owner, and the PAC the Non-owner Occupied Percentage, the Vacancy Factor and Debt Service Coverage Ratio for the Project for the previous calendar month and Debt Service Coverage Ratio for the fiscal year.
- (f) The Contractor will, within 60 days following the Effective Date, create a listing of resident household incomes. The purpose of this listing is to verify qualification for a tax exempt status of the Loan and compliance with the Delegation Agreement. The Contractor will obtain household income information from move-in households. On an annual basis, by January 31, the Contractor will provide the Owner with a list of resident household incomes.
- (g) The Contractor will provide to the Owner and the PAC on a monthly basis, by the twentieth day of each month, an accurate and detailed statement listing collections, disbursements, delinquencies, uncollectible accounts, vacancies and other matters pertaining to the operation of the Project during the previous month and copies of the monthly statements for the prior month for the Deposit Only Account and the Operation and Maintenance Account. Upon written request by the Owner or the PAC, the Contractor will furnish such other information concerning the operation of the Project in such manner and on such form as the Owner or the PAC may specify from time to time. The Contractor will be held strictly accountable for all receipts and disbursements with respect to the operation of the Project.

Section 8. Median Area Income. The Contractor will offer vacant spaces to only households with incomes meeting the requirements of the Delegation Agreement. If the standards set forth in the Delegation Agreement with respect to Very Low Income Residents, Lower Income Residents and Moderate Income Residents are not met at any time, the Contractor will immediately notify the Owner and the PAC. Area income values will be those periodically calculated and published by the United States Department of Housing and Urban Development.

Section 9. Environmental. The Contractor will, prepare regular updates to the Operations and Maintenance Plan as necessary and acceptable to Owner.

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Attachment 2 – Purchasing Parameters for MVMCC

As a publicly owned Park, MVMCC needs to follow the purchasing requirements that are legally required by state law, municipal ordinance and City administrative policy in terms of its purchasing of goods, services, or capital improvement projects. This Attachment summarizes the requirements and outline how they will be translated to the Project, PAC, Contractor and the Property Manager.

GOODS

“Goods” includes the purchase of supplies, material or equipment.

<i>Amount</i>	<i>Authority</i>	<i>Process</i>
> \$30,000	City Council	Formal bid or Request for Proposal required.
\$10,000-\$30,000	Property Manager with City Manager’s Approval	Informal bid from at least 3 competitive sources. Property Manager may solicit and gain City Manager approval for purchase.
\$5,000-\$10,000	Property Manager	Quotes from 3 competitive sources. Provide to lowest quote.
< \$5,000	Property Manager	Bids or quotes not required unless it totals more than 5,000/year as a recurring purchase.

PROFESSIONAL SERVICES

Professional services includes the use of consultants, engineers, architects, or other professions where the work provided is analysis and recommendations based on an individual technical expertise. The “product” provided is often a report, analysis or recommendations on which future decisions are based. The City has two Consultant Services Agreements – a long form and a short form – based on the work being provided.

<u>Service Value:</u>	<u>Award Authority:</u>	<u>Lead and Process</u>
<\$30,000	Property Manager or City Staff Dependent Upon the Specific Consultant Services Being Undertaken	<i>Property Manager Lead or City Staff Lead</i> Must obtain 3 informal bids or proposals. If an RFP done, then needs to be posted on the City’s E-Bid. Prior to initiation of consultant selection, PAC, Property Manager and City staff will consult to determine who shall take lead. City retains right to make final decision regarding the process.
>\$30,000	City as Lead with approval by City Council required	<i>City Staff Lead</i> Formal Request for Proposal for consultant services required. Formal City Council review and approval required.

Notes -- All contract documents created by the Property Manager must include language regarding indemnification and insurance endorsements protecting the City and the PAC. All contract documents must be reviewed and approved by the City Attorney.

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CAPITAL PROJECTS (NEW AND MAINTENANCE)

Capital Projects, called “public projects”, as defined by the California Public Contract Code (Section 20160-20175.2) are subject to specialized purchasing procedures. The goal is to ensure that public work is done by contract after competitive bidding. Public projects include, but are not limited to:

- Project for the erection, improvement, painting, or repair of public buildings and works;
- Work in or about streams, bays, waterfronts, embankments or other work for protection against overflow;
- Street or sewer work, except maintenance or repair, and
- Furnishing supplies or materials for any such projects, including maintenance or repair of streets or sewers.

Tier #1 – INFORMAL PRICING Below \$5,000 (Property Manager Lead)

- No bid or notice required. Obtain 3 informal quotes and choose lowest acceptable bidder. Park contracts directly with vendor via Frei Real Estate. Frei contract must contain indemnification for PAC and City. Insurance parameters must also follow City standards. Subject to prevailing wage if over \$1,000.

Tier #2 – VARIOUS OPTIONS \$5,000-45,000 (Property Manager Lead)

(This level allows two options which are described below.)

- Negotiated Contract – Obtain minimum of three competitive bids; work provided to lowest acceptable bidder. Park contracts directly with vendor via Frei Real Estate. Frei contract must contain indemnification for PAC and City. Insurance parameters must also follow City standards. Subject to prevailing wage.
- City Employees– Utilize city employees to perform work on behalf of the Park.

Tier #3 – INFORMAL BID; From \$45,000-\$175,000 (City Lead)

- Requires compliance with informal bid rules to give 10 day notice to “City Vendor Database”. (Includes: description of project and requirements of vendor; must email to all active businesses in the City’s Vendor Database fitting the requirements of proposed work; review submitted bids and select.)
 - Bidding opportunity will be marketed by posting on the City’s e-bid site and notice published in newspaper as additional outreach.
 - Must award to lowest “responsible and responsive” bidder; no negotiations. No formal bid opening.
 - Must use City contract.

Tier #4 FORMAL BID; > \$175,000 (City Lead)

- Must use the formal contract bidding procedure. City staff takes the lead on purchasing, bidding and management of this tier.

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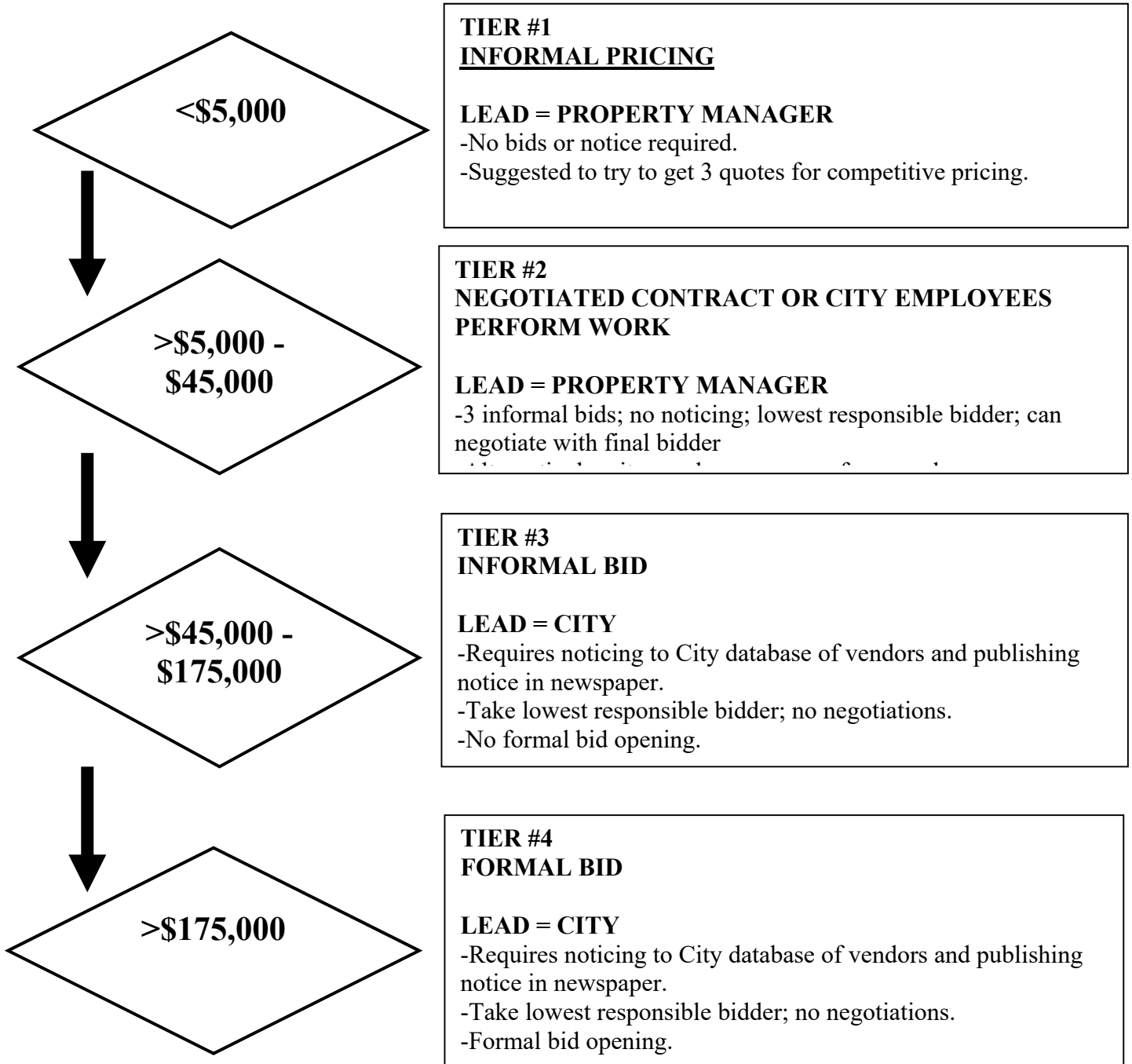
- Bidding opportunity will be marketed by posting on the City’s e-bid site and notice published in newspaper as additional outreach.
- Must award to lowest “responsible and responsive” bidder; no negotiations. No formal bid opening
- Must use City contract.

Notes –

1. All contract documents created by the Property Manager must include language regarding indemnification and insurance endorsements protecting the City and the PAC. All contract documents must be reviewed and approved by the City Attorney.
2. Call capital projects are subject to prevailing wage if over \$1,000.

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CAPITAL PROJECTS - CONTRACT VALUES AND TIERS



Key Parameters

- All public projects over \$1,000 are subject to prevailing wage law.
- Public projects cannot be split or separated into smaller work orders or projects for the purposes of evading the Public Contracting Code.
- In a rare exception, a decision may be made to sole source a scope of work within Tier #1 or #2. If the MVMCC Park Manager believes there is a need to sole source work, both PAC and City staff must be consulted and approve.
- If a capital project is highly technical, i.e. slope stability study, City engineering staff may be involved in the review of the analysis or inspection if the City believes this should be helpful. This can be determined up front during the budget process.

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**EXHIBIT B
INSURANCE REQUIREMENTS FOR CONTRACTOR**

Without limiting the Contractor's indemnification provided herein, Contractor shall take out, maintain and provide the Owner and PAC with certificates and endorsements satisfactory to the City Attorney of the following policies of insurance during the terms of this Agreement. Certificates of such insurance shall be filed with the Owner and PAC on or before commencement or performance of this Agreement. Owner and PAC reserve the right to require complete, certified copies of all required insurance policies at any time. The certificates of insurance with original endorsements shall also name Bank as an additional insured.

Liability Insurance Coverage

The Contractor shall take out and maintain at all times during the life of this agreement Commercial General Liability Insurance including personal injury and property damage insurance for all activities of the PAC and its sub-contractors or sub-consultants arising out of or in connection with this contract, written on a commercial general liability form including, but not limited to, property damage, blanket contractual, products liability and completed operations, vehicle coverage and non-owned auto liability covers in an amount no less than \$1 million combined single limit personal injury and property damage for each occurrence.

Each such policy shall be endorsed to name the City its officers, agents, and employees as additional insureds for all liability arising out of the work performed by or on behalf of the named insured. The insurance provided shall be primary and no insurance held or owned by the City shall be called upon to contribute to a loss. The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverages afforded shall apply as though separate policies had been issued to each insured. The coverage provided by this policy shall not be cancelled without thirty (30) days prior written notice given to the PAC, Owner and Bank.

Directors and Officers Liability Coverage

Contractor shall take out and maintain, at all times during the life of this agreement, Directors and Officers liability coverage. The amount of the insurance shall be \$1,000,000 per incident.

Automobile Liability Insurance Coverage

Contractor agrees to have and maintain for the duration of the Agreement an Automobile Liability insurance policy insuring the Contractor and any current or future employees to an amount not less than Five Hundred Thousand Dollars (\$500,000) combined single limit per accident for bodily injury and property damage. At the time the Agreement is entered into the Owner or PAC may require higher limits depending on the nature of the service being provided by the Contractor. Such determination shall be made by the City's Risk Manager.

Workers' Compensation

The Contractor shall take out and maintain at all times during the life of this agreement workers' compensation insurance as required by the Labor Code of the State of California for all employees that PAC may now or hereafter have. The amount of said insurance shall be \$1

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million per accident. The Contractor certifies that it is aware of the provision of the California Labor Code which requires every employee to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code. All such policies shall be endorsed with the provision that it will not be cancelled or altered without first giving 30 days prior written notice to the Owner and PAC. Said Workers' Compensation policy shall have the following endorsement: "All rights of subrogation are hereby waived against the City of Novato and the PAC and their respective officials, officers and employees when acting within the scope of their appointment or employment."

General Provisions – The Contractor shall comply with the following provisions.

(1) The Owner, PAC and their respective officers, officials, employees, and volunteers and Bank are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of Contractor, PAC and Owner pursuant to the terms of this Agreement; products and completed operations; premises owned or used by Contractor; or automobiles owned, leased, hired or borrowed by Contractor.

(2) The Contractor's insurance coverage shall be primary insurance as respects the PAC, Owner and their respective officers, officials, employees and volunteers in addition to Bank. Any insurance or self-insurance maintained by the PAC, Owner or their respective officers, officials, employees or volunteers shall be in excess of Contractor's insurance and shall not contribute with it.

(3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the PAC, Owner and their respective officers, officials, employees or volunteers in addition to Bank.

(4) The Contractor's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(5) If the Contractor utilizes the services of a consultant, subcontractor or other service provider in the performance of this Agreement, Contractor shall either provide the required insurance(s) for the type of service being provided by the consultant, subcontractor or other service provider or provide evidence acceptable to the Owner, PAC and Bank demonstrating that such consultant, subcontractor or other service provider has in effect the required insurance(s).

All Coverages – Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Owner and PAC. Current certification of such insurance shall be kept on file with the Owner at all times during the term of this Agreement.

Deductibles and Self-Insured Retentions – Any deductibles or self-insured retentions must be declared to and approved by the Owner. At the option of the Owner, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Owner, its officers, officials, employees and volunteers, or the Contractor shall procure a bond

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guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Acceptability of Insurers – Insurance is to be placed with insurers with a Best’s rating of no less than A:VII.

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**EXHIBIT C
MVMCC MATRIX OF ROLES AND RESPONSIBILITIES**

Attached is a matrix outlines the roles and responsibilities of the Contractor, the PAC and Owner to provide greater clarity in the functioning of the Project.

	Contractor	Park Acquisition Corporation (PAC)	Owner	
Broad Description of Role	OPERATION AND MANAGEMENT	OVERSIGHT OF MANAGER & RESIDENT ENGAGEMENT	OWNER – RESPONSIBLE FOR FINANCIAL, POLICY AND CONTRACTUAL COMPLIANCE	
Broad Description of Responsibilities	Contractor, a professional property management company, has been selected by the PAC and approved by the City to rent, lease, operate, manage and maintain the Park in accordance with the Management Plan. The <i>Management Agreement</i> outlines the scope and duties for Contractor with the Management Plan as an attachment to the Management Agreement.	PAC is a non-profit organization with which the City has chosen to contract in the <i>Delegation Agreement</i> to operate and control the Project provided that the PAC is obligated to enter into a Management Agreement, which separates the PAC from the day-to-day management of the Project and provides for those duties to be performed by a professional property manager.	City of Novato is the owner of the Park and holds overall responsibility, financial control, and liability except where portions are transferred to other parties through contracts.	

	Contractor	Park Acquisition Corporation (PAC)	Owner	
CONTRACTS AND PURCHASING				
Purchasing & Contracts Delegation Agreement Section 5.01(c)	Follow administrative outlines per attachment.	Ensure Contractor follows administrative outlines per attachment.	As a public agency, Owner has different legal requirements. Attachment outlines administrative parameters.	

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BUDGET – Operating and Capital Plan (Management Agreement, Section 9 and 10)				
<p>Annual Budget Process</p> <p>Delegation Agreement Section 7.01</p>	<p>Prepare, compile and present a draft budget to PAC and residents.</p> <p>Submit a recommended budget to City after PAC and resident input. Pass forward PAC and resident input along with proposed budget.</p>	<p>Review and provide feedback on proposed MVMCC budget prepared by Contractor. Hold a public meeting and ensure resident input.</p>	<p>Review proposed budget and approve with changes if necessary.</p>	
<p>Mid-Year Budget Process</p> <p>Management Agreement Section 9(b)</p>	<p>Contractor prepares mid-year budget and gains input from PAC and residents. All comments are forwarded to City. Contractor will make any reasonable changes to the mid-year budget required by City.</p>	<p>PAC reviews mid-year budget report. PAC may approve or disapprove.</p>	<p>City reviews and approves, disapproves or requires changes to the mid-year budget report.</p>	

	Contractor	Park Acquisition Corporation (PAC)	Owner	
LEGAL ISSUES				
<p>Litigation [Park Rules and Unpaid Rent]</p> <p>Management Agreement Section 2(d)</p>	<p>Contractor can initiate litigation to enforce park rules and collect unpaid rents with consent. In these instances, Contractor shall inform PAC, the City and the City’s legal counsel via written email or letter.</p>	<p>Monitor litigation actions by Contractor. Communicate concerns or issues to Contractor and Owner.</p>	<p>Communicate any concerns or issues when litigation is initiated based on communication from Contractor. Monitor feedback or communication from PAC or Contractor as necessary.</p>	
<p>Litigation [All Other Litigation]</p> <p>Management Agreement Section 2(d)</p>	<p>All other litigation proposed to be initiated on behalf of the Project or Owner shall require the advance authorization and</p>	<p>PAC makes recommendations regarding all other litigation to Owner.</p>	<p>Owner is final decision making authority regarding all other litigation.</p>	

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	consent of Owner.			
RESIDENT ISSUES AND OPERATIONS				
<p>Complaints and Requests for Service – Resident Input Form (RIF)</p> <p>Management Agreement Section 2(e)</p>	<p>Contractor shall receive requests for service or complaints of residents at the Park through the use of a <i>Resident Input Form</i>. The Resident Input Form shall provide information on the resident providing the input, the nature of the complaint, service request or concern. A copy of the Resident Input Form is provided, if requested, to the PAC, City, and Home Owners League.</p> <p>Contractor will provide an initial response to the resident within three (3) business days. The initial response shall either substantively respond to the complaint, request additional information or provide a date to the complaining resident by which a substantive response will be provided.</p> <p>Contractor shall</p>	<p>Monitor responsiveness and appropriateness of Contractor customer service and resolution of Resident Input Form issues by monitoring monthly RIF report.</p> <p>Concerns or issues shall be communicated to Contractor.</p>	<p>Support the internal administrative process for residents’ issues and concerns by not becoming involved in individual issues. The Owner may take comments/concerns and provide direction to PAC and Contractor when deemed advisable by Owner.</p>	

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	<p>maintain a log of all RIF's submitted and their status, actions, and outcomes. All such complaints shall be responded to by Frei Real Estate in a prudent manner, using Frei's professional judgment. Contractor shall not delegate this duty to the PAC or any other person, firm or organization other than employees of Contractor.</p>			
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	Contractor	Park Acquisition Corporation (PAC)	City of Novato	
<p>Park Rules and Regulations</p> <p>State Law</p>	<p>Contractor may propose an amendment in the park’s rules and regulations. Information, feedback and comments may come from residents, PAC, HOL, or Owner.</p> <p><u>Note:</u> State law has requirements for park rules. A proposed change to the Rules requires a written notice mailed to all residents with the written proposed amendment and an invitation to a park meeting to discuss the rule change with at least 10 day notice before the meeting and compliance with State law (California Civil Code Section 798.25).</p>	<p>PAC shall ensure all state laws are followed and shall gain permission of Owner before modifying any park rules or regulations.</p>	<p>Owner will be noticed by PAC about proposed changes to park rules and regulations and must approve any changes or amendments.</p> <p>Owner may require changes to park rules and regulations proposed by Owner.</p>	