



Policy & Procedures Manual

February 2012 v2.0

**PROPERTY MANAGEMENT
PROCEDURES MANUAL**

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Acknowledgement

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Thank you.

President

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Overview

The Procedures Manual shall serve as a standard agreement between the Owner and all self-managed and or third party management. The Procedures Manual implementation and administration is the responsibility of the Vice President of Property Management for the asset.

The primary purpose of the operations manual is to list the information that the Owner requires it's self-managed and or third party Managers to keep. Although there may be some topics that are not applicable to the asset, most of the topics cover information required by the Managers to be made available for audit purposes.

Philosophy

The intent of the Operating Plan is to further establish and outline the procedures and practices that the Owner believes are important for operating a well-managed real estate investment. The intent and goal is to have all of our investment property well maintained with the belief that good management and maintenance procedures will enhance real estate value and promote good tenant relations. We also believe that operating expenses will be minimized with a preventive maintenance program that a) is properly conceived and routinely and consistently carried out, b) is performed by qualified technicians whether in-house or supplied by a contractor and c) follows manufacturers' recommendations for all maintenance, service and repair procedures to assure efficient and safe operation of all building components.

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Documentation / Files

The Manager will maintain a set of files for all properties including, but not limited to, the following:

- All correspondence
- Leases currently in force, and attachments (i.e., side letter agreements, amendments, addendums, letters of credit, estoppel certificates, certificates of occupancy, insurance certificates, etc.)
- Real estate tax file
- Insurance related correspondence
- Service and construction contracts, including all tenant improvement work
- Warranties and guarantees
- A current and complete rent roll (including tenant space number, tenant name, square footage, rental amount, monthly reimbursement amount, annual rental increases and percent of office for each warehouse space)
- Site plan, building plans and specs; tenant improvements space drawings
- Current list of tenant contacts (business name, address, phone number, and contact name, address and phone number).

Unless otherwise approved by the Owner, the Manager will use the attached Landlord's Waiver and Agreement (Exhibit A).

Background Information

The Manager will provide a list of persons working on the property and their responsibilities.

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To provide proper management, the Manager will maintain the following minimum property information:

- Property type
- Name
- Address
- Location (for example: Northeast quadrant of I-235 and 42nd Street)
- Completion date (original construction, any rehab)
- Improvements (type of construction, number of buildings, number of stories)
- Zoning classification, description and jurisdiction
- Land (acres and square feet)
- Square footage of each building (gross, rentable and usable)
- Land to building ratio (i.e. land area in square feet / gross building area)
- Number of parking spaces
- Parking ratio (i.e. number of parking spaces / 1000 square feet of gross building area)
- Roof age, type and life expectancy
- Utility companies (gas, electric, sewer, water, telephone); security deposit amount or surety bond amount, if applicable; electrical capacity of buildings
- Underground / above ground tanks on property (Owner, type, capacity, location, age, use, past or existing problems)
- Property Insurance

Owner, at its expense, will obtain and keep in force all risk property insurance for the Property covered under this Agreement. Owner will also obtain and keep in force Boiler and Machinery coverage for the Property. Manager, at its expense, will keep in force an all risk property insurance policy covering Manager's furniture, furnishings and fixtures situated at the Property. Each of the policies shall contain appropriate clauses pursuant to which the respective insurance carriers shall waive all rights of subrogation with respect to losses payable under such policies. The policy insures against the loss, but is not limited to the perils of fire, lightning, windstorm, hail, riot or civil commotion, smoke, aircraft or vehicles, sonic boom, vandalism, flood and

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earthquake. The policy has a \$10,000 deductible except for flood and earthquake where the deductibles are higher.

The premiums are paid by the Owner and the property manager is notified in case reimbursements are to be made by the tenants.

If the property is damaged the Manager should notify the Owner as soon as possible and submit the Loss Notice form (Exhibit D). If the building has significant damage, the Manager should take immediate steps to prevent the building from any further damage. Items that may need immediate attention are bracing the building to prevent collapse or sealing the roof to prevent water damage in case of rain. The insurance company will pay the costs for securing the building, but not for preventable additional damage.

Liability Insurance

Owner's Insurance - Owner, at its expense, will obtain and keep in force commercial general liability insurance coverage. Owner shall be the insured on such policy, with Manager named as an additional insured for accidents occurring on or about the Property. Neither Owner nor Owner's insurance company shall be liable to Manager for the gross negligence, malice or willful misconduct of Manager, its officers or employees, nor shall Owner or Owner's insurance company be liable to Manager for accidents arising from conditions solely created out of Manager's breach of the duties and obligations required by this Agreement to be performed by it. Owner may self-insure all or part of the risk described above. Owner's coverage will be primary with respect to claims not herein excluded. The foregoing is not intended to affect the general requirement of this Agreement that the Property shall be managed, operated and maintained in a safe condition and in a proper and careful manner.

Manager shall furnish at Owner's request for the purpose of establishing the placement of insurance coverage's and shall aid and cooperate in every reasonable way with respect to such insurance and any loss covered there under.

The Owner's commercial general liability policy covering bodily injury and property damage has a combined single limit per occurrence of \$1,000,000 and an aggregate limit of \$2,000,000. In addition the Owner carries excess policies totaling another \$25,000,000. The Owner's liability policy does not have a deductible. Contracted fee Managers are listed as additional insureds and a certificate of insurance will be sent annually upon renewal.

The Owner's policy also has a \$5,000 medical payment coverage limit, which pays for a person injured on the property whether or not it is the Owner's fault. If the medical bills of the injured party exceed the \$5,000 limit the bodily injury coverage will kick in but only if the injury is due to the Owner's fault.

Property damage coverage will cover the Owner in case the tenant claims their furniture, equipment and inventory are damaged due to the Owner's fault. It is not very common to see such a claim as the standard lease language states the tenant agrees that the Owner is not to be held liable for damage to their property. If such a case arises, notify the Owner as soon as possible using the Loss Notice (Exhibit D).

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3rd Party Additional Insurance - Manager shall continuously maintain at its cost and furnish Owner certificates evidencing the existence of the following insurance policies:

1. Worker's Compensation - statutory limits in the state where the Property is located;
2. Employers' Liability - \$500,000 or such other higher limits imposed in accordance with the requirement, if any, of the laws of the state where the Property is located;
3. Employee dishonesty insurance with coverage of at least \$1,000,000;
4. Commercial General Liability - \$1,000,000 per occurrence and a \$2,000,000 general aggregate;
5. Business Auto Liability including hired and non-owned auto coverage - \$1,000,000 combined single limit;
6. Umbrella/Excess - \$5,000,000 per occurrence; and
7. Theft of Money and Security coverage with limits of \$10,000 for Inside the Premises and \$10,000 for Outside the Premises.

Tenant's Insurance - The property manager annually upon renewal should receive current certificates of liability insurance. The coverage limits should be per the terms of the lease and the Ownership should be shown as an additional insured. Refer to specific Certificate of Insurance instruction sheet for each property for the listing of "Additional Insured". The Tenant naming the Owner as an additional insured affects the Ownership's liability insurance premium. Annually, by March 1, the property manager must submit a copy of each tenant's liability insurance certificate to the Owner, which in turn is sent to the Owner's liability carrier for review.

Contractors' Insurance - All service vendors and contractors must provide a certificate of insurance for bodily injury liability and property damage liability and workmen's compensation per the limits of coverage outlined below. It is important that the Ownership be shown as an additional insured.

1. Claim Reporting:
 - a. When any member of the public (except your employees or the Owner's employees) is injured in or about the building including sidewalks and parking lots, the Owner should be immediately notified of the injury. We have found that by notifying our insurance carrier promptly, the claims adjuster has been able to respond to the injured party on a timely basis and has had better results in minimizing the claim instead of animosity building up and the threat of a lawsuit against the Owner.
 - b. Personal injuries and property damage should be reported on the Loss Notice form provided by the Insurance carrier.
2. Manager shall require that all subcontractors brought onto the Property have insurance coverage at the subcontractor's expense, in the following minimum amounts:

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- a. Workers Compensation - Statutory Amount in the state where the Property is located;
- b. Employer's Liability - \$500,000 or such other higher limits imposed in accordance with the requirement, if any, of the laws of the state where the Property is located;
- c. Commercial General Liability - \$1,000,000 per occurrence, \$2,000,000 general aggregate with Products/Completed Operations coverage (with evidence of Products/Completed Operations Coverage shown for a minimum of two years following completion of the work described in the contract);
- d. Business Auto Liability including hired and non-owned auto coverage - \$1,000,000 combined single limit; and
- e. Umbrella/Excess - \$4,000,000.

Certificates of Insurance

If any contract or tenant lease requires that such party maintain any insurance coverage, Manager shall obtain insurance certificates annually, or more frequently as required pursuant to the applicable lease or contract, from each such party and review the certificates for compliance with such lease or contract terms.

Mutual Waivers

Owner, on behalf of itself and its insurers, waives its rights of recovery against Manager or Manager's officers, directors and employees, for damages sustained by Owner as a result of any damage to the Property arising from any risk or peril generally covered or coverable by any insurance policy actually carried by or required to be carried by Owner pursuant to the terms of this Agreement, regardless of cause, including negligence; and Owner agrees that no party shall have any such right of recovery by way of subrogation or assignment.

Manager, on behalf of itself and its insurers, waives its rights of recovery against Owner or any member in Owner, their officers, directors and employees, for damages sustained by Manager as a result of any damage to any Property arising from any risk or peril generally covered or coverable by any insurance policy actually carried by or required to be carried by Manager pursuant to the terms of this Agreement, regardless of cause, including negligence; and Manager agrees that no party shall have any such right of recovery by way of subrogation or assignment. Owner and Manager shall each notify their respective insurance carriers of the mutual waivers herein contained and shall cause their respective insurance policies required hereunder to be endorsed, if necessary, to prevent any invalidation of coverage as a result of the mutual waivers herein contained.

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Cooperation with Insurance Carriers

Manager shall cooperate with and provide reasonable access to the Property to agents of any and all insurance companies and/or insurance brokerages or agencies who may, from time to time, be involved with the issuance of insurance policies or with inspections of the Property in connection with insurance policies then in force. Manager agrees to use all reasonable efforts to comply with any and all requirements of such insurance companies or their agents, and agrees to exercise due care not to use the Property or permit the same to be used for any purpose which would make void or void able any of such insurance policies, and shall not keep or knowingly allow to be kept on the Property any material, machinery, equipment, substance or other things which may make void or void able any such insurance policies.

Compliance with Insurance Policies

Manager shall be responsible for full compliance with any insurance policy held by Owner with respect to the Property so as to avoid any loss insured hereunder from being uncollectable. In this regard, Owner will provide Manager with copies of all insurance policies and endorsements.

Insurance Claims

Manager shall promptly investigate all accidents, claims or damage relating to the ownership, operation and maintenance of the Property and any damage or destruction to the Property. Manager shall prepare a written notice to the applicable insurance company describing the matter at issue and Manager shall send a copy of such notice to the Owner Asset Manager contemporaneously with sending such notice to the insurance company. Manager acknowledges receipt of a separate Claims Procedure Manual which outlines in more detail the steps and documentation to follow should a potential claim arise and Manager agrees to comply with the terms of such Claims Procedure Manual. Manager shall take no action which may operate, or omit to take any action which, if not taken, may operate, (a) to bar Owner from obtaining any protection or payment under any policies of insurance held by either Owner or Manager or (b) to prejudice Owner's defense in any legal proceeding arising out of, or otherwise prevent either Owner or Prudential from protecting their respective interests against, any such claim; provided, however, nothing herein shall be construed to prohibit or restrict Manager from cooperating with any investigation in good faith and honestly. If any such accident, claim, damage or destruction shall result in the commencement of a lawsuit or other similar proceeding, Manager shall provide such services in connection therewith as shall reasonably be necessary. Owner or its insurance carrier shall have the exclusive right, at Owner's option, to conduct the defense of any claim, demand, liability or suit. Manager shall have no right to settle, compromise or otherwise dispose of any claims, demands, liabilities or suits, whether or not covered by insurance, without the prior written consent of Owner.

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Management

Manager shall manage, operate, maintain and service the Property in a manner consistent with first class professional property management services and the overall investment strategy of Owner. In no event shall the scope or quality of services provided by Manager hereunder be less than those generally performed by professional property managers of similar properties in the market where the Property is located. Manager shall make available to Owner the full benefit of the judgment, experience, and advice of the members of Manager's organization with respect to the policies to be pursued by Owner in operating the Property, and will perform the services set forth herein and such other services as may be requested by Owner in managing, operating, maintaining and servicing the Property. Manager shall act as a fiduciary to Owner with respect to the Property and in this capacity, Manager shall deal at arm's length with all third parties and Manager shall serve Owner's interests at all times.

Strategic Manager Policy and Procedures Manual

Manager has received and reviewed this Procedures Manual, which has been provided to Manager by Owner (Procedures Manual, as amended from time to time, is herein called the "Procedures Manual"). The Procedures Manual is incorporated herein by this reference for all purposes. Manager agrees to perform its obligations under the Management Agreement in accordance with the Agreement and the policies and procedures contained in this Procedures Manual, as the same may be amended from time to time by notice in writing from Owner to Manager. The Procedures Manual is intended to clarify and provide additional guidance with respect to certain procedures and responsibilities of the Manager, however, nothing contained in the Procedures Manual is intended to supersede or replace any provisions of the Management Agreement unless the Procedures Manual contains an express provision that it shall supersede or replace a particular provision of any Management Agreement. In the event of a conflict between the terms of this Agreement and the terms of the Procedures Manual, the terms of this Agreement shall control unless the Procedures Manual contains an express provision that it shall control with respect to a particular issue.

Compliance with Laws

Manager shall use commercially reasonable efforts to cause the Property to comply with all present and future federal, state, county, municipal or other governmental laws, ordinances, regulations and orders relative to the leasing, management, use, operation, repair, maintenance or occupancy of the Property and with the rules, regulations or orders of any national or local Board of Fire Underwriters or other similar body, and obtain or cause to be obtained, as applicable, all necessary certificates of occupancy, licenses and/or operating permits, if any, for the Property. Manager shall promptly notify the Owner Asset Manager upon receipt, but in any case within two (2) business days after receipt, of any notices of violation of any law, ordinance, rule, regulation or order and shall obtain the Owner Asset Manager's approval prior to remedying such violation. Notwithstanding the foregoing, Owner acknowledges and understands that Manager is not qualified to evaluate (i) the presence or absence of hazardous or toxic materials or wastes, asbestos or asbestos-containing materials, or the like (collectively, "Hazardous Substances") at the Property or (ii) compliance with laws relating to Hazardous Substances, and agrees that

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Manager's obligations with respect to Hazardous Substances shall be limited to immediately notifying Owner if Manager becomes aware of the existence of Hazardous Substances at the Property. Expenses incurred in remedying any such violations may be paid from the Operating Account provided such expenses do not exceed the amount approved by Owner. If the expense required to remedy any such violation is anticipated to exceed such amount or if the violation is one for which the Property title holder might be subject to criminal liability or a penalty, Manager shall notify the Owner Asset Manager by the end of the next business day so that prompt arrangements may be made to remedy the violation. Manager shall not contact or communicate with any governmental or administrative agency, without the prior written consent of the Owner Asset Manager except that such prior written consent shall not be required in connection with routine matters.

Legal Issues

The Owner on all issues must approve the use of local counsel.

When the Owner employs local counsel, the Manager must follow these procedures:

1. Follow Owner's direction on all legal proceedings
2. See that Owner is copied on all correspondence to / from the attorney
3. Verify with the Owner the procedure for paying attorney fees - whether the Manager will be authorized to pay these bills.

Hazardous Substance - The following approved hazardous substance language must be incorporated into each lease document.

The term "Hazardous Substances," as used in this lease shall mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the use and/or the removal of which is required or the use of which is restricted, prohibited or penalized by any "Environmental Law," which term shall mean any federal, state or local law, ordinance or other statute of a governmental or quasi-governmental authority relating to pollution or protection of the environment. Lessee hereby agrees that (i) no activity will be conducted on the premises that will produce any Hazardous Substance, except for such activities that are part of the ordinary course of Lessee's business activities (the "Permitted Activities") provided said Permitted Activities are conducted in accordance with all Environmental Laws and have been approved in advance in writing by Lessor; Lessee shall be responsible for obtaining any required permits and paying any fees and providing any testing required by any governmental agency; (ii) the premises will not be used in any manner for the storage of any Hazardous Substances except for the temporary storage of such materials that are used in the ordinary course of Lessee's business (the "Permitted Materials") provided such Permitted Materials are properly stored in a manner and location meeting all Environmental Laws and approved in advance in writing by Lessor; Lessee shall be responsible for obtaining any required permits and paying any fees and providing any testing required by any governmental agency; (iii) no portion of the premises will be used as a landfill or a dump; (iv) Lessee will not install any underground tanks of any type; (v) Lessee will not allow any surface or subsurface conditions to exist or come into existence that constitute, or with the passage of time may constitute a public or private nuisance; (vi) Lessee will not

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permit any Hazardous Substances to be brought onto the premises, except for the Permitted Materials described below, and if so brought or found located thereon, the same shall be immediately removed, with proper disposal, and all required cleanup procedures shall be diligently undertaken pursuant to all Environmental Laws. Lessor or Lessor's representative shall have the right but not the obligation to enter the premises for the purpose of inspecting the storage, use and disposal of Permitted Materials to ensure compliance with all Environmental Laws. Should it be determined, in Lessor's sole opinion, that said Permitted Materials are being improperly stored, used, or disposed of, then Lessee shall immediately take such corrective action as requested by Lessor. Should Lessee fail to take such corrective action within 24 hours, Lessor shall have the right to perform such work and Lessee shall promptly reimburse Lessor for any and all costs associated with said work. If at any time during or after the term of the lease, the premises is found to be so contaminated or subject to said conditions, Lessee shall diligently institute proper and thorough cleanup procedures at Lessee's sole cost, and Lessee agrees to indemnify and hold Lessor harmless from all claims, demand, actions, liabilities, costs, expenses, damages and obligations of any nature arising from or as a result of the use of the premises by Lessee. The foregoing indemnification and the responsibilities of Lessee shall survive the termination or expiration of this Lease.

Legal Counsel

Manager shall not retain or employ the services of legal counsel on behalf of Owner without Owner's prior written approval.

Compliance with Mortgages/Lenders

Manager shall use diligent efforts to cause the Property to comply with all terms and conditions contained in any ground lease, operating agreement, mortgage, deed of trust or other security instruments affecting the Property; provided, however, Manager shall not be personally liable for any payment or liability hereunder. Manager shall make required payments (from the Operating Account) on behalf of Owner, on any ground lease, mortgage or deed of trust affecting the Property (unless instructed to the contrary by Owner).

Compliance with Leases and Other Agreements

Manager shall use diligent efforts to cause the Property to comply with all terms and conditions contained in all leases, service contracts and other agreements required to be complied with by Owner with respect to the Property. Manager shall maintain all tenant files, any other records that relate to any tenant and all keys to the rental units, including, without limitation, all master keys, in a secure area, locked at all times, with controlled access by authorized personnel only.

Collection of Rents and Other Income

Manager shall use diligent efforts to collect all rents (including additional rental resulting from tenant participation in operating expenses, taxes, insurance and common area maintenance charges) and other charges, which may become due at any time from any tenant or from others in connection with the Property. Manager shall collect and identify any income due Owner from

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miscellaneous services provided to tenants or the public including, without limitation, parking income, tenant storage, and coin operated machines of all types (e.g., washers, dryers, vending machines, pay telephones, etc.), if any. All monies so collected shall be deposited in the Operating Account. Manager may not, without the prior written approval of Owner Asset Manager, collect any rent or other income more than one month in advance, or terminate any lease, lock-out a tenant, institute suit for rent or for use or occupancy, or institute proceedings for recovery of possession. In connection with any collection efforts by Manager, only legal counsel designated by Owner shall be retained. All legal expenses incurred in bringing such approved suit or proceedings shall be submitted to Owner Asset Manager for approval. The Owner Asset Manager must approve any write-offs. No accounts receivable should be written off unless the facts clearly indicate that the amounts are un-collectable and all reasonable efforts to collect such amounts have been made. Examples of facts that could lead to the conclusion of collect ability are set forth in the Procedures Manual. Manager must submit a quarterly report to the Owner Asset Manager listing all write-offs for that period. Use of collection agencies or outside counsel in connection with delinquent accounts should adhere to the procedures set forth in the Procedures Manual. Manager must maintain written documentation supporting the write-off.

Taxes

Manager shall obtain and verify bills for real estate and personal property taxes, improvement assessments and other like charges, which are or may become liens against the Property. In instances where such bills are sent directly to Owner, Manager will be responsible for obtaining such bills and insuring that the bills are properly processed and paid. Manager shall pay taxes from the Operating Account prior to incurring any late fees or charges. Any payments to be made "under protest" are to be checked by Manager to insure that they are properly marked and filed with the appropriate authorities. In the event any late fees or charges are incurred, Manager will reimburse these fees or charges.

If funds in the Operating Account are insufficient to cover the amounts due pursuant to such tax bills, Manager shall request funds from Owner sufficiently in advance to be sure that the required funds will be available. Manager will be expected to recommend both a plan for controlling real estate taxes and a real estate tax-consulting firm for approval by the Owner Asset Manager. The Owner Asset Manager must separately approve the use of any outside appraisers used in the tax appeal process. If an outside real estate tax-consulting firm is used, Manager shall fully cooperate with such firm. Owner may ask Manager to provide real estate tax consulting services with respect to the Property.

Leasing and Cooperation by Manager

Manager shall fully cooperate with brokers, leasing agents, tenant representatives, tenants and prospective tenants in order to obtain and retain desirable tenants for the Property. Manager agrees to perform whatever Owner may require in connection with the negotiation of leases or renewals, extensions, modifications, or cancellations thereof. No such cooperation by Manager shall give rise to a claim for commission for such leases unless Manager and Owner enter into a separate Leasing Agreement, in which event Manager shall be compensated in accordance with

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said separate Leasing Agreement. Approved leasing commissions will be paid from the Operating Account. For all prospective leases, Manager shall obtain and review tenant financial information to ascertain prospective tenants' financial condition and ability to meet lease obligations in accordance with the Procedures Manual.

Execution of Leases

Manager is generally authorized to negotiate as "Agent for Owner" any office lease for the Property; provided, however that prior to executing such lease, Manager must obtain the written consent of Owner Asset Manager. Owner reserves the right in its sole discretion to modify, limit or revoke the authority delegated to Manager in this paragraph. The Procedures Manual contains further restrictions and limitations on the authority delegated to Manager under this paragraph. The Owner Asset Manager must approve any leases that are outside of the authority delegated to Manager hereunder in writing.

Tenant / Public Relations

The Owner in coordination with the Manager will develop a tenant / public relations plan for the property. The plan should include the following:

1. Procedure for moves ins and outs
 - Tenant handbook
 - Emergency numbers
 - Building rules and regulations
 - Building hours
 - Maintenance request procedure
 - Emergency procedure
 - After hours heating and cooling
 - Turning over the key
 - Security deposit
 - Space inspection
 - Space preparation for showing
2. Program for existing tenants / tenant retention
3. Enforcement of key rules and regulations
4. Procedure for lockouts
5. Procedure for press inquiries

Unless otherwise instructed by the Owner, all media inquiries shall not be commented on by the Manager, but shall be directed to the asset manager at Principal. All response will be coordinated with Principal's public relations department.

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6. General procedures

- In the event of a disaster
- Regarding property improvement
- Regarding tenant operations

Tenant Survey

On an annual basis (and in some instances on a more frequent basis), the Owner will reserve the right to conduct a survey of the tenants regarding the management and leasing of the property. A sample copy of the survey will be provided to you prior to distribution to the tenants.

Promotions Fund / Merchants Association

The Manager will develop, if directed by Owner, a promotions fund / merchants association plan for the property. The plan should include the following:

1. Promotions fund / merchant association's goals (current year, updated annually)
2. Merchants association's officers (current year, updated annually)
3. Planned promotions (current year, updated annually)
4. Procedure for promotions follow-up
5. Christmas gifts and decorations, other seasonal events
6. Survey – merchants' and customers' attitude and participation
7. Traffic count
8. Recommendations for future promotions.

Advertising

Manager shall prepare advertising plans and promotional materials, including building photographs, to be used for leasing and re-leasing purposes. Such plans and materials shall only be used if approved in advance in writing by the Owner Asset Manager, and in conformance with such approval. Manager shall not use Owner's or Prudential's name in any advertising or promotional material without Owner's or Prudential's express prior written approval in each instance and no such advertisements shall indicate that Manager has the authority to offer the Property for sale or lease or otherwise hold Manager out as a broker. Advertising and promotional materials shall be prepared in full compliance with all federal, state, county, municipal and other governmental laws, ordinances, regulations and orders pertaining to fair housing or otherwise affecting the leasing and/or advertising of real property.

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Employees; Independent Contractor

Manager shall have in its employ and or outsourced at all times a sufficient number of capable employees to enable it to properly, adequately, safely and economically manage, operate, maintain, and account for the Property. All matters pertaining to the employment, supervision, compensation, promotion and discharge of such employees are the responsibility of Manager, which is in all respects the employer of such employees. Manager will negotiate with any union lawfully entitled to represent such employees and may execute in its own name, and not as agent for Owner, collective bargaining agreements or labor contracts resulting wherefrom. Manager shall fully comply with all federal, state, county, municipal and other governmental laws, ordinances, regulations and orders having to do with antidiscrimination, workmen's compensation, employer's liability insurance, social security, unemployment insurance, hours of labor, wages, working conditions, immigration and all other employer-employee related subjects (including, without limitation, tax withholding and information reporting requirements) and shall not do any act, nor permit any act to be done that would constitute a violation of any or all of such laws, ordinances, regulations or orders. Manager shall indemnify and hold Owner harmless from and against any and all claims, penalties, liabilities and expenses of whatsoever kind and nature which may be asserted by any governmental body or by any person claiming to be aggrieved by reason of any act or failure to act by Manager in accordance with or in violation of any said laws, ordinances, regulations or orders, so long as such act or failure to act is not caused or directed by Owner. Manager represents that it is and will continue to be an equal opportunity employer and must advertise as such and that Manager shall not engage in any form of discrimination in the employment or hiring as independent contractors, of any personnel, including, without limitation, discrimination as to race, color, creed, religion, age, gender, marital status, sexual preference, national origin or physical disability. All personnel responsible for providing services pursuant to the terms of this Agreement shall be direct employees and or outsourced personnel of Manager and Manager shall, for purposes of such employment relationship, be acting as an independent contractor and not as an agent or employee of Owner. All employment arrangements are solely Manager's concern and Owner shall have no liability with respect thereto.

Manager shall provide to Owner, annually with the Approved Budget, a schedule of employees to be employed "on-site" in the direct management of the Property. Such schedule shall include the number of employees and their title and salary range and shall also indicate which employees are bonded or are covered under Manager's comprehensive crime insurance policy. Manager shall identify in the same manner those additional employees whose salaries may from time to time be charged pro rata to the Property for direct services rendered to the Property. Employees whose salaries may not be charged pro rata include, but are not limited to, executive personnel, general management and off-site personnel, accountants, attorneys and auditors.

Political and Charitable Contributions

Manager shall not make any political or charitable contributions on behalf of Owner without the prior written consent of Owner.

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Minority and Union Vendors and Contractors

It is Owner's policy to actively encourage the utilization of minority owned or operated vendors and contractors. It is also Owner's policy not to exclude contractors or vendors solely on the basis of organized affiliation. Bid lists should be prequalified for adequate representation of minority and union vendors and contractors. Manager shall provide a quarterly report to Owner's Asset Manager on the use of minority and union vendors and contractors at the Property.

Additional Operating Activities

Manager shall perform the following additional operational activities:

1. In consultation with Owner, develop a plan to provide at all times adequate security in or about the Property in order to protect the assets of Owner;
2. Be available for communication with Owner and keep Owner advised of all items, which affect the Property in any significant manner;
3. Plan and coordinate the moving in and moving out of tenants at the Property and all construction, alteration and decoration work which Owner is required to perform for tenants under their respective leases so as to insure a minimum of disturbance to the operation of the Property and to other tenants then occupying or preparing to occupy space at the Property. Manager shall monitor all tenants to insure tenants' compliance with any obligation they may have to obtain (i) required permits and (ii) approval of plans from licensed engineers and Manager shall obtain and maintain copies of all such permits, approvals and plans;
4. In consultation with Owner, use diligent efforts to determine if any hazardous substance or waste is being stored, used or discharged by any tenant at the Property and immediately notify Owner of any storage, dumping, use or leakage of any such hazardous substance or waste on or near the Property. Manager shall promptly notify Owner of any areas of potential concern relating to hazardous substances or waste that may affect the Property.
5. Prepare for Owner's approval, a life safety plan for the Property complying with all applicable laws, ordinances, regulations and orders, to be used in the event of fire or other casualty at the Property. Upon receipt of Owner's approval, Manager shall institute the plan by advising all tenants and occupants of the Property of such plan and having such number of practice drills as may be required to fully familiarize all tenants and occupants of the Property with the plan as same may be modified from time to time so as to comply with Owner's request or any applicable laws, ordinances, regulations and orders.
6. If requested by Owner, develop and submit to the Owner Asset Manager for its approval, a written energy conservation and waste-recycling plan for the Property. If approved by Owner, Manager shall implement such plan and shall submit energy and conservation reports of the Property if, as and when requested by Owner;

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7. Maintain a current inventory of all equipment, supplies, furnishings, furniture and all other items of personal property now or hereafter owned by Owner and located upon or used in the management, operation or maintenance of the Property;
8. Pay all bills within the time required to obtain discounts, if any;
9. From time to time upon request by Owner in connection with a sale, financing or refinancing of the Property, certify that the rent roll and other information Manager maintains or is responsible for maintaining is true, correct and complete; and
10. Perform any other service or activity incidental to the normal and professional operation of a property of a similar type and character as the Property or as otherwise reasonably requested from time to time by Owner

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Repairs and Maintenance

Manager shall make periodic (but no less frequently than once quarterly) visual inspections of the Property consistent with its on-site employees' expertise. Manager shall give the Owner Asset Manager written notice of any material or latent defect in the Property known to Manager in the next quarterly report after such defect comes to Manager's attention. Manager shall maintain the Property or cause the Property to be maintained, at Owner's expense (except to the extent such costs are paid or reimbursed by tenants), in accordance with the standards specified in this Agreement or as otherwise required by Owner. Such maintenance shall include, without limitation, exterior grounds and landscaping services, repairs to improvements, maintenance of mechanical systems and equipment, and such other normal maintenance, alteration and repair work as may be reasonably necessary or advisable.

Manager shall be required to ascertain the existence of any contractor/subcontractor warranty or guaranty covering any defect or item-requiring repair and to submit a request to the appropriate contractor/subcontractor to repair the defect as necessary. Expenses to be incurred for such maintenance, alteration or repair must be (a) an ordinary and usual expense provided for in the Approved Budget (approved in accordance with Section C1), or (b) an expense which is incurred under such circumstances as Manager shall reasonably and in good faith deem to be an emergency necessary for the preservation or safety of the Property, or (c) otherwise permitted herein or approved in writing by the Owner Asset Manager. Expenditures to refurbish, rehabilitate, remodel, or otherwise prepare areas covered by new leases are excluded from this provision. Manager shall keep detailed records of all alterations, repairs and other work performed at the Property.

The competitive bid requirements set forth in the Procedures Manual shall apply with respect to contracts or expenditures under this Section B2. It is expressly agreed that notwithstanding anything herein contained to the contrary, whenever Manager is required to obtain the written consent of Owner or the Owner Asset Manager prior to the taking of any action under the terms of this Agreement, Manager may act without obtaining the written consent of Owner or the Owner Asset Manager if an emergency exists such that under the circumstances a delay in Manager's action would be imprudent and not in the best interests of Owner. In any such situation, Manager shall notify the Owner Asset Manager as soon as reasonably practicable and the consent of Owner or the Owner Asset Manager shall be confirmed as soon as reasonably practicable thereafter.

Capital Improvements

The Approved Budget constitutes an authorization for Manager to expend money for projects up to \$250,000. With respect to the purchase and major capital improvements or repairs (cost in excess of \$250,000), Manager shall obtain written approval of the Owner Asset Manager prior to incurring these expenses. Owner may arrange to purchase and install the same itself or may authorize Manager to do so subject to prescribed supervision and specification requirements and conditions. Owner reserves the right to revoke Manager's delegated authority under this Procedures Manual at any time and without notice. If requested by Owner, the plans and specifications for any major capital improvements or repairs shall be submitted to Owner for

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JURY TRIAL WAIVER

OWNER AND MANAGER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER IN CONTRACT OR TORT) BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

IN WITNESS WHEREOF the parties hereto have executed this Agreement the date and year first above written.

OWNER:

By: _____
Print Name: _____
Its: _____

MANAGER:

By: _____
Print Name: _____
Its: _____

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