



City of Carson Report to Redevelopment Agency

September 7, 2010
New Business Consent

SUBJECT: CONSIDER APPROVAL OF A PROPERTY MANAGEMENT AGREEMENT WITH NEWPORT PACIFIC CAPITAL COMPANY, INC., TO PROVIDE SERVICES AT 2666 EAST DOMINGUEZ STREET

Submitted by Clifford W. Graves
Economic Development General Manager

Approved by Jerome G. Groomes
Executive Director

I. SUMMARY

At its meeting of April 6, 2010, City Council approved the purchase of the property at 2666 East Dominguez Street (the current site of Dominguez Trailer Park) for purposes of redeveloping that site for workforce housing. At its meeting of June 15, 2010, the Redevelopment Agency Board approved the entering into a consultant retainer agreement for property management services at that site. Following extensive negotiations between the parties, the agreement has been modified prior to finalization. Because of the modifications and the nature of the agreement, the revised terms and conditions are being presented to the Agency Board for consideration.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE and RATIFY a one-year property management agreement with Newport Pacific Capital Company, Inc., in an amount not to exceed \$30,000.00.
2. AUTHORIZE the Chairman to execute the agreement following approval as to form by the Agency Counsel.

III. ALTERNATIVES

TAKE another action the Agency Board deems appropriate.

IV. BACKGROUND

Pursuant to the purchase of the Dominguez Trailer Park site at 2666 East Dominguez Street, authorized by City Council at its April 6, 2010 meeting (Exhibit No. 1), staff issued a Request for Proposals (RFP) for property management services at that site (Exhibit No. 2). Two proposals were received in response to the RFP, one from Newport Pacific Capital Company, Inc. (Newport Pacific), of Irvine, and one from Overland, Pacific & Cutler, Inc. (OPC), of Long Beach. After considering the two proposals, staff recommended to the Redevelopment Agency Board the selection of Newport Pacific, and the approval of an agreement with that firm. The Agency Board approved selection of that firm

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and authorized entering into an agreement at its June 15, 2010 meeting (Exhibit No. 3).

Subsequent to the authorization granted by the Agency Board on June 15, 2010, staff and Newport Pacific engaged in extensive negotiations regarding the specific terms and conditions of the agreement. The property maintenance services are critical because this property will continue to operate as an active mobilehome park until its existing residents are relocated. Based on the initial authorization granted on June 15, 2010, Newport Pacific began providing services. However, the modifications resulting from the negotiations between the staff and Newport Pacific are significant enough to warrant presenting the revised agreement to the Agency Board for ratification.

The most significant modifications (requested by Newport Pacific) involve provisions for the Agency to carry insurance on the property and to indemnify Newport Pacific regarding potential actions against Newport Pacific related to the property. Following the agreement's one-year term, it will continue on a month-to-month basis unless terminated.

As summarized in the attached agreement (Exhibit No. 4), the scope of work includes:

- Renting of units within the property;
- Collection of rents and other receipts;
- Maintenance, landscaping, inspection, and upkeep of property and driveways;
- Properly insuring the property; and
- Enforcement of rental and owner agreements.

Newport Pacific's proposed cost of \$30,000.00 per year (\$2,500.00 per month), is based on a unit cost of approximately \$80.00 per door per month (the park contains 31 mobilehome spaces). Staff initially estimated a cost of \$125.00 per door per month, so Newport Pacific's proposed cost is well below that estimate.

V. FISCAL IMPACT

Funding for this agreement will be included in the proposed FY 2010/11 Redevelopment Agency Low/Moderate-Income Housing Fund Budget.

VI. EXHIBITS

1. Minutes, April 6, 2010, Item No. 23. (pgs. 4-5)
2. Request for Proposals, Property Management Services. (pgs. 6-12)
3. Minutes, June 15, 2010, Item No. 3 (pg. 13)
4. Property Management Agreement. (pgs. 14-30)

Document1

Prepared by: Donyea Adams and Keith Bennett, Housing & Neighborhood Development Division

sf:Rev061902

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Development Services
Economic Development Services	Public Services

Action taken by Redevelopment Agency

Date _____ Action _____



**MINUTES
CARSON CITY COUNCIL
REGULAR MEETING
APRIL 6, 2010**

**ITEM NO. (23) CONSIDER RESOLUTION NO. 10-037 APPROVING THE PURCHASE AND
SALE AGREEMENT FOR THE PROPERTY LOCATED AT 2666 E.
DOMINGUEZ STREET (ECONOMIC DEVELOPMENT)**

Item No. 23 was heard after Item No. 16 at 8:57 P.M.

Economic Development General Manager Graves summarized the staff report and recommendation.

RECOMMENDATION for the City Council:

TAKE the following actions:

1. WAIVE further reading and ADOPT Resolution No. 10-037, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING THE PURCHASE AND SALE AGREEMENT BY AND BETWEEN THE CITY OF CARSON AND JASPER CONSTRUCTION FOR THE PROPERTY LOCATED AT 2666 EAST DOMINGUEZ STREET."
2. AUTHORIZE the Mayor to execute a purchase and sale agreement after approval as to form by the City Attorney.

ACTION: WITH FURTHER READING WAIVED, Resolution No. 10-037 was PASSED, APPROVED, and ADOPTED, as read by title only, and staff recommendation No. 2 was approved on motion of Ruiz-Raber and seconded by Gipson.

Upon inquiry, Economic Development General Manager Graves reported that he would provide information relative to the acquisition, relocation, and cost to the City Council in two days.

The motion was unanimously carried by the following roll call vote:

Ayes: Mayor Dear, Mayor Pro Tem Santarina, Council Member Gipson, Council Member
Davis-Holmes, and Council Member Ruiz-Raber
Noes: None

EXHIBIT NO. 1



City of Carson

CITY OF CARSON

DOMINGUEZ TRAILER PARK ACQUISITION



**REQUEST FOR PROPOSALS
PROPERTY MANAGEMENT SERVICES
April 22, 2010**

City of Carson
Housing and Neighborhood Development Division
Economic Development Work Group
1 Civic Plaza Drive, Suite 500
Carson, California 90745

EXHIBIT NO. 2



City of Carson

April 22, 2010

Re: Request for Proposals for Property Management Services for the Dominguez Trailer Park Acquisition.

The City of Carson is seeking proposals for a qualified company to perform specific management practices, which will ensure a high quality, cost effective, safe and livable property which serves the owner of the property and its future residents. The management services will operate and maintain property activities regarding the Dominguez Trailer Park acquisition. The City intends to use management services for, but not limited to the following:

1. Renting of units within the property;
2. Collection of rents and other receipts;
3. Maintenance, landscaping, inspection and upkeep of property and drive ways;
4. Properly insuring the property; and
5. Enforcement of rental and owner agreements.

The City invites your organization to submit a Proposal for Property Management Services. The enclosed Request for Proposals (RFP) includes detailed information on the Dominguez Trailer Park property, submittal requirements and the selection process.

If your organization is interested in this opportunity, please be sure to submit your response no later than **5:00 P. M., Thursday, May 6, 2010**, to the following location:

**City of Carson
Office of the City Clerk
701 East Carson Street
Carson, California 90745**

Thank you for your interest in the City of Carson. If you have any questions, please contact the City's Housing & Neighborhood Development Manager, Donyea Adams, 1 Civic Plaza Drive, Suite 500, Carson, California 90745, (310) 233-4860, or via e-mail at dadams@carson.ca.us.



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SECTION I SUMMARY OF CONTRACT OPPORTUNITY

Background

The City of Carson will be using U.S. Department of Housing and Urban Development (HUD)-approved allocations to facilitate the acquisition of Dominguez Trailer Park, a mobilehome park with 31 units, and the redevelopment of that site for workforce housing.

The City is seeking proposals from qualified property management entities to provide daily property management services for the Dominguez Trail Park acquisition. The contract agreement will involve managing vacant and occupied rental property (mobilehomes or trailers).

Through this Request for Proposals (RFP) process, the City will identify the most responsive and responsible bidder and enter into a one-year agreement with an option for one additional year.

Submittal Deadline

5:00 P. M., Thursday, May 6, 2010

Responses to Be Submitted to:

**City of Carson
Office of the City Clerk
701 East Carson Street
Carson, CA 90745
Phone: (310) 830-7600**

Contact Information

**City of Carson
Housing & Neighborhood Development Division
Economic Development Work Group
One Civic Plaza Drive, Suite 500
Carson, CA 90745
Phone: (310) 233-4800**

SECTION II PROPERTY MANAGEMENT CONSIDERATIONS

The following tasks represent a suggested list of steps or considerations to be made under the property management contract:

- Collection of rents, property maintenance, and enforcement of agreements
- Maintenance of operational and financial records; reporting quarterly
- Procure or provide needed services to maintain the property
- Provide copy of the property management entity's insurance

SECTION III SUBMISSION REQUIREMENTS

Proposals submitted in response to this RFP shall include the information and materials listed below in the following order and format. Proposals that do not address all topic areas adequately will be deemed incomplete and ineligible.

A. Property Management Entity

1. Provide the property management entity's name, address, and phone number, and a description of the property management entity's business and length of operation.
2. Describe the type of legal entity, i.e. corporation, joint venture, partnership, sole proprietor or other. If a corporation, identify when and where incorporated and list any other DBA's.
3. List the officers, partners or owners of the property management entity and percent ownership. Indicate the individual in charge of negotiations along with those in decision making roles.
4. Provide resumes for all principals and key individuals who will be involved in the contract.
5. Describe the organizational structure and management approach to the property management entity including lines of responsibility (provide an organizational chart).

B. Relevant Experience

1. Describe two (2) projects or contracts completed by the property management entity within the last 5 years that most closely resemble the type of project proposed (include client name, phone number, and dates of contract).



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C. Contract Management

1. State the time and personnel commitment the property management entity proposes to commit to the implementation of the project. Identify the anticipated management structure of the proposed contract.
2. Provide a listing of at least three current references that have relevant knowledge concerning the property management entity's ability to manage such a project. References should be able to address project management and the ability of the respondent's company to deliver the proposed services.

D. Format, Time and Place of Submission

Respondents shall submit **seven (7) copies** of their proposal packages in sealed envelopes or boxes labeled "Proposal for Dominguez Trailer Park Acquisition Property Management Services", no later than **5:00 p. m. on Thursday, May 6, 2010**, to the following address:

**City of Carson
Office of the City Clerk
701 East Carson Street
Carson, CA 90745**

Please include a return address on your proposal package that includes your company name and address.

SECTION IV SELECTION PROCESS AND EVALUATION CRITERIA

A. Selection Process

A property management entity will be selected to enter into an agreement for the Dominguez Trailer Park acquisition based on the submittals received in connection with this RFP.

1. The selection process will consist of two steps:

Step 1

An evaluation of the proposals by a team of City staff and outside consultants with specialized expertise will be conducted. As a result of the evaluation process, a short list of the most responsive and qualified property management entities will be created.



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Step 2

The short listed property management entities may be invited to make a presentation to the evaluation team and to respond to any questions posed by the team.

B. Evaluation Criteria

The following criteria will be used to evaluate and rank proposals based on the information submitted in each of the categories listed in the SUBMISSION REQUIREMENTS section of the RFP. Consideration will also be given to the overall responsiveness of the property management entities relevant to the submittal requirements:

1. Team Qualifications
2. Services Team Experience
3. Project Management
4. Capacity
5. Responsiveness to RFP Submittal Requirements
6. Estimated Cost of Property Management Services

SECTION V MISCELLANEOUS PROVISIONS

A. Conflict of Interest

Property management entities must disclose any conflict of interest. A conflict of interest is defined as the property management entity having a known financial interest in connection with the purchase of the Site and the implementation of the project with a member of the City's governing body or any office or employee of the City who exercises any function or responsibility in connection with the project.

B. City Reserved Rights

The City reserves the right in its sole discretion and without notice to: terminate this RFP; modify the scope of the project; modify the City obligations or selection criteria and the selection process; and/or take any other actions it deems necessary to achieve the respective City's objectives.

D. Rejection of Submittals

The City reserves the right to reject any or all submittals made in connection with this offering, including not proceeding with the project.



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E. Proposals – City Property

Upon submission of a proposal by a property management entity in response to this RFP, said proposal and any associated material shall become the property of the City. This RFP is not a contract, nor a commitment of any sort by the City.

QUESTIONS OR CLARIFICATIONS

For general questions or clarifications regarding the contents of this Request for Proposals contact:

City of Carson
Housing & Neighborhood Development Division
Economic Development Work Group
Attention: Donyea Adams
1 Civic Plaza Drive, Suite 500
Carson, CA 90745
Phone: (310) 233-4800
Fax: (310) 233-4832

**ITEM NO. (3) CONSIDER APPROVAL OF A CONSULTANT RETAINER AGREEMENT WITH
NEWPORT PACIFIC CAPITAL COMPANY, INC., TO PROVIDE PROPERTY
MANAGEMENT SERVICES AT 2666 EAST DOMINGUEZ STREET (ECONOMIC
DEVELOPMENT)**

RECOMMENDATION for the Redevelopment Agency:

TAKE the following actions:

1. APPROVE a one-year consultant retainer agreement with Newport Pacific Capital Company, Inc., in an amount not to exceed \$30,000.00.
2. AUTHORIZE the Chairman to execute the agreement following approval as to form by the Agency Counsel.

ACTION: Item No. 3 was approved on the Agency New Business Consent Calendar jointly with City Council New Business Consent Calendar Item Nos. 4, 5, 8, 9, 10, 11, 13, 14, 15, 16, 17, and 18 on motion of Dear, seconded by Santarina and unanimously carried by the following vote:

Ayes:	Mayor/Chairman Dear, Mayor Pro Tem/Chairman Pro Tem Santarina, Council/Agency Member Gipson, Council/Agency Member Davis Holmes, and Council/Agency Member Ruiz-Raber
Noes:	None
Abstain:	None
Absent:	None

PROPERTY MANAGEMENT AGREEMENT

Property Name: DOMINGUEZ TRAILER PARK

Address: 2666 East Dominguez Street

Carson, CA 90745

Property Owner: City of Carson – Carson Redevelopment Agency

This Property Management Agreement ("Agreement") is entered into, and shall be effective, as of August __, 2010, between NEWPORT PACIFIC CAPITAL COMPANY, INC., a California Corporation ("Newport Pacific") with its principal executive offices at 17300 Red Hill Avenue, Suite 280, Irvine, CA 92614, and CARSON REDEVELOPMENT AGENCY, with its principal place of business: City of Carson, Office of the City Clerk, 701 East Carson Street Carson, California 90745 ("Owner"). Owner and Newport Pacific are sometimes collectively referred to herein as the "Parties".

The terms "Newport Pacific" and "Owner" shall include all officers, directors, shareholders, partners, members, employees and agents of Newport Pacific or Owner, respectively.

RECITALS

- A. Owner owns that certain real property, with improvements consisting of Dominguez Trailer Park, located at 2666 East Dominguez Street Carson, CA 90745, (the "Property");
- B. Newport Pacific is in the business of providing consulting and property management services in connection with the acquisition, management and operation of commercial and residential real estate properties and mobile home park projects such as the Property; and is duly licensed and authorized to provide such property management services in the jurisdiction in which the Property is located; and
- C. Newport Pacific is willing to provide, and Owner desires to obtain, the property management services of Newport Pacific subject to the terms and conditions set forth in this Agreement.

AGREEMENT

In consideration of the terms and conditions set forth in this Agreement, Newport Pacific and Owner agree as follows:

1. Scope of Property Management Services. In consideration of the payments set forth in Section 2 (and on any Addendum attached hereto or subsequently executed by the Parties), Newport Pacific shall provide property management services for the Property during the term of this Agreement as set forth in Paragraph 3; which services are more fully set forth in Exhibit "A" attached hereto and incorporated by this reference. Services, which are not included in the property management fee set forth in Paragraph 2, may be provided for an additional fee as



agreed to separately between Newport Pacific and Owner. Such services are itemized on Exhibit "B" attached hereto and incorporated by this reference.

In connection with the services to be provided under this Agreement, Newport Pacific shall provide, to Owner, a proposed operating budget for the Property, within forty-five (45) days after the full execution of this Agreement.

The Parties acknowledge and agree that Newport Pacific has been engaged not only to manage the Property, but assist as necessary in the closure of the Dominguez Trailer Park and to relocate the residents. The Owner is working on a Relocation Plan and a Relocation Impact Report and has anticipated that all residents of the Property shall be relocated from the Property by March, 2011. However, the Parties understand and agree that, subject to circumstances, such time frame may be extended. (The Parties acknowledge that resident relocation will be handled by another entity, separate and distinct from Newport Pacific.)

2. Fees/Expenses. In consideration of the property management services to be performed, Newport Pacific shall receive \$2,500 per month (the "base fee", payable monthly.) Subject to the terms of this Agreement, the Parties agree that the present maximum amount of management fees shall be \$30,000.00 as approved by the Board of Directors of the Owner on June 15, 2010.

Newport Pacific shall obtain Owner's written consent for any expenditures in excess of \$250.00, or any expense which is not incurred in the normal and usual course of operation of the Property.

Newport Pacific shall be responsible for the payment of its internal administrative expenses incurred in the performance of the services to be provided, but shall be reimbursed for all out-of-pocket expenses and costs advanced by Newport Pacific, for the Property; subject to the consent of the Owner.

3. Term/Termination. The term of this Agreement shall be for a period of one (1) year beginning June 21, 2010, and ending June 21, 2011; provided that subject to the terms of this Paragraph, either party may terminate this Agreement for any reason, upon thirty (30) days written notice. Upon expiration of the original term of this Agreement, this Agreement shall be automatically renewed, on a month to month basis, until otherwise modified, extended, replaced or terminated by the Parties in accordance with this Paragraph. The Parties understand, acknowledge and agree that, upon termination, as set forth in this Paragraph, there will be no termination fee due and owing to Newport Pacific.

The Parties acknowledge and agree that this Agreement may be terminated immediately by Owner for cause, in the event of: (i) a material breach of this Agreement by Newport Pacific; (ii) the misrepresentation by Newport Pacific, in connection with the formation and execution of this Agreement or the performance of services under this Agreement by Newport Pacific; or (iii) the failure to perform services, as set forth under this Agreement, or as directed by Owner in accordance with this Agreement. Termination for cause shall be effected by delivery of written notice of termination to Newport Pacific. Such termination shall be effective upon delivery of such notice.

A termination of this Agreement shall not affect any obligation owing by either party to the other which accrued prior to the effective date of such termination

In the event that Owner fails to maintain insurance coverage (unless Owner determines to self insure in accordance with the terms of this Agreement) or fails to maintain any licenses, or fails to cure any citations in a timely manner, Newport Pacific shall have the right to immediately terminate this Agreement without further liability and obligation. Under such circumstance, Newport Pacific shall receive a one (1) month termination fee provided such termination results from the Owner's failure to provide adequate insurance coverage (unless Owner determines to self insure in accordance with the terms of this Agreement), or to timely cure any governmental, quasi-governmental or municipal noticed deficiency (which failures shall include the failure to provide adequate funding which may be required in excess of rents to pay any required repairs and/or corrections).

Within thirty (30) days after termination of this Agreement, Newport Pacific shall deliver to Owner: (i) any balance of monies, belonging to the Property or the Owner; and (ii) all leases, receipts for deposits, insurance policies and other relevant documents, which relate to the Property and are the property of the Owner.

4. Records. Full and complete records of Newport Pacific's services and expenses relating to the Property and/or the business relationship between Owner and Newport Pacific shall be kept and maintained by Newport Pacific at its principal offices or at the Property (in Newport Pacific's sole discretion) and shall be retained by Newport Pacific for a period of seven (7) years after termination of this Agreement. Upon reasonable notice to Newport Pacific, Owner or any of its duly authorized representatives shall have access to any books of account, documents, papers, and records of Newport Pacific which are directly pertinent to the Property for the purpose of making audits, examinations, excerpts and transcriptions.

5. Owner's Obligations and Representations. Subject to the terms and conditions of this Agreement, Owner shall have the following responsibilities:

(a) Owner will provide to Newport Pacific copies of all documents and records reasonably required to properly manage the Property, including but not limited to leases, correspondence relating to the Property, rent schedules, rent history, loan payment information, existing service contracts, property maps, permits, insurance policies and endorsements. Such information shall remain the exclusive property of Owner and shall be returned to Owner upon termination of this Agreement.

(b) Owner shall be responsible for all payments of all expenses, including the payment and required maintenances of all licenses related to the Property, as more fully set forth in this Agreement.

(c) The undersigned signatory on behalf of Owner furthermore represents and warrants that the undersigned is authorized to engage Newport Pacific, as provided in this Agreement.

6. Representations of Newport Pacific.

(a) The Parties acknowledge and agree that the services to be performed by Newport Pacific shall be performed in a timely regular manner, with the understanding that time is of the essence in the performance of the obligations of Newport Pacific under this Agreement.

(b) As the material inducement to the Owner entering into this Agreement, Newport Pacific hereby represents and warrants that it has the experience necessary to undertake the services to be provided pursuant to the terms of this Agreement.

(c) All services to be provided to Newport Pacific, pursuant to the terms of this Agreement, shall be provided in accordance with all applicable laws, ordinances, resolutions, statutes, rules and regulations of the Owner and any Federal, State or local governmental agency having jurisdiction over the Property, at the time such services are provided; including, but not limited to, the California Mobilehome Parks Act (California Health Safety Code Section 18200, et seq.) and the California Mobilehome Residency Law (California Civil Code Section 798 et seq.).

(d) Newport Pacific agrees to provide a drug free workplace.

(e) Newport Pacific agrees to comply with the Americans With Disabilities Act, by adhering to the following:

(i) Title I – Employment Mandates. *"No contractor may discriminate against qualified persons with disabilities in any aspects of employment, including recruitment, hiring, promotions, conditions and privileges of employment, training, compensation, benefits, disciplines, layoffs and terminations of employment."*

(ii) Title II – State and Local Government. *"No qualified individual with a disability may be excluded from participation in or be denied benefits of services, programs or activities by contractors or subcontractors providing services to Owner."*

(iii) Title III – Post of Statement. Newport Pacific shall post a statement addressing requirements of the ADA in a prominent place at the work site.

(f) Newport Pacific shall not discriminate on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income or disability, in the carrying out of the scope of services pursuant to this Agreement, including, but not limited to, the solicitation and selection, hiring or treatment of subcontractors, vendors or suppliers. Newport Pacific understands and agrees that the violation of this clause shall be considered a material breach of this Agreement and may result in the termination of this Agreement or other sanctions. Express provisions of non-discrimination shall be included in any and all contracts or agreements which Newport Pacific proposes to enter into with respect to the Property consistent with California Health & Safety Code Section 33436.

(g) Newport Pacific shall be subject to all Federal, State and local conflict of interest laws, regulations and policies applicable to public contracts and procurement practices, including, but not limited to, California Government Code Sections 1090, et seq. and 81000, et seq. Owner may determine that a potential conflict of interest code requires Newport Pacific to complete one or more statements of economic interest disclosing relevant financial interest. Upon Owner's request, Newport Pacific shall submit the necessary documentation to the Owner.

(h) Newport Pacific shall establish and make known, to its employees and agents, appropriate safeguards to prohibit employees from using their positions for a purpose that is or that gives the appearance of being motivated by the desire for private gain for themselves or others, particularly those with whom they have family, business or other relationships.

(i) No official, officer, or employee of the City or Owner has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of the City or Owner participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interest found to be "remote" or non interest" pursuant to California Government Code Sections 1091 and 1091.5. Newport Pacific warrants and represents that (s)he/it has not paid or given, and will not pay or give, to any third party including, but not limited to, any Owner or City official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded this Agreement. Newport Pacific further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any Owner or City official, officer, or employee, as a result or consequence of obtaining or being awarded any agreement. Newport Pacific is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Newport Pacific's personnel employed at the Property shall not accept gratuities or any favors from any current or potential subcontractors, vendors or suppliers. Newport Pacific shall not recommend or specify any product, supplier or contractor with whom Newport Pacific has a direct or indirect financial or organizational interest or relationship that would violate any conflict of interest laws, regulations or policies.

If Newport Pacific violates any conflict of interest laws or any of these conflict of interest provisions, the violations shall be grounds for immediate termination of this Agreement. Furthermore, any violation may subject Newport Pacific to liability to owner for attorneys' fees and damages which may be sustained, as a result of any such violation.

7. Indemnification by Newport Pacific. Subject to the maintenance and/or acquisition of insurance by the Owner or, as necessary, by Newport Pacific, at Owner's cost, of comprehensive general liability insurance, as set forth in Paragraph 10, Newport Pacific shall indemnify, defend and save Owner, its officers, directors, employees and agents, harmless from and against any and



all losses, claims, costs, expenses, attorney's fees, suits, liabilities, and damages from, connected to or regarding the management of, the Property, by Newport Pacific, or the performance or exercise of any of the duties, obligations, powers or authorities herein granted or hereafter granted. Owner acknowledges that Newport Pacific shall be named as an additional insured on the comprehensive general liability insurance policy, and any other policies obtained in the name of Owner. Owner shall cause to be delivered to Newport Pacific certificates of insurance evidencing such coverage. Owner acknowledges that Newport Pacific shall be named as an additional insured and shall obtain certificates of insurance evidencing such coverage, for any and all other policies and coverages acquired by Newport Pacific on behalf of Owner at Owner's cost and expense.

Notwithstanding anything to contrary, the Parties understand, acknowledge and agree that the payment of all premiums for any such insurance, and the payment of all deductibles, in the event of any claims under the insurance, as well as any other out-of-pocket costs or any costs or payments in excess of any such insurance coverage shall be the sole responsibility of the Owner.

8. Indemnification by Owner. Owner shall indemnify, defend and hold Newport Pacific harmless from any claims, actions, suits, proceedings, losses, damages, liabilities, deficiencies, fines, penalties or other expenses, including but not limited to attorney's fees and cost of suit, incurred directly or indirectly, resulting or arising out of any cause of action or claims filed against Newport Pacific in connection with: (i) Owner's negligence, gross negligence, failure to act or intentional acts, including failure to keep any licenses current or failure to maintain the Property in accordance with minimal government standards; or (ii) any cause of action or claims specifically not related to Newport Pacific's services under this Agreement; or which claims or actions arise as a result of or in connection with the actions or inactions of Owner and/or its authorized representatives.

In addition to and not as a limitation of any other obligations, Owner agrees to indemnify, defend and hold Newport Pacific harmless from and against any and all claims, actions, suits, proceedings, losses, costs or expenses including but not limited to attorney fees and costs of suit, incurred directly or indirectly, resulting from or arising out of any action or claim asserted by the residents of the Property or any representative or any representative association thereof, which may have arisen prior to the execution of this Agreement. However, notwithstanding anything to the contrary, the foregoing indemnification does not apply to any actions which are a result of any acts by Newport Pacific which are not authorized by the Owner, which are not in accordance with the terms of this Agreement or which are subject to Newport Pacific's duty to indemnify the Owner as set forth in this Agreement.

9. Indemnification – Determination to Self-Insure. In the event that Owner is unable or unwilling to acquire otherwise commercially available insurance or is unwilling or unable to authorize Newport Pacific to acquire the insurance required under this Agreement, or in the event that such insurance coverage acquired is insufficient to pay any cost of defense or any damages or liabilities which arise out of or are in any way connected with Newport Pacific's obligations or services under this Agreement, or in the event of Owner's determination in the future to self-insure, rather than carry insurance, in particular liability insurance even if such

insurance is commercially available, then the Owner agrees to indemnify Newport Pacific as set forth in this Paragraph. Owner agrees to indemnify, defend and hold Newport Pacific harmless from and against any and all claims, actions, suits, proceedings, losses, costs, damages, liabilities, deficiencies, fines, penalties, punitive damage awards or expenses, including but not limited to attorneys' fees and costs of suit, which arise in connection with or as a result of any claim or matter which would otherwise be covered under a Standard Property Owner's policy for a facility such as the Property.

In the event that Owner is a municipality, then Owner's obligations under this Paragraph shall be joint and several as to the Owner and its various subdivisions and agencies.

Owner's obligations of indemnification under this Paragraph and Paragraph 8, shall survive the termination of this Agreement and shall continue until it is finally adjudicated that any and all actions against Newport Pacific or its representatives, agents, employees and affiliates for such matters which are indemnified under this Agreement are fully and finally barred by applicable law.

10. Insurance. Unless already maintained by Owner, Newport Pacific shall, as an expense of the Property and at Owner's expense and cost, acquire and maintain during the duration of this Agreement, the following insurance coverage insuring Newport Pacific and Newport Pacific's officers and employees:

(a) Liability and Property Damage Insurance: In connection with the services related to the Property, automobile liability for vehicles and mobile equipment owned by Newport Pacific and comprehensive general liability insurance, including public liability, property damage liability, and contractual liability coverage providing bodily injury, death and property damage liability limits of not less than \$1,000,000.00 for each accident or occurrence.

(b) Worker's Compensation Insurance: For Newport Pacific's employees, in accordance with State law. *(Owner shall only be responsible for the cost of the premiums attributable to those employees specifically hired for the Property.)*

In addition, as applicable and as approved by Owner, Newport Pacific, at Owner's cost, shall also acquire insurance coverage for employment practices, crime, tenant discrimination, errors and omissions insurance (as appropriate and necessary) and at Owner's option, boiler and machinery, differences in condition, and directors and officers insurance coverage.

(c) Additional Coverages. Newport Pacific shall provide Owner with certificates of insurance, issued by the applicable insurance carriers, covering the specified insurance. Each such certificate shall bear an endorsement precluding the cancellation, or reduction in coverage, of any policy before the expiration of one hundred and twenty (120) days after Owner shall have received notification by registered or certified mail from the insurance carrier. Each certificate and policy shall bear an endorsement providing contractual liability coverage for this Agreement. As appropriate, Newport Pacific and/or Owner shall be named an additional insured for each policy. Each policy shall be on an "occurrence" basis.

11. Limitations/Exceptions to Indemnification. The indemnification obligations of Owner, as set forth in this Agreement shall not apply to any actions which are a result of any acts by Newport Pacific which are not authorized by the Owner or which are not in accordance with the terms of this Agreement.

Notwithstanding anything to the contrary, Newport Pacific shall indemnify, defend and hold Owner, its officers, directors, employees and agents, harmless from any and all claims, actions, suits, proceedings, losses, damages, liabilities, deficiencies, fines, penalties or other expenses, including, but not limited to, attorneys' fees and costs of suit, incurred directly or indirectly, resulting or arising out of any cause of action or claims filed against Newport Pacific and/or Owner, in connection with Newport Pacific's own negligence, gross negligence, failure to act or intentional acts, or any actions which are not either authorized by the Owner or which are outside the scope of Newport Pacific's duties under this Agreement.

The foregoing indemnification is separate and distinct from Newport Pacific's indemnification obligations under Paragraph 7 hereof.

Newport Pacific warrants and represents that it maintains Errors & Omissions Insurance, in an amount of not less than \$1,000,000.00, and a blanket liability and property damage insurance policy, of not less than \$2,000,000.00, per each accident or occurrence.

12. Failure to Maintain Licenses or Make Repairs. Newport Pacific shall not be in breach of its obligations for failure to maintain any licenses or to correct any deficiencies, provided that: (i) Newport Pacific immediately notifies Owner in writing of such required license and/or work; and (ii) the failure to obtain such license or to authorize and/or expedite such work is solely as a result of the unwillingness or inability of Owner to approve or fund such repairs or expenses. Notwithstanding anything else to the contrary in this Agreement, or in the Exhibits attached to this Agreement, Owner shall be responsible for any and all costs related to compliance.

13. Legal Representation/Litigation. When legal representation is required for matters relating to the operation of the properties, including, but not limited to actions for unlawful detainer and/or eviction, such actions shall be conducted through counsel selected by Newport Pacific, and as approved by Owner. Fees and expenses relating to the operation of the Property shall be an expense of the Property. Any such counsel shall report to Newport Pacific and Owner, unless Owner directs otherwise.

14. Assignment. Neither Party will transfer or assign this Agreement or any interest in this Agreement without the express written consent of the other Party.

15. Independent Contractor. The Parties agree that Newport Pacific shall be an independent contractor and not an associate, agent or employee of Owner. Except as expressly provided in this Agreement and as otherwise provided by law, the manner and means of managing the Property shall be within the sole control of Newport Pacific. Neither Newport Pacific nor any of its officers, employees and agents is entitled to any benefits that Owner may provide to its employees, including worker's compensation.

16. Notices. Notices pursuant to this Agreement shall be given by United States mail, postage prepaid, addressed to the parties as designated below. Notice may also be given via fax, provided that the fax is provided within twenty-four (24) hours by an original in the United States mail, or via Federal Express.

OWNER:

Carson Redevelopment Agency
Housing and Neighborhood Development
1 Civic Plaza Drive, Suite 500
Carson, CA 90745
Attention: Donyea Adams,

Housing and Neighborhood Development Manager
Phone: (310) 233-4860
Fax: (310) 233-4832

NEWPORT PACIFIC:

Newport Pacific Capital Company, Inc.
17300 Red Hill Avenue,
Suite 280
Irvine, CA 92614
Attention: Candace Holcombe
Telephone: (949) 852-5575
Fax: (949) 852-5582

17. Waiver; Severability.

(a) No waiver or failure to object to any breach or violation of the terms or conditions by either party shall be deemed a waiver of such or any future such breach or violation.

(b) The provisions of this Agreement are severable, and should any provision be found or held unenforceable, the balance of this Agreement shall be enforced so as to give effect to the intention of the parties hereto.

18. Merger; Amendment.

(a) This Agreement, including exhibits and supplements referenced herein, represents the final Agreement of the parties with respect to the matters covered in this Agreement, and any and all prior or contemporaneous agreements, written or oral, are superseded and merged.

(b) This Agreement may be amended only by a written instrument signed by both parties hereto.

19. Governing Law/Venue. This Agreement shall be governed by and construed according to the laws of the State in which the Property is located (unless otherwise agreed in writing by

Owner and Newport Pacific), and venue and jurisdiction shall be Los Angeles County, California, or the County in which the Property is located.

20. Captions. Captions in this Agreement are for convenience and reference only and shall not be deemed to affect the interpretation of any provision.

21. Attorney's Fees. In the event of any dispute between the parties hereto, arising out of or relating to this Agreement or the breach or interpretations thereof, which results in either party initiating an action, arbitration, proceeding, or appeal, the prevailing party shall be entitled, in addition to such other relief as may be granted, to reasonable attorney's fees and costs fixed by the Court, arbitrator or other hearing officer, to be paid by the losing party.

22. Authority. The individuals executing this Agreement warrant they are expressly authorized to do so and in behalf of their respective parties.

23. Negotiated Agreement. The Parties have negotiated, voluntarily and freely, the terms and conditions of this Agreement and, to the extent each Party has deemed necessary, this Agreement has been reviewed by their respective legal counsel. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any exhibits hereto.

24. Binding Effect. This Agreement shall be binding on and inure to the benefit of the successors and assigns of the parties hereto, but nothing in this paragraph shall be construed as a consent by Owner to any assignment of this Agreement or any interest therein.

25. Interpretation. This Agreement and any documents, which it refers to or incorporates by reference, shall be construed and interpreted in a neutral manner as though both Newport Pacific and Owner had written the documents together.

26. Multiple Counterparts. This Agreement may be executed in duplicate and multiple counterparts, each of which, when fully executed, shall constitute one and the same Agreement.

27. Confidentiality. Employees of Newport Pacific, in the course of their duties, may have access to financial, accounting and statistical data provided by Owner. Newport Pacific covenants that all data, documents, discussion, or other information developed or received by Newport Pacific or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Newport Pacific without written authorization by Owner. Owner shall grant such authorization if disclosure is required by law. Upon request, all Owner data shall be returned to Owner upon the termination of this Agreement. Newport Pacific's covenant under this section shall survive the termination of this Agreement. This provision shall not apply to information in whatever form that comes into the public domain, nor shall it restrict Newport Pacific from giving notices required by law or complying with an order to provide information or data when such order is issued by a court, administrative agency or other authority with proper jurisdiction, or if it is reasonably necessary for Newport Pacific to defend themselves from any suit or claim.

This Property Management Agreement has been executed by the Parties as of the dates set forth below and upon full execution shall be effective as of the date set forth on Page 1 of this Agreement.

NEWPORT PACIFIC CAPITAL COMPANY, INC.,
a California corporation

Date:

8/18/10

By:


Candace Holcombe, Its Vice President of Operations

OWNER:

THE CARSON REDEVELOPMENT
AGENCY

Date:

By:

, Its

Date:

By:

, Its

Federal Tax Identification No.:

EXHIBIT "A"

SERVICES INCLUDED IN THE MANAGEMENT FEE

i. Rent Collection. Collect rents, security deposits and all other required tenant payments, and to deposit such monies in a Property Trust Account with Bank of America. Serve notice of termination of tenancies, notices to perform covenant or quit or notices to pay rent or quit and such similar other notices as Newport Pacific may deem appropriate. If requested by Owner, employ attorneys approved by Owner for the purpose of enforcing Owner's rights under the leases and rental agreements and instituting legal action on behalf of Owner.

ii. Rental of Spaces. Advertise the availability for rent or lease, and shall as appropriate display signs when there are vacancies. Newport Pacific shall screen and use due diligence in the selection of prospective tenants, in accordance with applicable Fair Housing Laws, and in accordance with leases and regulations and policies as established and approved by Owner.

iii. Disbursement. Disburse funds on a monthly or quarterly basis to Owner, as agreed between Owner and Newport Pacific. Accompany disbursements with income and expense reports, and other back up information as reasonably requested by Owner.

iv. Inspections: Maintenance. Provide all services reasonably necessary for the proper management of the Property including periodic inspections, supervision of maintenance, and arranging for such improvements, alterations, and repairs as may be required in accordance with the Property budget approved by Owner.

v. Employees/Independent Contractors. Hire, supervise and discharge all on-site employees and independent contractors required in the operation and maintenance of the Property. Compensation shall be in such amounts as approved by Owner and the employment of any employee shall be terminable at will. All such employees are employees of Newport Pacific and all related expenses including compensation, employment taxes and insurance are Property expenses even though they shall be Newport Pacific employees. Owner acknowledges that this Agreement does not relate to the services of any particular individual employed by Newport Pacific, and that the assignment of Newport Pacific employees to perform services shall be at the sole discretion and direction of Newport Pacific; provided that Newport Pacific shall replace or reassign any employee at the reasonable request of Owner.

vi. Resident Services. If requested by Owner and at Owner's cost, provide 24-hour answering service with "live" secretary. After hours emergency calls shall be put through to property manager on call. If requested by Owner, Newport Pacific shall use its best efforts to have bilingual staff available at all times.

vii. Utilities. To execute service contracts for utilities and services for the operation, maintenance and safety of the Property as Newport Pacific deems necessary or advisable provided that the terms are within the budget approved by Owner and the term of the contract does not exceed the current term of the Agreement.

As appropriate, coordinate with the local utilities to cause all utility meters to be read at least monthly and bill tenants, utility bills shall be included with the monthly rental bills sent to all tenants. Newport Pacific shall have available and provide to qualified residents, all appropriate forms regarding any discounted utility rates as provided by law.

viii. Bill Payment. Pay the bills including utility, service bills, leases, management fees, insurance premiums and costs, operating expenses and improvements from the gross receipts and providing monthly accounting in detail acceptable to the Parties.

ix. Supervision of the management and on-site operations:

- a. Set marketing plan;
- b. Establish site and rental policies;
- c. Maintain good resident and public relations;
- d. Collection of income;
- e. Pre-qualifying prospects and leasing vacant spaces;
- f. Office administration;
- g. Complete maintenance supervision;
- h. Janitorial and other vendor management;
- i. Grounds, building and equipment maintenance;
- j. Inventory control, purchasing;
- k. Site employee management;
- l. Bad debt management;
- m. Landlord/Tenant legal assistance.

x. Price investigation and review of new vendors.

xi. Site inspections by Newport Pacific regional managers (and principals as appropriate) and Owner managers (and principals as appropriate).

xii. Preparation of payroll and maintenance of required payroll records.

xiii. Develop alternative secure bids and supervise minor construction and repair work performed by outside contractors.

xiv. Accounting:

- a. Assemble monthly Owner's reports, and distribute:
 - (i) Profit & Loss Statement;
 - (ii) Budget vs. actual comparison;
 - (iii) General ledger;
 - (iv) Rent rolls.
- b. Prepare monthly variance analysis and site status summary.

c. Prepare annual budget.

xv. Off-Site Management. Provide off-site management services including regular on-site visits and inspections to supervise the on-site manager.

xvi. Equipment. At Owner's cost and expense, ensure that necessary equipment is available for on-site manager (e.g. office equipment, hand tools, miscellaneous maintenance equipment, and utility trailer), for the proper operation and maintenance of the Property.

xvii. Computer Billing Services. At Owner's costs and expense, provide computer-billing services to the Property complete with monthly printouts showing all charges billed to each resident.

xviii. Permits. Maintain or assist Owner, at Owner's cost, in maintaining all permits required to operate the Property by State or local law.

xix. Annual Gas Leak Survey. Arrange, at Owner's cost, for a yearly gas leak survey by an independent outside third party.

xx. Meter Change Outs. At Owner's cost, work with weights and measures on meter change outs to verify proper operation of all meters.

xxi. Potential Sales. Advise Owner of all potential mobile home sales in the Property as soon as possible. Act only as Owner's agent in mobile home sales if requested, for fee to be negotiated. Shall not act as agent for seller for any mobile home sale on the Property or to be located on the Property.

xxii. Construction. Notify Owner immediately of attempts by residents to obtain construction permits or actual construction on the Property. No construction on the Property is allowed without the prior written approval of Owner.

xxiii. Compliance with Laws. Comply with all applicable laws relating to the Property and services to be provided.

xxiv. Delivery to Tenants. As applicable, provide a copy of Mobile Home Residency Law of the State in which the Property is located with required leases approved by Owner and the rules and regulations for the Property to tenants, as necessary and appropriate. Provide annual updates as required by law.

xxv. Periodic Statements. Render monthly itemized statements of receipts, expenses, charges and accruals and to remit to Owner receipts less disbursements and accruals for future expenses. In the event disbursements shall exceed receipts, Owner shall promptly remit such deficit to Newport Pacific.

xxvi. Annual Budget. Prepare an annual operating budget for Owner approval with projection of estimated income and expense for operation of the Property.

xxvii. Changes in Laws. Apprise Owner of any and all changes and any laws applicable to operation and ownership of the Property.

xxviii. Management Review Summary. The services to be performed by Newport Pacific shall be rendered during the term of this Agreement in part (i) by the preparation within ninety (90) days after the end of each fiscal year of Owner during the term of this Agreement of a management review summary in Newport Pacific standard format or other format reasonably requested by Owner; (ii) by making available a qualified representative for telephone consultation during normal business hours, Monday through Friday (excluding holidays observed by Newport Pacific); and (iii) by making available a qualified representative for meetings at the offices of Newport Pacific as reasonably requested by Owner.

EXHIBIT "B"

SERVICES NOT INCLUDED IN THE MANAGEMENT FEE

A. The following fees and costs are not included in the management fee and will be billed directly (*without markup*) to the site:

1. Professional or Industry Association dues and costs, political action committee contributions, employees' attendance at conventions, meetings or seminars, picnics for on-site personnel, Holiday parties and small gifts for on-site personnel.
2. On-Site Office supplies and equipment, including computer equipment compatible with Newport Pacific's system.
3. Travel expenses for Newport Pacific employees if Owner requests meetings which are either away from the site or Owner offices and involve substantial expense, or are not at the site during a regularly scheduled visit by Newport Pacific personnel if site is located out of the metropolitan Orange County area.
4. The direct cost and indirect cost of on-site personnel including but not limited to salary, housing, utilities, Newport Pacific benefit package, state and federal mandated benefits and insurance; including cost of uniforms for on-site personnel.
5. All required seminars and training for employees, as may be required by the State of California or any other regulatory agency, including training related to Fair Housing requirements and sexual harassment.
6. Any and all applicable site promotional flier, brochures, site plans, and all standard form leases and other forms used by Newport Pacific, in connection with the operation of the Property.
7. Any and all professional services engaged, with the consent of Owner, which services relate directly to the operation and/or maintenance of the Property.
8. Subject to the terms and conditions of Paragraph 6 of the Agreement, the cost of general comprehensive liability insurance, if Owner has not already obtained coverage (unless Owner has opted to self insure) and additionally the cost of insurance premiums for other insurance coverage related to and necessary in connection with the operations of the Property, including employment practices, crime, tenant discrimination, errors and omission insurance (as needed), and at the Owner's option, boiler and machinery, differences in conditions (earthquake and flood), auto, and Directors and Officers coverage. The premiums will be billed to the Property.

B. Subject to availability, and upon request by Owner to Newport Pacific, additional services may be available for an additional fee. Any such fees and services will be negotiated on a project-by-project basis with a pre-approved estimate and a "not to exceed" limitation.

1. General contractor's work for major remodeling and construction projects including alternative site evaluation & design. Newport Pacific, or an affiliate, will be a licensed contractor, and appropriate Waivers of Conflict will be acquired.
2. Long term asset management and protections.
3. Preparation of park conversion programs including subdivision and eventual sales to tenants.
4. Tax returns and forecasts.
5. Preparation of sales and refinance packages for brokers or lenders and information required by appraisers other than information that is contained in Newport Pacific's monthly reports to the Owner.
6. Mortgage brokering for new or additional financing for the Property. Newport Pacific, or an affiliate, is a licensed broker, and the appropriate Waivers of Conflict with be acquired.
7. Re-zoning of the Property.
8. Adding new spaces to and/or expansion of the Property.
9. Development of sales packages and sale of the Property.
10. Major lawsuit representation.
11. Any reformatting or supplementation of monthly financial reports, which may be required by any Court of competent jurisdiction or third party trustee which requirements are beyond Newport Pacific's standard monthly reports.

