SERVICES REIMBURSEMENT AGREEMENT

This Services Reimbursement Agreement ("Agreement") is made and entered into by and between the CITY OF REDONDO BEACH, a chartered municipal corporation ("City") and SOUTH BAY CENTER SPE, LLC, a Delaware limited liability company ("Forest City"), and is effective as of March 16, 2016.

Recitals

WHEREAS, the City and Forest City desire to memorialize the terms and conditions for deployment of City peace officers at the South Bay Galleria ("Galleria"), and partial reimbursement of that specialized deployment by Forest City.

WHEREAS, Forest City maintains a separate security department related to the Galleria ("Galleria Security Department"); and

WHEREAS, both parties have approved this Agreement and have otherwise complied with all requirements that are prerequisites to entering into this Agreement.

NOW, THEREFORE, in consideration for the above recitals and of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

Agreement

1. **Incorporation of Recitals.** Each of the above recitals is incorporated into this Agreement as if restated in full.

2. **Term.** The term of this Agreement will begin on March 16, 2016, and will expire at 11:59 p.m. on June 30, 2017 ("Term").

3. **Deployment Conditions:**
   a. The City shall have sole discretion as to the selection, deployment, and supervision of City peace officers assigned to the Galleria ("Deployment").
   b. City peace officers shall wear a City uniform and possess appropriate City-provided on-duty equipment during any Deployment.
   c. Forest City shall provide to deployed City peace officers operating communication devices permitting communication between City peace officers and the Galleria Security Department. City shall provide alternative contact information for each peace officer as a backup in case communication devices fail to operate or are in use during an emergency.
   d. City peace officer deployed at the Galleria shall only be responsible to enforce state and local laws. City peace officers shall not enforce private rules, including
but not limited to, **Galleria**'s rules, regulations, or operating procedures ("**Galleria Rules**"). If observed, **City** peace officers may report observed violations of **Galleria Rules** to the **Galleria Security Department**, who shall then have sole responsibility to defer or enforce in its absolute discretion. In the event a violation of a private rule escalates to a violation of a public law, **City** peace officers will respond to such violation.

e. The parties intend **Deployment** of **City** peace officers at the **Galleria** for an average of ninety hours (90 hours) per week, with two (2) **City** peace officers scheduled for Fridays and Saturdays. The weekly number of hours may vary depending upon: (1) availability of **City** peace officers electing to work **Deployment**; 2) normal **City** police staffing requirements; 3) other agreements between the **City** and the **Galleria Security Department**; and 4) areas of focus identified cooperatively by Forest City’s property manager and the City’s Police Chief for peace officers deployed at the Galleria.

f. **City** peace officer shall record their arrival and departure times at the **Galleria**. Reimbursement for each deployed **City** peace officer shall commence thirty (30) minutes prior to arrival and terminate thirty (30) minutes after departure ("**Travel Time**").

g. **City** peace officer shall at all times remain subject to the Redondo Beach Police Department’s chain of command. **City** peace officers may respond to requests for assistance, but shall not be directed or controlled, by the **Galleria Security Department**.

h. In the event a **City** peace officer scheduled for **Deployment** is unable to perform services and a replacement will not be deployed, the **City** shall within a reasonable time notify the **Galleria Security Department**.

i. The rendition of services, standard of performance, and discipline of **City** peace officers, on all matters related to the performance of **Deployment** services, shall remain exclusively with the **City**.

j. **City** will make available during **Deployment** marked **City** police vehicles. The availability, number, and duration of use of such vehicles are within the sole discretion of the **City**.

k. **City** shall maintain the substation (described in Section 4(d) below) in good repair, in accordance with all laws, regulations, governmental directives and private restrictions, and in an orderly fashion, and will provide its own equipment to generate reports or otherwise fulfill its obligations under this Agreement.

4. **Obligations of Forest City.** **Forest City** shall:

a. Have sole and exclusive responsibility to train, supervise, and control the **Galleria Security Department**, its employees, independent contractors, or agents, as well as all other **Forest City** employees, independent contractors, or agents.
b. Repair or replace any Galleria communication devices provided to City peace officers.

c. Not interfere with, or claim a breach of this Agreement as a result of, any City peace officer leaving the Galleria if that officer is called upon by a supervisor to respond to a request for police services off Galleria property. Forest City shall not be responsible for reimbursement for such time an officer is responding to, involved with, or returning from such an off property service request.

d. Maintain a police substation at the Galleria for the exclusive use of the City peace officers while performing services at the Galleria. The parties shall, after execution of this Agreement, reasonably establish the location and fixtures of the substation. City shall incur no cost or expense for the use or construction of the substation. Subject to the terms, conditions and restrictions set forth in this Agreement, Forest City hereby grants to the City a revocable, non-assignable right to use the substation area to facilitate the City peace officer’s services under this Agreement, to be used in accordance with all laws, regulations, governmental directives and private restrictions, and for no other purpose.

e. Provide to the City by the 15th calendar day of each month an accounting report of each City peace officer’s hours worked at the Galleria for the immediately preceding month. The activity record shall include at a minimum:

i. The name, dates, times, and number of hours worked by each City peace officer, and

ii. An accurate documented report of time of when a City peace officer started and concluded each work shift (“Work Hours”).

5. Reimbursement. For the Term, Forest City shall reimburse the City for total Work Hours and Travel Time of City peace officers performing services at the Galleria pursuant to this Agreement in a sum not to exceed Three Hundred Six Thousand Six Hundred Sixty-Six and 00/100 Dollars ($306,666.00), exclusive of any applicable credits, if payment is timely received by the City (“Maximum Reimbursement”). Reimbursement shall be at the rate of $70.54 per hour (pro-rated for any time increment of less than an hour) (“Reimbursement Rate”). Reimbursement for each period described below (each a, “Reimbursement Period”) shall be the sum obtained by multiplying the total of Work Hours and Travel Time by the Reimbursement Rate, less the amount of time the City peace officers are called away from the Galleria by the City, further, less a per-period credit of Fifty Thousand and 00/100 Dollars ($50,000.00), if payment is timely received by the City. During the Term of this Agreement (March 16, 2016 – June 30, 2017), except in the event of non-timely payment (which shall extinguish any per-period credit), the reimbursement shall not exceed the Maximum Reimbursement. The City will invoice Forest City after the close of each respective Reimbursement Period. Payment of the reimbursement shall be made within 45 days of receipt of invoice.
6. **Forest City Indemnification.** Forest City shall defend and indemnify the City, its officers, elected officials, agents and employees ("City’s Covered Parties"), from and against damages, claims, demands, costs, expenses, losses or liabilities of any kind or nature arising out of, or are in any way related to, Forest City’s acts, errors or omissions or those of its employees or agents, or arising from or related to its ownership, control, or activity of the Galleria ("Forest City’s Claims"), brought by any third party or parties, which the City’s Covered Parties may sustain or incur or which may be imposed upon them, or any of them, including reasonable and necessary attorneys’ fees and legal costs incurred by the City. Forest City shall, upon notice from the City, defend City’s Covered Parties or any of them at Forest City’s sole expense by legal counsel selected by Forest City and reasonably approved by the City. In the event Forest City refuses or fails to provide promptly upon request acceptable legal counsel, Forest City shall reimburse the City for reasonable and necessary attorneys’ fees, at rates prevailing in the local legal community, together with all disbursements, litigation expenses, settlements and/or judgments incurred by the City. Forest City releases the City from any claims of subrogation, indemnification or contribution, in whole or part, arising from or related to any Forest City’s Claims.

7. **City Indemnification.** City shall defend and indemnify Forest City, its officers, agents and employees ("Forest City’s Covered Parties"), from and against damages, claims, demands, costs, expenses, losses or liabilities of any kind or nature arising out of, or are in any way related to, City’s acts, errors or omissions or those of its employees or agents, or arising from or related to services provided at the Galleria ("City’s Claims"), brought by any third party or parties which the Forest City’s Covered Parties may sustain or incur or which may be imposed upon them, or any of them, including reasonable and necessary attorneys’ fees and legal costs incurred by the City. City shall, upon notice from Forest City, defend Forest City’s Covered Parties or any of them at City’s sole expense by legal counsel selected by the City and reasonably approved by Forest City. In the event the City refuses or fails to provide promptly upon request acceptable legal counsel, City shall reimburse Forest City for reasonable and necessary attorneys’ fees, at rates prevailing in the local legal community, together with all disbursements, litigation expenses, settlements and/or judgments incurred by Forest City. The City releases Forest City from any claims of subrogation, indemnification or contribution, in whole or part, arising from or related to any City’s Claims.

8. **Insurance.**

   a. Each party shall provide and maintain in force during the term of this Agreement a program of insurance naming the other as additional insured, and shall provide written notice to the other at least thirty (30) days advance written notice of
expiration or other termination of coverage. Such insurance program shall consist
of, but not be limited to, the following forms and amounts:

i. Comprehensive General Liability ("CGL") Insurance insuring against
injury to persons and damage to property arising from their activities
subject to the limitations of Sections 6 and 7. Such policy shall have a
combined single limit of not less than $3,000,000 per occurrence. Each
party’s CGL insurance must (i) designate the other party as an additional
insured, including with respect to third party claims or actions brought
directly against the other party, or against the City and Forest City as co-
defendants, subject to the limitations of Sections 6 and 7, and (ii) provide
for a severability of interests. Each party may use umbrella or excess
liability insurance to achieve the required coverage for CGL insurance,
provided that such umbrella or excess insurance results in the same type of
coverage as required for the CGL insurance policy. Each party may
utilize a $500,000 self-insured retention.

ii. Automobile Liability Insurance. Each party must maintain automobile
liability insurance (including coverage for owned and non-owned, hired
and non-hired vehicles) with minimum limits of not less than $2,000,000
per occurrence combined single limit for personal injury, including bodily
injury, death, and property damage. Each party’s automobile liability
insurance must (i) designate the other party as an additional insured,
including with respect to third party claims or actions brought directly
against the other party or against the City and Forest City as co-
defendants, and (ii) provide for a severability of interests. Each party may
use umbrella or excess liability insurance to achieve the required coverage
for automobile liability insurance, provided that such umbrella or excess
insurance results in the same type of coverage as required for the
automobile liability insurance policy.

b. General Insurance Requirements.

i. Insurer Stability and Size. Forest City shall procure all insurance
coverage required in this Agreement from a company or companies
possessing an A.M. Best rating of A- or better, unless otherwise agreed in
writing by City.

ii. Insurer Qualification. Forest City shall obtain all insurance coverage
required under this Agreement from a company or companies who are
listed as “Admitted Carriers” by the California Department of Insurance.

iii. Claims Made Policies. If any of the required policies provide coverage on
a claims-made basis:

1. The retroactive date of coverage must be shown and must be the
earlier of (a) March 16, 2016, (b) the effective date of any
applicable agreement between Forest City and City, or (c) the beginning of Deployment.

2. Insurance coverage must be maintained and evidence of insurance must be provided for at least five (5) years after expiration of this Agreement.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date consistent with this Agreement, each party must purchase "extended reporting" coverage for a minimum of five (5) years after expiration of this Agreement.

iv. Certificate of Insurance. Forest City shall provide the City with certificates of insurance evidencing the required coverage concurrently with the execution of this Agreement, upon each renewal of such policies, and in all events provide to the City a certificate showing uninterrupted compliant renewed, continued or replacement coverage not later than ten (10) days prior to the expiration of any existing policy of insurance. The certificates of insurance must include a clause that obligates the insurers to give the City at least thirty (30) days advance written notice of cancellation of such policies, and must identify the City as an additional insured under such policies.

v. Self-insured Retention.

1. Each party acknowledges that the other party has a $500,000 self-insured retention per occurrence for general liability claims; provided, however, that each party shall always maintain adequate capital cash reserves to discharge all self-insured retention related to any asserted claims.

vi. Higher than Minimum Limits.

1. If Forest City maintains higher insurance coverage limits than the minimums set forth herein, the City shall be entitled to coverage for the higher limits maintained by Forest City. The City shall be entitled to receive any insurance proceeds in excess of the specified minimum limits of insurance coverage.

9. **Early Termination.** The City may terminate this Agreement on ten (10) days’ notice to Forest City in the event Forest City fails to pay when due any reimbursement; provided, further that in the event Forest City is in uncured default of its obligation to make payment of any reimbursement for any applicable period, any credit for such period shall be extinguished and Forest City shall be liable for the full reimbursement for all Deployment, notwithstanding the stated Maximum Reimbursement. Forest City may terminate this Agreement upon ten (10) days’ notice to the City in the event of a transfer
of control or ownership of the Galleria to a third party in a bona fide ‘at arm’s length’
transaction, engagement of a third party management company or a sale or transfer of the
controlling interest in Forest City, an uncured event of default by the City.

10. **No Assignment.** Forest City may not assign its rights or obligations in this Agreement
without the written consent of the City, which consent may be withheld at the City’s sole
discretion, except to an affiliate of Forest City, or as a collateral assignment in
conjunction with Forest City’s financing for the Galleria; provided however, in the event
of a transfer to a third party in a bona fide ‘at-arms-length’ transaction, if the City does
not consent to such assignment this Agreement will be deemed terminated as of the date
of the assignment, with the parties reconciling outstanding payments promptly thereafter.

11. **Notices.** Notices required under this Agreement shall go to the following:

a. **If to the City:**

Chief of Police
Redondo Beach Police Department
401 Diamond Street
Redondo Beach, CA 90277

With a copy provided to:

City Attorney
City of Redondo Beach
415 Diamond Street
Redondo Beach, CA 90277

b. **If to Forest City:**

South Bay Center SPE, LLC
c/o Forest City Commercial Management, Inc.
Attn: Alan Schmiedicker
50 Public Square, Suite 1310
Cleveland, OH 44113

With a copy provided to:

Forest City Realty Trust, Inc.
Attn: General Counsel
50 Public Square, Suite 1360
Cleveland, OH 44113

12. **Entire Agreement.** This Agreement sets forth the entire agreement between the City
and Forest City related to the Deployment of City peace officers at the Galleria and
supersedes all prior agreements between the parties regarding the same. There are no
other statements, representations, understandings, or agreements related to the matter of
Deployment that are not set forth herein, nor has either party relied on anything not set
forth herein in entering into this Agreement. Neither this Agreement nor the rights and obligations hereunder may be changed, modified, or waived except by an instrument in writing and signed by both parties hereto.

13. **Choice of Law.** This Agreement shall be construed in accordance with the laws of the State of California.

14. **Severability.** Should any provision of this Agreement be found invalid or unenforceable by a court of competent jurisdiction, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

15. **Non-Discrimination.** Forest City covenants there shall not be any discrimination based on race, color, creed religion, gender, marital status, age, national origin, ancestry, sexual preference, or any other legally protected classes in any activity conducted at the Galleria.

16. **No Partnership.** Forest City is neither a partner nor a joint venture with the City by reason on this Agreement.

17. **Compliance with Law.** Forest City must comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local governments.

{Signatures on following page}
CITY OF REDONDO BEACH, a chartered municipal corporation organized under the laws of the State of California

Steve Asper, Mayor

Attest:

Eleanor Manzano, City Clerk

Approved as to Form:

Michael W. Webb, City Attorney

SOUTH BAY CENTER SPE, LLC, a Delaware limited liability company

By: Amanda Glover

Its: General Manager

Printed name:

Amanda Glover