

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 ("**South Bay Galleria**"), and is effective as of July 1, 2024.

Recitals

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

WHEREAS, **South Bay Galleria** uses a third-party security company to provide security services for 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 of the above recitals and the mutual covenants and agreements contained herein, and in 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 July 1, 2024, and will expire at 11:59 p.m. on June 30, 2026 ("**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. **South Bay Galleria** 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 officers 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 thirty hours (30 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 **South Bay Galleria's** property manager and the **City's** Police Chief for peace officers deployed at the **Galleria**.
 - f. **City** peace officers 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 officers 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**.
 - l. **City** will provide South Bay Galleria a biannual accounting report within thirty days following each Reimbursement Period as defined in Section 5 of this Agreement. This report shall include the total number of hours worked by **City** peace officers at the Galleria for the preceding six months. The activity record will include: the total number of hours worked by **City** peace officers ("**Work Hours**").
4. Obligations of South Bay Galleria. **South Bay Galleria** 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 **South Bay Galleria** 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. **South Bay Galleria** 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**, **South Bay Galleria** 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.

5. Reimbursement.

For the Term, South Bay Galleria 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 Ninety Thousand and 00/100 Dollars (\$90,000) annually, exclusive of any applicable credits, provided that payment is timely received by the City ("Maximum Reimbursement"). Reimbursement shall be at the rate of \$90.00 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 calculated by multiplying the total 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 Fifteen thousand and 00/100 Dollars (\$15,000.00), provided the payment is timely received by the City.

During the performance of services from July 1, 2024 to June 30, 2026), the reimbursement shall not exceed the Maximum Reimbursement, except in the event of non-timely payment in which case City shall not provide the per-period credit. The City will invoice South Bay Center SPE, LLC after the close of each respective Reimbursement Period. Payment of the reimbursement shall be made within 45 days of receipt of invoice.

Reimbursement Periods

- a. July 2024 - December 31, 2024
- b. January 1, 2025 - June 30, 2025
- c. July 1, 2025 - December 31, 2025
- d. January 1, 2026 - June 30, 2026

6. South Bay Galleria Indemnification. **South Bay Galleria** 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, **South Bay Galleria'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** ("**South Bay Galleria'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**. **South Bay Galleria** shall, upon notice from the **City**, defend **City's Covered Parties** or any of them at **South Bay Galleria's** sole expense by legal counsel selected by **South Bay Galleria** and reasonably approved by the **City**. In the event **South Bay Galleria** refuses or fails to provide promptly upon request acceptable legal counsel, **South Bay Galleria** 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**. **South Bay Galleria** releases the **City** from any claims of subrogation, indemnification, or contribution, in whole or part, arising from or related to any **South Bay Galleria's Claims**.
7. City Indemnification. **City** shall defend and indemnify **South Bay Galleria**, its officers, agents, and employees ("**South Bay Galleria'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 **South Bay Galleria'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 **South Bay Galleria**, defend **South Bay Galleria's Covered Parties** or any of them at **City's** sole expense by legal counsel selected by the **City** and reasonably approved by **South Bay Galleria**. In the event the **City** refuses or fails to provide promptly upon request acceptable legal counsel, **City** shall reimburse **South Bay Galleria** 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 **South Bay Galleria**. The **City** releases **South Bay Galleria** 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:
 1. 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:
 - a. 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 **South Bay Galleria** as co-defendants, subject to the limitations of Sections 6 and 7, and

- b. 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.
 2. 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:
 - a. 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 **South Bay Galleria** as co-defendants, and
 - b. 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.
 1. Insurer Stability and Size. **South Bay Galleria** 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 the **City**.
 2. Insurer Qualification. **South Bay Galleria** 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.
 3. Claims Made Policies. If any of the required policies provide coverage on a claims-made basis: - The retroactive date of coverage must be shown and must be the earlier of (a) July 1, 2024, (b) the effective date of any applicable agreement between **South Bay Galleria** and **City**, or (c) the beginning of **Deployment**. - Insurance coverage must be maintained and evidence of insurance must be provided for at least five (5) years after expiration of this **Agreement**. - 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**.
 4. Certificate of Insurance. **South Bay Galleria** 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.

5. Self-insured Retention. 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.
6. Higher than Minimum Limits. If **South Bay Galleria** maintains higher insurance coverage limits than the minimums set forth herein, the **City** shall be entitled to coverage for the higher limits maintained by **South Bay Galleria**. 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 **South Bay Galleria** in the event **South Bay Galleria** fails to pay when due any reimbursement; provided, further that in the event **South Bay Galleria** 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 **South Bay Galleria** shall be liable for the full reimbursement for all **Deployment**, notwithstanding the stated **Maximum Reimbursement**. **South Bay Galleria** 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 **South Bay Galleria**, an uncured event of default by the **City**.
10. No Assignment. **South Bay Galleria** 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 **South Bay Galleria**, or as a collateral assignment in conjunction with **South Bay Galleria'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 **South Bay Galleria**:

South Bay Center SPE, LLC
c/o CBRE, Inc.
Attn: Michael Sharobiem
1815 Hawthorne Bl., Suite 377
Redondo Beach, CA 90278

With a copy provided to:

South Bay Center SPE, LLC
Attn: L' Catterton Real Estate Group
200 West Madison St., Suite 3900
Chicago, IL 60606
Email: lcresbg@lcatterton.com

12. Entire Agreement. This **Agreement** sets forth the entire agreement between the **City** and **South Bay Galleria** 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. **South Bay Galleria** covenants there shall not be any discrimination based on race, color, creed, religion, gender, marital status, age, national origin, ancestry, sexual orientation, or any other legally protected classes in any activity conducted at the **Galleria**.
16. No Partnership. **South Bay Galleria** is neither a partner nor a joint venture with the **City** by reason on this **Agreement**.
17. Compliance with Law. **South Bay Galleria** must comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local governments.

[SIGNATURES ON THE NEXT PAGE]

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

By: _____
Name: _____
Its: _____

CITY OF REDONDO BEACH, a chartered municipal corporation organized under the laws of the State of California

James A. Light, Mayor

ATTEST:

Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

Michael W. Webb, City Attorney

Approved:

Diane Strickfaden, Risk Manager