



PROPERTY MANAGEMENT PROPOSAL

1133 MINNESOTA AVENUE

Presented by:



**Over 60 years of
business success**

Alhouse Deaton Property Management

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1133

I. EXECUTIVE SUMMARY

Alhouse Deaton is pleased to have the opportunity to present this proposal to provide property management services for 1133 Minnesota Ave. in San Jose.

Commitment to 1133 Minnesota Ave.

Senior members of the management team, who have extensive experience with suburban office buildings and who are committed to achieving maximum value and performance of the asset have been assigned to this account.

You will receive the benefit of a management team that has well over 50 years of combined real estate experience in the San Francisco Bay Area commercial real estate markets.



1133 Minnesota Avenue

Benefits of Working with Alhouse Deaton

- I. **Ownership mindset** to managing assets by ensuring each dollar spent has a benefit to the operations of the property.
- II. **Advocate for our clients** in daily operations as it relates to risk management and contract management.
- III. **Established relationships** with vendors, architects, contractors and other consultants.
- IV. Ability to be **creative, flexible and nimble**.
- V. **Strong associations** with community leaders including the Building Owners and Managers Association (BOMA) as former chair of the Government Affairs Policy Advisory Committee for BOMA San Francisco and BOMA member in San Jose.

EXECUTIVE **SUMMARY**

Strong Relationships

Alhouse Deaton has developed relationships with numerous local vendors. We balance pricing scrutiny with high performance expectations. Vendors know their scope of work will be clear and that they will be paid on time if the work is done right. They also know our expectation of high-quality work and the cost efficiencies we expect. This is the way we ensure that properties receive timely responses and at a cost-effective price.

Results

Best results are achieved through making good decisions throughout the life cycle of a building ownership. Those good decisions are a result of the experience of those managing the assets as well as a desire to act with the mindset of an owner.

Suburban Office Buildings

Alhouse Deaton specializes in managing small to midsize suburban office buildings in the San Francisco Bay Area. In Santa Clara County, Alhouse Deaton manages over 1,000,000 square feet of this product type.

EXECUTIVE SUMMARY

Suburban Office Buildings Managed By Alhouse Deaton

- I. 1530 Meriden Ave. San Jose – 42,122 sq. ft. Class B, office building at the corner of Meridian Ave. and Alta Green Drive. The management assignment was to help complete the refurbishment of building systems and stabilize the asset for ownership.
- II. 1730 & 1732 North First Street, San Jose - 332,000 suburban office project a half mile from the Mineta International Airport. Alhouse Deaton implemented its pro-active management program help with energy savings and operating efficiencies
- III. 220 & 230 California Ave. Palo Alto, CA - 12,766 sq. ft. Class B, suburban office building one block from the California Ave. Caltrain Station. The is to maintain high occupancy with a structured long-term plan for upgrading equipment and creating energy efficient system at the building.



II. START-UP PLAN



Start-Up Plan

The start-up process is critical to the long-term success of a management assignment. Our management team will be attentive to all aspects of this plan.

The start-up will be effectuated to create the foundation for future success with building operations. The goal is to maintain tenant satisfaction and to meet the short and long term objectives of ownership.

START-UP PLAN

Specifically, our plan implements the following procedures:

1. Review documents that range from construction plans to lease templates. Set up tenant files that include a critical date calendar.
2. Create tenant billing for reimbursable expenses and additional tenant specific charges such as utilities and janitorial.
3. Set-up tenant compliance regarding insurance requirements.
4. Set-up clear lines of communication between the tenants and the management team. This is done with work-order and task-management software. This ensures tenant's ongoing ease of access to management to solidify tenant/management team relationship over time.
5. Establish a dedicated banking account, deposit procedures and account authorizations.
6. Create clear lines of communication with the existing vendors. Draft and execute vendor contracts. Recommend vendors to ownership based on their history and the characteristics of the property.
7. Make recommendations on any capital improvements or operating items at the properties.



III. START-UP PROCESS



Step 1: Off-site

Preparation - Planning - Coordination

- Review property information; lease drafts.
- Prepare vendor contracts, financial reports, tenant files, insurance certificates and capital plans.
- Review the owner's goals for the property, set up reporting responsibilities and approval process.
- Set up bank account and establish banking and distribution procedure.



Step 2: On-site

Evaluation

- Interview the property general contractor as well as new vendors that may be considered for the property.
- Inspect equipment that is operating on site and set up the operational records.
- Conduct a general site evaluation that includes walking the property for appearance, cleanliness and safety.



Step 3: On-site logistics

Verification - Finalization

- Conduct a life/safety inspection of all equipment and review any issues related specifically to life/safety.
- Begin accounting and bookkeeping for the property.
- Personalize property management handbook and manual to specific property needs.



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START-UP PROCESS



Step 4: Implement

Overall Implementation

- Introduction of management personnel to tenants on-site and any off-site tenant contacts as they sign leases for the spaces.
- Ensure tenants understand who to contact for service requests and in the case of emergencies.
- Provide handbooks, contact sheets and emergency procedures to tenants.
- Update vendor list and finalize operating and reporting responsibilities.



Step 5: On-going Refinement

On-going Process Refinement

- Implement approved procedures on an on-going basis.
- Prepare monthly financial reports, annual budget and future year capital plan.
- Monitor and improve procedures with tenants and vendors.



Step 6: The AD Advantage



**“...our buildings stay full
and our tenants stay
happy...”**

Jack Rominger
Real Estate Investor

Read more on our website



IV. MANAGEMENT PROGRAM

1133 Minnesota Avenue, San Jose

Alhouse Deaton's approach to property management is proactive. The management team designs and monitors a Systems and Standards platform for the property which ensures a well-organized and efficient operational protocol for the building with a focus on tenant satisfaction.

- ✓ Utilize technology to increase operational efficiencies, maximize revenue streams, and monitor property performance.
- ✓ Comply with changing government and municipal regulations.
- ✓ Operate properties in an environmentally sustainable and cost-efficient way.
- ✓ Provide accounting and financial reports to owners.
- ✓ Open communication between the management team and ownership. Develop tenant relationships with regular visits as needed.
- ✓ Project management designed to protect ownership interests and Tenant relationships.



Building Systems & Operations



Accounting & Financial Reporting



Client Communication & Tenant Relations



Project Management

Building Systems and Operations

At the beginning of the assignment, Alhouse Deaton will complete a thorough property review to gain a full understanding of the asset for rapid tenant and vendor responses. An actionable plan is critical to identifying any cost-effective measures that have the potential to save energy. The goal is to increase efficiency, thereby decreasing operating costs.

In most situations, preventive maintenance and operational fine-tuning are the most cost-effective ways to improve efficiency within building systems.

The management team will review present operations and systems of the property and adjustments will be made if needed to ensure the building is operating as efficiently as possible.

In addition to a focus on systems and efficiency, thorough inspections will be made which will address property appearance, critical to a professional, aesthetically pleasing environment for tenants and visitors. As this assignment is for a newly constructed building, we would anticipate the aesthetics to be in very good shape!

Recommendations are submitted to the ownership for review and approval.

This includes:

- Identifying corrective work during normal activities as opposed to a reactive response to service requests by tenants.
- Monitoring building systems and energy consumption to increase building efficiencies.

- Continual review of existing vendor contracts to update insurance requirements and general terms and conditions.
- Implement an emergency procedures program.
- Implement standard protocols for disaster recovery and risk management.

Client Communications

For the management team to be most effective in the management of a real estate asset, it is important that there be open communication between the management team and ownership. Along with scheduled reporting, consistent communication ensures smooth operation of the property and minimizes unwanted surprises.

It is the responsibility of the management team to establish that open communication and ensure it is maintained. We pride ourselves on developing a close relationship with the owners of the real estate assets we manage.



Tenant Relations

Tenant retention is critical to the success of any real estate asset. Alhouse Deaton makes tenant relationships a top priority at all our properties.

We develop tenant connections through regular visits, the daily work order system (which allows two-way communication), status project reports and open communication in general. We can also introduce a tenant appreciation program tailored to the tenant mix as appropriate.

Our tenants need to know they have access to management. The Alhouse Deaton team is proud to be known for being highly responsive.

Our goal is to avoid unwanted surprises from the tenant and can be very valuable when discussing lease renewals.

“Alhouse Deaton is a thorough, professional and committed property management company...”

Institutional Property Owner





Accounting & Financial Reporting

Alhouse Deaton manages the bookkeeping for the property and uses a dedicated bank account to receive rents and pay expenses. The accounting team will take the lead on the following:

- Dedicated bank accounts, specific to each ownership are typically opened with Wells Fargo Bank or AvidBank.
- Bookkeeping and accounting utilizing Yardi software.
- Monthly rents are collected via check or direct deposit.
- Monthly expenses are coded for payment on a weekly basis.
- Distribution of funds to ownership via procedures established by ownership.
- Monthly financial reports provided to ownership.

Monthly Reporting

The management team prepares monthly reports for ownership. These reports include:

- Current month and year-to-date financial statements.
- Summary of leasing & operational items and copies of any back-up material required by ownership.
- Any additional items as required by ownership.

“...attention to detail...”

Andrea Johnson,
President KRJ Design Architects

Read more on our website



Project Management

Alhouse Deaton provides project management for capital projects and tenant improvements at the properties we manage. Our program for managing capital improvements is a disciplined, time-tested procedure that provides competitive pricing, efficient use of the ownership's capital and minimal disruption to the tenants and operations of the buildings.

Our service includes recommendation or selection of architects and contractors, overseeing the competitive bid process, coordinating the scheduling of construction and assessment of the completed project.

Alhouse Deaton scrutinizes all applications for payment to ensure ownership's capital is appropriately and judiciously handled.

Our program focuses on the following:

- Communication in the beginning is critical. Setting up lines of communication with tenants as well as contractors helps ease frustrations for all parties.
- Expectations are established to safeguard the tenant relationships and to keep the project on schedule. Contractors understand their roles and responsibilities.





Project Management continued...

- The construction bidding process needs to be carefully supervised to ensure details are not overlooked and the bids are presented on an easily comparative basis.
- Continual communication with contractors, vendors, tenants and the ownership helps avoid cost overruns and unwanted project delays.
- Final review ensures that the work has been done correctly and the many contractor responsibilities, including material warranties and payment of subcontractors, are adhered to. This helps minimize risks to ownership.
- Our project management program is designed to help protect ownership's interests while ensuring cost effective use of capital and minimizing disruption to the property and the tenants who occupy the building.

V. Management Team

“...the whole team at Alhouse Deaton are true professionals...”

Matt Lockary

Baycor Builders

Read more on our website



YOUR 1133 MINNESOTA AVE. MANAGEMENT TEAM



Jeff Deaton
Chief Executive Officer



Marty Smith
President



Mya Smith
Property Manager



Emina Kulasic
Tenant Coordinator

Management Team; Skill, Experience, Support

We've selected a management team that will provide local expertise with decades of management and real estate experience. In addition, we will utilize our strong relationships with local vendors to service the operations of the property at our high professional standard.



Jeff Deaton

Chief Executive Officer

e: jdeaton@alhousedeaton.com
t: (650) 269-9161

Mr. Deaton is responsible for the oversight of the company's day-to-day operations, third-party management portfolio, client relations, and business development.

Mr. Deaton took over Alhouse's management operations in 1991. In 1996, Mr. Deaton changed the name to Alhouse Deaton. He has been in the commercial real estate business for over 25 years. From the beginning, Mr. Deaton built a portfolio of third-party commercial properties focusing on the mid-peninsula markets of Palo Alto, Menlo Park, and Mountain View.

Today, he oversees the business and management operations of the company. His duties include management, leasing, and consulting.



Marty Smith

President

e: msmith@alhousedeaton.com

t: (650) 269-8117

Marty Smith has been the president and co-owner of Alhouse Deaton since 2001 and a real estate professional since 1981. He is responsible for the oversight of the company's day-to-day operations and the company's third-party management portfolio. Marty also focuses on client relations, business development and capital funding as it relates to the acquisition of real estate assets for the company's investment portfolio.

During his time with Alhouse Deaton, Marty has grown the company from a single office Palo Alto firm to a San Francisco Bay Area firm, opening offices in San Mateo, San Francisco and Contra Costa counties.

Prior to joining Alhouse Deaton, Marty was a senior vice president with Jones Lang LaSalle's Capital Markets Group and the affiliated companies from 1990 to 2001. He opened the CMG's San Francisco office and specialized in the execution of disposition assignments throughout the country. He also arranged structured finance transactions for acquisitions and development projects as well as spearheaded client relations and business development of new assignments.





Mya Smith

Property Manager

Email: myasmith@alhousedeaton.com

Tel: (650) 857-1793

Ms. Smith will be responsible for the oversight and management of the Silicon Valley management portfolio.

Ms. Smith joined Alhouse Deaton as an Assistant Property manager in 2013. Now as property manager, she oversees the overall operations of the properties including inspections and maintenance, negotiates and manages vendor contracts, addresses various tenant/property issues. In addition, Ms. Smith reviews monthly reports, budgets and overall financial reporting to property owners.

For capital improvement projects, building upgrades and tenant improvements, Ms. Smith manages the coordination with architects and contractors from pre-development initiation through completion of construction. In addition, she coordinates the reconciliation and closeout processes for all projects, ensuring all documents are complete and invoices are within budget.



Emina Kulasic

Tenant Coordinator

Email: ekulasic@alhousedeaton.com

Tel: (650) 437-9174

As the Tenant Coordinator Ms. Kulasic works directly with property managers to assist in the day-to-day communication with the tenants at the building.

Ms. Kulasic joined Alhouse Deaton at the beginning of 2020. Prior to Alhouse Deaton, Ms. Kulasic worked at Spieker Companies, a commercial real estate company in Mountain View, CA as an onsite property manager. Now as Tenant Coordinator, Ms. Kulasic responds to daily tenant requests, coordinates vendor schedules and property visits. In addition, she assists the property manager in the financial reporting of the properties.

Ms. Kulasic also assists with maintaining the schedule for capital improvement projects and tenant improvements as well as assisting with the reconciliation and closeout processes for all projects.

**“Alhouse Deaton
takes a
professional but
a very personal
approach to
property
management...”**

Andrea Johnson,
President KRJ Design Architects

Read more on our website



VI. COMPENSATION PLAN

Property Management Fee

We propose the compensation for property management service to be as follows:

Management Fee

Four percent (4%) of the gross proceeds, which includes a \$2,000 minimum, paid monthly. Gross proceeds to include base rent, expense reimbursements and miscellaneous income.

Payroll Reimbursement Fee

None.

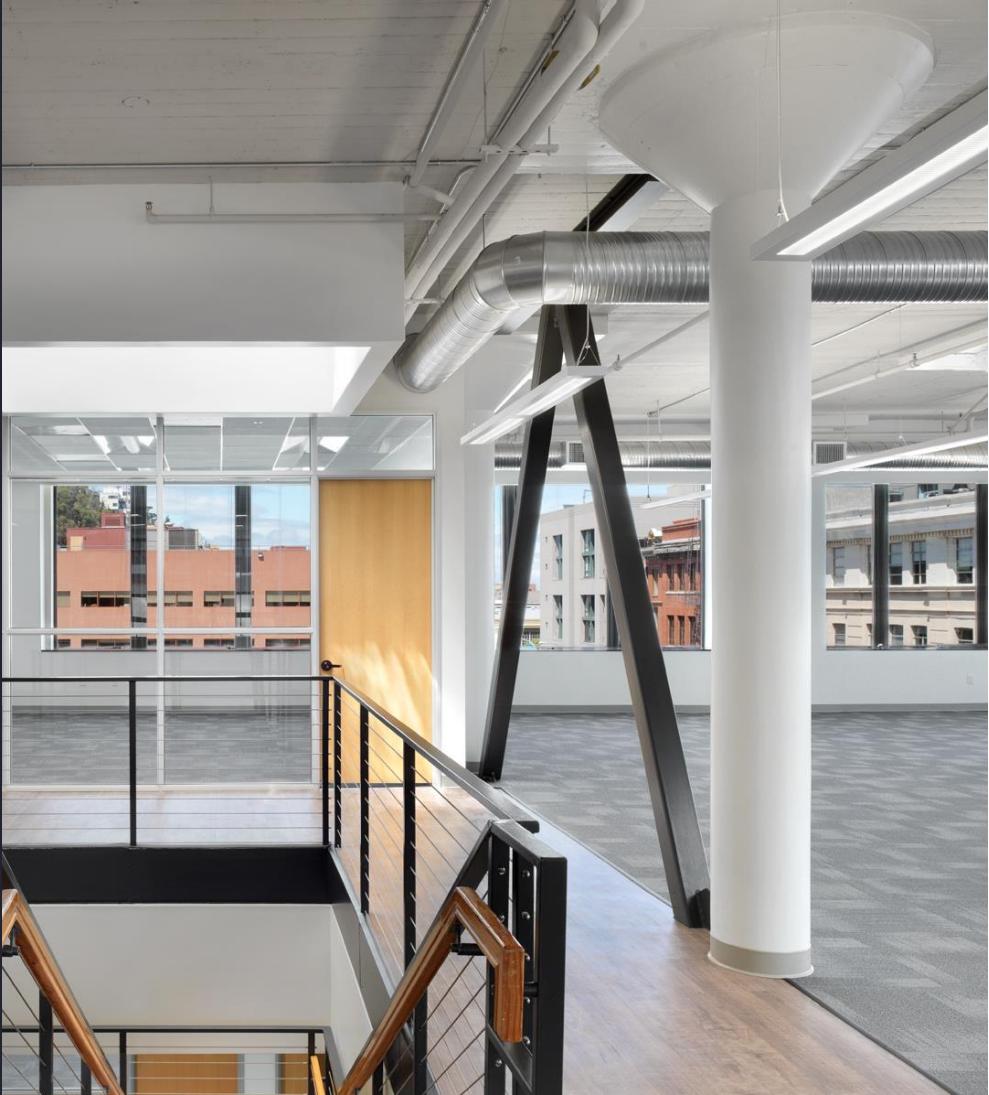
Project Management Fee

A project management fee would apply to all capital projects on:

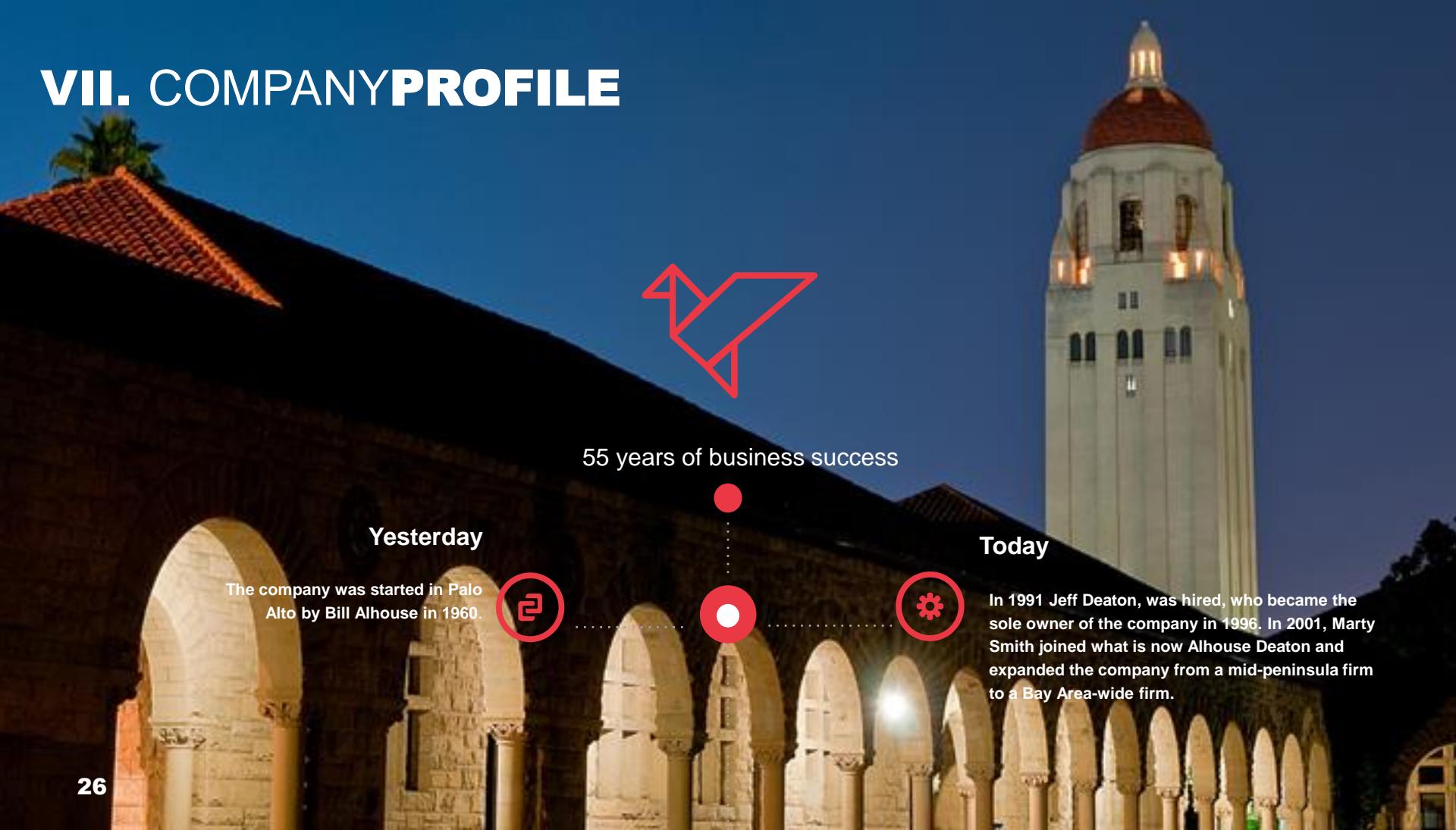
1. An hourly basis of \$150 per hour, or
2. A percentage of 4% for projects up to \$2 million.

Portions above \$2 million are priced at 2%.

Hourly or percentage pricing would be determined at the time of the project. Alhouse Deaton's involvement with any capital project is subject to ownership's discretion.



VII. COMPANY PROFILE



55 years of business success

Yesterday

The company was started in Palo Alto by Bill Alhouse in 1960.



Today

In 1991 Jeff Deaton, was hired, who became the sole owner of the company in 1996. In 2001, Marty Smith joined what is now Alhouse Deaton and expanded the company from a mid-peninsula firm to a Bay Area-wide firm.



COMPANY**PROFILE**

Commitment to Success

At Alhouse Deaton, we manage your property as if it were our own. We not only understand the operations of each property, we are continually searching for cost effective ways to improve it. From searching for energy efficiencies to orchestrating LEED Certification, we know it's the combination of many things, big and small, that help an asset reach its potential.

In addition, we know tenants are the lifeblood of any property. Tenant retention is one of the most critical components to the success of any real estate asset. Our professional team is committed to providing the best-in-class service to the most demanding tenants. Having been provided the highest level of responsive management services is a key part of any tenant's decision to renew their lease.

We are committed to making sure our tenants want to renew their leases and remain tenants in the properties we manage.

Thank you again for the opportunity to present our proposal.

Marty Smith

President

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650-269-8117



**“ ...responsible,
trustworthy,
experienced and
competent...”**

Annette Lust
Private Investor

Read more on our website



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