

MANAGEMENT AGREEMENT

BETWEEN

THE MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND

AND

FEDERAL REALTY INVESTMENT TRUST

TO MANAGE THE TOWN SQUARE MANAGEMENT DISTRICT

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (the “**Agreement**”) is made this ____ day of _____, 200__ (the “**Effective Date**”) by and between the **Mayor and Council of Rockville, Maryland** (the “**City**”) and **Federal Realty Investment Trust** (the “**Manager**”) having an office at 1626 East Jefferson Street, Rockville, Maryland 20852.

A. The City is the owner of certain real property described and depicted as Parcel B on that certain plat of subdivision entitled “Plat of Subdivision Lots 19, 21, 22 & Outlot A, & Parcel B, Block B & Street Dedication: North Maryland Avenue City Center,” recorded among the Land Records for Montgomery, Maryland (the “**Land Records**”) at Plat No. 22892, which real property consists of a Public Plaza intended for use by the general public (excluding the interactive fountain(s) and stage located therein, hereinafter referred to as the “**Public Plaza**”).

B. The Public Plaza is part of a mixed-use development located within the City of Rockville, Maryland commonly known as “Rockville Town Square,” situated between East Middle Lane, Beall Avenue, North Washington Street and MD 355 (“**Town Square**”). Town Square is intended to be for the use and enjoyment of the general public and consists of (i) the Public Plaza owned by the City, (ii) a public library owned by the County of Montgomery County, Maryland, and (iii) certain real property and improvements, having mixed public and private uses, including public garages, retail, office, residential and cultural arts uses, owned by multiple condominium regimes in which there are multiple owners, as described and depicted on those certain plats of subdivision, recorded among the Land Records at Plats Nos. 22891, 22892 (excluding the Public Plaza shown thereon) and 23155 (hereinafter, collectively, the “**Condominium Properties**”).

C. Pursuant to Chapter 22 of the Rockville City Code, Article IV, as amended (“**Chapter 22**”), the City has established a Town Square Commercial District and a Town Square Street and Area Lighting District. For the purposes of this agreement, those two districts are to provide for the maintenance of the sidewalk areas within the Condominium Properties and the improvements located within the sidewalk areas of the Condominium Properties (collectively, “**Sidewalk Areas**”) and will be referred to as the Rockville Town Square Management District (the “**TSMD**”). The purpose of the Rockville TSMD is to ensure a consistent First Class level of maintenance services and management of the Sidewalk Areas by the City. The Sidewalk Areas within the Condominium Properties comprising the Rockville TSMD and the Public Plaza are collectively referred to herein as the “**Property**,” except, however, in the event the City shall elect to exclude the Public Plaza from the management services to be provided under this Agreement, then the term “Property” shall mean and refer to the Condominium Properties only, and this Agreement shall automatically be considered modified without any further action by either party, so that any and all provisions of this Agreement that apply to the Public Plaza shall be deemed to be stricken from this Agreement.

D. The City desires to establish the same level of maintenance standard of cleanliness across all of the Property and, in accordance with the General Development Agreement(s) for the Condominium Properties, retained Manager as the initial Rockville TSMD manager for the period between July 1, 2007 and June 30, 2008. The City has determined that the newly completed Town Square remains in its initial period through the calendar year of 2008 (through Sunday, January 4, 2009), and that Manager is best suited to provide the services of

this contract, due to the fact that the Manager has a strong, vested interest in maintaining the Condominium Properties.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby mutually agree with each other as follows:

Article 1. The City hereby appoints Manager, and Manager hereby accepts appointment, on the terms and conditions hereinafter provided, as Manager of the Property.

Article 2. Manager shall oversee the management of the Property for the period and upon the terms of this Agreement. Such oversight shall include the following:

A. Manager's management services for the Public Plaza shall include the scope of work described on Schedule 1 attached to this Agreement, and incorporated into this Agreement by this reference. The Manager's service shall also include identifying contractors to perform all requisite services and vendors to provide parts and supplies, negotiating terms and agreements with all of such contractors and vendors, overseeing the performance of such contractors and vendors and approving such contractors and vendors on behalf of the City as well as providing information needed by the City to prepare its annual budget for the Public Plaza (the "**Minimum Public Plaza Services**").

B. Manager's management services shall include the following for the Rockville TSMD: Oversee the services listed on Schedule 2 attached to this Agreement, and incorporated into this Agreement by this reference, which consists of the minimum level of services that Manager is to provide for the Rockville TSMD (the "**Minimum TSMD Services**"). The Minimum Public Plaza Services and the Minimum Rockville TSMD Services are hereinafter jointly referred to as the "**Minimum Services**."

C. Manager shall not be required to provide any services in connection with any organized special events (a "**Special Event**") permitted by the City occurring within the Property whatsoever, including, but not limited to, performing any clean-up services or repairing any damage to the Property in connection with any Special Event occurring within the Property. The party sponsoring a Special Event shall be responsible for any damage to the Property and for providing all clean-up services in connection with such Special Event so that the Property is immediately returned for use by the general public in the condition as it existed prior to the holding of the Special Event ("**Special Clean-Up**"). Within twenty-four (24) hours following any Special Event, if the party sponsoring such special event fails to perform the necessary Special Clean-Up, Manager shall have the right to perform the Special Clean-Up at no cost and/or expense to Manager, and shall bill the Rockville TSMD for the cost. The City shall provide Manager with at least seven (7) business days prior written notice of any Special Event occurring within the Property, except the Public Plaza.

D. To the extent pavers within the Condominium Properties or Public Plaza are being installed and/or replaced by the City or the owners of the Condominium Properties, then Manager shall have no responsibility to maintain any pavers within the area where pavers are being installed and/or maintained until the installation or repair work is complete; provided, however, and only to the extent that, the maintenance of any pavers is part of the Minimum Services listed on Schedule 1.

E. Manager shall cause to be hired, paid and supervised, all persons and companies necessary to be employed in order to properly maintain and operate the Property and cause to be discharged all persons unnecessary or performing unsatisfactorily. If the cost to hire and pay any such person is not part of the annual budget for the Rockville TSMD or the Public Plaza, and would exceed the annual budget for either the Rockville TSMD or the Public Plaza as a separate line item in the budget for the Rockville TSMD by ten percent (10%) or Five Thousand and 00/100 Dollars (\$5,000.00), whichever is greater, then the hiring of any such person shall require the consent of the City.

F. Manager shall cause to be performed ordinary maintenance, repairs or alterations pursuant to the annual budget for the Rockville TSMD and the Public Plaza. Maintenance items, repairs and alterations that are not part of the annual budget for the Rockville TSMD or the Public Plaza and which exceed the annual budget for either the Rockville TSMD or the Public Plaza as a separate line item by ten percent (10%) or Five Thousand and 00/100 Dollars (\$5,000.00), whichever is greater, shall require the consent of the City which shall not be unreasonably withheld, conditioned or delayed. In addition, notwithstanding anything contained in this Agreement to the contrary, Manager may provide services that are less than the Minimum Services, based on Manager's commercially reasonable judgment, provided, however, that to do so does not jeopardize the "first class manner" in which the Property is required to be maintained. Emergency repairs (i.e., those immediately necessary for the preservation or safety of the Property or for the safety of owners, tenants or other persons) may be made by Manager, irrespective of the cost thereof, without the prior approval of the City; provided, however, Manager shall give the City immediate notice of such emergency repairs within two (2) hours of undertaking such emergency repairs. Notice to the City for Emergency repairs may be made by telephone to the police dispatcher at 240-314-8900.

G. Manager shall perform or cause to be performed all acts and things to be done in or about the Property to comply with all orders or violations affecting the Property (including any such orders or violations issued by any federal, state, or municipal authority having jurisdiction over the Property); subject, however to the recommendation and approval of the City.

H. Manager shall visit the Property a minimum of once per week for the purpose of inspecting the Property, and provide the City with a written report once a quarter or as requested by the City.

I. The City shall be authorized to deal with initially, Robin McBride, or her designated successor, on behalf of the Manager, on any matter relating to the management of the Property. Manager is directed not to accept directions or instructions with regard to the management of the Property from anyone other than from the City or its designee who has been designated in writing. The initial designee for the City shall be David Levy, Chief of Long Range Planning and Redevelopment, or a successor designated by the City Manager.

J. Manager shall perform its duties and services in a professional and competent "first class manner." The term "first class manner" shall mean a quality, condition, nature or operation consistent with the quality, condition, nature or operation found in other commercial developments in the Washington, D.C. metropolitan area of comparable size and use.

Article 3.

A. The City hereby authorizes Manager, for the City, and on its behalf, to perform any act or do anything necessary or desirable in order to carry out Manager's duties and services contained in Article 2 of this Agreement. Everything done by Manager under the provisions of Article 2 shall be done as agent of the City, and all obligations or expenses incurred there under as approved by the City in accordance with this Agreement (for which Manager is not compensated as provided in Article 4 hereof) shall be done at the expense of the City. The Manager shall notify the City of the estimated cost of the additional work or expenses.

B. The City shall pay to the Manager on an equal monthly basis on or before the 10th of every month the costs set forth in the budgets for the Minimum Services (the Minimum Services Fee).

C. Manager shall not be obligated to make any advance to or for the account of the City, or to pay any City expenses, nor shall Manager be obligated to incur any extraordinary liability or obligation unless the City shall furnish Manager with the necessary funds for the discharge thereof in the form of the letter of credit or escrow account under section 4.C., below.

D. Manager shall use commercially reasonable efforts to obtain competitive bids where appropriate for the services hereunder.

E. Manager shall not be liable to the City for any loss or damage, except arising from or related to the breach of this Agreement by Manager, breach of duty on the part of Manager, action by Manager outside the scope of authority granted to Manager under this Agreement, or any tortuous or illegal acts of Manager acting in its personal (and not representative) capacity, which are not covered by the City's insurance.

Article 4. Above and beyond the costs for the Minimum Services, the City shall pay Manager as compensation for its management of the Rockville TSMD and Public Plaza (the Management Fee):

A. For the managing the Public Plaza Minimum Services, a Management Fee equal to \$2,194, which fee shall be due and payable in monthly installments on or before the 10th day of each and every month during the term of this Agreement.

B. For the management of the Rockville TSMD Minimum Services, a Management Fee equal to twenty percent (20%) of the annual budget for the operation, management and repair of the Rockville TSMD. The fee shall be due and payable in monthly installments on or before the 10th day of each and every month during the term of this Agreement.

C. The Management Fees shall not include a fee for the supervision of contractors performing major repairs or rehabilitation (such as required due to fire or other casualty or capital improvements) as such fees shall be additional charges by Manager pursuant to the City's prior written authorization.

D. Manager's Management Fees for rendering the Minimum Services under this Agreement shall be part of the City's annual budget for the Public Plaza and the Rockville TSMD. The City acknowledges and confirms that the Mayor and Council for the City of

Rockville has approved the Fiscal Year 2009 (July 1, 2008 through June 30, 2009) annual budgets for the Rockville TSMD and Public Plaza and the Management Fees for the Fiscal Year 2009. Upon execution of this Agreement, the City shall provide Manager with a evidence of the existence of a letter of credit reasonably acceptable to Manager in the amount of two (2) month's Budgeted Costs and Minimum Fees or shall escrow such amount in an escrow account, either of which may be drawn on by Manager in the event Manager shall incur any costs not within the Budgeted Costs under Section 3.C., above, or in the event that the City does not make a monthly payment while this agreement is in force. Manager shall provide the City with three (3) business day's written notice prior to drawing on the letter of credit or the escrow account. In the event Manager draws on the letter of credit or the escrow account, the City shall replenish the letter of credit or escrow account, as the case may be, so that at all times the amount of either shall equal two (2) month's Budgeted Costs and Minimum Fees.

E. The Minimum Fees are subject to the annual appropriation of the funds by the City. Failure of the City to appropriate the funds to pay the Minimum Fees shall result in the termination of this Agreement but shall not be a breach of this Agreement.

Article 5.

A. Either party may terminate this Agreement, with cause upon seven (7) days prior written notice to the other party and without cause upon thirty (30) days prior written notice to the other party.

B. In the event either party terminates, said notice shall be made by certified mail given by such party to the other on the first day of the month, terminating said Agreement on the last day of the month (thirty day notice) for termination without cause. Notice for termination with cause may be given at any time.

Upon termination, the parties shall account to each other with respect to all uncompleted business, and Manager shall deliver to the City all leases, subleases, corporate files, books, and records and other instruments relating to the Property and the City that may be in possession of Manager. Upon termination of this Agreement, Manager shall assist the City with the orderly transition of the management of the Property by the City or its designee.

Article 6. The term of this Agreement shall commence on July 1, 2008 and shall expire January 4, 2009 (the "**Term**").

Article 7. This Agreement may not be changed orally, shall bind and apply to any successor of either party hereto, and may not be assigned by either party hereto.

Article 8. Manager must at all times during the term of the Agreement maintain such licenses and permits as required for any of the various services to be performed by Manager hereunder.

Article 9. Manager is not an employee of the City for any purpose, and is acting as agent for the City as set-forth in this Agreement.

Article 10. Manager may hire subcontractors, independent contractors, consultants, vendors and/or associate managers in connection with Manager's services to be provided

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

THE MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND, a municipal corporation of the State of Maryland

Name _____
Print Name: Scott J. Ullery
Title: City Manager

Witness: _____

FEDERAL REALTY INVESTMENT TRUST

Name _____
Print Name: _____
Title: _____

Witness: _____

Schedule 1

Public Plaza Scope of Work

The following breakdown outlines the services that will be provided for Fiscal 2009:

Exterminating	\$315	Grass area and planters.
Janitorial Service	\$2,700	Steam/Power washing and spot cleaning.
Landscape Services	\$720	Grass area, one tree, and 3 planters
Painting	\$260	Trash containers, benches, chess tables
Porter Service	\$4,120	Daily service, 365 days/year.
Snow Removal	\$1,030	Typically hand shoveled on pavers.
FRIT Management Fee	\$1,829	

FY 2009 / Plaza Budget \$10,974

The costs outlined above are estimates and the actual amount may vary according to weather conditions, wear and tear, and additional services or repairs required to maintain the Plaza in a first-class manner. The protocols, frequency, and level of service will be the same as for the Rockville TSMD as outlined in Schedule 2.

Schedule 2

TSMD Minimum Management Services

Porter Service:

SOW includes:

- Daily emptying of trash containers; wiping down of trash containers, chess tables, benches, newspapers boxes, and windowsills; and removal of trash/litter, including cigarette butts, in planting beds and other common areas.
- Removal of graffiti within a twenty-four (24) hour period from notice of such graffiti.
- Provide Porter service twelve (12) hours per day, seven (7) days per week.
- Wash/clean common areas, one (1) time per month. This includes the pavers, sidewalks, trash receptacles, and benches. Spot cleaning will occur as needed.
- Mop the Block 5 lobby four (4) times per day.

Landscaping:

SOW includes:

- Grass cutting approximately twenty four (24) times per season (annually) cut to a 3” length.
- Spring and fall clean up two (2) times per year, including but not limited to leaf removal and edging
- Mulching provided two (2) times per year, in the spring and fall.
- Treatment for weed control one (1) time per year in the spring or fall.
- Remove weeds from tree wells on a regular basis.
- Planting of annual flowers three (3) times per year in the spring summer and fall seasons.
- Replacement of dead or damaged plants, including trees, shrubs and perennials
- Pruning of trees and bushes/shrubs per the direction of FRIT consultant and the City, one (1) time per year. Note: it may be recommended not to prune every calendar year.
- Provide watering service on an as needed basis.
- Maintaining the irrigation system.

Security:

SOW includes:

- Public Safety Officer(s) (PSO) provided seven (7) days per week.
- Additional PSO's will be provided, on a case-by-case basis, for “special events” that are held in the public plaza.

- Projected weekly hours for the PSO's are approximately 96 hours per week, subject to change based on occupancy levels, police scheduling, and special events.

Snow Removal:

SOW to Include:

- Hand-shovel brick pavers in common areas and the Plaza to create pathways for pedestrians. FRIT and the City will coordinate regarding protocols on how FRIT's snow removal for the sidewalks and plaza interacts with the City's snow removal from the streets and garage entrances.
- All pedestrian pathways must be cleared of snow within 24 hours of the end of the snowstorm.
- In all cases, ice must be removed as soon as possible from pedestrian pathways, as designated by FRIT and the City.
- Excess snow may be required to be disposed of off-site.

Extermination:

SOW includes:

- One (1) time property set up for traps.
- One (1) time per month service; including bait traps, rodent and insect inspection.

Common Area / Other:

- Replace street lamp bulbs and other common area lighting within 48 hours of discovery.
- Maintain the common area fountains; excluding the "Interactive" fountain in the Plaza.
- Painting of trashcans, bike racks, and metal seating areas, as required.
- Maintain, clean, and make minor repairs as required to pavers and concrete in sidewalk areas.
- Maintain, clean, and make minor repairs as required to planters, seat walls, and other landscaping features.
- Other services as may be included in annual budget.
- Rockville TSMD Budget for July 1, 2008 through January 4, 2009, \$400,100.