



# *Current Bank Services Background*

## ◆ **Bank Client's Real Estate Assets**

- ◆ Approximately 600,000 square feet of real estate assets either owned or leased
- ◆ Approximately 100+ branch & headquarters locations
- ◆ Approximately 15+ subtenants
- ◆ Los Angeles / Orange / San Diego / Riverside Counties / Northern California
- ◆ Arizona, Nevada, Texas

## ◆ **Bank Client's Real Estate Facilities Group Staff**

- ◆ 2 Facilities Management staff personnel
- ◆ Interfaces with bank's Accounting Department with respect to rent and expense payments
- ◆ Outsourced all "Lease Administration" to *MKC Asset Management*

## ◆ **Results of Bank's Outsourcing of "Lease Administration" to MKC Asset Management**

- ◆ Bank's Real Estate Facilities Group staff now:
  - ◆ Focuses on strategic & internal issues, not daily "tenant/landlord" lease administration issues, etc.
  - ◆ Has increased its overall efficiency via efficient files, reports, systems, etc.
  - ◆ Has a great handle on all Capital Projects and Operating Expenses
  - ◆ Can answer/resolve lease related questions in seconds/minutes
- ◆ Quarterly and annual internal and external audits being passed "with flying colors"

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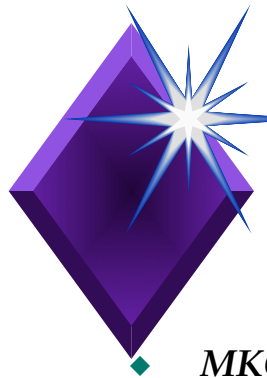


# *Current Bank Services*

## *Our Duties*

- ◆ **MKC Asset Management's Work on Bank Client's Real Estate Leases**
  - ◆ Set up / organization of all lease & sublease files
  - ◆ Monthly maintenance of lease & sublease files
  - ◆ Periodic filing of all lease file paperwork (e.g., correspondence, rent statements, notices, lease documents, CAM and CPI billings, etc.)
  - ◆ Detailed lease abstracting of each lease, sublease, amendment, etc.
  - ◆ Monthly updates of *Lease Abstract System*
  - ◆ Preparation of *Tickler Report* (upcoming lease expirations, renewal notices, cancellations, other ticklers/options)
- ◆ **MKC Asset Management's Work on Bank Client's Rent Roll**
  - ◆ Preparation of bank's monthly rental obligations by location
  - ◆ Estimation of CAM and CPI Adjustment rent payment annual accruals
  - ◆ Review of annual OE/CAM Final Reconciliation billings from landlords (for prior year)
    - ◆ Detailed review of :
      - ◆ "Escalated" /billed expenses vs. what's permitted per the lease
      - ◆ All calculations including confirmation of pro rata share percentages, impound amounts paid, etc.
    - ◆ Drafting of letters to landlords to correct OE/CAM Final Reconciliation billings
    - ◆ Oversight until resolution
  - ◆ Review of annual OE/CAM Estimateds billings from landlords (for current year)
    - ◆ Detailed review of :
      - ◆ "Escalated" /billed expenses vs. what's permitted per the lease
      - ◆ All calculations including confirmation of pro rata share percentages, impound amounts paid, etc.
    - ◆ Drafting of letters to landlords to correct OE/CAM Estimateds billings
    - ◆ Oversight until resolution

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# *Current Bank Services*

## *Our Duties (continued)*

- ◆ **MKC Asset Management's Work on Bank Client's Rent Roll (continued)**
  - ◆ Review of annual CPI Adjustments from landlords
    - ◆ Complete re-calculation per specifics of the leases (e.g., Index, formulas, etc.)
    - ◆ Drafting of letters to landlords to correct CPI Adjustment billings
    - ◆ Oversight until resolution
    - ◆ Preparation of CPI Adjustment billings on behalf of some landlords
  - ◆ Preparation of the following relating to the banks' subtenants
    - ◆ Monthly Rent Statements / Invoices to subtenants
    - ◆ Annual CPI Adjustments to bank's subtenants' Base Rent
    - ◆ Annual OE/CAM Final Reconciliation billings (for prior year)
    - ◆ Annual OE/CAM Estimateds billings (for current year)
- ◆ **MKC Asset Management's Participation in Banks' Facilities Group's Operations**
  - ◆ Review all lease documentation prior to execution by bank
    - ◆ Review new leases for accuracy, consistency, OE/CAM matters, etc.
    - ◆ Review and correct landlord-prepared lease amendments
    - ◆ Prepare lease amendments for landlords and subtenants
    - ◆ Review and correct landlord-prepared Estoppel Certificates
  - ◆ Preparation of letters for banks' signature regarding issues with landlords
  - ◆ Tracking of banks' Security Deposits and banks' subtenants' Security Deposits
  - ◆ Participation in preparation of annual *Operating Expense Budget* for branches
  - ◆ Participation in preparation of annual *Capital Budget* for branches
  - ◆ Preparation of banks' *5-Year Rent Obligation Forecast*

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# *Current Bank Services*

## *Our Duties (continued)*

- ◆ **MKC Asset Management's Preparation of Real Estate "Systems" for Bank's Facilities Group**
  - ◆ *Annual Operating Expense Budgeting & Tracking System*
  - ◆ *Annual Capital Budgeting & Tracking System*
  - ◆ *5-Year Rent Obligation Forecast System*
  - ◆ *Facilities Project Budget Authorization System*
  - ◆ *Portfolio Summary System*
  - ◆ *Facilities Project Status Report System*
  - ◆ *Emergency Contact Forms*
  - ◆ *Lease Expiration Date Retrofit Work Required Obligations*
  - ◆ *Landlord Maintenance Responsibilities*
  - ◆ *Bank Maintenance Responsibilities*
  - ◆ *Monthly Rent Obligations ("Rent Roll")*
- ◆ **Vendor Maintenance / Service Contracts**
  - ◆ Contracting
    - ◆ Established standardized *Service Contractor Agreement*
    - ◆ Established *Scopes of Work* for maintenance services
    - ◆ Prepare *RFP* packages for regional or single-location bidding of services
    - ◆ Analyze vendor proposals
    - ◆ Prepare contract documentation following *RFP* process
  - ◆ Vendor Contract Files
    - ◆ Set up / organization of all vendor contract files
    - ◆ Monthly maintenance of vendor contract files
    - ◆ Periodic filing of all contract file paperwork
- ◆ **Participation, "System Creation", and Other Work as Requested by Banks' Facilities Group**